Moody's Investors Service

Note: *For ease of electronic transmission and filing, all insertions or attachments should be combined together with this rating memo into one pdf file or Word document with all pages numbered sequentially.*

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** June 3, 2010
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Tentative: [redacted]	

Reason for Rating Committee: AIG and Prudential plc have terminated their agreement whereby Prudential would have acquired AIA Group Limited (AIA) for total consideration of $35.5 bln. AIA is the largest business that AIG is attempting to sell as part of its government-backed restructuring.

Last Rating Action: 26-Feb-2010 – We affirmed the ratings of AIG and its core insurance subsidiaries following the company's announcement of 1Q 2010 results and following a series of related RCMs to address the stand-alone credit profiles of the main operating units.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	A3			A3		
Senior unsecured debt	A3			A3		
Subordinated debt	Ba2			Ba2		
Short-term issuer	P-1			P-1		
Outlook	Negative			Negative		

** Subsidiary ratings listed on pgs 3-4.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	Aaa
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	Aaa
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	Aaa

v. 2.0 rev 7/13/07

Rationale for Recommendation:

Termination of the AIA sale agreement is a credit negative for AIG. The transaction was expected to generate $25 bln of cash by YE 2010, helping AIG to repay the approximate $16 bln preferred interest in AIA held by the Federal Reserve Bank of New York (FRBNY), as well as a significant portion of AIG's borrowings under its senior secured revolving credit facility with the FRBNY. AIG is now developing alternative plans for AIA, including a possible IPO, for which much preparation had been done before the Prudential transaction was announced on 01-Mar-2010. Any such alternative will likely take longer to generate $25 bln of cash and may produce lower overall proceeds, especially given the volatility in the capital markets as well as some large competing IPOs being planned for the Hong Kong market.

Nevertheless, our rating thesis for AIG still holds. We expect the US government to support AIG throughout its restructuring, which involves revitalizing the core insurance businesses and exiting noncore businesses. We believe that this approach will help the Treasury to maximize the recovery on its TARP preferred investments in AIG (most likely by converting them to common equity to be sold through public offerings). AIG's main operating units, Chartis and SunAmerica Financial Group (SFG), compete in part on the basis of credit quality. Chartis sells long-tail commercial P&C policies to sophisticated corporate buyers, while SFG sells annuities and life insurance through a variety of channels, including institutional partners who pay close attention to the credit quality of their providers.

We believe that the existing government support facilities have sufficient unused availability to cover any incremental costs of the restructuring. At the end of 1Q 2010, the unused availability totaled $34.8 bln ($12.5 bln under the FRBNY revolver, which matures in September 2013, plus $22.3 bln under the Treasury's Series F preferred stock commitment, which expires in April 2014). Finally, despite the negative publicity surrounding the ill-fated Prudential transaction, we believe that AIG and its sponsors at the FRBNY and Treasury have demonstrated the value of taking a measured pace on divestitures. For instance, SFG and AIG's two Japan-based life insurers are regaining traction after a disruptive period when all of these operations were for sale.

Developments since rating affirmation of 26-Feb-2010:

AIG entered into sale agreements for AIA (now terminated) and American Life Insurance Company (ALICO). The ALICO sale, for $15.5 bln to MetLife, Inc., is expected to close by YE 2010.

Continued stabilization of major operating units through 1Q 2010, with core insurance operations producing pretax operating income (before net realized capital gains (losses)) of $2.2 bln.

International Lease Finance Corporation and American General Finance completed a variety of financing transactions, securitizations and asset sales to cover their respective debt maturities through mid-to-late 2011.

AIG Financial Products Corp. continues its orderly unwinding and expects to substantially de-risk the business by YE 2010.

Challenging market conditions continue, with soft pricing for commercial P&C insurance, a weak global economy, and volatile capital markets that heighten the challenge of selling large noncore businesses.

No change in government support arrangements or expressions of support.

Contents

Summary of subsidiary ratings and recommendations

Current Ratings on AIG Entities June 3, 2010	Latest/next rating action	Rating Type	Support	Curr SA	Curr Public	Curr Outlook	Rec SA	Rec Public	Rec Outlook
American International Group, Inc.	26-Feb-10	LT Issuer			A3	Neg		A3	Neg
		Subord Debt			Ba2			Ba2	
		ST Issuer			P-1			P-1	
Fully supported ratings									
AIG Financial Products Corp. & subsidiaries		Bkd LT Issuer	AIG G'tee		A3	Neg			
AIG Life Holdings (US), Inc.		Bkd Sr Debt	AIG G'tee		A3	Neg			
AIG Retirement Services, Inc.		Bkd Sr Debt	AIG G'tee		A3	Neg			
American General capital securities		Bkd Tr Prfrd Stock	AIG G'tee		Ba2	Neg			
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC		(Bkd) ST			P-1	Neg			
Core operations									
AIG Edison Life Insurance Company	SA 17-Feb-10	IFS	AHAC G'tee	A3	A1	Neg			
Chartis U.S. (8 rated companies)	SA 24-Feb-10	IFS		A1	Aa3	Neg			
Chartis Insurance UK Limited		IFS	AIG Agmt	A1	A1	Neg			
SunAmerica Financial Group (11 rated companies)	SA 19-Feb-10	IFS		A2	A1	Neg			
Non-core operations									
American General Finance Corporation	22-Dec-09	Sr Unsec Debt		B3	B2	Neg			
American Int'l Assurance Co. (Bermuda) Limited	~Mar-10	IFS	AIG Agmt*	Aa3	Aa3	Neg			
American Life Insurance Company	~Mar-10	IFS		A1	A1	Stable			
International Lease Finance Corporation	18-Dec-09	Sr Unsec Debt		B2	B1	Neg			
United Guaranty subsidiaries UGRIC & UGMIC	SA 4-Feb-10	IFS	AIG Agmt	Baa3	A3	Neg			

** Support agreement not a material factor in rating.*

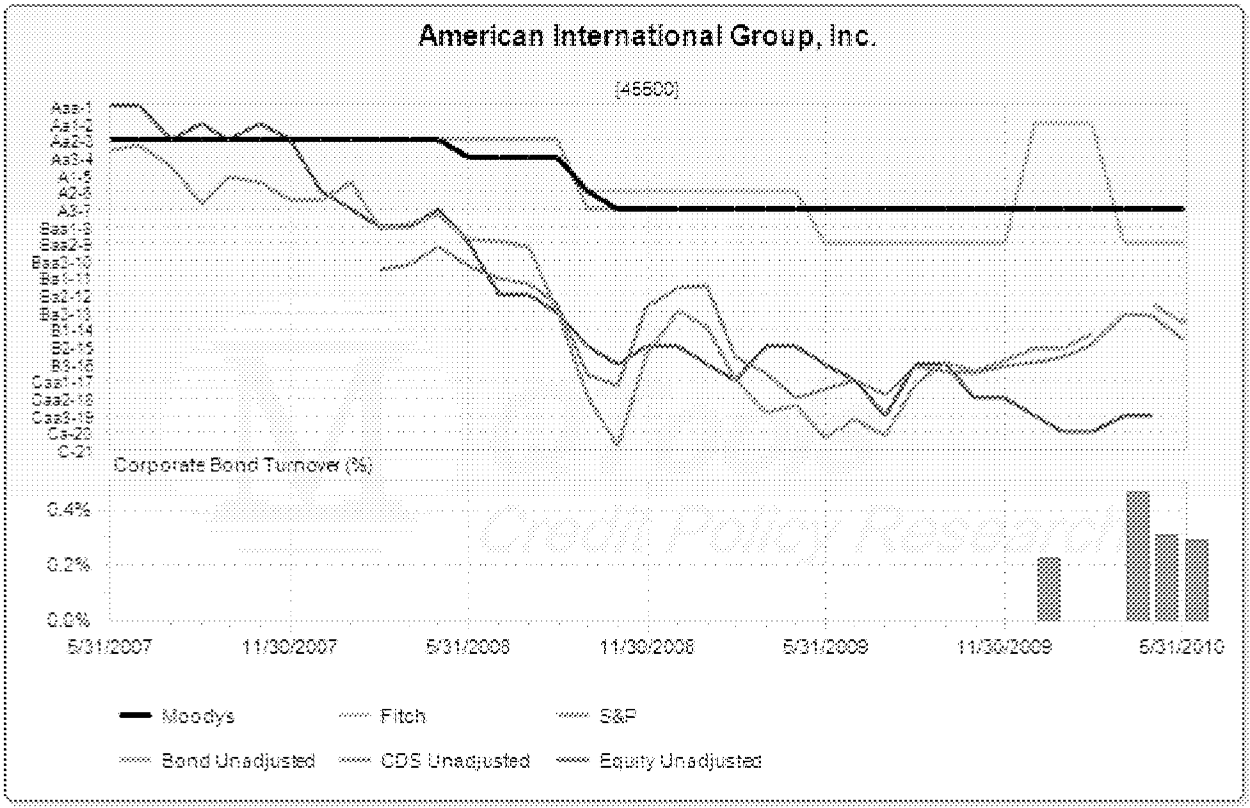
Current Ratings on AIG Entities - June 3, 2010 Ownership Structure *	Domicile	Business Segment	Rating Type	Support	Curr SA	Curr Public	Curr Outlook	Rec SA	Rec Public	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			A3	Neg		A3	Neg
			Sr Unsec Debt			A3			A3	
			Subord Debt			Ba2			Ba2	
			ST Issuer			P-1			P-1	
AIG Capital Corporation	DE									
American General Finance, Inc.	IN	Fin Svcs	ST Debt			N-P	Sta			
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		B3	B2	Neg			
			Sr Unsec Debt			B2				
			ST Debt			N-P				
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		Caa1	Neg			
Yosemite Insurance Company	IN	Fin Svcs								
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		N-P	Stable			
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		B2	B1	Neg			
			ST Debt			N-P				
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		B3	Neg			
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		A3	Neg			
			Bkd ST Debt	AIG G'tee		P-1				
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg			
			Bkd ST Debt	AIG G'tee		P-1				
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg			
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg			
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg			
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg			
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Neg			
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs								
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs								
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS	AHAC G'tee	A3	A1	Neg			
American International Assurance Company (Bermuda) Ltd.	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt**	Aa3	Aa3	Neg			
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		A3	Neg			
AGC Life Insurance Company	MO	SFG								
American General Life Insurance Company of Delaware	DE	SFG	IFS	AIG Agmt	A2	A1	Neg			
American General Life and Accident Insurance Company	TN	SFG	IFS		A2	A1	Neg			
American General Life Insurance Company	TX	SFG	IFS		A2	A1	Neg			
The Variable Annuity Life Insurance Company	TX	SFG	IFS		A2	A1	Neg			
American International Life Assurance Company of NY	NY	SFG	IFS	AIG Agmt	A2	A1	Neg			
The United States Life Insurance Company in the City of NY	NY	SFG	IFS		A2	A1	Neg			
Western National Life Insurance Company	TX	SFG	IFS		A2	A1	Neg			
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Ba2	Neg			
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Ba2	Neg			
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Neg			
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		A3	Neg			
SunAmerica Life Insurance Company ("SLIC")	AZ	SFG	Bkd IFS	AIG Agmt	A2	A1	Neg			
			Bkd ST IFS	AIG Agmt		P-1				
AIG SunAmerica Global Financing Trusts	DE	SFG	Bkd Sr Debt	SLIC GICs		A1	Neg			
SunAmerica Annuity and Life Assurance Company	AZ	SFG	Bkd IFS	AIG Agmt	A2	A1	Neg			
			Bkd ST IFS	AIG Agmt		P-1				
ASIF I & II	Caymans	SFG	Bkd Sr Debt	SLIC GICs		A1	Neg			
ASIF III (Jersey) Limited	Jersey	SFG	Bkd Sr Debt	SLIC GICs		A1	Neg			
ASIF Global Financing Trusts	DE	SFG	Bkd Sr Debt	SLIC GICs		A1	Neg			
First SunAmerica Life Insurance Company	NY	SFG	Bkd IFS	AIG Agmt	A2	A1	Neg			
			Bkd ST IFS	AIG Agmt		P-1				
ALICO Holdings LLC	DE	Frgn Life Ins & Ret Svcs								
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		A1	A1	Stable			
Chartis Inc.	DE	Chartis U.S.								
Chartis U.S., Inc.	DE	Chartis U.S.								
American Home Assurance Company	NY	Chartis U.S.	IFS		A1	Aa3	Neg			
Chartis Property Casualty Company	PA	Chartis U.S.	IFS		A1	Aa3	Neg			
Commerce and Industry Insurance Company	NY	Chartis U.S.	IFS		A1	Aa3	Neg			
The Insurance Company of the State of Pennsylvania	PA	Chartis U.S.	IFS		A1	Aa3	Neg			
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Chartis U.S.	IFS		A1	Aa3	Neg			
Chartis Specialty Insurance Company	AK	Chartis U.S.	IFS		A1	Aa3	Neg			
New Hampshire Insurance Company	PA	Chartis U.S.	IFS		A1	Aa3	Neg			
United Guaranty Corporation	NC	Chartis U.S.								
United Guaranty Residential Insurance Company ("UGRIC")	NC	Chartis U.S.	IFS	AIG Agmt	Baa2	A3	Neg			
United Guaranty Mortgage Indemnity Company	NC	Chartis U.S.	Bkd IFS	UGRIC G'tee		A3	Neg			
Chartis International, LLC										
AIU Insurance Company	NY	Chartis U.S.	IFS		A1	Aa3	Neg			
Chartis Overseas Limited	Bermuda									
Chartis Insurance UK Limited	UK	Chartis International	IFS	AIG Agmt	A1	A1	Neg			

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

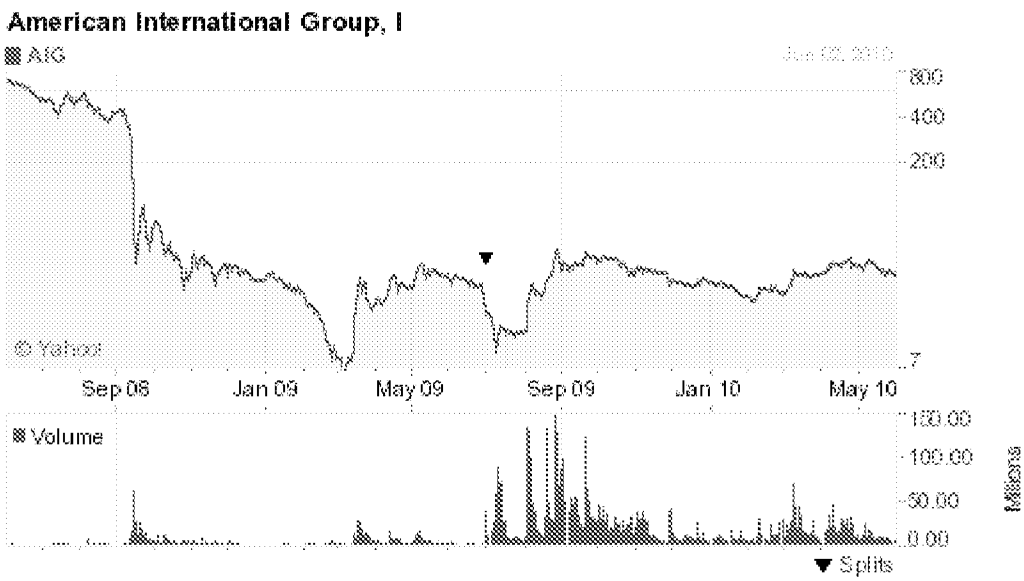
*** Support agreement not a material factor in rating.*

Source: Company reports & Moody's

AIG Q-tools 02-Jun-2010



AIG Stock Chart 02-Jun-2010



Market value of float: $4.7 billion

Profile of AIG

- Since September 2008, AIG has been working to protect and enhance the value of its key businesses, execute an orderly restructuring and asset disposition plan, and position itself for the future, while maintaining flexibility in its liquidity and capital positions

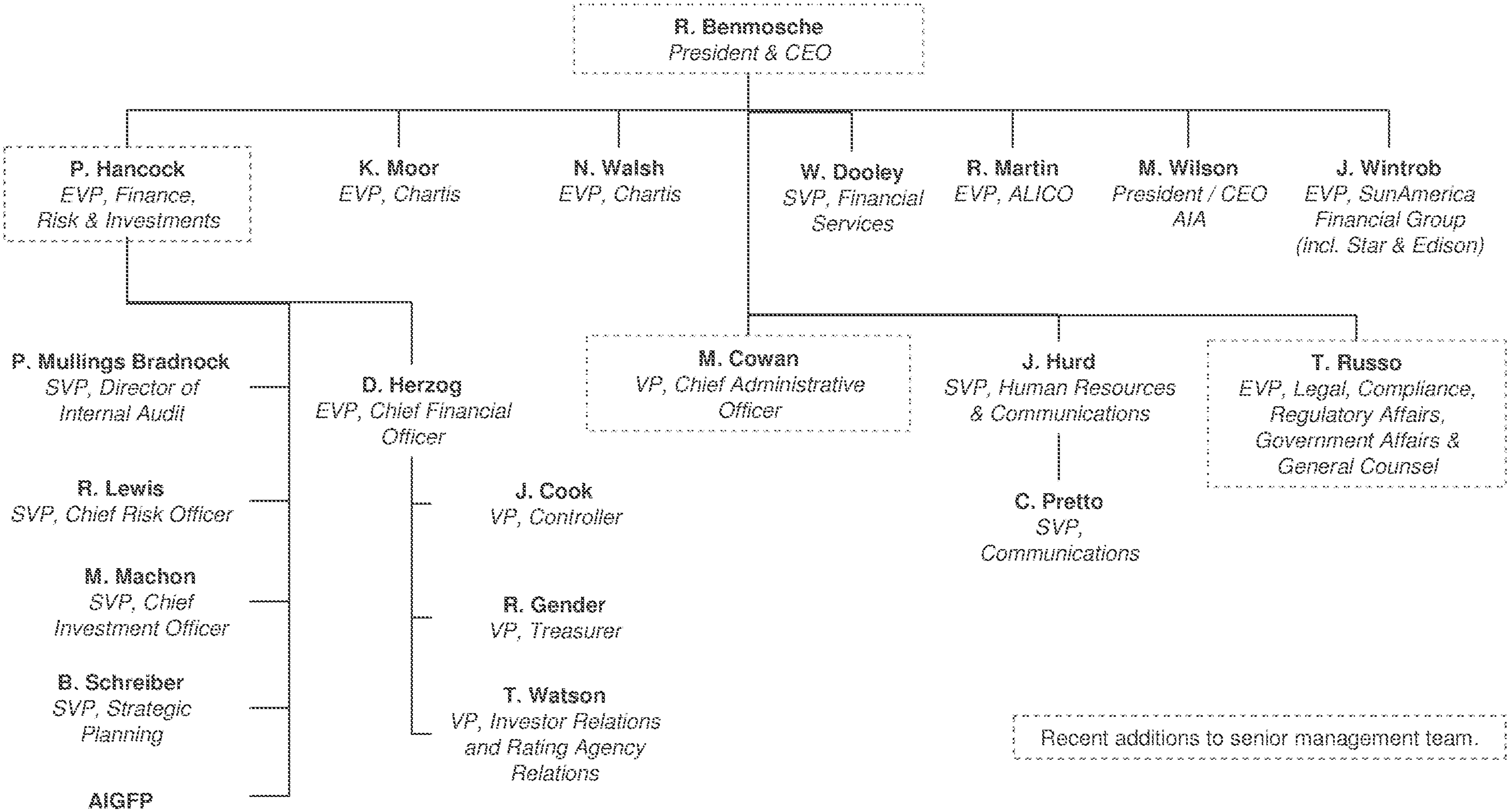
- AIG expects to emerge as one of the largest, most diversified P&C companies in the world, with a strong U.S. life and annuity operation and several other businesses that will enhance the nucleus

  - World's premier insurance organization
  - Strongly capitalized insurance subsidiaries
  - Strong, diversified sources of earnings
  - Delevered capital structure
  - Financial flexibility with access to the capital markets
  - Strengthened management team

AIG's profile will be consistent with a single-A rating at the time of U.S. Government exit.

AIG Strengthened Management Team

AIG has been able to attract seasoned executives to join its senior management team and retain key senior executives.



AIG Strengthened Management Team (continued)

Recent Additions

- Robert Benmosche, President and CEO
  - CEO of MetLife from 1998 – 2006
  - Led transition of MetLife from a mutual to a public company in 2000
  - Has served as member of Board of Directors of Credit Suisse Group since 2002
- Peter Hancock, Executive Vice President of Finance, Risk and Investments
  - Former CFO of J.P. Morgan as well as former head of its fixed income division
  - Established Global Derivatives Group at J.P. Morgan
  - Earned Risk Magazine's Lifetime Achievement award in 2006
- Thomas Russo, Executive Vice President of Legal, Compliance, Regulatory Affairs, Government Affairs and General Counsel
  - 40-year career as a lawyer, regulator, author and academic
  - Senior Counsel at Patton Boggs LLP
  - Vice Chairman of Lehman Brothers Inc. and Chief Legal Officer of Lehman Brothers Holdings until December 2008
- Michael Cowan, Senior Vice President and Chief Administrative Officer
  - Merrill Lynch from 1986 – 2009, with roles including : Senior Vice President, Global Corporate Services; CFO and member of the Executive Management Committee for the Global Private Client business; Chief Administrative Officer EMEA

AIG World's Premier Insurance Organization

General Insurance

CHARTIS

- World's largest commercial insurance organization
  - #1 U.S. property and casualty insurer in the U.S., with approximately $27 billion of statutory surplus
  - 200,000 commercial customers worldwide
- Long history, with underwriting experience tracing back 90 years
- Extensive global reach
  - Operations in over 80 countries
  - 34 principal underwriting companies
  - Leader in both developed and emerging markets
- Diversified platform, offering 500 products and services
- GAAP Equity: $47.1 bn (9/30/09PF)

Life & Retirement Services

SunAmerica Financial Group

- Leading position and scale player in the domestic life insurance and retirement savings markets
  - #4 life insurance organization in the U.S., with more than $221 billion of admitted assets (9/30/09)
  - Among the largest issuers of annuities and term life insurance in the U.S.
  - Leading provider of defined contribution plans in the education and healthcare markets
- Extensive, multi-channel distribution network
- Diversified product platform, with innovative and collaborative product development capabilities
- GAAP Equity: $21.7 bn (9/30/09PF)

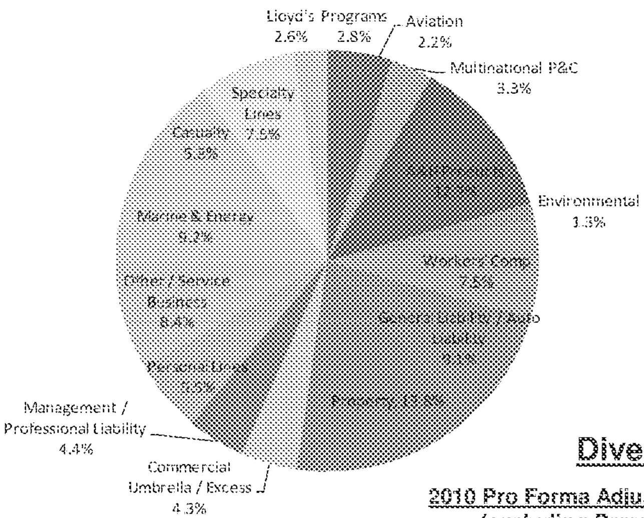
AIG Star Life Insurance Co., Ltd. | AIG Edison Life Insurance Company

- Major provider of life, medical and annuity products to both individuals and groups in Japan
- Multi-channel distribution network in Japan, including captive agent, independent agent, corporate and bancassurance channels
- GAAP Equity: $7.4 bn (9/30/09)

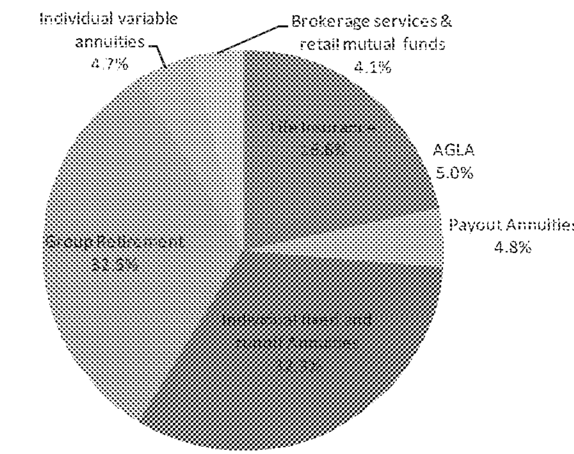
AIG Strong, Diversified Revenue and Earnings Base

Diversified Revenues

Chartis GPW for 9m Ending 9/30/09 = $32.6 bn

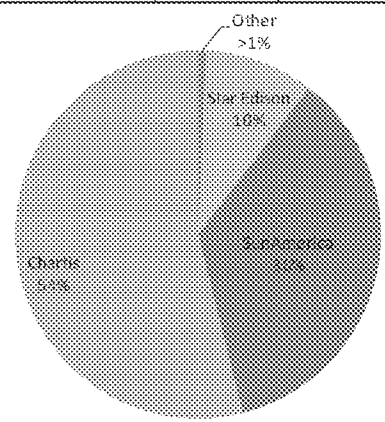


SFG PDOC for 12m ending 12/31/09E = $19.1 bn



Diversified Earnings

2010 Pro Forma Adjusted Operating Income ex RCG(L) (excluding Parent, FP & Other) = $8.8 bn (1) (2)



AIG remains one of the largest and most diversified insurance companies in the world, with its core insurance companies expected to generate $8.8 billion in operating earnings this year

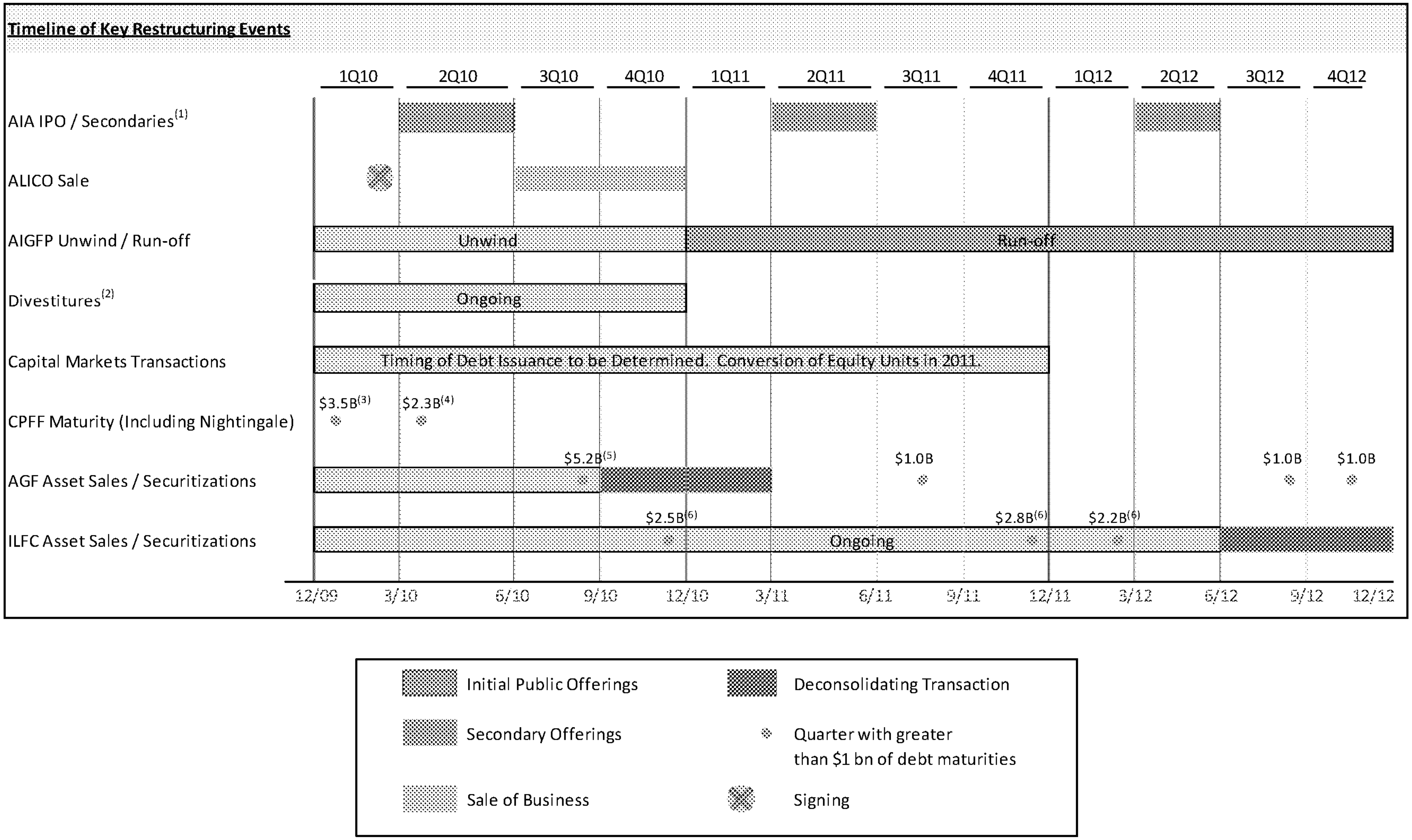
Notes: (1) Based on AIG 2010 Budget, but shown pro forma for the exclusion of AIA, ALICO, AGF, AI Credit, Consumer Finance, ILFC and AIG Parent. (2) For purposes of presentation, the following businesses are excluded from the pie chart due to negative earnings expectations: FP, UGC, CEF.

AIG Proprietary Commercial and Financial Information: FOIA Confidential Treatment Requested.

AIG Restructuring Plan – Assumptions and Valuation

	Valuation	Rationale	Future Capital Requirements	Realization
AIA	• $35-40 bn	• 1.7 - 2.0x embedded value (est. $21 bn of EV) is well within range of peer valuations (lower valuation than Chinese pure plays)	• None	• 2Q10 – IPO 50% for $20 bn • 2Q11 – 25% offering for $10 bn • 2Q12 – 25% offering for $10 bn
ALICO	• $15 bn	• Based on recent negotiations • Selected value of $15 bn represents 1.4x 9/30/09 BV (ex. AOCI) • P/BV in line with peer ROE regression (discount to AFLAC multiple of 2.7x BV ex. AOCI)	• None	• $6.9 bn cash consideration at transaction close in 2H10 • $5.2 bn of common equity, subject to lockup • $3.0 bn of mandatory convertibles, subject to lockup
Chartis	• $35-45 bn	• Represents 0.7x – 1.0x 9/30/09 PF BV of $47.1 bn	• Purchase UGC ($1.8 bn)	• Retain business and realize dividends
SunAmerica Financial (Domestic)	• $15-20 bn	• 0.7 – 0.9x 9/30/09 BV of $22.9 bn (ex. AOCI)	• None	• Retain business; base case assumes no dividends
Nan Shan	• $2.1 bn	• Signed acquisition agreement	• None	• Should close transaction in 1H10
Star Edison	• $6.0 – $7.0 bn	• Meaningful ongoing value to AIG • Expecting $0.9 bn of operating income in 2010 (ex. RCG(L)) • Book value of $7.4 bn as of 9/30/09	• None	• Possibility of dividends beginning in 2011 from Star
ILFC	• Up to $5.0 bn	• Business can have significant value once funding solutions are achieved	• None under restructuring plan	• Funding solutions – Secured financing (external and internal) – Aircraft sales • Deconsolidating transaction
AGF	• Minimal	• Funding solutions can minimize contribution by AIG	• None under restructuring plan	• Deleveraging through asset sales and securitizations • Deconsolidating transaction
UGC	• Minimal	• Potential value realization through claims management	• $0.7 bn for UGC/ MgRe. Ultimately released	
Capital Markets Transactions	• $1.0 bn debt issuance	• Access to capital markets will provide AIG with additional financial flexibility	• None	• Conversion of Equity Units • Issue $1.0 bn of debt to public at the appropriate time

AIG Execution Timeline



Notes: (1) Timing of AIA offerings are yet to be determined. Dates shown above are illustrative. (2) Divestitures include Nan Shan, Institutional Asset Management, Swiss Liechtenstein, certain UGC businesses, certain CFG businesses. (3) $1.8 bn has been funded through asset sales and intercompany loan repayments; remainder repaid through FRBNY borrowing initially, until further asset monetizations can be completed. (4) To be repaid through FRBNY borrowing initially, until further asset monetizations can be completed. (5) Repaid through securitizations, asset sales and cash on balance sheet; $2.9 has been raised to date. (6) Repaid through secured financing, aircraft sales, securitizations and debt syndication.

American International Group, Inc.
Debt and Capital
(dollars in millions)

	Debt and Hybrid Capital			Interest Expense (a) Three Months Ended	
	March 31, 2010	Dec. 31, 2009	Inc. (Dec.)	March 31, 2010	Dec. 31, 2009
Financial debt:					
FRBNY Credit Facility	$ 27,400	$ 23,435	16.9 %	$ 833 (b)	$ 6,225 (b)
AIG notes and bonds payable	9,457	10,419	(9.2)	124	129
AIG loans and mortgage payable	427	438	(2.5)	1	1
AIG LH notes and bonds payable	798	798	-	15	15
Liabilities connected to trust preferred stock	1,339	1,339	-	27	27
AIG loans to financial services subsidiaries	(706)	(1,213)	(41.8)	- (c)	- (c)
AIG Funding loans to financial services subsidiaries	(4,848)	(3,505)	NM	- (c)	- (c)
Total	**33,867**	**31,711**	6.8	**1,000**	**6,397**
Operating debt:					
AIG Funding commercial paper	-	1,997	NM	3	13
MIP matched notes and bonds payable	12,642	13,371	(5.5)	98	103
Series AIGFP matched notes and bonds payable	3,868	3,913	(1.2)	76	76
AIGFP borrowings (d)	15,085	15,937	(5.3)	-	-
ILFC borrowings	28,710	26,173	9.7	235	247
AGF borrowings	17,283	20,119	(14.1)	258	254
AIGCFG borrowings	68	216	(68.5)	15	19
Other Subsidiaries	458	295	55.3	5	2
Borrowings of consolidated investments	4,315	5,141	(16.1)	37	30
AIG loans to financial services subsidiaries	706	1,213	(41.8)	- (c)	- (c)
AIG Funding loans to financial services subsidiaries	4,848	3,505	NM	- (c)	- (c)
Total	**87,983**	**91,880**	(4.2)	**727**	**744**
Hybrid - debt securities:					
Junior subordinated debt	**11,699**	**12,001** (f)	(2.5)	**217**	**224**
Hybrid - mandatorily convertible units:					
Junior subordinated debt attributable to equity units	**5,880**	**5,880** (e) (f)	-	**85**	**85**
Total	**$ 139,429**	**$ 141,472**	(1.4)%	**$ 2,029**	**$ 7,450**
AIG capitalization:					
Total equity	$ 101,719	$ 98,076	3.7 %		
Hybrid - debt securities	11,699	12,001 (f)	(2.5)		
Hybrid - mandatorily convertible units	5,880	5,880 (e) (f)	-		
Total consolidated equity and hybrid capital	119,298	115,957	2.9		
Financial debt	33,867	31,711	6.8		
Total capital	**$ 153,165**	**$ 147,668**	3.7 %		
Ratios:					
Total equity / Total capital	66.4%	66.4%			
Hybrid - debt securities / Total capital	7.6%	8.1%			
Hybrid - mandatorily convertible units / Total capital	3.8%	4.0%			
Financial debt / Total capital	22.1%	21.5%			

(a) Includes $112 million, $36 million of interest expense in the three-month periods ended March 31, 2010 and December 31, 2009, respectively, reported in Other Income (loss) and Policy acquisition and other insurance expenses on the Consolidated Statement of Income (Loss).
(b) Includes interest expense of $183 million and $190 million for the three months ended March 31, 2010 and December 31, 2009, respectively, allocated to discontinued operations.
(c) Amounts are eliminated in consolidation.
(d) Borrowings are carried at fair value with fair value adjustments reported in Other income (loss) on the Consolidated Statement of Income (Loss). Contractual interest payments amounted to $83.6 million and $584.1 million for the three months ended March 31, 2010 and twelve months ended December 31, 2009, respectively.
(e) The equity units consist of an ownership interest in AIG junior subordinated debentures and a stock purchase contract obligating the holder of an equity unit to purchase, and obligating AIG to sell, a variable number of shares of AIG common stock on three dates in 2011.
(f) The equity units and junior subordinated debentures receive hybrid equity treatment from the major rating agencies under their current policies but are recorded as long-term borrowings on the consolidated balance sheet.

AIG Sources of Value vs Debt & Hybrid Obligations ($ billions)												
Sources of value	**Company indications - May 2009**			**Company indications - Dec 2009**			**Company indications - Feb 2010**			**Moody's adjustments - Jun 2010**		
	Low	**High**	**~Selected**	**Low**	**High**	**~Selected**	**Low**	**High**	**~Selected**	**Low**	**High**	**Selected**
Noncore												
AIA	20.0	30.0	25.0	35.0	45.0	40.0	35.0	40.0	40.0	30.0	35.0	30.0
ALICO	12.0	20.0	15.0	15.0	20.0	17.0	15.0	15.0	15.0	15.5	15.5	15.5
Nan Shan				2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
AGF				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AIGFP	0.0	0.0	0.0	0.0	5.0	2.5	0.0	5.0	2.5	0.0	5.0	2.5
ILFC				0.0	5.0	2.5	0.0	5.0	2.5	0.0	5.0	2.5
MIP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UGC				0.0	1.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
AIG interests in ML II & ML III	5.9	11.3	8.2	0.0	10.5	5.3	0.0	10.5	5.3	0.0	10.5	5.3
Other	12.0	20.1	14.9									
Total noncore	**49.9**	**81.4**	**63.1**	**52.1**	**88.6**	**69.9**	**52.1**	**77.6**	**67.4**	**47.6**	**73.1**	**57.9**
Core												
Chartis	29.4	39.2	32.6	35.0	45.0	40.0	35.0	45.0	40.0	35.0	45.0	40.0
SunAmerica Financial Group	13.8	23.2	15.0	15.0	20.0	17.5	15.0	20.0	17.5	15.0	20.0	17.5
Star Edison	6.0	7.0	6.0	2.5	4.5	3.5	6.0	7.0	6.5	6.0	7.0	6.5
Total core	**49.2**	**69.4**	**53.6**	**52.5**	**69.5**	**61.0**	**56.0**	**72.0**	**64.0**	**56.0**	**72.0**	**64.0**
Total sources of value	**99.1**	**150.8**	**116.7**	**104.6**	**158.1**	**130.9**	**108.1**	**149.6**	**131.4**	**103.6**	**145.1**	**121.9**
Capital structure	**March 31, 2009**			**September 30, 2009**			**December 31, 2009**			**March 31, 2010**		
NY Fed preferred interests in AIA/ALICO	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**25.0**	**25.0**	**25.0**	**25.1**	**25.1**	**25.1**
Financial debt & hybrids												
NY Fed senior secured loan			47.4			41.0			23.4			27.4
Senior unsecured financial debt*			12.4			12.6			11.7			10.7
AIGLH trust preferreds			1.3			1.3			1.3			1.3
Total senior debt & trust preferreds	**61.1**	**61.1**	**61.1**	**55.0**	**55.0**	**55.0**	**36.4**	**36.4**	**36.4**	**39.4**	**39.4**	**39.4**
Junior subordinated debentures (hybrids)	11.5	11.5	11.5	12.0	12.0	12.0	12.0	12.0	12.0	11.7	11.7	11.7
Mandatory convertibles (hybrids)	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Total financial debt & hybrids pre-conversior	**78.5**	**78.5**	**78.5**	**72.9**	**72.9**	**72.9**	**54.3**	**54.3**	**54.3**	**57.0**	**57.0**	**57.0**
Less conversion of mandatory convertibles	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Total financial debt & hybrids post-conversion	**72.7**	**72.7**	**72.7**	**67.0**	**67.0**	**67.0**	**48.4**	**48.4**	**48.4**	**51.1**	**51.1**	**51.1**
AIG shareholders' equity												
TARP Series E			41.6			41.6			41.6			41.6
TARP Series F			0.0			3.0			5.2			7.4
Total TARP preferred	**41.6**	**41.6**	**41.6**	**44.6**	**44.6**	**44.6**	**46.8**	**46.8**	**46.8**	**49.0**	**49.0**	**49.0**
Total financial obligations, incl TARP prfrds	**114.3**	**114.3**	**114.3**	**111.7**	**111.7**	**111.7**	**120.2**	**120.2**	**120.2**	**125.2**	**125.2**	**125.2**
Excess (shortfall) in value versus:												
Fed preferreds, senior debt, trust preferreds	38.0	89.7	55.6	49.6	103.1	75.9	46.7	88.2	69.9	39.1	80.6	57.4
Fed preferreds, financial debt & hybrids	26.4	78.1	44.0	37.6	91.1	63.8	34.7	76.2	57.9	27.4	68.9	45.7
Total financial obligations, incl TARP prfrds	-15.2	36.5	2.4	-7.1	46.4	19.2	-12.1	29.4	11.1	-21.6	19.9	-3.3
Remaining capital structure**												
Senior debt & trust preferreds	11.2	0.0	0.0	2.9	0.0	0.0	9.3	0.0	0.0	16.9	0.0	6.6
Junior subordinated debentures (hybrids)	11.5	11.5	11.5	12.0	12.0	12.0	12.0	12.0	12.0	11.7	11.7	11.7
Common stock (incl TARP conversion)	26.4	78.1	44.0	37.6	91.1	63.8	34.7	76.2	57.9	27.4	68.9	45.7
Total capital	49.2	89.7	55.6	52.5	103.1	75.9	56.0	88.2	69.9	56.0	80.6	64.0
Senior debt % capital	22.8%	0.0%	0.0%	5.5%	0.0%	0.0%	16.7%	0.0%	0.0%	30.1%	0.0%	10.4%
Senior debt + 75% of hybrids % capital	40.4%	9.6%	15.5%	22.7%	8.7%	11.9%	32.7%	10.2%	12.9%	45.8%	10.9%	24.1%
Hybrid equity credit % (common + hybrid eq credit)	9.8%	3.6%	6.1%	7.4%	3.2%	4.5%	8.0%	3.8%	4.9%	9.6%	4.1%	6.0%

** Includes $5.6 billion of intercompany operating debt as of March 31, 2010.*

*** Assumes that noncore assets are sold, with proceeds used to pay down the Fed preferred, the Fed revolver and senior debt. Any excess is added to common equity.*

Additional details regarding liquidity sources are included in Liquidity of Parent and Subsidiaries below.

AIG's Strategy for Stabilization and Repayment of its Obligations as They Come Due

Future Cash Requirements

AIG expects that the repayment of future debt maturities and the payment of the preferred returns and liquidation preference on the Preferred Interests will be its primary uses of available cash. Unless otherwise agreed with the FRBNY, the net proceeds from the cash consideration and the monetization of the securities consideration from the sales of AIA and ALICO will first be used to pay the Preferred Interests, and then to repay the FRBNY Credit Facility.

The following table summarizes the maturing debt at March 31, 2010 of AIG and its subsidiaries for the next four quarters:

(in millions)	Second Quarter 2010	Third Quarter 2010	Fourth Quarter 2010	First Quarter 2011	Total
ILFC	$1,485	$2,003	$2,501	$1,642	$ 7,631
AGF	659	2,797	210	679	4,345
AIG Matched Investment Program	-	888	776	-	1,664
AIGFP	600	270	269	189	1,328
AIG	-	-	500	12	512
Other	19	511	7	6	543
Total	$2,763	$6,469	$4,263	$2,528	$16,023

AIG's plans for meeting these maturing obligations are as follows:

- ILFC's sources of liquidity available to meet these needs include existing cash, future cash flows from operations, debt issuances and aircraft sales (see Liquidity of Parent and Subsidiaries — Financial Services — ILFC below). During March and April of 2010, ILFC significantly enhanced its liquidity position through a combination of new secured and unsecured debt issuances of approximately $4.0 billion and an extension of the maturity date of $2.16 billion of its $2.5 billion revolving credit facility from October 2011 to October 2012. Availability of $550 million of the approximate $4.0 billion of debt issuances and the extension of $2.16 billion of the revolving credit facility are subject to the satisfaction of certain collateralization milestones. In addition, in April 2010, ILFC signed an agreement to sell 53 aircraft, with an aggregate book value of approximately $2.3 billion, which is expected to generate approximately $2.0 billion in gross proceeds during 2010. Based on this level of increased liquidity and expected future sources of funding, including future cash flows from operations and potential aircraft sales, AIG now expects that ILFC will be able to meet its existing obligations as they become due for at least the next twelve months solely from its own future cash flows. Therefore, while AIG has acknowledged its intent to support ILFC through February 28, 2011, at the current time AIG believes that any further extension of such support will not be necessary.
- AGF anticipates that its primary sources of liquidity will be customer receivable collections, additional on-balance sheet securitizations, portfolio sales and borrowings (see Liquidity of Parent and Subsidiaries — Financial Services — AGF below). During March and April of 2010, AGF significantly enhanced its liquidity position through the following actions: AGF received cash proceeds of more than $500 million from a $1.0 billion asset securitization in March 2010 and executed and fully drew down a $3.0 billion secured term loan transaction in April 2010. AGF used a portion of the proceeds from these transactions, cash on hand and proceeds from AIG's repayment of two demand promissory notes to repay all of its outstanding obligations under its $2.45 billion one-year term loans in March 2010 and its $2.125 billion five-year revolving credit facility in April 2010 (both of which were due in July 2010). Based on this level of increased

liquidity and expected future sources of funding, including future cash flows from operations, AIG now expects that AGF will be able to meet its existing obligations as they become due for at least the next twelve months solely from its own future cash flows. Therefore, while AIG has acknowledged its intent to support AGF through February 28, 2011, at the current time AIG believes that any further extension of such support will not be necessary. AIG is continuing to explore strategic alternatives for AGF, including a potential sale of a majority interest.

- Debt maturities for the Matched Investment Program (MIP) are expected to be funded through cash flows generated from invested assets, as well as the sale or financing of the asset portfolios in the program. However, mismatches in the timing of cash flows of the MIP, as well as any shortfalls due to impairments of MIP assets, would need to be funded by AIG Parent. In addition, as a result of AIG's restructuring activities, AIG expects to utilize assets from its noncore businesses and subsidiaries to provide future cash flow enhancement and help the MIP meet its maturing debt obligations.
- Approximately $813 million of AIGFP's debt maturities through March 31, 2011 are fully collateralized, with assets backing the corresponding liabilities; however, mismatches in the timing of cash inflows on the assets and outflows with respect to the liabilities may require assets to be sold to satisfy maturing liabilities. Depending on market conditions and AIGFP's ability to sell assets at that time, proceeds from sales may not be sufficient to satisfy the full amount due on maturing liabilities. Any shortfalls would need to be funded by AIG Parent.
- AIG expects to meet its debt maturities primarily through borrowings under the FRBNY Credit Facility, and dividends, distributions, and other payments from subsidiaries. The Department of the Treasury Commitment is primarily used for capital support of subsidiaries. In the future, AIG may need to provide additional capital support for its subsidiaries. AIG has developed certain plans, some of which have already been implemented, to provide stability to its businesses and to provide for the timely repayment of the FRBNY Credit Facility. In addition, certain of AIG's outstanding financial derivative transactions could require collateral calls or termination payments based on a downgrade in AIG's credit rating. See Note 8 to the Consolidated Financial Statements.

Sales of Other Businesses

Since September 2008 and through April 28, 2010, AIG entered into agreements to sell or completed the sale of operations and assets, excluding AIA, ALICO and assets held by AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries (collectively, AIGFP), that had aggregate assets and liabilities with carrying values of $95.5 billion and $77.5 billion, respectively, at March 31, 2010 or the date of sale. Of these amounts, pending transactions with aggregate assets and liabilities of $54.7 billion and $49.2, respectively, at March 31, 2010 are expected to generate approximately $709 million of aggregate net cash proceeds that will be available to reduce the amount of the FRBNY Credit Facility, after taking into account taxes, transaction expenses, settlement of intercompany loan facilities, and capital required to be retained for regulatory or ratings purposes. Gains and losses recorded in connection with the dispositions of businesses include estimates that are subject to subsequent adjustment. Based on the transactions closed to date, AIG does not believe that such adjustments will be material to future consolidated results of operations or cash flows.

See Notes 1 and 3 to the Consolidated Financial Statements for additional information.

Liquidity of Parent and Subsidiaries

AIG Parent

The following table presents AIG Parent's sources of liquidity:

	As of	
(In millions)	**March 31, 2010**	April 28, 2010
Available borrowing under the FRBNY Credit Facility	**$ 12,507**	$ 11,007
Cash and short-term investments	**372**	375
Available capacity under the Department of the Treasury Commitment	**22,292**	22,292
Total	**$ 35,171**	$ 33,674

AIG believes that it has sufficient liquidity at the AIG Parent level to meet its obligations through at least the next twelve months. However, no assurance can be given that AIG's cash needs will not exceed projected amounts. Additional collateral calls, deterioration in investment portfolios affecting statutory surplus, higher surrenders of annuities and other policies, further downgrades in AIG's credit ratings, catastrophic losses or reserve strengthening, or a further deterioration in the super senior credit default swap portfolio may result in significant additional cash needs, or loss of some sources of liquidity, or both. Regulatory and other legal restrictions could limit AIG's ability to transfer funds freely, either to or from its subsidiaries.

Historically, AIG has depended on dividends, distributions, and other payments from subsidiaries to fund payments on its obligations. In light of AIG's current financial situation, certain of its regulated subsidiaries are restricted from making dividend payments, or advancing funds, to AIG. As a result, AIG has also been dependent on the FRBNY as a primary source of liquidity, and on the Department of the Treasury Commitment to support the capital needs of AIG's insurance company subsidiaries. In the first three months of 2010, AIG Parent collected $323 million in dividends and other payments from subsidiaries (primarily from insurance company subsidiaries), which included $250 million in dividends from Chartis U.S.

AIG's primary uses of cash flow are for debt service and subsidiary funding. In the first three months of 2010, AIG Parent retired $850 million of debt and made interest payments totaling $345 million, excluding MIP and Series AIGFP debt. AIG Parent made $2.2 billion in net capital contributions to subsidiaries in the three months ended March 31, 2010, of which the majority was contributed to AIG Capital Corporation, enabling AIG Capital Corporation to redeem its preferred securities held by a Chartis U.S. subsidiary. In addition, in March 2010, AIG Parent repurchased AIG common stock from an insurance subsidiary and repaid $1.6 billion in loans to AGF.

At the current time, AIG Parent has no access to the commercial paper market, one of its traditional sources for its short-term working capital needs. While no assurance can be given that AIG will be able to access its traditional sources of long-term or short-term financing through the public debt markets again, AIG periodically evaluates its ability to access the capital markets.

General Insurance

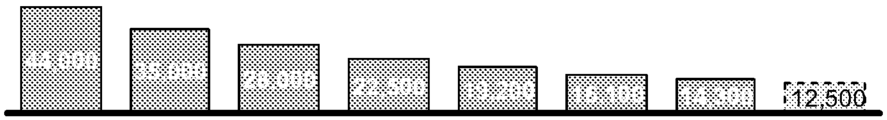
AIG currently expects that its Chartis subsidiaries will be able to continue to meet their obligations as they come due through cash from operations and, to the extent necessary, asset dispositions. One or more large catastrophes, however, may require AIG to provide additional support to the affected General Insurance operations. In addition, further downgrades in AIG's credit ratings could put pressure on the insurer financial strength ratings of its subsidiaries. A downgrade in the insurer financial strength ratings of an insurance company subsidiary could result in non-renewals or cancellations by policyholders and adversely affect the subsidiary's ability to meet its own obligations and require AIG to provide capital or liquidity support to the subsidiary. Increases in market interest rates may adversely affect the financial strength ratings of General Insurance subsidiaries as rating agency capital models may reduce the amount of available capital relative to required capital.

Given the size and liquidity profile of AIG's General Insurance investment portfolios, AIG believes that deviations from its projected claim experience do not constitute a significant liquidity risk. AIG's asset/liability

AIG FP Unwind Progress

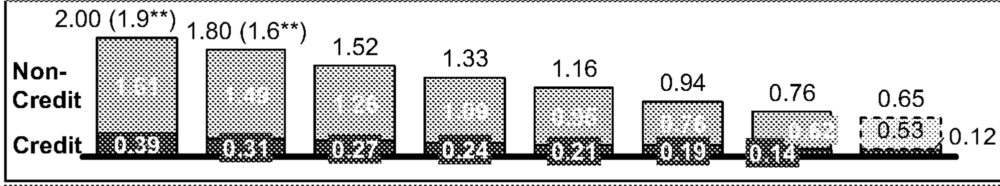
9/30/08 12/31/08 3/31/09 6/30/09 9/30/09 12/31/09 3/31/10 6/1/10 (est) **Comments (since 12/31/08)**

Approximate number of outstanding trade positions



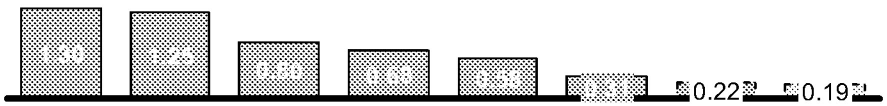
- Significant progress made in reducing portfolio size, with 59% of trades removed since 12/31/08
- Portfolio complexity has been greatly reduced
  - Counterparties reduced by ~43%
  - Long dated trades (>50 years) reduced by 91% from 67 to 6

Notional of derivatives outstanding ($ Trillion, FAS 161 adjusted*)



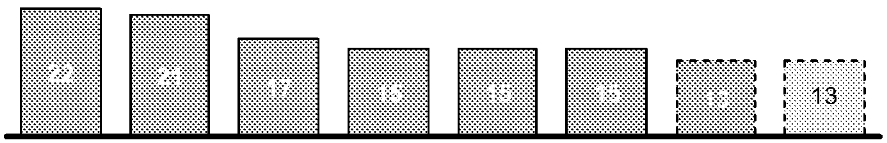
- Total derivative notional is now $755 B
- 58% of 'Non-credit' derivatives terminated or reduced since 12/31/08
- 55% of credit notional terminated or reduced since 12/31/08
  - 53% reduction in Reg Cap ($234 B to $109 B)
  - 69% reduction in Corp Arb ($51 B to $16 B)
  - 40% reduction in Other Credit ($20 B to $12 B)

Estimated Exposure to change in volatility (Gross Vega in $ Billion)***



- Portfolio has been significantly de-risked, with overall hedging volatility reduced by 82% since 12/31/08
  - Interest Rates – down 82%
  - Commodities – down 99%
  - Foreign Exchange – down 88%

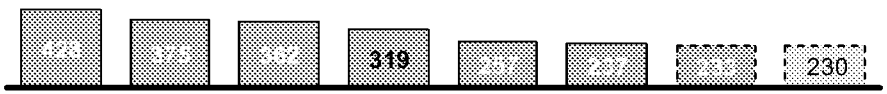
Number of businesses (risk books)



- 8 books almost completely exited since 12/31/08, including both Commodities books, FX, Infra, 2 Fund of Fund books & PRD; prime brokerage exited in 08
- Priority in 2010 to pursue strategies to unwind complete books (e.g., business sales, portfolio transfers)

Note: Risk book reduction determined as 75% of trade count or risk reduced

Number of employees



- Headcount reduction of 38% is in line with ongoing unwind of portfolio and operations since 12/31/08
- FP closed Tokyo office in Q3 2009

* Due to FAS 161, FP is changing its methodology for computing notional, leading to a slight increase of previously reported values; Sept and Dec FAS 161 notionals are estimates

** Unadjusted for FAS 161

*** The Gross Vega is calculated as the sum of all the individual positions' absolute vegas as if each position is not hedged. Although FP's books are almost completely hedged on a net Vega basis, the Gross Vega measure will help monitor how well the volatility risk is being eliminated. The interest rate option vega denotes the change in value due to a 0.1% increase in normal volatility. For other derivatives (i.e., Equity, Commodity and FX option), vega denotes the change in value due to a 1% increase in lognormal volatility.

AIG 2009 & 2010 YTD Unwind metrics –Directional risk and Vega

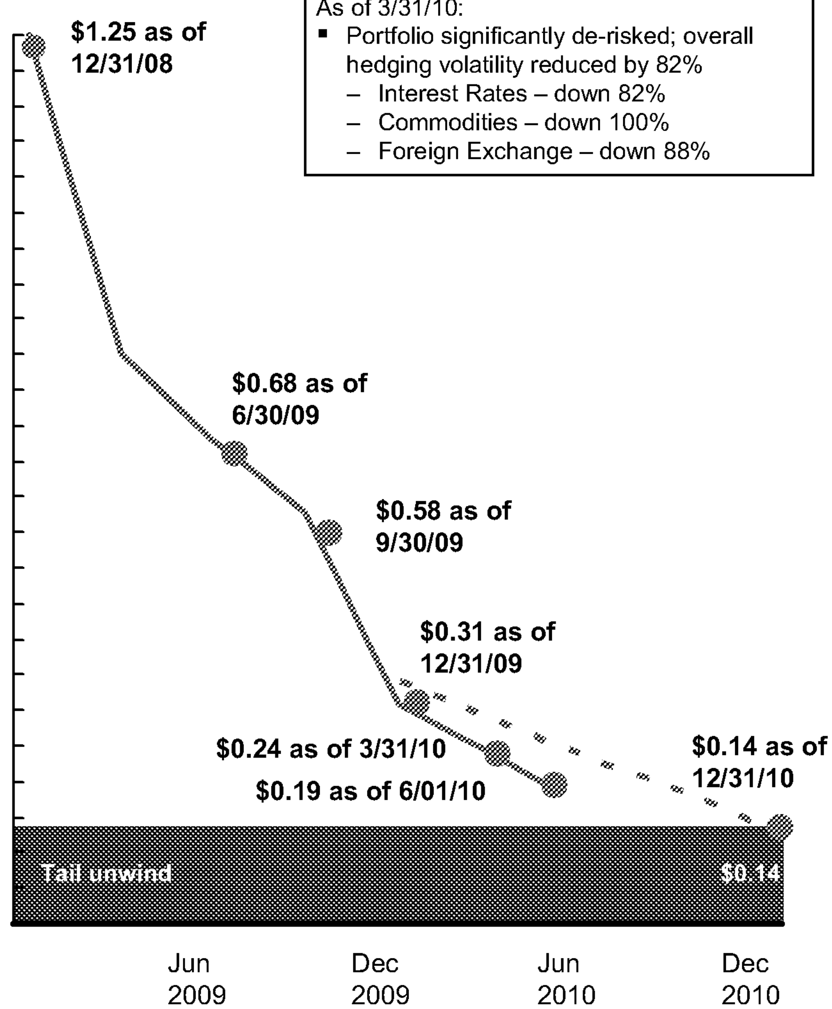
Directional risk measures

All figures in USD billion

	Unwind risk measures	05/18/10	03/31/10	12/31/09	YTD change	YTD % change
Corporate arbitrage CDS	Exposure	15.74	16.37	22.07	(6.33)	-29%
Regulatory Capital CDS	Exposure	96.54	111.68	151.07	(54.53)	-32%
Credit Book Other	Exposure	11.05	11.69	13.79	(2.73)	-20%
GICs	Notional	2.01	2.1	2.17	(0.16)	-7%
Lease transactions	Notional	4.45	4.47	4.52	(0.07)	-2%
Asset Portfolio	Notional	27.72	28.36	30.78	(3.07)	-10%
Issued securities	Notional	7.98	9.44	11.05	(3.07)	-28%
Repos & reverse repos	Notional	11.44	9.36	8.23	3.22	39%
Pension BROs	Notional	26.13	27.88	28.04	(1.91)	-7%
BOLI BROs	Notional	4.26	4.24	4.21	0.05	1%
Muni Swaps	Notional	1.46	1.46	1.5	(0.04)	3%
Fund derivatives - FOHF	Exposure	0.07	0.08	0.18	(0.11)	-61%
Fund derivatives - FOMF	Exposure	0.01	0.01	0.02	(0.01)	-50%
Energy / infrastructure	Notional	0.05	0.05	0.05	-	-
PRDs	Notional	-	-	-	-	-
Prime brokerage	NA					
TDG / Strategic investments	NA					

Overview of exposure to change in volatility –Gross Vega (USD B)

As of 3/31/10:
- Portfolio significantly de-risked; overall hedging volatility reduced by 82%
  - Interest Rates – down 82%
  - Commodities – down 100%
  - Foreign Exchange – down 88%

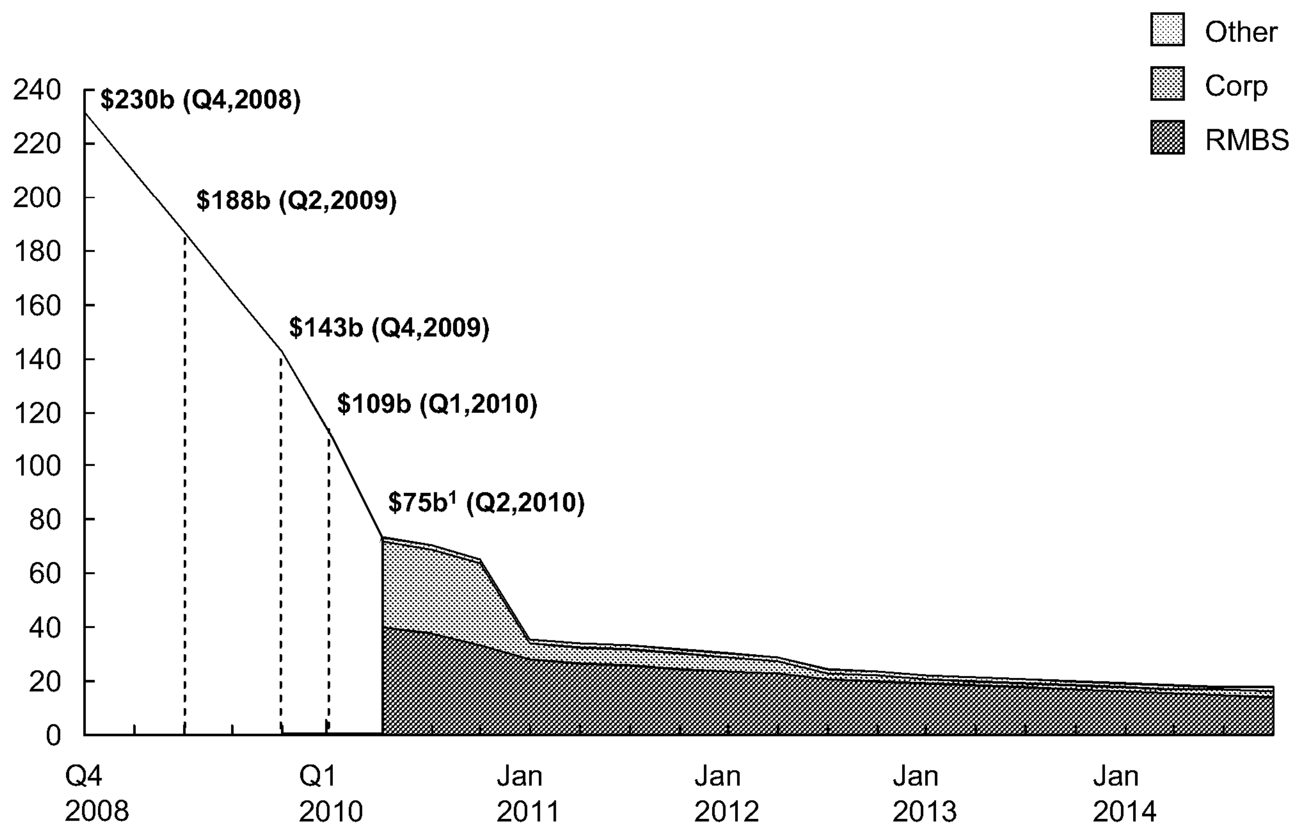


Reg Cap book overview

ESTIMATES

As of May 5, 2010

Best estimate Reg Cap book amortization schedule, $ Billions



- Current Reg Cap book is $75B in notional[1]
- The overall portfolio is projected to have amortized to 50% by Q1 2011
  - RMBS deals have uniform amortization profile
  - Corp deals expected to be called in early 2011 and show steeper decline
- Blackrock projects zero losses in all scenarios
- Annual Reg Cap income in 2011 will be ~$57M and cumulative annual income between today at 2020 is projected to be ~$137M

1 Includes all trades which have been called, including $34B in notional (8 positions) will be settled in June 2010

Quarterly P&L

Quarterly P&L

$5 B in credit and asset book appreciation since Value Max
$6.6 BN in the past year.

USD$ M	Q2 10 (Through June 1)	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	2009
Hedged books	6	(6)	(14)	26	79	(99)	(8)
Credit books	(40)	159	265	1,347	737	(672)	1,677
Asset portfolio	248	869	725	1,645	855	(1,178)	2,047
CVA on liabilities	471	(626)	(338)	(683)	(868)	1,803	(86)
CVA on derivatives	(49)	(178)	(42)	(232)	(7)	1,056	775
Int. paid to parent	(316)	(454)	(462)	(502)	(635)	(866)	(2,465)
Reserves	10	7	18	(6)	(196)	(188)	(372)
Unwind P&L	(13)	(28)	(75)	132	110	(595)	(428)
Expenses	(58)	(65)	(96)	(138)	(131)	(154)	(519)
Other	6.3	2	98	(237)	(76)	(230)	(445)
Total P&L	**291**	**(299)**	**79**	**1,352**	**(132)**	**(1,123)**	**176**

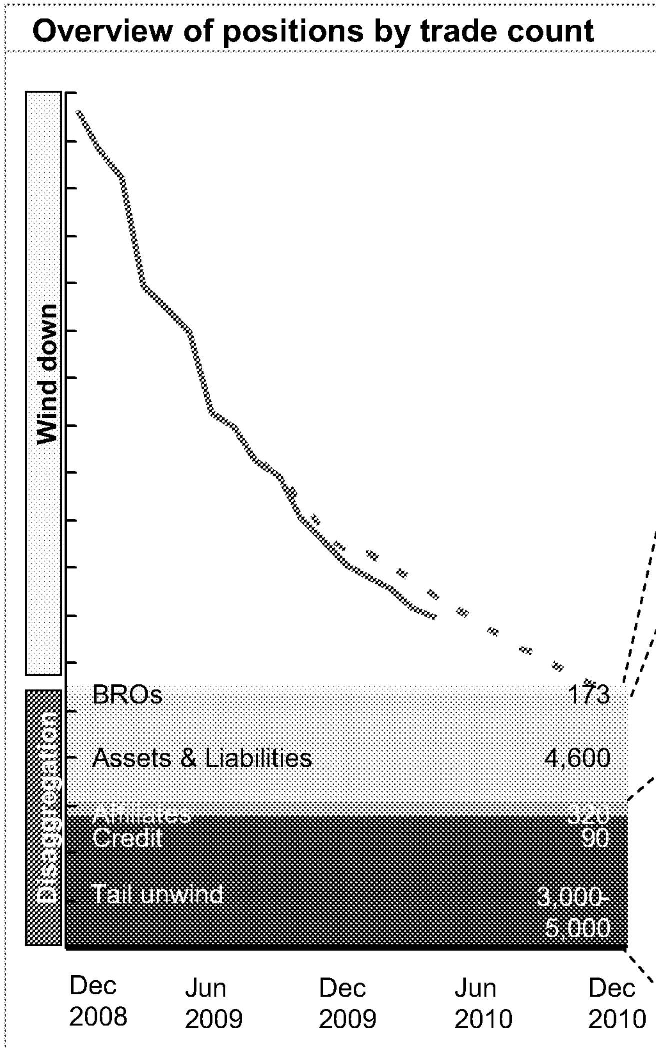
Commentary (Q1 10)

- Asset portfolio gain of $869 M reflects overall improvement of asset prices over the quarter
- Loss due to CVA on liabilities ($626 M) and derivatives ($178 M), largely driven by narrowing of AIG Inc. spreads
  - AIG's 5yr CDS spread was at 279 bps as of 3/31/10 vs. 581 as of 12/31/09
- Interest paid to parent remains a significant expense item ($433 M)
  - Balance as of 3/31/10 was $55.3B and the rate was 3.276%
- Credit gain of $159 M driven by continuing improvement in multi-sector and some spread improvement in Corp Arb and underlying CDS Asset valuations

Source: Management P&L

Disaggregation strategy – Remaining Book Resolutions

ESTIMATES



Key facts	Proposed disposition
BROs • \$32 B Notional • Average MV/BV has recovered from 91.5% in Q4 09 to 99.7% in Q1 10	• Engage a 3rd party for outsourcing/ transfer of the portfolio • Potential partners could include: – Specialty finance – New issuers – Existing market players
Assets • \$29 B Notional – \$22 B MTM – \$5 B potential upside	• Transfer to AIG Inc (AMG) • Opportunistically unwind assets based on prioritized criteria (e.g., volatility)
Liabilities • \$24 B Notional	• Transfer to AIG Treasury, managed with other RemainCo liabilities • Contract management of derivatives to AIG or 3rd party entities
RemainCo • 3.5-5k positions • \$400-500 B notional	• Structure a small RemainCo to passively manage significantly de-risked portfolio with minimal maintenance • Requires tradeoffs between complexity of RemainCo and capturing upside from remaining positions • Key decision areas include – Securitization swaps/CDO swaps – Credit books (e.g., Corp Arb, Reg Cap) – Some illiquid derivative positions

Extensive Government Support for AIG

The attached sheet from AIG's Financial Supplement summarizes the financial support provided to AIGby the US government through March 31, 2010, as well as additional available amounts under committed facilities. Other indications of support are noted below.

Supportive statements in SEC filings: AIG's 2009 10-K and its 1Q 2010 10-Q included the following expression of support, consistent with the language in prior filings:

"As first stated by the U.S. Treasury and the Federal Reserve in connection with the announcement of the AIG Restructuring Plan on March 2, 2009, the U.S. Government remains committed to continuing to work with AIG to maintain its ability to meet its obligations as they come due."

Focus on credit ratings: Fed and Treasury representatives have repeatedly assured us that they plan to keep the government support in place, specifically the TARP funding, until AIG can achieve a senior debt rating in the A range or better without the need for such support. We believe that the government has the ability (through structures already in place), the willingness (through supportive actions/comments to date) and the economic incentive to deliver this result. Our Fed/Treasury contacts confirm that the most likely exit plan would be for the Treasury to convert its TARP interests to common stock to be sold through public offerings. To maximize the proceeds from such offerings, we expect that the Treasury will support AIG throughout its restructuring, i.e., until the core insurance businesses have more fully recovered and the noncore businesses are largely unwound or divested.

Jim Millstein's written statement to COP: Jim Millstein, the Treasury's chief restructuring officer and point person on AIG, recently testified at a Congressional Oversight Panel hearing on AIG. Jim's written testimony cited the Treasury's goal of achieving a standalone parent senior debt rating in the A range as a critical element of the AIG restructuring plan.

Responsive to credit concerns: The government intervention at AIG has been designed first to avoid systemic risk, and thereafter to support AIG's policyholders and creditors, so as to stabilize the markets and ultimately recover as much as possible of the TARP investment. With each major step of the restructuring, AIG and Fed/Treasury officials have been keenly interested in rating implications and have consistently followed a creditor-friendly path.

GAO sees ratings as critical indicator: The Government Accountability Office (GAO) is the audit, evaluation and investigative arm of Congress, charged with examining the use of public funds under various federal programs and policies, including TARP. In September 2009, the GAO published a detailed report on the AIG rescue and the ongoing government efforts to support the company. The report contains numerous references to credit ratings as a critical business factor for AIG, citing comments to this effect by senior representatives of the company, Fed and Treasury. One appendix to the report lists nearly 20 indicators that the GAO will monitor to gauge the success of the rescue effort. The first item on the list is credit ratings.

American International Group, Inc.
U.S. Government Support
As of March 31, 2010
(in millions)

	Description of Support	Amount of Assistance Authorized Debt	Amount of Assistance Authorized Equity	Balance Outstanding March 31, 2010	Balance Outstanding Dec. 31, 2009	Balance Outstanding Inc. (Dec.)	Remaining Available Balance March 31, 2010
Federal Reserve Bank of New York	**FRBNY Credit Facility:** The FRBNY created this facility to enhance the liquidity of AIG and its subsidiaries. In consideration for the facility, Series C preferred stock was issued at a purchase price of $0.5 million to a trust established for the sole benefit of the United States Treasury. The Series C preferred stock represents approximately 79.8 percent of each of (i) the voting power of AIG's shareholders entitled to vote on any particular matter and (ii) the aggregate dividend rights of the outstanding shares of AIG common stock and the Series C preferred stock. (a)	$34,156 (a)		$21,649	$17,900	$3,749	$12,507
	FRBNY Credit Facility Interest and Fees: Accrued compounding interest and fees owed by AIG paid with additional borrowings (paid in kind)			5,751	5,535	216	-
	Preferred Interests in AIA and ALICO: On December 1, 2009 AIG and the FRBNY completed two transactions pursuant to which AIG transferred to the FRBNY preferred equity interests in newly-formed special purpose vehicles (SPVs) in exchange for a $25 billion reduction of the balance outstanding and the maximum credit available under the FRBNY Credit Facility. The FRBNY holds a preferred interest in the AIA Aurora LLC with a liquidation preference of $16 billion and preferred interests in the ALICO Holdings LLC with a liquidation preference of $9 billion.		25,000	25,059	24,540	519	
	Maiden Lane II Loan: The FRBNY created this SPV to provide AIG liquidity by purchasing residential mortgage-backed securities from AIG life insurance and retirement services companies. The FRBNY provided a loan to the SPV for the purchases. It also terminated a previously established securities lending program with AIG. The actual amount funded was $19.494 billion.	22,500		15,283	16,004	(721)	
	Maiden Lane III Loan: The FRBNY created this SPV to provide AIG liquidity by purchasing CDOs from AIG Financial Products' counterparties in connection with the termination of credit default swaps. The FRBNY again provided a loan to the SPV for the purchases. The actual amount funded was $24.339 billion.	30,000		17,323	18,499	(1,176)	
U.S. Dept. of the Treasury	**Series D/E Preferred Shares:** The United States Department of the Treasury (Department of the Treasury) purchased Series D cumulative preferred stock from AIG. AIG used the proceeds to pay down the FRBNY Credit Facility. These shares were later exchanged for Series E noncumulative preferred shares. Unpaid dividends on the Series D shares were added to the liquidation preference of the Series E shares.		40,000	41,605	41,605	-	
	Series F Preferred Shares: Through the purchase of AIG's Series F noncumulative preferred shares, the Department of the Treasury originally committed to provide to AIG up to $29.835 billion, subject to certain conditions. The liquidation preference of each share of the Series F preferred stock increases by the pro rata amount of any drawdown on the commitment.		29,835	7,543	5,344	2,199	22,292
	Total authorized and outstanding assistance (b)	**$86,656**	**$94,835**	**$134,213**	**$129,427**	**$4,786**	**$34,799**
	Less: Maiden Lane II and Maiden Lane III loans			**(32,606)**	**(34,503)**	**(1,897)**	
	Amounts reflected on AIG's consolidated balance sheet			**$101,607**	**$94,924**	**$6,683**	

* Refer to page 10 for discussion of capital structure and ranking of obligations.

(a) The FRBNY Credit Facility was initially $85 billion, but was reduced to $60 billion in November 2008 and was further reduced by an additional $25 billion in December 2009 to $35 billion, as a result of the completion of the transactions described in this table under Preferred Interests in AIA and ALICO. As of March 31, 2010, the facility availability was reduced to $34.156 billion as a result of mandatory prepayments relating to asset sales which occurred in the first quarter of 2010.

(b) Does not include AIG's participation in the FRBNY Commercial Paper Funding Facility.

AIA and ALICO were moved from Foreign Life to discontinued ops in 1Q 2010. This worksheet does not restate prior periods.

AIG Segment Results ($ Millions)	3 mos 1Q 2010	3 mos 4Q 2009	3 mos 3Q 2009	3 mos 2Q 2009	3 mos 1Q 2009	3 mos 4Q 2008	3 mos 3Q 2008	3 mos 2Q 2008	3 mos 1Q 2008
General Insurance (Chartis)									
AIGCI									
Net premiums written	3,787	4,219	5,002	4,968	4,184	4,410	5,630	6,079	5,124
Net premiums earned	4,562	4,796	4,807	4,948	5,227	5,316	5,762	5,924	5,410
Operating income (loss) before net RCG(L)	733	-1,292	583	654	279	-1,644	1	951	943
Net RCG(L)	-3	-104	10	-82	-503	-1,542	-1,053	-535	-164
Operating income (loss)	730	-1,396	593	572	-224	-3,186	-1,052	416	779
Foreign General									
Net premiums written	3,857	2,711	3,074	2,954	3,552	2,678	3,647	3,726	4,339
Net premiums earned	3,079	3,234	3,132	3,076	3,054	3,347	3,532	3,740	3,468
Operating income (loss) before net RCG(L)	146	-461	139	363	434	-36	107	770	831
Net RCG(L)	140	256	-47	45	-105	-727	-313	42	-82
Operating income (loss)	286	-205	92	408	329	-763	-206	812	749
Total General Insurance									
Net premiums written	**7,644**	**6,930**	**8,076**	**7,922**	**7,736**	**7,088**	**9,277**	**9,805**	**9,463**
Net premiums earned	**7,641**	**8,030**	**7,939**	**8,024**	**8,281**	**8,663**	**9,294**	**9,664**	**8,878**
Operating income (loss) before net RCG(L)	**879**	**-1,753**	**722**	**1,017**	**713**	**-1,680**	**108**	**1,721**	**1,774**
Net RCG(L)	**137**	**152**	**-37**	**-37**	**-608**	**-2,269**	**-1,366**	**-493**	**-246**
Operating income (loss)	**1,016**	**-1,601**	**685**	**980**	**105**	**-3,949**	**-1,258**	**1,228**	**1,528**
Domestic Life Insurance & Retirement Svcs									
Domestic Life									
Premiums, deposits & other considerations	1,323	1,375	1,398	1,470	1,550	1,728	2,296	2,066	1,815
Premiums & other considerations	1,040	999	1,012	1,059	1,091	1,158	1,573	1,353	1,312
Operating income (loss) before net RCG(L)	367	397	403	348	162	-8	474	369	399
Net RCG(L)	-140	20	-173	-78	-460	-4,447	-4,381	-1,368	-1,268
Operating income (loss)	227	417	230	270	-298	-4,455	-3,907	-999	-869
Domestic Retirement Services									
Premiums, deposits & other considerations	3,414	3,991	3,048	2,636	3,594	3,367	4,620	5,180	5,718
Premiums & other considerations	275	280	265	272	258	330	347	363	356
Operating income (loss) before net RCG(L)	756	637	804	-94	-343	-900	-393	633	800
Net RCG(L)	-656	-384	-1,256	24	-1,186	-9,873	-9,039	-3,206	-2,740
Operating income (loss)	100	253	-452	-70	-1,529	-10,773	-9,432	-2,573	-1,940
Total DLRS									
Premiums, deposits & other considerations	**4,737**	**5,366**	**4,446**	**4,106**	**5,144**	**5,095**	**6,916**	**7,246**	**7,533**
Premiums & other considerations	**1,315**	**1,279**	**1,277**	**1,331**	**1,440**	**1,673**	**2,061**	**1,967**	**1,943**
Operating income (loss) before net RCG(L)	**1,123**	**1,034**	**1,207**	**254**	**-160**	**-835**	**87**	**1,002**	**1,210**
Net RCG(L)	**-796**	**-364**	**-1,429**	**-54**	**-1,667**	**-14,393**	**-13,426**	**-4,574**	**-4,019**
Operating income (loss)	**327**	**670**	**-222**	**200**	**-1,827**	**-15,228**	**-13,339**	**-3,572**	**-2,809**
Foreign Life Insurance & Retirement Svcs									
Premiums, deposits & other considerations	**1,231**	**8,272**	**8,012**	**7,520**	**7,584**	**8,785**	**13,830**	**16,040**	**15,823**
Premiums & other considerations	**864**	**6,201**	**5,527**	**5,590**	**5,456**	**6,332**	**6,178**	**6,318**	**5,882**
Operating income (loss) before net RCG(L)	**220**	**1,054**	**1,068**	**1,169**	**1,269**	**1,218**	**777**	**1,544**	**1,337**
Net RCG(L)	**-135**	**291**	**-159**	**-653**	**-818**	**-4,637**	**-2,442**	**-577**	**-552**
Operating income (loss)	**85**	**1,345**	**909**	**516**	**451**	**-3,419**	**-1,665**	**967**	**785**
Core insurance operations									
Op inc (loss) before net RCG(L) & NQDH	**2,222**	**335**	**2,997**	**2,440**	**1,822**	**-1,297**	**972**	**4,267**	**4,321**
Net RCG(L)	**-794**	**79**	**-1,625**	**-744**	**-3,093**	**-21,299**	**-17,234**	**-5,644**	**-4,817**
Operating income (loss)	**1,428**	**414**	**1,372**	**1,696**	**-1,271**	**-22,596**	**-16,262**	**-1,377**	**-496**
Financial Services									
Op inc before net RCG(L) & NQDH									
Aircraft Leasing	-56	344	365	335	316	207	306	352	272
Capital Markets	-298	80	1,352	-132	-1,123	-17,167	-8,250	-6,244	-8,851
Consumer Finance	-91	-302	-139	-270	-233	-616	-434	-22	24
Other, incl intercompany adjustments	-29	-30	-18	-36	-50	-16	31	34	10
Total op inc (loss) before net RCG(L) & NQDH	**-474**	**92**	**1,560**	**-103**	**-1,090**	**-17,592**	**-8,347**	**-5,880**	**-8,545**
Non-qualifying derivative hedging (NQDH)	**0**	**0**	**-3**	**4**	**2**	**-20**	**177**	**-40**	**-76**
Net RCG(L)	**35**	**3**	**-129**	**223**	**-42**	**-329**	**-33**	**15**	**-151**
Total operating income (loss)	**-439**	**95**	**1,428**	**124**	**-1,130**	**-17,941**	**-8,203**	**-5,905**	**-8,772**
Total Segments									
Op inc (loss) before net RCG(L) & NQDH	**1,748**	**427**	**4,557**	**2,337**	**732**	**-18,889**	**-7,375**	**-1,613**	**-4,224**
Non-qualifying derivative hedging (NQDH)	0	0	-3	4	2	-20	177	-40	-76
Net RCG(L)	-759	82	-1,754	-521	-3,135	-21,628	-17,267	-5,629	-4,968
Operating income (loss)	**989**	**509**	**2,800**	**1,820**	**-2,401**	**-40,537**	**-24,465**	**-7,282**	**-9,268**
Other income (loss) before net RCG(L)	-353	-7,319	-2,658	-1,779	-3,537	-12,644	-2,622	-994	-637
Other net RCG(L)	59	50	-869	265	78	-4,690	-729	-31	-1,325
Consolidation & eliminations before net RCG(L)	-12	-553	-117	1,411	-298	-4,121	-233	-159	-353
Consolidation & eliminations net RCG(L)	152	-289	488	-1,197	-52	2,867	540	-221	376
Pretax income (loss) from continuing ops	**835**	**-7,602**	**-356**	**520**	**-6,210**	**-59,125**	**-27,509**	**-8,687**	**-11,207**
Income tax expense (benefit)	-91	414	-407	-731	-1,154	2,642	-4,674	-3,342	-3,520
Net income (loss) from continuing ops	**926**	**-8,016**	**51**	**1,251**	**-5,056**	**-61,767**	**-22,835**	**-5,345**	**-7,687**
Net income (loss) from discontinued ops	1,173	-994	-66	594	-77	-789	-1,870	-54	-40
Net income (loss)	**2,099**	**-9,010**	**-15**	**1,845**	**-5,133**	**-62,556**	**-24,705**	**-5,399**	**-7,727**
Net income (loss) attrib to noncontrolling interests	648	-137	-470	23	-780	-897	-237	-42	78
Net income (loss) attrib to AIG	**1,451**	**-8,873**	**455**	**1,822**	**-4,353**	**-61,659**	**-24,468**	**-5,357**	**-7,805**

AIG Segment Results ($ Millions)	3 mos 4Q 2007	3 mos 3Q 2007	3 mos 2Q 2007	3 mos 1Q 2007	12 mos 2009	12 mos 2008	12 mos 2007
General Insurance (Chartis)							
AIGCI							
Net premiums written	5,650	5,986	6,449	5,971	18,373	21,243	24,056
Net premiums earned	5,896	5,916	5,956	5,939	19,778	22,412	23,707
Operating income (loss) before net RCG(L)	1,525	1,871	1,965	1,820	224	251	7,181
Net RCG(L)	-11	-60	-81	76	-679	-3,294	-76
Operating income (loss)	1,514	1,811	1,884	1,896	-455	-3,043	7,105
Foreign General							
Net premiums written	2,921	3,270	3,242	3,618	12,291	14,390	13,051
Net premiums earned	3,299	3,112	3,030	2,908	12,496	14,087	12,349
Operating income (loss) before net RCG(L)	822	648	874	892	475	1,672	3,236
Net RCG(L)	-195	-24	18	35	149	-1,080	-166
Operating income (loss)	627	624	892	927	624	592	3,070
Total General Insurance							
Net premiums written	**8,571**	**9,256**	**9,691**	**9,589**	**30,664**	**35,633**	**37,107**
Net premiums earned	**9,195**	**9,028**	**8,986**	**8,847**	**32,274**	**36,499**	**36,056**
Operating income (loss) before net RCG(L)	**2,347**	**2,519**	**2,839**	**2,712**	**699**	**1,923**	**10,417**
Net RCG(L)	**-206**	**-84**	**-63**	**111**	**-530**	**-4,374**	**-242**
Operating income (loss)	**2,141**	**2,435**	**2,776**	**2,823**	**169**	**-2,451**	**10,175**
Domestic Life Insurance & Retirement Svcs							
Domestic Life							
Premiums, deposits & other considerations	1,739	2,032	1,822	1,847	5,793	7,905	7,440
Premiums & other considerations	1,228	1,398	1,260	1,425	4,161	5,396	5,311
Operating income (loss) before net RCG(L)	340	339	392	359	1,310	1,234	1,430
Net RCG(L)	-473	-277	-20	-16	-691	-11,464	-786
Operating income (loss)	-133	62	372	343	619	-10,230	644
Domestic Retirement Services							
Premiums, deposits & other considerations	4,418	4,526	5,073	4,592	13,269	18,885	18,609
Premiums & other considerations	385	385	377	359	1,075	1,396	1,506
Operating income (loss) before net RCG(L)	919	863	1,267	1,316	1,004	140	4,365
Net RCG(L)	-1,251	-356	-295	-37	-2,802	-24,858	-1,939
Operating income (loss)	-332	507	972	1,279	-1,798	-24,718	2,426
Total DLRS							
Premiums, deposits & other considerations	**6,157**	**6,558**	**6,895**	**6,439**	**19,062**	**26,790**	**26,049**
Premiums & other considerations	**1,829**	**1,880**	**1,746**	**1,887**	**5,327**	**7,644**	**7,342**
Operating income (loss) before net RCG(L)	**1,263**	**1,216**	**1,653**	**1,673**	**2,335**	**1,464**	**5,805**
Net RCG(L)	**-1,728**	**-647**	**-309**	**-51**	**-3,514**	**-36,412**	**-2,735**
Operating income (loss)	**-465**	**569**	**1,344**	**1,622**	**-1,179**	**-34,948**	**3,070**
Foreign Life Insurance & Retirement Svcs							
Premiums, deposits & other considerations	**17,036**	**15,797**	**13,139**	**12,384**	**31,388**	**54,478**	**58,356**
Premiums & other considerations	**5,860**	**5,423**	**5,304**	**5,149**	**22,774**	**24,710**	**21,736**
Operating income (loss) before net RCG(L)	**1,275**	**1,356**	**1,466**	**1,380**	**4,560**	**4,876**	**5,477**
Net RCG(L)	**-187**	**153**	**-5**	**-86**	**-1,339**	**-8,208**	**-125**
Operating income (loss)	**1,088**	**1,509**	**1,461**	**1,294**	**3,221**	**-3,332**	**5,352**
Core insurance operations							
Op inc (loss) before net RCG(L) & NQDH	**4,885**	**5,091**	**5,958**	**5,765**	**7,594**	**8,263**	**21,699**
Net RCG(L)	**-2,121**	**-578**	**-377**	**-26**	**-5,383**	**-48,994**	**-3,102**
Operating income (loss)	**2,764**	**4,513**	**5,581**	**5,739**	**2,211**	**-40,731**	**18,597**
Financial Services							
Op inc before net RCG(L) & NQDH							
Aircraft Leasing	248	269	190	193	1,360	1,137	900
Capital Markets	-10,493	-58	273	153	177	-40,512	-10,125
Consumer Finance	-7	80	58	74	-944	-1,048	205
Other, incl intercompany adjustments	6	16	-9	24	-134	59	37
Total op inc (loss) before net RCG(L) & NQDH	**-10,246**	**307**	**512**	**444**	**459**	**-40,364**	**-8,983**
Non-qualifying derivative hedging (NQDH)	**396**	**428**	**-528**	**-85**	**3**	41	211
Net RCG(L)	**-673**	**-66**	**63**	**-67**	**55**	-498	-743
Total operating income (loss)	**-10,523**	**669**	**47**	**292**	**517**	**-40,821**	**-9,515**
Total Segments							
Op inc (loss) before net RCG(L) & NQDH	**-5,361**	**5,398**	**6,470**	**6,209**	**8,053**	**-32,101**	**12,716**
Non-qualifying derivative hedging (NQDH)	396	428	-528	-85	3	41	211
Net RCG(L)	-2,794	-644	-314	-93	-5,328	-49,492	-3,845
Operating income (loss)	**-7,759**	**5,182**	**5,628**	**6,031**	**2,728**	**-81,552**	**9,082**
Other income (loss) before net RCG(L)	-412	-407	-97	-34	-15,293	-16,897	-950
Other net RCG(L)	-708	-398	386	-29	-476	-6,775	-749
Consolidation & eliminations before net RCG(L)	-139	85	341	14	443	-4,866	301
Consolidation & eliminations net RCG(L)	179	193	-123	201	-1,050	3,562	450
Pretax income (loss) from continuing ops	**-8,839**	**4,655**	**6,135**	**6,183**	**-13,648**	**-106,528**	**8,134**
Income tax expense (benefit)	-3,413	1,463	1,679	1,726	-1,878	-8,894	1,455
Net income (loss) from continuing ops	**-5,426**	**3,192**	**4,456**	**4,457**	**-11,770**	**-97,634**	**6,679**
Net income (loss) from discontinued ops					-543	-2,753	
Net income (loss)	**-5,426**	**3,192**	**4,456**	**4,457**	**-12,313**	**-100,387**	**6,679**
Net income (loss) attrib to noncontrolling interests	269	331	372	316	**-1,364**	-1,098	1,288
Net income (loss) attrib to AIG	**-5,695**	**2,861**	**4,084**	**4,141**	**-10,949**	**-99,289**	**5,391**

American International Group, Inc.
Consolidated Statement of Segment Operations
(in millions, except per share data)

	Three Months Ended				
	March 31, 2010	March 31, 2009	% Inc. (Dec.)	Dec. 31, 2009	% Inc. (Dec.)
General Insurance					
Net premiums written	$ 7,644	$ 7,727	(1.1) %	$ 6,922	10.4 %
Net premiums earned	7,641	8,272	(7.6)	8,023	(4.8)
Claims and claims adjustment expenses incurred	5,459	5,787	(5.7)	7,936	(31.2)
Change in deferred acquisition costs	(18)	5	NM	295	NM
Other underwriting expenses	2,392	2,205	8.5	2,396	(0.2)
Underwriting loss	(192)	275	NM	(2,604)	NM
Net investment income	1,071	435	146.2	855	25.3
Operating income (loss) before net realized capital gains (losses)	879	710	23.8	(1,749)	NM
Net realized capital gains (losses)	137	(608)	NM	151	(9.3)
Pre-tax income (loss)	1,016	102	NM	(1,598)	NM
Domestic Life Insurance & Retirement Services					
Premiums and other considerations	1,315	1,440	(8.7)	1,279	2.8
Deposits and other considerations not included in revenues under GAAP	3,422	3,624	(5.6)	3,996	(14.4)
Premiums, deposits and other considerations	4,737	5,064	(6.5)	5,275	(10.2)
Net investment income	2,707	1,930	40.3	2,663	1.7
Operating income (loss) before net realized capital gains (losses)	1,123	(160)	NM	1,034	NM
Net realized capital losses	(796)	(1,667)	NM	(364)	NM
Pre-tax income (loss)	327	(1,827)	NM	670	(51.2)
Foreign Life Insurance & Retirement Services (1)					
Premiums and other considerations	864	925	(6.6)	967	(10.7)
Deposits and other considerations not included in revenues under GAAP	367	337	8.9	262	40.1
Premiums, deposits and other considerations	1,231	1,262	(2.5)	1,229	0.2
Net investment income	346	324	6.8	324	6.8
Operating income before net realized capital gains (losses)	220	358	(38.5)	165	33.3
Net realized capital gains (losses)	(135)	(486)	NM	187	NM
Pre-tax income (loss)	85	(128)	NM	352	(75.9)
Financial Services					
Operating income (loss), excluding non-qualifying derivative hedging activities and net realized capital gains (losses) (2)	(474)	(1,090)	NM	92	NM
Non-qualifying derivative hedging activities	-	2	NM	-	NM
Net realized capital gains (losses)	35	(42)	NM	3	NM
Pre-tax income (loss)	(439)	(1,130)	NM	95	NM
Other before net realized capital gains (losses)	(353)	(3,522)	NM	(7,296)	NM
Other net realized capital gains	59	78	(24.4)	50	18.0
Consolidation and elimination adjustments (3)	140	(89)	NM	(651)	NM
Income (loss) from continuing operations before income tax expense (benefit)	835	(6,516)	NM	(8,378)	NM
Income tax expense (benefit) (4)	(91)	(1,303)	NM	2	NM
Income (loss) from continuing operations	926	(5,213)	NM	(8,380)	NM
Income (loss) from discontinued operations, net of tax	1,173	80	NM	(630)	NM
Net income (loss)	2,099	(5,133)	NM	(9,010)	NM
Less:					
Net income (loss) from continuing operations attributable to noncontrolling interests:					
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	519	-	NM	140	NM
Other	129	(774)	NM	(314)	NM
Total income (loss) from continuing operations attributable to noncontrolling interests	648	(774)	NM	(174)	NM
Income (loss) from discontinued operations attributable to noncontrolling interests	-	(6)	NM	37	NM
Total net income (loss) attributable to noncontrolling interests	648	(780)	NM	(137)	NM
Net income (loss) attributable to AIG	1,451	(4,353)	NM	(8,873)	NM
Income (loss) attributable to AIG from discontinued operations, net of tax	1,173	86	NM	(667)	NM
Net gain (loss) on sale of divested businesses, net of tax	(77)	175	NM	(322)	NM
Net realized capital losses, net of tax	(360)	(2,410)	NM	(516)	NM
Non-qualifying derivative hedging activities, excluding net realized capital gains (losses), net of tax	(94)	(118)	NM	176	NM
Adjusted net income (loss)	$ 809	$ (2,086)	NM %	$ (7,544)	NM %
Income (loss) per common share attributable to AIG - diluted :					
Income (loss) from continuing operations	$ 0.41	$ (40.29)	NM	$ (60.59)	NM
Income (loss) from discontinued operations	1.75	0.62	182.3	(4.92)	NM
Adjusted net income (loss)	$ 1.21	$ (22.90)	NM	$ (55.69)	NM
Weighted average shares outstanding - diluted	135.7	135.3		135.4	
Effective tax rates (5):					
Income (loss) before income tax and noncontrolling interest	(10.9)%	20.0%		(0.0)%	
Net income (loss) attributable to AIG	(287.6)%	22.8%		(0.9)%	
Adjusted net income (loss)	1.3%	32.3%		0.3%	
Return on equity attributable to AIG	8.0%				

(See Accompanying Notes on Page 4)

American International Group, Inc.
Consolidated Balance Sheet
(in millions)

		March 31, 2010		December 31, 2009
Assets:				
Investments				
Fixed maturity securities (1)	$	283,235	$	396,794
Equity securities		7,444		17,840
Mortgage and other loans receivable, net of allowance		22,533		27,461
Finance receivables, net of allowance		18,912		20,327
Flight equipment primarily under operating leases, net of accumulated depreciation		43,258		44,091
Other invested assets		33,250		45,235
Securities purchased under agreements to resell, at fair value		1,615		2,154
Short-term investments		38,800		47,263
Total investments		449,047		601,165
Cash		2,133		4,400
Accrued investment income		3,467		5,152
Premiums and other receivables, net of allowance		18,718		16,549
Reinsurance assets, net of allowance		25,791		22,425
Current and deferred income taxes		6,805		4,108
Deferred policy acquisition costs		19,064		40,814
Real estate and other fixed assets, net of accumulated depreciation		3,259		4,142
Unrealized gain on swaps, options and forward transactions, at fair value		7,383		9,130
Goodwill		2,565		6,195
Other assets, including prepaid commitment asset		17,072		18,976
Separate account assets, at fair value		51,953		58,150
Assets of businesses held for sale (2)		256,440		56,379
Total assets	$	863,697	$	847,585
Liabilities:				
Liability for unpaid claims and claims adjustment expense	$	86,489	$	85,386
Unearned premiums		26,350		21,363
Future policy benefits for life and accident and health insurance contracts		47,752		116,001
Policyholder contract deposits		142,932		220,128
Other policyholder funds		7,493		13,252
Commissions, expenses and taxes payable		2,874		4,950
Insurance balances payable		4,004		4,393
Funds held by companies under reinsurance treaties		708		774
Securities sold under agreements to repurchase, at fair value		3,418		3,505
Securities and spot commodities sold but not yet purchased, at fair value		458		1,030
Unrealized loss on swaps, options and forward transactions, at fair value		6,296		5,403
Trust deposits and deposits due to banks and other depositors		1,030		1,641
Other liabilities		21,015		22,503
Federal Reserve Bank of New York Commercial Paper Funding Facility		2,285		4,739
Federal Reserve Bank of New York Credit Facility		27,400		23,435
Other long-term debt		109,744		113,298
Separate account liabilities		51,953		58,150
Liabilities of businesses held for sale (2)		217,837		48,599
Total liabilities		760,038		748,550
Commitments, contingencies and guarantees				
Redeemable noncontrolling interests in partially owned consolidated subsidiaries		1,940		959
AIG shareholders' equity:				
Preferred Stock, Series E		41,605		41,605
Preferred Stock, Series F		7,378		5,179
Preferred Stock, Series C		23,000		23,000
Common stock		354		354
Additional paid-in capital		6,356		6,358
Unrealized appreciation (depreciation) of fixed maturity investments on which other-than-temporary credit impairments were taken, net of tax		(1,042)		(1,810)
Unrealized appreciation (depreciation) of all other investments, net of tax		8,086		7,145
Net derivative gains (losses) arising from Cash flow hedging activities, net of tax		(106)		(128)
Foreign currency translation adjustments, net of tax		1,206		1,630
Retirement plan liabilities adjustment, net of tax		(1,091)		(1,144)
Accumulated deficit		(9,871)		(11,491)
Treasury stock, at cost		(874)		(874)
Total AIG shareholders' equity		75,001		69,824
Noncontrolling interests				
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York		25,059		24,540
Other		1,659		3,712
Total noncontrolling interests		26,718		28,252
Total equity		101,719		98,076
Total liabilities and equity	$	863,697	$	847,585

(See Accompanying Notes on Page 7)

MOODY'S
INVESTORS SERVICE

Credit Opinion: American International Group, Inc.

Global Credit Research - 19 May 2010

New York, New York, United States

Ratings

Category	**Moody's Rating**
Rating Outlook	NEG
Senior Unsecured	A3
Senior Unsecured MTN	A3
LT Issuer Rating	A3
Junior Subordinate	Ba2
Rated Intercompany Pool Members	
Rating Outlook	NEG
Insurance Financial Strength	Aa3
American General Life Ins. Co of Delaware	
Rating Outlook	NEG
Insurance Financial Strength	A1
American General Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	A1

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Key Indicators

American International Group, Inc.[1]

	1Q 2010	**2009**	**2008**	**2007**	**2006**
Total Assets ($ Mil.)	$ 863,697	$ 847,585	$ 860,418	$1,048,361	$ 979,414
AIG Shareholders' Equity ($ Mil.)	$ 75,001	$ 69,824	$ 52,710	$ 95,801	$ 101,677
Total Equity ($ Mil.)	$ 101,719	$ 98,076	$ 60,805	$ 104,273	$ 107,037
Total Revenue ($ Mil.)	$ 16,330	$ 96,004	$ 6,896	$ 103,632	$ 106,926
Net Income (Loss) Attributable to AIG ($ Mil.)	$ 1,451	$ (10,949)	$ (99,289)	$ 6,200	$ 14,048
Adjusted Financial Leverage [2]	60.7%	61.3%	80.7%	17.4%	15.2%
Total Leverage, Incl. Guaranteed Amounts [2]	72.5%	73.2%	88.6%	51.7%	46.4%
Earnings Coverage (1 yr.)	---	NM	NM	5.0x	20.4x
Cashflow Coverage (1 yr.)	---	NM	NM	8.4x	9.1x

[1] Information based on consolidated GAAP financial statements. [2] In calculating leverage, we treat the Series C preferreds and noncontrolling interests as equity, and we treat the Series D, E & F preferreds as basket B hybrids, subject to Moody's cap on hybrid equity credit.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - long-term issuer rating of A3, short-term issuer rating of Prime 1, negative outlook) is a leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG's core insurance operations consist of global property & casualty (P&C) insurance branded as Chartis; U.S. life insurance and retirement services conducted by SunAmerica Financial Group (SFG); and two Japanese life insurers, AIG Star Life Insurance Co., Ltd. (Star) and AIG Edison Life Insurance Company (Edison). AIG also owns substantial noncore operations, including its Financial Services and Mortgage Guaranty units, as well as discontinued operations, consisting of large international life insurers that are subject to sale agreements.

The current insurance financial strength ratings (IFSRs) of Chartis U.S. (Aa3, negative outlook) and SFG, (A1, negative outlook) incorporate one notch of rating uplift versus their respective intrinsic credit profiles, based on existing and authorized support from the U.S. government. The senior unsecured debt rating of AIG is notched downward from the IFSRs of its main operating units to reflect the parent's structural subordination. The parent rating also incorporates further government support, which offsets the downward rating pressure from various noncore businesses with weaker credit profiles. We believe that the government support will allow Chartis and SFG to further recover from the disruptions of 2008, as AIG continues to unwind and exit its noncore businesses. The ratings are positioned at levels expected to be appropriate for the group on a stand-alone basis when the restructuring is complete and the government concludes its ownership and support. The negative rating outlook reflects the headwinds of a weak economy and soft commercial P&C market as well as the execution risk in AIG's restructuring plan.

Moody's maintains credit ratings on several AIG operating units, whose credit profiles are summarized below under the headings of Core Insurance Operations, Financial Services, Other Activities and Discontinued Operations. For more information on the rated businesses, please see the respective operating company credit opinions via our website at www.moodys.com/insurance.

Credit Profile of Significant Subsidiaries

CORE INSURANCE OPERATIONS [Pretax income (loss): $1.4 billion in 1Q 2010, ($1.9 billion) in 1Q 2009]

CHARTIS: The Aa3 IFSRs (negative outlook) of eight U.S.-domiciled members of Chartis incorporate one notch of uplift versus the group's intrinsic credit profile, given the government support. Chartis's intrinsic credit strengths include its strong market position in commercial and specialty lines, its expertise in writing large and complex risks, and its broad business and geographic diversification. These strengths are offset by the group's diminished premiums and profits over the past two years, the potential for adverse loss development and the exposure to natural and man-made catastrophes. A majority of Chartis's business is in casualty lines, which heightens the risk and uncertainty surrounding the estimation of loss reserves.

Moody's also maintains an IFSR of A1 (negative outlook) on Chartis Insurance UK Limited, one of the leading members of Chartis International. This rating reflects the company's strong market position in the UK, its healthy profitability on managed business, and its generally conservative investment strategy. Offsetting these strengths is the company's focus on commercial lines, which we view as inherently more volatile than personal lines.

SFG: The A1 IFSRs (negative outlook) of 10 members of SFG are based on their strong (and sometimes leading) positions in a number of life insurance, individual annuity and retirement product markets, despite the business disruptions and asset losses related to AIG over the past two years. SFG remains the largest provider of 403(b) retirement plans sold to grade-school teachers, and it recently regained its ranking as the market leader in bank-distributed fixed annuities. The group is also an important provider of individual life insurance and variable annuities - the former, in particular, a business with solid earnings capacity. The SFG ratings incorporate one notch of uplift versus the group's intrinsic credit profile, given the government support. The negative outlook reflects the challenges of rebuilding lost market share and stabilizing net cash outflows. Moreover, the group is exposed to further losses on commercial mortgage loans and commercial mortgage-backed securities, albeit this exposure is mitigated by strong regulatory capital levels and the availability of parental support if needed.

STAR & EDISON: AIG elected to retain Star and Edison in 4Q 2009 after a year-long attempt to sell them. The divestiture effort constrained product development and new business sales, but these activities have picked up since AIG decided to retain ownership. Edison's A1 IFSR (negative outlook) incorporates two notches of uplift versus its intrinsic credit profile, based on a general guarantee from American Home Assurance Company (AHAC), one of the leading members of Chartis U.S. AHAC carries an IFSR of Aa3, but we believe that the guarantee in favor of Edison ranks junior to AHAC's own policyholder obligations, resulting in the A1 IFSR at Edison. Edison's intrinsic strengths include its diversified product mix and relatively loyal sales force, offset by its limited market presence and its declining business in force over the past few quarters.

FINANCIAL SERVICES [Pretax (loss): ($439 million) in 1Q 2010, ($1.1 billion) in 1Q 2009]

ILFC: Moody's maintains a corporate family rating (CFR) of B1 (negative outlook) on International Lease Finance Corporation (ILFC), a major owner-lessor of commercial aircraft. The rating reflects ILFC's fundamental credit strengths, such as its strong presence in the aircraft leasing industry, modern aircraft fleet and history of solid earnings. The company's main credit challenge is its weak liquidity profile. ILFC has taken steps to improve this profile in recent months by issuing secured and unsecured debt, extending the maturity date on most of its revolving credit facility, and agreeing to sell a portfolio of aircraft. ILFC's CFR incorporates one notch of uplift based on parental support, although AIG has said that it does not think it will be necessary to extend its support beyond February 2011. We believe that AIG will seek to divest ILFC, partly or fully, over the next few years, but that it will provide additional support, if needed, while it holds a controlling interest.

AGFC: American General Finance Corporation (AGFC), AIG's U.S. consumer finance business, carries a CFR of B2 (negative outlook). AGFC's asset quality has deteriorated during the economic downturn but has compared favorably to that of other subprime mortgage lenders. AGFC's earnings will likely remain weak through the next several quarters, based on high unemployment and continuing pressure on home values. We expect that AGFC will increasingly raise funds through asset sales, securitizations and secured borrowings to repay maturing debt. AGFC's CFR reflects one notch of uplift based on parental support. AIG has said that it does not think it will be necessary to extend its support beyond February 2011, and moreover, that it is exploring strategic alternatives for AGFC, including a potential sale of a majority interest. As with ILFC, we believe that AIG will remain supportive while it holds a controlling interest, but the disclosures suggest that a divestiture of AGFC is more likely in the near term.

AIGFP: AIG Financial Products Corp. (AIGFP) and its major subsidiaries have general and deal-specific guarantees from AIG covering all of their borrowing and derivative activities, resulting in backed senior unsecured ratings of A3 (negative outlook). AIGFP has been unwinding its business since the AIG credit crisis of 2008. The notional amount of its derivative portfolio has been reduced from $1.6 trillion at YE 2008 to $755 billion at the end of 1Q 2010, while the number of outstanding trade positions has been reduced from about 35,000 to 14,300. AIGFP attempts to strike a balance between reducing its exposures rapidly and limiting the costs and cash outflows related to the unwinding. The company also prioritizes the unwinding of positions that are relatively volatile and/or difficult to hedge. The pace and costs of the unwinding depend on many factors, including general market conditions, the behavior of counterparties and AIGFP's access to liquidity. We expect that the AIGFP risks will be substantially reduced or eliminated over the next couple of years.

OTHER ACTIVITIES [Pretax (loss): ($294 million) in 1Q 2010, ($3.4 billion) in 1Q 2009]

AIG's other activities include Mortgage Guaranty, a Matched Investment Program, a subordinated interest in Maiden Lane III (an unaffiliated special purpose vehicle that has assumed credit default swap exposures from AIGFP) and other noncore holdings. We expect that AIG will exit or unwind substantially all of these activities as part of its restructuring.

UGRIC: Moody's maintains an A3 IFSR (negative outlook) on United Guaranty Residential Insurance Company (UGRIC), the lead member of AIG's Mortgage Guaranty unit. The same rating applies to a subsidiary of UGRIC that carries an UGRIC guaranty. The IFSR incorporates three notches of uplift versus UGRIC's intrinsic credit profile, based on a net worth maintenance agreement from AIG. UGRIC's intrinsic credit profile reflects the heightened level of mortgage delinquencies and uncertainty surrounding the future structure of the mortgage market, including the future roles of Fannie Mae and Freddie Mac. These risks are tempered by a reinsurance agreement with an affiliate which stabilizes UGRIC's loss ratio on business written prior to 2009, and by favorable terms on the limited volume of new business available in the market.

DISCONTINUED OPERATIONS [Pretax income: $1.0 billion in 1Q 2010, $149 million in 1Q 2009]

Discontinued operations consist of three international life insurers: AIA Group Limited (AIA), a leading pan-Asian insurer; American Life Insurance Company (ALICO), a multi-national insurer with a significant presence in Japan; and Nan Shan Life Insurance Company, Ltd. (Nan Shan), which operates in Taiwan. These operations are subject to sale agreements totaling approximately $53 billion, with transactions expected to close by YE 2010. Collectively, the businesses are performing well and have good growth prospects. Still, these are large, cross-border divestitures involving significant execution risk.

AIA: AIA is one of the largest life insurance groups in Asia with businesses spanning 15 markets. Moody's has assigned an IFSR of Aa3 (negative outlook) to American International Assurance Company (Bermuda) Limited (AIAB), which represents about 40% of AIA's assets and which operates mostly in Hong Kong and Korea. AIAB's rating reflects its leading market positions in several countries, improved operating performance, sound balance sheet and efficient agency force. Offsetting these strengths is the competition for agents and customers, as well as the challenge of broadening distribution, particularly in bancassurance. In March 2010, AIG agreed to sell AIA to Prudential plc for approximately US$35.5 billion. The transaction is subject to approval by Prudential shareholders, regulatory approvals and customary closing conditions. We expect that the merger will ultimately provide AIA with a strong, complementary business platform, but the deal carries significant execution risk.

ALICO: The A1 IFSR (stable outlook) of ALICO is based on the company's good position in the Japanese life insurance market as well as its important (and often leading) market positions in some 50 other markets around the globe. Captive distribution channels and consistent operating performance are also credit strengths. Sales have improved somewhat and surrender activity has stabilized in recent quarters, following disruptions related to the AIG credit crisis of 2008. In March 2010, AIG agreed to sell ALICO to MetLife, Inc. for approximately US$15.5 billion. The transaction is subject to certain U.S. and international regulatory approvals and customary closing conditions. The planned sale resolves the ownership question and enhances growth prospects for ALICO. Mitigating these strengths are the risks involved with separating ALICO from AIG and integrating its global operations into those of MetLife. ALICO is also exposed to additional impairments on various asset types, including commercial mortgage loans, commercial and residential mortgage-backed securities and sovereign securities.

Credit Strengths

Credit strengths/opportunities of the group include:

- Leading market positions in various business lines and geographic areas

- Historically strong earnings and cash flows of insurance operations

- Expected government support throughout the restructuring

Credit Challenges

Credit challenges/risks include:

- Weak global economy and soft commercial P&C market facing core insurance operations

- Execution risk surrounding planned divestitures of AIA, ALICO and Nan Shan

- Need to divest or unwind other noncore businesses that face adverse market conditions (particularly businesses tied to the housing market and/or heavily dependent on wholesale funding)

- Uncertainty regarding timing and terms of government exit

Rating Outlook

The negative rating outlook reflects the headwinds of a weak economy and soft commercial P&C market as well as the execution risk in AIG's restructuring plan.

What Could Change the Rating - Up

Factors that could lead to a stable rating outlook include:

- Improvement in the intrinsic credit profiles of Chartis and SFG

- Disposition of noncore businesses

- Transition toward a stand-alone capital structure that is consistent with current ratings (e.g., adjusted financial leverage in the range of 20%-30% with pretax interest coverage in mid-to-high single digits)

- Government support throughout the restructuring

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- Another downturn in the market position or operating performance of Chartis or SFG

- Material delays in divesting or unwinding noncore businesses

- Transition toward a stand-alone capital structure that is indicative of lower ratings (e.g., adjusted financial leverage exceeding 30% with pretax interest coverage in mid-single digits or lower)

- A reduction or withdrawal of government support before the restructuring is complete

Recent Results

AIG continued to stabilize its core insurance operations during 1Q 2010, while taking further steps to divest or unwind its noncore businesses. Net income attributable to AIG improved to $1.5 billion in 1Q 2010 from a net loss of $4.4 billion in 1Q 2009, based on stronger operating results in overall core and noncore businesses as well as lower realized capital losses in 1Q 2010. Shareholders' equity attributable to AIG was $75.0 billion as of March 31, 2010.

Capital Structure and Liquidity

AIG's main sources of financial flexibility are the support arrangements provided by the Federal Reserve Bank of New York (FRBNY) and the U.S. Treasury. AIG increased its borrowing under the FRBNY's revolving credit facility (excluding accrued interest and fees) from $17.9 billion at YE 2009 to $21.6 billion at the end of 1Q 2010. Proceeds were used mainly to repay commercial paper borrowings under the FRBNY's Commercial Paper Funding Facility, which has been terminated. Drawdowns under the Treasury's Series F preferred stock commitment increased from $5.3 billion at YE 2009 to $7.5 billion at the end of 1Q 2010. Proceeds were used mainly to fund AIG's purchase of securities of certain non-P&C affiliates from Chartis. AIG's remaining availability under these facilities at the end of 1Q 2010 totaled $34.8 billion ($12.5 billion under the FRBNY revolver, which matures in September 2013, plus $22.3 billion under the Series F preferred stock commitment, which expires in April 2014). We believe that these facilities provide sufficient flexibility to cover any incremental costs of AIG's restructuring.

Moody's expects that the government ownership and support of AIG will remain in place until the group can improve the performance of core operations, substantially exit the noncore businesses, and achieve a stand-alone capital structure that is consistent with the current ratings. We believe that this approach would allow the Treasury to maximize its recoveries on the Series E and Series F preferred interests, most likely through a conversion to common stock to be sold through one or more public offerings. We therefore regard AIG's financial flexibility as consistent with a company rated in the A range rather than the (unadjusted) Baa level indicated by the IFS rating scorecard. Any shortfall in the government support relative to these expectations could lead to rating downgrades at AIG and its core operating units.

SUBORDINATED DEBT: Moody's has assigned Ba2 ratings to the junior subordinated debentures of AIG and the trust preferred securities backed by junior subordinated debentures of AIG Life Holdings (US), Inc. (AIGLH). The trust preferred securities are guaranteed on a conditional basis by AIG. All of these instruments pay cumulative coupons that are subject to optional deferral. The Ba2 ratings, five notches below AIG's long-term issuer rating, are intended to signal the potential for a coupon deferral or discounted exchange in the event of another market downturn. In the current environment, we see little incentive for AIG to defer coupons given that (i) the firm has ample liquidity through the government funding facilities, and (ii) the coupons are cumulative. We believe that the trust preferred stock backed by AIGLH would have advantages over the junior subordinated debentures of AIG in a liquidation. First, AIGLH, as the direct or indirect parent of various SFG companies, is structurally senior to AIG; and second, the trust preferred securities carry the conditional guarantees from AIG. Nevertheless, we currently rate the trust preferred securities the same as AIG's junior subordinated debentures based mainly on the coupon deferral provisions.

MOODY'S
INVESTORS SERVICE

ISSUER COMMENT

Frequently Asked Questions on AIG

Following is a list of questions on AIG that we frequently hear from investors, along with our responses. (Please see Appendix I for a key to abbreviations used in this report.)

Table of Contents:

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Rating Rationale and Drivers

Q1: What is the rating rationale for AIG's core operations and parent company?

A1: The current insurance financial strength ratings (IFSRs) of Chartis US (Aa3) and SunAmerica Financial Group, (SFG – A1) incorporate one notch of rating uplift versus their respective intrinsic credit profiles, based on the existing and authorized government support. The senior unsecured debt rating of American International Group, Inc. (AIG – A3) is notched downward from the IFSRs of its main operating units to reflect the parent's structural subordination. The parent rating also incorporates further government support, which offsets the downward rating pressure from various non-core businesses with weaker credit profiles. We believe that the government support will allow Chartis and SFG to more fully recover from the disruptions of 2008, as AIG continues to unwind and exit its non-core businesses. The ratings are positioned at levels expected to be appropriate for the group on a stand-alone basis when the restructuring is complete and the government concludes its ownership and support. The negative rating outlook reflects the headwinds of a weak economy and soft P&C market as well as the execution risk in AIG's restructuring plan.

Q2: What factors could lead to a change in AIG's rating or outlook?

A2: Factors that could lead to a stable rating outlook for AIG include (i) improvement in the intrinsic credit profiles of Chartis and SFG, (ii) disposition of substantially all non-core businesses, and (iii) government ownership and support until these objectives are achieved. A shortfall on any of these items could lead to a downgrade of AIG's ratings.

Q3: What would be the repercussions of an AIG rating downgrade?

A3: The direct contractual impact of an AIG rating downgrade has declined significantly over the past year. For example, AIG estimates that as of February 17, 2010, one-notch downgrades of its senior unsecured debt rating to Baa1 by Moody's and BBB+ by Standard & Poor's could prompt an additional $1.8 billion of collateral postings and termination payments on AIG's outstanding derivative transactions (mainly at AIGFP). This compares to a prior-year estimate (as of February 18, 2009) of an additional $8 billion of collateral postings and termination payments in the event of similar one-notch downgrades. AIG cites other potential repercussions of rating downgrades, such as a diminished ability to sell certain insurance products if the IFSRs of its insurance subsidiaries were downgraded.

Core and Non-core Businesses

Q4: Which businesses does AIG plan to keep and which ones does it plan to exit?

A4: As we understand AIG's plans, the core businesses to be retained include global P&C insurance (Chartis), US life insurance and retirement services (SFG) and two Japanese life insurers (AIG Edison Life Insurance Company and AIG Star Life Insurance Co., Ltd.). AIG recently announced agreements to sell its major international life insurance businesses (AIA and ALICO). The company is steadily unwinding its capital markets unit (AIGFP), and it is pursuing a range of funding solutions for its aircraft leasing (ILFC) and consumer finance (AGFC) units. Over time, we expect AIG to unwind or divest substantially all of its non-core businesses.

Q5: How are AIG's core businesses performing?

A5: The core businesses have generally stabilized since AIG's credit crisis in 2008. At the time of the crisis, all of these businesses experienced higher client surrenders and non-renewals, lower new business volumes and an erosion of market share. Some business lines saw their premium volumes shrink by 20% or more versus pre-crisis levels. Gradually, the government intervention has given greater confidence to AIG's clients, distributors and employees, leading to more favorable client retentions and new business volumes in recent quarters.

Q6: What are your views on profitability and reserve adequacy at Chartis?

A6: Profitability at Chartis will likely remain below historic levels for the foreseeable future based on business attrition following the AIG credit crisis and the persistent soft market for commercial P&C insurance. Moreover, given its propensity to write large and complex risks, we believe that Chartis is more prone to adverse loss development than are similarly rated peers, as evidenced by the 4Q 2009 reserve charge. On the other hand, Chartis has extensive product offerings and a geographic scope that few competitors can match. We expect the company to maintain a strong market presence among large accounts in the US and abroad and to benefit from even a moderate economic recovery.

Q7: What are your views on sales versus surrenders at SFG?

A7: Net sales of retirement-type products are still somewhat of a challenge for SFG. While surrender levels have generally stabilized in the past two quarters, and sales have improved – particularly of bank-sold fixed annuities – gross cash outflows are still outpacing gross inflows. The recent loss of some pension business at VALIC also contributed to this. We will monitor the group's ability to reverse this trend in the coming quarters.

Q8: What are AIG's plans for non-core businesses and how do these businesses affect the overall credit profile?

A8: Our understanding is that AIG is pursuing customized exit plans for each of its non-core businesses, such as the planned sales of AIA and ALICO, the continued unwinding of AIGFP, new funding solutions for ILFC and AGFC, and the managed run-off of the MIP. Over time, we expect AIG to unwind or divest substantially all of its non-core businesses. To the extent that the company retains businesses with intrinsic credit profiles that are materially weaker than those of the core insurance operations, that could place downward pressure on the group's ratings.

Current and Expected Capital Structure

Q9: What are AIG's total debts and how will they be repaid?

A9: AIG's total debt as of YE 2009 amounted to $141.5 billion. The major components (and Moody's expectations for repayment) were: (i) $91.9 billion of operating debt (to be repaid largely or fully through proceeds from the related asset portfolios, mainly at AIGFP, ILFC, AGFC and the MIP, with any shortfalls to be funded by the parent); (ii) $23.4 billion due to the FRBNY under its senior secured revolving credit facility (to be repaid largely or fully through proceeds from divestitures, most importantly the sales of AIA and ALICO); (iii) $8.3 billion of senior unsecured financial debt, including liabilities connected to trust preferred stock (most or all likely to remain outstanding beyond the restructuring); (iv) $12.0 billion of junior subordinated debt (most or all likely to remain outstanding beyond the restructuring); and (v) $5.9 billion of mandatorily convertible units (likely to be converted to common equity in 2011).

Q10 What will AIG's capital structure look like at the end of the restructuring?

A10: We expect that the restructuring efforts will continue until AIG can achieve a stand-alone capital structure that is consistent with current ratings on the core operations and the parent company (e.g., a debt-to-capital ratio in the range of 20%-30% and pretax interest coverage at mid-to-high single digits). We believe that this approach would generate the greatest value for the enterprise and, therefore, the greatest recovery for the Treasury on its Series E and Series F preferred interests.

Q11: When will AIG tap the capital markets?

A11: AIG continuously tests the market appetite for various types of funding, which has led to a series of securitizations for AGFC and recent secured term loans and senior unsecured notes issued by ILFC. As the restructuring continues, we expect that AIG will look for other opportunities to raise funds in the capital markets as an alternative to the funding available under the FRBNY's senior secured credit facility and the Treasury's Series F preferred commitment.

Continuing Government Support

Q12: The government rescued AIG in September 2008 to avoid systemic risk. Such risk has been sharply reduced or eliminated. Why does Moody's expect the government to continue supporting AIG?

A12: To the extent that systemic risk has been reduced, we believe that the government's most compelling motivation for continued support is to protect/enhance the values of its debt and equity interests in AIG and affiliates. We expect that the sales of AIA and ALICO will generate sufficient proceeds to repay the FRBNY's preferred interests in AIA and ALICO as well as most or all of AIG's borrowings under the FRBNY's senior secured credit facility. Once the FRBNY is fully repaid, the most likely repayment mechanism for the Treasury, in our view, would be to convert its Series E and Series F preferred interests to common stock to be sold through one or more public offerings. We believe that such sales would generate the greatest value for the Treasury if AIG's core insurance operations were performing well and the non-core businesses were either divested or no longer material to AIG's risk profile.

Q13: Will AIG require additional support from the government to complete its restructuring?

A13: From a credit perspective, we do not expect the company to need additional support beyond the amounts already committed. We believe that any incremental costs of the restructuring can be funded through the remaining availability under the FRBNY's revolving credit facility and the Treasury's Series F preferred commitment. These are five-year commitments maturing in September 2013 and April 2014, respectively, with unused availability totaling $41.6 billion as of YE 2009.

Q14: How long will the restructuring take?

A14: The timing is difficult to predict but it could take another 12-36 months to enhance the performance of AIG's core businesses and exit the non-core businesses. To the extent that the Treasury attempts to sell its Series E and Series F preferred interests before the restructuring is substantially completed, we believe that the value of its stake would be diminished.

Q15: How much assistance has the US government provided to AIG and how will it be repaid?

A15: The government's total authorized assistance to AIG as of YE 2009 amounts to $182.3 billion (excluding accrued interest and fees and borrowings under the Fed's CPFF). This total includes amounts funded or available to AIG, to subsidiaries of AIG or to unaffiliated SPVs that have assumed certain exposures from AIG. The major components (and Moody's expectations for repayment) are: (i) $25.0 billion of preferred interests held by the FRBNY in AIA and ALICO (first in line to be repaid through proceeds from the AIA and ALICO sales); (ii) a $35.0 billion senior secured revolving credit facility provided by the FRBNY to AIG (outstanding balance of $23.4 billion, to be repaid largely or fully through proceeds from divestitures, most importantly the sales of AIA and ALICO); (iii) a $40.0 billion investment by the Treasury in AIG Series E preferred stock (likely to be converted to common equity and sold through public offerings); (iv) a commitment by the Treasury to fund up to $29.8 billion of AIG Series F preferred stock (outstanding balance of $5.2 billion, likely to be converted to common equity and sold through public offerings); and (v) $52.5 billion of loan authorization from the FRBNY for Maiden Lane II and Maiden Lane III, two unaffiliated SPVs (outstanding balance of $34.5 billion, to be repaid to the extent of proceeds from the related asset portfolios).

Q16: How do you view the potential gains to the FRBNY and AIG from Maiden Lane II and III?

A16: Maiden Lane II and III were funded mainly by senior loans from the FRBNY and to a lesser extent by subordinated funding from AIG. The two SPVs paid approximately half of par value to acquire their respective asset portfolios. To the extent that the ultimate proceeds from these assets exceed the funding provided by the FRBNY and AIG, such excess proceeds would be shared by the FRBNY and AIG (five-sixths to the FRBNY and one-sixth to AIG for Maiden Lane II; two-thirds to the FRBNY and one-third to AIG for Maiden Lane III). We believe that any potential gains to the FRBNY could offset a like amount of potential losses to the US Treasury on its Series E and Series F preferred interests in AIG. Any potential gains to AIG from Maiden Lane II and III would boost the company's equity base.

Priority of Claims

Q17: Does Moody's expect AIG and the government to try to impose losses on AIG's subordinated debt holders, perhaps through the deferral of coupons and/or through a discounted exchange?

A17: We see little incentive for AIG to defer coupons given that (i) the firm has significant liquidity through the government funding facilities, and (ii) all of its subordinated debts have cumulative interest obligations. Moreover, a discounted exchange or repurchase, even if voluntary for investors, could be interpreted by some market participants as a sign of distress. This would be contrary to the theme of stability conveyed by the government support to date. Nevertheless, we have assigned a rating of Ba2 to the subordinated debt (five notches below the senior unsecured debt) to signal the potential for a coupon deferral or discounted exchange in the event of another market downturn.

Q18: What protection do creditors derive from the 30% ownership provision in AIG's Series E and Series F preferred agreements?

A18: The Series E and Series F preferred interests are non-cumulative perpetual securities on which no dividends have been paid. Agreements for both instruments include a provision saying, in effect, that the securities may not be redeemed if the Treasury (or any successor entity) owns more than a 30% voting interest in AIG or if any holder of the securities has a controlling interest in AIG. Given that the Treasury beneficially owns nearly 80% of the voting interest in AIG, this provision suggests that AIG would need to attract much broader ownership (e.g., by issuing common equity) before redeeming the preferred interests. However, we regard this protection as limited by the lack of enforcement rights on the part of creditors, and by the possibility that AIG and the Treasury could waive or amend the provision. Nevertheless, we expect that the Treasury will seek to maximize its recovery on the preferred interests by helping AIG to complete its restructuring, followed by a recapitalization of the remaining core businesses (most likely through conversion of the preferred interests to common stock to be sold through one or more public offerings).

Q19: What protection do creditors derive from the replacement capital covenant (RCC) in the Series E preferred agreement?

A19: The Series E (but not the Series F) preferred agreement includes an RCC that limits AIG's ability to redeem the securities prior to April 17, 2012. In effect, the RCC says that that any such redemption would need to be funded through the issuance of similarly junior securities (or predominantly through the issuance of common stock). The RCC grants enforcement rights to a representative group of senior unsecured bondholders (holders of AIG's 6.25% notes due 2036). This creditor protection is limited, however, by the scheduled expiration of the RCC in April 2012.

Q20: Does Moody's expect that US financial reforms, if enacted, would lead to a re-ranking of AIG's capital structure, with the Treasury's preferred equity interests gaining priority over creditors?

A20: The financial reform bill being considered by the US Senate and the reform bill already passed by the US House of Representatives include resolution provisions for failing systemically significant financial institutions that seek to impose losses on shareholders and unsecured creditors, rather than taxpayers. It remains uncertain which of these provisions, if any, will become law, or whether such provisions would be applied to AIG. Each bill seems to recognize the ordinary priority of claims (e.g., with losses borne first by equity holders, then subordinated creditors, then senior unsecured creditors). At the same time, each bill would rank any amounts owed to the US government among the highest-priority claims. It is unclear at this point whether or not the favored ranking of amounts owed to the government would apply to preferred equity interests held by the Treasury. To the extent that the pending reforms become law, with provisions that could lift the Treasury's preferred interests ahead of AIG's creditors, there could be significant downward pressure on AIG's ratings. A more likely scenario, in our view, would be for the Treasury to promote stability in AIG's capital structure and further recovery of the core insurance operations, thereby enhancing the value of the firm and of the Treasury's preferred stake. Any further disruption to AIG's ownership structure or strategic direction could erode its overall value, negating some of the Treasury's potential benefit from stepping ahead of creditors.

Appendix I: Key to Abbreviations

AGFC	American General Finance Corporation
AIA	AIA Group Limited
AIG	American International Group, Inc.
AIGFP	AIG Financial Products Corp.
ALICO	American Life Insurance Company
CPFF	Commercial Paper Funding Facility
IFSR	Insurance Financial Strength Rating
ILFC	International Lease Finance Corporation
FRBNY	Federal Reserve Bank of New York
MIP	Matched Investment Program
P&C	Property & Casualty
RCC	Replacement Capital Covenant
SFG	SunAmerica Financial Group
SPV	Special Purpose Vehicle
VALIC	The Variable Annuity Life Insurance Company

Moody's Related Research

Company Research

» AIG Edison Life Insurance Company

» AIG Funding, Inc.

» American General Finance Corporation

» American International Assurance Company (Bermuda) Limited

» American International Group, Inc.

» American Life Insurance Company

» Chartis

» Chartis Insurance UK Limited

» International Lease Finance Corporation

» SunAmerica Financial Group

» United Guaranty Residential Insurance Company

Rating Methodologies:

» Moody's Global Rating Methodology for Life Insurers, September 2006 (98207)

» Moody's Global Rating Methodology for Property and Casualty Insurers, July 2008 (108885)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Report Number: 123923

Author
Bruce Ballentine

Senior Production Associates
Cassina Brooks
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MOODY'S
INVESTORS SERVICE

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** August 6, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Respond to 2Q08 earnings to be released after the market closes on Aug. 6. AIG expects to report a net loss of $5.4 bln for the quarter.

Last Rating Action *(include date and reason)*: **May 22, 2008** – Downgraded parent senior unsecured debt to Aa3 from Aa2 and assigned a negative outlook. Took related actions on several subsidiaries.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	Aa3			Aa3		
Senior unsecured debt	Aa3			Aa3		
Senior unsecured shelf	(P)Aa3			(P)Aa3		
Subordinated shelf	(P)A1			(P)A1		
Preferred shelf	(P)A2			(P)A2		
Short-term issuer	P-1			P-1		
Outlook	Negative			RUR-Down		
Subsidiary recs on page 3						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for parent recommendation

- AIG has reported approximately $38 bln of after-tax realized and unrealized losses and unrealized investment depreciation, mainly related to the US residential mortgage market, over the past nine months (pg 2).
- AIGFP's collateral requirements, mainly on super-senior CDS, have grown from $9.7 bln on April 30 to about $16 bln on July 31, 2008. The requirements could grow significantly in the event of further market value declines and/or rating agency downgrades.
- The RMBS portfolio is held mainly by the DLIRS companies. Realized capital losses (OTTI) on this portfolio have caused the combined RBC of DLIRS to fall from 292% on March 31 to around 240% on June 30, 2008. As of June 30, it would take a capital infusion of about $6.5 billion to restore a combined RBC of 350%, which AIG has committed to do by YE 2008. Further aging of RMBS in the AOCI account at today's market prices would raise this funding requirement to about $9 bln by YE 2008.
- Expected economic losses on CDS and RMBS remain considerably smaller than the MTM amounts.

Based on severe stress-case scenarios, AIG estimates that economic losses could be about $4 bln on the CDS portfolio and in the range of $3-8 bln on the RMBS portfolio. Moody's modelling efforts indicate smaller levels of expected and stress-case losses – near zero on the CDS and perhaps up to $4 bln on the RMBS. (pg 26).

- AIG raised approximately $20 bln of capital (common equity and Basket D hybrids) during May 2008 (pg 2), almost half of which has been allocated to AIGFP.
- To enhance its overall liquidity, AIG has increased its consolidated cash and ST investments from $29 bln at YE 2006 to $82 bln as of June 30, 2008. The company generated yearly cash from operations averaging $22 bln over the past three years.
- AIG remains one of the world's largest and most diversified financial services firms, with leading market positions in many business lines and geographic regions (pgs 5-7).
- AIG's management team has expressed a willingness to take any steps necessary – including raising additional capital and cutting the dividend – to meet our capital expectations for DLIRS and the group.

AIG CDS & Investment Related Losses/Writedowns **After-tax amounts ($ blns)**	**4Q 2007**	**1Q 2008**	**2Q 2008**	**Totals**
AIGFP super-senior CDS				
Unrealized market valuation losses	**-7.2**	**-5.9**	**-3.6**	**-16.8**
AIG investments				
Realized capital losses	-1.7	-3.4	-4.0	-9.1
Unrealized depreciation during quarter	-2.5	-6.9	-2.6	-12.1
Total investment losses/writedowns	**-4.3**	**-10.3**	**-6.6**	**-21.2**
Total CDS & investment losses/writedowns	**-11.5**	**-16.2**	**-10.2**	**-37.9**
Net loss	**-5.3**	**-7.8**	**-5.4**	**-18.5**

AIG Consolidated Equity ($ blns)	**9/30/2007**	**12/31/2007**	**3/31/2008**	**6/30/2008**
Shareholders' equity	104.1	95.8	79.7	78.1
Change in equity vs 9/30/2007 ($)				-26.0
Change in equity vs 9/30/2007 (%)				-25.0%

AIG Capital Raised in May 2008 ($ blns)	**Net Proceeds**	**Orders**
Common equity	7.475	10
Mandatory convertibles (Basket D)	5.880	20
Junior subord debs (Basket D)	4.000	
Junior subord debs (Basket D) - EUR 750 mln	1.160	
Junior subord debs (Basket D) - GBP 900 mln	1.750	
Total	**20.265**	

Current & Recommended Ratings on AIG Subsidiaries	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
Explicitly supported ratings							
AIG Capital Trusts I & II	Bkd Tr Prfrd Shelf	AIG G'tee		(P)A1	Negative	(P)A1	R-Dn
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Program Funding, Inc.	Bkd Sr Debt	AIG G'tee		(P)Aa3	Negative	(P)Aa3	R-Dn
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
Additional recommendations							
AIG Capital Corporation	LT Issuer			A2	Negative	A2	R-Dn
AIG Domestic Life Insurance & Retirement Services (10)	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
AIG Edison Life Insurance Company	IFS		Aa3	Aa2	Stable	Aa2	Negative
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A1	Negative	A1	R-Dn
American General Finance Corporation	Sr Unsec Debt		A2	A1	Negative	A1	R-Dn
American Life Insurance Company	IFS		Aa2	Aa2	Stable	Aa2	Negative
International Lease Finance Corporation	Sr Unsec Debt		A3	A1	Negative		
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A2	Stable	A2	R-Dn
United Guaranty subsidiaries UGRIC of NC & UGCIC	IFS	AIG Agmt	Aa3	Aa3	Negative	A1	R-Dn
Affirm							
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	Stable	Aa3	Stable
AIG UK Limited	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Stable
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Stable
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	Stable	Aa3	Stable
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Aa3	Aa3	Negative	Aa3	Negative
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC, SunAmerica (3)	(Bkd) ST			P-1	Stable	P-1	Stable

Rationale for subsidiary recommendations

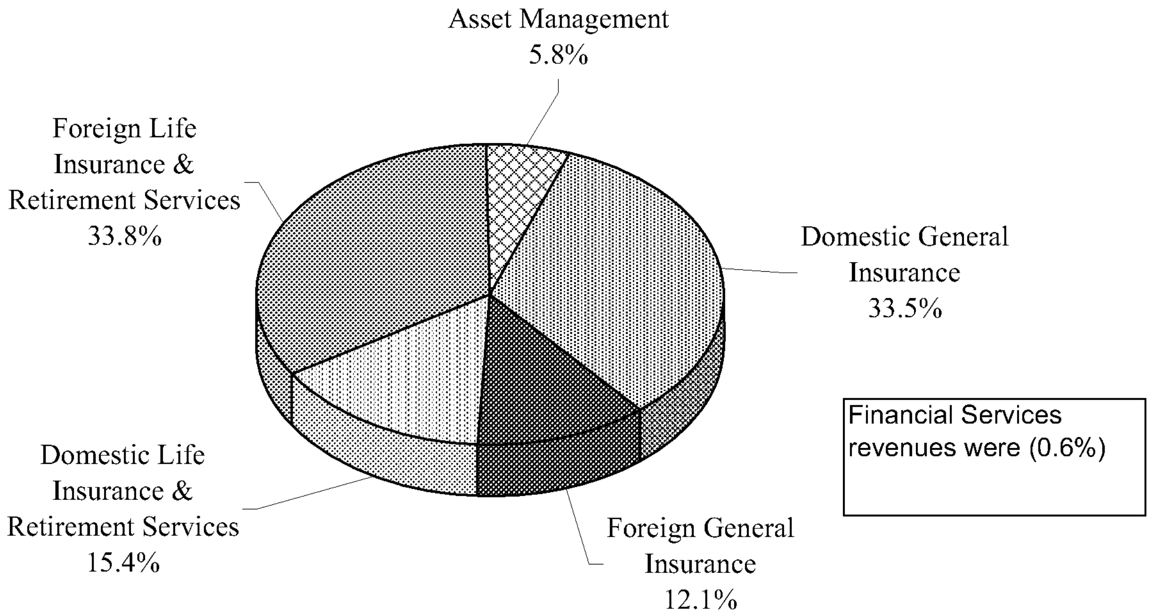
- Explicitly supported ratings should move with parent.
- AIG Capital is notched off of AGF and ILFC, both of which receive rating uplift from AIG.
- AIG DLIRS holds the bulk of the RMBS portfolio and needs a significant capital boost by YE 2008 to meet our RBC expectations.
- ALICO may be called upon to pay extraordinary dividends to the parent if market conditions deteriorate further.
- AIG Edison depends on ALICO for rating uplift.
- AIGGI Taiwan depends on AIG for rating uplift.
- TRH depends on AIG for rating uplift.
- United Guaranty subsidiaries UGRIC of NC and UGCIC depend on AIG for rating uplift.

Contents

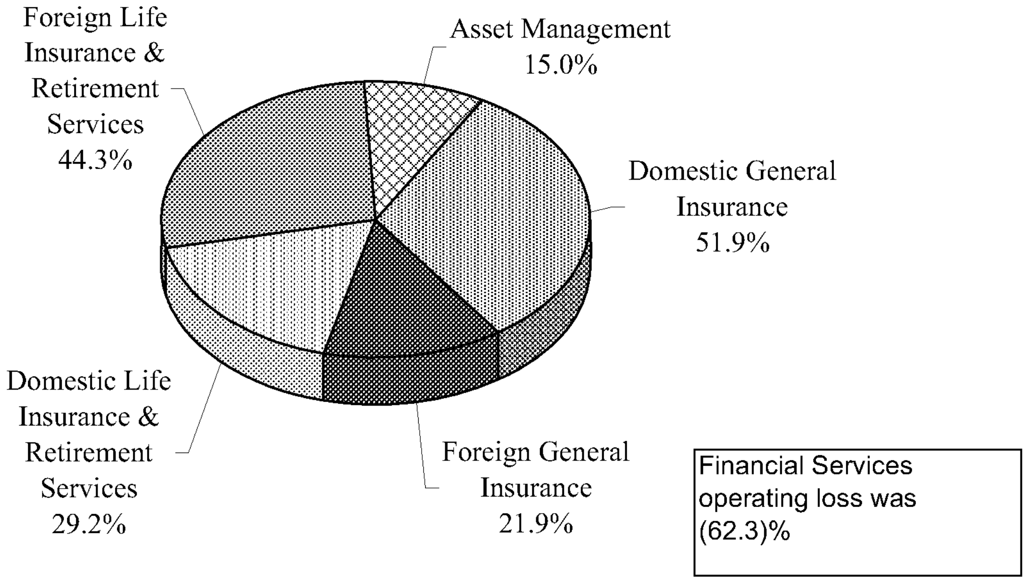
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

AIG Financial Highlights (from Company Profile)

($ Mil.)	2007	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	58,798	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	47,067	44,866	41,872	40,623	35,031	26,718
Net Investment Income	6,132	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	10,526	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	65.6%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.7%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	89.7%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	30,627	30,766	29,400	28,088	23,496	20,694
Net Investment Income	22,341	20,024	18,134	15,269	12,942	11,243
Pretax Operating Income	8,186	10,121	8,965	7,968	6,970	5,258
Financial Services						
Revenues	-1,309	7,777	10,525	7,495	6,242	6,822
Pretax Operating Income	-9,515	383	4,424	2,131	1,302	2,125
Asset Management						
Revenues	5,625	4,543	5,325	4,714	3,651	3,467
Pretax Operating Income	1,164	1,538	1,963	1,947	521	1,125
AIG Consolidated						
Total Revenues	110,064	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	8,943	21,687	15,213	14,845	11,907	7,808
Net Income	6,200	14,048	10,477	9,839	8,108	5,729
Total Assets	1,060,505	979,414	853,051	801,007	675,602	561,131
Total Debt	176,049	148,679	109,849	96,899	80,349	71,010
Shareholders’ Equity	95,801	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	2007	2006	2005	2004
Revenues				
General Insurance	51,708	49,206	45,174	41,961
Life Insurance & Retirement Services	53,570	50,878	48,020	43,402
Financial Services	-1,309	7,777	10,677	7,495
Asset Management	5,625	4,543	4,582	4,714
Other/Eliminations	470	983	328	94
Consolidated Revenues	**110,064**	**113,387**	**108,781**	**97,666**
Pretax Operating Income				
General Insurance				
Domestic Brokerage Group	7,305	5,845	-820	777
Transatlantic Holdings, Inc.	661	589	-39	282
Personal Lines	67	432	195	357
Mortgage Guaranty	-637	328	363	399
Total Domestic	**7,396**	**7,194**	**-301**	**1,815**
Total Foreign	**3,137**	**3,228**	**2,601**	**1,344**
Other/Eliminations	-7	-10	15	18
Total General Insurance	**10,526**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services				
Domestic Life Insurance	642	917	1,495	1,023
Domestic Retirement Services	1,347	2,323	2,164	2,054
Total Domestic	**1,989**	**3,240**	**3,659**	**3,077**
Japan and Other	3,044	3,821	3,020	2,393
Asia	3,153	3,060	2,286	2,455
Total Foreign	**6,197**	**6,881**	**5,306**	**4,848**
Total Life Insurance & Retirement Services	**8,186**	**10,121**	**8,965**	**7,925**
Financial Services				
Aircraft Leasing	873	578	769	642
Capital Markets	-10,557	-873	2,661	662
Consumer Finance	171	668	922	786
Other	-2	10	72	90
Total Financial Services	**-9,515**	**383**	**4,424**	**2,180**
Asset Management				
Spread-based Investment Business	-89	732	1,194	1,328
Institutional Asset Management	784	438	387	515
Brokerage Services, Mutual Funds and Other	469	368	382	282
Total Asset Management	**1,164**	**1,538**	**1,963**	**2,125**
Other/Eliminations	-1,418	-767	-2,454	-562
Consolidated Pretax Operating Income	**8,943**	**21,687**	**15,213**	**14,845**

Instructions:
1) Modify adjusted scorecard ratings in column H (white cells) for each factor as needed.
2) Add notches for Other Considerations and Support if applicable. Please enter whole numbers only. Positive numbers result in a worse rating and negitive numbers result in a better rating.

Rating Factors
American International Group, Inc.

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Score	Adjusted Score [2]
Business Profile						Aa1	Aa1
Market Position and Brand (20%)						Aa1	Aaa
Market Share Ratio		X					
Relative Market Share Ratio	X						
Distribution (8%)						Aa2	Aa1
Distribution Control		X					
Diversity of Distribution		X					
Product Focus and Diversification (12%)						Aa2	Aa2
Product Risk - P&C			X				
Product Risk - Life		X					
Product Diversification	X						
Geographic Diversification	X						
Financial Profile						Aa3	Aa3
Asset Quality (5%)						A1	A1
High Risk Assets % Invested Assets					40.8%		
Reinsurance Recoverables % Equity	24.1%						
Goodwill % Equity	9.8%						
Capital Adequacy (12%)						Aa2	Aa2
Capital % Total Assets		9.0%					
Profitability (15%)						A2	A2
Return on Average Equity (5 yr. avg.)		12.7%					
Sharpe Ratio of Growth in Net Income (5 yr.)				24.5%			
Liquidity and Asset/Liability Management (5%)						Aaa	Aaa
Liquid Assets % Policyholder Reserves	95.4%						
Reserve Adequacy (5%)						Baa2	A1
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)				5.5%			
Financial Flexibility (18%)						Aa1	Aa1
Financial Leverage	19.4%						
Earnings Coverage (5 yr. avg.)		9.4x					
Total Scorecard Rating						Aa2	Aa2
Total Scorecard Rating -- Value						3.36	2.88

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):
Management, Governance, and Risk Management:
Accounting Policy & Disclosure:

COMPANY NAME	AIG Inc.	AEGON	Allianz SE	Assicurazioni Generali S.p.A	Aviva plc	AXA
Analyst	Ballentine	Morago	Boudkeev	Morago	Morago	Boudkeev
Domicile	USA	NL	Germany	Italy	UK	France
Accounting Convention	GAAP	IFRS	IFRS	IFRS	IFRS	IFRS
	USD	EURO	EURO	EURO	EURO	EURO
	YE2007	**YE2006**	**YE2006**	**YE2006**	**YE2006**	**YE2006**
RATING & RCM INFO						
IFSR	Aa2	-	Aa3	Aa3	-	Aa3
Outlook	NEG	STA	STA	NEG	STA	STA
Senior Debt	Aa2	A2	Aa3	A1	A1	A2
Sub Debt	Aa3	A3	A2	A2	A3	A3
COMPETITOR RATINGS						
S&P (IFSR)	AA	-	AA	AA	-	AA
Fitch (IFSR)	AA-	-	AA-	AA	-	AA
AM Best (IFSR)	A++	-	A+	A+	-	-
MARKET DATA						
Market Capitalisation (AIG as of May 20, 2008)	96,100	21,668	63,547	44,511	27,242	58,538
FUNDAMENTALS (MM)						
Gross Premiums Written - Total	93,383	24,570	65,288	60,620	42,613	72,099
Gross Premiums Written - Life	34,585	21,768	21,614	44,069	25,667	48,644
Gross Premiums Written - Non-life	58,798	2,802	43,674	16,551	25,130	23,455
Net Income	6,200	2,789	7,021	2,405	3,543	5,085
Total Assets	1,010,505	314,813	1,053,226	377,641	434,100	727,555
Shareholders' Equity	95,801	23,185	50,481	18,733	20,857	50,168
QUANTITATIVE MEASURES						
Scorecard Completed (Life/Non-Life/Composite)	Composite	Composite	Composite	Composite	Composite	Composite
Raw Factor vs. Adjusted Factor Score	3.36/2.88	4.72/4.44	4.39/3.24	4.57 / 4.19	3.84/3.87	4.18 / 3.58
Raw vs. Adjusted Scorecard Rating	Aa2/Aa2	A1/Aa3	Aa3/Aa3	A1 / Aa3	Aa3/Aa3	Aa3 / Aa3
Adjustments (Acc Policy, Implicit / Explicit Support, etc)	-	-	-	-	-	-
DESCRIPTIVE STATISTICS						
Ownership - Public, Private, Subsidiary	Public	Public	Public	Public	Public	Public
Geographic Spread	Global	Global	Worldwide	International	Global	International
Business Diversification (Banking, Asset Mgmt, Insurance)	High	Medium	High	High	Medium to High	Medium
RAW FACTOR RATING / ADJUSTED FACTOR RATING						
Business Profile						
Market Position and Brand	Aa1/Aaa	Aa2/Aa3	Aa1/Aaa	Aaa / Aa2	Aa2/Aa2	Aa2 / Aa1
Distribution	Aa2/Aa1	A1/A1	Aa1/Aa1	Aa3 / Aa3	Aa2/Aa2	A1 / Aa3
Product Focus and Diversification	Aa2/Aa2	A1/A1	Aa2/Aa2	Aa2 / Aa3	Aa2/Aa2	Aa2 / Aa2
Financial Profile						
Asset Quality	A1/A1	Aaa/Aa3	Aa3/Aa3	Aa2 / Aa3	Aa3/A1	A1 / A1
Capital Adequacy	Aa2/Aa2	A2/Aa3	Baa2/Aa3	Baa2 / Aa3	Aa2/Aa3	A2 / Aa2
Profitability	A2/A2	Baa2/A2	Baa2/A2	Baa1 / A1	Baa1/A2	A1 / A1
Liquidity and Asset/Liability Management	Aaa/Aaa	Aaa/Aa3	Aaa/Aaa	Aaa / Aa3	Aaa/Aa2	Aaa / Aaa
Reserve Adequacy	Baa2/A1	Aa2/Aa2	Aaa/Aa2	Aa2 / Aa2	Aaa/Aaa	Aaa / Aaa
Financial Flexibility	Aa1/Aa1	A1/Aa3	A1/A1	A2 / A2	A1/A1	A2 / A2
SCORECARD METRICS						
Business Profile						
Market Position and Brand						
Market Share Ratio	10.0%	5.0%	10%	14.0%	8.0%	Aa
Relative Market Share Ratio	3.5 x	1.6 x	4.8 x	4.1 x	2.0 x	Aa
Expense Ratio % NPW	na	na	na	na	na	na
Distribution						
Distribution Control	Aa	A	Aaa	A	Aa	Aa
Diversity of Distribution	Aa	Aa	Aa	Aaa	Aa	A
Product Focus and Diversification						
Product Risk - P&C	A	Aa	Aa	Aa	Aa	A
Product Risk - Life	Aa	A	Aa	A	Aa	Aa
Product Diversification	Aaa	A	Aaa	Aaa	Aaa	Aaa
Geographic Diversification	Aaa	A	Aa	Aa	A	Aa
Financial Profile						
Asset Quality						
High Risk Assets % Invested Assets	40.8%	7.1%	25.4%	22.4%	27.3%	20.0%
Reinsurance Recoverables % Equity	24.1%	17.1%	31.7%	27.0%	52.2%	24.0%
Goodwill % Equity	9.8%	1.0%	21.1%	11.9%	20.7%	32.0%
Capital Adequacy						
Capital % Total Assets	9.0%	7.4%	5.4%	4.5%	8.0%	6.9%
Gross Underwriting Leverage	na	na	na	na	na	na
Profitability						
Return on Average Equity (5 yr. avg.)	12.70%	8.8%	8.5%	10.1%	12.0%	9.7%
Sharpe Ratio of Growth in Net Income (5 yr.)	24.5%	Negative	n.a	0.0%	Negative	88.1%
Liquidity and Asset/Liability Management						
Liquid Assets % Policyholder Reserves	95.4%	105.0%	91.3%	83.3%	96.3%	101.2%
Reserve Adequacy						
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)	5.5%	1.0%	-3.4%	1.8%	-1.3%	-5.4%
Financial Flexibility						
Financial Leverage	19.4%	27.3%	28.2%	35.6%	29.4%	30.6%
Earnings Coverage (5 yr. avg.)	9.4 x	4.8 x	4.9 x	7.4 x	4.6 x	5.5 x

(USD Blns)		AIG, Inc.	UBS	B of A	Credit Suisse	JPMorgan			
Secured Rating (IFSR)		Aa2/Aa3	Aa1	Aa2	Aa1	Aaa			
HoldCo Senior Rating		Aa3	Aa2	Aa2	Aa2	Aa2			
Outlook		Negative	Stable	Negative	Stable	Stable			
Accounting Basis		US GAAP	IFRS	US GAAP	US GAAP	US GAAP	**Aa2**	**Aa3**	**A1/A2**
Market Capitalization	**2Q08**	NA	NA	106	48	118	91	70	27
	1Q08	108	57	169	51	146	106	75	35
Market Cap / Equity	**2Q08**	NA	NA	0.7x	1.3x	0.9x	0.9x	1.2x	1.0x
	1Q08	1.4x	3.5x	1.1x	1.4x	1.2x	1.8x	1.5x	1.2x
	2007	1.5x	2.8x	1.2x	1.6x	1.2x	1.7x	1.8x	1.4x
Total Assets	**2Q08**	NA	NA	1,717	1,230	1,776	1,574	1,407	447
	1Q08	1,051	2,231	1,737	1,208	1,643	1,705	1,169	554
Total Equity	**2Q08**	NA	NA	163	37	133	111	72	32
	1Q08	80	16	156	38	126	84	59	33
	2007	96	35	147	43	123	87	59	32
Equity % Assets	**2Q08**	NA	NA	9.5%	3.0%	7.5%	6.7%	4.7%	7.8%
	1Q08	7.6%	0.7%	9.0%	3.1%	7.6%	5.1%	5.2%	7.2%
	2007	9.0%	1.5%	8.6%	3.2%	7.9%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	NA	NA	79.3%	92.4%	80.9%	84.2%	89.2%	47.4%
	1Q08	69.5%	NA	79.7%	92.0%	79.6%	83.8%	78.8%	52.9%
	2007	65.8%	96.6%	80.6%	92.2%	78.3%	86.9%	78.2%	53.3%
Revenues	**2007**	110	32	67	40	71	52	67	28
Net Income	**2Q08**	NA	NA	3	1	2	2	0	-2
	1Q08	-8	-12	1	-2	2	-3	-1	0
	2007	6	-5	15	8	15	8	6	2
	5 yr avg.	10	7	15	6	10	10	8	3
Return on Average Assets (%)	**2Q08**	NA	NA	0.2%	0.1%	0.1%	0.1%	0.1%	-0.1%
	1Q08	-0.7%	-0.5%	0.1%	-0.2%	0.1%	-0.1%	-0.1%	0.1%
	2007	0.6%	-0.2%	0.9%	0.6%	1.1%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	0.5%	1.7%	0.5%	1.0%	0.9%	1.1%	1.2%
Cash Flow from Operations	**2Q08**	8	19	(4)	12	(2)	6	(4)	0
	1Q08	35	-52	11	-58	-111	-52	-18	-15
	2007	6	-5	15	-49	-50	-22	-14	-5
	5 yr avg.	26	-28	7	-39	-38	-25	-4	-4
Cash Flow % Net Income	**2Q08**	NA	NA	NA	23	NA			
	1Q08	-106%	-164%	-317%	-578%	-102%	-290%	-384%	-73%
	2007	567%	993%	74%	-746%	-720%	-100%	-391%	41%
	5 yr avg.	309%	46%	51%	-1037%	-309%	-312%	-92%	-115%
Gross Mortgage-related Charges		44	37	18	11	8			
Charges % YE 2007 Equity		45.9%	106.2%	12.2%	25.9%	6.1%			
Total Capital Raised		20	34	19	0	8			

(USD Blns)		AIG, Inc.	Goldman	Citigroup	Morgan Stanley	Allianz	ManuLife			
Secured Rating (IFSR)		Aa2/Aa3	Aa3	Aa1	Aa3	Aa3	Aa1			
HoldCo Senior Rating		Aa3	Aa3	Aa3	Aa3	Aa3	Aa3			
Outlook		Negative	Stable	Negative	RUR ↓	Stable	Stable			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP	**Aa2**	**Aa3**	**A1/A2**
Market Capitalization	**2Q08**	NA	70	91	49	NA	NA	91	70	27
	1Q08	108	67	112	47	57	59	106	75	35
Market Cap / Equity	**2Q08**	NA	1.6x	0.7x	1.4x	NA	NA	0.9x	1.2x	1.0x
	1Q08	1.4x	1.6x	0.9x	1.4x	1.3x	2.3x	1.8x	1.5x	1.2x
	2007	1.5x	2.1x	1.3x	1.8x	1.4x	2.5x	1.7x	1.8x	1.4x
Total Assets	**2Q08**	NA	1,088	2,100	1,031	NA	NA	1,574	1,407	447
	1Q08	1,051	1,189	2,200	1,091	1,127	357	1,705	1,169	554
Total Equity	**2Q08**	NA	45	136	34	NA	NA	111	72	32
	1Q08	80	43	128	33	45	25	84	59	33
	2007	96	43	113	31	48	24	87	59	32
Equity % Assets	**2Q08**	NA	4.1%	6.5%	3.3%	NA	NA	6.7%	4.7%	7.8%
	1Q08	7.6%	3.6%	5.8%	3.1%	4.0%	7.0%	5.1%	5.2%	7.2%
	2007	9.0%	3.8%	5.2%	3.0%	4.5%	6.9%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	NA	90.4%	85.1%	92.1%	NA	NA	84.2%	89.2%	47.4%
	1Q08	69.5%	91.9%	86.8%	92.8%	90.7%	41.0%	83.8%	78.8%	52.9%
	2007	65.8%	91.5%	88.6%	93.0%	89.2%	41.0%	86.9%	78.2%	53.3%
Revenues	**2007**	110	46	81	28	100	35	52	67	28
Net Income	**2Q08**	NA	2	-2	1	NA	NA	2	0	-2
	1Q08	-8	2	-5	2	1	1	-3	-1	0
	2007	6	12	4	3	8	4	8	6	2
	5 yr avg.	10	7	17	5	5	3	10	8	3
Return on Average Assets (%)	**2Q08**	NA	0.2%	-0.1%	0.1%	NA	NA	0.1%	0.1%	-0.1%
	1Q08	-0.7%	0.1%	-0.2%	0.1%	0.1%	0.2%	-0.1%	-0.1%	0.1%
	2007	0.6%	1.2%	0.2%	0.3%	0.7%	1.2%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	1.2%	1.4%	0.7%	0.5%	1.3%	0.9%	1.1%	1.2%
Cash Flow from Operations	**2Q08**	8	(23)	2	(19)	6	1	6	(4)	0
	1Q08	35	-68	-71	-22	13	7	-52	-18	-15
	2007	6	-58	0	-61	21	7	-22	-14	-5
	5 yr avg.	26	-38	-11	-26	17	6	-25	-4	-4
Cash Flow % Net Income	**2Q08**	NA	5	(21)	8	NA	NA			
	1Q08	-106%	-1499%	-31%	-1231%	489%	77%	-290%	-384%	-73%
	2007	567%	-588%	-1975%	-688%	160%	177%	-100%	-391%	41%
	5 yr avg.	309%	-542%	-389%	-494%	373%	191%	-312%	-92%	-115%
Gross Mortgage-related Charges		44	2	41	12	2				
Charges % YE 2007 Equity		45.9%	4.7%	35.9%	38.1%	3.8%				
Total Capital Raised		20	0	46	6	0				

(USD Blns)		AIG, Inc.	Wachovia	Allstate	Merrill Lynch	Lehman	MetLife	Sun Life	Hartford			
Secured Rating (IFSR)		Aa2/Aa3	Aa2	Aa2	A1	A2	Aa2	Aa2	Aa3			
HoldCo Senior Rating		Aa3	A1	A1	A2	A2	A2	A2	A2			
Outlook		Negative	Negative	RUR ↓	Stable	Negative	Stable	Stable	Stable			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP	US GAAP	**Aa2**	**Aa3**	**A1/A2**
Market Capitalization	**2Q08**	NA	34	25	31	20	37	23	20	91	70	27
	1Q08	108	54	27	40	28	43	27	24	106	75	35
Market Cap / Equity	**2Q08**	NA	0.4x	1.3x	0.9x	0.8x	1.2x	1.3x	1.2x	0.9x	1.2x	1.0x
	1Q08	1.4x	0.7x	1.3x	1.1x	1.1x	1.3x	1.5x	1.3x	1.8x	1.5x	1.2x
	2007	1.5x	1.0x	1.3x	1.6x	1.5x	1.3x	1.8x	1.4x	1.7x	1.8x	1.4x
Total Assets	**2Q08**	NA	812	151	NA	639	556	187	334	1,574	1,407	447
	1Q08	1,051	809	152	1,042	786	557	187	344	1,705	1,169	554
Total Equity	**2Q08**	NA	75	20	35	26	33	18	17	111	72	32
	1Q08	80	78	20	37	25	33	18	18	84	59	33
	2007	96	77	22	32	22	35	17	19	87	59	32
Equity % Assets	**2Q08**	NA	9.3%	13.1%	NA	4.1%	5.9%	9.4%	5.0%	6.7%	4.7%	7.8%
	1Q08	7.6%	9.6%	13.3%	3.5%	3.2%	5.9%	9.3%	5.2%	5.1%	5.2%	7.2%
	2007	9.0%	9.8%	14.0%	3.1%	3.3%	6.3%	9.2%	5.3%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	NA	76.1%	22.3%	NA	92.3%	39.8%	24.0%	29.6%	84.2%	89.2%	47.4%
	1Q08	69.5%	75.0%	21.7%	93.4%	93.9%	38.6%	23.0%	25.0%	83.8%	78.8%	52.9%
	2007	65.8%	73.3%	20.5%	94.3%	94.1%	37.0%	32.1%	21.7%	86.9%	78.2%	53.3%
Revenues	**2007**	110	32	37	11	19	53	21	26	52	67	28
Net Income	**2Q08**	NA	-9	0	-5	-3	1	1	1	2	0	-2
	1Q08	-8	-1	0	-2	0	1	1	0	-3	-1	0
	2007	6	6	5	-8	4	4	2	3	8	6	2
	5 yr avg.	10	6	3	3	3	4	2	2	10	8	3
Return on Average Assets (%)	**2Q08**	NA	-1.1%	0.0%	NA	-0.4%	0.2%	0.3%	0.2%	0.1%	0.1%	-0.1%
	1Q08	-0.7%	-0.1%	0.2%	-0.2%	0.1%	0.1%	0.3%	0.0%	-0.1%	-0.1%	0.1%
	2007	0.6%	0.8%	3.0%	-0.8%	0.7%	0.8%	1.2%	0.9%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	1.3%	2.7%	0.7%	0.8%	1.1%	1.2%	0.7%	0.9%	1.1%	1.2%
Cash Flow from Operations	**2Q08**	8	(7)	1	15	(11)	4	0	1	6	(4)	0
	1Q08	35	-9	5	-72	-46	10	1	6	-52	-18	-15
	2007	6	2	5	-24	-36	7	4	6	-22	-14	-5
	5 yr avg.	26	-3	5	-26	-21	8	3	4	-25	-4	-4
Cash Flow % Net Income	**2Q08**	NA	NA	NA	NA	3	2	1	3			
	1Q08	-106%	1104%	322%	-744%	-2175%	554%	35%	391%	-290%	-384%	-73%
	2007	567%	-150%	117%	930%	-1088%	231%	46%	203%	-100%	-391%	41%
	5 yr avg.	309%	-65%	184%	-15%	-566%	212%	161%	-717%	-312%	-92%	-115%
Gross Mortgage-related Charges		44	8		34	4						
Charges % YE 2007 Equity		45.9%	10.1%		107.4%	17.8%						
Total Capital Raised		20	18		[illegible]	6						

Moody's downgrades AIG (senior to Aa3) and certain subsidiaries

Parent outlook negative; Domestic Life companies downgraded to Aa2 (stable); Commercial Insurance companies downgraded to Aa3 (stable)

New York, May 22, 2008 -- Moody's Investors Service has downgraded the senior unsecured debt rating of American International Group, Inc. (NYSE: AIG) to Aa3 from Aa2. The rating agency has also downgraded the ratings of several subsidiaries (see list below), including those whose ratings have relied on material support from the parent company, as well as those with significant exposure to the US residential mortgage market. These rating actions largely conclude the reviews for possible downgrade announced by Moody's on May 9 and May 15, 2008, following AIG's announcement of a $7.8 billion net loss for the first quarter of 2008. The rating outlook for AIG (parent company) is negative, reflecting the company's exposure to further volatility in the US mortgage market as well as uncertainty surrounding the strategic direction for AIG Financial Products Corp. (AIGFP).

When announcing the review for possible downgrade, Moody's said that the review process could lead to a rating downgrade of one or two notches at the parent company. Today's one-notch downgrade reflects AIG's sizable mortgage related losses and write-downs to date. Over the past two quarters, AIG has recorded after-tax unrealized market valuation losses exceeding $13 billion on mortgage-exposed credit default swaps (CDS) at AIGFP, and after-tax realized capital losses exceeding $5 billion, largely from other-than-temporary impairment (OTTI) of residential mortgage-backed securities (RMBS) held by AIG's Domestic Life and Retirement Services (DLRS) subsidiaries. Also during this period, AIG posted to its equity account more than $9 billion in after-tax unrealized depreciation of investments, again mostly RMBS. Moody's noted that AIG's ultimate economic losses on CDS and RMBS may be materially smaller than estimated market values would suggest.

In response to these losses and write-downs, AIG has raised more than $20 billion of capital during May 2008 -- a clear positive for creditors, in Moody's view. The new issuance includes approximately $7.5 billion of common stock, $5.9 billion of equity units (hybrids) and $6.9 billion of junior subordinated debentures (hybrids). The hybrid securities have been designed to receive significant equity treatment for financial leverage calculations.

"The recent issuance of common stock and hybrids enhances the company's capital and liquidity profiles," said Moody's Bruce Ballentine, lead analyst for AIG. "The fresh capital restores some of the equity that was eroded by declining market values of CDS and RMBS, and it will help AIG to absorb economic losses that may develop over time."

As part of today's rating action, Moody's also downgraded the insurance financial strength ratings (IFSRs) of the DLRS companies to Aa2 from Aa1. These entities hold a majority of AIG's RMBS, both through their securities lending collateral and directly. Moody's expects that AIG will allocate a portion of its new capital to life insurance subsidiaries whose statutory capital has been reduced by OTTI of RMBS. The rating outlook on these companies is stable.

"AIG's DLRS group is a leading US life insurer, with a diversified product portfolio and multi-faceted distribution network," said Laura Bazer, lead analyst for these operations. "The stable outlook reflects Moody's view that, at the current rating level, these companies could likely withstand some degree of additional market value fluctuations and potential economic losses related to RMBS."

Moody's also downgraded to Aa3 from Aa2 the IFSRs of the Commercial Insurance Group companies as well as AIG UK Limited and American International Assurance Company (Bermuda) Limited. These IFSRs previously received some uplift from the ownership and support of AIG. The downgrades reflect the fact that the strength of the parental support has diminished somewhat, as indicated by the parent company downgrade. Moody's believes that all of these operating companies can now support their Aa3 IFSRs through their own intrinsic financial strength. As a result, the rating outlook for these entities is stable.

Over the next few days, Moody's will update its credit opinions on AIG and its major operating units to explain the current rating rationale for each, along with factors that could change the ratings up or down.

Moody's last rating actions on these entities took place on May 9 and May 15, 2008, when the respective ratings were placed on review for possible downgrade.

Moody's has downgraded the following ratings and assigned a negative outlook:

American International Group, Inc. -- long-term issuer rating to Aa3 from Aa2, senior unsecured debt to Aa3 from Aa2, subordinated debt to A1 from Aa3, senior unsecured debt shelf to (P)Aa3 from (P)Aa2, subordinated debt shelf to (P)A1 from (P)Aa3, preferred stock shelf to (P)A2 from (P)A1;

AIG Capital Trusts I & II -- backed trust preferred stock shelf to (P)A1 from (P)Aa3;

AIG Life Holdings (US), Inc. -- backed senior unsecured debt to Aa3 from Aa2;

AIG Program Funding, Inc. -- backed senior unsecured debt shelf to (P)Aa3 from (P)Aa2;

AIG Retirement Services, Inc. -- backed senior unsecured debt to Aa3 from Aa2, backed preferred stock to A2 from A1;

American General Capital II -- backed trust preferred stock to A1 from Aa3;

American General Institutional Capital A & B -- backed trust preferred stock to A1 from Aa3;

Capital Markets subsidiaries -- AIG Financial Products Corp., AIG Matched Funding Corp., AIG-FP Capital Funding Corp., AIG-FP Matched Funding Corp., AIG-FP Matched Funding (Ireland) P.L.C., Banque AIG -- backed senior unsecured debt to Aa3 from Aa2.

Moody's has downgraded the following ratings and assigned a stable outlook:

AIG UK Limited -- backed insurance financial strength to Aa3 from Aa2;

American International Assurance Company (Bermuda) Limited -- insurance financial strength to Aa3 from Aa2;

Commercial Insurance Group subsidiaries -- AIG Casualty Company; AIU Insurance Company; American Home Assurance Company; American International Specialty Lines Insurance Company; Commerce and Industry Insurance Company; National Union Fire Insurance Company of Pittsburgh, Pennsylvania; New Hampshire Insurance Company; The Insurance Company of the State of Pennsylvania -- insurance financial strength to Aa3 from Aa2;

Domestic Life Insurance & Retirement Services subsidiaries -- AIG Annuity Insurance Company, AIG Life Insurance Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American International Life Assurance Company of New York, The United States Life Insurance Company in the City of New York, The Variable Annuity Life Insurance Company -- insurance financial strength to Aa2 from Aa1.

Moody's has confirmed the following ratings and assigned a stable outlook:

AIG SunAmerica funding agreement-backed note programs -- AIG SunAmerica Global Financing Trusts, ASIF I & II, ASIF III (Jersey) Limited, ASIF Global Financing Trusts -- senior secured debt at Aa2;

AIG SunAmerica subsidiaries -- AIG SunAmerica Life Assurance Company, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company -- insurance financial strength at Aa2.

Moody's has affirmed the following rating with a negative outlook:

AIG General Insurance (Taiwan) Co., Ltd. -- insurance financial strength at A1.

Moody's has affirmed the following ratings with a stable outlook:

American International Group, Inc. -- short-term issuer rating at Prime-1;

AIG Financial Products Corp. -- backed short-term debt at Prime-1;

AIG Funding, Inc. -- backed short-term debt at Prime-1;

AIG Liquidity Corp. -- backed short-term debt at Prime-1;

AIG Matched Funding Corp. -- backed short-term debt at Prime-1;

AIG SunAmerica subsidiaries -- AIG SunAmerica Life Assurance Company, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company -- short-term insurance financial strength at Prime-1;

Transatlantic Holdings, Inc. -- senior unsecured debt at A2; senior unsecured debt shelf at (P)A2, subordinated debt shelf at (P)A3;

Transatlantic Reinsurance Company -- insurance financial strength at Aa3.

The following ratings remain on review for possible downgrade:

AGFC Capital Trust I -- backed preferred stock at A3;

AIG Edison Life Insurance Company -- insurance financial strength at Aa2;

American General Finance Corporation -- long-term issuer rating at A1, senior unsecured debt at A1;

American Life Insurance Company -- insurance financial strength at Aa2;

ILFC E-Capital Trusts I & II -- backed preferred stock at A3;

International Lease Finance Corporation -- senior unsecured debt at A1;

Mortgage Guaranty subsidiaries -- United Guaranty Commercial Insurance Company of North Carolina, United Guaranty Mortgage Indemnity Company, United Guaranty Residential Insurance Company, United Guaranty Residential Insurance Company of North Carolina -- backed insurance financial strength at Aa2.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $14.0 billion and a net loss of $7.8 billion for the first quarter of 2008. Shareholders' equity was $79.7 billion as of March 31, 2008.

Moody's Investors Service

Global Credit Research
Credit Opinion
14 JUN 2008

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Ratings

Category	Moody's Rating
Rating Outlook	NEG
Senior Unsecured	Aa3

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Key Indicators

American International Group, Inc.[1]

	TTM 3/08	2007	2006	2005	2004	2003
Total Assets ($ Mil.)	$ 1,051,086	$ 1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 79,703	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 93,450	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ (5,735)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage [2]	20.0%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.) [2]		6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.) [2]		11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements. [2] Some financial leverage and coverage ratios have changed versus prior Moody's reports because of reclassification of portions of debt and interest between financial and operating amounts. Also, AIG changed its reporting basis for unrestricted subsidiary dividend capacity in 2007, so cashflow coverage at YE 2007 is not directly comparable to prior-year levels.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa3, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic (US) operations, with nearly 60% coming from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

On May 22, 2008, Moody's downgraded AIG's senior unsecured debt rating to Aa3 from Aa2, and assigned a negative outlook. This rating action concluded a brief review for possible downgrade that followed AIG's announcement of a $7.8 billion net loss for the first quarter of 2008. The loss included significant unrealized market valuation losses on mortgage-exposed credit default swaps (CDS) at AIG Financial Products Corp. (AIGFP), as well as realized capital losses on investments, largely other-than-temporary impairment (OTTI) on residential mortgage-backed securities (RMBS) held by AIG's Domestic Life Insurance & Retirement Services subsidiaries. AIG has also posted to its equity account substantial unrealized depreciation of investments, again mostly RMBS. Moody's notes that AIG's ultimate economic losses on CDS and RMBS may be materially smaller than estimated market values would suggest. The negative outlook on AIG (and on subsidiaries whose ratings rely on meaningful explicit or implicit parental support) reflects the company's exposure to further volatility in the US mortgage market as well as uncertainty surrounding the strategic direction of AIGFP.

AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US residential mortgage market.

Credit Profile of Significant Subsidiaries/Activities

AIG Property Casualty Group (2007 revenues: $38.0 billion, 35% of consolidated total)

The AIG Property Casualty Group (formerly Domestic General Insurance) encompasses the AIG Commercial Insurance Group (CIG - formerly Domestic Brokerage Group), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa3 insurance financial strength (IFS) ratings (stable outlook) on eight members of CIG, reflecting CIG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by CIG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's Aa2 IFS ratings (negative outlook) on four members of AIG's Mortgage Guaranty unit are under review for possible downgrade. Ratings on this group, led by United Guaranty Residential Insurance Company (UGRIC), reflect its historically sound underwriting, strong lender relationships and explicit support from affiliates. Three of the companies are supported by net worth maintenance agreements from AIG plus excess-of loss reinsurance covers provided by a CIG member. The fourth company is supported by an unconditional guaranty from UGRIC. Absent such explicit support, these companies would have lower stand-alone ratings. The rating review will address the degree to which the stand-alone credit profiles have been weakened by losses in the insured portfolios of subprime and non-prime first-lien and second-lien mortgage loans. The review will also address the nature of the continuing support from AIG and affiliates.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a CIG company in December 2007. The Aa3 IFS rating (stable outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results over the past few years. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan), and merged the Taiwan branch of a CIG company into AIGGI Taiwan. Moody's upgraded the IFS rating of AIGGI Taiwan from Baa1 to A2 in July 2007 and to A1 in March 2008. With a stand-alone rating of A3, AIGGI Taiwan receives two notches of rating uplift from parental support in the form of financial flexibility, transfer of technical knowledge, management expertise and risk sharing. Because its rating relies on significant parental support, AIGGI Taiwan's rating outlook is negative, following that of AIG.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's maintains Aa2 IFS ratings (stable outlook) on ten members of the Domestic Life Insurance & Retirement Services segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-selling arrangements, and common investment management and administrative services. These strengths are tempered by persistent competition in the mature US market for protection and savings products, and by the group's significant exposure to US subprime and Alt-A RMBS, held directly and through securities lending activities.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

The Foreign Life Insurance & Retirement Services segment encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, healthy capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa3, stable outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, negative outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower. ILFC's negative rating outlook follows that of AIG.

The Capital Markets unit comprises the global operations of AIGFP (backed long-term issuer rating of Aa3, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa3 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US residential mortgage market through super-senior CDS and cash CDOs, a portfolio that is now in runoff. In February 2008, AIG appointed an interim CEO to oversee this operation and launched a search for a new permanent CEO. In connection with this management shift, Moody's expects that AIG will take a fresh look at the strategic direction and risk appetite at AIGFP.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated A1, negative outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and implicit support from AIG. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of year-end 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards have enabled the company to weather the housing market slump reasonably well compared to many other financial institutions. Nevertheless, AGFC's core profitability has fallen, and will continue to be pressured by rising loss provisions and the sharp fall-off in mortgage banking activity. Absent the implicit parental support, AGFC's ratings would be lower. AGFC's negative rating outlook follows that of AIG.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's Matched Investment Program. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US residential mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Sizable exposure to US residential mortgage market through various business units and activities, particularly CDS written by AIGFP and RMBS held by US life insurance subsidiaries

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

Rating Outlook

The negative outlook on AIG (and on subsidiaries whose ratings rely on meaningful explicit or implicit parental support) reflects the company's exposure to further volatility in the US residential mortgage market as well as uncertainty surrounding the strategic direction of AIGFP.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improving or stable stand-alone credit profiles of major operating units

- Strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- Weak group profitability, with returns on equity remaining below 10% over the next few quarters

- A decline in financial flexibility, with adjusted financial leverage exceeding the low 20s (percent), or adjusted pretax interest coverage remaining below 8x over the next few quarters

- Substantial incremental losses on investments or derivatives (e.g., after-tax losses exceeding 10% of shareholders' equity)

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $14.0 billion and a net loss of $7.8 billion for the first quarter of 2008. Shareholders' equity was $79.7 billion as of March 31, 2008. Over the past two quarters, AIG has recorded after-tax unrealized market valuation losses exceeding $13 billion on mortgage-exposed CDS at AIGFP, and after-tax realized capital losses exceeding $5 billion, largely from OTTI of RMBS held by Domestic Life Insurance and Retirement Services subsidiaries. Also during this period, AIG posted to its equity account more than $9 billion in after-tax unrealized depreciation of investments, again mostly RMBS.

Capital Structure and Liquidity

Moody's believes that AIG's financial flexibility has been weakened by the firm's exposure to the US mortgage market and the related losses, write-downs and decline in shareholders' equity. On the other hand, the company has demonstrated broad access to the capital markets through its issuance of more than $20 billion of capital during May 2008 - a positive for creditors in Moody's view. The new issuance includes approximately $7.5 billion of common stock, $5.9 billion of equity units (hybrids) and $6.9 billion of junior subordinated debentures (hybrids). The hybrid securities have been designed to receive significant equity treatment for financial leverage calculations. Most of the proceeds are being retained at the holding company, at least for the near term, giving the company flexibility to support any operations that may face capital or liquidity needs.

As of March 31, 2008, AIG reported total borrowings of $172.2 billion, a majority of which was "operating" debt (i.e., supporting assets of the Financial Services segment and AIG's Matched Investment Program). AIG's adjusted "financial" debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) amounted to $24.4 billion. AIG's adjusted financial leverage has increased from 18.3% at year-end 2007 to 20.0% as of March 31, 2008, as a result of mortgage-related losses and write-downs recorded during the first quarter. On a pro forma basis, giving effect to the recent capital issuance, the ratio at March 31, 2008, would have been approximately 19.4%. Moody's notes that the newly issued hybrid securities carry significant fixed charges that will reduce AIG's earnings coverage and dividend capacity coverage of fixed charges going forward. We expect that earnings coverage will decline from a historic range of 20-24 times to a normalized range of about 8-12 times, while dividend capacity coverage will decline from a historic range of 9-14 times to a normalized range of about 6-8 times. Moody's believes that AIG will continue to benefit from its broad business diversification and access to capital market funding.

Moody's believes that AIG has sufficient liquidity - through cash on hand, dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years. A majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Still, the pro forma dividend capacity coverage of fixed charges (6-8 times) is reasonable for AIG's current rating category. AIG has taken steps to enhance its liquidity in response to credit market turmoil over the past year. The company has increased its holdings of cash and short-term investments across major business units, and has established an interdisciplinary Liquidity Risk Committee to monitor and manage liquidity risks throughout the firm. AIG's consolidated cash and short-term investment position has grown from $29.4 billion at year-end 2006 to $63.6 billion as of March 31, 2008. The recent capital issuance has further enhanced the liquidity position. The large position in cash and short-term investments is constraining AIG's investment income and overall profitability to some degree. Moody's regards this as a prudent trade-off in the current unsettled credit markets.

AIG gets a portion of its funding through a $7 billion commercial paper program ($5.0 billion outstanding at March 31, 2008). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2008 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of March 31, 2008, nearly all of this facility was being used for letters of credit. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option). Moody's expects that these facilities will be renewed in similar form before they expire.

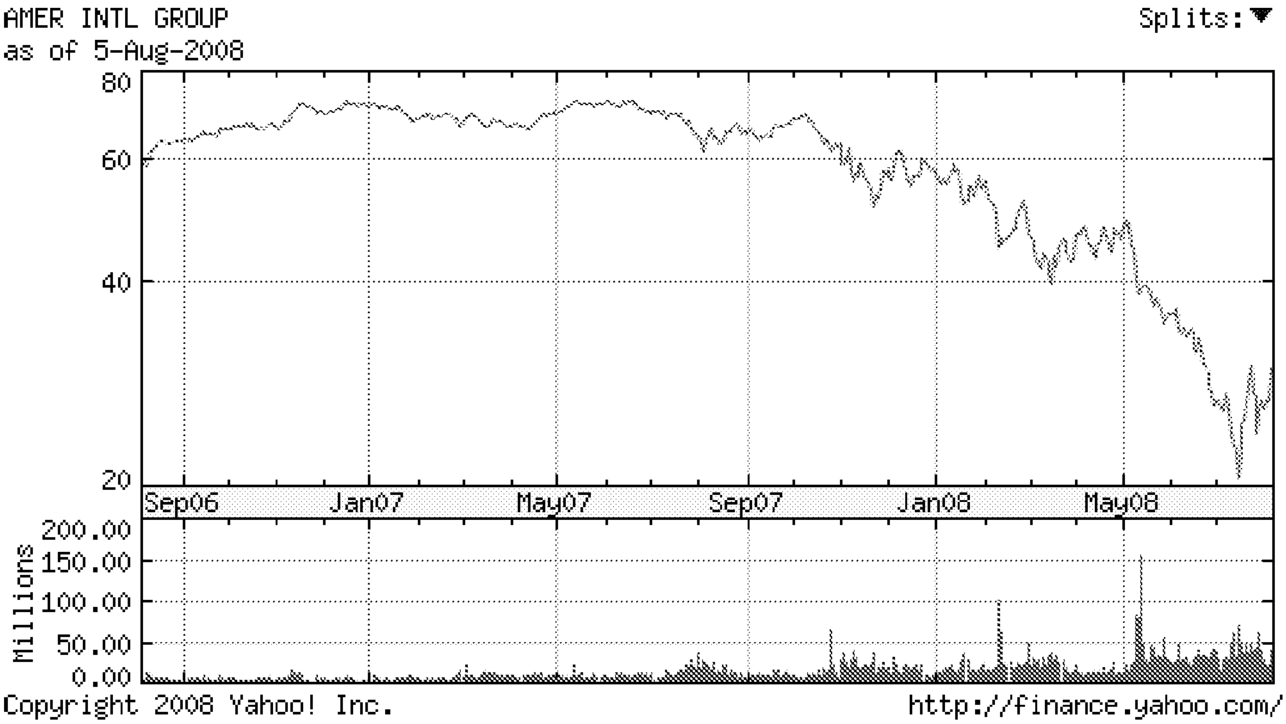
In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most importantly AIGFP. AIGFP manages its liquidity position to withstand severe market disruptions without the need for parental support. AIGFP conducts regular liquidity stress tests that assume no access to capital markets, contingent liability payouts at the earliest possible dates, and haircuts on relatively liquid investment securities. The stress tests also consider the impact of potential rating downgrades on AIGFP's collateral posting requirements. As of April 30, 2008, AIGFP had posted collateral in respect of super-senior CDS in an aggregate net amount of $9.7 billion. At that time, AIG's senior unsecured debt ratings (and AIGFP's backed long-term issuer ratings) were Aa2 by Moody's and AA by Standard & Poor's. The company estimated as of that date that a downgrade to Aa3 by Moody's and/or to AA- by Standard & Poor's would permit AIGFP's counterparties to call for approximately $1.8 billion of incremental collateral, while a downgrade to A1 by Moody's and/or to A+ by

Standard & Poor's would permit counterparties to call for approximately $9.8 billion of incremental collateral. Further downgrades could result in substantial additional collateral requirements. Moody's believes that AIGFP has sufficient liquidity to cover its stated and contingent obligations at the current rating level, and that the parent would provide additional support to AIGFP as needed in the event of further downgrades.

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):

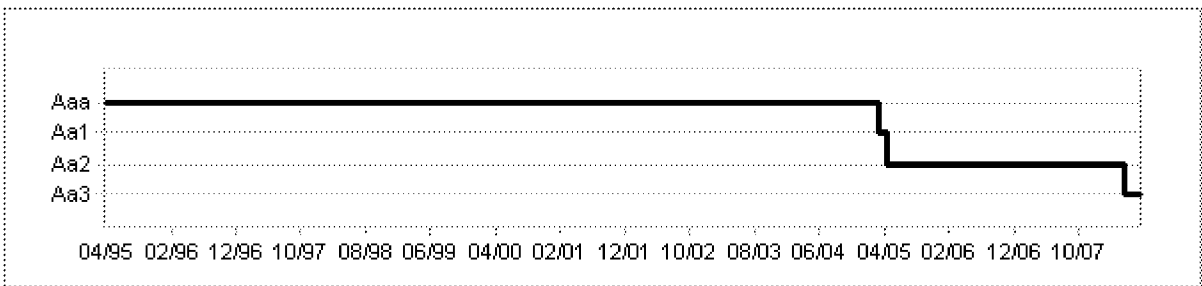
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt over the past year by market concerns over subprime mortgage exposures.

Stock Chart



Market capitalization: $75 billion

Rating History



Organizational Structure with Rated Entities -Current & Recommended Ratings
August 6, 2008

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa3	Negative	Aa3	R-Dn
			Sr Unsec Debt			Aa3		Aa3	R-Dn
			Sr Unsec Shelf			(P)Aa3		(P)Aa3	R-Dn
			Subord Shelf			(P)A1		(P)A1	R-Dn
			Prfrd Shelf			(P)A2		(P)A2	R-Dn
			ST Issuer			P-1	Stable	P-1	Stable
AIG Capital Corporation	DE		LT Issuer			A2	Negative	A2	R-Dn
			ST Issuer			P-1			
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Negative	P-1	R-Dn
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	Negative	A1	R-Dn
			Sr Unsec Debt		A2	A1		A1	R-Dn
			ST Debt			P-1		P-1	Stable
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	Negative	A3	R-Dn
Yosemite Insurance Company	IN	Fin Svcs							
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Negative	P-1	Stable
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	Negative	A1	R-Dn
			ST Debt			P-1		P-1	Stable
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	Negative	A3	R-Dn
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)A1	Negative	(P)A1	R-Dn
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs							
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs							
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Stable	Aa2	Negative
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Stable
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs							
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Shelf	AIG G'tee		(P)Aa3	Negative	(P)Aa3	R-Dn
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins							
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins							
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A1	Negative	A1	R-Dn
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	A2	R-Dn
			Sr Unsec Shelf			(P)A2		(P)A2	R-Dn
			Subord Shelf			(P)A3		(P)A3	R-Dn
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
United Guaranty Corporation	NC	Domes Gen Ins							
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa3	Negative	Aa3	Negative
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	Caa2	A1	Negative	A1	R-Dn
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee	Aa3	Aa3	Negative	Aa3	Negative
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	C	A1	Negative	A1	R-Dn
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd Prfrd Stock	AIG G'tee		A2		A2	R-Dn
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
American International Underwriters Overseas, Ltd.	Bermuda								
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Stable
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*
Source: Company reports & Moody's

Summary of Modeled Losses

AIG CDS-CDO and RMBS Portfolios
Expected & stress case losses modeled by Chris Mann

($ Mlns)	Total exposures	Expected losses (% of modeled)	Stress case losses (% of modeled)
CDS & CDO notional as of March 31, 2008 - Modeled as of June 13, 2008	64,562		
Modeled portion	**57,765**	**0**	**3**
Not modeled	6,797		
RMBS par as of Dec. 31, 2007 - Modeled as of Aug. 4, 2008	75,254		
Modeled portion	**59,633**	**-1,045**	**-2,886**
		-1.8%	-4.8%
Not modeled	15,621		

AIG RMBS Portfolio - Data as of March 31, 2008 - Modeled as of Aug. 4, 2008
Expected losses modeled by RMBS team (Greg Bessermann)

($ Mlns)	Par	Book value	Market value	Markdown to 3/31/08 (% of par)	Expected losses (% of modeled)	Volatility case losses (% of modeled)
RMBS excluding Agencies	73,003	67,784	56,778	-16,225		
Agencies		14,500	14,900	-22.2%		
Total RMBS		82,284	71,678			
Modeled portion	**46,629**				**-800**	**-1,200**
Of which:					-1.7%	-2.6%
Reviewed recently	43,000					
Not reviewed recently	3,629					
Not modeled	26,374					

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma TTM 3/08	TTM 3/08	2007	2006	2005	2004	2003
Financial Leverage							
Unadjusted debt ($ mil)	184,960	172,170	176,049	148,679	109,849	96,899	80,349
Adjusted debt ($ mil)	27,642	24,445	23,719	19,638	14,467	13,705	12,544
Unadjusted equity ($ mil)	87,178	79,703	95,801	101,677	86,317	79,673	69,230
Adjusted equity & minority interest ($ mil)	114,583	97,516	106,205	99,372	82,367	73,600	63,147
Unadjusted debt % capital	68.0%	68.4%	64.8%	59.4%	56.0%	54.9%	53.7%
Adjusted debt % capital	19.4%	20.0%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)			18,631	28,672	20,886	19,128	16,135
Adjusted EBIT ($ mil)	23,920		10,527	22,781	15,910	15,276	12,493
Unadjusted interest & preferred dividends ($ mil)			9,688	6,951	5,673	4,427	4,219
Adjusted interest & preferred dividends ($ mil)	2,536		1,625	1,112	758	638	638
Unadjusted earnings coverage (x)			1.9x	4.1x	3.7x	4.3x	3.8x
Adjusted earnings coverage (x)	9.4x		6.5x	20.5x	21.0x	23.9x	19.6x
Adjusted earnings coverage (x) - 5-yr avg			18.3x	19.6x			
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)		81%	81%	90%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	18,202	18,202	18,202	10,168	9,495	8,764	7,615
Unadjusted dividend capacity coverage (x)			1.9x	1.5x	1.7x	2.0x	1.8x
Adjusted dividend capacity coverage (x)	7.2x		11.2x	9.1x	12.5x	13.7x	11.9x
Adjusted dividend capacity coverage (x) - 5-yr avg			11.7x	11.4x			
Goodwill Exposure							
Goodwill ($ mil)	10,182	10,182	9,414	8,628	8,093	8,556	7,619
Goodwill % equity	11.7%	12.8%	9.8%	8.5%	9.4%	10.7%	11.0%
Balance Sheet Inputs ($ mil)							
Total assets	1,071,351	1,051,086	1,060,505	979,410	853,048	801,007	675,602
Unadjusted debt	184,960	172,170	176,049	148,679	109,849	96,899	80,349
Operating debt	148,848	148,848	153,519	134,221	100,371	88,056	72,376
Financial debt	23,322	23,322	22,530	14,458	9,478	8,843	7,973
Minority interest	10,835	10,835	10,422	7,778	5,124	4,831	3,547
Unadjusted equity	87,178	79,703	95,801	101,677	86,317	79,673	69,230
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	-2,554	-2,554	4,375	10,083	8,348	10,326	9,071
Income Statement Inputs ($ mil)							
Total revenue		93,450	110,064	113,387	108,781	97,823	79,601
Unadjusted interest expense			9,688	6,951	5,673	4,427	4,219
Operating interest expense			8,361	6,110	5,175	4,041	3,817
Financial interest expense			1,327	841	498	386	402
Income tax expense		-3,808	1,455	6,537	4,258	4,407	3,556
Minority interest expense		1,050	1,288	1,136	478	455	252
Net income		-5,735	6,200	14,048	10,477	9,839	8,108
Preferred dividends		0	0	0	0	0	0

Pro forma TTM 3/08 assumptions:

- Unadjusted and adjusted debt and equity give effect to the capital raised in May 2008
- Adjusted EBIT based on 2006 amount plus 5%
- Adjusted interest and preferred dividends based on 2006 amount plus full-year fixed charges associated with hybrids

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma TTM 3/08	TTM 3/08	2007	2006	2005	2004	2003
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)			5%				
Assumed tax rate (%)			35%				
Projected benefit obligation (end of year)	4,901	4,901	4,901	4,657	4,481	4,126	3,950
Fair value of plan assets (end of year)	4,081	4,081	4,081	3,610	3,260	2,871	2,715
Pension asset recorded					703	523	566
Pension liability recorded					807	888	941
Debt adjustment	820	820	820	1,047	1,221	1,255	1,235
Shareholders' equity adjustment					-726	-579	-559
Interest expense adjustment	41	41	41	52	61	63	62
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)			6x				
Rent expense	771	771	771	657	597	568	524
Debt adjustment	4,626	4,626	4,626	3,942	3,582	3,408	3,144
Interest expense adjustment	257	257	257	219	199	189	175
EBIT adjustment	257	257	257	219	199	189	175
Other Adjustments ($ mil)							
Hybrid securities #1	100	100	100	191	186	199	192
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A	A
Debt portion of hybrid	100	100	100	191	186	199	192
Equity portion of hybrid	0	0	0	0	0	0	0
Hybrid securities #2	18,688	5,898	5,809				
Reporting category	Debt	Debt	Debt				
Basket designation	D	D	D				
Debt portion of hybrid	4,672	1,475	1,452				
Equity portion of hybrid	14,016	4,424	4,357				
Lloyd's LOCS							
Operating Debt Detail ($ mil)							
MIP matched notes and bonds payable	15,080	15,080	14,267	5,468	0	0	0
Series AIGFP matched notes and bonds payable	1,071	1,071	874	72	0	0	0
AIG-guaranteed borrowings of AIGFP	59,254	59,254	65,447	67,048	47,274	41,614	32,941
Non-guaranteed borrowings of fin svcs, invest & other	68,254	68,254	67,881	59,277	52,272	45,736	38,990
Less borrowings of insurance operations	-578	-578	-567	-459	-474	-180	-181
CP issued by AIG Funding on behalf of AI Credit et al.	5,667	5,667	5,517	2,715	1,199	786	526
Hybrid securities issued by ILFC	100	100	100	100	100	100	100
Total operating debt	148,848	148,848	153,519	134,221	100,371	88,056	72,376
Implied Interest Rate							
On total debt (%)			6.0%	5.4%	5.5%	5.0%	5.6%
On financial (non-operating) debt (%)			6.1%	4.9%	3.5%	2.9%	

AIG Domestic Life & Retirement Services Scorecard

Rating Factors
AIG Domestic Life & Retirement Svcs

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Scorecard Rating	CURRENT YE 2007 Adjusted Scorecard Rating	PROFORMA 1 Adjusted Scorecard Rating	PROFORMA 2 Adjusted Scorecard Rating
Business Profile						Aa2	Aa1	Aa1	Aa1
Market Position, Brand and Distribution (15%)						Aa3	Aaa	Aaa	Aaa
Market Share Ratio			X						
Relative Market Share Ratio		X							
Distribution (10%)						Aa2	Aa1	Aa1	Aa1
Distribution Control		X							
Diversity of Distribution		X							
Product Focus and Diversification (15%)						Aa2	Aa1	Aa1	Aa1
Product Risk		X							
Life Insurance Product Diversification									
Financial Profile						Aa2	Aa3	A1	A1
Asset Quality (5%)						Aa2	A1	A3	A3
High Risk Assets % Invested Assets		16.0%							
Goodwill % Equity	9.8%								
Capital Adequacy (10%)						A2	Aa3	Aa3	Baa1
Equity % Total Assets			7.7%						
Profitability (15%)						A1	A1	A1	A1
Return on Equity (5 yr. avg.)		10.3%							
Sharpe Ratio of Growth in Net Income (5 yr.)			40.3%						
Liquid and Asset/Liability Management (10%)						Aaa	A1	A2	A2
Liquid Assets Divided by Policyholder Reserves	84.0%								
Financial Flexibility (20%)						Aaa	Aa1	Aa2	Aa2
Financial Leverage	18.3%								
Earnings Coverage (5 yr. avg.)	18.3x								
Cashflow Coverage (5 yr. avg.)	11.7x								
Total Scorecard Rating						Aa2	Aa2	Aa2	Aa3
Total Scorecard Rating -- Value						3.04	2.88	3.35	3.75

Consolidated Balance Sheet

December 31, (in millions)	2007	2006
Assets:		
Investments and financial services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2007 — $393,170; 2006 — $377,163)	**$ 397,372**	$386,869
Bonds held to maturity, at amortized cost (fair value: 2007 — $22,157; 2006 — $22,154)	**21,581**	21,437
Bond trading securities, at fair value (includes hybrid financial instruments: 2007 — $555; 2006 — $522)	**9,982**	10,836
Equity securities:		
Common stocks available for sale, at fair value (cost: 2007 — $12,588; 2006 — $10,662)	**17,900**	13,256
Common and preferred stocks trading, at fair value	**21,376**	14,855
Preferred stocks available for sale, at fair value (cost: 2007 — $2,600; 2006 — $2,485)	**2,370**	2,539
Mortgage and other loans receivable, net of allowance (2007 — $77; 2006 — $64) (includes loans held for sale: 2007 — $399)	**33,727**	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2007 — $10,499; 2006 — $8,835)	**41,984**	39,875
Securities available for sale, at fair value (cost: 2007 — $40,157; 2006 — $45,912)	**40,305**	47,205
Trading securities, at fair value	**4,197**	5,031
Spot commodities	**238**	220
Unrealized gain on swaps, options and forward transactions	**16,442**	19,252
Trade receivables	**6,467**	4,317
Securities purchased under agreements to resell, at contract value	**20,950**	30,291
Finance receivables, net of allowance (2007 — $878; 2006 — $737) (includes finance receivables held for sale: 2007 — $233; 2006 — $1,124)	**31,234**	29,573
Securities lending invested collateral, at fair value (cost: 2007 — $80,641; 2006 — $69,306)	**75,662**	69,306
Other invested assets	**58,823**	42,111
Short-term investments, at cost (approximates fair value)	**51,351**	27,483
Total investments and financial services assets	**851,961**	792,874
Cash	**2,284**	1,590
Investment income due and accrued	**6,587**	6,091
Premiums and insurance balances receivable, net of allowance (2007 — $662; 2006 — $756)	**18,395**	17,789
Reinsurance assets, net of allowance (2007 — $520; 2006 — $536)	**23,103**	23,355
Deferred policy acquisition costs	**43,150**	37,235
Investments in partially owned companies	**654**	1,101
Real estate and other fixed assets, net of accumulated depreciation (2007 — $5,446; 2006 — $4,940)	**5,518**	4,381
Separate and variable accounts	**78,684**	70,277
Goodwill	**9,414**	8,628
Other assets	**20,755**	16,089
Total assets	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *Continued*

December 31, *(in millions, except share data)*	2007	2006
Liabilities:		
Reserve for losses and loss expenses	**$ 85,500**	$ 79,999
Unearned premiums	**28,022**	26,271
Future policy benefits for life and accident and health insurance contracts	**136,068**	121,004
Policyholders' contract deposits	**258,459**	248,264
Other policyholders' funds	**12,599**	10,986
Commissions, expenses and taxes payable	**6,310**	5,305
Insurance balances payable	**4,878**	3,789
Funds held by companies under reinsurance treaties	**2,501**	2,602
Income taxes payable	**3,823**	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	**8,331**	19,677
Trade payables	**10,568**	6,174
Securities and spot commodities sold but not yet purchased, at fair value	**4,709**	4,076
Unrealized loss on swaps, options and forward transactions	**20,613**	11,401
Trust deposits and deposits due to banks and other depositors	**4,903**	5,249
Commercial paper and extendible commercial notes	**13,114**	13,363
Long-term borrowings	**162,935**	135,316
Separate and variable accounts	**78,684**	70,277
Securities lending payable	**81,965**	70,198
Minority interest	**10,422**	7,778
Other liabilities (includes hybrid financial instruments at fair value: 2007 — $47; 2006 — $111)	**30,200**	26,267
Total liabilities	**964,604**	877,542
Preferred shareholders' equity in subsidiary companies	**100**	191
Commitments, Contingencies and Guarantees (See Note 12)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2007 and 2006 — 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,848**	2,590
Payments advanced to purchase shares	**(912)**	—
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income (loss)	**4,643**	9,110
Treasury stock, at cost; 2007 — 221,743,421; 2006 — 150,131,273 shares of common stock (including 119,293,487 and 119,278,644 shares, respectively, held by subsidiaries)	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Years Ended December 31, *(in millions, except per share data)*	**2007**	2006	2005
Revenues:			
Premiums and other considerations	**$ 79,302**	$ 74,213	$ 70,310
Net investment income	**28,619**	26,070	22,584
Net realized capital gains (losses)	**(3,592)**	106	341
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(11,472)**	—	—
Other income	**17,207**	12,998	15,546
Total revenues	**110,064**	113,387	108,781
Benefits and expenses:			
Incurred policy losses and benefits	**66,115**	60,287	64,100
Insurance acquisition and other operating expenses	**35,006**	31,413	29,468
Total benefits and expenses	**101,121**	91,700	93,568
Income before income taxes, minority interest and cumulative effect of accounting changes	**8,943**	21,687	15,213
Income taxes (benefits):			
Current	**3,219**	5,489	2,587
Deferred	**(1,764)**	1,048	1,671
Total income taxes	**1,455**	6,537	4,258
Income before minority interest and cumulative effect of accounting changes	**7,488**	15,150	10,955
Minority interest	**(1,288)**	(1,136)	(478)
Income before cumulative effect of accounting changes	**6,200**	14,014	10,477
Cumulative effect of accounting changes, net of tax	**—**	34	—
Net income	**$ 6,200**	$ 14,048	$ 10,477
Earnings per common share:			
Basic			
Income before cumulative effect of accounting changes	**$2.40**	$5.38	$4.03
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.40**	$5.39	$4.03
Diluted			
Income before cumulative effect of accounting changes	**$2.39**	$5.35	$3.99
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.39**	$5.36	$3.99
Average shares outstanding:			
Basic	**2,585**	2,608	2,597
Diluted	**2,598**	2,623	2,627

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years Ended December 31, (in millions)	2007	2006	2005
Summary:			
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413
Net cash used in investing activities	**(68,007)**	(67,952)	(61,459)
Net cash provided by financing activities	**33,480**	61,244	38,097
Effect of exchange rate changes on cash	**50**	114	(163)
Change in cash	**694**	(307)	(112)
Cash at beginning of year	**1,590**	1,897	2,009
Cash at end of year	**$ 2,284**	$ 1,590	$ 1,897
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**11,472**	—	—
Net gains on sales of securities available for sale and other assets	**(1,349)**	(763)	(1,218)
Foreign exchange transaction (gains) losses	**(104)**	1,795	(3,330)
Net unrealized (gains) losses on non-AIGFP derivative assets and liabilities	**116**	(713)	878
Equity in income of partially owned companies and other invested assets	**(4,760)**	(3,990)	(1,421)
Amortization of deferred policy acquisition costs	**11,602**	11,578	10,693
Amortization of premium and discount on securities and long-term borrowings	**580**	699	207
Depreciation expenses, principally flight equipment	**2,790**	2,374	2,200
Provision for finance receivable losses	**646**	495	435
Other-than-temporary impairments	**4,715**	944	598
Changes in operating assets and liabilities:			
General and life insurance reserves	**16,242**	12,930	27,045
Premiums and insurance balances receivable and payable — net	**(207)**	(1,214)	192
Reinsurance assets	**923**	1,665	(5,365)
Capitalization of deferred policy acquisition costs	**(15,846)**	(15,363)	(14,454)
Investment income due and accrued	**(401)**	(249)	(171)
Funds held under reinsurance treaties	**(151)**	(1,612)	770
Other policyholders' funds	**1,374**	(498)	811
Income taxes payable	**(3,709)**	2,003	1,543
Commissions, expenses and taxes payable	**989**	408	140
Other assets and liabilities — net	**3,657**	(77)	2,863
Bonds, common and preferred stocks trading	**(3,667)**	(9,147)	(5,581)
Trade receivables and payables — net	**2,243**	(197)	2,272
Trading securities	**835**	1,339	(3,753)
Spot commodities	**(18)**	(128)	442
Net unrealized (gain) loss on swaps, options and forward transactions	**1,413**	(1,482)	934
Securities purchased under agreements to resell	**9,341**	(16,568)	9,953
Securities sold under agreements to repurchase	**(11,391)**	9,552	(12,534)
Securities and spot commodities sold but not yet purchased	**633**	(1,899)	571
Finance receivables and other loans held for sale — originations and purchases	**(5,145)**	(10,786)	(13,070)
Sales of finance receivables and other loans — held for sale	**5,671**	10,602	12,821
Other, net	**477**	541	(1,535)
Total adjustments	**28,971**	(7,761)	12,936
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows *Continued*

Years Ended December 31, (in millions)	2007	2006	2005
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 132,320**	$ 112,894	$ 140,076
Sales of equity securities available for sale	**9,616**	12,475	11,661
Proceeds from fixed maturity securities held to maturity	**295**	205	46
Sales of flight equipment	**303**	697	573
Sales or distributions of other invested assets	**14,109**	14,084	14,899
Payments received on mortgage and other loans receivable	**9,062**	5,165	3,679
Principal payments received on finance receivables held for investment	**12,553**	12,586	12,461
Purchases of fixed maturity securities available for sale and hybrid investments	**(139,184)**	(146,465)	(175,657)
Purchases of equity securities available for sale	**(10,933)**	(14,482)	(13,273)
Purchases of fixed maturity securities held to maturity	**(266)**	(197)	(3,333)
Purchases of flight equipment	**(4,772)**	(6,009)	(6,193)
Purchases of other invested assets	**(25,327)**	(16,040)	(15,059)
Acquisitions, net of cash acquired	**(1,361)**	—	—
Mortgage and other loans receivable issued	**(12,439)**	(7,438)	(5,310)
Finance receivables held for investment — originations and purchases	**(15,271)**	(13,830)	(17,276)
Change in securities lending invested collateral	**(12,303)**	(9,835)	(10,301)
Net additions to real estate, fixed assets, and other assets	**(870)**	(1,097)	(941)
Net change in short-term investments	**(23,484)**	(10,620)	1,801
Net change in non-AIGFP derivative assets and liabilities	**(55)**	(45)	688
Net cash used in investing activities	**$ (68,007)**	$ (67,952)	$ (61,459)
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholders' contract deposits	**$ 64,829**	57,197	51,699
Policyholders' contract withdrawals	**(58,675)**	(43,413)	(36,339)
Change in other deposits	**(182)**	1,269	(957)
Change in commercial paper and extendible commercial notes	**(338)**	2,960	(702)
Long-term borrowings issued	**103,210**	71,028	67,061
Repayments on long-term borrowings	**(79,738)**	(36,489)	(51,402)
Change in securities lending payable	**11,757**	9,789	10,437
Redemption of subsidiary company preferred stock	**—**	—	(100)
Issuance of treasury stock	**206**	163	82
Payments advanced to purchase treasury stock	**(6,000)**	—	—
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**308**	398	(85)
Net cash provided by financing activities	**$ 33,480**	$ 61,244	$ 38,097
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	**$ 8,818**	$ 6,539	$ 4,883
Taxes	**$ 5,163**	$ 4,693	$ 2,593
Non-cash financing activities:			
Interest credited to policyholder accounts included in financing activities	**$ 11,628**	$ 10,746	$ 9,782
Treasury stock acquired using payments advanced to purchase shares	**$ 5,088**	$ —	$ —
Non-cash investing activities:			
Debt assumed on acquisitions and warehoused investments	**$ 791**	$ —	$ —

See accompanying Notes to Consolidated Financial Statements.

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)

	March 31, 2008	December 31, 2007
Assets:		
Investments and Financial Services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2008 – $396,168; 2007 – $393,170)	**$ 395,487**	$ 397,372
Bonds held to maturity, at amortized cost (fair value: 2008 – $21,839; 2007 – $22,157)	**21,566**	21,581
Bond trading securities, at fair value	**9,375**	9,982
Equity securities:		
Common stocks available for sale, at fair value (cost: 2008 – $12,387; 2007 – $12,588)	**16,122**	17,900
Common and preferred stocks trading, at fair value	**21,671**	21,376
Preferred stocks available for sale, at fair value (cost: 2008 – $2,609; 2007 – $2,600)	**2,451**	2,370
Mortgage and other loans receivable, net of allowance (2008 – $87; 2007 – $77) (held for sale: 2008 – $6; 2007 – $377 (amount measured at fair value: 2008 – $810)	**34,373**	33,727
Financial Services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2008 – $10,932; 2007 – $10,499)	**42,832**	41,984
Securities available for sale, at fair value (cost: 2008 – $1,143; 2007 – $40,157)	**1,096**	40,305
Trading securities, at fair value	**35,998**	4,197
Spot commodities, at fair value in 2008	**728**	238
Unrealized gain on swaps, options and forward transactions, at fair value	**20,598**	16,442
Trade receivables	**8,896**	6,467
Securities purchased under agreements to resell, at fair value in 2008	**19,708**	20,950
Finance receivables, net of allowance (2008 – $985; 2007 – $878) (receivables held for sale: 2008 – $80; 2007 – $233)	**32,601**	31,234
Securities lending invested collateral, at fair value (cost: 2008 – $73,610; 2007 – $80,641)	**64,261**	75,662
Other invested assets (amount measured at fair value: 2008 – $21,688; 2007 – $20,827)	**61,191**	58,823
Short-term investments (amount measured at fair value: 2008 – $2,801)	**52,298**	51,351
Total Investments and Financial Services assets	**841,252**	851,961
Cash	**2,489**	2,284
Investment income due and accrued	**6,696**	6,587
Premiums and insurance balances receivable, net of allowance (2008 – $638; 2007 – $662)	**20,437**	18,395
Reinsurance assets, net of allowance (2008 – $526; 2007 – $520)	**22,895**	23,103
Deferred policy acquisition costs	**44,066**	43,150
Investments in partially owned companies	**710**	654
Real estate and other fixed assets, net of accumulated depreciation (2008 – $5,630; 2007 – $5,446)	**5,635**	5,518
Separate and variable accounts, at fair value	**72,973**	78,684
Goodwill	**10,182**	9,414
Income taxes receivable	**2,762**	—
Other assets (amount measured at fair value: 2008 – $5,123; 2007 – $4,152)	**20,989**	20,755
Total assets	**$1,051,086**	$1,060,505

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)

	March 31, 2008	December 31, 2007
Liabilities:		
Reserve for losses and loss expenses	**$ 86,860**	$ 85,500
Unearned premiums	**28,889**	28,022
Future policy benefits for life and accident and health insurance contracts	**143,425**	136,068
Policyholders' contract deposits (amount measured at fair value: 2008 – $4,118; 2007 – $295)	**261,264**	258,459
Other policyholders' funds	**13,191**	12,599
Commissions, expenses and taxes payable	**5,523**	6,310
Insurance balances payable	**5,504**	4,878
Funds held by companies under reinsurance treaties	**2,505**	2,501
Income taxes payable	**—**	3,823
Financial Services liabilities:		
Securities sold under agreements to repurchase (amount measured at fair value: 2008 – $8,271)	**9,674**	8,331
Trade payables	**9,494**	10,568
Securities and spot commodities sold but not yet purchased, at fair value	**3,806**	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	**30,376**	20,613
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 – $262)	**5,662**	4,903
Commercial paper and extendible commercial notes	**13,261**	13,114
Long-term borrowings (amount measured at fair value: 2008 – $59,254)	**158,909**	162,935
Separate and variable accounts	**72,973**	78,684
Securities lending payable	**77,775**	81,965
Minority interest	**10,834**	10,422
Other liabilities (amount measured at fair value: 2008 – $6,295; 2007 – $3,262)	**31,358**	30,200
Total liabilities	**971,283**	964,604
Preferred shareholders' equity in subsidiary companies	**100**	100
Commitments, Contingencies and Guarantees (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 and 2007 – 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,938**	2,848
Payments advanced to purchase shares	**(179)**	(912)
Retained earnings	**79,732**	89,029
Accumulated other comprehensive income (loss)	**(1,271)**	4,643
Treasury stock, at cost; 2008 – 255,499,218; 2007 – 221,743,421 shares of common stock	**(8,395)**	(6,685)
Total shareholders' equity	**79,703**	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,051,086**	$1,060,505

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except per share data) (unaudited)

	Three Months Ended March 31,	
	2008	2007
Revenues:		
Premiums and other considerations	**$ 20,672**	$19,642
Net investment income	**4,954**	7,124
Net realized capital gains (losses)	**(6,089)**	(70)
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(9,107)**	—
Other income	**3,601**	3,949
Total revenues	**14,031**	30,645
Benefits and expenses:		
Incurred policy losses and benefits	**15,882**	16,146
Insurance acquisition and other operating expenses	**9,413**	8,327
Total benefits and expenses	**25,295**	24,473
Income (loss) before income taxes (benefits) and minority interest	**(11,264)**	6,172
Income taxes (benefits)	**(3,537)**	1,726
Income (loss) before minority interest	**(7,727)**	4,446
Minority interest	**(78)**	(316)
Net income (loss)	**$ (7,805)**	$ 4,130
Earnings (loss) per common share:		
Basic	**$ (3.09)**	$ 1.58
Diluted	**$ (3.09)**	$ 1.58
Dividends declared per common share	**$ 0.200**	$ 0.165
Average shares outstanding:		
Basic	**2,528**	2,612
Diluted	**2,528**	2,621

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Three Months Ended March 31, 2008	2007
Summary:		
Net cash provided by operating activities	**$ 8,293**	$ 9,930
Net cash provided by (used in) investing activities	**3,529**	(18,024)
Net cash provided by (used in) financing activities	**(11,675)**	8,216
Effect of exchange rate changes on cash	**58**	(10)
Change in cash	**205**	112
Cash at beginning of year period	**2,284**	1,590
Cash at end of year period	**$ 2,489**	$ 1,702
Cash flows from operating activities:		
Net income (loss)	**$ (7,805)**	$ 4,130
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income (loss):		
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**9,107**	—
Net gains on sales of securities available for sale and other assets	**(245)**	(250)
Foreign exchange transaction (gains) losses	**996**	305
Net unrealized (gains) losses on non-AIGFP derivatives and other assets and liabilities	**2,124**	61
Equity in income of partially owned companies and other invested assets	**(79)**	(1,329)
Amortization of deferred policy acquisition costs	**3,156**	2,868
Depreciation and other amortization	**885**	824
Provision for mortgage, other loans and finance receivables	**251**	87
Other-than-temporary impairments	**5,642**	467
Changes in operating assets and liabilities:		
General and life insurance reserves	**4,855**	4,380
Premiums and insurance balances receivable and payable – net	**(1,588)**	(1,192)
Reinsurance assets	**241**	223
Capitalization of deferred policy acquisition costs	**(4,183)**	(3,697)
Investment income due and accrued	**(37)**	(109)
Funds held under reinsurance treaties	**(12)**	(158)
Other policyholders' funds	**289**	412
Income taxes receivable and payable – net	**(2,635)**	1,076
Commissions, expenses and taxes payable	**(27)**	661
Other assets and liabilities – net	**814**	636
Trade receivables and payables – net	**(3,503)**	1,805
Trading securities	**1,079**	(1,453)
Spot commodities	**(490)**	147
Net unrealized (gain) loss on swaps, options and forward transactions	**(2,646)**	962
Securities purchased under agreements to resell	**1,241**	889
Securities sold under agreements to repurchase	**1,283**	(2,100)
Securities and spot commodities sold but not yet purchased	**(914)**	(20)
Finance receivables and other loans held for sale – originations and purchases	**(166)**	(2,473)
Sales of finance receivables and other loans – held for sale	**363**	2,574
Other, net	**297**	204
Total adjustments	**16,098**	5,800
Net cash provided by operating activities	**$ 8,293**	$ 9,930

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Three Months Ended March 31, 2008	2007
Cash flows from investing activities:		
Proceeds from (payments for)		
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 21,208**	$ 30,073
Sales of equity securities available for sale	**2,772**	2,137
Proceeds from fixed maturity securities held to maturity	**46**	18
Sales of trading securities	**14,196**	—
Sales of flight equipment	**128**	27
Sales or distributions of other invested assets	**4,895**	2,701
Payments received on mortgage and other loans receivable	**1,843**	733
Principal payments received on finance receivables held for investment	**3,510**	3,349
Purchases of fixed maturity securities available for sale and hybrid investments	**(21,054)**	(34,016)
Purchases of equity securities available for sale	**(2,512)**	(2,436)
Purchases of fixed maturity securities held to maturity	**(16)**	(9)
Purchases of trading securities	**(9,126)**	—
Purchases of flight equipment (including progress payments)	**(1,388)**	(1,917)
Purchases of other invested assets	**(6,363)**	(5,740)
Mortgage and other loans receivable issued	**(1,711)**	(2,543)
Finance receivables held for investment — originations and purchases	**(4,978)**	(3,409)
Change in securities lending invested collateral	**4,153**	(5,521)
Net additions to real estate, fixed assets, and other assets	**(237)**	(259)
Net change in short-term investments	**(1,682)**	(1,250)
Net change in non-AIGFP derivative assets and liabilities	**(155)**	38
Net cash provided by (used in) investing activities	**$ 3,529**	$(18,024)
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholders' contract deposits	**$ 16,439**	$ 14,001
Policyholders' contract withdrawals	**(15,600)**	(15,309)
Change in other deposits	**629**	(1,340)
Change in commercial paper and extendible commercial notes	**112**	396
Long-term borrowings issued	**12,559**	24,358
Repayments on long-term borrowings	**(19,908)**	(16,324)
Change in securities lending payable	**(4,200)**	5,716
Issuance of treasury stock	**14**	52
Payments advanced to purchase treasury stock	**(1,000)**	(3,000)
Cash dividends paid to shareholders	**(498)**	(430)
Acquisition of treasury stock	**—**	(16)
Other, net	**(222)**	112
Net cash provided by (used in) financing activities	**$(11,675)**	$ 8,216
Supplementary disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	**$ 1,615**	$ 1,901
Taxes	**$ (901)**	$ 640
Non-cash financing activities:		
Interest credited to policyholder accounts included in financing activities	**$ 1,241**	$ 2,879
Treasury stock acquired using payments advanced to purchase shares	**$ 1,733**	$ 149
Non-cash investing activities:		
Debt assumed on acquisitions and warehoused investments	**$ —**	$ 638

See Accompanying Notes to Consolidated Financial Statements.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant
Balance Sheet — Parent Company Only

Schedule II

December 31, *(in millions)*	2007	2006
Assets:		
Cash	**$ 84**	$ 76
Invested assets	**14,648**	7,346
Carrying value of subsidiaries and partially owned companies, at equity	**111,714**	109,125
Premiums and insurance balances receivable — net	**311**	222
Other assets	**9,103**	3,767
Total assets	**135,860**	120,536
Liabilities:		
Insurance balances payable	**43**	21
Due to affiliates — net	**3,916**	1,841
Notes and bonds payable	**20,397**	8,917
Loans payable	**500**	700
AIG MIP matched notes and bonds payable	**14,274**	5,468
Series AIGFP matched notes and bonds payable	**874**	72
Other liabilities	**55**	1,840
Total liabilities	**40,059**	18,859
Shareholders' equity:		
Common stock	**6,878**	6,878
Additional paid-in capital	**1,936**	2,590
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income	**4,643**	9,110
Treasury stock	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities and shareholders' equity	**$135,860**	$120,536

See Accompanying Notes to Financial Statements — Parent Company Only.

Statement of Income — Parent Company Only

Years Ended December 31, *(in millions)*	2007	2006	2005
Agency income (loss)	**$ 10**	$ 9	$ 3
Financial services income	**69**	531	507
Asset management income (loss)	**99**	34	(3)
Cash dividend income from consolidated subsidiaries	**4,685**	1,689	1,958
Dividend income from partially-owned companies	**9**	11	127
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**3,121**	13,308	10,156
Other expenses, net	**(2,566)**	(1,371)	(2,203)
Cumulative effect of an accounting change	**—**	34	—
Income before income taxes	**5,427**	14,245	10,545
Income taxes (benefits)	**(773)**	197	68
Net income	**$ 6,200**	$14,048	$10,477

See Accompanying Notes to Financial Statements — Parent Company Only.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant *Continued*

Statement of Cash Flows — Parent Company Only

Schedule II

Years Ended December 31, (in millions)	2007	2006	2005
Cash flows from operating activities:			
Net income	$ 6,200	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	(9,941)	(13,308)	(10,156)
Foreign exchange transaction (gains) losses	333	232	—
Changes in operating assets and liabilities:			
Change in premiums and insurance balances receivable and payable	(44)	(423)	15
Loan receivables held for sale — purchases	(404)	—	—
Sales of loan receivables — held for sale	40	—	—
Other, net	3,046	(1,139)	1,518
Total adjustments	(6,970)	(14,638)	(8,623)
Net cash provided by (used in) operating activities	(770)	(590)	1,854
Cash flows from investing activities:			
Purchase of investments	(7,640)	(7,875)	—
Sale of investments	3,057	3,402	—
Change in short-term investments	(3,631)	414	(598)
Contributions to subsidiaries and investments in partially owned companies	(755)	(3,017)	(966)
Mortgage and other loan receivables — originations and purchases	(2,026)	(423)	—
Payments received on mortgages and other loan receivables	498	15	—
Other, net	(240)	(159)	(117)
Net cash used in investing activities	(10,737)	(7,643)	(1,681)
Cash flows from financing activities:			
Notes, bonds and loans issued	20,582	12,038	2,101
Repayments of notes, bonds and loans	(1,253)	(2,417)	(607)
Issuance of treasury stock	217	163	82
Cash dividends paid to shareholders	(1,881)	(1,638)	(1,421)
Payments advanced to purchase shares	(6,000)	—	—
Acquisition of treasury stock	(16)	(20)	(176)
Other, net	(134)	(7)	21
Net cash (used in) provided by financing activities	11,515	8,119	—
Change in cash	8	(114)	173
Cash at beginning of year	76	190	17
Cash at end of year	$ 84	$ 76	$ 190

NOTES TO FINANCIAL STATEMENTS — PARENT COMPANY ONLY

(1) Agency operations conducted in New York through the North American Division of AIU are included in the financial statements of the parent company.

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) "Equity in undistributed net income of consolidated subsidiaries and partially owned companies" in the accompanying Statement of Income — Parent Company Only — includes equity in income of the minority-owned insurance operations.

AIG

Financial Update

August 4, 2008

Total Capital ($ in mil)

	June 30, 2008	March 31, 2008	December 31, 2007
Shareholders' Equity	$78,088	$79,703	$95,801
Junior Subordinated Debt	12,866	5,898	5,809
Junior Subordinated Debt Attributable to Equity Units	5,880	0	0
Total Capital	$ 96,834	$ 85,601	$ 101,610

AIG

Shareholders' Equity Roll Forward ($ in mil)

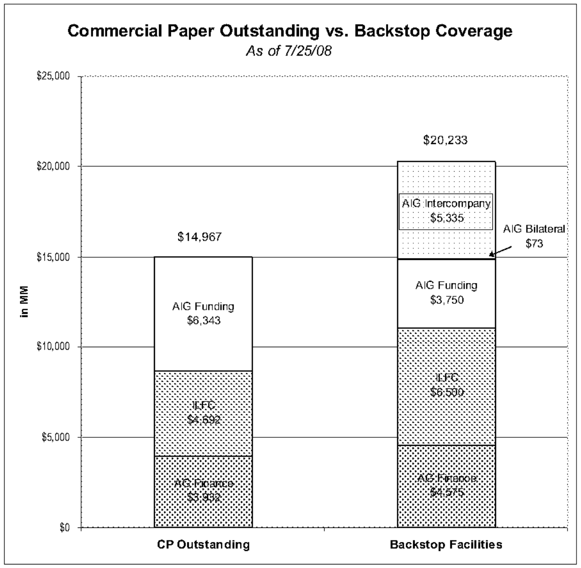
March 31, 2008 Shareholders' Equity		$ 79,703
Net Loss for Second Quarter		
- Adjusted Net Income (ex. Capital Markets Unrealized Market Valuation Losses)	2,296	
- Capital Markets Unrealized Market Valuation Losses	(3,617)	
- Net Realized Capital Losses	(4,019)	
- FAS 133 Gains (Losses) , Net	(17)	
Net Loss		(5,357)
Unrealized Appreciation (Depreciation) of Investments, Net		(2,617)
Foreign Currency Translation Adjustment, Net		(111)
Dividends to Shareholders		(633)
Sale of Equity Units		0
- Present Value of Future Contract Adjustment Payments		(431)
Common Stock Issued		7,343
Change in All Other Comprehensive Income, Net		191
June 30, 2008 Shareholders' Equity		**$ 78,088**

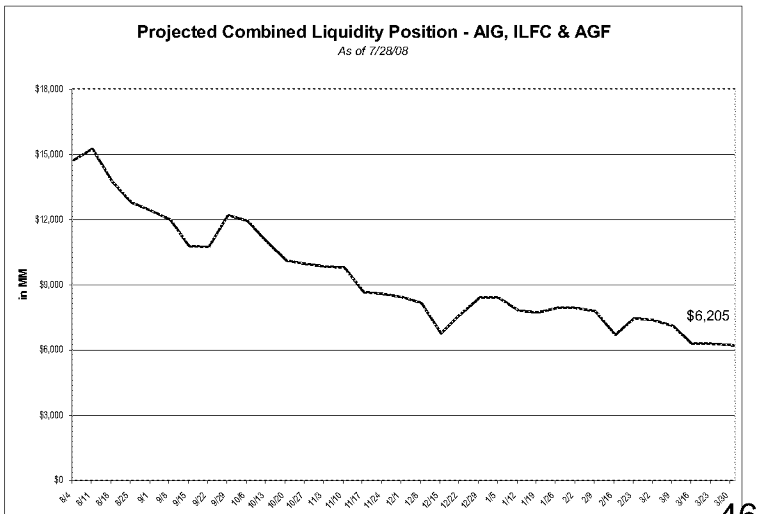
Estimated Effects of Market Disruption on Equity

	Three Months Ended			
		June 30, 2008		March 31, 2008
AIGFP unrealized market valuation loss		($3,617)		($5,920)
Realized capital losses:				
Severity	($4,843)		($4,105)	
EITF 99-20	(738)		(137)	
Intent	(241)		(779)	
Issuer-specific	(322)		(171)	
Income tax benefit	2,150		1,817	
Net		(3,994)		(3,375)
Change in unrealized depreciation, net	(2,617)		(6,929)	
Less foreign portfolio changes, net (interest, FX, etc.)	3,543		1,504	
Income taxes on foreign portfolio changes	(997)		(526)	
Net		(71)		(5,951)
Total		($7,682)		($15,246)

AIG Commercial Paper - Funding Liquidity for AIG, ILFC & AGF

- **Summary of commercial paper programs versus the backstop facilities for each entity**





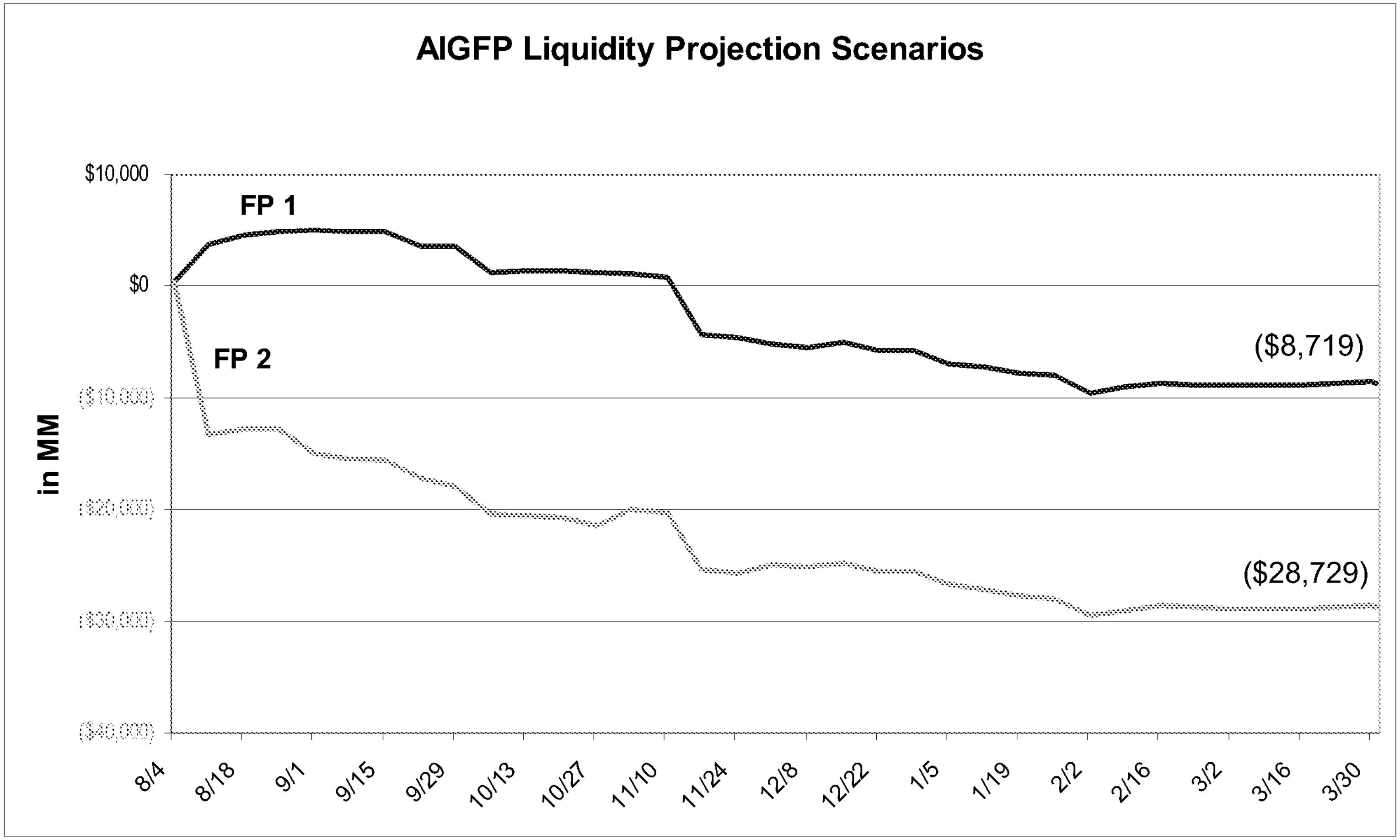
- If AIG were unable to issue commercial paper due to a severe disruption in the CP market, or to AIG-specific issues, the commercial paper issuing entities could draw down $20.2 billion under existing, committed backstop facilities. This compares against a total of $15.0 billion in CP currently outstanding for these issuers with $5.2 billion still available.

- This cash could then be used to meet all liquidity needs, including repayment of maturing CP, payment of all principal and interest on debt when due, payment of quarterly shareholder dividends ($1.95 billion through 1st quarter of 2009).

  - ❑ This projection does not include any unusual events, such as extraordinary dividends or other cash calls

AIG Financial Products

- **Liquidity Position for FP under Stress Scenarios 1 & 2**

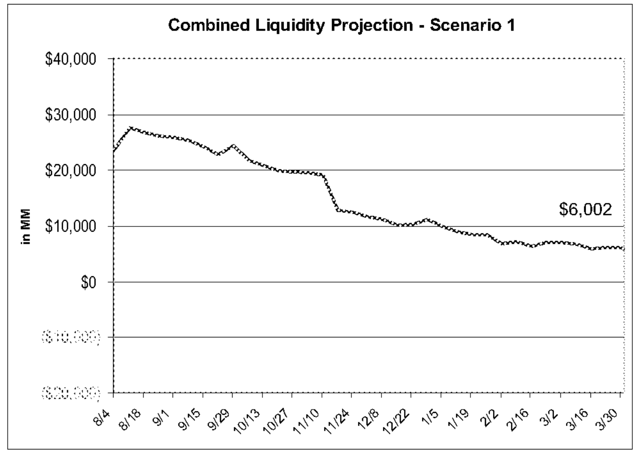


AIG Combined Views

AIG developed two stress scenarios in order to test the Company's ability to meet its near term obligations and maintain solvency and confidence.

Scenario 1 **Key Assumptions**

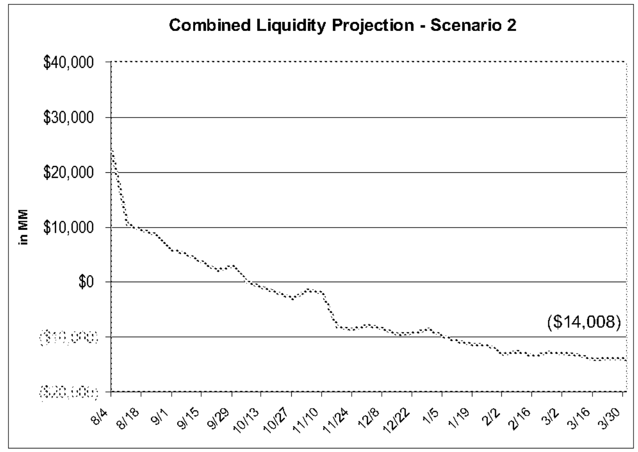
- Utilization of liquidity through CP or backstop facilities, MIP assets and the remaining proceeds from capital raise
- A significant deterioration in FP's liquidity position from inability to roll its maturing liabilities or repos
- Offset by monetization of unencumbered assets, portfolio trades, and various other transactions providing liquidity at FP



Scenario 1 results through 1Q'09 projects a cash position of $6.0 bill.

Scenario 2 **Key Assumptions**

- All assumptions from Scenario 1 are incorporated
- FP experiences additional margin calls resulting from severe adverse market developments
- Additional collateral calls due to a one notch downgrade by Moody's and S&P
- Additional liquidity withdrawals from FP clients due to credit concerns



Scenario 2 results through 1Q'09 projects a cash deficit of ($14.0) bill.

Explanation of Differences in Key Assumptions between May and July Analyses
Stress Scenario 1

Category	May	July	Difference	
Opening Cash balance	**7,660,000**	**1,681,000**	**(5,979,000)**	
Maturing debt	(10,902,708)	(7,993,920)	**2,908,788**	
Other scheduled cashflows	(940,573)	4,038,642	**4,979,215**	
	(4,183,281)	(2,274,278)	1,909,003	
Nightingale	(523,850)		**523,850**	
Collateral / margin calls	(2,500,000)	(10,000,000)	**(7,500,000)**	**A**
Gold leases	(394,500)		**394,500**	
Curzon CP	(1,514,649)	(100,686)	**1,413,963**	**B**
Monetization of assets	17,000,000	6,500,000	**(10,500,000)**	**C**
MTN and EMTN	(392,660)	(265,960)	**126,700**	
Repo Rollover issues	(699,583)	(1,647,018)	**(947,435)**	
2a7 liquidity puts	(857,966)	(680,756)	**177,210**	
Portfolio trades	156,000		**(156,000)**	
Private Equity		(250,000)	**(250,000)**	
Closing balance	**6,089,511**	**(8,718,698)**	**(14,808,209)**	

A In the July analysis, AIG employed a significantly more severe assumption for the potential future collateral calls related to AIGFP's super senior credit derivatives as compared to the assumptions used in the May analysis. For the May analysis, AIG has assumed an additional $2.5 billion in collateral calls, based on the premise of markets remaining stable. Since then, AIG FP had posted an additional $6 billion, bringing the total posting to $16 billion. In the July analysis, AIG is assuming an additional $10 billion on top of the $16 billion already posted. In order for AIG to post an additional $10 billion, the valuations of the super senior CDO securities would have to further deteriorate by an amount in excess of the $10 billion.
As the majority of the mark to market losses recognized and collateral postings to date relate to the portion of the portfolio that includes some exposure to sub-prime, a further $13 billion deterioration of the value of these positions would equate to a drop in price by 17 points (ignoring amortization). If reduced by 17 points, then the average price for AIGFP's hi-grade CDOs will be 51 and the average price for the mezzanine CDOs would be 42.

AIGFP's Super Senior CDO Portfolio Containing Sub-prime RMBS

	Notional ($ billion)	AIG June Avg Price	AIG June Avg Prices Adjusted by 17
Hi-grade	$ 41.956	67.81%	50.81%
Mezzanine	$ 15.842	58.82%	41.82%
	$ 57.798		

B The May analysis assumed that $1.5 billion in short-term debt issued by Curzon will not roll. AIG revised this assumption in the July analysis as only $100 million is currently rolling overnight.

C The July analysis only considers unencumbered assets at AIGFP. It does not consider unencumberred assets at Banque AIG or assets held by AIG Inc on behalf of AIGFP. Total amount of additional unencumbered assets available to AIGFP to monetize that are not reflected above are approximatey $7.5 billion. While not considered in this analysis, these are assets available to AIG to monetize.

Explanation of Differences in Key Assumptions between May and July Analyses
Stress Scenario 2

Category	May	July	Difference	
Opening Cash balance	**7,660,000**	**1,681,000**	**(5,979,000)**	
Maturing debt	(10,902,708)	(7,993,920)	**2,908,788**	
Other scheduled cashflows	(940,573)	4,038,642	**4,979,215**	
	(4,183,281)	(2,274,278)	1,909,003	
Nightingale	(523,850)		**523,850**	
Collateral / margin calls	(11,500,000)	(13,000,000)	**(1,500,000)**	**A**
Gold leases	(394,500)		**394,500**	
Curzon CP	(6,392,216)	(5,572,409)	**819,807**	
Monetization of assets	21,500,000	11,500,000	**(10,000,000)**	**B**
Commodity call	(817,197)	(750,000)	**67,197**	
Ratings downgrade	(8,698,898)	(13,416,507)	**(4,717,609)**	**C**
Liquidity withdrawals	(1,400,000)	(2,371,958)	**(971,958)**	**D**
MTN and EMTN	(392,660)	(265,960)	**126,700**	
Repo Rollover issues	(699,583)	(1,647,018)	**(947,435)**	**D**
2a7 liquidity puts	(857,966)	(680,756)	**177,210**	
Portfolio trades	156,000		**(156,000)**	
Private Equity		(250,000)	**(250,000)**	
Closing balance	**(14,204,151)**	**(28,728,886)**	**(14,524,735)**	

A

In the July analysis, AIG employed a significantly more severe assumption for the potential future collateral calls related to AIGFP's super senior credit derivatives as compared to the assumptions used in the May analysis. For the May analysis, AIG has assumed an additional $11.5 billion in collateral calls. Since then, AIG FP had posted an additional $6 billion, bringing the total posting to $16 billion. In the July analysis, AIG is assuming an additional $13 billion on top of the $16 billion already posted. In order for AIG to post an additional $13 billion, the valuations of the super senior CDO securities would have to further deteriorate by an amount in excess of the $13 billion.

As the majority of the mark to market losses recognized and collateral postings to date relate to the portion of the portfolio that includes some exposure to sub-prime, a further $13 billion deterioration of the value of these positions would equate to a drop in price by 22 points (ignoring amortization). If reduced by 22 points, then the average price for AIGFP's hi-grade CDOs will be 46 and the average price for the mezzanine CDOs would be 37.

AIGFP's Super Senior CDO Portfolio Containing Sub-prime RMBS

	Notional ($ billion)	AIG June Avg Price	AIG June Avg Prices Adjusted by 22
Hi-grade	$ 41.956	67.81%	45.81%
Mezzanine	$ 15.842	58.82%	36.82%
	$ 57.798		

B The July analysis only considers unencumbered assets at AIGFP. It does not consider unencumberred assets at Banque AIG or assets held by AIG Inc on behalf of AIGFP. Total amount of additional unencumbered assets available to AIGFP to monetize that are not reflected above are approximatey $7.5 billion. While not considered in this analysis, these are assets available to AIG to monetize.

C A two-notch downgrade from Aa2 by Moody's only was assumed in the May analysis, while a one-notch downgrade from Aa3 by both Moody's and S&P is assumed in the July analysis. A split rating between Moody's and S&P reduces the liquidity demands by approximately $3 billion.

D More severe assumptions were assumed for the contagion effect of a rating downgrade on AIGFP's outstanding business from counterparties electing to terminate trades with AIGFP.

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** May. 8, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members:	

Reason for Rating Committee: Address AIG's 1Q08 results, including incremental unrealized MTM losses on CDC ($9.1 bln pretax), net realized capital losses on investments ($6.1 bln pretax) and unrealized depreciation investments ($10.8 bln pretax), as well as AIG's plan to raise $12.5 – 15.0 bln of capital, including common stock and hybrids.

Last Rating Action *(include date and reason)***:** March 3, 2008 – Affirmed AIG's ratings following its announcement of 4Q and full-year 2007 results.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):** Local Currency	**Current Ratings (LT/ST):** Foreign Currency	**Current Ratings (LT/ST):** National Scale	**Proposed Ratings (LT/ST):** Local Currency	**Proposed Ratings (LT/ST):** Foreign Currency	**Proposed Ratings (LT/ST):** National Scale
AIG						
Long-term issuer	Aa2			Aa3		
Senior unsecured debt	Aa2			Aa3		
Senior unsecured shelf	(P)Aa2			(P)Aa3		
Subordinated shelf	(P)Aa3			(P)A1		
Preferred shelf	(P)A1			(P)A2		
Short-term issuer	P-1			P-1		
Outlook	Negative			Stable		
New mandatory converts. (Basket D)				A1		
New junior subord. debs. (Basket D)				A1		
See page 13 for full rating list						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for Recommendation

Neg: AIG has reported large realized and unrealized losses and unrealized depreciation over the past six months, nearly all related to the US residential mortgage market, as summarized below.

AIG Mortgage Related Losses/Writedowns	4Q 2007		1Q 2008		4Q & 1Q Totals		Where
($ Blns)	Pretax	After-tax	Pretax	After-tax	Pretax	After-tax	reported
Unrealized market valuation losses on AIGFP's super-senior CDS portfolio	11.1	7.2	9.1	5.9	20.2	13.1	IS
Net realized capital losses *	2.6	1.7	6.1	3.9	8.7	5.6	IS
Operating losses at United Guaranty	0.3	0.2	*0.4*	0.3	0.7	0.5	IS
Totals through IS	**14.0**	**9.1**	**15.6**	**10.1**	**29.6**	**19.2**	
Unrealized depreciation of investments	*3.9*	2.5	10.8	6.9	14.7	9.4	BS
Totals through IS & BS	**17.9**	**11.6**	**26.4**	**17.0**	**44.3**	**28.6**	
* Market severity OTTI included above	2.2		4.0		6.2		
Italicized amounts estimated by BB							

AIG Consolidated Financial Highlights	12 mos	9 mos	3 mos	12 mos	3 mos
($ Blns)	12/31/2006	9/30/2007	12/31/2007	12/31/2007	3/31/2008
Revenues	113.4	91.6	18.4	110.1	
Pretax income	21.7	17.4	-8.4	8.9	
Net income (loss)	14.0	11.5	-5.3	6.2	-7.8
Total assets	979.4	1,072.1	1,060.5	1,060.5	
Shareholders' equity	101.7	104.1	95.8	95.8	79.7
Change in equity vs 9/30/2007 ($)	--	--	-8.3		-24.4
Change in equity vs 9/30/2007 (%)			-8.0%		-23.4%

Neg: AIG is exposed to mortgage markets on multiple fronts – super-senior CDS at AIGFP; insurance investments (including securities lending collateral), insured mortgages at United Guaranty, and owned mortgages at American General Finance. These exposures have added volatility to AIG's financial results (thereby reducing financial flexibility), and have management time and energy. The CEO of AIGFP has resigned and the company is making an internal change in leadership of the Financial Services segment.

Neg: The mortgage exposures heighten liquidity risk in the affected operations. As of Feb. 26, 2008, AIGFP had posted $5.3 bln of collateral against super-senior CDS positions. The company estimated that it would need to post an additional $1.4 bln in the event of a downgrade to Aa3 by Moody's and/or AA- by S&P. The securities lending book could face withdrawals/exits by securities borrowers, prompting AIG to sell RMBS at a loss or to draw upon more liquid securities in other areas, although the borrowing has been steady to date.

Pos/neg: AIG plans to raise $12.5 - $15 bln of common equity and Basket D hybrids (mandatory convertible securities and junior subordinated debentures) to replenish much of its equity. The new capital will far exceed the expected economic losses related to mortgages. On the other hand, the hybrids will increase the company's fixed charge burden, reducing earnings coverage from historic levels of about 20x to a likely range of 9x – 13x.

Pos/neg: AIG remains one of the world's largest and most diversified financial service firms, with an ability to generate capital quickly. However, core earnings appear to have flattened or weakened over the past year, reflecting a softening P&C market, slow growth in the US life operations, and weaker results in mortgage-exposed businesses such as AIGFP, United Guaranty and American General Finance.

Pos: We continue to believe that the ultimate economic losses on AIG's mortgage exposures will be a modest fraction of the MTM losses/depreciation. The super-senior CDS portfolio is well underwritten and the RMBS portfolio is of generally high quality. We believe that AIG will recoup a large portion of the recent declines through income and equity as the mortgage market recovers.

Subsidiary ratings: See page 13 for recommendations.

Contents

Press Release of March 3, 2008

Moody's affirms AIG's ratings and maintains negative outlook

New York, March 03, 2008 -- Moody's Investors Service has affirmed the ratings of American International Group, Inc. (NYSE: AIG -- senior unsecured debt rating of Aa2), following the company's announcement of a $5.3 billion net loss for the fourth quarter of 2007. The net result includes significant unrealized market valuation losses on super-senior credit default swaps (CDS) on multi-sector collateralized debt obligations with subprime mortgage content. Moody's said that AIG's super-senior CDS have more moderate exposure to recent mortgage vintages than those of many other market participants, such that AIG's ultimate economic losses may be materially smaller than estimated market values would suggest. Nevertheless, the rating agency said that a material increase in market valuation losses and/or a realization of significant economic losses on this portfolio could lead to a downgrade of AIG's ratings. The rating outlook for AIG remains negative.

AIG's fourth-quarter 2007 results included a $7.2 billion after-tax unrealized market valuation loss on super-senior CDS as well as $2.1 billion of after-tax realized capital losses, mainly from other-than-temporary impairment of investment securities. Also in the fourth quarter, AIG posted to its equity account $2.5 billion in after-tax unrealized depreciation of investments. All of these charges pertained largely to subprime mortgage exposures.

Moody's changed AIG's rating outlook to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure, along with the company's trend toward higher operating and financial leverage over the past few years. The rating agency noted that uncertainty surrounding the valuation of subprime mortgage exposures could add significant volatility to AIG's earnings and capital position over the near-to-medium term, thereby weakening the firm's financial flexibility to some extent.

In addition to the super-senior CDS portfolio, Moody's is monitoring the residential mortgage-backed securities (RMBS) held by AIG's insurance subsidiaries, both directly and through securities lending activities. Moody's noted that AIG generally holds well diversified senior tranches within RMBS pools, such that the ultimate economic losses on these securities may be significantly smaller than current market values would suggest. Still, Moody's is concerned that market value fluctuations on RMBS could add volatility to the earnings and capital levels of specific insurance subsidiaries and to AIG as a whole.

Other areas of potential volatility for AIG are the subprime and second-lien mortgage portfolios insured by the Mortgage Guaranty unit, as well as the subprime and non-prime mortgage loans held by the Consumer Finance unit.

According to Moody's, AIG's ratings reflect its leading positions in many insurance markets, its broad business and geographic scope, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services businesses, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market. Moody's expects that AIG will maintain its strategic focus on insurance, with Financial Services accounting for no more than 20% of consolidated operating income.

Moody's cited the following factors that could lead to a stable rating outlook for AIG: (i) improvements in stand-alone credit profiles of major operating units, (ii) continued strong group profitability, with returns on equity exceeding 15%, (iii) remediation of all material weaknesses in internal controls over financial reporting, and (iv) adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%.

Moody's cited the following factors that could lead to a rating downgrade for AIG: (i) a decline in the stand-alone credit profile of one or more substantial operating units, (ii) a decline in group profitability, with returns on equity remaining below 12% over the next few quarters, (iii) a decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage remaining below 15x over the next few quarters, or (iv) incremental subprime-related realized and/or unrealized after-tax losses exceeding $5 billion.

The last rating action on AIG took place on February 12, 2008, when Moody's changed the rating outlook to negative from stable.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $110.1 billion and net income of $6.2 billion for the year 2007. Shareholders' equity was $95.8 billion as of December 31, 2007.

For more information, please visit our website at www.moodys.com/insurance.

Credit Opinion (published March 18, 2008)

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Key Indicators

Key Indicators
American International Group, Inc. [1]

	2007	2006	2005	2004	2003
Total Assets ($ Mil.)	$ 1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage	18.2%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.)	6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.)	11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements.
NB: Some financial leverage and coverage ratios have changed versus prior Moody's reports because of reclassification of portions of debt and interest between financial and operating amounts.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa2, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic (US) operations, with nearly 60% coming from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

Moody's changed the rating outlook for AIG to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure, along with the company's trend toward higher financial and operating leverage over the past few years. Moody's also changed the rating outlooks to negative from stable on several AIG subsidiaries (i) that have substantial exposure to the US subprime mortgage market, or (ii) whose ratings rely on significant explicit or implicit support from the parent company.

The Capital Markets unit has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. AIG's auditors have concluded that the company had a material weakness related to the valuation process as of December 31, 2007.

Moody's notes that AIG's multi-sector CDOs have more moderate exposure to recent vintages than those of many other participants in this market, such that the ultimate economic losses may be materially smaller than estimated market values would suggest. Moreover, the internal control weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, a material increase in market valuation losses and/or a realization of significant economic losses on this portfolio could lead to a downgrade of AIG's ratings.

AIG also faces volatility in connection with its investments in residential mortgage-backed securities, including subprime and Alt-A securities, a majority of which are held by AIG's US life insurance subsidiaries, both directly and through securities lending activities. AIG generally holds well diversified senior tranches within RMBS pools, such that the ultimate economic losses on these securities may be significantly smaller than current market values would suggest. Still, Moody's is concerned that market value fluctuations on RMBS could add volatility to the earnings and capital levels of specific insurance subsidiaries and to AIG as a whole. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by the Mortgage Guaranty unit, as well as the subprime and non-prime mortgage loans held by the Consumer Finance unit.

Moody's has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating sufficient capital strength and earnings power to support the existing ratings. We will continue this process in the months ahead, incorporating our revised expectations for cumulative losses across different loan types.

AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Credit Profile of Significant Subsidiaries/Activities

Domestic General Insurance (2007 revenues: $38.0 billion, 35% of consolidated total)

The Domestic General Insurance segment encompasses the Domestic Brokerage Group (DBG), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa2 insurance financial strength (IFS) ratings (negative outlook) on eight members of DBG, reflecting DBG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by DBG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance. The DBG ratings incorporate a notch of uplift from the affiliation with AIG, which has a history of supporting these and other subsidiaries. Absent such support, the DBG members would have stand-alone ratings of Aa3.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains Aa2 IFS ratings (negative outlook) on four members of AIG's Mortgage Guaranty unit, led by United Guaranty Residential Insurance Company (UGRIC). The ratings are based on the group's historically sound underwriting, strong lender relationships and explicit support from affiliates. Three of the companies are supported by net worth maintenance agreements from AIG plus excess-of loss reinsurance covers provided by a DBG member. The fourth company is supported by an unconditional guaranty from UGRIC. Absent such explicit support, these companies would have lower stand-alone ratings. The stand-alone credit profiles have been weakened by growing losses in the insured portfolios of subprime and non-prime first-lien and second-lien mortgage loans.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a DBG company in December 2007. The Aa2 IFS rating (negative outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates. Absent such support, AIG UK's stand-alone rating would be Aa3.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results over the past few years. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIG GI Taiwan), and merged the Taiwan branch of a DBG company into AIG GI Taiwan. Moody's upgraded the IFS rating of AIG GI Taiwan from Baa1 to A2 in July 2007 and to A1 (stable outlook) in March 2008. With a stand-alone rating of A3, AIGGI Taiwan receives two notches of rating uplift from parental support in the form of financial flexibility, transfer of technical knowledge, management expertise and risk sharing.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's maintains Aa1 IFS ratings (negative outlook) on seven members of the Domestic Life Insurance & Retirement Services segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-

selling arrangements, and common investment management and administrative services. These strengths are tempered by persistent competition in the mature US market for protection and savings products, and by the group's significant exposure to US subprime and Alt-A RMBS, held directly and through securities lending activities.

Moody's maintains Aa2 ratings (negative outlook) on three SunAmerica companies that have booked substantial spread-based investment business through the sale of GIC-backed notes to investors. In 2005, AIG shifted this activity to a new Matched Investment Program (MIP - now part of the Asset Management segment) and placed the SunAmerica GIC portfolio into runoff. Our Aa2 ratings on these companies reflect the heightened asset and liquidity risks associated with a runoff portfolio, although we believe that AIG is managing the runoff effectively. AIG also provides net worth maintenance agreements in support of the SunAmerica companies.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

Foreign Life Insurance & Retirement Services encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, healthy capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa2, negative outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock. The AIAB rating incorporates one notch of uplift from the AIG ownership and support. Absent such support, the stand-alone rating would be Aa3.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, stable outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower.

The Capital Markets unit comprises the global operations of AIG Financial Products Corp. (AIGFP - backed long-term issuer rating of Aa2, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa2 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US subprime mortgage market through super-senior CDS and cash CDOs, as noted above.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated A1, stable outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and modest lift from the AIG relationship. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of year-end 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards will help the company to weather the housing market slump relatively well.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's MIP. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US subprime mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

- Sizable exposure to the US subprime mortgage market through various business units and activities

Rating Outlook

AIG's rating outlook was changed to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure. A material increase in market valuation losses and/or a realization of significant economic losses on this portfolio could lead to a downgrade of AIG's ratings.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improvements in stand-alone credit profiles of major operating units

- Continued strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- A decline in group profitability, with returns on equity remaining below 12% over the next few quarters

- A decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage remaining below 15x over the next few quarters

- Incremental subprime-related realized and/or unrealized after-tax losses exceeding $5 billion

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $110.1 billion and net income of $6.2 billion for 2007, as compared to $113.4 billion and $14.0 billion for 2006. AIG's 2007 results included a $7.5 billion after-tax unrealized market valuation loss on super-senior CDS as well as $2.8 billion of after-tax realized capital losses, mainly from other-than-temporary impairment of investment securities. These charges pertained largely to subprime mortgage exposures. Shareholders' equity was $95.8 billion as of December 31, 2007.

Capital Structure and Liquidity

Moody's believes that AIG's financial flexibility has been weakened somewhat by the firm's exposure to the US subprime mortgage market and the related earnings and capital volatility, as reflected in the negative rating outlook. AIG's adjusted financial leverage has increased from 14.9% at year-end 2005 to 18.2% at year-end 2007. The company issued approximately $5.6 billion of junior subordinated debentures (Basket D hybrids) during 2007, using substantially all of the net proceeds to repurchase common stock. Moody's expects the company to keep its adjusted financial leverage below 20%.

AIG's adjusted pretax interest coverage fell from 20.5x in 2006 to 6.5x in 2007, mainly because of the large subprime-related charges in 2007 as well as the incremental interest expense on hybrid securities issued during the past year. Moody's expects this coverage to return to stronger levels over time, but notes that it could be subject to subprime-related earnings volatility in the near term.

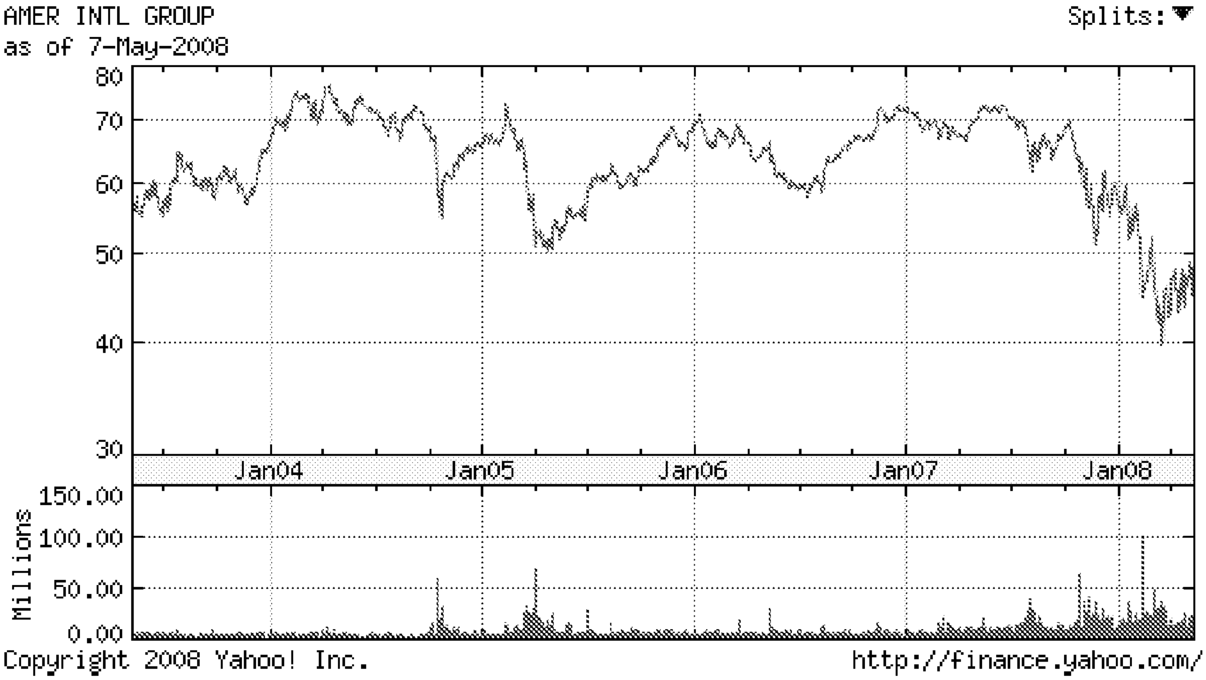
Moody's believes that AIG has sufficient liquidity - through dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years. A majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Largely as a result of such regulations, approximately 81% of the aggregate equity of AIG's consolidated subsidiaries was restricted from immediate transfer to the parent company as of year-end 2007. Still, barring a major disruption, the parent has access to approximately $18.2 billion (19% of consolidated equity at year-end 2007) from its subsidiaries during 2008. This amounts to 11.2x coverage of adjusted interest expense for 2007 - a level consistent with the rating category.

AIG gets a portion of its funding through a $7 billion commercial paper program ($4.2 billion outstanding at year-end 2007). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2008 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of December 31, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):

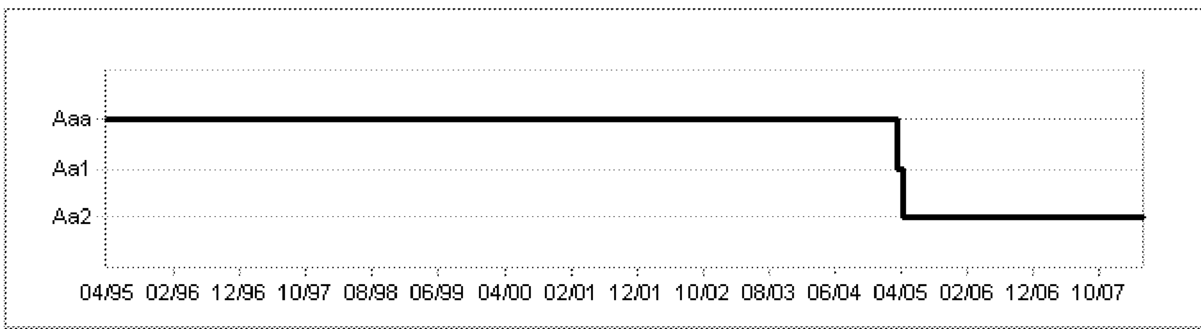
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt over the past year by market concerns over subprime mortgage exposures.

Stock Chart



Market capitalization: $114 billion

Rating History



Organizational Structure with Rated Entities

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Rec Rating	Current Outlook	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa2	Aa3	Negative	Stable
			Sr Unsec Debt			Aa2	Aa3		
			Sr Unsec Shelf			(P)Aa2	(P)Aa3		
			Subord Shelf			(P)Aa3	(P)A1		
			Prfrd Shelf			(P)A1	(P)A2		
			ST Issuer			P-1	P-1		
AIG Capital Corporation	DE								
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	P-1	Stable	Stable
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	A1	Stable	Stable
			Sr Unsec Debt		A2	A1	A1		
			ST Debt			P-1	P-1		
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	A3	Stable	Stable
Yosemite Insurance Company	IN	Fin Svcs							
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	P-1	Stable	Stable
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	A1	Stable	Stable
			ST Debt			P-1	P-1		
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	A3	Stable	Stable
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)Aa3	(P)A1	Negative	Stable
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa2	Aa3	Negative	Stable
			Bkd ST Debt	AIG G'tee		P-1	P-1		
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
			Bkd ST Debt	AIG G'tee		P-1	P-1		
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	P-1	Stable	Stable
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs							
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs							
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Aa2	Stable	Stable
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa2	*Aa2*	Negative	*Negative*
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs							
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	*Aa1*	Negative	*Negative*
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	*Aa1*	Negative	*Negative*
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	*Aa1*	Negative	*Negative*
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	*Aa1*	Negative	*Negative*
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	*Aa1*	Negative	*Negative*
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	*Aa1*	Negative	*Negative*
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	*Aa1*	Negative	*Negative*
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	A1	Negative	Stable
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	A1	Negative	Stable
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	P-1	Stable	Stable
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins							
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins							
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A1	A1	Stable	Stable
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	A2	Stable	Stable
			Sr Unsec Shelf			(P)A2	(P)A2		
			Subord Shelf			(P)A3	(P)A3		
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Aa3	Stable	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	*Aa2*	Negative	*Negative*
United Guaranty Corporation	NC	Domes Gen Ins							
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa2	*Aa2*	Negative	*Negative*
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt				Negative	*Negative*
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee		Aa2	*Aa2*	Negative	*Negative*
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt		Aa2	*Aa2*	Negative	*Negative*
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa2	Aa3	Negative	Stable
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	*Aa2*	Negative	*Negative*
			Bkd ST IFS	AIG Agmt		P-1	P-1		
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	*Aa2*	Negative	*Negative*
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	*Aa2*	Negative	*Negative*
			Bkd ST IFS	AIG Agmt		P-1	P-1		
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	*Aa2*	Negative	*Negative*
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	*Aa2*	Negative	*Negative*
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	*Aa2*	Negative	*Negative*
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	*Aa2*	Negative	*Negative*
			Bkd ST IFS	AIG Agmt		P-1	P-1		
American International Underwriters Overseas, Ltd.	Bermuda								
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa2	*Aa2*	Negative	*Negative*
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Aa2	Stable	Stable

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

Note: Ratings marked in italics may need input from the lead analyst and/or a separate RCM.

Weighted Average Stand-alone Rating

($Mil.) Pretax Operating Income by Segment	YTD 9/30/2007	YTD 9/30/2007	Rated	Not Rated	Rated % of Total	Rated % of Rated	SA Rating	SA Rating	Public Rating
General Insurance									
Domestic Brokerage Group	5,662	5,662	5,662		29.9%	39.6%	Aa3	4	Aa2
Transatlantic Holdings, Inc.	508	508	508		2.7%	3.5%	Aa3	4	Aa3
Personal Lines	252	252		252					
Mortgage Guaranty*	-289	301	301		1.6%	2.1%	Aa3	4	Aa2
Total Domestic	**6,133**	**6,723**							
AIG General Insurance (Taiwan) Co., Ltd.		24	24		0.1%	0.2%	A3	7	A1
AIG UK Limited		1,291	1,291		6.8%	9.0%	Aa3	4	Aa2
Other Foreign General		1,069		1,069					
Total Foreign	**2,383**	**2,383**							
Other/Eliminations	-5	-595		-595					
Total General Insurance	**8,511**	**8,511**							
Life Insurance & Retirement Services									
Domestic Life Insurance	774	774							
Domestic Retirement Services	1,452	1,452							
Total Domestic	**2,226**	**2,226**	2,226		11.7%	15.6%	Aa1	2	Aa1
American Life Insurance Company		887	887		4.7%	6.2%	Aa2	3	Aa2
AIG Edison Life Insurance Company		1,140	1,140		6.0%	8.0%	Aa3	4	Aa2
Japan and Other	**2,753**	**2,027**							
American Life Insurance Company		444	444		2.3%	3.1%	Aa2	3	Aa2
American Int'l Assurance Co. (Bermuda) Limited		1,028	1,028		5.4%	7.2%	Aa3	4	Aa2
Asia	**1,921**	**1,471**							
Other Foreign		1,176		1,176					
Total Foreign	**4,674**	**4,674**							
Total Life Insurance & Retirement Services	**6,900**	**6,900**							
Financial Services									
Aircraft Leasing	625	625	625		3.3%	4.4%	A3	7	A1
Capital Markets	183	183		183					
Consumer Finance	180	180	180		0.9%	1.3%	A2	6	A1
Other	20	20		20					
Total Financial Services	**1,008**	**1,008**							
Asset Management									
Spread-based Investment Business	759	759		759					
Institutional Asset Management	1,406	1406		1406					
Brokerage Services, Mutual Funds and Other	376	376		376					
Total Asset Management	**2,541**	**2,541**							
Total Pretax Segment Operating Income	**18,960**	**18,960**	**14,315**	**4,645**	**75%**	**100%**			
Other/Eliminations	-1,581	-1,581							
Consolidated Pretax Operating Income	**17,379**	**17,379**							
Weighted Average Stand-alone Rating							**Aa3**	**3.8**	

** Mortgage Guaranty weighted based on earnings in prior-year period*

Summary of Reported and Modeled Losses

AIG Mortgage Related Losses/Writedowns	4Q 2007		1Q 2008		4Q & 1Q Totals		Where
($ Blns)	Pretax	After-tax	Pretax	After-tax	Pretax	After-tax	reported
Unrealized market valuation losses on AIGFP's super-senior CDS portfolio	11.1	7.2	9.1	5.9	20.2	13.1	IS
Net realized capital losses *	2.6	1.7	6.1	3.9	8.7	5.6	IS
Operating losses at United Guaranty	0.3	0.2	*0.4*	0.3	0.7	0.5	IS
Totals through IS	**14.0**	**9.1**	**15.6**	**10.1**	**29.6**	**19.2**	
Unrealized depreciation of investments	*3.9*	2.5	10.8	6.9	14.7	9.4	BS
Totals through IS & BS	**17.9**	**11.6**	**26.4**	**17.0**	**44.3**	**28.6**	
* Market severity OTTI included above	2.2		4.0		6.2		
Italicized amounts estimated by BB							

AIG Consolidated Financial Highlights	12 mos	9 mos	3 mos	12 mos	3 mos
($ Blns)	12/31/2006	9/30/2007	12/31/2007	12/31/2007	3/31/2008
Revenues	113.4	91.6	18.4	110.1	
Pretax income	21.7	17.4	-8.4	8.9	
Net income (loss)	14.0	11.5	-5.3	6.2	-7.8
Total assets	979.4	1,072.1	1,060.5	1,060.5	
Shareholders' equity	101.7	104.1	95.8	95.8	79.7
Change in equity vs 9/30/2007 ($)	--	--	-8.3		-24.4
Change in equity vs 9/30/2007 (%)			-8.0%		-23.4%

Summary results of AIG CDO & RMBS stress tests (Chris Mann's model)

($ mlns)	Total exposures	Modeled losses	RMBS losses grossed up*
CDO notional as of Sept. 30, 2007	65,421		
RMBS par as of Dec. 31, 2007	75,276		
Base case (15% losses on 2006 subprime first-lien)			
CDO		0	
RMBS		460	580
Stress case (21% losses on 2006 subprime first-lien)			
CDO		50	
RMBS		1,372	1,731
Extreme stress case (24% losses on 2006 subprime first-lien)			
CDO		211	
RMBS		2,047	2,582

** RMBS losses grossed up by 75.3 / (75.3 - 15.6) to account for the $15.6 bln of securities not found in Moody's system.*

AIG RMBS Portfolio as of March 31, 2008
Expected losses modeled by RMBS team (Greg Bessermann)

($ Mlns)	Par	Book value	Market value	Markdown to date ($)	Markdown to date (%)	Modeled losses ($)	Modeled losses (%)
RMBS excluding Agencies	73,003	67,784	56,778	-16,225	-22.2%		
Agencies		14,500	14,900				
Total RMBS		82,284	71,678				
Modeled portion	46,583					-805	-1.7%
Of which:							
Reviewed in 2008	42,382						
Not reviewed in 2008	4,202						
Not modeled	26,420						

Feedback on European regulatory capital portfolio

AIGFP provided data on its super-senior CDS portfolio designed to provide regulatory capital relief to European banks. As of March 31, 2008, this portfolio consisted of about 75 deals with total notional exposure of $336 bln. Underlying assets are mostly corporate loans and residential mortgages but also include derivative contracts, leveraged loans, SME(?) and trade receivables. AIGFP's average attachment point is just over 20%.

Our structured finance colleagues in London (Guillaume Lucien-Baugas, Tony Parry) reviewed the portfolio and provided the following feedback:

> The portfolio of senior exposures from AIG is in good shape. The CDO positions would all be classified in our lowest concern assets for haircut purposes which corresponds to "strong shape, no credit issues, but illiquidity discount due to market conditions". We would apply (for the time being, but this has not been committeed) a 6% haircut for MTM reasons to the CDO positions. These haircuts are due only to MTM movements and are useful to estimate potential writedowns when the securities are held in trading books.
>
> The RMBS positions would warrant haircuts of between 4% and 6%.
>
> There are no widespread rating actions on these asset classes in Europe right now.

The 6% MTM haircut is intended for ordinary Aaa tranches, and not for the full breadth of the super-senior positions of AIGFP. Upon further discussion, Guillaume suggested that a reasonable preliminary estimate for the portfolio MTM haircut would be $5 - $10 bln.

AIGFP asked two of its banks to estimate the market value of this portfolio and they responded as follows:

- One bank regarded the portfolio as strictly providing reg cap relief and estimated the portfolio MTM haircut as $750 mln.
- The other bank regarded the portfolio as providing both a reg cap and an economic benefit and estimated the portfolio MTM haircut as $5 bln.

AIGFP notes that counterparties either terminated or delivered termination notices on ~20 reg cap transactions during 1Q08, reducing the number of outstanding deals from ~95 to ~75. Several terminations involved contractual exit fees paid to AIGFP by counterparties and none of the terminations involved payments to counterparties by AIGFP. These terminations were a key factor supporting AIGFP's contention that close-out values in this portfolio are generally zero (resulting in no MTM loss and no related liability). We believe that the ultimate economic losses on this portfolio will be minimal.

Bank analysis of multi-sector CDO portfolio

As part of its due diligence for AIG's capital raising plan, JP Morgan reviewed AIGFP's multi-sector CDO portfolio of super-senior CDS. JP Morgan looked at just under half of the transactions and extrapolated to develop MTM and expected loss numbers. The bank's cumulative MTM estimate is $25 - $30 bln, versus about $20 bln of pretax unrealized market valuation losses booked by AIGFP to date. The bank's economic loss estimate is $9 - $11 bln, versus AIGFP's stress case loss estimate of $1.25 - $2.4 bln. The JP Morgan estimates will be disclosed in AIG's financial statements.

AIG Response to MBS/CDO/FG Survey

Valuation date: December 31, 2007

Group Name: AIG Inc. x FP

Summary MBS/CDO/FG Holdings

Holdings ($ millions)	Market Value	Amortized Cost	Investment % Total Invest.	Investment % of Equity
CMBS	22,998.8	23,918.0	3%	25%
Prime - Non Agency 1st lien RMBS	21,072.9	21,551.7	3%	22%
Prime - Non Agency 2nd lien RMBS	850.1	955.1	0%	1%
Alt A RMBS (1st or 2nd lien)	24,892.2	26,616.4	4%	28%
Subprime 1st lien RMBS	21,189.1	24,073.6	3%	25%
Subprime 2nd lien RMBS	-	-	0%	0%
HELOC RMBS	1,861.5	1,989.0	0%	2%
Home equity/Closed end 2nd lien RMBS	-	-	0%	0%
CDO with subprime/Alt A exposures	58.0	58.0	0%	0%
CDO^2 with subprime/Alt A exposures	-	-	0%	0%
Financial Guarantor direct exposure *	38.5	56.6	0%	0%
Financial Guarantor wrapped investments**	41,870.0	42,150.0	6%	44%
Total cash and investments	693,004.0	688,123.0		
Shareholders' equity	95,801.0	95,801.0		

* Represents amortized cost and fair value related to $58MM in bonds and $136MM notional of CDS exposure.

** We recognize that this exposure may already be included in the lines above, but request you to identify it separately here

Moody's Test 1: Fail (amortized cost of at-risk assets > 20% of equity)

At risk investment % of Equity

	Alt A RMBS (1st or 2nd lien)	Subprime 1st lien RMBS	Subprime 2nd lien RMBS	HELOC RMBS	Home equity/Closed end 2nd lien RMBS	CDO with subprime/Alt A exposures	CDO^2 with subprime/Alt A exposures	Grand Total
AIG Inc. x FP	28%	25%	0%	2%	0%	0%	0%	55%
Munich Re America Corp	32%	21%	0%	0%	0%	0%	0%	52%
Allstate	6%	16%	4%	0%	0%	0%	0%	27%
CNA Financial Corporation	12%	6%	0%	0%	5%	1%	0%	24%
XL CONSOLIDATED	10%	11%	1%	0%	0%	0%	0%	23%
Industry	8%	8%	0%	1%	0%	0%	0%	18%
HIG	2%	13%	1%	0%	0%	0%	0%	17%
Selective Insurance Group, Inc	8%	0%	0%	0%	1%	1%	0%	10%
Oil Insurance Limited	5%	3%	0%	1%	0%	0%	0%	10%
Max Capital Ltd.	3%	3%	1%	0%	1%	0%	0%	8%
Flatiron Re Ltd.	1%	5%	0%	0%	0%	0%	0%	6%
PMA Capital	5%	1%	0%	0%	0%	0%	0%	5%
Endurance	5%	0%	0%	0%	0%	0%	0%	5%
Transatlantic Holdings Inc	5%	0%	0%	1%	0%	0%	0%	5%
Nationwide Group	3%	0%	0%	1%	0%	0%	0%	5%
Infinity P&C Group	2%	2%	0%	0%	0%	0%	0%	5%
AXIS Capital Limited	3%	2%	0%	0%	0%	0%	0%	4%
Safety National Casualty Corp	2%	2%	0%	0%	0%	0%	0%	4%
Progressive	1%	3%	0%	0%	0%	0%	0%	4%

Moody's Test 2: Pass (potential incremental haircut > 10% of equity)

Further market value haircut % of Equity

	Haircut Tot
HIG	-5%
Munich Re America Corp	-3%
PMA Capital	-3%
XL CONSOLIDATED	-3%
Allstate	-3%
Progressive	-2%
AIG Inc. x FP	-2%
CNA Financial Corporation	-2%
Endurance	-2%
Industry	-1%
Selective Insurance Group, Inc	-1%
Max Capital Ltd.	-1%
Oil Insurance Limited	-1%
Flatiron Re Ltd.	-1%
AXIS Capital Limited	-1%
ACE Ltd	-1%
Chubb	-1%
Nationwide Group	-1%
Penn National	-1%
Arch	-1%
Alleghany Consolidated	-1%

AIG 1Q08 Earnings Preview Call (notes by BB, WE)
April 30, 2008

AIG participants
Steve Bensinger, CFO
Bill Dooley, SVP – Financial Services
Bob Gender, Treasurer
Elias Habayeb, CFO – Financial Services
Bob Lewis, Chief Risk Officer
Kevin McGinn, Chief Credit Officer
Richard Scott, Head of Fixed-income Investments
Teri Watson, Rating Agency Relations

Moody's participants
Bruce Ballentine
Laura Bazer
Ted Collins
Wally Enman
Shachar Gonen
Alan Murray
Sarah Hibler
Robert Riegel

I. Overview of 1Q08 results

<u>After-tax amounts – $ blns</u>		
Net loss	(7.8)	
Normal quarterly adjustments:		
Net realized capital losses	(3.9)	[pretax (6.1)]
FAS 133 losses	<u>(0.3)</u>	
Adjusted net loss	(3.6)	
Additional adjustment:		
Unrealized MTM loss on CDS	<u>(5.9)</u>	[pretax (9.1)]
Adjusted net income excl CDS MTM	2.3	

The adjusted net income (excl CDS MTM) of $2.4 bln was below the normal run rate partly because partnership income dropped to ~ 0 in 1Q08 versus ~$1 bln in 1Q07. AIG expects volatility in this area, with long-term returns in the range of 10-20%. Partnership income was relatively strong in 2007, with returns approaching 20%.

<u>Pretax operating income highlights – $ mlns</u>		
General Insurance	1,600	[incl u/w income of 400, UGC loss of (350)]
Life Insurance & Retirement Services	2,500	
Asset Management	150	
Financial Services		
AGF	11	
ILFC – did not discuss		
AIGFP – mainly the CDS MTM above		

The company also booked a FIN 48 reserve of $577 mln on AIGFP tax preference transactions. There have been IRS rulings against such transactions (not against AIG) and the company received an IRS notice about this activity.

II. AIGFP CDS portfolio

<u>Pretax amounts – $blns</u>	
Unrealized MTM loss	(9.1)
Consisting of:	
Multi-sector CDOs	(8.0)

Corporate arbitrage	(0.9)	[versus ($226 mln) in 4Q07]
Regulatory capital	(0.2)	[actually ($174 mln)]

Cumulative pretax MTM losses on this portfolio now exceed $20 bln. The valuation methods used at the end of 1Q08 were largely the same as those used at YE 2007.

Multi-sector CDOs

Transaction values are based on a combination of the modified BET and direct quotes from counterparties/dealers. The modified BET uses prices on securities in underlying collateral pools to calculate the NAV of pools and of the super-senior tranche. AIGFP obtained quotes on ~70% of the underlying pool assets. AIGFP compares the BET results to direct counterparty/dealer quotes with respect to the super-senior tranches (typically 1-2 quotes per transaction). AIGFP adjusts the BET result down if the quote is lower but does not adjust the BET result up if the quote is higher.

Corporate arbitrage

Transaction values are based mainly on iTraxx indices, which widened materially in March but have since recovered to some degree. AIGFP's notional exposure in this area is down from ~$70 bln at YE 2007 to ~$57 bln at the end of 1Q08.

Regulatory capital

Counterparties either terminated or delivered termination notices on ~20 reg cap transactions during 1Q08, reducing the number of outstanding deals from ~95 to ~75. Several terminations involved contractual exit fees paid to AIGFP by counterparties and none of the terminations involved payments to counterparties by AIGFP. These terminations were a key factor supporting AIGFP's contention that close-out values in this portfolio are generally zero (resulting in no MTM loss and no related liability). The modest MTM loss of $174 mln in this area pertains to a portion of the portfolio (notional amount of $5.7 – $5.9 bln) where AIGFP has exposure below the senior-most tranche. The underlying collateral pools of the reg cap portfolio have experienced minimal losses.

Stress testing on multi-sector CDOs

AIGFP has run two types of stress tests on its multi-sector CDO book. The first matches what did at YE 2007 and applies specific losses/haircuts to subprime RMBS, Alt-A RMBS and ABS CDOs in the collateral pools, based on ratings and vintages. Under this test, AIGFP's stress case loss increased from $903 mln at YE 2007 to $1.26 bln at the end of 1Q08, mainly because of rating downgrades affecting the underlying securities/CDOs. The second type of stress test incorporates loss distributions on certain underlying mortgages based on actual loss experience observed to date, including deterioration on 2H05-vintage loans that exceed previous expectations. This approach results has produced a stress case loss of just under $2 bln.

Steve Bensinger noted that the market tone surrounding this portfolio seems to have improved in the latter half of March and in April, although the company has not attempted to value the portfolio beyond March 31 because of the substantial effort involved.

III. Investment portfolio

Income statement – pretax amounts – $blns

Net realized capital losses	(6.1)	[after-tax (3.9)]
Of which:		
OTTI	(5.5)	
Of which:		
Market severity related	(4.0)	[versus (2.2) in 4Q07]
Credit related	(0.2)	
Shifting portfolio	(0.8)	[changes in intention to hold bonds to maturity]

The remaining losses are mostly related to EITF 99-20 (cash flow testing on ABS rated below Aa) or FX. The main driver of the market severity charge is AIG's practice of writing down any security where MV drops below 60% of BV for any period of time.

Balance sheet – after-tax amount – $blns

To AOCI:

Unrealized depreciation on investments	(6.9)	[pretax (10.8)]

The unrealized depreciation relates mostly to RMBS. AIG's equity account now reflects more than $14 bln in after-tax reductions related to the investment portfolio.

Deterioration in Alt-A

The gulf between market and economic values of AIG's RMBS continued to widen during 1Q08, with Alt-A securities as a major driver of the MV deterioration. Many Aaa-rated Alt-A securities were valued below Aaa-rated subprime securities at quarter-end. Alt-A securities have recovered somewhat since the end of the quarter.

Stress testing on RMBS portfolio

AIG has modeled expected outcomes and stress scenarios on its RMBS portfolio. One of the severe stress scenarios, developed by Lehman, includes such assumptions as: (i) nearly 30% cumulative losses on '06 and '07 vintage subprime loans, (ii) all loans that are presently delinquent default, (iii) 20% of '07 vintage jumbo loans default, (iv) 50% loss severity on defaulted first-lien loans, (v) 80% of second-lien loans default with 100% severity. Under this severe stress case, AIG experiences ultimate losses of $4 bln on its RMBS portfolio. Under the company's expected case, ultimate losses are $500 mln. Both of these loss estimates are well below the approximate $16 bln of MTM impact (realized losses – mostly OTTI – and unrealized depreciation on the RMBS portfolio.

Ratings migration in RMBS portfolio (excl Agencies) – $blns

Total par value	74.0	
Rated Aaa at purchase	65.5	
Rated Aaa at end of 1Q08	60.5	[<10% downward migration]
Rated <Baa at end of 1Q08	~2	
Rated <A at end of 1Q08	~4	

Further downgrades in this portfolio since the end of 1Q08 have been minimal. The portfolio is amortizing at a rate of about $2 bln per quarter and AIG is keeping the proceeds in cash.

Support for life subsidiaries involved in sec lending

AIG has an agreement to reimburse life subsidiaries that experience losses on their sec lending invested collateral, which accounts for a large portion of AIG's RMBS portfolio. The agreement pertains only to cash losses (e.g., upon sale) and not MV declines or OTTI. Nevertheless, AIG will review the capital positions of all subsidiaries and make contributions where needed. The company will provide estimated RBC ratios for the life companies as of the end of 1Q08.

IV. Balance sheet

Shareholders' equity has fallen to ~$79.7 bln at the end of 1Q08, versus $95.8 bln at YE 2007, $104.1 bln at the end of 3Q07 and $101.7 bln at YE 2006. Included in these numbers are ~$5 bln of share repurchase activity over the past year.

V. Capital raising

At the time of its earning announcement on the afternoon of May 8, AIG will announce a plan to raise $12.5 – $15.0 bln of capital in three components, as follows:

Capital raising plan – $blns

1. Common stock	2.5 – 4.0	
2. Mandatory convertible	4.0 – 6.0	[Basket D, multi-tranche, 3-year conversion]
3. Hybrids (junior subord)	Up to 5.0	[Basket D, institutional market in US & Europe]

AIG will begin pre-marketing these securities next week, subject to confidentiality agreements. The company hopes to launch (1) and (2) by Friday, May 9, and price by Mon-Wed, May 12-14. AIG sees the market for (3) as more volatile than for (1) or (2). The company hopes to launch (3) by May 9 or May 12-13 and price soon after. Back-up plans for (3) include tapping the retail or preferred markets.

AIG will keep proceeds of these offerings at the holding company, giving it flexibility to support operating units as needed. The company estimates that its adjusted financial leverage will increase to about 20% at the end of 1Q08 (before capital raising), versus 18.3% at YE 2007. The company projects that the ratio will decline to ~17.3% by YE 2008.

Proposed Capital Plan

Underwriters: Citi & JPMorgan

Tranche	Size ($bn)	Indicative Pricing Range	Launch Size ($bn)	Execution Risks / Considerations
Common Stock (Registered)	$2.0 – 4.0	Discount to market price	$2.5	• Deep market capacity • Price risk regarding to AIG's story / operating performance
Mandatory Convertible (Registered)	$4.0 – 6.0	7.75 – 8.25% 18 – 22% premium	Approx. $5.0	• Upper end of market capacity • Some price risk to achieve size in a weak market • Remarketing required in year 3 to achieve tax deductibility • Tradeoff between premium and coupon • 20 – 24% premium can be achieved with 25 bps higher coupon

Hybrid
• US Dollar Institutional
• European Institutional (144a)
	Up to $5.0 (aggregate)	US: 8.50 – 9.00%
		Euro: 8.75 – 9.25%
			Up to $5.0 (aggregate)	• Capacity risk related to generally volatile market conditions for institutional hybrid transactions
				• Heightened risk to European tranche execution in particular may require reliance on alternative markets
				  • US retail market up to $1.5bn provides partial "shock absorber"
				  • At tangible cost, AIG can considerably de-risk the fixed income capital raise by pursuing a single tranche DRD offering
				    Approx $125 mm / year for a $5bn offering

Total	**$11.0 - $15.0bn**		**$12.5bn**	

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments Company: American International Group, Inc.	Pro forma 12/31/2008	TTM Pro forma 3/31/2008	2007	2006	2005	2004	2003
Financial Leverage							
Unadjusted debt ($ mil)			176,049	148,679	109,849	96,899	80,349
Adjusted debt ($ mil)	24,774	24,461	23,719	19,638	14,467	13,705	12,544
Unadjusted equity ($ mil)	93,086	79,703	95,801	101,677	86,317	79,673	69,230
Adjusted equity & minority interest ($ mil)	118,441	97,558	106,205	99,372	82,367	73,600	63,147
Unadjusted debt % capital			64.8%	59.4%	56.0%	54.9%	53.7%
Adjusted debt % capital	17.3%	20.0%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)			18,631	28,672	20,886	19,128	16,135
Adjusted EBIT ($ mil)		23,920	10,527	22,781	15,910	15,276	12,493
Unadjusted interest & preferred dividends ($ mil)			9,688	6,951	5,673	4,427	4,219
Adjusted interest & preferred dividends ($ mil)		2,555	1,625	1,112	758	638	638
Unadjusted earnings coverage (x)			1.9x	4.1x	3.7x	4.3x	3.8x
Adjusted earnings coverage (x)		9.4x	6.5x	20.5x	21.0x	23.9x	19.6x
Adjusted earnings coverage (x) - 5-yr avg			18.3x	19.6x			
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)		81%	81%	90%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)		18,202	18,202	10,168	9,495	8,764	7,615
Unadjusted dividend capacity coverage (x)			1.9x	1.5x	1.7x	2.0x	1.8x
Adjusted dividend capacity coverage (x)		7.1x	11.2x	9.1x	12.5x	13.7x	11.9x
Adjusted dividend capacity coverage (x) - 5-yr avg			11.7x	11.4x			
Goodwill Exposure							
Goodwill ($ mil)		9,414	9,414	8,628	8,093	8,556	7,619
Goodwill % equity		11.8%	9.8%	8.5%	9.4%	10.7%	11.0%
Balance Sheet Inputs ($ mil)							
Total assets			1,060,505	979,410	853,048	801,007	675,602
Unadjusted debt			176,049	148,679	109,849	96,899	80,349
Operating debt			153,519	134,221	100,371	88,056	72,376
Financial debt	31,252	23,439	22,530	14,458	9,478	8,843	7,973
Minority interest	10,835	10,835	10,422	7,778	5,124	4,831	3,547
Unadjusted equity	93,086	79,703	95,801	101,677	86,317	79,673	69,230
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	-2,596	-2,596	4,375	10,083	8,348	10,326	9,071
Income Statement Inputs ($ mil)							
Total revenue			110,064	113,387	108,781	97,823	79,601
Unadjusted interest expense			9,688	6,951	5,673	4,427	4,219
Operating interest expense			8,361	6,110	5,175	4,041	3,817
Financial interest expense			1,327	841	498	386	402
Income tax expense			1,455	6,537	4,258	4,407	3,556
Minority interest expense			1,288	1,136	478	455	252
Net income			6,200	14,048	10,477	9,839	8,108
Preferred dividends			0	0	0	0	0

TTM pro forma inputs as of 3/31/2008:

- Adjusted debt, unadjusted equity and adjusted equity estimated by AIG
- Adjusted EBIT based on 2006 amount plus 5%
- Adjusted interest and preferred dividends based on 2006 amount plus ($6 bln x 8%) plus ($5 bln x 9%) to reflect fixed charges associated with hybrids
- Unrestricted dividend capacity and goodwill carried over from 2007

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma 12/31/2008	TTM Pro forma 3/31/2008	2007	2006	2005	2004	2003
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)			5%				
Assumed tax rate (%)			35%				
Projected benefit obligation (end of year)	4,901	4,901	4,901	4,657	4,481	4,126	3,950
Fair value of plan assets (end of year)	4,081	4,081	4,081	3,610	3,260	2,871	2,715
Pension asset recorded					703	523	566
Pension liability recorded					807	888	941
Debt adjustment	820	820	820	1,047	1,221	1,255	1,235
Shareholders' equity adjustment					-726	-579	-559
Interest expense adjustment	41	41	41	52	61	63	62
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)			6x				
Rent expense	771	771	771	657	597	568	524
Debt adjustment	4,626	4,626	4,626	3,942	3,582	3,408	3,144
Interest expense adjustment	257	257	257	219	199	189	175
EBIT adjustment	257	257	257	219	199	189	175
Other Adjustments ($ mil)							
Hybrid securities #1			100	191	186	199	192
Reporting category			Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation			A	A	A	A	A
Debt portion of hybrid			100	191	186	199	192
Equity portion of hybrid			0	0	0	0	0
Hybrid securities #2	15,899	5,899	5,809				
Reporting category	Debt	Debt	Debt				
Basket designation	D	D	D				
Debt portion of hybrid	3,975	1,475	1,452				
Equity portion of hybrid	11,924	4,424	4,357				
Lloyd's LOCS							
Operating Debt Detail ($ mil)							
MIP matched notes and bonds payable			14,267	5,468	0	0	0
Series AIGFP matched notes and bonds payable			874	72	0	0	0
AIG-guaranteed borrowings of AIGFP			65,447	67,048	47,274	41,614	32,941
Non-guaranteed borrowings of fin svcs, invest & other			67,881	59,277	52,272	45,736	38,990
Less borrowings of insurance operations			-567	-459	-474	-180	-181
CP issued by AIG Funding on behalf of AI Credit et al.			5,517	2,715	1,199	786	526
Hybrid securities issued by ILFC			100	100	100	100	100
Total operating debt			153,519	134,221	100,371	88,056	72,376
Implied Interest Rate							
On total debt (%)			6.0%	5.4%	5.5%	5.0%	5.6%
On financial (non-operating) debt (%)			6.1%	4.9%	3.5%	2.9%	

Liquidity Risk Assessment: AIG Funding, Inc. (published March 18, 2008)

AIG Funding, Inc. (AIG Funding) has a Prime-1 rating on its $7 billion authorized commercial paper program, based on the unconditional and irrevocable guarantee from the parent company, American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa2, negative outlook; short-term issuer rating of Prime-1). AIG is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG Funding, a wholly-owned finance subsidiary, issues commercial paper to meet the short-term cash needs of AIG and certain subsidiaries.

Moody's believes that AIG has sufficient liquidity - through dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years, although payments of dividends by insurance subsidiaries to the parent company are subject to regulatory restrictions. Largely as a result of such regulations, approximately 81% of the aggregate equity of AIG's consolidated subsidiaries was restricted from immediate transfer to the parent company as of year-end 2007. This suggests that, barring a major disruption, the parent has access to approximately $18.2 billion (19% of consolidated equity at year-end 2007) from its subsidiaries during 2008. Although Moody's gives some credit for dividends and loans available from insurance subsidiaries to a holding company, we recognize that the actions of insurance regulators during a time of stress could create a delay or uncertainty in accessing such sources.

AIG and AIG Funding are parties to two syndicated bank facilities totaling $3.75 billion, primarily to back commercial paper. These facilities include a $2.125 billion 364-day revolver expiring in July 2008 (with a one-year term-out option) and a $1.625 billion five-year revolver expiring in July 2011. AIG and AIG Funding also share a $3.2 billion 364-day bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of year-end 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Borrowings by AIG Funding under these facilities are guaranteed by AIG. None of these facilities has a material adverse change clause as a condition to borrowing. The five-year facility includes a financial covenant requiring AIG to maintain shareholders' equity of at least $50 billion (versus a reported level of $95.8 billion at year-end 2007). Finally, AIG has a $5.335 billion intercompany 364-day credit facility provided by certain of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option). Documentation for the intercompany facility matches that of the 364-day bank facilities.

As of year-end 2007, AIG reported total borrowings of $176.0 billion, a majority of which was "operating" debt (i.e., supporting assets of the Financial Services segment and AIG's Matched Investment Program). AIG's adjusted "financial" debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) amounted to $23.7 billion at year-end 2007. AIG's adjusted financial leverage has increased from 14.9% at year-end 2005 to 18.2% at year-end 2007. The company issued approximately $5.6 billion of junior subordinated debentures (Basket D hybrids) during 2007, using substantially all of the net proceeds to repurchase common stock. Moody's expects AIG to keep its adjusted financial leverage below 20%. The parent company's financial debt maturities are well laddered over the next 40 years, with approximately $2.2 billion and $1.4 billion maturing in 2008 and 2009.

For the quarter ended December 31, 2007, AIG Funding had average commercial paper outstandings of approximately $5.6 billion, maximum outstandings of $6.6 billion, and quarter-end outstandings of $4.2 billion. A majority of these borrowings are being used to fund relatively liquid assets within AIG's Financial Services segment.

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most notably AIG Financial Products Corp. (backed long-term issuer rating of Aa2, negative outlook; backed short-term debt rating of Prime-1) and its subsidiaries (collectively, AIGFP). AIGFP manages its liquidity position to withstand severe market disruptions without the need for parental support. AIGFP conducts regular liquidity stress tests that assume no access to capital markets, contingent liability payouts at the earliest possible dates, and haircuts on liquid investment securities. The stress tests also consider the impact of potential rating downgrades. For instance, the company has estimated that as of February 14, 2008, a downgrade of AIG's senior unsecured debt rating (and of AIGFP's backed long-term issuer rating) to Aa3 by Moody's and/or to AA- by Standard & Poor's would permit AIGFP's counterparties to call for approximately $1.4 billion of incremental collateral. Further downgrades could result in substantial additional collateral requirements. Moody's believes that AIGFP has sufficient liquidity to cover its stated and contingent obligations.

AIG has taken steps to enhance its overall liquidity in response to credit market turmoil during the past nine months. The company has increased its holdings of cash and short-term investments across major business units, and has established an interdisciplinary Liquidity Risk Committee to monitor and manage liquidity risks throughout the firm. AIG's consolidated cash and short-term investment position grew to $65.6 billion at year-end 2007 from $29.4 billion at year-end 2006. AIGFP's cash and short-term investments (included in the consolidated amounts) grew to $9.2 billion at year-end 2007 from about $400 million at year-end 2006.

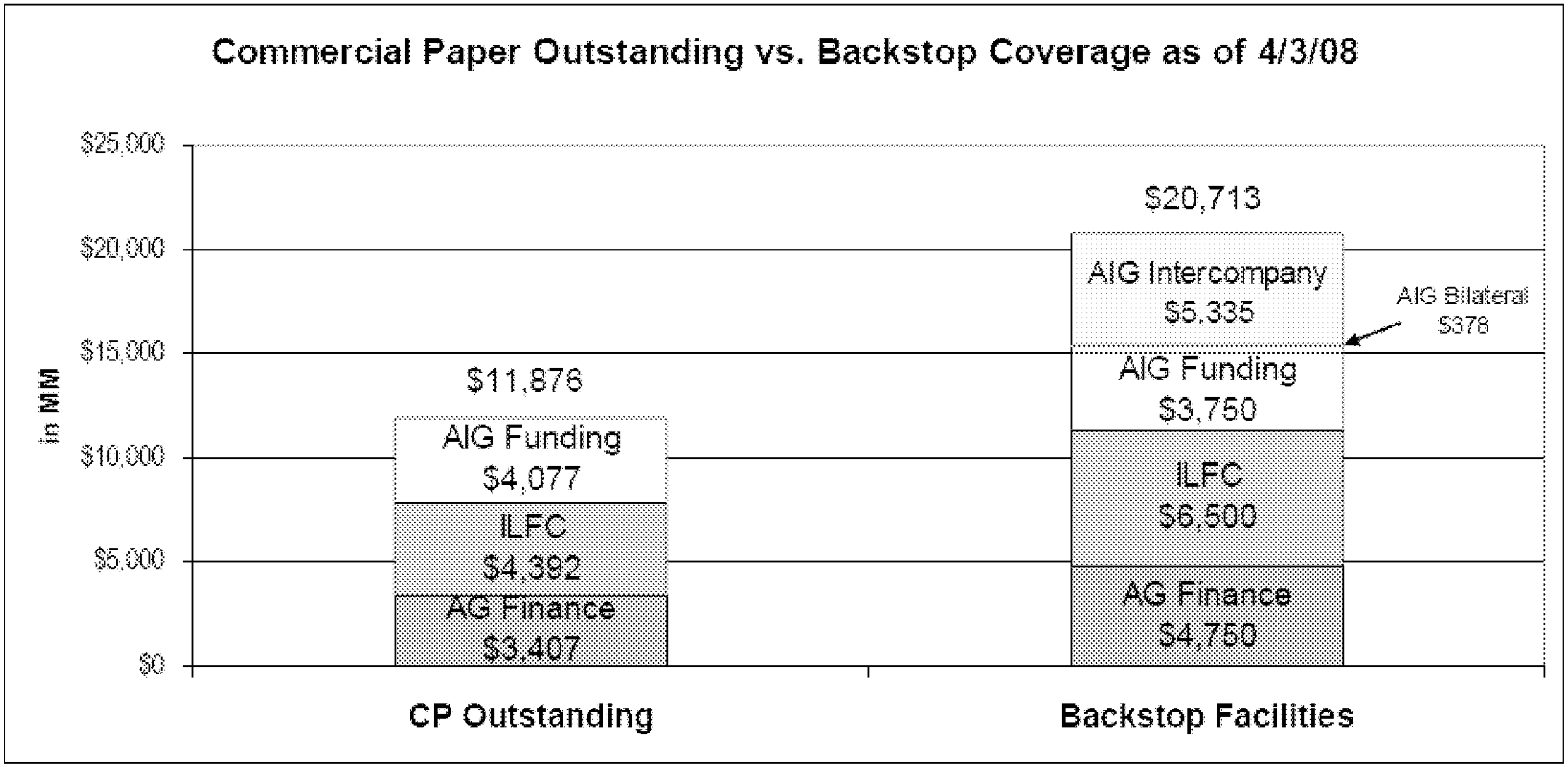
In evaluating AIG's liquidity profile, Moody's also considers the company's ownership of non-guaranteed subsidiaries, including International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, stable outlook; short-term debt rated Prime-1) and American General Finance Corporation (AGFC - senior unsecured debt rated A1, stable outlook; short-term debt rated Prime-1). Each of these firms maintains its own sources of primary and secondary liquidity. For additional information on these, please see Moody's separate liquidity opinions on ILFC and AGFC.

AIG Risk Overview

- The following areas were identified as key areas of examination
  - The CP programs are vulnerable to market disruptions but have external backstop facilities that are greater than current outstanding issuances.
  - AIG FP could experience a lack of access to capital or repo markets. It is developing plans to increase committed liquidity facilities.
  - Sec Lending could experience unusual counterparty behavior. It has increased its liquidity position and could access \$20 - \$30 billion within a few days from its cash reserves, the dissolution of the pools and the repo/sale of highly liquid securities.
  - ALICO offers a money market account in the UK that could experience increased withdrawals. It has increased its liquidity position and can now payoff 26% of its liabilities within one week and 46% within 90 days.
- The insurance companies do not face any imminent concerns but are being evaluated using rating agency models.

Funding Liquidity for AIG, ILFC & AGF

- **Summary of commercial paper programs versus the backstop facilities for each entity**



AIG Financial Products

- Cash on hand is approximately $6.0 billion
- Sources of liquidity
  - Monetization of unencumbered assets
    - FP has $8.2 billion of unencumbered assets in US entities and $1.3 billion in Banque AIG
    - Access professional repo markets when available
    - Utilize existing term facilities to finance unencumbered assets
    - Execute collateral swaps that will provide AIG-FP with more readily liquid assets including those which are eligible for existing term facilities
    - Continue to develop new funding facilities with third parties who can take remaining assets
    - Pursue intermediation opportunities with third parties / primary dealers who can access the FED / ECB programs on our behalf
      - FP has $3.5 billion in US entities that are Fed-eligible under standards announced on 3/18
      - Banque AIG has $1.1 billion that meet the new standards
  - Issuance of debt

AIG Securities Lending

- Cash on hand is $10.6 billion
- Collapse pools
  - Enables insurance companies to directly settle security lending obligations with counterparties
    - Access to $10 billion in cash held by pool participants
  - Limited by participants' cash on hand and pro-rata share in pool
- Pool liquidity options
  - Repo collateral investments
    - Possible insurance regulatory limits
  - Sell pool collateral to third parties
    - No regulatory limits
    - Make Whole agreement from parent provides $500 million of protection
    - Possible insurance regulatory limits
  - Intercompany loans
    - Limited by insurance regulations

ALICO UK PAB

- Money Market Product in UK
  - £5.7 billion, or $11.5 billion
  - Distributed through a network of brokers to high net worth clients
  - Approximately 26% of these funds are held in overnight cash or other cash-like instruments that have a term of less than 7 days
- Contingency plans for a "run on the bank" scenario
  - 38% of the funds are available within 30 days and 46% within 90 days
  - ALICO is permitted contractually to freeze the product for up to 90 days
  - In a worst case scenario, the PAB book can be unwound with any asset losses passed back to the customer

Composition of Asset Portfolio as of 3/27	
Cash to 30 days	37.2%
Commercial Paper (7 - 180 days)	2.6%
Term Deposits (30 - 360 days)	12.9%
Asset Backed Securities	18.1%
Floating Rate Notes	29.2%

AIG
Financial Products

FIVE-YEAR CASH PROFILE

Assumptions for Base Case Cash Profile

- All derivatives, liability and asset flows as of December 31, 2007.
- All contingent liability payouts, assuming earliest possible payout dates (see Summary Table on page 2).
- No ability to access the capital markets for funding.
- Additional liquidity from selling liquid portfolio securities (with mark-to-market and 3% (non-CDO) and 50% (CDO) haircut) and from refinancing (with 50% haircut) CBO securities put to AIG-FP in connection with assumed contingent liability payouts (see Summary Table on page 2).

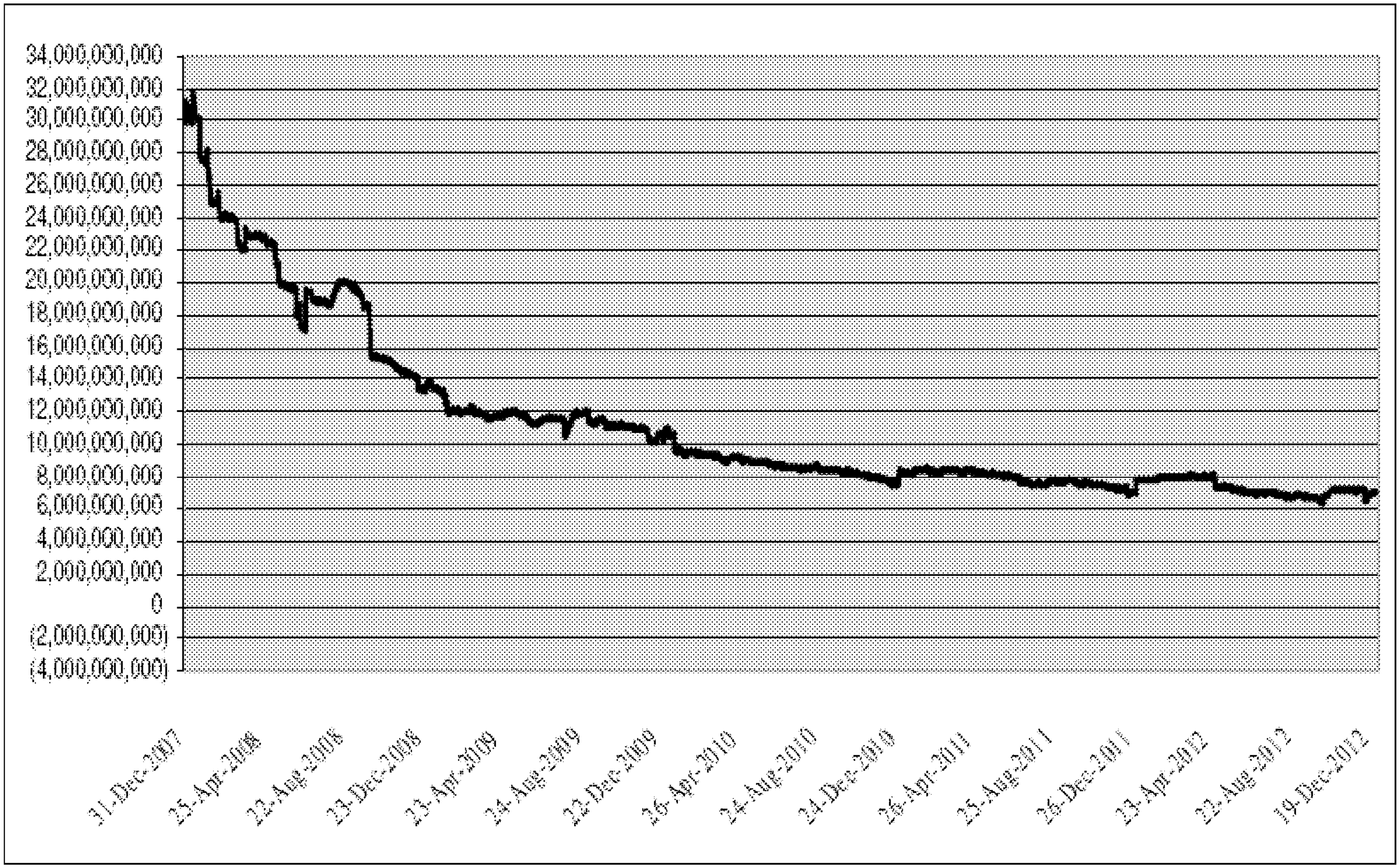
AIG
Financial Products

SUMMARY TABLE
CONTINGENT LIABILITIES AND ADDITIONAL LIQUIDITY
(USD 000's)

	Contingent Liabilities			Liability Total	Liquidity		Asset Total	Cumulative Net
DATE	Aircraft Facilities (1)	CBO 2a-7 Puts (2)	Military Housing (3)		Portfolio Assets (4)	UK Preferred Shares (5)		
12/31/07-1/12/08	0	0	0	0	19,170,757	3,876,080	23,046,838	23,046,838
1Q2008	(27,075)	(35,993)	(12,260)	(75,329)	3,847,774	0	3,847,774	26,819,283
2Q2008	0	(293,755)	(38,128)	(331,883)	3,256,895	0	3,256,895	29,744,295
3Q2008	(27,075)	(242,928)	(12,260)	(282,264)	117,582	0	117,582	29,579,614
4Q2008	0	(38,205)	(34,878)	(73,083)	464,800	0	464,800	29,971,331
1Q2009	(23,292)	28,240	0	4,949	70,992	0	70,992	30,047,272
2Q2009	0	(58,069)	0	(58,069)	404,763	0	404,763	30,393,965
3Q2009	0	33,676	0	33,676	16,730	0	16,730	30,444,371
4Q2009	0	(13,525)	0	(13,525)	1,025,957	0	1,025,957	31,456,803
1Q2010	0	29,531	0	29,531	86,071	0	86,071	31,572,405
2Q2010	0	(234,373)	0	(234,373)	10,198	0	10,198	31,348,229
3Q2010	77,442	(227,060)	0	(149,618)	0	0	0	31,198,611
4Q2010	0	(70,454)	0	(70,454)	906,272	0	906,272	32,034,429
1Q2011	0	88,403	0	88,403	0	0	0	32,122,832
2Q2011	0	56,303	0	56,303	10,305	0	10,305	32,189,440
3Q2011	0	(4,380)	0	(4,380)	0	0	0	32,185,060
4Q2011	0	(941)	0	(941)	906,562	0	906,562	33,090,681
1Q2012	0	76,758	0	76,758	67,268	0	67,268	33,234,707
2Q2012	0	6,708	0	6,708	10,549	0	10,549	33,251,965
3Q2012	0	11,292	0	11,292	0	0	0	33,263,257
4Q2012	0	(36,421)	0	(36,421)	10,457	0	10,457	33,237,294
TOTAL	(0)	(925,194)	(97,526)	(1,022,720)	30,383,933	3,876,080	34,260,014	

See Notes on page 7.

BASE CASE CASH PROFILE



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AIG Financial Products

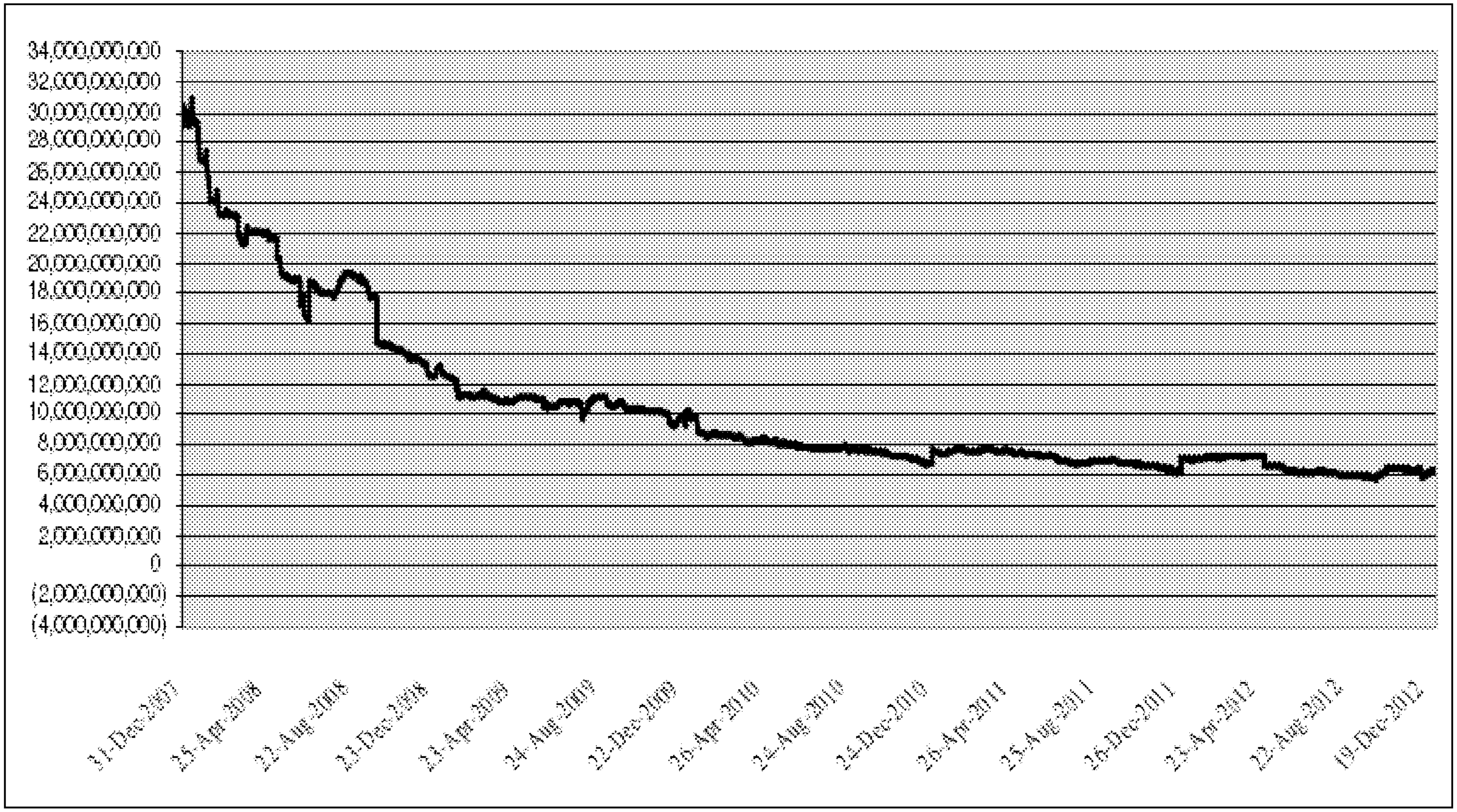
COLLATERAL OR CASH PAYMENT REQUIREMENTS RESULTING FROM AIG DOWNGRADE

	USD millions		
AIG Downgraded To	Obligations Under Investment Contracts	Obligations Under Other Contracts	Cumulative Obligations
Aa3/AA- (by one or both Agencies)	163	592	755
A1/A+ (by one or both Agencies)	6,039	2,275	8,314
	6,202	2,867	9,069

The Cash Profile graphs on the following two pages have been adjusted to reflect the collateral and cash requirements quantified above (both the immediate loss of liquidity due to the effect of assumed downgrades, and improved liquidity over time as collateral is returned in connection with scheduled repayments under Investment Contracts subject to such requirements).

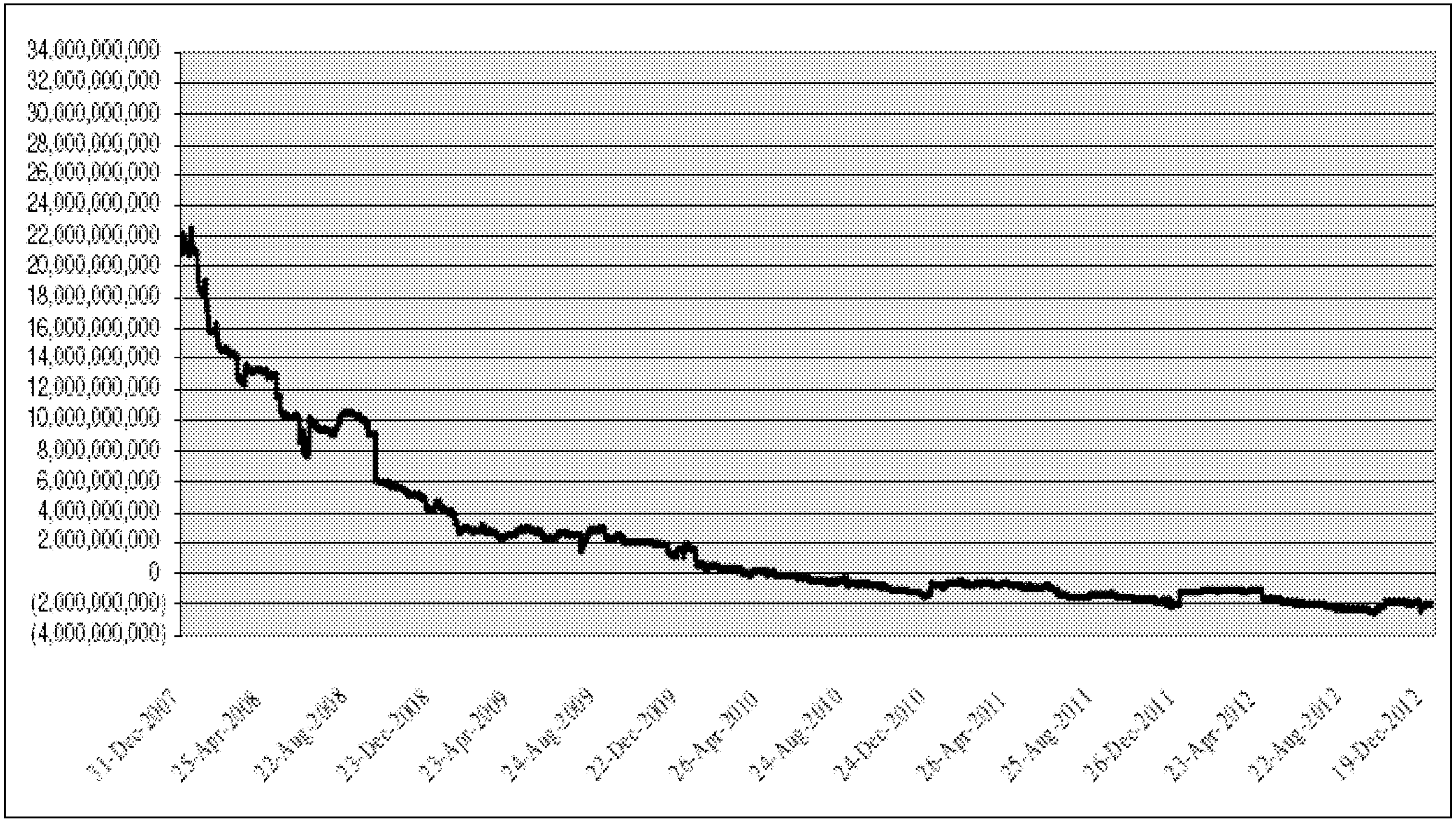
AIG
Financial Products

CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO Aa3/AA-



AIG Financial Products

CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO A+/A1



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NOTES

1. Aircraft Equipment Financing Liquidity Facilities. AIG-FP provides backstop liquidity facilities in respect of investment trusts established by two U.S. airlines, the obligations of which are collateralized by aircraft. In each case, AIG-FP commits to make payments covering up to three consecutive semi-annual coupons on debt securities issued by the trusts. For purposes of the Summary Table, the liquidity facility is assumed to be called upon on the earliest possible semi-annual dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from the respective trust, and such right is senior to all obligations of the trust to security holders. Thus, given the relatively small size of the three-coupon commitment (compared to the value of the underlying aircraft assets), AIG-FP is significantly over-collateralized. The Summary Table shows positive cash flows reflecting the repayment of drawn amounts (including amounts that were drawn prior to the beginning date of the five-year period) on the respective dates on which AIG-FP would become "controlling party" for the transaction (by virtue of having made unreimbursed payments under the liquidity facility) and thus have the right to cause the respective trustee to sell the underlying aircraft collateral to fund repayment (although it is quite possible that AIG-FP would be repaid earlier as a result of its senior position with respect to all cash flows in the given transaction).

2. CBO 2a-7 Puts. AIG-FP provides maturity shortening puts in respect of CBO notes that allow holders of notes to treat the notes as short-term 2a-7 eligible investments. Holders of notes are permitted, in certain circumstances, to tender the notes to the issuers at par. If an issuer's remarketing agent is unable to resell notes so tendered, AIG-FP must purchase the notes at par. For purposes of the Summary Table, puts are assumed to be exercised on their earliest date; provided that where AIG-FP has contracted with a third party to provide liquidity for the notes if they are put to AIG-FP, the Summary Table reflects the termination date for such liquidity arrangements. Each issue of CBO notes is assumed to amortize in accordance with the credit agency base case that was originally adopted for the transaction, and the Summary Table shows positive cash flows reflecting the amortization of notes that are assumed to be purchased on an earlier put date. The amounts in the Summary Table have been reduced by 50% to reflect the assumed 50% refinancing of the notes as described on page 1. In all cases, the credit risk associated with the notes was deemed "super senior" on the respective issue dates, and typically other debt securities issued by the CBOs, subordinate to the notes, were rated AAA.

3. Military Housing Liquidity Facilities. In connection with a number of military housing redevelopment projects, AIG-FP provides liquidity facilities related to different series of the bonds issued to finance the redevelopment projects. The liquidity facilities may be drawn upon if cash flows from the underlying projects are insufficient to meet debt service. For purposes of the Summary Table, the liquidity facilities are assumed to be called upon on the earliest possible dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from available net revenues that support the bonds under the bond indentures. In addition, in all but three transactions, AIG-FP will have rights to set-off against monies deposited with it under certain borrowings under obligations of investment contracts that it also provided in connection with the projects.

4. Portfolio Assets. Where assets are held in the context of specific transactions, related liquidity is shown to be available from the date upon which AIG-FP would be contractually permitted to unwind the respective transaction or otherwise access the assets free of contractual restrictions. The amounts in the Summary Table have been reduced on day one by the sum of the mark-to-market plus an additional 3% of the invested amounts on the portfolio assets unwound. For CDO portfolio assets unwound on day one, the amount has been reduced by the maximum of the mark-to-market or 50% of the invested amount.

5. UK Preferred Shares. Liquidity may be generated from structured preferred share investments in UK group companies held by AIG-FP. AIG-FP has broadly defined unwind rights with respect to these transactions that permit it to require redemption if it determines in its sole discretion that there has been an adverse change in its liquidity position or in liquidity conditions in the market generally.

AIG Financial Highlights (from Company Profile)

($ Mil.)	YTD 9/30/07	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	45,754	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	36,068	44,866	41,872	40,623	35,031	26,718
Net Investment Income	4,585	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	8,511	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	64.3%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.0%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	88.3%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	24,895	30,636	29,400	28,088	23,496	20,694
Net Investment Income	16,468	19,439	18,134	15,269	12,942	11,243
Pretax Operating Income	6,900	10,032	8,904	7,925	6,929	5,258
Financial Services						
Revenues	7,109	8,010	10,525	7,495	6,242	6,822
Pretax Operating Income	1,008	524	4,276	2,180	1,182	2,125
Asset Management						
Revenues	5,721	5,814	5,325	4,714	3,651	3,467
Pretax Operating Income	2,541	2,346	2,253	2,125	1,316	1,125
AIG Consolidated						
Total Revenues	91,631	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	17,379	21,687	15,213	14,845	11,907	7,808
Net Income	11,492	14,048	10,477	9,839	8,108	5,729
Total Assets	1,072,105	979,414	853,051	801,007	675,602	561,131
Total Debt	176,185	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	104,067	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	YTD 9/30/07	YTD 9/30/06	2006	2005	2004
Revenues					
General Insurance	38,589	36,438	49,206	45,174	41,961
Life Insurance & Retirement Services	40,337	37,303	50,163	47,376	43,402
Financial Services	7,109	5,923	8,010	10,525	7,495
Asset Management	5,721	3,647	5,814	5,325	4,714
Other/Eliminations	-125	68	1	505	94
Consolidated Revenues	**91,631**	**83,379**	**113,194**	**108,905**	**97,666**
Pretax Operating Income					
General Insurance					
Domestic Brokerage Group	5,662	4,322	5,985	-646	777
Transatlantic Holdings, Inc.	508	427	589	-39	282
Personal Lines	252	352	432	195	357
Mortgage Guaranty	-289	301	328	363	399
Total Domestic	**6,133**	**5,402**	**7,334**	**-127**	**1,815**
Total Foreign	**2,383**	**2,415**	**3,088**	**2,427**	**1,344**
Other/Eliminations	-5	2	-10	15	18
Total General Insurance	**8,511**	**7,819**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services					
Domestic Life Insurance	774	862	917	1,495	1,023
Domestic Retirement Services	1,452	1,588	2,323	2,164	2,054
Total Domestic	**2,226**	**2,450**	**3,240**	**3,659**	**3,077**
Japan and Other	2,753	2,946	3,732	2,959	2,393
Asia	1,921	2,087	3,060	2,286	2,455
Total Foreign	**4,674**	**5,033**	**6,792**	**5,245**	**4,848**
Total Life Insurance & Retirement Services	**6,900**	**7,483**	**10,032**	**8,904**	**7,925**
Financial Services					
Aircraft Leasing	625	421	639	679	642
Capital Markets	183	-457	-873	2,661	662
Consumer Finance	180	529	761	876	786
Other	20	48	-3	60	90
Total Financial Services	**1,008**	**541**	**524**	**4,276**	**2,180**
Asset Management					
Spread-based Investment Business	759	467	947	1,185	1,328
Institutional Asset Management	1,406	721	1,031	686	515
Brokerage Services, Mutual Funds and Other	376	257	368	382	282
Total Asset Management	**2,541**	**1,445**	**2,346**	**2,253**	**2,125**
Other/Eliminations	-1,581	-953	-1,627	-2,535	-562
Consolidated Pretax Operating Income	**17,379**	**16,335**	**21,687**	**15,213**	**14,845**

American International Group, Inc.
Consolidated Balance Sheet

(in millions)

	December 31, 2007	December 31, 2006
Assets:		
Investments and financial services assets:		
Fixed maturities	$ 428,935	$ 419,142
Equity securities	41,646	30,650
Mortgage and other loans receivable, net of allowance	33,727	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	41,984	39,875
Securities available for sale, at fair value	40,305	47,205
Trading securities, at fair value	4,197	5,031
Spot commodities	238	220
Unrealized gain on swaps, options and forward transactions	16,442	19,252
Trade receivables	6,467	4,317
Securities purchased under agreements to resell, at contract value	20,950	30,291
Finance receivables, net of allowance	31,234	29,573
Securities lending invested collateral, at fair value	75,662	69,306
Other invested assets	58,823	42,111
Short-term investments, at cost (approximates fair value)	51,351	27,483
Total investments and financial services assets	851,961	792,874
Cash	2,284	1,590
Investment income due and accrued	6,587	6,091
Premiums and insurance balances receivable, net of allowance	18,395	17,789
Reinsurance assets, net of allowance	23,103	23,355
Deferred policy acquisition costs	43,150	37,235
Investments in partially owned companies	654	1,101
Real estate and other fixed assets, net of accumulated depreciation	5,518	4,381
Separate and variable accounts	78,684	70,277
Goodwill	9,414	8,628
Other assets	20,755	16,089
Total assets	$ 1,060,505	$ 979,410
Liabilities:		
Reserve for losses and loss expenses	$ 85,500	$ 79,999
Unearned premiums	28,022	26,271
Future policy benefits for life and accident and health insurance contracts	136,068	121,004
Policyholders' contract deposits	258,459	248,264
Other policyholders' funds	12,599	10,986
Commissions, expenses and taxes payable	6,310	5,305
Insurance balances payable	4,878	3,789
Funds held by companies under reinsurance treaties	2,501	2,602
Income taxes payable	3,823	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	8,331	19,677
Trade payables	10,568	6,174
Securities and spot commodities sold but not yet purchased, at fair value	4,709	4,076
Unrealized loss on swaps, options and forward transactions	20,613	11,401
Trust deposits and deposits due to banks and other depositors	4,903	5,249
Commercial paper and extendible commercial notes	13,114	13,363
Long-term borrowings	162,935	135,316
Separate and variable accounts	78,684	70,277
Securities lending payable	81,965	70,198
Minority interest	10,422	7,778
Other liabilities (includes hybrid financial instruments at fair value)	30,200	26,267
Total liabilities	964,604	877,542
Preferred shareholders' equity in subsidiary companies	100	191
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	2,848	2,590
Payments advanced to purchase shares	(912)	-
Unrealized appreciation of investments, net of taxes	4,575	10,083
Cash flow hedging activities, net of taxes	(87)	(27)
Foreign currency translation adjustments, net of taxes	880	(305)
Retirement plan liabilities adjustment, net of taxes	(725)	(641)
Retained earnings	89,029	84,996
Treasury stock, at cost	(6,685)	(1,897)
Total shareholders' equity	95,801	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	$ 1,060,505	$ 979,410

American International Group, Inc.
Consolidated Statement of Income

(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2007	Dec. 31, 2006	% Chg	Sept. 30, 2007	Sequential % Chg	Dec. 31, 2007	Dec. 31, 2006	% Chg
Revenues:								
Premiums and other considerations	$ 20,394	$ 18,727	8.9 %	$ 19,733	3.3 %	$ 79,302	$ 74,213	6.9 %
Net investment income	7,470	7,491	(0.3)	6,172	21.0	28,619	26,070	9.8
Net realized capital gains (losses) (1) (2)	(2,630)	238	NM	(864)	NM	(3,592)	106	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio (3)	(11,120)	-	NM	(352)	NM	(11,472)	-	NM
Other income (1) (4)	4,319	3,552	21.6	5,147	(16.1)	17,207	12,998	32.4
Total revenues	18,433	30,008	(38.6)	29,836	(38.2)	110,064	113,387	(2.9)
Benefits and expenses:								
Incurred policy losses and benefits	18,153	16,169	12.3	15,595	16.4	66,115	60,287	9.7
Insurance acquisition and other operating expenses	8,716	8,487	2.7	9,362	(6.9)	35,006	31,413	11.4
Total benefits and expenses	26,869	24,656	9.0	24,957	7.7	101,121	91,700	10.3
Income (loss) before income taxes (benefits), minority interest and cumulative effect of an accounting change	(8,436)	5,352	NM	4,879	NM	8,943	21,687	(58.8)
Income taxes (benefits)	(3,413)	1,471	NM	1,463	NM	1,455	6,537	NM
Income (loss) before minority interest and cumulative effect of an accounting change	(5,023)	3,881	NM	3,416	NM	7,488	15,150	(50.6)
Minority interest	(269)	(442)	NM	(331)	NM	(1,288)	(1,136)	NM
Income (loss) before cumulative effect of an accounting change	(5,292)	3,439	NM	3,085	NM	6,200	14,014	(55.8)
Cumulative effect of an accounting change, net of tax (5)	-	-	NM	-	NM	-	34	NM
Net income (loss)	$ (5,292)	$ 3,439	NM %	$ 3,085	NM %	$ 6,200	$ 14,048	(55.9) %
Earnings per common share:								
Basic								
Income (loss) before cumulative effect of an accounting change	$ (2.08)	$ 1.32	NM %	$ 1.20	NM %	$ 2.40	$ 5.38	(55.4) %
Cumulative effect of an accounting change, net of tax (5)	-	-	NM	-	NM	-	0.01	NM
Net income (loss)	(2.08)	1.32	NM	1.20	NM	2.40	5.39	(55.5)
Diluted								
Income (loss) before cumulative effect of an accounting change	(2.08)	1.31	NM	1.19	NM	2.39	5.35	(55.3)
Cumulative effect of an accounting change, net of tax (5)	-	-	NM	-	NM	-	0.01	NM
Net income (loss)	(2.08)	1.31	NM	1.19	NM	2.39	5.36	(55.4)
Dividends declared per common share	$ 0.200	$ 0.165	21.2 %	$ 0.200	0.0 %	$ 0.765	$ 0.645	18.6 %
Average shares outstanding:								
Basic	2,550	2,610		2,576		2,585	2,608	
Diluted	2,550	2,622		2,589		2,598	2,623	

Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. For the three months ended December 31, 2007 and 2006 and September 30, 2007 and the twelve months ended December 31, 2007 and 2006, **net realized capital gains (losses)** includes a loss of $431 million, a gain of $88 million, a loss of $479 million, a loss of $967 million and a gain of $211 million, respectively; **other income** includes a gain of $56 million, a loss of $822 million, a gain of $301 million, a loss of $468 million and a loss of $2.08 billion, respectively; and **total revenues** includes a loss of $375 million, a loss of $734 million, a loss of $178 million, a loss of $1.43 billion and a loss of $1.87 billion, respectively. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, primarily in its Capital Markets operations. In the second quarter 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.

(2) Includes other-than-temporary impairment charges of $3.66 billion, $178 million, $929 million, $4.07 billion and $944 million in the three months ended December 31, 2007 and 2006 and September 30, 2007 and the twelve months ended December 31, 2007 and 2006, respectively.

(3) Represents unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio.

(4) Includes an other-than-temporary impairment charge of $643 million on Capital Markets' available for sale investment securities in both the three months and the twelve months ended December 31, 2007.

(5) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".

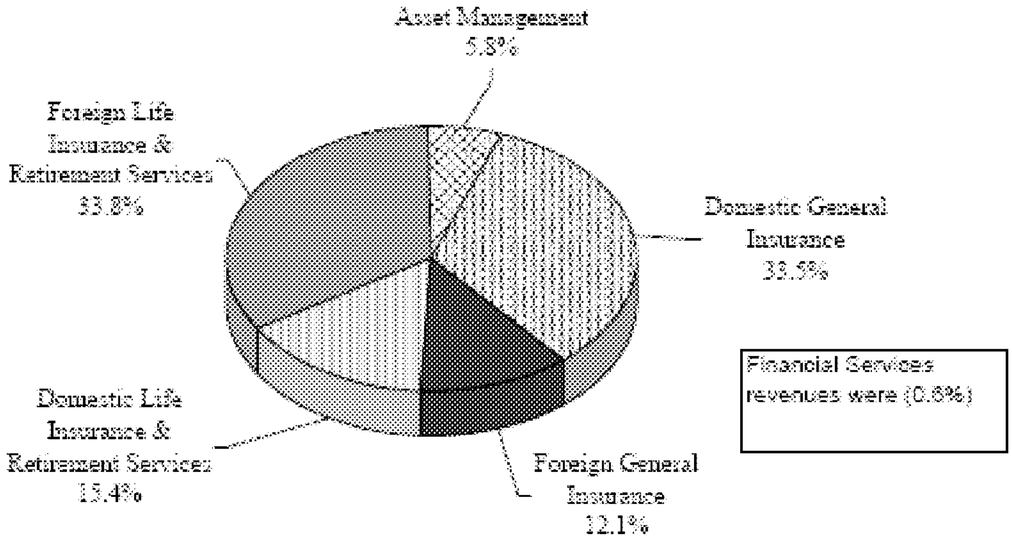
American International Group, Inc.
Consolidated Statement of Segment Operations
(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2007	Dec. 31, 2006	% Chg	Sept. 30, 2007	Sequential % Chg	Dec. 31, 2007	Dec. 31, 2006	% Chg
General insurance								
Net premiums written	$ 10,909	$ 10,550	3.3 %	$ 11,825	(7.7) %	$ 47,067	$ 44,866	4.9 %
Net premiums earned	11,687	11,068	5.2	11,493	2.6	45,682	43,451	5.1
Losses and loss expenses incurred	8,193	7,294	11.5	7,385	10.9	29,982	28,051	6.8
Underwriting expenses	2,922	2,908	3.3	2,958	1.5	11,200	10,732	4.3
Underwriting profit (1)	565	813	(38.3)	1,114	(49.3)	4,500	4,657	(3.4)
Net investment income	1,549	1,364	(2.9)	1,854	13.9	6,132	5,696	7.7
Income before net realized capital gains (losses)	2,154	2,505	(15.8)	2,968	(18.9)	10,632	10,353	2.7
Net realized capital gains (losses) (2)	(99)	88	NM	(88)	NM	(106)	59	NM
Operating income	2,055	2,665	(22.9)	2,499	(17.8)	10,526	10,412	1.1
Life insurance & retirement services								
Premiums and other considerations	8,732	7,645	14.2	8,500	8.2	33,627	30,966	8.8
Deposits and other considerations not included in revenues under GAAP	16,400	13,250	23.8	15,877	3.3	59,103	50,341	17.4
Premiums, deposits and other considerations	25,132	20,895	20.3	24,177	4.0	92,730	81,307	14.3
Net investment income	5,823	5,725	2.6	4,825	21.8	22,341	20,024	11.6
Income before net realized capital gains (losses)	2,898	2,680	8.2	2,430	6.7	10,384	10,080	3.3
Net realized capital gains (losses) (2)	(1,372)	305	NM	(461)	NM	(2,398)	58	NM
Operating income	1,266	2,638	(51.8)	1,909	(28.3)	8,186	10,138	(19.1)
Financial services								
Operating income (loss) excluding FAS 133, net realized capital gains (losses) and Capital Markets other-than-temporary impairments (3)	(10,298)	635	NM	304	NM	(8,880)	2,368	NM
FAS 133 (2)	856	(566)	NM	438	(7.5)	211	(1,822)	NM
Net realized capital gains (losses) and Capital Markets other-than-temporary impairments (2) (4)	(876)	(29)	NM	(80)	NM	(743)	(330)	NM
Operating income (loss)	(10,323)	(388)	NM	669	NM	(9,515)	383	NM
Asset management								
Operating income before net realized capital gains (losses)	458	319	(31.8)	355	29.3	2,164	1,669	30.1
Net realized capital gains (losses) (2)	(1,158)	(16)	NM	(232)	NM	(1,000)	(225)	NM
Operating income (loss)	(692)	303	NM	123	NM	1,164	1,538	(24.3)
Other before net realized capital gains (losses)	(466)	(416)	NM	(422)	NM	(1,781)	(1,405)	NM
Other net realized capital gains (losses) (2)	(183)	(46)	NM	(109)	NM	(905)	(37)	NM
Consolidation and elimination adjustments (2) (5) (6) (7)	51	208	(75.7)	776	(96.0)	722	666	8.4
Income (loss) before income taxes (benefits), minority interest and cumulative effect of an accounting change	(8,458)	6,302	NM	4,876	NM	8,943	21,687	(58.8)
Income taxes (benefits)	(3,433)	1,421	NM	1,455	NM	1,455	6,537	NM
Income (loss) before minority interest and cumulative effect of an accounting change	(5,025)	4,881	NM	3,466	NM	7,488	15,150	(50.6)
Minority interest, after tax:								
Income (loss) before net realized capital gains (losses)	(257)	(480)	NM	(323)	NM	(1,232)	(1,117)	NM
Net realized capital gains (losses)	(2)	(3)	NM	(8)	NM	(36)	(19)	NM
Income (loss) before cumulative effect of an accounting change	(5,292)	4,405	NM	3,085	NM	6,200	14,014	(55.8)
Cumulative effect of an accounting change, net of tax (8)	-	-	NM	-	NM	-	34	NM
Net income (loss) (9)	(5,292)	4,405	NM	3,085	NM	6,200	14,048	(55.9)
Net realized capital gains (losses) and Capital Markets other-than-temporary impairments (10)	(2,197)	203	NM	(609)	NM	(2,884)	33	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	37	(350)	NM	196	(81.1)	(294)	(1,624)	NM
Cumulative effect of an accounting change, net of tax (8)	-	-	NM	-	NM	-	34	NM
Adjusted net income (loss) (9) (11)	$ (3,132)	$ 3,852	NM %	$ 3,498	NM %	$ 9,378	$ 15,605	(39.9) %
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax (9)	$ (7,228)	$ -	NM %	$ (226)	NM %	$ (7,457)	$ -	NM %

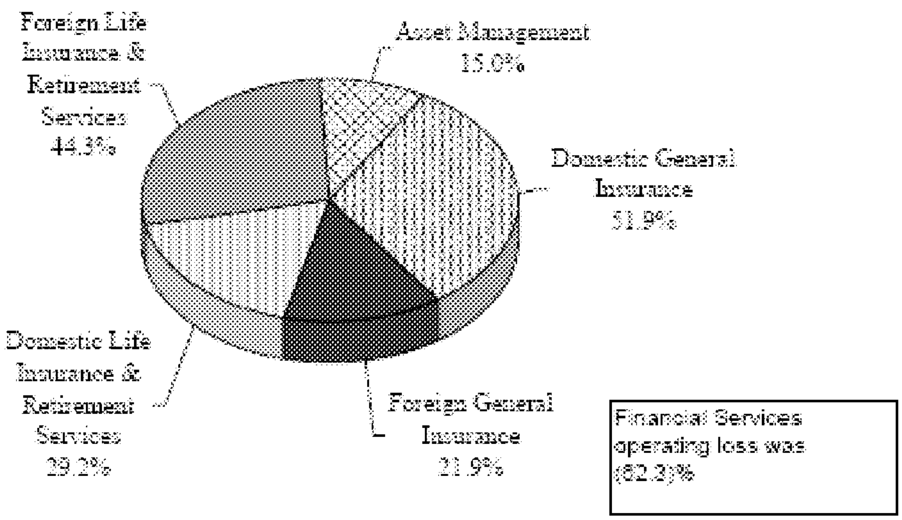
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

Life Insurance Rating Methodology

Rating Summary Profile

AIG Domestic Life & Retirement Services Grup

Key Factor	**2006 Adjusted**			**2007 Adjusted**			**Q1 2008 Adjusted**				
	Quantitative Result	Rating	Assigned Weightings (%)	Quantitative Result	Rating	Assigned Weightings (%)	Quantitative Result	Rating	Assigned Weightings (%)	**2007 / 2006**	**Q1 2008 / 2007**
Market Position and Brand	1.00	Aaa	15	1.00	Aaa	15	1.00	Aaa	15	Not changed from 2006	Not changed from 2007
Distribution	2.00	Aa1	10	2.00	Aa1	10	2.00	Aa1	10	Not changed from 2006	Not changed from 2007
Product Risk and Diversification	2.00	Aa1	15	2.00	Aa1	15	2.00	Aa1	15	Not changed from 2006	Not changed from 2007
Asset Quality	4.00	Aa3	5	5.00	A1	5	5.00	A1	5	Change to A1 from Aa3 reflects deterioration of subprime/structured assets vs. 2006 & worsening of credit quality measured by increase in risk asset ratio to 16% in 2007 from 14% in 2006.	Not changed from 2007
Capital Adequacy	3.00	Aa2	10	3.00	Aa2	10	5.00	A1	10	Not changed from 2006	Losses in sec lending collateral pool thate are not covered by AIG Inc. guarantee reduced est. consolidated RBC of lifecos to 292%, in the A range
Profitability	2.00	Aa1	15	5.00	A1	15	5.00	A1	15	Decline in profitability rating reflects flat and modest (10%) ROE and declining Sharpe ratio, as profit growth has been negative.	Not changed from 2007
Liquidity and ALM	3.00	Aa2	10	4.00	Aa3	10	4.00	Aa3	10	Decline in liquidity metric reflects tighened liquidity of lifecos due to spread widening in their sec lending collateral pool in 207	Not changed from 2007
Financial Flexibility	1.00	Aaa	20	2.00	Aa1	20	2.40	Aa1	20	Financial flexibility of AIG consolidated worsened, and particularly coverage worsened with impact of looses and OTTI to shareholders equity and earnings	Not changed from 2007
Final rating	1.95	**Aa1**	100	2.78	**Aa2**	100.00	3.21	**Aa2**	100		

INSURANCE GROUP RATING COMMITTEE MEMO

Moody's Investors Service

CONFIDENTIAL

Issuer Name(s): American International Group, Inc.	**Meeting Date:** 02/09/2006

Invited Rating Committee Members[1]**:**

1. [redacted]	2. [redacted]	3. [redacted]
4. [redacted]	5. [redacted]	6. [redacted]
7. [redacted]	8. [redacted]	9. [redacted]
10. [redacted]	11.	12.

[1]Identify those analysts noted above that have specific account responsibility for this issuer (i.e., Lead Analyst, Associate Analyst, etc.). For information pertaining to guidelines for the composition of rating committees, refer to: Rating Committee Composition Best Practices for GFIG.

Pre-Rating Committee Meeting Considerations:

1. All rating committee members noted above indicated (verbally or via email) that they had no potential conflicts of interest with the above referenced issuer(s)?[2] (☒ Yes or ☐ No)
2. Issuer has been notified of the date of this rating committee meeting and understands that the company will be given the opportunity to briefly review and comment on Moody's press release prior to public dissemination? (☒ Yes or ☐ No or ☐ Not Applicable)
3. Does this rating committee meeting involve discussion of a Franchise Credit?[3] (☒ Yes or ☐ No)
4. Did the Lead Analyst give consideration to involving analysts or managers from other rating units, as appropriate? (☒ Yes or ☐ No)
5. Is the recommendation consistent with established Moody's rating methodologies for the sector?[4] (☒ Yes or ☐ No)

[2]For additional information pertaining to conflicts of interest, refer to page 2 of: Moody's Investors Service Rating Committees: Core Principles, January 2003. [3]The current list of GFIG franchise credits is available at the following link: GFIG Franchise Credits. [4]Analysts should refer to applicable publications listed in the "Rating Methodologies Appendix".

Current Rating(s) and Recent Rating Action(s):

Senior debt rating Aa2; Short-term issuer rating P-1

Recent Rating Action(s):

Ratings on the parent and most subsidiaries were confirmed with a stable outlook on May 31, 2005, although the IFS ratings of AIG Domestic Brokerage Group remained on RUR-D. The AIG DBG ratings were then confirmed with a stable outlook on Dec. 27, 2005.

Published Rating Drivers

[5]If the rating recommendation proposes an upward (downward) rating adjustment, list only those metrics noted in the "What Could Move the Rating - UP" ("What Could Move the Rating - DOWN") section of the Credit Opinion.

What Could Change the Rating - UP

- Consistently favorable loss development in general insurance operations
- Favorable resolution of regulatory investigations and related litigation
- Full remediation of material weaknesses in internal controls over financial reporting

What Could Change the Rating - DOWN

- Further adverse loss development in general insurance operations, exceeding 5% of net reserves
- Adjusted financial leverage exceeding 15%
- Significant charges stemming from regulatory investigations or related litigation

Proposed Rating Recommendation(s):

Affirm the ratings on AIG and all affiliates.

Rationale for Analyst Recommendation(s): *(Maximum Text Limit - 1 Page / Bullet-Format Commentary Preferred)*

Notes of conference call with AIG, Feb. 8, 2006

AIG participants: Steve Bensinger, Frank Douglas, Teri Watson
Moody's participants: [redacted]

AIG expects that on Thursday, Feb. 9, there will be settlement announcements by the SEC, NYAG, NYDOI and DOJ.

After all of these announcements, AIG expects to announce: (i) total settlement charges of $1.64 bln pretax ($1.15 bln after tax), and (ii) P&C reserve increases of $1.69 bln pretax ($1.1 bln after tax).

The $1.64 bln pretax settlement charges include: $800 mln fund to be administered by the SEC (incl. $700 mln disgorgement of profits and $100 mln penalty) to cover shareholder litigation; $375 mln fund to be administered by NYAG and NYDOI for benefit of insureds who bought XS casualty policies via MMC; $343 mln fund to be administered by NYAG and NYDOI to compensate states for underpaid workers' compensation taxes (largely interest dating back to 1985-96); $100 mln fine to NY State; and $25 mln payment to DOJ (technically to the US Postal Service) to settle General Re and related matters. Settlement costs will all be borne by AIG (parent), not the operating units. All amounts are tax deductible except the $100 mln SEC penalty and the $100 mln NYS fine. Other aspects of the settlement include: (i) AIG will hire an independent consultant to monitor internal controls for three years, (ii) AIG will stop paying contingent commissions on XS casualty business and will support legislation to eliminate all/additional contingents, and (iii) regulators will cite AIG's cooperation in the settlement process.

The $1.69 bln pretax reserve charge includes $870 mln for A&E and $820 mln for other exposures. The total charge represents about 3% of carried reserves, and the non-A&E portion represents about 1.5% of non-A&E carried reserves. A charge was widely expected, as Milliman has been conducting the first-ever external review of AIG's total P&C reserves. The resulting reserves will match Milliman's best estimate. We contemplated a charge of up to 5% of carried reserves in our AIG DBG RCM in December 2005.

AIG will also increase its loss estimate for Hurricanes Katrina and Rita (3Q05) by $150 mln or nearly 10%. The company stands by its previously announced loss estimate of $400 mln for Hurricane Wilma in 4Q05.

On remediation of the five material weaknesses cited in AIG's 2004 10-K, AIG expects to be done with two items (control environment, risk transfer) in time for its 2005 filings. The remaining three items will take longer: derivatives (to be completed around mid-2006), balance sheet reconciliations (no estimate), and income taxes (no estimate).

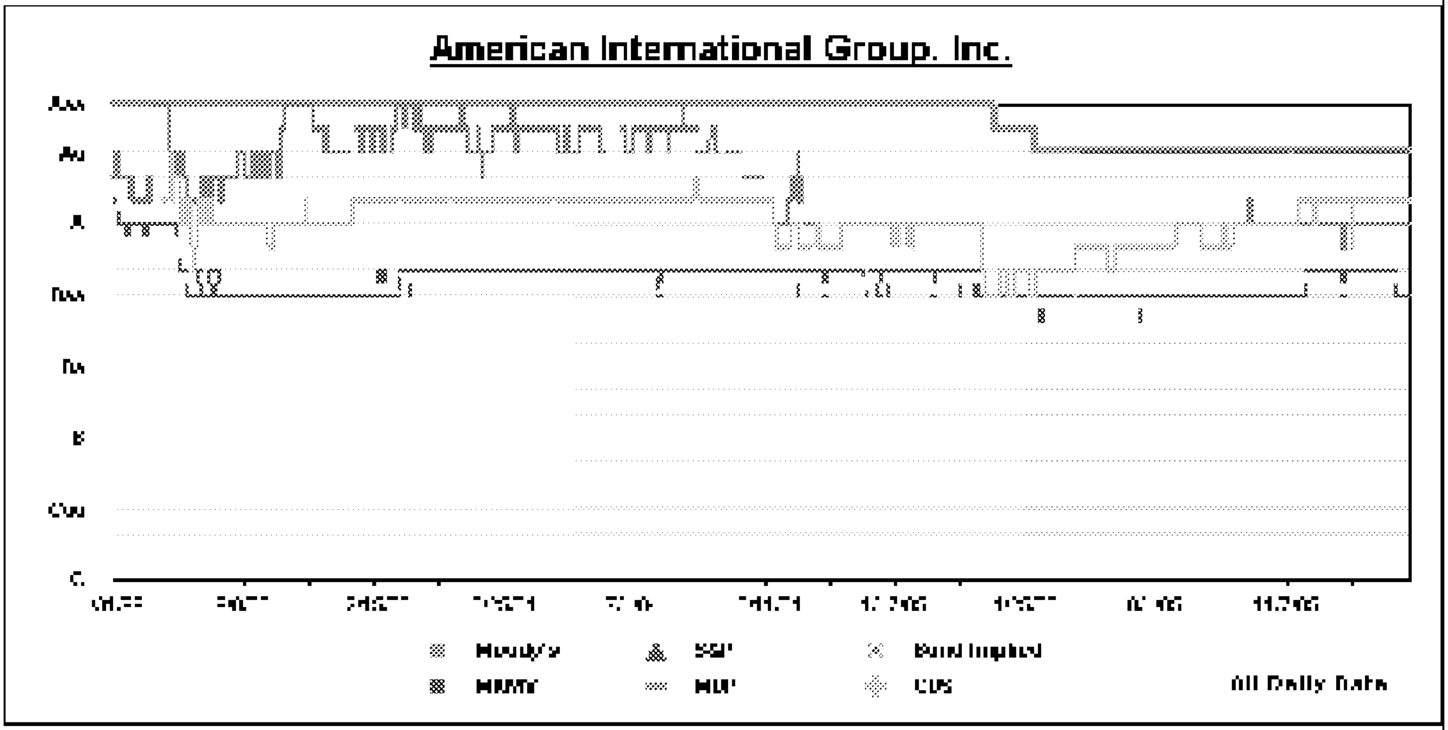
AIG's press release will address the settlements, the reserve charges and the catastrophe losses, but not the remediation process.

Conclusion: These charges fall within ranges that we have contemplated during prior RCMs and discussed in published reports on AIG. AIG remains one of the world's strongest and most diverse financial institutions, with substantial profits and a large capital base.

Q-Tool Commentary: *(Brief Discussion of any Significant Outliers)*

	Moody's	S&P	Fitch	A.M. Best
Senior Debt	Aa2 / Stable	AA / Negative	AA / Watch Neg	

Date	Issuer	Moody's	S&P	Bond Implied	MKMV	CDS	MDP
2/8/2006	American International Group, Inc. (45500)	Aa2	AA	A2	Baa2	A1	--



ʼQ-Tool Charts can be found at the following link: Q-Tool Charts.

New/Revised Financial Metrics to be Incorporated into Proposed Rating(s)

- Adjusted financial leverage in 10-15% range
- Adjusted interest coverage exceeding 20x

What Factors Could Move the Newly Proposed Rating(s) Higher?

- Continued strong profits, with returns on equity consistently exceeding 15%
- A sustained period with no adverse development of property and casualty reserves
- Full remediation of material weaknesses in internal controls

What Factors Could Move the Newly Proposed Rating(s) Lower?

- A deterioration in profits, with returns on equity falling below 10%
- Further adverse development of property and casualty reserves, which, in combination with today's reserve charge, would exceed 5% of net reserves
- Adjusted financial leverage exceeding 15%

Required Attachments[8](As Applicable):	**Table of Contents:**
Latest Credit Opinion	
Stock Chart	
GAAP Financials[10]	
Consolidated GAAP Peer Comparisons	
Draft Press Release – Domestic General Insurance	
Notes From Follow-up Call on Control Weaknesses	
[8]Cut and paste all required attachments into the Rating Committee Memo. [9]Statutory financials should follow the same one-page format as published in the Moody's Statistical Handbook. [10]Balance sheet, income statement, and statement of cash flows only.	

EXHIBIT 1
CREDIT OPINION

Moody's Investors Service

Global Credit Research
Credit Opinion
29 DEC 2005

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York (State of), United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Aa2
Senior Unsecured	Aa2
ST Issuer Rating	P-1
AIG Annuity Insurance Company	
Outlook	Stable
Insurance Financial Strength	Aa1
AIG Edison Life Insurance Company	
Outlook	Stable
Insurance Financial Strength	Aa2
AIG Life Insurance Company	
Outlook	Stable
Insurance Financial Strength	Aa1
AIG Liquidity Corp.	
Outlook	Stable
Bkd Other Short Term	P-1

Contacts

Analyst	Phone
Bruce Ballentine/New York	1.212.553.1653
Alan Murray/New York	
Robert Riegel/New York	
Joel Levine/New York	

Key Indicators

American International Group, Inc.

	[1]2005	2004	2003	2002	2001	5-Year Avg.
Total Revenues ($mil)	81,542	97,987	79,446	67,482	61,766	[2]16.58
Net Income After Preferred Dividends ($mil)	10,023	9,731	8,009	5,519	5,363	[2]8.48
Total Capital ($mil) [3]	200,938	192,324	162,302	143,192	135,134	[2]14.04
Debt plus Rdm Pfd/Capital (%) [3]	60.1	63.1	61.3	59.2	60.1	60.46
ROAE (%)	15.73	12.92	12.40	9.92	10.77	12.25
EBIT/Interest Expense (x)	3.6	4.3	3.9	3.2	3.0	3.63

[1] As of September 30. [2] Compound annual growth rate. [3] Excludes other comprehensive income.

Opinion

Credit Strengths

Key credit strengths/opportunities of American International Group, Inc. include:

- One of the world's strongest financial service firms, with leading market positions in life and general insurance and other financial services

- Broad business and geographic diversity

- Strong earnings and cash flows across all major business segments

- Solid capitalization, moderate financial leverage, and excellent debt service capacity

Credit Challenges

Key credit challenges/risks include:

- Potential capital needs of subsidiaries, such as members of general insurance group and certain financial services operations

- Uncertainty surrounding regulatory investigations and related litigation

- Working to remedy material weaknesses in internal controls over financial reporting, as identified in 2004 Form 10-K

- Continuing challenge of recognizing and managing risks in a vast and complex organization

Rating Rationale

American International Group, Inc. (NYSE: AIG) is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in general insurance, life insurance & retirement services, financial services, and asset management. AIG's ratings (senior debt at Aa2) reflect its leading market positions in all major segments, its broad business and geographic diversity, its strong earnings and cash flows, and its excellent financial flexibility.

These strengths are tempered by the intrinsic volatility in certain insurance and financial services operations, and by the significant volume of spread-based investment business within the asset management segment. AIG continues to face challenges with regard to loss reserves, regulatory investigations and internal controls over financial reporting. AIG has commissioned an actuarial consulting firm to conduct a comprehensive independent actuarial review of loss reserves for its main property and casualty operations. The review is expected to be completed before AIG reports full-year 2005 results. Moody's expects regulatory settlements to involve some sort of monetary restitution as well as assurances of proper business practices going forward. AIG is working to remedy the material weaknesses in internal controls, as identified in its 2004 Form 10-K.

Rating Outlook

The rating outlook is stable, reflecting Moody's view that AIG has sufficient capital and earnings power to address current challenges and remain a world leader in insurance and financial services. Moody's expects AIG to keep adjusted financial leverage under 15% and adjusted interest coverage over 20x. Moody's also expects to see continued strategic emphasis on insurance (e.g., financial services remaining below 20-25% of consolidated operations) and improvement in capital adequacy measures at the general insurance operations.

What Could Change the Rating - UP

Factors that could lead to an upgrade include:

- Consistently favorable loss development in general insurance operations

- Favorable resolution of regulatory investigations and related litigation

- Full remediation of material weaknesses in internal controls over financial reporting

What Could Change the Rating - DOWN

Factors that could lead to a downgrade include:

- Further adverse loss development in general insurance operations, exceeding 5% of net reserves

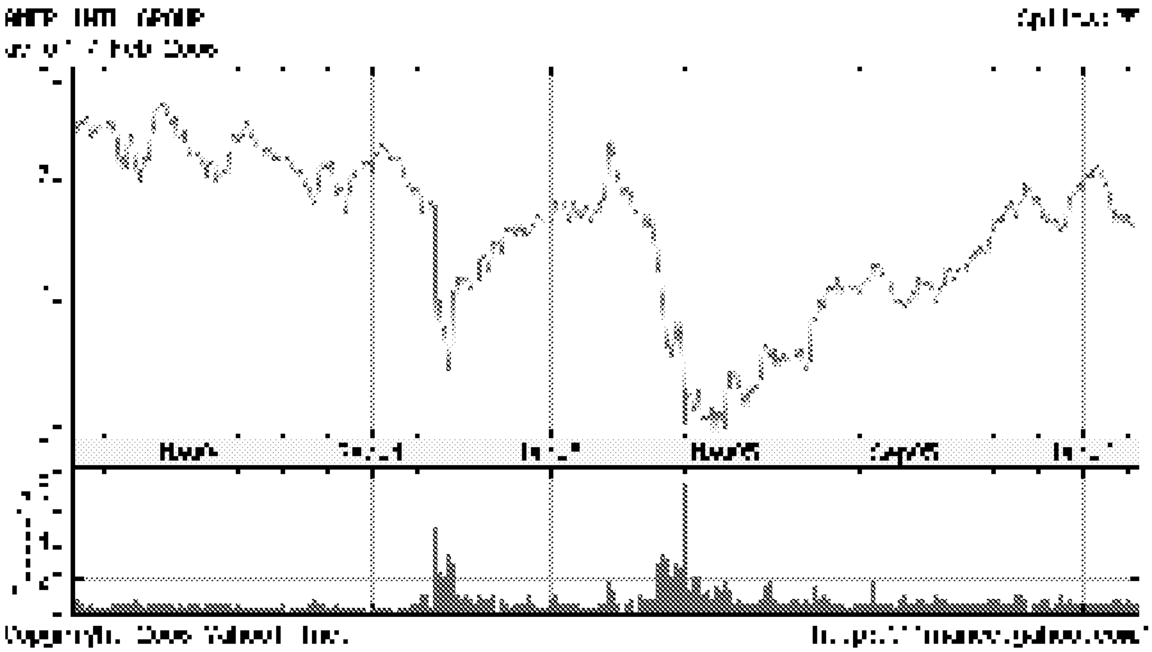
- Adjusted financial leverage exceeding 15%

- Significant charges stemming from regulatory investigations or related litigation

Recent Developments/Results

For the nine months ended September 30, 2006, AIG reported total revenues of $82 billion, net income of $10 billion and shareholders' equity of $89 billion.

EXHIBIT 2
STOCK CHART



Splits:18-Nov-86 [2:1], 23-Jul-90 [5:4], 30-Jul-93 [3:2], 31-Jul-95 [3:2], 28-Jul-97 [3:2], 03-Aug-98 [3:2], 02-Aug-99 [5:4], 31-Jul-00 [3:2]

Last Trade:	**66.38**	Day's Range:	65.68 - 66.50
Trade Time:	4:00PM ET	52wk Range:	49.91 - 73.46
Change:	**0.58 (0.88%)**	Volume:	4,941,900
Prev Close:	65.80	Avg Vol (3m):	6,776,490
Open:	66.15	Market Cap:	172.30B
Bid:	N/A	P/E (ttm):	15.20
Ask:	N/A	EPS (ttm):	4.37
1y Target Est:	76.47	Div & Yield:	0.60 (0.90%)

EXHIBIT 3
GAAP INCOME STATEMENT

(in millions, except per share data) (unaudited)

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004 (Restated)	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004 (Restated)
Revenues:				
Premiums and other considerations	$ 52,470	$ 49,418	$ 17,244	$ 17,237
Net investment income	16,196	13,563	5,629	4,501
Realized capital gains (losses)	216	(88)	79	(83)
Other revenues	12,660	9,685	3,409	3,625
Total revenues	81,542	72,578	26,361	25,280
Benefits and expenses:				
Incurred policy losses and benefits	45,665	42,273	16,503	15,166
Insurance acquisition and other operating expenses	20,966	17,719	7,381	6,023
Total benefits and expenses	66,631	59,992	23,884	21,189
Income before income taxes, minority interest and cumulative effect of an accounting change	14,911	12,586	2,477	4,091
Income taxes (benefits):				
Current	2,355	2,639	372	203
Deferred	2,204	1,196	334	1,061
	4,559	3,835	706	1,264
Income before minority interest and cumulative effect of an accounting change	10,352	8,751	1,771	2,827
Minority interest	(329)	(317)	(54)	(142)
Income before cumulative effect of an accounting change	10,023	8,434	1,717	2,685
Cumulative effect of an accounting change, net of tax	-	(144)	-	-
Net income	$ 10,023	$ 8,290	$ 1,717	$ 2,685
Earnings per common share:				
Basic				
Income before cumulative effect of an accounting change	$ 3.86	$ 3.24	$ 0.66	$ 1.04
Cumulative effect of an accounting change, net of tax	-	(0.06)	-	-
Net income	$ 3.86	$ 3.18	$ 0.66	$ 1.04
Diluted				
Income before cumulative effect of an accounting change	$ 3.82	$ 3.20	$ 0.65	$ 1.02
Cumulative effect of an accounting change, net of tax	-	(0.06)	-	-
Net income	$ 3.82	$ 3.14	$ 0.65	$ 1.02
Cash dividends per common share	$ 0.40	$ 0.21	$ 0.15	$ 0.08
Average shares outstanding:				
Basic	2,597	2,608	2,597	2,606
Diluted	2,624	2,639	2,624	2,638

GAAP BALANCE SHEET – Assets

		September 30, 2005		December 31, 2004 (Restated)
Assets:				
Investments, financial services assets and cash:				
Fixed maturities:				
Bonds available for sale, at market value (amortized cost: 2005 - $348,028; 2004 - $329,838)	$	362,194	$	344,399
Bonds held to maturity, at amortized cost (market value: 2005 - $22,028; 2004 - $18,791)		21,532		18,294
Bond trading securities, at market value (cost: 2005 - $3,953; 2004 - $2,973)		3,975		2,984
Equity securities:				
Common stocks available for sale, at market value (cost: 2005 - $9,981; 2004 - $8,569)		12,368		9,917
Common stocks trading, at market value (cost: 2005 - $7,382; 2004 - $5,651)		8,098		5,894
Preferred stocks, at market value (cost: 2005 - $2,206; 2004 - $2,017)		2,269		2,040
Mortgage loans on real estate, net of allowance (2005 - $53; 2004 - $65)		14,202		13,146
Policy loans		7,082		7,035
Collateral and guaranteed loans, net of allowance (2005 - $15; 2004 - $18)		2,257		2,282
Financial services assets:				
Flight equipment primarily under operating leases, net of accumulated depreciation (2005 - $7,145; 2004 - $6,390)		35,535		32,130
Securities available for sale, at market value (cost: 2005 - $37,466; 2004 - $30,779)		37,872		32,768
Trading securities, at market value		6,667		3,142
Spot commodities, at market value		234		95
Unrealized gain on swaps, options and forward transactions		20,427		22,670
Trading assets		909		3,331
Securities purchased under agreements to resell, at contract value		12,129		26,272
Finance receivables, net of allowance (2005 - $646; 2004 - $571)		27,701		23,574
Securities lending collateral, at cost (approximates market value)		57,627		49,169
Other invested assets		24,808		22,471
Short-term investments, at cost (approximates market value)		16,238		16,102
Cash		2,108		2,009
Total investments, financial services assets and cash		676,232		639,724
Investment income due and accrued		5,955		5,556
Premiums and insurance balances receivable, net of allowance (2005 - $469; 2004 - $425)		15,177		14,788
Reinsurance assets, net of allowance (2005 - $512; 2004 - $500)		22,023		19,857
Deferred policy acquisition costs		32,083		29,740
Investments in partially owned companies		1,149		1,496
Real estate and other fixed assets, net of accumulated depreciation (2005 - $4,989; 2004 - $4,650)		6,841		6,192
Separate and variable accounts		61,157		57,741
Goodwill		8,354		8,556
Income taxes receivable - current		-		109
Other assets		14,426		16,283
Total assets	$	843,397	$	800,042

GAAP BALANCE SHEET – Liab & Equity

	September 30, 2005	December 31, 2004 (Restated)
Liabilities:		
Reserve for losses and loss expenses	$ 71,161	$ 62,371
Reserve for unearned premiums	24,228	23,094
Future policy benefits for life and accident and health insurance contracts	108,461	104,756
Policyholders' contract deposits	227,241	216,474
Other policyholders' funds	10,682	10,280
Reserve for commissions, expenses and taxes	5,096	4,539
Insurance balances payable	4,178	3,686
Funds held by companies under reinsurance treaties	3,948	3,404
Income taxes payable	8,551	6,768
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	19,953	18,919
Securities sold under agreements to repurchase, at contract value	10,694	23,581
Trading liabilities	1,707	2,304
Securities and spot commodities sold but not yet purchased, at market value	5,223	4,866
Unrealized loss on swaps, options and forward transactions	15,721	17,611
Trust deposits and deposits due to banks and other depositors	4,255	4,248
Commercial paper	7,723	6,724
Notes, bonds, loans and mortgages payable	66,270	59,683
Commercial paper	1,978	2,969
Notes, bonds, loans and mortgages payable	7,411	5,502
Liabilities connected to trust preferred stock	1,489	1,489
Separate and variable accounts	61,157	57,741
Minority interest	5,120	4,584
Securities lending payable	58,430	49,972
Other liabilities	23,245	23,750
Total liabilities	753,922	719,315
Preferred shareholders' equity in subsidiary companies	193	199
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2005 - 2,751,327,476; 2004 - 2,751,327,476	6,878	6,878
Additional paid-in capital	2,249	2,094
Retained earnings	73,246	64,254
Accumulated other comprehensive income (loss)	9,175	9,513
Treasury stock, at cost; 2005 - 155,719,651; 2004 - 154,904,286 shares of common stock	(2,266)	(2,211)
Total shareholders' equity	89,282	80,528
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	$ 843,397	$ 800,042

GAAP CASH FROM OPERATIONS

(in millions) (unaudited)

Nine Months Ended September 30,	2005	2004 (Restated)
Summary:		
Net cash provided by operating activities	$ 23,080	$ 19,611
Net cash used in investing activities	(41,666)	(53,675)
Net cash provided by financing activities	19,341	35,027
Effect of exchange rate changes on cash	(656)	187
Change in cash	99	1,150
Cash at beginning of period	2,009	922
Cash at end of period	$ 2,108	$ 2,072
Cash flows from operating activities:		
Net income	$ 10,023	$ 8,290
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income:		
Change in:		
General and life insurance reserves	13,850	16,261
Premiums and insurance balances receivable and payable - net	103	(1,364)
Reinsurance assets	(2,166)	663
Deferred policy acquisition costs	(1,748)	(2,364)
Investment income due and accrued	(399)	(823)
Funds held under reinsurance treaties	544	396
Other policyholders' funds	402	586
Current and deferred income taxes - net	2,526	2,371
Reserve for commissions, expenses and taxes	557	(30)
Other assets and liabilities - net	(165)	988
Trading assets and liabilities - net	1,825	(3,308)
Trading securities, at market value	(3,525)	380
Spot commodities, at market value	(139)	117
Net unrealized (gain) loss on swaps, options and forward transactions	353	2,950
Securities purchased under agreements to resell	14,143	(10,184)
Securities sold under agreements to repurchase	(12,887)	4,585
Securities and spot commodities sold but not yet purchased, at market value	357	(563)
Realized capital (gains) losses	(216)	88
Equity in income of partially owned companies and other invested assets	(1,263)	(897)
Amortization of premium and discount on securities	240	231
Depreciation expenses, principally flight equipment	1,311	1,511
Provision for finance receivable losses	315	282
Other - net	(961)	(555)
Total adjustments	13,057	11,321
Net cash provided by operating activities	$ 23,080	$ 19,611

GAAP CASH FROM INVESTING & FINANCING

(in millions) (unaudited)

Nine Months Ended September 30,		2005		2004 (Restated)
Cash flows from investing activities:				
Cost of bonds, at market sold	$	99,133	$	92,777
Cost of bonds, at market matured or redeemed		12,832		10,776
Cost of equity securities sold		10,162		10,621
Realized capital gains (losses)		216		(88)
Purchases of fixed maturities		(133,692)		(140,608)
Purchases of equity securities		(13,361)		(13,490)
Mortgage, policy and collateral loans granted		(3,859)		(2,208)
Repayments of mortgage, policy and collateral loans		2,883		1,655
Sales of securities available for sale		4,913		2,032
Maturities of securities available for sale		2,190		3,603
Purchases of securities available for sale		(13,390)		(8,922)
Sales of flight equipment		1,384		1,155
Purchases of flight equipment		(5,482)		(3,869)
Net additions to real estate and other fixed assets		(1,216)		(531)
Sales or distributions of other invested assets		7,480		5,533
Investments in other invested assets		(8,441)		(8,349)
Change in short-term investments		1,029		452
Investments in partially owned companies		(5)		3
Finance receivable originations and purchases		(37,792)		(18,026)
Finance receivable principal payments received		33,350		13,809
Net cash used in investing activities	$	(41,666)	$	(53,675)
Cash flows from financing activities:				
Receipts from policyholders' contract deposits	$	37,278	$	40,372
Withdrawals from policyholders' contract deposits		(26,562)		(16,965)
Change in trust deposits and deposits due to banks and other depositors		7		160
Change in commercial paper		8		3,286
Proceeds from notes, bonds, loans and mortgages payable		43,302		22,471
Repayments on notes, bonds, loans and mortgages payable		(34,578)		(16,120)
Liquidation of zero coupon notes payable		-		(189)
Proceeds from guaranteed investment agreements		8,919		8,006
Maturities of guaranteed investment agreements		(7,885)		(4,882)
Redemption of subsidiary company preferred stock		-		(200)
Proceeds from common stock issued		44		130
Cash dividends to shareholders		(1,031)		(535)
Acquisition of treasury stock		(170)		(508)
Other - net		9		1
Net cash provided by financing activities	$	19,341	$	35,027
Supplementary information:				
Taxes paid	$	2,031	$	2,011
Interest paid	$	3,587	$	3,119

EXHIBIT 4
GAAP COMPARISONS

		ACE	ALL	AIG	HIG	ORI	PGR	STA	XL	CHUBB
D/C	2005Q2	18.7	18.9	**55.6**	23.1	3.4	18.7	20.6	24.5	20.0
	2005Q1	19.5	20.1	**60.0**	25.7	3.6	19.5	23.3	25.8	21.3
	2004Y	19.7	19.6	**59.1**	25.7	3.6	19.9	23.8	28.5	21.7
	2003Y	21.2	19.8	**56.8**	32.7	3.7	22.8	18.2	24.6	24.8
	2002Y	29.6	20.3	**58.5**	29.0	4.3	28.3	25.4	22.2	22.3
	2001Y	33.2	19.3	**60.5**	30.6	5.4	25.2	21.8	22.8	19.2
	2000Y	35.4	19.0	**59.3**	30.9	8.9	20.7	29.8	7.5	9.7
D/Market C	2005Q2	17.1	14.4	**48.2**	19.8	3.2	9.3	19.1	22.4	16.6
	2005Q1	18.1	15.7	**52.3**	22.2	3.4	9.8	21.7	23.3	17.8
	2004Y	18.0	15.7	**48.1**	22.2	3.3	10.4	22.3	25.0	18.4
	2003Y	18.8	16.6	**43.4**	28.5	3.3	11.4	15.6	20.4	20.9
	2002Y	27.6	17.0	**44.2**	28.2	4.2	17.0	21.7	18.0	19.9
	2001Y	26.8	16.7	**38.0**	24.5	4.9	13.4	#NAME?	15.3	14.5
	2000Y	28.0	14.2	**31.1**	22.2	7.1	12.5	#NAME?	5.2	6.4
D/Tang Cap	2005Q2	23.6	19.4	**58.1**	25.2	#NAME?	18.7	23.5	#NAME?	20.7
	2005Q1	24.7	20.7	**62.6**	28.3	3.6	19.5	26.8	#NAME?	22.0
	2004Y	25.0	20.3	**61.8**	28.3	3.7	19.9	29.4	34.1	22.6
	2003Y	27.9	20.5	**59.6**	36.3	3.8	22.8	21.8	30.4	25.9
	2002Y	42.2	21.2	**61.1**	32.7	4.4	28.3	30.8	27.4	23.6
	2001Y	47.6	20.6	**63.4**	35.3	5.6	25.2	26.9	29.3	20.4
	2000Y	53.6	20.1	**#NAME?**	34.8	#NAME?	20.7	36.7	10.1	10.4
Equity	2005Q2	10,496	22,324	**88,879**	15,590	4,069	5,591	22,369	8,372	11,258
	2005Q1	9,965	21,325	**82,683**	14,211	3,881	5,295	20,732	7,815	10,401
	2004Y	9,836	21,823	**80,607**	14,238	3,866	5,155	21,201	7,739	10,126
	2003Y	8,835	20,565	**71,253**	11,639	3,554	5,031	11,987	6,937	8,522
	2002Y	6,389	17,438	**59,103**	10,734	3,156	3,768	10,137	6,570	6,826
	2001Y	6,107	17,196	**52,150**	9,013	2,784	3,251	10,686	5,437	6,525
	2000Y	5,420	17,451	**47,438**	7,464	2,439	2,870	9,214	5,574	6,982
GAAP Underwriting Leverage	2005Q2	3.5	#NAME?	**#NAME?**	#NAME?	#NAME?	1.6	2.9	2.8	#NAME?
	2005Q1	3.6	#NAME?	**#NAME?**	#NAME?	#NAME?	1.7	3.1	3.0	#NAME?
	2004Y	4.8	2.1	**1.8**	2.3	#NAME?	3.7	3.8	4.0	3.3
	2003Y	4.7	2.1	**1.8**	2.8	#NAME?	3.3	4.2	3.8	3.6
	2002Y	5.8	2.3	**1.9**	2.5	#NAME?	3.6	4.7	3.4	4.0
	2001Y	5.1	2.3	**1.8**	2.9	#NAME?	3.3	4.0	3.2	3.6
	2000Y	4.6	2.2	**1.8**	3.2	#NAME?	3.3	4.2	1.6	2.7
GAAP_Combined_Ratio	2005Q2	90.2	85.2	**93.1**	87.0	87.6	86.1	87.6	97.9	88.3
	2005Q1	89.0	85.3	**94.3**	88.6	88.5	85.0	90.5	89.7	89.4
	2004Y	96.4	93.0	**100.4**	95.3	89.3	85.1	107.7	95.9	92.3
	2003Y	91.0	94.6	**93.3**	96.5	86.4	87.3	96.3	102.8	98.0
	2002Y	101.7	98.9	**105.1**	99.1	88.1	92.4	116.6	97.0	106.7
	2001Y	111.6	102.9	**99.6**	112.5	88.9	95.2	108.9	139.7	113.4
	2000Y	95.5	99.2	**95.5**	102.9	91.6	104.4	100.9	106.2	100.4

		ACE	ALL	AIG	HIG	ORI	PGR	STA	XL	CHUBB
GPW	2005Q2	4,213	#NAME?	**#NAME?**	#NAME?	#NAME?	3,672	5,909	3,966	#NAME?
	2005Q1	4,543	#NAME?	**#NAME?**	#NAME?	#NAME?	3,684	5,921	3,524	#NAME?
	2004Y	16,098	26,973	**81,232**	11,498	#NAME?	13,694	22,273	11,124	13,399
	2003Y	14,637	25,505	**71,277**	11,081	#NAME?	12,188	15,475	9,706	12,604
	2002Y	12,819	24,260	**58,775**	9,835	#NAME?	9,666	14,075	8,986	10,605
	2001Y	10,165	22,892	**49,618**	8,660	#NAME?	7,379	11,668	5,421	8,060
	2000Y	7,587	22,119	**42,975**	8,074	#NAME?	6,402	10,648	3,129	7,126
Loss and LAE Reserves	2005Q2	32,101	18,795	**65,327**	21,104	4,706	5,491	58,114	19,775	21,092
	2005Q1	31,426	18,958	**64,061**	21,301	4,544	5,348	58,630	19,908	20,876
	2004Y	31,513	19,338	**62,371**	21,329	4,404	5,286	59,070	19,838	20,292
	2003Y	27,155	17,714	**56,118**	21,715	4,023	4,576	34,573	16,559	17,948
	2002Y	24,315	16,690	**51,539**	17,091	3,677	3,813	33,736	13,203	16,713
	2001Y	20,728	16,500	**44,792**	17,036	3,451	3,238	30,737	11,807	15,515
	2000Y	17,388	16,859	**40,613**	15,874	3,390	2,986	28,442	5,668	11,905
Net Income	2005Q2	456	1,149	**3,992**	602	172	394	1,067	136	496
	2005Q1	422	1,123	**3,684**	666	114	413	210	443	470
	2004Y	1,094	3,181	**11,048**	2,115	435	1,649	949	1,126	1,548
	2003Y	1,381	2,705	**9,274**	(91)	460	1,255	1,696	372	809
	2002Y	51	1,134	**5,519**	1,000	393	667	(27)	396	223
	2001Y	(172)	1,158	**5,363**	507	347	411	1,065	(576)	112
	2000Y	525	2,211	**6,639**	974	297	46	1,312	506	715
NPW	2005Q2	2,909	6,993	**17,947**	2,722	#NAME?	3,594	5,216	3,493	3,113
	2005Q1	3,365	6,582	**18,337**	2,581	#NAME?	3,605	4,780	2,982	3,056
	2004Y	11,528	26,531	**68,689**	9,894	#NAME?	13,378	19,045	8,959	12,053
	2003Y	10,215	25,187	**58,515**	9,065	#NAME?	11,913	13,201	7,616	11,068
	2002Y	8,068	23,917	**47,735**	8,584	#NAME?	9,452	11,945	6,973	9,047
	2001Y	6,364	22,609	**39,164**	7,585	#NAME?	7,260	9,846	3,566	6,962
	2000Y	4,879	21,858	**34,689**	7,248	#NAME?	6,196	8,843	2,116	6,333
Operating Cash Flow	2005Q2	1,147	1,778	**12,951**	763	176	764	703	2,360	882
	2005Q1	1,210	1,390	**654**	666	196	659	1,028	271	1,011
	2004Y	4,953	5,468	**35,581**	2,634	828	2,663	5,066	4,444	4,089
	2003Y	4,225	5,691	**36,155**	3,896	720	2,437	3,833	3,430	3,364
	2002Y	2,407	4,418	**19,093**	2,577	638	1,912	2,926	3,036	2,216
	2001Y	1,353	2,291	**8,801**	2,261	527	1,235	1,219	1,438	1,019
	2000Y	(427)	1,731	**9,080**	2,435	344	822	664	262	964
Operating Cash Flow / Revenue	2005Q2	35.1	20.2	**48.2**	12.6	18.6	21.3	11.6	57.5	25.6
	2005Q1	38.3	16.0	**2.4**	11.1	22.2	18.9	16.8	11.3	29.4
	2004Y	40.1	16.1	**36.0**	11.6	23.7	19.3	22.1	44.0	31.1
	2003Y	39.5	17.7	**44.5**	20.8	21.9	20.5	25.3	42.9	29.6
	2002Y	33.8	14.9	**28.3**	15.7	23.2	20.6	20.5	46.2	24.3
	2001Y	20.4	7.9	**14.2**	14.9	22.2	16.5	10.0	35.1	13.2
	2000Y	-8.1	5.9	**16.1**	16.6	16.6	12.2	6.0	9.5	13.3
Pre-tax Interest Cov	2005Q2	14.8	21.0	**4.0**	13.9	70.4	29.3	19.5	2.8	#NAME?
	2005Q1	14.0	19.3	**4.0**	15.5	85.3	30.6	17.7	6.5	#NAME?
	2004Y	8.7	15.9	**4.9**	11.1	74.1	31.3	5.6	4.8	15.9
	2003Y	10.6	14.0	**4.4**	-1.0	83.9	20.5	14.4	3.2	8.2
	2002Y	0.8	6.5	**3.2**	5.0	64.7	14.2	-0.7	3.7	3.0
	2001Y	0.0	6.2	**3.0**	2.2	35.3	12.3	7.8	-5.7	-0.2
	2000Y	3.9	14.3	**3.7**	6.7	25.9	1.4	7.3	7.3	17.1

		ACE	ALL	AIG	HIG	ORI	PGR	STA	XL	CHUBB
Pre-tax Operating Income Covg of Fixed Chgs	2005Q2	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2005Q1	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2004Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2003Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2002Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2001Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2000Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
Reins Rec / Equity	2005Q2	1.38	0.19	**0.22**	0.37	0.51	0.07	0.82	0.89	0.31
	2005Q1	1.47	0.20	**0.24**	0.42	0.52	0.07	0.91	1.02	0.34
	2004Y	1.55	0.20	**0.25**	0.43	0.50	0.07	0.90	1.04	0.34
	2003Y	1.59	0.15	**0.38**	0.51	0.50	0.05	0.93	1.03	0.40
	2002Y	2.19	0.17	**0.49**	0.47	0.50	0.06	1.08	0.95	0.60
	2001Y	1.87	0.16	**0.52**	0.57	0.53	0.06	1.03	1.16	0.69
	2000Y	1.66	#NAME?	**0.51**	0.61	0.60	0.08	1.02	0.28	0.27
ROAE	2005Q2	18.3	21.1	**18.6**	16.2	17.3	29.0	19.8	7.2	18.3
	2005Q1	17.5	20.9	**18.1**	18.7	11.8	31.6	4.0	23.3	18.3
	2004Y	12.2	15.0	**12.9**	16.1	11.7	29.3	5.5	15.9	16.8
	2003Y	18.4	14.2	**14.1**	-0.8	13.4	29.0	15.4	6.1	10.2
	2002Y	1.2	6.6	**9.9**	10.1	13.2	19.4	-0.3	7.1	3.4
	2001Y	-2.7	6.7	**11.9**	6.0	13.3	13.6	10.7	-10.7	1.6
	2000Y	11.2	13.0	**15.3**	15.5	13.1	1.7	16.8	9.1	10.9
Total Debt	2005Q2	2,408	5,187	**111,402**	4,681	143	1,285	5,802	2,722	2,813
	2005Q1	2,408	5,355	**124,238**	4,922	143	1,285	6,295	2,722	2,809
	2004Y	2,408	5,334	**116,527**	4,929	143	1,284	6,624	3,091	2,814
	2003Y	2,370	5,076	**93,770**	5,660	138	1,490	2,675	2,258	2,814
	2002Y	1,895	4,240	**81,046**	2,911	142	1,489	2,544	1,878	1,834
	2001Y	1,845	3,921	**77,549**	2,564	159	1,096	2,078	1,605	1,425
	2000Y	1,789	3,331	**65,632**	2,097	238	749	3,006	450	629
Total Losses Paid / Total Losses Incurred	2005Q2	0.63	1.03	**0.78**	0.94	#NAME?	0.94	#NAME?	#NAME?	0.85
	2005Q1	0.69	1.05	**0.72**	0.98	#NAME?	0.97	#NAME?	#NAME?	0.72
	2004Y	0.57	0.96	**0.65**	1.00	0.75	0.93	0.76	0.63	0.69
	2003Y	0.64	0.94	**0.75**	0.66	0.82	0.91	0.91	0.61	0.73
	2002Y	0.81	0.99	**0.79**	0.95	0.87	0.91	0.72	0.86	0.73
	2001Y	0.82	1.02	**0.94**	0.91	0.96	0.95	0.98	0.63	0.82
	2000Y	1.40	1.06	**0.99**	1.03	1.05	0.89	1.09	1.16	0.93

EXHIBIT 5

DRAFT PRESS RELEASE

MOODY'S AFFIRMS AIG'S RATINGS (SENIOR DEBT AT Aa2); OUTLOOK REMAINS STABLE

Moody's Investors Service has affirmed the ratings of American International Group, Inc. (NYSE: AIG – senior unsecured debt rating Aa2; short-term issuer rating Prime-1) and all rated subsidiaries following AIG's announcement of fourth-quarter 2005 charges associated with regulatory settlements and the completion of an independent actuarial review of property and casualty reserves. The rating outlook for AIG and its subsidiaries is stable.

AIG announced today that it has settled regulatory investigations into its accounting, financial reporting and insurance brokerage practices by the U.S. Department of Justice, the Securities and Exchange Commission, the Office of the New York Attorney General, and the New York State Department of Insurance. Total charges associated with these settlements amount to $1.64 billion on a pretax basis ($1.15 billion after taxes). As part of the settlements, AIG has agreed to appoint an independent consultant to monitor its internal controls for a period of three years.

Based on the independent actuarial review, AIG is increasing its property and casualty insurance reserves by $1.69 billion, resulting in an after-tax charge of $1.10 billion. The additional reserves include $870 million for asbestos and environmental exposures and $820 million for all other exposures. The total pretax amount represents a 3.4% increase in AIG's net property and casualty reserves as of September 30, 2005. AIG also announced a $150 million after-tax charge for incremental losses from third-quarter 2005 catastrophes, principally Hurricane Katrina. This incremental charge represents a 9.4% increase in third-quarter catastrophe losses.

Moody's commented that these charges fall within ranges contemplated by the rating agency and discussed in prior press releases on AIG. Specifically, Moody's cited an expectation that the aggregate costs of AIG's reserve increases, accounting adjustments, regulatory settlements, and related litigation would not exceed 10% of the firm's shareholders' equity. The aggregate costs to date remain within this range. Moreover, profits from AIG's diverse businesses helped to boost shareholders' equity to $89 billion as of September 30, 2005, from $81 billion (restated) at year-end 2004.

Moody's noted that corporate governance has been a credit weakness at AIG. Internal control failures and regulatory problems were the primary reasons for Moody's downgrading the company's ratings twice in early 2005 to the current level. However, AIG has adopted important governance improvements over the past year, according to Moody's. The board has changed the company's bylaws and governance guidelines to call for an independent chairman and at least two-thirds board independence, using New York Stock Exchange standards. Six new independent directors have been appointed during the past year, including two with accounting backgrounds and two with strong financial services experience. Just two company executives remain on the board, putting AIG in line with other large U.S. companies in this regard.

Moody's noted that AIG continues to face challenges with regard to internal controls over financial reporting. In its 2004 Form 10-K, AIG identified five areas of material weakness in its internal controls, as follows: control environment, evaluation of risk transfer, certain balance sheet reconciliations, accounting for certain derivative transactions, and income tax accounting. AIG is working to remedy these weaknesses. It is Moody's view that such material weaknesses indicate a heightened risk of accounting adjustments. Moody's current rating is based on the assumption that any further adjustments would not significantly affect AIG's financial strength.

The stable rating outlook reflects Moody's view that AIG will remain a leader in worldwide insurance and financial services. Moody's identified the following factors that could lead to a rating upgrade: continued strong profits, with returns on equity consistently exceeding 15%; a sustained period with no adverse development of property and casualty reserves; and full remediation of material weaknesses in internal controls. Factors that could lead to a downgrade include: a deterioration in profits, with returns on equity falling below 10%; further adverse development of property and casualty reserves, which, in combination with today's reserve charge, would exceed 5% of net reserves; or adjusted financial leverage exceeding 15%.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in general insurance, life insurance & retirement services, financial services, and asset management. For the first nine months of 2005, AIG reported total revenues of $82 billion and net income of $10 billion. Shareholders' equity was $89 billion as of September 30, 2005.

EXHIBIT 6

NOTES FROM FOLLOW-UP CALL ON CONTROL WEAKNESSES

-----Original Message-----
From: Hall, Christopher
Sent: Thursday, February 09, 2006 12:24 PM
To: Levenstein, Laura; Collins, Ted; Riegel, Robert; Isaacs-Lowe, Arlene; Hibler, Sarah; Jonas, Gregory; Ballentine, Bruce; Watson, Mark; Lee, Tse Wing (Kevin)
Subject: AIG call on control weaknesses

Bruce, Sarah and I spoke with Steve Bensinger, AIG CFO, after the RCM concerning the material weaknesses. **This info is not/will not be made public by AIG.**

- Derivatives issue - the new controls/systems are in place. Unfortunately not enough time has passed to give the auditors comfort that these controls are operating effectively. The issue is a hedge effectiveness documentation issue. He thinks this will be put to bed in Q2.
- Balance sheet reconciliations - They're close to finishing this one. The issue here was reconciliations were a very manually intensive process and "unreconciled items" were not being cleared in a timely fashion. Most have been cleared and they have identified some adjustments that will be booked in the 2005 YE numbers --- they are not material to the 3rd quarter 10Q, so they will not restate that filing. Because this issue was more pervasive, Steve feels this one will take a bit more time to get the auditors comfortable that the new controls, that are currently being finalized, are operating effectively.
- Income taxes --- this one has the most work left to do. No adjustments have been found to date, but they think that if there is a issue from the control weaknesses, it is isolated to when FAS 109 was adopted (1990s) --- they believe if there is an adjustment it will not impact the 2004, 2003 or 2002 income statements or cash flows and that any balance sheet impact would be immaterial (of course, its tough to have a material error in that balance sheet).

Steve closed with emphasizing that its been all hands on deck from management and PWC working these issues. He indicated they will declare victory on each issue by having PWC sign-off on each on a real time basis. Right now, he thinks the resolution of the derivatives issue will be communicated in the 2nd quarter 10Q. The other issues he hopes to declare victory in the Q3 10Q, but it could end up being finished in time for 2006 10K filing.

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO
CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** November 10, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members:	

Reason for Rating Committee: Consider whether or not AIG's earnings and restructuring announcements of Nov. 10, 2008, are consistent with scenario considered in RAS RCM of Nov. 5, 2008.

Last Rating Action *(include date and reason)***: Oct. 3, 2008** – Downgraded AIG ratings by one notch (senior unsecured debt to A3 from A2, RUR-down) following announcement of global restructuring plan, and took various rating actions on subsidiaries.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	A3			A3		
Senior unsecured debt	A3			A3		
Subordinated debt	Baa1			Baa1		
Short-term issuer	P-1			P-1		
Outlook	RUR-Down			RUR-Down		
Subsidiary recs on page 2						

* *If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Recommendation

Maintain current ratings and RUR-down, consistent with outcome of RAS RCM of Nov. 5, 2008. AIG's earnings and restructuring announcements of Nov. 10, 2008, are substantially consistent with the scenario considered by the RAS RCM.

Current & Recommended Ratings on AIG Entities November 5, 2008	Rating Type	Support	Curr SA	Curr Public	Curr Outlook	Rec SA	Rec Public	Rec Outlook
American International Group, Inc.	LT Issuer			A3	R-Dn		A3	R-Dn
	ST Issuer			P-1	R-Dn		P-1	R-Dn
Fully supported ratings								
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		A3	R-Dn		A3	R-Dn
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	R-Dn
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	R-Dn
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn		Baa1	R-Dn
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC	(Bkd) ST			P-1	R-Dn		P-1	R-Dn
Businesses to be retained								
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A3	R-Dn	A3	A3	R-Dn
AIG UK Limited	IFS	AIG Agmt	A1	A1	R-Dn	A1	A1	R-Dn
American General Finance Corporation	Sr Unsec Debt		Baa1	Baa1	R-Dn	Baa1	Baa1	R-Dn
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
United Guaranty subsidiaries UGRIC of NC & UGCIC	IFS	AIG Agmt	C/Caa2	Baa1	R-Dn	C/Caa2	Baa1	R-Dn
Businesses to be sold								
AIG Domestic Life Insurance & Retirement Services (9)	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIG Edison Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
American Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
International Lease Finance Corporation	Sr Unsec Debt		Baa2	Baa1	R-Unc	Baa2	Baa1	R-Unc
SunAmerica Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A3	R-Unc	A3	A3	R-Unc
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	R-Unc	Aa3	Aa3	R-Unc

Additional Contents

AIG PR Announcing 3Q08 Earnings	10 pages
AIG PR Announcing Recapitalization and De-risking Plans	3 pages
AIG Slides on Shareholders' Equity Roll Forward (Received Nov. 4, 2008)	2 pages
AIG Slides on Shareholders' Equity Roll Forward (Revised Nov. 7, 2008)	2 pages
Moody's Draft PR	2 pages
RAS RCM Memo of Nov. 5, 2008	42 pages

News

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AIG REPORTS THIRD QUARTER 2008 RESULTS

Consolidated Premiums and Other Considerations Totaled $21 Billion, up 7 Percent

Quarterly Loss Reflects Ongoing Market Disruption and Restructuring-Related Activities

NEW YORK, NY, November 10, 2008 – American International Group, Inc. (AIG) today reported a net loss for the third quarter of 2008 of $24.47 billion or $9.05 per diluted share compared to 2007 third quarter net income of $3.09 billion or $1.19 per diluted share. Third quarter 2008 adjusted net loss, as defined below, was $9.24 billion or $3.42 per diluted share, compared to adjusted net income of $3.49 billion or $1.35 per diluted share for the third quarter of 2007. AIG's results in the third quarter were negatively affected by financial dislocation in global markets, as well as catastrophe losses and charges related to ongoing restructuring-related activities. Insurance premiums and other considerations grew nearly 7 percent, despite these challenging conditions.

Commenting on third quarter 2008 results, AIG Chairman and Chief Executive Officer Edward M. Liddy said, "Third quarter results reflect extreme dislocations and volatility in the capital markets and significant charges related to restructuring activities. Reported earnings are not indicative of the underlying core earnings power of our insurance businesses, which remain solidly capitalized. Retention of our customers remains strong and reflects the support and loyalty of our long-term partners, intermediaries and sponsors."

THIRD QUARTER
(in millions, except per share data)

			Per Diluted Share	
	2008	2007	**2008**	2007
Net income (loss)	**$(24,468)**	$3,085	**$(9.05)**	$1.19
Net realized capital gains (losses), net of tax (a)	**(15,056)**	(600)	**(5.57)**	(0.23)
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax (b)	**(172)**	196	**(0.06)**	0.07
Adjusted net income (loss)	**$ (9,240)**	$3,489	**$(3.42)**	$1.35
Weighted average shares outstanding (c)			**2,703**	2,589

The following table summarizes the significant items, some of which are recurring, affecting reported earnings in third quarter 2008:

	(in millions) Pre-tax	After Tax
Income (loss)	**$(28,185)**	**$(24,468)**
Net realized capital gains (losses) (a)	(18,312)	(15,056)
Minority interest	(134)	-
FAS 133 gains (losses), excluding net realized capital gains (b)	(265)	(172)
Adjusted loss—reported	**(9,474)**	**(9,240)**
Significant items affecting the quarter		
Market disruption:		
AIGFP unrealized market valuation loss, credit valuation adjustment, net of deferred compensation reversal	(7,576)	(4,924)
ALICO U.K. investment-linked products	(501)	(326)
Domestic Retirement Services deferred acquisition cost (DAC) charges	(728)	(473)
DAC/sales inducement asset benefit for realized capital losses	478	311
Partnership and mutual fund losses	(1,664)	(1,082)
Sub-total market disruption	**(9,991)**	**(6,494)**
Restructuring-related activities:		
Tax reversal of permanent reinvestment assertion for foreign businesses	-	(3,628)
Fed facility interest expense	(802)	(521)
Goodwill impairment	(432)	(432)
UGC premium deficiency reserve (PDR) on second-lien business	(465)	(302)
Sub-total restructuring-related	**(1,699)**	**(4,883)**
Other:		
Catastrophe losses	(1,391)	(904)
AGF operating results (excluding goodwill impairment)	(105)	(68)
UGC operating results (excluding PDR)	(651)	(423)
Sub-total other	**(2,147)**	**(1,395)**
Total significant items	**$(13,837)**	**$(12,772)**

Net loss for the first nine months of 2008 was $37.63 billion or $14.40 per diluted share, compared to net income of $11.49 billion or $4.40 per diluted share in the first nine months of 2007. Adjusted net loss for the first nine months of 2008 was $14.12 billion or $5.40 per diluted share, compared to adjusted net income of $12.51 billion or $4.79 per diluted share in the first nine months of 2007.

NINE MONTHS
(in millions, except per share data)

			Per Diluted Share	
	2008	2007	**2008**	2007
Net income (loss)	**$(37,630)**	$11,492	**$(14.40)**	$4.40
Net realized capital gains (losses), net of tax (a)	**(23,038)**	(673)	**(8.82)**	(0.26)
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax (b)	**(470)**	(341)	**(0.18)**	(0.13)
Adjusted net income (loss)	**$(14,122)**	$12,506	**$ (5.40)**	$4.79
Weighted average shares outstanding (c)			**2,613**	2,609

(a) Represents primarily non-cash other-than-temporary impairment charges.
(b) Represents the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.
(c) As a result of the losses reported in the third quarter and nine months of 2008, basic shares outstanding were used for these periods.

OVERVIEW

Included in the third quarter 2008 net loss and adjusted net loss was a pre-tax charge of approximately $7.05 billion ($4.59 billion after tax) for a net unrealized market valuation loss related to the AIG Financial Products Corp. (AIGFP) super senior credit default swap portfolio and a pre-tax net loss of $1.09 billion ($705 million after tax) for a credit valuation adjustment on AIGFP's assets and liabilities in accordance with FAS 157 and FAS 159.

Additionally, third quarter 2008 results included pre-tax net realized capital losses of $18.31 billion ($15.06 billion after tax) arising primarily from other-than-temporary impairment charges on AIG's investment portfolio. The Securities Lending program accounted for $11.7 billion of these losses, of which $6.9 billion resulted from AIG's change in intent to hold these securities to recovery as the program winds down. The other-than-temporary impairment charges also included $3.9 billion resulting from the severe, rapid decline in fair value of securities outside of the Securities Lending program, for which AIG concluded it could not reasonably assert that the impairment period would be temporary.

Also contributing to the loss in the third quarter were losses on partnership and mutual fund investments of $1.7 billion before tax ($1.1 billion after tax) compared to $454 million of income ($295 million after tax) in the third quarter last year.

Included in charges related to restructuring activities, are $3.6 billion of additional deferred tax expense for the reversal of historical permanent reinvestment assertions related primarily to AIG's foreign life businesses.

At September 30, 2008, shareholders' equity was $71.18 billion, including the addition of $23 billion of consideration received for preferred stock not yet issued. Consolidated assets at September 30, 2008 were $1.022 trillion.

GENERAL INSURANCE

General Insurance third quarter 2008 operating loss before net realized capital gains (losses) was $899 million, compared to a profit of $2.51 billion in the third quarter of 2007. The comparison reflects significant catastrophe losses of $1.39 billion, primarily related to hurricanes Gustav and Ike, compared to $24 million in the third quarter of 2007, an increase in operating losses at United Guaranty Corporation (UGC) of $901 million, which included a premium deficiency reserve established on the second-lien business, and a decline in net investment income of $659 million, primarily due to losses from partnership and mutual fund investments.

General Insurance net premiums written were $11.73 billion in the third quarter of 2008, a slight decline compared to last year's third quarter. Commercial Insurance, which remains a core part of AIG, reported net premiums written during the third quarter of 2008 of $5.60 billion, a 6.9 percent decline from the third quarter of 2007 reflecting continued underwriting discipline, particularly in workers compensation, and economic conditions in certain key industries, including construction, transportation and real estate. Despite the difficult economic climate and other challenges, Commercial Insurance retained the vast majority of its customers and continued to write new business as customers recognized the ongoing value of the company's market-leading capabilities. Foreign General and Private Client Group, also core AIG businesses, reported net premiums written growth of 11.5 percent, including favorable foreign exchange, and 30.2 percent, respectively.

At September 30, 2008, General Insurance net loss and loss adjustment reserves totaled $73.75 billion, an increase of $1.42 billion in the third quarter 2008 and $4.47 billion for the nine months ended September 30, 2008. For the third quarter of 2008, net loss development from prior accident years, excluding accretion of loss reserve discount, was favorable by $144 million, largely due to a $120 million commutation. The overall favorable development consisted of approximately $473 million of favorable development from accident years 2004 through 2007, partially offset by approximately $329 million of adverse development from earlier accident years.

LIFE INSURANCE & RETIREMENT SERVICES

Life Insurance & Retirement Services third quarter 2008 operating income before net realized capital gains (losses) was $1.01 billion, compared to $2.49 billion in the third quarter of 2007. Results were adversely affected by losses from partnership and mutual fund investments due to the poor performance of equity markets and trading account losses related to certain investment-linked products in the U.K. Results were also negatively affected by increases in deferred acquisition cost expenses primarily in the Domestic Retirement Services business.

Premiums and other considerations increased 12.7 percent, including favorable foreign exchange, to $9.35 billion. Premiums, deposits and other considerations amounted to $22.92 billion, a decline of 5.2 percent, primarily related to lower variable annuity sales both in the U.S. and internationally.

Realized capital losses totaled $16.34 billion before tax, including $12.89 billion in the Domestic Life Insurance & Retirement Services business. Capital contributions to the Domestic Life Insurance & Retirement Services companies during the third quarter of 2008 totaled $14.9 billion, thereby maintaining strong Risk Based Capital ratios in all operating companies. In addition, capital contributions totaling $1.3 billion were made to ALICO-Japan branch and American International Assurance in Hong Kong to maintain capital and solvency ratios.

Liquidity pressures related to the Securities Lending program have abated and will be fully resolved with the restructuring plan AIG has announced. As of September 30, 2008, total program liabilities to third parties including the Federal Reserve Bank of New York approximated $33.2 billion and the fair value of assets backing those liabilities approximated $33.3 billion. These amounts include securities lending activities for the SunAmerica Guaranteed Investment Contract business, which is reported in Asset Management.

FINANCIAL SERVICES

Financial Services reported an $8.35 billion operating loss before net realized capital gains (losses) and the effect of FAS 133 in the third quarter of 2008, compared to a $307 million operating profit in the third quarter of 2007. AIG Financial Products Corp., currently in run-off, continued to be pressured by the deteriorating U.S. housing and credit market conditions, as well as ratings downgrades. Consumer Finance reported a $434 million loss, which included a goodwill impairment charge and an increase in the allowance for finance receivable losses due to higher delinquencies and charge offs. American General Finance has closed branches this year and reduced loan originations to a minimal level. International Lease Finance Corporation reported a 13.8 percent increase in operating income to $306 million, compared to $269 million in third quarter 2007, driven by a larger aircraft fleet, higher lease rates and lower interest rates during most of the quarter.

ASSET MANAGEMENT

Asset Management reported a third quarter 2008 operating loss before net realized capital gains (losses) of $28 million, compared to a $353 million operating profit in the third quarter of 2007. The quarter's results reflect lower partnership income and valuation adjustments on certain real estate investments.

OTHER OPERATIONS

The third quarter 2008 operating loss from Other Operations, before net realized capital gains (losses) and consolidation and elimination adjustments, was $1.56 billion compared to a $428 million loss in the third quarter of 2007. These results include higher interest expense that resulted from increased borrowings, including interest on the debt and equity units issued in May 2008 and borrowings under the Fed Facility.

\# # #

Additional supplementary financial data, and a presentation on AIG's businesses with exposure to the current credit market disruption are available in the Investor Information section of www.aigcorporate.com.

A conference call for the investment community will be held today, November 10, 2008 at 8:30 a.m. EST. The call will be broadcast live on the Internet at www.aigwebcast.com. A replay will be archived at the same URL through Wednesday, November 26, 2008.

# # #

It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to special purpose vehicles formed with the Federal Reserve Bank of New York, asset dispositions, liquidity, collateral posting requirements, management, operations, products and services, and assumptions underlying these projections and statements. It is possible that AIG's actual results and financial condition may 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 developments in global credit markets and such other factors as are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007, and in Item 1A. Risk Factors and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of AIG's Quarterly Report on Form 10-Q for the period ended September 30, 2008. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

# # #

American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

Comment on Regulation G

This press release, including the financial highlights, includes certain non-GAAP financial measures. The reconciliations of such measures to the most comparable GAAP figures in accordance with Regulation G are included within the relevant tables or in the Third Quarter 2008 Financial Supplement available in the Investor Information section of AIG's corporate website, www.aigcorporate.com.

Throughout this press release, AIG presents its operations in the way it believes will be most meaningful and useful, as well as most transparent, to the investing public and others who use AIG's financial information in evaluating the performance of AIG. That presentation includes the use of certain non-GAAP measures. In addition to the GAAP presentations, in some cases, revenues, net income, operating income and related rates of performance, and out of period adjustments are shown exclusive of market disruption items, restructuring-related activities, realized capital gains (losses), the effect of FIN 46(R), the effect of EITF 04-5, the effect of FAS 133, the effect of trading account losses, the effect of remediation activities, the effect of change in actuarial estimate, the effect of expenses of industry wide reviews, goodwill impairments and the effect of catastrophe-related losses.

AIG excludes the effects of FIN 46(R) and EITF 04-5, and the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, although they are economically effective hedges, because AIG believes that excluding these items permits investors to better assess the performance of the underlying businesses. AIG believes that providing information in a non-GAAP manner is more useful to investors and analysts. Likewise, AIG excludes certain entities consolidated pursuant to FIN 46(R) or EITF 04-5, including certain AIG managed partnerships, private equity and real estate funds, where AIG does not in fact have the economic interest that is presumed to be held by consolidation, because AIG believes this presentation is more meaningful than the GAAP presentation.

Although the investment of premiums to generate investment income (or loss) and realized capital gains or losses is an integral part of both life and general insurance operations, the determination to realize capital gains or losses is independent of the insurance underwriting process. Moreover, under applicable GAAP accounting requirements, losses can be recorded as the result of other than temporary declines in value without actual realization. In sum, investment income and realized capital gains or losses for any particular period are not indicative of underlying business performance for such period.

AIG believes that underwriting profit (loss) provides investors with financial information that is not only meaningful but critically important to understanding the results of property and casualty insurance operations. Operating income of a property and casualty insurance company includes three components: underwriting profit (loss), net investment income and realized capital gains (losses). Without disclosure of underwriting profit (loss), it is impossible to determine how successful an insurance company is in its core business activity of assessing and underwriting risk. Including investment income and net realized capital gains (losses) in operating income without disclosing underwriting profit (loss) can mask underwriting losses. The amount of net investment income may be driven by changes in interest rates and other factors that are totally unrelated to underwriting performance.

Underwriting profit (loss) is an important measurement used by AIG senior management to evaluate the performance of its property and casualty insurance operations. AIG includes the measurement required in statutory financial statements filed with state insurance departments and adjusts for changes in deferred acquisition costs in order to make the measure more consistent with the information provided in AIG's consolidated financial statements. Further, the equity analysts who follow AIG exclude the realized capital transactions in their analyses for the same reason and consistently request that AIG provide the non-GAAP information.

Life and retirement services production (premiums, deposits and other considerations), gross premiums written, net premiums written and loss, expense and combined ratios are presented in accordance with accounting principles prescribed or permitted by insurance regulatory authorities because these are standard measures of performance used in the insurance industry and thus allow for more meaningful comparisons with AIG's insurance competitors.

American International Group, Inc.
Financial Highlights*
(in millions, except per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	**2007 (a)**	**Change**	**2008**	**2007 (a)**	**Change**
General Insurance Operations:						
Net Premiums Written	$ **11,726**	$ 11,823	(0.8) %	$ **36,026**	$ 36,068	(0.1) %
Net Premiums Earned	**11,731**	11,433	2.6	**35,241**	34,015	3.6
Underwriting Profit (Loss)	**(1,634)**	1,114	-	**(1,006)**	3,937	-
Net Investment Income	**735**	1,394	(47.3) %	**3,107**	4,585	(32.2)
Income (Loss) before Net Realized Capital Gains (Losses)	**(899)**	2,508	-	**2,101**	8,522	(75.3) %
Net Realized Capital Gains (Losses) (b)	**(1,658)**	(69)	-	**(2,494)**	(11)	-
Operating Income (Loss)	$ **(2,557)**	$ 2,439	-	$ **(393)**	$ 8,511	-
Loss Ratio (c)	**82.28**	64.64		**75.02**	64.24	
Expense Ratio (c)	**31.33**	25.53		**27.68**	24.02	
Combined Ratio (c)	**113.61**	90.17		**102.70**	88.26	
Life Insurance & Retirement Services Operations:						
Premiums and Other Considerations	$ **9,354**	$ 8,300	12.7 %	$ **28,257**	$ 24,895	13.5 %
Net Investment Income	**2,345**	4,823	(51.4)	**11,734**	16,468	(28.7)
Income before Net Realized Capital Gains (Losses)	**1,012**	2,490	(59.4)	**6,159**	7,926	(22.3)
Net Realized Capital Gains (Losses) (b)	**(16,341)**	(491)	-	**(25,720)**	(1,026)	-
Operating Income (Loss)	**(15,329)**	1,999	-	**(19,561)**	6,900	-
Financial Services Operations:						
Operating Income (Loss) excluding FAS 133 and Net Realized Capital Gains (Losses) (d) (e)	**(8,347)**	307	-	**(22,772)**	1,263	-
FAS 133 (b)	**177**	428	(58.6)	**61**	(185)	-
Net Realized Capital Gains (Losses) (b)	**(33)**	(66)	-	**(169)**	(70)	-
Operating Income (Loss)	**(8,203)**	669	-	**(22,880)**	1,008	-
Asset Management Operations:						
Operating Income (Loss) before Net Realized Capital Gains (Losses)	**(28)**	353	-	**276**	1,706	(83.8)
Net Realized Capital Gains (Losses) (b)	**(1,116)**	(232)	-	**(2,985)**	100	-
Operating Income (Loss)	**(1,144)**	121	-	**(2,709)**	1,806	-
Other before Net Realized Capital Gains (Losses)	**(1,555)**	(428)	-	**(2,803)**	(1,331)	-
Other Net Realized Capital Gains (Losses) (b)	**139**	(199)	-	**(96)**	(226)	-
Consolidation and Elimination Adjustments (b) (f)	**464**	278	66.9 %	**237**	711	(66.7) %
Income (Loss) before Income Taxes (Benefits) and Minority Interest	**(28,185)**	4,879	-	**(48,205)**	17,379	-
Income Taxes (Benefits) (g)	**(3,480)**	1,463	-	**(10,374)**	4,868	-
Income (Loss) before Minority Interest	**(24,705)**	3,416	-	**(37,831)**	12,511	-
Minority Interest, after-tax:						
Income (Loss) before Net Realized Capital Gains (Losses)	**140**	(323)	-	**97**	(1,005)	-
Net Realized Capital Gains (Losses)	**97**	(8)	-	**104**	(14)	-
Net Income (Loss)	$ **(24,468)**	$ 3,085	-	$ **(37,630)**	$ 11,492	-

Financial Highlights

	Three Months Ended September 30, 2008	2007 (a)	Change	Nine Months Ended September 30, 2008	2007 (a)	Change
Net Income (Loss)	$ **(24,468)**	$ 3,085	-	$ **(37,630)**	$ 11,492	-
Net Realized Capital Gains (Losses), net of tax (h)	**(15,056)**	(600)	-	**(23,038)**	(673)	-
FAS 133 Gains (Losses), excluding Net Realized Capital Gains (Losses), net of tax	**(172)**	196	-	**(470)**	(341)	-
Adjusted Net Income (Loss)	**(9,240)**	3,489	-	**(14,122)**	12,506	-
Effect of Capital Markets Unrealized Market Valuation (Losses) on Super Senior Credit Default Swaps, net of tax, included in Adjusted Net Income (Loss) above	**(4,585)**	(229)	-	**(14,122)**	(229)	-
Effect of Capital Markets Credit Valuation Adjustment, net of tax, included in Adjusted Net Loss above	**(705)**	-	-	**(1,066)**	-	-
Earnings Per Share - Diluted:						
Net Income (Loss)	**(9.05)**	1.19	-	**(14.40)**	4.40	-
Net Realized Capital Gains (Losses), net of tax (h)	**(5.57)**	(0.23)	-	**(8.82)**	(0.26)	-
FAS 133 Gains (Losses), excluding Net Realized Capital Gains (Losses), net of tax	**(0.06)**	0.07	-	**(0.18)**	(0.13)	-
Adjusted Net Income (Loss)	**(3.42)**	1.35	-	**(5.40)**	4.79	-
Effect of Capital Markets Unrealized Market Valuation (Losses) on Super Senior Credit Default Swaps, net of tax, included in Adjusted Net Income (Loss) above	**(1.70)**	$ (0.09)	-	**(5.40)**	(0.09)	-
Effect of Capital Markets Credit Valuation Adjustment, net of tax, included in Adjusted Net Loss above	$ **(0.26)**	-	-	**(0.41)**	-	-
Book Value Per Share				$ **26.46**	$ 40.81	(35.2) %
Weighted Average Diluted Shares Outstanding (i)	**2,703**	2,589		**2,613**	2,609	

* Including reconciliation in accordance with Regulation G.
(a) Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.
(b) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities", including the related foreign exchange gains and losses.
(c) Ratios for all periods include the underwriting results of Mortgage Guaranty's second-lien business which was placed in run-off in September 2008.
(d) Includes $7.05 billion and $21.73 billion of pre-tax net unrealized market valuation losses on AIGFP's super senior credit default swap portfolio in the third quarter and nine months of 2008, respectively.
(e) Includes changes in pre-tax credit spreads on the valuation of Capital Markets' assets of $(2.28) billion and $(5.26) billion and liabilities of $1.19 billion and $3.62 billion (but excluding $98 million and $207 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the third quarter and nine months of 2008, respectively.
(f) Includes income from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income is offset in minority interest expense, which is not a component of operating income.
(g) Includes $3.63 billion of deferred tax expense attributable to the potential sale of foreign businesses, and a $3.33 billion valuation allowance to reduce tax benefits on capital losses in both third quarter and nine months of 2008.
(h) Includes $3.33 billion deferred income tax valuation allowance in the third quarter and nine months of 2008, with respect to the utilization of capital loss carry forwards.
(i) As a result of the losses reported in third quarter and nine months of 2008, basic shares outstanding were used for these periods.

AIG

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U.S. TREASURY, FEDERAL RESERVE AND AIG

ESTABLISH COMPREHENSIVE SOLUTION FOR AIG

Designed to Create Durable Capital Structure, Resolve Liquidity Issues from Credit Default Swaps and U.S. Securities Lending, Facilitate Orderly Asset Sales, and Enable Repayment of Loan Plus Interest

NEW YORK, November 10, 2008 – American International Group, Inc. (AIG) today announced agreements with the U.S. Treasury and the Federal Reserve to establish a durable capital structure for AIG, and facilities designed to resolve the liquidity issues AIG has experienced in its credit default swap portfolio and its U.S. securities lending program.

Edward M. Liddy, AIG Chairman and CEO, said these agreements are a dramatic step forward for AIG and all of its stakeholders: "Today's actions send a strong signal to our policyholders, business partners and counterparties that AIG is on the road to recovery. Our comprehensive plan addresses the liquidity issues that threatened AIG, and gives us the financial flexibility to complete our restructuring process successfully for the benefit of all of our constituencies."

Liddy continued, "The $85 billion emergency bridge loan was essential to prevent an AIG bankruptcy, which would have caused incalculable damage to AIG, our economy and the global financial system. Thanks to decisive action by Congress, Treasury and the Federal Reserve, there are now additional tools available to create a durable capital structure that will make possible an orderly disposition of certain of AIG's assets and a successful future for the company. Our goal is to repay taxpayers in full with interest, and emerge as a focused global insurer that will create meaningful value for taxpayers and other stakeholders."

The actions announced today include both ongoing financing facilities and one-time transactions designed to address AIG's liquidity issues. The ongoing financing facilities include:

- **Preferred Equity Investment:** The U.S. Treasury will purchase, through TARP, $40 billion of newly issued AIG perpetual preferred shares and warrants to purchase a number of shares of common stock of AIG equal to 2% of the issued and outstanding shares as of the purchase date. All of the proceeds will be used to pay down a portion of the Federal Reserve Bank of New York (FRBNY) credit facility. The perpetual preferred shares will carry a 10% coupon with cumulative dividends.

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- **Revised Credit Facility:** The existing FRBNY credit facility will be revised to reflect, among other things, the following: (a) the total commitment following the issuance of the perpetual preferred shares will be $60 billion; (b) the interest rate will be reduced to LIBOR plus 3.0% per annum from the current rate of LIBOR plus 8.5% per annum; (c) the fee on undrawn commitments will be reduced to 0.75% from the current fee of 8.5%; and (d) the term of the loan will be extended from two to five years. The extension of the term of the loan will give AIG time to complete its planned asset sales in an orderly manner. Proceeds from these asset sales will be used to repay the credit facility. In connection with the amendment to the FRBNY credit facility, the equity interest that taxpayers will hold in AIG, coupled with the warrants described above, will total 79.9%.

The one-time transactions involve the creation of two financing entities capitalized with loans from AIG and the FRBNY. These entities will purchase assets related to AIG's U.S. securities lending program and Multi-Sector Collateralized Debt Obligations (CDOs) on which AIG has written credit default swap (CDS) contracts. The entities will collect cash flows from the assets and pay interest on the debt. FRBNY and AIG will share in any recoveries in the market prices of the assets.

- **Resolution of U.S. Securities Lending Program**: AIG will transfer residential mortgage-backed securities (RMBS) from its securities lending collateral portfolio to a newly-created financing entity that will be capitalized with $1 billion in subordinated funding from AIG, and senior funding from the FRBNY up to $22.5 billion. After both amounts have been repaid in full by the financing entity, the parties will participate in any further returns on RMBS. As a result of this transaction, AIG's remaining exposure to losses from its U.S. securities lending program will be limited to declines in market value prior to closing and its $1 billion of funding.

  This financing entity, together with other AIG funds, will eliminate the need for the U.S. securities lending liquidity facility established by AIG and FRBNY in October, which had $19.9 billion outstanding as of November 5th. Upon repayment to all participants, AIG will terminate its U.S. securities lending program.

- **Reduction of Exposure to Multi-Sector Credit Default Swaps**: AIG and FRBNY will create a second financing entity that will purchase up to approximately $70 billion of Multi-Sector CDO exposure on which AIG has written CDS contracts. Approximately 95% of the write-downs AIG Financial Products has taken to date in its CDS portfolio were related to Multi-Sector CDOs.

  In connection with this transaction, CDS contracts on purchased Multi-Sector CDOs will be terminated. AIG will provide up to $5 billion in subordinated funding and FRBNY will provide up to $30 billion in senior funding to the financing entity. As a result of this transaction, AIG's remaining exposure to losses on the Multi-Sector CDOs underlying the terminated CDS's will be limited to declines in market value prior to closing and its up to $5 billion funding to the financing entity. As with the securities lending program, FRBNY and AIG will share in any recoveries in the market prices of assets.

  AIG will continue to have exposure to CDS contracts on Multi-Sector CDOs that are not terminated. As AIG winds down its Financial Products division, it will also have exposure to other types of remaining CDS contracts, which have generated substantially smaller total collateral demands than the CDS contracts on Multi-Sector CDOs.

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Taxpayers will benefit from the transactions with AIG as follows: fees, interest and repayment of the FRBNY loan in full, payment of a 10% coupon on the newly issued preferred shares, cash payments from the assets purchased by the two financing entities and potential asset appreciation in the underlying securities held by those entities. Taxpayers will own 77.9% of the equity of AIG and will hold warrants to purchase an additional 2% equity interest, and so will benefit from any future appreciation in AIG shares.

AIG will also continue to participate in the recent government program being utilized by many companies for the sale of commercial paper. The Commercial Paper Funding Facility (CPFF) has allowed AIG to reenter the commercial paper market. AIG is authorized to issue up to $20.9 billion to the CPFF and has currently issued approximately $15.3 billion as of November 5, 2008.

Mr. Liddy continued, "All of these steps, which would not have been possible in September, will benefit AIG, its stakeholders and the American taxpayers. This plan contributes to stabilizing the financial system and provides the opportunity for the public to realize gains on its AIG investment in the future. These measures will also put AIG on track to emerge as a nimble competitor with good long-term growth prospects."

"This innovative solution enhances AIG's liquidity position. At the same time, American taxpayers will be fairly compensated for funds lent to AIG, and they will capture the majority of any appreciation in the value of the securities involved in the program in the years ahead."

Liddy added, "Today's announcement would not have been possible without the vision and extraordinary hard work, dedication and cooperation of officials from the U.S. Treasury, the Federal Reserve Bank of New York, the Federal Reserve Board and the state insurance departments. On behalf of AIG, I would like to extend sincere thanks to all of those involved in crafting this mutually beneficial solution."

# # #

It should be noted that the remarks made in this press release may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to special purpose vehicles formed with the Federal Reserve Bank of New York, asset dispositions, liquidity, collateral posting requirements, management, operations, products and services, and assumptions underlying these projections and statements. It is possible that AIG's actual results and financial condition may 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 developments in global credit markets and such other factors as are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007, and in Item 1A. Risk Factors and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of AIG's Quarterly Report on Form 10-Q for the period ended September 30, 2008. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

# # #

Shareholders' Equity Roll Forward ($ in mil)

June 30, 2008 Shareholders' Equity		**$ 78,088**
Estimated Net Loss for Third Quarter		
- Adjusted Net Loss (ex. AIGFP Unrealized Market Valuation Losses)	(3,878)	
- AIGFP Unrealized Market Valuation Losses	(4,493)	
- AIGFP Credit Valuation Adjustment on Other Assets and Liabilities	(705)	
Estimated Adjusted Net Loss	(9,076)	
- Net Realized Capital Losses	(13,491)	
- FAS 133 Gains (Losses), Net	(172)	
Estimated Net Loss		**(22,739)**
Estimated Other Comprehensive Loss		
Unrealized Appreciation (Depreciation) of Investments, Net	(3,942)	
Foreign Currency Translation Adjustment, Net	(1,563)	
Change in All Other Comprehensive Income, Net	(72)	
All Other	139	
Estimated Other Comprehensive Loss		(5,438)
Estimated Change in APIC		
Consideration Received for Preferred Stock Not Yet Issued		23,000
September 30, 2008 Estimated Shareholders' Equity		**$ 72,911**

Significant Items in the Quarter

	3Q 2008 Pretax	3Q 2008 After Tax	2Q 2008 Pretax	2Q 2008 After Tax
GAAP Income (Loss) - Estimated Reported	**$ (27,911)**	**$ (22,739)**	**$ (8,756)**	**$ (5,357)**
Adjustments:				
Minority interest (afffects pretax only)	**(284)**		**18**	
Net realized capital gains (losses)	**(18,161)**	**(13,491)**	**(6,074)**	**(4,019)**
FAS 133	**(265)**	**(172)**	**(26)**	**(17)**
Adjusted Income (Loss) - Estimated Reported	**(9,201)**	**(9,076)**	**(2,674)**	**(1,321)**
Restructuring-related:				
Taxes:				
Reversal of permanent reinvestment assertion for foreign businesses		(3,627)		-
Fed Facility interest expense	(802)	(521)		-
Goodwill impairment	(432)	(432)		-
UGC 2nd lien exit	(465)	(302)		-
Total restructuring-related	**(1,699)**	**(4,882)**	**-**	**-**
Market disruption:				
AIGFP unrealized market valuation loss	(6,912)	(4,493)	(5,565)	(3,617)
AIGFP credit valuation adjustment	(1,085)	(705)	(518)	(337)
AIGFP deferred compensation reversal	563	366	-	-
UK investment-linked products	(501)	(326)	(133)	(86)
Domestic Retirement Services DAC unlocking	(616)	(400)	-	-
DAC/SIA benefit for realized capital losses	569	370	212	138
Partnership & mutual fund income (losses)	(1,664)	(1,082)	190	124
Total market disruption	**(9,646)**	**(6,270)**	**(5,814)**	**(3,778)**
Adjusted Income - estimated excluding restructuring and market disruption	**2,144**	**2,076**	**3,140**	**2,457**
Other:				
Catastrophes	(1,391)	(904)	-	-
AGF operating results	(446)	(290)	(40)	(26)
UGC operating results (excluding PDR)	(651)	(423)	(518)	(337)
Total other	**(2,488)**	**(1,617)**	**(558)**	**(363)**
Adjusted Income - estimated excluding all noteworthy items	**$ 4,632**	**$ 3,693**	**$ 3,698**	**$ 2,820**

Shareholders' Equity Roll Forward ($ in mil)

June 30, 2008 Shareholders' Equity		**$ 78,088**
Net Loss for Third Quarter		
- Adjusted Net Loss (ex. AIGFP Unrealized Market Valuation Losses)	(3,950)	
- AIGFP Unrealized Market Valuation Losses	(4,585)	
- AIGFP Credit Valuation Adjustment on Other Assets and Liabilities	(705)	
Adjusted Net Loss	(9,240)	
- Net Realized Capital Losses	(15,056)	
- FAS 133 Gains (Losses), Net	(172)	
Net Loss		**(24,468)**
Other Comprehensive Loss		
Unrealized Appreciation (Depreciation) of Investments, Net	(3,942)	
Foreign Currency Translation Adjustment, Net	(1,563)	
Change in All Other Comprehensive Income, Net	(72)	
Other Comprehensive Loss		(5,577)
Change in APIC		
Consideration Received for Preferred Stock Not Yet Issued		23,000
Other Changes to Shareholders' Equity		139
September 30, 2008 Shareholders' Equity		**$ 71,182**

Significant Items in the Quarter

	3Q 2008 Pretax	3Q 2008 After Tax	2Q 2008 Pretax	2Q 2008 After Tax
GAAP Income (Loss) - Reported	**$ (28,185)**	**$ (24,468)**	**$ (8,756)**	**$ (5,357)**
Adjustments:				
Minority interest (affects pretax only)	**(134)**	**-**	**18**	**-**
Net realized capital gains (losses)	**(18,312)**	**(15,056)**	**(6,074)**	**(4,019)**
FAS 133	**(265)**	**(172)**	**(26)**	**(17)**
Adjusted Income (Loss) - Reported	**(9,474)**	**(9,240)**	**(2,674)**	**(1,321)**
Restructuring-related:				
Taxes - reversal of permanent reinvestment assertion for foreign businesses	-	(3,628)	-	-
Fed Facility interest expense	(802)	(521)	-	-
Goodwill impairment	(432)	(432)	-	-
UGC 2nd lien exit	(465)	(302)	-	-
Total restructuring-related	**(1,699)**	**(4,883)**	**-**	**-**
Market disruption:				
AIGFP unrealized market valuation loss	(7,054)	(4,585)	(5,565)	(3,617)
AIGFP credit valuation adjustment	(1,085)	(705)	(518)	(337)
AIGFP deferred compensation reversal	563	366	-	-
UK investment-linked products	(501)	(326)	(133)	(86)
Domestic Retirement Services DAC/SIA charges	(728)	(473)	-	-
DAC/SIA benefit for realized capital losses	478	311	212	138
Partnership & mutual fund income (losses)	(1,664)	(1,082)	190	124
Total market disruption	**(9,991)**	**(6,494)**	**(5,814)**	**(3,778)**
Adjusted Income - excluding restructuring and market disruption	**2,216**	**2,137**	**3,140**	**2,457**
Other:				
Catastrophes	(1,391)	(904)	-	-
AGF operating results (excluding goodwill impairment)	(105)	(68)	(40)	(26)
UGC operating results (excluding 2nd lien exit)	(651)	(423)	(518)	(337)
Total other	**(2,147)**	**(1,395)**	**(558)**	**(363)**
Adjusted Income - excluding all noteworthy items	**$ 4,363**	**$ 3,532**	**$ 3,698**	**$ 2,820**

DRAFT

Moody's comments on AIG's 3Q08 results and restructuring plan

Moody's Investors Service is maintaining its present ratings on American International Group, Inc. (NYSE: AIG – senior unsecured debt at A3, short-term debt at Prime-1, on review for possible downgrade) following announcements of AIG's large net loss for the third quarter of 2008 and of a government-supported restructuring plan.

Moody's noted that the restructuring plan, which includes a large infusion of preferred stock, will restore much of the capital lost in recent periods and will also help AIG to reduce or eliminate some of its most troublesome investment and derivative exposures. The current ratings of AIG incorporate Moody's expectation that the insurer will continue to benefit from strong government support while it executes its asset sales plan. The continuing review for possible downgrade reflects the substantial execution risk in AIG's restructuring efforts, particularly efforts to sell multiple business units during a period of economic stress.

AIG reported a net loss of $24 billion for the third quarter of 2008, driven mainly by net realized capital losses (mostly other-than-temporary impairment of investments), unrealized market valuation losses on derivatives, and other charges related to financial market turmoil and the restructuring plan. Over the past four quarters, AIG has reported cumulative net losses of $43 billion and net unrealized depreciation on investments totaling $16 billion. These losses and write-downs pertain largely to mortgage-related exposures in the credit default swap (CDS) portfolio of AIG Financial Products Corp. (AIGFP) and in the securities lending collateral pool of AIG's US life insurance subsidiaries. Significant cash collateral calls and reductions/terminations of securities borrowing arrangements have strained AIG's liquidity and capital resources.

To help AIG meet its obligations, the Federal Reserve Bank of New York (the Fed) provided the company with an $85 billion two-year secured revolving credit facility on September 16, 2008. As part of this transaction, the Fed obtained a 79.9% equity interest in AIG. Also, on October 8, 2008, the Fed entered into a $37.8 billion securities borrowing facility with certain of AIG's US insurance subsidiaries. Under the restructuring plan announced today, the Fed intends to replace the $85 billion revolving credit facility with a $40 billion redeemable perpetual preferred stock issue and a $60 billion five-year secured revolving credit facility, with pricing and other terms that are more favorable to AIG than the current Fed credit facility.

In addition to the recapitalization, AIG and the Fed have announced a de-risking plan that would cap AIG's exposure to further market value deterioration in its mortgage-related securities lending collateral pool and in the multi-sector component of its CDS portfolio. In each case, AIG would transfer these exposures to an unaffiliated special purpose vehicle (SPV) funded by a large tranche of senior financing provided by the Fed and a smaller tranche of junior financing (equity) provided by AIG. The exposures would be transferred to the SPVs at estimated current market values. The transaction with the securities lending collateral pool is intended to allow for termination of AIG's securities lending program and of the Fed's $37.8 billion securities borrowing facility. Although AIG will crystallize substantial losses on its mortgage-related exposures through these transactions, the $40 billion preferred stock investment mitigates that concern, providing significant incremental protection for senior creditors.

To repay its borrowings under the Fed revolving credit facility, AIG is attempting to sell a broad range of businesses, including many of its Life Insurance & Retirement Services, Financial Services and Asset Management operations, as well as some modest-sized General Insurance units. Remaining core operations are intended to include the US-based Commercial Insurance Group, Foreign General Insurance and a majority stake in American International Assurance.

Moody's said that the proposed recapitalization and de-risking transactions will provide AIG with additional time and flexibility to facilitate asset sales and bolster AIG's operating performance. Terminating the securities lending pool may make the participating life insurers more attractive to potential buyers. In addition, the more favorable capital structure may give various constituents – customers, distributors, employees, creditors, potential business buyers – greater confidence that AIG can complete its asset sales and repay the Fed revolving credit facility within a reasonable time frame.

Moody's noted, however, that AIG faces serious headwinds, including the weak global economy and limited availability of financing alternatives for potential business buyers. The company also faces the daunting task of unwinding the remaining operations of AIGFP (beyond the multi-sector component of the CDS portfolio). The costs and timing of this likely prolonged and complex unwinding process are difficult to estimate, but could be substantial. Finally, AIG's ultimate capital structure, assuming successful completion of the global divestiture plan and repayment of the Fed revolving credit facility, would still likely include substantial debt and hybrid securities with large fixed charge requirements. Moody's has estimated that AIG's financial leverage and coverage metrics at that time, absent other capital raising or restructuring initiatives, would be somewhat weak for the single-A debt rating.

Offsetting these challenges and weaknesses is the strong support demonstrated by the Fed. The Fed has shown flexibility in adjusting the amount and terms of its support with changing circumstances at AIG and in the broader financial markets. The current ratings on AIG and its subsidiaries reflect Moody's expectation of continuing Fed support, not only to fund immediate liquidity needs but also to facilitate the global divestiture plan and the unwinding of AIGFP. Without such support, the ratings of AIG and many of its subsidiaries – including core operations and businesses identified for sale – would be lower.

Moody's continuing review of the ratings on AIG and its subsidiaries will focus on (i) the firm's evolving liquidity profile, including the level of borrowing under the Fed revolving credit facility; (ii) execution of the de-risking transactions for the securities lending pool and the multi-sector component of the CDS portfolio; (iii) the timing and amounts of cash proceeds generated from asset sales; (iv) development of a comprehensive plan to unwind AIGFP, including estimated costs and timing; (v) the performance of major operating units, whether they are core operations or targeted for sale; and (vi) the resulting financial profile (e.g., financial leverage and fixed charge coverage) of AIG following the asset sales. For those operations being sold, Moody's will consider their intrinsic financial strength as well as the rating profiles of potential acquirers.

The last rating action on AIG took place on October 3, 2008, when Moody's downgraded the senior unsecured debt rating to A3 from A2, with a continuing review for possible downgrade, following the announcement of AIG's global divestiture plan.

AIG, based in New York City, is an international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $xxx billion and a net loss of $24 billion for the third quarter of 2008. Shareholders' common equity was $49 billion as of September 30, 2008.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to punctually pay senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** November 5, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: Bruce Ballentine	*Backup:* Laura Bazer
Chair: Ted Collins	*Required Attendee:* Robert Riegel,
Other voting members: Greg Bauer, Jeff Berg, Wally Enman, Shachar Gonen, Barbara Havlicek, Steve Hess, Sarah Hibler, Arlene Isaacs-Lowe, Joel Levine, David Masters, Mark Wasden, *Tentative:* Navneet Agarwal, Jack Dorer, Blaine Frantz, Joel Levine, Michel Madelain, Masahiko Miwa, Ifigenia Palimeri, Jonathan Polansky, Detlef Scholz, Amita Shrivastava, Mutsuo Suzuki, Nicolas Weill, Bob Young,	
Non-voting members: Cindy Do	

Reason for Rating Committee: RAS to consider comprehensive plan proposed by AIG and the Fed to strengthen AIG's capital structure and eliminate the risk of further market declines in the company's sec lending portfolio (holds substantial RMBS) and its multi-sector CDO/CDS portfolio.

Last Rating Action *(include date and reason)*: **Oct. 3, 2008** – Downgraded AIG ratings by one notch (senior unsecured debt to A3 from A2, RUR-down) following announcement of global restructuring plan, and took various rating actions on subsidiaries.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):** Local Currency	Foreign Currency	National Scale	**Proposed Ratings (LT/ST):** Local Currency	Foreign Currency	National Scale
AIG						
Long-term issuer	A3			A3		
Senior unsecured debt	A3			A3		
Subordinated debt	Baa1			Baa1		
Short-term issuer	P-1			P-1		
Outlook	RUR-Down			RUR-Down		
Subsidiary recs on page 2						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Strengths of comprehensive plan

- Caps downside risk in RE-exposed RMBS and CDS portfolios
- Provides a substantially more favorable capital structure by virtue of:
  - Larger available amount from Fed ($40 bln prfrd + $60 bln debt vs $85 bln debt)
  - Longer term (perpetual prfrd + 5-yr debt vs 2-yr debt)
  - Lower cost (10% on prfrd + 75bp/L+3% on debt vs 8.5%/L+8.5% on debt)
  - Subordination of Fed's preferred interest to senior unsecured creditors, while the preferred remains outstanding
- Sec lending exit leaves cleaner financial statements for insurance units to be sold
- New capital structure also facilitates asset sales by reducing the proceeds required and the speed at which sales must be completed to retire primary Fed facility
- Conveys message of more achievable objectives (asset sales, stabilizing core operations) to all

constituents
- In addition, some operations (e.g., AIGCI, AIA) seem to have largely stabilized relative to the trying days of mid-September

Concerns regarding comprehensive plan
- Locks in losses on RMBS and CDS portfolios at today's market values (albeit with potential minority stake in residual value over time)
- Asset sales highly challenging in light of soft global economy and limited availability of credit
- Operating results also likely to be constrained by soft economy
- Any delays/disruptions in de-risking and sales processes could erode value in core operations and in assets to be sold
- Company's estimated financial leverage and coverage metrics as of YE 2010-2011 are indicative of IFS ratings in the A range and a parent senior unsecured debt rating in the Baa range
- Significant uncertainties/variability surrounding AIGFP wind-down, including process, timing, costs, counterparty behavior, market performance
- AIGFP exposed to significant additional rating triggers in Baa range

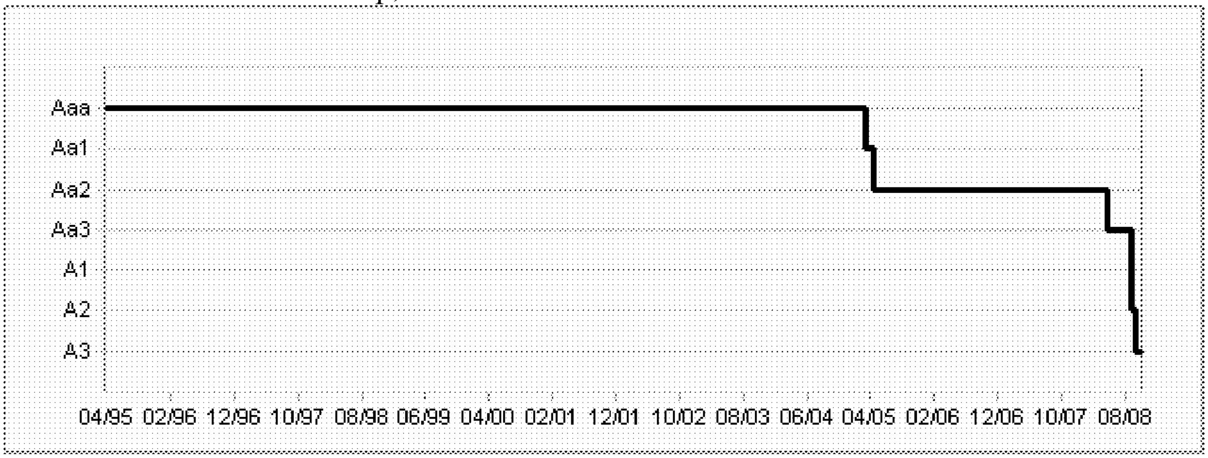
Recommendation
AIG faces serious headwinds in its efforts to shed RMBS and CDS, sell non-core businesses, unwind AIGFP, maintain economic value other operations, and develop a sustainable capital structure. Offsetting these headwinds is the extraordinary support from the Fed – starting with the $85 bln secured revolving credit facility, followed by the $38 bln sec lending facility, the proposed $100 bln refinancing package (to replace the $85 bln), and the proposed solutions for the sec lending and CDS portfolios. The Fed and its advisors appear to have significant resources dedicated full-time to AIG. The Fed now has a large financial interest in AIG, but its main goal, we believe, is the same as it was in mid-September – to enable AIG to "sell certain of its businesses in an orderly manner, with the least possible disruption to the overall economy." The Fed support is likely to continue for as long as it takes AIG to sell major non-core businesses and to unwind much of AIGFP's portfolio. These projects, particularly AIGFP, could take years, by which time we may have seen the worst of the economic and housing slumps. We believe that the Fed support is sufficient to sustain AIG's short-term and long-term ratings at current levels. The continuing RUR-down would focus on the sec lending and CDS solutions, to be completed over the next couple of months, as well as any tangible progress on asset sales and the AIGFP runoff.

Current & Recommended Ratings on AIG Entities November 5, 2008	Rating Type	Support	Curr SA	Curr Public	Curr Outlook	Rec SA	Rec Public	Rec Outlook
American International Group, Inc.	LT Issuer			A3	R-Dn		A3	R-Dn
	ST Issuer			P-1	R-Dn		P-1	R-Dn
Fully supported ratings								
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		A3	R-Dn		A3	R-Dn
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	R-Dn
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	R-Dn
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn		Baa1	R-Dn
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC	(Bkd) ST			P-1	R-Dn		P-1	R-Dn
Businesses to be retained								
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A3	R-Dn	A3	A3	R-Dn
AIG UK Limited	IFS	AIG Agmt	A1	A1	R-Dn	A1	A1	R-Dn
American General Finance Corporation	Sr Unsec Debt		Baa1	Baa1	R-Dn	Baa1	Baa1	R-Dn
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
United Guaranty subsidiaries UGRIC of NC & UGCIC	IFS	AIG Agmt	C/Caa2	Baa1	R-Dn	C/Caa2	Baa1	R-Dn
Businesses to be sold								
AIG Domestic Life Insurance & Retirement Services (9)	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIG Edison Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
American Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
International Lease Finance Corporation	Sr Unsec Debt		Baa2	Baa1	R-Unc	Baa2	Baa1	R-Unc
SunAmerica Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A3	R-Unc	A3	A3	R-Unc
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	R-Unc	Aa3	Aa3	R-Unc

Contents

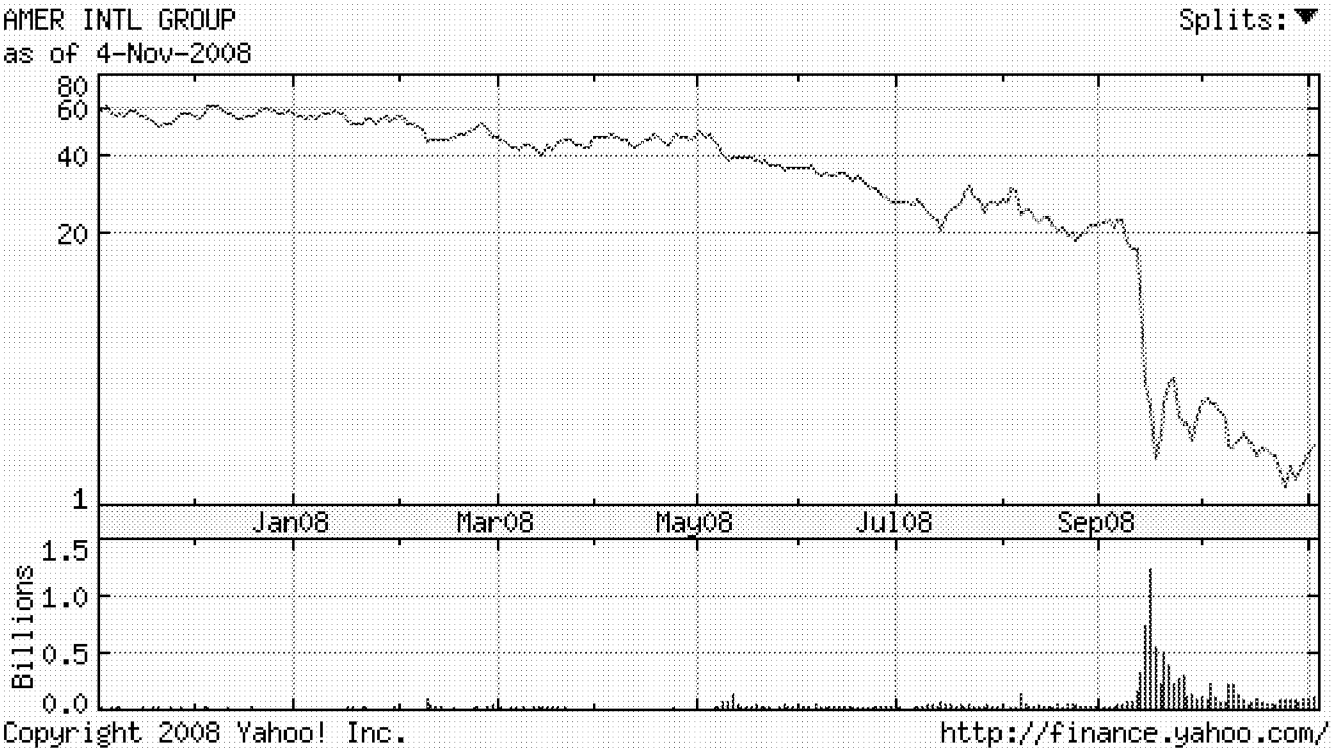
Rating History

American International Group, Inc. senior unsecured debt



QTools

AIG Stock Chart



Market capital as of Nov. 4, 2008: $6.5 bln

Organizational Chart with Rated Entities

Current & Recommended Ratings on AIG Entities - November 5, 2008					**Curr**	**Curr**	**Curr**
Ownership Structure *	**Domicile**	**Business Segment**	**Rating Type**	**Support**	**SA**	**Public**	**Outlook**
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			A3	R-Dn
			Sr Unsec Debt			A3	R-Dn
			Subord Debt			Baa1	R-Dn
			ST Issuer			P-1	R-Dn
AIG Capital Corporation	DE						
American General Finance, Inc.	IN	Fin Svcs	ST Debt		Baa2	P-2	R-Dn
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		Baa1	Baa1	R-Dn
			Sr Unsec Debt			Baa1	R-Dn
			ST Debt			P-2	Negative
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		Baa3	R-Dn
Yosemite Insurance Company	IN	Fin Svcs					
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-2	Negative
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		Baa2	Baa1	R-Unc
			ST Debt			P-2	R-Unc
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		Baa3	R-Unc
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		A3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	R-Dn
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	R-Dn
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	R-Dn
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs					
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs					
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn
American International Assurance Company (Bermuda) Ltd.	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		A3	R-Dn
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs					
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn
American International Life Assurance Company of NY	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	R-Dn
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins					
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins					
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A3	R-Dn
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A3	R-Unc
			Sr Unsec Shelf			(P)A3	
			Subord Shelf			(P)Baa1	
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Unc
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
American International Specialty Lines Insurance Co.	AK	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn
United Guaranty Corporation	NC	Domes Gen Ins					
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa3	R-Dn
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	Caa2	Baa1	R-Dn
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee	Aa3	Aa3	R-Dn
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	C	Baa1	R-Dn
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		A3	R-Dn
			Bkd Prfrd Stock	AIG G'tee		Baa2	R-Dn
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	R-Dn
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	R-Dn
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	R-Dn
American International Underwriters Overseas, Ltd.	Bermuda						
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	A1	A1	R-Dn
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*
Source: Company reports & Moody's

CDS & RMBS Reported Losses/Writedowns

AIG CDS & Investment Related Losses/Writedowns	4Q 2007		1Q 2008		2Q 2008		3Q 2008		Totals	
($ Blns)	Pretax	After tax	Pretax	After tax	Pretax	After tax	Pretax	After tax	Pretax	After tax
AIGFP super-senior CDS										
Unrealized market valuation losses	**-11.1**	**-7.2**	**-9.1**	**-5.9**	**-5.6**	**-3.6**	**-6.9**	**-4.5**	**-32.7**	**-21.3**
AIG investments										
Realized capital losses	-2.6	-1.7	-6.1	-3.4	-6.1	-4.0	-18.2	-13.5	-33.0	-22.6
Unrealized depreciation during quarter	-3.8	-2.5	-10.6	-6.8	-3.7	-2.6	*-6.1*	-3.9	-24.1	-15.9
Total investment losses/writedowns	**-6.4**	**-4.3**	**-16.7**	**-10.2**	**-9.8**	**-6.6**	**-24.2**	**-17.4**	**-57.1**	**-38.5**
Total CDS & invest losses/writedowns	**-17.6**	**-11.5**	**-25.8**	**-16.1**	**-15.3**	**-10.2**	**-31.1**	**-21.9**	**-89.8**	**-59.8**
Pretax loss / Net loss	**-8.4**	**-5.3**	**-11.3**	**-7.8**	**-8.8**	**-5.4**	**-27.9**	**-22.7**	**-56.4**	**-41.2**

AIG Consolidated Equity ($ Blns)	9/30/2007	12/31/2007	3/31/2008	6/30/2008	9/30/2008
Common equity	104.1	95.8	79.7	78.1	50.1
Change in equity vs 9/30/2007 ($)				-26.0	-54.0
Change in equity vs 9/30/2007 (%)				-25.0%	-51.9%

CDS & RMBS Modeled Losses (from RCM memos of Sept. 15 & 17, 2008) & Fed Solutions

AIG CDS & RMBS Portfolios Expected & stress case pretax losses modeled by BlackRock as of Sept. 9, 2008						
	Number of		Base Case Losses		Stress Case Losses	
($ Blns)	Transacs	Notional	Undisc	Disc	Undisc	Disc
CDS	109	**77.0**	**-5.6**	**-7.3**	**-12.9**	**-15.6**
Loss % of notional			-7.3%	-9.5%	-16.8%	-20.3%
		Par				
RMBS (preliminary results)		**66.0**	**-9.0**		**-17.0**	
Loss % of par			-13.6%		-25.8%	
Total CDS & RMBS estimated losses			**-14.6**		**-29.9**	
NB: For CDS portfolio, discounted losses are greater than undiscounted because discount has greatest impact on positive cash flows in years 6-25.						

AIG CDS-CDO & RMBS Portfolios Expected & stress case pretax losses modeled by Chris Mann as of Sept. 13, 2009				
	Number of		Expected	Stress Case
($ Blns)	Transacs	Notional	Losses	Losses
CDS-CDO with subprime content (data as of March 31, 2008)	178	64.6		
Modeled portion	31	**56.0**	**-0.7**	**-4.8**
Loss % of notional			-1.3%	-8.6%
Not modeled		8.6		
		Par		
RMBS (data as of Dec. 31, 2007)		75.3		
Modeled portion		**59.6**	**-1.8**	**-6.7**
Loss % of par			-3.0%	-11.2%
Not modeled		15.6		
Total CDS-CDO and RMBS estimated losses			**-2.5**	**-11.5**

AIG CDS & RMBS Portfolios - Proposed Fed Solutions - 4Q 2008						
			Pretax		B'Rock	Moody's
	Notional/	Market	Loss	Pretax	Stress	Stress
($ Blns)	Par Value	Value	Amount	Loss %	Loss %	Loss %
CDS on multi-sector CDOs with cash bonds	65.0	32.0	33.0	-50.8%	-16.8%	-8.6%
RMBS in US sec lending pool	39.8	23.5	16.3	-41.0%	-25.8%	-11.2%

Rating Action: American International Group, Inc.

Moody's downgrades AIG (senior to A3); ratings remain under review

New York, October 03, 2008 -- Moody's Investors Service has downgraded the senior unsecured debt rating of American International Group, Inc. (NYSE: AIG) to A3 from A2. This rating action reflects Moody's view that if AIG successfully completes the divestiture and restructuring plan announced today, its business diversification will be significantly reduced. AIG's long-term ratings and its Prime-1 short-term rating remain on review for possible downgrade, reflecting the substantial execution risk in the restructuring plan, particularly given the current turbulent credit market.

In the past year, AIG has reported substantial losses and write-downs associated with mortgage-backed securities, largely through its credit default swap and securities lending portfolios. Significant cash collateral calls and maturities related to these activities in recent weeks have caused the company to borrow heavily under the $85 billion revolving credit facility recently provided by the Federal Reserve Bank of New York (as authorized by the Federal Reserve Board (the Fed)). Total borrowings under the two-year secured facility amounted to $61 billion as of September 30, 2008, and more borrowings are expected in the months ahead.

Moody's believes that the asset sales plan announced today, if successful, will enable the company to repay borrowings under the Fed facility and emerge as a more focused, albeit less diversified, insurance firm. The continuing review for possible downgrade incorporates the risk that the situation may deteriorate, either because of shortfalls in executing the restructuring plan or because of declines in the business or financial profiles of the operations to be retained. Moody's believes that the risk of such deterioration is materially mitigated by the involvement of the Fed and the enhanced market liquidity that will likely result from the US Government's pending $700 billion financial rescue plan.

Following the restructuring, AIG's core businesses are expected to include the US-based Commercial Insurance Group (CIG), Foreign General Insurance (Foreign General) and a majority stake in American International Assurance (AIA). The parent company's A3 senior debt rating is now three notches below the Aa3 insurance financial strength ratings of the CIG companies, the largest core operating unit. A three-notch differential is common among US insurance groups, but this represents an expansion of the notching for AIG, based on Moody's view that AIG will be materially less diversified following the restructuring. AIG's Prime-1 short-term rating reflects the significant protection to short-term creditors afforded by the Fed credit facility in the near term.

Moody's also announced rating actions on several AIG subsidiaries whose ratings depend on explicit or implicit parental support (see list below). Ratings on most AIG units remain on review for possible downgrade. Moody's expects to revisit the stand-alone ratings, and perhaps the public ratings, for the major life insurance operations over the next few weeks. Certain operating units have been placed on review with direction uncertain, signaling potential sales to buyers whose credit profiles could be stronger, weaker or similar to that of AIG.

The success of the restructuring plan, in Moody's view, hinges largely on AIG's ability to contain and reduce risk in its mortgage exposed investment and derivative portfolios. A majority of the borrowings under the Fed credit facility have been used to address liquidity and capital needs stemming from these exposures. Moody's noted that further deterioration in market values within these portfolios could further strain the company's resources through such mechanisms as increased collateral calls or reductions/terminations of funding arrangements. Such strains could weaken the company's credit profile, which may lead to additional rating downgrades. In such an event, contingent additional capital and liquidity needs could be triggered. The rating agency expects that AIG -- with the support and interest of the Fed -- will pursue various means to limit the risks associated with market value volatility in its investment and derivative portfolios.

AIG's core insurance operations are fundamentally solid, said Moody's. CIG is the largest US commercial insurer, with a sound capital base, well diversified product offerings and expertise in writing large and complex risks. Foreign General is the top provider of accident & health insurance globally, operating in some 80 countries and adapting to local laws and customs as needed. The AIA companies make up one of the largest and most diversified life insurance groups spanning Asia and Australia.

The insurance and other operations identified for sale include market leaders in many business lines and geographic areas. Major units expected to be sold include Domestic Life Insurance and Retirement Services, one of the largest and most diversified life insurance groups in the US; American Life Insurance Company, one of the largest international life insurers, with operations in more than 50 countries; International Lease Finance Corporation, a global leader in leasing and remarketing advanced technology commercial aircraft;

and a minority stake in AIA. AIG's sales plans encompass well over a dozen substantial businesses.

Moody's noted that all of AIG's operations are subject to significant reputational risk in connection with the recent liquidity strains that gave rise to the Fed credit facility. Challenges facing AIG managers include retaining clients, distributors and employees; demonstrating that the operating companies have ample resources to meet their obligations; generating new business; and facilitating divestitures. It will take time to determine the extent to which recent events may have weakened the companies' standing in their respective markets.

Moody's continuing review of the ratings on AIG and its subsidiaries will focus on (i) the firm's evolving liquidity profile, including the level of borrowing under the Fed credit facility; (ii) steps taken to contain and reduce risk in the investment and derivative portfolios, including any associated losses or costs as well as any potential benefit from the US Government's pending $700 billion financial rescue plan; (iii) the timing and amounts of cash proceeds generated from asset sales; (iv) the performance of major operating units, whether they are core operations or targeted for sale; and (v) the resulting financial flexibility profile (e.g., financial leverage and fixed charge coverage) of AIG following the asset sales. For those operations being sold, Moody's will consider their intrinsic financial strength as well as the rating profiles of potential acquirers.

The last rating action on AIG took place on September 18, 2008, when Moody's reiterated the existing ratings and the review for possible downgrade, following the activation of the Fed credit facility.

Moody's has downgraded the following ratings and kept them on review for possible further downgrade:

American International Group, Inc. -- long-term issuer rating to A3 from A2, senior unsecured debt to A3 from A2, subordinated debt to Baa1 from A3;

AGFC Capital Trust I -- backed preferred stock to Baa3 from Baa2;

AIG General Insurance (Taiwan) Co., Ltd. -- insurance financial strength to A3 from A1;

AIG Life Holdings (US), Inc. -- backed senior unsecured debt to A3 from A2;

AIG Retirement Services, Inc. -- backed senior unsecured debt to A3 from A2, backed preferred stock to Baa2 from Baa1;

American General Capital II -- backed trust preferred stock to Baa1 from A3;

American General Finance Corporation -- long-term issuer rating to Baa1 from A3, senior unsecured debt to Baa1 from A3;

American General Institutional Capital A & B -- backed trust preferred stock to Baa1 from A3;

Capital Markets subsidiaries -- AIG Financial Products Corp., AIG Matched Funding Corp., AIG-FP Capital Funding Corp., AIG-FP Matched Funding Corp., AIG-FP Matched Funding (Ireland) P.L.C., Banque AIG -- backed senior unsecured debt to A3 from A2;

Mortgage Guaranty subsidiaries (second-lien and student loans) -- United Guaranty Commercial Insurance Company of North Carolina, United Guaranty Residential Insurance Company of North Carolina -- backed insurance financial strength to Baa1 from A3.

Moody's has placed the following rating on review for possible downgrade:

American General Finance, Inc. -- short-term debt at Prime-2.

The following ratings remain on review for possible downgrade:

American International Group, Inc. -- short-term issuer rating at Prime-1;

AIG Edison Life Insurance Company -- insurance financial strength at Aa3;

AIG Financial Products Corp. -- backed short-term debt at Prime-1;

AIG Funding, Inc. -- backed short-term debt at Prime-1;

AIG Liquidity Corp. -- backed short-term debt at Prime-1;

AIG Matched Funding Corp. -- backed short-term debt at Prime-1;

AIG SunAmerica funding agreement-backed note programs -- AIG SunAmerica Global Financing Trusts, ASIF I & II, ASIF III (Jersey) Limited, ASIF Global Financing Trusts -- senior secured debt at Aa3;

AIG SunAmerica subsidiaries -- AIG SunAmerica Life Assurance Company, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company -- insurance financial strength at Aa3; short-term insurance financial strength at Prime-1;

AIG UK Limited -- insurance financial strength at A1;

American International Assurance Company (Bermuda) Limited -- insurance financial strength at Aa3;

American Life Insurance Company -- insurance financial strength at Aa3;

Commercial Insurance Group subsidiaries -- AIG Casualty Company; AIU Insurance Company; American Home Assurance Company; American International Specialty Lines Insurance Company; Commerce and Industry Insurance Company; National Union Fire Insurance Company of Pittsburgh, Pennsylvania; New Hampshire Insurance Company; The Insurance Company of the State of Pennsylvania -- insurance financial strength at Aa3;

Domestic Life Insurance & Retirement Services subsidiaries -- AIG Annuity Insurance Company, AIG Life Insurance Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American International Life Assurance Company of New York, The United States Life Insurance Company in the City of New York, The Variable Annuity Life Insurance Company -- insurance financial strength at Aa3;

Mortgage Guaranty subsidiaries (first-lien loans) -- United Guaranty Mortgage Indemnity Company, United Guaranty Residential Insurance Company -- backed insurance financial strength at Aa3.

Moody's has downgraded the following ratings and placed them on review with direction uncertain:

ILFC E-Capital Trusts I & II -- backed preferred stock to Baa3 from Baa2;

International Lease Finance Corporation -- senior unsecured debt to Baa1 from A3, preferred stock to Baa3 from Baa2, senior unsecured debt shelf to (P)Baa1 from (P)A3.

Moody's has placed the following ratings on review with direction uncertain:

International Lease Finance Corporation -- short-term debt at Prime-2;

Transatlantic Holdings, Inc. -- senior unsecured debt at A3, senior unsecured debt shelf at (P)A3, subordinated debt shelf at (P)Baa1;

Transatlantic Reinsurance Company -- insurance financial strength at Aa3.

Moody's maintains a negative outlook on the following ratings:

American General Finance Corporation -- short-term debt at Prime 2;

CommoLoco, Inc. -- backed short-term debt at Prime-2.

The following ratings have been (downgraded and) withdrawn for business reasons:

AIG Capital Corporation -- long-term issuer rating to Baa2 from Baa1; short-term issuer rating at Prime 2.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to punctually pay senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

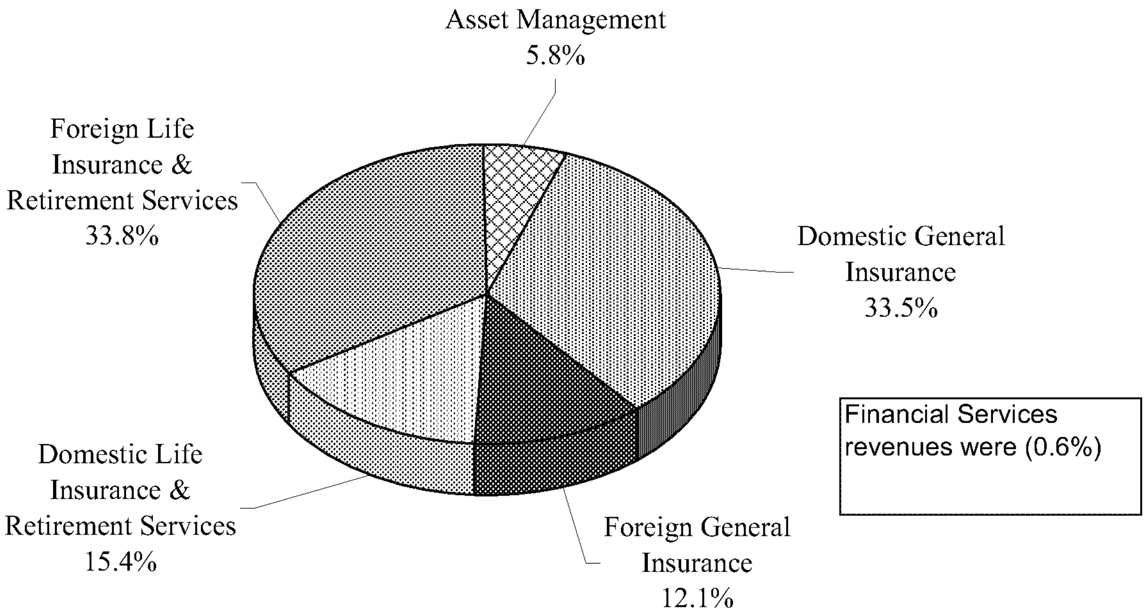
New York
Bruce Ballentine
VP - Senior Credit Officer
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Robert Riegel
Managing Director
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

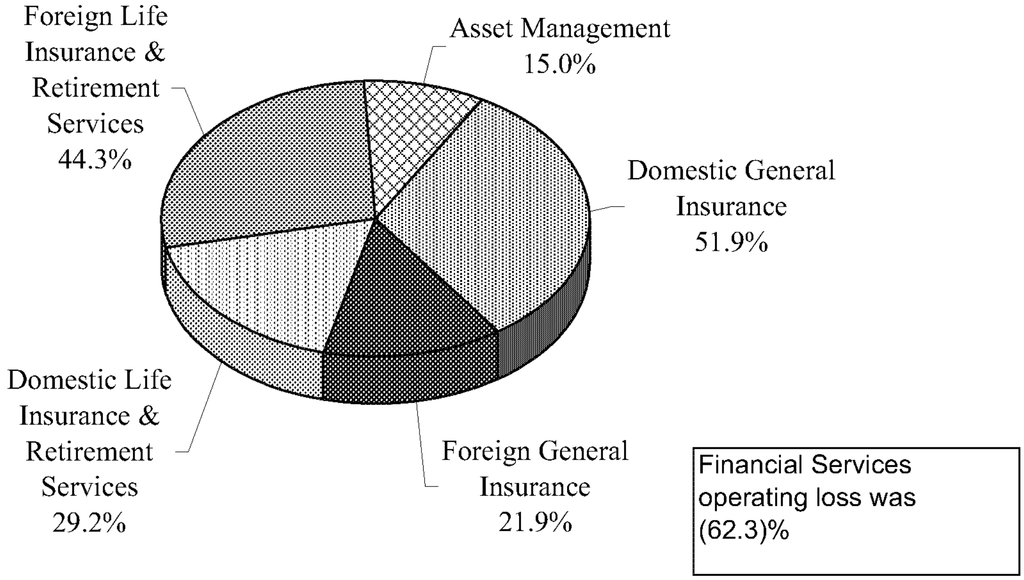
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

AIG Financial Highlights (from Company Profile)

($ Mil.)	2007	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	58,798	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	47,067	44,866	41,872	40,623	35,031	26,718
Net Investment Income	6,132	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	10,526	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	65.6%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.7%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	89.7%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	30,627	30,766	29,400	28,088	23,496	20,694
Net Investment Income	22,341	20,024	18,134	15,269	12,942	11,243
Pretax Operating Income	8,186	10,121	8,965	7,968	6,970	5,258
Financial Services						
Revenues	-1,309	7,777	10,525	7,495	6,242	6,822
Pretax Operating Income	-9,515	383	4,424	2,131	1,302	2,125
Asset Management						
Revenues	5,625	4,543	5,325	4,714	3,651	3,467
Pretax Operating Income	1,164	1,538	1,963	1,947	521	1,125
AIG Consolidated						
Total Revenues	110,064	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	8,943	21,687	15,213	14,845	11,907	7,808
Net Income	6,200	14,048	10,477	9,839	8,108	5,729
Total Assets	1,060,505	979,414	853,051	801,007	675,602	561,131
Total Debt	176,049	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	95,801	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	2007	2006	2005	2004
Revenues				
General Insurance	51,708	49,206	45,174	41,961
Life Insurance & Retirement Services	53,570	50,878	48,020	43,402
Financial Services	-1,309	7,777	10,677	7,495
Asset Management	5,625	4,543	4,582	4,714
Other/Eliminations	470	983	328	94
Consolidated Revenues	**110,064**	**113,387**	**108,781**	**97,666**
Pretax Operating Income				
General Insurance				
Domestic Brokerage Group	7,305	5,845	-820	777
Transatlantic Holdings, Inc.	661	589	-39	282
Personal Lines	67	432	195	357
Mortgage Guaranty	-637	328	363	399
Total Domestic	**7,396**	**7,194**	**-301**	**1,815**
Total Foreign	**3,137**	**3,228**	**2,601**	**1,344**
Other/Eliminations	-7	-10	15	18
Total General Insurance	**10,526**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services				
Domestic Life Insurance	642	917	1,495	1,023
Domestic Retirement Services	1,347	2,323	2,164	2,054
Total Domestic	**1,989**	**3,240**	**3,659**	**3,077**
Japan and Other	3,044	3,821	3,020	2,393
Asia	3,153	3,060	2,286	2,455
Total Foreign	**6,197**	**6,881**	**5,306**	**4,848**
Total Life Insurance & Retirement Services	**8,186**	**10,121**	**8,965**	**7,925**
Financial Services				
Aircraft Leasing	873	578	769	642
Capital Markets	-10,557	-873	2,661	662
Consumer Finance	171	668	922	786
Other	-2	10	72	90
Total Financial Services	**-9,515**	**383**	**4,424**	**2,180**
Asset Management				
Spread-based Investment Business	-89	732	1,194	1,328
Institutional Asset Management	784	438	387	515
Brokerage Services, Mutual Funds and Other	469	368	382	282
Total Asset Management	**1,164**	**1,538**	**1,963**	**2,125**
Other/Eliminations	-1,418	-767	-2,454	-562
Consolidated Pretax Operating Income	**8,943**	**21,687**	**15,213**	**14,845**

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)	**June 30, 2008**	December 31, 2007
Assets:		
Investments and Financial Services assets:		
Fixed maturity securities:		
Bonds available for sale, at fair value (amortized cost: 2008 – $400,052; 2007 – $393,170)	**$ 393,316**	$ 397,372
Bonds held to maturity, at amortized cost (fair value: 2008 – $21,809; 2007 – $22,157)	**21,632**	21,581
Bond trading securities, at fair value	**8,801**	9,982
Equity securities:		
Common stocks available for sale, at fair value (cost: 2008 – $13,490; 2007 – $12,588)	**17,306**	17,900
Common and preferred stocks trading, at fair value	**22,514**	21,376
Preferred stocks available for sale, at fair value (cost: 2008 – $2,596; 2007 – $2,600)	**2,496**	2,370
Mortgage and other loans receivable, net of allowance (2008 – $99; 2007 – $77) (held for sale: 2008 – $30; 2007 – $377 (amount measured at fair value: 2008 – $745)	**34,384**	33,727
Financial Services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2008 – $11,359; 2007 – $10,499)	**43,887**	41,984
Securities available for sale, at fair value (cost: 2008 – $1,246; 2007 – $40,157)	**1,205**	40,305
Trading securities, at fair value	**35,170**	4,197
Spot commodities, at fair value	**90**	238
Unrealized gain on swaps, options and forward transactions, at fair value	**11,548**	12,318
Trade receivables	**2,294**	672
Securities purchased under agreements to resell, at fair value in 2008	**16,597**	20,950
Finance receivables, net of allowance (2008 – $1,133; 2007 – $878) (held for sale: 2008 – $36; 2007 – $233)	**33,311**	31,234
Securities lending invested collateral, at fair value (cost: 2008 – $67,758; 2007 – $80,641)	**59,530**	75,662
Other invested assets (amount measured at fair value: 2008 – $22,099; 2007 – $20,827)	**62,029**	58,823
Short-term investments (amount measured at fair value: 2008 – $24,167)	**69,492**	51,351
Total Investments and Financial Services assets	**835,602**	842,042
Cash	**2,229**	2,284
Investment income due and accrued	**6,614**	6,587
Premiums and insurance balances receivable, net of allowance (2008 – $596; 2007 – $662)	**20,050**	18,395
Reinsurance assets, net of allowance (2008 – $502; 2007 – $520)	**22,940**	23,103
Current and deferred income taxes	**8,211**	—
Deferred policy acquisition costs	**46,733**	43,914
Investments in partially owned companies	**628**	654
Real estate and other fixed assets, net of accumulated depreciation (2008 – $5,710; 2007 – $5,446)	**5,692**	5,518
Separate and variable accounts, at fair value	**73,401**	78,684
Goodwill	**10,661**	9,414
Other assets (amount measured at fair value: 2008 – $2,452; 2007 – $4,152)	**17,115**	17,766
Total assets	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)	June 30, 2008	December 31, 2007
Liabilities:		
Reserve for losses and loss expenses	**$ 88,747**	$ 85,500
Unearned premiums	**28,738**	27,703
Future policy benefits for life and accident and health insurance contracts	**147,232**	136,387
Policyholders' contract deposits (amount measured at fair value: 2008 – $4,179; 2007 – $295)	**265,411**	258,459
Other policyholders' funds	**13,773**	12,599
Commissions, expenses and taxes payable	**5,597**	6,310
Insurance balances payable	**5,569**	4,878
Funds held by companies under reinsurance treaties	**2,498**	2,501
Current income taxes payable	**—**	3,823
Financial Services liabilities:		
Securities sold under agreements to repurchase (amount measured at fair value: 2008 – $8,338)	**9,659**	8,331
Trade payables	**1,622**	6,445
Securities and spot commodities sold but not yet purchased, at fair value	**3,189**	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	**24,232**	14,817
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 – $240)	**6,165**	4,903
Commercial paper and extendible commercial notes	**15,061**	13,114
Long-term borrowings (amount measured at fair value: 2008 – $53,839)	**163,577**	162,935
Separate and variable accounts	**73,401**	78,684
Securities lending payable	**75,056**	81,965
Minority interest	**11,149**	10,422
Other liabilities (amount measured at fair value: 2008 – $6,861; 2007 – $3,262)	**31,012**	27,975
Total liabilities	**971,688**	952,460
Preferred shareholders' equity in subsidiary companies	**100**	100
Commitments, Contingencies and Guarantees (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 – 2,948,038,001; 2007 – 2,751,327,476	**7,370**	6,878
Additional paid-in capital	**9,446**	2,848
Payments advanced to purchase shares	**—**	(912)
Retained earnings	**73,743**	89,029
Accumulated other comprehensive income (loss)	**(3,903)**	4,643
Treasury stock, at cost; 2008 – 259,225,244; 2007 – 221,743,421 shares of common stock	**(8,568)**	(6,685)
Total shareholders' equity	**78,088**	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except per share data) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	**2008**	2007
Revenues:				
Premiums and other considerations	**$21,735**	$19,533	**$ 42,407**	$39,175
Net investment income	**6,728**	7,853	**11,682**	14,977
Net realized capital losses	**(6,081)**	(28)	**(12,170)**	(98)
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(5,565)**	—	**(14,672)**	—
Other income	**3,116**	3,792	**6,717**	7,741
Total revenues	**19,933**	31,150	**33,964**	61,795
Benefits and expenses:				
Incurred policy losses and benefits	**18,450**	16,221	**34,332**	32,367
Insurance acquisition and other operating expenses	**10,239**	8,601	**19,652**	16,928
Total benefits and expenses	**28,689**	24,822	**53,984**	49,295
Income (loss) before income taxes (benefits) and minority interest	**(8,756)**	6,328	**(20,020)**	12,500
Income taxes (benefits)	**(3,357)**	1,679	**(6,894)**	3,405
Income (loss) before minority interest	**(5,399)**	4,649	**(13,126)**	9,095
Minority interest	**42**	(372)	**(36)**	(688)
Net income (loss)	**$ (5,357)**	$ 4,277	**$(13,162)**	$ 8,407
Earnings (loss) per common share:				
Basic	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.22
Diluted	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.21
Dividends declared per common share	**$ 0.220**	$ 0.200	**$ 0.420**	$ 0.365
Average shares outstanding:				
Basic	**2,605**	2,602	**2,575**	2,607
Diluted	**2,605**	2,613	**2,575**	2,621

See Accompanying Notes to Consolidated Financial Statements.

Invested Assets

The following tables summarize the composition of AIG's invested assets by segment:

(in millions)	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
June 30, 2008						
Fixed maturity securities:						
Bonds available for sale, at fair value	**$ 72,981**	**$297,095**	**$ 1,370**	**$21,870**	**$ —**	**$393,316**
Bonds held to maturity, at amortized cost	**21,346**	**1**	**—**	**285**	**—**	**21,632**
Bond trading securities, at fair value	**—**	**8,764**	**—**	**37**	**—**	**8,801**
Equity securities:						
Common stocks available for sale, at fair value	**4,522**	**12,018**	**—**	**787**	**(21)**	**17,306**
Common and preferred stocks trading, at fair value	**285**	**22,200**	**—**	**29**	**—**	**22,514**
Preferred stocks available for sale, at fair value	**1,943**	**543**	**10**	**—**	**—**	**2,496**
Mortgage and other loans receivable, net of allowance	**16**	**26,010**	**1,038**	**7,275**	**45**	**34,384**
Financial Services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	**—**	**—**	**43,887**	**—**	**—**	**43,887**
Securities available for sale, at fair value	**—**	**—**	**1,205**	**—**	**—**	**1,205**
Trading securities, at fair value	**—**	**—**	**35,170**	**—**	**—**	**35,170**
Spot commodities, at fair value	**—**	**—**	**90**	**—**	**—**	**90**
Unrealized gain on swaps, options and forward transactions, at fair value	**—**	**—**	**12,720**	**—**	**(1,172)**	**11,548**
Trade receivables	**—**	**—**	**2,294**	**—**	**—**	**2,294**
Securities purchased under agreements to resell, at fair value	**—**	**—**	**16,597**	**—**	**—**	**16,597**
Finance receivables, net of allowance	**—**	**5**	**33,306**	**—**	**—**	**33,311**
Securities lending invested collateral, at fair value	**4,951**	**48,312**	**141**	**6,126**	**—**	**59,530**
Other invested assets	**12,616**	**20,810**	**3,670**	**17,840**	**7,093**	**62,029**
Short-term investments	**9,967**	**32,724**	**3,974**	**7,125**	**15,702**	**69,492**
Total Investments and Financial Services assets as shown on the balance sheet	**128,627**	**468,482**	**155,472**	**61,374**	**21,647**	**835,602**
Cash	**499**	**979**	**476**	**269**	**6**	**2,229**
Investment income due and accrued	**1,380**	**4,952**	**29**	**255**	**(2)**	**6,614**
Real estate, net of accumulated depreciation	**342**	**965**	**28**	**95**	**224**	**1,654**
Total invested assets *	**$130,848**	**$475,378**	**$156,005**	**$61,993**	**$21,875**	**$846,099**

* *At June 30, 2008, approximately 63 percent and 37 percent of invested assets were held in domestic and foreign investments, respectively.*

The amortized cost or cost and fair value of AIG's available for sale and held to maturity securities were as follows:

(in millions)	June 30, 2008 Amortized Cost or Cost	June 30, 2008 Gross Unrealized Gains	June 30, 2008 Gross Unrealized Losses	June 30, 2008 Fair Value	December 31, 2007 Amortized Cost or Cost	December 31, 2007 Gross Unrealized Gains	December 31, 2007 Gross Unrealized Losses	December 31, 2007 Fair Value
Bonds – available for sale:[a]								
U.S. government and government sponsored entities	**$ 4,588**	**$ 158**	**$ 34**	**$ 4,712**	$ 7,956	$ 333	$ 37	$ 8,252
Obligations of states, municipalities and political subdivisions	**45,847**	**465**	**660**	**45,652**	46,087	927	160	46,854
Non-U.S. governments	**72,596**	**3,606**	**1,285**	**74,917**	67,023	3,920	743	70,200
Corporate debt	**223,902**	**3,693**	**8,247**	**219,348**	239,822	6,216	4,518	241,520
Mortgage-backed, asset-backed and collateralized	**111,678**	**840**	**13,541**	**98,977**	140,982	1,221	7,703	134,500
Total bonds	**$458,611**	**$ 8,762**	**$ 23,767**	**$443,606**	$501,870	$12,617	$13,161	$501,326
Equity securities	**16,086**	**4,332**	**616**	**19,802**	15,188	5,546	463	20,270
Total	**$474,697**	**$ 13,094**	**$ 24,383**	**$463,408**	$517,058	$18,162	$13,624	$521,596
Held to maturity:[b]	**$ 21,632**	**$ 322**	**$ 145**	**$ 21,809**	$ 21,581	$ 609	$ 33	$ 22,157

(a) At December 31, 2007, included AIGFP available for sale securities with a fair value of $39.3 billion, for which AIGFP elected the fair value option effective January 1, 2008, consisting primarily of corporate debt, mortgage-backed, asset-backed and collateralized securities. At June 30, 2008 and December 31, 2007, fixed maturities held by AIG that were below investment grade or not rated totaled $23.0 billion and $27.0 billion, respectively.

(b) Represents obligations of states, municipalities and political subdivisions.

The credit ratings of AIG's fixed maturity securities, other than those of AIGFP, were as follows:

Rating	June 30, 2008	December 31, 2007
AAA	**30%**	38%
AA	**30**	28
A	**22**	18
BBB	**13**	11
Below investment grade	**4**	4
Non-rated	**1**	1
Total	**100%**	100%

The industry categories of AIG's available for sale corporate debt securities, other than those of AIGFP, were as follows:

Industry Category	June 30, 2008	December 31, 2007
Financial institutions	**43%**	42%
Utilities	**12**	11
Communications	**8**	8
Consumer noncyclical	**7**	7
Capital goods	**6**	6
Consumer cyclical	**5**	5
Energy	**5**	4
Other	**14**	17
Total*	**100%**	100%

** At both June 30, 2008 and December 31, 2007, approximately 95 percent of these investments were rated investment grade.*

Investments in RMBS, CMBS, CDOs and ABS

As part of its strategy to diversify its investments, AIG invests in various types of securities, including RMBS, CMBS, CDOs and ABS.

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS, CMBS, CDOs and ABS were as follows:

(in millions)	June 30, 2008 Amortized Cost	June 30, 2008 Gross Unrealized Gains	June 30, 2008 Gross Unrealized Losses	June 30, 2008 Fair Value	December 31, 2007 Amortized Cost	December 31, 2007 Gross Unrealized Gains	December 31, 2007 Gross Unrealized Losses	December 31, 2007 Fair Value
Bonds — available for sale:								
AIG, excluding AIGFP:								
RMBS	**$ 77,531**	**$506**	**$10,139**	**$67,898**	$ 89,851	$ 433	$5,504	$ 84,780
CMBS	**22,935**	**210**	**1,942**	**21,203**	23,918	237	1,156	22,999
CDO/ABS	**11,212**	**124**	**1,460**	**9,876**	10,844	196	593	10,447
Subtotal, excluding AIGFP	**111,678**	**840**	**13,541**	**98,977**	124,613	866	7,253	118,226
AIGFP*	—	—	—	—	16,369	355	450	16,274
Total	**$111,678**	**$840**	**$13,541**	**$98,977**	$140,982	$1,221	$7,703	$134,500

** Represents total AIGFP investments in mortgage-backed, asset-backed and collateralized securities for which AIGFP has elected the fair value option effective January 1, 2008. At June 30, 2008, the fair value of these securities were $20.3 billion. An additional $1.8 billion related to insurance company investments is included in Bonds — trading.*

Investments in RMBS

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS securities, other than those of AIGFP, were as follows:

(in millions)	June 30, 2008 Amortized Cost	June 30, 2008 Gross Unrealized Gains	June 30, 2008 Gross Unrealized Losses	June 30, 2008 Fair Value	June 30, 2008 Percent of Total	December 31, 2007 Amortized Cost	December 31, 2007 Gross Unrealized Gains	December 31, 2007 Gross Unrealized Losses	December 31, 2007 Fair Value	December 31, 2007 Percent of Total
RMBS:										
U.S. agencies	**$16,642**	**$243**	**$ 181**	**$16,704**	**25%**	$14,575	$320	$ 70	$14,825	17%
Prime non-agency[a]	**17,575**	**36**	**1,646**	**15,965**	**23**	21,552	72	550	21,074	25
Alt-A	**20,236**	**69**	**3,896**	**16,409**	**24**	25,349	17	1,620	23,746	28
Other housing-related[b]	**3,090**	**2**	**532**	**2,560**	**4**	4,301	2	357	3,946	5
Subprime	**19,988**	**156**	**3,884**	**16,260**	**24**	24,074	22	2,907	21,189	25
Total	**$77,531**	**$506**	**$10,139**	**$67,898**	**100%**	$89,851	$433	$5,504	$84,780	100%

(a) Includes foreign and jumbo RMBS-related securities.

(b) Primarily wrapped second-lien.

Investments in CMBS

The amortized cost of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
CMBS (traditional)	$20,819	91%
ReRemic/CRE CDO	1,465	6
Agency	246	1
Other	405	2
Total	$22,935	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 by credit rating was as follows:

	Percentage
Rating:	
AAA	79%
AA	12
A	7
BBB and below	2
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by year of vintage at June 30, 2008 was as follows:

	Percentage
Year:	
2008	1%
2007	24
2006	14
2005	18
2004	15
2003 and prior	28
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by geographic region at June 30, 2008 was as follows:

	Percentage
Geographic region:	
New York	17%
California	15
Texas	7
Florida	6
Virginia	4
Illinois	4
New Jersey	3
Pennsylvania	3
Georgia	3
Massachusetts	3
All Other	35
Total	100%

At June 30, 2008, AIG held $23 billion in cost basis of CMBS. Approximately 79 percent of such holdings were rated AAA, approximately 19 percent were rated AA or A, and approximately 2 percent were rated BBB or below. At June 30, 2008, all such securities were current in the payment of principal and interest.

There have been disruptions in the commercial mortgage

Investments in CDOs

The amortized cost of AIG's CDO investments, other than those of AIGFP, by collateral type at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Collateral Type:		
Bank loans (CLO)	$2,108	51%
Synthetic investment grade	1,233	30
Other	733	18
Subprime ABS	46	1
Total	$4,120	100%

The amortized cost of the AIG's CDO investments, other than those of AIGFP, by credit rating at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Rating:		
AAA	$ 872	21%
AA	766	19
A	2,065	51
BBB	313	8
Below investment grade and equity	64	1
Total	$4,120	100%

The composition of the securities lending invested collateral by credit rating at June 30, 2008 was as follows:

(in millions)	AAA	AA	A	BBB/Not Rated	Short-Term	Total
Corporate debt	$ 698	$ 7,407	$3,557	$1,245	$ —	$12,905
Mortgage-backed, asset-backed and collateralized	30,933	3,170	437	1,640	—	36,180
Cash and short-term investments	—	—	—	—	10,445	10,445
Total	$31,629	$10,577	$3,994	$2,885	$10,445	$59,530

The amortized cost of AIG's RMBS investments, other than those of AIGFP, at June 30, 2008 by year of vintage and credit rating were as follows:

	Year of Vintage						
(in billions)	Prior	2004	2005	2006	2007	2008	Total
Rating:							
Total RMBS							
AAA	$ 8,968	$6,057	$13,149	$20,561	$15,485	$3,011	$67,231
AA	1,030	648	1,539	1,940	1,250	—	6,407
A	221	193	265	273	193	9	1,154
BBB and below	168	306	378	870	964	53	2,739
Total RMBS	$10,387	$7,204	$15,331	$23,644	$17,892	$3,073	$77,531
Alt-A RMBS							
AAA	$ 753	$ 850	$ 4,312	$ 7,606	$ 5,290	$ —	$18,811
AA	241	164	301	99	280	—	1,085
A	27	41	89	18	42	—	217
BBB and below	15	27	68	13	—	—	123
Total Alt-A	$ 1,036	$1,082	$ 4,770	$ 7,736	$ 5,612	$ —	$20,236
Subprime RMBS							
AAA	$ 398	$ 423	$ 4,403	$ 7,760	$ 3,884	$ —	$16,868
AA	129	102	398	785	276	—	1,690
A	77	62	68	126	103	—	436
BBB and below	1	66	65	475	387	—	994
Total Subprime	$ 605	$ 653	$ 4,934	$ 9,146	$ 4,650	$ —	$19,988

Equity	**(Mlns) Exposure**
PICC - strategic shareholding	546
Taiwan Semiconductor - Taiwan	257
Chunghwa Telecom - Taiwan	257
T&D Holdings (merged Taiyo and Daiwa)	163
Pru Class B (part of demutualization process)	157
PTT PCL - Thailand	134
CP All - Thailand (private equity portfolio)	127
Nippon Building Fund - Japan REIT	115
Mediatek - Taiwan	106
Hon Hai Precision Industry - Taiwan	101

Credit	**(Blns) Exposure**
TAIWAN, REPUBLIC OF	15,973.3
JAPAN, GOVERNMENT OF	10,231.8
THAILAND, KINGDOM OF	6,132.3
CITIGROUP INC	4,172.9
GENERAL ELECTRIC CO	3,860.0
HSBC HOLDINGS PLC	3,796.2
JP MORGAN CHASE & CO	3,711.3
BANK OF AMERICA CORP	3,709.2
SINGAPORE, REPUBLIC OF	2,976.8
WACHOVIA CORP	2,903.6
KOREA, REPUBLIC OF	2,767.1
AT&T INC	2,614.4
GOLDMAN SACHS GROUP INC	2,608.4
MORGAN STANLEY	2,500.1
ROYAL BANK OF SCOTLAND GROUP PLC	2,418.8

Valuation date: December 31, 2007 **Excludes FP**

Group Name: AIG Inc. (Insurance Investment Portfolios)

Summary MBS/CDO/FG Holdings

Holdings ($ millions)	**Market Value**	**Amortized Cost**	**Investment % Total Invest.**	**Investment % of Equity**
CMBS	22,998.8	23,918.0	3%	25%
Prime - Non Agency 1st lien RMBS	21,072.9	21,551.7	3%	22%
Prime - Non Agency 2nd lien RMBS	850.1	955.1	0%	1%
Alt A RMBS (1st or 2nd lien)	24,892.2	26,616.4	4%	28%
Subprime 1st lien RMBS	21,189.1	24,073.6	3%	25%
Subprime 2nd lien RMBS	-	-	0%	0%
HELOC RMBS	1,861.5	1,989.0	0%	2%
Home equity/Closed end 2nd lien RMBS	-	-	0%	0%
CDO with subprime/Alt A exposures	58.0	58.0	0%	0%
CDO^2 with subprime/Alt A exposures	-	-	0%	0%
Financial Guarantor direct exposure *	38.5	56.6	0%	0%
Financial Guarantor wrapped investments**	41,870.0	42,150.0	6%	44%
Total cash and investments	693,004.0	688,123.0		
Shareholders' equity	95,801.0	95,801.0		

* Represents amortized cost and fair value related to $58MM in bonds and $136MM notional of CDS exposure.

** We recognize that this exposure may already be included in the lines above, but request you to identify it separately here

At June 30, 2008, the notional amount, fair value and unrealized market valuation loss of the AIGFP super senior credit default swap portfolio, including certain regulatory capital relief transactions, by asset class were as follows:

(in millions)	Notional Amount	Fair Value Loss at June 30, 2008	Unrealized Market Valuation Loss (Gain) Three Months Ended June 30, 2008[a]	Unrealized Market Valuation Loss (Gain) Six Months Ended June 30, 2008[a]
Regulatory Capital:[b]				
Corporate loans	$172,717	$ —	$ —	$ —
Prime residential mortgages	132,812	—	—	—
Other[c][d]	1,619	125	125	125
Total	306,948	125	125	125
Arbitrage:				
Multi-sector CDOs[e]	80,301	24,785	5,569	13,606
Corporate debt/CLOs	53,767	996	(126)	770
Total	134,068	25,781	5,443	14,376
Mezzanine tranches[f]	5,824	171	(3)	171
Total	$446,840	$ 26,077[g]	$5,565	$14,672

(a) Includes credit valuation adjustment gains of $44 million and $109 million, respectively, for the three- and six-month periods ended June 30, 2008.

(b) Represents predominantly transactions written to facilitate regulatory capital relief.

(c) Represents transactions where AIGFP believes the counterparties are no longer using the transactions to obtain regulatory capital relief.

(d) During the second quarter of 2008, a European RMBS regulatory capital relief transaction with a notional amount of $1.6 billion was not terminated as expected when it no longer provided regulatory capital relief to the counterparty.

(e) Approximately $57.8 billion in net notional amount includes some exposure to U.S. sub-prime mortgages and approximately $9.6 billion in net notional amount includes CDOs of CMBS.

(f) Represents credit default swaps written by AIGFP on tranches below super senior on certain regulatory capital relief trades.

(g) Fair value amounts are shown before the effects of counterparty netting adjustments.

Shareholders' Equity Roll Forward ($ in mil)

June 30, 2008 Shareholders' Equity		**$ 78,088**
Estimated Net Loss for Third Quarter		
- Adjusted Net Loss (ex. AIGFP Unrealized Market Valuation Losses)	(3,878)	
- AIGFP Unrealized Market Valuation Losses	(4,493)	
- AIGFP Credit Valuation Adjustment on Other Assets and Liabilities	(705)	
Estimated Adjusted Net Loss	(9,076)	
- Net Realized Capital Losses	(13,491)	
- FAS 133 Gains (Losses), Net	(172)	
Estimated Net Loss		**(22,739)**
Estimated Other Comprehensive Loss		
Unrealized Appreciation (Depreciation) of Investments, Net	(3,942)	
Foreign Currency Translation Adjustment, Net	(1,563)	
Change in All Other Comprehensive Income, Net	(72)	
All Other	139	
Estimated Other Comprehensive Loss		(5,438)
Estimated Change in APIC		
Consideration Received for Preferred Stock Not Yet Issued		23,000
September 30, 2008 Estimated Shareholders' Equity		**$ 72,911**

Significant Items in the Quarter

	3Q 2008 Pretax	3Q 2008 After Tax	2Q 2008 Pretax	2Q 2008 After Tax
GAAP Income (Loss) - Estimated Reported	$ (27,911)	$ (22,739)	$ (8,756)	$ (5,357)
Adjustments:				
Minority interest (afffects pretax only)	(284)		18	
Net realized capital gains (losses)	(18,161)	(13,491)	(6,074)	(4,019)
FAS 133	(265)	(172)	(26)	(17)
Adjusted Income (Loss) - Estimated Reported	(9,201)	(9,076)	(2,674)	(1,321)
Restructuring-related:				
Taxes:				
Reversal of permanent reinvestment assertion for foreign businesses		(3,627)		-
Fed Facility interest expense	(802)	(521)		-
Goodwill impairment	(432)	(432)		-
UGC 2nd lien exit	(465)	(302)		-
Total restructuring-related	(1,699)	(4,882)	-	-
Market disruption:				
AIGFP unrealized market valuation loss	(6,912)	(4,493)	(5,565)	(3,617)
AIGFP credit valuation adjustment	(1,085)	(705)	(518)	(337)
AIGFP deferred compensation reversal	563	366	-	-
UK investment-linked products	(501)	(326)	(133)	(86)
Domestic Retirement Services DAC unlocking	(616)	(400)	-	-
DAC/SIA benefit for realized capital losses	569	370	212	138
Partnership & mutual fund income (losses)	(1,664)	(1,082)	190	124
Total market disruption	(9,646)	(6,270)	(5,814)	(3,778)
Adjusted Income - estimated excluding restructuring and market disruption	2,144	2,076	3,140	2,457
Other:				
Catastrophes	(1,391)	(904)	-	-
AGF operating results	(446)	(290)	(40)	(26)
UGC operating results (excluding PDR)	(651)	(423)	(518)	(337)
Total other	(2,488)	(1,617)	(558)	(363)
Adjusted Income - estimated excluding all noteworthy items	$ 4,632	$ 3,693	$ 3,698	$ 2,820

Summary of Estimated Pre-tax OTTI ($ in mil)

	Three Months Ended			
	Estimated September 30, 2008		June 30, 2008	
Lack of Intent to Hold to Recovery*	$	8,299	$	241
Severity		7,327		4,843
Issuer Specific Credit Events		3,453		322
Adverse Change in Cash Flow		747		738
Currency		50		633
Total	$	19,876	$	6,777

*** Includes $6.9 billion related to securities lending portfolio in 3Q08.**

Commercial Insurance Quarterly Results

	3Q 2008	2Q 2008
	Pretax	**Pretax**
Estimated Net Premiums Written	**$ 5,597**	**$ 5,988**
Estimated Operating Income (excluding RCGL)	**33**	**943**
Adjustments for:		
Market disruption:		
Partnership & mutual fund income (losses)	(230)	(42)
Other:		
Catastrophes	(1,077)	(74)
Estimated Adjusted Operating Income (excluding all noteworthy items)	**$ 1,340**	**$ 1,059**
Underwriting Ratios:		
Estimated Loss Ratio	86.0	74.1
Estimated Expense Ratio	21.9	19.6
Estimated Combined Ratio	107.9	93.7
Estimated Combined Ratio Excluding Significant Current Year Catastrophe-related Losses	89.1	92.5
Estimated Risk Based Capital Ratio:		
Commercial Pool	4.2	4.2
Surplus Lines Pool	4.9	5.1
AIG CI (in aggregate)	4.3	4.4

Foreign General Quarterly Results

	3Q 2008	2Q 2008
	Pretax	**Pretax**
Estimated Net Premiums Written	**$ 3,647**	**$ 3,726**
Estimated Operating Income (excluding RCGL)	**104**	**754**
Adjustments for:		
Market disruption:		
Partnership & mutual fund income (losses)	(276)	82
Other:		
Catastrophes	(133)	(5)
Estimated Adjusted Operating Income (excluding all noteworthy items)	**$ 513**	**$ 677**
Underwriting Ratios:		
Estimated Loss Ratio	59.3%	53.7%
Estimated Expense Ratio	37.4%	34.6%
Estimated Combined Ratio	96.7%	88.3%
Estimated Combined Ratio Excluding Significant Current Year Catastrophe-related Losses	93.0%	88.1%

AIG Current Credit Facility

Senior Secured Debt Facility	
Amount	$85 bn
Term	2 years
Fee on Undrawn	850 bps
Rate on Drawn	LIBOR + 850 bps
Interest	PIK

Enhanced Terms of New Financing

New Preferred Stock	
Amount	$30 bn
Term	Perpetual
Rate	10%
Coupon	PIK / Cumulative
Use of Proceeds	Pay down Existing Facility

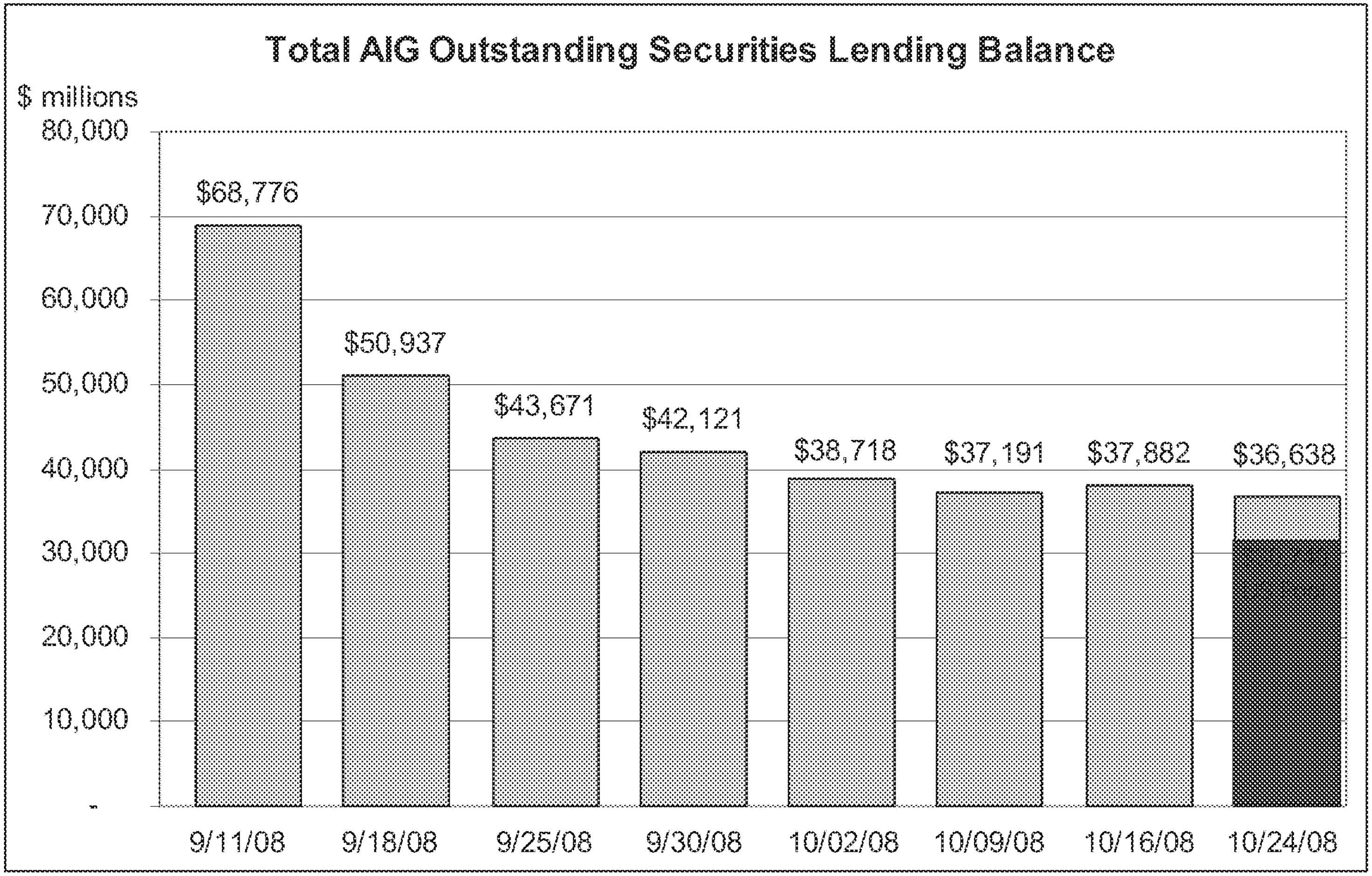
Restructured Senior Secured Debt Facility	
Amount	$70 bn
Term	5 years
Fee on Undrawn	75 bps
Rate on Drawn	LIBOR + 300 bps
Interest	PIK

79.9% Fed ownership remains unchanged

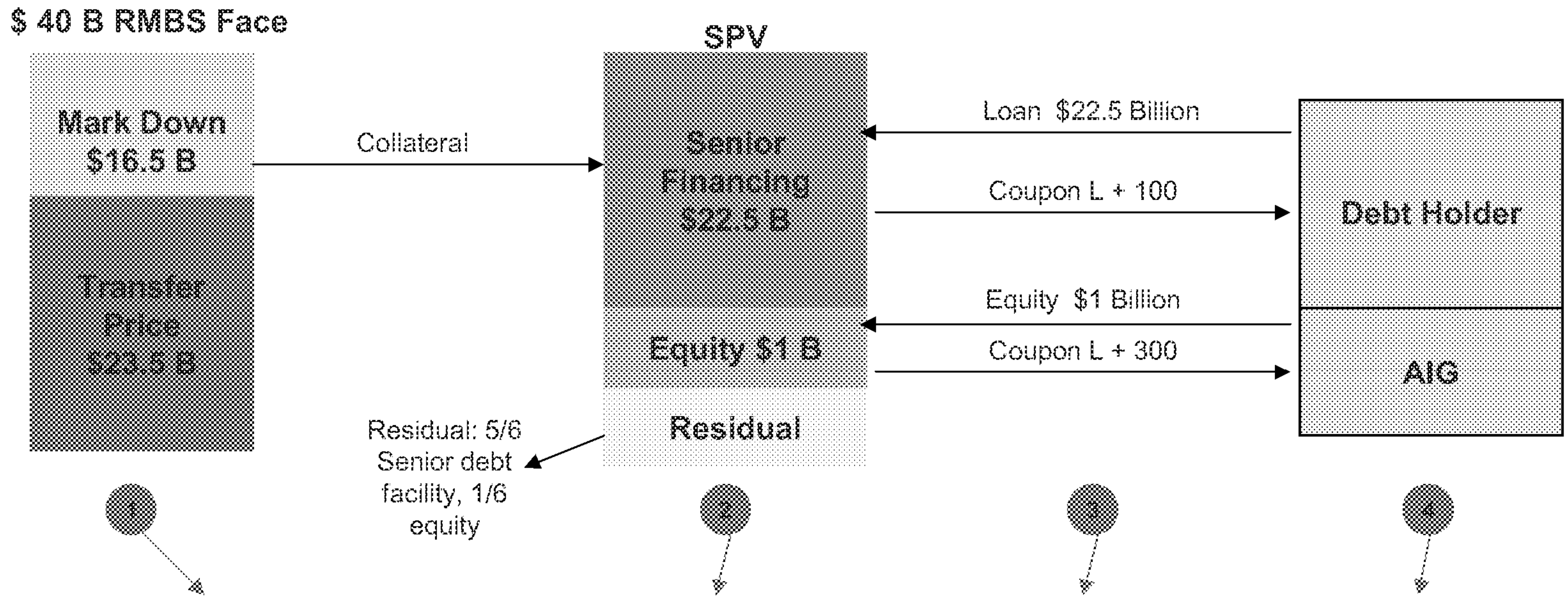
AIG

Current Trends in Securities Lending

Since the Lehman bankruptcy and related credit freeze, counterparties have been reluctant to roll trades, wishing to maximize their own liquidity.

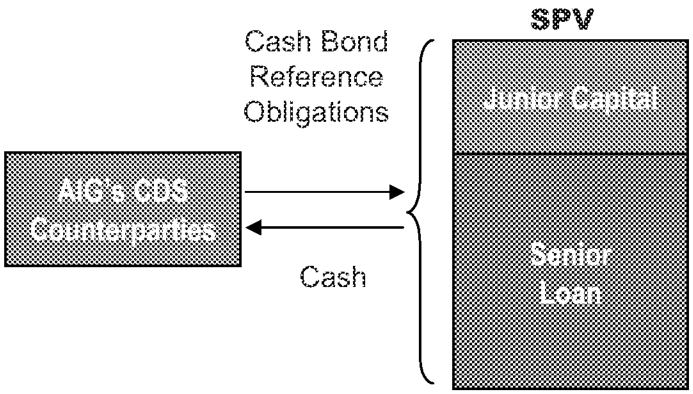


RMBS Monetization - Proposed Structure



	1. Transfer price?	2. Size of equity vs. debt?	3. Terms of debt and equity?	4. Origin of equity?
Proposed Option	• AIG marks as confirmed by 3rd party, estimated to be $23.5B currently	• Equity: $1 Billion • Loan: $22.5 Billion • Residual: 5/6 to Senior, 1/6 to equity	• Equity: L+300 • Debt: L+100, • Debt full turbo paydown • Residual cash flows: 5/6 to debt, 1/6 to equity	• AIG

Proposed Solution



Funding Mechanics

- AIG contributes junior capital to SPV
- A third party will provide the senior capital to the SPV in form of a senior loan

Economics

- AIG earns L + [300]* bps on its invested capital plus a negotiated share of the upside
- Third party earns L + [100]* bps on its invested capital plus a negotiated share of the upside

- A third party forms a new SPV to purchase, from AIGFP's CDS counterparties, cash bonds which are Reference Obligations in the multi-sector CDO portfolio
  - Third party senior loan is recourse solely to (i) the SPV assets and (ii) the AIG junior capital
- Concurrent with purchase of the cash bonds, AIG and counterparties agree to tear-up existing CDS contracts
  - Existing collateral posted by AIGFP reduces capital needed from the third party
- Third party receives full repayment of principal and interest prior to any distributions to AIG junior capital
  - Portfolio upside shared between AIG and third party on negotiated terms

** Subject to Change*

Process to Unwind AIGFP in an Orderly Manner

High-level strategy

- **Transfer/sell energy/infrastructure business**
- **Sell commodities business**
- **Restructure and transfer key tax personnel to AIG**
- **Unwind derivatives portfolios**
  - Replace complex, bespoke client trades with simple, generic dealer trades
  - Prioritize opportunities to exit entire lines of businesses and client relationships
  - Pursue and balance transactions that generate liquidity with transactions that generate capital
  - Pursue dealer netting once book is repositioned
  - Develop strategies for auctions, sale, assignments of businesses
  - Natural run-off
- **Restructure / unwind the credit book**
  - Restructure trades / counterparty relationships (minimize downside, retain upside)
  - Utilize government credit facilities as bridge
  - Monetize assets
  - Natural run-off

Process to ensure an orderly unwind

Governance	• Established robust governance (e.g., Steering Committee, ROTC) to take decisions and monitor progress
HR	• In process of finalizing compensation for retained employees • RIF executed in Wilton, soon in LN, HK, and TK
Communica-tion	• Actively communicating to AIGFP – Leadership – Governance and processes • Client communications
Risk oversight	• Developed framework for decision-making – Balancing liquidity, P&L and NPV of transactions
Reporting	• Daily detailed reporting in place • Summary reports being developed for Steering Committee – P&L – Liquidity and collateral – Market and credit risks
Runoff plan development	• Kicked off book-by-book run-off strategies; detailed plans expected by year-end
PMO	• PMO established to facilitate unwind process

AIG

Overview of Unwind Plan

Phase 1	Phase 2	Phase 3
	End of 2008	September 20010
• Develop book-by-book run-off strategy • Finalize run-off leadership, processes, and reporting	• Roughly 1/3 of the book will run off / naturally mature • Proactively unwind substantial part of book	• Manage the tail risk – Dealer netting – Sell – Natural run-off – Keep a small team to continue unwind

Transaction types and unwind strategies

	Description	Strategies
1) Legally enforceable terminations	1a) Legally enforceable terminations (e.g., ATE, credit ratings-triggered terminations) 1b) Mutual termination clauses	1a) Series of strategies to minimize costs and liquidity drain 1b) Plan to be developed on how to deal with it (when others start doing it)
2) AIG affiliates	• Transactions with AIG affiliates: Segregate transactions with AIG affiliates to prepare for disposal / roll-up	• Potentially establish CSA or assign to other counterparties
3) Legally non-enforceable terminations (reactive / proactive)	• Take economic decisions based on guidelines established by Steering Committee • Primarily concerned parties are investors, corporates, and to a lesser extent sovereigns	Systematically mine book for : A) Cash generating transactions B) P&L generating transactions C) Risk reduction transactions D) Client reduction transactions
4) Natural run-off / maturity	• 1/3 of the book, or ~10,000 trades will mature by Sept 2010	• Let them run-off (unless in one of the other categories)
5) Dealer netting	• Establish a reasonable future date by which remaining trades should be exited by dealer netting • Decide key counterparties AIGFP will want to exit definitively	• By counterparty or entire book

AIG Summary of Independent Valuations

The valuations of AIG operating divisions contained in these reports ranged from $68 bn to $166 bn

($ in millions)						
Source	**MS**	**ML**	**WB**	**CS**[(1)]	**JPM / GS**	**Mgmt / BX**
Date	**9/18/08**	**7/16/08**	**11/27/08**	**9/16/08**	**9/14/08**	**9/14/08**
Domestic General	21,390	29,015	38,233	23,973	31,000-39,000	39,000
Foreign General	18,956	16,576	18,909	36,540	13,000-16,000	14,000
General Insurance	**40,346**	**45,591**	**57,143**	**60,513**	**44,000-55,000**	**53,000**
Domestic Life & Retirement	23,159	21,763	25,193	27,667	23,000-27,000	25,000
Foreign Life & Retirement	39,689	52,630	66,581	69,048	36,000-40,000	53,000
Life & Retirement Services	**62,848**	**74,393**	**91,774**	**96,715**	**59,000-67,000**	**78,000**
Aircraft Leasing	7,514	9,180	7,610	n/a	-	7,000
Consumer Finance	157	1,162	1,987	n/a	2,000	2,000
AIG FP	-	2,905	324	n/a	-	-
Other	523	196	1,389	n/a	-	-
Financial Services	**8,194**	**13,443**	**11,310**	**9,155**	**2,000**	**9,000**
Asset Management	3,237	6,138	14,208	5,717	1,000	2,000
Total Operating Divisions	**114,625**	**139,565**	**174,434**	**172,100**	**105,000-125,000**	**142,000**
Corporate & Other	(19,214)	(15,992)	(10,176)	(5,783)	(37,000)	(34,000)
Other and Minority Interest	(5,631)	-	-	-	-	-
Total AIG	**89,780**	**123,573**	**164,258**	**166,317**	**68,000-88,000**	**108,000**

(1) CS analysis excludes losses associated with FP; published figures include (198,380) value for Financial Services including FP.

Timing and Proceeds

($ billions)

	Target Timing		Proceeds	
Business	**Signing**	**Closing**	**Gross**	**Net** [(1)]
PLD (excludes PCG)	11/10/08	4Q08	2.5	0.8
TRH	TBD	4Q08	1.3	0.3
Private Bank	11/20/08	4Q08	0.5	0.5
CFG	Various	1Q09	1.1	1.1
AI Credit	12/15/08	1Q09	0.1	0.1
HSB	12/15/08	1Q09	1.0	1.0
Star	12/26/08	1Q09	4.1	4.1
Edison	12/26/08	1Q09	4.4	4.4
Domestic Life	1/26/09	1Q09	12.0	11.6
Domestic RS	1/26/09	1Q09	12.0	12.0
Nan Shan	1/30/09	3Q09	3.5	3.5
Asset Management	1/30/09	1Q09	0.5	0.5
Global Real Estate	1/30/09	1Q09	TBD	TBD
AIA [(2)]	1/30/09	1Q09	22.1	16.7
ILFC	2/2/09	1Q09	7.5	3.2
ALICO	1Q09	2Q09	17.0	17.0
Philam	TBD	2Q09	0.9	0.7
Total			**$90.3**	**$77.3**

Notes:
(1) Net of tax and trapped proceeds
(2) AIA proceeds reflect 100% sale

Pro Forma Financial Leverage & Coverage – Base Case

AIG pro forma leverage & coverage - base case (sell 49% of AIA)					
($ blns)	**9/302008**	**12/31/08**	**12/31/09**	**12/31/10**	***12/31/11***
Financial leverage					
Existing senior debt	15.8	14.9	13.3	11.4	11.4
Existing $85 bln Fed facility	63.0	0.0	0.0	0.0	0.0
New $60 bln Fed facility	0.0	28.0	0.0	0.0	0.0
Junior subordinated debentures (Basket D)	12.9	12.9	12.9	12.9	12.9
Mandtory convertibles (Basket D)	5.9	5.9	5.9	5.9	0.0
Total debt	97.6	61.7	32.1	30.2	24.3
Preferred interest in common	23.0	8.9	0.0	0.0	0.0
New perpetual preferred (Basket B or C)	0.0	41.0	20.2	22.3	22.3
Common equity	50.1	48.7	44.4	45.7	51.6
Total GAAP equity	73.1	98.6	64.6	68.0	73.9
Total adjusted debt (PP = Basket B)	83.5	78.4	33.2	32.8	31.4
Total capital	170.7	160.3	96.7	98.2	98.2
Debt % capital (PP = Basket B)	48.9%	48.9%	34.3%	33.4%	31.9%
Debt % capital with hybrid equity capped	48.9%	53.9%	38.8%	37.9%	31.9%
Total adjusted debt (PP = Basket C)	83.5	68.1	28.1	27.3	25.8
Total capital	170.7	160.3	96.7	98.2	98.2
Debt % capital (PP = Basket C)	48.9%	42.5%	29.1%	27.7%	26.2%
Debt % capital with hybrid equity capped	48.9%	53.9%	38.8%	37.9%	29.9%
Interest coverage					
EBIT			12.7	10.1	10.1
Cash interest expense			2.2	2.1	1.6
Total interest expense			4.8	4.3	3.8
Cash interest coverage			5.7x	4.8x	6.3x
Total interest coverage			2.6x	2.3x	2.6x
NB: Estimated leverage ratios exclude pension and lease adjustments					

Moody's methodology	**Aaa**	**Aa**	**A**	**Baa**	**Ba**
Adjusted debt % capital	< 20%	20%-30%	30%-40%	40%-50%	> 50%
Earnings coverage	> 12x	8x-12x	4x-8x	2x-4x	< 2x

Pro Forma Financial Leverage & Coverage – Stress Case

AIG pro forma leverage & coverage - stress case (sell 49% of AIA)					
($ blns)	**9/302008**	**12/31/08**	**12/31/09**	**12/31/10**	***12/31/11***
Financial leverage					
Existing senior debt	15.8	14.9	13.3	11.4	11.4
Existing $85 bln Fed facility	63.0	0.0	0.0	0.0	0.0
New $60 bln Fed facility	0.0	28.0	0.0	0.0	0.0
Junior subordinated debentures (Basket D)	12.9	12.9	12.9	12.9	12.9
Mandtory convertibles (Basket D)	5.9	5.9	5.9	5.9	0.0
Total debt	97.6	61.7	32.1	30.2	24.3
Preferred interest in common	23.0	8.9	0.0	0.0	0.0
New perpetual preferred (Basket B or C)	0.0	41.0	34.2	36.3	36.3
Common equity	50.1	48.7	44.4	45.7	51.6
Total GAAP equity	73.1	98.6	78.6	82.0	87.9
Total adjusted debt (PP = Basket B)	83.5	78.4	43.7	43.3	41.9
Total capital	170.7	160.3	110.7	112.2	112.2
Debt % capital (PP = Basket B)	48.9%	48.9%	39.4%	38.6%	37.3%
Debt % capital with hybrid equity capped	48.9%	53.9%	46.5%	45.7%	38.7%
Total adjusted debt (PP = Basket C)	83.5	68.1	35.1	34.3	32.8
Total capital	170.7	160.3	110.7	112.2	112.2
Debt % capital (PP = Basket C)	48.9%	42.5%	31.7%	30.5%	29.2%
Debt % capital with hybrid equity capped	48.9%	53.9%	46.5%	45.7%	38.7%
Interest coverage					
EBIT			10.1	8.1	8.1
Cash interest expense			2.2	2.1	1.6
Total interest expense			6.2	5.7	5.2
Cash interest coverage			4.5x	3.8x	5.0x
Total interest coverage			1.6x	1.4x	1.5x
NB: Estimated leverage ratios exclude pension and lease adjustments					

Moody's methodology	**Aaa**	**Aa**	**A**	**Baa**	**Ba**
Adjusted debt % capital	< 20%	20%-30%	30%-40%	40%-50%	> 50%
Earnings coverage	> 12x	8x-12x	4x-8x	2x-4x	< 2x

Stress case versus base case

Asset sale proceeds down by 20%.

EBIT down by 20%.

AIG Commercial Insurance Scorecard – Base Case

Rating Factors
American International Group
AIG Property Casualty Group

Financial Strength Rating Scorecard	Aaa	Aa	A	Baa	< Baa	Score	Adjusted Score
Business Profile						Aa2	Aa2
Market Position, Brand and Distribution (25%)						Aa1	Aa1
Market Share Ratio		X					
Relative Market Share Ratio	X						
Expense Ratio % NPW		X					
Product Focus and Diversification (10%)						Aa3	Aa3
Product Focus			X				
P&C Product Diversification		X					
Geographic Diversification		X					
Financial Profile						Aa3	A1
Asset Quality (5%)						Aa2	Aa3
High Risk Assets % Invested Assets			24.7%				
Reinsurance Recoverable % Equity		62.3%					
Goodwill % Equity	9.8%						
Capital Adequacy (15%)						A2	A1
Gross Underwriting Leverage			4.7x				
Profitability (15%)						Aa2	A1
Return on Equity (5 yr. avg.)		13.2%					
Sharpe Ratio of Growth in Net Income (5 yr.)		69.9%					
Reserve Adequacy (10%)						Baa3	A2
Adv/(Fav) Reserve Dev. % Beg. Reserves (5 yr. avg.)				5.1%			
A&E Net Funding Ratio (5 yr. avg.)					6.7x		
Financial Flexibility (20%)						Aaa	A2
Financial Leverage	18.3%						
Earnings Coverage (5 yr. avg.)	18.3x						
Cashflow Coverage (5 yr. avg.)	11.7x						
Aggregate Profile						Aa3	Aa3
Total Scorecard Rating -- Value						3.65	4.42

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):

Management, Governance, and Risk Management:	
Accounting Policy & Disclosure:	
Sovereign & Regulatory Environment:	
Stand-Alone Rating Recommendation:	Aa3

Support (if applicable, insert notches to be added to the standalone rating above):

Nature and Terms of Explicit Support:	
Nature and Terms of Implicit Support:	
Final Rating Recommendation:	Aa3

AIG Commercial Insurance Scorecard – Stress Case

Rating Factors
American International Group
AIG Property Casualty Group

Financial Strength Rating Scorecard	Aaa	Aa	A	Baa	< Baa	Score	Adjusted Score
Business Profile						Aa2	Aa2
Market Position, Brand and Distribution (25%)						Aa1	Aa1
Market Share Ratio		X					
Relative Market Share Ratio	X						
Expense Ratio % NPW		X					
Product Focus and Diversification (10%)						Aa3	Aa3
Product Focus			X				
P&C Product Diversification		X					
Geographic Diversification		X					
Financial Profile						Aa3	A3
Asset Quality (5%)						Aa2	Aa3
High Risk Assets % Invested Assets			24.7%				
Reinsurance Recoverable % Equity		62.3%					
Goodwill % Equity	9.8%						
Capital Adequacy (15%)						A2	A1
Gross Underwriting Leverage			4.7x				
Profitability (15%)						Aa2	A3
Return on Equity (5 yr. avg.)		13.2%					
Sharpe Ratio of Growth in Net Income (5 yr.)		69.9%					
Reserve Adequacy (10%)						Baa3	A2
Adv/(Fav) Reserve Dev. % Beg. Reserves (5 yr. avg.)				5.1%			
A&E Net Funding Ratio (5 yr. avg.)					6.7x		
Financial Flexibility (20%)						Aaa	Baa2
Financial Leverage	18.3%						
Earnings Coverage (5 yr. avg.)	18.3x						
Cashflow Coverage (5 yr. avg.)	11.7x						
Aggregate Profile						Aa3	A1
Total Scorecard Rating -- Value						3.65	5.32

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):

Management, Governance, and Risk Management:	
Accounting Policy & Disclosure:	
Sovereign & Regulatory Environment:	
Stand-Alone Rating Recommendation:	A1

Support (if applicable, insert notches to be added to the standalone rating above):

Nature and Terms of Explicit Support:	
Nature and Terms of Implicit Support:	
Final Rating Recommendation:	A1

Summary cash outflows triggered by rating downgrades

USD millions	GICs	CSAs	Multi-sector	Corporate arbitrage	Regulatory Capital	Total change	Total cumulative
BBB+	448	3,471	2,733	472	150	7,274	7,274
BBB	0	96	3,675	205	600	4,576	11,850
BBB-	0	700	0	71	25	796	12,646
Total	448	4,267	6,408	748	775	12,646	
Less	AIG FP multi-sector CDO solution					(6,408)	
	Net exposure					6,238	

- The table above shows the additional cash outflows triggered by further rating downgrades.

- The **CSA** number includes

INCLUDES	DOES NOT INCLUDE
- estimates of additional collateral postings - amounts of collateral received that AIG would no longer be able to rehypothecate - Estimates of the MTM of transactions that are in the money for our counterparties that they can terminate at a rating level (net of collateral already posted).	- estimates of MTM amounts of transactions that are in the money for AIGFP where the counterparty has the right to terminate. - The additional cost of finding a replacement counterparty on transactions where a rating downgrade would require us to do so.

- The **Multi-Sector** number includes

INCLUDES	DOES NOT INCLUDE
- At BBB+ $2.7 billion of collateral postings due to independent amount and threshold percentages adjustments. - At BBB the termination of the funded portion of project Max ($6.25 billion minus collateral posted of $2.6 billion)	- At BBB the termination rights of counterparties representing $47.8 billion of notional with collateral already posted of $26.9 billion, representing a maximum exposure of $20.9 billion.

- The **Corporate Arbitrage and Regulatory Capital** numbers include estimates of additional collateral and termination costs at different rating levels.

Moody's Investors Service

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

Issuer Name(s): American International Group, Inc. (AIG); AIG Capital Trust I & II; AIG Financial Products Corp. (AIGFP)	**October 13, 2006**

Does this rating committee meeting involve discussion of a Franchise Credit? ☒**Yes or** ☐**No**

Invited Rating Committee Members: *(Identify lead, backup, chair, and required attendee(s).)*

[redacted]

Rating Recommendation: *(Include unpublished ratings in brackets, e.g. {Ba2}.)*

Issuer Name/ Rating Types:	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Short-term issuer rating	P-1	P-1		P-1	P-1	
Long-term issuer rating	Aa2	Aa2		Aa2	Aa2	
Senior unsecured debt	Aa2	Aa2		Aa2	Aa2	
Senior unsecured shelf	(P)Aa2	(P)Aa2		(P)Aa2	(P)Aa2	
Subordinated shelf				**(P)Aa3**	**(P)Aa3**	
Preferred shelf				**(P)A1**	**(P)A1**	
Outlook	Stable	Stable		Stable	Stable	
AIG Capital Trusts I & II						
Backed preferred shelf				**(P)Aa3**	**(P)Aa3**	
Outlook				**Stable**	**Stable**	
AIGFP						
Backed short-term debt rating	P-1	P-1		P-1	P-1	
Backed long-term issuer rating				**Aa2**	**Aa2**	
Outlook	Stable	Stable		Stable	Stable	

Current Country Ratings: *(country name: USA)*

Foreign Currency Bond Ceiling:	Aaa	Local Currency Government Bond Rating:	Aaa
Foreign Currency Deposit Ceiling:	Aaa	Local Currency Deposit Ceiling:	Aaa

Rationale for Analyst Recommendation(s): *(Maximum Text Limit - 1 Page / Bullet-Format Preferred)*

- AIG has a senior unsecured debt rating of Aa2 with a stable outlook. The proposed ratings for the new $25.1 billion multi-purpose shelf for AIG, AIG Capital Trust I and AIG Capital Trust II reflect standard notching practices.
- The new shelf replaces an existing AIG shelf for up to $1 billion of senior unsecured debt. We will withdraw the (P)Aa2 rating from the existing shelf.
- We will also assign a Aa2 rating to a senior unsecured MTN program filed as a prospectus supplement under the shelf registration in the name of AIG.
- AIGFP is supported by a General Guarantee Agreement from AIG "in favor of each holder of a monetary obligation or liability of [AIGFP], now in existence or hereafter arising." AIGFP had a Aa2 rating on a backed senior unsecured debt issue that matured in December 2005. The company has requested a long-term issuer rating to replace that long-term debt rating. The guarantee is attached on pages 16-18.

Last Rating Action(s):

Feb. 9, 2006 – Affirmed ratings of AIG and all rated subsidiaries following AIG's announcement of 4Q05 charges associated with regulatory settlements and the completion of an independent actuarial review of property and casualty reserves.

Currently Published Rating Drivers : *(from current credit opinion or last press release)*

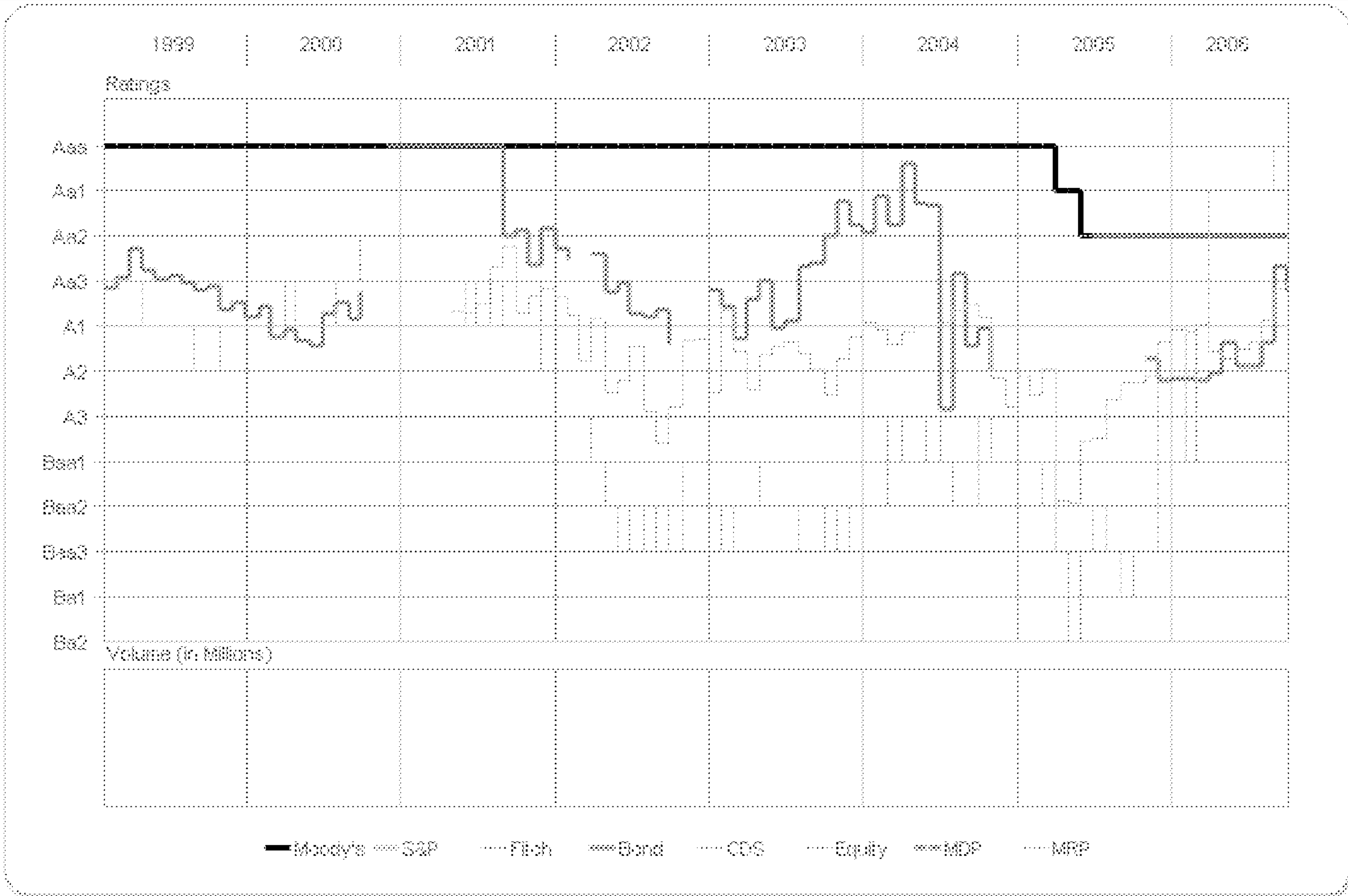
Factors that could lead to an upgrade include:

- Continued strong profits, with returns on equity consistently exceeding 15%
- A sustained period with no adverse development of General Insurance reserves
- Full remediation of material weaknesses in internal controls over financial reporting

Factors that could lead to a downgrade include:

- A deterioration in profits, with returns on equity falling below 10%
- Further adverse loss development exceeding 5% of net General Insurance reserves
- Adjusted financial leverage (excluding debt of finance operations and match-funded investment programs) exceeding 15%
- Significant additional charges stemming from remediation efforts, regulatory investigations or related litigation

Q-Tools: *(Include OAS, CDS, MKMV, and other rating agencies.)*



Q-Tools Commentary: *(Provide brief discussion of any significant outliers, i.e. gaps of 3 or more notches.)*
Gap is within normal range for insurance sector.

Proposed Rating Outlook Drivers *(Provide rationale for proposed rating outlook.)*: No change.
What Factors Could Move the Proposed Rating(s) Higher? *(Must reference specific Key Ratios/Metrics.)* No change.
What Factors Could Move the Proposed Rating(s) Lower? *(Must reference specific Key Ratios/Metrics.)* No change.

Required Attachments:	**Table of Contents:** *(List page numbers)*
☐ - Draft Press Release (or Feedback Letter to Issuer)	4
☐ - Rating History	5
☐ - Latest or Updated Company Credit Opinion	6-8
☐ - Latest or Updated Company BCR/GCR	
☐ - Organization Chart (Organigramme)	8
☐ - Historical financials (at least 3 yrs, ideally 5 yrs)	9-10
☐ - Regional Peer financials (use MFM where available)	
☐ - Global Peer financials (use MFM where available)	
☐ - Stock Price Charts (if shares are publicly traded)	11
☐ - Inputs and Outputs from Moody's Rating Predictor Model or Methodology Model (if methodology model has been published)	12-15
Optional Attachments: *(Check all that are applicable)*	
☐ - Other Moody's Research (LRA, CGA, FRA, RMA, etc.)	
☐ - Additional Financials (projections, business segments, etc.)	
☐ - Risk Concentration Tables (loans, industries, tenants, etc.)	
☐ - Market Share Data	
☐ - Other Ratings	
☐ - Debt Maturity Schedule, Lease Expiration Schedule	
☐ - Prospectus, Indentures, Covenant Compliance, etc.	
☐ - Excerpts from Issuer Presentation(s)	
☐ - AIGFP General Guarantee Agreement	16-18
Cut and paste all required attachments into the Rating Committee Memo document, or combine into single pdf file.	
Post-Rating Committee Meeting Requirements:	
Complete Addendum (see Addendum to Fundamental Rating Committee Memo) and email document to the appropriate Team Leader, TMD and Laura Levenstein. In addition, email your TMD and Laura Levenstein final drafts of all press releases pertaining to new ratings or rating changes (including outlook changes and rating reviews).	
Save Rating Committee Memo and Addendum in EDMS.	

DRAFT PRESS RELEASE

Moody's rates AIG shelf registration (senior at (P)Aa2)

$25.1 billion multi-purpose shelf

Moody's Investors Service has assigned a provisional (P)Aa2 senior unsecured rating to a new multi-purpose shelf registration of American International Group, Inc. (NYSE: AIG). Moody's has also assigned a Aa2 rating to a senior unsecured medium-term note (MTN) program established by AIG under the shelf registration. Proceeds from the MTN program may be used for general corporate purposes, for intercompany loans to AIG Financial Products Corp. (AIGFP) or certain of its subsidiaries, and for AIG's matched investment program. Finally, Moody's has assigned a Aa2 long-term issuer rating to AIGFP, based on a general guarantee from AIG. The rating outlook for AIG and its subsidiaries is stable.

AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic diversification, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain general insurance and financial services business units, and by the significant volume of spread-based investment business within the asset management segment.

The stable rating outlook reflects Moody's view that AIG will remain a leader in worldwide insurance and financial services. Moody's expects AIG to maintain prudent financial leverage, with adjusted interest coverage (excluding interest on the debt of finance operations and matched investment programs) exceeding 15 times. Moody's also expects AIG to maintain its strategic emphasis on insurance, with financial services contributing less than 20% of consolidated operating income.

The last rating action on the parent company took place on June 19, 2006, when Moody's assigned a Aa2 rating to $750 million of three-year floating rate notes.

Moody's has assigned the following ratings to securities that may be issued under AIG's shelf registration:

American International Group, Inc. – provisional senior unsecured debt at (P)Aa2, provisional subordinated debt at (P)Aa3, provisional preferred stock at (P)A1;

AIG Capital Trust I – provisional trust preferred securities at (P)Aa3;

AIG Capital Trust II – provisional trust preferred securities at (P)Aa3.

Moody's has assigned the following definitive ratings:

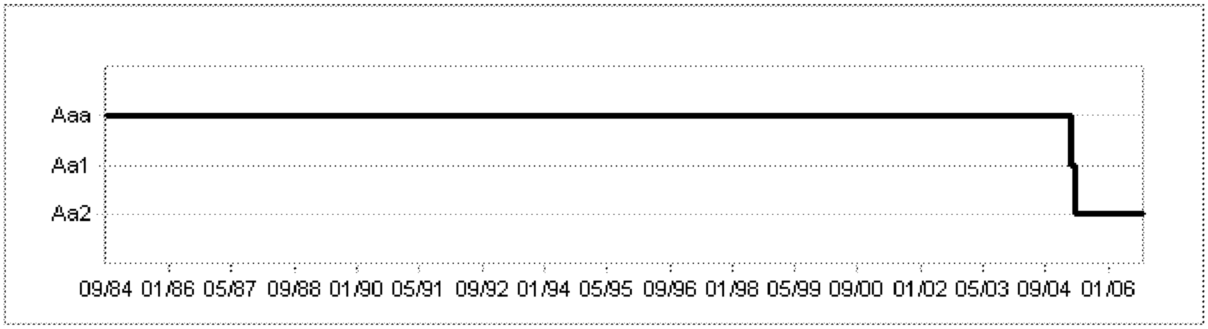
American International Group, Inc. – senior unsecured medium-term note program at Aa2;

AIG Financial Products Corp. – backed long-term issuer rating at Aa2.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in general insurance, life insurance & retirement services, financial services and asset management. AIG reported total revenues of $54 billion and net income of $6.4 billion for the first six months of 2006. Shareholders' equity was $88 billion as of June 30, 2006.

For more information, please visit www.moodys.com/insurance

AIG RATING HISTORY



Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, NEW YORK, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Aa2
Senior Unsecured	Aa2
ST Issuer Rating	P-1
AIG Annuity Insurance Company	
Outlook	Stable
Insurance Financial Strength	Aa1
AIG Edison Life Insurance Company	
Outlook	Stable
Insurance Financial Strength	Aa2
AIG Life Insurance Company	
Outlook	Stable
Insurance Financial Strength	Aa1
AIG Liquidity Corp.	
Outlook	Stable
Bkd Other Short Term	P-1

Contacts

Analyst	Phone
Bruce Ballentine/New York	1.212.553.1653
Alan Murray/New York	
Robert Riegel/New York	

Key Indicators

American International Group, Inc.

	[1]2005	2004	2003	2002	2001	5-Year Avg.
Total revenue ($Mil) [2]	108,905	97,666	79,421	66,171	58,958	13.94
Net income After Preferred Dividends ($Mil) [2]	10,477	9,839	8,108	5,729	4,086	11.63
Total capital ($Mil) [2][3]	184,323	171,959	145,789	127,050	115,384	13.73
(Debt plus Rdm Pfd)/Capital (%) [3]	56.5	56.4	55.1	55.9	55.7	55.91
ROAE (%)	12.6	13.2	12.7	10.6	8.6	11.55
EBIT/Interest Expense	3.7	4.4	3.8	3.4	2.5	3.53

[1] As of December 31. [2] Compound annual growth rate for 5-Year Avg. [3] Excludes other comprehensive income.

Opinion

Credit Strengths

Credit strengths/opportunities of the company include:

- One of the strongest financial service firms, with leading market positions in various business lines and countries

- Broad business and geographic diversification

- Strong earnings and cash flows across all major business segments

- Solid capitalization, moderate financial leverage, and excellent debt service capacity

Credit Challenges

Credit challenges/risks include:

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

- Continuation of material weaknesses in internal controls over financial reporting

- Uncertainty surrounding regulatory investigations and related litigation, although this uncertainty has been reduced by settlements announced in February 2006

Rating Rationale

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa2, stable outlook) is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services, and Asset Management. AIG's ratings reflect its leading market positions in all major segments, its broad business and geographic diversification, its strong earnings and cash flows, and its excellent financial flexibility.

These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, and by the significant volume of spread-based investment business within the Asset Management segment. AIG continues to work on remediating the three material weaknesses identified in its 2005 Form 10-K (controls over certain balance sheet reconciliations, controls over the accounting for certain derivative transactions, and controls over income tax accounting). It is Moody's view that such material weaknesses indicate a heightened risk of accounting adjustments. Moody's current ratings are based on the assumption that any further adjustments would not significantly affect AIG's financial strength. AIG continues to face regulatory investigations and related litigation, although this risk has been reduced by regulatory settlements announced in February 2006.

Rating Outlook

The rating outlook is stable, reflecting Moody's view that AIG has sufficient capital and earnings power to address current challenges and remain a world leader in insurance and financial services. Moody's expects AIG to keep adjusted financial leverage (excluding debt of finance operations and match-funded investment programs) below 15% and adjusted interest coverage over 15x. Moody's expects to see continued strategic emphasis on insurance (e.g., Financial Services remaining below 20% of consolidated operating income).

What Could Change the Rating - UP

Factors that could lead to an upgrade include:

- Continued strong profits, with returns on equity consistently exceeding 15%

- A sustained period with no adverse development of General Insurance reserves

- Full remediation of material weaknesses in internal controls over financial reporting

What Could Change the Rating - DOWN

Factors that could lead to a downgrade include:

- A deterioration in profits, with returns on equity falling below 10%

- Further adverse loss development exceeding 5% of net General Insurance reserves

- Adjusted financial leverage (excluding debt of finance operations and match-funded investment programs) exceeding 15%

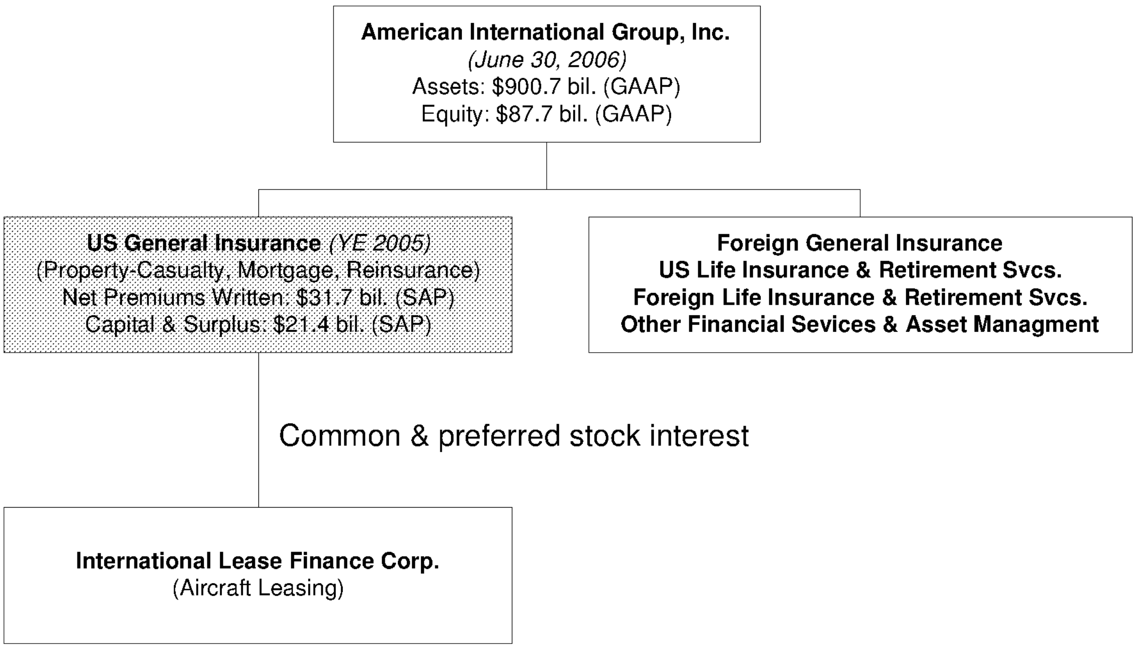
- Significant additional charges stemming from remediation efforts, regulatory investigations or related litigation

Recent Results

AIG reported consolidated net income of $3.2 billion in 2Q06 versus $4.5 billion in 2Q05. Adjusted net income, which excludes realized capital gains (losses) and FAS 133 gains (losses), was $4.2 billion in 2Q06, up from $3.3 billion in 2Q05. Shareholders' equity was $87.7 billion as of June 30, 2006.

AIG SIMPLIFIED ORGANIZATIONAL CHART

American International Group, Inc.
Organizational Structure (simplified)



American International Group, Inc.
Consolidated Statement of Income
(in millions, except per share data)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	% Chg	Three Months Ended March 31, 2006	Sequential % Chg	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005	% Chg
Revenues:								
Premiums and other considerations	$ 18,303	$ 17,536	4.4 %	$ 18,242	0.3 %	$ 36,545	$ 35,216	3.8 %
Net investment income	5,912	5,227	13.1	5,827	1.5	11,739	10,559	11.2
Realized capital gains (losses) (1)	(214)	(125)	NM	169	NM	(45)	12	NM
Other revenues (1)	2,742	5,265	(47.9)	3,021	(9.2)	5,763	9,318	(38.2)
Total revenues (1)	26,743	27,903	(4.2)	27,259	(1.9)	54,002	55,105	(2.0)
Benefits and expenses:								
Incurred policy losses and benefits	13,988	14,283	(2.1)	15,000	(6.7)	28,988	29,156	(0.6)
Insurance acquisition and other operating expenses	7,514	6,919	8.6	7,466	0.6	14,980	13,599	10.2
Total benefits and expenses	21,502	21,202	1.4	22,466	(4.3)	43,968	42,755	2.8
Income before income taxes, minority interest and cumulative effect of an accounting change	5,241	6,701	(21.8)	4,793	9.3	10,034	12,350	(18.8)
Income taxes	1,688	2,083	NM	1,435	NM	3,123	3,789	NM
Income before minority interest and cumulative effect of an accounting change	3,553	4,618	(23.1)	3,358	5.8	6,911	8,561	(19.3)
Minority interest	(363)	(129)	NM	(197)	NM	(560)	(273)	NM
Income before cumulative effect of an accounting change	3,190	4,489	(28.9)	3,161	0.9	6,351	8,288	(23.4)
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	34	NM	34	-	NM
Net income	3,190	4,489	(28.9)	3,195	(0.2)	6,385	8,288	(23.0)
Earnings per common share:								
Basic								
Income before cumulative effect of an accounting change	1.23	1.73	(28.9)	1.21	1.7	2.44	3.19	(23.5)
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	0.01	NM	0.01	-	NM
Net income	1.23	1.73	(28.9)	1.22	0.8	2.45	3.19	(23.2)
Diluted								
Income before cumulative effect of an accounting change	1.21	1.71	(29.2)	1.21	0.0	2.42	3.16	(23.4)
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	0.01	NM	0.01	-	NM
Net income	1.21	1.71	(29.2)	1.22	(0.8)	2.43	3.16	(23.1)
Dividends declared per common share	$ 0.165	$ 0.125	32.0 %	$ 0.150	10.0 %	$ 0.315	$ 0.300	5.0 %
Average outstanding shares:								
Basic	2,606	2,596		2,605		2,606	2,596	
Diluted	2,625	2,623		2,624		2,624	2,623	

Note: (1) Includes the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities", including the related foreign exchange gains and losses. For the three months ended June 30, 2006 and 2005 and March 31, 2006 and the six months ended June 30, 2006 and 2005, respectively; **realized capital gains (losses)** includes a gain of $184 million, a loss of $335 million, a gain of $299 million, a gain of $483 million and a loss of $112 million, respectively; **other revenues** includes a loss of $1.268 billion, a gain of $1.964 billion, a loss of $511 million, a loss of $1.779 billion and a gain of $2.672 billion, respectively; and **total revenues** includes a loss of $1.084 billion, a gain of $1.629 billion, a loss of $212 million, a loss of $1.296 billion and a gain of $2.560 billion, respectively.

(2) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".

American International Group, Inc.
Consolidated Balance Sheet
(in millions)

	June 30, 2006	December 31, 2005
Assets:		
Investments and financial services assets:		
Fixed maturities	$ 390,180	$ 383,680
Equity securities	27,133	23,588
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	27,904	24,909
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	39,307	36,245
Securities available for sale, at market value	38,678	37,511
Trading securities, at market value	5,165	6,499
Spot commodities	797	92
Unrealized gain on swaps, options and forward transactions	18,901	18,695
Trading assets	1,345	1,204
Securities purchased under agreements to resell, at contract value	14,085	14,547
Finance receivables, net of allowance	27,515	27,995
Securities lending collateral, at market (which approximates cost)	68,732	59,471
Other invested assets	29,410	27,297
Short-term investments, at cost (which approximates market value)	21,186	15,342
Total investments and financial services assets	710,038	679,045
Cash	2,140	1,897
Investment income due and accrued	5,732	5,727
Premiums and insurance balances receivable, net of allowance	18,236	15,333
Reinsurance assets, net of allowance	24,271	24,978
Deferred policy acquisition costs	38,301	33,248
Investments in partially owned companies	1,375	1,158
Real estate and other fixed assets, net of accumulated depreciation	8,415	7,446
Separate and variable accounts	67,596	63,797
Goodwill	8,425	8,093
Other assets	16,141	12,329
Total assets	$ 900,670	$ 853,051
Liabilities:		
Reserve for losses and loss expenses	$ 78,966	$ 77,169
Unearned premiums	26,113	24,243
Future policy benefits for life and accident and health insurance contracts	117,645	108,807
Policyholders' contract deposits	253,865	227,027
Other policyholders' funds	11,157	10,870
Commissions, expenses and taxes payable	5,069	4,769
Insurance balances payable	4,362	3,564
Funds held by companies under reinsurance treaties	3,221	4,174
Income taxes payable	5,101	6,288
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	21,571	20,811
Securities sold under agreements to repurchase, at contract value	7,903	11,047
Trading liabilities	2,273	2,546
Hybrid financial instrument liabilities, at fair value	6,652	-
Securities and spot commodities sold but not yet purchased, at market value	5,727	5,975
Unrealized loss on swaps, options and forward transactions	11,936	12,740
Trust deposits and deposits due to banks and other depositors	4,542	4,877
Commercial paper	8,833	6,724
Notes, bonds, loans and mortgages payable	70,561	71,315
Commercial paper	3,230	2,694
Notes, bonds, loans and mortgages payable	12,831	7,126
Liabilities connected to trust preferred stock	1,399	1,391
Separate and variable accounts	67,596	63,797
Securities lending payable	69,734	60,409
Minority interest	6,038	5,124
Other liabilities (includes hybrid financial instruments)	27,492	23,273
Total liabilities	812,768	766,348
Preferred shareholders' equity in subsidiary companies	193	186
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	2,535	2,339
Unrealized appreciation of investments, net of taxes	2,838	8,348
Cash flow hedging activities, net of taxes	(29)	(25)
Foreign currency translation adjustments, net of taxes	(521)	(1,242)
Foreign currency translation adjustments hedging, net of taxes	1	1
Retirement plan liabilities adjustment, net of taxes	(117)	(115)
Retained earnings	78,192	72,330
Treasury stock, at cost	(2,093)	(2,197)
Total shareholders' equity	87,709	86,317
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	$ 900,670	$ 853,051

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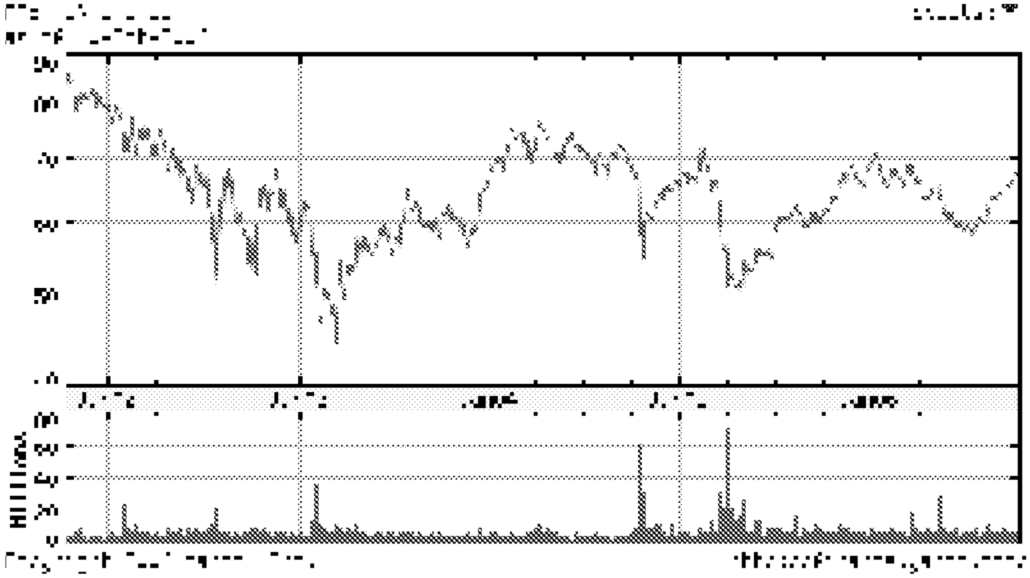
AIG STOCK PRICE CHART



Company Name	AMERICAN INTERNATIONAL GROUP, INC.	**Current Stand Alone IFSR**	Aa3
		Score Card Overall Stand Alone Rating	Aa3 4.01
Analyst Name	Bruce Ballentine		

Factor 1: Market Position, Brand and Distribution

Weight (%)	**Weighted Avg Rating**	
25	Aa1	1.50

	Aaa	Aa	A	Baa	Ba	
Market Share Ratio	>10%	5%-10%	2%-5%	1%-2%	<1%	7%
Relative Market Share Ratio	>3x average	1.5x -3x average	0.5x -1.5x average	0.25x -0.5x average	<0.25x average	13.16
Underwriting expense ratio as a percentage of net premiums written	< 20%	20%-24%	24%-28%	28%-34%	>34%	19%

		Weight (%)	Weighted Avg Rating	Aa2
Factor 2: Product Focus and Diversification		10		3.00

	Aaa	Aa	A	Baa	Ba
Product Focus	○	○	◉	○	○
	Very granular exposures; short tail personal lines; very low risk of estimating ultimate claim costs	Granular exposures; two thirds of its business is from short and medium-tailed lines; generally low moderate risk of estimating ultimate claim costs, but may have manageable property catastrophe risk	Policies may have high gross limits relative to equity and / or risk of estimating ultimate claim costs is meaningful; longer-tailed lines may represent more than 1/3rd of total premiums; manageable catastrophe risk may be present in either casualty or property exposures	Longer-tailed lines are majority of premiums and/or policies have high gross limits relative to equity; risk of estimating ultimate claim cost may be significant; significant catastrophe risk may be present in either casualty or property exposures	Combination of size of in-force portfolio and size of individual policies limits application of "law of large numbers"; claim cost estimation risk is high; catastrophe risk is meaningful-substantial
PC Product Diversification	◉	○	○	○	○
	5 or more distinct lines of business each produce at least 10% of total net P&C premiums written	4 distinct lines of business each produce at least 10% of total net P&C premiums written	3 distinct lines of business each produce at least 10% of total net P&C premiums written	2 distinct lines of business each produce at least 10% of total net P&C premiums written	1 distinct line of business produces more than 90% of total net P&C premiums written
Geographic Diversification	◉	○	○	○	○
	No single regulated region generate more than 10% of total net P&C premiums written	No single regulated region generate more than 20% of total net P&C premiums written	No single regulated region generate more than 30% of total net P&C premiums written	No single regulated region generate more than 40% of total net P&C premiums written	One regulated region generate more than 40% of total net P&C premiums written

Factor 3: Asset Quality

Weight (%)	Weighted Avg Rating	Aaa
5		1.40

	Aaa	Aa	A	Baa	Ba	
High Risk Assets % of Invested Assets	< 10%	10% to 20%	20% to 30%	30% to 40%	> 40%	18%
Reinsurance Recoverables % Equity	< 35%	35% - 70%	70% - 100%	100% - 150%	> 150%	25%
Goodwill % Equity	<15%	15% - 25%	25% - 35%	35% - 50%	> 50%	11%

Factor 4: Capital Adequacy

Weight (%)	Weighted Avg Rating	Ba2
15		12.00

	Aaa	Aa	A	Baa	Ba	
Gross Underwriting Leverage	<2x	2x – 3x	3x – 5x	5x – 7x	>7x	7

Factor 5: Profitability

Weight (%)	Weighted Avg Rating	Aa1
15		2.00

	Aaa	Aa	A	Baa	Ba	
Return on Average Equity (5 yr Avg)	>15%	10% - 15%	5% - 10%	0% - 5%	<0%	12%
Sharpe Ratio of Net Income	>2x	1.25x - 2x	.75x - 1.25x	0x - .75x	<0x	3.02

Factor 6: Reserve Adequacy

Weight (%): 10

Weighted Avg Rating Baa3 9.60

	Aaa	Aa	A	Baa	Ba	
Adverse Reserve Development % of Beginning Reserves	< 0%	0% - 2%	2% - 5%	5% - 7%	> 7%	11.7%
A&E Net Funding Ratio	>15x	12x – 15x	10x – 12x	8x – 10x	<8x	10x

Factor 7: Financial Flexibility

Weight (%): 20

Weighted Avg Rating Aaa 1.00

	Aaa	Aa	A	Baa	Ba	
Financial Leverage	<15%	15-25%	25-35%	35-45%	>45%	13%
Cash Flow Coverage--Div capacity / interest + pref div	>7X	5-7X	3-5X	1.5-3X	<1.5X	18.8x
Earnings Coverage--EBIT / int exp + pref div	>12X	8-12X	4-8X	2-4X	<2X	29x

Subtotal Rating Aa3 4.01

GENERAL GUARANTEE AGREEMENT

GENERAL GUARANTEE AGREEMENT, dated December 4, 1995 (the "Guarantee"), by American International Group, Inc., a Delaware corporation (the "Guarantor") in favor of each holder of a monetary obligation or liability of AIG Financial Products Corp., a Delaware corporation (the "Company"), now in existence or hereafter arising (any such obligation or liability being herein referred to as an "Obligation").

1. Guarantee. For value received, and to induce each such holder (each a "Guaranteed Party") to enter into transactions giving rise to Obligations, the Guarantor absolutely, unconditionally and irrevocably guarantees to each Guaranteed Party, its successors, endorsees and assigns, the prompt payment when due, subject to any applicable grace period, of all Obligations of the Company to such Guaranteed Party, whether incurred by the Company as maker, endorser, drawer, acceptor, guarantor, accommodation party or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint or several.

2. Nature of Guarantee. This Guarantee is a guaranty of payment and not of collection. The Guarantor's obligations hereunder with respect to any Obligation shall not be affected by the existence, validity, or enforceability of an Obligation or the perfection or extent of any collateral for such Obligation. The Guarantor's obligations hereunder shall not be affected by any other circumstance relating to any Obligation that might otherwise constitute a legal or equitable discharge of or defense to the Guarantor not available to the Company. No Guaranteed Party shall be obligated to file any claim relating to the Obligations owing to it in the event that the Company becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of any Guaranteed Party to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to any to any Party in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder in respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to assert defenses which the Company may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of the Company and other defenses expressly waived hereby.

3. Consents, Waivers and Renewals. The Guarantor agrees that a Guaranteed Party may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations owing to it, and may also make any agreement with the Company or with any other party to or person liable on any of the Obligations, or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between such Guaranteed Party and the Company or any of such other party or person, without in any way impairing or affecting this Guarantee. The Guarantor agrees that a Guaranteed Party may resort to the Guarantor for payment of any of the Obligations, whether or not the Guaranteed Party shall have resorted to any collateral security, or shall have proceeded against the Company or any other obligor principally or secondarily obligated with respect to any of the Obligations. The Guarantor waives notice of the acceptance of this Guarantee and of the Obligations, presentment, demand for payment, notice of dishonor and protest.

4. Expenses. The Guarantor agrees to pay on demand all fees and out-of-pocket expenses (including the reasonable fees and expenses of a Guaranteed Party's counsel) in any way relating to the enforcement or protection of the rights of a Guaranteed Party hereunder; provided, however, that the Guarantor shall not be liable for the expenses of a Guaranteed Party if no payment under this Guarantee is due.

5. Subrogation. Upon payment of all the Obligations owing to any Guaranteed Party, the Guarantor shall be subrogated to the rights of such Guaranteed Party against the Company with respect to such Obligations, and such Guaranteed Party agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. Third-Party Beneficiary Contract. The Guarantor hereby acknowledges that each Guaranteed Party is an intended third-party beneficiary of the Guarantee who may enforce this Guarantee directly against the Guarantor.

7. Termination. This Guarantee may be terminated after 30 days notice given by the Guarantor by publication in The Wall Street Journal ; provided, however, that in the event that a Guaranteed Party has requested, by written notice to the Secretary of the Guarantor at 70 Pine Street, New York, New York 10270, prior to the date of such publication, that such Guaranteed Party be given notice of any termination of this Guarantee (specifying the address to which such notice to

the Guaranteed Party shall be given), this Guarantee shall remain in full force and effect with respect to such Guaranteed Party until receipt by such Guaranteed Party of written notice of termination in accordance with such request. Notwithstanding the foregoing sentence, this Guarantee shall remain in full force and effect with respect to Obligations of the Company outstanding or contracted or committed for (whether or not outstanding) prior to the 30th day after publication of notice of such termination in The Wall Street Journal, or, in the event that a Guaranteed Party has requested notice of termination as provided above, prior to receipt by such Guaranteed Party of written notice of termination in accordance with such request, until such Obligations shall be finally and irrevocably paid in full.

8. Governing Law. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws.

AMERICAN INTERNATIONAL GROUP, INC.

By: Edward E. Matthews
Name: Edward E. Matthews
Title: Vice Chairman

By: Kathleen E. Shannon
Name: Kathleen E. Shannon
Title: Secretary

Moody's Investors Service

Note: *For ease of electronic transmission and filing, all insertions or attachments should be combined together with this rating memo into one pdf file or Word document with all pages numbered sequentially.*

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** February 25, 2010
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	

Reason for Rating Committee: AIG's flagship operation, Chartis (the global P&C insurer) was cited in the US P&C portfolio review of 23-Nov-2009 as needing to come to RCM during 1Q 2010, given that (i) Chartis and AIG have carried a negative outlook since March 2009, and (ii) AIG's government-backed restructuring plan has progressed and evolved since the time of the last RCM.

Last Rating Action: 02-Mar-2009 – We confirmed the Chartis IFSR at Aa3 and AIG's senior unsecured debt rating at A3, concluding a review for downgrade. This rating action followed AIG's announcement of a $62 billion loss for 4Q 2009, offset by an expansion of government support to include, among other things, a five-year commitment by the Treasury to purchase up to $30 bln of incremental TARP preferred from AIG. We assigned a negative outlook to reflect the uncertainties surrounding the restructuring plan.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):** Local Currency	Foreign Currency	National Scale	**Proposed Ratings (LT/ST):** Local Currency	Foreign Currency	National Scale
AIG						
Long-term issuer	A3			A3		
Senior unsecured debt	A3			A3		
Subordinated debt	Ba2			Ba2		
Short-term issuer	P-1			P-1		
Outlook	Negative			Negative		

** Subsidiary rating recommendations are on pg 2.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	Aaa
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	Aaa
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	Aaa

In preparation for the AIG RCM, we have held separate RCMs to consider the stand-alone credit profiles of AIG's major operating units. For an insurance holding company such as AIG, the parent company's senior debt rating is typically notched down from the IFSRs of its major subsidiaries to reflect the structural subordination of the parent.

Recommendation: Keep the parent senior unsecured debt rating a standard three notches below the public IFSR of Chartis, the largest core operating unit, and two notches below the public IFSR of SunAmerica Financial Group (SFG). The public IFSRs of Chartis and SFG incorporate one notch of rating uplift from government support, as noted below. We believe that AIG benefits from the same government support, and in fact the support for the operating units generally flows through the parent.

Recent and pending rating actions among AIG's operating units include:

Chartis U.S.: RCM on 24-Feb-2010. Voted to lower the company's stand-alone credit profile to A1 from Aa3 and to apply a notch of rating uplift for the public rating to Aa3 based on government support (i.e., no change to the public rating). This is similar to the approach taken by the life insurance team in rating SFG.

SFG: RCM on 19-Feb-2010. Voted to affirm the company's stand-alone credit profile at A2 and to continue applying a notch of rating uplift for the public rating based on government support (i.e., no change to the ratings). The committee voted to change the outlook from developing to negative, consistent with the parent and Chartis.

AIG Edison: On 17-Feb-2010, we lowered the stand-alone credit profile to A3 from A2 and applied two notches of uplift for the public rating to A1 based on a general guarantee from American Home (i.e., no change to the public rating).

United Guaranty: On 04-Feb-2010, we lowered the stand-alone credit profile to Baa3 from Baa2 and applied three notches of uplift for the public rating to A3 (i.e., no change to the public rating). The uplift is based on certain reinsurance arrangements and a net worth maintenance agreement from AIG.

American General Finance: On 22-Dec-2009, we downgraded the senior unsecured debt rating to B2 from Baa3. Based on our expectations of government/AIG support, we apply one notch of uplift from the stand-alone profile of B3.

ILFC: On 18-Dec-2009, we downgraded the senior unsecured debt rating to B1 from Baa3. Based on our expectations of government/AIG support, we apply one notch of uplift from the stand-alone profile of B2.

ALICO: To be addressed by RCM if/when a sale of the company is announced.

AIA: To be addressed by RCM in advance of an IPO, which may come as soon as April or May 2010.

The ratings on AIG and its core operations are based on our view that (i) the core operations will have strong business profiles (i.e., Aa range for Chartis, A range for SFG) when the government sells/exits its stake in AIG, (ii) the firm will be able to attract a capital structure commensurate with its business profile, and (iii) the government will provide the necessary support to achieve this result before attempting to sell its stake.

We believe that the government has the ability (through structures already in place), the willingness (through highly supportive actions/comments to date) and an economic incentive to support AIG and its core operations until they are performing at or close to their potential. This approach will maximize the proceeds the government can realize when it sells its ownership stake.

AIG faces ample challenges to its restructuring plan, including a weak global economy, soft commercial P&C market, volatile equity markets (which can hamper IPO plans), and the need to divest several non-core businesses in a difficult market. Moreover, AIG has experienced erosion of its brand and market share since the start of the financial crisis, although the major businesses appear to have stabilized over the past few quarters.

We believe that AIG has sufficient resources, particularly with patient government ownership, to invest in its core operations while steadily unwinding/exiting the non-core pieces. We expect that the company will continue to simplify its legal structure and to upgrade its information systems and risk management skills. These are priorities for the board of directors and for some new high-level mangers at AIG.

Contents

Summary of subsidiary ratings and recommendations

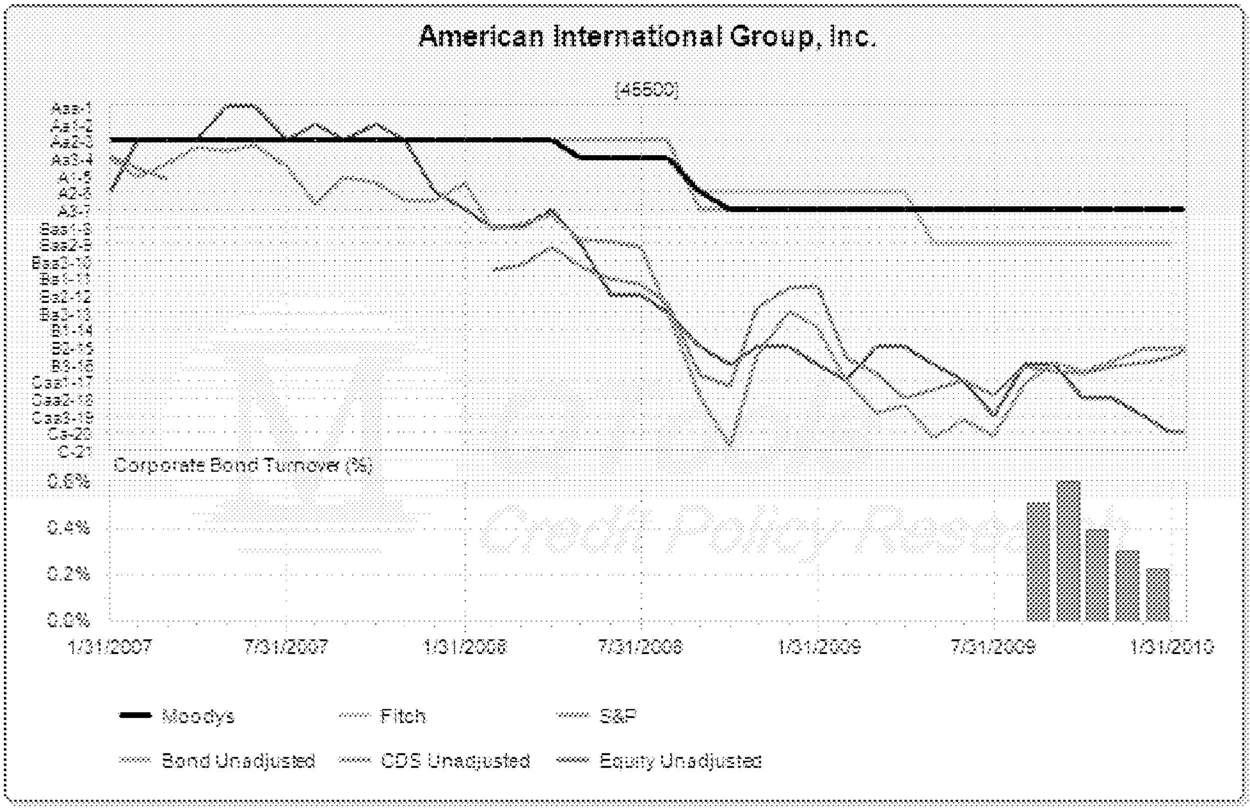
Current Ratings on AIG Entities February 25, 2010	**Latest/next rating action**	**Rating Type**	**Support**	**Curr SA**	**Curr Public**	**Curr Outlook**	**Rec SA**	**Rec Public**	**Rec Outlook**
American International Group, Inc.		LT Issuer			A3	Neg		A3	Neg
		Subord Debt			Ba2			Ba2	
		ST Issuer			P-1			P-1	
Fully supported ratings									
AIG Financial Products Corp. & subsidiaries		Bkd LT Issuer	AIG G'tee		A3	Neg		A3	Neg
AIG Life Holdings (US), Inc.		Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
AIG Retirement Services, Inc.		Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
American General capital securities		Bkd Tr Prfrd Stock	AIG G'tee		Ba2	Neg		Ba2	Neg
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC		(Bkd) ST			P-1	Neg		P-1	Neg
Core operations									
AIG Edison Life Insurance Company	SA 17-Feb-10	IFS		A3	A1	Neg			
Chartis U.S. (8 rated companies)	SA 24-Feb-10	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
Chartis UK Limited		IFS	AIG Agmt	A1	A1	Neg	A1	A1	Neg
SunAmerica Financial Group (11 rated companies)	SA 19-Feb-10	IFS		A2	A1	Dev	A2	A1	Neg
Non-core operations									
American General Finance Corporation	22-Dec-09	Sr Unsec Debt		B3	B2	Neg			
American Int'l Assurance Co. (Bermuda) Limited	~Mar-10	IFS	AIG Agmt*	Aa3	Aa3	Neg			
American Life Insurance Company	~Mar-10	IFS		A1	A1	Dev			
International Lease Finance Corporation	18-Dec-09	Sr Unsec Debt		B2	B1	Neg			
United Guaranty subsidiaries UGRIC & UGMIC	SA 4-Feb-10	IFS	AIG Agmt	Baa3	A3	Neg			

** Support agreement not a material factor in rating.*

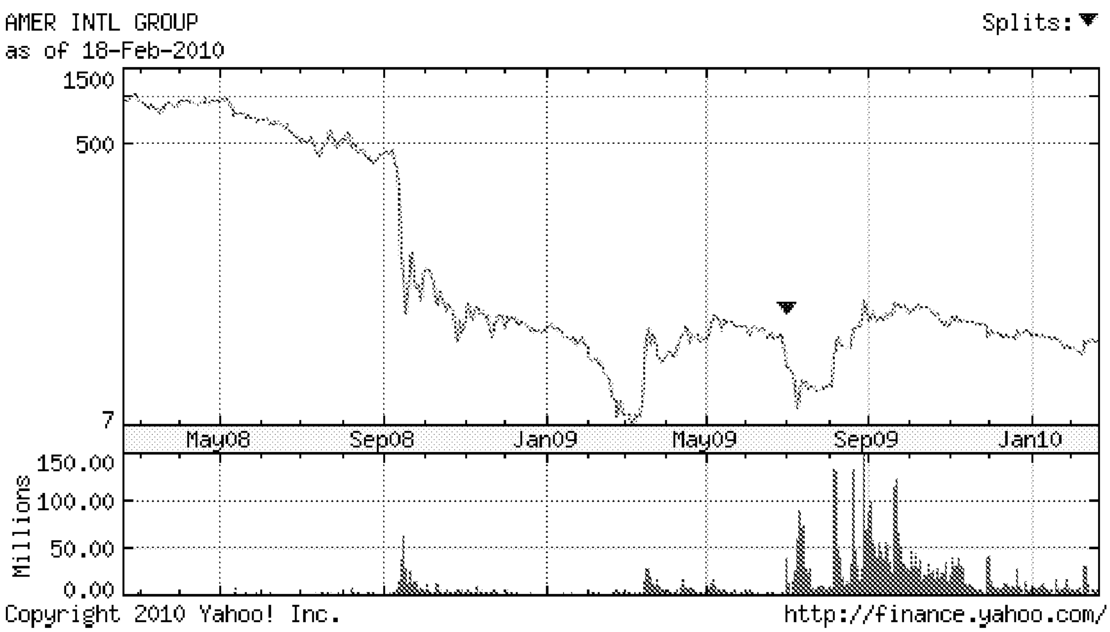
Current Ratings on AIG Entities - February 25, 2010					Curr	Curr	Curr	Rec	Rec	Rec
Ownership Structure *	**Domicile**	**Business Segment**	**Rating Type**	**Support**	**SA**	**Public**	**Outlook**	**SA**	**Public**	**Outlook**
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			A3	Neg		A3	Neg
			Sr Unsec Debt			A3			A3	
			Subord Debt			Ba2			Ba2	
			ST Issuer			P-1			P-1	
AIG Capital Corporation	DE									
American General Finance, Inc.	IN	Fin Svcs	ST Debt			N-P	Sta			
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		B3	B2	Neg			
			Sr Unsec Debt			B2				
			ST Debt			N-P				
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		Caa1	Neg			
Yosemite Insurance Company	IN	Fin Svcs								
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		N-P	Sta			
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		B2	B1	Neg			
			ST Debt			N-P				
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		B3	Neg			
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		A3	Neg		A3	Neg
			Bkd ST Debt	AIG G'tee		P-1			P-1	
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
			Bkd ST Debt	AIG G'tee		P-1			P-1	
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Neg		P-1	Neg
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs								
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs								
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS	AHAC G'tee	A3	A1	Neg			
American International Assurance Company (Bermuda) Ltd.	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt**	Aa3	Aa3	Neg			
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		A3	Neg			
AGC Life Insurance Company	MO	SFG								
AIG Life Insurance Company	DE	SFG	IFS	AIG Agmt	A2	A1	Dev	A2	A1	Neg
American General Life and Accident Insurance Company	TN	SFG	IFS		A2	A1	Dev	A2	A1	Neg
American General Life Insurance Company	TX	SFG	IFS		A2	A1	Dev	A2	A1	Neg
The Variable Annuity Life Insurance Company	TX	SFG	IFS		A2	A1	Dev	A2	A1	Neg
American International Life Assurance Company of NY	NY	SFG	IFS	AIG Agmt	A2	A1	Dev	A2	A1	Neg
The United States Life Insurance Company in the City of NY	NY	SFG	IFS		A2	A1	Dev	A2	A1	Neg
Western National Life Insurance Company	TX	SFG	IFS		A2	A1	Dev	A2	A1	Neg
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Ba2	Neg		Ba2	Neg
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Ba2	Neg		Ba2	Neg
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Neg		P-1	Neg
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		A3	Neg		A3	Neg
SunAmerica Life Insurance Company ("SLIC")	AZ	SFG	Bkd IFS	AIG Agmt	A2	A1	Dev	A2	A1	Neg
			Bkd ST IFS	AIG Agmt		P-1			P-1	
AIG SunAmerica Global Financing Trusts	DE	SFG	Bkd Sr Debt	SLIC GICs		A1	Dev		A1	Neg
SunAmerica Annuity and Life Assurance Company	AZ	SFG	Bkd IFS	AIG Agmt	A2	A1	Dev	A2	A1	Neg
			Bkd ST IFS	AIG Agmt		P-1			P-1	
ASIF I & II	Caymans	SFG	Bkd Sr Debt	SLIC GICs		A1	Dev		A1	Neg
ASIF III (Jersey) Limited	Jersey	SFG	Bkd Sr Debt	SLIC GICs		A1	Dev		A1	Neg
ASIF Global Financing Trusts	DE	SFG	Bkd Sr Debt	SLIC GICs		A1	Dev		A1	Neg
First SunAmerica Life Insurance Company	NY	SFG	Bkd IFS	AIG Agmt	A2	A1	Dev	A2	A1	Neg
			Bkd ST IFS	AIG Agmt		P-1			P-1	
ALICO Holdings LLC	DE	Frgn Life Ins & Ret Svcs								
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		A1	A1	Dev			
Chartis Inc.	DE	Chartis U.S.								
Chartis U.S., Inc.	DE	Chartis U.S.								
American Home Assurance Company	NY	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
Chartis Property Casualty Company	PA	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
Commerce and Industry Insurance Company	NY	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
The Insurance Company of the State of Pennsylvania	PA	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
Chartis Specialty Insurance Company	AK	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
New Hampshire Insurance Company	PA	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
United Guaranty Corporation	NC	Chartis U.S.								
United Guaranty Residential Insurance Company ("UGRIC")	NC	Chartis U.S.	IFS	AIG Agmt	Baa2	A3	Neg			
United Guaranty Mortgage Indemnity Company	NC	Chartis U.S.	Bkd IFS	UGRIC G'tee		A3	Neg			
Chartis International, LLC										
AIU Insurance Company	NY	Chartis U.S.	IFS		Aa3	Aa3	Neg	A1	Aa3	Neg
Chartis Overseas Limited	Bermuda									
Chartis UK Limited	UK	Chartis International	IFS	AIG Agmt	A1	A1	Neg	A1	A1	Neg

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*
*** Support agreement not a material factor in rating.*
Source: Company reports & Moody's

AIG Q-tools 19-Feb-2010



AIG Stock Chart 19-Feb-2010



Market value of float: $3.6 billion

4Q 2009 Highlights

Total AIG:

	Estimated 4Q 2009	Estimated Full Year 2009
Net loss attributable to AIG	$8.9 billion	$10.9 billion

- **Major drivers for quarter:**
  - Fed interest and amortization of $6.2 billion ($4.0 billion after tax)
    - Includes accelerated amortization of $5.2 billion ($3.4 billion after tax)
  - Loss reserve strengthening of $2.3 billion at Chartis US ($1.5 billion after tax)
  - Loss on sale of Nan Shan of $2.8 billion ($1.5 billion after tax)
  - Tax benefits not presently recognizable of $2.5 billion

Insurance Operations: *(dollars in millions)*

	Estimated 4Q 2009	Actual 3Q 2009	% Change	Driver(s)
Chartis (excl. reserve strengthening)	$ 528	$ 722	N/M	Loss from equity method investment
Chartis (4Q reserve strengthening)	(2,281)	-	-	Reserve adjustment
SunAmerica Financial Group	1,034	1,207	-14%	Maiden Lane II variance
AIA	404	395	2%	
ALICO	487	479	2%	
Star/Edison	170	186	-9%	
Total	**$ 342**	**$ 2,989**	-	
Excluding reserve adjustment	**$ 2,623**	**$ 2,989**	**-12%**	

- Financial Services income of $92 million vs. $1.6 billion in 3Q 2009
- Maiden Lane III income of $196 million vs. $1.2 billion in 3Q 2009
- Institutional Asset Management loss of $535 million vs. loss of $1.3 billion in 3Q 2009 (lower impairments)

Profile of AIG

- Since September 2008, AIG has been working to protect and enhance the value of its key businesses, execute an orderly restructuring and asset disposition plan, and position itself for the future, while maintaining flexibility in its liquidity and capital positions

- AIG expects to emerge as one of the largest, most diversified P&C companies in the world, with a strong U.S. life and annuity operation and several other businesses that will enhance the nucleus

  – World's premier insurance organization
  – Strongly capitalized insurance subsidiaries
  – Strong, diversified sources of earnings
  – Delevered capital structure
  – Financial flexibility with access to the capital markets
  – Strengthened management team

AIG's profile will be consistent with a single-A rating at the time of U.S. Government exit.

AIG Strengthened Management Team

AIG has been able to attract seasoned executives to join its senior management team and retain key senior executives.

- **R. Benmosche** — *President & CEO*
  - **P. Hancock** — *EVP, Finance, Risk & Investments*
    - **P. Mullings Bradnock** — *SVP, Director of Internal Audit*
    - **R. Lewis** — *SVP, Chief Risk Officer*
    - **M. Machon** — *SVP, Chief Investment Officer*
    - **B. Schreiber** — *SVP, Strategic Planning*
    - **AIGFP**
    - **D. Herzog** — *EVP, Chief Financial Officer*
      - **J. Cook** — *VP, Controller*
      - **R. Gender** — *VP, Treasurer*
      - **T. Watson** — *VP, Investor Relations and Rating Agency Relations*
  - **K. Moor** — *EVP, Chartis*
  - **N. Walsh** — *EVP, Chartis*
  - **W. Dooley** — *SVP, Financial Services*
  - **R. Martin** — *EVP, ALICO*
  - **M. Wilson** — *President / CEO AIA*
  - **J. Wintrob** — *EVP, SunAmerica Financial Group (incl. Star & Edison)*
  - **M. Cowan** — *VP, Chief Administrative Officer*
  - **J. Hurd** — *SVP, Human Resources & Communications*
    - **C. Pretto** — *SVP, Communications*
  - **T. Russo** — *EVP, Legal, Compliance, Regulatory Affairs, Government Affairs & General Counsel*

Recent additions to senior management team.

AIG Strengthened Management Team (continued)

Recent Additions

- Robert Benmosche, President and CEO
  - CEO of MetLife from 1998 – 2006
  - Led transition of MetLife from a mutual to a public company in 2000
  - Has served as member of Board of Directors of Credit Suisse Group since 2002
- Peter Hancock, Executive Vice President of Finance, Risk and Investments
  - Former CFO of J.P. Morgan as well as former head of its fixed income division
  - Established Global Derivatives Group at J.P. Morgan
  - Earned Risk Magazine's Lifetime Achievement award in 2006
- Thomas Russo, Executive Vice President of Legal, Compliance, Regulatory Affairs, Government Affairs and General Counsel
  - 40-year career as a lawyer, regulator, author and academic
  - Senior Counsel at Patton Boggs LLP
  - Vice Chairman of Lehman Brothers Inc. and Chief Legal Officer of Lehman Brothers Holdings until December 2008
- Michael Cowan, Senior Vice President and Chief Administrative Officer
  - Merrill Lynch from 1986 – 2009, with roles including : Senior Vice President, Global Corporate Services; CFO and member of the Executive Management Committee for the Global Private Client business; Chief Administrative Officer EMEA

AIG World's Premier Insurance Organization

General Insurance

CHARTIS

- World's largest commercial insurance organization
  - #1 U.S. property and casualty insurer in the U.S., with approximately $27 billion of statutory surplus
  - 200,000 commercial customers worldwide
- Long history, with underwriting experience tracing back 90 years
- Extensive global reach
  - Operations in over 80 countries
  - 34 principal underwriting companies
  - Leader in both developed and emerging markets
- Diversified platform, offering 500 products and services
- GAAP Equity: $47.1 bn (9/30/09PF)

Life & Retirement Services

SunAmerica Financial Group

- Leading position and scale player in the domestic life insurance and retirement savings markets
  - #4 life insurance organization in the U.S., with more than $221 billion of admitted assets (9/30/09)
  - Among the largest issuers of annuities and term life insurance in the U.S.
  - Leading provider of defined contribution plans in the education and healthcare markets
- Extensive, multi-channel distribution network
- Diversified product platform, with innovative and collaborative product development capabilities
- GAAP Equity: $21.7 bn (9/30/09PF)

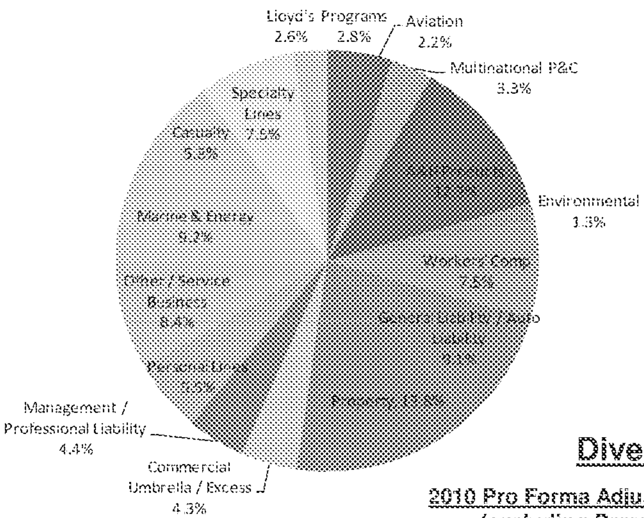
AIG Star Life Insurance Co., Ltd. | AIG Edison Life Insurance Company

- Major provider of life, medical and annuity products to both individuals and groups in Japan
- Multi-channel distribution network in Japan, including captive agent, independent agent, corporate and bancassurance channels
- GAAP Equity: $7.4 bn (9/30/09)

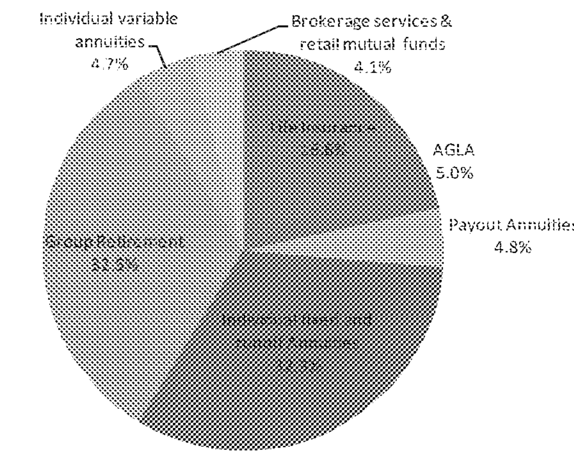
AIG Strong, Diversified Revenue and Earnings Base

Diversified Revenues

Chartis GPW for 9m Ending 9/30/09 = $32.6 bn

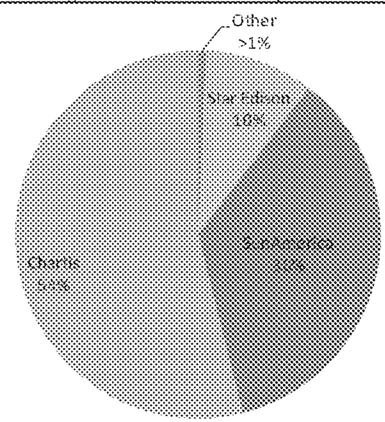


SFG PDOC for 12m ending 12/31/09E = $19.1 bn



Diversified Earnings

2010 Pro Forma Adjusted Operating Income ex RCG(L) (excluding Parent, FP & Other) = $8.8 bn (1) (2)



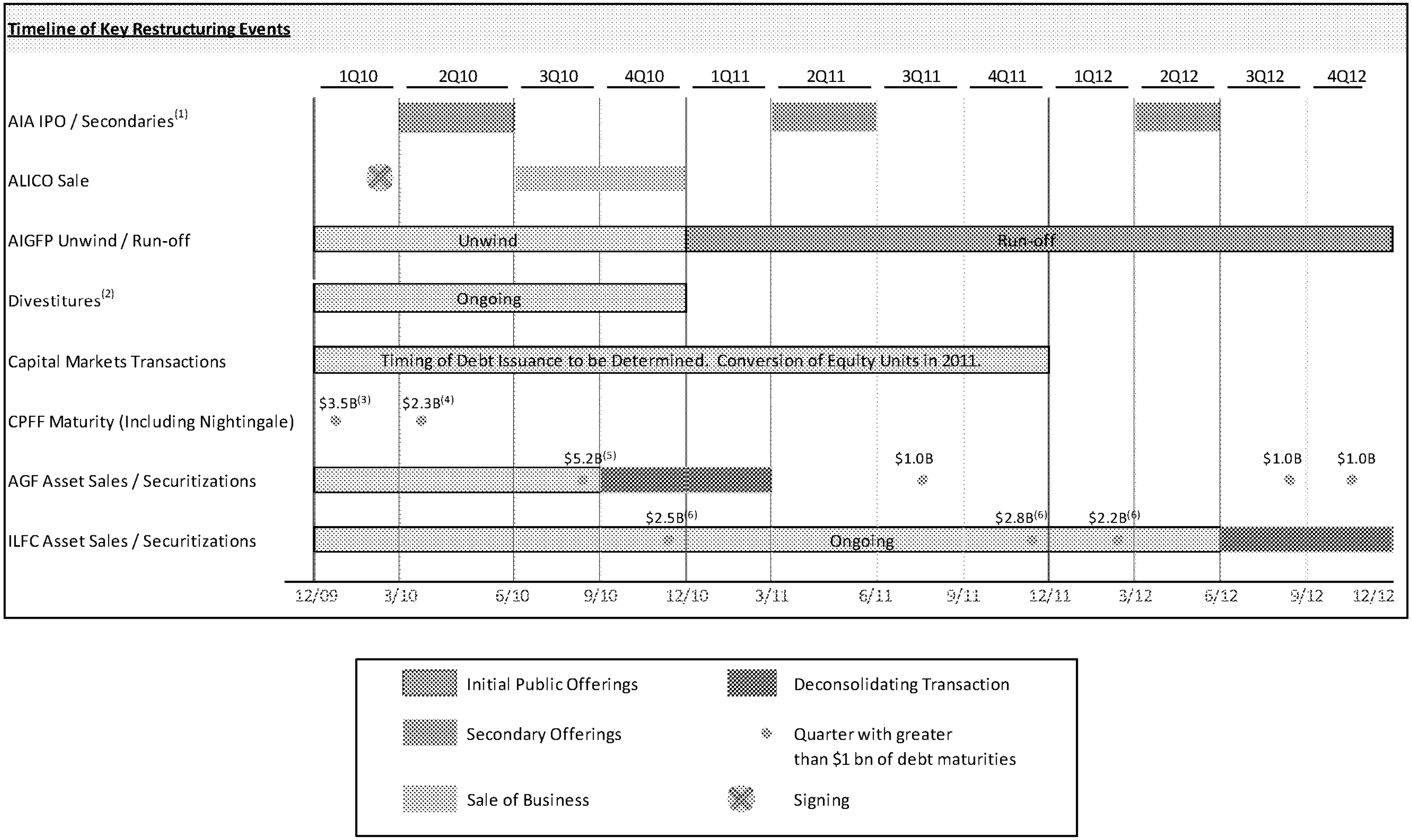
AIG remains one of the largest and most diversified insurance companies in the world, with its core insurance companies expected to generate $8.8 billion in operating earnings this year

Notes: (1) Based on AIG 2010 Budget, but shown pro forma for the exclusion of AIA, ALICO, AGF, AI Credit, Consumer Finance, ILFC and AIG Parent. (2) For purposes of presentation, the following businesses are excluded from the pie chart due to negative earnings expectations: FP, UGC, CEF.

AIG Restructuring Plan – Assumptions and Valuation

	Valuation	Rationale	Future Capital Requirements	Realization
AIA	• $35-40 bn	• 1.7 - 2.0x embedded value (est. $21 bn of EV) is well within range of peer valuations (lower valuation than Chinese pure plays)	• None	• 2Q10 – IPO 50% for $20 bn • 2Q11 – 25% offering for $10 bn • 2Q12 – 25% offering for $10 bn
ALICO	• $15 bn	• Based on recent negotiations • Selected value of $15 bn represents 1.4x 9/30/09 BV (ex. AOCI) • P/BV in line with peer ROE regression (discount to AFLAC multiple of 2.7x BV ex. AOCI)	• None	• $6.9 bn cash consideration at transaction close in 2H10 • $5.2 bn of common equity, subject to lockup • $3.0 bn of mandatory convertibles, subject to lockup
Chartis	• $35-45 bn	• Represents 0.7x – 1.0x 9/30/09 PF BV of $47.1 bn	• Purchase UGC ($1.8 bn)	• Retain business and realize dividends
SunAmerica Financial (Domestic)	• $15-20 bn	• 0.7 – 0.9x 9/30/09 BV of $22.9 bn (ex. AOCI)	• None	• Retain business; base case assumes no dividends
Nan Shan	• $2.1 bn	• Signed acquisition agreement	• None	• Should close transaction in 1H10
Star Edison	• $6.0 – $7.0 bn	• Meaningful ongoing value to AIG • Expecting $0.9 bn of operating income in 2010 (ex. RCG(L)) • Book value of $7.4 bn as of 9/30/09	• None	• Possibility of dividends beginning in 2011 from Star
ILFC	• Up to $5.0 bn	• Business can have significant value once funding solutions are achieved	• None under restructuring plan	• Funding solutions – Secured financing (external and internal) – Aircraft sales • Deconsolidating transaction
AGF	• Minimal	• Funding solutions can minimize contribution by AIG	• None under restructuring plan	• Deleveraging through asset sales and securitizations • Deconsolidating transaction
UGC	• Minimal	• Potential value realization through claims management	• $0.7 bn for UGC/ MgRe. Ultimately released	
Capital Markets Transactions	• $1.0 bn debt issuance	• Access to capital markets will provide AIG with additional financial flexibility	• None	• Conversion of Equity Units • Issue $1.0 bn of debt to public at the appropriate time

AIG Execution Timeline



Notes: (1) Timing of AIA offerings are yet to be determined. Dates shown above are illustrative. (2) Divestitures include Nan Shan, Institutional Asset Management, Swiss Liechtenstein, certain UGC businesses, certain CFG businesses. (3) $1.8 bn has been funded through asset sales and intercompany loan repayments; remainder repaid through FRBNY borrowing initially, until further asset monetizations can be completed. (4) To be repaid through FRBNY borrowing initially, until further asset monetizations can be completed. (5) Repaid through securitizations, asset sales and cash on balance sheet; $2.9 has been raised to date. (6) Repaid through secured financing, aircraft sales, securitizations and debt syndication.

DRAFT

American International Group, Inc.
Debt and Capital
(dollars in millions)

	Debt and Hybrid Capital			Interest Expense (a)			
				Three Months Ended		Twelve Months Ended	
	Dec. 31, 2009	Dec. 31, 2008	Inc. (Dec.)	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Financial debt:							
FRBNY Credit Facility	$ 23,435	$ 40,431	(42.0)%	$ 6,226	$ 10,593	$ 10,382	$ 11,395
AIG notes and bonds payable	10,419	11,756	(11.4)	129	140	517	632
AIG loans and mortgage payable	438	416	5.3	-	1	5	18
AIG LH notes and bonds payable	798	798	-	15	15	59	59
Liabilities connected to trust preferred stock	1,339	1,415	(5.4)	27	30	108	113
AIG loans to financial services subsidiaries	(1,213)	(1,881)	(35.5)	- (b)	- (b)	- (b)	- (b)
AIG Funding loans to financial services subsidiaries (g)	(3,505)	(1,380)	NM	- (b)	- (b)	- (b)	- (b)
Total	**31,711**	**51,555**	(38.5)	**6,397**	**10,779**	**11,071**	**12,217**
Operating debt:							
AIG Funding commercial paper	1,997	6,856	(70.9)	13	37	102	146
MIP matched notes and bonds payable	13,371	14,446	(7.4)	103	138	425	590
Series AIGFP matched notes and bonds payable	3,913	4,660	(16.0)	76	77	303	141
AIGFP borrowings (c)	15,937	30,200	(47.2)	-	-	-	-
ILFC borrowings	26,173	32,794	(20.2)	247	392	1,122	1,557
AGF borrowings	20,119	23,626	(14.8)	254	323	1,042	1,238
AIGCFG borrowings	216	1,720	(87.4)	19	176	105	287
Other Subsidiaries	295	670	(56.0)	2	9	16	42
Borrowings of consolidated investments	5,141	5,850	(12.1)	30	51	103	177
AIG loans to financial services subsidiaries	1,213	1,881	(35.5)	- (b)	- (b)	- (b)	- (b)
AIG Funding loans to financial services subsidiaries (g)	3,505	1,380	NM	- (b)	- (b)	- (b)	- (b)
Total	**91,880**	**124,083**	(26.0)	**744**	**1,203**	**3,218**	**4,178**
Hybrid - debt securities:							
Junior subordinated debt	12,001	11,685 (e)	2.7	309	217	959	693
Hybrid - mandatorily convertible units:							
Junior subordinated debt attributable to equity units	5,880	5,880 (d)(e)	-	-	86	256	214
Total	$ 141,472	$ 193,203	(26.8)%	$ 7,450	$ 12,285	$ 15,504	$ 17,302
AIG capitalization:							
Total equity (f)	$ 98,076	$ 60,805	61.3 %				
Hybrid - debt securities	12,001	11,685 (e)	2.7				
Hybrid - mandatorily convertible units	5,880	5,880 (d)(e)	-				
Total consolidated equity and hybrid capital	115,957	78,370	48.0				
Financial debt	31,711	51,555	(38.5)				
Total capital	$ 147,668	$ 129,925	13.7 %				
Ratios:							
Total equity / Total capital	66.4%	46.8%					
Hybrid - debt securities / Total capital	8.1%	9.0%					
Hybrid - mandatorily convertible units / Total capital	4.0%	4.5%					
Financial debt / Total capital	21.5%	39.7%					

(a) Includes $36 million, $180 million, $135 million, and $295 million of interest expense in the three-month periods ended December 31, 2009 and 2008 and twelve-month periods ended December 31, 2009 and 2008, respectively, reported in Other Income (loss) and Policy acquisition and other insurance expenses on the Consolidated Statement of Income (Loss).
(b) Amounts are eliminated in consolidation.
(c) Borrowings are carried at fair value with fair value adjustments reported in Other income (loss) on the Consolidated Statement of Income (Loss). Contractual interest payments amounted to $584.1 million and $2.1 billion for the twelve months ended December 31, 2009 and 2008, respectively.
(d) The equity units consist of an ownership interest in AIG junior subordinated debentures and a stock purchase contract obligating the holder of an equity unit to purchase, and obligating AIG to sell, a variable number of shares of AIG common stock on three dates in 2011.
(e) The equity units and junior subordinated debentures receive hybrid equity treatment from the major rating agencies under their current policies but are recorded as long-term borrowings on the consolidated balance sheet.
(f) Includes unrealized appreciation / depreciation of investments.
(g) Net of AIG Funding Commercial Paper of $1.997 million.

AIA Valuation Summary

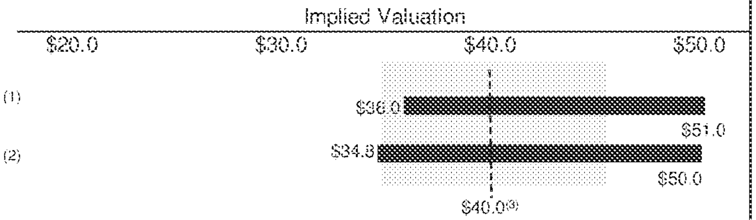
$ billions

Primary Valuation Methods: Public market comparables
Actuarial valuations

Risks to Valuation: Market conditions for public offerings
Deterioration of business performance

Summary of Valuation:

	Metric
Valuation based on P/EV	20.0 (1)
Valuation based on 9/30/09 P/B	13.9 (2)



	Tier 1 Comparables(4)	
	Chinese Comparables	Other Asian Comparables
Price / Embedded Value:	*3.3x*	*1.8x*
Reference Range	***1.8x 2.6x***	
Price to Book:	*4.7x*	*2.5x*
Reference Range	***2.5x 3.6x***	

Book Value Reconciliation to AIG Comptroller	
9/30/09 Total Equity	
AIA	$13.1
PhilAm	0.8
Total	$13.9

Summary of Value Range	Low	High
Gross Value:	$35.0	$45.0
Less: Proceeds from D/E Swap:	(16.0)	(16.0)
AIA Common Interest Value:	$19.0	$29.0

May 2009 Value Range	Low	High
	$20.0	$30.0

Rationale for Increase

- Higher embedded value
- Comparable companies trading higher; ~35% this year
- Higher multiples of comparables; Chinese comps increased from 2.6x to above 3.0x EV
- Additional feedback from underwriters suggests higher valuation

Notes: (1) EV metric is estimate as of 12/31/09. (2) Book Value metric is as of 9/30/09 per AIG Comptroller; see reconciliation table provided on this page. (3) $40.0 bn represents current assigned value per AIG's Restructuring Plan. (4) Comparable company information provided by business unit. Comparables include China Life, CTIH, Ping An, CPIC ("Chinese Comparables") along with AXA AP and Cathay "Other Asian Comparables." Market data is as of November 19, 2009 and was provided by AIA management. Competitor P/B multiples are based on latest book value as of 11/19/09.

ALICO Valuation Summary

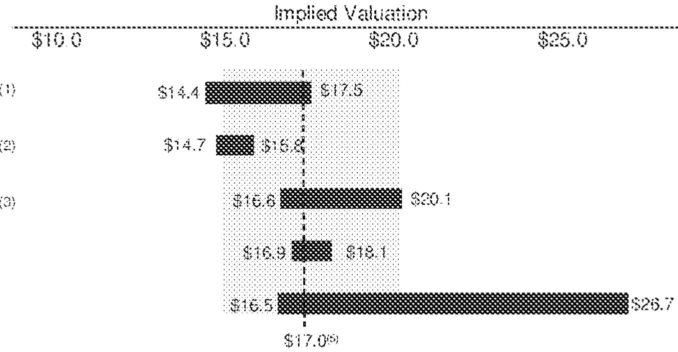
$ billions

Primary Valuation Methods: Public market comparables -- 2010 BV used as relevant metric for early 2011 IPO
Actuarial valuations

Risks to Valuation: Market conditions for public offerings
Deterioration of business performance

Summary of Valuation:

	Metric
Valuation based on 9/30/09 Book Value	$10.3 (1)
Valuation based on 9/30/09 P/B (ex. AOCI)	10.5 (2)
Valuation based on 2010 Book Value	11.8 (3)
Valuation based on 2010 P/B (ex. AOCI)	12.1
Valuation based on Appraised Value (4)	



	Life Comparables(6)			
	AFLAC	U.S.	Europe	Asian
Average Price / Book:	*2.7x*	*1.1x*	*1.3x*	*1.8x*
Average of U.S., Europe, Asian:	*1.4x*			
Reference Range	***1.4x -***	***1.7x***		
Average Price / Book excl. AOCI	*2.6x*	*1.0x*	*NA*	*NA*
Average of non-AFLAC U.S.	*1.0x*			
Reference Range	***1.4x -***	***1.5x***		

Book Value Reconciliation to AIG Comptroller	
9/30/09 Total Equity	$10.3
4Q09 - 4Q10 Earnings	1.5
12/31/10 Total Equity	$11.8

Summary of Value Range	Low	High
Gross Value:	$15.0	$20.0
Less: Proceeds from D/E Swap:	(9.0)	(9.0)
ALICO Common Interest Value:	$6.0	$11.0

May 2009 Value Range	Low	High
Gross Value:	$12.5	$17.5

Rationale for Increase

- Stronger capitalization; ALICO BV increased from $7.2 bn to $10.3 bn; SMR higher
- Valuation confirmed by financial advisors; refinement of actuarial analysis

Notes: (1) ALICO Book Value metric is total equity per AIG Comptroller as of 9/30/09. (2) AOCI is as of 9/30/2009 per AIG Comptroller. (3) See reconciliation of book value table on this page. (4) Milliman appraisal as of 6/30/09. (5) $17.0 bn represents current value assigned to ALICO per Restructuring Plan. (6) Comparables provided by advisors are as of 12/4/09 and include AFLAC, Ameriprise Financial, Great-West Lifeco, Lincoln National, Manulife, MetLife, Principal Financial, Prudential Financial, Sun Life Financial, Torchmark Group, Unum Group, AEGON N.V., Allianz SE, Assicurazioni Generali SpA, Aviva plc, AXA, ING Groep NV, Prudential plc, Sony Financial Holdings Inc., T&D Holdings, Inc.

AIG Executive Summary

- ILFC is working aggressively to address near-term liquidity requirements:
  - The sale of up to six aircraft portfolios aggregating $9.2 billion book value
  - A secured term loan in the amount of $750 million
  - Credit facility amendment and extension of up to $2.5 billion of debt in the normal course.
  - Syndication of the existing $3.9 billion of intercompany debt
  - A Castle III securitization of approximately $1 billion
  - Secured debt to be issued for an amount estimated to be up to $3 billion
- With an incremental funding requirement of $3.3 billion in 2010, the execution of even a portion of these transactions would be sufficient to meet ILFC's needs
- Executing a combination of these transactions will raise liquidity beyond the $3.3 billion needed in 2010 which would position ILFC for eventual sale or IPO

AIG Assumptions

- Scenario 1 emphasizes asset sales over financing beginning in 2011 while scenario 2 utilizes more secured funding in the aggregate
- We believe that these assumptions are conservative given the scale of asset sales and secured debt issuances currently under way

	Scenario 1	Scenario 2
Asset Sales	▪ Portfolio sale signing in late Q1 with proceeds of $2.0 billion ▪ Transfers occur 60% in Q2, 30% in Q3 and 10% in Q4 ▪ Castle III expected to generate $1.0 billion of net proceeds ▪ Transfers occur 40% in Q2, 50% in Q3 and 10% in Q4 ▪ 2011 - $1.0 billion of proceeds ▪ 2012 - $1.5 billion of proceeds ▪ 2013 - $1.5 billion of proceeds ▪ 2014 - $250 million of proceeds	▪ Portfolio sale signing in Q1 with proceeds of $2.0 billion ▪ Transfers occur 60% in Q2, 30% in Q3 and 10% in Q4 ▪ Castle III expected to generate $1.0 billion of net proceeds ▪ Transfers occur 40% in Q2, 50% in Q3 and 10% in Q4 ▪ 2011 - $500 million of proceeds ▪ 2012 - $1.0 billion of proceeds ▪ 2013 - $1.0 billion of proceeds ▪ 2014 - $0
Secured Debt Issuance	▪ Opportunistic issuance of secured debt assumed ▪ 2010 – $2.25 billion(1) ▪ 2011 – $1.5 billion ▪ 2012 – $1.5 billion ▪ 2013 – $3.75 billion(2)	▪ Opportunistic issuance of secured debt assumed ▪ 2010 – $2.25 billion(1) ▪ 2011 – $1.5 billion ▪ 2012 – $3.0 billion ▪ 2013 – $3.5 billion(2)

(1) For modeling purposes includes a secured notes offering of $1.5 billion which is assumed to occur in Q4 2010 with proceeds coming in Q4 2010 and Q1 2011.
(2) At the end of 2013 the debt/equity ratio will be 1.0x and 1.1x, in Scenario 1 and Scenario 2, respectively, and the use of unsecured debt, asset sales and/or Castle IV will extinguish the remaining funding requirement.

AIG Scenario 2 – Summary Financials

Projected Balance Sheet

($ in millions)

	2008A	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Assets										
Cash	$ 2,386	$ 654	$ 1,415	$ 2,203	$ 2,157	$ 565	$ 1,470	$ 2,075	$ 1,728	$ 886
Aircraft NBV	43,220	43,993	38,768	36,498	34,185	32,552	31,859	30,506	29,993	30,063
Deposits On Flight Equipment Purchases	569	143	139	203	262	226	153	270	389	430
Notes Receivable, Finance Leases and Other Assets	961	907	833	776	720	672	645	617	601	586
Other Financial Assets	180	382	376	262	362	470	431	364	326	335
Total Assets	**$ 47,316**	**$ 46,080**	**$ 41,531**	**$ 39,942**	**$ 37,686**	**$ 34,486**	**$ 34,558**	**$ 33,832**	**$ 33,038**	**$ 32,300**
Liabilities										
Debt, Net of Unamortized Discount	$ 32,477	$ 29,692	$ 24,531	$ 22,094	$ 19,095	$ 15,319	$ 14,660	$ 13,161	$ 11,354	$ 9,366
Security Deposits and Rentals Received in Advance	1,828	1,823	1,645	1,583	1,516	1,476	1,482	1,460	1,477	1,518
Deferred Tax Liability	4,478	4,960	4,831	5,015	5,000	4,897	4,988	5,087	5,319	5,504
Other Liabilities	908	967	765	410	356	307	303	303	304	305
Total Liabilities	**$ 39,690**	**$ 37,442**	**$ 31,771**	**$ 29,103**	**$ 25,967**	**$ 21,999**	**$ 21,433**	**$ 20,012**	**$ 18,453**	**$ 16,693**
Total Shareholders' Equity	$ 7,625	$ 8,638	$ 9,760	$ 10,839	$ 11,720	$ 12,487	$ 13,126	$ 13,820	$ 14,584	$ 15,607
Total Liabilities & Shareholders Equity	**$ 47,316**	**$ 46,080**	**$ 41,531**	**$ 39,942**	**$ 37,686**	**$ 34,486**	**$ 34,558**	**$ 33,832**	**$ 33,038**	**$ 32,300**

Projected Income Statement

($ in millions)

Income Statement	2008A	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Rental of flight equipment	$ 4,943	$ 5,240	$ 5,150	$ 4,787	$ 4,487	$ 4,273	$ 4,277	$ 4,313	$ 4,391	$ 4,521
Flight equipment marketing	47	(8)	(529)	(125)	(111)	(53)	(2)	(2)	(5)	(9)
Other revenue	98	59	73	71	74	75	50	73	72	91
Total revenue	**$ 5,089**	**$ 5,291**	**$ 4,694**	**$ 4,734**	**$ 4,450**	**$ 4,294**	**$ 4,325**	**$ 4,385**	**$ 4,459**	**$ 4,604**
Interest expense	$ (1,617)	$ (1,306)	$ (1,207)	$ (1,196)	$ (1,238)	$ (1,344)	$ (1,273)	$ (1,230)	$ (1,065)	$ (960)
Depreciation	(1,865)	(1,977)	(1,978)	(1,893)	(1,841)	(1,807)	(1,836)	(1,863)	(1,888)	(1,910)
Provision for overhauls	(265)	(311)	(321)	(303)	(288)	(279)	(283)	(290)	(299)	(312)
Other operating expenses	(248)	(226)	(228)	(215)	(215)	(199)	(202)	(205)	(208)	(212)
Total operating expenses	**$ (3,994)**	**$ (3,820)**	**$ (3,734)**	**$ (3,606)**	**$ (3,583)**	**$ (3,629)**	**$ (3,593)**	**$ (3,589)**	**$ (3,461)**	**$ (3,394)**
Pre-tax income	$ 1,095	$ 1,470	$ 960	$ 1,128	$ 867	$ 666	$ 731	$ 796	$ 998	$ 1,210
Provision for income taxes	(392)	(524)	(350)	(412)	(317)	(243)	(267)	(291)	(364)	(442)
Net income	**$ 703**	**$ 946**	**$ 609**	**$ 716**	**$ 551**	**$ 423**	**$ 464**	**$ 506**	**$ 633**	**$ 768**

AIG AGF Overview

AGF's business plan emphasizes positive cash flow generation and liquidity while it seeks new sources of long-term financing

- AGF is managing lending activities to optimize franchise maintenance and liquidity preservation
- Right-sizing Operations
  - Significantly reduced lending volume and allowing only branch operations to lend -- focusing on non-real estate loans
  - Generating $200 mm of originations per month, down from $600 mm prior to the financial crisis
  - Emphasizing non real-estate loans; significantly reduced Retail Sales Finance relationships in 2Q09
  - Eliminated 1,200 positions and closed 170 branch offices in 2009 -- current branch count is down almost 400 from YE07
- Liquidity from Operations
  - Increased operating cash flow through reduced lending
  - Significant operating expense reductions due to companywide efforts and rightsizing of overall operations and their centralized support units
- Liquidity from portfolio sales and securitizations
  - AGF is proceeding with a program to securitize non-core centralized real estate loans and certain branch real estate loans
  - In 2009, AGF raised $2.9 bn through loan sales and securitizations
  - Largest transaction was a securitization that raised $967 mm in July 2009
  - Securitization to raise $740 mm is expected to close by the end of February 2010
  - Current plans call for 3 additional securitization transactions to take place at intervals throughout the first half of 2010, with the potential to complete additional transactions in the second half of 2010
  - AGF is contemplating a single transaction involving all remaining centralized assets in place of the 3 planned follow-on securitizations
  - AGF continues to work towards a long-term funding solution with various counterparties
    - Wells Fargo: secured term loans, warehouse lines, non-real estate funding structures
    - Bank of America: secured term loans, ABS financing, non-real estate funding structure

AIG has recently retained Bank of America / Merrill Lynch to pursue strategic alternatives and expects to complete a deconsolidating transaction in 4Q10 / 1Q11

AIG Details of Asset Sales and Securitizations to Date

Transaction	Buyer	Settlement	Volume ($ millions)	Pricing (%)	Proceeds ($ millions)	Comments
Real Estate Sales	Fannie Mae	Feb 12, 2009	$930	97.3	$905	Centralized Portfolio
	Morgan Keegan	Feb 18, 2009	$32	97.4	$31	Centralized Portfolio
	Fannie Mae	June 11, 2009	$485	95.9	$465	Centralized Portfolio
	Beal Bank	Sept 18, 2009	$346	90.48	$314	Centralized Portfolio
	Fannie Mae	Dec 11, 2009	$150	101.2	$151	Centralized Portfolio
	Wells Fargo	Dec 18, 2009	$63	95.0	$60	Branch Portfolio
				Advance Rate		
Real Estate Securitization	PennyMac	July 31, 2009	$1,968	49.0	$967	Centralized Portfolio
Total Raised to Date					$2,893	

Additional Securitizations Currently Being Pursued

Name	Status	Amount ($mm)	Estimated Proceeds	Midpoint Proceeds ($mm)
RBS-1: Rated Transaction (Centralized RE assets)	• Rating agencies reviewing for bond size and structure • Diligence being finalized • Marketing to investors • MLPA and PSA drafting • Projected mid 1Q10 close	$900 - $1,100	70% - 78%	$740
RBS-2: Rated Transaction (Centralized RE assets)	• Follow on rated securitization • Portfolio characteristics similar to RBS-1 • Projected 2Q10 close	$1,350 - $1,500	70% - 78%	$1,054
Centralized Total		**$2,250 – $2,600**		**$1,794**
DB-1: Rated Transaction (Branch assets)	• Term Sheet being drafted • Tape to rating agencies week of 2/8 • Due Diligence begins week of 2/8 • Projected late 1Q10 close	$800 - $1,000	55% - 70%	$562
DB-2: Rated or Unrated Transaction (Branch assets)	• Follow on transaction • Portfolio characteristics similar to DB-1 (possibility may need to include RE LOC accounts) • Projected 2Q10 close	$800 - $1,000	55% - 70%	$562
Branch Total		**$1,600 - $2,000**		**$1,124**
Grand Total		**$3,850 - $4,600**		**$2,918**

AIG Proprietary Commercial and Financial Information: FOIA Confidential Treatment Requested.

Meeting 2010 Capital Needs

- ***2010 Capital Needs*** – AGF plans to meet remaining bank and bond payments for 2010 through a combination of its cash on hand, a series of securitization transactions and continued managed lending activities to balance franchise maintenance and liquidity preservation

($ Millions)	March – July	August - December	Total
Bank P&I	$4,639	$0	$4,639
Bond P&I	1,627	806	2,432
Total Cash Need	$6,266	$806	$7,071
Beginning of Period Cash Balance	$3,114	$674	$3,114
Rec. Reduction (Growth)	1,097	905	2,001
All Other Cash Flow	(191)	15	(176)
RBS – 1	740	0	740
DB – 1	563	0	563
RBS – 2	1,055	0	1,055
DB – 2	563	0	563
Total Cash Provided	$6,940	$1,594	$7,859

AIG 2009 FP Unwind Update

Approximate number of outstanding trade positions

9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09
44,000	35,000	28,000	22,500	19,200	16,100

Comments (Annual 2009)

- Significant progress made in reducing portfolio size, with 54% of trades removed in 2009
- Portfolio complexity has been greatly reduced
  - Counterparties reduced by ~39%
  - Long dated trades (>50 years) reduced by 91% from 67 to 6

Notional of derivatives outstanding ($ Trillion, FAS 161 adjusted*)

	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09
Total	2.00 (1.9**)	1.80 (1.6**)	1.52	1.33	1.16	0.94
Non-Credit	1.61	1.49	1.26	1.09	0.95	0.76
Credit	0.39	0.31	0.27	0.24	0.21	0.19

- Total derivative notional is now less than $1 Trillion
- 49% of 'Non-credit' derivatives terminated or reduced
- 39% of credit notional terminated or reduced
  - 35% reduction in Reg Cap ($234 B to $151 B)
  - 55% reduction in Corp Arb ($51 B to $22 B)
  - 40% reduction in Other Credit ($20 B to $12 B)

Exposure to change in volatility (Gross Vega in $ Billion)***

9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09
1.30	1.25	0.80	0.68	0.58	0.31

- Portfolio has been significantly de-risked, with overall hedging volatility reduced by 75%
  - Interest Rates – down 72%
  - Commodities – down 96%
  - Foreign Exchange – down 86%

Number of businesses (risk books)

9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09
22	21	17	15	15	15

- 7 books almost completely exited, including both Commodities books, FX, Infra., exotic FX/Rates, Strategic and PRD; prime brokerage exited in 2008
- Priority in 2010 to pursue strategies to unwind complete books (e.g., business sales, portfolio transfers)

Note: Risk book reduction determined as 75% of trade count or risk reduced

Number of employees

9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09
428	375	362	319	257	237

- Headcount reduction of 37% is in line with ongoing unwind of portfolio and operations
- FP closed two locations, Tokyo and Hong Kong in Q3 2009
- London to be closed by end of 2010

* Due to FAS 161, FP is changing its methodology for computing notional, leading to a slight increase of previously reported values; Sept and Dec FAS 161 notionals are estimates

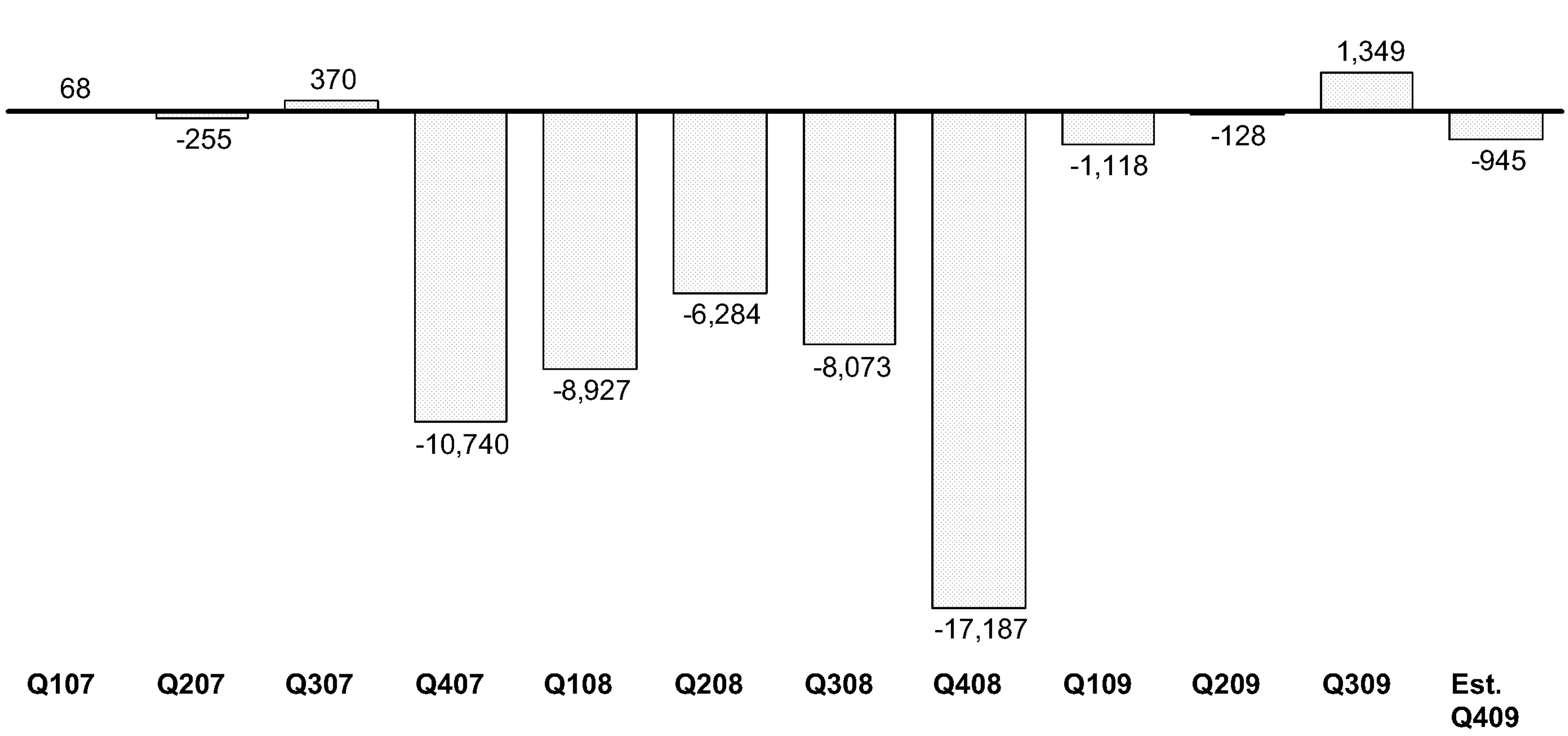
** Unadjusted for FAS 161

*** The Gross Vega is calculated as the sum of all the individual positions' absolute vegas as if each position is not hedged. Although FP's books are almost completely hedged on a net Vega basis, the Gross Vega measure will help monitor how well the volatility risk is being eliminated. The interest rate option vega denotes the change in value due to a 0.1% increase in normal volatility. For other derivatives (i.e., Equity, Commodity and FX option), vega denotes the change in value due to a 1% increase in lognormal volatility.

FP results of operations

ESTIMATES

Operating income (USD millions)



Source: AIG FP

AIG Risk summary

Dynamic risk measures

All figures in USD million

	Across all books	12/31/09	12/31/08	YTD Change	YTD % Change
Interest Rates					
Gross 01 (mm$/1 bp)	✓	363	803	(440)	-55%
Net 01 (mm$/1 bp)	✓	0	(0)	0	
Gross Vega (mm$/10 bp)	✓	239	865	(627)	-72%
Net Vega (mm$/10 bp)	✓	8	(17)	25	
Equities					
Gross Delta (mm$ eq.)	✓	5,910	9,626	(3,716)	-39%
Net Delta (mm$ eq.)	✓	7	(5)	12	
Gross Vega (mm$/1%)	✓	27	48	(21)	-44%
Net Vega (mm$/1%)	✓	(2)	7	(9)	
Commodities**					
Gross Delta (mm$ eq.)	✓	4,748	19,735	(14,986)	-76%
Net Delta (mm$ eq.)	✓	(1)	(6)	4	
Gross Vega (mm$/1%)	✓	1	23	(22)	-96%
Net Vega (mm$/1%)	✓	(0)	(0)	0	
FX					
Gross Delta (mm$ eq.)	✓	274,455	435,128	(160,673)	-37%
Net Delta (mm$ eq.)	✓	(7)	4	(10)	
Gross Vega (mm$/1%)	✓	46	322	(276)	-86%
Net Vega (mm$/1%)	✓	(1)	11	(12)	
Commodities Index Book					
Gross Delta (mm$ eq.)		-	2,917	(2,917)	-100%

Directional risk measures

All figures in USD billion

	Unwind risk measures	12/31/09	12/31/08	YTD Change	YTD % Change
Fund derivatives - FoHF	Exposure	0.18	1.94	(1.76)	-91%
Fund derivatives - FoMF	Exposure	0.02	0.09	(0.07)	-78%
Corporate Arbitrage CDS	Exposure	22.07	50.50	(28.43)	-56%
Regulatory Capital CDS	Exposure	151.07	234.40	(83.33)	-36%
Credit Book Other	Exposure	13.79	20.00	(6.21)	-31%
Muni Swaps	Notional	1.50	2.00	(0.50)	-25%
Pension BROs	Notional	28.04	32.70	(4.66)	-14%
BOLI BROs	Notional	4.21	4.10	0.11	3%
GICs	Notional	2.17	3.30	(1.13)	-34%
Lease Transactions	Notional	4.52	5.90	(1.38)	-23%
Repos & Reverse Repos 1	Notional	8.23	4.40	3.83	87%
Issued Securities	Notional	11.05	19.20	(8.15)	-42%
Asset Portfolio	Notional	30.78	37.82	(7.03)	-19%
Energy / Infrastructure	Notional	0.05	0.80	(0.74)	-93%
PRDs	Notional	-	6.70	(6.70)	-100%
Prime brokerage	NA				
TDG / Strategic Investments	NA				

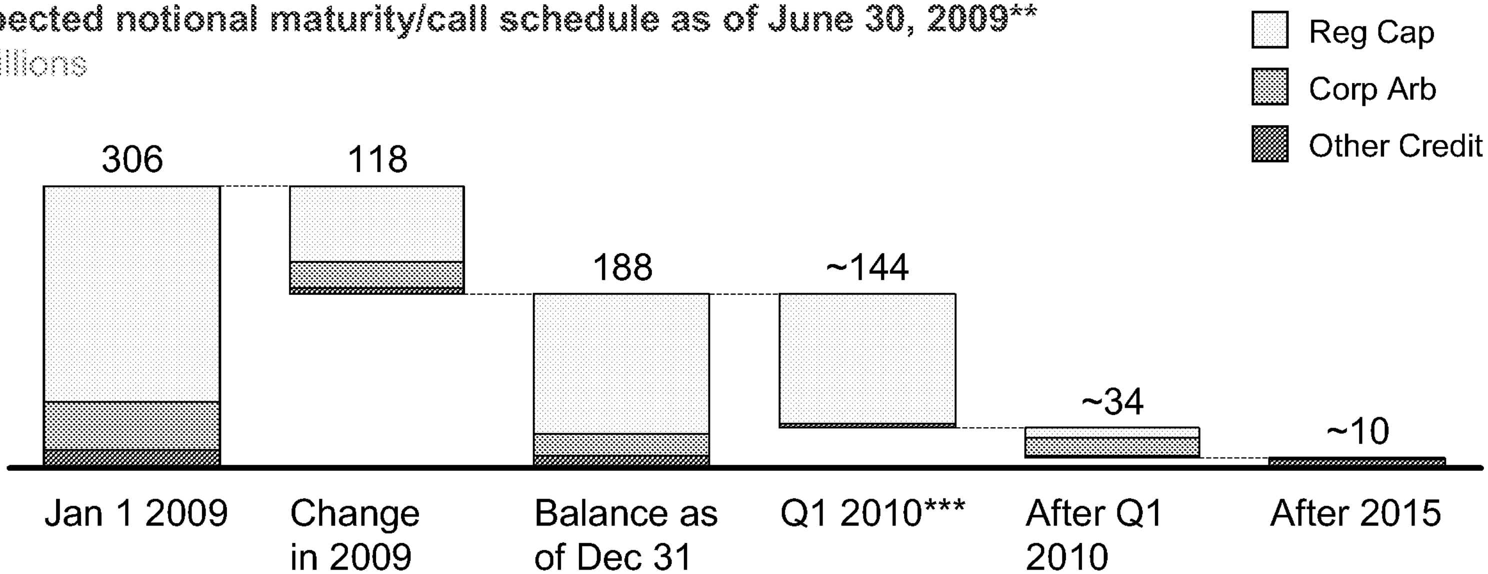
1 Does not include overnight repos
Source: Box report, CDS disclosure report, AIG FP Daily Risk Monitoring Report, FP liabilities report, Risk Analyzer

Overview of credit books

ESTIMATES

Trade type	Number of positions*	Notional $ Billions	Latest exp call date
Reg Cap	35	152	10/29/2015
Corporate Arbitrage	20	22	11/05/2017
Other	111	14	07/14/2102
	166	188	

Expected notional maturity/call schedule as of June 30, 2009**
$ Billions



* Number of distinct Javah IDs
** Does not include trade amortization or future FX movements
*** Includes Danske trades which potentially may not be called as per Danske's notice

Moody's Insurance Company Investment Survey

Reporting Entity: AIG FP
Reporting Date: 12/31/2009
Reporting Basis (GAAP, SAP, IFRS): GAAP

Portfolio Summary (USD Millions)	Book Value (Amortized Cost)	Market Value
Cash and short term		
US Government & agencies		6,292
Foreign Governments		247
Municipals		366
Agency MBS		665
Non-agency RMBS - Prime		1,999
Non-agency RMBS - Alt-A		6
Non-agency RMBS - Subprime		-
Non-agency RMBS - Other		136
Non-agency CMBS - Interest only		-
Non-agency CMBS - Other		2,220
Other traditional ABS (cards, autos, etc.)		609
Other structured (CDOs, CDO^2, etc.)		5,381
Investment-grade corporates		1,139
Non-investment-grade corporates		203
Redeemable preferred stock		-
Total fixed maturities	-	19,262
Commercial mortgage loans (CML)		
Other mortgage loans		
Real estate investments		
Total mortgage loans & real estate	-	-
Non-redeemable preferred stock		
Equities		
Limited partnerships		
Alternatives		
Total equities & alternatives	-	-
Derivatives		
All other		
Total cash & investments	-	19,262
Capital Base		
Common equity (GAAP, IFRS)		
Total equity (GAAP, IFRS)	(34,896)	
AOCI (GAAP, IFRS)		
Policyholders' surplus (SAP)		

Base Losses	Factor	
Cash and short term	0.00%	-
US Government & agencies	0.00%	-
Foreign Governments	0.25%	1
Municipals	0.25%	1
Agency MBS	0.00%	-
RMBS	CUSIP	5
CMBS	CUSIP	0
ABS	0.25%	2
Other structured	0.25%	185
I-G Corporates	0.25%	3
B-I-G corporates	5.00%	10
Redeemable preferred stock	0.50%	-
Total fixed maturities		206
Commercial mortgage loans	2.90%	-
Other mortgage loans	0.25%	-
Real estate investments	5.00%	-
Total mortgage/real estate		-
Non redeemable preferred	1.00%	-
Equities	0.00%	-
Limited partnerships	10.00%	-
Alternatives	0.00%	-
Total equities/alternatives		-
Derivatives	0.00%	-
All Other	5.00%	-
Total pre-tax loss		206
Total after-tax loss		134
% of total invested assets		1%
% of shareholders' equity		

Stress Losses	Factor	
Cash and short term	0.00%	-
US Government & agencies	0.00%	-
Foreign Governments	1.50%	4
Municipals	1.50%	5
Agency MBS	0.00%	-
RMBS	CUSIP	16
CMBS	CUSIP	228
ABS	1.50%	9
Other structured	1.50%	185
I-G Corporates	1.50%	17
B-I-G corporates	10.00%	20
Redeemable preferred stock	2.50%	-
Total fixed maturities		485
Commercial mortgage loans	9.70%	-
Other mortgage loans	1.00%	-
Real estate investments	20.00%	-
Total mortgage/real estate		-
Non redeemable preferred	5.00%	-
Equities	25.00%	-
Limited partnerships	25.00%	-
Alternatives	25.00%	-
Total equities/alternatives		-
Derivatives	10.00%	-
All Other	10.00%	-
Total pre-tax loss		485
Total after-tax loss		412
% of total invested assets		2%
% of shareholders' equity		

Moody's Insurance Company Investment Survey

Reporting Entity: AIG MIP
Reporting Date: 12.31.2009
Reporting Basis (GAAP, SAP, IFRS): GAAP

Portfolio Summary (USD Millions)	Book Value (Amortized Cost)	Market Value
Cash and short term	739	739
US Government & agencies	-	-
Foreign Governments	-	-
Municipals	-	-
Agency MBS	36	38
Non-agency RMBS - Prime	2,504	2,172
Non-agency RMBS - Alt-A	914	710
Non-agency RMBS - Subprime	73	63
Non-agency RMBS - Other	322	166
Non-agency CMBS - Interest only	-	-
Non-agency CMBS - Other	341	247
Other traditional ABS (cards, autos, etc.)	143	106
Other structured (CDOs, CDO^2, etc.)	716	525
Investment-grade corporates	846	849
Non-investment-grade corporates	223	236
Redeemable preferred stock	-	-
Total fixed maturities	6,857	5,851
Commercial mortgage loans (CML)*	1,115	1,064
Other mortgage loans - Bank Loans	1,390	1,320
Real estate investments	-	-
Total mortgage loans & real estate	2,505	2,384
Non-redeemable preferred stock	-	-
Equities	1	2
Limited partnerships	-	-
Alternatives	-	-
Total equities & alternatives	1	2
Derivatives	534	534
All other		
Alternatives**	943	937
Total cash & investments	10,840	9,708
Capital Base		
Common equity (GAAP, IFRS)	-	
Total equity (GAAP, IFRS)	(2,884)	
AOCI (GAAP, IFRS)	(653)	
Policyholders' surplus (SAP)	-	

Base Losses	Factor	
Cash and short term	0.00%	-
US Government & agencies	0.00%	-
Foreign Governments	0.25%	-
Municipals	0.25%	-
Agency MBS	0.00%	-
RMBS	CUSIP	765
CMBS	CUSIP	14
ABS	0.25%	0
Other structured	0.25%	1
I-G Corporates	0.25%	2
B-I-G corporates	5.00%	12
Redeemable preferred stock	0.50%	-
Total fixed maturities		794
Commercial mortgage loans	Model	1
Other mortgage loans	0.25%	3
Real estate investments	5.00%	-
Total mortgage/real estate		4
Non redeemable preferred	1.00%	-
Equities	0.00%	-
Limited partnerships	10.00%	-
Alternatives	0.00%	-
Total equities/alternatives		-
Derivatives	0.00%	-
All Other	5.00%	-
Total pre-tax loss		798
Total after-tax loss		519
% of total invested assets		5%
% of shareholders' equity		#DIV/0!

Stress Losses	Factor	
Cash and short term	0.00%	-
US Government & agencies	0.00%	-
Foreign Governments	1.50%	-
Municipals	1.50%	-
Agency MBS	0.00%	-
RMBS	CUSIP	2,054
CMBS	CUSIP	169
ABS	1.50%	2
Other structured	1.50%	8
I-G Corporates	1.50%	13
B-I-G corporates	10.00%	24
Redeemable preferred stock	2.50%	-
Total fixed maturities		2,269
Commercial mortgage loans	Model	148
Other mortgage loans	1.00%	13
Real estate investments	20.00%	-
Total mortgage/real estate		161
Non redeemable preferred	5.00%	-
Equities	25.00%	1
Limited partnerships	25.00%	-
Alternatives	25.00%	-
Total equities/alternatives		1
Derivatives	10.00%	53
All Other	10.00%	-
Total pre-tax loss		2,484
Total after-tax loss		2,111
% of total invested assets		22%
% of shareholders' equity		#DIV/0!

* Book Value (Amortized Cost) Less the Valuation Allowance equals Market Value of Commercial Mortgage Loans.

** Being transferred in Q1 2010

Extensive Government Support for AIG/Chartis

The attached sheet from AIG's Financial Supplement summarizes the financial support provided to AIG by the US government through September 30, 2009, as well as additional available amounts under committed facilities. Other indications of support are noted below.

Supportive statements in SEC filings: AIG's 2009 10-K will include the following expression of support, consistent with the language in prior filings:

"As first stated by the U.S. Treasury and the Federal Reserve in connection with the announcement of the AIG Restructuring Plan on March 2, 2009, the U.S. Government remains committed to continuing to work with AIG to maintain its ability to meet its obligations as they come due."

Focus on credit ratings: Fed and Treasury representatives have repeatedly assured us that they plan to keep the government support in place, specifically the TARP funding, until AIG can achieve a senior debt rating in the A range or better without the need for such support. We believe that the government has the ability (through structures already in place), the willingness (through highly supportive actions/comments to date) and the economic incentive to deliver this result. From a credit perspective, the economic incentive may be the most compelling. We believe, and our Fed/Treasury contacts confirm, that the best way for the Treasury to recoup a substantial portion of its TARP investment is to convert it to common stock and sell it in the market. Such a sale will only be effective if/when AIG's core insurance businesses are performing well and its non-core businesses are divested or well contained.

Responsive to credit concerns: The government intervention at AIG has been designed first to avoid systemic risk, and thereafter to support AIG's policyholders and creditors, so as to stabilize the markets and ultimately recover as much as possible of the TARP investment. With each major step of the restructuring, AIG and Fed/Treasury officials have been keenly interested in rating implications and have consistently followed a creditor-friendly path.

GAO sees ratings as critical indicator: The Government Accountability Office (GAO) is the audit, evaluation and investigative arm of Congress, charged with examining the use of public funds under various federal programs and policies, including TARP. In September 2009, the GAO published a detailed report on the AIG rescue and the ongoing government efforts to support the company. The report contains numerous references to credit ratings as a critical business factor for AIG, citing comments to this effect by senior representatives of the company, Fed and Treasury. One appendix to the report lists nearly 20 indicators that the GAO will monitor to gauge the success of the rescue effort. The first item on the list is credit ratings.

American International Group, Inc.
U.S. Government Support
As of December 31, 2009
(in millions)

	Description of Support	Original Amount of Assistance Authorized – Debt	Original Amount of Assistance Authorized – Equity	Balance Outstanding – Dec. 31, 2009	Balance Outstanding – Sept. 30, 2009	Balance Outstanding – Inc. (Dec.)	Remaining Available Balance Dec. 31, 2009
Federal Reserve Bank of New York	**FRBNY Revolving Credit Facility:** FRBNY created this facility to enhance the liquidity of AIG and its subsidiaries. In consideration for the facility, Series C preferred stock was issued at a purchase price of $0.5 million to a trust for the sole benefit of the Treasury. The Series C preferred stock, when aggregated with any other securities convertible into or exchangeable for the common stock of AIG owned by the Treasury and any common stock of AIG directly owned by the Treasury, represents approximately 79.8 percent of each of (i) the voting power of AIG's shareholders entitled to vote on any particular matter and (ii) the aggregate dividend rights of the outstanding shares of AIG common stock and the Series C preferred stock. (a)	$35,000 (a)		$17,900	$35,800	($17,900)	$17,100
	FRBNY Facility Interest and Fees: Accrued compounding interest and fees owed by AIG paid with additional borrowings (paid in kind)			5,535	5,209	326	-
	Preferred Interests in AIA and ALICO held by FRBNY On December 1, 2009 AIG and the FRBNY completed two transactions pursuant to which AIG transferred to the FRBNY preferred equity interests in newly-formed special purpose vehicles (SPVs) in exchange for a $25 billion reduction of the balance outstanding and the maximum credit available under the FRBNY Credit Facility. The FRBNY holds a preferred interest in AIA Aurora LLC for $16 billion and a preferred interest in ALICO Holdings LLC for $9 billion.			24,540		24,540	
	Maiden Lane II Loan: FRBNY created this SPV to provide AIG liquidity by purchasing residential mortgage-backed securities from AIG life insurance companies. FRBNY provided a loan to the SPV for the purchases. It also terminated a previously established securities lending program with AIG. The actual amount funded was $19,494.	22,500		16,004	16,801	(797)	
	Maiden Lane III Loan: FRBNY created this SPV to provide AIG liquidity by purchasing CDOs from AIG Financial Products' counterparties in connection with the termination of credit default swaps. FRBNY again provided a loan to the SPV for the purchases. The actual amount funded was $24,339.	30,000		18,499	19,855	(1,356)	
U.S. Dept. of the Treasury	**Series D/E Shares:** Treasury purchased Series D cumulative preferred stock from AIG. AIG used the proceeds to pay down the FRBNY Revolving Credit Facility. These shares were later exchanged for Series E noncumulative preferred shares. Unpaid dividends on the series D shares were added to the Liquidiation preference Series E shares.		40,000	41,605	41,605	-	
	Series F Shares: (b) Through the purchase of AIG's Series F noncumulative preferred shares, Treasury originally committed to provide to AIG up to $29.835 billion, subject to certain conditions. The liquidation preference of each share of the Series F preferred stock increases by the pro rata amount of any drawdown on the commitment.		29,835	5,179	3,041	2,138	24,656
	Total authorized and outstanding assistance (c)	**$87,500**	**$69,835**	**$129,262**	**$122,311**	**$6,951**	**$41,756**
	Less: Maiden Lane II and Maiden Lane III loans			**(34,503)**	**(36,656)**	**(2,153)**	
	Amounts reflected on AIG's consolidated balance sheet			**$94,759**	**$85,655**	**$9,104**	

* Refer to page 10 for discussion of capital structure and ranking of obligations.

(a) The facility was initially $85 billion, but was reduced to $60 billion in November 2008 and reduced by an additional $25 billion on December 1, 2009 to $35 billion, as a result of the completion of the AIA and ALICO SPV transactions.

(b) Balance outstanding at December 31, 2009, includes Series F drawdown of $5,344 million and Series F commitment fee of (165) million.

(c) Does not include AIG's participation in the Federal Reserve's Commercial Paper Funding Facility.

Some segments were reclassified in 4Q 2009. This worksheet does not restate prior periods.

AIG Segment Results	***Estimates***	**3 mos**	**3 mos**	**3 mos**	**3 mos**	**3 mos**	**3 mos**	**3 mos**
($ Millions)	***4Q 2009***	**3Q 2009**	**2Q 2009**	**1Q 2009**	**4Q 2008**	**3Q 2008**	**2Q 2008**	**1Q 2008**
General Insurance (Chartis)								
AIGCI								
Net premiums written	*4,219*	5,002	4,968	4,184	4,410	5,630	6,079	5,124
Net premiums earned	*4,796*	4,807	4,948	5,227	5,316	5,762	5,924	5,410
Operating income (loss) before net RCG(L)	*-1,292*	583	654	279	-1,644	1	951	943
Net RCG(L)	*-104*	-1	-71	-503	-1,542	-1,053	-535	-164
Operating income (loss)	*-1,396*	582	583	-224	-3,186	-1,052	416	779
Foreign General								
Net premiums written	*2,711*	3,074	2,954	3,552	2,678	3,647	3,726	4,339
Net premiums earned	*3,234*	3,132	3,076	3,054	3,347	3,532	3,740	3,468
Operating income (loss) before net RCG(L)	*-461*	139	362	452	22	104	754	818
Net RCG(L)	*256*	93	26	-105	-727	-313	42	-82
Operating income (loss)	*-205*	232	388	347	-705	-209	796	736
Total General Insurance								
Net premiums written	***6,930***	**8,076**	**7,922**	**7,736**	**7,088**	**9,277**	**9,805**	**9,463**
Net premiums earned	***8,030***	**7,939**	**8,024**	**8,281**	**8,663**	**9,294**	**9,664**	**8,878**
Operating income (loss) before net RCG(L)	***-1,753***	**722**	**1,016**	**731**	**-1,622**	**105**	**1,705**	**1,761**
Net RCG(L)	***152***	**92**	**-45**	**-608**	**-2,269**	**-1,366**	**-493**	**-246**
Operating income (loss)	***-1,601***	**814**	**971**	**123**	**-3,891**	**-1,261**	**1,212**	**1,515**
Life Insurance & Retirement Services								
Domestic Life								
Premiums, deposits & other considerations		1,398	1,470	1,550	1,937	2,297	2,064	2,123
Premiums & other considerations		1,012	1,059	1,089	1,343	1,574	1,352	1,587
Operating income (loss) before net RCG(L)		400	345	169	61	480	371	418
Net RCG(L)		-329	202	-477	-4,513	-4,391	-1,376	-1,288
Operating income (loss)	*0*	71	547	-308	-4,452	-3,911	-1,005	-870
Domestic Retirement Services								
Premiums, deposits & other considerations		2,849	2,437	3,365	3,137	4,441	4,909	5,425
Premiums & other considerations		218	223	213	273	281	290	284
Operating income (loss) before net RCG(L)		677	-77	-309	-666	-430	556	663
Net RCG(L)		-621	-25	-1,590	-7,415	-8,495	-2,725	-2,359
Operating income (loss)	*0*	56	-102	-1,899	-8,081	-8,925	-2,169	-1,696
Total DLRS								
Premiums, deposits & other considerations	*5,366*	4,257	3,889	5,030	5,085	6,915	7,274	7,561
Premiums & other considerations	*1,279*	1,230	1,282	1,395	1,616	1,995	1,894	1,871
Operating income (loss) before net RCG(L)	*1,034*	1,077	268	-128	-605	50	927	1,081
Net RCG(L)	*-364*	-950	177	-2,079	-11,928	-12,886	-4,101	-3,647
Operating income (loss)	*670*	127	445	-2,207	-12,533	-12,836	-3,174	-2,566
Asia Life Ins & Ret Svcs								
Premiums, deposits & other considerations					4,648	5,070	5,828	6,082
Premiums & other considerations		3,319	3,478	3,701	3,958	3,695	3,795	3,958
Operating income (loss) before net RCG(L)		468	399	486	718	417	676	631
Net RCG(L)		307	868	-230	-3,397	-1,836	-480	-379
Operating income (loss)	*0*	775	1,267	256	-2,679	-1,419	196	252
Japan & Other Life Ins & Ret Svcs								
Premiums, deposits & other considerations					5,514	10,304	12,551	12,450
Premiums & other considerations		3,303	3,359	3,239	3,340	3,490	3,754	3,353
Operating income (loss) before net RCG(L)		668	854	877	629	545	1,006	826
Net RCG(L)		-289	-760	-799	-3,302	-1,619	-429	-343
Operating income (loss)	*0*	379	94	78	-2,673	-1,074	577	483
Total Foreign Life Ins & Ret Svcs								
Premiums, deposits & other considerations	*8,722*	9,433	9,066	9,507	10,162	15,375	17,928	18,071
Premiums & other considerations	*6,201*	6,622	6,837	6,940	7,422	7,359	7,691	7,447
Operating income (loss) before net RCG(L)	*1,054*	1,136	1,253	1,363	1,347	962	1,682	1,457
Net RCG(L)	*291*	18	108	-1,029	-6,699	-3,455	-909	-722
Operating income (loss)	*1,345*	1,154	1,361	334	-5,352	-2,493	773	735
Total Life Insurance & Retirement Services								
Premiums, deposits & other considerations	***14,088***	**13,690**	**12,955**	**14,537**	**15,247**	**22,290**	**25,202**	**25,632**
Premiums & other considerations	***7,480***	**7,852**	**8,119**	**8,335**	**9,038**	**9,354**	**9,585**	**9,318**
Operating income (loss) before net RCG(L)	***2,088***	**2,213**	**1,521**	**1,235**	**742**	**1,012**	**2,609**	**2,538**
Net RCG(L)	***-73***	**-932**	**285**	**-3,108**	**-18,627**	**-16,341**	**-5,010**	**-4,369**
Operating income (loss)	***2,015***	**1,281**	**1,806**	**-1,873**	**-17,885**	**-15,329**	**-2,401**	**-1,831**

Some segments were reclassified in 4Q 2009. This worksheet does not restate prior periods.

AIG Segment Results ($ Millions)	*Estimates* *4Q 2009*	3 mos 3Q 2009	3 mos 2Q 2009	3 mos 1Q 2009	3 mos 4Q 2008	3 mos 3Q 2008	3 mos 2Q 2008	3 mos 1Q 2008
Financial Services								
Op inc before net RCG(L) & NQDH								
Aircraft Leasing	*344*	365	335	316	207	306	352	272
Capital Markets	*80*	1,352	-132	-1,123	-17,167	-8,250	-6,244	-8,851
Consumer Finance	*-309*	-139	-270	-233	-616	-434	-22	24
Other, incl intercompany adjustments	*-23*	-18	-36	-50	-16	31	34	10
Total op inc (loss) before net RCG(L) & NQDH	***92***	**1,560**	**-103**	**-1,090**	**-17,592**	**-8,347**	**-5,880**	**-8,545**
Non-qualifying derivative hedging (NQDH)		**-3**	**4**	**2**	**-20**	**177**	**-40**	**-76**
Net RCG(L)	***3***	**-657**	**10**	**-34**	**-329**	**-33**	**15**	**-151**
Total operating income (loss)	***95***	**900**	**-89**	**-1,122**	**-17,941**	**-8,203**	**-5,905**	**-8,772**
Asset Management								
Operating income (loss) before net RCG(L)		**-1,066**	**-300**	**-481**	**-705**	**-28**	**150**	**154**
Net RCG(L)		**-1,169**	**78**	**-152**	**-5,773**	**-1,116**	**-464**	**-1,405**
Operating income (loss)	***0***	**-2,235**	**-222**	**-633**	**-6,478**	**-1,144**	**-314**	**-1,251**
Total Segments								
Op inc (loss) before net RCG(L) & NQDH	***427***	**3,429**	**2,134**	**395**	**-19,177**	**-7,258**	**-1,416**	**-4,092**
Non-qualifying derivative hedging (NQDH)	*0*	-3	4	2	-20	177	-40	-76
Net RCG(L)	*82*	-2,666	328	-3,902	-26,998	-18,856	-5,952	-6,171
Operating income (loss)	***509***	**760**	**2,466**	**-3,505**	**-46,195**	**-25,937**	**-7,408**	**-10,339**
Other income (loss) before net RCG(L)	*-7,319*	-579	-931	-3,365	-12,236	-2,559	-1,060	-654
Other net RCG(L)	*50*	-759	-394	893	-1,382	-153	-40	-292
Consolidation & eliminations before net RCG(L)	*-842*	-117	1,411	-298	-4,121	-233	-159	-353
Consolidation & eliminations net RCG(L)		488	-1,233	-93	3,378	697	-89	374
Pretax income (loss)	***-7,602***	**-207**	**1,319**	**-6,368**	**-60,556**	**-28,185**	**-8,756**	**-11,264**
Income tax expense (benefit)	*414*	-192	-526	-1,235	2,000	-3,480	-3,357	-3,537
Net income (loss)	***-8,016***	**-15**	**1,845**	**-5,133**	**-62,556**	**-24,705**	**-5,399**	**-7,727**
Net income (loss) attrib to noncontrolling interests	*994*	-470	23	-780	-897	-237	-42	78
Net income (loss) attrib to AIG	***-9,010***	**455**	**1,822**	**-4,353**	**-61,659**	**-24,468**	**-5,357**	**-7,805**
Net RCG(L) before tax (calc from above)	*132*	*-2,937*	*-1,299*	*-3,102*	*-25,002*	*-18,312*	*-6,081*	*-6,089*
Net RCG(L) after tax	*-1,975*	-1,798	-859	-2,631	-21,552	-15,056	-4,019	-3,963
NQDH after tax	*176*	344	676	-118	-2,176	-172	-17	-281
Adjusted net income (loss)	***-7,211***	**1,909**	**2,005**	**-1,604**	**-37,931**	**-9,240**	**-1,321**	**-3,561**

Some segments were reclassified in 4Q 2009. This worksheet does not restate prior periods.

AIG Segment Results	**3 mos**	**3 mos**	**3 mos**	**3 mos**	***Estimates***	**12 mos**	**12 mos**
($ Millions)	**4Q 2007**	**3Q 2007**	**2Q 2007**	**1Q 2007**	***2009***	**2008**	**2007**
General Insurance (Chartis)							
AIGCI							
Net premiums written	5,650	5,986	6,449	5,971	*18,373*	21,243	24,056
Net premiums earned	5,896	5,916	5,956	5,939	*19,778*	22,412	23,707
Operating income (loss) before net RCG(L)	1,525	1,871	1,965	1,820	*224*	251	7,181
Net RCG(L)	-11	-60	-81	76	*-679*	-3,294	-76
Operating income (loss)	1,514	1,811	1,884	1,896	*-455*	-3,043	7,105
Foreign General							
Net premiums written	2,921	3,270	3,242	3,618	*12,291*	14,390	13,051
Net premiums earned	3,299	3,112	3,030	2,908	*12,496*	14,087	12,349
Operating income (loss) before net RCG(L)	805	631	849	874	*492*	1,698	3,159
Net RCG(L)	-51	-24	18	35	*270*	-1,080	-22
Operating income (loss)	754	607	867	909	*762*	618	3,137
Total General Insurance							
Net premiums written	**8,571**	**9,256**	**9,691**	**9,589**	***30,664***	**35,633**	**37,107**
Net premiums earned	**9,195**	**9,028**	**8,986**	**8,847**	***32,274***	**36,499**	**36,056**
Operating income (loss) before net RCG(L)	**2,330**	**2,502**	**2,814**	**2,694**	***716***	**1,949**	**10,340**
Net RCG(L)	**-62**	**-84**	**-63**	**111**	***-409***	**-4,374**	**-98**
Operating income (loss)	**2,268**	**2,418**	**2,751**	**2,805**	***307***	**-2,425**	**10,242**
Life Insurance & Retirement Services							
Domestic Life							
Premiums, deposits & other considerations	1,988	2,162	1,967	1,988	*4,418*	8,421	8,105
Premiums & other considerations	1,444	1,495	1,369	1,528	*3,160*	5,856	5,836
Operating income (loss) before net RCG(L)	348	356	384	357	*914*	1,330	1,445
Net RCG(L)	-480	-295	-16	-12	*-604*	-11,568	-803
Operating income (loss)	-132	61	368	345	*310*	-10,238	642
Domestic Retirement Services							
Premiums, deposits & other considerations	4,141	4,221	4,643	4,136	*8,651*	17,912	17,141
Premiums & other considerations	308	300	298	284	*654*	1,128	1,190
Operating income (loss) before net RCG(L)	679	536	879	661	*291*	123	2,755
Net RCG(L)	-784	-334	-281	-9	*-2,236*	-20,994	-1,408
Operating income (loss)	-105	202	598	652	*-1,945*	-20,871	1,347
Total DLRS							
Premiums, deposits & other considerations	6,129	6,383	6,610	6,124	*18,542*	26,835	25,246
Premiums & other considerations	1,752	1,795	1,667	1,812	*5,186*	7,376	7,026
Operating income (loss) before net RCG(L)	1,027	892	1,263	1,018	*2,251*	1,453	4,200
Net RCG(L)	-1,264	-629	-297	-21	*-3,216*	-32,562	-2,211
Operating income (loss)	-237	263	966	997	*-965*	-31,109	1,989
Asia Life Ins & Ret Svcs							
Premiums, deposits & other considerations	5,941	5,386	5,563	5,708		21,628	22,598
Premiums & other considerations	3,829	3,428	3,370	3,587	*10,498*	15,406	14,214
Operating income (loss) before net RCG(L)	1,002	753	731	560	*1,353*	2,442	3,046
Net RCG(L)	230	-47	113	-189	*945*	-6,092	107
Operating income (loss)	1,232	706	844	371	*2,298*	-3,650	3,153
Japan & Other Life Ins & Ret Svcs							
Premiums, deposits & other considerations	12,713	12,408	9,874	9,542		40,819	44,537
Premiums & other considerations	3,151	3,077	3,133	3,026	*9,901*	13,937	12,387
Operating income (loss) before net RCG(L)	629	845	905	959	*2,399*	3,006	3,338
Net RCG(L)	-338	185	-95	-46	*-1,848*	-5,693	-294
Operating income (loss)	291	1,030	810	913	*551*	-2,687	3,044
Total Foreign Life Ins & Ret Svcs						62,447	
Premiums, deposits & other considerations	18,654	17,794	15,437	15,250	*36,728*	61,536	67,135
Premiums & other considerations	6,980	6,505	6,503	6,613	*20,399*	29,919	26,601
Operating income (loss) before net RCG(L)	1,631	1,598	1,636	1,519	*3,752*	5,448	6,384
Net RCG(L)	-108	138	18	-235	*-903*	-11,785	-187
Operating income (loss)	1,523	1,736	1,654	1,284	*2,849*	-6,337	6,197
Total Life Insurance & Retirement Services							
Premiums, deposits & other considerations	**24,783**	**24,177**	**22,047**	**21,374**	***55,270***	**88,371**	**92,381**
Premiums & other considerations	**8,732**	**8,300**	**8,170**	**8,425**	***25,585***	**37,295**	**33,627**
Operating income (loss) before net RCG(L)	**2,658**	**2,490**	**2,899**	**2,537**	***6,003***	**6,901**	**10,584**
Net RCG(L)	**-1,372**	**-491**	**-279**	**-256**	***-4,119***	**-44,347**	**-2,398**
Operating income (loss)	**1,286**	**1,999**	**2,620**	**2,281**	***1,884***	**-37,446**	**8,186**

Some segments were reclassified in 4Q 2009. This worksheet does not restate prior periods.

AIG Segment Results	3 mos	3 mos	3 mos	3 mos	*Estimates*	12 mos	12 mos
($ Millions)	**4Q 2007**	**3Q 2007**	**2Q 2007**	**1Q 2007**	***2009***	**2008**	**2007**
Financial Services							
Op inc before net RCG(L) & NQDH							
Aircraft Leasing	248	269	190	193	*1,360*	1,137	900
Capital Markets	-10,493	-58	273	153	*177*	-40,512	-10,125
Consumer Finance	-7	80	58	74	*-951*	-1,048	205
Other, incl intercompany adjustments	6	16	-9	24	*-127*	59	37
Total op inc (loss) before net RCG(L) & NQDH	**-10,246**	**307**	**512**	**444**	***459***	**-40,364**	**-8,983**
Non-qualifying derivative hedging (NQDH)	**396**	**428**	**-528**	**-85**	***3***	41	211
Net RCG(L)	**-673**	**-66**	**63**	**-67**	***-678***	-498	-743
Total operating income (loss)	**-10,523**	**669**	**47**	**292**	***-216***	**-40,821**	**-9,515**
Asset Management							
Operating income (loss) before net RCG(L)	**458**	**353**	**575**	**778**	***-1,847***	-429	2,164
Net RCG(L)	**-1,100**	**-232**	**352**	**-20**	***-1,243***	-8,758	-1,000
Operating income (loss)	**-642**	**121**	**927**	**758**	***-3,090***	**-9,187**	**1,164**
Total Segments							
Op inc (loss) before net RCG(L) & NQDH	**-4,800**	**5,652**	**6,800**	**6,453**	***5,331***	**-31,943**	**14,105**
Non-qualifying derivative hedging (NQDH)	396	428	-528	-85	*3*	41	211
Net RCG(L)	-3,207	-873	73	-232	*-6,449*	-57,977	-4,239
Operating income (loss)	**-7,611**	**5,207**	**6,345**	**6,136**	***-1,115***	**-89,879**	**10,077**
Other income (loss) before net RCG(L)	-620	-422	-257	-140	*-12,194*	-16,509	-1,439
Other net RCG(L)	-216	-184	22	-39	*-210*	-1,867	-417
Consolidation & eliminations before net RCG(L)	-139	85	341	14	*154*	-4,866	301
Consolidation & eliminations net RCG(L)	150	193	-123	201	*-838*	4,360	421
Pretax income (loss)	**-8,436**	**4,879**	**6,328**	**6,172**	***-14,203***	**-108,761**	**8,943**
Income tax expense (benefit)	-3,413	1,463	1,679	1,726	***-1,539***	-8,374	1,455
Net income (loss)	**-5,023**	**3,416**	**4,649**	**4,446**	***-12,664***	**-100,387**	**7,488**
Net income (loss) attrib to noncontrolling interests	269	331	372	316	***-233***	-1,098	1,288
Net income (loss) attrib to AIG	**-5,292**	**3,085**	**4,277**	**4,130**	***-12,431***	**-99,289**	**6,200**
Net RCG(L) before tax (calc from above)	*-3,273*	*-864*	*-28*	*-70*	*-7,497*	*-55,484*	*-4,235*
Net RCG(L) after tax	-2,131	-600	-17	-56	***-7,263***	-44,590	-2,804
NQDH after tax	37	196	-332	-205	***1,078***	-2,646	-304
Adjusted net income (loss)	**-3,198**	**3,489**	**4,626**	**4,391**	***-6,246***	**-52,053**	**9,308**

American International Group, Inc.
Consolidated Statement of Segment Operations
(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2009	Dec. 31, 2008	% Chg	Sept. 30, 2009	Sequential % Chg	Dec. 31, 2009	Dec. 31, 2008	% Chg
General insurance (1)								
Net premiums written	$ 6,930	$ 7,088	(2.2)%	$ 8,076	(14.2)%	$ 30,664	$ 35,633	(13.9)%
Net premiums earned	8,030	8,663	(7.3)	7,939	1.1	32,274	36,499	(11.6)
Claims and claims adjustment expenses incurred	7,941	6,736	17.9	5,996	32.4	25,367	26,093	(2.8)
Change in deferred acquisition costs	(295)	(194)	NM	74	NM	(241)	(35)	NM
Other underwriting expenses	2,403	3,530	(31.9)	2,429	(1.1)	9,262	11,054	(16.2)
Underwriting loss	(2,609)	(1,797)	NM	(412)	NM	(2,596)	(683)	NM
Net investment income	856	117	NM	1,134	(24.5)	3,295	2,606	26.4
Operating income (loss) before net realized capital gains (losses)	(1,753)	(1,680)	NM	722	NM	699	1,923	(63.7)
Net realized capital losses (2)	152	(2,269)	NM	(37)	NM	(530)	(4,374)	NM
Pre-tax income (loss)	(1,601)	(3,949)	NM	685	NM	169	(2,451)	NM
Domestic life insurance & retirement services (1)								
Premiums and other considerations	1,279	1,673	(23.6)	1,277	0.2	5,327	7,644	(30.3)
Deposits and other considerations not included in revenues under GAAP	4,087	3,422	19.4	3,169	29.0	13,735	19,146	(28.3)
Premiums, deposits and other considerations	5,366	5,095	5.3	4,446	20.7	19,062	26,790	(28.8)
Net investment income	2,663	1,490	78.7	2,739	(2.8)	9,553	9,134	4.6
Operating income (loss) before net realized capital gains (losses)	1,034	(835)	NM	1,207	(14.3)	2,335	1,464	59.5
Net realized capital losses (2)	(364)	(14,393)	NM	(1,429)	NM	(3,514)	(36,412)	NM
Pre-tax income (loss)	670	(15,228)	NM	(222)	NM	(1,179)	(34,948)	NM
Foreign life insurance & retirement services (1)								
Premiums and other considerations	6,201	6,332	(2.1)	5,527	12.2	22,774	24,710	(7.8)
Deposits and other considerations not included in revenues under GAAP	2,071	2,453	(15.6)	2,485	(16.7)	8,614	29,768	(71.1)
Premiums, deposits and other considerations	8,272	8,785	(5.8)	8,012	3.2	31,388	54,478	(42.4)
Net investment income	2,659	(3,553)	NM	3,394	(21.7)	11,502	157	NM
Operating income before net realized capital gains (losses)	1,054	1,218	(13.5)	1,068	(1.3)	4,560	4,876	(6.5)
Net realized capital gains (losses) (2)	291	(4,637)	NM	(159)	NM	(1,339)	(8,208)	NM
Pre-tax income (loss)	1,345	(3,419)	NM	909	48.0	3,221	(3,332)	NM
Financial services (1)								
Operating income (loss), excluding non-qualifying derivative hedging activities and net realized capital gains (losses) (3) (4)	92	(17,592)	NM	1,560	(94.1)	459	(40,364)	NM
Non-qualifying derivative hedging activities (2)	-	(20)	NM	(3)	NM	3	41	(92.7)
Net realized capital gains (losses) (2)	3	(329)	NM	(129)	NM	55	(498)	NM
Pre-tax income (loss)	95	(17,941)	NM	1,428	(93.3)	517	(40,821)	NM
Other before net realized capital gains (losses) (1)(5)	(7,319)	(12,644)	NM	(2,658)	NM	(15,293)	(16,897)	NM
Other net realized capital gains (losses) (2)	50	(4,690)	NM	(869)	NM	(476)	(6,775)	NM
Consolidation and elimination adjustments (2) (6)	(842)	(1,254)	NM	371	NM	(607)	(1,304)	NM
Loss from continuing operations before income tax expense (benefit)	(7,602)	(59,125)	NM	(356)	NM	(13,648)	(106,528)	NM
Income tax expense (benefit) (7)	414	2,642	NM	(407)	NM	(1,878)	(8,894)	NM
Income (loss) from continuing operations	(8,016)	(61,767)	NM	51	NM	(11,770)	(97,634)	NM
Loss from discontinued operations, net of tax	(994)	(789)	NM	(66)	NM	(543)	(2,753)	NM
Net loss	(9,010)	(62,556)	NM	(15)	NM	(12,313)	(100,387)	NM
Less:								
Net loss from continuing operations attributable to noncontrolling interests:								
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	140	-	NM	-	NM	140	-	NM
Other	(294)	(781)	NM	(471)	NM	(1,527)	(944)	NM
Total loss from continuing operations attributable to noncontrolling interests	(154)	(781)	NM	(471)	NM	(1,387)	(944)	NM
Income (loss) from discontinued operations attributable to noncontrolling interests	17	(116)	NM	1	NM	23	(154)	NM
Total loss attributable to noncontrolling interests	(137)	(897)	NM	(470)	NM	(1,364)	(1,098)	NM
Net income (loss) attributable to AIG	(8,873)	(61,659)	NM	455	NM	(10,949)	(99,289)	NM
Loss attributable to AIG from discontinued operations, net of tax	(1,011)	(673)	NM	(67)	NM	(566)	(2,599)	NM
Loss on sale of divested businesses, net of tax	(326)	-	NM	(773)	NM	(1,263)	-	NM
Net realized capital losses, net of tax	(501)	(20,312)	NM	(981)	NM	(5,215)	(42,380)	NM
Non-qualifying derivative hedging activities, excluding net realized gains (losses), net of tax (2)	176	(2,176)	NM	344	(48.8)	1,078	(2,646)	NM
Adjusted net income (loss) (8)	$ (7,211)	$ (38,498)	NM %	$ 1,932	NM %	$ (4,983)	$ (51,664)	NM %
Income (loss) per common share attributable to AIG - diluted :								
Income (loss) from continuing operations	$ (58.05)	$ (454.01)	NM	$ 0.78	NM	(86.30)	(737.12)	NM
Income (loss) from discontinued operations	(7.46)	(4.98)	NM	(0.50)	NM	(4.18)	(19.73)	NM
Adjusted net income (loss) (8)	$ (53.23)	$ (287.69)	NM	$ 2.88	NM	(46.40)	(395.28)	NM
Weighted average shares outstanding - diluted	135	135		135		135	132	
Effective tax rates (9):								
Income (loss) before income tax and noncontrolling interest	(5.4)%	(4.5)%		114.3%		13.8%	8.3%	
Net income (loss) attributable to AIG	(6.4)%	(4.8)%		(113.8)		14.3%	8.4%	
Adjusted net income (loss) (9)	2.4%	(20.5)%		(25.2)%		13.5%	(5.4)%	

(See Accompanying Notes on Page 4)

American International Group, Inc.
Consolidated Balance Sheet
(in millions)

	December 31, 2009	December 31, 2008
Assets:		
Investments		
Fixed maturity securities (1)	$ 396,982	$ 404,134
Equity securities (2)	17,840	15,482
Mortgage and other loans receivable, net of allowance	27,461	34,687
Finance receivables, net of allowance	20,327	30,949
Flight equipment primarily under operating leases, net of accumulated depreciation	44,091	43,395
Other invested assets	45,235	57,639
Securities purchased under agreements to resell, at fair value	2,154	3,960
Short-term investments	47,075	46,666
Total investments	601,165	636,912
Cash	4,400	8,642
Accrued investment income	5,152	5,999
Premiums and other receivables, net of allowance	16,549	21,088
Reinsurance assets, net of allowance	22,425	23,495
Current and deferred income taxes	4,108	11,734
Deferred policy acquisition costs	40,814	45,782
Real estate and other fixed assets, net of accumulated depreciation	4,142	5,566
Unrealized gain on swaps, options and forward transactions, at fair value	9,130	13,773
Goodwill	6,195	6,952
Other assets, including prepaid commitment asset	18,976	29,333
Separate account assets, at fair value	58,150	51,142
Assets of businesses held for sale	56,379	-
Total assets	$ 847,585	$ 860,418
Liabilities:		
Liability for unpaid claims and claims adjustment expense	$ 85,386	$ 89,258
Unearned premiums	21,363	25,735
Future policy benefits for life and accident and health insurance contracts	116,001	142,334
Policyholder contract deposits	220,128	226,700
Other policyholder funds	13,252	13,240
Commissions, expenses and taxes payable	4,950	5,436
Insurance balances payable	4,393	3,668
Funds held by companies under reinsurance treaties	774	2,133
Securities sold under agreements to repurchase, at fair value	3,505	5,262
Securities and spot commodities sold but not yet purchased, at fair value	1,030	2,693
Unrealized loss on swaps, options and forward transactions, at fair value	5,403	6,238
Trust deposits and deposits due to banks and other depositors	1,385	4,498
Other liabilities	22,503	23,273
Commercial paper and other short-term debt	-	613
Federal Reserve Bank of New York Commercial Paper Funding Facility	4,739	15,105
Federal Reserve Bank of New York Credit Facility	23,435	40,431
Other long-term debt	113,298	137,054
Securities lending payable	256	2,879
Separate account liabilities	58,150	51,142
Liabilities of businesses held for sale	48,599	-
Total liabilities	748,550	797,692
Commitments, contingencies and guarantees		
Redeemable noncontrolling interests in partially owned consolidated subsidiaries	959	1,921
AIG shareholders' equity:		
Preferred Stock, Series E	41,605	-
Preferred Stock, Series F	5,179	-
Preferred Stock, Series C	23,000	-
Preferred Stock, Series D	-	40,000
Common stock	354	368
Additional paid-in capital	6,358	39,488
Payments advanced to purchase shares	-	-
Unrealized appreciation (depreciation) of fixed maturity investments on which other-than-temporary credit impairments were taken, net of tax	(1,810)	(599)
Unrealized appreciation (depreciation) of all other investments, net of tax	7,145	(3,853)
Net derivative gains (losses) arising from Cash flow hedging activities, net of tax	(128)	(191)
Foreign currency translation adjustments, net of tax	1,630	(187)
Retirement plan liabilities adjustment, net of tax	(1,144)	(1,498)
Accumulated deficit	(11,491)	(12,368)
Treasury stock, at cost	(874)	(8,450)
Total AIG shareholders' equity	69,824	52,710
Noncontrolling interests		
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	24,540	-
Other (including $2.2 billion associated with businesses held for sale in 2009)	3,712	8,095
Total noncontrolling interests	28,252	8,095
Total equity	98,076	60,805
Total liabilities and equity	$ 847,585	$ 860,418

(1) Includes investments in Maiden Lane II and Maiden Lane III of $759 million and $4.5 billion, respectively as of December 31, 2009.
(2) In 2009, AIG determined that certain mutual fund investments that were historically reported as part of common stocks - trading should have been reported as Other invested assets. Accordingly, the December 31, 2008 Consolidated Balance Sheet has been revised to reflect the transfer of $5.7 billion of mutual fund invstments from common stocks - trading to Other invested assets.

Moody's Investors Service

Issuer Comment: Moody's sees AIG holding its ground through 3Q09

Global Credit Research - 09 Nov 2009

The 3Q09 results of American International Group, Inc. (NYSE: AIG - long-term issuer rating of A3, short-term issuer rating of Prime-1, negative outlook) show continued stabilization of the core insurance operations despite challenging market conditions. The firm has made tangible progress on its restructuring plan, albeit with a slowdown or hold on certain asset dispositions. The US government continues to provide extensive capital and liquidity support to the company. In light of these factors, we are maintaining the current ratings and outlook on AIG. We continue to monitor the performance of major business units along with the efforts to unwind or dispose of non-core operations.

Since the appointment of Robert Benmosche as CEO in August 2009, AIG has slowed the pace of certain restructuring activities to focus on rebuilding the values of some businesses that had previously been slated for sale. In August 2009, the company named a management team for the combined Domestic Life and Retirement Services group, effectively ending the effort to sell this business. In October 2009, AIG stopped trying to sell AIG Star Life and AIG Edison Life, its two Japanese life insurance companies, and announced plans to hold them for the foreseeable future. We believe that the slower approach to restructuring could help AIG to generate more favorable values from its business portfolio than would be the case under rushed asset sales.

The restructuring plan still relies heavily on government support. Our current ratings on AIG reflect our understanding that the government is committed to working with the firm to maintain its ability to meet obligations as they come due throughout the restructuring process. Assuming further stabilization in AIG's operations and in the global financial markets, we believe that the firm can generate sufficient value to fully repay the government's senior secured loan and to repay much or all of its preferred equity stake, giving the government incentive to continue supporting AIG and its various creditors. However, a material decline in the realizable values of AIG's assets could reduce the government's incentive to support other creditors. Accordingly, AIG's ratings could be lowered if we perceive a decline in realizable values.

Net income attributable to AIG was $455 million in 3Q09, down from $1.8 billion in 2Q09, largely because of higher realized capital losses in 3Q09. Adjusted net income, which excludes realized capital gains (losses) and hedging activities that do not qualify for hedge accounting, amounted to $1.9 billion in 3Q09, down slightly from $2.0 billion in 2Q09. AIG's equity account grew by $14.4 billion during 3Q09 to $76.5 billion at quarter-end, driven by unrealized appreciation of AIG's investment portfolio which was buoyed by broad improvement in securities markets.

In General Insurance (Chartis), pretax operating income before realized capital gains (losses) declined to $722 million in 3Q09 from $1.0 billion in 2Q09, as steady new business volume and higher investment income were offset by adverse loss development and higher catastrophe losses. In Life Insurance & Retirement Services, pretax operating income before realized capital gains (losses) increased to $2.2 billion in 3Q09 from $1.5 billion in 2Q09, reflecting a moderate decline in premiums and other considerations offset by higher investment income.

AIG's non-insurance operations posted mixed results in 3Q09, with Financial Services delivering its first operating profit in many quarters, and Asset Management reporting a significant operating loss that included impairments of goodwill and of proprietary real estate investments. Within Financial Services, AIG Financial Products Corp. (AIGFP) has materially reduced the size and risk of its business on favorable terms over the past few quarters. We expect further steady progress in this regard, assuming that capital markets remain reasonably liquid, although some of AIGFP's exposures may still take considerable time to unwind. Other non-core operations, such as International Lease Finance Corporation, American General Finance and United Guaranty, may also rely on AIG's capital and liquidity support for a prolonged period.

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Moody's Investors Service

Moody's Investors Service

Global Credit Research
Credit Opinion
5 MAR 2009

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Ratings

Category	**Moody's Rating**
Rating Outlook	NEG
Senior Unsecured	A3
Senior Unsecured MTN	A3
Rated Intercompany Pool Members	
Rating Outlook	NEG
Insurance Financial Strength	Aa3
AIG Life Insurance Company	
Rating Outlook	DEV
Insurance Financial Strength	A1
American General Life Insurance Company	
Rating Outlook	DEV
Insurance Financial Strength	A1

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Key Indicators

[1]
American International Group, Inc.

	2008	**2007**	**2006**	**2005**	**2004**
Total Assets ($ Mil.)	$ 860,418	$1,048,361	$ 979,410	$ 853,048	$ 801,007
Equity ($ Mil.)	$ 52,710	$ 95,801	$ 101,677	$ 86,317	$ 79,673
Total Revenue ($ Mil.)	$ 11,104	$ 110,064	$ 113,387	$ 108,781	$ 97,823
Interest Expense ($ Mil.) [2]	$ 17,007	$ 4,751	$ 3,657	$ 2,572	$ 2,013
Net Income ($ Mil.)	$ (99,289)	$ 6,200	$ 14,048	$ 10,477	$ 9,839
Financial Leverage	NM	18.0%	16.5%	14.9%	15.7%
Earnings Coverage (1 yr.)	NM	6.5x	20.5x	21.0x	23.9x
Cashflow Coverage (1 yr.)	NM	11.2x	9.1x	12.5x	13.7x

[1] Information based on consolidated GAAP financial statements. [2] Interest expense for 2008 includes $11.4 billion related to the NY Fed credit facility, of which $9.3 billion represents amortization of the prepaid commitment fee asset associated with the facility.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated A3/negative, short-term debt rated Prime 1/negative) is a global insurance and financial services firm, with operations in more than 130 countries and jurisdictions and approximately 74 million customers worldwide. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management.

Over the past 18 months, AIG has reported severe losses and write-downs on mortgage-related exposures, causing liquidity and capital strains that threatened AIG's survival. In September 2008, the Federal Reserve Bank of New York (the NY Fed) intervened with a large credit facility to ensure that AIG could meet its obligations and to facilitate an orderly restructuring of the company. The financing arrangements and restructuring plans have evolved since then in response to extremely difficult market conditions. The current plan calls for AIG to gradually divest several businesses - some through government-backed structures - and to retain its global property & casualty (P&C) insurance operations. These core operations rank among the world's largest and most diversified P&C businesses.

On March 2, 2009, Moody's confirmed AIG's senior long-term and short-term debt ratings, while downgrading the subordinated debt rating to Ba2 from Baa1. We also confirmed the insurance financial strength (IFS) ratings of AIG's core P&C operations and took various rating actions on other operating units. The rating actions followed AIG's announcement of net losses of $62 billion for the fourth quarter and $99 billion for the full year of 2008, along with a revised restructuring plan supported by the US Treasury and the Federal Reserve.

The rating confirmation for AIG and its core P&C operations reflects the benefits to policyholders and senior creditors from the latest restructuring plan, as well as our expectation that the US government will provide additional support as needed to ensure that AIG can meet its obligations through this period of severe economic recession and market turmoil. Our expectation of systemic support is based on the substantial size and global scope of AIG's insurance and financial operations, and is consistent with actions taken and statements made by government officials.

The negative rating outlook on AIG and its core P&C operations signals the potential loss of customers, distributors and employees during the period of government intervention, along with the uncertainty regarding the ownership and capital structure following the intervention. Other areas of risk and uncertainty include: (i) potential erosion of market share among operations to be divested; (ii) potential further declines in investment portfolio values, particularly in life insurance subsidiaries, which may require further capital infusions; (iii) the timing of divestitures and resulting proceeds, given the limited funding available to potential buyers; and (iv) the timing and costs associated with unwinding AIG Financial Products Corp. (AIGFP).

AIG's fourth-quarter loss was driven mainly by realized capital losses on investments (including other-than-temporary impairments), write-downs of intangible assets, unrealized market valuation losses on derivatives, and other charges related to the ongoing restructuring efforts. The net result included about $50 billion of non-cash charges.

Major aspects of the government-backed restructuring plan include: (i) conversion of $40 billion of preferred stock provided by the US Treasury to a non-cumulative issue on which AIG is not expected to pay dividends; (ii) five-year commitment from the US Treasury for an additional $30 billion of preferred equity capital; (iii) debt-for-equity swaps whereby the NY Fed will exchange a portion of the senior secured loan under its $60 billion facility for preferred interests in two Foreign Life units; (iv) exchanges by the NY Fed of a portion of the senior secured loan for embedded value securitization notes from certain Domestic Life Insurance & Retirement Services (DLIRS) companies; and (v) formation of a new holding company, AIU Holdings, Inc., for AIG's global P&C operations, paving the way for a possible sale of a minority stake. We believe that these restructuring steps will give AIG greater flexibility to stabilize its various businesses and, over time, to pursue orderly divestitures.

Subordinated Debt

Regarding the downgrade of AIG's subordinated debt, which includes various hybrid instruments, we believe that the company intends to continue paying interest on these instruments, particularly since the cumulative interest provision limits the ultimate cash benefit of deferral. Nevertheless, in the event of further liquidity strains and/or a need for additional government support, there is a risk of deferred payment on these instruments, as well as the risk of a potential restructuring, which we have signaled through wider notching between AIG's senior and subordinated ratings.

Credit Profile of Significant Subsidiaries/Activities

AIG Property Casualty Group (Revenues: $31.0 billion in 2008, $38.0 billion in 2007)

The AIG Property Casualty Group encompasses AIG Commercial Insurance (AIGCI), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Our confirmation of the Aa3 IFS ratings (negative) on eight members of AIGCI was based on AIGCI's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. Complementing its US market presence, AIGCI enjoys access to the Foreign General Insurance network. The combined group does business with a solid majority of global and major national accounts. AIGCI has suffered some loss of business, especially in the most credit sensitive lines, as a result of parent company turmoil and the weak economy. The negative rating outlook reflects the potential for further business erosion during the period of government intervention, whether through loss of customers, distributors and employees or through aggressive pricing which could hurt underwriting results over time.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (developing) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business. TRH generates about 12% of its business through AIG affiliates and the remainder through globally diversified sources. The developing outlook signals uncertainty regarding TRH's future ownership structure.

United Guaranty Residential Insurance Company (UGRIC - IFS rating of A3/negative) is the lead company of AIG's Mortgage Guaranty unit and the guarantor of United Guaranty Mortgage Indemnity Company (IFS rating of A3/negative). UGRIC's rating and outlook are based mainly on a net worth maintenance agreement from AIG plus a fixed-dollar-limit reinsurance agreement from an AIGCI member. UGRIC's rating is constrained by the substantial incurred losses in its mortgage portfolio to date as well as the uncertainty surrounding the severity and duration of the housing market downturn.

Foreign General Insurance (Revenues: $13.7 billion in 2008, $13.7 billion in 2007)

Foreign General Insurance consists of several P&C insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship P&C insurer in the UK. The A1 IFS rating (negative) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines, along with the potential reputational harm stemming from challenges at AIG. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates.

AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan) ranks among the 10 largest P&C insurers in Taiwan. The company writes multiple product lines, including personal auto, personal and commercial property, and accident & health. AIGGI Taiwan's A3 IFS rating (negative) reflects its healthy market presence, strong risk-adjusted capitalization and improving product profile, with an emphasis on short-tail business lines. These strengths are tempered by the company's weak operating results compared to peers, largely because of investment impairment losses, business integration costs and reserve strengthening.

Domestic Life Insurance & Retirement Services (Revenues: -$17.0 billion in 2008, $15.3 billion in 2007)

Moody's A1 IFS ratings (developing) on ten members of the Domestic Life Insurance & Retirement Services (DLIRS) segment are based on their leading positions in a number of the life insurance, individual annuity, and pension markets. The DLIRS group remains the largest provider of 403(b) pensions sold to K-12 teachers, as well as a major provider of individual life insurance and annuities - businesses with healthy earnings capacity. The ratings also reflect government support, as evidenced by sizable capital contributions (via AIG) plus other funding arrangements to offset investment losses (including other-than-temporary impairments) during 2008. We expect that the government will continue supporting these operations until they are divested or otherwise stabilized. The developing outlook reflects the possibility of divestitures over time to buyers of higher, equal, or lower credit quality, and the potential for further business erosion, in the event that divestitures are delayed.

Foreign Life Insurance & Retirement Services (Revenues: $20.1 billion in 2008, $38.3 billion in 2007)

The Foreign Life Insurance & Retirement Services segment encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including sizable operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions. AIG has announced plans to contribute the equity of its largest Foreign Life operations, American International Assurance, Ltd. (AIA) and American Life Insurance Company (ALICO) to special purpose vehicles (SPVs) in exchange for preferred and common equity interests in the SPVs. The preferred interests will then be transferred to the NY Fed (or a trust for the benefit of the NY Fed) in satisfaction of a portion of AIG's senior secured loan. These transactions will reduce the loan balance materially, while allowing AIA and ALICO to operate more independently in preparation for a possible sale or public offering.

AIA and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa3/negative), make up one of the largest and most diversified life insurance groups spanning Asia and Australia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, consistent operating performance, well established and efficient agency force, and good capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea. The negative outlook reflects uncertainty about the future ownership structure as well as the challenging market conditions.

Moody's A1 IFS rating (developing) on ALICO, is based on its well established operations in more than 50 overseas markets (particularly in Japan, ALICO's largest market), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, sound capitalization and consistent operating performance. Mitigating these strengths are the uncertainty surrounding future ownership as well as the economic recession. Moody's believes that ALICO may experience additional asset impairments (housing and non-housing related), although we expect the US government to continue providing capital support if needed.

ALICO's Japanese operations have been complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of A1/developing) and AIG Star Life Insurance Co., Ltd. (not rated). The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The developing outlook reflects the possibility of a sale to a buyer of higher, equal, or lower credit quality.

Financial Services (Revenues: -$31.1 billion in 2008, -$1.3 billion in 2007)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated Baa1/review direction uncertain), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio, solid relationships with aircraft manufacturers and airlines, improving profitability and strong cash flow. Tempering this view is the cyclical nature of the business, the company's reliance on confidence-sensitive funding, and the key-man risk, given the prominent role of ILFC's founder and CEO. ILFC is among the operations that AIG has targeted for sale. Moody's rating review is focused on ILFC's future ownership, capital structure and operating strategy. We believe that AIG will continue to support ILFC as it pursues a divestiture.

The Capital Markets unit comprises the global operations of AIGFP (backed long-term issuer rating of A3/negative) and subsidiaries. The ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has developed a comprehensive plan to unwind its business, attempting to strike a balance between reducing exposures rapidly and limiting cash outflows. AIGFP has already eliminated some of its more challenging exposures, including nearly all of its credit default swaps (CDS) covering multi-sector collateralized debt obligations. Still, the ultimate costs and duration of this process are difficult to estimate and could be substantial. For instance, remaining exposures include CDS written for regulatory capital or corporate arbitrage purposes, where further market deterioration and/or changes in valuation methods could lead to sizable losses and collateral requirements.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated Baa1/review down) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's intrinsic credit profile has been underpinned by its well established consumer branch business along with its conservative credit culture and controls, enabling the company to weather the US housing slump better than some other financial institutions. Nevertheless, AGFC's core profitability has fallen, and will continue to be pressured by rising loss provisions and the absence of revenues from its shuttered mortgage banking business. Though AGFC is no longer a core holding of AIG, Moody's expects that AIG will continue to provide capital and liquidity support as long as it owns AGFC, so as to preserve the unit's branch network and economic value.

Asset Management (Revenues: -$4.5 billion in 2008, $5.6 billion in 2007)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities have been spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, initially conducted through the SunAmerica companies and then through the Matched Investment Program at AIG, is in run-off. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors. AIG has targeted some or all of the third-party asset management businesses for sale.

Credit Strengths

Credit strengths/opportunities of the group include:

- Leading market positions in various business lines and geographic areas

- Extensive funding provided through government facilities

- Historically strong earnings and cash flows of insurance operations

Credit Challenges

Credit challenges/risks include:

- Uncertainty surrounding future ownership and direction of major business units, making it difficult to retain clients, distribution partners, employees and enterprise value

- Weak global economy with limited credit availability, making it hard to sell major operations at attractive levels

- Potentially long and costly process to unwind AIGFP

- Significant fixed charge burden from senior secured, senior unsecured and subordinated debt

Rating Outlook

The negative rating outlook on AIG and its core P&C operations signals the potential loss of customers, distributors and employees during the period of government intervention, along with the uncertainty regarding the ownership and capital structure following the intervention. Offsetting these challenges is the steadfast support demonstrated by the US government. Without such support, the ratings of AIG and many of its subsidiaries would be lower.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on AIG's ratings; however, factors that could lead to a stable outlook include:

- Maintaining favorable market positions and operating performance in major operating units, whether they are core operations or targeted for sale

- Completing divestitures at attractive levels to help repay government facilities

- Substantially reducing risks at AIGFP at a manageable cost over the next 12-18 months

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A material decline in the market position or operating performance of one or more major operating units

- Material delays in the recently announced restructuring steps

- Inability to substantially unwind AIGFP within a few years at a manageable cost

- A reduction in government support

Recent Results

AIG reported a net loss of $61.7 billion for the fourth quarter of 2008. Shareholders' equity was approximately $52.7 billion as of December 31, 2008.

Capital Structure and Liquidity

AIG's liquidity position is supported by various facilities implemented by the US government. Borrowings under the NY Fed's $60 billion revolving credit facility were fairly stable in the $35-40 billion range through the first two months of 2009. Transactions with Maiden Lane II LLC and Maiden Lane III LLC in late 2008 helped to resolve two major sources of liquidity strain for AIG: the securities lending program and the multi-sector CDS portfolio. As of year-end 2008, AIG held $55.3 billion of cash and short-term investments, mostly within the operating units. In addition, the parent has access to some $20 billion under the NY Fed's revolving credit facility plus $30 billion under the pending equity commitment from the US Treasury, amounting to a total of $50 billion of available liquidity. Potential liquidity needs in the near term include: (i) capital infusions for insurance operations, particularly life operations that could experience declining investment values; (ii) additional amounts to facilitate the unwinding of AIGFP, including potential collateral postings; and (iii) possible severe catastrophe losses in the P&C operations. We believe that AIG, with the support of the US government, has sufficient resources to meet such contingencies.

As of December 31, 2008, AIG reported total borrowings of $193.2 billion, consisting of $124.1 billion of "operating" debt (supported by assets of the Financial Services segment and AIG's Matched Investment Program), $40.4 billion of senior secured debt under the NY Fed facility, $11.1 billion of senior unsecured "financial" debt (used mainly to fund investments in and advances to operating subsidiaries), and $17.6 billion of junior subordinated debt (hybrid securities). We believe that the operating debt is reasonably well covered by the related assets. We also note that a large portion of the NY Fed loan (up to $34.5 billion) will be exchanged for preferred interests in AIA and ALICO (via SPVs) and for embedded value securitization notes of certain DLIRS companies. Giving effect to these transactions as of year-end 2008, AIG would still have senior unsecured financial debt plus hybrid securities totaling some $35 billion.

AIG's equity base at year-end 2008 was virtually all preferred interests, including $40 billion of Series D preferred (10% cumulative perpetual preferred held by the US Treasury) and $23 billion of value of Series C preferred, net of $6 billion of after-tax amortization of the associated preferred commitment asset (perpetual, convertible, participating preferred being issued to a trust for the benefit of the US Treasury). These preferred interests were offset by a modest negative amount of other shareholders' equity items (about $4 billion) to arrive at total shareholder's equity of $52.7 billion. Under the latest restructuring plan, the Series D preferred will be replaced by a Series E preferred (non-cumulative dividends, with replacement capital covenant). We do not expect AIG to pay dividends on the Series C or the Series E preferreds until AIG and its major operating units achieve greater stability. The preferred interests are an important element of the government support for AIG and have substantial equity content, in our view.

AIG's intrinsic financial flexibility is well below historic levels, with a capital structure that is virtually all debt and hybrid instruments. Earnings coverage of fixed charges was nil in 2008, given the company's large reported loss, while cash coverage has been constrained by regulatory restrictions on dividends from insurance subsidiaries. Largely because of such restrictions, AIG notes that a significant majority of the aggregate equity of its consolidated subsidiaries was restricted from immediate transfer to the parent as of year-end 2008. Moody's ratings on AIG and its major operating units reflect our expectation that the US government will provide additional support as needed to ensure that AIG can meet its obligations through this period of severe economic recession and market turmoil. Ultimately we expect AIG to emerge from the government intervention as a major global P&C insurer with a sound credit profile.

Moody's Investors Service

> ***Note:*** *For ease of electronic transmission and filing, all insertions or attachments should be combined together with this rating memo into one pdf file or Word document with all pages numbered sequentially.*

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** Feb. 29, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Address AIG's: 4Q07 results, including the increase in unrealized market valuation loss on subprime-exposed super-senior CDS from a preliminary estimate of $8 bln given to us on Feb. 11 to a final reported amount of $11.12 bln.

Last Rating Action *(include date and reason)***:** Feb. 12, 2008 – Changed the outlook on AIG and several subsidiaries to negative from stable, based mainly on the company's sizable exposure to the US subprime mortgage market.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):** Local Currency	**Current Ratings (LT/ST):** Foreign Currency	**Current Ratings (LT/ST):** National Scale	**Proposed Ratings (LT/ST):** Local Currency	**Proposed Ratings (LT/ST):** Foreign Currency	**Proposed Ratings (LT/ST):** National Scale
AIG						
Long-term issuer	Aa2	Aa2		Aa2	Aa2	
Senior unsecured debt	Aa2	Aa2		Aa2	Aa2	
Senior unsecured shelf	(P)Aa2	(P)Aa2		(P)Aa2	(P)Aa2	
Subordinated shelf	(P)Aa3	(P)Aa3		(P)Aa3	(P)Aa3	
Preferred shelf	(P)A1	(P)A1		(P)A1	(P)A1	
Short-term issuer	P-1	P-1		P-1	P-1	
Outlook	Negative			Negative		
See page 13 for full rating list						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name:			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for Recommendation(s)

Recommend affirming the rating with a negative outlook based on:

1. AIG's large capital base and well diversified businesses enable the company to absorb the earnings volatility associated with US residential mortgage exposures, with little disruption to the core insurance businesses. AIG's two largest areas of exposure are (i) $65 bln notional exposure to multi-sector CDOs with subprime mortgage content, mainly through super-senior CDS written by AIGFP; and (ii) $75 bln portfolio of US non-agency RMBS, held mainly by AIG's insurance subsidiaries. Together these exposures have generated pretax realized and unrealized losses and depreciation totalling $22 bln, or about one year's worth of normalized pretax income at AIG (see page 16). However, we believe that a majority of these losses and write-downs are temporary and subject to recovery. Following are summary results of economic stress tests applied to these exposures, similar to tests that have been used for the financial guarantors.

Summary results of AIG CDO & RMBS stress tests (Chris Mann's model)

($ mlns)	Total exposures	Modeled losses	RMBS losses grossed up*
CDO notional as of Sept. 30, 2007	65,421		
RMBS par as of Dec. 31, 2007	75,276		
Base case (15% losses on 2006 subprime first-lien)			
CDO		0	
RMBS		460	580
Stress case (21% losses on 2006 subprime first-lien)			
CDO		50	
RMBS		1,372	1,731
Extreme stress case (24% losses on 2006 subprime first-lien)			
CDO		211	
RMBS		2,047	2,582

** RMBS losses grossed up by 75.3 / (75.3 - 15.6) to account for the $15.6 bln of securities not found in Moody's system.*

2. On Feb. 28, 2008, AIG reported a net loss of $5.29 bln for 4Q07, including an $11.12 bln pretax unrealized market valuation loss (MTM loss) on its super-senior CDS portfolio. On Feb. 11, the company had given us a preliminary estimate of an $8 bln MTM loss. The approximately $3 bln increase in the MTM loss reflects continuing modifications in the valuation process, particularly a greater reliance on dealer quotes, as discussed in our call notes on pages 19-20. The CDS positions are extremely illiquid, making the valuation process difficult and prone to revision. AIG notes that if the super-senior CDS portfolio were valued under accrual accounting (in accordance with FAS 5), the company would have recorded no losses to date, because such losses are not yet probable or reasonably estimable.

3. We changed AIG;s rating outlook to negative from stable on Feb. 12, 2008, based on the company's sizable exposure to the US subprime mortgage market. In particular, we cited the challenge of the CDS valuation process, which could potentially add significant volatility to AIG's earnings and capital position. The increase in the 4Q07 MTM loss versus the company's preliminary estimate does not materially change the credit profile.

Contents

Draft Press Release

Moody's affirms AIG's ratings and maintains negative outlook

Moody's Investors Service has affirmed the ratings of American International Group, Inc. (NYSE: AIG – senior unsecured debt rating of Aa2), following the company's announcement of a $5.3 billion net loss for the fourth quarter of 2007. The net result includes significant unrealized market valuation losses on super-senior credit default swaps (CDS) on multi-sector collateralized debt obligations with subprime mortgage content. Moody's said that AIG's super-senior CDS have more moderate exposure to recent mortgage vintages than those of many other market participants, such that AIG's ultimate economic losses may be materially smaller than estimated market values would suggest. Nevertheless, the rating agency said that a material increase in market valuation losses and/or a realization of significant economic losses on this portfolio could lead to a downgrade of AIG's ratings. The rating outlook for AIG remains negative.

AIG's fourth-quarter 2007 results included a $7.2 billion after-tax unrealized market valuation loss on super-senior CDS as well as $2.1 billion of after-tax realized capital losses, mainly from other-than-temporary impairment of investment securities. Also in the fourth quarter, AIG posted to its equity account $2.5 billion in after-tax unrealized depreciation of investments. All of these charges pertained largely to subprime mortgage exposures.

Moody's changed AIG's rating outlook to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure, along with the company's trend toward higher operating and financial leverage over the past few years. The rating agency noted that uncertainty surrounding the valuation of subprime mortgage exposures could add significant volatility to AIG's earnings and capital position over the near-to-medium term, thereby weakening the firm's financial flexibility to some extent.

In addition to the super-senior CDS portfolio, Moody's is monitoring the residential mortgage-backed securities (RMBS) held by AIG's insurance subsidiaries, both directly and through securities lending activities. Moody's noted that AIG generally holds well diversified senior tranches within RMBS pools, such that the ultimate economic losses on these securities may be significantly smaller than current market values would suggest. Still, Moody's is concerned that market value fluctuations on RMBS could add volatility to the earnings and capital levels of specific insurance subsidiaries and to AIG as a whole.

Other areas of potential volatility for AIG are the subprime and second-lien mortgage portfolios insured by the Mortgage Guaranty unit, as well as the subprime and non-prime mortgage loans held by the Consumer Finance unit.

According to Moody's, AIG's ratings reflect its leading positions in many insurance markets, its broad business and geographic scope, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services businesses, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market. Moody's expects that AIG will maintain its strategic focus on insurance, with Financial Services accounting for no more than 20% of consolidated operating income.

Moody's cited the following factors that could lead to a stable rating outlook for AIG: (i) improvements in stand-alone credit profiles of major operating units, (ii) continued strong group profitability, with returns on equity exceeding 15%, (iii) remediation of all material weaknesses in internal controls over financial reporting, and (iv) adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%.

Moody' cited the following factors that could lead to a rating downgrade for AIG: (i) a decline in the stand-alone credit profile of one or more substantial operating units, (ii) a decline in group profitability, with returns on equity remaining below 12% over the next few quarters, (iii) a decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage remaining below 15x over the next few quarters, or (iv) incremental subprime-related realized and/or unrealized after-tax losses exceeding $5 billion.

The last rating action on AIG took place on February 12, 2008, when Moody's changed the rating outlook to negative from stable.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $110.1 billion and net income of $6.2 billion for the year 2007. Shareholders' equity was $95.8 billion as of December 31, 2007.

For more information, please visit our website at www.moodys.com/insurance.

Current Credit Opinion (published Feb. 20, 2008)

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Key Indicators

American International Group, Inc. [1]

	YTD 9/07	2006	2005	2004	2003	2002
Total Assets ($ Mil.)	$ 1,072,105	$ 979,414	$ 853,051	$ 801,007	$ 675,602	$ 561,131
Equity ($ Mil.)	$ 104,067	$ 101,677	$ 86,317	$ 79,673	$ 69,230	$ 58,303
Total Revenue ($ Mil.)	$ 91,631	$ 113,194	$ 108,905	$ 97,666	$ 79,421	$ 66,171
Net Income ($ Mil.)	$ 11,492	$ 14,048	$ 10,477	$ 9,839	$ 8,108	$ 5,729
Financial Leverage	18.4%	18.0%	15.7%	16.2%	16.9%	
Earnings Coverage (1 yr.)		25.0x	24.2x	23.9x	19.6x	12.8x
Cashflow Coverage (1 yr.)		11.3x	14.5x	13.7x	11.9x	9.8x

[1] Information based on consolidated GAAP financial statements.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. About half of the company's revenues are derived from domestic (US) operations and half from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

Moody's changed the rating outlook for AIG to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure, along with the company's trend toward higher financial and operating leverage over the past few years. Moody's also changed the rating outlooks to negative from stable on several AIG subsidiaries (i) that have substantial exposure to the US subprime mortgage market, or (ii) whose ratings rely on significant explicit or implicit support from the parent company.

The Capital Markets unit has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. AIG's auditors have concluded that the company had a material weakness related to the valuation process as of December 31, 2007.

Moody's notes that AIG's multi-sector CDOs have more moderate exposure to recent vintages than those of many other participants in this market, such that the ultimate economic losses may be materially smaller than estimated market valuations would suggest. Moreover, the internal control weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, the CDS valuation process may remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

AIG also faces volatility in connection with its investments in residential mortgage-backed securities, including subprime and Alt-A securities, a majority of which are held by AIG's US life insurance subsidiaries, both directly and through securities lending activities. These securities are exposed to realized capital losses (through securities sales and other-than-temporary impairment) as well as unrealized losses (included in other comprehensive income). Ultimate losses incurred in this portfolio could be lower than losses recognized to date, but near-term valuations may add volatility to the earnings and capital positions of the US life subsidiaries. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by the Mortgage Guaranty unit, as well as the subprime and non-prime mortgage loans held by the Consumer Finance unit.

Moody's has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating sufficient capital strength and earnings power to support the existing ratings. We will continue this process in the months ahead, incorporating our revised expectations for cumulative losses across different loan types.

AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Credit Profile of Significant Subsidiaries/Activities

Domestic General Insurance (31% of consolidated revenues for first nine months of 2007)

The Domestic General Insurance segment encompasses the Domestic Brokerage Group (DBG), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa2 insurance financial strength (IFS) ratings (negative outlook) on eight members of DBG, reflecting DBG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by DBG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance. The DBG ratings incorporate a notch of uplift from the affiliation with AIG, which has a history of supporting these and other subsidiaries. Absent such support, the DBG members would have stand-alone ratings of Aa3.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains Aa2 IFS ratings (negative outlook) on four members of AIG's Mortgage Guaranty unit, led by United Guaranty Residential Insurance Company (UGRIC). The ratings are based on the group's historically sound underwriting, strong lender relationships and explicit support from affiliates. Three of the companies are supported by net worth maintenance agreements from AIG plus excess-of loss reinsurance covers provided by a DBG member. The fourth company is supported by an unconditional guaranty from UGRIC. Absent such explicit support, these companies would have lower stand-alone ratings. The stand-alone credit profiles have been weakened by growing losses in the insured portfolios of subprime and non-prime first-lien and second-lien mortgage loans.

Foreign General Insurance (11% of consolidated revenues for first nine months of 2007)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a DBG company in December 2007. The Aa2 IFS rating (negative outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates. Absent such support, AIG UK's stand-alone rating would be Aa3.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results over the past few years. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIG GI Taiwan), and merged the Taiwan branch of a DBG company into AIG GI Taiwan. In July 2007, Moody's upgraded the IFS rating of AIG GI Taiwan from Baa1 to A2 (stand-alone rating of A3) with a positive outlook, based on our expectation that the merger and AIG ownership will lead to a stronger competitive position and credit profile for this company.

Domestic Life Insurance & Retirement Services (13% of consolidated revenues for first nine months of 2007)

Moody's maintains Aa1 IFS ratings (negative outlook) on seven members of the Domestic Life Insurance & Retirement Services segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-

selling arrangements, and common investment management and administrative services. These strengths are tempered by persistent competition in the mature US market for protection and savings products, and by the group's significant exposure to US subprime and Alt-A RMBS, held directly and through securities lending activities.

Moody's maintains Aa2 ratings (negative outlook) on three SunAmerica companies that have booked substantial spread-based investment business through the sale of GIC-backed notes to investors. In 2005, AIG shifted this activity to a new Matched Investment Program (MIP – now part of the Asset Management segment) and placed the SunAmerica GIC portfolio into runoff. Our Aa2 ratings on these companies reflect the heightened asset and liquidity risks associated with a runoff portfolio, although we believe that AIG is managing the runoff effectively. AIG also provides net worth maintenance agreements in support of the SunAmerica companies.

Foreign Life Insurance & Retirement Services (31% of consolidated revenues for first nine months of 2007)

Foreign Life Insurance & Retirement Services encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income) along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, healthy capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison – IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB – IFS rating of Aa2, negative outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock. The AIAB rating incorporates one notch of uplift from the AIG ownership and support. Absent such support, the stand-alone rating would be Aa3.

Financial Services (8% of consolidated revenues for first nine months of 2007)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC – senior unsecured debt rated A1, stable outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower.

The Capital Markets unit comprises the global operations of AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa2 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US subprime mortgage market through super-senior CDS and cash CDOs, as noted above.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC – senior unsecured debt rated A1, stable outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and a small amount of lift from the AIG relationship. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of September 30, 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards will help the company to weather the housing market slump relatively well.

Asset Management (6% of consolidated revenues for first nine months of 2007)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's MIP. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US subprime mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

- Sizable exposure to the US subprime mortgage market through various business units and activities

Rating Outlook

AIG's rating outlook was changed to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure. The valuation and reporting of these exposures, particularly super-senior CDS, may remain difficult for the duration of the mortgage market slump.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improvements in stand-alone credit profiles of major operating units

- Continued strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- A decline in group profitability, with returns on equity falling below 12%

- A decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage below 15x

- Net special charges (e.g., associated with natural or man-made catastrophes or subprime mortgage exposures) exceeding one-half-year's worth of normalized earnings

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $91.6 billion and net income of $11.5 billion for the first nine months of 2007, as compared to $83.4 billion and $10.6 billion for the first nine months of 2006. Shareholders' equity was $104.1 billion as of September 30, 2007.

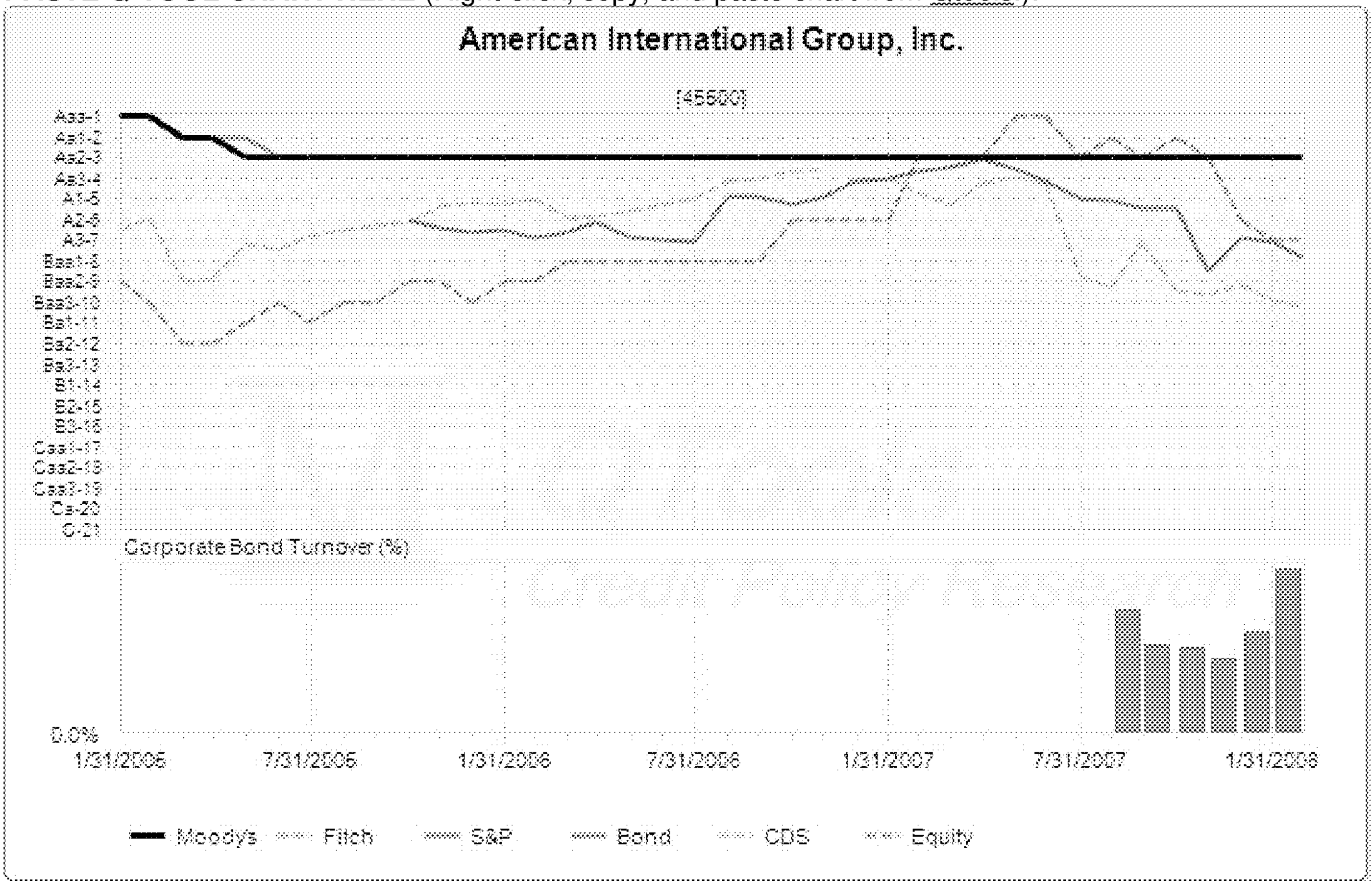
Capital Structure and Liquidity

Moody's believes that AIG's financial flexibility has been weakened somewhat by the firm's exposure to the US subprime mortgage market and by the trend toward higher financial and operating leverage over the past few years, as reflected in the negative rating outlook. AIG's adjusted financial leverage has increased from 15.7% at year-end 2005 to 18.4% as of September 30, 2007. The company issued approximately $4.5 billion of junior subordinated debentures (hybrids) during the first nine months of 2007, using substantially all of the net proceeds to repurchase common stock. Moody's expects the company to keep its adjusted financial leverage below 20%.

Moody's believes that AIG has sufficient liquidity – through dividends from subsidiaries, credit facilities and access to capital markets – to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $24 billion over the past four years. However, a majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Largely as a result of such regulations, approximately 90% of AIG's consolidated shareholders' equity was restricted from immediate transfer to the parent company as of year-end 2006. Still, barring a major disruption, the parent had access to approximately $10.2 billion (10% of year-end 2006 equity) from its subsidiaries during 2007. This amounted to 11.3x coverage of adjusted interest expense for 2006 – a level consistent with the rating category. We expect that AIG will report a similar level of subsidiary dividend capacity as of year-end 2007.

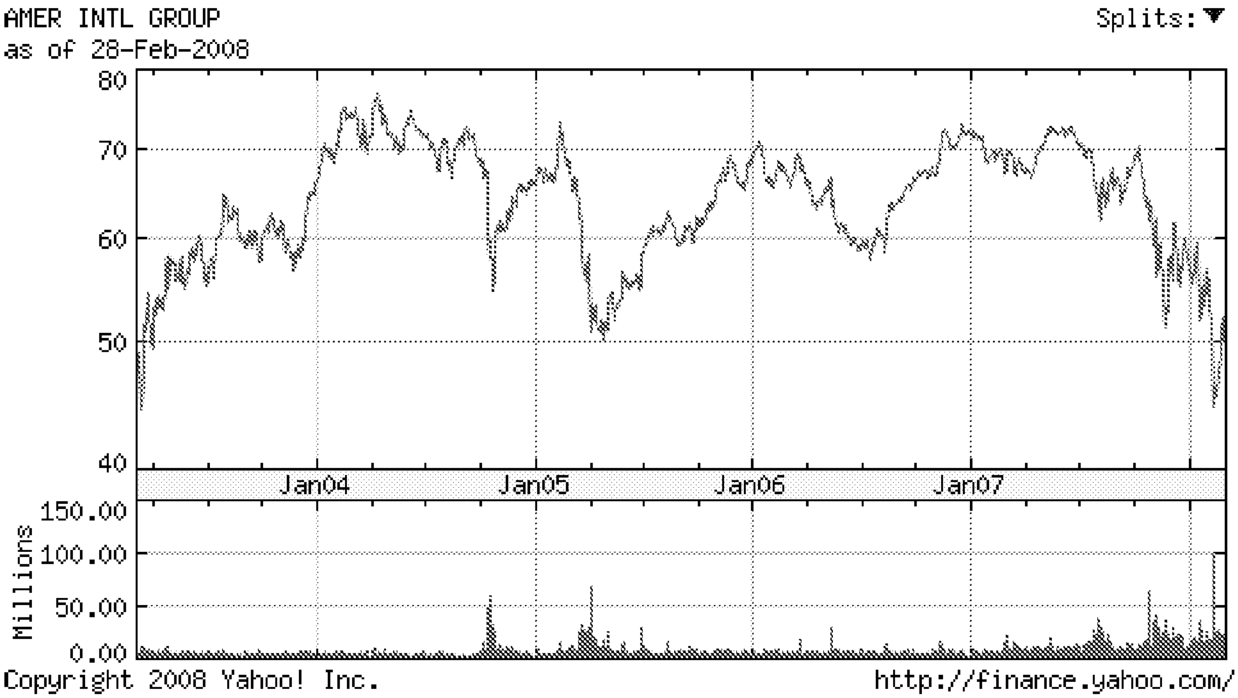
AIG gets a portion of its funding through a $7 billion commercial paper program ($4.2 billion outstanding at year-end 2007). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2008 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of September 30, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):



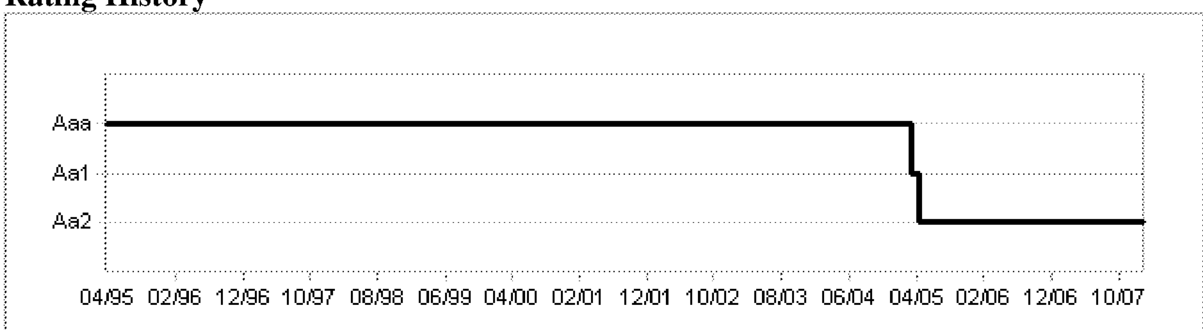
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt by market concerns over additional charges related to subprime mortgage exposures.

Stock Chart



Market capitalization: $127 billion

Rating History



Organizational Structure with Rated Entities

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa2	Negative	Negative
			Sr Unsec Debt			Aa2		
			Sr Unsec Shelf			(P)Aa2		
			Subord Shelf			(P)Aa3		
			Prfrd Shelf			(P)A1		
			ST Issuer			P-1		
AIG Capital Corporation	DE							
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	Stable	Stable
			ST Debt			P-1		
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	Stable	Stable
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)Aa3	Negative	Negative
AIG Domestic General Insurance Group (not a legal entity)								
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	Stable
			Sr Unsec Shelf			(P)A2		
			Subord Shelf			(P)A3		
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	Negative	Negative
United Guaranty Corporation	NC	Domes Gen Ins						
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa2	Negative	Negative
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt			Negative	Negative
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee		Aa2	Negative	Negative
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt		Aa2	Negative	Negative
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa2	Negative	Negative
			Bkd ST Debt	AIG G'tee		P-1		
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
			Bkd ST Debt	AIG G'tee		P-1		
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	Stable
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs						
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs						
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Stable	Stable
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Negative	Negative
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	Negative	Negative
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	Stable
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Negative	Negative
			Bkd ST IFS	AIG Agmt		P-1		
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Negative	Negative
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Negative	Negative
			Bkd ST IFS	AIG Agmt		P-1		
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Negative	Negative
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Negative	Negative
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Negative	Negative
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Negative	Negative
			Bkd ST IFS	AIG Agmt		P-1		
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa2	Negative	Negative
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs						
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Negative	Negative
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Negative	Negative
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Negative	Negative
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Negative	Negative
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Negative	Negative
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	Negative	Negative
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	Negative	Negative
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Stable	Stable
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	Stable	Stable
			Sr Unsec Debt		A2	A1		
			ST Debt			P-1		
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	Stable	Stable
Yosemite Insurance Company	IN	Fin Svcs						
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Stable	Stable
American International Underwriters Overseas, Ltd.	Bermuda							
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A2	Positive	Positive
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa2	Negative	Negative
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	Negative	Negative
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Stable

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

Weighted Average Stand-alone Rating

($Mil.) Pretax Operating Income by Segment	YTD 9/30/2007	YTD 9/30/2007	Rated	Not Rated	Rated % of Total	Rated % of Rated	SA Rating	SA Rating	Public Rating
General Insurance									
Domestic Brokerage Group	5,662	5,662	5,662		29.9%	39.6%	Aa3	4	Aa2
Transatlantic Holdings, Inc.	508	508	508		2.7%	3.5%	Aa3	4	Aa3
Personal Lines	252	252		252					
Mortgage Guaranty*	-289	301	301		1.6%	2.1%	Aa3	4	Aa2
Total Domestic	**6,133**	**6,723**							
AIG General Insurance (Taiwan) Co., Ltd.		24	24		0.1%	0.2%	A3	7	A2
AIG UK Limited		1,291	1,291		6.8%	9.0%	Aa3	4	Aa2
Other Foreign General		1,069		1,069					
Total Foreign	**2,383**	**2,383**							
Other/Eliminations	-5	-595		-595					
Total General Insurance	**8,511**	**8,511**							
Life Insurance & Retirement Services									
Domestic Life Insurance	774	774							
Domestic Retirement Services	1,452	1,452							
Total Domestic	**2,226**	**2,226**	2,226		11.7%	15.6%	Aa1	2	Aa1
American Life Insurance Company		887	887		4.7%	6.2%	Aa2	3	Aa2
AIG Edison Life Insurance Company		1,140	1,140		6.0%	8.0%	Aa3	4	Aa2
Japan and Other	**2,753**	**2,027**							
American Life Insurance Company		444	444		2.3%	3.1%	Aa2	3	Aa2
American Int'l Assurance Co. (Bermuda) Limited		1,028	1,028		5.4%	7.2%	Aa2	3	Aa2
Asia	**1,921**	**1,471**							
Other Foreign		1,176		1,176					
Total Foreign	**4,674**	**4,674**							
Total Life Insurance & Retirement Services	**6,900**	**6,900**							
Financial Services									
Aircraft Leasing	625	625	625		3.3%	4.4%	A3	7	A1
Capital Markets	183	183		183					
Consumer Finance	180	180	180		0.9%	1.3%	A2	6	A1
Other	20	20		20					
Total Financial Services	**1,008**	**1,008**							
Asset Management									
Spread-based Investment Business	759	759		759					
Institutional Asset Management	1,406	1406		1406					
Brokerage Services, Mutual Funds and Other	376	376		376					
Total Asset Management	**2,541**	**2,541**							
Total Pretax Segment Operating Income	**18,960**	**18,960**	**14,315**	**4,645**	**75%**	**100%**			
Other/Eliminations	-1,581	-1,581							
Consolidated Pretax Operating Income	**17,379**	**17,379**							
Weighted Average Stand-alone Rating							**Aa3**	**3.7**	

** Mortgage Guaranty weighted based on earnings in prior-year period*

Summary of AIG's Subprime Mortgage Exposures, Charges & Writedowns

($ Mil.) Business unit	Type of exposure	Amount at 9/30/2007	Pretax chgs thru I/S 9M 2007	Est pretax chgs thru I/S in 4Q 2007	Actual pretax chgs thru I/S in 4Q 2007	Unreal deprec to SE at 9/30/2007	Est unreal deprec to SE in 4Q 2007	Actual unreal deprec to SE in 4Q 2007	Pretax op inc 2007	Pretax op inc 2006
Consumer Finance (American General Finance)	Subprime & non-prime mortgage loans receivable	9,400							171	668
Mortgage Guaranty (United Guaranty)	Subprime & non-prime mortgage loans insured	8,400							-637	328
Insurance investments (mostly Domestic Life & Retirement Services)	Subprime & Alt-A RMBS	51,900	-271	-3,500	-2,630	-2,200	-2,600	-2,540	1,989	3,240
	Subprime exposed cash CDOs	234								
Capital Markets (AIGFP)*	Subprime exposed super-senior CDS	63,000	-352	-8,000	-11,120				-10,557	-873
	Subprime exposed cash CDOs	3,500			-643					
Consolidated results						**9/30/2007**	**Est 12/31/2007**	**Actual 12/31/2007**	**2007**	**2006**
Shareholders; equity						104,067	97-99,000	95,801		
Pretax operating income									8,943	21,687

** Capital Markets loss in 2006 pertains to hedges that did not qualify for hedge accounting.*

Banking RMBS/CDO Stress Test Applied to AIG ($ mlns)

AIG (estimates as of Dec. 31, 2007)

LONG

Subprime & Alt-A RMBS (Funded & Synthetic)	Exposure	Mark	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Aaa	37,262	-20%	-18%	2%	$ 827	38,089
Aa	7,000	-11%	-42%	-31%	$ (2,414)	4,586
A	880	-8%	-62%	-53%	$ (511)	369
Baa	22		-77%	-77%	$ (17)	5
Ba & below			-79%	-79%	$ -	-
Unrated			-100%	-100%	$ -	-
Total	**45,164**	**-18%**	**-22%**	**-4%**	**$ (2,115)**	**43,050**

High-Grade CDOs (Funded & Synthetic) With Subprime Content	Exposure	Mark	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Super Sr. Aaa	38,640	-13%	-18%	-5%	$ (2,396)	36,244
Aaa	1,100	0%	-45%	-45%	$ (495)	605
Aa			-60%	-60%	$ -	-
A			-90%	-90%	$ -	-
Baa			-98%	-98%	$ -	-
Ba & below			-100%	-100%	$ -	-
Unrated			-100%	-100%	$ -	-
Total	**39,740**	**-12%**	**-19%**	**-6%**	**$ (2,891)**	**36,849**

Mezz CDOs (Funded & Synthetic) With Subprime Content	Exposure	Mark	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Super Sr. Aaa	13,440	-31%	-38%	-7%	$ (1,442)	11,998
Aaa	1,720	-27%	-60%	-33%	$ (775)	945
Aa	37	0%	-100%	-100%	$ (37)	-
A			-100%	-100%	$ -	-
Baa			-100%	-100%	$ -	-
Ba & below			-100%	-100%	$ -	-
Unrated			-100%	-100%	$ -	-
Bespoke					$ -	-
Total	**15,197**	**-30%**	**-40%**	**-10%**	**$ (2,254)**	**12,943**

Total Long Summary:	Exposure	Mark	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Total	**100,101**				**-7,259**	**92,842**

Final

Total Short Summary:	Exposure	Mark	*Stress*	*Further Mark*	*Gain*	*Remaining*
Total	**0**				**0**	**0**

Final Summary:	Exposure	Mark	*Stress*	*Further Mark*	*P/L*	*Remaining*
Total	**100,101**				**$ (7,259)**	**92,842**

	Est. as of 11-Feb-08 After tax	Est. as of 11-Feb-08 Pretax	Reported as of YE 2007 After tax	Reported as of YE 2007 Pretax	
RMBS net realized loss thru Sep. 2007	-176		-176		
RMBS unreal. deprec. thru Sep. 2007	-2,200		-2,200		
Incr. RMBS deprec in 4Q07	-2,600		-2,540		
Total after-tax RMBS mark	-4,976		-4,916		
Pretax equivalent of RMBS mark		-7,655		-7,563	< Moody's calc
Pretax OTTI loss in 4Q07		-3,500		-3,273	of tax effect
Pretax CDS mark reported thru Sep. 2007		-352		-352	
Incr. pretax CDS mark in 4Q07		-8,000		-11,120	
Actual & est. pretax mark thru YE 2007		**-19,507**		**-22,308**	

AIG Financial Highlights	2007	2006	Mark thru YE 2007 % of 2007	Mark thru YE 2007 % of 2006	Potential Add'l Mark % of 2007	Potential Add'l Mark % of 2006
Pretax income	8,943	21,687	-249%	-103%	-81%	-33%
Shareholders' equity	101,677	95,801	-22%	-23%	-7%	-8%

Description of AIG's Subprime Mortgage Exposures
Information as of September 30, 2007

(1) American General Finance (AGF)

- Provides first- and second-lien mortgage loans to borrowers through a network of over 1,500 branches in the US; in business more than 50 years
- Tracks more than 350 local real estate markets; deliberately slowed business growth in several markets over the past couple of years
- Consumer Finance adjusted pretax operating income fell to $80 mln in 3Q07 from $220 mln in 3Q06 based on lower origination volumes and increased allowance for loan losses
- Delinquencies and charge-offs remain acceptable – below target bands
- 87% of loans are fixed rate; adjustable-rate loans are qualified on a fully-indexed and amortizing basis; no option ARMs
- Total real estate portfolio $19.5 bln (avg LTV 80%), consisting of $9.8 bln prime (FICO > 660, avg LTV 84%), $3.3 bln non-prime (FICO 620-660, avg LTV 80%), $6.1 bln subprime (FICO < 620, avg LTV 75%), and $0.3 bln other

(2) United Guaranty (UGC)

- Insures primarily high-quality, high-LTV first- and second-lien mortgage loans; established 1963
- Mortgage Guaranty pretax operating loss of $216 mln in 3Q07 versus a positive $85 mln in 3Q06
- Company projects further pretax operating losses of about $291 mln in 4Q07 and $459 mln in 2008, returning to a positive $294 mln in 2009 and $635 mln in 2010
- Delinquency rates are rising but are consistently below industry averages
- Second-lien mortgages accounted for just 13% of net risk in force at the end of 3Q07 but they produced 59% of losses in 3Q07
- Starting in 2006, UGC has re-engineered its second-lien product and tightened underwriting standards on its first-lien product; company is raising rates as well
- Total real estate portfolio $28.2 bln, consisting of $19.8 bln prime (FICO > 660), $6.0 bln non-prime (FICO 620-660), and $2.4 bln subprime (FICO < 620)

(3) RMBS portfolio held by insurance companies (mostly Domestic Life operations)

- Total RMBS portfolio $93.1 bln or about 11% of AIG's total invested assets
- Subprime portion is $25.9 bln, of which about 85% is rated Aaa, 13% Aa, 2% A and 0.1% below A
- AIG focuses on relatively short-term RMBS with early prepay characteristics; weighted average expected life of portfolio is 3.9 years
- LTV of underlying mortgages averages about 80%
- Company focuses on pools with strong originators and has avoided higher-risk collateral, such as 80/20 (piggy-back) loans and option ARMs
- AIG's RMBS portfolio accounted for realized losses of $176 mln and unrealized investment depreciation of $1.6 bln during 3Q07

(4) Cash CDOs at insurance companies

- Moderate exposure of $234 mln
- Company has focused on strong originators

(5) Super-senior CDS written by AIG Financial Products Corp. (AIGFP)

- AIGFP has written super-senior CDS since 1998
- AIGFP's total notional book of super-senior CDS amounts to $513 bln, with underlying collateral consisting of corporate loans ($294 bln), non-US residential mortgages ($141 bln), multi-sector CDOs with no subprime content ($15 bln) and multi-sector CDOs with subprime content ($63 bln)

- The $63 bln portfolio (104 deals) with subprime content includes (a) $44 bln (45 deals) with mainly Aaa and Aa collateral (high-grade), average attachment point 15% with 41% of the 15% subordination rated Aaa; and (b) $19 bln (59 deals) with mainly Baa collateral (mezzanine), average attachment point 36% with 38% of the 36% subordination rated Aaa
- AIGFP stopped committing to super-senior CDS with subprime collateral in December 2005
- Company models each deal to produce zero expected loss even when underlying obligors are subjected to recessionary conditions for the life of the deal
- AIGFP used the Binomial Expansion Technique (BET) to value this portfolio in 3Q07, resulting in a $352 mln valuation loss recognized during the quarter and an estimated incremental $550 mln incurred during October 2007
- Company still expects to make no payments on this portfolio

(6) Cash CDOs at AIGFP

- AIGFP holds $3.5 bln (68 deals) of multi-sector cash CDOs with subprime content; nearly all rated Aaa; 4 deals totaling $37 mln are rated Aa
- This portfolio includes $1.1 bln with high-grade collateral and $2.4 bln with mezzanine collateral
- As with the CDS portfolio, AIGFP has modest exposure to 2006 and 2007 vintage subprime mortgages

Notes from 4Q07 pre-earnings call with AIG
February 27, 2008

AIG participants
Steve Bensinger, CFO
Bill Dooley, SVP – Financial Services
Elias Habayeb, CFO – Financial Services
Kevin McGinn, Chief Credit Officer
Teri Watson, Rating Agency Relations

Moody's participants
Bruce Ballentine
Laura Bazer
Wally Enman
Shachar Gonen
Sarah Hibler
Robert Riegel
Max Zormelo

4Q07 results

AIG phoned us on Feb. 27 with 4Q07 results (announced after the market closed on Feb. 28), which included an $11.12 bln pretax unrealized market valuation loss on super-senior CDS, versus a preliminary estimate of $8 bln pretax given to us by the company on Feb. 11. Adding the $11.12 bln to the $0.35 bln booked in 3Q07 brings the total for the year to $11.47 bln pretax ($7.46 bln after tax). AIG walked us through its CDS valuation process as of YE 2007 (see below), which incorporates dealer quotes on about $60 bln of its $78 bln notional CDS exposure to multi-sector CDOs.

Other aspects of the 4Q07 results did not change materially from the Feb. 11 estimates, including (i) a $3.27 bln pretax ($2.13 bln after tax) OTTI charge related to investments at the insurance subsidiaries and AIGFP, mainly subprime related; and (ii) a $2.54 bln (after tax) decline in AOCI for unrealized depreciation on investments, mainly subprime related.

2007 results

Adjusted net income for the year 2007, which includes the unrealized market valuation loss on CDS but excludes net realized capital losses, was $9.31 bln. Net income for the year was $6.20 bln. Shareholders' equity at YE 2007 was $95.80 bln, versus $101.68 bln at YE 2006 and $104.07 bln at Sept. 30, 2007. The decline in equity during 2007 mainly reflects the $6.20 bln of net income offset by a $5.71 bln decline in unrealized appreciation on investments along with about $5 bln worth of shares repurchased. AIG has suspended its share repurchase program.

AIGFP's valuation of super-senior CDS on multi-sector CDOs

The increase in the pretax unrealized market valuation loss (MTM loss) on super-senior CDS – from a preliminary estimate of $8 bln on Feb. 11 to a final amount of about $11.12 bln – was driven by continuing modifications to the valuation process. When reporting its 3Q07 results, AIG announced an MTM loss of $352 mln incurred during 3Q07, plus an incremental MTM loss of $550 mln incurred during Oct. 2007. These market values were based mainly on the Binomial Expansion Technique (BET).

In early Dec. 2007, the company announced an incremental MTM loss of $500-700 mln incurred during Nov. 2007. The Nov. 2007 estimate was based on a revised approach that considered both the BET as well as dealer quotes on cash instruments in the underlying collateral pools. The valuation based on dealer quotes involved the estimation of a gross MTM loss which was then offset by the benefits of (i) structural mitigants (cash flow diversion features), and (ii) the spread differential (negative basis) typically observed between cash instruments and derivatives on similar risks.

On Feb. 11, 2008, AIG filed an 8-K revealing the components of its cumulative MTM loss as of the end of Nov. 2007, as follows: gross amount of $5.96 bln, less structural mitigants of $0.73 bln, less negative basis adjustment of $3.63 bln, for a net amount of $1.60 bln. AIG announced that it could no longer recognize the negative basis adjustment because this benefit could no longer be observed in the market (because of the lack of trading activity). AIG also announced that its auditors had determined that the company had a material weakness with regard to its CDS valuation process.

At that time, AIG gave us a preliminary estimate of an $8 bln MTM loss on its super-senior CDS portfolio during 4Q07. By the time of its earnings announcement at the end of Feb., this MTM loss had increased to $11.12 bln, reflecting further modifications to the valuation process, including giving greater weight to dealer quotes. The main modifications were as follows:

1. In applying the BET, AIG capped the values of securities in the underlying collateral pools at 95% of par. (This change accounted for about $1 bln of incremental MTM loss.)
2. AIG then compared the revised BET modeled values to dealer quotes for each CDS transaction, and selected market values according to the following rules: (These changes accounted for about $2 bln of incremental MTM loss.)
   - If the BET value was lower than the dealer quote, then AIG used the BET value;
   - If the BET value was higher than the dealer quote but within a reasonable bid/offer range (defined as 10 points), then AIG used the average of the BET value and the dealer quote;
   - If the BET value was higher than the dealer quote by more than 10 points and the valuation of the various tranches was internally consistent, then AIG used the dealer quote;
   - If the BET value was higher than the dealer quote by more than 10 points and the valuation of the various tranches was internally inconsistent (e.g., the super-senior tranche valued below the actual or implied value of a more junior tranche), then AIG used an "equilibrium" value that was no higher than that of the tranche immediately below super-senior.

AIG typically received quotes from just one or two dealers – the deal sponsor and the CDS counterparty. In many cases these were the same entity, so that AIG received just one quote.

AIG indicated that a "worst-case" valuation policy, that took the lower of the BET value or dealer quote in all instances, would have resulted in a MTM loss of about $13 bln rather than the $11.12 bln recorded for 4Q07.

AIG also noted that if the super-senior CDS portfolio were valued under accrual accounting (in accordance with FAS 5), the company would have recorded no losses to date, because such losses are not yet probable or reasonably estimable.

AIGFP management change

AIG told us about a pending management change at AIGFP. Joe Cassano, a founding member of AIGFP and CEO for many years, will relinquish his management role in March 2008 and serve on a consulting basis through the year 2008. Bill Dooley, AIG's SVP of Financial Services, will serve as interim CEO of AIGFP.

(Notes by BB, WE)

Draft Liquidity Risk Assessment: AIG Funding, Inc.

AIG Funding, Inc. has a Prime-1 rating on its $7 billion (authorized) commercial paper program, based on the unconditional and irrevocable guarantee from the parent company, American International Group, Inc. (NYSE: AIG - senior unsecured debt rating Aa2, short-term issuer rating Prime-1, stable outlook). AIG is a global multi-line insurance and financial services organization with a strong position in domestic and international markets. AIG Funding, a wholly-owned finance subsidiary, uses commercial paper to meet the short-term cash needs of AIG and certain subsidiaries. AIG's liquidity is supported by dividends from diverse operating subsidiaries and by external and intercompany credit facilities.

As a holding company, AIG's main source of cash is dividends from a range of insurance and non-insurance operating subsidiaries. The insurance subsidiaries generate cash from operations and also carry substantial balances of cash, short-term investments and other liquid securities, a portion of which could be used to fund dividend payments (subject to regulatory limits) or other advances to the parent. Although Moody's gives some credit for dividends and loans available from insurance subsidiaries to the holding company, we recognize that the actions of insurance regulators during a time of stress could create a delay or uncertainty in accessing such sources. Largely as a result of insurance regulations, approximately 90% of AIG's consolidated shareholders' equity was restricted from immediate transfer to the parent company as of year-end 2006. This suggests that, barring a major disruption, the parent had access to approximately $10.2 billion (10% of year-end 2006 equity) from its subsidiaries during 2007. We expect that the subsidiary dividend capacity would remain at a similar level as of year-end 2007.

AIG and AIG Funding are parties to two syndicated bank facilities totaling $3.75 billion, primarily to back commercial paper. These facilities include a $2.125 billion 364-day revolver expiring in July 2008 (with a one-year term-out option) and a $1.625 billion five-year revolver expiring in July 2011. AIG and AIG Funding also share a $3.2 billion 364-day bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of December 31, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Borrowings by AIG Funding under these facilities are guaranteed by AIG. None of these facilities has a material adverse change clause as a condition to borrowing. Finally, AIG has a $5.335 billion intercompany 364-day credit facility provided by certain of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most notably AIG Financial Products Corp. and related entities, and American General Corporation. AIG also provides support agreements to several insurance subsidiaries. These arrangements represent contingent liquidity risk to the holding company. Moody's views the risk as manageable in light of the sound internal liquidity management at these operations.

In evaluating AIG's liquidity profile, Moody's also considers the company's ownership of non-guaranteed subsidiaries, including International Lease Finance Corporation (ILFC) and American General Finance Corporation (AGF). Each of these firms maintains its own sources of primary and secondary liquidity. For additional information, please see Moody's separate liquidity opinions on ILFC and AGF.

For the quarter ended December 31, 2007, AIG Funding had average commercial paper outstandings of approximately $5.6 billion, maximum outstandings of $6.6 billion, and quarter-end outstandings of $4.2 billion. A portion of this borrowing represents a fairly stable component of the parent company's funding. The remainder is used to fund relatively liquid assets within AIG's Financial Services segment.

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Revised 2007	2007	2006	2005	2004	2003
Financial Leverage						
Unadjusted debt ($ mil)	176,049	176,049	148,679	109,849	96,899	80,349
Adjusted debt ($ mil)	23,805	28,489	21,755	15,352	14,191	12,832
Unadjusted equity ($ mil)	95,801	95,801	101,677	86,317	79,673	69,230
Adjusted equity & minority interest ($ mil)	106,205	106,205	99,372	82,367	73,600	63,147
Unadjusted debt % capital	64.8%	64.8%	59.4%	56.0%	54.9%	53.7%
Adjusted debt % capital	18.3%	21.2%	18.0%	15.7%	16.2%	16.9%
Earnings Coverage of Interest & Prfrd Divs						
Unadjusted EBIT ($ mil)	18,631	18,631	28,672	20,886	19,128	16,135
Adjusted EBIT ($ mil)	10,527	10,527	22,781	15,910	15,276	12,493
Unadjusted interest & preferred dividends ($ mil)	9,688	9,688	6,951	5,673	4,427	4,219
Adjusted interest & preferred dividends ($ mil)	1,625	1,625	1,112	758	638	638
Unadjusted earnings coverage (x)	1.9x	1.9x	4.1x	3.7x	4.3x	3.8x
Adjusted earnings coverage (x)	6.5x	6.5x	20.5x	21.0x	23.9x	19.6x
Adjusted earnings coverage (x) - 5-yr avg		18.3x	19.6x			
Dividend Capacity Coverage of Int & Prfrd Divs						
Portion of equity not immediately available (%)	81%	81%	90%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	18,202	18,202	10,168	9,495	8,764	7,615
Unadjusted dividend capacity coverage (x)	1.9x	1.9x	1.5x	1.7x	2.0x	1.8x
Adjusted dividend capacity coverage (x)	11.2x	11.2x	9.1x	12.5x	13.7x	11.9x
Adjusted dividend capacity coverage (x) - 5-yr avg		11.7x	11.4x			
Goodwill Exposure						
Goodwill ($ mil)	9,414	9,414	8,628	8,093	8,556	7,619
Goodwill % equity	9.8%	9.8%	8.5%	9.4%	10.7%	11.0%
Balance Sheet Inputs ($ mil)						
Total assets	1,072,105	1,072,105	979,410	853,051	801,007	675,602
Unadjusted debt	176,049	176,049	148,679	109,849	96,899	80,349
Operating debt	153,433	148,749	132,104	99,486	87,570	72,088
Financial debt	22,616	27,300	16,575	10,363	9,329	8,261
Minority interest	10,422	10,422	7,778	5,124	4,831	3,547
Unadjusted equity	95,801	95,801	101,677	86,317	79,673	69,230
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	4,375	4,375	10,083	8,348	10,326	9,071
Income Statement Inputs ($ mil)						
Total revenue	110,064	110,064	113,387	108,905	97,666	79,421
Unadjusted interest expense	9,688	9,688	6,951	5,673	4,427	4,219
Operating interest expense	8,361	8,361	6,110	5,175	4,041	3,817
Financial interest expense	1,327	1,327	841	498	386	402
Income tax expense	1,455	1,455	6,537	4,258	4,407	3,556
Minority interest expense	1,288	1,288	1,136	478	455	252
Net income	6,200	6,200	14,048	10,477	9,839	8,108
Preferred dividends	0	0	0	0	0	0

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Revised 2007	2007	2006	2005	2004	2003
Pension Adjustments ($ mil)						
Assumed borrowing rate (%)			5%			
Assumed tax rate (%)			35%			
Projected benefit obligation (end of year)	4,901	4,901	4,657	4,481	4,126	3,950
Fair value of plan assets (end of year)	4,081	4,081	3,610	3,260	2,871	2,715
Pension asset recorded				703	523	566
Pension liability recorded				807	888	941
Debt adjustment	820	820	1,047	1,221	1,255	1,235
Shareholders' equity adjustment				-726	-579	-559
Interest expense adjustment	41	41	52	61	63	62
Lease Adjustments ($ mil)						
Assumed debt multiplier (x)			6x			
Rent expense	771	771	657	597	568	524
Debt adjustment	4,626	4,626	3,942	3,582	3,408	3,144
Interest expense adjustment	257	257	219	199	189	175
EBIT adjustment	257	257	219	199	189	175
Other Adjustments ($ mil)						
Hybrid securities #1	100	100	191	186	199	192
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A
Debt portion of hybrid	100	100	191	186	199	192
Equity portion of hybrid	0	0	0	0	0	0
Hybrid securities #2	5,809	5,809				
Reporting category	Debt	Debt				
Basket designation	D	D				
Debt portion of hybrid	1,452	1,452				
Equity portion of hybrid	4,357	4,357				
Lloyd's LOCS						
Operating Debt Detail ($ mil)						
MIP matched notes and bonds payable	14,267	14,267	5,468	0	0	0
Series AIGFP matched notes and bonds payable	874	874	72	0	0	0
AIG-guaranteed borrowings of AIGFP	65,447	65,447	67,048	47,274	41,614	32,941
Non-guaranteed borrowings of fin svcs, invest & other	67,881	67,881	59,277	52,272	45,736	38,990
Less borrowings of insurance operations	-545	-545	-459	-474	-180	-181
CP issued by AIG Funding on behalf of AI Credit et al.	5,409	725	598	314	300	238
Hybrid securities issued by ILFC	100	100	100	100	100	100
Total operating debt	153,433	148,749	132,104	99,486	87,570	72,088

AIG Financial Highlights (from Company Profile)

($ Mil.)	YTD 9/30/07	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	45,754	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	36,068	44,866	41,872	40,623	35,031	26,718
Net Investment Income	4,585	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	8,511	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	64.3%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.0%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	88.3%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	24,895	30,636	29,400	28,088	23,496	20,694
Net Investment Income	16,468	19,439	18,134	15,269	12,942	11,243
Pretax Operating Income	6,900	10,032	8,904	7,925	6,929	5,258
Financial Services						
Revenues	7,109	8,010	10,525	7,495	6,242	6,822
Pretax Operating Income	1,008	524	4,276	2,180	1,182	2,125
Asset Management						
Revenues	5,721	5,814	5,325	4,714	3,651	3,467
Pretax Operating Income	2,541	2,346	2,253	2,125	1,316	1,125
AIG Consolidated						
Total Revenues	91,631	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	17,379	21,687	15,213	14,845	11,907	7,808
Net Income	11,492	14,048	10,477	9,839	8,108	5,729
Total Assets	1,072,105	979,414	853,051	801,007	675,602	561,131
Total Debt	176,185	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	104,067	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	YTD 9/30/07	YTD 9/30/06	2006	2005	2004
Revenues					
General Insurance	38,589	36,438	49,206	45,174	41,961
Life Insurance & Retirement Services	40,337	37,303	50,163	47,376	43,402
Financial Services	7,109	5,923	8,010	10,525	7,495
Asset Management	5,721	3,647	5,814	5,325	4,714
Other/Eliminations	-125	68	1	505	94
Consolidated Revenues	**91,631**	**83,379**	**113,194**	**108,905**	**97,666**
Pretax Operating Income					
General Insurance					
Domestic Brokerage Group	5,662	4,322	5,985	-646	777
Transatlantic Holdings, Inc.	508	427	589	-39	282
Personal Lines	252	352	432	195	357
Mortgage Guaranty	-289	301	328	363	399
Total Domestic	**6,133**	**5,402**	**7,334**	**-127**	**1,815**
Total Foreign	**2,383**	**2,415**	**3,088**	**2,427**	**1,344**
Other/Eliminations	-5	2	-10	15	18
Total General Insurance	**8,511**	**7,819**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services					
Domestic Life Insurance	774	862	917	1,495	1,023
Domestic Retirement Services	1,452	1,588	2,323	2,164	2,054
Total Domestic	**2,226**	**2,450**	**3,240**	**3,659**	**3,077**
Japan and Other	2,753	2,946	3,732	2,959	2,393
Asia	1,921	2,087	3,060	2,286	2,455
Total Foreign	**4,674**	**5,033**	**6,792**	**5,245**	**4,848**
Total Life Insurance & Retirement Services	**6,900**	**7,483**	**10,032**	**8,904**	**7,925**
Financial Services					
Aircraft Leasing	625	421	639	679	642
Capital Markets	183	-457	-873	2,661	662
Consumer Finance	180	529	761	876	786
Other	20	48	-3	60	90
Total Financial Services	**1,008**	**541**	**524**	**4,276**	**2,180**
Asset Management					
Spread-based Investment Business	759	467	947	1,185	1,328
Institutional Asset Management	1,406	721	1,031	686	515
Brokerage Services, Mutual Funds and Other	376	257	368	382	282
Total Asset Management	**2,541**	**1,445**	**2,346**	**2,253**	**2,125**
Other/Eliminations	-1,581	-953	-1,627	-2,535	-562
Consolidated Pretax Operating Income	**17,379**	**16,335**	**21,687**	**15,213**	**14,845**

AIG
Financial Products

FIVE-YEAR CASH PROFILE

Assumptions for Base Case Cash Profile

- All derivatives, liability and asset flows as of December 31, 2007.
- All contingent liability payouts, assuming earliest possible payout dates (see Summary Table on page 2).
- No ability to access the capital markets for funding.
- Additional liquidity from selling liquid portfolio securities (with mark-to-market and 3% (non-CDO) and 50% (CDO) haircut) and from refinancing (with 50% haircut) CBO securities put to AIG-FP in connection with assumed contingent liability payouts (see Summary Table on page 2).

AIG Financial Products

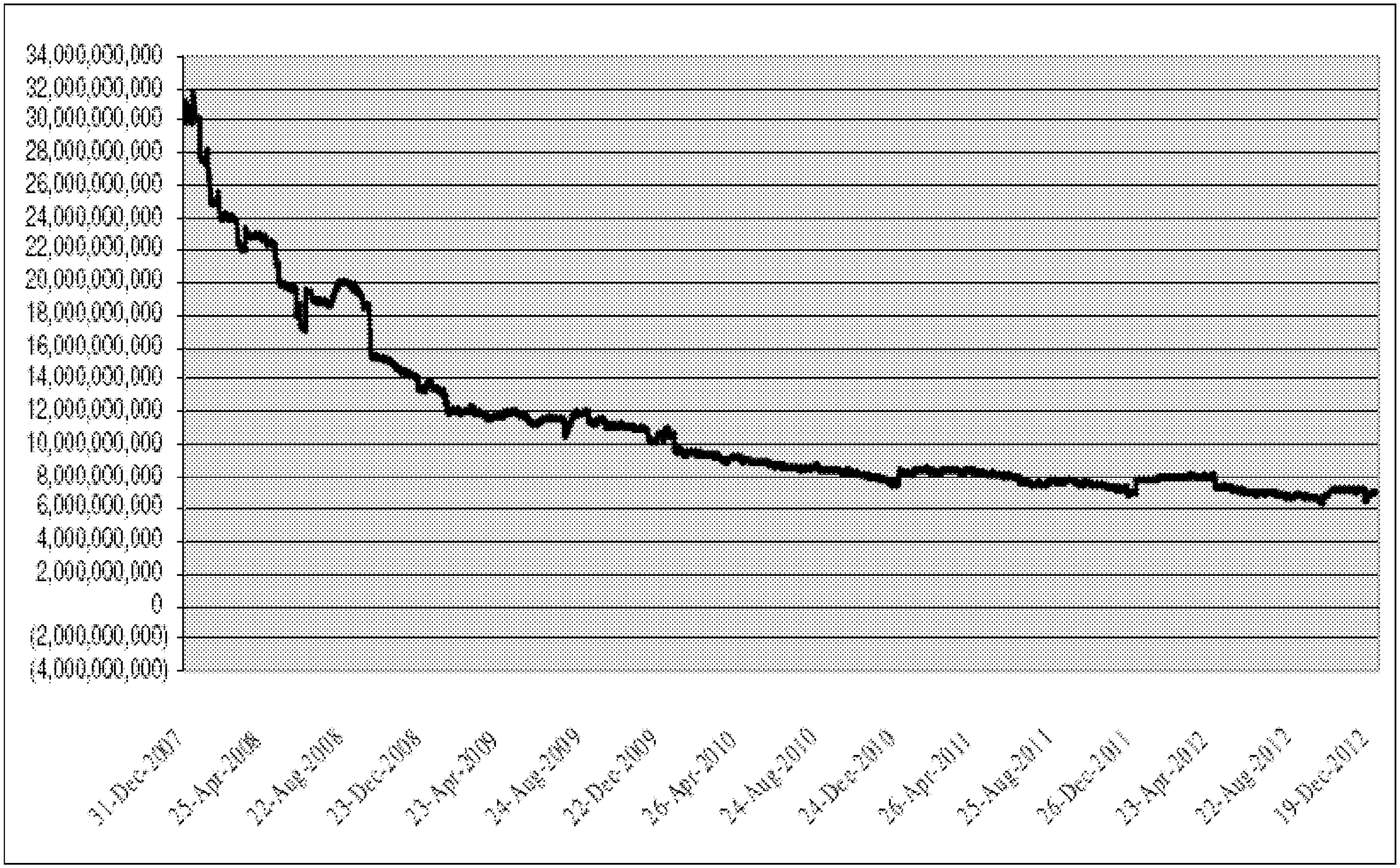
SUMMARY TABLE
CONTINGENT LIABILITIES AND ADDITIONAL LIQUIDITY
(USD 000's)

	Contingent Liabilities			Liability Total	Liquidity		Asset Total	Cumulative Net
DATE	Aircraft Facilities (1)	CBO 2a-7 Puts (2)	Military Housing (3)		Portfolio Assets (4)	UK Preferred Shares (5)		
12/31/07-1/12/08	0	0	0	0	19,170,757	3,876,080	23,046,838	23,046,838
1Q2008	(27,075)	(35,993)	(12,260)	(75,329)	3,847,774	0	3,847,774	26,819,283
2Q2008	0	(293,755)	(38,128)	(331,883)	3,256,895	0	3,256,895	29,744,295
3Q2008	(27,075)	(242,928)	(12,260)	(282,264)	117,582	0	117,582	29,579,614
4Q2008	0	(38,205)	(34,878)	(73,083)	464,800	0	464,800	29,971,331
1Q2009	(23,292)	28,240	0	4,949	70,992	0	70,992	30,047,272
2Q2009	0	(58,069)	0	(58,069)	404,763	0	404,763	30,393,965
3Q2009	0	33,676	0	33,676	16,730	0	16,730	30,444,371
4Q2009	0	(13,525)	0	(13,525)	1,025,957	0	1,025,957	31,456,803
1Q2010	0	29,531	0	29,531	86,071	0	86,071	31,572,405
2Q2010	0	(234,373)	0	(234,373)	10,198	0	10,198	31,348,229
3Q2010	77,442	(227,060)	0	(149,618)	0	0	0	31,198,611
4Q2010	0	(70,454)	0	(70,454)	906,272	0	906,272	32,034,429
1Q2011	0	88,403	0	88,403	0	0	0	32,122,832
2Q2011	0	56,303	0	56,303	10,305	0	10,305	32,189,440
3Q2011	0	(4,380)	0	(4,380)	0	0	0	32,185,060
4Q2011	0	(941)	0	(941)	906,562	0	906,562	33,090,681
1Q2012	0	76,758	0	76,758	67,268	0	67,268	33,234,707
2Q2012	0	6,708	0	6,708	10,549	0	10,549	33,251,965
3Q2012	0	11,292	0	11,292	0	0	0	33,263,257
4Q2012	0	(36,421)	0	(36,421)	10,457	0	10,457	33,237,294
TOTAL	(0)	(925,194)	(97,526)	(1,022,720)	30,383,933	3,876,080	34,260,014	

See Notes on page 7.

AIG Financial Products

BASE CASE CASH PROFILE



3

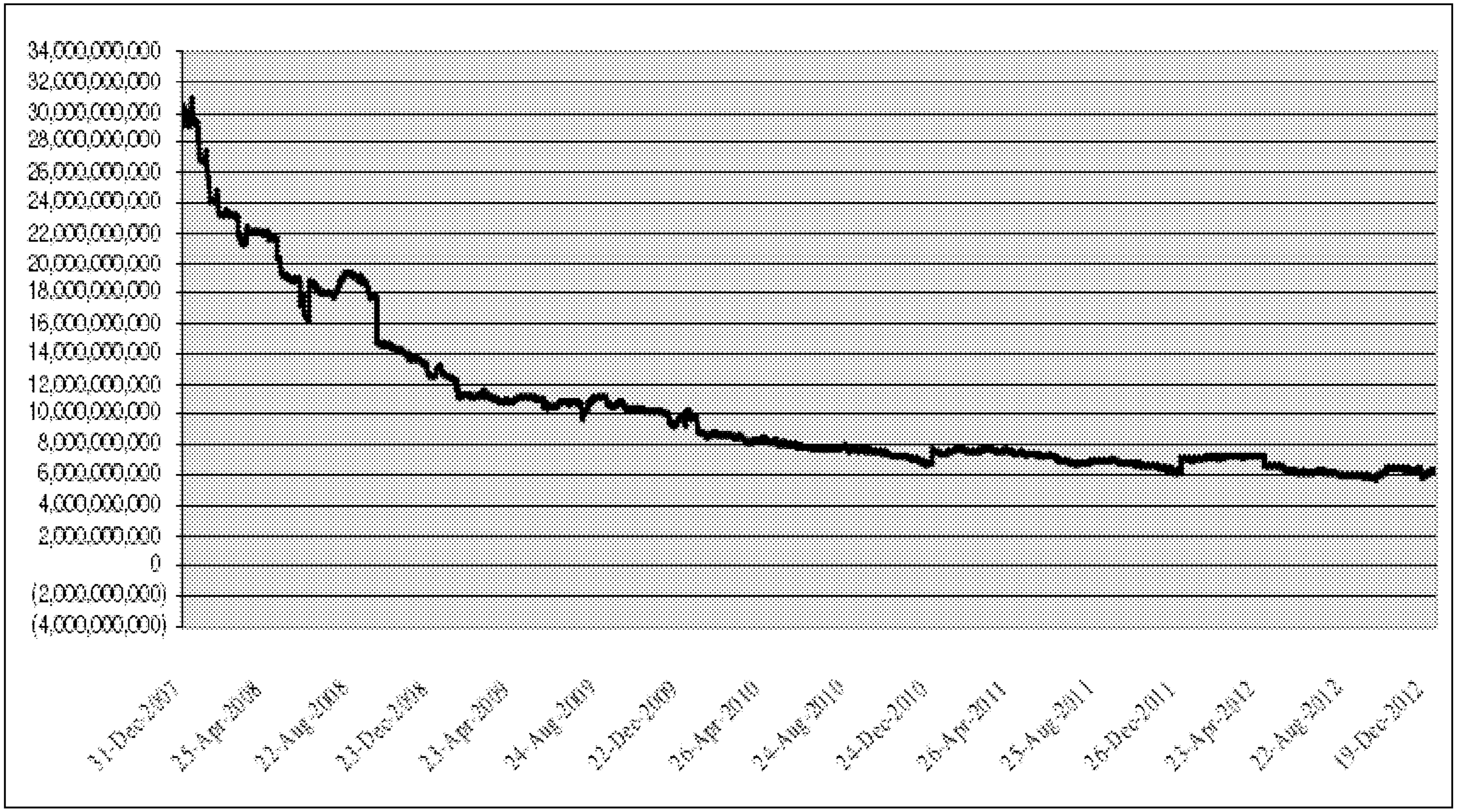
COLLATERAL OR CASH PAYMENT REQUIREMENTS RESULTING FROM AIG DOWNGRADE

USD millions

AIG Downgraded To	Obligations Under Investment Contracts	Obligations Under Other Contracts	Cumulative Obligations
Aa3/AA- (by one or both Agencies)	163	592	755
A1/A+ (by one or both Agencies)	6,039	2,275	8,314
	6,202	2,867	9,069

The Cash Profile graphs on the following two pages have been adjusted to reflect the collateral and cash requirements quantified above (both the immediate loss of liquidity due to the effect of assumed downgrades, and improved liquidity over time as collateral is returned in connection with scheduled repayments under Investment Contracts subject to such requirements).

CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO Aa3/AA-



5

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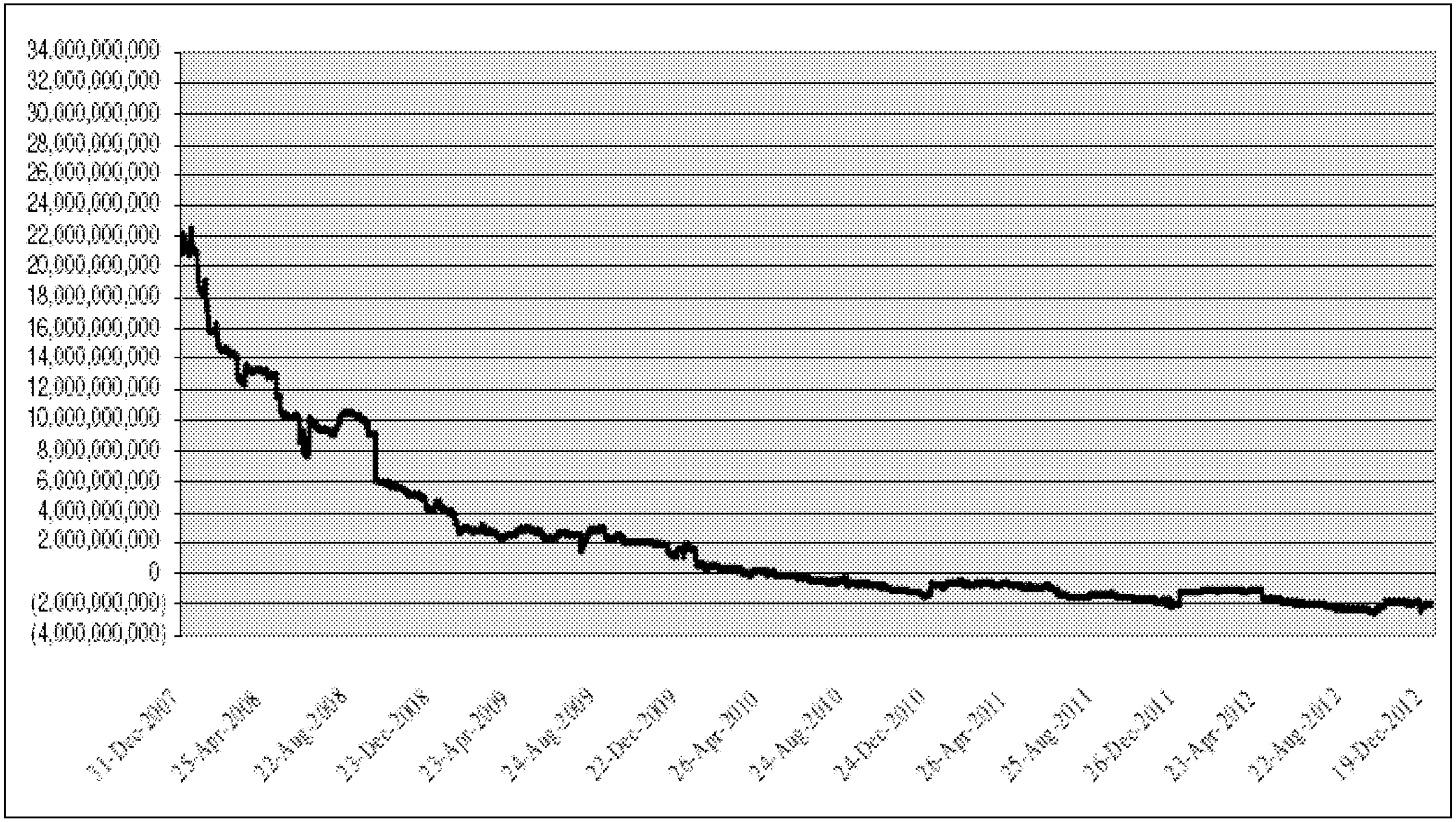
CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO A+/A1



6

v. 2.0 rev 7/13/07

NOTES

1. Aircraft Equipment Financing Liquidity Facilities. AIG-FP provides backstop liquidity facilities in respect of investment trusts established by two U.S. airlines, the obligations of which are collateralized by aircraft. In each case, AIG-FP commits to make payments covering up to three consecutive semi-annual coupons on debt securities issued by the trusts. For purposes of the Summary Table, the liquidity facility is assumed to be called upon on the earliest possible semi-annual dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from the respective trust, and such right is senior to all obligations of the trust to security holders. Thus, given the relatively small size of the three-coupon commitment (compared to the value of the underlying aircraft assets), AIG-FP is significantly over-collateralized. The Summary Table shows positive cash flows reflecting the repayment of drawn amounts (including amounts that were drawn prior to the beginning date of the five-year period) on the respective dates on which AIG-FP would become "controlling party" for the transaction (by virtue of having made unreimbursed payments under the liquidity facility) and thus have the right to cause the respective trustee to sell the underlying aircraft collateral to fund repayment (although it is quite possible that AIG-FP would be repaid earlier as a result of its senior position with respect to all cash flows in the given transaction).

2. CBO 2a-7 Puts. AIG-FP provides maturity shortening puts in respect of CBO notes that allow holders of notes to treat the notes as short-term 2a-7 eligible investments. Holders of notes are permitted, in certain circumstances, to tender the notes to the issuers at par. If an issuer's remarketing agent is unable to resell notes so tendered, AIG-FP must purchase the notes at par. For purposes of the Summary Table, puts are assumed to be exercised on their earliest date; provided that where AIG-FP has contracted with a third party to provide liquidity for the notes if they are put to AIG-FP, the Summary Table reflects the termination date for such liquidity arrangements. Each issue of CBO notes is assumed to amortize in accordance with the credit agency base case that was originally adopted for the transaction, and the Summary Table shows positive cash flows reflecting the amortization of notes that are assumed to be purchased on an earlier put date. The amounts in the Summary Table have been reduced by 50% to reflect the assumed 50% refinancing of the notes as described on page 1. In all cases, the credit risk associated with the notes was deemed "super senior" on the respective issue dates, and typically other debt securities issued by the CBOs, subordinate to the notes, were rated AAA.

3. Military Housing Liquidity Facilities. In connection with a number of military housing redevelopment projects, AIG-FP provides liquidity facilities related to different series of the bonds issued to finance the redevelopment projects. The liquidity facilities may be drawn upon if cash flows from the underlying projects are insufficient to meet debt service. For purposes of the Summary Table, the liquidity facilities are assumed to be called upon on the earliest possible dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from available net revenues that support the bonds under the bond indentures. In addition, in all but three transactions, AIG-FP will have rights to set-off against monies deposited with it under certain borrowings under obligations of investment contracts that it also provided in connection with the projects.

4. Portfolio Assets. Where assets are held in the context of specific transactions, related liquidity is shown to be available from the date upon which AIG-FP would be contractually permitted to unwind the respective transaction or otherwise access the assets free of contractual restrictions. The amounts in the Summary Table have been reduced on day one by the sum of the mark-to-market plus an additional 3% of the invested amounts on the portfolio assets unwound. For CDO portfolio assets unwound on day one, the amount has been reduced by the maximum of the mark-to-market or 50% of the invested amount.

5. UK Preferred Shares. Liquidity may be generated from structured preferred share investments in UK group companies held by AIG-FP. AIG-FP has broadly defined unwind rights with respect to these transactions that permit it to require redemption if it determines in its sole discretion that there has been an adverse change in its liquidity position or in liquidity conditions in the market generally.

American International Group, Inc.
Consolidated Balance Sheet

(in millions)

	December 31, 2007	December 31, 2006
Assets:		
Investments and financial services assets:		
Fixed maturities	$ 426,335	$ 419,142
Equity securities	41,646	30,659
Mortgage and other loans receivable, net of allowance	33,727	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	41,984	39,875
Securities available for sale, at fair value	40,305	47,205
Trading securities, at fair value	4,197	5,031
Spot commodities	238	220
Unrealized gain on swaps, options and forward transactions	16,442	19,252
Trade receivables	6,467	4,317
Securities purchased under agreements to resell, at contract value	20,950	30,291
Finance receivables, net of allowance	31,234	29,573
Securities lending invested collateral, at fair value	75,662	69,306
Other invested assets	58,823	42,111
Short-term investments, at cost (approximates fair value)	51,351	27,483
Total investments and financial services assets	831,981	792,874
Cash	2,284	1,590
Investment income due and accrued	6,587	6,091
Premiums and insurance balances receivable, net of allowance	18,395	17,789
Reinsurance assets, net of allowance	23,103	23,355
Deferred policy acquisition costs	43,150	37,235
Investments in partially owned companies	654	1,101
Real estate and other fixed assets, net of accumulated depreciation	5,518	4,381
Separate and variable accounts	78,684	70,277
Goodwill	9,414	8,628
Other assets	28,755	18,089
Total assets	$ 1,060,505	$ 979,410
Liabilities:		
Reserve for losses and loss expenses	$ 85,500	$ 79,999
Unearned premiums	28,022	26,271
Future policy benefits for life and accident and health insurance contracts	136,068	121,004
Policyholders' contract deposits	258,459	248,264
Other policyholders' funds	12,599	10,986
Commissions, expenses and taxes payable	6,310	5,305
Insurance balances payable	4,878	3,789
Funds held by companies under reinsurance treaties	2,501	2,602
Income taxes payable	3,823	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	8,331	19,677
Trade payables	10,568	6,174
Securities and spot commodities sold but not yet purchased, at fair value	4,709	4,076
Unrealized loss on swaps, options and forward transactions	20,613	11,401
Trust deposits and deposits due to banks and other depositors	4,903	5,249
Commercial paper and extendible commercial notes	13,114	13,363
Long-term borrowings	162,935	135,316
Separate and variable accounts	78,684	70,277
Securities lending payable	81,965	70,198
Minority interest	10,422	7,778
Other liabilities (includes hybrid financial instruments at fair value)	30,200	26,267
Total liabilities	964,604	877,542
Preferred shareholders' equity in subsidiary companies	100	191
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	2,848	2,590
Payments advanced to purchase shares	(912)	-
Unrealized appreciation of investments, net of taxes	4,375	10,083
Cash flow hedging activities, net of taxes	(87)	(27)
Foreign currency translation adjustments, net of taxes	880	(305)
Retirement plan liabilities adjustment, net of taxes	(725)	(641)
Retained earnings	89,029	84,996
Treasury stock, at cost	(6,685)	(1,897)
Total shareholders' equity	95,801	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	$ 1,060,505	$ 979,410

American International Group, Inc.
Consolidated Statement of Income
(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2007	Dec. 31, 2006	% Chg	Sept. 30, 2007	Sequential % Chg	Dec. 31, 2007	Dec. 31, 2006	% Chg
Revenues:								
Premiums and other considerations	$ 20,394	$ 18,737	8.9 %	$ 19,733	3.3 %	$ 79,302	$ 74,213	6.9 %
Net investment income	7,470	7,491	(0.3)	6,172	21.0	28,619	26,070	9.8
Net realized capital gains (losses) (1) (2)	(2,630)	238	NM	(864)	NM	(3,592)	106	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio (3)	(11,120)	-	NM	(352)	NM	(11,472)	-	NM
Other income (1) (4)	4,319	3,542	21.6	5,147	(16.1)	17,207	12,998	32.4
Total revenues	18,433	30,008	(38.6)	29,836	(38.2)	110,064	113,387	(2.9)
Benefits and expenses:								
Incurred policy losses and benefits	18,153	16,169	12.3	15,595	16.4	66,115	60,287	9.7
Insurance acquisition and other operating expenses	8,716	8,487	2.7	9,362	(6.9)	35,006	31,413	11.4
Total benefits and expenses	26,869	24,656	9.0	24,957	7.7	101,121	91,700	10.3
Income (loss) before income taxes (benefits), minority interest and cumulative effect of an accounting change	(8,436)	5,352	NM	4,879	NM	8,943	21,687	(58.8)
Income taxes (benefits)	(3,413)	1,471	NM	1,463	NM	1,455	6,537	NM
Income (loss) before minority interest and cumulative effect of an accounting change	(5,023)	3,881	NM	3,416	NM	7,488	15,150	(50.6)
Minority interest	(269)	(442)	NM	(331)	NM	(1,288)	(1,136)	NM
Income (loss) before cumulative effect of an accounting change	(5,292)	3,439	NM	3,085	NM	6,200	14,014	(55.8)
Cumulative effect of an accounting change, net of tax (5)	-	-	NM	-	NM	-	34	NM
Net income (loss)	$ (5,292)	$ 3,439	NM %	$ 3,085	NM %	$ 6,200	$ 14,048	(55.9) %
Earnings per common share:								
Basic								
Income (loss) before cumulative effect of an accounting change	$ (2.08)	$ 1.32	NM %	$ 1.20	NM %	$ 2.40	$ 5.38	(55.4) %
Cumulative effect of an accounting change, net of tax (5)	-	-	NM	-	NM	-	0.01	NM
Net income (loss)	(2.08)	1.32	NM	1.20	NM	2.40	5.39	(55.5)
Diluted								
Income (loss) before cumulative effect of an accounting change	(2.08)	1.31	NM	1.19	NM	2.39	5.35	(55.3)
Cumulative effect of an accounting change, net of tax (5)	-	-	NM	-	NM	-	0.01	NM
Net income (loss)	(2.08)	1.31	NM	1.19	NM	2.39	5.36	(55.4)
Dividends declared per common share	$ 0.200	$ 0.165	21.2 %	$ 0.200	0.0 %	$ 0.765	$ 0.645	18.6 %
Average shares outstanding:								
Basic	2,550	2,610		2,576		2,585	2,608	
Diluted	2,550	2,622		2,589		2,598	2,623	

Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. For the three months ended December 31, 2007 and 2006 and September 30, 2007 and the twelve months ended December 31, 2007 and 2006, **net realized capital gains (losses)** includes a loss of $431 million, a gain of $88 million, a loss of $479 million, a loss of $967 million and a gain of $211 million, respectively; **other income** includes a gain of $56 million, a loss of $822 million, a gain of $301 million, a loss of $468 million and a loss of $2.08 billion, respectively; and **total revenues** includes a loss of $375 million, a loss of $734 million, a loss of $178 million, a loss of $1.43 billion and a loss of $1.87 billion, respectively. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, primarily in its Capital Markets operations. In the second quarter 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.

(2) Includes other-than-temporary impairment charges of $2.66 billion, $178 million, $529 million, $4.07 billion and $944 million in the three months ended December 31, 2007 and 2006 and September 30, 2007 and the twelve months ended December 31, 2007 and 2006, respectively.

(3) Represents unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio.

(4) Includes an other-than-temporary impairment charge of $643 million on Capital Markets' available for sale investment securities in both the three months and the twelve months ended December 31, 2007.

(5) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".

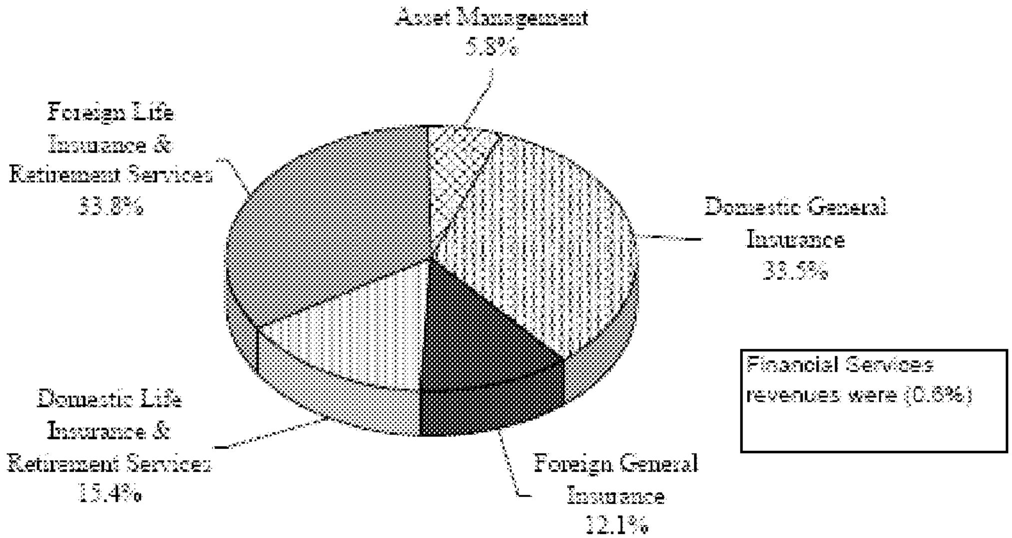
American International Group, Inc.
Consolidated Statement of Segment Operations
(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2007	Dec. 31, 2006	% Chg	Sept. 30, 2007	Sequential % Chg	Dec. 31, 2007	Dec. 31, 2006	% Chg
General insurance								
Net premiums written	$ 10,909	$ 10,730	2.3 %	$ 11,823	(7.7) %	$ 47,067	$ 44,866	4.9 %
Net premiums earned	11,697	11,068	5.2	11,433	2.3	45,682	43,451	5.1
Losses and loss expenses incurred	8,193	7,294	11.3	7,355	16.0	29,982	28,051	6.9
Underwriting expenses	2,972	2,981	3.3	2,958	1.3	11,250	10,792	4.3
Underwriting profit (1)	365	813	(58.2)	1,124	(67.5)	4,350	4,557	(8.4)
Net investment income	1,549	1,524	(1.5)	1,554	(1.9)	6,132	5,696	7.7
Income before net realized capital gains (losses)	2,154	2,505	(15.8)	2,558	(15.9)	10,482	10,253	2.2
Net realized capital gains (losses) (2)	(89)	88	NM	(82)	NM	(106)	59	NM
Operating income	2,065	2,593	(22.3)	2,496	(17.3)	10,526	10,412	1.1
Life insurance & retirement services:								
Premiums and other considerations	8,735	7,645	14.3	8,500	3.2	33,627	30,766	9.3
Deposits and other considerations not included in revenues under GAAP	16,460	13,250	22.8	15,871	3.3	59,108	50,248	17.6
Premiums, deposits and other considerations	25,195	20,895	20.5	24,177	4.0	92,730	81,009	14.5
Net investment income	3,803	3,725	2.6	4,825	(21.8)	22,341	20,024	11.6
Income before net realized capital gains (losses)	2,658	2,480	6.2	2,490	6.7	10,584	10,082	3.3
Net realized capital gains (losses) (2)	(1,372)	305	NM	(451)	NM	(2,398)	88	NM
Operating income	1,286	2,638	(51.3)	1,599	(19.6)	8,186	10,120	(19.1)
Financial services:								
Operating income (loss) excluding FAS 133, net realized capital gains (losses) and Capital Markets other-than-temporary impairments (3)	(10,298)	635	NM	564	NM	(8,850)	2,358	NM
FAS 133 (2)	856	(566)	NM	438	(7.5)	211	(1,822)	NM
Net realized capital gains (losses) and Capital Markets other-than-temporary impairments (2) (4)	(873)	(29)	NM	(36)	NM	(748)	(133)	NM
Operating income (loss)	(10,325)	(158)	NM	966	NM	(9,515)	383	NM
Asset management								
Operating income before net realized capital gains (losses)	458	519	(11.8)	855	29.7	2,164	1,669	30.1
Net realized capital gains (losses) (2)	(1,100)	(16)	NM	(732)	NM	(1,000)	(125)	NM
Operating income (loss)	(642)	503	NM	123	NM	1,164	1,538	(24.3)
Other before net realized capital gains (losses)	(488)	(416)	NM	(422)	NM	(1,781)	(1,696)	NM
Other net realized capital gains (losses) (2)	(183)	(68)	NM	(109)	NM	(905)	(33)	NM
Consolidation and elimination adjustments (2) (5) (6) (7)	32	298	(88.7)	228	(86.0)	722	668	8.1
Income (loss) before income taxes (benefit), minority interest and cumulative effect of an accounting change	(8,458)	5,302	NM	4,876	NM	8,943	21,687	(58.8)
Income taxes (benefit)	(3,426)	1,423	NM	1,455	NM	1,455	6,537	NM
Income (loss) before minority interest and cumulative effect of an accounting change	(5,032)	3,880	NM	3,416	NM	7,488	15,150	(50.6)
Minority interest, after tax:								
Income (loss) before net realized capital gains (losses)	(257)	(483)	NM	(323)	NM	(1,252)	(1,117)	NM
Net realized capital gains (losses)	(3)	(3)	NM	(8)	NM	(36)	(15)	NM
Income (loss) before cumulative effect of an accounting change	(5,292)	3,403	NM	3,085	NM	6,200	14,014	(55.8)
Cumulative effect of an accounting change, net of tax (8)	-	-	NM	-	NM	-	34	NM
Net income (loss) (9)	(5,292)	3,403	NM	3,085	NM	6,200	14,048	(55.9)
Net realized capital gains (losses) and Capital Markets other-than-temporary impairments (10)	(2,190)	129	NM	(600)	NM	(2,884)	39	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	37	(230)	NM	196	(81.1)	(394)	(1,404)	NM
Cumulative effect of an accounting change, net of tax (8)	-	-	NM	-	NM	-	34	NM
Adjusted net income (loss) (9) (11)	$ (3,139)	$ 3,502	NM %	$ 3,489	NM %	$ 9,588	$ 15,435	(38.0) %
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax (9)	$ (7,338)	$ -	NM %	$ (226)	NM %	$ (7,567)	$ -	NM %

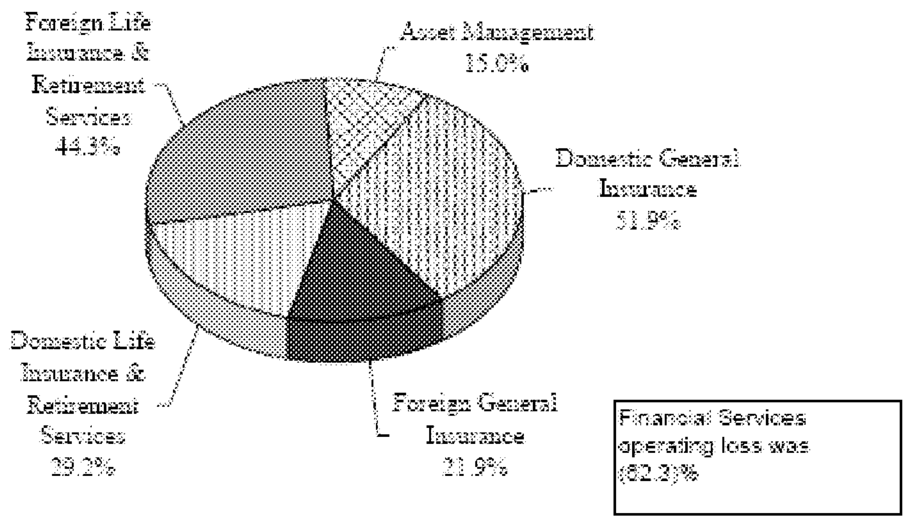
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

***PART 1** (Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** September 15, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Deterioration in US housing market, since our last rating announcement on Aug. 7, 2008, causing further declines in market values of AIG's US mortgage exposures (CDS and RMBS).

Last Rating Action *(include date and reason)*: **Aug. 7, 2008** – Affirmed parent senior unsecured debt at Aa3 while reiterating negative outlook. Changed outlook on AIG Domestic Life Insurance and Retirement Services (DLIRS) subsidiaries to negative from stable.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	Aa3			Aa3		
Senior unsecured debt	Aa3			Aa3		
Senior unsecured shelf	(P)Aa3			(P)Aa3		
Subordinated shelf	(P)A1			(P)A1		
Preferred shelf	(P)A2			(P)A2		
Short-term issuer	P-1			P-1		
Outlook	Negative			RUR-Down		
Subsidiary recs on page 4						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for parent recommendation

- During the past three quarters (4Q07 thru 2Q08), AIG's CDS and investment portfolios have produced realized and unrealized losses and unrealized investment depreciation totalling $59 bln pretax and $38 bln after taxes (table on pg 2).
- AIG has not provided specific estimates of 3Q08 results but says that it is reasonable to expect that losses/writedowns on CDS and RMBS will be similar to those seen in 2Q08.
- AIG's stock price has fallen about 80% YTD, including a steep decline in the past week, reflecting investor worries about incremental losses, liquidity demands and ownership dilution from an expected equity issuance. AIG's market-implied ratings, based on bonds and CDS, have fallen to the B range.
- Per BlackRock's model, estimated economic losses on the CDS and RMBS portfolios are $15 bln pretax in the expected case and $30 bln pretax in the stress case (table on pg 2, methodology outlined on pgs

57-58, 66). The stress case estimate is just over half of the pretax CDS and investment losses/writedowns recorded through 2Q08.

- Per Chris Mann's model, estimated economic losses on the CDS and RMBS portfolios are $3 bln pretax in the expected case and $12 bln pretax in the stress case (table on pg 3).
- AIG raised approximately $20 bln of capital ($7.5 bln common equity, $12.8 bln Basket D hybrids) during May 2008. The company has increased its consolidated cash and ST investments from $29 bln at YE 2006 to $82 bln as of June 30, 2008. Cash from operations has averaged $22 bln over the past three years.
- AIG is conducting a strategic and financial review that will likely include capital raising, asset sales, dividend reduction, securing additional sources of liquidity and reducing volatility and collateral needs in the CDS portfolio (plan outlined on pgs 51-66).
- AIG remains one of the world's largest and most diversified insurance firms, with leading market positions in many business lines and geographic regions. The composite scorecard (pg 9) suggests an overall IFSR of Aa2 (current) or Aa3 (stress cases), assuming that the CDS and RMBS exposures can be contained through the strategic/financial initiatives.
- A one-notch downgrade of the parent seems likely, regardless of the specific strategic/financial steps taken. This could expand the notching between most operating company IFSRs and the parent debt rating, reflecting (i) the AIGFP exposures guaranteed by the parent, and (ii) US mortgage market exposures that cut across various business units.
- The most pressing challenge for AIG is managing liquidity, as summarized in the table on pg 3. We believe that there is sufficient value in AIG's core insurance operations to attract the capital and other financing/solutions to meet short-term needs. Subsidiary sales will take longer but could further boost liquidity over the next several months.

AIG CDS & Investment Related Losses/Writedowns

($ Blns)	4Q 2007 Pretax	4Q 2007 After tax	1Q 2008 Pretax	1Q 2008 After tax	2Q 2008 Pretax	2Q 2008 After tax	Totals Pretax	Totals After tax
AIGFP super-senior CDS								
Unrealized market valuation losses	**-11.1**	**-7.2**	**-9.1**	**-5.9**	**-5.6**	**-3.6**	**-25.8**	**-16.8**
AIG investments								
Realized capital losses	-2.6	-1.7	-6.1	-3.4	-6.1	-4.0	-14.8	-9.1
Unrealized depreciation during quarter	-3.8	-2.5	-10.6	-6.8	-3.7	-2.6	-18.1	-12.0
Total investment losses/writedowns	**-6.4**	**-4.3**	**-16.7**	**-10.2**	**-9.8**	**-6.6**	**-32.9**	**-21.1**
Total CDS & investment losses/writedowns	**-17.6**	**-11.5**	**-25.8**	**-16.1**	**-15.3**	**-10.2**	**-58.6**	**-37.8**
Pretax loss / Net loss	**-8.4**	**-5.3**	**-11.3**	**-7.8**	**-8.8**	**-5.4**	**-28.5**	**-18.5**

AIG Consolidated Equity ($ Blns)	**9/30/2007**	**12/31/2007**	**3/31/2008**	**6/30/2008**
Shareholders' equity	104.1	95.8	79.7	78.1
Change in equity vs 9/30/2007 ($)				-26.0
Change in equity vs 9/30/2007 (%)				-25.0%

AIG CDS & RMBS Portfolios
Expected & stress case pretax losses modeled by BlackRock as of Sept. 9, 2008

($ Blns)	Number of Transacs	Notional	Base Case Losses Undisc	Base Case Losses Disc	Stress Case Losses Undisc	Stress Case Losses Disc
CDS	109	**77.0**	**-5.6**	**-7.3**	**-12.9**	**-15.6**
Loss % of notional			-7.3%	-9.5%	-16.8%	-20.3%
		Par				
RMBS (preliminary results)		**66.0**	**-9.0**		**-17.0**	
Loss % of par			-13.6%		-25.8%	
Total CDS & RMBS estimated losses			**-14.6**		**-29.9**	

NB: For CDS portfolio, discounted losses are greater than undiscounted because discount has greatest impact on positive cash flows in years 6-25.

AIG CDS-CDO & RMBS Portfolios				
Expected & stress case pretax losses modeled by Chris Mann as of Sept. 13, 2009				
($ Blns)	**Number of Transacs**	**Notional**	**Expected Losses**	**Stress Case Losses**
CDS-CDO with subprime content (data as of March 31, 2008)	178	64.6		
Modeled portion	31	**56.0**	**-0.7**	**-4.8**
Loss % of notional			-1.3%	-8.6%
Not modeled		8.6		
		Par		
RMBS (data as of Dec. 31, 2007)		75.3		
Modeled portion		**59.6**	**-1.8**	**-6.7**
Loss % of par			-3.0%	-11.2%
Not modeled		15.6		
Total CDS-CDO and RMBS estimated losses			**-2.5**	**-11.5**

AIG Liquidity Analysis as of Sept. 15, 2008
($ Blns)

Liquidity needs		
Combined liquidity stress scenario two[1]	14.0	
AIGFP CDS with OC triggers[2]	8.2	
AIGFP contracts with early termination provisions[3]	4.6	
Sec lending full paydown[4]	13.3	
Total liquidity needs	**40.1**	
Liquidity sources	**Low**	**High**
Capital raise	10.0	25.0
Dividend reduction	0.0	2.0
Investment sales	1.0	2.0
Financing of unencumbered assets	5.0	15.0
Subsidiary sales (does not include ILFC)	10.0	13.0
Subtotal from capital raise & asset sales	26.0	57.0
AIGFP solutions to reduce/finance collateral		
Project Metropolis - insurance in lieu of muni collateral	5.5	5.5
CDS hedging of positions, portfolio tranche	5.0	10.0
Swapping of CDS reference obligations	4.0	8.0
CDS financing arrangements	8.0	16.0
Cost of AIGFP solutions	-5.0	-10.0
Subtotal from AIGFP solutions	17.5	29.5
Total liquidity sources	**43.5**	**86.5**
Net liquidity availability	**3.4**	**46.4**

[4] Sec lending analysis	
Liability as of 9/8/08	69.0
Cash in sec lending pool	9.4
Other cash held by pool members	15.3
TX FHLB loans ($6-8 bln by 9/30/08)	6.0
Repos of gov'ts, agency pass-thrus, corporates	25.0
Additional amount needed for full paydown	13.3

[1] Key assumptions include no CP rollover; no access to capital markets; AIGFP incremental collateral postings of $13 bln related to rating downgrades plus $13 bln related to MV deterioration vs 6/30/08.
[2] Assumes that all such transactions trigger immediately and are put to AIGFP, although some would likely take time to trigger.
[3] Assumes that all such contracts terminate immediately, although some provide significant value to c'parties and would likely remain in place.

Rationale for DLIRS recommendation

- The RMBS portfolio is mainly held by the DLIRS companies through their participation in the securities lending collateral pool. Realized capital losses (OTTI) of $5.2bn on this portfolio caused the combined RBC of the group to fall from 292% on 3/31/08 to 240% on 6/30/08 (including a $1bn capital infusion).
- RMBS OTTI losses are likely to rise in 3Q08, given widening of the marks to market since June, and $8bn of unrealized losses remaining on the portfolio.
- AIG has committed to raising the combined RBC to 350% by YE 2008, and currently estimates that it will need $3bn-$8bn in capital infusions to reach that level in view of the company's "bright line" test for OTTI.
- Securities lending collateral liabilities – a source of potential liquidity stress – amounted to $58bn in 2Q08 for the DLRS companies, versus a market value of $50.5bn, or almost $8bn below amortized cost. (NB: Total collateral liabilities for all AIG participants, incl. foreign & P&C subs were $75bn vs. roughly $60bn of fair value collateral assets at 6/30/08, per the 10-Q.) Against that, there was just over $9bn of cash in the

pool plus $15bn held by the lifecos outside of the pool, leaving a gap of $31bn in the event the pool had to be completely unwound.

- Recent AIG liquidity initiatives to cover the gap include: 1) the establishment of $6bn-$8bn in FHLB borrowing capacity for the Texas companies; and 2) identification, within the lifecos, of an estimated $25bn in repo capacity (i.e., on governments, agency pass-throughs and investment-grade corporates). This could possibly get the DLRS companies through a liquidity crisis temporarily, at the expense of group's core life insurance operations.
- Although AIG plans to raise additional equity and debt in the market, and is in the process of selling certain businesses (including its American General Life and Accident Ins. Co. subsidiary (AGLA) and a small employee benefits business), there is a high degree of uncertainty around the timing, execution, and proceeds that may be raised in the current environment.
- Given the more formidable potential collateral needs at AIGFP in the event of a downgrade of AIG's senior debt, there is uncertainty as to how much of the new capital raised may be contributed to the lifecos by YE 2008.
- Given continuing asset deterioration, liquidity concerns (albeit somewhat improved), and capital uncertainties for the lifecos, we recommend placing their ratings on review for possible downgrade.

Rationale for other subsidiary recommendations

- Explicitly supported ratings (R-Dn) should move with parent.
- AIG Capital is notched off of AGF and ILFC (R-Dn), both of which receive rating uplift from AIG.
- AIG Commercial Insurance, AIAB and parent-supported CP programs (Negative outlook) would likely move only if the parent dropped to A3, which seems less likely than A1 or A2.
- AIG Edison and ALICO (R-Dn) could move if the parent dropped to A2.
- AIGGI Taiwan (R-Dn) depends on AIG for rating uplift.
- AIG UK's stand-alone IFSR (R-Dn) is a weak Aa3. A reduction in the financial flexibility score (last published as Aa1) would push the stand-alone IFSR to A1.
- TRH (R-Dn) depends on AIG for rating uplift.
- UGC (R-Dn) benefits from parental support and faces its own challenges in the mortgage market.

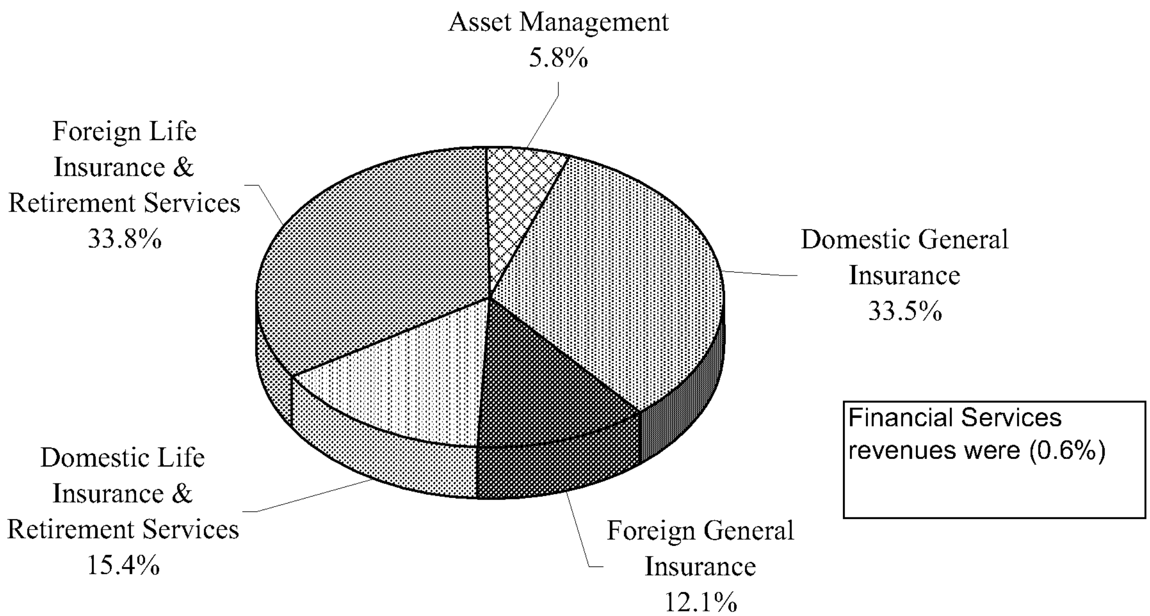
September 15, 2008 **Current & Recommended Ratings on AIG Subsidiaries**	**Rating Type**	**Support**	**SA Rating**	**Public Rating**	**Current Outlook**	**Rec Rating**	**Rec Outlook**
Explicitly supported ratings							
AIG Capital Trusts I & II	Bkd Tr Prfrd Shelf	AIG G'tee		(P)A1	Negative	(P)A1	R-Dn
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Program Funding, Inc.	Bkd Sr Debt	AIG G'tee		(P)Aa3	Negative	(P)Aa3	R-Dn
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
Additional recommendations							
AIG Capital Corporation	LT Issuer			A2	Negative	A2	R-Dn
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	Stable	Aa3	Negative
AIG Domestic Life Insurance & Retirement Services (10)	IFS		Aa2	Aa2	Negative	Aa2	R-Dn
AIG Edison Life Insurance Company	IFS		Aa3	Aa2	Stable	Aa2	R-Dn
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC	(Bkd) ST			P-1	Stable	P-1	Negative
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A1	Negative	A1	R-Dn
AIG UK Limited	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	R-Dn
American General Finance Corporation	Sr Unsec Debt		A2	A1	Negative	A1	R-Dn
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Negative
American Life Insurance Company	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
International Lease Finance Corporation	Sr Unsec Debt		A3	A1	Negative	A1	R-Dn
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A2	Stable	A2	R-Dn
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Aa3	Aa3	Negative	Aa3	R-Dn
United Guaranty subsidiaries UGRIC of NC & UGCIC	IFS	AIG Agmt	C/Caa2	A1	Negative	A1	R-Dn
Affirm							
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	Stable	Aa3	Stable
SunAmerica (3)	Bkd ST			P-1	Stable	P-1	Stable

Contents

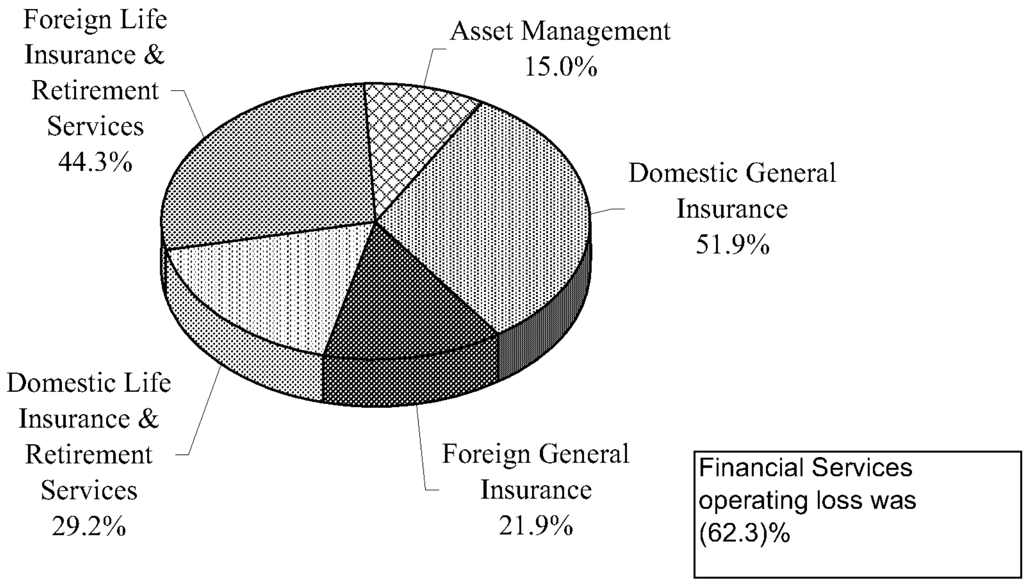
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

AIG Financial Highlights (from Company Profile)

($ Mil.)	2007	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	58,798	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	47,067	44,866	41,872	40,623	35,031	26,718
Net Investment Income	6,132	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	10,526	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	65.6%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.7%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	89.7%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	30,627	30,766	29,400	28,088	23,496	20,694
Net Investment Income	22,341	20,024	18,134	15,269	12,942	11,243
Pretax Operating Income	8,186	10,121	8,965	7,968	6,970	5,258
Financial Services						
Revenues	-1,309	7,777	10,525	7,495	6,242	6,822
Pretax Operating Income	-9,515	383	4,424	2,131	1,302	2,125
Asset Management						
Revenues	5,625	4,543	5,325	4,714	3,651	3,467
Pretax Operating Income	1,164	1,538	1,963	1,947	521	1,125
AIG Consolidated						
Total Revenues	110,064	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	8,943	21,687	15,213	14,845	11,907	7,808
Net Income	6,200	14,048	10,477	9,839	8,108	5,729
Total Assets	1,060,505	979,414	853,051	801,007	675,602	561,131
Total Debt	176,049	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	95,801	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	2007	2006	2005	2004
Revenues				
General Insurance	51,708	49,206	45,174	41,961
Life Insurance & Retirement Services	53,570	50,878	48,020	43,402
Financial Services	-1,309	7,777	10,677	7,495
Asset Management	5,625	4,543	4,582	4,714
Other/Eliminations	470	983	328	94
Consolidated Revenues	**110,064**	**113,387**	**108,781**	**97,666**
Pretax Operating Income				
General Insurance				
Domestic Brokerage Group	7,305	5,845	-820	777
Transatlantic Holdings, Inc.	661	589	-39	282
Personal Lines	67	432	195	357
Mortgage Guaranty	-637	328	363	399
Total Domestic	**7,396**	**7,194**	**-301**	**1,815**
Total Foreign	**3,137**	**3,228**	**2,601**	**1,344**
Other/Eliminations	-7	-10	15	18
Total General Insurance	**10,526**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services				
Domestic Life Insurance	642	917	1,495	1,023
Domestic Retirement Services	1,347	2,323	2,164	2,054
Total Domestic	**1,989**	**3,240**	**3,659**	**3,077**
Japan and Other	3,044	3,821	3,020	2,393
Asia	3,153	3,060	2,286	2,455
Total Foreign	**6,197**	**6,881**	**5,306**	**4,848**
Total Life Insurance & Retirement Services	**8,186**	**10,121**	**8,965**	**7,925**
Financial Services				
Aircraft Leasing	873	578	769	642
Capital Markets	-10,557	-873	2,661	662
Consumer Finance	171	668	922	786
Other	-2	10	72	90
Total Financial Services	**-9,515**	**383**	**4,424**	**2,180**
Asset Management				
Spread-based Investment Business	-89	732	1,194	1,328
Institutional Asset Management	784	438	387	515
Brokerage Services, Mutual Funds and Other	469	368	382	282
Total Asset Management	**1,164**	**1,538**	**1,963**	**2,125**
Other/Eliminations	-1,418	-767	-2,454	-562
Consolidated Pretax Operating Income	**8,943**	**21,687**	**15,213**	**14,845**

Composite Scorecard

Instructions:
1) Modify adjusted scorecard ratings in column H (white cells) for each factor as needed.
2) Add notches for Other Considerations and Support if applicable. Please enter whole numbers only. Positive numbers result in a worse rating and negitive numbers result in a better rating.

Rating Factors
American International Group, Inc.

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Score	Adjusted Score [2]	Stress Case 1	Stress Case 2
Business Profile						Aa1	Aa1	Aa1	Aa1
Market Position and Brand (20%)						Aa1	Aaa	Aa1	Aa1
Market Share Ratio		X							
Relative Market Share Ratio	X								
Distribution (8%)						Aa2	Aa1	Aa1	Aa1
Distribution Control		X							
Diversity of Distribution		X							
Product Focus and Diversification (12%)						Aa2	Aa2	Aa2	Aa2
Product Risk - P&C			X						
Product Risk - Life		X							
Product Diversification	X								
Geographic Diversification	X								
Financial Profile						Aa3	Aa3	A1	A2
Asset Quality (5%)						A1	A1	A2	A2
High Risk Assets % Invested Assets					40.8%				
Reinsurance Recoverables % Equity	24.1%								
Goodwill % Equity	9.8%								
Capital Adequacy (12%)						Aa2	Aa2	Aa3	A2
Capital % Total Assets		9.0%							
Profitability (15%)						A2	A2	A2	A2
Return on Average Equity (5 yr. avg.)		12.7%							
Sharpe Ratio of Growth in Net Income (5 yr.)				24.5%					
Liquidity and Asset/Liability Management (5%)						Aaa	Aaa	Aa2	A2
Liquid Assets % Policyholder Reserves	95.4%								
Reserve Adequacy (5%)						Baa2	A1	A1	A1
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)				5.5%					
Financial Flexibility (18%)						Aa1	Aa2	Aa3	A2
Financial Leverage	19.4%								
Earnings Coverage (5 yr. avg.)		9.4x							
Total Scorecard Rating						Aa2	Aa2	Aa3	Aa3
Total Scorecard Rating -- Value						3.36	3.06	3.69	4.44

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):
Management, Governance, and Risk Management:
Accounting Policy & Disclosure:

COMPANY NAME	AIG Inc.	Allianz SE	Assicurazioni Generali S.p.A	Aviva plc	Allstate	Travelers	Hartford
Domicile	USA	Germany	Italy	UK	USA	USA	USA
Accounting Convention	US GAAP	IFRS	IFRS	IFRS	US GAAP	US GAAP	US GAAP
	USD	EURO	EURO	EURO	USD	USD	USD
	YE2007	**YE2007**	**YE2006**	**YE2007**	**YE2007**	**YE2007**	**YE2007**
RATING & RCM INFO							
IFSR	Aa2	Aa3	Aa3	-	Aa2	Aa2	Aa3
Outlook	NEG	STA	NEG	STA	RUR↓ debt only	STA	STA
Senior Debt	Aa2	Aa3	A1	A1	A1	A2	A2
COMPETITOR RATINGS							
S&P (IFSR)	AA-	AA	AA	-	AA/STA	AA-/STA	AA-/STA
Fitch (IFSR)	AA-	AA-	AA	-	AA+/STA	AA/STA	AA/STA
AM Best (IFSR)	A++	A+	A+	-	A+/STA	A+/STA	A+/STA
MARKET DATA							
Market Capitalisation (AIG as of Sept 12, 2008)	32,640	63,547	44,511	27,242	29,395	33,776	27,364
FUNDAMENTALS (MM)							
Gross Premiums Written - Total	93,383	65,811	61,821	41,880	27,180	24,198	17,630
Gross Premiums Written - Life	34,585	21,522	43,027	26,384			
Gross Premiums Written - Non-life	58,798	44,289	18,794	15,496			
Net Income	6,200	7,966	2,915	2,034	4,636	4,601	2,949
Total Assets	1,010,505	1,061,149	382,543	432,054	156,408	115,224	360,361
Shareholders' Equity	95,801	47,753	18,350	22,423	21,851	26,616	13,064
QUANTITATIVE MEASURES							
Scorecard Completed (Life/Non-Life/Composite)	Composite	Composite	Composite	Composite	P&C	P&C	P&C
Raw vs. Adjusted Scorecard Rating	Aa2/Aa2	Aa3/Aa3	A1 / Aa3	Aa3/Aa3	Aa2/Aa2	Aa3 / Aa2	A2/Aa3
DESCRIPTIVE STATISTICS							
Ownership - Public, Private, Subsidiary	Public	Public	Public	Public	Public	Public	Public
Domicile		Germany	Italy	UK	USA	USA	USA
Geographic Spread	Global	Worldwide	International	Global	US	US	US
RAW FACTOR RATING / ADJUSTED FACTOR RATING							
Business Profile							
Market Position and Brand	Aa1/Aaa	Aa1/Aaa	Aaa / Aa2	Aa2/Aa2	Aa2 / Aa2	Aa3 / Aa2	Aa3 / Aa2
Distribution	Aa2/Aa1	Aa1/Aa1	Aa3 / Aa3	Aa2/Aa2			
Product Focus and Diversification	Aa2/Aa2	Aa2/Aa2	Aa2 / Aa3	Aa2/Aa2	A1 / Aa3	Aa2 / Aa2	A1 / Aa3
Financial Profile							
Asset Quality	A1/A1	Aa3/Aa3	Aa2 / Aa3	Aa3/Aa3	Aa2 / Aa2	Aa1 / Aa3	Aa2 / Aa2
Capital Adequacy	Aa2/Aa2	Baa2/Aa3	Baa2 / Aa3	A2/A2	Aa2 / Aa2	A2 / Aa2	A2 / A1
Profitability	A2/A2	Baa1/A2	Baa1 / A1	Baa1/Baa1	Aa3 / Aa3	A1 / Aa3	Baa2 / A1
Liquidity and Asset/Liability Management	Aaa/Aaa	Aaa/Aaa	Aaa / Aa3	Aaa/Aaa			
Reserve Adequacy	Baa2/A1	Aaa/Aa2	Aa2 / Aa2	Aaa/Aaa	Aa3 / Aa3	A3 / A1	Baa3 / A1
Financial Flexibility	Aa1/Aa2	A2/A2	A2 / A2	A1/A1	Aa1 / Aa1	Aa1 / Aa2	Aa2 / Aa3
SCORECARD METRICS							
Business Profile							
Market Position and Brand							
Market Share Ratio	10.0%	10%	14.0%	8.0%	5.9%	4.5%	2.4%
Relative Market Share Ratio	3.5 x	4.8 x	4.1 x	2.0 x	9.2 x	6.9 x	3.6 x
Expense Ratio % NPW	na	na	na	na	24.9%	30.8%	28.4%
Distribution							
Distribution Control	Aa	Aaa	A	Aa	na	na	na
Diversity of Distribution	Aa	Aa	Aaa	Aa	na	na	na
Product Focus and Diversification							
Product Risk - P&C	A	Aa	Aa	Aa	Aaa	A	A
Product Risk - Life	Aa	Aa	A	Aa	na	na	na
Product Diversification	Aaa	Aaa	Aaa	Aaa	Baa	Aaa	A
Geographic Diversification	Aaa	Aa	Aa	A	Aa	Aa	Aa
Financial Profile							
Asset Quality							
High Risk Assets % Invested Assets	40.8%	22.9%	22.4%	24.7%	30.9%	8.5%	36.4%
Reinsurance Recoverables % Equity	24.1%	27.2%	27.0%	45.8%	5.8%	58.8%	17.1%
Goodwill % Equity	9.8%	24.2%	11.9%	18.6%	3.8%	12.6%	9.0%
Capital Adequacy							
Capital % Total Assets	9.0%	4.8%	4.5%	7.3%	na	na	na
Gross Underwriting Leverage	na	na	na	na	3.0 x	3.1 x	3.7 x
Profitability							
Return on Average Equity (5 yr. avg.)	12.70%	15.0%	10.1%	14.9%	20.7%	13.6%	9.5%
Sharpe Ratio of Growth in Net Income (5 yr.)	24.5%	n.a	0.0%	Negative	52.1%	46.4%	-1.0%
Liquidity and Asset/Liability Management							
Liquid Assets % Policyholder Reserves	95.4%	90.6%	83.3%	92.4%	na	na	na
Reserve Adequacy							
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)	5.5%	-3.4%	1.8%	-1.1%	-1.6%	1.2%	5.4%
Financial Flexibility							
Financial Leverage	19.4%	31.1%	35.6%	25.3%	23.6%	21.7%	21.5%
Earnings Coverage (5 yr. avg.)	9.4 x	6.9 x	7.4 x	6.0 x	11.2 x	10.8 x	8.4 x

(USD Blns)		AIG, Inc.	Morgan Stanley	Wachovia	Allstate	Merrill Lynch	Lehman	MetLife	Sun Life	Hartford	Aa1/Aa2	Aa3	A1/A2
Secured Rating (IFSR)		Aa2/Aa3	A1	Aa2	Aa2	A2	A2	Aa2	Aa2	Aa3			
HoldCo Senior Rating (Bank Unspptd)		Aa3	A1 (A2)	A1 (A1)	A1	A2 (A3)	A2	A2	A2	A2			
Outlook		Negative	Stable	Negative	RUR ↓	Stable	RUR ↓	Stable	Stable	Stable			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP	US GAAP			
Market Capitalization	**2Q08**	71	49	34	25	31	20	37	23	20	83	72	27
	1Q08	108	47	54	27	40	28	43	27	24	106	87	35
Market Cap / Equity	**2Q08**	0.9x	1.4x	0.4x	1.3x	0.9x	0.8x	1.2x	1.3x	1.2x	1.1x	1.2x	1.0x
	1Q08	1.4x	1.4x	0.7x	1.3x	1.1x	1.1x	1.3x	1.5x	1.3x	1.8x	1.6x	1.2x
	2007	1.5x	1.8x	1.0x	1.3x	1.6x	1.5x	1.3x	1.8x	1.4x	1.7x	1.7x	1.4x
Total Assets	**2Q08**	1,050	1,031	812	151	966	639	556	187	334	1,700	1,344	521
	1Q08	1,051	1,091	809	152	1,042	786	557	187	344	1,705	1,383	554
Total Equity	**2Q08**	78	34	75	20	35	26	33	18	17	94	74	32
	1Q08	80	33	78	20	37	25	33	18	18	84	69	33
	2007	96	31	77	22	32	22	35	17	19	87	70	32
Equity % Assets	**2Q08**	7.4%	3.3%	9.2%	13.1%	3.6%	4.1%	5.9%	9.4%	5.0%	5.5%	5.5%	7.2%
	1Q08	7.6%	3.1%	9.6%	13.3%	3.5%	3.2%	5.9%	9.3%	5.2%	5.1%	5.2%	7.2%
	2007	9.1%	3.0%	9.8%	14.0%	3.1%	3.3%	6.3%	9.2%	5.3%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	70.7%	92.1%	76.1%	22.3%	93.4%	92.3%	39.8%	24.0%	29.6%	84.2%	80.3%	54.0%
	1Q08	69.5%	92.8%	75.0%	21.7%	93.4%	93.9%	38.6%	23.0%	25.0%	83.8%	80.4%	52.9%
	2007	65.8%	93.0%	73.3%	20.5%	94.3%	94.1%	37.0%	32.1%	21.7%	86.9%	81.7%	53.3%
Revenues	**2007**	110	28	32	37	11	19	53	21	26	52	61	28
Net Income	**2Q08**	-5	1	-9	0	-5	-3	1	1	1	2	0	-2
	1Q08	-8	2	-1	0	-2	0	1	1	0	-3	-2	0
	2007	6	3	6	5	-8	4	4	2	3	8	7	2
	5 yr avg.	10	5	6	3	3	3	4	2	2	10	8	3
Return on Average Assets (%)	**2Q08**	-0.5%	0.1%	-1.1%	0.0%	-0.5%	-0.4%	0.2%	0.3%	0.2%	0.1%	0.0%	-0.2%
	1Q08	-0.7%	0.1%	-0.1%	0.2%	-0.2%	0.1%	0.1%	0.3%	0.0%	-0.1%	-0.1%	0.1%
	2007	0.6%	0.3%	0.8%	3.0%	-0.8%	0.7%	0.8%	1.2%	0.9%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	0.7%	1.3%	2.7%	0.7%	0.8%	1.1%	1.2%	0.7%	0.9%	1.0%	1.2%
Cash Flow from Operations	**2Q08**	8	(19)	(7)	1	15	(11)	4	0	1	6	(0)	0
	1Q08	35	-22	-9	5	-72	-46	10	1	6	-52	-32	-15
	2007	6	-61	2	5	-24	-36	7	4	6	-22	-17	-5
	5 yr avg.	26	-26	-3	5	-26	-21	8	3	4	-25	-13	-4
Cash Flow % Net Income	**2Q08**	(2)	8	(1)	47	9	3	2	1	3			
	1Q08	-106%	-1231%	1104%	322%	-744%	-2175%	554%	35%	391%	-290%	-346%	-73%
	2007	567%	-688%	-150%	117%	930%	-1088%	231%	46%	203%	-100%	-275%	41%
	5 yr avg.	309%	-494%	-65%	184%	-15%	-566%	212%	161%	-717%	-312%	-180%	-115%
Gross Mortgage-related Charges		44	12	8		34	4						
Charges % YE 2007 Equity		45.9%	38.1%	10.1%		107.4%	17.8%						
Total Capital Raised		20	6	18		16	6						

(USD Blns)		AIG, Inc.	Goldman	Citigroup	Allianz	ManuLife	Aa1/Aa2	Aa3	A1/A2
Secured Rating (IFSR)		Aa2/Aa3	Aa3	Aa1	Aa3	Aa1			
HoldCo Senior Rating (Bank Unspptd)		Aa3	Aa3 (A1)	Aa3 (A1)	Aa3	Aa3			
Outlook		Negative	Stable	Negative	Stable	Stable			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP			
Market Capitalization	**2Q08**	71	70	91	51	53	83	72	27
	1Q08	108	67	112	57	59	106	87	35
Market Cap / Equity	**2Q08**	0.9x	1.6x	0.7x	1.3x	2.1x	1.1x	1.2x	1.0x
	1Q08	1.4x	1.6x	0.9x	1.3x	2.3x	1.8x	1.6x	1.2x
	2007	1.5x	2.1x	1.3x	1.4x	2.5x	1.7x	1.7x	1.4x
Total Assets	**2Q08**	1,050	1,088	2,100	1,016	356	1,700	1,344	521
	1Q08	1,051	1,189	2,200	1,127	357	1,705	1,383	554
Total Equity	**2Q08**	78	45	136	40	25	94	74	32
	1Q08	80	43	128	45	25	84	69	33
	2007	96	43	113	48	24	87	70	32
Equity % Assets	**2Q08**	7.4%	4.1%	6.5%	4.0%	7.0%	5.5%	5.5%	7.2%
	1Q08	7.6%	3.6%	5.8%	4.0%	7.0%	5.1%	5.2%	7.2%
	2007	9.1%	3.8%	5.2%	4.5%	6.9%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	70.7%	90.4%	85.1%	89.3%	42.3%	84.2%	80.3%	54.0%
	1Q08	69.5%	91.9%	86.8%	90.7%	41.0%	83.8%	80.4%	52.9%
	2007	65.8%	91.5%	88.6%	89.2%	41.0%	86.9%	81.7%	53.3%
Revenues	**2007**	110	46	81	100	35	52	61	28
Net Income	**2Q08**	-5	2	-2	2	1	2	0	-2
	1Q08	-8	2	-5	1	1	-3	-2	0
	2007	6	12	4	8	4	8	7	2
	5 yr avg.	10	7	17	5	3	10	8	3
Return on Average Assets (%)	**2Q08**	-0.5%	0.2%	-0.1%	0.1%	0.3%	0.1%	0.0%	-0.2%
	1Q08	-0.7%	0.1%	-0.2%	0.1%	0.2%	-0.1%	-0.1%	0.1%
	2007	0.6%	1.2%	0.2%	0.7%	1.2%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	1.2%	1.4%	0.5%	1.3%	0.9%	1.0%	1.2%
Cash Flow from Operations	**2Q08**	8	(23)	2	6	1	6	(0)	0
	1Q08	35	-68	-71	13	7	-52	-32	-15
	2007	6	-58	0	21	7	-22	-17	-5
	5 yr avg.	26	-38	-11	17	6	-25	-13	-4
Cash Flow % Net Income	**2Q08**	(2)	5	(21)	14	2			
	1Q08	-106%	-1499%	-31%	489%	77%	-290%	-346%	-73%
	2007	567%	-588%	-1975%	160%	177%	-100%	-275%	41%
	5 yr avg.	309%	-542%	-389%	373%	191%	-312%	-180%	-115%
Gross Mortgage-related Charges		44	2	41	2				
Charges % YE 2007 Equity		45.9%	4.7%	35.9%	3.8%				
Total Capital Raised		20	0	46	0				

(USD Blns)		AIG, Inc.	UBS	B of A	Credit Suisse	JPMorgan	Aa1/Aa2	Aa3	A1/A2
Secured Rating (IFSR)		Aa2/Aa3	Aa2	Aa2	Aa1	Aa2			
HoldCo Senior Rating (Bank Unspptd)		Aa3	Aa2 (A2)	Aa2 (Aa2)	Aa2 (A1)	Aa2 (Aa3)			
Outlook		Negative	RUR ↓	Negative	Stable	Stable			
Accounting Basis		US GAAP	IFRS	US GAAP	US GAAP	US GAAP			
Market Capitalization	**2Q08**	71	61	106	48	118	83	72	27
	1Q08	108	57	169	51	146	106	87	35
Market Cap / Equity	**2Q08**	0.9x	1.4x	0.7x	1.3x	0.9x	1.1x	1.2x	1.0x
	1Q08	1.4x	3.5x	1.1x	1.4x	1.2x	1.8x	1.6x	1.2x
	2007	1.5x	2.8x	1.2x	1.6x	1.2x	1.7x	1.7x	1.4x
Total Assets	**2Q08**	1,050	2,078	1,717	1,230	1,776	1,700	1,344	521
	1Q08	1,051	2,231	1,737	1,208	1,643	1,705	1,383	554
Total Equity	**2Q08**	78	44	163	37	133	94	74	32
	1Q08	80	16	156	38	126	84	69	33
	2007	96	35	147	43	123	87	70	32
Equity % Assets	**2Q08**	7.4%	2.1%	9.5%	3.0%	7.5%	5.5%	5.5%	7.2%
	1Q08	7.6%	0.7%	9.0%	3.1%	7.6%	5.1%	5.2%	7.2%
	2007	9.1%	1.5%	8.6%	3.2%	7.9%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	70.7%	NA	79.3%	92.4%	80.9%	84.2%	80.3%	54.0%
	1Q08	69.5%	NA	79.7%	92.0%	79.6%	83.8%	80.4%	52.9%
	2007	65.8%	96.6%	80.6%	92.2%	78.3%	86.9%	81.7%	53.3%
Revenues	**2007**	110	32	67	40	71	52	61	28
Net Income	**2Q08**	-5	0	3	1	2	2	0	-2
	1Q08	-8	-12	1	-2	2	-3	-2	0
	2007	6	-5	15	8	15	8	7	2
	5 yr avg.	10	7	15	6	10	10	8	3
Return on Average Assets (%)	**2Q08**	-0.5%	0.0%	0.2%	0.1%	0.1%	0.1%	0.0%	-0.2%
	1Q08	-0.7%	-0.5%	0.1%	-0.2%	0.1%	-0.1%	-0.1%	0.1%
	2007	0.6%	-0.2%	0.9%	0.6%	1.1%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	0.5%	1.7%	0.5%	1.0%	0.9%	1.0%	1.2%
Cash Flow from Operations	**2Q08**	8	19	(4)	12	(2)	6	(0)	0
	1Q08	35	-52	11	-58	-111	-52	-32	-15
	2007	6	-5	15	-49	-50	-22	-17	-5
	5 yr avg.	26	-28	7	-39	-38	-25	-13	-4
Cash Flow % Net Income	**2Q08**	(2)	71	4	23	13			
	1Q08	-106%	-164%	-317%	-578%	-102%	-290%	-346%	-73%
	2007	567%	993%	74%	-746%	-720%	-100%	-275%	41%
	5 yr avg.	309%	46%	51%	-1037%	-309%	-312%	-180%	-115%
Gross Mortgage-related Charges		44	37	18	11	8			
Charges % YE 2007 Equity		45.9%	106.2%	12.2%	25.9%	6.1%			
Total Capital Raised		20	34	19	0	8			

Rating Action: American International Group, Inc.

Moody's reiterates negative outlook on AIG; US life ops negative

New York, August 07, 2008 -- Moody's Investors Service has affirmed the ratings of American International Group, Inc. (NYSE: AIG -- senior unsecured debt rated Aa3) while reiterating the company's negative rating outlook. The rating agency also affirmed the Aa2 insurance financial strength ratings of AIG's Domestic Life Insurance and Retirement Services subsidiaries (DLIRS), while changing the DLIRS rating outlook to negative from stable. The ratings and outlooks on all other AIG subsidiaries have been affirmed. These rating actions follow AIG's announcement of a $5.4 billion net loss for the second quarter of 2008. The affirmations are based on Moody's understanding that AIG will actively address potential liquidity and capital needs at various operating units, including DLIRS and AIG Financial Products Corp. (AIGFP). Failure to address these concerns in the near term could lead to rating downgrades at the parent company, DLIRS and/or other operating units.

The second-quarter net loss includes after-tax unrealized market valuation losses of $3.6 billion on mortgage-exposed credit default swaps (CDS) at AIGFP, and after-tax realized capital losses of $4.0 billion, largely from other-than-temporary impairment (OTTI) of residential mortgage-backed securities (RMBS) held by the DLIRS companies. AIG's shareholders' equity account declined by $1.6 billion during the quarter to $78.1 billion as of June 30, 2008, as the net loss and unrealized depreciation of investments offset a $7.5 billion common stock issuance in May 2008. AIG's broader capital base, including common equity and hybrid securities with significant equity content, increased during the quarter as a result of hybrid issuance totaling $12.8 billion.

Over the past nine months, AIG has absorbed after-tax unrealized market valuation losses on CDS totaling $16.8 billion, and after-tax realized capital losses (principally OTTI) totaling $9.1 billion. Also during this period, the company has posted to its equity account net after-tax unrealized investment depreciation totaling $12.1 billion.

The negative outlook on the DLIRS companies reflects their weakened capital position as a result of persistent OTTI losses, which also generally flow through the regulatory financial statements and reduce regulatory capital. The DLIRS companies' Aa2 insurance financial strength ratings incorporate Moody's expectation of a combined NAIC risk-based capital (RBC) ratio of 350% or higher. To the extent that the RBC ratio has fallen below this level, Moody's expects that the company will take steps to strengthen the capitalization during the remainder of the year.

Moody's noted that the DLIRS companies hold a majority of AIG's RMBS, both directly and through their securities lending collateral. Securities lending typically involves relatively short-term funding (secured by the lent securities), with the cash collateral invested in longer-term assets, including RMBS. With RMBS generally trading well below par, Moody's expects that AIG will maintain ample alternative sources of liquidity to repay securities borrowers who may want to reduce or exit their positions.

"AIG's DLIRS group is a leading US life insurer, with well diversified products and distribution channels," said Moody's Laura Bazer, lead analyst for these operations. "The negative outlook reflects continued weakness in the RMBS market and the resulting strains on the group's asset quality and capitalization."

The rating agency noted that the negative outlook on AIG (parent company) incorporates the challenges within DLIRS, as well as the growing CDS liabilities and collateral requirements at AIGFP, whose obligations are unconditionally guaranteed by AIG. Moody's expects that AIG and AIGFP will maintain robust coverage of liquidity needs, even in severely adverse scenarios.

Moody's has estimated that AIG's ultimate economic losses on CDS and RMBS will likely be materially smaller than the current market values would suggest. Nevertheless, current market values have a meaningful impact on collateral requirements at AIGFP and regulatory capital levels at several insurance subsidiaries.

"AIG faces near-term challenges through its exposures to the troubled US mortgage market," said Bruce Ballentine, lead analyst for AIG. "We believe that the company's diversified operations and its financial flexibility will help it to weather the storm."

Moody's last rating action on these entities took place on May 22, 2008, when AIG's senior unsecured debt rating was downgraded to Aa3 (negative outlook) from Aa2, and the DLIRS companies' insurance financial strength ratings were downgraded to Aa2 (stable outlook) from Aa1.

Moody's has affirmed the following ratings while maintaining a negative outlook:

American International Group, Inc. -- long-term issuer rating at Aa3, senior unsecured debt at Aa3, subordinated debt at A1, senior unsecured debt shelf at (P)Aa3, subordinated debt shelf at (P)A1, preferred stock shelf at (P)A2.

Moody's has affirmed the following ratings while changing the outlook to negative from stable:

Domestic Life Insurance & Retirement Services subsidiaries -- AIG Annuity Insurance Company, AIG Life Insurance Company, AIG SunAmerica Life Assurance Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American International Life Assurance Company of New York, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company, The United States Life Insurance Company in the City of New York, The Variable Annuity Life Insurance Company -- insurance financial strength at Aa2;

AIG SunAmerica funding agreement-backed note programs -- AIG SunAmerica Global Financing Trusts, ASIF I & II, ASIF III (Jersey) Limited, ASIF Global Financing Trusts -- senior secured debt at Aa2.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to punctually pay senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

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Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Ratings

Category	Moody's Rating
Rating Outlook	NEG
Senior Unsecured	Aa3
Rated Intercompany Pool Members	
Rating Outlook	STA
Insurance Financial Strength	Aa3
AIG SunAmerica Life Assurance Company	
Rating Outlook	NEG
American Life Insurance Company	
Rating Outlook	STA
Insurance Financial Strength	Aa2
AIG Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	Aa2
American General Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	Aa2

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Key Indicators

American International Group, Inc.[1]

	TTM 6/08	2007	2006	2005	2004	2003
Total Assets ($ Mil.)	$1,049,876	$1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 78,088	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 82,233	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ (15,369)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage	19.4%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.)		6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.) [2]		11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements. [2] AIG changed its reporting basis for unrestricted subsidiary dividend capacity in 2007, so cashflow coverage at YE 2007 is not directly comparable to prior-year levels.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa3, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic

(US) operations, with nearly 60% coming from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

On August 7, 2008, Moody's affirmed AIG's ratings and reiterated the negative outlook. At the same time, Moody's affirmed the insurance financial strength (IFS) ratings of AIG's Domestic Life Insurance & Retirement Services (DLIRS) subsidiaries, while changing the DLIRS rating outlook to negative from stable. These rating actions followed AIG's announcement of a $5.4 billion net loss for the second quarter of 2008. The loss included significant unrealized market valuation losses on mortgage-exposed credit default swaps (CDS) at AIG Financial Products Corp. (AIGFP), as well as realized capital losses on investments, largely other-than-temporary impairment (OTTI) on residential mortgage-backed securities (RMBS) held by the DLIRS companies. Over the past nine months, AIG has absorbed after-tax unrealized market valuation losses on CDS totaling $16.8 billion and after-tax realized capital losses (principally OTTI on RMBS) totaling $9.1 billion. Also during this period, the company has posted to its equity account net after-tax unrealized depreciation of investments (largely RMBS) totaling $12.1 billion.

The negative outlook on the DLIRS companies reflects their weakened capital position as a result of OTTI losses, which generally flow through the regulatory financial statements and reduce regulatory capital. The DLIRS companies also face heightened liquidity risk, given that their RMBS are held predominantly within the securities lending collateral pool. Securities lending typically involves relatively short-term funding (secured by the lent securities), with the cash collateral invested in longer-term assets (including RMBS). The negative outlook on AIG (parent company) incorporates the challenges within DLIRS, as well as the growing CDS liabilities and collateral requirements at AIGFP, whose obligations are unconditionally guaranteed by AIG.

The recent rating affirmations were based on Moody's understanding that AIG will actively address potential liquidity and capital needs at various operating units, including DLIRS and AIGFP. We expect that AIG will maintain robust coverage of such needs, even in severely adverse scenarios. Failure to address these concerns in the near term could lead to rating downgrades at the parent company, DLIRS and/or other operating units. Moody's has estimated that AIG's ultimate economic losses on CDS and RMBS will likely be materially smaller than the current market values would suggest. Nevertheless, current market values have a meaningful impact on collateral requirements at AIGFP and regulatory capital levels at several insurance subsidiaries.

AIG's current ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its demonstrated access to capital markets. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US residential mortgage market.

Credit Profile of Significant Subsidiaries/Activities

AIG Property Casualty Group (2007 revenues: $38.0 billion, 35% of consolidated total)

The AIG Property Casualty Group (formerly Domestic General Insurance) encompasses the AIG Commercial Insurance Group (CIG - formerly Domestic Brokerage Group), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa3 IFS ratings (stable outlook) on eight members of CIG, reflecting CIG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by CIG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains a Aa3 IFS rating (negative outlook) on United Guaranty Residential Insurance Company (UGRIC), the lead company of AIG's Mortgage Guaranty unit. The rating is based on UGRIC's conservative underwriting practices, as evidenced by its limited exposure to the highest-risk mortgage products, coupled with its robust capital adequacy and solid competitive position. UGRIC's rating benefits from a net worth maintenance agreement from AIG plus a fixed-dollar-limit reinsurance agreement provided by a CIG member. Moody's expects UGRIC to sustain operating losses over the next several quarters as a result of continued weakness in the US housing market. However, the company is well positioned to take advantage of new business opportunities and improved terms of trade given its strong credit profile relative to peers. Moody's also maintains a Aa3 IFS rating (negative outlook) on United Guaranty Mortgage Indemnity Company based on an unconditional guarantee from UGRIC. Two other members of the Mortgage Guaranty unit carry IFS ratings of A1 (negative outlook), based on their respective exposures to second-lien mortgage loans and student loans - market segments where conditions are unlikely to improve over the medium term, in Moody's view. These ratings also benefit from a net worth maintenance agreement from AIG plus affiliated reinsurance.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a CIG company in December 2007. The Aa3 IFS rating (stable outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan), and merged the Taiwan branch of a CIG company into AIGGI Taiwan. Moody's upgraded the IFS rating of AIGGI Taiwan from Baa1 to A2 in July 2007 and to A1 in March 2008. With a stand-alone rating of A3, AIGGI Taiwan receives two notches of rating uplift from parental support in the form of financial flexibility, transfer of technical knowledge, management expertise and risk sharing. Because its rating relies on significant parental support, AIGGI Taiwan's rating outlook is negative, following that of AIG.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's maintains Aa2 IFS ratings (negative outlook) on ten members of the DLIRS segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-selling arrangements, and common investment management and administrative services. These strengths are tempered by the group's significant exposure to US RMBS, held predominantly within the securities lending collateral pool, as discussed above.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

The Foreign Life Insurance & Retirement Services segment encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, sound capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa3, stable outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, negative outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership

and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower. ILFC's negative rating outlook follows that of AIG.

The Capital Markets unit comprises the global operations of AIGFP (backed long-term issuer rating of Aa3, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa3 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US residential mortgage market through super-senior CDS and cash CDOs, a portfolio that is now in runoff. In February 2008, AIG appointed an interim CEO to oversee this operation and launched a search for a new permanent CEO. In connection with this management shift, Moody's expects that AIG will take a fresh look at the strategic direction and risk appetite at AIGFP.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated A1, negative outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and implicit support from AIG. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of year-end 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards have enabled the company to weather the housing market slump reasonably well compared to many other financial institutions. Nevertheless, AGFC's core profitability has fallen, and will continue to be pressured by rising loss provisions and the sharp fall-off in mortgage banking activity. Absent the implicit parental support, AGFC's ratings would be lower. AGFC's negative rating outlook follows that of AIG.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's Matched Investment Program. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US residential mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Sizable exposure to US residential mortgage market through various business units and activities, particularly CDS written by AIGFP and RMBS held by US life insurance subsidiaries

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

Rating Outlook

The negative outlook on AIG (and on subsidiaries whose ratings rely on meaningful explicit or implicit parental support) reflects the company's exposure to further volatility in the US residential mortgage market as well as uncertainty surrounding the strategic direction of AIGFP.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improving or stable stand-alone credit profiles of major operating units

- Strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- Weak group profitability, with returns on equity remaining below 10% over the next few quarters

- A decline in financial flexibility, with adjusted financial leverage exceeding the low 20s (percent), or adjusted pretax interest coverage remaining below 8x over the next few quarters

- Incremental losses on investments or derivatives causing a further decline in shareholders' equity

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Capital Structure and Liquidity

Moody's believes that AIG's financial flexibility has been weakened by the firm's exposure to the US mortgage market and the related losses, write-downs and decline in shareholders' equity. On the other hand, the company demonstrated broad access to the capital markets through its issuance of more than $20 billion of capital during May 2008 - a positive for creditors in Moody's view. The new issuance included approximately $7.5 billion of common stock, $5.9 billion of equity units (hybrids) and $6.9 billion of junior subordinated debentures (hybrids). The hybrid securities were designed to receive significant equity treatment for financial leverage calculations.

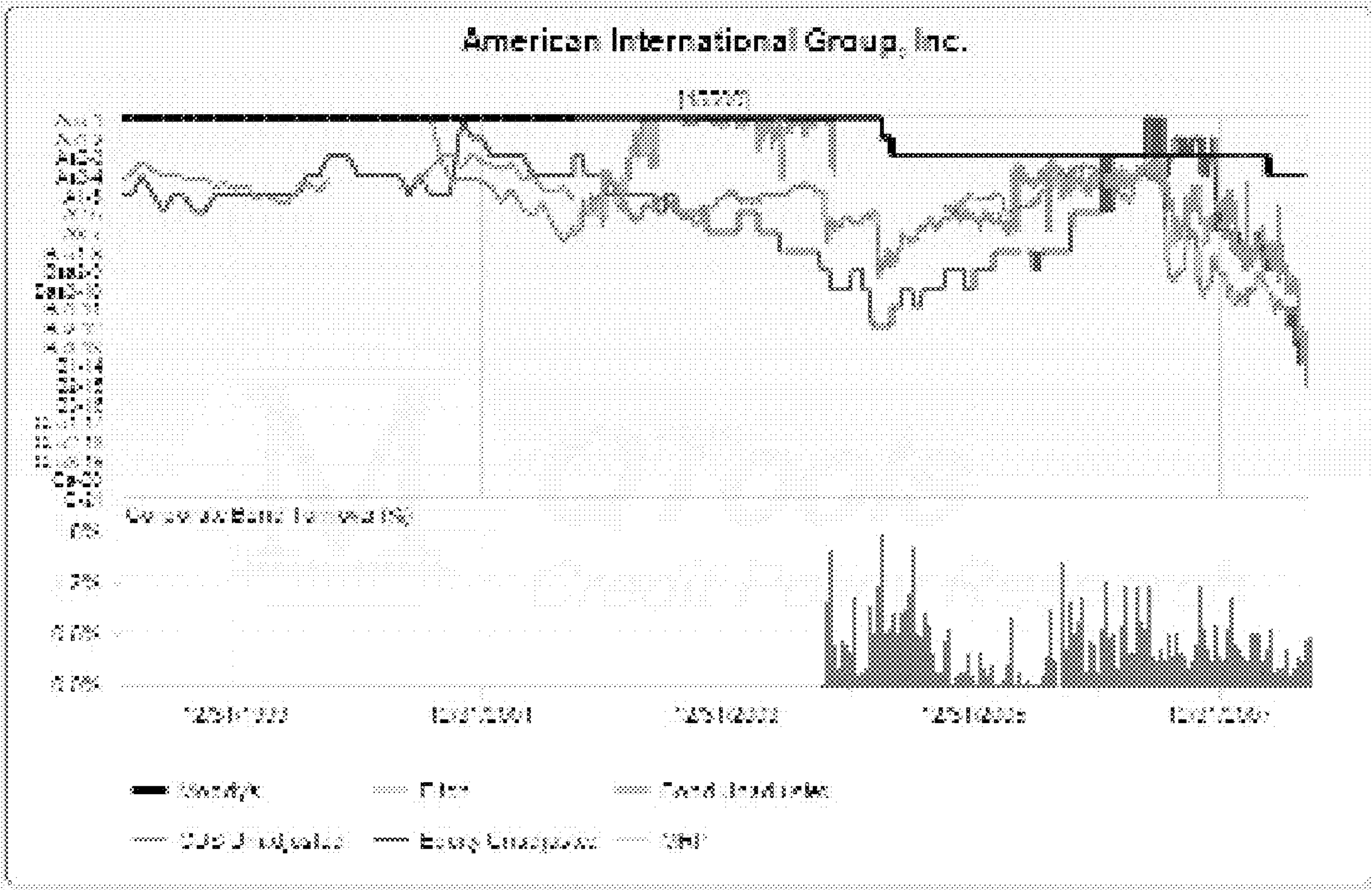
As of June 30, 2008, AIG reported total borrowings of $178.6 billion, a majority of which was "operating" debt (i.e., supporting assets of the Financial Services segment and AIG's Matched Investment Program). AIG's adjusted "financial" debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) amounted to $26.0 billion. AIG's adjusted financial leverage has increased from 18.3% at year-end 2007 to 19.4% as of June 30, 2008, as a result of mortgage-related losses and write-downs recorded during the first half of the year, largely offset by the capital issuance in May. Moody's notes that the newly issued hybrid securities carry significant fixed charges that will reduce AIG's earnings coverage and dividend capacity coverage of fixed charges going forward. We expect that earnings coverage will decline from a historic range of 20-24 times to a normalized range of about 8-12 times, while dividend capacity coverage will decline from a historic range of 9-14 times to a normalized range of about 6-8 times. Moody's believes that AIG will continue to benefit from its broad business diversification and access to capital market funding.

Moody's believes that AIG has sufficient liquidity - through cash on hand, dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries under current market conditions. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years. A majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Still, the pro forma dividend capacity coverage of fixed charges (6-8 times) is reasonable for AIG's current rating category. AIG has taken steps to enhance its liquidity in response to credit market turmoil over the past year. The company has increased its holdings of cash and short-term investments across major business units, and has established an interdisciplinary Liquidity Risk Committee to monitor and manage liquidity risks throughout the firm. AIG's consolidated cash and short-term investment position has grown from $29.4 billion at year-end 2006 to $82.2 billion as of June 30, 2008. The large position in cash and short-term investments is constraining AIG's investment income and overall profitability to some degree. Moody's regards this as a prudent trade-off in the current unsettled credit markets.

AIG gets a portion of its funding through a $7 billion commercial paper program ($5.8 billion outstanding at June 30, 2008). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2009 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of June 30, 2008, nearly all of this facility was being used for letters of credit. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option). Moody's expects that these facilities will be renewed in similar form before they expire.

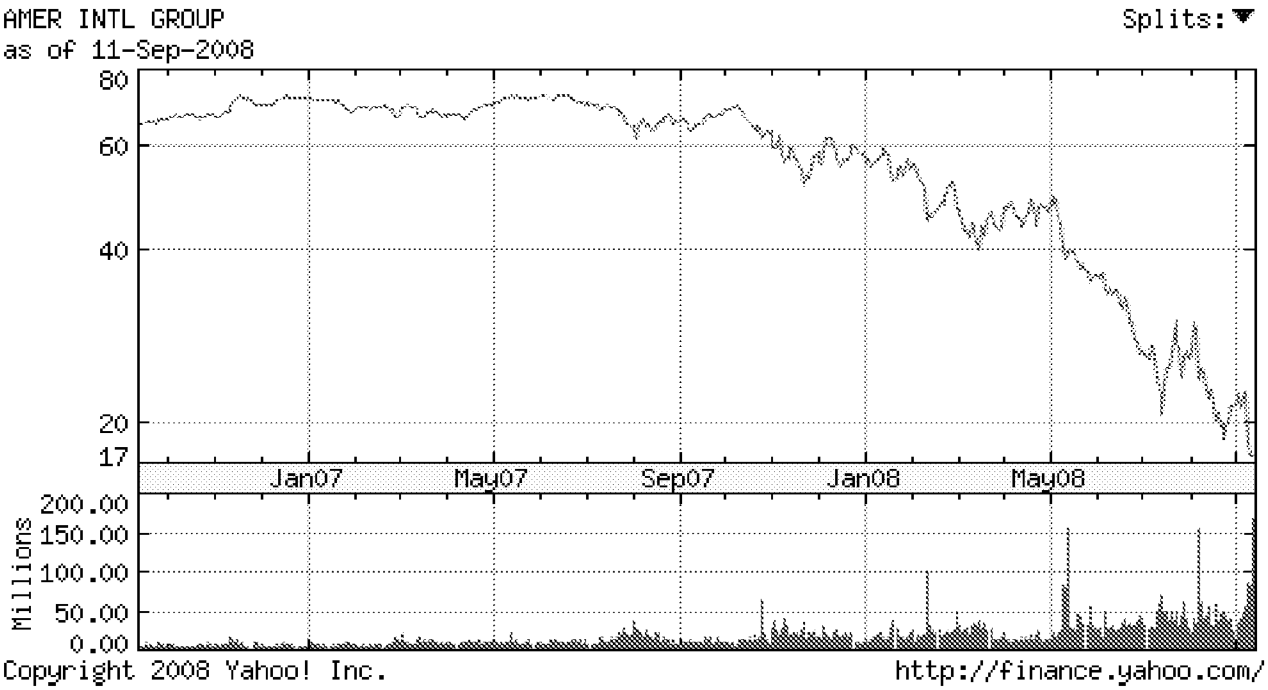
In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most importantly AIGFP. AIGFP manages its liquidity position to withstand severe market disruptions. AIGFP conducts regular liquidity stress tests that assume no access to capital markets, contingent liability payouts at the earliest possible dates, and haircuts on relatively liquid investment securities. The stress tests also consider the impact of potential rating downgrades on AIGFP's collateral posting requirements. As of July 31, 2008, AIGFP had posted collateral in respect of super-senior CDS in an aggregate net amount of $16.5 billion. At that time, AIG's senior unsecured debt ratings (and AIGFP's backed long-term issuer ratings) were Aa3 by Moody's and AA- by Standard & Poor's. The company estimated as of that date that a downgrade to A1 by Moody's and to A+ by Standard & Poor's would permit AIGFP's counterparties to call for approximately $13.3 billion of incremental collateral. As noted above, Moody's current ratings on AIG (and on AIGFP) incorporate our expectation that the company will maintain robust coverage of potential liquidity needs, even in severely adverse scenarios.

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):



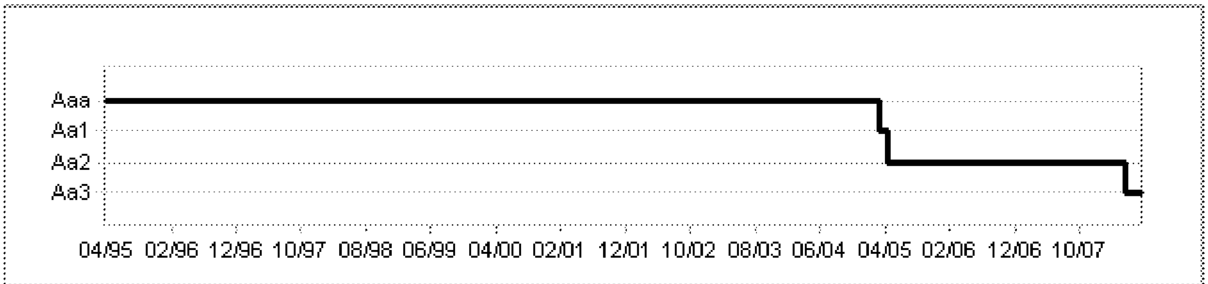
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt over the past year by market concerns over subprime mortgage exposures.

Stock Chart



Market capitalization: $32.6 billion

Rating History



Current & Recommended Ratings on AIG Entities – September 15, 2008

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa3	Negative	Aa3	R-Dn
			Sr Unsec Debt			Aa3		Aa3	R-Dn
			Sr Unsec Shelf			(P)Aa3		(P)Aa3	R-Dn
			Subord Shelf			(P)A1		(P)A1	R-Dn
			Prfrd Shelf			(P)A2		(P)A2	R-Dn
			ST Issuer			P-1	Stable	P-1	Negative
AIG Capital Corporation	DE		LT Issuer			A2	Negative	A2	R-Dn
			ST Issuer			P-1			
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Negative	P-1	R-Dn
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	Negative	A1	R-Dn
			Sr Unsec Debt		A2	A1		A1	R-Dn
			ST Debt			P-1		P-1	R-Dn
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	Negative	A3	R-Dn
Yosemite Insurance Company	IN	Fin Svcs							
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Negative	P-1	R-Dn
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	Negative	A1	R-Dn
			ST Debt			P-1		P-1	R-Dn
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	Negative	A3	R-Dn
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)A1	Negative	(P)A1	R-Dn
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs							
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs							
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Stable	Aa2	R-Dn
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Negative
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs							
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Shelf	AIG G'tee		(P)Aa3	Negative	(P)Aa3	R-Dn
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins							
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins							
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A1	Negative	A1	R-Dn
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	A2	R-Dn
			Sr Unsec Shelf			(P)A2		(P)A2	R-Dn
			Subord Shelf			(P)A3		(P)A3	R-Dn
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
United Guaranty Corporation	NC	Domes Gen Ins							
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa3	Negative	Aa3	R-Dn
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	Caa2	A1	Negative	A1	R-Dn
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee	Aa3	Aa3	Negative	Aa3	R-Dn
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	C	A1	Negative	A1	R-Dn
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd Prfrd Stock	AIG G'tee		A2		A2	R-Dn
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
American International Underwriters Overseas, Ltd.	Bermuda								
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	R-Dn
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma TTM 6/08		2007	2006	2005	2004	2003
Financial Leverage							
Unadjusted debt ($ mil)	178,638		176,049	148,679	109,849	96,899	80,349
Adjusted debt ($ mil)	178,638		176,049	148,679	109,849	96,899	80,349
Unadjusted equity ($ mil)	78,088		95,801	101,677	86,317	79,673	69,230
Adjusted equity & minority interest ($ mil)	94,408		101,848	99,372	83,093	74,178	63,706
Unadjusted debt % capital	69.6%		64.8%	59.4%	56.0%	54.9%	53.7%
Adjusted debt % capital	65.4%		63.4%	59.9%	56.9%	56.6%	55.8%
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)			18,631	28,672	20,886	19,128	16,135
Adjusted EBIT ($ mil)	23,690		10,270	22,562	15,711	15,087	12,318
Unadjusted interest & preferred dividends ($ mil)			9,688	6,951	5,673	4,427	4,219
Adjusted interest & preferred dividends ($ mil)	2,238		1,327	841	498	386	402
Unadjusted earnings coverage (x)			1.9x	4.1x	3.7x	4.3x	3.8x
Adjusted earnings coverage (x)	10.6x		7.7x	26.8x	31.5x	39.1x	30.6x
Adjusted earnings coverage (x) - 5-yr avg			27.2x	32.0x			
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)	81%	81%	81%	90%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	18,202	18,202	18,202	10,168	9,495	8,764	7,615
Unadjusted dividend capacity coverage (x)			1.9x	1.5x	1.7x	2.0x	1.8x
Adjusted dividend capacity coverage (x)	8.1x		13.7x	12.1x	19.1x	22.7x	18.9x
Adjusted dividend capacity coverage (x) - 5-yr avg			17.3x	18.2x			
Goodwill Exposure							
Goodwill ($ mil)	10,661	10,661	9,414	8,628	8,093	8,556	7,619
Goodwill % equity	13.7%	#DIV/0!	9.8%	8.5%	9.4%	10.7%	11.0%
Balance Sheet Inputs ($ mil)							
Total assets	1,049,876	1,049,876	1,060,505	979,410	853,048	801,007	675,602
Unadjusted debt	178,638	178,638	176,049	148,679	109,849	96,899	80,349
Operating debt	0	0	0	0	0	0	0
Financial debt	178,638	178,638	176,049	148,679	109,849	96,899	80,349
Minority interest	11,149	11,149	10,422	7,778	5,124	4,831	3,547
Unadjusted equity	78,088	78,088	95,801	101,677	86,317	79,673	69,230
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	-5,171	-5,171	4,375	10,083	8,348	10,326	9,071
Income Statement Inputs ($ mil)							
Total revenue		110,064	110,064	113,387	108,781	97,823	79,601
Unadjusted interest expense			9,688	6,951	5,673	4,427	4,219
Operating interest expense			8,361	6,110	5,175	4,041	3,817
Financial interest expense			1,327	841	498	386	402
Income tax expense		1,455	1,455	6,537	4,258	4,407	3,556
Minority interest expense		1,288	1,288	1,136	478	455	252
Net income		6,200	6,200	14,048	10,477	9,839	8,108
Preferred dividends		0	0	0	0	0	0

Pro forma TTM 6/08 assumptions:

- Adjusted EBIT based on 2006 amount plus 5%
- Adjusted interest and preferred dividends based on 2006 amount plus full-year fixed charges associated with hybrids

Leverage and Coverage Adjustments
Company: American International Group, Inc

	Pro forma TTM 6/08	TTM 6/08	2007	2006	2005	2004	2003
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)			5%				
Assumed tax rate (%)			35%				
Projected benefit obligation (end of year)	4,901	4,901	4,901	4,657	4,481	4,126	3,950
Fair value of plan assets (end of year)	4,081	4,081	4,081	3,610	3,260	2,871	2,715
Pension asset recorded					703	523	566
Pension liability recorded					807	888	941
Debt adjustment	820	820	820	1,047	1,221	1,255	1,235
Shareholders' equity adjustment					-726	-579	-559
Interest expense adjustment	41	41	41	52	61	63	62
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)			6x				
Rent expense	771	771	771	657	597	568	524
Debt adjustment	4,626	4,626	4,626	3,942	3,582	3,408	3,144
Interest expense adjustment	257	257	257	219	199	189	175
EBIT adjustment	257	257	257	219	199	189	175
Other Adjustments ($ mil)							
Hybrid securities #1	100	100	100	191	186	199	192
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A	A
Debt portion of hybrid	100	100	100	191	186	199	192
Equity portion of hybrid	0	0	0	0	0	0	0
Hybrid securities #2	18,746	18,746	5,809				
Reporting category	Debt	Debt	Debt				
Basket designation	D	D	D				
Debt portion of hybrid	4,687	4,687	1,452				
Equity portion of hybrid	14,060	14,060	4,357				
Lloyd's LOCS							

Rating Factors
AIG Domestic Life & Retirement Svcs

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Scorecard Rating	YE 2007 Scorecard Adjusted Scorecard Rating	8/07/08 RCM Scorecard Adjusted Scorecard Rating	PROFORMA 1 Adjusted Scorecard Rating	Stress PROFORMA 2 Adjusted Scorecard Rating
Business Profile						Aa2	Aa1	Aa1	Aa1	Aa1
Market Position, Brand and Distribution (15%)						Aa3	Aaa	Aaa	Aaa	Aaa
Market Share Ratio			X							
Relative Market Share Ratio		X								
Distribution (10%)						Aa2	Aa1	Aa1	Aa1	Aa1
Distribution Control		X								
Diversity of Distribution		X								
Product Focus and Diversification (15%)						Aa2	Aa1	Aa1	Aa1	Aa1
Product Risk		X								
Life Insurance Product Diversification										
Financial Profile						Aa2	Aa3	A1	A1	A1
Asset Quality (5%)						Aa2	A1	A2	A2	A3
High Risk Assets % Invested Assets		16.0%								
Goodwill % Equity	9.8%									
Capital Adequacy (10%)						A2	Aa3	Aa3	Aa3	A1
Equity % Total Assets			7.7%							
Profitability (15%)						A1	A1	A2	A2	A3
Return on Equity (5 yr. avg.)		10.3%								
Sharpe Ratio of Growth in Net Income (5 yr.)			40.3%							
Liquid and Asset/Liability Management (10%)						Aaa	A1	A1	A1	A1
Liquid Assets Divided by Policyholder Reserves	84.0%									
Financial Flexibility (20%)						Aaa	Aa1	Aa2	Aa3	A1
Financial Leverage	18.3%									
Earnings Coverage (5 yr. avg.)	18.3x									
Cashflow Coverage (5 yr. avg.)	11.7x									
Total Scorecard Rating						Aa2	Aa2	Aa2	Aa3	Aa3
Total Scorecard Rating -- Value						3.04	2.88	3.35	3.55	4.05

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):
Management, Governance, and Risk Management:
Accounting Policy & Disclosure:
Sovereign & Regulatory Environment:

Stand-Alone Rating Recommendation:

Support (if applicable, insert notches to be added to the standalone rating above):
Nature and Terms of Explicit Support:
Nature and Terms of Implicit Support:

Final Rating Recommendation:

Consolidated Balance Sheet

December 31, *(in millions)*	2007	2006
Assets:		
Investments and financial services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2007 — $393,170; 2006 — $377,163)	**$ 397,372**	$386,869
Bonds held to maturity, at amortized cost (fair value: 2007 — $22,157; 2006 — $22,154)	**21,581**	21,437
Bond trading securities, at fair value (includes hybrid financial instruments: 2007 — $555; 2006 — $522)	**9,982**	10,836
Equity securities:		
Common stocks available for sale, at fair value (cost: 2007 — $12,588; 2006 — $10,662)	**17,900**	13,256
Common and preferred stocks trading, at fair value	**21,376**	14,855
Preferred stocks available for sale, at fair value (cost: 2007 — $2,600; 2006 — $2,485)	**2,370**	2,539
Mortgage and other loans receivable, net of allowance (2007 — $77; 2006 — $64) (includes loans held for sale: 2007 — $399)	**33,727**	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2007 — $10,499; 2006 — $8,835)	**41,984**	39,875
Securities available for sale, at fair value (cost: 2007 — $40,157; 2006 — $45,912)	**40,305**	47,205
Trading securities, at fair value	**4,197**	5,031
Spot commodities	**238**	220
Unrealized gain on swaps, options and forward transactions	**16,442**	19,252
Trade receivables	**6,467**	4,317
Securities purchased under agreements to resell, at contract value	**20,950**	30,291
Finance receivables, net of allowance (2007 — $878; 2006 — $737) (includes finance receivables held for sale: 2007 — $233; 2006 — $1,124)	**31,234**	29,573
Securities lending invested collateral, at fair value (cost: 2007 — $80,641; 2006 — $69,306)	**75,662**	69,306
Other invested assets	**58,823**	42,111
Short-term investments, at cost (approximates fair value)	**51,351**	27,483
Total investments and financial services assets	**851,961**	792,874
Cash	**2,284**	1,590
Investment income due and accrued	**6,587**	6,091
Premiums and insurance balances receivable, net of allowance (2007 — $662; 2006 — $756)	**18,395**	17,789
Reinsurance assets, net of allowance (2007 — $520; 2006 — $536)	**23,103**	23,355
Deferred policy acquisition costs	**43,150**	37,235
Investments in partially owned companies	**654**	1,101
Real estate and other fixed assets, net of accumulated depreciation (2007 — $5,446; 2006 — $4,940)	**5,518**	4,381
Separate and variable accounts	**78,684**	70,277
Goodwill	**9,414**	8,628
Other assets	**20,755**	16,089
Total assets	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *Continued*

December 31, *(in millions, except share data)*	2007	2006
Liabilities:		
Reserve for losses and loss expenses	**$ 85,500**	$ 79,999
Unearned premiums	**28,022**	26,271
Future policy benefits for life and accident and health insurance contracts	**136,068**	121,004
Policyholders' contract deposits	**258,459**	248,264
Other policyholders' funds	**12,599**	10,986
Commissions, expenses and taxes payable	**6,310**	5,305
Insurance balances payable	**4,878**	3,789
Funds held by companies under reinsurance treaties	**2,501**	2,602
Income taxes payable	**3,823**	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	**8,331**	19,677
Trade payables	**10,568**	6,174
Securities and spot commodities sold but not yet purchased, at fair value	**4,709**	4,076
Unrealized loss on swaps, options and forward transactions	**20,613**	11,401
Trust deposits and deposits due to banks and other depositors	**4,903**	5,249
Commercial paper and extendible commercial notes	**13,114**	13,363
Long-term borrowings	**162,935**	135,316
Separate and variable accounts	**78,684**	70,277
Securities lending payable	**81,965**	70,198
Minority interest	**10,422**	7,778
Other liabilities (includes hybrid financial instruments at fair value: 2007 — $47; 2006 — $111)	**30,200**	26,267
Total liabilities	**964,604**	877,542
Preferred shareholders' equity in subsidiary companies	**100**	191
Commitments, Contingencies and Guarantees (See Note 12)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2007 and 2006 — 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,848**	2,590
Payments advanced to purchase shares	**(912)**	—
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income (loss)	**4,643**	9,110
Treasury stock, at cost; 2007 — 221,743,421; 2006 — 150,131,273 shares of common stock (including 119,293,487 and 119,278,644 shares, respectively, held by subsidiaries)	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Years Ended December 31, (in millions, except per share data)	2007	2006	2005
Revenues:			
Premiums and other considerations	**$ 79,302**	$ 74,213	$ 70,310
Net investment income	**28,619**	26,070	22,584
Net realized capital gains (losses)	**(3,592)**	106	341
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(11,472)**	—	—
Other income	**17,207**	12,998	15,546
Total revenues	**110,064**	113,387	108,781
Benefits and expenses:			
Incurred policy losses and benefits	**66,115**	60,287	64,100
Insurance acquisition and other operating expenses	**35,006**	31,413	29,468
Total benefits and expenses	**101,121**	91,700	93,568
Income before income taxes, minority interest and cumulative effect of accounting changes	**8,943**	21,687	15,213
Income taxes (benefits):			
Current	**3,219**	5,489	2,587
Deferred	**(1,764)**	1,048	1,671
Total income taxes	**1,455**	6,537	4,258
Income before minority interest and cumulative effect of accounting changes	**7,488**	15,150	10,955
Minority interest	**(1,288)**	(1,136)	(478)
Income before cumulative effect of accounting changes	**6,200**	14,014	10,477
Cumulative effect of accounting changes, net of tax	**—**	34	—
Net income	**$ 6,200**	$ 14,048	$ 10,477
Earnings per common share:			
Basic			
Income before cumulative effect of accounting changes	**$2.40**	$5.38	$4.03
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.40**	$5.39	$4.03
Diluted			
Income before cumulative effect of accounting changes	**$2.39**	$5.35	$3.99
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.39**	$5.36	$3.99
Average shares outstanding:			
Basic	**2,585**	2,608	2,597
Diluted	**2,598**	2,623	2,627

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years Ended December 31, (in millions)	2007	2006	2005
Summary:			
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413
Net cash used in investing activities	**(68,007)**	(67,952)	(61,459)
Net cash provided by financing activities	**33,480**	61,244	38,097
Effect of exchange rate changes on cash	**50**	114	(163)
Change in cash	**694**	(307)	(112)
Cash at beginning of year	**1,590**	1,897	2,009
Cash at end of year	**$ 2,284**	$ 1,590	$ 1,897
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**11,472**	—	—
Net gains on sales of securities available for sale and other assets	**(1,349)**	(763)	(1,218)
Foreign exchange transaction (gains) losses	**(104)**	1,795	(3,330)
Net unrealized (gains) losses on non-AIGFP derivative assets and liabilities	**116**	(713)	878
Equity in income of partially owned companies and other invested assets	**(4,760)**	(3,990)	(1,421)
Amortization of deferred policy acquisition costs	**11,602**	11,578	10,693
Amortization of premium and discount on securities and long-term borrowings	**580**	699	207
Depreciation expenses, principally flight equipment	**2,790**	2,374	2,200
Provision for finance receivable losses	**646**	495	435
Other-than-temporary impairments	**4,715**	944	598
Changes in operating assets and liabilities:			
General and life insurance reserves	**16,242**	12,930	27,045
Premiums and insurance balances receivable and payable — net	**(207)**	(1,214)	192
Reinsurance assets	**923**	1,665	(5,365)
Capitalization of deferred policy acquisition costs	**(15,846)**	(15,363)	(14,454)
Investment income due and accrued	**(401)**	(249)	(171)
Funds held under reinsurance treaties	**(151)**	(1,612)	770
Other policyholders' funds	**1,374**	(498)	811
Income taxes payable	**(3,709)**	2,003	1,543
Commissions, expenses and taxes payable	**989**	408	140
Other assets and liabilities — net	**3,657**	(77)	2,863
Bonds, common and preferred stocks trading	**(3,667)**	(9,147)	(5,581)
Trade receivables and payables — net	**2,243**	(197)	2,272
Trading securities	**835**	1,339	(3,753)
Spot commodities	**(18)**	(128)	442
Net unrealized (gain) loss on swaps, options and forward transactions	**1,413**	(1,482)	934
Securities purchased under agreements to resell	**9,341**	(16,568)	9,953
Securities sold under agreements to repurchase	**(11,391)**	9,552	(12,534)
Securities and spot commodities sold but not yet purchased	**633**	(1,899)	571
Finance receivables and other loans held for sale — originations and purchases	**(5,145)**	(10,786)	(13,070)
Sales of finance receivables and other loans — held for sale	**5,671**	10,602	12,821
Other, net	**477**	541	(1,535)
Total adjustments	**28,971**	(7,761)	12,936
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows *Continued*

Years Ended December 31, (in millions)	2007	2006	2005
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 132,320**	$ 112,894	$ 140,076
Sales of equity securities available for sale	**9,616**	12,475	11,661
Proceeds from fixed maturity securities held to maturity	**295**	205	46
Sales of flight equipment	**303**	697	573
Sales or distributions of other invested assets	**14,109**	14,084	14,899
Payments received on mortgage and other loans receivable	**9,062**	5,165	3,679
Principal payments received on finance receivables held for investment	**12,553**	12,586	12,461
Purchases of fixed maturity securities available for sale and hybrid investments	**(139,184)**	(146,465)	(175,657)
Purchases of equity securities available for sale	**(10,933)**	(14,482)	(13,273)
Purchases of fixed maturity securities held to maturity	**(266)**	(197)	(3,333)
Purchases of flight equipment	**(4,772)**	(6,009)	(6,193)
Purchases of other invested assets	**(25,327)**	(16,040)	(15,059)
Acquisitions, net of cash acquired	**(1,361)**	—	—
Mortgage and other loans receivable issued	**(12,439)**	(7,438)	(5,310)
Finance receivables held for investment — originations and purchases	**(15,271)**	(13,830)	(17,276)
Change in securities lending invested collateral	**(12,303)**	(9,835)	(10,301)
Net additions to real estate, fixed assets, and other assets	**(870)**	(1,097)	(941)
Net change in short-term investments	**(23,484)**	(10,620)	1,801
Net change in non-AIGFP derivative assets and liabilities	**(55)**	(45)	688
Net cash used in investing activities	**$ (68,007)**	$ (67,952)	$ (61,459)
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholders' contract deposits	**$ 64,829**	57,197	51,699
Policyholders' contract withdrawals	**(58,675)**	(43,413)	(36,339)
Change in other deposits	**(182)**	1,269	(957)
Change in commercial paper and extendible commercial notes	**(338)**	2,960	(702)
Long-term borrowings issued	**103,210**	71,028	67,061
Repayments on long-term borrowings	**(79,738)**	(36,489)	(51,402)
Change in securities lending payable	**11,757**	9,789	10,437
Redemption of subsidiary company preferred stock	**—**	—	(100)
Issuance of treasury stock	**206**	163	82
Payments advanced to purchase treasury stock	**(6,000)**	—	—
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**308**	398	(85)
Net cash provided by financing activities	**$ 33,480**	$ 61,244	$ 38,097
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	**$ 8,818**	$ 6,539	$ 4,883
Taxes	**$ 5,163**	$ 4,693	$ 2,593
Non-cash financing activities:			
Interest credited to policyholder accounts included in financing activities	**$ 11,628**	$ 10,746	$ 9,782
Treasury stock acquired using payments advanced to purchase shares	**$ 5,088**	$ —	$ —
Non-cash investing activities:			
Debt assumed on acquisitions and warehoused investments	**$ 791**	$ —	$ —

See accompanying Notes to Consolidated Financial Statements.

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)	**June 30, 2008**	December 31, 2007
Assets:		
Investments and Financial Services assets:		
Fixed maturity securities:		
Bonds available for sale, at fair value (amortized cost: 2008 – $400,052; 2007 – $393,170)	**$ 393,316**	$ 397,372
Bonds held to maturity, at amortized cost (fair value: 2008 – $21,809; 2007 – $22,157)	**21,632**	21,581
Bond trading securities, at fair value	**8,801**	9,982
Equity securities:		
Common stocks available for sale, at fair value (cost: 2008 – $13,490; 2007 – $12,588)	**17,306**	17,900
Common and preferred stocks trading, at fair value	**22,514**	21,376
Preferred stocks available for sale, at fair value (cost: 2008 – $2,596; 2007 – $2,600)	**2,496**	2,370
Mortgage and other loans receivable, net of allowance (2008 – $99; 2007 – $77) (held for sale: 2008 – $30; 2007 – $377 (amount measured at fair value: 2008 – $745)	**34,384**	33,727
Financial Services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2008 – $11,359; 2007 – $10,499)	**43,887**	41,984
Securities available for sale, at fair value (cost: 2008 – $1,246; 2007 – $40,157)	**1,205**	40,305
Trading securities, at fair value	**35,170**	4,197
Spot commodities, at fair value	**90**	238
Unrealized gain on swaps, options and forward transactions, at fair value	**11,548**	12,318
Trade receivables	**2,294**	672
Securities purchased under agreements to resell, at fair value in 2008	**16,597**	20,950
Finance receivables, net of allowance (2008 – $1,133; 2007 – $878) (held for sale: 2008 – $36; 2007 – $233)	**33,311**	31,234
Securities lending invested collateral, at fair value (cost: 2008 – $67,758; 2007 – $80,641)	**59,530**	75,662
Other invested assets (amount measured at fair value: 2008 – $22,099; 2007 – $20,827)	**62,029**	58,823
Short-term investments (amount measured at fair value: 2008 – $24,167)	**69,492**	51,351
Total Investments and Financial Services assets	**835,602**	842,042
Cash	**2,229**	2,284
Investment income due and accrued	**6,614**	6,587
Premiums and insurance balances receivable, net of allowance (2008 – $596; 2007 – $662)	**20,050**	18,395
Reinsurance assets, net of allowance (2008 – $502; 2007 – $520)	**22,940**	23,103
Current and deferred income taxes	**8,211**	—
Deferred policy acquisition costs	**46,733**	43,914
Investments in partially owned companies	**628**	654
Real estate and other fixed assets, net of accumulated depreciation (2008 – $5,710; 2007 – $5,446)	**5,692**	5,518
Separate and variable accounts, at fair value	**73,401**	78,684
Goodwill	**10,661**	9,414
Other assets (amount measured at fair value: 2008 – $2,452; 2007 – $4,152)	**17,115**	17,766
Total assets	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)

	June 30, 2008	December 31, 2007
Liabilities:		
Reserve for losses and loss expenses	**$ 88,747**	$ 85,500
Unearned premiums	**28,738**	27,703
Future policy benefits for life and accident and health insurance contracts	**147,232**	136,387
Policyholders' contract deposits (amount measured at fair value: 2008 – $4,179; 2007 – $295)	**265,411**	258,459
Other policyholders' funds	**13,773**	12,599
Commissions, expenses and taxes payable	**5,597**	6,310
Insurance balances payable	**5,569**	4,878
Funds held by companies under reinsurance treaties	**2,498**	2,501
Current income taxes payable	**—**	3,823
Financial Services liabilities:		
Securities sold under agreements to repurchase (amount measured at fair value: 2008 – $8,338)	**9,659**	8,331
Trade payables	**1,622**	6,445
Securities and spot commodities sold but not yet purchased, at fair value	**3,189**	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	**24,232**	14,817
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 – $240)	**6,165**	4,903
Commercial paper and extendible commercial notes	**15,061**	13,114
Long-term borrowings (amount measured at fair value: 2008 – $53,839)	**163,577**	162,935
Separate and variable accounts	**73,401**	78,684
Securities lending payable	**75,056**	81,965
Minority interest	**11,149**	10,422
Other liabilities (amount measured at fair value: 2008 – $6,861; 2007 – $3,262)	**31,012**	27,975
Total liabilities	**971,688**	952,460
Preferred shareholders' equity in subsidiary companies	**100**	100
Commitments, Contingencies and Guarantees (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 – 2,948,038,001; 2007 – 2,751,327,476	**7,370**	6,878
Additional paid-in capital	**9,446**	2,848
Payments advanced to purchase shares	**—**	(912)
Retained earnings	**73,743**	89,029
Accumulated other comprehensive income (loss)	**(3,903)**	4,643
Treasury stock, at cost; 2008 – 259,225,244; 2007 – 221,743,421 shares of common stock	**(8,568)**	(6,685)
Total shareholders' equity	**78,088**	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except per share data) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	**2008**	2007
Revenues:				
Premiums and other considerations	**$21,735**	$19,533	**$ 42,407**	$39,175
Net investment income	**6,728**	7,853	**11,682**	14,977
Net realized capital losses	**(6,081)**	(28)	**(12,170)**	(98)
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(5,565)**	—	**(14,672)**	—
Other income	**3,116**	3,792	**6,717**	7,741
Total revenues	**19,933**	31,150	**33,964**	61,795
Benefits and expenses:				
Incurred policy losses and benefits	**18,450**	16,221	**34,332**	32,367
Insurance acquisition and other operating expenses	**10,239**	8,601	**19,652**	16,928
Total benefits and expenses	**28,689**	24,822	**53,984**	49,295
Income (loss) before income taxes (benefits) and minority interest	**(8,756)**	6,328	**(20,020)**	12,500
Income taxes (benefits)	**(3,357)**	1,679	**(6,894)**	3,405
Income (loss) before minority interest	**(5,399)**	4,649	**(13,126)**	9,095
Minority interest	**42**	(372)	**(36)**	(688)
Net income (loss)	**$ (5,357)**	$ 4,277	**$(13,162)**	$ 8,407
Earnings (loss) per common share:				
Basic	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.22
Diluted	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.21
Dividends declared per common share	**$ 0.220**	$ 0.200	**$ 0.420**	$ 0.365
Average shares outstanding:				
Basic	**2,605**	2,602	**2,575**	2,607
Diluted	**2,605**	2,613	**2,575**	2,621

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Six Months Ended June 30, 2008	2007
Summary:		
Net cash provided by (used in) operating activities	**$ 16,589**	$ 17,431
Net cash provided by (used in) investing activities	**(21,963)**	(40,314)
Net cash provided by (used in) financing activities	**5,274**	22,947
Effect of exchange rate changes on cash	**45**	(19)
Change in cash	**(55)**	45
Cash at beginning of year period	**2,284**	1,590
Cash at end of year period	**$ 2,229**	$ 1,635
Cash flows from operating activities:		
Net income (loss)	**$(13,162)**	$ 8,407
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income (loss):		
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**14,672**	—
Net gains on sales of securities available for sale and other assets	**(494)**	(732)
Foreign exchange transaction (gains) losses	**857**	639
Net unrealized (gains) losses on non-AIGFP derivatives and other assets and liabilities	**2,086**	(123)
Equity in income of partially owned companies and other invested assets	**(151)**	(2,747)
Amortization of deferred policy acquisition costs	**7,343**	5,911
Depreciation and other amortization	**1,799**	1,608
Provision for mortgage, other loans and finance receivables	**578**	229
Other-than-temporary impairments	**12,416**	884
Changes in operating assets and liabilities:		
General and life insurance reserves	**9,748**	8,238
Premiums and insurance balances receivable and payable – net	**(1,104)**	(941)
Reinsurance assets	**196**	434
Capitalization of deferred policy acquisition costs	**(9,160)**	(7,567)
Investment income due and accrued	**118**	(44)
Funds held under reinsurance treaties	**(25)**	(210)
Other policyholders' funds	**851**	879
Income taxes receivable and payable – net	**(6,960)**	(225)
Commissions, expenses and taxes payable	**52**	724
Other assets and liabilities – net	**1,809**	553
Trade receivables and payables – net	**(6,446)**	(925)
Trading securities	**930**	(2,258)
Spot commodities	**148**	127
Net unrealized (gain) loss on swaps, options and forward transactions	**(3,993)**	1,317
Securities purchased under agreements to resell	**4,353**	2,116
Securities sold under agreements to repurchase	**1,237**	(226)
Securities and spot commodities sold but not yet purchased	**(1,531)**	221
Finance receivables and other loans held for sale – originations and purchases	**(279)**	(3,957)
Sales of finance receivables and other loans – held for sale	**492**	4,177
Other, net	**209**	922
Total adjustments	**29,751**	9,024
Net cash provided by operating activities	**$ 16,589**	$ 17,431

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(in millions) (unaudited)

	Six Months Ended June 30, 2008	2007
Cash flows from investing activities:		
Proceeds from (payments for)		
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 42,026**	$ 64,563
Sales of equity securities available for sale	**4,861**	4,275
Proceeds from fixed maturity securities held to maturity	**33**	133
Sales of trading securities	**14,120**	—
Sales of flight equipment	**372**	28
Sales or distributions of other invested assets	**8,715**	6,208
Payments received on mortgage and other loans receivable	**3,457**	2,270
Principal payments received on finance receivables held for investment	**6,757**	6,430
Purchases of fixed maturity securities available for sale and hybrid investments	**(47,114)**	(72,348)
Purchases of equity securities available for sale	**(5,808)**	(5,852)
Purchases of fixed maturity securities held to maturity	**(88)**	(129)
Purchases of trading securities	**(9,244)**	—
Purchases of flight equipment (including progress payments)	**(2,950)**	(3,883)
Purchases of other invested assets	**(11,988)**	(12,171)
Mortgage and other loans receivable issued	**(3,340)**	(5,029)
Finance receivables held for investment – originations and purchases	**(8,778)**	(7,387)
Change in securities lending invested collateral	**6,315**	(11,772)
Net additions to real estate, fixed assets, and other assets	**(663)**	(466)
Net change in short-term investments	**(18,832)**	(4,636)
Net change in non-AIGFP derivative assets and liabilities	**186**	(548)
Net cash provided by (used in) investing activities	**$(21,963)**	$(40,314)
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholders' contract deposits	**$ 33,322**	$ 28,769
Policyholders' contract withdrawals	**(27,926)**	(29,379)
Change in other deposits	**682**	(823)
Change in commercial paper and extendible commercial notes	**1,930**	1,768
Long-term borrowings issued	**55,685**	50,091
Repayments on long-term borrowings	**(56,645)**	(34,937)
Change in securities lending payable	**(6,919)**	12,021
Proceeds from common stock issued	**7,343**	—
Issuance of treasury stock	**11**	180
Payments advanced to purchase treasury stock	**(1,000)**	(4,000)
Cash dividends paid to shareholders	**(1,036)**	(859)
Acquisition of treasury stock	**—**	(16)
Other, net	**(173)**	132
Net cash provided by (used in) financing activities	**$ 5,274**	$ 22,947
Supplementary disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	**$ 3,493**	$ 3,744
Taxes	**$ 66**	$ 3,524
Non-cash financing activities:		
Interest credited to policyholder accounts included in financing activities	**$ 3,815**	$ 5,932
Treasury stock acquired using payments advanced to purchase shares	**$ 1,912**	$ 1,664
Present value of future contract adjustment payments related to issuance of equity units	**$ 431**	$ —
Non-cash investing activities:		
Debt assumed on acquisitions and warehoused investments	**$ 153**	$ 354

See Accompanying Notes to Consolidated Financial Statements.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant
Balance Sheet — Parent Company Only

Schedule II

December 31, (in millions)	2007	2006
Assets:		
Cash	$ 84	$ 76
Invested assets	14,648	7,346
Carrying value of subsidiaries and partially owned companies, at equity	111,714	109,125
Premiums and insurance balances receivable — net	311	222
Other assets	9,103	3,767
Total assets	135,860	120,536
Liabilities:		
Insurance balances payable	43	21
Due to affiliates — net	3,916	1,841
Notes and bonds payable	20,397	8,917
Loans payable	500	700
AIG MIP matched notes and bonds payable	14,274	5,468
Series AIGFP matched notes and bonds payable	874	72
Other liabilities	55	1,840
Total liabilities	40,059	18,859
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	1,936	2,590
Retained earnings	89,029	84,996
Accumulated other comprehensive income	4,643	9,110
Treasury stock	(6,685)	(1,897)
Total shareholders' equity	95,801	101,677
Total liabilities and shareholders' equity	$135,860	$120,536

See Accompanying Notes to Financial Statements — Parent Company Only.

Statement of Income — Parent Company Only

Years Ended December 31, (in millions)	2007	2006	2005
Agency income (loss)	$ 10	$ 9	$ 3
Financial services income	69	531	507
Asset management income (loss)	99	34	(3)
Cash dividend income from consolidated subsidiaries	4,685	1,689	1,958
Dividend income from partially-owned companies	9	11	127
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	3,121	13,308	10,156
Other expenses, net	(2,566)	(1,371)	(2,203)
Cumulative effect of an accounting change	—	34	—
Income before income taxes	5,427	14,245	10,545
Income taxes (benefits)	(773)	197	68
Net income	$ 6,200	$14,048	$10,477

See Accompanying Notes to Financial Statements — Parent Company Only.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant *Continued*

Statement of Cash Flows — Parent Company Only

Schedule II

Years Ended December 31, *(in millions)*	**2007**	2006	2005
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**(9,941)**	(13,308)	(10,156)
Foreign exchange transaction (gains) losses	**333**	232	—
Changes in operating assets and liabilities:			
Change in premiums and insurance balances receivable and payable	**(44)**	(423)	15
Loan receivables held for sale — purchases	**(404)**	—	—
Sales of loan receivables — held for sale	**40**	—	—
Other, net	**3,046**	(1,139)	1,518
Total adjustments	**(6,970)**	(14,638)	(8,623)
Net cash provided by (used in) operating activities	**(770)**	(590)	1,854
Cash flows from investing activities:			
Purchase of investments	**(7,640)**	(7,875)	—
Sale of investments	**3,057**	3,402	—
Change in short-term investments	**(3,631)**	414	(598)
Contributions to subsidiaries and investments in partially owned companies	**(755)**	(3,017)	(966)
Mortgage and other loan receivables — originations and purchases	**(2,026)**	(423)	—
Payments received on mortgages and other loan receivables	**498**	15	—
Other, net	**(240)**	(159)	(117)
Net cash used in investing activities	**(10,737)**	(7,643)	(1,681)
Cash flows from financing activities:			
Notes, bonds and loans issued	**20,582**	12,038	2,101
Repayments of notes, bonds and loans	**(1,253)**	(2,417)	(607)
Issuance of treasury stock	**217**	163	82
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Payments advanced to purchase shares	**(6,000)**	—	—
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**(134)**	(7)	21
Net cash (used in) provided by financing activities	**11,515**	8,119	—
Change in cash	**8**	(114)	173
Cash at beginning of year	**76**	190	17
Cash at end of year	**$ 84**	$ 76	$ 190

NOTES TO FINANCIAL STATEMENTS — PARENT COMPANY ONLY

(1) Agency operations conducted in New York through the North American Division of AIU are included in the financial statements of the parent company.

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) "Equity in undistributed net income of consolidated subsidiaries and partially owned companies" in the accompanying Statement of Income — Parent Company Only — includes equity in income of the minority-owned insurance operations.

Invested Assets

The following tables summarize the composition of AIG's invested assets by segment:

(in millions)	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
June 30, 2008						
Fixed maturity securities:						
Bonds available for sale, at fair value	**$ 72,981**	**$297,095**	**$ 1,370**	**$21,870**	**$ —**	**$393,316**
Bonds held to maturity, at amortized cost	**21,346**	**1**	**—**	**285**	**—**	**21,632**
Bond trading securities, at fair value	**—**	**8,764**	**—**	**37**	**—**	**8,801**
Equity securities:						
Common stocks available for sale, at fair value	**4,522**	**12,018**	**—**	**787**	**(21)**	**17,306**
Common and preferred stocks trading, at fair value	**285**	**22,200**	**—**	**29**	**—**	**22,514**
Preferred stocks available for sale, at fair value	**1,943**	**543**	**10**	**—**	**—**	**2,496**
Mortgage and other loans receivable, net of allowance	**16**	**26,010**	**1,038**	**7,275**	**45**	**34,384**
Financial Services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	**—**	**—**	**43,887**	**—**	**—**	**43,887**
Securities available for sale, at fair value	**—**	**—**	**1,205**	**—**	**—**	**1,205**
Trading securities, at fair value	**—**	**—**	**35,170**	**—**	**—**	**35,170**
Spot commodities, at fair value	**—**	**—**	**90**	**—**	**—**	**90**
Unrealized gain on swaps, options and forward transactions, at fair value	**—**	**—**	**12,720**	**—**	**(1,172)**	**11,548**
Trade receivables	**—**	**—**	**2,294**	**—**	**—**	**2,294**
Securities purchased under agreements to resell, at fair value	**—**	**—**	**16,597**	**—**	**—**	**16,597**
Finance receivables, net of allowance	**—**	**5**	**33,306**	**—**	**—**	**33,311**
Securities lending invested collateral, at fair value	**4,951**	**48,312**	**141**	**6,126**	**—**	**59,530**
Other invested assets	**12,616**	**20,810**	**3,670**	**17,840**	**7,093**	**62,029**
Short-term investments	**9,967**	**32,724**	**3,974**	**7,125**	**15,702**	**69,492**
Total Investments and Financial Services assets as shown on the balance sheet	**128,627**	**468,482**	**155,472**	**61,374**	**21,647**	**835,602**
Cash	**499**	**979**	**476**	**269**	**6**	**2,229**
Investment income due and accrued	**1,380**	**4,952**	**29**	**255**	**(2)**	**6,614**
Real estate, net of accumulated depreciation	**342**	**965**	**28**	**95**	**224**	**1,654**
Total invested assets*	**$130,848**	**$475,378**	**$156,005**	**$61,993**	**$21,875**	**$846,099**

** At June 30, 2008, approximately 63 percent and 37 percent of invested assets were held in domestic and foreign investments, respectively.*

The amortized cost or cost and fair value of AIG's available for sale and held to maturity securities were as follows:

(in millions)	June 30, 2008 Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	December 31, 2007 Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds — available for sale:(a)								
U.S. government and government sponsored entities	$ 4,588	$ 158	$ 34	$ 4,712	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Obligations of states, municipalities and political subdivisions	45,847	466	669	45,662	[illegible]	[illegible]	[illegible]	[illegible]
Non-U.S. governments	72,596	3,606	1,285	74,917	[illegible]	[illegible]	740	[illegible]
Corporate debt	223,902	3,693	8,247	219,348	[illegible]	[illegible]	[illegible]	[illegible]
Mortgage-backed, asset-backed and collateralized	111,678	840	13,541	98,977	[illegible]	[illegible]	[illegible]	[illegible]
Total bonds	$458,611	$ 8,762	$ 23,767	$443,606	$[illegible]	$[illegible]	$[illegible]	$[illegible]
Equity securities	16,086	4,332	616	19,802	[illegible]	[illegible]	[illegible]	[illegible]
Total	$474,697	$ 13,094	$ 24,383	$463,408	$[illegible]	$[illegible]	$[illegible]	$[illegible]
Held to maturity:(b)	$ 21,632	$ 322	$ 145	$ 21,809	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

(a) At December 31, 2007, included AIGFP available for sale securities with a fair value of $[illegible] billion, for which AIGFP elected the fair value option effective January 1, 2008, [illegible]
(b) Represents obligations of states, municipalities and political subdivisions.

The credit ratings of AIG's fixed maturity securities, other than those of AIGFP, were as follows:

Rating	June 30, 2008	December 31, 2007
AAA	30%	[illegible]
AA	30	[illegible]
A	22	[illegible]
BBB	13	[illegible]
Below investment grade	4	4
Non-rated	1	[illegible]
Total	100%	[illegible]

The industry categories of AIG's available for sale corporate debt securities, other than those of AIGFP, were as follows:

Industry Category	June 30, 2008	December 31, 2007
Financial institutions	43%	[illegible]
Utilities	12	11
Communications	8	[illegible]
Consumer noncyclical	7	7
Capital goods	[illegible]	[illegible]
Consumer cyclical	6	[illegible]
Energy	5	4
Other	14	17
Total*	100%	100%

* At both June 30, 2008 and December 31, 2007, approximately [illegible] percent of these investments were rated investment grade.

Investments in RMBS, CMBS, CDOs and ABS

As part of its strategy to diversify its investments, AIG invests in various types of securities, including RMBS, CMBS, CDOs and ABS.

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS, CMBS, CDOs and ABS were as follows:

(in millions)	June 30, 2008 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	December 31, 2007 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds — available for sale:								
AIG, excluding AIGFP								
RMBS	$ 77,531	$506	$10,139	$67,898	$ [illegible]	$ [illegible]	$[illegible]	$ [illegible]
CMBS	22,935	210	1,942	21,203	[illegible]	[illegible]	[illegible]	[illegible]
CDO/ABS	11,212	124	1,460	9,876	[illegible]	[illegible]	[illegible]	[illegible]
Subtotal, excluding AIGFP	111,678	840	13,541	98,977	[illegible]	[illegible]	[illegible]	[illegible]
AIGFP*	—	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Total	$111,678	$840	$13,541	$98,977	$[illegible]	$[illegible]	$[illegible]	$[illegible]

* Represents total AIGFP investments in mortgage-backed, asset-backed and collateralized securities for which AIGFP has elected the fair value option effective January 1, 2008. [illegible]

Investments in RMBS

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS securities, other than those of AIGFP, were as follows:

(in millions)	June 30, 2008 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total	December 31, 2007 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total
RMBS:										
U.S. agencies	$16,642	$243	$ 181	$16,704	25%	$[illegible]	$[illegible]	$ [illegible]	$[illegible]	[illegible]
Prime non-agency(a)	17,575	[illegible]	1,646	15,965	23	[illegible]	72	[illegible]	[illegible]	[illegible]
Alt-A	20,238	69	[illegible]	16,409	24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other housing related(b)	3,090	2	532	2,560	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subprime	19,986	166	[illegible]	16,260	24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	$77,531	$506	$10,139	$67,898	100%	$[illegible]	$[illegible]	$[illegible]	$[illegible]	[illegible]

(a) Includes foreign and jumbo RMBS-related securities.
(b) Primarily wrapped second-lien.

Investments in CMBS

The amortized cost of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of total
CMBS (traditional)	$[illegible]	[illegible]
ReRemic/CRE CDO	1,405	6
Agency	248	1
Other	405	2
Total	$[illegible]	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 by credit rating was as follows:

	Percentage
Rating:	
AAA	[illegible]
AA	12
A	7
BBB and below	2
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by year of vintage at June 30, 2008 was as follows:

	Percentage
Year:	
2008	[illegible]
2007	24
2006	14
2005	19
2004	15
2003 and prior	[illegible]
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by geographic region at June 30, 2008 was as follows:

	Percentage
Geographic region:	
New York	[illegible]
[illegible]	[illegible]
Texas	7
[illegible]	[illegible]
[illegible]	4
[illegible]	4
[illegible]	[illegible]
Pennsylvania	3
[illegible]	[illegible]
[illegible]	[illegible]
All Other	[illegible]
Total	100%

At June 30, 2008, AIG held $[illegible] billion in [illegible] of CMBS. Approximately [illegible] percent of these holdings were rated AAA, approximately [illegible] percent were rated AA or A, and approximately [illegible] percent were rated BBB or below. At June 30, 2008, all such securities were current in the payment of principal and interest.

There have been disruptions in the commercial mortgage [illegible]

Investments in CDOs

The amortized cost of AIG's CDO investments, other than those of AIGFP, by collateral type at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Collateral Type:		
Bank loans (CLO)	[illegible]	[illegible]
Synthetic investment grade	[illegible]	[illegible]
Other	[illegible]	[illegible]
Subprime ABS	[illegible]	[illegible]
Total	$[illegible]	100%

The amortized cost of the AIG's CDO investments, other than those of AIGFP, by credit rating at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Rating:		
AAA	$ [illegible]	[illegible]
AA	[illegible]	[illegible]
A	[illegible]	[illegible]
BBB	[illegible]	[illegible]
Below investment grade and equity	[illegible]	[illegible]
Total	$[illegible]	100%

The composition of the securities lending invested collateral by credit rating at June 30, 2008 was as follows:

(in millions)	AAA	AA	A	BBB and Below	Not Rated	Total
Corporate debt	$ [illegible]	$ [illegible]	$[illegible]	[illegible]	$ —	$[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]					[illegible]	[illegible]
Total	$[illegible]	[illegible]	$[illegible]	[illegible]	[illegible]	$[illegible]

The amortized cost of AIG's RMBS investments, other than those of AIGFP, at June 30, 2008 by year of vintage and credit rating were as follows:

(in millions)	Year of Vintage Prior	2004	2005	2006	2007	2008	Total
Rating:							
Total RMBS							
AAA	$ 8,999	$8,957	$13,249	$20,861	$15,486	$8,022	$67,282
AA	1,033	848	1,534	1,240	1,250	—	6,407
A	221	159	205	279	199	5	1,144
BBB and below	159	332	378	970	504	68	2,780
Total RMBS	$10,397	$7,204	$15,391	$23,244	$17,892	$8,076	$71,582
Alt-A RMBS							
AAA	$ 753	$ 851	$ 4,042	$ 7,606	$ 5,260	$ —	$[illegible]
AA	241	164	301	66	580	—	1,085
A	27	41	99	19	42	—	227
BBB and below	15	37	68	13	—	—	133
Total Alt-A	$ 1,036	$1,092	$ 4,775	$ 7,736	$ 5,882	$ —	$20,286
Subprime RMBS							
AAA	$ 333	$ 423	$ 4,102	$ 7,780	$ 3,884	$ —	$16,688
AA	129	172	909	795	270	—	[illegible]
A	77	52	58	133	103	—	4[illegible]
BBB and below	1	66	65	475	387	—	994
Total Subprime	$ 535	$ 553	$ 4,234	$ 9,146	$ 4,650	$ —	$19,088

Equity	(Mlns) Exposure
PICC - strategic shareholding	546
Taiwan Semiconductor - Taiwan	257
Chunghwa Telecom - Taiwan	257
T&D Holdings (merged Taiyo and Daiwa)	163
Pru Class B (part of demutualization process)	157
PTT PCL - Thailand	134
CP All - Thailand (private equity portfolio)	127
Nippon Building Fund - Japan REIT	115
Mediatek - Taiwan	106
Hon Hai Precision Industry - Taiwan	101

Credit	(Blns) Exposure
TAIWAN, REPUBLIC OF	15,973.3
JAPAN, GOVERNMENT OF	10,231.8
THAILAND, KINGDOM OF	6,132.3
CITIGROUP INC	4,172.9
GENERAL ELECTRIC CO	3,860.0
HSBC HOLDINGS PLC	3,796.2
JP MORGAN CHASE & CO	3,711.3
BANK OF AMERICA CORP	3,709.2
SINGAPORE, REPUBLIC OF	2,976.8
WACHOVIA CORP	2,903.6
KOREA, REPUBLIC OF	2,767.1
AT&T INC	2,614.4
GOLDMAN SACHS GROUP INC	2,608.4
MORGAN STANLEY	2,500.1
ROYAL BANK OF SCOTLAND GROUP PLC	2,418.8

Valuation date: December 31, 2007 **Excludes FP**

Group Name: AIG Inc. (Insurance Investment Portfolios)

Summary MBS/CDO/FG Holdings

Holdings ($ millions)	**Market Value**	**Amortized Cost**	**Investment % Total Invest.**	**Investment % of Equity**
CMBS	22,998.8	23,918.0	3%	25%
Prime - Non Agency 1st lien RMBS	21,072.9	21,551.7	3%	22%
Prime - Non Agency 2nd lien RMBS	850.1	955.1	0%	1%
Alt A RMBS (1st or 2nd lien)	24,892.2	26,616.4	4%	28%
Subprime 1st lien RMBS	21,189.1	24,073.6	3%	25%
Subprime 2nd lien RMBS	-	-	0%	0%
HELOC RMBS	1,861.5	1,989.0	0%	2%
Home equity/Closed end 2nd lien RMBS	-	-	0%	0%
CDO with subprime/Alt A exposures	58.0	58.0	0%	0%
CDO^2 with subprime/Alt A exposures	-	-	0%	0%
Financial Guarantor direct exposure *	38.5	56.6	0%	0%
Financial Guarantor wrapped investments**	41,870.0	42,150.0	6%	44%
Total cash and investments	693,004.0	688,123.0		
Shareholders' equity	95,801.0	95,801.0		

* Represents amortized cost and fair value related to $58MM in bonds and $136MM notional of CDS exposure.

** We recognize that this exposure may already be included in the lines above, but request you to identify it separately here

At June 30, 2008, the notional amount, fair value and unrealized market valuation loss of the AIGFP super senior credit default swap portfolio, including certain regulatory capital relief transactions, by asset class were as follows:

(in millions)	Notional Amount	Fair Value Loss at June 30, 2008	Unrealized Market Valuation Loss (Gain) Three Months Ended June 30, 2008	Unrealized Market Valuation Loss (Gain) Six Months Ended June 30, 2008
Regulatory Capital:[a]				
Corporate loans	[illegible]	$ —	$ —	$ —
Prime residential mortgages	[illegible]			
Other[b]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
Arbitrage:				
Multi-sector CDOs[c]	[illegible]	[illegible]	[illegible]	[illegible]
Corporate debt/CLOs	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]
Mezzanine tranches[d]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	$ [illegible]	$[illegible]	$[illegible]

(a) [illegible]

(b) [illegible]

(c) [illegible]

(d) [illegible]

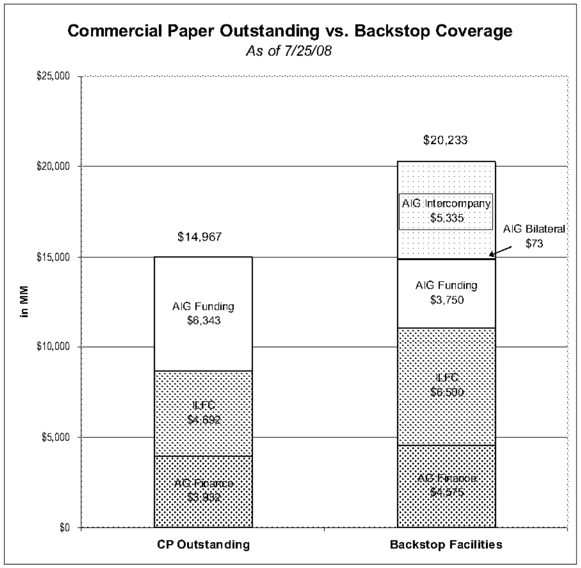
(e) [illegible]

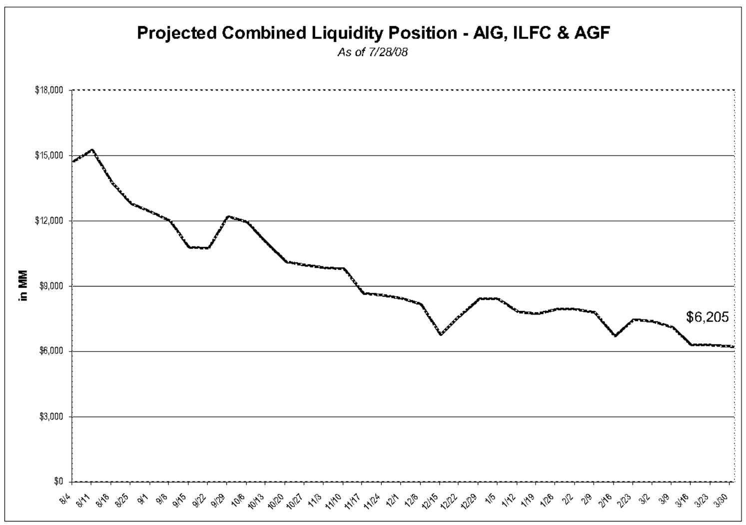
(f) [illegible]

(g) [illegible]

Commercial Paper - Funding Liquidity for AIG, ILFC & AGF

- **Summary of commercial paper programs versus the backstop facilities for each entity**





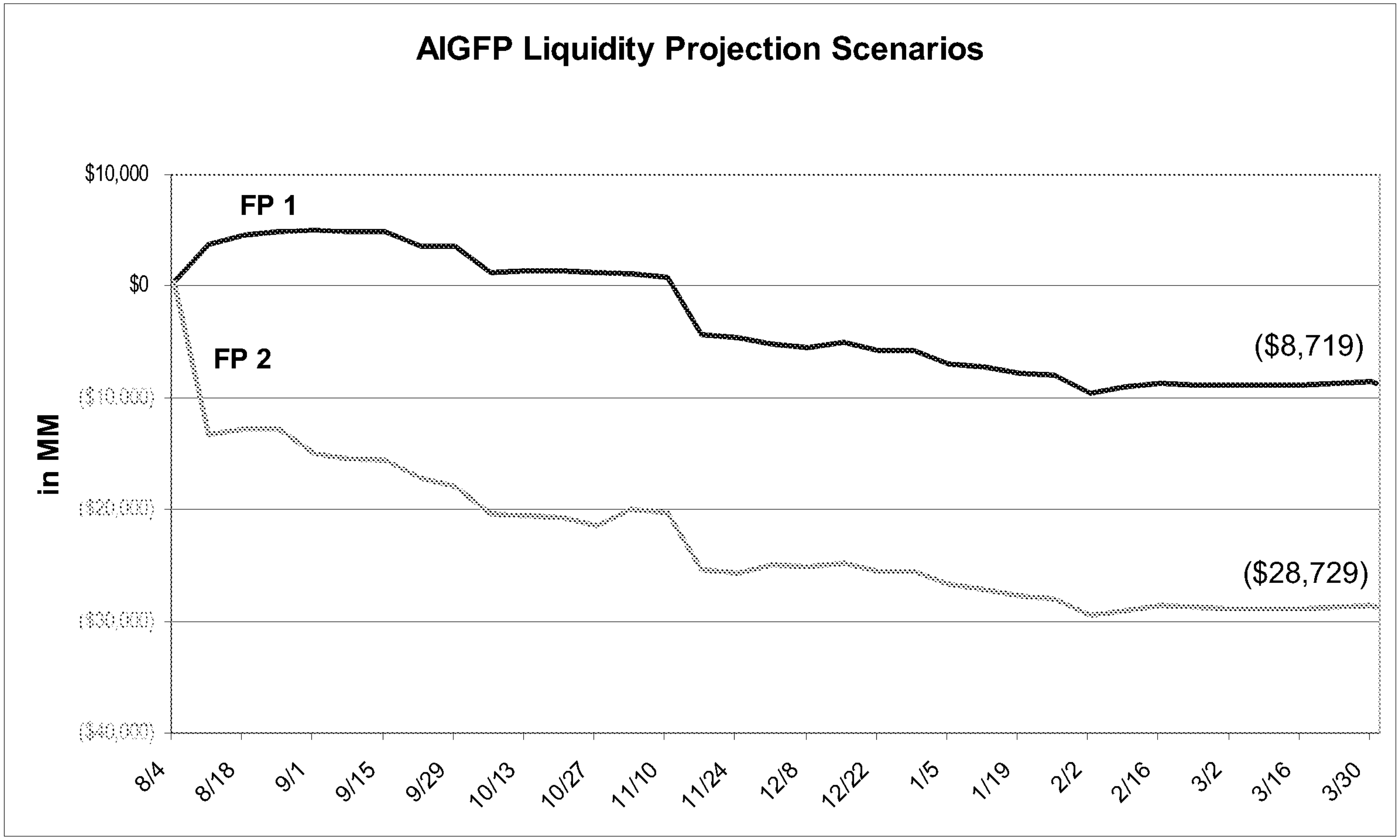
- If AIG were unable to issue commercial paper due to a severe disruption in the CP market, or to AIG-specific issues, the commercial paper issuing entities could draw down $20.2 billion under existing, committed backstop facilities. This compares against a total of $15.0 billion in CP currently outstanding for these issuers with $5.2 billion still available.

- This cash could then be used to meet all liquidity needs, including repayment of maturing CP, payment of all principal and interest on debt when due, payment of quarterly shareholder dividends ($1.95 billion through 1st quarter of 2009).

  - ❑ This projection does not include any unusual events, such as extraordinary dividends or other cash calls

AIG Financial Products

- **Liquidity Position for FP under Stress Scenarios 1 & 2**

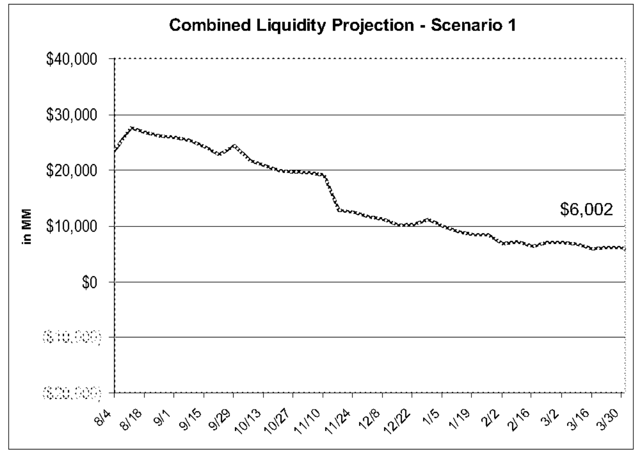


AIG Combined Views

AIG developed two stress scenarios in order to test the Company's ability to meet its near term obligations and maintain solvency and confidence.

Scenario 1 **Key Assumptions**

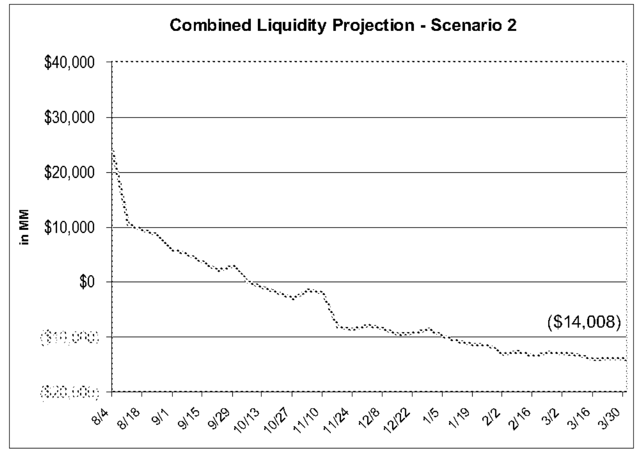
- Utilization of liquidity through CP or backstop facilities, MIP assets and the remaining proceeds from capital raise
- A significant deterioration in FP's liquidity position from inability to roll its maturing liabilities or repos
- Offset by monetization of unencumbered assets, portfolio trades, and various other transactions providing liquidity at FP



Scenario 1 results through 1Q'09 projects a cash position of $6.0 bill.

Scenario 2 **Key Assumptions**

- All assumptions from Scenario 1 are incorporated
- FP experiences additional margin calls resulting from severe adverse market developments
- Additional collateral calls due to a one notch downgrade by Moody's and S&P
- Additional liquidity withdrawals from FP clients due to credit concerns



Scenario 2 results through 1Q'09 projects a cash deficit of ($14.0) bill.

Explanation of Differences in Key Assumptions between May and July Analyses
Stress Scenario 1

Category	May	July	Difference	
Opening Cash balance	**7,660,000**	**1,681,000**	**(5,979,000)**	
Maturing debt	(10,902,708)	(7,993,920)	**2,908,788**	
Other scheduled cashflows	(940,573)	4,038,642	**4,979,215**	
	(4,183,281)	(2,274,278)	1,909,003	
Nightingale	(523,850)		**523,850**	
Collateral / margin calls	(2,500,000)	(10,000,000)	**(7,500,000)**	**A**
Gold leases	(394,500)		**394,500**	
Curzon CP	(1,514,649)	(100,686)	**1,413,963**	**B**
Monetization of assets	17,000,000	6,500,000	**(10,500,000)**	**C**
MTN and EMTN	(392,660)	(265,960)	**126,700**	
Repo Rollover issues	(699,583)	(1,647,018)	**(947,435)**	
2a7 liquidity puts	(857,966)	(680,756)	**177,210**	
Portfolio trades	156,000		**(156,000)**	
Private Equity		(250,000)	**(250,000)**	
Closing balance	**6,089,511**	**(8,718,698)**	**(14,808,209)**	

A In the July analysis, AIG employed a significantly more severe assumption for the potential future collateral calls related to AIGFP's super senior credit derivatives as compared to the assumptions used in the May analysis. For the May analysis, AIG has assumed an additional $2.5 billion in collateral calls, based on the premise of markets remaining stable. Since then, AIG FP had posted an additional $6 billion, bringing the total posting to $16 billion. In the July analysis, AIG is assuming an additional $10 billion on top of the $16 billion already posted. In order for AIG to post an additional $10 billion, the valuations of the super senior CDO securities would have to further deteriorate by an amount in excess of the $10 billion.
As the majority of the mark to market losses recognized and collateral postings to date relate to the portion of the portfolio that includes some exposure to sub-prime, a further $13 billion deterioration of the value of these positions would equate to a drop in price by 17 points (ignoring amortization). If reduced by 17 points, then the average price for AIGFP's hi-grade CDOs will be 51 and the average price for the mezzanine CDOs would be 42.

AIGFP's Super Senior CDO Portfolio Containing Sub-prime RMBS

	Notional ($ billion)	AIG June Avg Price	AIG June Avg Prices Adjusted by 17
Hi-grade	$ 41.956	67.81%	50.81%
Mezzanine	$ 15.842	58.82%	41.82%
	$ 57.798		

B The May analysis assumed that $1.5 billion in short-term debt issued by Curzon will not roll. AIG revised this assumption in the July analysis as only $100 million is currently rolling overnight.

C The July analysis only considers unencumbered assets at AIGFP. It does not consider unencumberred assets at Banque AIG or assets held by AIG Inc on behalf of AIGFP. Total amount of additional unencumbered assets available to AIGFP to monetize that are not reflected above are approximatey $7.5 billion. While not considered in this analysis, these are assets available to AIG to monetize.

Explanation of Differences in Key Assumptions between May and July Analyses
Stress Scenario 2

Category	May	July	Difference	
Opening Cash balance	**7,660,000**	**1,681,000**	**(5,979,000)**	
Maturing debt	(10,902,708)	(7,993,920)	**2,908,788**	
Other scheduled cashflows	(940,573)	4,038,642	**4,979,215**	
	(4,183,281)	(2,274,278)	1,909,003	
Nightingale	(523,850)		**523,850**	
Collateral / margin calls	(11,500,000)	(13,000,000)	**(1,500,000)**	**A**
Gold leases	(394,500)		**394,500**	
Curzon CP	(6,392,216)	(5,572,409)	**819,807**	
Monetization of assets	21,500,000	11,500,000	**(10,000,000)**	**B**
Commodity call	(817,197)	(750,000)	**67,197**	
Ratings downgrade	(8,698,898)	(13,416,507)	**(4,717,609)**	**C**
Liquidity withdrawals	(1,400,000)	(2,371,958)	**(971,958)**	**D**
MTN and EMTN	(392,660)	(265,960)	**126,700**	
Repo Rollover issues	(699,583)	(1,647,018)	**(947,435)**	**D**
2a7 liquidity puts	(857,966)	(680,756)	**177,210**	
Portfolio trades	156,000		**(156,000)**	
Private Equity		(250,000)	**(250,000)**	
Closing balance	**(14,204,151)**	**(28,728,886)**	**(14,524,735)**	

A

In the July analysis, AIG employed a significantly more severe assumption for the potential future collateral calls related to AIGFP's super senior credit derivatives as compared to the assumptions used in the May analysis. For the May analysis, AIG has assumed an additional $11.5 billion in collateral calls. Since then, AIG FP had posted an additional $6 billion, bringing the total posting to $16 billion. In the July analysis, AIG is assuming an additional $13 billion on top of the $16 billion already posted. In order for AIG to post an additional $13 billion, the valuations of the super senior CDO securities would have to further deteriorate by an amount in excess of the $13 billion.

As the majority of the mark to market losses recognized and collateral postings to date relate to the portion of the portfolio that includes some exposure to sub-prime, a further $13 billion deterioration of the value of these positions would equate to a drop in price by 22 points (ignoring amortization). If reduced by 22 points, then the average price for AIGFP's hi-grade CDOs will be 46 and the average price for the mezzanine CDOs would be 37.

AIGFP's Super Senior CDO Portfolio Containing Sub-prime RMBS

	Notional ($ billion)	AIG June Avg Price	AIG June Avg Prices Adjusted by 22
Hi-grade	$ 41.956	67.81%	45.81%
Mezzanine	$ 15.842	58.82%	36.82%
	$ 57.798		

B The July analysis only considers unencumbered assets at AIGFP. It does not consider unencumberred assets at Banque AIG or assets held by AIG Inc on behalf of AIGFP. Total amount of additional unencumbered assets available to AIGFP to monetize that are not reflected above are approximatey $7.5 billion. While not considered in this analysis, these are assets available to AIG to monetize.

C A two-notch downgrade from Aa2 by Moody's only was assumed in the May analysis, while a one-notch downgrade from Aa3 by both Moody's and S&P is assumed in the July analysis. A split rating between Moody's and S&P reduces the liquidity demands by approximately $3 billion.

D More severe assumptions were assumed for the contagion effect of a rating downgrade on AIGFP's outstanding business from counterparties electing to terminate trades with AIGFP.

AIG

Presentation to Moody's

September 11, 2008

Strategic Review

General Insurance – Core Operations

Business Unit	Comments
Commercial Insurance	• U.S. P&C market leader • Maintain historical underwriting discipline & creativity • Maintain focus on underwriting profit • Strong, experienced and stable management team
Hartford Steam Boiler	• Leading worldwide provider of equipment breakdown & engineered lines • Results generally not correlated with broader P&C cycle or property CAT losses • Excellent returns
United Guaranty	• Maintain commitment to domestic 1st lien and select international markets • Current domestic 1st lien risk in-force value of $28.2 bn; new business highly profitable • Put 2nd lien business behind us • May consider sidecar and other potential reinsurance solutions to cede risk and leverage third-party capital
Foreign General	• Unparalleled global franchise – leading global A&H provider • Geographically diverse operations in more than 80 countries • Excellent returns

Strategic Review

Life & Retirement Services – Core Operations

Business Unit	Comments
Foreign Life & Retirement Services	• Leading market position – #1 market share in Hong Kong, Singapore, Thailand, China (foreign insurers) • ALICO ranks in the top five for new premiums in over 20 markets • Competitive advantage through local market expertise and diversified distribution – agents, bancassurance, direct marketing, brokers, IFA, worksite • Significant growth potential in attractive markets
Domestic Life, ex AGLA	• Leading market position and strong brand – #1 in life insurance issued (face amount), term life sales and structured settlements • Diversified product portfolio • Relatively stable earnings profile • Expansive multi-channel distribution
Domestic Retirement Services	• Leading market positions – #1 in fixed annuities and primary education; #3 in healthcare and higher education market • Competitive advantage through strong brand positioning • Opportunities for product and distribution expansion to meet growing demand

Strategic Review

Financial Services and Asset Management – Core Operations

Business Unit	Comments
International Lease Finance Corporation	• #1 aircraft operating lessor in the world • World class management team • Strong expected cash flow generation • Largest single customer of both Boeing and Airbus
American General Finance	• 2nd largest branch network in U.S. targeting middle America • Seasoned management • Superior credit performance • Near term focus on expense management and slower growth
Commercial Equipment Finance	• Strong franchise established with diversified equipment finance portfolio worth $1.9 bn • Near term focus on expense management and slower growth • May consider portfolio sales at attractive prices
Asset Management (3rd Party)	• Complementary to insurance business • Global footprint • Continue to improve scale and servicing platform

Strategic Review

The following areas are under consideration for potential actions:

Key Benefits

- Streamlines portfolio
- Enhances returns
- Reduces earnings volatility
- Deploys capital more effectively
- Sharpens management focus

Potential Effect[1]

- 9.9% of equity[2] – \$9.5 bn
- 1.8% of net earnings – \$301 mm

Targets for Potential Action

Insurance

- Transatlantic Holdings
- Domestic Personal Lines
- AGLA
- Domestic Employee Benefits Solutions and Association Benefits Solutions

Non-Insurance

- AIG Commodities Index
- FX Prime Brokerage
- Foreign Consumer Finance Business
- AI Imperial Credit

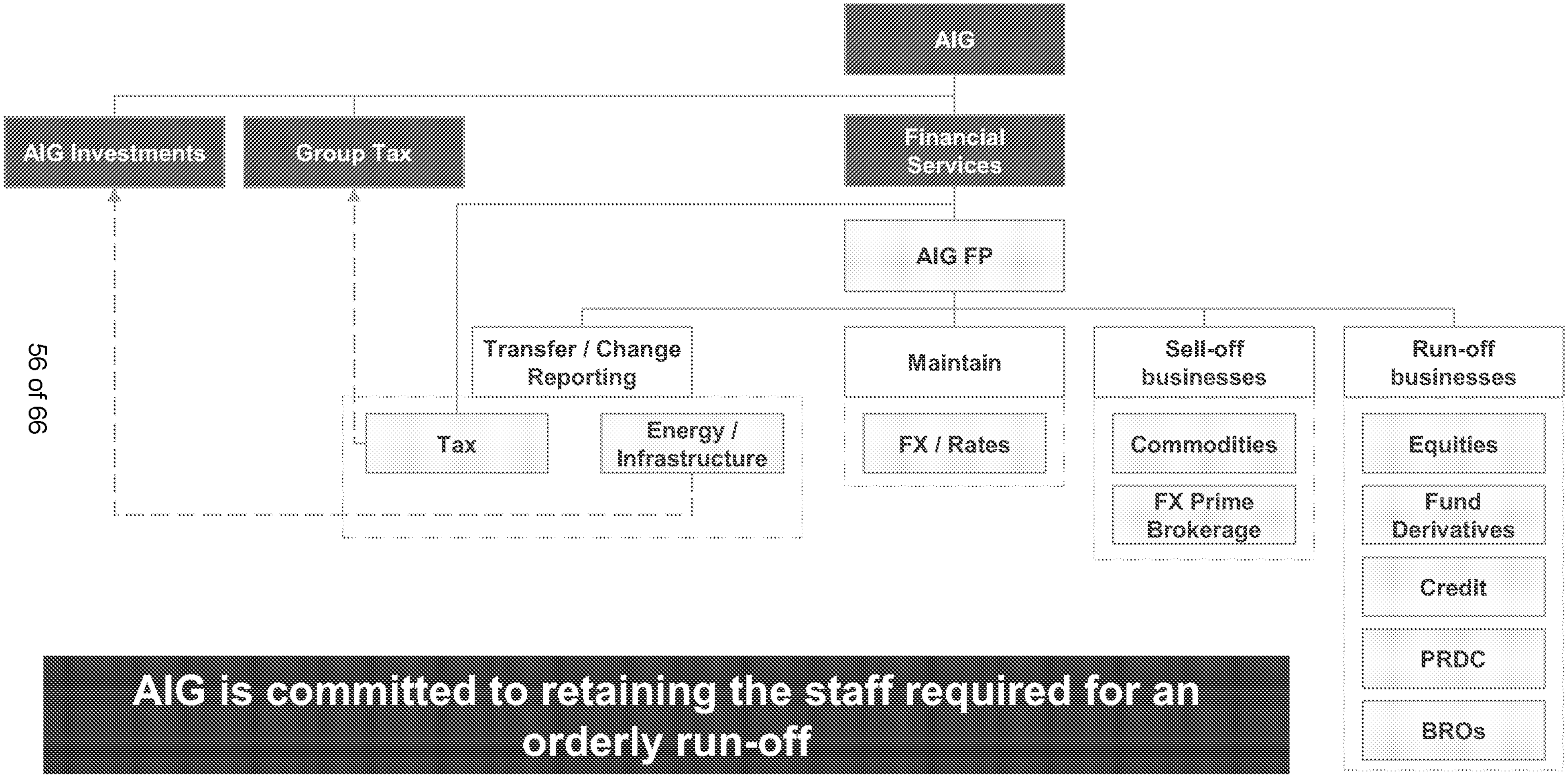
Other

- UGC 2nd Lien Portfolio
- Financial Products
- Securities Lending

Notes: 1. Based upon 2007 results 2. PLD equity does not exclude PCG, UGC 2nd lien equity approximated by using statutory surplus of \$175 mm as reported by UGC management. Domestic Employee Benefits Solutions and Association Benefits Solutions' equity approximated as percentage of premiums

Financial Products

Select operating units will be realigned within AIG or maintained. Others will be sold or run-off



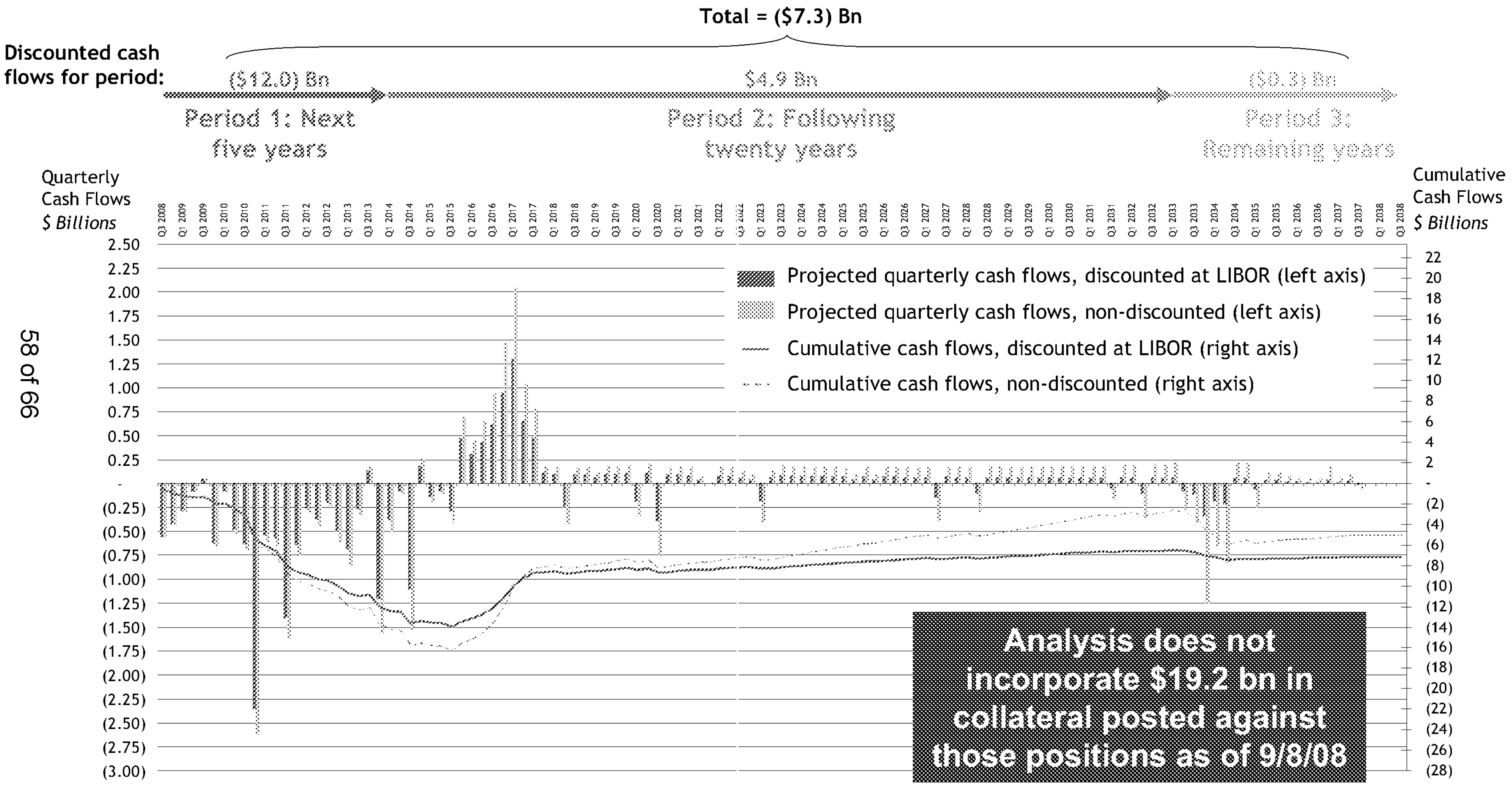
AIG is committed to retaining the staff required for an orderly run-off

Independent Cash Flow Analysis

The BlackRock analysis enables AIG to better estimate the cash flow profile associated with running off AIGFP's multisector CDO portfolio

Scope	• 109 CDS written on super senior CDO of ABS securities with notional exposure of $77 bn
Objective	• Estimate projected cash flow needs to run-off the portfolio (excluding collateral posting requirements)
Approach	• Bottom up loan level cash flow analysis incorporating unique features of the collateral and CDO waterfall structures building up to the CDS cash flows and subsequent recoveries
Key Assumptions	• BlackRock's assumptions were used in this analysis • HPA Base Case: 36% decline in house prices nationwide; 60% in CA • Moody's Base Case: 22-28% decline
Results	• Fair value as of June 30th: ($24.8 bn) • AIG's estimate of expected losses: ($5-8.5 bn) • BlackRock's estimate of net cash requirements: $5.6 bn (undiscounted, ignoring collateral posted to date) • Collateral posted to date $19.2 bn

Base Case Cash Flows



*Projected cash flows do not reflect any market value-based adjustments or collateral posting provisions that are part of many of AIG's credit default swaps on the super seniors

**Analysis assumes that all 2a7 liquidity puts that may be exercised prior to July 31, 2008 are exercised in Period 1, and that all liquidity puts that may be exercised after July 31, 2008 are exercised in the first period in which such puts become active.

***Non-discounted cash flow totals equal ($13.7) Bn for Period 1, $9.1 Bn for Period 2, and ($1.0) Bn for Period 3, totaling ($5.6) Bn for all periods.

BlackRock Solutions

Financial Products: Risk Mitigation Strategies

AIG, aided by the BlackRock analysis, is actively pursuing opportunities to reduce exposure to the portfolio, to minimize earnings volatility and to meet liquidity requirements

	Potential Solutions
De-Risk Balance Sheet	• Sale or hedges of certain positions that present significant downside risk or are unlikely to recover in value • Obtain a hedge against a tranche of the portfolio • Conversion of certain CDS positions into repo or structured lending transactions to provide increased flexibility for risk disposal • Swapping of reference obligations
Meet Portfolio's Liquidity Needs	• Renegotiation of CSA provisions • Entering into financing arrangements

AIG

Securities Lending

AIG, aided by BlackRock, is developing a plan for the orderly reduction and run-off of the Securities Lending portfolio

	Potential Solutions
Face Value / Par	• Shrinking the net outstanding balances of \$69.0 bn; \$2.7 bn reduction between 3/31/08 and 6/30/08; \$6.5 bn since 6/30/08
GAAP Earnings & Equity	• BlackRock analysis projects a \$5.7 bn principal loss over the remaining duration of the aggregate portfolio (there are \$26 bn of RMBS securities in other AIG portfolios with projected losses of \$3.4 bn) • BlackRock projected losses are approximately 81% of OTTI-to-date and 39% of OTTI and unrealized to date[1] • Opportunity to selectively sell bonds without further deterioration to AIG's earnings and / or equity
Statutory Entities	• BlackRock analysis provides potential to mitigate additional OTTI resulting from market dislocation affecting pricing
Liquidity	• FHLB loans: Texas \$6-8 bn, expected availability 9/30/08 • Current cash in Securities Lending pool of \$9.4 bn; cash in General Account pool participants of \$15.3 bn; totaling \$27.7 bn or 36% of total Securities Lending liabilities[2] • Government, agency pass throughs and high grade corporates available for repo totaling approximately \$25 bn • Potential capital contribution from Parent to maintain 350% RBC: \$3-\$8 bn through the end of 2008 • Already contributed \$3.9 bn of capital in cash and securities to domestic life insurance and retirement services companies

Notes: 1. As of June 30, 2008 2. As of September 8, 2008

Capital and Liquidity Plan: Asset Sales

AIG is considering asset sales for which it believes it could raise from $10 – $13 bn

($ mm)	
Transatlantic	$1,800 – $2,200
Domestic Personal Lines[1]	3,500 – 5,000
AGLA	2,250 – 2,600
Domestic Employee Benefits and Association Benefits	250 – 350
Commodities Index[1]	TBD
FX Prime Brokerage[1]	TBD
Foreign Consumer Finance Businesses[1]	1,400 – 2,200
AI Imperial Credit[1]	180 – 250
Total	**$9,380 - $12,600**

Note: 1. Taxes will be deferred until the NOLs are fully utilized

Capital Markets Scenarios

AIG and JPMorgan believe AIG has the ability to raise \$10 – \$25 bn in the public and private markets

	Gross Proceeds	Comments
Public Common Equity	\$5 - \$7 bn	• Issuance concurrent with or after release of Q3 earnings
Private Common Equity	Up to \$10 bn	• Privately-negotiated, available at any time
Convertible	\$8 - \$10 bn	• For cash pay, maximizes proceeds from convertible market. For preferred / hybrid, structured to achieve similar equity credit to prior AIG hybrids
Senior Debt	Up to \$5 bn	• Issuance concurrent with or after release of Q3 earnings
Contingent Value Rights	\$1 - \$3 bn	• Exploring possibilities to monetize differences between marks and economic value

AIG

Capital and Liquidity Plan: Sources & Uses

AIG has identified adequate sources of liquidity to meet expected uses and contingencies

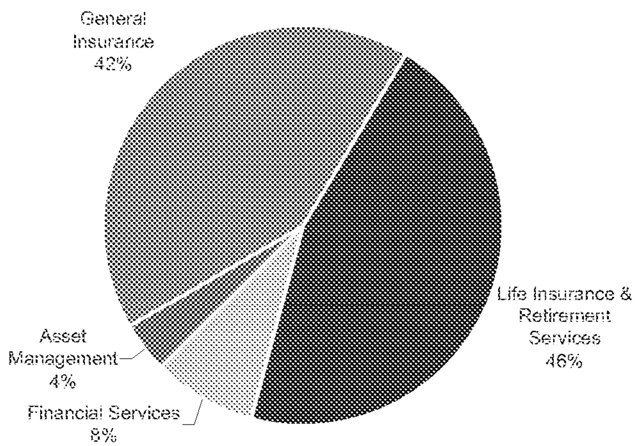
Liquidity ($bn)	
Total Asset Sales	$10-13
Capital Raise	$10-25
Annual Dividend Reduction	$0-2
Investment Sales	$1-2
Financing of Unencumbered Assets	$5-15
Subtotal	**$26-57**
AIGFP Solution	($5-10)
Life Companies Stat Capital Injection	($3-8)
Subtotal	**($8-18)**
Net Liquidity	**$18-39**

Capital ($bn)	
Total Asset Sales	$0-1
Capital Raise	$10-25
Dividend Reduction	$0-2
AIGFP Solution	($2-7)
Total	**$8-21**

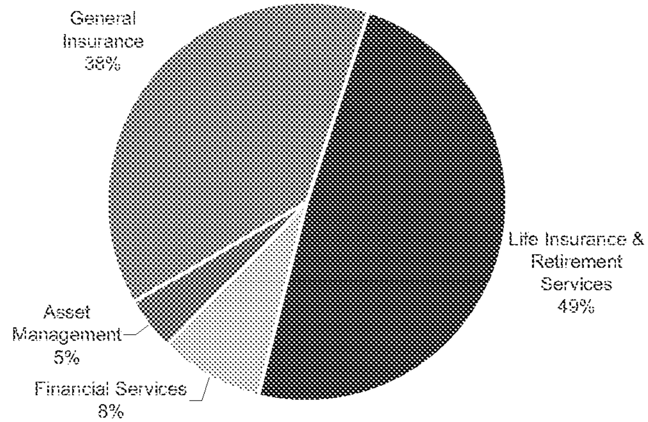
AIG Mix of Revenue & Earnings: Consolidated

The proposed actions will not fundamentally alter the mix of revenues or earnings among AIG's four principal segments

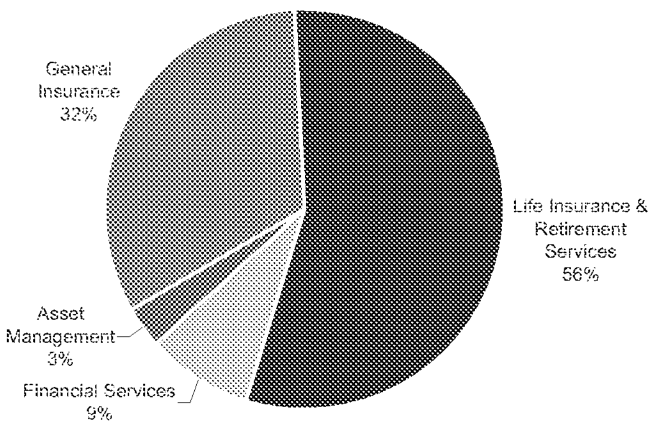
1H2008 Revenues: $61.9 bn[1]



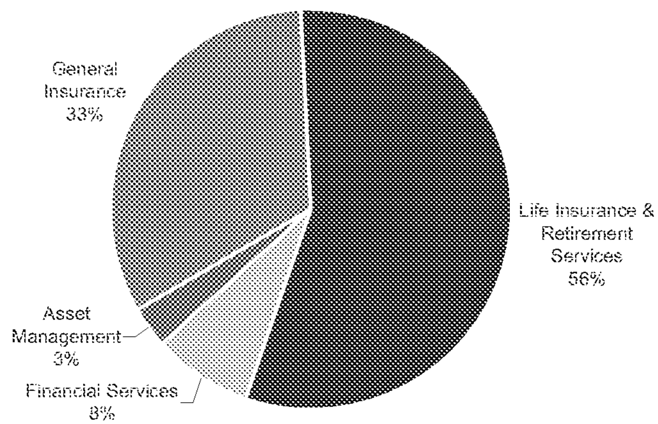
1H2008PF Revenues: $55.6 bn[2]



1H2008 Pre-tax Operating Income: $9.3 bn[1]



1H2008PF Pre-tax Operating Income: $8.9 bn[2]



Notes: 1. Operating income excludes RCG(L), FAS 133 and unrealized market valuation losses. 2. Adjusted to exclude potential dispositions

AIG

Adjusted Net Income: Pro Forma ($ mm)

As a result of these changes, AIG's pro forma core earnings would have been $4.9 bn in 1H08

Adjusted Net Income 1H 2008[1]		**($4,882)**
Adjustments		
Unrealized market valuation losses, net	($9,537)	
Credit valuation adjustments (CVA)	($361)	
Total Adjustments	($9,898)	
Fully Adjusted Net Income 1H 2008		**$5,016**
Aggregate Adjusted Net Income from Dispositions 1H 2008	$160	
Pro Forma 1H 2008 Net Income Adjusted for Unrealized Market Valuation Losses, CVA and Dispositions		**$4,856**

Note: 1. Adjusted net income (loss) excludes net realized capital gains (losses) and FAS 133, net of tax

AIG

Cumulative Loss Estimates by Vintage

Mortgage Model - Base and Stressed Case

Base Case	*Stressed Case*
HPA Projection:	**HPA Projection:**
36% peak to trough national home price decline (18% actual through March 2008)*	48% peak to trough national home price decline (18% actual through March 2008)*
60% peak to trough California home price decline	68% peak to trough California home price decline
Cumulative loss estimates	**Cumulative loss estimates**
Subprime 2004-1: 5%	Subprime 2004-1: 6%
Subprime 2004-2: 6%	Subprime 2004-2: 8%
Subprime 2005-1: 9%	Subprime 2005-1: 11%
Subprime 2005-2: 13%	Subprime 2005-2: 16%
ABX.06.1: 18%	ABX.06.1: 23%
ABX.06.2: 25%	ABX.06.2: 32%
ABX.07.1: 31%	ABX.07.1: 41%
ABX.07.2: 35%	ABX.07.2: 49%

Four of the above subprime indices (2004-1, 2004-2, 2005-1, and 2005-2) were custom synthesized according to the following constraints:

- Deal issued within 6 months prior to the launch date (e.g., the 2004-1 index uses deals issued in the second half of 2003)
- No more than four deals with the same originator
- Rated by Moody's and S&P (the AAA tranche is referenced in the index)

**Source: S&P / Case-Schiller*

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** September 17, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: $85 billion line of credit from US Fed.

Last Rating Action *(include date and reason)*: **Aug. 15, 2008** – Downgraded parent senior unsecured debt to A2 from Aa3 and left on review for possible downgrade. Various subsidiary rating actions as well.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	A2			A3		
Senior unsecured debt	A2			A3		
Senior unsecured shelf	(P)A2			(P)A3		
Subordinated shelf	(P)A3			(P)Baa1		
Preferred shelf	(P)Baa1			(P)Baa2		
Short-term issuer	P-1			P-1		
LT Outlook	RUR-Down			Negative		
ST Outlook	RUR-Down			Stable		
Subsidiary recs on page 4						

* *If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for parent recommendation

- The Federal Reserve has provided AIG with an $85 billion two-year revolving credit line, effective Sept. 16, 2008. Please see separate memo for notes of discussions with Dan Jester, Fed representative, and Bob Gender, AIG's Treasurer.
- We also spoke with Ed Liddy, AIG's new CEO, and with heads of AIG's major insurance segments, who say that customer activity has largely stabilized after significant disruptions over the past few days.

AIG's recent financial performance

- During the past three quarters (4Q07 thru 2Q08), AIG's CDS and investment portfolios have produced realized and unrealized losses and unrealized investment depreciation totalling $59 bln pretax and $38 bln after taxes (table on pg 2).
- AIG has not provided specific estimates of 3Q08 results but says that it is reasonable to expect that

losses/writedowns on CDS and RMBS will be similar to those seen in 2Q08.

- AIG's stock price has fallen about 80% YTD, including a steep decline in the past week, reflecting investor worries about incremental losses, liquidity demands and ownership dilution from an expected equity issuance. AIG's market-implied ratings, based on bonds and CDS, have fallen to the B range.
- Per BlackRock's model, estimated economic losses on the CDS and RMBS portfolios are $15 bln pretax in the expected case and $30 bln pretax in the stress case (table on pg 2, methodology outlined on pgs 57-58, 66). The stress case estimate is just over half of the pretax CDS and investment losses/writedowns recorded through 2Q08.
- Per Chris Mann's model, estimated economic losses on the CDS and RMBS portfolios are $3 bln pretax in the expected case and $12 bln pretax in the stress case (table on pg 3).
- AIG raised approximately $20 bln of capital ($7.5 bln common equity, $12.8 bln Basket D hybrids) during May 2008. The company has increased its consolidated cash and ST investments from $29 bln at YE 2006 to $82 bln as of June 30, 2008. Cash from operations has averaged $22 bln over the past three years.

AIG CDS & Investment Related Losses/Writedowns

	4Q 2007		1Q 2008		2Q 2008		Totals	
($ Blns)	**Pretax**	**After tax**	**Pretax**	**After tax**	**Pretax**	**After tax**	**Pretax**	**After tax**
AIGFP super-senior CDS								
Unrealized market valuation losses	**-11.1**	**-7.2**	**-9.1**	**-5.9**	**-5.6**	**-3.6**	**-25.8**	**-16.8**
AIG investments								
Realized capital losses	-2.6	-1.7	-6.1	-3.4	-6.1	-4.0	-14.8	-9.1
Unrealized depreciation during quarter	-3.8	-2.5	-10.6	-6.8	-3.7	-2.6	-18.1	-12.0
Total investment losses/writedowns	**-6.4**	**-4.3**	**-16.7**	**-10.2**	**-9.8**	**-6.6**	**-32.9**	**-21.1**
Total CDS & investment losses/writedowns	**-17.6**	**-11.5**	**-25.8**	**-16.1**	**-15.3**	**-10.2**	**-58.6**	**-37.8**
Pretax loss / Net loss	**-8.4**	**-5.3**	**-11.3**	**-7.8**	**-8.8**	**-5.4**	**-28.5**	**-18.5**

AIG Consolidated Equity ($ Blns)	**9/30/2007**	**12/31/2007**	**3/31/2008**	**6/30/2008**
Shareholders' equity	104.1	95.8	79.7	78.1
Change in equity vs 9/30/2007 ($)				-26.0
Change in equity vs 9/30/2007 (%)				-25.0%

AIG CDS & RMBS Portfolios

Expected & stress case pretax losses modeled by BlackRock as of Sept. 9, 2008

	Number of		Base Case Losses		Stress Case Losses	
($ Blns)	**Transacs**	**Notional**	**Undisc**	**Disc**	**Undisc**	**Disc**
CDS	109	**77.0**	**-5.6**	**-7.3**	**-12.9**	**-15.6**
Loss % of notional			-7.3%	-9.5%	-16.8%	-20.3%
		Par				
RMBS (preliminary results)		**66.0**	**-9.0**		**-17.0**	
Loss % of par			-13.6%		-25.8%	
Total CDS & RMBS estimated losses			**-14.6**		**-29.9**	

NB: For CDS portfolio, discounted losses are greater than undiscounted because discount has greatest impact on positive cash flows in years 6-25.

AIG CDS-CDO & RMBS Portfolios

Expected & stress case pretax losses modeled by Chris Mann as of Sept. 13, 2009

($ Blns)	Number of Transacs	Notional	Expected Losses	Stress Case Losses
CDS-CDO with subprime content (data as of March 31, 2008)	178	64.6		
Modeled portion	31	**56.0**	**-0.7**	**-4.8**
Loss % of notional			-1.3%	-8.6%
Not modeled		8.6		
		Par		
RMBS (data as of Dec. 31, 2007)		75.3		
Modeled portion		**59.6**	**-1.8**	**-6.7**
Loss % of par			-3.0%	-11.2%
Not modeled		15.6		
Total CDS-CDO and RMBS estimated losses			**-2.5**	**-11.5**

AIG Liquidity Analysis as of Sept. 15, 2008

($ Blns)

Liquidity needs		
Combined liquidity stress scenario two[1]	14.0	
AIGFP CDS with OC triggers[2]	8.2	
AIGFP contracts with early termination provisions[3]	4.6	
Sec lending full paydown[4]	13.3	
Total liquidity needs	**40.1**	
Liquidity sources	**Low**	**High**
Capital raise	10.0	25.0
Dividend reduction	0.0	2.0
Investment sales	1.0	2.0
Financing of unencumbered assets	5.0	15.0
Subsidiary sales (does not include ILFC)	10.0	13.0
Subtotal from capital raise & asset sales	26.0	57.0
AIGFP solutions to reduce/finance collateral		
Project Metropolis - insurance in lieu of muni collateral	5.5	5.5
CDS hedging of positions, portfolio tranche	5.0	10.0
Swapping of CDS reference obligations	4.0	8.0
CDS financing arrangements	8.0	16.0
Cost of AIGFP solutions	-5.0	-10.0
Subtotal from AIGFP solutions	17.5	29.5
Total liquidity sources	**43.5**	**86.5**
Net liquidity availability	**3.4**	**46.4**

[4] **Sec lending analysis**	
Liability as of 9/8/08	69.0
Cash in sec lending pool	9.4
Other cash held by pool members	15.3
TX FHLB loans ($6-8 bln by 9/30/08)	6.0
Repos of gov'ts, agency pass-thrus, corporates	25.0
Additional amount needed for full paydown	13.3

[1] Key assumptions include no CP rollover; no access to capital markets; AIGFP incremental collateral postings of $13 bln related to rating downgrades plus $13 bln related to MV deterioration vs 6/30/08.

[2] Assumes that all such transactions trigger immediately and are put to AIGFP, although some would likely take time to trigger.

[3] Assumes that all such contracts terminate immediately, although some provide significant value to c'parties and would likely remain in place.

September 17, 2008 Current & Recommended Ratings on AIG Subsidiaries	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
Explicitly supported ratings							
AIG Capital Trusts I & II	Bkd Tr Prfrd Shelf	AIG G'tee		(P)A3	R-Dn	(P)Baa1	Negative
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		A2	R-Dn	A3	Negative
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		A2	R-Dn	A3	Negative
AIG Program Funding, Inc.	Bkd Sr Debt	AIG G'tee		(P)A2	R-Dn	(P)A3	Negative
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		A2	R-Dn	A3	Negative
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		A3	R-Dn	Baa1	Negative
Additional recommendations							
AIG Capital Corporation	LT Issuer			Baa1	R-Dn	Baa2	Dev
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	R-Dn	Aa3	Negative
AIG Domestic Life Insurance & Retirement Services (10)	IFS		Aa3	Aa3	R-Dn	A1	Dev
AIG Edison Life Insurance Company	IFS		Aa3	Aa3	R-Dn	Aa3	Negative
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC	(Bkd) ST			P-1	R-Dn	P-1	Stable
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A1	R-Dn	A1	R-Dn
AIG UK Limited	IFS	AIG Agmt	A1	A1	R-Dn	A1	Negative
American General Finance Corporation	Sr Unsec Debt		A2	A3	R-Dn	Baa1	Dev
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Negative
American Life Insurance Company	IFS		Aa2	Aa3	R-Dn	Aa2	Negative
International Lease Finance Corporation	Sr Unsec Debt		A3	A3	R-Dn	Baa1	Dev
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	R-Dn
United Guaranty subsidiaries UGRIC of NC & UGCIC	IFS	AIG Agmt	C/Caa2	A3	R-Dn	Baa1	Negative
Affirm							
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A3	Stable	A3	Stable
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	Stable	Aa3	Stable

Rationale for DLIRS recommendation (from Aug. 15 RCM)

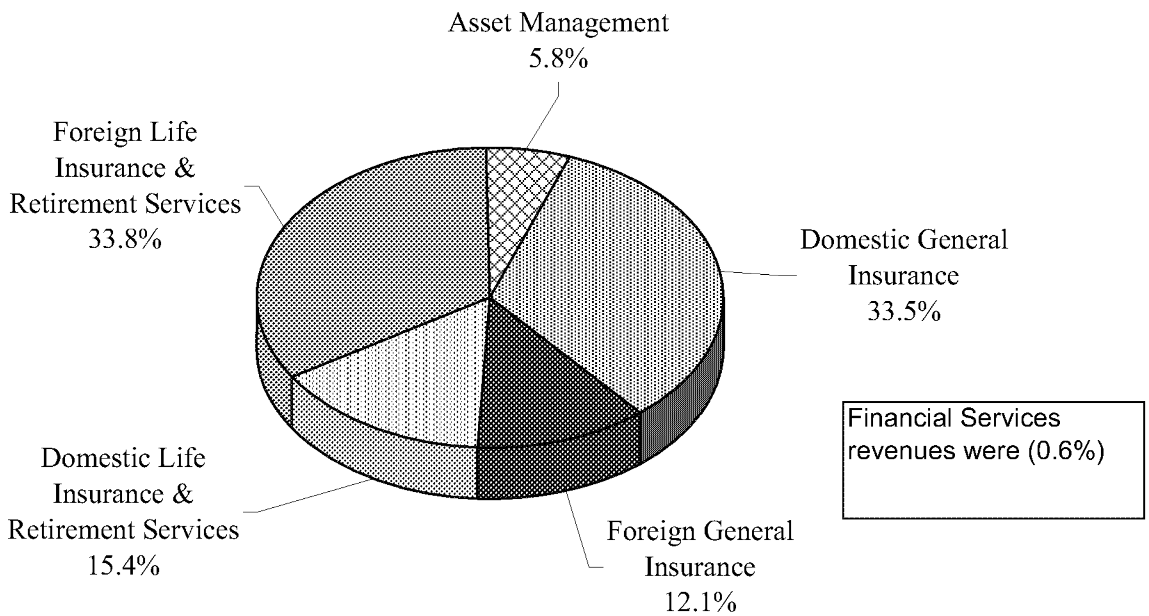
- The RMBS portfolio is mainly held by the DLIRS companies through their participation in the securities lending collateral pool. Realized capital losses (OTTI) of $5.2bn on this portfolio caused the combined RBC of the group to fall from 292% on 3/31/08 to 240% on 6/30/08 (including a $1bn capital infusion).
- RMBS OTTI losses are likely to rise in 3Q08, given widening of the marks to market since June, and $8bn of unrealized losses remaining on the portfolio.
- AIG has committed to raising the combined RBC to 350% by YE 2008, and currently estimates that it will need $3bn-$8bn in capital infusions to reach that level in view of the company's "bright line" test for OTTI.
- Securities lending collateral liabilities – a source of potential liquidity stress – amounted to $58bn in 2Q08 for the DLRS companies, versus a market value of $50.5bn, or almost $8bn below amortized cost. (NB: Total collateral liabilities for all AIG participants, incl. foreign & P&C subs were $75bn vs. roughly $60bn of fair value collateral assets at 6/30/08, per the 10-Q.) Against that, there was just over $9bn of cash in the pool plus $15bn held by the lifecos outside of the pool, leaving a gap of $31bn in the event the pool had to be completely unwound.
- Recent AIG liquidity initiatives to cover the gap include: 1) the establishment of $6bn-$8bn in FHLB borrowing capacity for the Texas companies; and 2) identification, within the lifecos, of an estimated $25bn in repo capacity (i.e., on governments, agency pass-throughs and investment-grade corporates). This could possibly get the DLRS companies through a liquidity crisis temporarily, at the expense of group's core life insurance operations.
- Although AIG plans to raise additional equity and debt in the market, and is in the process of selling certain businesses (including its American General Life and Accident Ins. Co. subsidiary (AGLA) and a small employee benefits business), there is a high degree of uncertainty around the timing, execution, and proceeds that may be raised in the current environment.
- Given the more formidable potential collateral needs at AIGFP in the event of a downgrade of AIG's senior debt, there is uncertainty as to how much of the new capital raised may be contributed to the lifecos by YE 2008.
- Given continuing asset deterioration, liquidity concerns (albeit somewhat improved), and capital uncertainties for the lifecos, we recommend placing their ratings on review for possible downgrade.

Contents

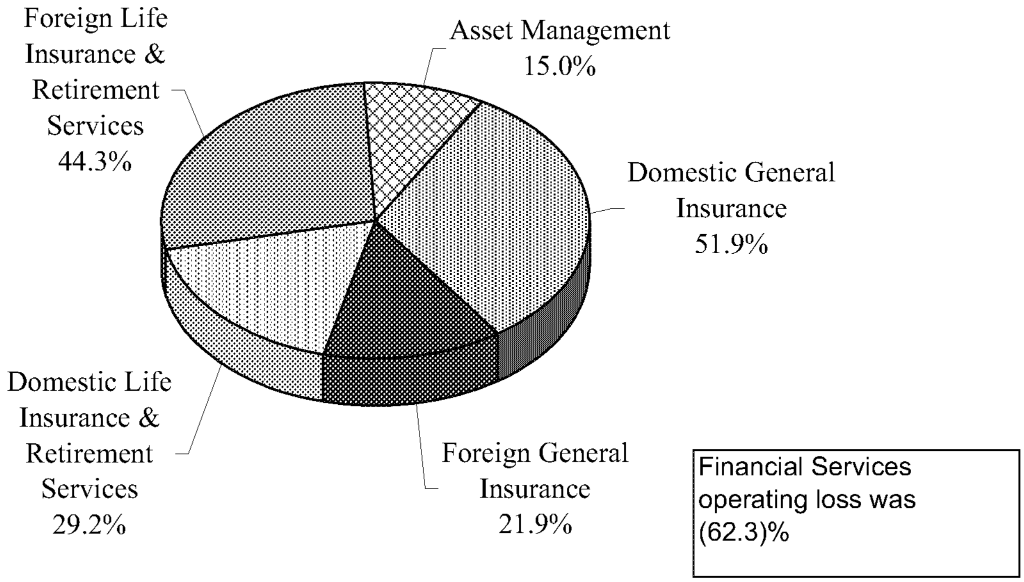
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

AIG Financial Highlights (from Company Profile)

($ Mil.)	2007	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	58,798	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	47,067	44,866	41,872	40,623	35,031	26,718
Net Investment Income	6,132	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	10,526	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	65.6%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.7%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	89.7%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	30,627	30,766	29,400	28,088	23,496	20,694
Net Investment Income	22,341	20,024	18,134	15,269	12,942	11,243
Pretax Operating Income	8,186	10,121	8,965	7,968	6,970	5,258
Financial Services						
Revenues	-1,309	7,777	10,525	7,495	6,242	6,822
Pretax Operating Income	-9,515	383	4,424	2,131	1,302	2,125
Asset Management						
Revenues	5,625	4,543	5,325	4,714	3,651	3,467
Pretax Operating Income	1,164	1,538	1,963	1,947	521	1,125
AIG Consolidated						
Total Revenues	110,064	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	8,943	21,687	15,213	14,845	11,907	7,808
Net Income	6,200	14,048	10,477	9,839	8,108	5,729
Total Assets	1,060,505	979,414	853,051	801,007	675,602	561,131
Total Debt	176,049	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	95,801	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	2007	2006	2005	2004
Revenues				
General Insurance	51,708	49,206	45,174	41,961
Life Insurance & Retirement Services	53,570	50,878	48,020	43,402
Financial Services	-1,309	7,777	10,677	7,495
Asset Management	5,625	4,543	4,582	4,714
Other/Eliminations	470	983	328	94
Consolidated Revenues	**110,064**	**113,387**	**108,781**	**97,666**
Pretax Operating Income				
General Insurance				
Domestic Brokerage Group	7,305	5,845	-820	777
Transatlantic Holdings, Inc.	661	589	-39	282
Personal Lines	67	432	195	357
Mortgage Guaranty	-637	328	363	399
Total Domestic	**7,396**	**7,194**	**-301**	**1,815**
Total Foreign	**3,137**	**3,228**	**2,601**	**1,344**
Other/Eliminations	-7	-10	15	18
Total General Insurance	**10,526**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services				
Domestic Life Insurance	642	917	1,495	1,023
Domestic Retirement Services	1,347	2,323	2,164	2,054
Total Domestic	**1,989**	**3,240**	**3,659**	**3,077**
Japan and Other	3,044	3,821	3,020	2,393
Asia	3,153	3,060	2,286	2,455
Total Foreign	**6,197**	**6,881**	**5,306**	**4,848**
Total Life Insurance & Retirement Services	**8,186**	**10,121**	**8,965**	**7,925**
Financial Services				
Aircraft Leasing	873	578	769	642
Capital Markets	-10,557	-873	2,661	662
Consumer Finance	171	668	922	786
Other	-2	10	72	90
Total Financial Services	**-9,515**	**383**	**4,424**	**2,180**
Asset Management				
Spread-based Investment Business	-89	732	1,194	1,328
Institutional Asset Management	784	438	387	515
Brokerage Services, Mutual Funds and Other	469	368	382	282
Total Asset Management	**1,164**	**1,538**	**1,963**	**2,125**
Other/Eliminations	-1,418	-767	-2,454	-562
Consolidated Pretax Operating Income	**8,943**	**21,687**	**15,213**	**14,845**

Composite Scorecard

Instructions:
1) Modify adjusted scorecard ratings in column H (white cells) for each factor as needed.
2) Add notches for Other Considerations and Support if applicable. Please enter whole numbers only. Positive numbers result in a worse rating and negitive numbers result in a better rating.

Rating Factors
American International Group, Inc.

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Score	Adjusted Score [2]	Stress Case 1	Stress Case 2
Business Profile						Aa1	Aa1	Aa1	Aa1
Market Position and Brand (20%)						Aa1	Aaa	Aa1	Aa1
Market Share Ratio		X							
Relative Market Share Ratio	X								
Distribution (8%)						Aa2	Aa1	Aa1	Aa1
Distribution Control		X							
Diversity of Distribution		X							
Product Focus and Diversification (12%)						Aa2	Aa2	Aa2	Aa2
Product Risk - P&C			X						
Product Risk - Life		X							
Product Diversification	X								
Geographic Diversification	X								
Financial Profile						Aa3	Aa3	A1	A2
Asset Quality (5%)						A1	A1	A2	A2
High Risk Assets % Invested Assets					40.8%				
Reinsurance Recoverables % Equity	24.1%								
Goodwill % Equity	9.8%								
Capital Adequacy (12%)						Aa2	Aa2	Aa3	A2
Capital % Total Assets		9.0%							
Profitability (15%)						A2	A2	A2	A2
Return on Average Equity (5 yr. avg.)		12.7%							
Sharpe Ratio of Growth in Net Income (5 yr.)				24.5%					
Liquidity and Asset/Liability Management (5%)						Aaa	Aaa	Aa2	A2
Liquid Assets % Policyholder Reserves	95.4%								
Reserve Adequacy (5%)						Baa2	A1	A1	A1
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)				5.5%					
Financial Flexibility (18%)						Aa1	Aa2	Aa3	A2
Financial Leverage	19.4%								
Earnings Coverage (5 yr. avg.)		9.4x							
Total Scorecard Rating						Aa2	Aa2	Aa3	Aa3
Total Scorecard Rating -- Value						3.36	3.06	3.69	4.44

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):
Management, Governance, and Risk Management:
Accounting Policy & Disclosure:

COMPANY NAME	AIG Inc.	Allianz SE	Assicurazioni Generali S.p.A	Aviva plc	Allstate	Travelers	Hartford
Domicile	USA	Germany	Italy	UK	USA	USA	USA
Accounting Convention	US GAAP	IFRS	IFRS	IFRS	US GAAP	US GAAP	US GAAP
	USD	EURO	EURO	EURO	USD	USD	USD
	YE2007	**YE2007**	**YE2006**	**YE2007**	**YE2007**	**YE2007**	**YE2007**
RATING & RCM INFO							
IFSR	Aa2	Aa3	Aa3	-	Aa2	Aa2	Aa3
Outlook	NEG	STA	NEG	STA	RUR↓ debt only	STA	STA
Senior Debt	Aa2	Aa3	A1	A1	A1	A2	A2
COMPETITOR RATINGS							
S&P (IFSR)	AA-	AA	AA	-	AA/STA	AA-/STA	AA-/STA
Fitch (IFSR)	AA-	AA-	AA	-	AA+/STA	AA/STA	AA/STA
AM Best (IFSR)	A++	A+	A+	-	A+/STA	A+/STA	A+/STA
MARKET DATA							
Market Capitalisation (AIG as of Sept 12, 2008)	32,640	63,547	44,511	27,242	29,395	33,776	27,364
FUNDAMENTALS (MM)							
Gross Premiums Written - Total	93,383	65,811	61,821	41,880	27,180	24,198	17,630
Gross Premiums Written - Life	34,585	21,522	43,027	26,384			
Gross Premiums Written - Non-life	58,798	44,289	18,794	15,496			
Net Income	6,200	7,966	2,915	2,034	4,636	4,601	2,949
Total Assets	1,010,505	1,061,149	382,543	432,054	156,408	115,224	360,361
Shareholders' Equity	95,801	47,753	18,350	22,423	21,851	26,616	13,064
QUANTITATIVE MEASURES							
Scorecard Completed (Life/Non-Life/Composite)	Composite	Composite	Composite	Composite	P&C	P&C	P&C
Raw vs. Adjusted Scorecard Rating	Aa2/Aa2	Aa3/Aa3	A1 / Aa3	Aa3/Aa3	Aa2/Aa2	Aa3 / Aa2	A2/Aa3
DESCRIPTIVE STATISTICS							
Ownership - Public, Private, Subsidiary	Public	Public	Public	Public	Public	Public	Public
Domicile		Germany	Italy	UK	USA	USA	USA
Geographic Spread	Global	Worldwide	International	Global	US	US	US
RAW FACTOR RATING / ADJUSTED FACTOR RATING							
Business Profile							
Market Position and Brand	Aa1/Aaa	Aa1/Aaa	Aaa / Aa2	Aa2/Aa2	Aa2 / Aa2	Aa3 / Aa2	Aa3 / Aa2
Distribution	Aa2/Aa1	Aa1/Aa1	Aa3 / Aa3	Aa2/Aa2			
Product Focus and Diversification	Aa2/Aa2	Aa2/Aa2	Aa2 / Aa3	Aa2/Aa2	A1 / Aa3	Aa2 / Aa2	A1 / Aa3
Financial Profile							
Asset Quality	A1/A1	Aa3/Aa3	Aa2 / Aa3	Aa3/Aa3	Aa2 / Aa2	Aa1 / Aa3	Aa2 / Aa2
Capital Adequacy	Aa2/Aa2	Baa2/Aa3	Baa2 / Aa3	A2/A2	Aa2 / Aa2	A2 / Aa2	A2 / A1
Profitability	A2/A2	Baa1/A2	Baa1 / A1	Baa1/Baa1	Aa3 / Aa3	A1 / Aa3	Baa2 / A1
Liquidity and Asset/Liability Management	Aaa/Aaa	Aaa/Aaa	Aaa / Aa3	Aaa/Aaa			
Reserve Adequacy	Baa2/A1	Aaa/Aa2	Aa2 / Aa2	Aaa/Aaa	Aa3 / Aa3	A3 / A1	Baa3 / A1
Financial Flexibility	Aa1/Aa2	A2/A2	A2 / A2	A1/A1	Aa1 / Aa1	Aa1 / Aa2	Aa2 / Aa3
SCORECARD METRICS							
Business Profile							
Market Position and Brand							
Market Share Ratio	10.0%	10%	14.0%	8.0%	5.9%	4.5%	2.4%
Relative Market Share Ratio	3.5 x	4.8 x	4.1 x	2.0 x	9.2 x	6.9 x	3.6 x
Expense Ratio % NPW	na	na	na	na	24.9%	30.8%	28.4%
Distribution							
Distribution Control	Aa	Aaa	A	Aa	na	na	na
Diversity of Distribution	Aa	Aa	Aaa	Aa	na	na	na
Product Focus and Diversification							
Product Risk - P&C	A	Aa	Aa	Aa	Aaa	A	A
Product Risk - Life	Aa	Aa	A	Aa	na	na	na
Product Diversification	Aaa	Aaa	Aaa	Aaa	Baa	Aaa	A
Geographic Diversification	Aaa	Aa	Aa	A	Aa	Aa	Aa
Financial Profile							
Asset Quality							
High Risk Assets % Invested Assets	40.8%	22.9%	22.4%	24.7%	30.9%	8.5%	36.4%
Reinsurance Recoverables % Equity	24.1%	27.2%	27.0%	45.8%	5.8%	58.8%	17.1%
Goodwill % Equity	9.8%	24.2%	11.9%	18.6%	3.8%	12.6%	9.0%
Capital Adequacy							
Capital % Total Assets	9.0%	4.8%	4.5%	7.3%	na	na	na
Gross Underwriting Leverage	na	na	na	na	3.0 x	3.1 x	3.7 x
Profitability							
Return on Average Equity (5 yr. avg.)	12.70%	15.0%	10.1%	14.9%	20.7%	13.6%	9.5%
Sharpe Ratio of Growth in Net Income (5 yr.)	24.5%	n.a	0.0%	Negative	52.1%	46.4%	-1.0%
Liquidity and Asset/Liability Management							
Liquid Assets % Policyholder Reserves	95.4%	90.6%	83.3%	92.4%	na	na	na
Reserve Adequacy							
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)	5.5%	-3.4%	1.8%	-1.1%	-1.6%	1.2%	5.4%
Financial Flexibility							
Financial Leverage	19.4%	31.1%	35.6%	25.3%	23.6%	21.7%	21.5%
Earnings Coverage (5 yr. avg.)	9.4 x	6.9 x	7.4 x	6.0 x	11.2 x	10.8 x	8.4 x

(USD Blns)		AIG, Inc.	Morgan Stanley	Wachovia	Allstate	Merrill Lynch	Lehman	MetLife	Sun Life	Hartford	Aa1/Aa2	Aa3	A1/A2
Secured Rating (IFSR)		Aa2/Aa3	A1	Aa2	Aa2	A2	A2	Aa2	Aa2	Aa3			
HoldCo Senior Rating (Bank Unspptd)		Aa3	A1 (A2)	A1 (A1)	A1	A2 (A3)	A2	A2	A2	A2			
Outlook		Negative	Stable	Negative	RUR ↓	Stable	RUR ↓	Stable	Stable	Stable			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP	US GAAP			
Market Capitalization	**2Q08**	71	49	34	25	31	20	37	23	20	83	72	27
	1Q08	108	47	54	27	40	28	43	27	24	106	87	35
Market Cap / Equity	**2Q08**	0.9x	1.4x	0.4x	1.3x	0.9x	0.8x	1.2x	1.3x	1.2x	1.1x	1.2x	1.0x
	1Q08	1.4x	1.4x	0.7x	1.3x	1.1x	1.1x	1.3x	1.5x	1.3x	1.8x	1.6x	1.2x
	2007	1.5x	1.8x	1.0x	1.3x	1.6x	1.5x	1.3x	1.8x	1.4x	1.7x	1.7x	1.4x
Total Assets	**2Q08**	1,050	1,031	812	151	966	639	556	187	334	1,700	1,344	521
	1Q08	1,051	1,091	809	152	1,042	786	557	187	344	1,705	1,383	554
Total Equity	**2Q08**	78	34	75	20	35	26	33	18	17	94	74	32
	1Q08	80	33	78	20	37	25	33	18	18	84	69	33
	2007	96	31	77	22	32	22	35	17	19	87	70	32
Equity % Assets	**2Q08**	7.4%	3.3%	9.2%	13.1%	3.6%	4.1%	5.9%	9.4%	5.0%	5.5%	5.5%	7.2%
	1Q08	7.6%	3.1%	9.6%	13.3%	3.5%	3.2%	5.9%	9.3%	5.2%	5.1%	5.2%	7.2%
	2007	9.1%	3.0%	9.8%	14.0%	3.1%	3.3%	6.3%	9.2%	5.3%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	70.7%	92.1%	76.1%	22.3%	93.4%	92.3%	39.8%	24.0%	29.6%	84.2%	80.3%	54.0%
	1Q08	69.5%	92.8%	75.0%	21.7%	93.4%	93.9%	38.6%	23.0%	25.0%	83.8%	80.4%	52.9%
	2007	65.8%	93.0%	73.3%	20.5%	94.3%	94.1%	37.0%	32.1%	21.7%	86.9%	81.7%	53.3%
Revenues	**2007**	110	28	32	37	11	19	53	21	26	52	61	28
Net Income	**2Q08**	-5	1	-9	0	-5	-3	1	1	1	2	0	-2
	1Q08	-8	2	-1	0	-2	0	1	1	0	-3	-2	0
	2007	6	3	6	5	-8	4	4	2	3	8	7	2
	5 yr avg.	10	5	6	3	3	3	4	2	2	10	8	3
Return on Average Assets (%)	**2Q08**	-0.5%	0.1%	-1.1%	0.0%	-0.5%	-0.4%	0.2%	0.3%	0.2%	0.1%	0.0%	-0.2%
	1Q08	-0.7%	0.1%	-0.1%	0.2%	-0.2%	0.1%	0.1%	0.3%	0.0%	-0.1%	-0.1%	0.1%
	2007	0.6%	0.3%	0.8%	3.0%	-0.8%	0.7%	0.8%	1.2%	0.9%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	0.7%	1.3%	2.7%	0.7%	0.8%	1.1%	1.2%	0.7%	0.9%	1.0%	1.2%
Cash Flow from Operations	**2Q08**	8	(19)	(7)	1	15	(11)	4	0	1	6	(0)	0
	1Q08	35	-22	-9	5	-72	-46	10	1	6	-52	-32	-15
	2007	6	-61	2	5	-24	-36	7	4	6	-22	-17	-5
	5 yr avg.	26	-26	-3	5	-26	-21	8	3	4	-25	-13	-4
Cash Flow % Net Income	**2Q08**	(2)	8	(1)	47	9	3	2	1	3			
	1Q08	-106%	-1231%	1104%	322%	-744%	-2175%	554%	35%	391%	-290%	-346%	-73%
	2007	567%	-688%	-150%	117%	930%	-1088%	231%	46%	203%	-100%	-275%	41%
	5 yr avg.	309%	-494%	-65%	184%	-15%	-566%	212%	161%	-717%	-312%	-180%	-115%
Gross Mortgage-related Charges		44	12	8		34	4						
Charges % YE 2007 Equity		45.9%	38.1%	10.1%		107.4%	17.8%						
Total Capital Raised		20	6	18		16	6						

(USD Blns)		AIG, Inc.	Goldman	Citigroup	Allianz	ManuLife	Aa1/Aa2	Aa3	A1/A2
Secured Rating (IFSR)		Aa2/Aa3	Aa3	Aa1	Aa3	Aa1			
HoldCo Senior Rating (Bank Unspptd)		Aa3	Aa3 (A1)	Aa3 (A1)	Aa3	Aa3			
Outlook		Negative	Stable	Negative	Stable	Stable			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP			
Market Capitalization	**2Q08**	71	70	91	51	53	83	72	27
	1Q08	108	67	112	57	59	106	87	35
Market Cap / Equity	**2Q08**	0.9x	1.6x	0.7x	1.3x	2.1x	1.1x	1.2x	1.0x
	1Q08	1.4x	1.6x	0.9x	1.3x	2.3x	1.8x	1.6x	1.2x
	2007	1.5x	2.1x	1.3x	1.4x	2.5x	1.7x	1.7x	1.4x
Total Assets	**2Q08**	1,050	1,088	2,100	1,016	356	1,700	1,344	521
	1Q08	1,051	1,189	2,200	1,127	357	1,705	1,383	554
Total Equity	**2Q08**	78	45	136	40	25	94	74	32
	1Q08	80	43	128	45	25	84	69	33
	2007	96	43	113	48	24	87	70	32
Equity % Assets	**2Q08**	7.4%	4.1%	6.5%	4.0%	7.0%	5.5%	5.5%	7.2%
	1Q08	7.6%	3.6%	5.8%	4.0%	7.0%	5.1%	5.2%	7.2%
	2007	9.1%	3.8%	5.2%	4.5%	6.9%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	70.7%	90.4%	85.1%	89.3%	42.3%	84.2%	80.3%	54.0%
	1Q08	69.5%	91.9%	86.8%	90.7%	41.0%	83.8%	80.4%	52.9%
	2007	65.8%	91.5%	88.6%	89.2%	41.0%	86.9%	81.7%	53.3%
Revenues	**2007**	110	46	81	100	35	52	61	28
Net Income	**2Q08**	-5	2	-2	2	1	2	0	-2
	1Q08	-8	2	-5	1	1	-3	-2	0
	2007	6	12	4	8	4	8	7	2
	5 yr avg.	10	7	17	5	3	10	8	3
Return on Average Assets (%)	**2Q08**	-0.5%	0.2%	-0.1%	0.1%	0.3%	0.1%	0.0%	-0.2%
	1Q08	-0.7%	0.1%	-0.2%	0.1%	0.2%	-0.1%	-0.1%	0.1%
	2007	0.6%	1.2%	0.2%	0.7%	1.2%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	1.2%	1.4%	0.5%	1.3%	0.9%	1.0%	1.2%
Cash Flow from Operations	**2Q08**	8	(23)	2	6	1	6	(0)	0
	1Q08	35	-68	-71	13	7	-52	-32	-15
	2007	6	-58	0	21	7	-22	-17	-5
	5 yr avg.	26	-38	-11	17	6	-25	-13	-4
Cash Flow % Net Income	**2Q08**	(2)	5	(21)	14	2			
	1Q08	-106%	-1499%	-31%	489%	77%	-290%	-346%	-73%
	2007	567%	-588%	-1975%	160%	177%	-100%	-275%	41%
	5 yr avg.	309%	-542%	-389%	373%	191%	-312%	-180%	-115%
Gross Mortgage-related Charges		44	2	41	2				
Charges % YE 2007 Equity		45.9%	4.7%	35.9%	3.8%				
Total Capital Raised		20	0	46	0				

(USD Blns)		AIG, Inc.	UBS	B of A	Credit Suisse	JPMorgan			
Secured Rating (IFSR)		Aa2/Aa3	Aa2	Aa2	Aa1	Aa2			
HoldCo Senior Rating (Bank Unspptd)		Aa3	Aa2 (A2)	Aa2 (Aa2)	Aa2 (A1)	Aa2 (Aa3)			
Outlook		Negative	RUR ↓	Negative	Stable	Stable			
Accounting Basis		US GAAP	IFRS	US GAAP	US GAAP	US GAAP	**Aa1/Aa2**	**Aa3**	**A1/A2**
Market Capitalization	**2Q08**	71	61	106	48	118	83	72	27
	1Q08	108	57	169	51	146	106	87	35
Market Cap / Equity	**2Q08**	0.9x	1.4x	0.7x	1.3x	0.9x	1.1x	1.2x	1.0x
	1Q08	1.4x	3.5x	1.1x	1.4x	1.2x	1.8x	1.6x	1.2x
	2007	1.5x	2.8x	1.2x	1.6x	1.2x	1.7x	1.7x	1.4x
Total Assets	**2Q08**	1,050	2,078	1,717	1,230	1,776	1,700	1,344	521
	1Q08	1,051	2,231	1,737	1,208	1,643	1,705	1,383	554
Total Equity	**2Q08**	78	44	163	37	133	94	74	32
	1Q08	80	16	156	38	126	84	69	33
	2007	96	35	147	43	123	87	70	32
Equity % Assets	**2Q08**	7.4%	2.1%	9.5%	3.0%	7.5%	5.5%	5.5%	7.2%
	1Q08	7.6%	0.7%	9.0%	3.1%	7.6%	5.1%	5.2%	7.2%
	2007	9.1%	1.5%	8.6%	3.2%	7.9%	5.3%	5.4%	7.3%
Debt % Capital	**2Q08**	70.7%	NA	79.3%	92.4%	80.9%	84.2%	80.3%	54.0%
	1Q08	69.5%	NA	79.7%	92.0%	79.6%	83.8%	80.4%	52.9%
	2007	65.8%	96.6%	80.6%	92.2%	78.3%	86.9%	81.7%	53.3%
Revenues	**2007**	110	32	67	40	71	52	61	28
Net Income	**2Q08**	-5	0	3	1	2	2	0	-2
	1Q08	-8	-12	1	-2	2	-3	-2	0
	2007	6	-5	15	8	15	8	7	2
	5 yr avg.	10	7	15	6	10	10	8	3
Return on Average Assets (%)	**2Q08**	-0.5%	0.0%	0.2%	0.1%	0.1%	0.1%	0.0%	-0.2%
	1Q08	-0.7%	-0.5%	0.1%	-0.2%	0.1%	-0.1%	-0.1%	0.1%
	2007	0.6%	-0.2%	0.9%	0.6%	1.1%	0.6%	0.7%	0.9%
	5 yr avg.	1.4%	0.5%	1.7%	0.5%	1.0%	0.9%	1.0%	1.2%
Cash Flow from Operations	**2Q08**	8	19	(4)	12	(2)	6	(0)	0
	1Q08	35	-52	11	-58	-111	-52	-32	-15
	2007	6	-5	15	-49	-50	-22	-17	-5
	5 yr avg.	26	-28	7	-39	-38	-25	-13	-4
Cash Flow % Net Income	**2Q08**	(2)	71	4	23	13			
	1Q08	-106%	-164%	-317%	-578%	-102%	-290%	-346%	-73%
	2007	567%	993%	74%	-746%	-720%	-100%	-275%	41%
	5 yr avg.	309%	46%	51%	-1037%	-309%	-312%	-180%	-115%
Gross Mortgage-related Charges		44	37	18	11	8			
Charges % YE 2007 Equity		45.9%	106.2%	12.2%	25.9%	6.1%			
Total Capital Raised		20	34	19	0	8			

Rating Action: American International Group, Inc.

Moody's reiterates negative outlook on AIG; US life ops negative

New York, August 07, 2008 -- Moody's Investors Service has affirmed the ratings of American International Group, Inc. (NYSE: AIG -- senior unsecured debt rated Aa3) while reiterating the company's negative rating outlook. The rating agency also affirmed the Aa2 insurance financial strength ratings of AIG's Domestic Life Insurance and Retirement Services subsidiaries (DLIRS), while changing the DLIRS rating outlook to negative from stable. The ratings and outlooks on all other AIG subsidiaries have been affirmed. These rating actions follow AIG's announcement of a $5.4 billion net loss for the second quarter of 2008. The affirmations are based on Moody's understanding that AIG will actively address potential liquidity and capital needs at various operating units, including DLIRS and AIG Financial Products Corp. (AIGFP). Failure to address these concerns in the near term could lead to rating downgrades at the parent company, DLIRS and/or other operating units.

The second-quarter net loss includes after-tax unrealized market valuation losses of $3.6 billion on mortgage-exposed credit default swaps (CDS) at AIGFP, and after-tax realized capital losses of $4.0 billion, largely from other-than-temporary impairment (OTTI) of residential mortgage-backed securities (RMBS) held by the DLIRS companies. AIG's shareholders' equity account declined by $1.6 billion during the quarter to $78.1 billion as of June 30, 2008, as the net loss and unrealized depreciation of investments offset a $7.5 billion common stock issuance in May 2008. AIG's broader capital base, including common equity and hybrid securities with significant equity content, increased during the quarter as a result of hybrid issuance totaling $12.8 billion.

Over the past nine months, AIG has absorbed after-tax unrealized market valuation losses on CDS totaling $16.8 billion, and after-tax realized capital losses (principally OTTI) totaling $9.1 billion. Also during this period, the company has posted to its equity account net after-tax unrealized investment depreciation totaling $12.1 billion.

The negative outlook on the DLIRS companies reflects their weakened capital position as a result of persistent OTTI losses, which also generally flow through the regulatory financial statements and reduce regulatory capital. The DLIRS companies' Aa2 insurance financial strength ratings incorporate Moody's expectation of a combined NAIC risk-based capital (RBC) ratio of 350% or higher. To the extent that the RBC ratio has fallen below this level, Moody's expects that the company will take steps to strengthen the capitalization during the remainder of the year.

Moody's noted that the DLIRS companies hold a majority of AIG's RMBS, both directly and through their securities lending collateral. Securities lending typically involves relatively short-term funding (secured by the lent securities), with the cash collateral invested in longer-term assets, including RMBS. With RMBS generally trading well below par, Moody's expects that AIG will maintain ample alternative sources of liquidity to repay securities borrowers who may want to reduce or exit their positions.

"AIG's DLIRS group is a leading US life insurer, with well diversified products and distribution channels," said Moody's Laura Bazer, lead analyst for these operations. "The negative outlook reflects continued weakness in the RMBS market and the resulting strains on the group's asset quality and capitalization."

The rating agency noted that the negative outlook on AIG (parent company) incorporates the challenges within DLIRS, as well as the growing CDS liabilities and collateral requirements at AIGFP, whose obligations are unconditionally guaranteed by AIG. Moody's expects that AIG and AIGFP will maintain robust coverage of liquidity needs, even in severely adverse scenarios.

Moody's has estimated that AIG's ultimate economic losses on CDS and RMBS will likely be materially smaller than the current market values would suggest. Nevertheless, current market values have a meaningful impact on collateral requirements at AIGFP and regulatory capital levels at several insurance subsidiaries.

"AIG faces near-term challenges through its exposures to the troubled US mortgage market," said Bruce Ballentine, lead analyst for AIG. "We believe that the company's diversified operations and its financial flexibility will help it to weather the storm."

Moody's last rating action on these entities took place on May 22, 2008, when AIG's senior unsecured debt rating was downgraded to Aa3 (negative outlook) from Aa2, and the DLIRS companies' insurance financial strength ratings were downgraded to Aa2 (stable outlook) from Aa1.

Moody's has affirmed the following ratings while maintaining a negative outlook:

American International Group, Inc. -- long-term issuer rating at Aa3, senior unsecured debt at Aa3, subordinated debt at A1, senior unsecured debt shelf at (P)Aa3, subordinated debt shelf at (P)A1, preferred stock shelf at (P)A2.

Moody's has affirmed the following ratings while changing the outlook to negative from stable:

Domestic Life Insurance & Retirement Services subsidiaries -- AIG Annuity Insurance Company, AIG Life Insurance Company, AIG SunAmerica Life Assurance Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American International Life Assurance Company of New York, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company, The United States Life Insurance Company in the City of New York, The Variable Annuity Life Insurance Company -- insurance financial strength at Aa2;

AIG SunAmerica funding agreement-backed note programs -- AIG SunAmerica Global Financing Trusts, ASIF I & II, ASIF III (Jersey) Limited, ASIF Global Financing Trusts -- senior secured debt at Aa2.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to punctually pay senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

New York
Bruce Ballentine
VP - Senior Credit Officer
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Robert Riegel
Managing Director
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Moody's Investors Service

Global Credit Research
Credit Opinion
14 AUG 2008

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Ratings

Category	Moody's Rating
Rating Outlook	NEG
Senior Unsecured	Aa3
Rated Intercompany Pool Members	
Rating Outlook	STA
Insurance Financial Strength	Aa3
AIG SunAmerica Life Assurance Company	
Rating Outlook	NEG
American Life Insurance Company	
Rating Outlook	STA
Insurance Financial Strength	Aa2
AIG Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	Aa2
American General Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	Aa2

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Key Indicators

American International Group, Inc.[1]

	TTM 6/08	2007	2006	2005	2004	2003
Total Assets ($ Mil.)	$1,049,876	$1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 78,088	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 82,233	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ (15,369)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage	19.4%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.)		6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.) [2]		11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements. [2] AIG changed its reporting basis for unrestricted subsidiary dividend capacity in 2007, so cashflow coverage at YE 2007 is not directly comparable to prior-year levels.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa3, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic

(US) operations, with nearly 60% coming from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

On August 7, 2008, Moody's affirmed AIG's ratings and reiterated the negative outlook. At the same time, Moody's affirmed the insurance financial strength (IFS) ratings of AIG's Domestic Life Insurance & Retirement Services (DLIRS) subsidiaries, while changing the DLIRS rating outlook to negative from stable. These rating actions followed AIG's announcement of a $5.4 billion net loss for the second quarter of 2008. The loss included significant unrealized market valuation losses on mortgage-exposed credit default swaps (CDS) at AIG Financial Products Corp. (AIGFP), as well as realized capital losses on investments, largely other-than-temporary impairment (OTTI) on residential mortgage-backed securities (RMBS) held by the DLIRS companies. Over the past nine months, AIG has absorbed after-tax unrealized market valuation losses on CDS totaling $16.8 billion and after-tax realized capital losses (principally OTTI on RMBS) totaling $9.1 billion. Also during this period, the company has posted to its equity account net after-tax unrealized depreciation of investments (largely RMBS) totaling $12.1 billion.

The negative outlook on the DLIRS companies reflects their weakened capital position as a result of OTTI losses, which generally flow through the regulatory financial statements and reduce regulatory capital. The DLIRS companies also face heightened liquidity risk, given that their RMBS are held predominantly within the securities lending collateral pool. Securities lending typically involves relatively short-term funding (secured by the lent securities), with the cash collateral invested in longer-term assets (including RMBS). The negative outlook on AIG (parent company) incorporates the challenges within DLIRS, as well as the growing CDS liabilities and collateral requirements at AIGFP, whose obligations are unconditionally guaranteed by AIG.

The recent rating affirmations were based on Moody's understanding that AIG will actively address potential liquidity and capital needs at various operating units, including DLIRS and AIGFP. We expect that AIG will maintain robust coverage of such needs, even in severely adverse scenarios. Failure to address these concerns in the near term could lead to rating downgrades at the parent company, DLIRS and/or other operating units. Moody's has estimated that AIG's ultimate economic losses on CDS and RMBS will likely be materially smaller than the current market values would suggest. Nevertheless, current market values have a meaningful impact on collateral requirements at AIGFP and regulatory capital levels at several insurance subsidiaries.

AIG's current ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its demonstrated access to capital markets. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US residential mortgage market.

Credit Profile of Significant Subsidiaries/Activities

AIG Property Casualty Group (2007 revenues: $38.0 billion, 35% of consolidated total)

The AIG Property Casualty Group (formerly Domestic General Insurance) encompasses the AIG Commercial Insurance Group (CIG - formerly Domestic Brokerage Group), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa3 IFS ratings (stable outlook) on eight members of CIG, reflecting CIG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by CIG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains a Aa3 IFS rating (negative outlook) on United Guaranty Residential Insurance Company (UGRIC), the lead company of AIG's Mortgage Guaranty unit. The rating is based on UGRIC's conservative underwriting practices, as evidenced by its limited exposure to the highest-risk mortgage products, coupled with its robust capital adequacy and solid competitive position. UGRIC's rating benefits from a net worth maintenance agreement from AIG plus a fixed-dollar-limit reinsurance agreement provided by a CIG member. Moody's expects UGRIC to sustain operating losses over the next several quarters as a result of continued weakness in the US housing market. However, the company is well positioned to take advantage of new business opportunities and improved terms of trade given its strong credit profile relative to peers. Moody's also maintains a Aa3 IFS rating (negative outlook) on United Guaranty Mortgage Indemnity Company based on an unconditional guarantee from UGRIC. Two other members of the Mortgage Guaranty unit carry IFS ratings of A1 (negative outlook), based on their respective exposures to second-lien mortgage loans and student loans - market segments where conditions are unlikely to improve over the medium term, in Moody's view. These ratings also benefit from a net worth maintenance agreement from AIG plus affiliated reinsurance.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a CIG company in December 2007. The Aa3 IFS rating (stable outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan), and merged the Taiwan branch of a CIG company into AIGGI Taiwan. Moody's upgraded the IFS rating of AIGGI Taiwan from Baa1 to A2 in July 2007 and to A1 in March 2008. With a stand-alone rating of A3, AIGGI Taiwan receives two notches of rating uplift from parental support in the form of financial flexibility, transfer of technical knowledge, management expertise and risk sharing. Because its rating relies on significant parental support, AIGGI Taiwan's rating outlook is negative, following that of AIG.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's maintains Aa2 IFS ratings (negative outlook) on ten members of the DLIRS segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-selling arrangements, and common investment management and administrative services. These strengths are tempered by the group's significant exposure to US RMBS, held predominantly within the securities lending collateral pool, as discussed above.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

The Foreign Life Insurance & Retirement Services segment encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, sound capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa3, stable outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, negative outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership

and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower. ILFC's negative rating outlook follows that of AIG.

The Capital Markets unit comprises the global operations of AIGFP (backed long-term issuer rating of Aa3, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa3 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US residential mortgage market through super-senior CDS and cash CDOs, a portfolio that is now in runoff. In February 2008, AIG appointed an interim CEO to oversee this operation and launched a search for a new permanent CEO. In connection with this management shift, Moody's expects that AIG will take a fresh look at the strategic direction and risk appetite at AIGFP.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated A1, negative outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and implicit support from AIG. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of year-end 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards have enabled the company to weather the housing market slump reasonably well compared to many other financial institutions. Nevertheless, AGFC's core profitability has fallen, and will continue to be pressured by rising loss provisions and the sharp fall-off in mortgage banking activity. Absent the implicit parental support, AGFC's ratings would be lower. AGFC's negative rating outlook follows that of AIG.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's Matched Investment Program. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US residential mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Sizable exposure to US residential mortgage market through various business units and activities, particularly CDS written by AIGFP and RMBS held by US life insurance subsidiaries

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

Rating Outlook

The negative outlook on AIG (and on subsidiaries whose ratings rely on meaningful explicit or implicit parental support) reflects the company's exposure to further volatility in the US residential mortgage market as well as uncertainty surrounding the strategic direction of AIGFP.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improving or stable stand-alone credit profiles of major operating units

- Strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- Weak group profitability, with returns on equity remaining below 10% over the next few quarters

- A decline in financial flexibility, with adjusted financial leverage exceeding the low 20s (percent), or adjusted pretax interest coverage remaining below 8x over the next few quarters

- Incremental losses on investments or derivatives causing a further decline in shareholders' equity

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Capital Structure and Liquidity

Moody's believes that AIG's financial flexibility has been weakened by the firm's exposure to the US mortgage market and the related losses, write-downs and decline in shareholders' equity. On the other hand, the company demonstrated broad access to the capital markets through its issuance of more than $20 billion of capital during May 2008 - a positive for creditors in Moody's view. The new issuance included approximately $7.5 billion of common stock, $5.9 billion of equity units (hybrids) and $6.9 billion of junior subordinated debentures (hybrids). The hybrid securities were designed to receive significant equity treatment for financial leverage calculations.

As of June 30, 2008, AIG reported total borrowings of $178.6 billion, a majority of which was "operating" debt (i.e., supporting assets of the Financial Services segment and AIG's Matched Investment Program). AIG's adjusted "financial" debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) amounted to $26.0 billion. AIG's adjusted financial leverage has increased from 18.3% at year-end 2007 to 19.4% as of June 30, 2008, as a result of mortgage-related losses and write-downs recorded during the first half of the year, largely offset by the capital issuance in May. Moody's notes that the newly issued hybrid securities carry significant fixed charges that will reduce AIG's earnings coverage and dividend capacity coverage of fixed charges going forward. We expect that earnings coverage will decline from a historic range of 20-24 times to a normalized range of about 8-12 times, while dividend capacity coverage will decline from a historic range of 9-14 times to a normalized range of about 6-8 times. Moody's believes that AIG will continue to benefit from its broad business diversification and access to capital market funding.

Moody's believes that AIG has sufficient liquidity - through cash on hand, dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries under current market conditions. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years. A majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Still, the pro forma dividend capacity coverage of fixed charges (6-8 times) is reasonable for AIG's current rating category. AIG has taken steps to enhance its liquidity in response to credit market turmoil over the past year. The company has increased its holdings of cash and short-term investments across major business units, and has established an interdisciplinary Liquidity Risk Committee to monitor and manage liquidity risks throughout the firm. AIG's consolidated cash and short-term investment position has grown from $29.4 billion at year-end 2006 to $82.2 billion as of June 30, 2008. The large position in cash and short-term investments is constraining AIG's investment income and overall profitability to some degree. Moody's regards this as a prudent trade-off in the current unsettled credit markets.

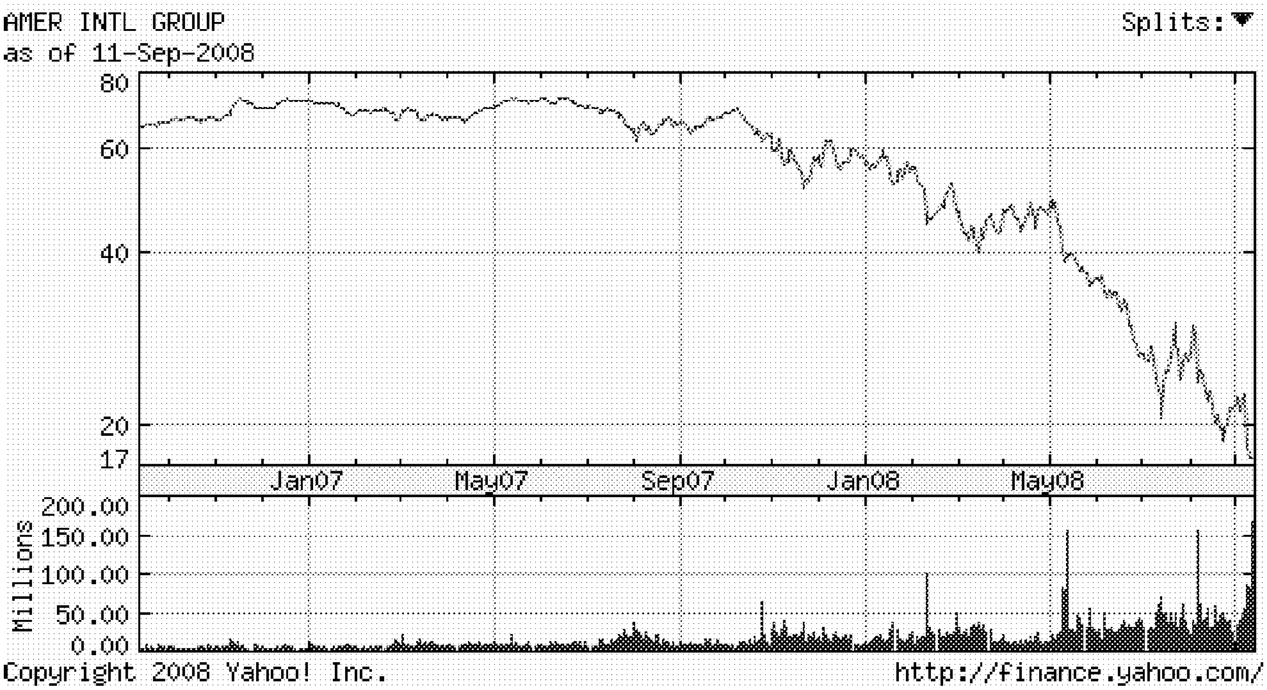
AIG gets a portion of its funding through a $7 billion commercial paper program ($5.8 billion outstanding at June 30, 2008). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2009 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of June 30, 2008, nearly all of this facility was being used for letters of credit. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option). Moody's expects that these facilities will be renewed in similar form before they expire.

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most importantly AIGFP. AIGFP manages its liquidity position to withstand severe market disruptions. AIGFP conducts regular liquidity stress tests that assume no access to capital markets, contingent liability payouts at the earliest possible dates, and haircuts on relatively liquid investment securities. The stress tests also consider the impact of potential rating downgrades on AIGFP's collateral posting requirements. As of July 31, 2008, AIGFP had posted collateral in respect of super-senior CDS in an aggregate net amount of $16.5 billion. At that time, AIG's senior unsecured debt ratings (and AIGFP's backed long-term issuer ratings) were Aa3 by Moody's and AA- by Standard & Poor's. The company estimated as of that date that a downgrade to A1 by Moody's and to A+ by Standard & Poor's would permit AIGFP's counterparties to call for approximately $13.3 billion of incremental collateral. As noted above, Moody's current ratings on AIG (and on AIGFP) incorporate our expectation that the company will maintain robust coverage of potential liquidity needs, even in severely adverse scenarios.

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):

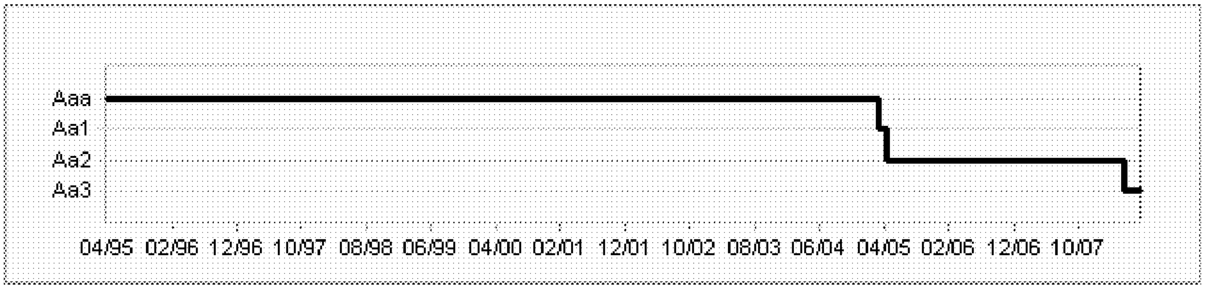
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt over the past year by market concerns over subprime mortgage exposures.

Stock Chart



Market capitalization: $32.6 billion

Rating History



Current & Recommended Ratings on AIG Entities – September 15, 2008

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa3	Negative	Aa3	R-Dn
			Sr Unsec Debt			Aa3		Aa3	R-Dn
			Sr Unsec Shelf			(P)Aa3		(P)Aa3	R-Dn
			Subord Shelf			(P)A1		(P)A1	R-Dn
			Prfrd Shelf			(P)A2		(P)A2	R-Dn
			ST Issuer			P-1	Stable	P-1	Negative
AIG Capital Corporation	DE		LT Issuer			A2	Negative	A2	R-Dn
			ST Issuer			P-1			
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Negative	P-1	R-Dn
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	Negative	A1	R-Dn
			Sr Unsec Debt		A2	A1		A1	R-Dn
			ST Debt			P-1		P-1	R-Dn
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	Negative	A3	R-Dn
Yosemite Insurance Company	IN	Fin Svcs							
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Negative	P-1	R-Dn
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	Negative	A1	R-Dn
			ST Debt			P-1		P-1	R-Dn
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	Negative	A3	R-Dn
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)A1	Negative	(P)A1	R-Dn
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs							
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs							
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Stable	Aa2	R-Dn
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	Negative
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs							
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A1	Negative	A1	R-Dn
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Negative
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Shelf	AIG G'tee		(P)Aa3	Negative	(P)Aa3	R-Dn
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins							
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins							
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A1	Negative	A1	R-Dn
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	A2	R-Dn
			Sr Unsec Shelf			(P)A2		(P)A2	R-Dn
			Subord Shelf			(P)A3		(P)A3	R-Dn
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Negative
United Guaranty Corporation	NC	Domes Gen Ins							
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa3	Negative	Aa3	R-Dn
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	Caa2	A1	Negative	A1	R-Dn
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee	Aa3	Aa3	Negative	Aa3	R-Dn
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	C	A1	Negative	A1	R-Dn
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa3	Negative	Aa3	R-Dn
			Bkd Prfrd Stock	AIG G'tee		A2		A2	R-Dn
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Aa2	R-Dn
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt	Aa2	Aa2	Stable	Aa2	R-Dn
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
American International Underwriters Overseas, Ltd.	Bermuda								
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa3	Stable	Aa3	R-Dn
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Aa2	R-Dn

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma TTM 6/08		2007	2006	2005	2004	2003
Financial Leverage							
Unadjusted debt ($ mil)	178,638		176,049	148,679	109,849	96,899	80,349
Adjusted debt ($ mil)	178,638		176,049	148,679	109,849	96,899	80,349
Unadjusted equity ($ mil)	78,088		95,801	101,677	86,317	79,673	69,230
Adjusted equity & minority interest ($ mil)	94,408		101,848	99,372	83,093	74,178	63,706
Unadjusted debt % capital	69.6%		64.8%	59.4%	56.0%	54.9%	53.7%
Adjusted debt % capital	65.4%		63.4%	59.9%	56.9%	56.6%	55.8%
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)			18,631	28,672	20,886	19,128	16,135
Adjusted EBIT ($ mil)	23,690		10,270	22,562	15,711	15,087	12,318
Unadjusted interest & preferred dividends ($ mil)			9,688	6,951	5,673	4,427	4,219
Adjusted interest & preferred dividends ($ mil)	2,238		1,327	841	498	386	402
Unadjusted earnings coverage (x)			1.9x	4.1x	3.7x	4.3x	3.8x
Adjusted earnings coverage (x)	10.6x		7.7x	26.8x	31.5x	39.1x	30.6x
Adjusted earnings coverage (x) - 5-yr avg			27.2x	32.0x			
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)	81%	81%	81%	90%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	18,202	18,202	18,202	10,168	9,495	8,764	7,615
Unadjusted dividend capacity coverage (x)			1.9x	1.5x	1.7x	2.0x	1.8x
Adjusted dividend capacity coverage (x)	8.1x		13.7x	12.1x	19.1x	22.7x	18.9x
Adjusted dividend capacity coverage (x) - 5-yr avg			17.3x	18.2x			
Goodwill Exposure							
Goodwill ($ mil)	10,661	10,661	9,414	8,628	8,093	8,556	7,619
Goodwill % equity	13.7%	#DIV/0!	9.8%	8.5%	9.4%	10.7%	11.0%
Balance Sheet Inputs ($ mil)							
Total assets	1,049,876	1,049,876	1,060,505	979,410	853,048	801,007	675,602
Unadjusted debt	178,638	178,638	176,049	148,679	109,849	96,899	80,349
Operating debt	0	0	0	0	0	0	0
Financial debt	178,638	178,638	176,049	148,679	109,849	96,899	80,349
Minority interest	11,149	11,149	10,422	7,778	5,124	4,831	3,547
Unadjusted equity	78,088	78,088	95,801	101,677	86,317	79,673	69,230
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	-5,171	-5,171	4,375	10,083	8,348	10,326	9,071
Income Statement Inputs ($ mil)							
Total revenue		110,064	110,064	113,387	108,781	97,823	79,601
Unadjusted interest expense			9,688	6,951	5,673	4,427	4,219
Operating interest expense			8,361	6,110	5,175	4,041	3,817
Financial interest expense			1,327	841	498	386	402
Income tax expense		1,455	1,455	6,537	4,258	4,407	3,556
Minority interest expense		1,288	1,288	1,136	478	455	252
Net income		6,200	6,200	14,048	10,477	9,839	8,108
Preferred dividends		0	0	0	0	0	0

Pro forma TTM 6/08 assumptions:

- Adjusted EBIT based on 2006 amount plus 5%
- Adjusted interest and preferred dividends based on 2006 amount plus full-year fixed charges associated with hybrids

Leverage and Coverage Adjustments
Company: American International Group, Inc

	Pro forma TTM 6/08	TTM 6/08	2007	2006	2005	2004	2003
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)			5%				
Assumed tax rate (%)			35%				
Projected benefit obligation (end of year)	4,901	4,901	4,901	4,657	4,481	4,126	3,950
Fair value of plan assets (end of year)	4,081	4,081	4,081	3,610	3,260	2,871	2,715
Pension asset recorded					703	523	566
Pension liability recorded					807	888	941
Debt adjustment	820	820	820	1,047	1,221	1,255	1,235
Shareholders' equity adjustment					-726	-579	-559
Interest expense adjustment	41	41	41	52	61	63	62
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)			6x				
Rent expense	771	771	771	657	597	568	524
Debt adjustment	4,626	4,626	4,626	3,942	3,582	3,408	3,144
Interest expense adjustment	257	257	257	219	199	189	175
EBIT adjustment	257	257	257	219	199	189	175
Other Adjustments ($ mil)							
Hybrid securities #1	100	100	100	191	186	199	192
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A	A
Debt portion of hybrid	100	100	100	191	186	199	192
Equity portion of hybrid	0	0	0	0	0	0	0
Hybrid securities #2	18,746	18,746	5,809				
Reporting category	Debt	Debt	Debt				
Basket designation	D	D	D				
Debt portion of hybrid	4,687	4,687	1,452				
Equity portion of hybrid	14,060	14,060	4,357				
Lloyd's LOCS							

Rating Factors
AIG Domestic Life & Retirement Svcs

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Scorecard Rating	YE 2007 Scorecard Adjusted Scorecard Rating	8/07/08 RCM Scorecard Adjusted Scorecard Rating	PROFORMA 1 Adjusted Scorecard Rating	Stress PROFORMA 2 Adjusted Scorecard Rating
Business Profile						Aa2	Aa1	Aa1	Aa1	Aa1
Market Position, Brand and Distribution (15%)						Aa3	Aaa	Aaa	Aaa	Aaa
Market Share Ratio			X							
Relative Market Share Ratio		X								
Distribution (10%)						Aa2	Aa1	Aa1	Aa1	Aa1
Distribution Control		X								
Diversity of Distribution		X								
Product Focus and Diversification (15%)						Aa2	Aa1	Aa1	Aa1	Aa1
Product Risk		X								
Life Insurance Product Diversification										
Financial Profile						Aa2	Aa3	A1	A1	A1
Asset Quality (5%)						Aa2	A1	A2	A2	A3
High Risk Assets % Invested Assets		16.0%								
Goodwill % Equity	9.8%									
Capital Adequacy (10%)						A2	Aa3	Aa3	Aa3	A1
Equity % Total Assets			7.7%							
Profitability (15%)						A1	A1	A2	A2	A3
Return on Equity (5 yr. avg.)		10.3%								
Sharpe Ratio of Growth in Net Income (5 yr.)			40.3%							
Liquid and Asset/Liability Management (10%)						Aaa	A1	A1	A1	A1
Liquid Assets Divided by Policyholder Reserves	84.0%									
Financial Flexibility (20%)						Aaa	Aa1	Aa2	Aa3	A1
Financial Leverage	18.3%									
Earnings Coverage (5 yr. avg.)	18.3x									
Cashflow Coverage (5 yr. avg.)	11.7x									
Total Scorecard Rating						Aa2	Aa2	Aa2	Aa3	Aa3
Total Scorecard Rating -- Value						3.04	2.88	3.35	3.55	4.05

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):
Management, Governance, and Risk Management:
Accounting Policy & Disclosure:
Sovereign & Regulatory Environment:

Stand-Alone Rating Recommendation:

Support (if applicable, insert notches to be added to the standalone rating above):
Nature and Terms of Explicit Support:
Nature and Terms of Implicit Support:

Final Rating Recommendation:

Consolidated Balance Sheet

December 31, (in millions)	2007	2006
Assets:		
Investments and financial services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2007 — $393,170; 2006 — $377,163)	**$ 397,372**	$386,869
Bonds held to maturity, at amortized cost (fair value: 2007 — $22,157; 2006 — $22,154)	**21,581**	21,437
Bond trading securities, at fair value (includes hybrid financial instruments: 2007 — $555; 2006 — $522)	**9,982**	10,836
Equity securities:		
Common stocks available for sale, at fair value (cost: 2007 — $12,588; 2006 — $10,662)	**17,900**	13,256
Common and preferred stocks trading, at fair value	**21,376**	14,855
Preferred stocks available for sale, at fair value (cost: 2007 — $2,600; 2006 — $2,485)	**2,370**	2,539
Mortgage and other loans receivable, net of allowance (2007 — $77; 2006 — $64) (includes loans held for sale: 2007 — $399)	**33,727**	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2007 — $10,499; 2006 — $8,835)	**41,984**	39,875
Securities available for sale, at fair value (cost: 2007 — $40,157; 2006 — $45,912)	**40,305**	47,205
Trading securities, at fair value	**4,197**	5,031
Spot commodities	**238**	220
Unrealized gain on swaps, options and forward transactions	**16,442**	19,252
Trade receivables	**6,467**	4,317
Securities purchased under agreements to resell, at contract value	**20,950**	30,291
Finance receivables, net of allowance (2007 — $878; 2006 — $737) (includes finance receivables held for sale: 2007 — $233; 2006 — $1,124)	**31,234**	29,573
Securities lending invested collateral, at fair value (cost: 2007 — $80,641; 2006 — $69,306)	**75,662**	69,306
Other invested assets	**58,823**	42,111
Short-term investments, at cost (approximates fair value)	**51,351**	27,483
Total investments and financial services assets	**851,961**	792,874
Cash	**2,284**	1,590
Investment income due and accrued	**6,587**	6,091
Premiums and insurance balances receivable, net of allowance (2007 — $662; 2006 — $756)	**18,395**	17,789
Reinsurance assets, net of allowance (2007 — $520; 2006 — $536)	**23,103**	23,355
Deferred policy acquisition costs	**43,150**	37,235
Investments in partially owned companies	**654**	1,101
Real estate and other fixed assets, net of accumulated depreciation (2007 — $5,446; 2006 — $4,940)	**5,518**	4,381
Separate and variable accounts	**78,684**	70,277
Goodwill	**9,414**	8,628
Other assets	**20,755**	16,089
Total assets	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *Continued*

December 31, (in millions, except share data)	2007	2006
Liabilities:		
Reserve for losses and loss expenses	**$ 85,500**	$ 79,999
Unearned premiums	**28,022**	26,271
Future policy benefits for life and accident and health insurance contracts	**136,068**	121,004
Policyholders' contract deposits	**258,459**	248,264
Other policyholders' funds	**12,599**	10,986
Commissions, expenses and taxes payable	**6,310**	5,305
Insurance balances payable	**4,878**	3,789
Funds held by companies under reinsurance treaties	**2,501**	2,602
Income taxes payable	**3,823**	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	**8,331**	19,677
Trade payables	**10,568**	6,174
Securities and spot commodities sold but not yet purchased, at fair value	**4,709**	4,076
Unrealized loss on swaps, options and forward transactions	**20,613**	11,401
Trust deposits and deposits due to banks and other depositors	**4,903**	5,249
Commercial paper and extendible commercial notes	**13,114**	13,363
Long-term borrowings	**162,935**	135,316
Separate and variable accounts	**78,684**	70,277
Securities lending payable	**81,965**	70,198
Minority interest	**10,422**	7,778
Other liabilities (includes hybrid financial instruments at fair value: 2007 — $47; 2006 — $111)	**30,200**	26,267
Total liabilities	**964,604**	877,542
Preferred shareholders' equity in subsidiary companies	**100**	191
Commitments, Contingencies and Guarantees (See Note 12)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2007 and 2006 — 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,848**	2,590
Payments advanced to purchase shares	**(912)**	—
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income (loss)	**4,643**	9,110
Treasury stock, at cost; 2007 — 221,743,421; 2006 — 150,131,273 shares of common stock (including 119,293,487 and 119,278,644 shares, respectively, held by subsidiaries)	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Years Ended December 31, (in millions, except per share data)	2007	2006	2005
Revenues:			
Premiums and other considerations	**$ 79,302**	$ 74,213	$ 70,310
Net investment income	**28,619**	26,070	22,584
Net realized capital gains (losses)	**(3,592)**	106	341
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(11,472)**	—	—
Other income	**17,207**	12,998	15,546
Total revenues	**110,064**	113,387	108,781
Benefits and expenses:			
Incurred policy losses and benefits	**66,115**	60,287	64,100
Insurance acquisition and other operating expenses	**35,006**	31,413	29,468
Total benefits and expenses	**101,121**	91,700	93,568
Income before income taxes, minority interest and cumulative effect of accounting changes	**8,943**	21,687	15,213
Income taxes (benefits):			
Current	**3,219**	5,489	2,587
Deferred	**(1,764)**	1,048	1,671
Total income taxes	**1,455**	6,537	4,258
Income before minority interest and cumulative effect of accounting changes	**7,488**	15,150	10,955
Minority interest	**(1,288)**	(1,136)	(478)
Income before cumulative effect of accounting changes	**6,200**	14,014	10,477
Cumulative effect of accounting changes, net of tax	**—**	34	—
Net income	**$ 6,200**	$ 14,048	$ 10,477
Earnings per common share:			
Basic			
Income before cumulative effect of accounting changes	**$2.40**	$5.38	$4.03
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.40**	$5.39	$4.03
Diluted			
Income before cumulative effect of accounting changes	**$2.39**	$5.35	$3.99
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.39**	$5.36	$3.99
Average shares outstanding:			
Basic	**2,585**	2,608	2,597
Diluted	**2,598**	2,623	2,627

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years Ended December 31, (in millions)	2007	2006	2005
Summary:			
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413
Net cash used in investing activities	**(68,007)**	(67,952)	(61,459)
Net cash provided by financing activities	**33,480**	61,244	38,097
Effect of exchange rate changes on cash	**50**	114	(163)
Change in cash	**694**	(307)	(112)
Cash at beginning of year	**1,590**	1,897	2,009
Cash at end of year	**$ 2,284**	$ 1,590	$ 1,897
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**11,472**	—	—
Net gains on sales of securities available for sale and other assets	**(1,349)**	(763)	(1,218)
Foreign exchange transaction (gains) losses	**(104)**	1,795	(3,330)
Net unrealized (gains) losses on non-AIGFP derivative assets and liabilities	**116**	(713)	878
Equity in income of partially owned companies and other invested assets	**(4,760)**	(3,990)	(1,421)
Amortization of deferred policy acquisition costs	**11,602**	11,578	10,693
Amortization of premium and discount on securities and long-term borrowings	**580**	699	207
Depreciation expenses, principally flight equipment	**2,790**	2,374	2,200
Provision for finance receivable losses	**646**	495	435
Other-than-temporary impairments	**4,715**	944	598
Changes in operating assets and liabilities:			
General and life insurance reserves	**16,242**	12,930	27,045
Premiums and insurance balances receivable and payable — net	**(207)**	(1,214)	192
Reinsurance assets	**923**	1,665	(5,365)
Capitalization of deferred policy acquisition costs	**(15,846)**	(15,363)	(14,454)
Investment income due and accrued	**(401)**	(249)	(171)
Funds held under reinsurance treaties	**(151)**	(1,612)	770
Other policyholders' funds	**1,374**	(498)	811
Income taxes payable	**(3,709)**	2,003	1,543
Commissions, expenses and taxes payable	**989**	408	140
Other assets and liabilities — net	**3,657**	(77)	2,863
Bonds, common and preferred stocks trading	**(3,667)**	(9,147)	(5,581)
Trade receivables and payables — net	**2,243**	(197)	2,272
Trading securities	**835**	1,339	(3,753)
Spot commodities	**(18)**	(128)	442
Net unrealized (gain) loss on swaps, options and forward transactions	**1,413**	(1,482)	934
Securities purchased under agreements to resell	**9,341**	(16,568)	9,953
Securities sold under agreements to repurchase	**(11,391)**	9,552	(12,534)
Securities and spot commodities sold but not yet purchased	**633**	(1,899)	571
Finance receivables and other loans held for sale — originations and purchases	**(5,145)**	(10,786)	(13,070)
Sales of finance receivables and other loans — held for sale	**5,671**	10,602	12,821
Other, net	**477**	541	(1,535)
Total adjustments	**28,971**	(7,761)	12,936
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows *Continued*

Years Ended December 31, (in millions)	2007	2006	2005
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 132,320**	$ 112,894	$ 140,076
Sales of equity securities available for sale	**9,616**	12,475	11,661
Proceeds from fixed maturity securities held to maturity	**295**	205	46
Sales of flight equipment	**303**	697	573
Sales or distributions of other invested assets	**14,109**	14,084	14,899
Payments received on mortgage and other loans receivable	**9,062**	5,165	3,679
Principal payments received on finance receivables held for investment	**12,553**	12,586	12,461
Purchases of fixed maturity securities available for sale and hybrid investments	**(139,184)**	(146,465)	(175,657)
Purchases of equity securities available for sale	**(10,933)**	(14,482)	(13,273)
Purchases of fixed maturity securities held to maturity	**(266)**	(197)	(3,333)
Purchases of flight equipment	**(4,772)**	(6,009)	(6,193)
Purchases of other invested assets	**(25,327)**	(16,040)	(15,059)
Acquisitions, net of cash acquired	**(1,361)**	—	—
Mortgage and other loans receivable issued	**(12,439)**	(7,438)	(5,310)
Finance receivables held for investment — originations and purchases	**(15,271)**	(13,830)	(17,276)
Change in securities lending invested collateral	**(12,303)**	(9,835)	(10,301)
Net additions to real estate, fixed assets, and other assets	**(870)**	(1,097)	(941)
Net change in short-term investments	**(23,484)**	(10,620)	1,801
Net change in non-AIGFP derivative assets and liabilities	**(55)**	(45)	688
Net cash used in investing activities	**$ (68,007)**	$ (67,952)	$ (61,459)
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholders' contract deposits	**$ 64,829**	57,197	51,699
Policyholders' contract withdrawals	**(58,675)**	(43,413)	(36,339)
Change in other deposits	**(182)**	1,269	(957)
Change in commercial paper and extendible commercial notes	**(338)**	2,960	(702)
Long-term borrowings issued	**103,210**	71,028	67,061
Repayments on long-term borrowings	**(79,738)**	(36,489)	(51,402)
Change in securities lending payable	**11,757**	9,789	10,437
Redemption of subsidiary company preferred stock	**—**	—	(100)
Issuance of treasury stock	**206**	163	82
Payments advanced to purchase treasury stock	**(6,000)**	—	—
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**308**	398	(85)
Net cash provided by financing activities	**$ 33,480**	$ 61,244	$ 38,097
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	**$ 8,818**	$ 6,539	$ 4,883
Taxes	**$ 5,163**	$ 4,693	$ 2,593
Non-cash financing activities:			
Interest credited to policyholder accounts included in financing activities	**$ 11,628**	$ 10,746	$ 9,782
Treasury stock acquired using payments advanced to purchase shares	**$ 5,088**	$ —	$ —
Non-cash investing activities:			
Debt assumed on acquisitions and warehoused investments	**$ 791**	$ —	$ —

See accompanying Notes to Consolidated Financial Statements.

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)	June 30, 2008	December 31, 2007
Assets:		
Investments and Financial Services assets:		
Fixed maturity securities:		
Bonds available for sale, at fair value (amortized cost: 2008 – $400,052; 2007 – $393,170)	**$ 393,316**	$ 397,372
Bonds held to maturity, at amortized cost (fair value: 2008 – $21,809; 2007 – $22,157)	**21,632**	21,581
Bond trading securities, at fair value	**8,801**	9,982
Equity securities:		
Common stocks available for sale, at fair value (cost: 2008 – $13,490; 2007 – $12,588)	**17,306**	17,900
Common and preferred stocks trading, at fair value	**22,514**	21,376
Preferred stocks available for sale, at fair value (cost: 2008 – $2,596; 2007 – $2,600)	**2,496**	2,370
Mortgage and other loans receivable, net of allowance (2008 – $99; 2007 – $77) (held for sale: 2008 – $30; 2007 – $377 (amount measured at fair value: 2008 – $745)	**34,384**	33,727
Financial Services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2008 – $11,359; 2007 – $10,499)	**43,887**	41,984
Securities available for sale, at fair value (cost: 2008 – $1,246; 2007 – $40,157)	**1,205**	40,305
Trading securities, at fair value	**35,170**	4,197
Spot commodities, at fair value	**90**	238
Unrealized gain on swaps, options and forward transactions, at fair value	**11,548**	12,318
Trade receivables	**2,294**	672
Securities purchased under agreements to resell, at fair value in 2008	**16,597**	20,950
Finance receivables, net of allowance (2008 – $1,133; 2007 – $878) (held for sale: 2008 – $36; 2007 – $233)	**33,311**	31,234
Securities lending invested collateral, at fair value (cost: 2008 – $67,758; 2007 – $80,641)	**59,530**	75,662
Other invested assets (amount measured at fair value: 2008 – $22,099; 2007 – $20,827)	**62,029**	58,823
Short-term investments (amount measured at fair value: 2008 – $24,167)	**69,492**	51,351
Total Investments and Financial Services assets	**835,602**	842,042
Cash	**2,229**	2,284
Investment income due and accrued	**6,614**	6,587
Premiums and insurance balances receivable, net of allowance (2008 – $596; 2007 – $662)	**20,050**	18,395
Reinsurance assets, net of allowance (2008 – $502; 2007 – $520)	**22,940**	23,103
Current and deferred income taxes	**8,211**	—
Deferred policy acquisition costs	**46,733**	43,914
Investments in partially owned companies	**628**	654
Real estate and other fixed assets, net of accumulated depreciation (2008 – $5,710; 2007 – $5,446)	**5,692**	5,518
Separate and variable accounts, at fair value	**73,401**	78,684
Goodwill	**10,661**	9,414
Other assets (amount measured at fair value: 2008 – $2,452; 2007 – $4,152)	**17,115**	17,766
Total assets	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)

	June 30, 2008	December 31, 2007
Liabilities:		
Reserve for losses and loss expenses	**$ 88,747**	$ 85,500
Unearned premiums	**28,738**	27,703
Future policy benefits for life and accident and health insurance contracts	**147,232**	136,387
Policyholders' contract deposits (amount measured at fair value: 2008 – $4,179; 2007 – $295)	**265,411**	258,459
Other policyholders' funds	**13,773**	12,599
Commissions, expenses and taxes payable	**5,597**	6,310
Insurance balances payable	**5,569**	4,878
Funds held by companies under reinsurance treaties	**2,498**	2,501
Current income taxes payable	**—**	3,823
Financial Services liabilities:		
Securities sold under agreements to repurchase (amount measured at fair value: 2008 – $8,338)	**9,659**	8,331
Trade payables	**1,622**	6,445
Securities and spot commodities sold but not yet purchased, at fair value	**3,189**	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	**24,232**	14,817
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 – $240)	**6,165**	4,903
Commercial paper and extendible commercial notes	**15,061**	13,114
Long-term borrowings (amount measured at fair value: 2008 – $53,839)	**163,577**	162,935
Separate and variable accounts	**73,401**	78,684
Securities lending payable	**75,056**	81,965
Minority interest	**11,149**	10,422
Other liabilities (amount measured at fair value: 2008 – $6,861; 2007 – $3,262)	**31,012**	27,975
Total liabilities	**971,688**	952,460
Preferred shareholders' equity in subsidiary companies	**100**	100
Commitments, Contingencies and Guarantees (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 – 2,948,038,001; 2007 – 2,751,327,476	**7,370**	6,878
Additional paid-in capital	**9,446**	2,848
Payments advanced to purchase shares	**—**	(912)
Retained earnings	**73,743**	89,029
Accumulated other comprehensive income (loss)	**(3,903)**	4,643
Treasury stock, at cost; 2008 – 259,225,244; 2007 – 221,743,421 shares of common stock	**(8,568)**	(6,685)
Total shareholders' equity	**78,088**	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except per share data) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	**2008**	2007
Revenues:				
Premiums and other considerations	**$21,735**	$19,533	**$ 42,407**	$39,175
Net investment income	**6,728**	7,853	**11,682**	14,977
Net realized capital losses	**(6,081)**	(28)	**(12,170)**	(98)
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(5,565)**	—	**(14,672)**	—
Other income	**3,116**	3,792	**6,717**	7,741
Total revenues	**19,933**	31,150	**33,964**	61,795
Benefits and expenses:				
Incurred policy losses and benefits	**18,450**	16,221	**34,332**	32,367
Insurance acquisition and other operating expenses	**10,239**	8,601	**19,652**	16,928
Total benefits and expenses	**28,689**	24,822	**53,984**	49,295
Income (loss) before income taxes (benefits) and minority interest	**(8,756)**	6,328	**(20,020)**	12,500
Income taxes (benefits)	**(3,357)**	1,679	**(6,894)**	3,405
Income (loss) before minority interest	**(5,399)**	4,649	**(13,126)**	9,095
Minority interest	**42**	(372)	**(36)**	(688)
Net income (loss)	**$ (5,357)**	$ 4,277	**$(13,162)**	$ 8,407
Earnings (loss) per common share:				
Basic	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.22
Diluted	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.21
Dividends declared per common share	**$ 0.220**	$ 0.200	**$ 0.420**	$ 0.365
Average shares outstanding:				
Basic	**2,605**	2,602	**2,575**	2,607
Diluted	**2,605**	2,613	**2,575**	2,621

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Summary:		
Net cash provided by (used in) operating activities	**$ 16,589**	$ 17,431
Net cash provided by (used in) investing activities	**(21,963)**	(40,314)
Net cash provided by (used in) financing activities	**5,274**	22,947
Effect of exchange rate changes on cash	**45**	(19)
Change in cash	**(55)**	45
Cash at beginning of year period	**2,284**	1,590
Cash at end of year period	**$ 2,229**	$ 1,635
Cash flows from operating activities:		
Net income (loss)	**$(13,162)**	$ 8,407
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income (loss):		
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**14,672**	—
Net gains on sales of securities available for sale and other assets	**(494)**	(732)
Foreign exchange transaction (gains) losses	**857**	639
Net unrealized (gains) losses on non-AIGFP derivatives and other assets and liabilities	**2,086**	(123)
Equity in income of partially owned companies and other invested assets	**(151)**	(2,747)
Amortization of deferred policy acquisition costs	**7,343**	5,911
Depreciation and other amortization	**1,799**	1,608
Provision for mortgage, other loans and finance receivables	**578**	229
Other-than-temporary impairments	**12,416**	884
Changes in operating assets and liabilities:		
General and life insurance reserves	**9,748**	8,238
Premiums and insurance balances receivable and payable – net	**(1,104)**	(941)
Reinsurance assets	**196**	434
Capitalization of deferred policy acquisition costs	**(9,160)**	(7,567)
Investment income due and accrued	**118**	(44)
Funds held under reinsurance treaties	**(25)**	(210)
Other policyholders' funds	**851**	879
Income taxes receivable and payable – net	**(6,960)**	(225)
Commissions, expenses and taxes payable	**52**	724
Other assets and liabilities – net	**1,809**	553
Trade receivables and payables – net	**(6,446)**	(925)
Trading securities	**930**	(2,258)
Spot commodities	**148**	127
Net unrealized (gain) loss on swaps, options and forward transactions	**(3,993)**	1,317
Securities purchased under agreements to resell	**4,353**	2,116
Securities sold under agreements to repurchase	**1,237**	(226)
Securities and spot commodities sold but not yet purchased	**(1,531)**	221
Finance receivables and other loans held for sale – originations and purchases	**(279)**	(3,957)
Sales of finance receivables and other loans – held for sale	**492**	4,177
Other, net	**209**	922
Total adjustments	**29,751**	9,024
Net cash provided by operating activities	**$ 16,589**	$ 17,431

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(in millions) (unaudited)

	Six Months Ended June 30,	
	2008	2007
Cash flows from investing activities:		
Proceeds from (payments for)		
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 42,026**	$ 64,563
Sales of equity securities available for sale	**4,861**	4,275
Proceeds from fixed maturity securities held to maturity	**33**	133
Sales of trading securities	**14,120**	—
Sales of flight equipment	**372**	28
Sales or distributions of other invested assets	**8,715**	6,208
Payments received on mortgage and other loans receivable	**3,457**	2,270
Principal payments received on finance receivables held for investment	**6,757**	6,430
Purchases of fixed maturity securities available for sale and hybrid investments	**(47,114)**	(72,348)
Purchases of equity securities available for sale	**(5,808)**	(5,852)
Purchases of fixed maturity securities held to maturity	**(88)**	(129)
Purchases of trading securities	**(9,244)**	—
Purchases of flight equipment (including progress payments)	**(2,950)**	(3,883)
Purchases of other invested assets	**(11,988)**	(12,171)
Mortgage and other loans receivable issued	**(3,340)**	(5,029)
Finance receivables held for investment – originations and purchases	**(8,778)**	(7,387)
Change in securities lending invested collateral	**6,315**	(11,772)
Net additions to real estate, fixed assets, and other assets	**(663)**	(466)
Net change in short-term investments	**(18,832)**	(4,636)
Net change in non-AIGFP derivative assets and liabilities	**186**	(548)
Net cash provided by (used in) investing activities	**$(21,963)**	$(40,314)
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholders' contract deposits	**$ 33,322**	$ 28,769
Policyholders' contract withdrawals	**(27,926)**	(29,379)
Change in other deposits	**682**	(823)
Change in commercial paper and extendible commercial notes	**1,930**	1,768
Long-term borrowings issued	**55,685**	50,091
Repayments on long-term borrowings	**(56,645)**	(34,937)
Change in securities lending payable	**(6,919)**	12,021
Proceeds from common stock issued	**7,343**	—
Issuance of treasury stock	**11**	180
Payments advanced to purchase treasury stock	**(1,000)**	(4,000)
Cash dividends paid to shareholders	**(1,036)**	(859)
Acquisition of treasury stock	**—**	(16)
Other, net	**(173)**	132
Net cash provided by (used in) financing activities	**$ 5,274**	$ 22,947
Supplementary disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	**$ 3,493**	$ 3,744
Taxes	**$ 66**	$ 3,524
Non-cash financing activities:		
Interest credited to policyholder accounts included in financing activities	**$ 3,815**	$ 5,932
Treasury stock acquired using payments advanced to purchase shares	**$ 1,912**	$ 1,664
Present value of future contract adjustment payments related to issuance of equity units	**$ 431**	$ —
Non-cash investing activities:		
Debt assumed on acquisitions and warehoused investments	**$ 153**	$ 354

See Accompanying Notes to Consolidated Financial Statements.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant
Balance Sheet — Parent Company Only

Schedule II

December 31, *(in millions)*	2007	2006
Assets:		
Cash	**$ 84**	$ 76
Invested assets	**14,648**	7,346
Carrying value of subsidiaries and partially owned companies, at equity	**111,714**	109,125
Premiums and insurance balances receivable — net	**311**	222
Other assets	**9,103**	3,767
Total assets	**135,860**	120,536
Liabilities:		
Insurance balances payable	**43**	21
Due to affiliates — net	**3,916**	1,841
Notes and bonds payable	**20,397**	8,917
Loans payable	**500**	700
AIG MIP matched notes and bonds payable	**14,274**	5,468
Series AIGFP matched notes and bonds payable	**874**	72
Other liabilities	**55**	1,840
Total liabilities	**40,059**	18,859
Shareholders' equity:		
Common stock	**6,878**	6,878
Additional paid-in capital	**1,936**	2,590
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income	**4,643**	9,110
Treasury stock	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities and shareholders' equity	**$135,860**	$120,536

See Accompanying Notes to Financial Statements — Parent Company Only.

Statement of Income — Parent Company Only

Years Ended December 31, *(in millions)*	2007	2006	2005
Agency income (loss)	**$ 10**	$ 9	$ 3
Financial services income	**69**	531	507
Asset management income (loss)	**99**	34	(3)
Cash dividend income from consolidated subsidiaries	**4,685**	1,689	1,958
Dividend income from partially-owned companies	**9**	11	127
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**3,121**	13,308	10,156
Other expenses, net	**(2,566)**	(1,371)	(2,203)
Cumulative effect of an accounting change	**—**	34	—
Income before income taxes	**5,427**	14,245	10,545
Income taxes (benefits)	**(773)**	197	68
Net income	**$ 6,200**	$14,048	$10,477

See Accompanying Notes to Financial Statements — Parent Company Only.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant *Continued*

Statement of Cash Flows — Parent Company Only

Schedule II

Years Ended December 31, *(in millions)*	**2007**	2006	2005
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**(9,941)**	(13,308)	(10,156)
Foreign exchange transaction (gains) losses	**333**	232	—
Changes in operating assets and liabilities:			
Change in premiums and insurance balances receivable and payable	**(44)**	(423)	15
Loan receivables held for sale — purchases	**(404)**	—	—
Sales of loan receivables — held for sale	**40**	—	—
Other, net	**3,046**	(1,139)	1,518
Total adjustments	**(6,970)**	(14,638)	(8,623)
Net cash provided by (used in) operating activities	**(770)**	(590)	1,854
Cash flows from investing activities:			
Purchase of investments	**(7,640)**	(7,875)	—
Sale of investments	**3,057**	3,402	—
Change in short-term investments	**(3,631)**	414	(598)
Contributions to subsidiaries and investments in partially owned companies	**(755)**	(3,017)	(966)
Mortgage and other loan receivables — originations and purchases	**(2,026)**	(423)	—
Payments received on mortgages and other loan receivables	**498**	15	—
Other, net	**(240)**	(159)	(117)
Net cash used in investing activities	**(10,737)**	(7,643)	(1,681)
Cash flows from financing activities:			
Notes, bonds and loans issued	**20,582**	12,038	2,101
Repayments of notes, bonds and loans	**(1,253)**	(2,417)	(607)
Issuance of treasury stock	**217**	163	82
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Payments advanced to purchase shares	**(6,000)**	—	—
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**(134)**	(7)	21
Net cash (used in) provided by financing activities	**11,515**	8,119	—
Change in cash	**8**	(114)	173
Cash at beginning of year	**76**	190	17
Cash at end of year	**$ 84**	$ 76	$ 190

NOTES TO FINANCIAL STATEMENTS — PARENT COMPANY ONLY

(1) Agency operations conducted in New York through the North American Division of AIU are included in the financial statements of the parent company.

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) "Equity in undistributed net income of consolidated subsidiaries and partially owned companies" in the accompanying Statement of Income — Parent Company Only — includes equity in income of the minority-owned insurance operations.

Invested Assets

The following tables summarize the composition of AIG's invested assets by segment:

(in millions)	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
June 30, 2008						
Fixed maturity securities:						
Bonds available for sale, at fair value	**$ 72,981**	**$297,095**	**$ 1,370**	**$21,870**	**$ —**	**$393,316**
Bonds held to maturity, at amortized cost	**21,346**	**1**	**—**	**285**	**—**	**21,632**
Bond trading securities, at fair value	**—**	**8,764**	**—**	**37**	**—**	**8,801**
Equity securities:						
Common stocks available for sale, at fair value	**4,522**	**12,018**	**—**	**787**	**(21)**	**17,306**
Common and preferred stocks trading, at fair value	**285**	**22,200**	**—**	**29**	**—**	**22,514**
Preferred stocks available for sale, at fair value	**1,943**	**543**	**10**	**—**	**—**	**2,496**
Mortgage and other loans receivable, net of allowance	**16**	**26,010**	**1,038**	**7,275**	**45**	**34,384**
Financial Services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	**—**	**—**	**43,887**	**—**	**—**	**43,887**
Securities available for sale, at fair value	**—**	**—**	**1,205**	**—**	**—**	**1,205**
Trading securities, at fair value	**—**	**—**	**35,170**	**—**	**—**	**35,170**
Spot commodities, at fair value	**—**	**—**	**90**	**—**	**—**	**90**
Unrealized gain on swaps, options and forward transactions, at fair value	**—**	**—**	**12,720**	**—**	**(1,172)**	**11,548**
Trade receivables	**—**	**—**	**2,294**	**—**	**—**	**2,294**
Securities purchased under agreements to resell, at fair value	**—**	**—**	**16,597**	**—**	**—**	**16,597**
Finance receivables, net of allowance	**—**	**5**	**33,306**	**—**	**—**	**33,311**
Securities lending invested collateral, at fair value	**4,951**	**48,312**	**141**	**6,126**	**—**	**59,530**
Other invested assets	**12,616**	**20,810**	**3,670**	**17,840**	**7,093**	**62,029**
Short-term investments	**9,967**	**32,724**	**3,974**	**7,125**	**15,702**	**69,492**
Total Investments and Financial Services assets as shown on the balance sheet	**128,627**	**468,482**	**155,472**	**61,374**	**21,647**	**835,602**
Cash	**499**	**979**	**476**	**269**	**6**	**2,229**
Investment income due and accrued	**1,380**	**4,952**	**29**	**255**	**(2)**	**6,614**
Real estate, net of accumulated depreciation	**342**	**965**	**28**	**95**	**224**	**1,654**
Total invested assets*	**$130,848**	**$475,378**	**$156,005**	**$61,993**	**$21,875**	**$846,099**

* *At June 30, 2008, approximately 63 percent and 37 percent of invested assets were held in domestic and foreign investments, respectively.*

The amortized cost or cost and fair value of AIG's available for sale and held to maturity securities were as follows:

(in millions)	June 30, 2008 Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	December 31, 2007 Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds – available for sale:(a)								
U.S. government and government sponsored entities	**$ 4,588**	**$ 158**	**$ 34**	**$ 4,712**	$ 7,956	$ 333	$ 37	$ 8,252
Obligations of states, municipalities and political subdivisions	**45,847**	**465**	**660**	**45,652**	46,087	927	160	46,854
Non-U.S. governments	**72,596**	**3,606**	**1,285**	**74,917**	67,023	3,920	743	70,200
Corporate debt	**223,902**	**3,693**	**8,247**	**219,348**	239,822	6,216	4,518	241,520
Mortgage-backed, asset-backed and collateralized	**111,678**	**840**	**13,541**	**98,977**	140,982	1,221	7,703	134,500
Total bonds	**$458,611**	**$ 8,762**	**$ 23,767**	**$443,606**	$501,870	$12,617	$13,161	$501,326
Equity securities	**16,086**	**4,332**	**616**	**19,802**	15,188	5,545	463	20,270
Total	**$474,697**	**$ 13,094**	**$ 24,383**	**$463,408**	$517,058	$18,162	$13,624	$521,596
Held to maturity:(b)	**$ 21,632**	**$ 322**	**$ 145**	**$ 21,809**	$ 21,581	$ 609	$ 33	$ 22,157

(a) At December 31, 2007, excluded AIGFP available for sale securities with a fair value of $39.3 billion, for which AIGFP elected the fair value option effective January 1, 2008, consisting primarily of corporate debt, mortgage-backed, asset-backed and collateralized securities. At June 30, 2008 and December 31, 2007, fixed maturities held by AIG that were below investment grade or not rated totaled $23.0 billion and $27.6 billion, respectively.
(b) Represents obligations of states, municipalities and political subdivisions.

The credit ratings of AIG's fixed maturity securities, other than those of AIGFP, were as follows:

Rating	June 30, 2008	December 31, 2007
AAA	**30%**	38%
AA	**30**	28
A	**22**	18
BBB	**13**	11
Below investment grade	**4**	4
Non-rated	**1**	1
Total	**100%**	100%

The industry categories of AIG's available for sale corporate debt securities, other than those of AIGFP, were as follows:

Industry Category	June 30, 2008	December 31, 2007
Financial institutions	**43%**	42%
Utilities	**12**	11
Communications	**8**	8
Consumer noncyclical	**7**	7
Capital goods	**6**	6
Consumer cyclical	**5**	5
Energy	**5**	4
Other	**14**	17
Total*	**100%**	100%

** At both June 30, 2008 and December 31, 2007, approximately 95 percent of these investments were rated investment grade.*

Investments in RMBS, CMBS, CDOs and ABS

As part of its strategy to diversify its investments, AIG invests in various types of securities, including RMBS, CMBS, CDOs and ABS.

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS, CMBS, CDOs and ABS were as follows:

(in millions)	June 30, 2008 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	December 31, 2007 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds — available for sale:								
AIG, excluding AIGFP:								
RMBS	**$ 77,531**	**$506**	**$10,139**	**$67,898**	$ 89,851	$ 433	$5,504	$ 84,780
CMBS	**22,935**	**210**	**1,942**	**21,203**	23,918	237	1,156	22,999
CDO/ABS	**11,212**	**124**	**1,460**	**9,876**	10,844	196	593	10,447
Subtotal, excluding AIGFP	**111,678**	**840**	**13,541**	**98,977**	124,613	866	7,253	118,226
AIGFP*	**—**	**—**	**—**	**—**	16,369	355	450	16,274
Total	**$111,678**	**$840**	**$13,541**	**$98,977**	$140,982	$1,221	$7,703	$134,500

** Represents total AIGFP investments in mortgage-backed, asset-backed and collateralized securities for which AIGFP has elected the fair value option effective January 1, 2008. At June 30, 2008, the fair value of these securities were $20.3 billion. An additional $1.8 billion related to insurance company investments is included in Bonds — trading.*

Investments in RMBS

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS securities, other than those of AIGFP, were as follows:

(in millions)	June 30, 2008 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total	December 31, 2007 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total
RMBS:										
U.S. agencies	**$16,642**	**$243**	**$ 181**	**$16,704**	**25%**	$14,575	$320	$ 70	$14,825	17%
Prime non-agency(a)	**17,575**	**36**	**1,646**	**15,965**	**23**	21,552	72	550	21,074	25
Alt-A	**20,236**	**69**	**3,896**	**16,409**	**24**	25,349	17	1,620	23,746	28
Other housing-related(b)	**3,090**	**2**	**532**	**2,560**	**4**	4,301	2	357	3,946	5
Subprime	**19,988**	**156**	**3,884**	**16,260**	**24**	24,074	22	2,907	21,189	25
Total	**$77,531**	**$506**	**$10,139**	**$67,898**	**100%**	$89,851	$433	$5,504	$84,780	100%

(a) Includes foreign and jumbo RMBS-related securities.
(b) Primarily wrapped second-lien.

Investments in CMBS

The amortized cost of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
CMBS (traditional)	$20,819	91%
ReRemic/CRE CDO	1,465	6
Agency	246	1
Other	405	2
Total	$22,935	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 by credit rating was as follows:

	Percentage
Rating:	
AAA	79%
AA	12
A	7
BBB and below	2
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by year of vintage at June 30, 2008 was as follows:

	Percentage
Year:	
2008	1%
2007	24
2006	14
2005	18
2004	15
2003 and prior	28
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by geographic region at June 30, 2008 was as follows:

	Percentage
Geographic region:	
New York	17%
California	15
Texas	7
Florida	6
Virginia	4
Illinois	4
New Jersey	3
Pennsylvania	3
Georgia	3
Massachusetts	3
All Other	35
Total	100%

At June 30, 2008, AIG held $23 billion in cost basis of CMBS. Approximately 79 percent of such holdings were rated AAA, approximately 19 percent were rated AA or A, and approximately 2 percent were rated BBB or below. At June 30, 2008, all such securities were current in the payment of principal and interest.

There have been disruptions in the commercial mortgage

Investments in CDOs

The amortized cost of AIG's CDO investments, other than those of AIGFP, by collateral type at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Collateral Type:		
Bank loans (CLO)	$2,108	51%
Synthetic investment grade	1,233	30
Other	733	18
Subprime ABS	46	1
Total	$4,120	100%

The amortized cost of the AIG's CDO investments, other than those of AIGFP, by credit rating at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Rating:		
AAA	$ 872	21%
AA	766	19
A	2,085	51
BBB	313	8
Below investment grade and equity	84	1
Total	$4,120	100%

The composition of the securities lending invested collateral by credit rating at June 30, 2008 was as follows:

(in millions)	AAA	AA	A	BBB/Not Rated	Short-Term	Total
Corporate debt	$ 696	$ 7,407	$3,557	$1,245	$ —	$12,905
Mortgage-backed, asset-backed and collateralized	30,933	3,170	437	1,640	—	36,180
Cash and short-term investments	—	—	—	—	10,445	10,445
Total	$31,629	$10,577	$3,994	$2,885	$10,445	$59,530

The amortized cost of AIG's RMBS investments, other than those of AIGFP, at June 30, 2008 by year of vintage and credit rating were as follows:

	Year of Vintage						
(in billions)	Prior	2004	2005	2006	2007	2008	Total
Rating:							
Total RMBS							
AAA	$ 8,968	$6,057	$13,149	$20,561	$15,485	$3,011	$67,231
AA	1,030	648	1,539	1,940	1,250	—	6,407
A	221	193	265	273	193	9	1,154
BBB and below	168	306	378	870	964	53	2,739
Total RMBS	$10,387	$7,204	$15,331	$23,644	$17,892	$3,073	$77,531
Alt-A RMBS							
AAA	$ 753	$ 850	$ 4,312	$ 7,606	$ 5,290	$ —	$18,811
AA	241	164	301	99	280	—	1,085
A	27	41	89	18	42	—	217
BBB and below	15	27	68	13	—	—	123
Total Alt-A	$ 1,036	$1,082	$ 4,770	$ 7,736	$ 5,612	$ —	$20,236
Subprime RMBS							
AAA	$ 398	$ 423	$ 4,403	$ 7,760	$ 3,884	$ —	$16,868
AA	129	102	398	785	276	—	1,690
A	77	62	68	126	103	—	436
BBB and below	1	66	65	475	387	—	994
Total Subprime	$ 605	$ 653	$ 4,934	$ 9,146	$ 4,650	$ —	$19,988

Equity	**(Mlns) Exposure**
PICC - strategic shareholding	546
Taiwan Semiconductor - Taiwan	257
Chunghwa Telecom - Taiwan	257
T&D Holdings (merged Taiyo and Daiwa)	163
Pru Class B (part of demutualization process)	157
PTT PCL - Thailand	134
CP All - Thailand (private equity portfolio)	127
Nippon Building Fund - Japan REIT	115
Mediatek - Taiwan	106
Hon Hai Precision Industry - Taiwan	101

Credit	**(Blns) Exposure**
TAIWAN, REPUBLIC OF	15,973.3
JAPAN, GOVERNMENT OF	10,231.8
THAILAND, KINGDOM OF	6,132.3
CITIGROUP INC	4,172.9
GENERAL ELECTRIC CO	3,860.0
HSBC HOLDINGS PLC	3,796.2
JP MORGAN CHASE & CO	3,711.3
BANK OF AMERICA CORP	3,709.2
SINGAPORE, REPUBLIC OF	2,976.8
WACHOVIA CORP	2,903.6
KOREA, REPUBLIC OF	2,767.1
AT&T INC	2,614.4
GOLDMAN SACHS GROUP INC	2,608.4
MORGAN STANLEY	2,500.1
ROYAL BANK OF SCOTLAND GROUP PLC	2,418.8

Valuation date: December 31, 2007 **Excludes FP**

Group Name: AIG Inc. (Insurance Investment Portfolios)

Summary MBS/CDO/FG Holdings

Holdings ($ millions)	**Market Value**	**Amortized Cost**	**Investment % Total Invest.**	**Investment % of Equity**
CMBS	22,998.8	23,918.0	3%	25%
Prime - Non Agency 1st lien RMBS	21,072.9	21,551.7	3%	22%
Prime - Non Agency 2nd lien RMBS	850.1	955.1	0%	1%
Alt A RMBS (1st or 2nd lien)	24,892.2	26,616.4	4%	28%
Subprime 1st lien RMBS	21,189.1	24,073.6	3%	25%
Subprime 2nd lien RMBS	-	-	0%	0%
HELOC RMBS	1,861.5	1,989.0	0%	2%
Home equity/Closed end 2nd lien RMBS	-	-	0%	0%
CDO with subprime/Alt A exposures	58.0	58.0	0%	0%
CDO^2 with subprime/Alt A exposures	-	-	0%	0%
Financial Guarantor direct exposure *	38.5	56.6	0%	0%
Financial Guarantor wrapped investments**	41,870.0	42,150.0	6%	44%
Total cash and investments	693,004.0	688,123.0		
Shareholders' equity	95,801.0	95,801.0		

* Represents amortized cost and fair value related to $58MM in bonds and $136MM notional of CDS exposure.

** We recognize that this exposure may already be included in the lines above, but request you to identify it separately here

At June 30, 2008, the notional amount, fair value and unrealized market valuation loss of the AIGFP super senior credit default swap portfolio, including certain regulatory capital relief transactions, by asset class were as follows:

(in millions)	Notional Amount	Fair Value Loss at June 30, 2008	Unrealized Market Valuation Loss (Gain) Three Months Ended June 30, 2008[a]	Unrealized Market Valuation Loss (Gain) Six Months Ended June 30, 2008[a]
Regulatory Capital:[b]				
Corporate loans	$172,717	$ —	$ —	$ —
Prime residential mortgages	132,612	—	—	—
Other[c][d]	1,619	125	125	125
Total	306,948	125	125	125
Arbitrage:				
Multi-sector CDOs[e]	80,301	24,785	5,569	13,606
Corporate debt/CLOs	53,767	996	(126)	770
Total	134,068	25,781	5,443	14,376
Mezzanine tranches[f]	5,824	171	(3)	171
Total	$446,840	$ 26,077[g]	$5,565	$14,672

(a) Includes credit valuation adjustment gains of $44 million and $109 million, respectively, for the three- and six-month periods ended June 30, 2008.

(b) Represents predominantly transactions written to facilitate regulatory capital relief.

(c) Represents transactions where AIGFP believes the counterparties are no longer using the transactions to obtain regulatory capital relief.

(d) During the second quarter of 2008, a European RMBS regulatory capital relief transaction with a notional amount of $1.6 billion was not terminated as expected when it no longer provided regulatory capital relief to the counterparty.

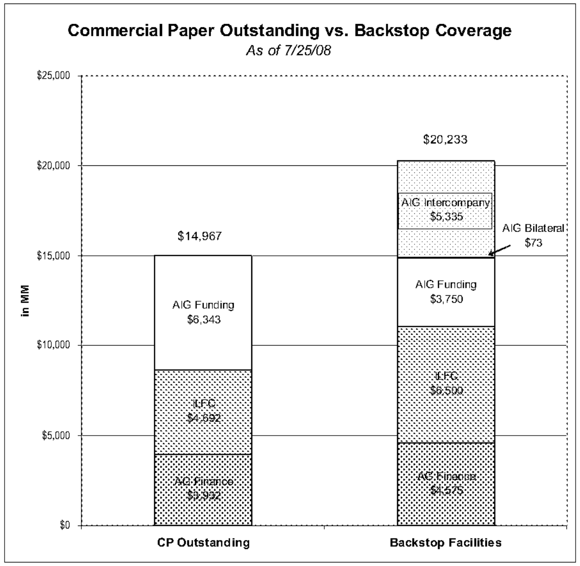
(e) Approximately $57.8 billion in net notional amount includes some exposure to U.S. sub-prime mortgages and approximately $9.6 billion in net notional amount includes CDOs of CMBS.

(f) Represents credit default swaps written by AIGFP on tranches below super senior on certain regulatory capital relief trades.

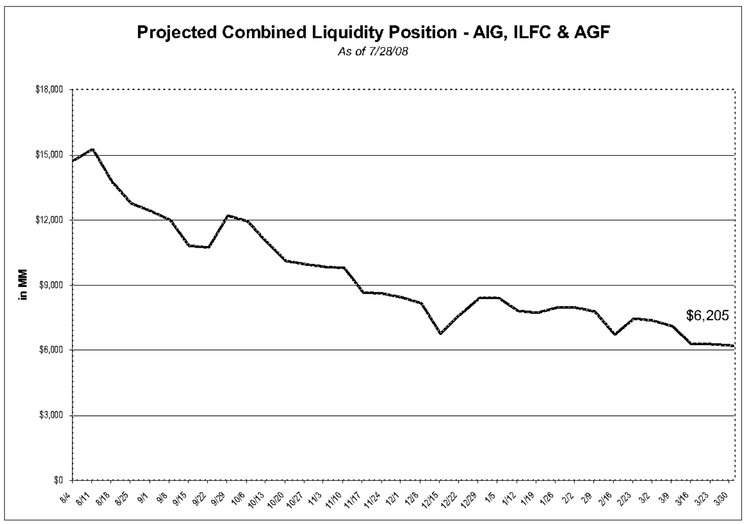
(g) Fair value amounts are shown before the effects of counterparty netting adjustments.

Commercial Paper - Funding Liquidity for AIG, ILFC & AGF

- **Summary of commercial paper programs versus the backstop facilities for each entity**



Commercial Paper Outstanding vs. Backstop Coverage
As of 7/25/08



Projected Combined Liquidity Position - AIG, ILFC & AGF
As of 7/28/08

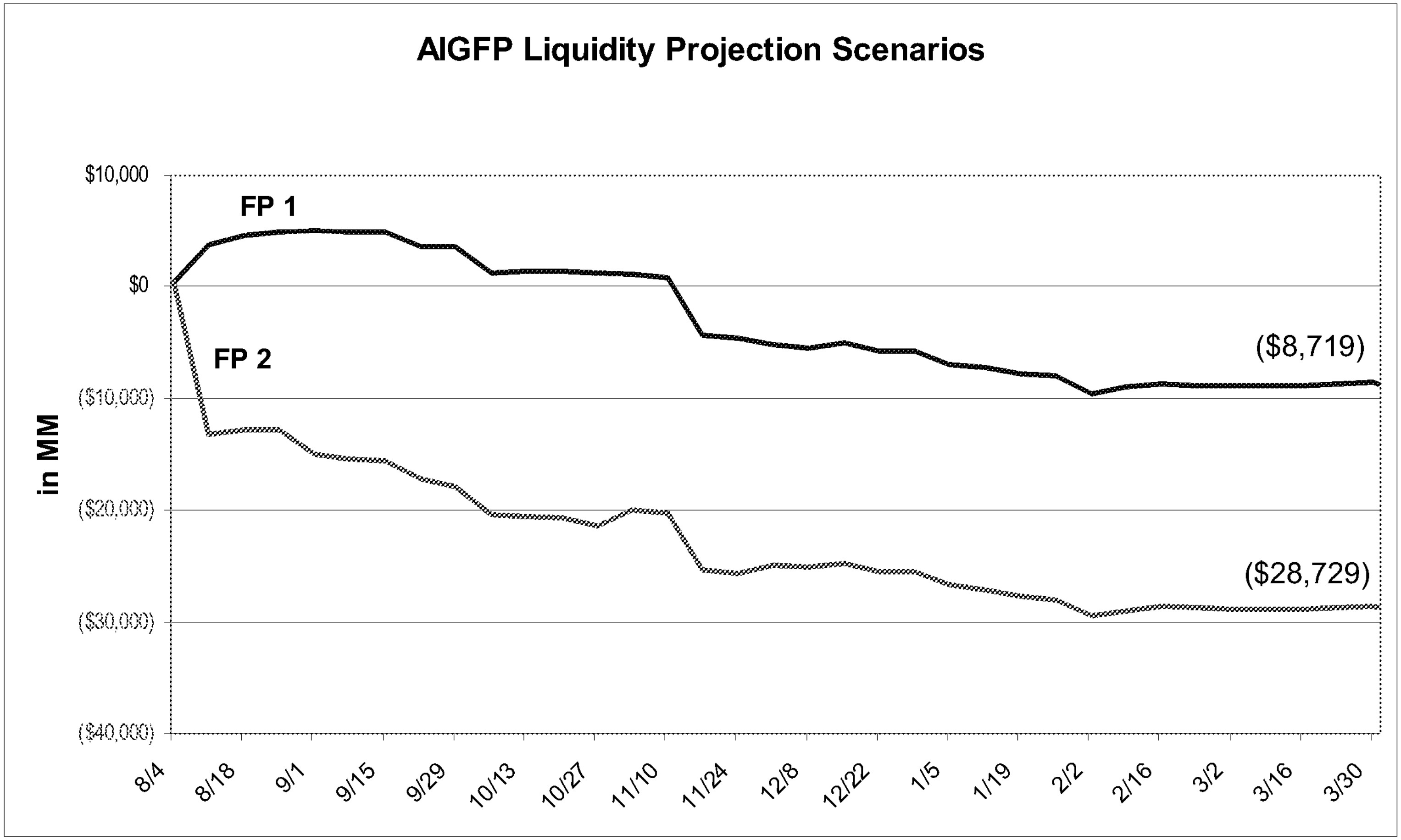
- If AIG were unable to issue commercial paper due to a severe disruption in the CP market, or to AIG-specific issues, the commercial paper issuing entities could draw down $20.2 billion under existing, committed backstop facilities. This compares against a total of $15.0 billion in CP currently outstanding for these issuers with $5.2 billion still available.

- This cash could then be used to meet all liquidity needs, including repayment of maturing CP, payment of all principal and interest on debt when due, payment of quarterly shareholder dividends ($1.95 billion through 1st quarter of 2009).

    - ❑ This projection does not include any unusual events, such as extraordinary dividends or other cash calls

AIG Financial Products

- **Liquidity Position for FP under Stress Scenarios 1 & 2**

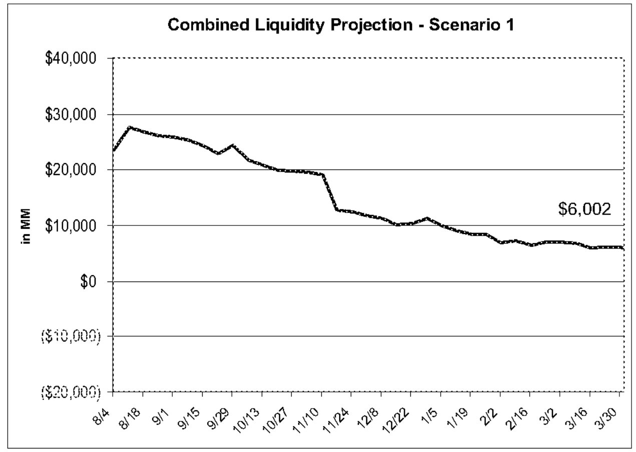


AIG Combined Views

AIG developed two stress scenarios in order to test the Company's ability to meet its near term obligations and maintain solvency and confidence.

Scenario 1 **Key Assumptions**

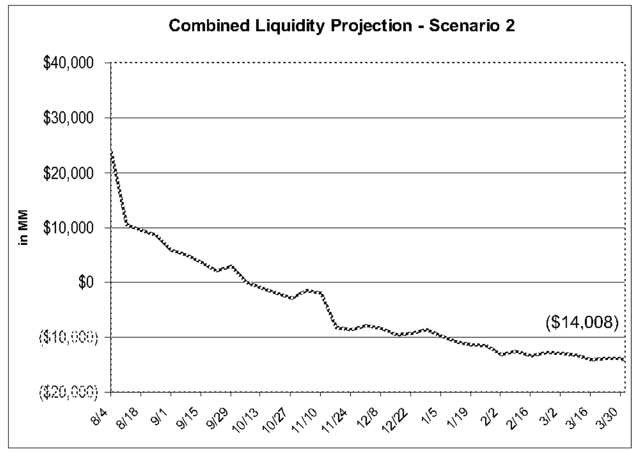
- Utilization of liquidity through CP or backstop facilities, MIP assets and the remaining proceeds from capital raise
- A significant deterioration in FP's liquidity position from inability to roll its maturing liabilities or repos
- Offset by monetization of unencumbered assets, portfolio trades, and various other transactions providing liquidity at FP



Scenario 1 results through 1Q'09 projects a cash position of $6.0 bill.

Scenario 2 **Key Assumptions**

- All assumptions from Scenario 1 are incorporated
- FP experiences additional margin calls resulting from severe adverse market developments
- Additional collateral calls due to a one notch downgrade by Moody's and S&P
- Additional liquidity withdrawals from FP clients due to credit concerns



Scenario 2 results through 1Q'09 projects a cash deficit of ($14.0) bill.

Explanation of Differences in Key Assumptions between May and July Analyses
Stress Scenario 1

Category	May	July	Difference	
Opening Cash balance	**7,660,000**	**1,681,000**	**(5,979,000)**	
Maturing debt	(10,902,708)	(7,993,920)	**2,908,788**	
Other scheduled cashflows	(940,573)	4,038,642	**4,979,215**	
	(4,183,281)	(2,274,278)	1,909,003	
Nightingale	(523,850)		**523,850**	
Collateral / margin calls	(2,500,000)	(10,000,000)	**(7,500,000)**	**A**
Gold leases	(394,500)		**394,500**	
Curzon CP	(1,514,649)	(100,686)	**1,413,963**	**B**
Monetization of assets	17,000,000	6,500,000	**(10,500,000)**	**C**
MTN and EMTN	(392,660)	(265,960)	**126,700**	
Repo Rollover issues	(699,583)	(1,647,018)	**(947,435)**	
2a7 liquidity puts	(857,966)	(680,756)	**177,210**	
Portfolio trades	156,000		**(156,000)**	
Private Equity		(250,000)	**(250,000)**	
Closing balance	**6,089,511**	**(8,718,698)**	**(14,808,209)**	

A In the July analysis, AIG employed a significantly more severe assumption for the potential future collateral calls related to AIGFP's super senior credit derivatives as compared to the assumptions used in the May analysis. For the May analysis, AIG has assumed an additional $2.5 billion in collateral calls, based on the premise of markets remaining stable. Since then, AIG FP had posted an additional $6 billion, bringing the total posting to $16 billion. In the July analysis, AIG is assuming an additional $10 billion on top of the $16 billion already posted. In order for AIG to post an additional $10 billion, the valuations of the super senior CDO securities would have to further deteriorate by an amount in excess of the $10 billion.

As the majority of the mark to market losses recognized and collateral postings to date relate to the portion of the portfolio that includes some exposure to sub-prime, a further $13 billion deterioration of the value of these positions would equate to a drop in price by 17 points (ignoring amortization). If reduced by 17 points, then the average price for AIGFP's hi-grade CDOs will be 51 and the average price for the mezzanine CDOs would be 42.

AIGFP's Super Senior CDO Portfolio Containing Sub-prime RMBS

	Notional ($ billion)	AIG June Avg Price	AIG June Avg Prices Adjusted by 17
Hi-grade	$ 41.956	67.81%	50.81%
Mezzanine	$ 15.842	58.82%	41.82%
	$ 57.798		

B The May analysis assumed that $1.5 billion in short-term debt issued by Curzon will not roll. AIG revised this assumption in the July analysis as only $100 million is currently rolling overnight.

C The July analysis only considers unencumbered assets at AIGFP. It does not consider unencumberred assets at Banque AIG or assets held by AIG Inc on behalf of AIGFP. Total amount of additional unencumbered assets available to AIGFP to monetize that are not reflected above are approximatey $7.5 billion. While not considered in this analysis, these are assets available to AIG to monetize.

Explanation of Differences in Key Assumptions between May and July Analyses
Stress Scenario 2

Category	May	July	Difference	
Opening Cash balance	**7,660,000**	**1,681,000**	**(5,979,000)**	
Maturing debt	(10,902,708)	(7,993,920)	**2,908,788**	
Other scheduled cashflows	(940,573)	4,038,642	**4,979,215**	
	(4,183,281)	(2,274,278)	1,909,003	
Nightingale	(523,850)		**523,850**	
Collateral / margin calls	(11,500,000)	(13,000,000)	**(1,500,000)**	**A**
Gold leases	(394,500)		**394,500**	
Curzon CP	(6,392,216)	(5,572,409)	**819,807**	
Monetization of assets	21,500,000	11,500,000	**(10,000,000)**	**B**
Commodity call	(817,197)	(750,000)	**67,197**	
Ratings downgrade	(8,698,898)	(13,416,507)	**(4,717,609)**	**C**
Liquidity withdrawals	(1,400,000)	(2,371,958)	**(971,958)**	**D**
MTN and EMTN	(392,660)	(265,960)	**126,700**	
Repo Rollover issues	(699,583)	(1,647,018)	**(947,435)**	**D**
2a7 liquidity puts	(857,966)	(680,756)	**177,210**	
Portfolio trades	156,000		**(156,000)**	
Private Equity		(250,000)	**(250,000)**	
Closing balance	**(14,204,151)**	**(28,728,886)**	**(14,524,735)**	

A

In the July analysis, AIG employed a significantly more severe assumption for the potential future collateral calls related to AIGFP's super senior credit derivatives as compared to the assumptions used in the May analysis. For the May analysis, AIG has assumed an additional $11.5 billion in collateral calls. Since then, AIG FP had posted an additional $6 billion, bringing the total posting to $16 billion. In the July analysis, AIG is assuming an additional $13 billion on top of the $16 billion already posted. In order for AIG to post an additional $13 billion, the valuations of the super senior CDO securities would have to further deteriorate by an amount in excess of the $13 billion.

As the majority of the mark to market losses recognized and collateral postings to date relate to the portion of the portfolio that includes some exposure to sub-prime, a further $13 billion deterioration of the value of these positions would equate to a drop in price by 22 points (ignoring amortization). If reduced by 22 points, then the average price for AIGFP's hi-grade CDOs will be 46 and the average price for the mezzanine CDOs would be 37.

AIGFP's Super Senior CDO Portfolio Containing Sub-prime RMBS

	Notional ($ billion)	AIG June Avg Price	AIG June Avg Prices Adjusted by 22
Hi-grade	$ 41.956	67.81%	45.81%
Mezzanine	$ 15.842	58.82%	36.82%
	$ 57.798		

B The July analysis only considers unencumbered assets at AIGFP. It does not consider unencumberred assets at Banque AIG or assets held by AIG Inc on behalf of AIGFP. Total amount of additional unencumbered assets available to AIGFP to monetize that are not reflected above are approximatey $7.5 billion. While not considered in this analysis, these are assets available to AIG to monetize.

C A two-notch downgrade from Aa2 by Moody's only was assumed in the May analysis, while a one-notch downgrade from Aa3 by both Moody's and S&P is assumed in the July analysis. A split rating between Moody's and S&P reduces the liquidity demands by approximately $3 billion.

D More severe assumptions were assumed for the contagion effect of a rating downgrade on AIGFP's outstanding business from counterparties electing to terminate trades with AIGFP.

AIG

Presentation to Moody's

September 11, 2008

Strategic Review

General Insurance – Core Operations

Business Unit	Comments
Commercial Insurance	• U.S. P&C market leader • Maintain historical underwriting discipline & creativity • Maintain focus on underwriting profit • Strong, experienced and stable management team
Hartford Steam Boiler	• Leading worldwide provider of equipment breakdown & engineered lines • Results generally not correlated with broader P&C cycle or property CAT losses • Excellent returns
United Guaranty	• Maintain commitment to domestic 1st lien and select international markets • Current domestic 1st lien risk in-force value of $28.2 bn; new business highly profitable • Put 2nd lien business behind us • May consider sidecar and other potential reinsurance solutions to cede risk and leverage third-party capital
Foreign General	• Unparalleled global franchise – leading global A&H provider • Geographically diverse operations in more than 80 countries • Excellent returns

Strategic Review

Life & Retirement Services – Core Operations

Business Unit	Comments
Foreign Life & Retirement Services	• Leading market position – #1 market share in Hong Kong, Singapore, Thailand, China (foreign insurers) • ALICO ranks in the top five for new premiums in over 20 markets • Competitive advantage through local market expertise and diversified distribution – agents, bancassurance, direct marketing, brokers, IFA, worksite • Significant growth potential in attractive markets
Domestic Life, ex AGLA	• Leading market position and strong brand – #1 in life insurance issued (face amount), term life sales and structured settlements • Diversified product portfolio • Relatively stable earnings profile • Expansive multi-channel distribution
Domestic Retirement Services	• Leading market positions – #1 in fixed annuities and primary education; #3 in healthcare and higher education market • Competitive advantage through strong brand positioning • Opportunities for product and distribution expansion to meet growing demand

Strategic Review

Financial Services and Asset Management – Core Operations

Business Unit	Comments
International Lease Finance Corporation	• #1 aircraft operating lessor in the world • World class management team • Strong expected cash flow generation • Largest single customer of both Boeing and Airbus
American General Finance	• 2nd largest branch network in U.S. targeting middle America • Seasoned management • Superior credit performance • Near term focus on expense management and slower growth
Commercial Equipment Finance	• Strong franchise established with diversified equipment finance portfolio worth $1.9 bn • Near term focus on expense management and slower growth • May consider portfolio sales at attractive prices
Asset Management (3rd Party)	• Complementary to insurance business • Global footprint • Continue to improve scale and servicing platform

Strategic Review

The following areas are under consideration for potential actions:

Key Benefits

- Streamlines portfolio
- Enhances returns
- Reduces earnings volatility
- Deploys capital more effectively
- Sharpens management focus

Potential Effect[1]

- 9.9% of equity[2] – $9.5 bn
- 1.8% of net earnings – $301 mm

Targets for Potential Action

Insurance

- Transatlantic Holdings
- Domestic Personal Lines
- AGLA
- Domestic Employee Benefits Solutions and Association Benefits Solutions

Non-Insurance

- AIG Commodities Index
- FX Prime Brokerage
- Foreign Consumer Finance Business
- AI Imperial Credit

Other

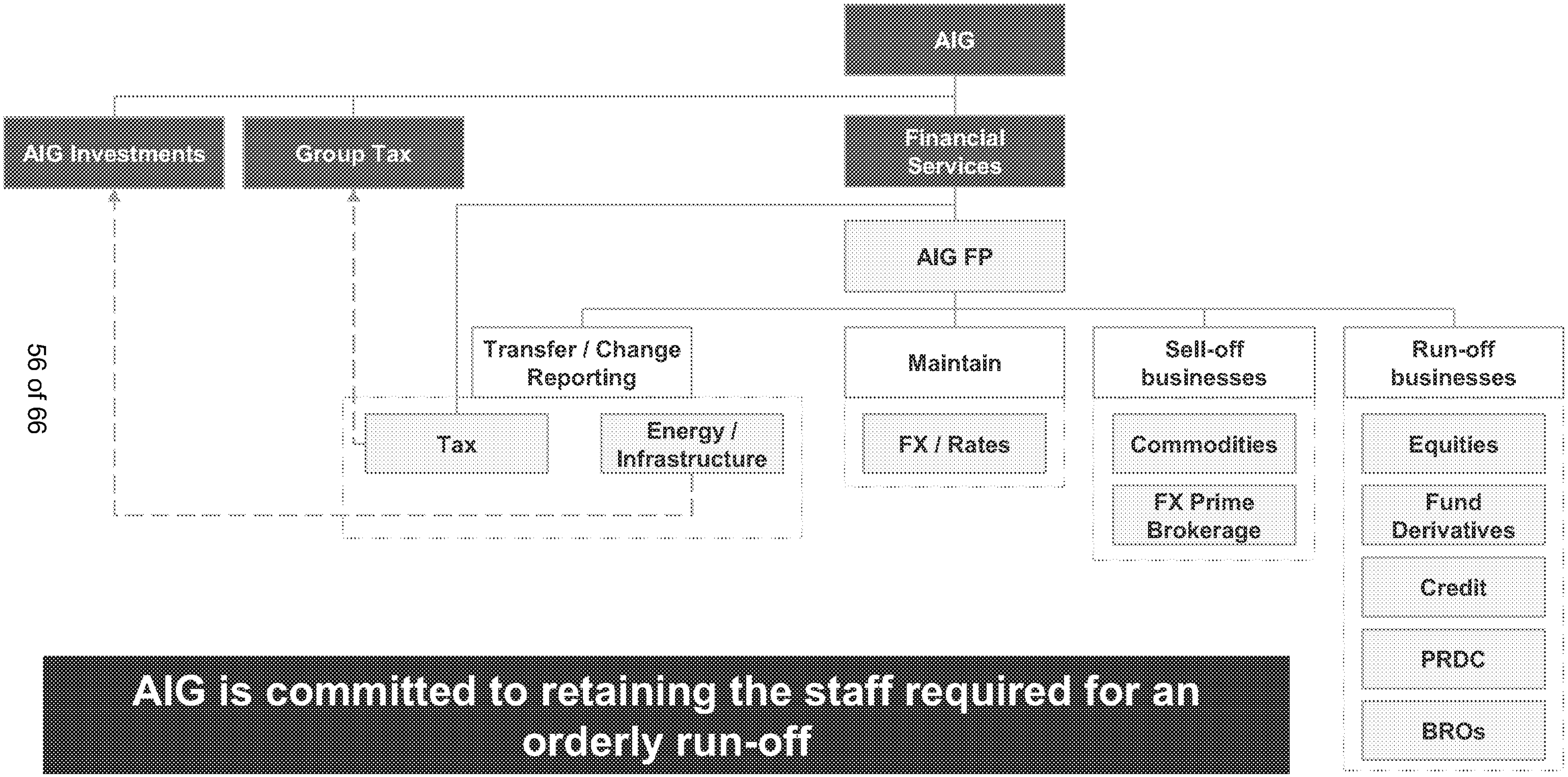
- UGC 2nd Lien Portfolio
- Financial Products
- Securities Lending

Notes: 1. Based upon 2007 results 2. PLD equity does not exclude PCG, UGC 2nd lien equity approximated by using statutory surplus of $175 mm as reported by UGC management. Domestic Employee Benefits Solutions and Association Benefits Solutions' equity approximated as percentage of premiums

AIG

Financial Products

Select operating units will be realigned within AIG or maintained. Others will be sold or run-off



AIG is committed to retaining the staff required for an orderly run-off

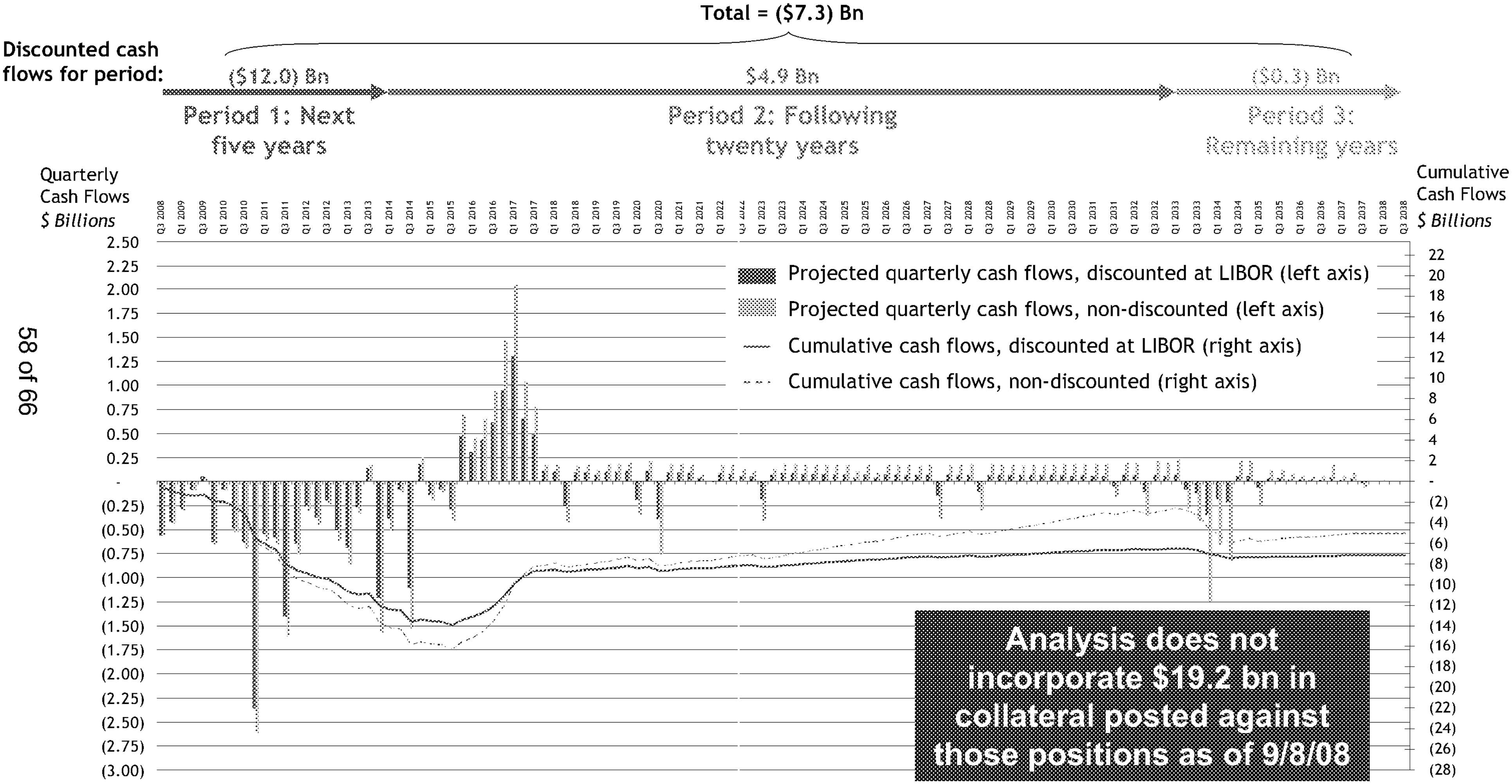
Independent Cash Flow Analysis

The BlackRock analysis enables AIG to better estimate the cash flow profile associated with running off AIGFP's multisector CDO portfolio

Scope	• 109 CDS written on super senior CDO of ABS securities with notional exposure of $77 bn
Objective	• Estimate projected cash flow needs to run-off the portfolio (excluding collateral posting requirements)
Approach	• Bottom up loan level cash flow analysis incorporating unique features of the collateral and CDO waterfall structures building up to the CDS cash flows and subsequent recoveries
Key Assumptions	• BlackRock's assumptions were used in this analysis • HPA Base Case: 36% decline in house prices nationwide; 60% in CA • Moody's Base Case: 22-28% decline
Results	• Fair value as of June 30th: ($24.8 bn) • AIG's estimate of expected losses: ($5-8.5 bn) • BlackRock's estimate of net cash requirements: $5.6 bn (undiscounted, ignoring collateral posted to date) • Collateral posted to date $19.2 bn

AIG

Base Case Cash Flows



*Projected cash flows do not reflect any market value-based adjustments or collateral posting provisions that are part of many of AIG's credit default swaps on the super seniors

**Analysis assumes that all 2a7 liquidity puts that may be exercised prior to July 31, 2008 are exercised in Period 1, and that all liquidity puts that may be exercised after July 31, 2008 are exercised in the first period in which such puts become active.

***Non-discounted cash flow totals equal ($13.7) Bn for Period 1, $9.1 Bn for Period 2, and ($1.0) Bn for Period 3, totaling ($5.6) Bn for all periods.

BLACKROCK SOLUTIONS

Financial Products: Risk Mitigation Strategies

AIG, aided by the BlackRock analysis, is actively pursuing opportunities to reduce exposure to the portfolio, to minimize earnings volatility and to meet liquidity requirements

	Potential Solutions
De-Risk Balance Sheet	• Sale or hedges of certain positions that present significant downside risk or are unlikely to recover in value • Obtain a hedge against a tranche of the portfolio • Conversion of certain CDS positions into repo or structured lending transactions to provide increased flexibility for risk disposal • Swapping of reference obligations
Meet Portfolio's Liquidity Needs	• Renegotiation of CSA provisions • Entering into financing arrangements

Securities Lending

AIG, aided by BlackRock, is developing a plan for the orderly reduction and run-off of the Securities Lending portfolio

	Potential Solutions
Face Value / Par	• Shrinking the net outstanding balances of \$69.0 bn; \$2.7 bn reduction between 3/31/08 and 6/30/08; \$6.5 bn since 6/30/08
GAAP Earnings & Equity	• BlackRock analysis projects a \$5.7 bn principal loss over the remaining duration of the aggregate portfolio (there are \$26 bn of RMBS securities in other AIG portfolios with projected losses of \$3.4 bn) • BlackRock projected losses are approximately 81% of OTTI-to-date and 39% of OTTI and unrealized to date[1] • Opportunity to selectively sell bonds without further deterioration to AIG's earnings and / or equity
Statutory Entities	• BlackRock analysis provides potential to mitigate additional OTTI resulting from market dislocation affecting pricing
Liquidity	• FHLB loans: Texas \$6-8 bn, expected availability 9/30/08 • Current cash in Securities Lending pool of \$9.4 bn; cash in General Account pool participants of \$15.3 bn; totaling \$27.7 bn or 36% of total Securities Lending liabilities[2] • Government, agency pass throughs and high grade corporates available for repo totaling approximately \$25 bn • Potential capital contribution from Parent to maintain 350% RBC: \$3-\$8 bn through the end of 2008 • Already contributed \$3.9 bn of capital in cash and securities to domestic life insurance and retirement services companies

Notes: 1. As of June 30, 2008 2. As of September 8, 2008

Capital and Liquidity Plan: Asset Sales

AIG is considering asset sales for which it believes it could raise from $10 – $13 bn

($ mm)	
Transatlantic	$1,800 – $2,200
Domestic Personal Lines[1]	3,500 – 5,000
AGLA	2,250 – 2,600
Domestic Employee Benefits and Association Benefits	250 – 350
Commodities Index[1]	TBD
FX Prime Brokerage[1]	TBD
Foreign Consumer Finance Businesses[1]	1,400 – 2,200
AI Imperial Credit[1]	180 – 250
Total	**$9,380 - $12,600**

Note: 1. Taxes will be deferred until the NOLs are fully utilized

Capital Markets Scenarios

AIG and JPMorgan believe AIG has the ability to raise \$10 – \$25 bn in the public and private markets

	Gross Proceeds	Comments
Public Common Equity	\$5 - \$7 bn	• Issuance concurrent with or after release of Q3 earnings
Private Common Equity	Up to \$10 bn	• Privately-negotiated, available at any time
Convertible	\$8 - \$10 bn	• For cash pay, maximizes proceeds from convertible market. For preferred / hybrid, structured to achieve similar equity credit to prior AIG hybrids
Senior Debt	Up to \$5 bn	• Issuance concurrent with or after release of Q3 earnings
Contingent Value Rights	\$1 - \$3 bn	• Exploring possibilities to monetize differences between marks and economic value

Capital and Liquidity Plan: Sources & Uses

AIG has identified adequate sources of liquidity to meet expected uses and contingencies

Liquidity ($bn)	
Total Asset Sales	$10-13
Capital Raise	$10-25
Annual Dividend Reduction	$0-2
Investment Sales	$1-2
Financing of Unencumbered Assets	$5-15
Subtotal	**$26-57**
AIGFP Solution	($5-10)
Life Companies Stat Capital Injection	($3-8)
Subtotal	**($8-18)**
Net Liquidity	**$18-39**

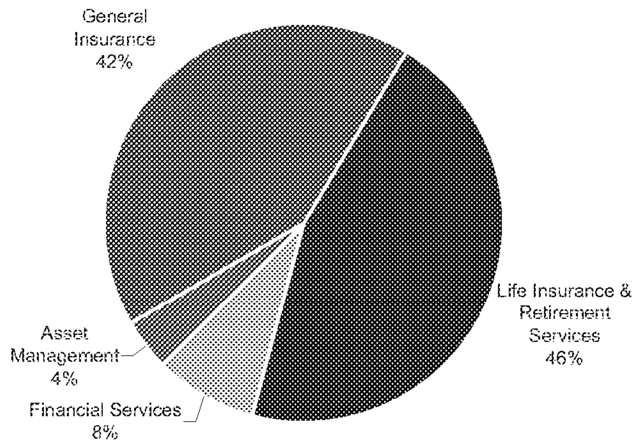
Capital ($bn)	
Total Asset Sales	$0-1
Capital Raise	$10-25
Dividend Reduction	$0-2
AIGFP Solution	($2-7)
Total	**$8-21**

AIG

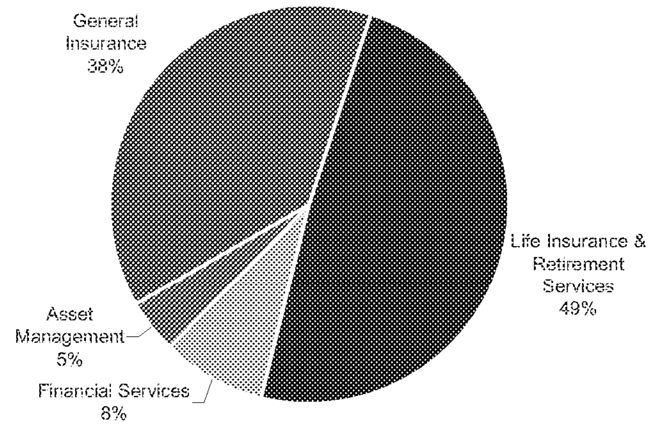
AIG Mix of Revenue & Earnings: Consolidated

The proposed actions will not fundamentally alter the mix of revenues or earnings among AIG's four principal segments

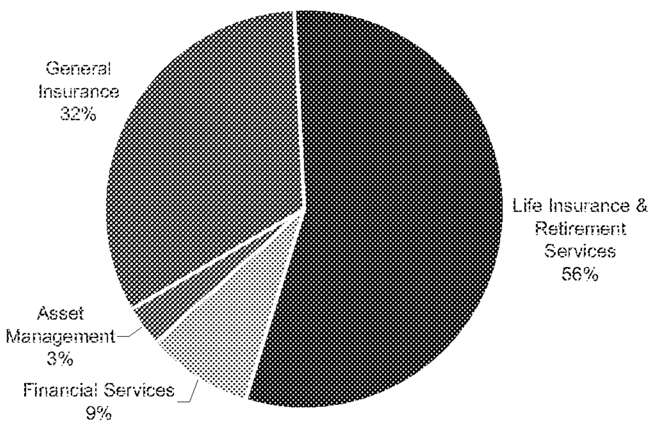
1H2008 Revenues: $61.9 bn[1]



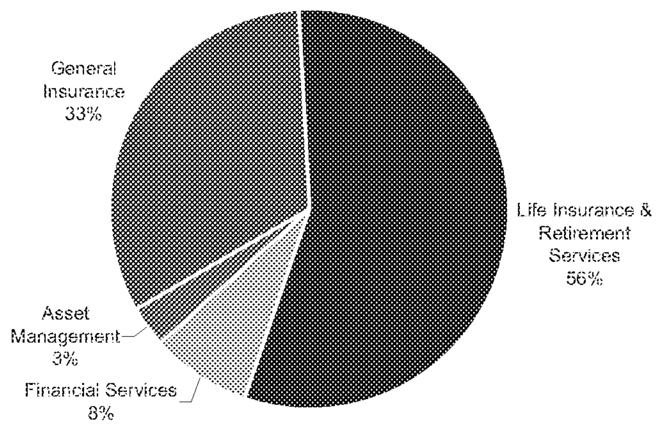
1H2008PF Revenues: $55.6 bn[2]



1H2008 Pre-tax Operating Income: $9.3 bn[1]



1H2008PF Pre-tax Operating Income: $8.9 bn[2]



Notes: 1. Operating income excludes RCG(L), FAS 133 and unrealized market valuation losses. 2. Adjusted to exclude potential dispositions

Adjusted Net Income: Pro Forma ($ mm)

As a result of these changes, AIG's pro forma core earnings would have been $4.9 bn in 1H08

Adjusted Net Income 1H 2008[1]		**($4,882)**
Adjustments		
Unrealized market valuation losses, net	($9,537)	
Credit valuation adjustments (CVA)	($361)	
Total Adjustments	($9,898)	
Fully Adjusted Net Income 1H 2008		**$5,016**
Aggregate Adjusted Net Income from Dispositions 1H 2008	$160	
Pro Forma 1H 2008 Net Income Adjusted for Unrealized Market Valuation Losses, CVA and Dispositions		**$4,856**

Note: 1. Adjusted net income (loss) excludes net realized capital gains (losses) and FAS 133, net of tax

Cumulative Loss Estimates by Vintage

Mortgage Model - Base and Stressed Case

Base Case	*Stressed Case*
HPA Projection:	**HPA Projection:**
36% peak to trough national home price decline (18% actual through March 2008)*	48% peak to trough national home price decline (18% actual through March 2008)*
60% peak to trough California home price decline	68% peak to trough California home price decline
Cumulative loss estimates	**Cumulative loss estimates**
Subprime 2004-1: 5%	Subprime 2004-1: 6%
Subprime 2004-2: 6%	Subprime 2004-2: 8%
Subprime 2005-1: 9%	Subprime 2005-1: 11%
Subprime 2005-2: 13%	Subprime 2005-2: 16%
ABX.06.1: 18%	ABX.06.1: 23%
ABX.06.2: 25%	ABX.06.2: 32%
ABX.07.1: 31%	ABX.07.1: 41%
ABX.07.2: 35%	ABX.07.2: 49%

Four of the above subprime indices (2004-1, 2004-2, 2005-1, and 2005-2) were custom synthesized according to the following constraints:

- Deal issued within 6 months prior to the launch date (e.g., the 2004-1 index uses deals issued in the second half of 2003)
- No more than four deals with the same originator
- Rated by Moody's and S&P (the AAA tranche is referenced in the index)

*Source: S&P / Case-Schiller

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO
CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** March 1, 2009
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Not in parent RAS RCM: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Compare AIG's actual restructuring plan to the scenario considered by the RAS RCM on Feb. 27, 2009.

Last Rating Action *(include date and reason)*: **Nov. 10, 2008** – Reiterated AIG's current ratings (senior unsecured debt at A3, RUR-down) following announcement of 3Q08 results and revisions to restructuring plan with incremental government support.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	A3			A3		
Senior unsecured debt	A3			A3		
Subordinated debt	Baa1			Baa1		
Short-term issuer	P-1			P-1		
Outlook for senior LT & ST	RUR-Down			Negative		
Outlook for subordinated	RUR-Down			RUR-Down		
Subsidiary recs on page 2						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Recommendation

All ratings consistent with RAS RCM except that we recommend continuing the RUR-down on AIG's subordinated debt rating, which applies to its junior subordinated debt hybrids and mandatory convertible hybrids as well as the trust preferred securities of AIG Life Holdings (US), Inc. (formerly American General Corp.). The trust preferred issues include American General Capital II and American General Institutional Capital A & B. The hybrid ratings deserve an in-depth RCM to be held within the next week.

AIG's earnings announcement and restructuring plan will be consistent with the scenario that we considered in the RAS RCM. The restructuring plan has been approved by the US Treasury, the Federal Reserve and AIG's Board.

Revised exhibits here versus the RAS RCM memo of Feb. 27, 2009: include pg 3 (summary of subsidiary recs), pg 6 (detailed subsidiary recs) and pg 19 (AIG pro forma capital structure).

Recommendation for RAS RCM of Feb. 27, 2009
Confirm parent company ratings (senior unsecured at A3, short-term at P-1) and assign a negative outlook.

Our rating review has been focused on (i) AIG's evolving liquidity profile, including the level of borrowing under the NY Fed credit facility; (ii) the anticipated timing and amounts of cash proceeds generated from asset sales; (iii) development of a comprehensive plan to unwind AIGFP, including estimated costs and timing; (iv) the performance of major operating units, whether they are core operations or targeted for sale; and (v) the resulting financial profile of AIG following the restructuring.

The current ratings on AIG and its subsidiaries reflect Moody's expectation of continuing strong Government support, not only to fund immediate liquidity needs but also to facilitate the global divestiture plan and the unwinding of AIGFP. Without such support, the ratings of AIG and many of its subsidiaries – including core operations and businesses identified for sale – would be lower.

AIG expects to report on Monday net losses of $62 bln for 4Q08 and $$99 bln for the year, driven mainly by realized capital losses, mark-to-market derivative losses, reduced investment income on limited partnerships, higher borrowing costs related to the Government funding, and other costs related to its restructuring efforts.

The Fed and Treasury have provided extensive, flexible and unwavering support to AIG since the company's liquidity and capital strains came to a head in September 2008. Fed and Treasury believe that the potential costs of an AIG collapse would be far greater than the costs of supporting the company through this difficult period. Government officials have said they will continue to adapt the amount and nature of support until AIG and its major operations can stand comfortably on their own.

Revisions/additions to the Government support in connection with AIG's year-end results include:

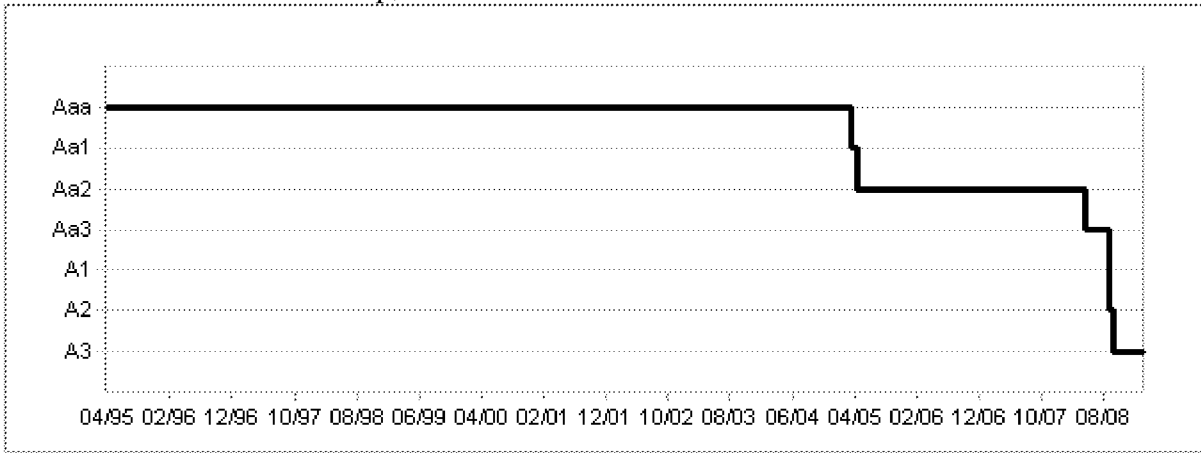
- Conversion of $40 bln TARP perpetual preferred (10% coupon) to non-cum preferred with replacement capital covenant; AIG does not intend to pay dividends until the firm is stabilized.
- US Treasury commitment to provide $25-35 bln of incremental equity capital for AIG; may be applied to various solutions such as direct infusions, SPV funding, asset guarantees.
- Debt-for-equity swaps whereby a large portion (~$23 bln) the Fed's senior secured loan would be exchanged for preferred interests in SPVs established to hold the two largest foreign life businesses (100% of AIA and ALICO).
- Securitizations whereby ~$6.5 bln of the Fed's senior secured loan would be exchanged for securitization notes in AIG's US life insurance businesses.
- The debt-for-equity swaps and securitizations would reduce the Fed's senior secured loan from ~$40 bln (out of $60 bln available) to ~$11 bln. The loan could be fully repaid through some combination of an IPO of 20% of General Insurance (noted below) and drawdowns under the Treasury's $25-35 bln equity commitment.
- Five-year secured lending facility for up to $5 bln from Fed to ILFC to facilitate sale of the company. (I believe this funding would remain available to a buyer of ILFC.)
- Potential IPOs of ALICO (late 2009-early 2010, est. value of entire firm ~$15 bln), AIA (late 2010, est. value of entire firm ~$20 bln), 20% stake in General Insurance operations (mid-to-late 2010, est. value of 20% stake ~$6 bln).
- Potential seller financing from the Fed to facilitate additional asset sales.
- Approx. $50 bln of cash available to AIG via ~$20 bln remaining available under the Fed's senior secured loan plus $25-35 bln equity commitment from the Treasury; in addition, AIG's (insurance) operating companies held some $40 bln of cash & equivalents at YE 2008.

Current & Recommended Ratings on AIG Entities February 27, 2009	Rating Type	Support	Curr SA	Curr Public	Curr Outlook	Rec SA	Rec Public	Rec Outlook
American International Group, Inc.	LT Issuer			A3	R-Dn		A3	Neg
	ST Issuer			P-1	R-Dn		P-1	
Fully supported ratings								
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		A3	R-Dn		A3	Neg
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn		Baa1	R-Dn
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC	(Bkd) ST			P-1	R-Dn		P-1	Neg
Businesses to be retained								
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A3	R-Dn	A3	A3	Neg
AIG UK Limited	IFS	AIG Agmt	A1	A1	R-Dn	A1	A1	Neg
American General Finance Corporation	Sr Unsec Debt		Baa1	Baa1	R-Dn	Baa1	Baa1	R-Dn
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Baa2	A3	R-Dn	Baa2	A3	Neg
Businesses to be sold								
AIG Domestic Life Insurance & Retirement Services (9)	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
AIG Edison Life Insurance Company	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
American Life Insurance Company	IFS		Aa3	Aa3	R-Dn	A1	A1	Dev
International Lease Finance Corporation	Sr Unsec Debt		Baa2	Baa1	R-Unc	Baa2	Baa1	R-Unc
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A3	R-Unc	A3	A3	Dev
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	R-Unc	Aa3	Aa3	Dev

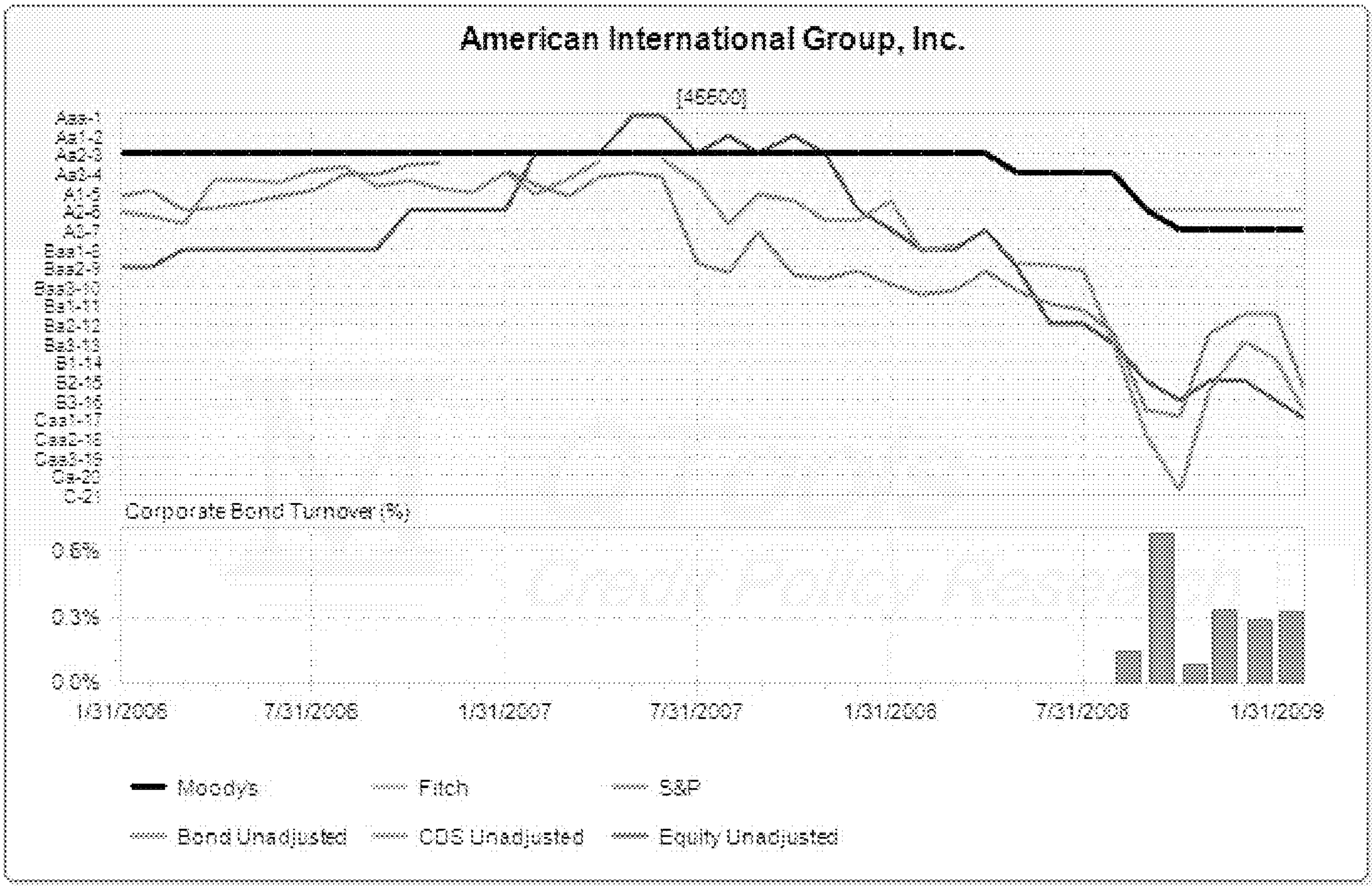
Contents

Rating History

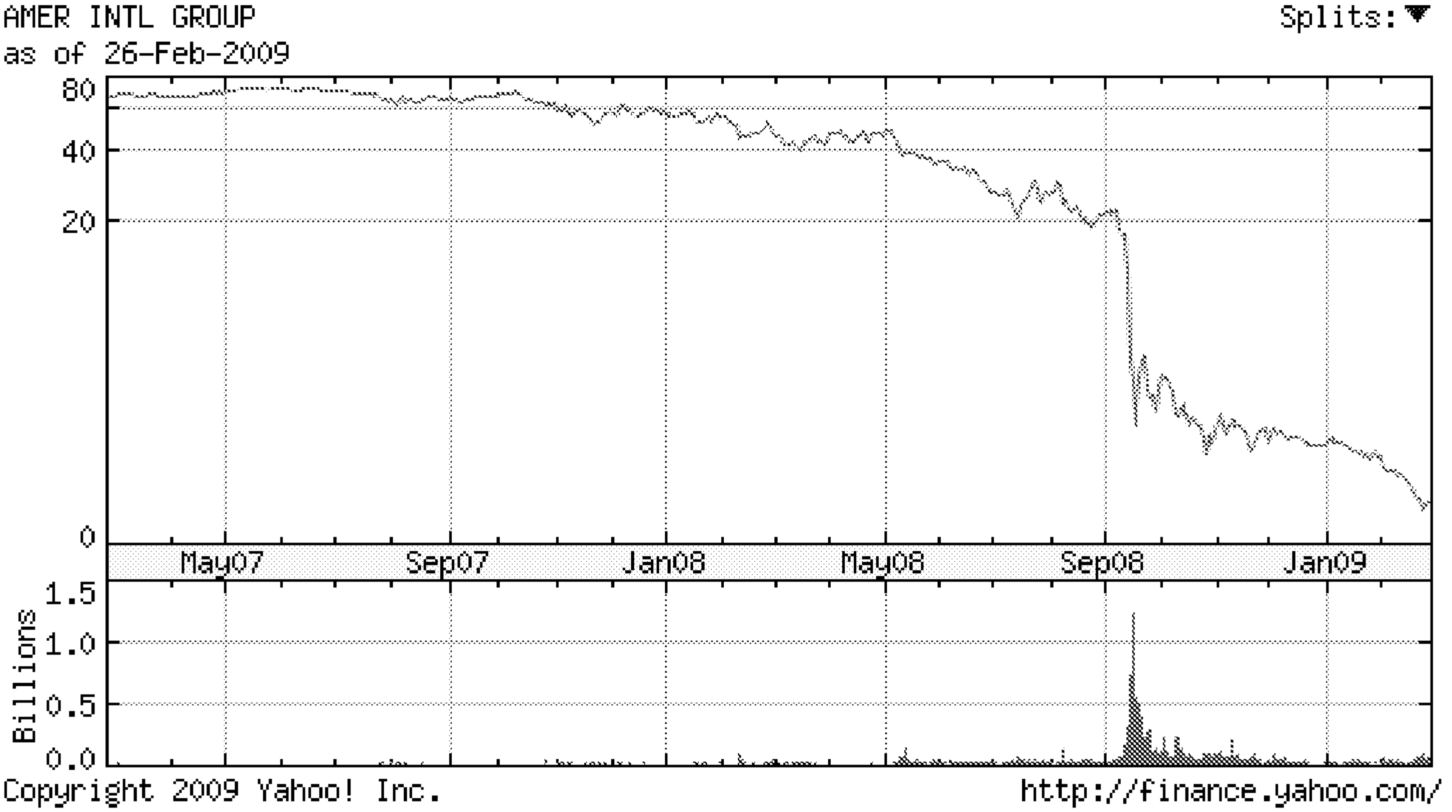
American International Group, Inc. senior unsecured debt



QTools



AIG Stock Chart



Market capital as of Feb. 26, 2009: $1.4 bln

Current & Recommended Ratings on AIG Entities - March 1, 2009 Ownership Structure *	Domicile	Business Segment	Rating Type	Support	Curr SA	Curr Public	Curr Outlook	Rec SA	Rec Public	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			A3	R-Dn		A3	Neg
			Sr Unsec Debt			A3	R-Dn		A3	
			Subord Debt			Baa1	R-Dn		Baa1	
			ST Issuer			P-1	R-Dn		P-1	
AIG Capital Corporation	DE									
American General Finance, Inc.	IN	Fin Svcs	ST Debt		Baa2	P-2	R-Dn		P-2	R-Dn
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		Baa1	Baa1	R-Dn		Baa1	R-Dn
			Sr Unsec Debt			Baa1	R-Dn		Baa1	R-Dn
			ST Debt			P-2	Negative		P-2	Negative
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		Baa3	R-Dn		Baa3	R-Dn
Yosemite Insurance Company	IN	Fin Svcs								
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-2	Negative		P-2	Negative
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		Baa2	Baa1	R-Unc		Baa1	R-Unc
			ST Debt			P-2	R-Unc		P-2	R-Unc
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		Baa3	R-Unc		Baa3	R-Unc
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		A3	R-Dn		A3	Neg
			Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
			Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	Neg
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs								
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs								
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
American International Assurance Company (Bermuda) Ltd.	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs								
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn	A2	A1	Dev
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
American International Life Assurance Company of NY	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn	A2	A1	Dev
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A2	A1	Dev
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn		Baa1	R-Dn
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Baa1	R-Dn		Baa1	R-Dn
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	Neg
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins								
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins								
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A3	R-Dn	A3	A3	Neg
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A3	R-Unc	A3	A3	Dev
			Sr Unsec Shelf			(P)A3			(P)A3	
			Subord Shelf			(P)Baa1			(P)Baa1	
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Unc	Aa3	Aa3	Dev
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
American International Specialty Lines Insurance Co.	AK	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	Neg
United Guaranty Corporation	NC	Domes Gen Ins								
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Baa2	A3	Neg
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee	Aa3	Aa3	R-Dn	Baa2	A3	Neg
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		A3	R-Dn		A3	Neg
			Bkd Prfrd Stock	AIG G'tee		Baa2	R-Dn			
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn	A2	A1	Dev
			Bkd ST IFS	AIG Agmt		P-1	R-Dn		P-1	
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A1	Dev
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn	A2	A1	Dev
			Bkd ST IFS	AIG Agmt		P-1	R-Dn		P-1	
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A1	Dev
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A1	Dev
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A1	Dev
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn	A2	A1	Dev
			Bkd ST IFS	AIG Agmt		P-1	R-Dn		P-1	
American International Underwriters Overseas, Ltd.	Bermuda									
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	A1	A1	R-Dn	A1	A1	Neg
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	Dev

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

American International Group, Inc.
Consolidated Statement of Income (Loss)

(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Revenues:								
Premiums and other considerations	$ 20,016	$ 20,394	(1.9) %	$ 21,082	(5.1) %	$ 83,505	$ 79,302	5.3 %
Net investment income	(2,406)	7,470	NM	2,946	NM	12,222	28,619	(57.3)
Net realized capital losses (1) (2)	(25,002)	(2,630)	NM	(18,312)	NM	(55,484)	(3,592)	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(6,876)	(11,120)	NM	(7,054)	NM	(28,602)	(11,472)	NM
Other income (1)(2)	(9,490)	4,319	NM	2,236	NM	(537)	17,207	NM
Total revenues (1)	(23,758)	18,433	NM	898	NM	11,104	110,064	(89.9)
Benefits, claims and expenses:								
Policyholder benefits and claims incurred	11,778	18,153	(35.1)	17,189	(31.5)	63,299	66,115	(4.3)
Policy acquisition and other insurance expenses	9,005	4,888	84.2	6,919	30.1	27,565	20,396	35.1
Interest expense	12,105	1,326	NM	2,297	427.0	17,007	4,751	258.0
Restructuring expenses and related asset impairment and other expenses	758	-	NM	-	NM	758	-	NM
Other expenses	3,152	2,502	26.0	2,678	17.7	11,236	9,859	14.0
Total benefits, claims and expenses	36,798	26,889	37.0	29,083	26.5	119,865	101,121	18.5
Income (loss) before income taxes (benefits) and minority interest	(60,556)	(8,456)	NM	(28,185)	NM	(108,761)	8,943	NM
Income taxes (benefit)	2,000	(3,413)	NM	(3,480)	NM	(8,374)	1,455	NM
Income (loss) before minority interest	(62,556)	(5,023)	NM	(24,705)	NM	(100,387)	7,488	NM
Minority interest	897	(269)	NM	237	278.5	1,098	(1,288)	NM
Net income (loss)	$ (61,659)	$ (5,292)	NM %	$ (24,468)	NM %	$ (99,289)	$ 6,200	NM %
Earnings (loss) per common share:(3)								
Basic	$ (22.95)	$ (2.08)	NM %	$ (9.05)	NM %	$ (37.84)	$ 2.40	NM %
Diluted	(22.95)	(2.08)	NM	(9.05)	NM	(37.84)	2.39	NM
Dividends declared per common share	$ -	$ 0.200	NM %	$ -	NM %	$ 0.420	$ 0.765	(45.1) %
Weighted average shares outstanding:								
Basic	2,704	2,550		2,703		2,634	2,585	
Diluted	2,704	2,550		2,703		2,634	2,598	

Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. (Refer to page 5)

(2) Includes other-than-temporary impairment charges. (Refer to page 64)

(3) Calculation of EPS includes dividends on Series D Preferred Stock.

American International Group, Inc.
Consolidated Net Realized Capital Gains (Losses)
(dollars in millions)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
General Insurance					
Sales of fixed maturities	$ (200)	$ 13	$ 143	$ (38)	$ (20)
Sales of equity securities	(227)	96	(68)	(286)	318
Sales of real estate and other assets	(108)	-	(31)	(108)	19
Foreign exchange transactions (1)	(227)	(58)	108	(128)	(58)
Derivative instruments	94	(7)	38	89	(39)
Other-than-temporary impairments	(1,888)	(103)	(1,828)	(4,588)	(290)
Total General Insurance	(2,228)	(88)	(1,898)	(5,028)	(106)
Life Insurance & Retirement Services					
Sales of fixed maturities	(3,894)	(4)	(604)	(4,603)	(485)
Sales of equity securities	(402)	290	354	154	798
Sales of real estate and other assets	785	(27)	152	1,268	30
Foreign exchange transactions (1)	706	116	395	853	423
Derivative instruments	(2,517)	(14)	(375)	(9,281)	(381)
Other-than-temporary impairments	(13,292)	(1,783)	(15,914)	(38,731)	(2,798)
Total Life Insurance & Retirement Services	(18,627)	(1,872)	(16,388)	(48,347)	(2,898)
Financial Services					
Sales of fixed maturities	(8)	-	(53)	(60)	(1)
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	(4)	(3)	2	-	(7)
Foreign exchange transactions (1)	(28)	2	(13)	(38)	(85)
Derivative instruments	(218)	(25)	54	(207)	10
Other-than-temporary impairments (3)	(71)	(647)	(20)	(127)	(650)
Total Financial Services	(329)	(673)	(18)	(438)	(743)
Asset Management					
Sales of fixed maturities	(106)	(18)	(109)	(388)	(3)
Sales of equity securities	(1)	22	2	15	41
Sales of real estate and other assets (2)	(2)	17	2	10	506
Foreign exchange transactions (1)	309	(150)	504	854	(203)
Derivative instruments	(2,326)	(383)	551	(1,883)	(55)
Other-than-temporary impairments	(3,863)	(687)	(3,260)	(7,296)	(882)
Total Asset Management	(5,790)	(1,199)	(3,119)	(8,288)	(1,095)
Other					
Sales of fixed maturities	-	(9)	-	-	-
Sales of equity securities	-	1	-	-	1
Sales of real estate and other assets	40	69	(28)	55	80
Foreign exchange transactions (1)	398	(33)	658	1,131	(207)
Derivative instruments	(1,290)	(69)	(368)	(2,241)	(137)
Other-than-temporary impairments	(20)	(128)	(103)	(188)	(186)
Total Other	(1,122)	(185)	159	(1,258)	(499)
Reclassifications and Eliminations					
Sales of fixed maturities	-	127	(78)	(86)	127
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	100	(144)	(5)	68	(49)
Foreign exchange transactions (1)	450	(62)	315	487	(142)
Derivative instruments	2,828	229	466	3,758	495
Capital Markets other-than-temporary impairments (3)	-	643	-	-	643
Total Reclassifications and Eliminations	3,378	793	697	4,230	1,074
Net Realized Capital Gains (Losses)					
Sales of fixed maturities	(4,488)	108	(798)	(5,266)	(480)
Sales of equity securities	(228)	379	288	(117)	1,087
Sales of real estate and other assets	813	(88)	93	1,287	619
Foreign exchange transactions (1)	1,854	(174)	1,966	3,122	(643)
Derivative instruments	(3,908)	(205)	469	(9,683)	(115)
Other-than-temporary impairments	(18,599)	(2,648)	(19,856)	(50,805)	(4,072)
Total Net Realized Capital Gains (Losses)	$ (23,000)	$ (2,630)	$ (18,312)	$ (55,484)	$ (3,592)
Total Net Realized Capital Gains (Losses), net of tax	$ (21,353)	$ (2,193)	$ (15,098)	$ (46,028)	$ (2,888)

Note: (1) Includes foreign exchange gains and losses from hedging activities.
(2) The twelve months ended December 31, 2007 include a gain of $398 million on the sale of a portion of AIG's investment in Blackstone Group, LP in connection with its initial public offering.
(3) The three months ended December 31, 2007 include other-than-temporary impairment charges of $643 million in Capital Markets' available for sale investment securities. These amounts are reported in other income on AIG's consolidated statement of income (loss) and are excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.

AIG Liquidity Update

AIG currently has $23 bn of available capacity under the existing FRB Facility, which has been fairly stable since mid-December.

($ millions)		
Aggregate Credit Facility		**$60,000**
Use / (Repayment) of Facility		
Loans to AIGFP for collateral postings, GIA and other maturities:		
GICs unwind and GIC collateral	12,130	
Collateral for CDS and other non-GIC	22,436	
Replace maturing debt	6,835	
Other	4,671	
Sub-total		46,072
Capital contributions to insurance companies [1]		20,860
Repayment of obligations to securities lending program		3,160
Repayment of intercompany loans		1,528
Contributions to CFG subsidiaries		1,672
Debt payments		2,109
Equity interest in Maiden Lane III		5,000
Issuance of AIG Series D Preferred		(40,000)
Other [2]		(3,601)
Net borrowings [3]		36,800
Available Capacity		**$23,200**

(1) Includes securities lending activities
(2) Includes gross repayments of $11.5 billion, e.g. AIGFP Funding CPFF Issuance of $6.5 billion, AIGFP Repurchase Agreement Paydown of $2.7 billion.
(3) Excludes interest and commitment fee

AIG Revised Plan Objectives

The Revised Plan incorporates several solutions to improve AIG's financial flexibility.

- ***New Equity Commitment***: $25-35 bn capital commitment from U.S. Treasury. U.S. Government ownership to increase
- ***Modified Terms of Series D***: Change dividend to non-cumulative and inclusion of a Replacement Capital Covenant improves the equity characteristics of the security
- ***Debt for Equity Swaps & Securitizations***: Allows AIG to tap the embedded value of its insurance companies to repay Sr. Secured
- ***Secured Financing Program***: Facilitates sale of certain businesses by providing secured term financing
- ***Reduced Cost of Sr. Secured***: Elimination of LIBOR floor lowers AIG's cost of capital
- ***Maintenance of Current Facility***: Continued access to remaining $20 bn capacity of FRBNY facility

Comprehensive set of solutions allows agencies to maintain current ratings with a stable outlook for AIG for foreseeable future

AIG Overview of Revised Restructuring Plan

Improved Terms (*Existing*)
- FRBNY Credit Facility
- TARP Series D

New Tools (*New*)
- Equity Commitment
- Debt for Equity Swaps
- Potential Seller Financing
- Securitizations
- Secured Lending

Current AIG

Sell

Cash & Other Consideration
- PLD
- Domestic Life (Securitized)
- AGLA (Securitized)
- Domestic Retirement Services
- Private Bank
- HSB
- AIG Life Canada
- Intl. Consumer Finance
- PhilAm Life
- Star / Edison
- Transatlantic
- ILFC
- Nan Shan
- Global Real Estate
- Asset Management
- AIA (AIG interest)
- ALICO (AIG interest)

Debt for Equity Swaps
- AIA
- ALICO

Keep

Core Operations
- AIG CI (> 80%)
- Foreign General (> 80%)

Other Operations
- AIG FP (run-off)
- ML II & III
- UGC
- AGF
- Domestic Life (equity interest in securitization and new business)
- AGLA (equity interest in securitization and new business)

AIG Financial Impact of Changes

These solutions dramatically improve AIG's financial leverage ratios

Effect of Solutions (Swaps, Sec'zns, IPOs)

($ billions)	12/31/08E	Swaps	Sec'zns	IPOs	12/31/08PF	Equity Commitment (3)	Adj. 12/31/08PF
Assets	$860.4	($3.8)	$(1.1)	($1.0)	$854.5	$25.1	$879.6
Senior Secured	40.4	(23.0)	(6.5)	(6.0)	4.9	(4.9)	0.0
Senior Unsecured	14.4	0.0	0.0	0.0	14.4	0.0	14.4
Hybrids	11.8	0.0	0.0	0.0	11.8	0.0	11.8
Mandatory Convertibles	5.9	0.0	0.0	0.0	5.9	0.0	5.9
Minority Interest(1)	6.3	23.0	0.0	6.2	35.5	0.0	35.5
Series D / E / F	40.3	0.0	0.0	0.0	40.3	30.0	70.3
Series C + Common	12.4	(3.8)	(1.1)	(0.7)	6.8	0.0	6.8
Total Capital (incl. Min Interest)	**$131.5**	**–**	**–**	**–**	**$119.6**	**–**	**$144.7**
Debt (2) / Equity (incl. Min Interest)	112.9%	--	--	--	37.7%	--	23.3%
Debt (2) / Total Capital	50.7%	--	--	--	26.0%	--	18.1%
Mandatory / Total Capital	4.5%	--	--	--	4.9%	--	4.1%
Equity (incl. Min. Interest) / Total Capital	44.9%	--	--	--	69.1%	--	77.8%

Assumptions: $20 bn valuation for AIA with $13 bn realized from debt for equity swap; $15.4 bn / $10 bn for ALICO; $6.5 bn in realized securitization proceeds from DLC and AGLA; General Insurance IPO 20% of $30 bn gross valuation

Notes: (1) Based on an estimate that $6.3 billion of AIG's $10.0 billion minority interest liability at 12/31/08E will be reclassified to permanent equity, effective Q1 2009. (2) Financial debt, including hybrid securities, excluding mandatory convertibles. Does not take into account $3.3 bn of reclassification of financial debt to operating leverage. (3) Equity commitment will primarily support the capital position of businesses, and potentially allow for further reduction of outstanding debt balances. Use will be determined by overall need.

AIG conference call notes
February 26, 2009
FRBNY participant: Sarah Dahlgren
AIG participant: Teri Watson
Moody's participants: Bruce Ballentine, Ted Collins, Sarah Hibler, Robert Riegel

Sarah's comments on systemic risk related to AIG
- World's financial system has no ability/regime to deal with an AIG bankruptcy.
- AIG regulated by some 400 regulators in 130 countries/jurisdictions; we have not seen a bankruptcy of such scale and complexity (approx. $1 trillion in assets, $1.7 trillion in notional derivatives, 74 million customers worldwide).
- Lehman was smaller and simpler, with most activities concentrated in US and UK broker dealers.
- World economy weaker today and less able to withstand a shock than in September 2008.
- Ripple effects would include declining asset values along with reduced availability and higher costs for insurance, particularly commercial P&C.
- Critical issue for Main Street as well as Wall Street. For instance, (i) AIG has a market share of one-third to one-half in various commercial lines; (ii) over 100 million people in the US work for companies insured by AIG; (iii) VALIC is the leading provider of retirement products for the K-12 education market; (iv) AGF provides loans and services to the underserved subprime market; and (v) financial institutions and corporations around the world have large exposures to AIG.

Rating triggers
- Downgrades of long-term ratings would trigger collateral calls and/or termination provisions on a large volume of deals; costs difficult to quantify.
- Downgrades of short-term ratings would eliminate access to CPFF.

Cost/benefit analysis
- Fed and Treasury officials have attempted to gauge the cost of an AIG bankruptcy but do not have a clear answer.
- Based on a "range of data" and "overwhelming evidence", they believe that the cost of supporting AIG is far less than the cost of allowing the firm to fail.
- Fed and Treasury also want the best possible returns for taxpayers on their AIG investments.

Continuing support
- Fed and Treasury will continue providing money and other resources until AIG can comfortably stand on its own; will emphasize this point in upcoming announcements.
- Fed revolver runs for five years (could be extended if necessary); Treasury may well be involved for a longer period.
- Commitment for incremental $25-35 billion preferred is sized for potential near-term exposures, such as AIGFP $3 to $8 billion, life companies $10 billion, P&C catastrophe $3 billion, asset guarantees $10 billion.

- If the company were to have an incremental loss of $50 billion, Government would pursue additional funds under TARP and perhaps TALF to address the problem.

Political repercussions
- The Obama team and senior members of Congress understand well the systemic risk surrounding AIG and are on board with the restructuring plan.
- Criticism from various interest groups is inevitable but not a particular concern.

Draft language for AIG's 10-K
"The US Government recognizes that AIG is systemically important and will continue to work with the Company on solutions…"

The passage will go on to make clear that further support will be available if needed.

AIG Summary Cash Projections
Liquidity Analysis

	12/31/2008	1Q09	2Q09	3Q09	4Q09	12/31/2009
Draws						
AIG	(19,949)	538	116	(449)	790	(18,954)
Domestic Sec Lending	14,660					14,660
AIGFP	44,289	250	2,300	1,800	500	49,139
AGF	(725)	(434)	(330)	217	1,398	126
ILFC	(1,475)	1,146	1,514	632	2,412	4,229
Expected Draws	36,800	1,500	3,600	2,200	5,100	49,200
Stress Losses						
AIG		2,500	2,500	2,500	2,500	10,000
P&C Operations > 1 / 250 catastrohpe				1,500	1,500	3,000
Life Operations		3,000	2,000	2,000	3,000	10,000
AIGFP		2,000	1,500	1,500	2,000	7,000
AGF						-
ILFC						-
Expected Draws	-	7,500	6,000	7,500	9,000	30,000
Sources						
Equity Commitment D Preferred		7,500	6,000	7,500	9,000	30,000
Debt for Equity Swaps			23,000			23,000
Securitizations			6,500			6,500
IPO			-			-
Expected Sources	-	7,500	35,500	7,500	9,000	59,500
Net Revolver		38,300	12,400	14,600	19,700	19,700
Additional Stress Losses		2,500	2,500	2,500	2,500	10,000
Updated Revolver		40,800	14,900	17,100	22,200	29,700

AIG Investment Portfolio (excl AGF & ILFC) **December 31, 2008**	**Book Value**	**Market Value**
Cash and short term	55,308	55,308
US Government & agencies	14,027	14,299
Foreign Governments	62,676	61,757
Municipals	62,718	67,537
Agency MBS	-	-
RMBS	35,770	33,430
CMBS	16,225	13,246
ABS	6,741	6,132
Other structured	6,963	6,963
I-G Corporates	186,547	176,666
B-I-G corporates	11,464	12,482
Redeemable preferred stock	-	-
Total fixed maturities	403,131	392,512
Equities	21,143	21,570
Total equities	21,143	21,570
Limited partnerships	24,416	24,416
Mutual funds	2,924	2,924
Real estate	8,879	8,879
Other	15,759	15,759
Mortgage loans (exc. Policy loans)	25,098	19,389
Total Alternatives	77,076	71,367
Total invested assets	556,658	540,757
Pre-tax unrealized loss		(15,901)
After tax unrealized loss		(10,336)
Common equity		52,710
Shareholders' equity		52,710
AOCI		(4,452)
AOCI as a % of Equity		-8.4%
Realized component		(6,443)
Impairments		(18,559)
Pre-tax realized gains/losses		(25,002)
After-tax realized gains/losses		(21,552)

Base losses	**Base**	**Stress**	**Base**	**Stress**
Foreign governments	0.25%	1.5%	157	940
Municipals	0.25%	1.5%	157	941
Agency MBS	0.00%	0.0%	-	-
Structured -- RMBS	Manual	Manual	388	2,286
CMBS	Manual	Manual	223	400
ABS	0.25%	1.5%	17	101
Other structured	Manual	Manual	178	523
I-G Corporates	0.25%	1.5%	466	2,798
B-I-G Corporates	5.00%	10.0%	573	1,146
Redeemable preferred stock	0.50%	2.5%	-	-
Total fixed maturities			2,159	9,136
Equities	5.0%	25.0%	1,057	5,286
Limited partnerships	10.0%	25.0%	2,442	6,104
Mutual funds	5.0%	25.0%	146	731
Real estate	5.0%	20.0%	444	1,776
Other	5.0%	10.0%	788	1,576
Non redeemable preferred	1.0%	5.0%	-	-
Commercial mortgage loans	1.0%	5.0%	251	1,255
Total equities/alternatives			5,128	16,727

	Base	**Stress**
Pre-tax loss	7,287	25,863
After-tax loss	4,736	16,811
% of total invested assets	1%	4.6%
% of shareholders' equity	9%	31.9%

no benefit for expected future recoveries is given

summary 1		Cum Base Case EL	Impairmts	Remaining Base Case EL	Cum Stress Case EL	Impairmts	Remaining Base Case EL
	RMBS	3,504	6,986	388	7,509	6,986	2,286
	CMBS	267	5,287	223	692	5,287	400
	all other Structured	1,713	6,122	178	2,964	6,122	523
		5,485	18,396	789	11,166	18,396	3,208

summary 2		Cum Base Case EL	Cum Stress Case EL
	RMBS	3,504	7,509
	CMBS	267	692
	all other Structured	1,713	2,964
	total	5,485	11,166
Insert cumulative OTTI on Structured securities			
Remaining loss		5,485	11,166

American International Group, Inc.

Cash and Investments

December 31, 2008

(dollars in millions)

	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total Company	Percent of Total
Fixed maturity securities:							
Bonds available for sale, at fair value	$ 85,791	$ 262,824	$ 1,971	$ 12,284	$ 172	$ **363,042**	56.2 %
Bond trading securities, at fair value	0	6,296	26,848	5	4,099	**37,248**	5.8
Securities lending invested collateral, at fair value	790	3,054	0	0	0	**3,844**	0.6
Equity securities:							
Common and preferred stocks available for sale, at fair value *	3,497	4,988	8	299	16	**8,808**	1.4
Common and preferred stocks trading, at fair value	285	11,312	737	1	0	**12,335**	1.9
Mortgage loans on real estate, net of allowance	9	15,172	151	4,057	0	**19,389**	3.0
Policy loans	2	9,546	2	48	(9)	**9,589**	1.5
Collateral and guaranteed loans, net of allowance	1	783	214	749	41	**1,788**	0.3
Other loans receivable, net of allowance	3	2,208	0	1,704	6	**3,921**	0.6
Finance receivables, net of allowance	0	5	30,944	0	0	**30,949**	4.8
Flight equipment under operating leases, net of accumulated depreciation	0	0	43,395	0	0	**43,395**	6.7
Other invested assets	11,763	17,184	1,247	14,540	7,244	**51,978**	8.1
Securities purchased under agreements to resell, at fair value	0	0	3,960	0	0	**3,960**	0.6
Short-term investments	10,803	26,554	6,238	2,347	724	**46,666**	7.2
Total investments	112,944	359,926	115,715	36,034	12,293	**636,912**	98.7
Cash	876	5,765	1,719	169	113	**8,642**	1.3
Total cash and investments	$ 113,820	$ 365,691	$ 117,434	$ 36,203	$ 12,406	$ **645,554**	100.0 %
Percent of total company	17.7%	56.6%	18.2%	5.6%	1.9%	**100.0%**	

Potential Losses Pretas ($blns)

	Base	Stress
Fixed maturity securities	$2.2	$9.1
Equity securities	1.1	5.3
Mortgage loans on real estate, net of allowance	0.2	1.2
Other invested assets	3.8	10.2
Total investments	**$7.3**	**$25.8**
After tax	**$4.4**	**$16.8**

* Relates principally to common stock within the Life Insurance & Retirement Services segment that did not qualify for separate account treatment under SOP 03 -1.

AIG pro forma capital structure									
($ blns)	**Actual 12/31/08**	***Debt-equity swaps***	***Life sec'zns***	**Pro forma 12/31/08**	***Gen ins IPO***	***Treasury Equity Cmtmt***	**Adjusted pro forma 12/31/08**	***Stress scenario****	**Stress case 12/31/08**
Assets	860.4	-3.8	-1.1	855.5	-1.0	25.1	879.6	-30.0	849.6
Capital									
Senior secured debt (Fed revolver)	40.4	-23.0	-6.5	10.9	-6.0	-4.9	0.0	0.0	0.0
Senior unsecured debt	14.4	0.0	0.0	14.4	0.0	0.0	14.4	0.0	14.4
Junior subordinated debentures (Basket D)	11.8	0.0	0.0	11.8	0.0	0.0	11.8	0.0	11.8
Mandatory convertibles (Basket D)	5.9	0.0	0.0	5.9	0.0	0.0	5.9	0.0	5.9
Total debt	**72.5**			**43.0**			**32.1**		**32.1**
Minority interest	10.0	23.0	0.0	33.0	6.0	0.0	35.5	0.0	35.5
Treasury Series D/E/F preferred (Basket B)	40.3	0.0	0.0	40.3	0.0	30.0	70.3	0.0	70.3
Series C preferred & common	12.4	-3.8	-1.1	7.5	-0.7	0.0	6.8	-30.0	-23.2
Total equity	**52.7**			**47.8**			**77.1**		**47.1**
Financial leverage									
Debt portion of hybrids	34.7			34.7			57.2		57.2
Total adjusted debt	89.5			60.0			71.6		71.6
Total capital	135.2			123.8			144.7		114.7
Total capital excl MI	125.2			90.8			109.2		79.2
Adjusted debt % capital (hybrid equity capped)	80.4%			65.3%			69.2%		96.0%
Adjusted debt % capital (no hybrid equity cap)	66.2%			48.4%			49.4%		62.4%
Adj debt % capital (Treas hybrids 100% equity)	43.8%			24.0%			13.0%		16.4%
Adj debt % capital excl MI (Treas hybrids 100% equity)	47.3%			32.7%			17.2%		23.8%
Interest coverage									
Base case EBIT	4.7			4.7			4.7		4.7
Stress case EBIT	2.1			2.1			2.1		2.1
Interest expense at blended 8% rate	5.8			3.4			2.6		2.6
Base case interest coverage	0.8x			1.4x			1.8x		1.8x
Stress case interest coverage	0.4x			0.6x			0.8x		0.8x

***** $30 bln stress scenario consists of:***
$5-10 bln for asset guarantee program
$3-8 bln to support the unwinding of AIGFP
$10 bln contributed to life companies
$3 bln to cover catastrophes

Moody's methodology	**Aaa**	**Aa**	**A**	**Baa**	**Ba**
Adjusted debt % capital	< 20%	20%-30%	30%-40%	40%-50%	> 50%
Earnings coverage	> 12x	8x-12x	4x-8x	2x-4x	< 2x

NB: The Series D/E/F preferreds can only be redeemed if (i) the US Government owns less than 30% of the voting power of AIG and (ii) no holder of the Series D/E/F preferreds controls the company.
NB: This analysis gives no credit for earnings or sales proceeds from non-P&C operations, including DLIRS, PhilAm Life, Star/Edison, Transatlantic, ILFC Nan Shan, Asset Management, AIA, ALICO

General Insurance
Consolidated Income Statement

		P&C Stress	P&C Only	Proforma P&C Only (f)	|-------------10K -- Commercial Insurance----------|		
		2009	2009	2008	2008	2007	2006
Net premiums written	(a)	33,722	37,469	39,597	45,234	47,067	44,866
Net premiums earned		36,092	37,965	40,504	46,221	45,682	43,451
Losses & loss expenses	(b)	27,253	27,253	28,660	35,557	29,982	28,052
Underwriting Expenses	(c)	9,888	10,408	11,180	14,806	11,627	10,991
Statutory underwriting profit		(1,049)	304	664	(4,142)	4,073	4,408
Change in DAC		71	71	(49)	(58)	426	249
Gaap underwriting profit		(978)	375	615	(4,200)	4,499	4,657
Net investment income	(d)	4,079	4,829	3,061	3,467	6,126	5,695
Operating income before gains/losses		3,101	5,204	3,676	(733)	10,625	10,352
Realized gains/losses	(e)	(1,000)	(500)	(2,500)	(5,036)	(92)	70
Operating income before gains/losses		2,101	4,704	1,176	(5,769)	10,533	10,422
Taxes		546	1,239	306	(2,515)	3,030	2,994
Minority interest		93	209	52	65	225	-
Net income		1,461	3,256	818	(3,319)	7,278	7,428
Loss ratio		75.5%	71.8%	70.8%	76.9%	65.6%	64.6%
Expense ratio		29.3%	27.8%	28.2%	32.7%	24.7%	24.5%
Combined ratio		104.8%	99.6%	99.0%	109.7%	90.3%	89.1%
Accident Year -- P&C Only		104.8%	99.6%	99.0%	96.6%	88.5%	88.5%
Accident Year -- P&C Excluding Cats		102.1%	99.6%	95.5%	92.2%	88.2%	88.2%

Notes:
(*) Premiums written in 2009 reflect P&C only excluding HSB, Personal Lines, UGC

	Stress	Base
(a) Net premiums written decline	20%	10%
(b) Catastrophes	$1.0 b	-
(c) Expense ratio	5%	-
(d) Limited partnership losses	(750)	
(e) Realized losses	(1,000)	(500)

(f) 2008 proforma expenses exclude $1.4 billion goodwill charge

Key Credit Fundamentals:
1) Strong investment portfolio (70%+ high quality munis), very good liquidity given $5 billion of pre-funded munis in the event of a catastrophe
2) Cash uses: fund $900 million into UGRIC through transfer of muni bonds
3) Dividend capacity is at approximately $3.0 billion in 2009, no plans to pay dividends
4) Exited most equity positions in December/January
5) RMBS/CMBS exposure is approximately $2.0 billion
6) $1 billion positive operating cash flow ($2 billion u/w loss offset by $3.0 billion net investment income)

AIG Commercial Insurance / General Insurance

Financial Strength Rating Scorecard	Aaa	Aa	A	Baa	< Baa	Published Raw Score	Adjusted Score	2009 Proforma Base	2009 Proforma Stress
Business Profile						Aa2	Aa2		
Market Position, Brand and Distribution (25%)						Aa1	Aa1	Aa1	Aa3
Market Share Ratio		X							
Relative Market Share Ratio	X								
Expense Ratio % NPW		X							
Product Focus and Diversification (10%)						Aa3	Aa3	Aa2	Aa2
Product Focus			X						
P&C Product Diversification		X							
Geographic Diversification		X							
Financial Profile						Aa3	A1		
Asset Quality (5%)						Aa2	Aa3	Aa3	Aa3
High Risk Assets % Invested Assets			24.7%						
Reinsurance Recoverable % Equity		62.3%							
Goodwill % Equity	9.8%								
Capital Adequacy (15%)						A2	A1	A1	A1
Gross Underwriting Leverage			4.7x						
Profitability (15%)						Aa2	A1	A1	A2
Return on Equity (5 yr. avg.)		13.2%							
Sharpe Ratio of Growth in Net Income (5 yr.)		69.9%							
Reserve Adequacy (10%)						Baa3	A2	A2	A2
Adv/(Fav) Reserve Dev. % Beg. Reserves (5 yr. avg.)				5.1%					
A&E Net Funding Ratio (5 yr. avg.)					6.7x				
Financial Flexibility (20%)						Aaa	A2	A2	A2
Financial Leverage	18.3%								
Earnings Coverage (5 yr. avg.)	18.3x								
Cashflow Coverage (5 yr. avg.)	11.7x								
Aggregate Profile						Aa3	Aa3	Aa3	A1
Total Scorecard Rating -- Value						3.65	4.42	4.37	4.96

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):

Management, Governance, and Risk Management:			
Accounting Policy & Disclosure:			
Sovereign & Regulatory Environment:			
Stand-Alone Rating Recommendation:	Aa3	Aa3	A1

Support (if applicable, insert notches to be added to the standalone rating above):

Nature and Terms of Explicit Support:			
Nature and Terms of Implicit Support:			
Final Rating Recommendation:	Aa3	Aa3	A1

Currency: USD
PNC Scorecard & KFI Peer Comp version 3.8 as of 2/23/2009

Company Name	AIG Property Casualty Group	Chubb Corporation	Travelers Companies, Inc.	ACE Limited	Hartford Financial Services Group, Inc.	Nationwide Mutual Group	XL Capital Ltd	Allianz SE	Swiss Reinsurance Company
Standalone IFRS	**Aa3**	**Aa2**	**Aa2**	**Aa3**	**A1, neg**	**A1, neg**	**A2, neg**	**Aa3**	**A1, neg**
Scorecard Date	02/29/2009	12/4/2008	12/31/2008	10/15/2008	2/6/2009	12/30/2008	12/31/2008	2/27/2009	2/6/2009
Adjusted Factor Rating									
Factor 1: Market Position, Brand & Distribution	Aa1	Aa3	Aa2	Aa3	Aa2	Aa3	A1	Aa1	Aa3
Factor 2: Product Focus and Diversification	Aa2	Aa2	Aa2	Aa3	Aa3	A1	A1	Aa1	Aa2
Factor 3: Asset Quality	Aa3	Aa2	Aa3	A2	A1	Aa2	A1	A1	A3
Factor 4: Capital Adequacy	A1	Aa2	Aa2	A1	A2	A2	A1	A1	A1
Factor 5: Profitability	A1	Aa3	Aa3	A1	A1	A2	A2	A2	A2
Factor 6: Reserve Adequacy	A2	A2	A1	A1	A1	A1	A1	Aa2	A1
Factor 7: Financial Flexibility	A2	Aa2	Aa2	Aa3	A1	A2	Baa1	A2	A2
Aggregate Rating	Aa3	Aa2	Aa2	Aa3	A1	A1	A1	Aa3	A1
Aggregate Value	4.42	3.48	3.44	4.45	4.57	5.23	5.48	4.12	4.99
Raw Factor Rating									
Factor 1: Market Position, Brand & Distribution	Aa1	Aa3	Aa3	A1	Aa3	Aa3	Baa1	Aa1	Aa1
Factor 2: Product Focus and Diversification	Aa3	Aa2	Aa2	Aa3	Aa3	A1	A3	Aa1	Aa2
Factor 3: Asset Quality	Aa2	Aaa	Aa1	A1	Aa2	Aa2	Aa1	aa3	Aa2
Factor 4: Capital Adequacy	A2	Aa2	A2	A2	A2	Aa2	A1	A2	A1
Factor 5: Profitability	Aa2	Aa3	A1	A1	Baa2	A1	Baa2	Baa1	A3
Factor 6: Reserve Adequacy	Baa3	A1	A3	Aa2	Baa3	A2	Aa3	Aaa	Aa3
Factor 7: Financial Flexibility	Aaa	Aa1	Aa1	Aa1	Aa2	Aa3	A3	A2	Aa3
Aggregate Rating	Aa3	aa2	Aa3	Aa3	A1	Aa3	A2	Aa3	Aa3
Aggregate Value	3.65	3.35	4.23	4.17	5.48	4.31	6.04	4.20	3.80
Scorecard Metrics									
Market Share Ratio	7.9%	2.2%	4.5%	1.3%	2.4%	3.6%	0.0%	9.7%	
Relative Market Share Ratio	12.5x	3.4x	6.9x	2.3x	3.6x	5.6x	0.5x	4.8x	9.3x
Underwriting expense ratio	22.6%	30.1%	30.8%	26.3%	28.4%	33.0%	29.0%	0.0%	
Product Focus	A	A	A	Baa	A	A	Baa	Aa	
PC Product Diversification	Aa	Aaa	Aaa	Aaa	Aa	A	--	Aaa	
Geographic Diversification	Aa	Aa	Aa	Aaa	Aa	Aa	--	Aa	
High Risk Assets Per Invested Assets	24.7%	10.9%	8.5%	14.8%	36.4%	34.1%	11.4%	17.5%	5.6%
Reinsurance Recoverables Per Equity	62.3%	16.0%	58.8%	86.1%	17.1%	29.2%	65.4%	39.2%	79.2%
Goodwill Per Equity	9.8%	3.2%	12.6%	16.4%	9.0%	11.4%	0.0%	28.5%	
Gross Underwriting Leverage	4.7x	2.5x	3.1x	3.3x	3.7x	2.5x	3.6x	0.0x	4.8x
Return on Average Equity	13.2%	16.5%	13.6%	14.8%	9.5%	10.6%	5.1%	9.3%	-3.3%
Sharpe Ratio of Growth in Net Income/RoR	69.9%	80.6%	46.4%	47.8%	-1.0%	65.6%	44.3%	0.0%	106.1%
(Adv)/Fav Reserve Development	5.1%	0.2%	1.2%	0.9%	5.4%	3.3%	3.9%	3.4%	1.2%
A and E Funding Ratio	6.7x	7.8x	7.7x	13.6x	5.5x	10.3x	17.8x	0.0x	11.2x
Financial Leverage	18.3%	18.8%	21.7%	19.9%	21.5%	20.6%	24.2%	32.6%	17.7%
Earnings Coverage	18.3x	14.1x	10.8x	9.3x	8.4x	7.0x	3.6x	6.2x	-2.0x
Cash Flow Coverage	11.7x	9.3x	9.1x	10.0x	6.9x	---	---	---	

Currency: USD

PNC Scorecard & KFI Peer Comp version 3.8 as of 2/23/2009

Company Name	AIG Property Casualty Group	Chubb Corporation	Travelers Companies, Inc.	ACE Limited	Hartford Financial Services Group, Inc.	Nationwide Mutual Group	XL Capital Ltd	Allianz SE	Swiss Reinsurance Company
Standalone IFRS	**Aa3**	**Aa2**	**Aa2**	**Aa3**	**A1, neg**	**A1, neg**	**A2, neg**	**Aa3**	**A1, neg**
Scorecard Date	02/29/2009	12/4/2008	12/31/2008	10/15/2008	2/6/2009	12/30/2008	12/31/2008	2/27/2009	2/6/2009
Key Financial Indicators									
Total Assets ($ Mil.)	**9/30 Proforma B/S**								
2008		49,555	109,751	72,057	36,680		45,682	746,146	224,761
2007	122,013	50,574	115,224	72,090	41,657	43,546	57,762	1,562,966	272,994
2006	112,168	50,277	115,292	67,135	38,876	40,774	59,309	1,465,640	239,012
2005	100,083	48,061	113,736	62,440	35,060	42,541	58,455	1,171,713	168,232
2004	86,384	44,260	111,246	56,183	32,487	40,363	49,245	1,351,190	163,027
2003	70,132	38,361	64,872	49,317	29,753	36,851	41,191	1,175,225	136,658
Equity ($ Mil.)									
2008	36,000	13,432	25,319	14,446	6,589		6,615	46,885	19,163
2007	32,325	14,445	26,616	16,677	15,898	12,458	9,948	70,335	28,311
2006	26,595	13,863	25,135	14,278	14,503	10,802	10,131	65,553	25,340
2005	21,175	12,407	22,303	11,812	11,830	9,119	8,472	46,768	18,544
2004	17,168	10,126	21,201	9,845	11,022	8,582	7,739	40,925	16,951
2003	16,693	8,522	11,987	8,823	9,085	8,056	6,937	35,903	14,818
Net Income ($ Mil.)									
2008	-3,321	1,804	2,924	1,173	-2,749		-2,633	-3,599	-799
2007	5,810	2,807	4,601	2,533	1,856	1,589	206	10,919	3,472
2006	5,130	2,528	4,208	2,260	1,304	1,664	1,722	8,820	3,641
2005	1,234	1,826	1,622	983	1,745	773	-1,292	5,455	1,853
2004	1,032	1,548	955	1,108	1,020	695	1,126	2,819	1,995
2003	1,866	809	1,696	1,460	-15	411	372	3,046	1,267
Gross Premiums Written ($ Mil.)									
2008		13,075	23,837	19,242			8,260	97,478	28,523
2007	44,717	13,207	24,198	17,740	11,714	16,687	8,098	60,709	28,659
2006	44,322	13,178	24,039	17,401	11,993	16,668	8,655	54,864	25,391
2005	41,494	13,300	23,736	16,811	12,491	15,987	9,197	54,422	23,688
2004	41,505	13,399	22,258	16,094	11,568	15,040	9,381	53,414	25,575
2003	38,764	12,604	15,370	14,630	11,120	14,136	8,637	48,350	24,817
Net Premiums Written ($ Mil.)									
2008	30,844	11,782	21,683	13,080			6,388	89,380	19,100
2007	35,248	11,872	21,618	11,979	10,437	15,925	6,298	81,370	26,042
2006	34,970	11,974	21,150	12,030	10,568	15,953	6,546	73,519	23,221
2005	31,717	12,283	20,386	11,792	10,590	15,201	7,024	71,837	21,761
2004	31,534	12,053	19,011	11,496	9,629	14,263	7,270	70,637	23,517
2003	27,972	11,068	13,201	10,268	8,877	13,819	6,563	63,372	22,913
Gross Underwriting Leverage									
2008		2.6x	3.1x	4.9x			4.8x	---	4.8x
2007	4.7x	2.5x	3.1x	3.3x	3.7x	2.5x	3.6x	---	3.6x
2006	5.8x	2.6x	3.3x	3.7x	3.8x	2.9x	3.5x	---	3.8x
2005	7.5x	2.9x	3.8x	4.4x	4.6x	3.3x	4.4x	---	3.7x
2004	9.1x	3.3x	3.8x	4.8x	4.8x	3.2x	4.2x	---	4.5x
2003	8.5x	3.6x	4.2x	4.7x	5.2x	3.2x	3.9x	---	4.8x
Return on Equity (1 yr.)									
2008		12.9%	11.3%	7.5%	-24.4%		-31.8%	-6.1%	-3.4%
2007	19.7%	19.8%	17.8%	16.4%	12.2%	13.7%	2.1%	16.4%	13.3%
2006	21.5%	19.2%	17.7%	17.3%	9.9%	16.7%	18.5%	15.8%	16.5%
2005	6.4%	16.2%	7.5%	9.1%	15.3%	8.7%	-15.9%	12.6%	10.6%
2004	6.1%	16.6%	5.8%	11.9%	10.2%	8.4%	15.3%	7.7%	13.2%
2003	12.3%	10.5%	19.1%	19.2%	-0.2%	5.4%	5.5%	10.7%	9.7%
Sharpe Ratio of Growth in Net Income (5 yr.)									
2007	69.93%	80.59%	46.43%	47.80%	NM	65.58%	44.28%	-105.00%	287.20%
2006	58.01%	106.04%	NM	NM	---	---	---	-5.00%	138.10%
2005	---	---	---	NM	---	---	---	---	96.10%
2004	---	---	---	---	---	---	---	---	NA
2003	---	---	---	---	---	---	---	---	NA

Currency: USD
PNC Scorecard & KFI Peer Comp version 3.8 as of 2/23/2009

Company Name	AIG Property Casualty Group	Chubb Corporation	Travelers Companies, Inc.	ACE Limited	Hartford Financial Services Group, Inc.	Nationwide Mutual Group	XL Capital Ltd	Allianz SE	Swiss Reinsurance Company
Standalone IFRS	**Aa3**	**Aa2**	**Aa2**	**Aa3**	**A1, neg**	**A1, neg**	**A2, neg**	**Aa3**	**A1, neg**
Scorecard Date	02/29/2009	12/4/2008	12/31/2008	10/15/2008	2/6/2009	12/30/2008	12/31/2008	2/27/2009	2/6/2009
Financial Leverage									
2008		22.14%	19.62%		40.20%		34.80%	32.60%	18.40%
2007	18.26%	18.80%	21.70%	19.87%	21.45%	20.62%	24.19%	31.08%	13.50%
2006	16.50%	19.15%	23.31%	23.67%	22.11%	20.16%	24.09%	27.28%	15.80%
2005	14.94%	21.54%	25.35%	27.72%	26.14%	23.10%	27.96%	34.28%	18.00%
2004	15.70%	26.76%	26.37%	32.15%	30.47%	24.70%	30.49%	39.31%	20.80%
2003	16.57%	30.20%	22.11%	34.09%	36.96%	26.30%	33.45%	43.43%	25.70%
Earnings Coverage (1 yr.)									
2008		12.1x	11.0x		0.0x		0.0x	0.2x	0.0x
2007	6.5x	16.7x	15.5x	13.5x	13.4x	8.7x	2.6x	9.4x	10.6x
2006	20.5x	20.7x	15.2x	12.1x	11.5x	10.6x	8.7x	9.6x	12.7x
2005	21.0x	14.4x	7.2x	6.0x	9.7x	5.5x	-4.4x	6.7x	8.8x
2004	23.9x	12.2x	4.4x	6.3x	8.2x	5.9x	7.3x	5.2x	12.4x
2003	19.6x	6.3x	11.8x	8.6x	-0.6x	4.2x	3.8x	3.7x	8.7x
Cashflow Coverage (1 yr.)									
2008		5.0x					---		
2007	11.2x	11.7x	11.6x	NA	9.1x	---	---	---	---
2006	9.1x	11.9x	9.5x	NA	7.7x	---	---	---	---
2005	12.5x	10.4x	9.0x	NA	4.9x	---	---	---	---
2004	13.7x	7.9x	11.1x	NA	7.6x	---	---	---	---
2003	11.9x	4.8x	4.6x	NA	5.2x	---	---	---	---
High Risk Assets % Invested Assets									
2008		10.70%	2.87%				9.30%	17.46%	5.60%
2007	24.71%	10.89%	8.46%	14.85%	36.40%	34.09%	11.38%	22.88%	12.20%
2006	22.18%	9.20%	8.86%	15.16%	32.25%	41.13%	9.31%	23.38%	10.70%
2005	24.99%	6.39%	9.11%	15.56%	26.22%	42.13%	9.16%	21.63%	9.90%
2004	26.15%	5.90%	10.73%	16.04%	25.55%	45.14%	13.06%	18.83%	8.70%
2003	28.73%	5.68%	8.89%	13.17%	23.24%	53.35%	14.50%	17.94%	10.90%
Reinsurance Recoverable % Equity									
2008		16.5%	56.2%	96.3%			59.6%	39.2%	79.2%
2007	62.3%	16.0%	58.8%	86.1%	17.1%	29.2%	65.4%	27.2%	60.0%
2006	82.2%	18.7%	70.9%	102.1%	22.7%	24.8%	67.2%	31.7%	76.2%
2005	114.1%	30.4%	87.8%	130.9%	39.5%	33.9%	97.0%	43.9%	68.1%
2004	119.0%	34.4%	89.9%	151.2%	36.4%	24.1%	113.1%	55.9%	45.9%
2003	163.7%	40.2%	93.2%	150.7%	42.2%	--	109.0%	64.4%	51.9%
Goodwill % Equity									
2008		3.5%	13.3%				---	28.5%	---
2007	9.8%	3.2%	12.6%	16.4%	9.0%	11.4%	---	24.2%	---
2006	8.5%	3.4%	13.7%	19.1%	9.1%	12.3%	---	21.4%	---
2005	9.4%	3.8%	15.4%	22.9%	11.2%	14.0%	---	25.5%	---
2004	10.7%	4.6%	16.8%	27.4%	12.1%	24.1%	---	31.0%	---
2003	11.0%	5.5%	20.1%	31.7%	14.8%	27.1%	---	33.5%	---
Adv/(Fav) Dev. % Beg. Reserves (1 yr.)									
2008		-4.3%							
2007	-0.9%	-3.5%	-1.6%	-1.0%	-1.7%	0.6%	-2.3%	---	---
2006	0.0%	-1.6%	-1.0%	-0.1%	2.4%	-1.8%	-0.6%	---	---
2005	9.8%	1.0%	0.6%	0.5%	0.6%	7.4%	8.8%	---	---
2004	9.1%	2.3%	6.4%	3.7%	1.7%	5.4%	2.5%	---	---
2003	7.7%	3.1%	1.7%	1.5%	23.9%	4.7%	11.3%	---	---
A&E Net Funding Ratio (1 yr.)									
2008		8.9x							
2007	3.3x	9.6x	9.8x	12.2x	9.2x	14.0x	17.0x	---	---
2006	7.8x	7.0x	7.5x	7.6x	9.0x	6.9x	---	---	---
2005	11.8x	13.7x	7.4x	18.8x	8.9x	11.0x	---	---	---
2004	9.2x	5.6x	10.1x	37.8x	1.2x	8.9x	---	---	---
2003	5.5x	13.0x	5.4x	1.6x	NM	6.2x	---	---	---

Statutory Peer Comparison
12/31/2007

	1	2	3	4	5	6	7
	American International Group	Ace American Ins Co	Combined Federal Ins Co & Affiliates	Hartford Fire Group	Nationwide Group	Travelers Cos & Affil	XL Reins America Inc & Affiliates
IFSR	Aa3	A2	Aa2	A1	A1	Aa2	A2
Company Fundamentals							
Net Premiums Written (NPW)							
2007	35,248,049	4,044,760	9,675,570	10,436,995	15,925,333	20,411,528	786,415
2006	34,969,621	4,518,540	9,975,966	10,567,593	15,953,357	20,061,741	887,783
Gross Premiums Written (GPW)							
2007	44,717,232	10,015,376	10,845,172	11,713,607	16,687,249	22,766,717	3,942,081
2006	44,321,732	9,810,652	11,016,554	11,993,296	16,668,350	22,719,430	4,727,504
Net Underwriting Gain (loss)							
2007	2,491,807	494,496	1,839,979	798,219	-44,224	2,468,487	185,232
2006	2,993,337	575,751	1,666,551	300,087	759,183	2,562,713	136,323
2005	-2,135,827	58,867	745,530	464,366	-447,872	-293,428	-53,562
Pretax Operating Income							
2007	6,991,236	1,183,430	3,098,050	2,576,223	1,366,934	5,942,272	449,692
2006	6,617,373	**1,272,346**	2,774,788	1,903,669	2,099,745	5,614,465	348,745
2005	837,825	**699,603**	1,898,187	2,013,726	937,560	3,121,826	127,614
Net Income							
2007	5,810,393	871,574	2,652,763	1,855,941	1,131,343	4,573,381	342,189
2006	5,129,596	704,150	2,157,507	1,304,419	1,540,288	4,075,674	254,010
2005	1,234,340	400,359	1,673,495	1,745,248	468,781	2,904,054	59,883
Realized Capital Gains (losses)							
2007	734,218	48,036	414,737	-81,972	163,854	-80,578	17,122
2006	76,029	-97,651	71,501	-79,259	18,610	-261,224	-27,005
2005	258,215	-31,661	151,156	69,163	54,326	178,322	-5,036
Unrealized Capital Gains (losses)							
2007	862,140	-8,759	278,979	944,375	-593,946	267,762	-8,424
2006	980,722	44,064	517,306	1,550,205	1,172,578	990,562	281,591
Net Operating Cash Flow							
2007	10,681,476	800,472	2,465,119	3,083,577	662,287	5,492,953	163,618
2006	10,474,714	1,071,806	2,545,834	3,218,085	1,375,701	4,260,362	150,069
2005	8,251,321	2,006,210	3,135,555	2,371,577	2,034,165	3,767,977	677,298
Cash & Invested Assets							
2007	100,045,327	15,716,157	32,701,649	36,646,553	30,984,026	66,404,637	4,709,128
2006	89,494,991	14,622,061	31,260,856	33,596,048	30,712,724	64,560,270	5,007,133
Total Assets							
2007	122,012,503	18,754,138	36,227,229	41,657,101	37,315,148	76,161,991	6,085,789
2006	112,167,679	17,943,983	35,033,250	38,876,169	36,283,505	74,682,989	6,316,108
Loss & LAE Reserves							
2007	56,562,334	9,067,597	16,618,794	16,625,809	12,413,947	40,066,707	2,335,464
2006	51,483,818	9,079,360	16,496,320	15,831,244	12,067,896	40,039,516	2,212,095
Policyholders surplus (PHS)							
2007	32,325,350	5,310,509	12,877,458	15,897,762	13,576,416	22,182,414	2,047,520
2006	26,595,143	4,420,558	11,277,248	14,503,157	12,866,736	20,155,707	2,343,596

	1	2	3	4	5	6	7
	American International Group	Ace American Ins Co	Combined Federal Ins Co & Affiliates	Hartford Fire Group	Nationwide Group	Travelers Cos & Affil	XL Reins America Inc & Affiliates
IFSR	Aa3	A2	Aa2	A1	A1	Aa2	A2
Premiums by Line % Net Premiums Written:							
Homeowners, farmowners & earthquake	1.8%	2.7%	18.0%	10.0%	19.2%	14.4%	0.5%
Auto	17.4%	6.5%	7.4%	33.2%	54.9%	27.4%	3.1%
Commercial Multi-peril	1.6%	6.3%	16.2%	18.1%	10.0%	14.4%	0.9%
Commercial & Special Property	9.1%	19.4%	6.0%	3.8%	3.5%	9.8%	12.0%
Workers' Compensation	17.8%	14.0%	8.5%	22.8%	1.7%	11.3%	2.3%
Commercial & Special Liability	38.8%	40.9%	35.3%	9.5%	7.7%	17.3%	62.3%
Other	9.8%	7.7%	8.4%	2.6%	3.0%	5.1%	4.5%
Reinsurance	3.6%	2.4%	0.2%	0.0%	0.0%	0.3%	14.4%
Profits by Line % Total P/L:							
Homeowners, farmowners & earthquake	2.5%	-1.8%	14.2%	10.0%	26.3%	11.7%	1.6%
Auto	4.5%	8.5%	5.9%	17.8%	47.7%	20.4%	1.7%
Commercial Multi-peril	3.0%	12.7%	18.0%	24.3%	5.8%	18.1%	-1.0%
Commercial & Special Property	15.0%	2.2%	7.0%	5.7%	8.0%	14.0%	20.9%
Workers' Compensation	17.7%	25.3%	10.0%	28.4%	7.1%	15.0%	0.1%
Commercial & Special Liability	51.7%	42.2%	32.7%	7.0%	13.0%	16.2%	56.4%
Other	4.9%	6.9%	11.8%	3.6%	-1.5%	5.9%	9.7%
Reinsurance	2.8%	4.0%	0.3%	3.3%	-6.3%	-1.3%	10.6%
Premiums by Region(% DPW)							
Eastern							
Eastern	36%	35%	49%	47%	50%	49%	40%
Central	28%	38%	29%	28%	32%	31%	35%
Mountain	4%	6%	5%	9%	5%	6%	6%
Pacific	17%	14%	14%	16%	13%	11%	15%
Other							
Investment Mix % Cash & Invested Assets							
Cash & Investment-grade bonds*	73.6%	84.8%	72.5%	61.8%	63.0%	85.7%	90.6%
Below investment-grade bonds	0.3%	1.3%	0.8%	4.0%	1.9%	2.4%	0.0%
Preferred Stocks	2.1%	2.2%	0.3%	6.3%	1.5%	0.6%	0.4%
Common Stocks	5.6%	5.5%	5.3%	0.5%	6.6%	0.4%	0.0%
Mortgage, loans, real estate, others	12.0%	5.7%	8.1%	6.9%	17.1%	8.7%	9.0%
Investment in affiliates	6.4%	0.5%	12.9%	20.6%	9.9%	2.3%	0.0%
*includes ST Investments							
Fixed Income Portfolio Credit Quality Profile							
NAIC1(Aaa-A)	99.0%	91.5%	93.9%	83.7%	89.5%	92.5%	89.6%
NAIC2(Baa)	0.6%	7.1%	5.0%	11.7%	7.6%	4.9%	10.4%
NAIC3(Ba)	0.2%	0.6%	0.6%	3.1%	1.7%	1.1%	0.0%
NAIC4(B)	0.0%	0.8%	0.4%	1.1%	1.0%	1.2%	0.0%
NAIC5(Caa)	0.2%	0.0%	0.1%	0.4%	0.1%	0.2%	0.0%
NAIC6(Ca-C)	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Fixed Income Portfolio Maturity Distribution							
<1Year	5.4%	12.7%	6.6%	4.3%	7.1%	8.6%	12.3%
1-5 Years	14.0%	42.7%	35.2%	39.3%	26.3%	27.0%	44.3%
5-10 Years	64.5%	29.6%	51.4%	26.7%	41.9%	30.8%	35.9%
10-20 Years	11.9%	8.5%	4.9%	13.6%	19.7%	30.6%	3.9%
>20Years	4.2%	6.6%	2.0%	16.0%	5.0%	3.0%	3.6%
Loss Reserves & Development							
Current accident year LLAE ratio	69.6%	66.6%	52.5%	64.6%	65.8%	57.1%	63.7%
Current year development % premiums earned	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	1	2	3	4	5	6	7
	American International Group	Ace American Ins Co	Combined Federal Ins Co & Affiliates	Hartford Fire Group	Nationwide Group	Travelers Cos & Affil	XL Reins America Inc & Affiliates
IFSR	**Aa3**	**A2**	**Aa2**	**A1**	**A1**	**Aa2**	**A2**
IBNR to Loss Reserves AY Summary							
Prior	45.6%	66.8%	61.0%	61.4%	66.4%	58.4%	28.1%
1998	56.1%	40.6%	60.4%	49.0%	33.6%	48.3%	16.8%
1999	37.4%	40.7%	70.7%	54.6%	19.1%	47.9%	51.7%
2000	43.4%	63.8%	62.0%	54.1%	13.1%	45.2%	19.7%
2001	46.7%	39.6%	46.4%	57.8%	26.3%	41.9%	34.4%
2002	52.0%	53.7%	57.9%	59.3%	29.7%	49.4%	42.1%
2003	51.6%	51.9%	58.7%	58.3%	26.5%	46.7%	51.6%
2004	60.1%	75.2%	69.8%	58.9%	22.3%	53.9%	62.4%
2005	58.5%	73.0%	69.7%	59.9%	29.2%	65.7%	62.0%
2006	67.3%	74.5%	73.9%	65.9%	36.3%	64.0%	71.6%
2007	73.6%	77.9%	77.2%	65.8%	44.4%	63.9%	76.3%
Reinsurance:							
Retention Quotient (%)							
2007	78.8%	40.4%	89.2%	89.1%	95.4%	89.7%	19.9%
2006	78.9%	46.1%	90.6%	88.1%	95.7%	88.3%	18.8%
Profitability:							
Underwriting expense ratio (%) NPW							
2007	22.6%	21.9%	28.7%	28.4%	33.0%	30.5%	16.3%
2006	22.2%	17.7%	28.1%	29.7%	32.3%	29.1%	16.1%
2005	21.4%	16.7%	27.1%	28.6%	28.6%	27.7%	19.1%
Loss & LAE ratio (%) NPE							
2007	69.6%	66.6%	52.5%	64.6%	65.8%	57.1%	63.7%
2006	68.1%	69.2%	55.1%	67.5%	61.8%	57.6%	68.2%
2005	85.4%	79.9%	65.2%	66.3%	71.7%	73.1%	87.4%
Combined Ratio after dividends(%)							
2007	92.1%	88.5%	81.4%	93.5%	98.8%	87.7%	79.9%
2006	90.2%	86.9%	83.5%	97.3%	94.2%	86.8%	84.3%
2005	106.8%	96.6%	92.5%	95.0%	100.3%	100.9%	106.5%
Return on Avg. PHS (%)							
2007	19.7%	17.9%	22.0%	12.2%	8.6%	21.6%	15.6%
2006	21.5%	18.0%	21.5%	9.9%	13.4%	21.8%	12.1%
2005	6.4%	13.7%	20.2%	15.3%	4.9%	18.4%	3.3%
Return on Premiums (%)							
2007	16.8%	21.7%	27.2%	17.7%	7.1%	22.5%	39.3%
2006	15.1%	15.5%	21.6%	12.7%	9.8%	20.7%	30.0%
2005	4.0%	8.5%	16.2%	17.8%	3.2%	15.0%	7.5%
Gross Leverage (x)							
2007	4.8	3.3	3.8	4.3	3.8	3.6	2.4
2006	5.9	4.1	4.5	4.3	4.7	3.9	2.1
2005	7.3	5.3	5.8	5.0	6.1	4.6	2.6
2004	9.0	6.5	6.2	5.1	7.1	5.8	2.6
2003	7.3	5.7	6.6	5.3	11.8	#N/A	2.7
2002	7.5	6.7	7.2	6.0	8.7	#N/A	3.8
GPW/net PHS							
2007	1.7	1.9	1.3	1.4	1.6	1.1	1.9
2006	2.2	2.3	1.5	1.5	2.0	1.2	2.1
2005	2.7	2.8	2.0	1.8	2.6	1.4	2.5
2004	3.7	3.6	2.2	1.9	3.0	1.8	2.6
2003	3.5	3.4	2.5	2.0	5.1	#N/A	2.6
2002	3.7	4.3	2.7	2.3	3.8	#N/A	3.3

AIG General Insurance Market Position

- **Global leader in:**
  - Directors & Officers Liability Insurance (Corporate /Non-Profit Boards)
  - Professional Liability Insurance
  - Commercial Property Insurance, including Terrorism Insurance
  - Surplus Lines Insurance
  - Commercial Umbrella/Excess Casualty
  - Environmental Liability
  - Workers' Compensation Insurance
  - Multinational liability insurance for US companies going overseas and non-US companies with operations in the US

- **Market leader in developed markets:**
  - Largest commercial insurer in the US and Canada
  - Largest foreign property and casualty insurance franchise in Japan
  - Largest US-based general insurer in Europe

- **Established leader in developing markets:**
  - First foreign general insurer in China
  - First US-based general insurer in India, Russia, Finland, Hungary, Poland, Romania
  - Largest foreign non-Life insurance provider in mainland China, Hong Kong and Thailand
  - Largest general insurance organization in Southeast Asia

- **Worldwide, AIG writes insurance for:**
  - 90% of the *Financial Times 500*, annual premiums of $6 billion
  - 94% of the *Fortune 500;* annual premiums of over $10.5 billion
  - 97% of the *Fortune 1000;* annual premiums of over $10.2 billion
  - 81% of the *Forbes 2000;* annual premiums of nearly $15 billion

Recap of Feb. 11 to 17 – Risk book unwinds

Excludes contractual terminations; P&L impact is relative to MTM at time of termination

All figures in USD millions or number of trades

Books with notable activity

Risk Books	Unwind P&L				Unwind Liquidity				Positions (based on settlement date)				
	Week of 2/17/09	QTD	Q1`09 Plan[2]	Delta	Week of 2/17/09	QTD	Q1`09 Plan[2]	Delta	As of: 2/17/09	As of: 2/10/09	Weekly Change[1]	Baseline 12/31/08	YTD Change
Interest Rates	(0.9)	(244.8)	(212.5)		(14.1)	196.6	244.6		18,366	18,374	(8)	18,892	(526)
Equities	(0.2)	(17.7)	(111.3)		(2.2)	(20.1)	6.3		1,780	1,781	(1)	2,057	(277)
Commodities Index Book	-	0.0	tbd		-	-	-		198	181	17	199	(1)
Commodities ex. Index Book	(0.1)	(7.8)	(36.5)		(0.2)	(4.6)	8.5		3,370	3,287	83	4,326	(956)
FX (excl. PRD book)	-	-	(7.2)		-	-	-		2,268	2,400	(132)	2,848	(580)
Fund derivatives - FoHF	-	-	(0.3)		0.0	0.0	(4.7)		84	87	(3)	109	(25)
Fund derivatives - FoMF	-	(0.0)	(2.2)		-	0.0	-		32	34	(2)	42	(10)
PRDs	(43.2)	(50.7)	(259.3)		(86.9)	(79.8)	(259.3)		412	478	(66)	482	(70)
Muni Swaps	-	0.0	(1.5)		-	16.8	(1.5)		27	27	-	32	(5)
Pension BROs	-	-	-		-	-	(50.0)		197	197	-	199	(2)
BOLI BROs	-	-	(21.0)		-	-	(21.0)		13	13	-	13	-
Corporate Arbitrage	-	-	-		-	-	-		20	20	-	19	1
Regulatory Capital[2]	-	3.5	-		-	7.6	-		72	72	-	79	(7)
Credit Book Other [3]	(0.5)	(0.8)	-		(1.5)	(4.9)	-		167	188	(21)	224	(57)
GICs	2.1	28.7	(0.3)		-	2.9	(3.1)		417	421	(4)	438	(21)
Lease Transactions	0.1	85.3	141.0		0.1	0.7	(167.8)		358	360	(2)	372	(14)
Repos & Reverse Repos	-	-	-		-	-	-		2,808	2,778	30	2,620	188
Issued Securities	(4.4)	(4.3)	-		(7.3)	(7.5)	-		642	645	(3)	497	145
Asset Portfolio	0.9	(223.2)	-		-	202.0	-		1,767	1,775	(8)	1,684	83
TDG / Strategic Investments	-	-	-		-	-	-		78	78	-	67	11
Energy / Infrastructure	(2.8)	(2.8)	(16.0)		67.8	67.8	359.0		28	32	(4)	32	(4)
Prime brokerage	-	-	5.0		-	-	-		-	-	-	-	-
Other	-	-	-		-	-	-		-	-	-	-	-
Total	**(49.0)**	**(434.6)**	**(522.1)**	**87.5**	**(44.2)**	**377.8**	**111.0**	**266.8**	**33,104**	**33,228**	**(124)**	**35,231**	**(2,127)**

1 Based on unwind plans presented to the STC; subject to change as plans are being revised; plans for asset portfolio and issued securities will be developed at a later stage
2 Three regulatory capital CDS trades (8.5 billion notional) have been called effective March 09; the results will be included in the weekly report in March
3 20 of 21 of these newly terminated positions are actually final premium payments related to ML3
Source: Traded Statistics Report, Risk Analyzer, Daily Risk, Management P&L database

Recap of Feb. 11 to 17 – Unwind risk measures (1/2)

All figures in USD million*

Significant movements

	Across all books	End - 2/17/09	Start - 2/10/09	Weekly Change	Term. & Mat. Pos.	New Hedge Pos.	Market Move Impact	Base - 12/31/08	YTD Change	Weekly change Comment
Interest Rates										
Gross 01 (mm$/1 bp)	✓	752	746	**6**	(1)	2	5	803	(51)	▪ Rates decresed in the long end (25bp in EUR and 10bp in USD). ▪ 55 PRD terminations (NWB) and 5 early xPRD exercises resulted in 4m reduction in Gross Vega
Net 01 (mm$/1 bp)	✓	-	-	**-**	(1)	1	-	(0)	0	
Gross Vega (mm$/10 bp)	✓	684	705	**(21)**	(4)	-	(17)	865	(181)	
Net Vega (mm$/10 bp)	✓	(8)	(3)	**(5)**	(1)	-	(4)	(17)	9	
Equities									-	
Gross Delta (mm$ eq.)	✓	6,833	7,410	**(577)**	-	1	(578)	9,626	(2,793)	▪ Market move is a result of decline in Equity markets. S&P is down by as much as 4%
Net Delta (mm$ eq.)	✓	7	5	**2**	(0)	(0)	3	(5)	12	
Gross Vega (mm$/1%)	✓	27	30	**(3)**	-	-	(4)	35	(8)	
Net Vega (mm$/1%)	✓	(7)	(6)	**(1)**	-	-	(1)	7	(14)	
Commodities Index Book									-	
Gross Delta (mm$ eq.)		2,874	2,925	**(51)**	-	49	(100)	2,917	(43)	
Commodities ex. index book									-	
Gross Delta (mm$ eq.)		18,519	18,419	**100**	**(638)**	327	411	19,735	(1,216)	▪ De-risking continues on the Gold lease rate risk (currently @100k/bp) ▪ Gold was up by more than 5%, though commodities were down ▪Two investments involving VPPs (Chief and Tenergy) were terminated last week
Net Delta (mm$ eq.)	✓	(1)	(2)	**1**	208	(145)	(62)	(6)	5	
Gross Vega (mm$/1%)	✓	16	18	**(2)**	-	-	(2)	23	(7)	
Net Vega (mm$/1%)	✓	-	-	**-**	-	-	-	(0)	0	
FX									-	
Gross Delta** (mm$ eq.)	✓	398,627	406,112	**(7,485)**	(1,983)	3,293	(8,795)	435,128	(36,501)	▪ 60 PRDs terminated including 55 NWB and 5 early exercises ▪ Several forwards matured ▪ USD appreciated by 2% vs major currencies
Net Delta (mm$ eq.)	✓	28	51	**(23)**	(729)	791	(85)	4	24	
Gross Vega (mm$/1%)	✓	322	327	**(5)**	(3)	-	(2)	322	0	
Net Vega (mm$/1%)	✓	12	7	**5**	2	-	3	11	1	

* Gross values do not include adjustments; infinity positions have now been included for gross values; attribution of net values does not include infinity positions

** Numbers in the attribution of the change have been fixed to remove the rebooking impact

Source: AIG FP Daily Risk Monitoring Report, Daily FP liabilities report, Risk Analyzer

Recap of Feb. 11 to 17 – Unwind risk measures (2/2)

All figures in USD billion

RiskBook	Unwind risk measures	2/17/09	2/10/09	weekly change	12/31/08	YTD change	Weekly Comment
Fund derivatives - FoHF	Exposure	1.36	1.43	(0.07)	1.94	(0.58)	▪ 2 terminations in FoHF and FX movement
Fund derivatives - FoMF	Exposure	0.04	0.04	(0.00)	0.09	(0.05)	
Corporate Arbitrage CDS	Exposure	48.89	49.21	(0.32)	50.50	(1.61)	▪ FX movement
Regulatory Capital CDS	Exposure	203.24	207.65	(4.41)	234.40	(31.16)	▪ FX movement
Credit Book Other	Exposure	18.88	19.06	(0.18)	20.00	(1.12)	▪ FX movement
PRDs[1]	Notional	5.50	6.30	(0.80)	6.70	(1.20)	▪ We unwound all XPRD trades with NWB last Thursday (55 trades), 45 are callable or triggerable and 10 vanilla PRDs.
Muni Swaps	Notional	1.87	1.87	-	2.00	(0.13)	
Pension BROs	Notional	32.49	32.49	-	32.70	(0.22)	
BOLI BROs	Notional	4.10	4.10	-	4.10	(0.00)	
GICs	Notional	2.75	2.76	(0.01)	3.30	(0.55)	
Lease Transactions	Notional	5.63	5.64	(0.01)	5.90	(0.27)	
Repos & Reverse Repos[2]	Notional	4.93	4.38	0.55	4.40	0.53	
Issued Securities	Notional	18.22	18.36	(0.13)	19.20	(0.98)	▪ Two notes matured with a combined notional of $130m.
Asset Portfolio	Notional	35.47	35.89	(0.43)	37.82	(2.35)	▪ FX movement
Energy / Infrastructure	Notional	0.74	0.80	(0.06)	0.80	(0.06)	▪ Reduction in notional is due to sale of VPPs
Prime brokerage	NA						
TDG / Strategic Investments	NA						

1 PRD notional includes xPRDs and back-to-backs; regular PRDs are not included
2 Does not include overnight repos and Sumi Repo
Source: Box report, CDS disclosure report, AIG FP Daily Risk Monitoring Report, FP liabilities report, Risk Analyzer

AIG

Initial projections of P&L and liquidity impact of unwind

Risk books	Number of trades (Dec 31, 2008)	Estimated unwind cost and timing* P&L Impact $mm	Liquidity Impact $mm	Completion date for bulk of the book
Commodities index	199	tbd	60-70	Q1 `10
Prime brokerage	0	0	5-10	Q1 `10
TDG/ Strategic investments	67	(0-25)	(500-800)	Q4 `08
Multi sector CDOs	22	n/a	n/a	n/a
Muni. rate swaps	32	(50-100)	300-500	Q4 `10
Energy/ infrastructure	32	(150-300)	1,800-2,200	Q2 `09
Long/short CDS portfolio	45	(0-20)	(0-20)	Q4 `09
Commodities ex. index	4,280	(100-150)	(0-10)	Q4 `09
BROs (Pension & BOLI)	212	(75-150)	(500-600)	Q2 `09
Asset portfolio & Issued Securities	2046	(1,000-2,000)	(1,500-2,500)	Q4 `10
GICs and Lease trans	810	300-500	(1,700-2,000)	Q1 `11
Fund derivatives (FoHF, FoMF)	145	(0-25)	(0-25)	Q4 `09
Equity derivatives	2,057	(400-500)	0-50	Q4 `09
xPRD book	617	(450-600)	(450-600)	Q4 `10
FX & Rates (ex. xPRD)	21,684	(300-400)	1,500-1,600	Q4 `11
Credit book other	224	0 – (500)	750 – 1,000	Q1 '10
Corp. Arbitrage	19	0 - 500	700 – 1,200	Q4 `10
Reg. Capital	79	0	500	Q4 `10
Repos and reverse Repos	2,605	-	-	-
Total	**35,130**	**(2,225-3,770)**	**575-965**	
Total including counterparty risk		**(3,000-4,500)**		

* Estimates rely on base case market scenarios. Detailed valuation in progress; refined estimates will be available once this is completed

American International Group, Inc.
Consolidated Statement of Segment Operations
(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
General insurance								
Net premiums written	$ 9,208	$ 10,999	(16.3) %	$ 11,726	(21.5) %	$ 45,234	$ 47,067	(3.9) %
Net premiums earned	10,981	11,667	(5.9)	11,731	(6.4)	46,222	45,682	1.2
Claims and claims adjustment expense	9,120	8,133	12.1	8,652	(5.5)	35,557	29,982	18.6
Underwriting expenses	5,055	2,972	70.1	3,713	36.1	14,865	11,200	32.7
Underwriting profit (loss) (1)	(3,194)	563	NM	(1,634)	NM	(4,200)	4,500	NM
Net investment income	370	1,547	(76.1)	735	(49.7)	3,477	6,132	(43.3)
Income (loss) before net realized capital gains (losses)	(2,824)	2,110	NM	(899)	NM	(723)	10,632	NM
Net realized capital gains (losses) (2)	(2,529)	(95)	NM	(1,658)	NM	(5,023)	(106)	NM
Operating income (loss)	(5,353)	2,015	NM	(2,557)	NM	(5,746)	10,526	NM
Life insurance & retirement services								
Premiums and other considerations	9,038	8,732	3.5	9,354	(3.4)	37,295	33,627	10.9
Deposits and other considerations not included in revenues under GAAP	6,209	16,051	(61.3)	12,935	(52.0)	51,075	57,769	(11.6)
Premiums, deposits and other considerations	15,247	24,783	(38.5)	22,289	(31.6)	88,370	91,396	(3.3)
Net investment income	(1,628)	5,373	NM	2,345	NM	10,108	22,341	(54.8)
Income before net realized capital gains (losses)	742	2,658	(72.1)	1,012	(26.7)	6,901	10,584	(34.8)
Net realized capital gains (losses) (2)	(18,627)	(1,372)	NM	(16,341)	NM	(44,347)	(2,398)	NM
Operating income (loss)	(17,885)	1,286	NM	(15,329)	NM	(37,446)	8,186	NM
Financial services								
Operating income (loss) excluding FAS 133 and net realized capital gains (losses) (3) (4)	(17,592)	(10,246)	NM	(8,347)	NM	(40,364)	(8,983)	NM
FAS 133 (2)	(20)	396	NM	177	NM	41	211	(80.6)
Net realized capital gains (losses) (2) (5)	(329)	(673)	NM	(33)	NM	(498)	(745)	NM
Operating income (loss)	(17,941)	(10,523)	NM	(8,203)	NM	(40,821)	(9,515)	NM
Asset management								
Operating income (loss) before net realized capital gains (losses)	(705)	438	NM	(28)	NM	(429)	2,164	NM
Net realized capital gains (losses) (2)	(5,773)	(1,080)	NM	(1,116)	NM	(8,758)	(1,000)	NM
Operating income (loss)	(6,478)	(642)	NM	(1,144)	NM	(9,187)	1,164	NM
Other before net realized capital gains (losses)	(11,034)	(408)	NM	(1,535)	NM	(13,837)	(1,731)	NM
Other net realized capital gains (losses) (2)	(1,122)	(183)	NM	139	NM	(1,218)	(409)	NM
Consolidation and elimination adjustments (2) (6)	(743)	11	NM	464	NM	(505)	722	NM
Income (loss) before income taxes (benefits) and minority interest	(60,556)	(8,436)	NM	(28,157)	NM	(108,761)	8,943	NM
Income taxes (benefits) (7)	2,000	(3,413)	NM	(3,420)	NM	(8,374)	1,455	NM
Income (loss) before minority interest	(62,556)	(5,023)	NM	(24,737)	NM	(100,387)	7,488	NM
Minority interest, after tax:								
Income (loss) before net realized capital gains (losses)	732	(267)	NM	140	422.9	829	(1,272)	NM
Net realized capital gains (losses)	165	(2)	NM	97	70.1	269	(16)	NM
Net income (loss)	(61,659)	(5,292)	NM	(24,468)	NM	(99,289)	6,200	NM
Net realized capital gains (losses), net of tax	(21,572)	(2,131)	NM	(15,056)	NM	(44,390)	(2,604)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	(2,176)	37	NM	(172)	NM	(2,646)	(304)	NM
Adjusted net income (loss) (8)	$ (37,911)	$ (3,198)	NM %	$ (9,240)	NM %	$ (52,253)	$ 9,108	NM %
Effect of Capital Markets unrealized market valuation (losses) and credit valuation adjustment, net of tax included in adjusted net loss above	$ (9,544)	$ (7,228)	NM %	$ (5,290)	NM %	$ (24,752)	$ (7,457)	NM %
Effect of Income Tax Items, net of tax included in adjusted net loss above	(16,978)	242	NM	(3,560)	NM	(21,220)	(33)	NM
Effect of Fed debt restructure, net of tax included in adjusted net loss above	(4,275)	-	NM	–	NM	(4,275)	-	NM
Effect of Goodwill impairment, net of tax included in adjusted net loss above	(3,608)	-	NM	(477)	NM	(4,085)	-	NM
Effect of Fed interest, net of tax included in adjusted net loss above	$ (2,611)	$ -	NM %	$ (521)	NM %	$ (3,132)	$ -	NM %
Earnings per share - diluted:								
Net income (loss)	(22.95)	(2.08)	NM	(9.05)	NM	(37.84)	2.39	NM
Adjusted net income (loss) (8)	(14.17)	(1.25)	NM	(3.42)	NM	(19.91)	3.50	NM
Effect of Capital Markets unrealized market valuation (losses) and credit valuation adjustment, net of tax included in adjusted net loss above	$ (3.55)	$ (2.83)	NM %	$ (1.96)	NM %	$ (9.39)	$ (2.87)	NM %
Weighted average shares outstanding - diluted	2,704	2,550		2,703		2,634	2,590	
Effective tax rates (7) (9):								
Income (loss) before income taxes (benefits) and minority interest	(3.3)%	40.5%		12.3%		7.7%	16.3%	
Net income (loss)	(3.7)%	39.6%		12.3%		7.6%	16.7%	
Adjusted net income (loss) (8)	(26.9)%	42.2%		2.5%		(7.6)%	23.5%	
Return on equity (10)	(410.6)%	(20.3)%		(131.1)%		(133.7)%	6.1%	

(See Accompanying Notes on Page 3)

American International Group, Inc.
Consolidated Balance Sheet

(in millions)

	December 31, 2008	December 31, 2007
Assets:		
Investments		
Fixed maturity securities	$ 404,134	$ 545,178
Equity securities	21,143	45,569
Mortgage and other loans receivable, net of allowance	34,687	33,727
Finance receivables, net of allowance	30,949	31,234
Flight equipment primarily under operating leases, net of accumulated depreciation	43,395	41,984
Other invested assets	51,978	59,477
Securities purchased under agreements to resell, at fair value	3,960	20,950
Short-term investments	46,666	51,351
Total investments	636,912	829,468
Cash	8,642	2,284
Investment income due and accrued	5,999	6,587
Premiums and insurance balances receivable, net of allowance	17,330	18,395
Reinsurance assets, net of allowance	23,495	23,103
Trade receivables	1,901	672
Current and deferred income taxes	11,734	-
Deferred policy acquisition costs	45,782	43,914
Real estate and other fixed assets, net of accumulated depreciation	5,566	5,518
Unrealized gain on swaps, options and forward transactions, at fair value	13,773	14,104
Goodwill	6,952	9,414
Other assets, including prepaid commitment asset	31,190	18,215
Separate account assets, at fair value	51,142	78,684
Total assets	$ 860,418	$ 1,048,361
Liabilities:		
Liability for unpaid claims and claims adjustment expense	$ 89,258	$ 85,500
Unearned premiums	25,735	27,703
Future policy benefits for life and accident and health insurance contracts	142,334	136,387
Policyholder contract deposits	226,700	258,459
Other policyholder funds	13,240	12,599
Commissions, expenses and taxes payable	5,436	6,310
Insurance balances payable	3,668	4,878
Funds held by companies under reinsurance treaties	2,133	2,501
Current and deferred income taxes	-	3,823
Securities sold under agreements to repurchase, at fair value	5,262	8,331
Trade payables	977	6,445
Securities and spot commodities sold but not yet purchased, at fair value	2,693	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	6,238	18,031
Trust deposits and deposits due to banks and other depositors	4,498	4,903
Commercial paper and extendible commercial notes	613	13,114
Federal Reserve Bank of New York commercial paper funding facility	15,105	-
Federal Reserve Bank of New York credit facility	40,431	-
Other long-term debt	137,054	162,935
Securities lending payable	2,879	81,965
Other liabilities	22,296	24,761
Separate account liabilities	51,142	78,684
Minority interest	10,016	10,422
Total liabilities	807,708	952,560
Commitments, contingencies and guarantees	-	-
Shareholders' equity:		
Preferred Stock, Series D	20	-
Common stock	7,370	6,878
Additional paid-in capital	72,466	2,848
Payments advanced to purchase shares	-	(912)
Unrealized appreciation (depreciation) of investments, net of taxes	(4,452)	4,375
Cash flow hedging activities, net of taxes	(191)	(87)
Foreign currency translation adjustments, net of taxes	(388)	880
Retirement plan liabilities adjustment, net of taxes	(1,497)	(525)
Retained earnings	(12,368)	89,029
Treasury stock, at cost	(8,450)	(6,685)
Total shareholders' equity	52,710	95,801
Total liabilities and shareholders' equity	$ 860,418	$ 1,048,361

American International Group, Inc.
Debt and Capital Structure
(dollars in millions)

	December 31, 2008	September 30, 2008	Sequential % Chg	December 31, 2007	% Chg
Financial debt:					
Fed Facility	$ 40,431	$ 62,960	(35.8) %	$ -	NM %
AIG notes and bonds payable	11,756	12,036	(2.3)	14,588	(19.4)
AIG loans and mortgage payable	416	376	10.6	729	(42.9)
AIG LH notes and bonds payable	798	798	0.0	797	0.1
Liabilities connected to trust preferred stock	1,415	1,414	0.1	1,435	(1.4)
AIG loans to financial services subsidiaries	(1,881)	(1,078)	74.5	-	NM
Net (deposit) / loan with AIG Funding	(1,380)	(6,749)	NM	(1,143)	NM
Total	51,555	69,761	(26.1)	16,406	214.2
Operating debt:					
AIG Funding commercial paper	6,856	1,944	252.7	4,222	62.4
MIP matched notes and bonds payable	14,446	13,871	4.1	14,267	1.3
AIGFP matched notes and bonds payable	4,660	4,204	10.8	874	433.2
AIGFP borrowings	30,200	39,149	(22.9)	65,447	(53.9)
ILFC borrowings	32,794	34,566	(5.1)	31,239	5.0
AGF borrowings	23,626	26,365	(10.4)	26,519	(10.9)
AIGCFG borrowings	1,720	2,203	(21.9)	2,126	(19.1)
AIG Finance Taiwan Limited commercial paper	-	8	NM	-	NM
Other subsidiaries	670	694	(3.5)	775	(13.5)
Borrowings of consolidated investments	5,850	5,858	(0.1)	7,242	(19.2)
AIG loans to financial services subsidiaries	1,881	1,078	74.5	-	NM
Net (deposit) / loan with AIG Funding	1,380	6,749	NM	1,143	20.7
Total	124,983	136,688	(9.2)	153,854	(19.8)
Hybrid - debt securities:					
Junior subordinated debt	11,685	12,224	(4.4)	5,809	101.2
Hybrid - mandatorily convertible units:					
Junior subordinated debt attributable to equity units	5,880	5,880	0.0	-	NM
Total debt and hybrid capital	$ 193,203	$ 224,580	(14.0) %	$ 176,069	9.7 %
AIG capitalization:					
Shareholders' equity *	$ 52,710	$ 71,182	(26.0) %	$ 95,801	(45.0) %
Hybrid - debt securities	11,685	12,224	(4.4)	5,809	101.2
Hybrid - mandatorily convertible units	5,880	5,880	0.0	-	NM
Total equity and hybrid capital	70,275	89,286	(21.3)	101,610	(30.8)
Financial debt	51,555	69,761	(26.1)	16,406	214.2
Total capital	$ 121,830	$ 159,047	(23.4) %	$ 118,016	3.2 %
Ratios:					
Shareholders' equity / Total capital	43.3%	44.7%		81.2%	
Hybrid - debt securities / Total capital	9.6%	7.7%		4.9%	
Hybrid - mandatorily convertible units / Total capital	4.8%	3.7%		-	
Financial debt / Total capital	42.3%	43.9%		13.9%	

* Includes unrealized appreciation / depreciation of investments.

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Ratings

Category	**Moody's Rating**
Rating Outlook	RUR
Senior Unsecured	A3
Senior Unsecured MTN	A3
Rated Intercompany Pool Members	
Rating Outlook	RUR
Insurance Financial Strength	Aa3
AIG Life Insurance Company	
Rating Outlook	RUR
Insurance Financial Strength	Aa3
American General Life Insurance Company	
Rating Outlook	RUR
Insurance Financial Strength	Aa3

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Key Indicators

American International Group, Inc.[1]

	[2]**TTM 9/08**	**2007**	**2006**	**2005**	**2004**	**2003**
Total Assets ($ Mil.)	$1,022,237	$1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 71,182	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 53,295	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ (42,922)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage	43.2%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.)		6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.) [2]		11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements. [2] Trailing 12 months through September 30, 2008.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated A3/review down, short-term debt rated Prime 1/review down) is a global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic (US) operations, with nearly 60% coming from other markets around the world. The current ratings on AIG and its subsidiaries reflect Moody's expectation of continuing support from the US Government, not only to fund immediate liquidity needs but also to facilitate AIG's global divestiture plan and the unwinding of AIG Financial Products Corp. (AIGFP). Without such support, the ratings of AIG and many of its subsidiaries - including core operations and businesses identified for sale - would be lower.

Over the past 15 months, AIG has reported substantial losses and write-downs on mortgage related exposures, mainly in its credit default swap (CDS) and securities lending portfolios. Significant cash collateral calls and reductions/terminations of securities borrowing arrangements have strained AIG's liquidity and capital resources. In September 2008, the Federal Reserve Bank of New York (NY Fed) provided AIG with an $85 billion secured revolving credit facility to help AIG meet its near-term obligations. This funding support was revised in November 2008 to include $40 billion of redeemable perpetual preferred stock purchased by the US Treasury (under the Troubled Assets Relief Program (TARP)) plus an amendment of the NY Fed revolver ($85 billion two-year facility changed to a $60 billion five-year facility with more favorable pricing for AIG). In connection with its funding support, the US Government has received a 79.9% equity interest in AIG. To service and repay these Government facilities, AIG has announced plans to sell a broad range of businesses and focus on a narrower set of core operations, mainly AIG Commercial Insurance (AIGCI), Foreign General Insurance and a majority stake in American International Assurance (AIA).

The NY Fed has also provided senior financing to two newly formed special purpose entities, Maiden Lane II LLC (ML II) and Maiden Lane III LLC (ML III), to help AIG reduce the risk in its investment and derivative portfolios. ML II has purchased all remaining residential mortgage backed securities (RMBS) from AIG's US securities lending collateral pool, allowing AIG to terminate its US securities lending program and a related securities lending arrangement with the NY Fed. ML III has purchased $62.1 billion of multi-sector collateralized debt obligations (CDOs) on which AIGFP had written CDS, and the related CDS contracts have been terminated.

In light of AIG's liquidity and capital strains, the reliance on Government support and the resulting divestiture plans, Moody's downgraded AIG's senior unsecured debt by two notches in September 2008 and by one additional notch in October 2008 to the current level of A3. Our continuing review for possible downgrade will focus on: (i) AIG's evolving liquidity profile, including the level of borrowing under the NY Fed credit facility; (ii) the anticipated timing and amounts of cash proceeds generated from asset sales; (iii) development of a comprehensive plan to unwind AIGFP, including estimated costs and timing; (iv) the performance of major operating units, whether they are core operations or targeted for sale; and (v) the resulting financial profile of AIG following the asset sales. For those operations being sold, Moody's will consider their intrinsic financial strength, the Government's interim support and the rating profiles of potential acquirers. We expect to resolve the AIG rating review during the first quarter of 2009.

Moody's believes that AIG's revised capital structure and the ML II and ML III transactions have helped to stabilize the firm's financial flexibility. The new capital structure not only provides multi-year funding, but it may also give various constituents - customers, distributors, employees, creditors, potential business buyers - greater confidence that AIG can complete its asset sales and repay the NY Fed credit facility within a reasonable time frame. Moreover, the termination of the securities lending program may make the US life insurance subsidiaries more attractive to potential buyers.

Nevertheless, AIG faces significant challenges in its restructuring and divestiture efforts. Moody's believes that the pricing and timing of planned asset dispositions have been hampered by the weak global economy and limited availability of financing alternatives for potential business buyers. During the past few months, AIG's core and non-core insurance operations have seen deterioration with respect to sales and persistency of business. Moody's expects that lower business volumes combined with the costs of retaining key employees will hurt profit margins. Material delays in the divestiture process could cause significant erosion of the values of operations to be sold as well as core operations to be retained.

AIG also faces the complex task of unwinding the remaining operations of AIGFP (beyond the multi-sector CDS/CDO portfolio). The costs and duration of this process are difficult to estimate and could be substantial. Finally, AIG's ultimate capital structure, assuming completion of the global divestiture plan and repayment of the NY Fed credit facility, would still include substantial debt and hybrid securities with large fixed charge requirements. Moody's believes that AIG's financial leverage and coverage metrics at that time, absent other capital raising or restructuring initiatives, would be weak for the single-A debt rating.

Offsetting these challenges is the strong support demonstrated by the US Government. The Government has shown flexibility in adjusting the amount and terms of its support with changing circumstances at AIG and in the broader financial markets. The current ratings on AIG and its subsidiaries reflect Moody's expectation of continuing strong Government support. Therefore, there is downward rating transition risk for AIG upon the reduction or removal of such support.

Credit Profile of Significant Subsidiaries/Activities

AIG Property Casualty Group (2007 revenues: $38.0 billion, 35% of consolidated total)

The AIG Property Casualty Group encompasses AIGCI, Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa3 insurance financial strength (IFS) ratings (review down) on eight members of AIGCI, reflecting AIGCI's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are tempered by AIGCI's relatively high gross underwriting leverage, its potential for adverse loss development, its exposure to natural and man-made catastrophes, and the potential reputational harm stemming from challenges at AIG.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (review direction uncertain) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business. TRH is among the operations that AIG has targeted for sale. Moody's rating review will focus on the reinsurer's future ownership, capital structure and business profile.

United Guaranty Residential Insurance Company (UGRIC - IFS rating of Aa3/review down) is the lead company of AIG's Mortgage Guaranty unit and the guarantor of United Guaranty Mortgage Indemnity Company (IFS rating of Aa3/review down). Moody's is reviewing these ratings for possible downgrade based on our expectation of further stresses on risk-adjusted capital levels as the housing market continues to struggle. UGRIC's historically conservative underwriting practices along with a net worth maintenance agreement from AIG plus a fixed-dollar-limit reinsurance agreement from an AIGCI member have helped to moderate the company's losses relative to those of peers. Nevertheless, we believe that UGRIC's credit profile has been weakened by increasing loan delinquencies and by uncertainties surrounding AIG's restructuring efforts. During the rating review, Moody's will update its evaluation of capital adequacy for the mortgage insurer based on current portfolio performance, and we will consider the degree to which various initiatives by the US Government may temper the pace of mortgage loan defaults. Two other members of the Mortgage Guaranty unit carry IFS ratings of Baa1/review down based on their respective exposures to second-lien mortgage loans and student loans. These operations are in runoff, although they continue to benefit from a net worth maintenance agreement from AIG plus affiliated reinsurance.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK. The A1 IFS rating (review down) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines, along with the potential reputational harm stemming from challenges at AIG. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates.

AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan) ranks among the 10 largest property & casualty insurers in Taiwan. The company writes multiple product lines, including personal auto, personal and commercial property, and accident & health. AIGGI Taiwan's A3 IFS rating (review down) reflects its healthy market presence, strong risk-adjusted capitalization and improving product profile, with an emphasis on short-tail business lines. These strengths are tempered by the company's weak operating results compared to peers, largely because of investment impairment losses, business integration costs and reserve strengthening.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's Aa3 IFS ratings (review down) on ten members of the Domestic Life Insurance & Retirement Services (DLIRS) segment, have historically been based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings have also reflected the strategic and financial benefits of AIG ownership. However, DLIRS is among the operations that AIG has targeted for sale. The DLIRS companies have suffered significant realized capital losses on RMBS, held mainly within the US securities lending collateral pool. This securities lending program has been terminated, as noted above, and AIG has replenished much of the capital lost by these companies. Still, the DLIRS ratings are constrained by uncertainties surrounding their future ownership and by the potential deterioration of their business and financial profiles during the divestiture process.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

The Foreign Life Insurance & Retirement Services segment encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's Aa3 IFS rating (review down) on American Life Insurance Company (ALICO), has been based on its well established operations in more than 50 overseas markets (particularly in Japan, ALICO's largest market), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating has also recognized the company's strong brand name and distribution channels, sound capitalization and consistent operating performance. However, ALICO is among the operations that AIG has targeted for sale. ALICO's rating is constrained by uncertainty surrounding its future ownership, business focus and financial profile.

ALICO's Japanese operations have been complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa3/review down) and AIG Star Life Insurance Co., Ltd. (not rated). The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. AIG Edison is among the operations that AIG has targeted for sale. As a result, AIG Edison's rating is constrained by uncertainty surrounding its future ownership, business focus and financial profile.

AIA and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa3/review down), make up one of the largest and most diversified life insurance groups spanning Asia and Australia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, its strong and consistent operating performance delivered to date, its well established and efficient agency force, and its healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea. AIG has announced its intent to sell a partial interest in the AIA companies. Moody's rating review will consider AIAB's future ownership structure and the extent to which challenges at AIG may have weakened AIAB's reputation and distribution channels.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated Baa1/review direction uncertain), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio, solid relationships with aircraft manufacturers and airlines, improving profitability and strong cash flow. Tempering this view is the cyclical nature of the business, the company's reliance on confidence-sensitive funding, and the key man risk, given the prominent role of ILFC's founder and CEO. ILFC is among the operations that AIG has targeted for sale. Moody's rating review will focus on ILFC's future ownership, capital structure and operating strategy. We believe that AIG will continue to support ILFC as it pursues a divestiture.

The Capital Markets unit comprises the global operations of AIGFP (backed long-term issuer rating of A3/review down) and subsidiaries. AIGFP has historically engaged as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit has also raised funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The A3 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has reported major losses on its multi-sector CDS/CDO portfolio. A majority of these CDS contracts were terminated in late 2008, as noted above, and AIG is working to unwind virtually all remaining operations of AIGFP. The costs and duration of this process are difficult to estimate and could be substantial.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated Baa1/review down) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's intrinsic credit profile has been underpinned by its well established consumer branch business along with its conservative credit culture and controls, enabling the company to weather the US housing slump reasonably well compared to many other financial institutions. Nevertheless, AGFC's core profitability has fallen, and will continue to be pressured by rising loss provisions and the absence of revenues from its shuttered mortgage banking business. Though AGFC is no longer a core holding of AIG, Moody's expects that AIG will continue to provide capital and liquidity support as long as it owns AGFC, so as to preserve the unit's branch network and economic value.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities have been spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, was shifted to AIG's Matched Investment Program a few years ago. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors. AIG has targeted some or all of the third-party asset management businesses for sale.

Credit Strengths

Credit strengths/opportunities of the group include:

- Leading market positions in various business lines and geographic areas

- Substantial funding provided through Government facilities

- Historically strong earnings and cash flows

Credit Challenges

Credit challenges/risks include:

- Uncertainty surrounding future ownership and direction of major business units, making it difficult to retain clients, distribution partners, employees and enterprise value

- Weak global economy with limited credit availability, making it hard to sell major operations at attractive levels

- Potentially long and costly process to unwind AIGFP

- Significant financial leverage and fixed charges, largely associated with Government facilities

Rating Outlook

The review for possible downgrade reflects the significant challenges faced by AIG in its efforts to divest non-core operations, unwind the remainder of AIGFP and preserve the values of major operating units. These challenges are heightened by the weak global economy and distressed financial markets. Offsetting these challenges is the strong support demonstrated by the US Government. Without such support, the ratings of AIG and many of its subsidiaries - including core operations and businesses identified for sale - would be lower.

What Could Change the Rating - Up

Given the current review for possible downgrade, there is limited upward pressure on AIG's ratings; however, factors that could lead to a rating confirmation include:

- Maintaining favorable market positions and operating performance in major operating units, whether they are core operations or targeted for sale

- Commencing asset sales at attractive prices to help repay Government facilities

- Developing a plan to substantially unwind AIGFP over the next few years at a manageable cost

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A material decline in the market position or operating performance of one or more major operating units

- Material delays in assets sales

- Inability to substantially unwind AIGFP within a few years at a manageable cost

- A reduction in Government support

Recent Results

AIG reported a net loss of $24.5 billion for the third quarter of 2008. As of September 30, 2008, shareholders' equity was $71.2 billion, including $23.0 billion of consideration received for preferred stock not yet issued.

Capital Structure and Liquidity

As of September 30, 2008, AIG reported total borrowings of $224.6 billion, including $63.0 billion of borrowings under the original NY Fed credit facility. Moody's continues to regard a majority of the group's borrowings as "operating" debt (i.e., directly supporting assets of the Financial Services segment and AIG's Matched Investment Program). However, we view borrowings under the NY Fed facility as "financial" debt, used largely to fund investments in and advances to operating subsidiaries, particularly AIGFP and the DLIRS companies. AIG's adjusted financial debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) jumped to $80.2 billion as of September 30, 2008, resulting in adjusted financial leverage of 43.2%. These levels are sharply higher than the adjusted financial debt of $23.7 billion and adjusted leverage of 18.3% seen at year-end 2007. As of year-end 2008, AIG's Government funding included $40 billion of TARP preferred stock and approximately $37 billion drawn under the NY Fed facility, leaving $23 billion of unused capacity under the amended NY Fed facility.

Moody's expects that AIG's ultimate capital structure, assuming completion of the global divestiture plan and repayment of the NY Fed credit facility, would still include substantial debt and hybrid securities with large fixed charge requirements. Moody's believes that AIG's financial leverage and coverage metrics at that time, absent other capital raising or restructuring initiatives, would be weak for the single-A debt rating category - perhaps very weak for that rating level if asset dispositions are completed at prices materially lower than currently expected.

AIG: Overview of Hybrid Capital Instruments

Instrument Name	Amount $M	Date	Maturity	Interest	Optional interest deferral	Mandatory deferral	Dividend stopper	Ranking	Potential loss	Basket
Jun. Sub – Series A1	1,000	March 2007	80-year NC 5 (2012) RCC	6.25% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, and non-cum pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
Jun. Sub – Series A2	GBP 750	March 2007	60-year NC 10 (2017) RCC	5.75% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, and non-cum pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
Jun. Sub – Series A3	EUR 750	May 2007	70-year NC 10 (2017) RCC	4.875% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, and non-cum pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
Jun. Sub – Series A4	750	May 2007	70-year NC 5 (2012) RCC	6.45% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, and non-cum pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
Jun. Sub – Series A5	1,000	Dec. 2007	55-year NC 5	7.7% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default	No	Yes; redeeming or repurchasing or	▪ Junior to all senior debt	Limited claim in receivership, bankruptcy, and insolvency, to	D

			(2012) RCC		▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, non-cum pref, and mandatorily convertible pref ▪ Claim in bankruptcy is limited to 2 years		making payments on pari passu and junior securities is prohibited	▪ Pari passu with other junior sub debt ▪ Senior to equity	receive payment of deferred interest	
Jun. Sub – Series A6	4,000	May 2008	60-year NC 5 (2013) RCC	8.175% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, and pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
Jun. Sub – Series A7	EUR 750	May 2008	60-year NC 10 (2018) RCC	8% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, non-cum pref, and mandatorily convertible pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
Jun. Sub – Series A8	GBP 900	May 2008	60-year NC 10 (2018) RCC	8.625% Annually	▪ Cumulative deferrable for up to 10 years without causing an event of default ▪ Issuer must use ACSM to pay deferred interest at earlier of 5 years or when cash payments on the debt or more junior securities are resumed ▪ ACSM securities include qualifying common, warrants, non-cum pref, and mandatorily convertible pref ▪ Claim in bankruptcy is limited to 2 years	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Pari passu with other junior sub debt ▪ Senior to equity	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
ILFC ECAP Trust I	600	Dec 2005	60-year IBRD		▪ 5 years of optional deferral ▪ After 5 years of optional deferral, must sell pref and if unsuccessful must contribute capital as common equity to ILFC ▪ After 10 years of deferral, holders may	Yes; triggered when tangible equity amount < 11% of total managed assets or average four quarters fixed	Yes; redeeming or repurchasing or making payments on any capital stock is prohibited	▪ Junior to all debt ▪ Pari passu with trade creditors	Not required to pay holders under the trust guarantee if the trust does not have cash available	D

					liquidate the Trust and accelerate payments	charge ratio for the most recently completed fiscal quarter is less than or equal to 1.10				
AGFC Capital Trust I	350	Jan 2007	60-year NC10 RCC		▪ 5 years of optional deferral ▪ After 5 years of optional deferral, must raise capital via pref issuance to pay accrued and unpaid interest; if unsuccessful, must issue common ▪ After 10 years of deferral, holders may liquidate the Trust and accelerate payments	Yes; triggered when tangible equity amount < 5.5% of total managed assets or average four quarters fixed charge ratio for the most recently completed fiscal quarter is less than or equal to 1.10	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Junior to all senior debt ▪ Subordinated to liabilities of subsidiaries	Not required to pay holders under the trust guarantee if the trust does not have cash available	D
ILFC ECAP Trust II	400	Dec 2005	60-year		▪			▪		D
Equity Units (convert jun. sub)	5,880	May 2008	3-year equity purchase contract; 33-year jun. sub NC5 (2011)	8.5% Annually	▪ Cumulative deferral on equity purchase contract adjustment payments for up to 3 years ▪ Cumulative deferral of interest payment on junior sub debentures until the stock purchase date	No	Yes; redeeming or repurchasing or making payments on pari passu and junior securities is prohibited	▪ Jnior to all senior debt ▪ Subordinated to all liabilities of subsidiaries	Limited claim in receivership, bankruptcy, and insolvency, to receive payment of deferred interest	D
American General Inst. Cap A	500	Nov 1996	Dec 2045		▪			▪		A
American General Inst. Cap B	500	March 1997	Mar 2046		▪			▪		A
American General Cap II	300	June 2000	July 2030		▪			▪		A

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO
CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** October 2, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Tentative: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Company announcing global restructuring plan which will include numerous business sales.

Last Rating Action *(include date and reason)*: **Sept. 18, 2008** – Maintained ratings on AIG and subsidiaries following announcement of $85 bln revolving credit facility from the Fed.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	A2			A3		
Senior unsecured debt	A2			A3		
Subordinated debt	A3			Baa1		
Short-term issuer	P-1			P-1		
Outlook	RUR-Down			RUR-Down		
Subsidiary recs on page 2						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for parent recommendation

- Execution risk surrounding global restructuring plan.
- Little margin for error in generating proceeds from asset sales to repay Fed credit facility.
- Substantially reduced diversification following asset sales.
- If the restructuring plan succeeds, the company expects to emerge with its current capital structure, meaning adjusted financial leverage of about 19% (Aaa range) and fixed charge coverage of just under 4x (Baa range), reflecting lower earnings and a significant level of Basket D hybrids in the capital structure (17% of total capital).

Businesses to be retained

- AIG Commercial Insurance Group (stand-alone IFSR of Aa3) remains the largest US commercial insurer, with about 80% penetration of national accounts (companies with revenues > $500 mln). If the restructuring plan succeeds, these companies could retain IFS ratings in the Aa range.
- AIGGI Taiwan – stand-alone IFSR of A3 (RUR-Down) was reiterated in RCM of Oct. 2, 2008.

- AIG UK Limited – stand-alone IFSR lowered to A1 from Aa3 on Sept. 15, 2008. The rating reflects the company's strong market position in the UK, high profitability in recent years and a conservative investment strategy, offset by its focus on commercial lines and reliance on brokers for distribution.
- American General Finance – stand-alone senior debt rating downgraded to Baa1 from A2 on Oct. 1, 2008. The public rating is set one notch below the parent. This business is not core to AIG but it would be difficult to sell during the current slump in the US housing market.
- United Guaranty – stand-alone IFSRs to be addressed in RCM soon. This business is not core to AIG but it would be difficult to sell during the current slump in the US housing market.

Businesses to be sold

- Domestic and foreign life operations – recommending a downgrade of stand-alone and public IFSRs to A1 from Aa3 based on reputational damage related to turmoil at AIG plus continuing uncertainty surrounding ownership. In addition, the DLIRS companies have been hurt by declining RMBS values, while AIAB and ALICO have been hurt by the drop in the value of AIG shares.
- International Lease Finance – stand-alone senior debt rating downgraded to Baa2 from A3 on Oct. 1, 2008. The public rating is set one notch below the parent. The company is performing well but it depends on capital market funding as a critical business factor.
- SunAmerica Life – recommending a downgrade of stand-alone and public IFSRs to A3 from Aa3 based on run-off status. The company's main activity is managing the run-off of its FA-backed note portfolio,
- Transatlantic – recommending an outlook change to developing from stable, signalling that AIG's 59% interest is for sale. This business is well diversified and performing well.

Current & Recommended Ratings on AIG Entities October 2, 2008	**Rating Type**	**Support**	**Curr SA**	**Curr Public**	**Curr Outlook**	**Rec SA**	**Rec Public**	**Rec Outlook**
American International Group, Inc.	LT Issuer			A2	R-Dn		A3	R-Dn
	ST Issuer			P-1	R-Dn		P-1	R-Dn
Fully supported ratings								
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		A2	R-Dn		A3	R-Dn
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		A3	R-Dn		Baa1	R-Dn
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC	(Bkd) ST			P-1	R-Dn		P-1	R-Dn
Businesses to be retained								
AIG Capital Corporation	LT Issuer			Baa1	R-Dn		Baa2	R-Dn
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A1	R-Dn	A3	A3	R-Dn
AIG UK Limited	IFS	AIG Agmt	A1	A1	R-Dn	A1	A1	R-Dn
American General Finance Corporation	Sr Unsec Debt		Baa1	A3	R-Dn	Baa1	Baa1	R-Dn
United Guaranty subsidiaries UGRIC & UGMIC	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
United Guaranty subsidiaries UGRIC of NC & UGCIC	IFS	AIG Agmt	C/Caa2	A3	R-Dn	C/Caa2	Baa1	R-Dn
Businesses to be sold								
AIG Domestic Life Insurance & Retirement Services (9)	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
AIG Edison Life Insurance Company	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa3	R-Dn	A1	A1	R-Unc
American Life Insurance Company	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
International Lease Finance Corporation	Sr Unsec Debt		Baa2	A3	R-Dn	Baa2	Baa1	R-Unc
SunAmerican Life Insurance Company	IFS		Aa3	Aa3	R-Dn	A3	A3	R-Unc
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A3	Stable	A3	A3	Dev
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	Stable	Aa3	Aa3	Dev

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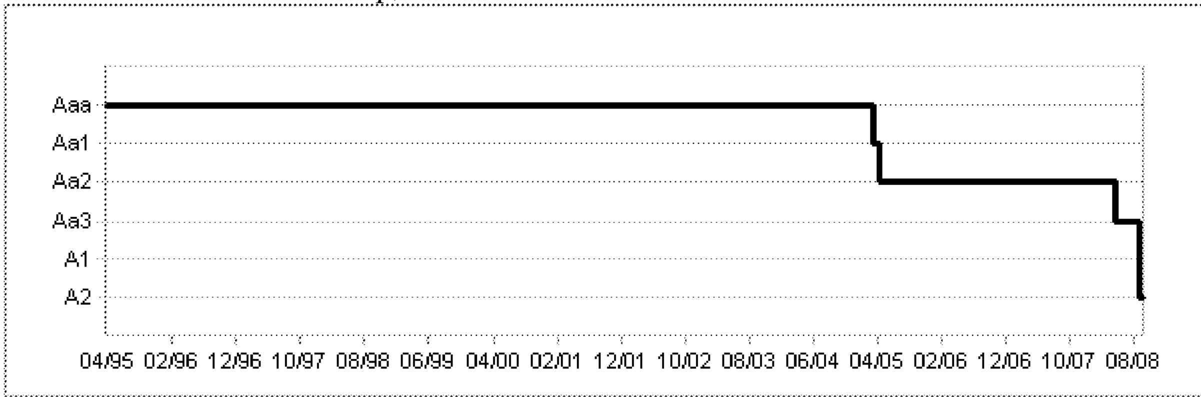
Rating History

American International Group, Inc. senior unsecured debt



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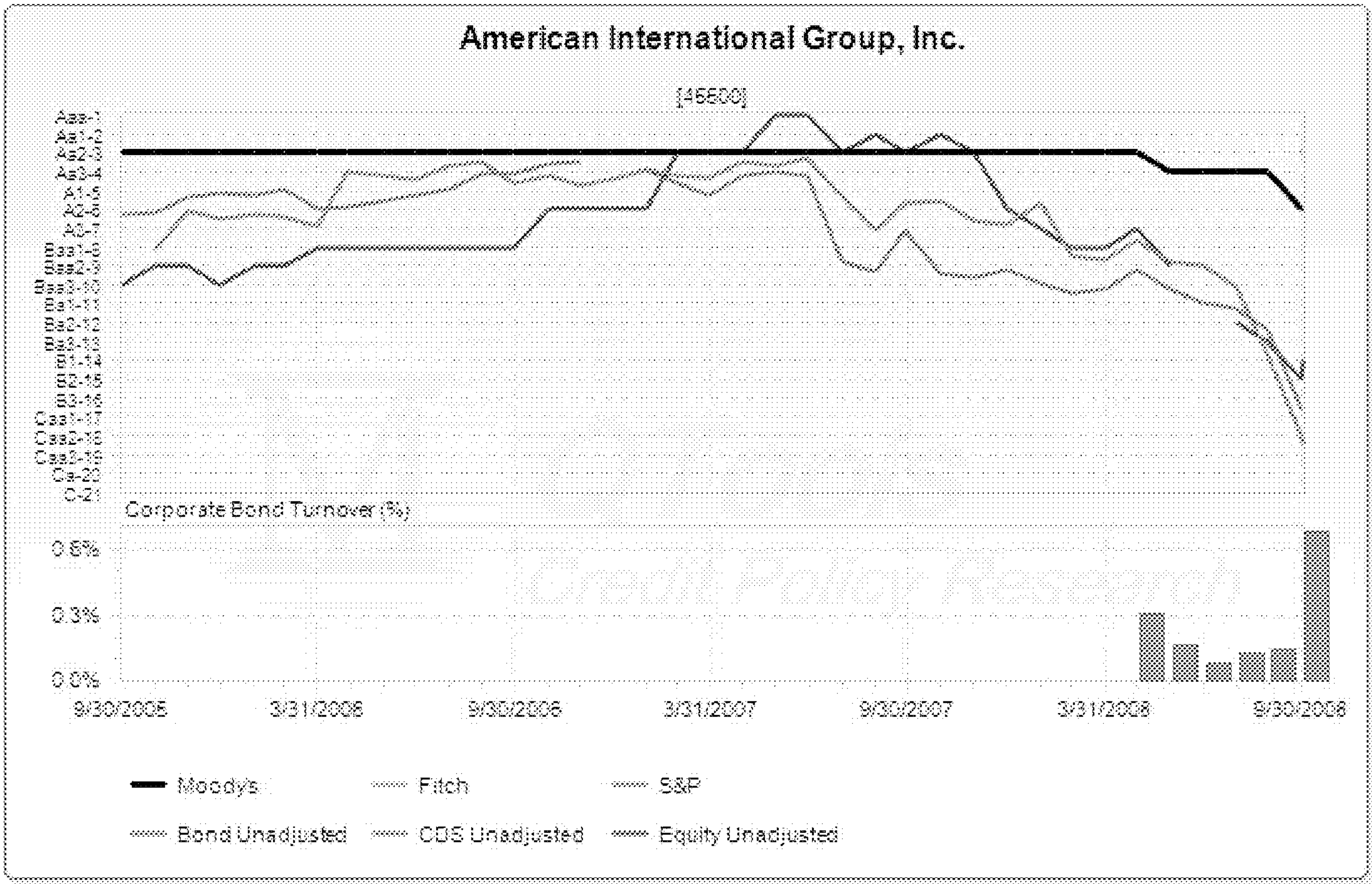
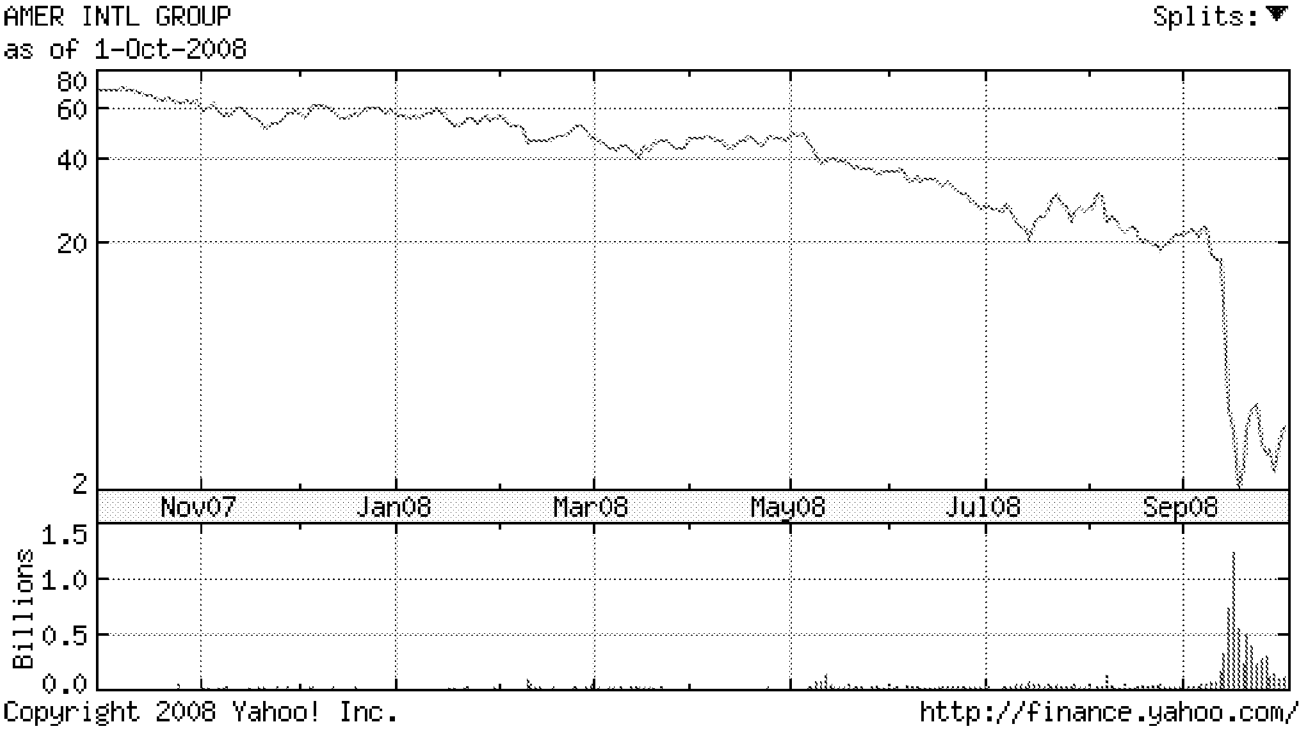


AIG Stock Chart



Market capital as of Oct. 1, 2008: $10.6 bln

Organizational Chart with Rated Entities

Current & Recommended Ratings on AIG Entities - October 2, 2008					Curr	Curr	Curr	Rec	Rec	Rec
Ownership Structure *	**Domicile**	**Business Segment**	**Rating Type**	**Support**	**SA**	**Public**	**Outlook**	**SA**	**Public**	**Outlook**
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			A2	R-Dn		A3	R-Dn
			Sr Unsec Debt			A2	R-Dn		A3	R-Dn
			Subord Debt			A3	R-Dn		Baa1	R-Dn
			ST Issuer			P-1	R-Dn		P-1	R-Dn
AIG Capital Corporation	DE		LT Issuer			Baa1	R-Dn		Baa2	R-Dn
			ST Issuer			P-2	Negative		P-2	R-Dn
American General Finance, Inc.	IN	Fin Svcs	ST Debt		Baa2	P-2	Negative		P-2	R-Dn
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		Baa1	A3	R-Dn		Baa1	R-Dn
			Sr Unsec Debt			A3	R-Dn		Baa1	R-Dn
			ST Debt			P-2	Negative		P-2	R-Dn
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		Baa2	R-Dn		Baa3	R-Dn
Yosemite Insurance Company	IN	Fin Svcs								
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-2	Negative		P-2	R-Dn
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		Baa2	A3	R-Dn		Baa1	R-Unc
			ST Debt			P-2	Negative		P-2	R-Unc
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		Baa2	R-Dn		Baa3	R-Unc
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		A2	R-Dn		A3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	R-Dn
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
			Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	R-Dn
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	R-Dn
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs								
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs								
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
American International Assurance Company (Bermuda) Ltd.	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn	A1	A1	R-Unc
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs								
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn	A1	A1	R-Unc
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
American International Life Assurance Company of NY	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa3	R-Dn	A1	A1	R-Unc
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A3	R-Dn		Baa1	R-Dn
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		A3	R-Dn		Baa1	R-Dn
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	R-Dn		P-1	R-Dn
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins								
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins								
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A1	R-Dn	A3	A3	R-Dn
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A3	Stable	A3	A3	Dev
			Sr Unsec Shelf			(P)A3			(P)A3	
			Subord Shelf			(P)Baa1			(P)Baa1	
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Aa3	Dev
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
American International Specialty Lines Insurance Co.	AK	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
United Guaranty Corporation	NC	Domes Gen Ins								
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	Caa2	A3	R-Dn		Baa1	R-Dn
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee	Aa3	Aa3	R-Dn	Aa3	Aa3	R-Dn
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt	C	A3	R-Dn		Baa1	R-Dn
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		A2	R-Dn		A3	R-Dn
			Bkd Prfrd Stock	AIG G'tee		Baa1	R-Dn		Baa2	R-Dn
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn	A3	A3	R-Unc
			Bkd ST IFS	AIG Agmt		P-1	R-Dn		P-2	R-Unc
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A3	R-Unc
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn	A1	A1	R-Unc
			Bkd ST IFS	AIG Agmt		P-1	R-Dn		P-1	R-Unc
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A3	R-Unc
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A3	R-Unc
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa3	R-Dn		A3	R-Unc
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt	Aa3	Aa3	R-Dn	A1	A1	R-Unc
			Bkd ST IFS	AIG Agmt		P-1	R-Dn		P-1	R-Unc
American International Underwriters Overseas, Ltd.	Bermuda									
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	A1	A1	R-Dn	A1	A1	R-Dn
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa3	R-Dn	A1	A1	R-Unc

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*
Source: Company reports & Moody's

CDS & RMBS Loss Estimates (from RCM memos of Sept. 15 & 17, 2008)

AIG CDS & Investment Related Losses/Writedowns	4Q 2007		1Q 2008		2Q 2008		Totals	
($ Blns)	Pretax	After tax	Pretax	After tax	Pretax	After tax	Pretax	After tax
AIGFP super-senior CDS								
Unrealized market valuation losses	**-11.1**	**-7.2**	**-9.1**	**-5.9**	**-5.6**	**-3.6**	**-25.8**	**-16.8**
AIG investments								
Realized capital losses	-2.6	-1.7	-6.1	-3.4	-6.1	-4.0	-14.8	-9.1
Unrealized depreciation during quarter	-3.8	-2.5	-10.6	-6.8	-3.7	-2.6	-18.1	-12.0
Total investment losses/writedowns	**-6.4**	**-4.3**	**-16.7**	**-10.2**	**-9.8**	**-6.6**	**-32.9**	**-21.1**
Total CDS & investment losses/writedowns	**-17.6**	**-11.5**	**-25.8**	**-16.1**	**-15.3**	**-10.2**	**-58.6**	**-37.8**
Pretax loss / Net loss	**-8.4**	**-5.3**	**-11.3**	**-7.8**	**-8.8**	**-5.4**	**-28.5**	**-18.5**

AIG Consolidated Equity ($ Blns)	**9/30/2007**	**12/31/2007**	**3/31/2008**	**6/30/2008**
Shareholders' equity	104.1	95.8	79.7	78.1
Change in equity vs 9/30/2007 ($)				-26.0
Change in equity vs 9/30/2007 (%)				-25.0%

AIG CDS & RMBS Portfolios Expected & stress case pretax losses modeled by BlackRock as of Sept. 9, 2008						
	Number of		**Base Case Losses**		**Stress Case Losses**	
($ Blns)	**Transacs**	**Notional**	**Undisc**	**Disc**	**Undisc**	**Disc**
CDS	109	**77.0**	**-5.6**	**-7.3**	**-12.9**	**-15.6**
Loss % of notional			-7.3%	-9.5%	-16.8%	-20.3%
		Par				
RMBS (preliminary results)		**66.0**	**-9.0**		**-17.0**	
Loss % of par			-13.6%		-25.8%	
Total CDS & RMBS estimated losses			**-14.6**		**-29.9**	

NB: For CDS portfolio, discounted losses are greater than undiscounted because discount has greatest impact on positive cash flows in years 6-25.

AIG CDS-CDO & RMBS Portfolios Expected & stress case pretax losses modeled by Chris Mann as of Sept. 13, 2009				
	Number of		**Expected**	**Stress Case**
($ Blns)	**Transacs**	**Notional**	**Losses**	**Losses**
CDS-CDO with subprime content (data as of March 31, 2008)	178	64.6		
Modeled portion	31	**56.0**	**-0.7**	**-4.8**
Loss % of notional			-1.3%	-8.6%
Not modeled		8.6		
		Par		
RMBS (data as of Dec. 31, 2007)		75.3		
Modeled portion		**59.6**	**-1.8**	**-6.7**
Loss % of par			-3.0%	-11.2%
Not modeled		15.6		
Total CDS-CDO and RMBS estimated losses			**-2.5**	**-11.5**

Liquidity Analysis (from RCM memos of Sept. 15 & 17, 2008)

AIG Liquidity Analysis as of Sept. 15, 2008 **($ Blns)**				
Liquidity needs			[4] **Sec lending analysis**	
Combined liquidity stress scenario two[1]	14.0		Liability as of 9/8/08	69.0
AIGFP CDS with OC triggers[2]	8.2		Cash in sec lending pool	9.4
AIGFP contracts with early termination provisions[3]	4.6		Other cash held by pool members	15.3
Sec lending full paydown[4]	13.3		TX FHLB loans ($6-8 bln by 9/30/08)	6.0
Total liquidity needs	**40.1**		Repos of gov'ts, agency pass-thrus, corporates	25.0
			Additional amount needed for full paydown	13.3
Liquidity sources	**Low**	**High**		
Capital raise	10.0	25.0		
Dividend reduction	0.0	2.0		
Investment sales	1.0	2.0		
Financing of unencumbered assets	5.0	15.0		
Subsidiary sales (does not include ILFC)	10.0	13.0		
Subtotal from capital raise & asset sales	26.0	57.0		
AIGFP solutions to reduce/finance collateral				
Project Metropolis - insurance in lieu of muni collateral	5.5	5.5		
CDS hedging of positions, portfolio tranche	5.0	10.0		
Swapping of CDS reference obligations	4.0	8.0		
CDS financing arrangements	8.0	16.0		
Cost of AIGFP solutions	-5.0	-10.0		
Subtotal from AIGFP solutions	17.5	29.5		
Total liquidity sources	**43.5**	**86.5**		
Net liquidity availability	**3.4**	**46.4**		

[1] Key assumptions include no CP rollover; no access to capital markets; AIGFP incremental collateral postings of $13 bln related to rating downgrades plus $13 bln related to MV deterioration vs 6/30/08.
[2] Assumes that all such transactions trigger immediately and are put to AIGFP, although some would likely take time to trigger.
[3] Assumes that all such contracts terminate immediately, although some provide significant value to c'parties and would likely remain in place.

Rating Action: American International Group, Inc.

Moody's maintains present ratings on AIG and subsidiaries

New York, September 18, 2008 -- Moody's Investors Service is maintaining its present ratings on American International Group, Inc. (NYSE: AIG -- senior unsecured debt at A2, short-term debt at Prime-1, on review for possible downgrade) and on AIG's subsidiaries following the announcement that the Federal Reserve Board (the Fed) has authorized the Federal Reserve Bank of New York to provide an $85 billion two-year secured revolving credit facility to the company. The Fed said in a press release that the credit facility is designed to assist AIG in meeting its obligations as they come due. The Fed also noted that a disorderly failure of AIG could have added to already significant levels of financial market fragility. AIG's recent liquidity strains stem mainly from investment and derivative portfolios that are exposed to the troubled US housing market.

The Fed credit agreement has not yet been made public but the Fed press release says that the facility is collateralized by all assets of AIG and of its primary non-regulated subsidiaries. These assets include the stock of substantially all of the regulated subsidiaries. The US government will also receive a 79.9 percent equity interest in AIG and has the right to veto the payment of dividends to common and preferred shareholders.

The credit facility significantly enhances AIG's short-term liquidity profile, in Moody's view, providing the company with greater flexibility to sell certain of its businesses in an orderly manner. The rating agency expects that AIG will move expeditiously in this regard to generate cash, limit its borrowings under the facility, and simplify its business mix.

Moody's continuing review of the ratings on AIG and its subsidiaries will focus on AIG's evolving liquidity profile, the extent to which AIG borrows under the Fed facility, the execution of asset sales, and the performance of the businesses that AIG continues to own. Moody's will also consider AIG's ability to contain and reduce risk in its mortgage exposed investment and derivative portfolios. With regard to various hybrid securities issued by AIG and its subsidiaries, the rating agency will consider the potential for deferral of periodic payments as a way for the company to conserve capital. It is possible that Moody's could widen the notching between ratings of senior unsecured debt and hybrid securities to reflect the increased risk of such deferrals.

In reviewing the insurance financial strength ratings of operating subsidiaries, Moody's will focus on their operating performance during this period of stress as well as the potential for sale or spin-off. The review will also consider the rating profiles of likely acquirers to the extent that businesses are identified for sale.

Despite the substantial liquidity benefit provided by the credit facility, Moody's believes that it would be difficult for AIG to access long-term capital at present, given the unsettled state of financial markets and uncertainty surrounding AIG's strategic plans. Moreover, borrowings under the facility, priced at LIBOR plus 850 basis points according to the Fed press release, will increase AIG's fixed charge burden to the extent that the facility is drawn. The rating agency also noted that while long-term creditors will benefit from the improved prospect of orderly asset sales, such creditors will be effectively subordinated to the Fed facility, while it remains outstanding, by virtue of its broad collateral package.

AIG's core insurance operations are fundamentally solid, in Moody's view, but are subject to substantial reputational risk as a result of the recent market turmoil. Moody's notes that AIG's management team is working vigorously to demonstrate that its insurance subsidiaries have sufficient liquidity and capital to support existing and new business. It will take time to determine the extent to which recent events may have weakened the companies' standing in the market.

Moody's has withdrawn its provisional ratings from AIG's multi-purpose shelf registrations, as these arrangements became fully utilized through AIG's capital issuance in May 2008.

The last rating action on AIG took place on September 15, 2008, when Moody's downgraded the parent company's ratings (senior unsecured debt to A2 from Aa3), took various rating actions on AIG's subsidiaries, and placed nearly all of these ratings on review for possible downgrade.

AIG, based in New York City, is a major international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to punctually pay senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

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Moody's Investors Service

Global Credit Research
Credit Opinion
14 AUG 2008

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Ratings

Category	Moody's Rating
Rating Outlook	NEG
Senior Unsecured	Aa3
Rated Intercompany Pool Members	
Rating Outlook	STA
Insurance Financial Strength	Aa3
AIG SunAmerica Life Assurance Company	
Rating Outlook	NEG
American Life Insurance Company	
Rating Outlook	STA
Insurance Financial Strength	Aa2
AIG Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	Aa2
American General Life Insurance Company	
Rating Outlook	NEG
Insurance Financial Strength	Aa2

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Key Indicators

American International Group, Inc.[1]

	TTM 6/08	2007	2006	2005	2004	2003
Total Assets ($ Mil.)	$1,049,876	$1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 78,088	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 82,233	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ (15,369)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage	19.4%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.)		6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.) [2]		11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements. [2] AIG changed its reporting basis for unrestricted subsidiary dividend capacity in 2007, so cashflow coverage at YE 2007 is not directly comparable to prior-year levels.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa3, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic

(US) operations, with nearly 60% coming from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

On August 7, 2008, Moody's affirmed AIG's ratings and reiterated the negative outlook. At the same time, Moody's affirmed the insurance financial strength (IFS) ratings of AIG's Domestic Life Insurance & Retirement Services (DLIRS) subsidiaries, while changing the DLIRS rating outlook to negative from stable. These rating actions followed AIG's announcement of a $5.4 billion net loss for the second quarter of 2008. The loss included significant unrealized market valuation losses on mortgage-exposed credit default swaps (CDS) at AIG Financial Products Corp. (AIGFP), as well as realized capital losses on investments, largely other-than-temporary impairment (OTTI) on residential mortgage-backed securities (RMBS) held by the DLIRS companies. Over the past nine months, AIG has absorbed after-tax unrealized market valuation losses on CDS totaling $16.8 billion and after-tax realized capital losses (principally OTTI on RMBS) totaling $9.1 billion. Also during this period, the company has posted to its equity account net after-tax unrealized depreciation of investments (largely RMBS) totaling $12.1 billion.

The negative outlook on the DLIRS companies reflects their weakened capital position as a result of OTTI losses, which generally flow through the regulatory financial statements and reduce regulatory capital. The DLIRS companies also face heightened liquidity risk, given that their RMBS are held predominantly within the securities lending collateral pool. Securities lending typically involves relatively short-term funding (secured by the lent securities), with the cash collateral invested in longer-term assets (including RMBS). The negative outlook on AIG (parent company) incorporates the challenges within DLIRS, as well as the growing CDS liabilities and collateral requirements at AIGFP, whose obligations are unconditionally guaranteed by AIG.

The recent rating affirmations were based on Moody's understanding that AIG will actively address potential liquidity and capital needs at various operating units, including DLIRS and AIGFP. We expect that AIG will maintain robust coverage of such needs, even in severely adverse scenarios. Failure to address these concerns in the near term could lead to rating downgrades at the parent company, DLIRS and/or other operating units. Moody's has estimated that AIG's ultimate economic losses on CDS and RMBS will likely be materially smaller than the current market values would suggest. Nevertheless, current market values have a meaningful impact on collateral requirements at AIGFP and regulatory capital levels at several insurance subsidiaries.

AIG's current ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its demonstrated access to capital markets. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US residential mortgage market.

Credit Profile of Significant Subsidiaries/Activities

AIG Property Casualty Group (2007 revenues: $38.0 billion, 35% of consolidated total)

The AIG Property Casualty Group (formerly Domestic General Insurance) encompasses the AIG Commercial Insurance Group (CIG - formerly Domestic Brokerage Group), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa3 IFS ratings (stable outlook) on eight members of CIG, reflecting CIG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by CIG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains a Aa3 IFS rating (negative outlook) on United Guaranty Residential Insurance Company (UGRIC), the lead company of AIG's Mortgage Guaranty unit. The rating is based on UGRIC's conservative underwriting practices, as evidenced by its limited exposure to the highest-risk mortgage products, coupled with its robust capital adequacy and solid competitive position. UGRIC's rating benefits from a net worth maintenance agreement from AIG plus a fixed-dollar-limit reinsurance agreement provided by a CIG member. Moody's expects UGRIC to sustain operating losses over the next several quarters as a result of continued weakness in the US housing market. However, the company is well positioned to take advantage of new business opportunities and improved terms of trade given its strong credit profile relative to peers. Moody's also maintains a Aa3 IFS rating (negative outlook) on United Guaranty Mortgage Indemnity Company based on an unconditional guarantee from UGRIC. Two other members of the Mortgage Guaranty unit carry IFS ratings of A1 (negative outlook), based on their respective exposures to second-lien mortgage loans and student loans - market segments where conditions are unlikely to improve over the medium term, in Moody's view. These ratings also benefit from a net worth maintenance agreement from AIG plus affiliated reinsurance.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a CIG company in December 2007. The Aa3 IFS rating (stable outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan), and merged the Taiwan branch of a CIG company into AIGGI Taiwan. Moody's upgraded the IFS rating of AIGGI Taiwan from Baa1 to A2 in July 2007 and to A1 in March 2008. With a stand-alone rating of A3, AIGGI Taiwan receives two notches of rating uplift from parental support in the form of financial flexibility, transfer of technical knowledge, management expertise and risk sharing. Because its rating relies on significant parental support, AIGGI Taiwan's rating outlook is negative, following that of AIG.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's maintains Aa2 IFS ratings (negative outlook) on ten members of the DLIRS segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-selling arrangements, and common investment management and administrative services. These strengths are tempered by the group's significant exposure to US RMBS, held predominantly within the securities lending collateral pool, as discussed above.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

The Foreign Life Insurance & Retirement Services segment encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, sound capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa3, stable outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, negative outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership

and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower. ILFC's negative rating outlook follows that of AIG.

The Capital Markets unit comprises the global operations of AIGFP (backed long-term issuer rating of Aa3, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa3 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US residential mortgage market through super-senior CDS and cash CDOs, a portfolio that is now in runoff. In February 2008, AIG appointed an interim CEO to oversee this operation and launched a search for a new permanent CEO. In connection with this management shift, Moody's expects that AIG will take a fresh look at the strategic direction and risk appetite at AIGFP.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated A1, negative outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and implicit support from AIG. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of year-end 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards have enabled the company to weather the housing market slump reasonably well compared to many other financial institutions. Nevertheless, AGFC's core profitability has fallen, and will continue to be pressured by rising loss provisions and the sharp fall-off in mortgage banking activity. Absent the implicit parental support, AGFC's ratings would be lower. AGFC's negative rating outlook follows that of AIG.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's Matched Investment Program. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US residential mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Sizable exposure to US residential mortgage market through various business units and activities, particularly CDS written by AIGFP and RMBS held by US life insurance subsidiaries

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

Rating Outlook

The negative outlook on AIG (and on subsidiaries whose ratings rely on meaningful explicit or implicit parental support) reflects the company's exposure to further volatility in the US residential mortgage market as well as uncertainty surrounding the strategic direction of AIGFP.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improving or stable stand-alone credit profiles of major operating units

- Strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- Weak group profitability, with returns on equity remaining below 10% over the next few quarters

- A decline in financial flexibility, with adjusted financial leverage exceeding the low 20s (percent), or adjusted pretax interest coverage remaining below 8x over the next few quarters

- Incremental losses on investments or derivatives causing a further decline in shareholders' equity

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $19.9 billion and a net loss of $5.4 billion for the second quarter of 2008. Shareholders' equity was $78.1 billion as of June 30, 2008.

Capital Structure and Liquidity

Moody's believes that AIG's financial flexibility has been weakened by the firm's exposure to the US mortgage market and the related losses, write-downs and decline in shareholders' equity. On the other hand, the company demonstrated broad access to the capital markets through its issuance of more than $20 billion of capital during May 2008 - a positive for creditors in Moody's view. The new issuance included approximately $7.5 billion of common stock, $5.9 billion of equity units (hybrids) and $6.9 billion of junior subordinated debentures (hybrids). The hybrid securities were designed to receive significant equity treatment for financial leverage calculations.

As of June 30, 2008, AIG reported total borrowings of $178.6 billion, a majority of which was "operating" debt (i.e., supporting assets of the Financial Services segment and AIG's Matched Investment Program). AIG's adjusted "financial" debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) amounted to $26.0 billion. AIG's adjusted financial leverage has increased from 18.3% at year-end 2007 to 19.4% as of June 30, 2008, as a result of mortgage-related losses and write-downs recorded during the first half of the year, largely offset by the capital issuance in May. Moody's notes that the newly issued hybrid securities carry significant fixed charges that will reduce AIG's earnings coverage and dividend capacity coverage of fixed charges going forward. We expect that earnings coverage will decline from a historic range of 20-24 times to a normalized range of about 8-12 times, while dividend capacity coverage will decline from a historic range of 9-14 times to a normalized range of about 6-8 times. Moody's believes that AIG will continue to benefit from its broad business diversification and access to capital market funding.

Moody's believes that AIG has sufficient liquidity - through cash on hand, dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries under current market conditions. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years. A majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Still, the pro forma dividend capacity coverage of fixed charges (6-8 times) is reasonable for AIG's current rating category. AIG has taken steps to enhance its liquidity in response to credit market turmoil over the past year. The company has increased its holdings of cash and short-term investments across major business units, and has established an interdisciplinary Liquidity Risk Committee to monitor and manage liquidity risks throughout the firm. AIG's consolidated cash and short-term investment position has grown from $29.4 billion at year-end 2006 to $82.2 billion as of June 30, 2008. The large position in cash and short-term investments is constraining AIG's investment income and overall profitability to some degree. Moody's regards this as a prudent trade-off in the current unsettled credit markets.

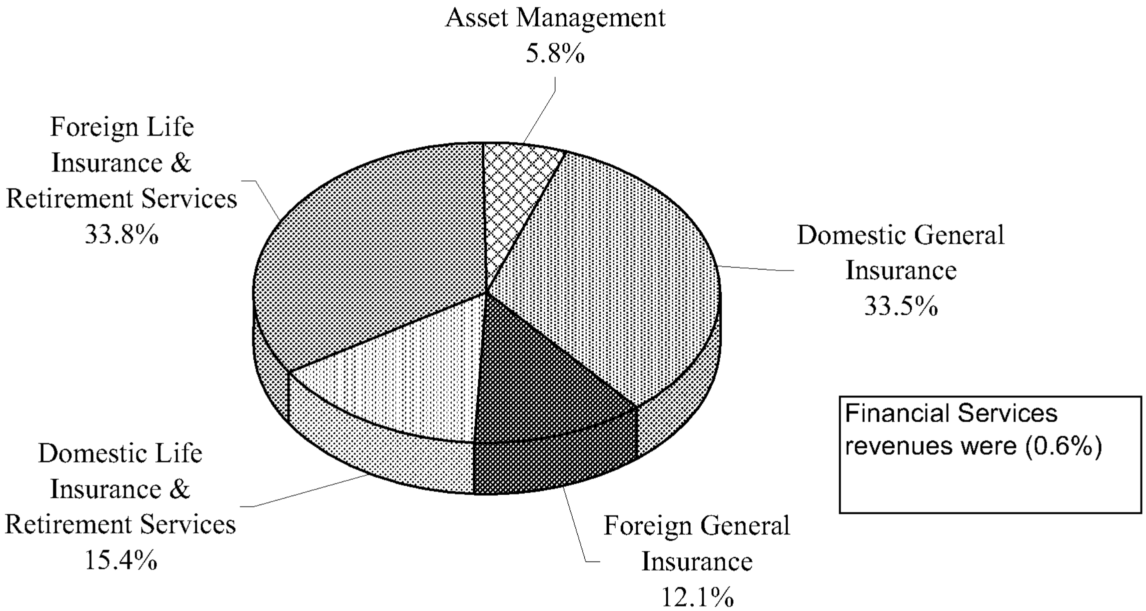
AIG gets a portion of its funding through a $7 billion commercial paper program ($5.8 billion outstanding at June 30, 2008). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2009 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of June 30, 2008, nearly all of this facility was being used for letters of credit. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option). Moody's expects that these facilities will be renewed in similar form before they expire.

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most importantly AIGFP. AIGFP manages its liquidity position to withstand severe market disruptions. AIGFP conducts regular liquidity stress tests that assume no access to capital markets, contingent liability payouts at the earliest possible dates, and haircuts on relatively liquid investment securities. The stress tests also consider the impact of potential rating downgrades on AIGFP's collateral posting requirements. As of July 31, 2008, AIGFP had posted collateral in respect of super-senior CDS in an aggregate net amount of $16.5 billion. At that time, AIG's senior unsecured debt ratings (and AIGFP's backed long-term issuer ratings) were Aa3 by Moody's and AA- by Standard & Poor's. The company estimated as of that date that a downgrade to A1 by Moody's and to A+ by Standard & Poor's would permit AIGFP's counterparties to call for approximately $13.3 billion of incremental collateral. As noted above, Moody's current ratings on AIG (and on AIGFP) incorporate our expectation that the company will maintain robust coverage of potential liquidity needs, even in severely adverse scenarios.

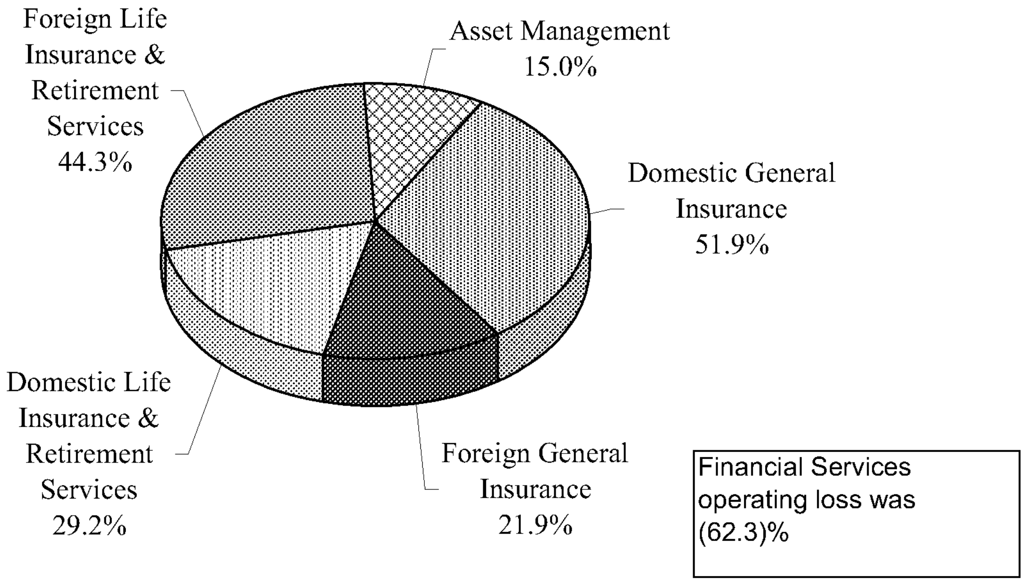
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

AIG Financial Highlights (from Company Profile)

($ Mil.)	2007	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	58,798	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	47,067	44,866	41,872	40,623	35,031	26,718
Net Investment Income	6,132	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	10,526	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	65.6%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.7%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	89.7%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	30,627	30,766	29,400	28,088	23,496	20,694
Net Investment Income	22,341	20,024	18,134	15,269	12,942	11,243
Pretax Operating Income	8,186	10,121	8,965	7,968	6,970	5,258
Financial Services						
Revenues	-1,309	7,777	10,525	7,495	6,242	6,822
Pretax Operating Income	-9,515	383	4,424	2,131	1,302	2,125
Asset Management						
Revenues	5,625	4,543	5,325	4,714	3,651	3,467
Pretax Operating Income	1,164	1,538	1,963	1,947	521	1,125
AIG Consolidated						
Total Revenues	110,064	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	8,943	21,687	15,213	14,845	11,907	7,808
Net Income	6,200	14,048	10,477	9,839	8,108	5,729
Total Assets	1,060,505	979,414	853,051	801,007	675,602	561,131
Total Debt	176,049	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	95,801	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	2007	2006	2005	2004
Revenues				
General Insurance	51,708	49,206	45,174	41,961
Life Insurance & Retirement Services	53,570	50,878	48,020	43,402
Financial Services	-1,309	7,777	10,677	7,495
Asset Management	5,625	4,543	4,582	4,714
Other/Eliminations	470	983	328	94
Consolidated Revenues	**110,064**	**113,387**	**108,781**	**97,666**
Pretax Operating Income				
General Insurance				
Domestic Brokerage Group	7,305	5,845	-820	777
Transatlantic Holdings, Inc.	661	589	-39	282
Personal Lines	67	432	195	357
Mortgage Guaranty	-637	328	363	399
Total Domestic	**7,396**	**7,194**	**-301**	**1,815**
Total Foreign	**3,137**	**3,228**	**2,601**	**1,344**
Other/Eliminations	-7	-10	15	18
Total General Insurance	**10,526**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services				
Domestic Life Insurance	642	917	1,495	1,023
Domestic Retirement Services	1,347	2,323	2,164	2,054
Total Domestic	**1,989**	**3,240**	**3,659**	**3,077**
Japan and Other	3,044	3,821	3,020	2,393
Asia	3,153	3,060	2,286	2,455
Total Foreign	**6,197**	**6,881**	**5,306**	**4,848**
Total Life Insurance & Retirement Services	**8,186**	**10,121**	**8,965**	**7,925**
Financial Services				
Aircraft Leasing	873	578	769	642
Capital Markets	-10,557	-873	2,661	662
Consumer Finance	171	668	922	786
Other	-2	10	72	90
Total Financial Services	**-9,515**	**383**	**4,424**	**2,180**
Asset Management				
Spread-based Investment Business	-89	732	1,194	1,328
Institutional Asset Management	784	438	387	515
Brokerage Services, Mutual Funds and Other	469	368	382	282
Total Asset Management	**1,164**	**1,538**	**1,963**	**2,125**
Other/Eliminations	-1,418	-767	-2,454	-562
Consolidated Pretax Operating Income	**8,943**	**21,687**	**15,213**	**14,845**

Consolidated Balance Sheet

December 31, (in millions)	2007	2006
Assets:		
Investments and financial services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2007 — $393,170; 2006 — $377,163)	**$ 397,372**	$386,869
Bonds held to maturity, at amortized cost (fair value: 2007 — $22,157; 2006 — $22,154)	**21,581**	21,437
Bond trading securities, at fair value (includes hybrid financial instruments: 2007 — $555; 2006 — $522)	**9,982**	10,836
Equity securities:		
Common stocks available for sale, at fair value (cost: 2007 — $12,588; 2006 — $10,662)	**17,900**	13,256
Common and preferred stocks trading, at fair value	**21,376**	14,855
Preferred stocks available for sale, at fair value (cost: 2007 — $2,600; 2006 — $2,485)	**2,370**	2,539
Mortgage and other loans receivable, net of allowance (2007 — $77; 2006 — $64) (includes loans held for sale: 2007 — $399)	**33,727**	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2007 — $10,499; 2006 — $8,835)	**41,984**	39,875
Securities available for sale, at fair value (cost: 2007 — $40,157; 2006 — $45,912)	**40,305**	47,205
Trading securities, at fair value	**4,197**	5,031
Spot commodities	**238**	220
Unrealized gain on swaps, options and forward transactions	**16,442**	19,252
Trade receivables	**6,467**	4,317
Securities purchased under agreements to resell, at contract value	**20,950**	30,291
Finance receivables, net of allowance (2007 — $878; 2006 — $737) (includes finance receivables held for sale: 2007 — $233; 2006 — $1,124)	**31,234**	29,573
Securities lending invested collateral, at fair value (cost: 2007 — $80,641; 2006 — $69,306)	**75,662**	69,306
Other invested assets	**58,823**	42,111
Short-term investments, at cost (approximates fair value)	**51,351**	27,483
Total investments and financial services assets	**851,961**	792,874
Cash	**2,284**	1,590
Investment income due and accrued	**6,587**	6,091
Premiums and insurance balances receivable, net of allowance (2007 — $662; 2006 — $756)	**18,395**	17,789
Reinsurance assets, net of allowance (2007 — $520; 2006 — $536)	**23,103**	23,355
Deferred policy acquisition costs	**43,150**	37,235
Investments in partially owned companies	**654**	1,101
Real estate and other fixed assets, net of accumulated depreciation (2007 — $5,446; 2006 — $4,940)	**5,518**	4,381
Separate and variable accounts	**78,684**	70,277
Goodwill	**9,414**	8,628
Other assets	**20,755**	16,089
Total assets	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *Continued*

December 31, *(in millions, except share data)*	2007	2006
Liabilities:		
Reserve for losses and loss expenses	**$ 85,500**	$ 79,999
Unearned premiums	**28,022**	26,271
Future policy benefits for life and accident and health insurance contracts	**136,068**	121,004
Policyholders' contract deposits	**258,459**	248,264
Other policyholders' funds	**12,599**	10,986
Commissions, expenses and taxes payable	**6,310**	5,305
Insurance balances payable	**4,878**	3,789
Funds held by companies under reinsurance treaties	**2,501**	2,602
Income taxes payable	**3,823**	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	**8,331**	19,677
Trade payables	**10,568**	6,174
Securities and spot commodities sold but not yet purchased, at fair value	**4,709**	4,076
Unrealized loss on swaps, options and forward transactions	**20,613**	11,401
Trust deposits and deposits due to banks and other depositors	**4,903**	5,249
Commercial paper and extendible commercial notes	**13,114**	13,363
Long-term borrowings	**162,935**	135,316
Separate and variable accounts	**78,684**	70,277
Securities lending payable	**81,965**	70,198
Minority interest	**10,422**	7,778
Other liabilities (includes hybrid financial instruments at fair value: 2007 — $47; 2006 — $111)	**30,200**	26,267
Total liabilities	**964,604**	877,542
Preferred shareholders' equity in subsidiary companies	**100**	191
Commitments, Contingencies and Guarantees (See Note 12)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2007 and 2006 — 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,848**	2,590
Payments advanced to purchase shares	**(912)**	—
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income (loss)	**4,643**	9,110
Treasury stock, at cost; 2007 — 221,743,421; 2006 — 150,131,273 shares of common stock (including 119,293,487 and 119,278,644 shares, respectively, held by subsidiaries)	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Years Ended December 31, *(in millions, except per share data)*	**2007**	2006	2005
Revenues:			
Premiums and other considerations	**$ 79,302**	$ 74,213	$ 70,310
Net investment income	**28,619**	26,070	22,584
Net realized capital gains (losses)	**(3,592)**	106	341
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(11,472)**	—	—
Other income	**17,207**	12,998	15,546
Total revenues	**110,064**	113,387	108,781
Benefits and expenses:			
Incurred policy losses and benefits	**66,115**	60,287	64,100
Insurance acquisition and other operating expenses	**35,006**	31,413	29,468
Total benefits and expenses	**101,121**	91,700	93,568
Income before income taxes, minority interest and cumulative effect of accounting changes	**8,943**	21,687	15,213
Income taxes (benefits):			
Current	**3,219**	5,489	2,587
Deferred	**(1,764)**	1,048	1,671
Total income taxes	**1,455**	6,537	4,258
Income before minority interest and cumulative effect of accounting changes	**7,488**	15,150	10,955
Minority interest	**(1,288)**	(1,136)	(478)
Income before cumulative effect of accounting changes	**6,200**	14,014	10,477
Cumulative effect of accounting changes, net of tax	**—**	34	—
Net income	**$ 6,200**	$ 14,048	$ 10,477
Earnings per common share:			
Basic			
Income before cumulative effect of accounting changes	**$2.40**	$5.38	$4.03
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.40**	$5.39	$4.03
Diluted			
Income before cumulative effect of accounting changes	**$2.39**	$5.35	$3.99
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.39**	$5.36	$3.99
Average shares outstanding:			
Basic	**2,585**	2,608	2,597
Diluted	**2,598**	2,623	2,627

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years Ended December 31, (in millions)	2007	2006	2005
Summary:			
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413
Net cash used in investing activities	**(68,007)**	(67,952)	(61,459)
Net cash provided by financing activities	**33,480**	61,244	38,097
Effect of exchange rate changes on cash	**50**	114	(163)
Change in cash	**694**	(307)	(112)
Cash at beginning of year	**1,590**	1,897	2,009
Cash at end of year	**$ 2,284**	$ 1,590	$ 1,897
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**11,472**	—	—
Net gains on sales of securities available for sale and other assets	**(1,349)**	(763)	(1,218)
Foreign exchange transaction (gains) losses	**(104)**	1,795	(3,330)
Net unrealized (gains) losses on non-AIGFP derivative assets and liabilities	**116**	(713)	878
Equity in income of partially owned companies and other invested assets	**(4,760)**	(3,990)	(1,421)
Amortization of deferred policy acquisition costs	**11,602**	11,578	10,693
Amortization of premium and discount on securities and long-term borrowings	**580**	699	207
Depreciation expenses, principally flight equipment	**2,790**	2,374	2,200
Provision for finance receivable losses	**646**	495	435
Other-than-temporary impairments	**4,715**	944	598
Changes in operating assets and liabilities:			
General and life insurance reserves	**16,242**	12,930	27,045
Premiums and insurance balances receivable and payable — net	**(207)**	(1,214)	192
Reinsurance assets	**923**	1,665	(5,365)
Capitalization of deferred policy acquisition costs	**(15,846)**	(15,363)	(14,454)
Investment income due and accrued	**(401)**	(249)	(171)
Funds held under reinsurance treaties	**(151)**	(1,612)	770
Other policyholders' funds	**1,374**	(498)	811
Income taxes payable	**(3,709)**	2,003	1,543
Commissions, expenses and taxes payable	**989**	408	140
Other assets and liabilities — net	**3,657**	(77)	2,863
Bonds, common and preferred stocks trading	**(3,667)**	(9,147)	(5,581)
Trade receivables and payables — net	**2,243**	(197)	2,272
Trading securities	**835**	1,339	(3,753)
Spot commodities	**(18)**	(128)	442
Net unrealized (gain) loss on swaps, options and forward transactions	**1,413**	(1,482)	934
Securities purchased under agreements to resell	**9,341**	(16,568)	9,953
Securities sold under agreements to repurchase	**(11,391)**	9,552	(12,534)
Securities and spot commodities sold but not yet purchased	**633**	(1,899)	571
Finance receivables and other loans held for sale — originations and purchases	**(5,145)**	(10,786)	(13,070)
Sales of finance receivables and other loans — held for sale	**5,671**	10,602	12,821
Other, net	**477**	541	(1,535)
Total adjustments	**28,971**	(7,761)	12,936
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows *Continued*

Years Ended December 31, (in millions)	2007	2006	2005
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 132,320**	$ 112,894	$ 140,076
Sales of equity securities available for sale	**9,616**	12,475	11,661
Proceeds from fixed maturity securities held to maturity	**295**	205	46
Sales of flight equipment	**303**	697	573
Sales or distributions of other invested assets	**14,109**	14,084	14,899
Payments received on mortgage and other loans receivable	**9,062**	5,165	3,679
Principal payments received on finance receivables held for investment	**12,553**	12,586	12,461
Purchases of fixed maturity securities available for sale and hybrid investments	**(139,184)**	(146,465)	(175,657)
Purchases of equity securities available for sale	**(10,933)**	(14,482)	(13,273)
Purchases of fixed maturity securities held to maturity	**(266)**	(197)	(3,333)
Purchases of flight equipment	**(4,772)**	(6,009)	(6,193)
Purchases of other invested assets	**(25,327)**	(16,040)	(15,059)
Acquisitions, net of cash acquired	**(1,361)**	—	—
Mortgage and other loans receivable issued	**(12,439)**	(7,438)	(5,310)
Finance receivables held for investment — originations and purchases	**(15,271)**	(13,830)	(17,276)
Change in securities lending invested collateral	**(12,303)**	(9,835)	(10,301)
Net additions to real estate, fixed assets, and other assets	**(870)**	(1,097)	(941)
Net change in short-term investments	**(23,484)**	(10,620)	1,801
Net change in non-AIGFP derivative assets and liabilities	**(55)**	(45)	688
Net cash used in investing activities	**$ (68,007)**	$ (67,952)	$ (61,459)
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholders' contract deposits	**$ 64,829**	57,197	51,699
Policyholders' contract withdrawals	**(58,675)**	(43,413)	(36,339)
Change in other deposits	**(182)**	1,269	(957)
Change in commercial paper and extendible commercial notes	**(338)**	2,960	(702)
Long-term borrowings issued	**103,210**	71,028	67,061
Repayments on long-term borrowings	**(79,738)**	(36,489)	(51,402)
Change in securities lending payable	**11,757**	9,789	10,437
Redemption of subsidiary company preferred stock	—	—	(100)
Issuance of treasury stock	**206**	163	82
Payments advanced to purchase treasury stock	**(6,000)**	—	—
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**308**	398	(85)
Net cash provided by financing activities	**$ 33,480**	$ 61,244	$ 38,097
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	**$ 8,818**	$ 6,539	$ 4,883
Taxes	**$ 5,163**	$ 4,693	$ 2,593
Non-cash financing activities:			
Interest credited to policyholder accounts included in financing activities	**$ 11,628**	$ 10,746	$ 9,782
Treasury stock acquired using payments advanced to purchase shares	**$ 5,088**	$ —	$ —
Non-cash investing activities:			
Debt assumed on acquisitions and warehoused investments	**$ 791**	$ —	$ —

See accompanying Notes to Consolidated Financial Statements.

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)	**June 30, 2008**	December 31, 2007
Assets:		
Investments and Financial Services assets:		
Fixed maturity securities:		
Bonds available for sale, at fair value (amortized cost: 2008 – $400,052; 2007 – $393,170)	**$ 393,316**	$ 397,372
Bonds held to maturity, at amortized cost (fair value: 2008 – $21,809; 2007 – $22,157)	**21,632**	21,581
Bond trading securities, at fair value	**8,801**	9,982
Equity securities:		
Common stocks available for sale, at fair value (cost: 2008 – $13,490; 2007 – $12,588)	**17,306**	17,900
Common and preferred stocks trading, at fair value	**22,514**	21,376
Preferred stocks available for sale, at fair value (cost: 2008 – $2,596; 2007 – $2,600)	**2,496**	2,370
Mortgage and other loans receivable, net of allowance (2008 – $99; 2007 – $77) (held for sale: 2008 – $30; 2007 – $377 (amount measured at fair value: 2008 – $745)	**34,384**	33,727
Financial Services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2008 – $11,359; 2007 – $10,499)	**43,887**	41,984
Securities available for sale, at fair value (cost: 2008 – $1,246; 2007 – $40,157)	**1,205**	40,305
Trading securities, at fair value	**35,170**	4,197
Spot commodities, at fair value	**90**	238
Unrealized gain on swaps, options and forward transactions, at fair value	**11,548**	12,318
Trade receivables	**2,294**	672
Securities purchased under agreements to resell, at fair value in 2008	**16,597**	20,950
Finance receivables, net of allowance (2008 – $1,133; 2007 – $878) (held for sale: 2008 – $36; 2007 – $233)	**33,311**	31,234
Securities lending invested collateral, at fair value (cost: 2008 – $67,758; 2007 – $80,641)	**59,530**	75,662
Other invested assets (amount measured at fair value: 2008 – $22,099; 2007 – $20,827)	**62,029**	58,823
Short-term investments (amount measured at fair value: 2008 – $24,167)	**69,492**	51,351
Total Investments and Financial Services assets	**835,602**	842,042
Cash	**2,229**	2,284
Investment income due and accrued	**6,614**	6,587
Premiums and insurance balances receivable, net of allowance (2008 – $596; 2007 – $662)	**20,050**	18,395
Reinsurance assets, net of allowance (2008 – $502; 2007 – $520)	**22,940**	23,103
Current and deferred income taxes	**8,211**	—
Deferred policy acquisition costs	**46,733**	43,914
Investments in partially owned companies	**628**	654
Real estate and other fixed assets, net of accumulated depreciation (2008 – $5,710; 2007 – $5,446)	**5,692**	5,518
Separate and variable accounts, at fair value	**73,401**	78,684
Goodwill	**10,661**	9,414
Other assets (amount measured at fair value: 2008 – $2,452; 2007 – $4,152)	**17,115**	17,766
Total assets	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)

	June 30, 2008	December 31, 2007
Liabilities:		
Reserve for losses and loss expenses	**$ 88,747**	$ 85,500
Unearned premiums	**28,738**	27,703
Future policy benefits for life and accident and health insurance contracts	**147,232**	136,387
Policyholders' contract deposits (amount measured at fair value: 2008 – $4,179; 2007 – $295)	**265,411**	258,459
Other policyholders' funds	**13,773**	12,599
Commissions, expenses and taxes payable	**5,597**	6,310
Insurance balances payable	**5,569**	4,878
Funds held by companies under reinsurance treaties	**2,498**	2,501
Current income taxes payable	**—**	3,823
Financial Services liabilities:		
Securities sold under agreements to repurchase (amount measured at fair value: 2008 – $8,338)	**9,659**	8,331
Trade payables	**1,622**	6,445
Securities and spot commodities sold but not yet purchased, at fair value	**3,189**	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	**24,232**	14,817
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 – $240)	**6,165**	4,903
Commercial paper and extendible commercial notes	**15,061**	13,114
Long-term borrowings (amount measured at fair value: 2008 – $53,839)	**163,577**	162,935
Separate and variable accounts	**73,401**	78,684
Securities lending payable	**75,056**	81,965
Minority interest	**11,149**	10,422
Other liabilities (amount measured at fair value: 2008 – $6,861; 2007 – $3,262)	**31,012**	27,975
Total liabilities	**971,688**	952,460
Preferred shareholders' equity in subsidiary companies	**100**	100
Commitments, Contingencies and Guarantees (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 – 2,948,038,001; 2007 – 2,751,327,476	**7,370**	6,878
Additional paid-in capital	**9,446**	2,848
Payments advanced to purchase shares	**—**	(912)
Retained earnings	**73,743**	89,029
Accumulated other comprehensive income (loss)	**(3,903)**	4,643
Treasury stock, at cost; 2008 – 259,225,244; 2007 – 221,743,421 shares of common stock	**(8,568)**	(6,685)
Total shareholders' equity	**78,088**	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,049,876**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except per share data) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	**2008**	2007
Revenues:				
Premiums and other considerations	**$21,735**	$19,533	**$ 42,407**	$39,175
Net investment income	**6,728**	7,853	**11,682**	14,977
Net realized capital losses	**(6,081)**	(28)	**(12,170)**	(98)
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(5,565)**	—	**(14,672)**	—
Other income	**3,116**	3,792	**6,717**	7,741
Total revenues	**19,933**	31,150	**33,964**	61,795
Benefits and expenses:				
Incurred policy losses and benefits	**18,450**	16,221	**34,332**	32,367
Insurance acquisition and other operating expenses	**10,239**	8,601	**19,652**	16,928
Total benefits and expenses	**28,689**	24,822	**53,984**	49,295
Income (loss) before income taxes (benefits) and minority interest	**(8,756)**	6,328	**(20,020)**	12,500
Income taxes (benefits)	**(3,357)**	1,679	**(6,894)**	3,405
Income (loss) before minority interest	**(5,399)**	4,649	**(13,126)**	9,095
Minority interest	**42**	(372)	**(36)**	(688)
Net income (loss)	**$ (5,357)**	$ 4,277	**$(13,162)**	$ 8,407
Earnings (loss) per common share:				
Basic	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.22
Diluted	**$ (2.06)**	$ 1.64	**$ (5.11)**	$ 3.21
Dividends declared per common share	**$ 0.220**	$ 0.200	**$ 0.420**	$ 0.365
Average shares outstanding:				
Basic	**2,605**	2,602	**2,575**	2,607
Diluted	**2,605**	2,613	**2,575**	2,621

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Summary:		
Net cash provided by (used in) operating activities	**$ 16,589**	$ 17,431
Net cash provided by (used in) investing activities	**(21,963)**	(40,314)
Net cash provided by (used in) financing activities	**5,274**	22,947
Effect of exchange rate changes on cash	**45**	(19)
Change in cash	**(55)**	45
Cash at beginning of year period	**2,284**	1,590
Cash at end of year period	**$ 2,229**	$ 1,635
Cash flows from operating activities:		
Net income (loss)	**$(13,162)**	$ 8,407
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income (loss):		
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**14,672**	—
Net gains on sales of securities available for sale and other assets	**(494)**	(732)
Foreign exchange transaction (gains) losses	**857**	639
Net unrealized (gains) losses on non-AIGFP derivatives and other assets and liabilities	**2,086**	(123)
Equity in income of partially owned companies and other invested assets	**(151)**	(2,747)
Amortization of deferred policy acquisition costs	**7,343**	5,911
Depreciation and other amortization	**1,799**	1,608
Provision for mortgage, other loans and finance receivables	**578**	229
Other-than-temporary impairments	**12,416**	884
Changes in operating assets and liabilities:		
General and life insurance reserves	**9,748**	8,238
Premiums and insurance balances receivable and payable – net	**(1,104)**	(941)
Reinsurance assets	**196**	434
Capitalization of deferred policy acquisition costs	**(9,160)**	(7,567)
Investment income due and accrued	**118**	(44)
Funds held under reinsurance treaties	**(25)**	(210)
Other policyholders' funds	**851**	879
Income taxes receivable and payable – net	**(6,960)**	(225)
Commissions, expenses and taxes payable	**52**	724
Other assets and liabilities – net	**1,809**	553
Trade receivables and payables – net	**(6,446)**	(925)
Trading securities	**930**	(2,258)
Spot commodities	**148**	127
Net unrealized (gain) loss on swaps, options and forward transactions	**(3,993)**	1,317
Securities purchased under agreements to resell	**4,353**	2,116
Securities sold under agreements to repurchase	**1,237**	(226)
Securities and spot commodities sold but not yet purchased	**(1,531)**	221
Finance receivables and other loans held for sale – originations and purchases	**(279)**	(3,957)
Sales of finance receivables and other loans – held for sale	**492**	4,177
Other, net	**209**	922
Total adjustments	**29,751**	9,024
Net cash provided by operating activities	**$ 16,589**	$ 17,431

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(in millions) (unaudited)

	Six Months Ended June 30,	
	2008	2007
Cash flows from investing activities:		
Proceeds from (payments for)		
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 42,026**	$ 64,563
Sales of equity securities available for sale	**4,861**	4,275
Proceeds from fixed maturity securities held to maturity	**33**	133
Sales of trading securities	**14,120**	—
Sales of flight equipment	**372**	28
Sales or distributions of other invested assets	**8,715**	6,208
Payments received on mortgage and other loans receivable	**3,457**	2,270
Principal payments received on finance receivables held for investment	**6,757**	6,430
Purchases of fixed maturity securities available for sale and hybrid investments	**(47,114)**	(72,348)
Purchases of equity securities available for sale	**(5,808)**	(5,852)
Purchases of fixed maturity securities held to maturity	**(88)**	(129)
Purchases of trading securities	**(9,244)**	—
Purchases of flight equipment (including progress payments)	**(2,950)**	(3,883)
Purchases of other invested assets	**(11,988)**	(12,171)
Mortgage and other loans receivable issued	**(3,340)**	(5,029)
Finance receivables held for investment – originations and purchases	**(8,778)**	(7,387)
Change in securities lending invested collateral	**6,315**	(11,772)
Net additions to real estate, fixed assets, and other assets	**(663)**	(466)
Net change in short-term investments	**(18,832)**	(4,636)
Net change in non-AIGFP derivative assets and liabilities	**186**	(548)
Net cash provided by (used in) investing activities	**$(21,963)**	$(40,314)
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholders' contract deposits	**$ 33,322**	$ 28,769
Policyholders' contract withdrawals	**(27,926)**	(29,379)
Change in other deposits	**682**	(823)
Change in commercial paper and extendible commercial notes	**1,930**	1,768
Long-term borrowings issued	**55,685**	50,091
Repayments on long-term borrowings	**(56,645)**	(34,937)
Change in securities lending payable	**(6,919)**	12,021
Proceeds from common stock issued	**7,343**	—
Issuance of treasury stock	**11**	180
Payments advanced to purchase treasury stock	**(1,000)**	(4,000)
Cash dividends paid to shareholders	**(1,036)**	(859)
Acquisition of treasury stock	**—**	(16)
Other, net	**(173)**	132
Net cash provided by (used in) financing activities	**$ 5,274**	$ 22,947
Supplementary disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	**$ 3,493**	$ 3,744
Taxes	**$ 66**	$ 3,524
Non-cash financing activities:		
Interest credited to policyholder accounts included in financing activities	**$ 3,815**	$ 5,932
Treasury stock acquired using payments advanced to purchase shares	**$ 1,912**	$ 1,664
Present value of future contract adjustment payments related to issuance of equity units	**$ 431**	$ —
Non-cash investing activities:		
Debt assumed on acquisitions and warehoused investments	**$ 153**	$ 354

See Accompanying Notes to Consolidated Financial Statements.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant
Balance Sheet — Parent Company Only

Schedule II

December 31, (in millions)	2007	2006
Assets:		
Cash	**$ 84**	$ 76
Invested assets	**14,648**	7,346
Carrying value of subsidiaries and partially owned companies, at equity	**111,714**	109,125
Premiums and insurance balances receivable — net	**311**	222
Other assets	**9,103**	3,767
Total assets	**135,860**	120,536
Liabilities:		
Insurance balances payable	**43**	21
Due to affiliates — net	**3,916**	1,841
Notes and bonds payable	**20,397**	8,917
Loans payable	**500**	700
AIG MIP matched notes and bonds payable	**14,274**	5,468
Series AIGFP matched notes and bonds payable	**874**	72
Other liabilities	**55**	1,840
Total liabilities	**40,059**	18,859
Shareholders' equity:		
Common stock	**6,878**	6,878
Additional paid-in capital	**1,936**	2,590
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income	**4,643**	9,110
Treasury stock	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities and shareholders' equity	**$135,860**	$120,536

See Accompanying Notes to Financial Statements — Parent Company Only.

Statement of Income — Parent Company Only

Years Ended December 31, (in millions)	2007	2006	2005
Agency income (loss)	**$ 10**	$ 9	$ 3
Financial services income	**69**	531	507
Asset management income (loss)	**99**	34	(3)
Cash dividend income from consolidated subsidiaries	**4,685**	1,689	1,958
Dividend income from partially-owned companies	**9**	11	127
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**3,121**	13,308	10,156
Other expenses, net	**(2,566)**	(1,371)	(2,203)
Cumulative effect of an accounting change	**—**	34	—
Income before income taxes	**5,427**	14,245	10,545
Income taxes (benefits)	**(773)**	197	68
Net income	**$ 6,200**	$14,048	$10,477

See Accompanying Notes to Financial Statements — Parent Company Only.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant *Continued*
Statement of Cash Flows — Parent Company Only

Schedule II

Years Ended December 31, *(in millions)*	**2007**	2006	2005
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**(9,941)**	(13,308)	(10,156)
Foreign exchange transaction (gains) losses	**333**	232	—
Changes in operating assets and liabilities:			
Change in premiums and insurance balances receivable and payable	**(44)**	(423)	15
Loan receivables held for sale — purchases	**(404)**	—	—
Sales of loan receivables — held for sale	**40**	—	—
Other, net	**3,046**	(1,139)	1,518
Total adjustments	**(6,970)**	(14,638)	(8,623)
Net cash provided by (used in) operating activities	**(770)**	(590)	1,854
Cash flows from investing activities:			
Purchase of investments	**(7,640)**	(7,875)	—
Sale of investments	**3,057**	3,402	—
Change in short-term investments	**(3,631)**	414	(598)
Contributions to subsidiaries and investments in partially owned companies	**(755)**	(3,017)	(966)
Mortgage and other loan receivables — originations and purchases	**(2,026)**	(423)	—
Payments received on mortgages and other loan receivables	**498**	15	—
Other, net	**(240)**	(159)	(117)
Net cash used in investing activities	**(10,737)**	(7,643)	(1,681)
Cash flows from financing activities:			
Notes, bonds and loans issued	**20,582**	12,038	2,101
Repayments of notes, bonds and loans	**(1,253)**	(2,417)	(607)
Issuance of treasury stock	**217**	163	82
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Payments advanced to purchase shares	**(6,000)**	—	—
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**(134)**	(7)	21
Net cash (used in) provided by financing activities	**11,515**	8,119	—
Change in cash	**8**	(114)	173
Cash at beginning of year	**76**	190	17
Cash at end of year	**$ 84**	$ 76	$ 190

NOTES TO FINANCIAL STATEMENTS — PARENT COMPANY ONLY

(1) Agency operations conducted in New York through the North American Division of AIU are included in the financial statements of the parent company.

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) "Equity in undistributed net income of consolidated subsidiaries and partially owned companies" in the accompanying Statement of Income — Parent Company Only — includes equity in income of the minority-owned insurance operations.

Invested Assets

The following tables summarize the composition of AIG's invested assets by segment:

(in millions)	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
June 30, 2008						
Fixed maturity securities:						
Bonds available for sale, at fair value	**$ 72,981**	**$297,095**	**$ 1,370**	**$21,870**	**$ —**	**$393,316**
Bonds held to maturity, at amortized cost	**21,346**	**1**	**—**	**285**	**—**	**21,632**
Bond trading securities, at fair value	**—**	**8,764**	**—**	**37**	**—**	**8,801**
Equity securities:						
Common stocks available for sale, at fair value	**4,522**	**12,018**	**—**	**787**	**(21)**	**17,306**
Common and preferred stocks trading, at fair value	**285**	**22,200**	**—**	**29**	**—**	**22,514**
Preferred stocks available for sale, at fair value	**1,943**	**543**	**10**	**—**	**—**	**2,496**
Mortgage and other loans receivable, net of allowance	**16**	**26,010**	**1,038**	**7,275**	**45**	**34,384**
Financial Services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	**—**	**—**	**43,887**	**—**	**—**	**43,887**
Securities available for sale, at fair value	**—**	**—**	**1,205**	**—**	**—**	**1,205**
Trading securities, at fair value	**—**	**—**	**35,170**	**—**	**—**	**35,170**
Spot commodities, at fair value	**—**	**—**	**90**	**—**	**—**	**90**
Unrealized gain on swaps, options and forward transactions, at fair value	**—**	**—**	**12,720**	**—**	**(1,172)**	**11,548**
Trade receivables	**—**	**—**	**2,294**	**—**	**—**	**2,294**
Securities purchased under agreements to resell, at fair value	**—**	**—**	**16,597**	**—**	**—**	**16,597**
Finance receivables, net of allowance	**—**	**5**	**33,306**	**—**	**—**	**33,311**
Securities lending invested collateral, at fair value	**4,951**	**48,312**	**141**	**6,126**	**—**	**59,530**
Other invested assets	**12,616**	**20,810**	**3,670**	**17,840**	**7,093**	**62,029**
Short-term investments	**9,967**	**32,724**	**3,974**	**7,125**	**15,702**	**69,492**
Total Investments and Financial Services assets as shown on the balance sheet	**128,627**	**468,482**	**155,472**	**61,374**	**21,647**	**835,602**
Cash	**499**	**979**	**476**	**269**	**6**	**2,229**
Investment income due and accrued	**1,380**	**4,952**	**29**	**255**	**(2)**	**6,614**
Real estate, net of accumulated depreciation	**342**	**965**	**28**	**95**	**224**	**1,654**
Total invested assets*	**$130,848**	**$475,378**	**$156,005**	**$61,993**	**$21,875**	**$846,099**

** At June 30, 2008, approximately 63 percent and 37 percent of invested assets were held in domestic and foreign investments, respectively.*

The amortized cost or cost and fair value of AIG's available for sale and held to maturity securities were as follows:

(in millions)	June 30, 2008 Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	December 31, 2007 Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds – available for sale:(a)								
U.S. government and government sponsored entities	$ 4,588	$ 158	$ 34	$ 4,712	$ 7,956	$ 333	$ 37	$ 8,252
Obligations of states, municipalities and political subdivisions	45,847	465	660	45,652	46,087	927	160	46,854
Non-U.S. governments	72,596	3,606	1,285	74,917	67,023	3,920	743	70,200
Corporate debt	223,902	3,693	8,247	219,348	239,822	6,216	4,518	241,520
Mortgage-backed, asset-backed and collateralized	111,678	840	13,541	98,977	140,982	1,221	7,703	134,500
Total bonds	$458,611	$ 8,762	$ 23,767	$443,606	$501,870	$12,617	$13,161	$501,326
Equity securities	16,086	4,332	616	19,802	15,188	5,545	463	20,270
Total	$474,697	$ 13,094	$ 24,383	$463,408	$517,058	$18,162	$13,624	$521,596
Held to maturity:(b)	$ 21,632	$ 322	$ 145	$ 21,809	$ 21,581	$ 609	$ 33	$ 22,157

(a) At December 31, 2007, included AIGFP available for sale securities with a fair value of $39.3 billion, for which AIGFP elected the fair value option effective January 1, 2008, consisting primarily of corporate debt, mortgage-backed, asset-backed and collateralized securities. At June 30, 2008 and December 31, 2007, fixed maturities held by AIG that were below investment grade or not rated totaled $23.0 billion and $27.0 billion, respectively.

(b) Represents obligations of states, municipalities and political subdivisions.

The credit ratings of AIG's fixed maturity securities, other than those of AIGFP, were as follows:

Rating	June 30, 2008	December 31, 2007
AAA	30%	38%
AA	30	28
A	22	18
BBB	13	11
Below investment grade	4	4
Non-rated	1	1
Total	100%	100%

The industry categories of AIG's available for sale corporate debt securities, other than those of AIGFP, were as follows:

Industry Category	June 30, 2008	December 31, 2007
Financial institutions	43%	42%
Utilities	12	11
Communications	8	8
Consumer noncyclical	7	7
Capital goods	6	6
Consumer cyclical	5	5
Energy	5	4
Other	14	17
Total*	100%	100%

** At both June 30, 2008 and December 31, 2007, approximately 95 percent of these investments were rated investment grade.*

Investments in RMBS, CMBS, CDOs and ABS

As part of its strategy to diversify its investments, AIG invests in various types of securities, including RMBS, CMBS, CDOs and ABS.

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS, CMBS, CDOs and ABS were as follows:

(in millions)	June 30, 2008 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	December 31, 2007 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds — available for sale:								
AIG, excluding AIGFP:								
RMBS	$ 77,531	$506	$10,139	$67,898	$ 89,851	$ 433	$5,504	$ 84,780
CMBS	22,935	210	1,942	21,203	23,918	237	1,156	22,999
CDO/ABS	11,212	124	1,460	9,876	10,844	196	593	10,447
Subtotal, excluding AIGFP	111,678	840	13,541	98,977	124,613	866	7,253	118,226
AIGFP*	—	—	—	—	16,369	355	450	16,274
Total	$111,678	$840	$13,541	$98,977	$140,982	$1,221	$7,703	$134,500

** Represents total AIGFP investments in mortgage-backed, asset-backed and collateralized securities for which AIGFP has elected the fair value option effective January 1, 2008. At June 30, 2008, the fair value of these securities were $20.3 billion. An additional $1.8 billion related to insurance company investments is included in Bonds — trading.*

Investments in RMBS

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS securities, other than those of AIGFP, were as follows:

(in millions)	June 30, 2008 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total	December 31, 2007 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total
RMBS:										
U.S. agencies	$16,642	$243	$ 181	$16,704	25%	$14,575	$320	$ 70	$14,825	17%
Prime non-agency(a)	17,575	36	1,646	15,965	23	21,552	72	550	21,074	25
Alt-A	20,236	69	3,896	16,409	24	25,349	17	1,620	23,746	28
Other housing-related(b)	3,090	2	532	2,560	4	4,301	2	357	3,946	5
Subprime	19,988	156	3,884	16,260	24	24,074	22	2,907	21,189	25
Total	$77,531	$506	$10,139	$67,898	100%	$89,851	$433	$5,504	$84,780	100%

(a) Includes foreign and jumbo RMBS-related securities.

(b) Primarily wrapped second-lien.

Investments in CMBS

The amortized cost of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
CMBS (traditional)	$20,819	91%
ReRemic/CRE CDO	1,465	6
Agency	246	1
Other	405	2
Total	$22,935	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, at June 30, 2008 by credit rating was as follows:

	Percentage
Rating:	
AAA	79%
AA	12
A	7
BBB and below	2
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by year of vintage at June 30, 2008 was as follows:

	Percentage
Year:	
2008	1%
2007	24
2006	14
2005	18
2004	15
2003 and prior	28
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by geographic region at June 30, 2008 was as follows:

	Percentage
Geographic region:	
New York	17%
California	15
Texas	7
Florida	6
Virginia	4
Illinois	4
New Jersey	3
Pennsylvania	3
Georgia	3
Massachusetts	3
All Other	35
Total	100%

At June 30, 2008, AIG held $23 billion in cost basis of CMBS. Approximately 79 percent of such holdings were rated AAA, approximately 19 percent were rated AA or A, and approximately 2 percent were rated BBB or below. At June 30, 2008, all such securities were current in the payment of principal and interest.

There have been disruptions in the commercial mortgage

Investments in CDOs

The amortized cost of AIG's CDO investments, other than those of AIGFP, by collateral type at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Collateral Type:		
Bank loans (CLO)	$2,108	51%
Synthetic investment grade	1,233	30
Other	733	18
Subprime ABS	46	1
Total	$4,120	100%

The amortized cost of the AIG's CDO investments, other than those of AIGFP, by credit rating at June 30, 2008 was as follows:

(in millions)	Amortized Cost	Percent of Total
Rating:		
AAA	$ 872	21%
AA	766	19
A	2,085	51
BBB	313	8
Below investment grade and equity	84	1
Total	$4,120	100%

The composition of the securities lending invested collateral by credit rating at June 30, 2008 was as follows:

(in millions)	AAA	AA	A	BBB/Not Rated	Short-Term	Total
Corporate debt	$ 696	$ 7,407	$3,557	$1,245	$ —	$12,905
Mortgage-backed, asset-backed and collateralized	30,933	3,170	437	1,640	—	36,180
Cash and short-term investments	—	—	—	—	10,445	10,445
Total	$31,629	$10,577	$3,994	$2,885	$10,445	$59,530

The amortized cost of AIG's RMBS investments, other than those of AIGFP, at June 30, 2008 by year of vintage and credit rating were as follows:

	Year of Vintage						
(in billions)	Prior	2004	2005	2006	2007	2008	Total
Rating:							
Total RMBS							
AAA	$ 8,968	$6,057	$13,149	$20,561	$15,485	$3,011	$67,231
AA	1,030	648	1,539	1,940	1,250	—	6,407
A	221	193	265	273	193	9	1,154
BBB and below	168	306	378	870	964	53	2,739
Total RMBS	$10,367	$7,204	$15,331	$23,644	$17,892	$3,073	$77,531
Alt-A RMBS							
AAA	$ 753	$ 850	$ 4,312	$ 7,606	$ 5,290	$ —	$18,811
AA	241	164	301	99	280	—	1,085
A	27	41	89	18	42	—	217
BBB and below	15	27	68	13	—	—	123
Total Alt-A	$ 1,036	$1,082	$ 4,770	$ 7,736	$ 5,612	$ —	$20,236
Subprime RMBS							
AAA	$ 398	$ 423	$ 4,403	$ 7,760	$ 3,884	$ —	$16,868
AA	129	102	398	785	276	—	1,690
A	77	62	68	126	103	—	436
BBB and below	1	66	65	475	387	—	994
Total Subprime	$ 605	$ 653	$ 4,934	$ 9,146	$ 4,650	$ —	$19,988

Equity	**(Mlns) Exposure**
PICC - strategic shareholding	546
Taiwan Semiconductor - Taiwan	257
Chunghwa Telecom - Taiwan	257
T&D Holdings (merged Taiyo and Daiwa)	163
Pru Class B (part of demutualization process)	157
PTT PCL - Thailand	134
CP All - Thailand (private equity portfolio)	127
Nippon Building Fund - Japan REIT	115
Mediatek - Taiwan	106
Hon Hai Precision Industry - Taiwan	101

Credit	**(Blns) Exposure**
TAIWAN, REPUBLIC OF	15,973.3
JAPAN, GOVERNMENT OF	10,231.8
THAILAND, KINGDOM OF	6,132.3
CITIGROUP INC	4,172.9
GENERAL ELECTRIC CO	3,860.0
HSBC HOLDINGS PLC	3,796.2
JP MORGAN CHASE & CO	3,711.3
BANK OF AMERICA CORP	3,709.2
SINGAPORE, REPUBLIC OF	2,976.8
WACHOVIA CORP	2,903.6
KOREA, REPUBLIC OF	2,767.1
AT&T INC	2,614.4
GOLDMAN SACHS GROUP INC	2,608.4
MORGAN STANLEY	2,500.1
ROYAL BANK OF SCOTLAND GROUP PLC	2,418.8

Valuation date: December 31, 2007 **Excludes FP**

Group Name: AIG Inc. (Insurance Investment Portfolios)

Summary MBS/CDO/FG Holdings

Holdings ($ millions)	**Market Value**	**Amortized Cost**	**Investment % Total Invest.**	**Investment % of Equity**
CMBS	22,998.8	23,918.0	3%	25%
Prime - Non Agency 1st lien RMBS	21,072.9	21,551.7	3%	22%
Prime - Non Agency 2nd lien RMBS	850.1	955.1	0%	1%
Alt A RMBS (1st or 2nd lien)	24,892.2	26,616.4	4%	28%
Subprime 1st lien RMBS	21,189.1	24,073.6	3%	25%
Subprime 2nd lien RMBS	-	-	0%	0%
HELOC RMBS	1,861.5	1,989.0	0%	2%
Home equity/Closed end 2nd lien RMBS	-	-	0%	0%
CDO with subprime/Alt A exposures	58.0	58.0	0%	0%
CDO^2 with subprime/Alt A exposures	-	-	0%	0%
Financial Guarantor direct exposure *	38.5	56.6	0%	0%
Financial Guarantor wrapped investments**	41,870.0	42,150.0	6%	44%
Total cash and investments	693,004.0	688,123.0		
Shareholders' equity	95,801.0	95,801.0		

* Represents amortized cost and fair value related to $58MM in bonds and $136MM notional of CDS exposure.

** We recognize that this exposure may already be included in the lines above, but request you to identify it separately here

At June 30, 2008, the notional amount, fair value and unrealized market valuation loss of the AIGFP super senior credit default swap portfolio, including certain regulatory capital relief transactions, by asset class were as follows:

(in millions)	Notional Amount	Fair Value Loss at June 30, 2008	Unrealized Market Valuation Loss (Gain) Three Months Ended June 30, 2008[(a)]	Six Months Ended June 30, 2008[(a)]
Regulatory Capital:[(b)]				
Corporate loans	$172,717	$ —	$ —	$ —
Prime residential mortgages	132,612	—	—	—
Other[(c)(d)]	1,619	125	125	125
Total	306,948	125	125	125
Arbitrage:				
Multi-sector CDOs[(e)]	80,301	24,785	5,569	13,606
Corporate debt/CLOs	53,767	996	(126)	770
Total	134,068	25,781	5,443	14,376
Mezzanine tranches[(f)]	5,824	171	(3)	171
Total	$446,840	$ 26,077[(g)]	$5,565	$14,672

(a) Includes credit valuation adjustment gains of $44 million and $109 million, respectively, for the three- and six-month periods ended June 30, 2008.

(b) Represents predominantly transactions written to facilitate regulatory capital relief.

(c) Represents transactions where AIGFP believes the counterparties are no longer using the transactions to obtain regulatory capital relief.

(d) During the second quarter of 2008, a European RMBS regulatory capital relief transaction with a notional amount of $1.6 billion was not terminated as expected when it no longer provided regulatory capital relief to the counterparty.

(e) Approximately $57.8 billion in net notional amount includes some exposure to U.S. sub-prime mortgages and approximately $9.6 billion in net notional amount includes CDOs of CMBS.

(f) Represents credit default swaps written by AIGFP on tranches below super senior on certain regulatory capital relief trades.

(g) Fair value amounts are shown before the effects of counterparty netting adjustments.

Global Restructuring Plan
Rating Agency Presentation

October 1, 2008

AIG

Liquidity Update

Fed Facility Draw Downs ($ in billions)

As of 9/26/08	$49
As of 9/30/08	$61
As of 12/31/08 - Projected	$73
Max 2009 - Projected	$80-82

Fed Facility Pay Downs

Target Pay Down by 12/31/09

Estimated Uses of Funds through 9/30/08:

CP Maturities		$2.7
Life Loan Repayments		1.5
Securities Lending Repo		3.1
Securities Lending Loans		12.1
Securities Lending Capital Contribution		0.7
AIGFP Funding:		
Maturing Notes	1.9	
Curzon CP Maturities	3.5	
GIC Downgrades	7.7	
CSA Collateral	2.0	
CDS Collateral	11.8	
Fails	1.0	
Other – Net	7.4	
Total FP		35.3
Debt Payments		1.0
Capital to Overseas Life cos.		1.4
CFG Funding		1.2
Shareholder Dividends (Sept)		0.6
Other – Net		1.3
Total		$61.0

AIG Sources and Uses

AIG's principal sources of liquidity to repay the government will come from asset sales

Sources of Liquidity	Net Cash to Parent[2]
Business dispositions [1]	$78.9 bn [1]
InterCo loan repayment	$1.0 bn
Discrete corporate assets	$1.4 bn
Sub-total	**$81.3 bn**
Sale of 51% of AIA	$9.0 bn
Sub-total	**$90.3 bn**
Additional future asset sales	TBD
Residual liquidity from FP	TBD
Future capital raise	TBD
Total	**$93.3 bn**

Uses of Liquidity	Cash Use
Fed Facility Repayment	$79.9 bn
Accrued Interest & Facility Fee	$6.6 bn
Repayments of Other Principal & Interest[3]	$3.1 bn
Available liquidity	$3.7 bn
Total	**$93.3 bn**

(1) Includes 49% sale of AIA (2) Amounts are net of tax & retained surplus (3) Net of repayments on FP principal and interest

Businesses to Be Sold

Category	Companies	
Previously Identified as Non-core	• Domestic Personal Lines - Auto • TRH • AI Credit • Commodities Index • UGC Second Lien (runoff)	• Foreign Consumer Finance • AGLA • Domestic Employee Benefits • FX Prime Brokerage
Customers at Heightened Degree of Risk / Management Issues	• Private Bank • Hartford Steam Boiler • Unibanco JV	• ILFC • Global Real Estate • Other 3rd Party Asset Management
Slower Growth / Liquidity Risk / Market Concentration	• Domestic Life • Domestic Retirement	• Star Life • Edison Life • Nan Shan
Other	• Philam • ALICO	• CEF / Rail Services • AIA (Equity Carve Out)

AIG

Asset Sales

In addition to the sale of businesses, we are selling unencumbered assets held at AIG Inc. or FP. We expect these sales could generate up to $1.4 bn of gross proceeds.

Asset	Proceeds[1] ($bn)
Stowe Ski Resort	$0.3
San Juan Marriott Hotel (Puerto Rico)	0.1
Orange County Golf Course	0.0
Blackstone	0.8
Kushner Residential Portfolio (NJ Condos)	0.5
Total Gross Proceeds	**$1.7**
Discount	20%
Total Gross Proceeds less Discount	**$1.4**

(1) Business unit estimates: most are at cost; no assumed tax or GAAP gain or loss.

AIG Businesses to Be Kept

($ millions)	12 Months Ended 12/31/07	
Core Insurance	**Revenues**	**After-tax Income** [1]
Commercial Insurance [2]	$26,835	$5,222
Foreign General	12,701	2,527
Sub- total	$39,536	$7,749
AIA (51%) [3]	$12,069	$659
Total	**$51,605**	**$8,408**
Difficult to Sell in Current Market		
UGC	$1,041	($407)
AGF	2,843	137
FP Run-off	n.m.	n.m.
Total	**$3,884**	**($269)**
Unallocated Parent Co. Expenses		($364)
Interest on Parent Debt		($795)
Total		**$6,979**

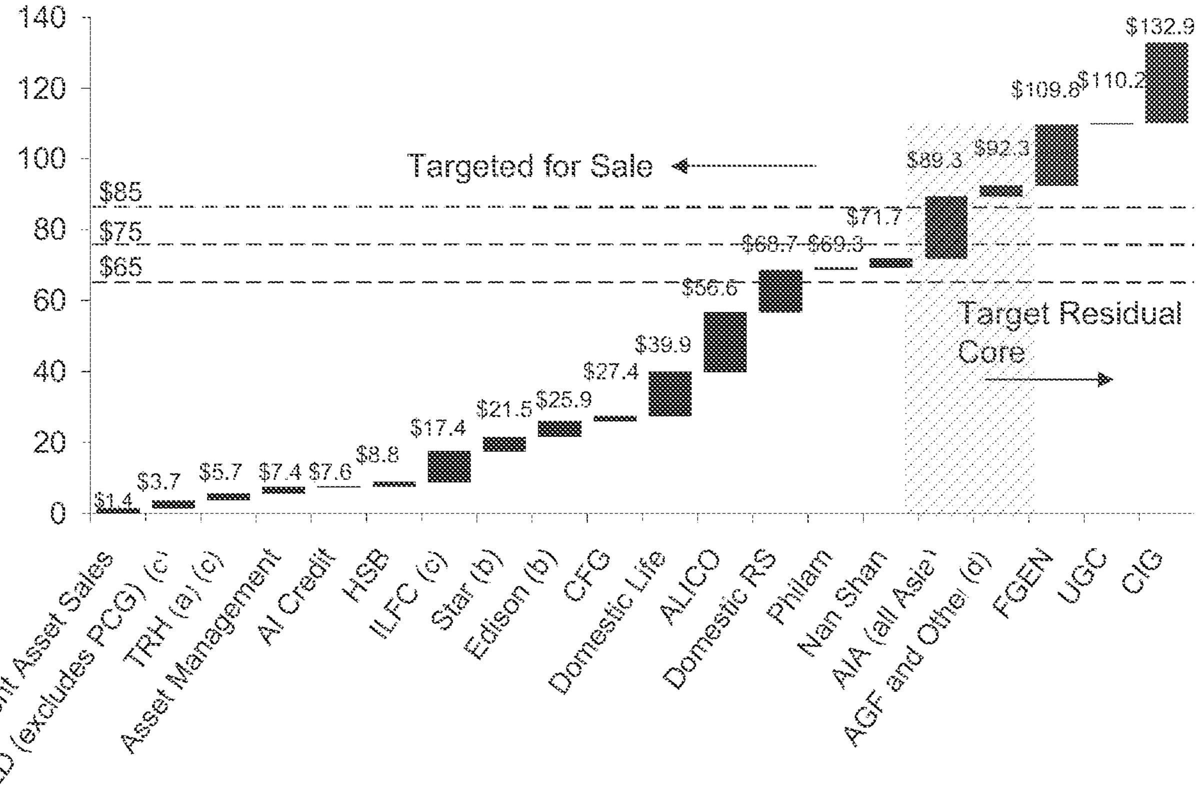
(1) Excludes RCG / (L) (2) Excludes Life Settlements and Includes HSB (3) Minority interest reflected in after-tax income

AIG

Sources of Value

AIG's significant underlying asset values should provide adequate proceeds to meet our obligations.

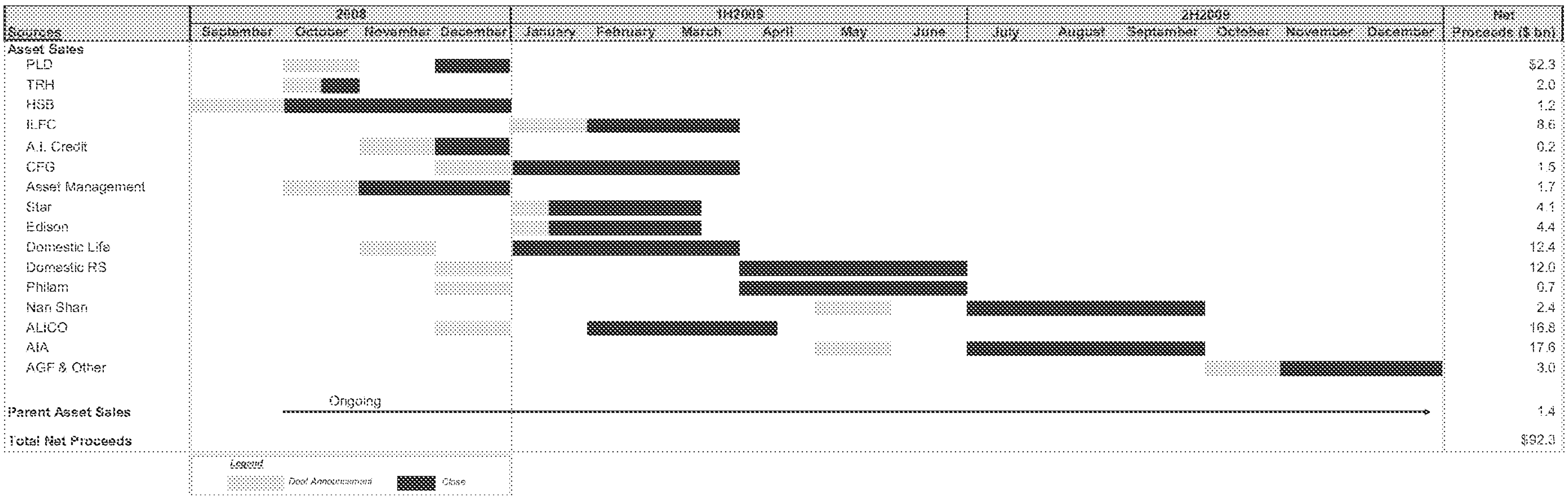
Cumulative Disposition Value ($ bn)



a) Reflects AIG's 59% stake of current market capitalization; b) Average Valuation reflects appraisal value as of 3/31/08 at 8% discount rate and 10 years of new business; c) Sales proceeds reduced by cash trapped at regulated subsidiaries for sales of PLD, TRH and ILFC (d) $92.3 bn at AGF and Other excludes $1.0 bn of intercompany loan repayment at the time of sale

Liquidity Timeline

AIG has an aggressive timeline to dispose of assets.

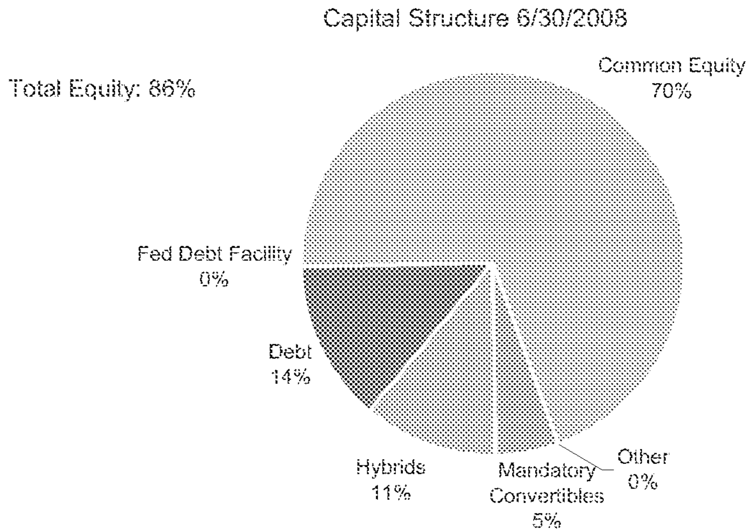


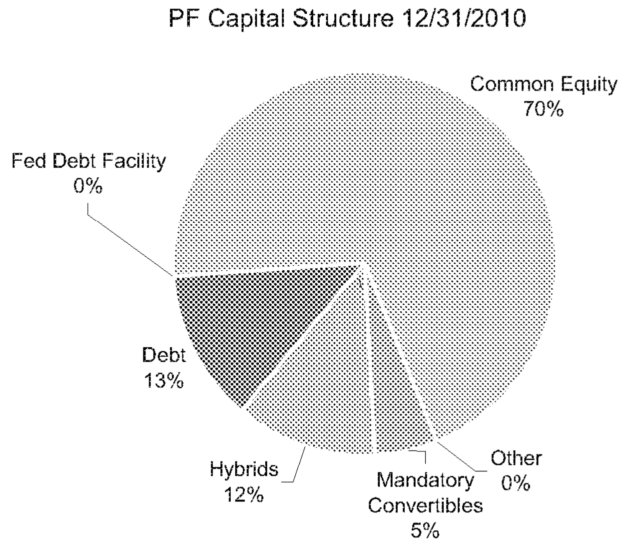
Actual sequencing will depend on buyer interest and financing, regulatory approvals, existing debt covenant provisions and majority shareholder approval.

8

Pro Forma Capital Structure

In the end state, AIG's financial leverage is in the high double-A range but EBIT-to-interest coverage is low





			Target Ratios	
	6/30/2008	12/31/2010 PF	AA / Aa	A
ROE	n.m.	5.8%		
Moody's Fin Leverage Ratio	19.4%	18.5%	20 - 30%	30 - 40%
S&P Fin Leverage Ratio	13.6%	12.8%	15 - 25%	25 - 35%
Debt / Cap (incl. Hybrids)	30.4%	30.1%		
EBIT / Interest Expense	n.m.	3.9x	8x – 10x	4x – 8x

Capital Commitments

- ***Fed Agreement*** - In agreement with the Fed, AIG will maintain the integrity of its asset/liability matching.

- ***Insurance Companies*** - Capitalization of the insurance companies will be maintained, or restored as previously committed, to maintain their financial strength.

Summary of Independent Valuations

The valuations of AIG operating divisions contained in these reports ranged from $68 bn to $166 bn

($ in millions)

Source	MS	ML	WB	CS[1]	JPM / GS	Mgmt / BX
Date	9/18/08	7/16/08	11/27/08	9/16/08	9/14/08	9/14/08
Domestic General	21,390	29,015	38,233	23,973	31,000-39,000	39,000
Foreign General	18,956	16,576	18,909	36,540	13,000-16,000	14,000
General Insurance	**40,346**	**45,591**	**57,143**	**60,513**	**44,000-55,000**	**53,000**
Domestic Life & Retirement	23,159	21,763	25,193	27,667	23,000-27,000	25,000
Foreign Life & Retirement	39,689	52,630	66,581	69,048	36,000-40,000	53,000
Life & Retirement Services	**62,848**	**74,393**	**91,774**	**96,715**	**59,000-67,000**	**78,000**
Aircraft Leasing	7,514	9,180	7,610	n/a	-	7,000
Consumer Finance	157	1,162	1,987	n/a	2,000	2,000
AIG FP	-	2,905	324	n/a	-	-
Other	523	196	1,389	n/a	-	-
Financial Services	**8,194**	**13,443**	**11,310**	**9,155**	**2,000**	**9,000**
Asset Management	3,237	6,138	14,208	5,717	1,000	2,000
Total Operating Divisions	**114,625**	**139,565**	**174,434**	**172,100**	**105,000-125,000**	**142,000**
Corporate & Other	(19,214)	(15,992)	(10,176)	(5,783)	(37,000)	(34,000)
Other and Minority Interest	(5,631)	-	-	-	-	-
Total AIG	**89,780**	**123,573**	**164,258**	**166,317**	**68,000-88,000**	**108,000**

(1) CS analysis excludes losses associated with FP; published figures include (198,380) value for Financial Services including FP.

AIG Estimated Earnings Power

Upon successful execution, AIG will emerge as a company with $8.9 – $10.2 bn of earnings power.

2010 Estimates *($ billion, except per share data)*

	Scenario 1 Inc. AGF & 51% AIA	Scenario 2 Exc. 100% AIA & AGF
Earnings Power		
EBIT	$10.2	$8.9
Interest	3.5	2.1
Net Income	4.1[1]	4.5
Shares Outstanding	13.4	13.4
EPS	$0.31	$0.33
General Insurance Cash Flow		
Commercial Insurance[2]		$1.2
Foreign General[2]		0.5
Total After-tax Cash Flow Available to Parent		**$1.7**

(1) Lower net income results from interest on unpaid Fed facility in 2010 (2) Assumes CIG dividend capacity at 10% of statutory surplus. Foreign General dividend capacity is a management estimate. Amounts shown above are in excess of the dividend required to cover US taxes on the business units' earnings.

AIG Will Remain Well Positioned in its Core Businesses

Domestic General

- #1 Insurer by premium
- #1 in D&O and professional liability
- #1 E&S carrier
- #1 Commercial umbrella
- #1 Environmental liability
- #1 Equipment breakdown
- PCG insures 1/3+ of the *Forbes 400 Richest Americans*

Foreign General

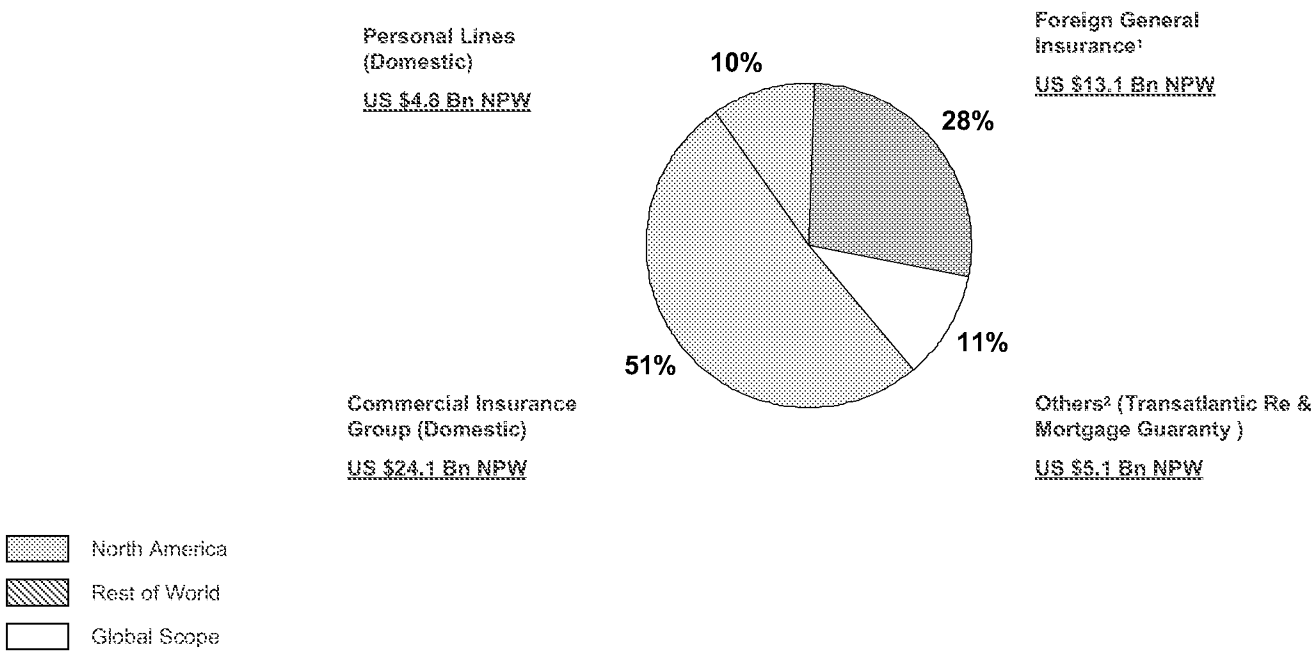
- Operates in 80 countries
- Most extensive international P&C network
- #1 A&H globally
- #1 A&H in Shanghai
- #1 Financial lines in Europe

These businesses could not be recreated today

Snapshot: General Insurance

AIG's General Insurance business is highly diversified.

General Insurance: 2007 Net Premiums Written
(US $Bn)



[1] Foreign General insurance also includes foreign personal lines business
[2] Mortgage Guaranty has business development efforts in India, Korea and Mexico and has begun writing mortgage insurance in Canada. Transatlantic Re offers treaty and facultative reinsurance in the US and abroad

Source: AG Annual Report 2007 -- Management's Discussion and Analysis of Financial Condition and Results of Operations: Supplemental Financial Information.

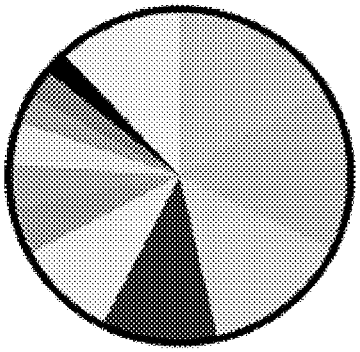
Snapshot: General Insurance

AIG's General Insurance business is world class.

Commercial Insurance

Gross Premium Written by Line of Business – Total = $31.8B

As of 12/31/2007

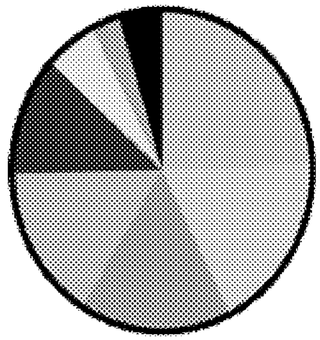


Workers' Compensation	16.6%
General Liability/Auto Liability	15.8%
Property	14.1%
Management/Professional Liability	11.2%
Commercial Umbrella/Excess	9.7%
Programs	4.7%
A&H Products	4.2%
Multinational P&C	4.1%
Environmental	2.9%
Boiler and Machinery	2.9%
Aviation	2.1%
All Other	11.8%

Foreign General Insurance

Gross Premium Written by Division – Total = $19.8B

As of 12/31/2007



Property/Energy/Marine	24.3%
Accident and Health	18.4%
Specialty Lines	16.2%
Personal Lines	15.9%
Casualty	11.9%
Lloyd's	5.7%
Aviation	3.0%
Other/Service Business	4.6%

AIG

Update on Risk Mitigation at AIGFP and Securities Lending

AIG Update on Other Projects

- **Risk Management:** Continue to revamp
- **Expense Management:** Being re-evaluated
- **Project Metropolis:** No longer in process
- **FHLB:** On hold
- **Capital Raise:** Not under consideration at this time
- **Shareholder Dividends:** Suspended

AIG

Newly Identified Businesses to Be Sold

Domestic Life
Domestic Retirement Services
AIA
Alico
Star/Edison
Nan Shan
Philam
HSB
ILFC

AIG Domestic Life (Including AGLA and Employee Benefits)

Business Overview

Life and annuity products distributed through retail and wholesale channels in the US and Canada

- **Core Products:** Life, Annuities, Accident & Health (A&H)
- **Distribution:** 3,330 Career agents, 50K+ independent agents, wholesale, employer, affinity and direct to consumer

Process / Timing

AIG has engaged JPMorgan as bankers

- Targeted close of sale in 1Q09
- Prospective buyers include 5 Life Insurers

($ millions)	*2005 Actual*	*2006 Actual*	*2007 Actual*	*CAGR*
PDOC	7,959	8,096	8,105	0.9%
POC	5,447	5,543	5,836	3.5%
NII	3,733	3,778	3,991	3.4%
SOPO3-1	-	-	4	n/m
Total Net Investment Income	3,733	3,778	3,995	3.4%
Total Revenue	9,180	9,321	9,831	3.5%
Operating Income ex RCG / (L)	1,460	1,132	1,445	(0.5%)
RCG / (L)	35	(215)	(803)	n/m
PT Operating Income	1,495	917	642	(34.5%)
AT ROE	10.0%	7.3%	8.7%	

Valuations	AT Earnings Estimates		BV ex AOCI
($ million)	2008E	2009E	Latest
DLC	1,024	1,088	11,235
Peer Median Multiples[1]	10.0x	9.0x	1.20x
Implied Value	10,280	9,750	13,482
Average Value	11,171		
Market Discount			5%
Estimated Value			12,808

Third Party Valuation ($ bn)		
Company	Low	High
Citi[(2)]	$8.5	$11.5
MS[(3)]	N/A	$9.3
WB[(3)]	$9.9	$11.5

Note: (1) Peers include: (1) Peers include: HIG, LNC, MET, NFS, PNX, PFG, PL, PRU, SFG, TMK, AFL, GNW, UNM; (2) Book Value based valuation only; (3) Earnings based valuation only

AIG Domestic Retirement Services

Business Overview

Retirement savings products and income solutions. Group retirement plans for not-for-profit defined contribution market

- **Major products:** Fixed annuities, Group retirement, 403(b) and defined contribution plans, Variable annuities and retirement income solutions
- **Distribution:** Over 275,000 financial professionals licensed to sell AIG RS products

Process / Timing

AIG has engaged JPM as advisor and Sullivan & Cromwell as legal counsel

- 9 banks and insurers have expressed interest
- Targeted close of transaction in 2Q09

($ millions)	2005 Actual	2006 Actual	2007 Actual	CAGR
PDOC	16,681	16,478	17,141	1.4%
Fee Income	937	1,057	1,190	12.7%
NII	6,226	6,488	6,497	2.2%
Total Revenue	7,163	7,545	7,687	3.6%
Operating Income ex RCG / (L)	2,441	2,727	2,755	6.2%
RCG / (L)	(277)	(404)	(1,408)	125.5%
PT Operating Income	2,164	2,323	1,347	(21.1%)
AT ROE	15.2%	15.0%	13.4%	
Net Spreads, as reported:				
Group Retirement	2.89%	2.91%	2.81%	
Individual Fixed Annuities	2.60%	2.89%	3.07%	
Individual Variable Annuities	2.61%	2.94%	2.74%	

Valuations	AT Earnings Estimates		BV ex AOCI
($ million)	2008E	2009E	Latest
DRS	1,426	1,664	11,807
Peer Median Multiples[1]	10.0x	9.0x	1.20x
Implied Value	14,315	14,912	14,168
Average Value	14,465		
Market Discount			15%
Estimated Value			12,043

Third Party Valuation ($ bn)		
Company	Low	High
Citi[2]	$8.0	$13.5
MS[3]	N/A	$13.8
WB[3]	$15.3	$22.6

Note: (1) Peers include: (1) Peers include: HIG, LNC, MET, NFS, PNX, PFG, PL, PRU, SFG, TMK, AFL, GNW, UNM; (2) Book Value based valuation only; (3) Earnings based valuation only

AIA

Business Overview	Process / Timing
Flagship life insurance company for Southeast Asia and the leading life insurer in the region • **Distribution:** Extensive network of branches, and subsidiaries, Australia, Brunei, China, Guam, Hong Kong, India, Indonesia, Macau, Malaysia, New Zealand, Singapore, South Korea, Thailand and Vietnam	AIG has engaged Citi and Goldman as advisors • 5 (re)insurers have already expressed an interest • Alternative structures also being explored

PT Operating Income *($ million)*	*2005*	*2006*	*2007*	*CAGR*
AIA(B)	565	754	836	21.6%
AIA Life	682	1,054	988	20.4%
Australia	17	39	32	37.5%
AIA	1,264	1,846	1,855	21.2%

Valuations	AT Earnings Estimates		BV ex AOCI
($ million)	2008E	2009E	Latest
AIA	1,219	1,280	10,083
Peer Median Multiples[1]	20.0x	20.0x	2.24x
Implied Value	24,384	25,603	22,537
Average Value	**24,175**		

Note: (1) Peers include: AFL, PRU LN, MFC CN, AGN NA, CS FP

AIG ALICO (Including Unibanco JV)

Business Overview

One of the largest life insurance companies in the world with operations in 50 countries

- **Distribution:** ALICO's operations cover Japan, UK, Brazil, Continental Europe, the Middle East, Latin America, South Asia and the Caribbean
- **Market Position:** Top 5 market position in 20 markets

Process / Timing

Engaging Goldman Sachs and Citi as advisors

- Target sale date of 1Q09

($ millions)	*2005 Actual*	*2006 Actual*	*2007 Actual*	*CAGR (%)*
PDOC	26,652	29,677	38,878	20.8%
POC	7,297	7,980	9,271	12.7%
NII	4,222	4,033	3,271	(12.0%)
SOP 03-1	-	-	1,495	
Total Net Investment Income	4,222	4,033	4,766	6.2%
Total Revenue	11,519	12,013	14,037	10.4%
Operating Income ex RCG / (L)	2,024	2,454	2,369	8.2%
RCG / (L)	(36)	146	(307)	192.0%
PT Operating Income	1,988	2,600	2,062	1.8%
AT ROE	18.4%	18.4%	15.5%	

Valuations *($ million)*	AT Earnings Estimates 2008E	AT Earnings Estimates 2009E	BV ex AOCI Latest
ALICO	1,812	2,011	10,264
Peer Median Multiples[1]	11.7x	9.8x	1.94x
Implied Value	21,254	19,791	19,912
Average Value	**20,374**		
Market Discount	**10.0%**		
Estimated Value	**18,336**		

Third Party Valuation ($ bn)		
Company	Low	High
Citi(2)	$15.5	$24.0

Note: (1) Peers include: AFL, INGA NA, PRU LN, AGN NA; (2) Book Value based valuation only

AIG Star / Edison

Business Overview

Contribute to AIG's growing life insurance presence in Japan through the sale of life, accident and health, and retirement services products via agents, brokers and bank partners

- Domestic Japanese life insurer with agency distribution models. Set to merge on 1/1/09

Process / Timing

- Goldman and Debevoise have been engaged
- Targeting sale for 1Q09
- Prospective buyers include Japanese mutuals and 3 other insurers have expressed interest.

Valuations	AT Earnings Estimates		BV ex AOCI
($ million)	2008E	2009E	Latest
Star / Edison	711	732	5,572
Peer Median Multiples[1]	11.7x	9.8x	1.94x
Implied Value	8,341	7,207	10,831
Average Value	**8,793**		

Appraisal Values of $ 4.1 bn for Star and $4.4 for Edison as of 3/31/08 based on 8% discount rate and 10 years of new business

Note: (1) Peers include: AFL, INGA NA, PRU LN, AGN NA; (2) Book Value based valuation only

AIG

Nan Shan

Business Overview	Process / Timing
Taiwan's second-largest life insurer in terms of total premiums	Targeted sale in 3Q09

($ millions)	2005 Actual	2006 Actual	2007 Actual	CAGR
PDOC	6,437	6,943	7,796	10.1%
NII	1,339	1,488	1,658	11.3%
Total Revenue	6,312	6,418	6,522	1.6%
Operating Income ex RCG / (L)	603	654	899	22.1%
RCG / (L)	(257)	41	(62)	(50.9%)
PT Operating Income	346	695	837	55.5%

Third Party Valuation ($ bn)		
Company	Low	High
Citi(3)	$5.5	$8.0

Valuations	AT Earnings Estimates		BV ex AOCI
($ million)	2008E	2009E	Latest
Nan Shan	382	401	4,121
Peer Median Multiples[1]	13.4x	11.1x	2.24x
Implied Value	5,109	4,469	9,211
Average Value	6,263		
Estimated Value[2]	3,500		

Note: (1) Peers include: AFL, PRU LN, MFC CN, AGN NA, CS FP; (2) Partial adjustment for shortfall in economic capital; (3) Book Value based valuation only

AIG **PhilAm**

Business Overview	Process / Timing
PhilAm is the leader in the Philippine life and health market	• 3 banks/insurers have expressed interest • Target sale in 2Q09

($ millions)	*2006 Actual*	*2007 Actual*	*% Δ*
PDOC	292	321	9.9%
NII	202	239	18.3%
Total Revenue	494	560	13.4%
Insured Policy Losses and Benefits	320	376	17.5%
PT Operating Income	72	231	220.8%

Third Party Valuation ($ bn)		
Company	Low	High
Citi(2)	$1.0	$1.5

Valuations	AT Earnings Estimates		BV ex AOCI
($ million)	2008E	2009E	Latest
PhilAm	51	53	789
Peer Median Multiples[1]	13.4x	11.1x	2.24x
Implied Value	676	591	1,764
Average Value	**1,010**		

Note: (1) Peers include: AFL, PRU LN, MFC CN, AGN NA, CS FP ; (2) Book Value based valuation only

AIG Hartford Steam Boiler (HSB)

Business Overview

Equipment Breakdown and Specialty Insurance

- **Core business lines:** Engineered Lines / Equipment Breakdown Insurance, Specialty Property Insurance, Specialty Products, Engineering and Inspection Services
- **Distribution Channels:** Reinsurance under white label arrangements, brokers and independent agents

Process / Timing

AIG has engaged KBW and Sullivan & Cromwell as advisors and is targeting a 4Q08 close

- 15 companies have expressed interest.

($ millions)	2005 Actual	2006 Actual	2007 Actual	CAGR
NPW	658	734	803	10.5%
Underwriting Profit	189	202	198	2.5%
NII	69	73	76	4.8%
Op Inc ex RCG	258	275	274	3.1%
RCG / (L)	6	4	1	n/m
PT Operating Income	264	279	275	2.1%
Loss Ratio	26.4%	24.9%	30.4%	
Expense Ratio	45.1%	46.1%	44.1%	
Combined Ratio	71.5%	71.0%	74.5%	
CATs	22	-	-	
Combined Ratio (ex CATs)	68.2%	71.0%	74.5%	
AT ROE	30.1%	28.1%	26.6%	

Valuations ($ million)	AT Earnings Estimates 2008E	AT Earnings Estimates 2009E	BV ex AOCI Latest
HSB	151	163	647
Peer Median Multiples[1]	10.2x	11.8x	1.33x
Implied Value	1,544	1,930	861
Average Value	**1,456**		
Market Discount	**15%**		
Estimated Value	**1,238**		

Third Party Valuation ($ bn)

Company	Low	High
Citi[2]	$1.0	$1.0

Note: (1) Peers include: MKL, PHLY, WRB, AGII, SUR, FPIC, HCC, MIG, ORI, PRA, RLI, ZNT; (2) Book Value based valuation only

AIG ILFC

Business Overview	Process / Timing
Aircraft leasing, aircraft sales, fleet management and re-marketing services, and asset value and loan guarantees • **Products:** Full service operating leases, finance leases and fleet management services • **Distribution:** Primarily direct channel	• Expected Sale in 1Q09 • 19 companies have expressed interest

($ millions)	2005 Actual	2006 Actual	2007 Actual	CAGR
Revenues ex RCG (L)	3,578	4,143	4,721	14.9%
PT Operating Income ex RCG (L)	679	639	900	15.1%
AT ROE	7.7%	6.5%	8.8%	

Third Party Valuation ($ bn)

Company	Low	High
Citi(1)	$5.5	$6.5
CS(2)	$2.2	$2.9
MS(2)	N/A	$7.5
WB(2)	$7.6	$9.1

Base on a gross valuation of $10 bn, $8.6 bn will be available to dividend up to Parent

Note: (1) Book Value based valuation only; (2) Earnings based valuation only

Previously Identified Business to Be Sold

Domestic Personal Lines
Transatlantic
AI Credit
Foreign Consumer Finance
AIG Commodities Index

AIG

Domestic Personal Lines - Auto

Business Overview

Primarily auto (80%) with the exception of Private Client Group (PCG) (20%)

- **Operating Segments:** aigdirect.com, Agency and PCG
- **Distribution:** 4 call centers (Direct); 24,166 Agents/Brokers (Agency); 1,299 Agents/Brokers (PCG)

Process / Timing

- Bank of America and Sidley Austin have been engaged as our advisors.
- 5 highly rated insurers are interested buyers
- AIG will retain Private Client Group because of synergies with commercial insurance
- **Received 2 attractive bids from credible buyers – negotiations at an advanced stage.**

($ millions)	*2005 Actual*	*2006 Actual*	*2007 Actual*	*CAGR*
NPW	$4,653	$4,654	$4,808	1.7%
Underwriting Profit	(19)	206	(162)	192.0%
NII	217	225	231	3.2%
Op Inc ex RCG	198	431	69	(41.0%)
RCG / (L)	(3)	1	(2)	(18.4%)
PT Operating Income	$195	$432	$67	(41.4%)
Loss Ratio	76.94%	71.17%	77.95%	
Expense Ratio	23.76%	24.39%	25.51%	
Combined Ratio	100.70%	95.56%	103.46%	
CATs	114	-	75	
Combined Ratio (ex CATs)	98.25%	95.56%	101.85%	
AT ROE	6.6%	14.1%	2.8%	

Valuations *($ million)*	AT Earnings Estimates 2008E	AT Earnings Estimates 2009E	BV ex AOCI Latest
PLD	102	154	3,658
Peer Median Multiples[1]	13.0x	13.3x	1.59x
Implied Value	1,336	2,036	5,825
Average Value	**3,066**		
Bid Received	**4,000**		
Estimated Cash to Parent	**2,294**		

Third Party Valuation ($ bn)		
Company	Low	High
Citi[2]	$3.5	$5.0
CS[3]	$0.4	$0.5
MS[3]	N/A	$0.5
WB[3]	$1.6	$2.1

Note: (1) Peers include: ALL, MCY, PGR, SAF, ERIE, HMN, STFC; (2) Book Value based valuation only; (3) Earnings based valuation only

AIG Transatlantic Holdings (TRH)

Business Overview

Transatlantic offers reinsurance capacity on both a treaty and facultative basis both in the U.S. and abroad

- Provides structures programs for a full range of property and casualty products with an emphasis on specialty risk

Process / Timing

AIG has engaged Goldman and Sullivan & Cromwell as advisors and plans to move forward with sale immediately

- 2 potential buyers as well as alternative structures

($ millions, unless otherwis	2005 Actual	2006 Actual	2007 Actual	CAGR
NPW	3,466	3,633	3,953	6.8%
Underwriting Profit	(420)	143	182	n/m
NII	343	435	470	17.1%
Op Inc ex RCG	(77)	578	652	n/m
RCG / (L)	38	5	9	n/m
PT Operating Income	(39)	583	661	n/m
Loss Ratio	85.0%	68.3%	67.6%	
Expense Ratio	27.2%	27.8%	27.8%	
Combined Ratio	112.2%	96.2%	95.4%	
CATs	463	0	2	
Combined Ratio (ex CATs)	97.2%	96.2%	95.2%	
AT ROE	0.5%	15.9%	15.7%	

Valuations ($ million)	AT Earnings Estimates 2008E	AT Earnings Estimates 2009E	BV ex AOCI Latest
TRH	456	456	2,107
Peer Median Multiples[1]	6.8x	7.0x	0.91x
Implied Value	3,084	3,185	1,908
Average Value	**2,726**		
Bid Received	**2,151**		
Estimated Cash to Parent	**1,963**		

Third Party Valuation ($ bn)		
Company	Low	High
Citi(2)	$2.0	$2.0
CS(3)	$2.3	$2.9
MS(3)	N/A	$4.4
WB(3)	$2.8	$2.8

Note: (1) Peers include: ALV GR, CS FP, AGN NA, FORB BB; (2) 20% discount to market value; (3) Earnings based valuation only

AI Imperial Credit

Evaluating sale of this ancillary business with limited growth potential absent bank funding

Business Overview

- Managed assets of over $4.8 bn
- 2007 revenues of $204 mm and operating income of $45 mm
- Operates in the U.S., Canada and Puerto Rico
- #1 Market Share

Process / Timing

- Blackstone and Sidley Austin engaged
- Met with on potential buyer
- 2 additional buyers have expressed interest

Financial Results

($ millions)	2005	2006	2007	*CAGR*
Revenues	$162	$217	$204	*12%*
% Δ		*34.0%*	*(6.0%)*	*n.m.*
Pre-tax Op. Inc.	79	73	45	*(25%)*
% Δ		*(7.6%)*	*(39.0%)*	*n.m.*
ROE[1]	25.0%	20.7%	9.1%	
Estimated Sales Proceeds			$180 – $250	

Note: 1. Adjusted after-tax NI divided by average GAAP capital excluding AOCI

AIG CFG

Business Overview

International Consumer Finance operations

- **Countries:** Hong Kong, Taiwan, Philippines, Thailand, India, China, Poland, Russia, Argentina, Mexico, Brazil and Colombia
- **Products:** Sales Finance, Credit Cards, Mortgages, Auto Loans, Personal Loans and Deposits

Process / Timing

- Poland and Taiwan sale processes underway
- Other country operations to follow
- Expected Sale in 1Q09

Financial Results

($ millions)	*2005 Actual*	*2006 Actual*	*2007 Actual*	*CAGR*
Receivables	$3,249	$3,720	$4,819	21.8%
Revenues ex RCG (L)	606	581	741	10.6%
PT Operating Income ex RCG (L)	68	11	14	(54.6%)
AT ROE	12.6%	(1.9%)	(4.1%)	

Estimated value of 1.5 bn base on appraisal value and factors a 10% discount to market

Financial Products: AIG Commodities Index

Business Overviews

- Provides commodity derivatives to money managers, institutional investors and sovereign wealth funds
- Key products and services include commodity index swaps, custom investment and trading strategies, dynamic investment and trading strategies and commodity linked structured notes
- 2007 revenues of $138 mm

Process/Timing

- 1 buyer met with management the week of 9/22/08
- 5 serious bidders with 8 additional expressions of interest

Financial Results

($ millions)	2005	2006	2007	*CAGR*
Revenues	$140	$215	$138	*(0.7%)*
% Δ		*53.6%*	*(35.8%)*	*n.m.*
AIG's Share	98	151	97	(0.7%)

Note: 1. Based on unaudited non-GAAP management results. Excludes adjustments required for transactions not qualifying for hedge accounting treatment under FAS 133

Section 1 — Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement.

On September 22, 2008, American International Group, Inc. ("AIG") entered into an $85 billion revolving credit facility (the "Credit Facility") and a Guarantee and Pledge Agreement (the "Pledge Agreement") with the Federal Reserve Bank of New York ("NY Fed").

The Credit Facility has a two year term and bears interest at 3-month LIBOR plus 8.5%. The Credit Facility provides for an initial gross commitment fee of 2% of the total Credit Facility on the closing date. AIG will also pay a commitment fee on undrawn amounts at the rate of 8.5% per annum. Interest and the commitment fees are generally payable through an increase in the outstanding balance under the Credit Facility. Borrowings under the Credit Facility are conditioned on the NY Fed being reasonably satisfied with, among other things, AIG's corporate governance.

AIG is required to repay the Credit Facility from, among other things, the proceeds of certain asset sales and issuances of debt or equity securities. These mandatory repayments permanently reduce the amount available to be borrowed under the Credit Facility.

The Credit Facility contains customary affirmative and negative covenants, including a requirement to maintain a minimum amount of liquidity and a requirement to use reasonable efforts to cause the composition of the Board of Directors of AIG to be satisfactory to the trust described below within 10 days after the establishment of the trust.

Under the agreement, AIG will issue a new series of perpetual, non-redeemable Convertible Participating Serial Preferred Stock (the "Preferred Stock") to a trust that will hold the Preferred Stock for the benefit of the United States Treasury. The Preferred Stock will, from issuance (i) be entitled to participate in any dividends paid on the common stock, with the payments attributable to the Preferred Stock being approximately, but not in excess of, 79.9% of the aggregate dividends paid on AIG's common stock, treating the Preferred Stock as if converted, and (ii) vote with AIG's common stock on all matters submitted to AIG's shareholders, and will hold approximately, but not in excess of, 79.9% of the aggregate voting power of the common stock, treating the Preferred Stock as if converted. The Preferred Stock will remain outstanding even if the Credit Facility is repaid in full or otherwise terminates.

Pursuant to the Credit Facility, AIG is required to hold a special shareholders meeting to amend its restated certificate of incorporation to increase its share capitalization and to lower the par value of its common stock in order to permit the conversion of the Preferred Stock into common stock. Once this amendment is effective, the Preferred Stock will be convertible at any time into 79.9% of the shares of common stock outstanding at the time of issuance.

AIG is required to enter into a customary registration rights agreement that will permit the NY Fed to require AIG to register the Preferred Stock and the underlying common stock under the Securities Act of 1933.

The Credit Facility will be secured by a pledge of the capital stock and assets of certain of AIG's subsidiaries, subject to exclusions for certain property the pledge of which is not permitted by AIG debt instruments, as well as exclusions of assets of regulated subsidiaries, assets of foreign subsidiaries and assets of special purpose vehicles.

Attached as Exhibits 99.1 and 99.2 are the Credit Agreement and the Pledge Agreement, respectively, which are incorporated into this Item 1.01 by reference.

Moody's Investors Service

Note: *For ease of electronic transmission and filing, all insertions or attachments should be combined together with this rating memo into one pdf file or Word document with all pages numbered sequentially.*

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** Feb. 11, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Address AIG's: (i) 8-K filing announcing material weakness in internal control related to the fair value assessment for super-senior CDS exposures, and (ii) preliminary estimates for 4Q07 results.

Last Rating Action *(include date and reason)***:** Dec. 11, 2007 – Assigned Aa3 rating to retail junior subordinated debentures (basket D hybrids).

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	Aa2	Aa2		Aa2	Aa2	
Senior unsecured debt	Aa2	Aa2		Aa2	Aa2	
Senior unsecured shelf	(P)Aa2	(P)Aa2		(P)Aa2	(P)Aa2	
Subordinated shelf	(P)Aa3	(P)Aa3		(P)Aa3	(P)Aa3	
Preferred shelf	(P)A1	(P)A1		(P)A1	(P)A1	
Short-term issuer	P-1	P-1		P-1	P-1	
Outlook	Stable			**Negative**		
See page 13 for full rating list						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name:			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for Recommendation(s)

The recommendation for a negative outlook is based on:

1. AIG's sizable exposure to the US subprime mortgage market through Capital Markets, Mortgage Guaranty, Consumer Finance and insurance investments held mainly by the US life companies.

2. The Capital Markets business (AIG Financial Products Corp.) has written large notional amounts of CDS on multi-sector CDOs with subprime mortgage content. The CDS contracts are highly customized and illiquid, making it difficult to determine their fair value for financial reporting. The valuation efforts have exposed a material weakness in AIG's internal control related to valuing such contracts. AIG is filing an 8-K to disclose the weakness on Monday, Feb. 11.

3. We believe that the CDS contracts have been carefully underwritten and may ultimately experience no significant losses. Also, the material weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. It is preliminarily regarded by our accounting specialists as a Category A (less concerning) weakness. However, the CDS valuation process is likely to remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

4. AIG also faces volatility through its subprime and Alt-A RMBS, held mostly by the US life insurance subsidiaries; subprime and second-lien mortgage portfolios insured by United Guaranty; and subprime and non-prime mortgage loans held by American General Finance.

5. The material weakness came about in part because in early Dec. 2007, AIGFP gave investors a preliminary estimate of the MTM position as of Nov. 30, 2007. AIGFP gave just the net number, which was derived from a large gross number offset by mitigants/benefits, as shown in the table below. The auditors felt that all the components should be disclosed. They also argue that the benefits of column d are no longer observable in the market, so they can no longer be used in the MTM calculation.

($Mil.) as of	a Gross Cumulative Decline in Market Value During 2007	b Benefit of Structural Mitigants	a - b = c Cumulative Decline in Value Net of Structural Mitigants	d Benefit of Spread Differential Between Cash & Derivatives	c - d = e Cumulative Decline in Value as Previously Disclosed
9/30/2007	352	0	352	0	352
10/31/2007	899	0	899	0	899
11/30/2007	5,964	732	5,232	3,628	1,604

6. In 4Q07 AIG is taking a more rigorous (conservative) approach to OTTI losses on RMBS and other securities than in the past. We heard from one AIG investment officer that this is driven in part by fresh inquiries/guidance from the SEC as to the meaning of "temporary". AIG's old standard was generally to write down an instrument that (a) trades at 25% or more below BV for more than nine months. The new standard is to write down an instrument that satisfies (a) or (b) trades at 40% or more below BV for any period. This change is leading to a fairly large OTI charge (~3.5 bln pretax, ~$2.3 bln after tax) for AIG in 4Q07.

(Item 7 updated to reflect AIG call of 2/11/2008)
7. AIG's confidential preliminary numbers for 4Q07 results – all subject to change – highlight the mortgage effects: (i) $8 bln pretax ($5.2 bln after tax) unrealized market valuation loss on its CDS/CDO portfolios, (ii) $3.5 bln pretax ($2.3 bln after tax) OTTI charge related to insurance investments, mainly subprime RMBS, and (iii) $2.6 bln (after tax) decline in AOCI for unrealized depreciation on insurance investments, mainly subprime RMBS. Adjusted net income, excluding these charges, was $4 bln for 4Q07. The overall net loss for 4Q07 will probably be 3-4 bln, and net income for the year 2007 will probably be $7-8 bln. Shareholders' equity will be $97-99 bln at YE2007 versus $102 bln at YE2006 and $104 bln at Sep. 30, 2007. The company repurchased $5 bln of stock during 2007. AIG will announce its 4Q07 results at the end of Feb. 2008.

Contents

Draft Press Release

Moody's changes AIG's rating outlook to negative

Moody's Investors Service has changed the rating outlook for American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2) to negative from stable, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity continue to deteriorate. AIG is exposed to the subprime market through a variety of business units and activities, including Capital Markets, Mortgage Guaranty, Consumer Finance and insurance investments held mainly by the US Life Insurance & Retirement Services companies.

The Capital Markets business, conducted by AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2), has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. The valuation efforts have exposed a material weakness in AIG's internal control related to valuing such contracts.

Moody's said that the CDS contracts have been carefully underwritten and may ultimately experience no significant losses. Moreover, the material weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, the CDS valuation process is likely to remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

Moody's noted that AIG may also face volatility in connection with its sizable investments in residential mortgage-backed securities (RMBS), including subprime and Alt-A securities, a majority of which are held by AIG's US life insurance subsidiaries. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by United Guaranty Residential Insurance Company (UGRIC – insurance financial strength rating of Aa2) and affiliates, as well as the subprime and non-prime mortgage loans held by American General Finance Corporation (AGFC – senior unsecured debt rated A1).

Moody's said that it has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating ample capital strength and earnings power to cover expected losses. The rating agency will continue this process in the weeks ahead, incorporating its revised expectations for cumulative losses across different loan types. The rating agency will also give further consideration to subprime related market valuations, which may continue to consume AIG's management time and to constrain its financial performance.

According to Moody's, AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Moody's cited the following factors that could lead to a stable rating outlook for AIG: (i) favorable prospects for the stand-alone ratings on a majority of rated operating units, (ii) continued strong group profitability, with returns on equity exceeding 15%, (iii) remediation of all material weaknesses in internal controls over financial reporting, and (iv) adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) remaining comfortably below 20%.

Moody' cited the following factors that could lead to a rating downgrade: (i) downgrades of the stand-alone ratings of one or more substantial operating units, (ii) a decline in group profitability, with returns on equity falling below 12%, (iii) a decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage below 15x, (iv) net special charges (e.g., associated with natural or man-made catastrophes or subprime mortgage exposures) exceeding one-half-year's worth of normalized earnings, or (v) a material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income).

The last rating action on the parent company took place on December 11, 2007, when Moody's assigned a Aa2 rating to a $1 billion issue of retail junior subordinated debentures.

Moody’s has affirmed the following ratings, while changing the outlook to negative from stable:

American International Group, Inc. – senior unsecured debt at (P)Aa2, subordinated debt at (P)Aa3, preferred stock at (P)A1;

[List to be inserted]

Moody’s has affirmed the following ratings with a stable outlook:

[List to be inserted]

Moody’s has affirmed the following rating with a positive outlook:

AIG General Insurance (Taiwan) Co., Ltd. – insurance financial strength at A2

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $91.6 billion and net income of $11.5 billion for the first nine months of 2007. Shareholders' equity was $104.1 billion as of September 30, 2007.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

Draft Credit Opinion (incorporating rating recommendation)

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Key Indicators

American International Group, Inc. [1]

	YTD 9/07	2006	2005	2004	2003	2002
Total Assets ($ Mil.)	$ 1,072,105	$ 979,414	$ 853,051	$ 801,007	$ 675,602	$ 561,131
Equity ($ Mil.)	$ 104,067	$ 101,677	$ 86,317	$ 79,673	$ 69,230	$ 58,303
Total Revenue ($ Mil.)	$ 91,631	$ 113,194	$ 108,905	$ 97,666	$ 79,421	$ 66,171
Net Income ($ Mil.)	$ 11,492	$ 14,048	$ 10,477	$ 9,839	$ 8,108	$ 5,729
Financial Leverage	18.4%	18.0%	15.7%	16.2%	16.9%	
Earnings Coverage (1 yr.)		25.0x	24.2x	23.9x	19.6x	12.8x
Cashflow Coverage (1 yr.)		11.3x	14.5x	13.7x	11.9x	9.8x

[1] Information based on consolidated GAAP financial statements.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. About half of the company's revenues are derived from domestic (US) operations and half from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

AIG's rating outlook was changed to negative from stable on February 11, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity continue to deteriorate. AIG is exposed to the subprime market through a variety of business units and activities, including Capital Markets, Mortgage Guaranty, Consumer Finance and insurance investments held mainly by the US Life Insurance & Retirement Services companies.

The Capital Markets business, conducted by AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2), has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. The valuation efforts have exposed a material weakness in AIG's internal control related to valuing such contracts.

Moody's notes that the CDS contracts have been carefully underwritten and may ultimately experience no significant losses. Moreover, the material weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, the CDS valuation process is likely to remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

AIG may also face volatility in connection with its sizable investments in residential mortgage-backed securities (RMBS), including subprime and Alt-A securities, a majority of which are held by the US life insurance subsidiaries. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by United Guaranty Residential Insurance Company (UGRIC – insurance financial strength rating of Aa2) and affiliates, as well as the subprime and non-prime mortgage loans held by American General Finance Corporation (AGFC – senior unsecured debt rated A1).

Moody's has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating ample capital strength and earnings power to cover expected losses. We will continue this process in the weeks ahead, incorporating our revised expectations for cumulative losses across different loan types. We will also give further consideration to subprime related market valuations, which may continue to consume AIG's management time and to constrain its financial performance.

According to Moody's, AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Credit Profile of Significant Subsidiaries/Activities

Domestic General Insurance (31% of consolidated revenues for first nine months of 2007)

The Domestic General Insurance segment encompasses the Domestic Brokerage Group (DBG), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa2 insurance financial strength (IFS) ratings on eight members of DBG, reflecting DBG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by DBG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development during the years 2002-2005, although reserves appear to have stabilized in more recent periods. The DBG ratings incorporate a notch of uplift from the affiliation with AIG, which has a history of supporting these and other subsidiaries. Absent such support, the DBG members would have stand-alone ratings of Aa3.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains Aa2 IFS ratings on four members of AIG's Mortgage Guaranty unit, led by United Guaranty Residential Insurance Company (UGRIC). The ratings are based on the group's prudent underwriting culture, strong lender relationships and explicit support from affiliates. Three of the companies are supported by net worth maintenance agreements from AIG plus excess-of loss reinsurance covers provided by a DBG member. The fourth company is supported by an unconditional guaranty from UGRIC. Absent such explicit support, these companies would have lower stand-alone ratings. The Mortgage Guaranty unit has significant exposure to US subprime and non-prime mortgage loans as noted above. The group reported a pretax operating loss of $289 million through the first nine months of 2007, versus pretax operating income of $301 million for the first nine months of 2006. UGC expects to report operating losses for the remainder of 2007 and for the year 2008, possibly returning to profitability in 2009.

Foreign General Insurance (11% of consolidated revenues for first nine months of 2007)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a DBG company in December 2007. The Aa2 IFS rating on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates. Absent such support, AIG UK's stand-alone rating would be Aa3.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results over the past few years. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIG GI Taiwan), and merged the Taiwan branch of a DBG company into AIG GI Taiwan. In July 2007, Moody's upgraded the IFS rating of AIG GI Taiwan from Baa1 to A2 (stand-alone rating of A3) with a positive outlook, based on our view that the merger and AIG relationship will enhance the company's competitive position and financial performance.

Domestic Life Insurance & Retirement Services (13% of consolidated revenues for first nine months of 2007)

Moody's maintains Aa1 IFS ratings on seven members of the Domestic Life Insurance & Retirement Services segment, based on the group's multi-faceted distribution network, a broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-selling arrangements, and common investment management and administrative services. These strengths are tempered by persistent competition in the mature US market for protection and savings products, which is constraining profitability for this group.

Moody's maintains Aa2 ratings on three SunAmerica companies that have booked substantial spread-based investment business through the sale of GIC-backed notes to investors. In 2005, AIG shifted this activity to a new Matched Investment Program (MIP – now part of the Asset Management segment) and placed the SunAmerica GIC portfolio into runoff. Our Aa2 ratings on these companies reflect the heightened asset and liquidity risks associated with a runoff portfolio, although we believe that AIG is managing the runoff effectively. AIG also provides net worth maintenance agreements in support of the SunAmerica companies.

The Domestic Life Insurance & Retirement Services companies hold substantial subprime and Alt-A RMBS, as noted above. The RMBS were subject to about $1.6 billion of unrealized depreciation and a modest amount of realized capital losses (through sales and other-than-temporary impairment) during the third quarter of 2007. We expect to see further unrealized and realized losses on this portfolio, based on the continuing deterioration in the mortgage market.

Foreign Life Insurance & Retirement Services (31% of consolidated revenues for first nine months of 2007)

Foreign Life Insurance & Retirement Services encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

American Life Insurance Company (ALICO) has operations in more than 50 countries and is one of the world's largest life insurers. Moody's maintains a Aa2 IFS rating on ALICO based on its strong market presence in numerous countries, led by Japan, which accounts for about two-thirds of ALICO's operating income. ALICO has a successful track record of entering new markets and expanding organically in existing markets. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and a relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese life operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison – IFS rating of Aa2) and AIG Star Life Insurance Co., Ltd. (not rated). The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the AIG ownership and implicit support. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB – IFS rating of Aa2), make up the largest and most diversified life insurance group in Southeast Asia. AIAB offers a variety of life, health and investment products in Hong Kong, South Korea and several other markets. The rating on AIAB reflects its leading market position in Hong Kong, consistent operating performance and sound balance sheet. These strengths are somewhat offset by intense market competition in Hong Kong and South Korea, by the challenge of expanding distribution channels – particularly bancassurance, which is increasingly popular among customers – and by AIAB's large investment in AIG common stock.

Financial Services (8% of consolidated revenues for first nine months of 2007)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC – senior unsecured debt rated A1), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower.

The Capital Markets unit comprises the global operations of AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2) and subsidiaries. AIGFP engages as principal in a wide variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa2 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG.

AIGFP has substantial notional exposure to the US subprime mortgage market through super-senior CDS and cash CDOs, as noted above. According to AIGFP, each super-senior position has been underwritten to withstand recessionary conditions through the life of the transaction, such that the company does not expect to be required to make any significant loss payments on this portfolio. However, the company must estimate the fair value of the portfolio at each reporting date – a challenging process that has exposed a material weakness in internal control related to such valuations.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC – senior unsecured debt rated A1) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and a small amount of lift from the AIG relationship. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of September 30, 2007. The portfolio includes meaningful levels of subprime and non-prime loans, as noted above. The portfolio has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards will help the company to weather the housing market slump relatively well.

Asset Management (6% of consolidated revenues for first nine months of 2007)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's MIP. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility

Credit Challenges

Credit challenges/risks include:

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

- Sizable exposure to the US subprime mortgage market through various business units and activities

Rating Outlook

AIG's rating outlook was changed to negative from stable on February 11, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity continue to deteriorate. The valuation and reporting of these exposures, particularly super-senior CDS, is likely to remain a challenge for the duration of the mortgage market slump.

What Could Change the Rating - Up

Factors that could lead to a stable outlook include:

- Favorable prospects for the stand-alone ratings on a majority of rated operating units

- Continued strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- Downgrades of the stand-alone ratings of one or more major operating units

- A decline in group profitability, with returns on equity falling below 12%

- A decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage below 15x

- Net special charges (e.g., associated with natural or man-made catastrophes or subprime mortgage exposures) exceeding one-half-year's worth of normalized earnings

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $91.6 billion and net income of $11.5 billion for the first nine months of 2007, as compared to $83.4 billion and $10.6 billion for the first nine months of 2006. Shareholders' equity was $104.1 billion as of September 30, 2007.

Capital Structure and Liquidity

AIG maintains sound capitalization and liquidity. Shareholders' equity has grown fairly steadily over the past several years to $104.1 billion as of September 30, 2007. Total borrowings at that time amounted to $176.2 billion. Of this amount, Moody's regards $152.7 billion as operating debt (i.e., debt of the Financial Services subsidiaries plus debt issued by AIG under the MIP) and not part of financial leverage. When comparing insurance oriented holding companies, Moody's makes several adjustments to financial leverage, including treating under-funded pension liabilities as debt equivalents, treating operating leases as capital leases, and excluding operating debt. We treat the minority interest liability as a component of equity, and we allocate hybrid securities between debt and equity according to our established basket practices. Finally, for insurers that have more than half of their investments dedicated to life insurance and savings products (as does AIG), we exclude unrealized investment appreciation (depreciation) from shareholders' equity.

AIG's adjusted financial leverage has increased from 15.7% at year-end 2005 to 18.4% as of September 30, 2007. AIG used incremental debt and hybrid issuance largely to fund share repurchase activity during the first nine months of 2007. Moody's expects the company to keep its adjusted financial leverage below 20%. As separate constraints on operating debt, ILFC and AGFC manage their balance sheets to meet target leverage ratios, and AIGFP manages its borrowings and other activities to maintain a target level of capital adequacy.

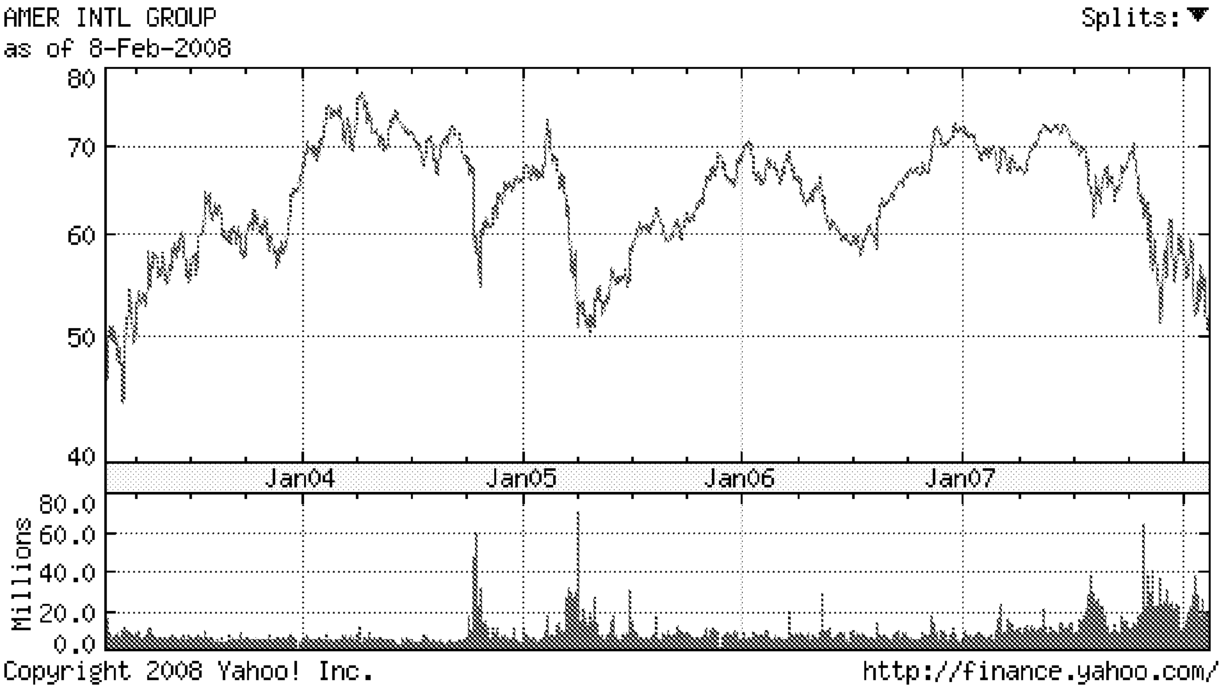
Moody's believes that AIG has sufficient liquidity – through dividends from subsidiaries, credit facilities and access to capital markets – to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $24 billion over the past four years. However, a majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Largely as a result of such regulations, approximately 90% of AIG's consolidated shareholders' equity was restricted from immediate transfer to the parent company as of year-end 2006. Still, barring a major disruption, the parent had access to approximately $10.2 billion (10% of year-end 2006 equity) from its subsidiaries during 2007. This amounted to 11.3x coverage of adjusted financial interest for 2006 – a level consistent with the rating category. We expect that AIG will report a similar level of subsidiary dividend capacity as of year-end 2007.

AIG gets a portion of its funding through a $7 billion commercial paper program ($4.2 billion outstanding at year-end 2007). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2008 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of September 30, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):

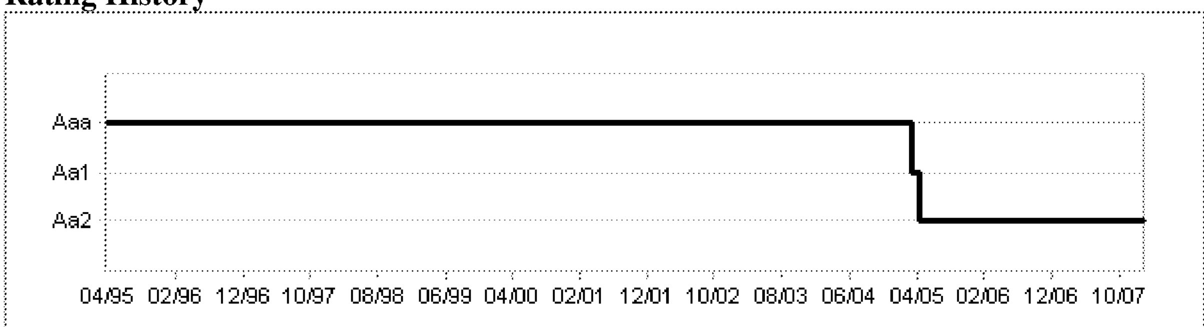
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt by market concerns over additional charges related to subprime mortgage exposures.

Stock Chart



Market capitalization: $129 billion

Rating History



Organizational Structure with Current & Proposed Rating Outlooks (Updated in accordance with RCM discussion)

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa2	Stable	Negative
			Sr Unsec Debt			Aa2		
			Sr Unsec Shelf			(P)Aa2		
			Subord Shelf			(P)Aa3		
			Prfrd Shelf			(P)A1		
			ST Issuer			P-1		
AIG Capital Corporation	DE							
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	Stable	Deferred
			ST Debt			P-1		
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	Stable	Deferred
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)Aa3	Stable	Negative
AIG Domestic General Insurance Group (not a legal entity)								
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	Stable
			Sr Unsec Shelf			(P)A2		
			Subord Shelf			(P)A3		
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
United Guaranty Corporation	NC	Domes Gen Ins						
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa2	Stable	Negative
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt			Stable	Negative
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee		Aa2	Stable	Negative
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt		Aa2	Stable	Negative
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa2	Stable	Negative
			Bkd ST Debt	AIG G'tee		P-1		
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
			Bkd ST Debt	AIG G'tee		P-1		
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	Stable
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs						
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs						
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Stable	Deferred
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Deferred
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	Stable	Negative
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	Stable
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Stable	Negative
			Bkd ST IFS	AIG Agmt		P-1		
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Stable	Negative
			Bkd ST IFS	AIG Agmt		P-1		
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Stable	Negative
			Bkd ST IFS	AIG Agmt		P-1		
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs						
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	Stable	Negative
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	Stable	Negative
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Stable	Stable
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	Stable	Deferred
			Sr Unsec Debt		A2	A1		
			ST Debt			P-1		
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	Stable	Deferred
Yosemite Insurance Company	IN	Fin Svcs						
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Stable	Stable
American International Underwriters Overseas, Ltd.	Bermuda							
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A2	Positive	Positive
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa2	Stable	Negative
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	Stable	Negative
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Deferred

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

Weighted Average Stand-alone Rating

($Mil.) Pretax Operating Income by Segment	YTD 9/30/2007	YTD 9/30/2007	Rated	Not Rated	Rated % of Total	Rated % of Rated	SA Rating	SA Rating	Public Rating
General Insurance									
Domestic Brokerage Group	5,662	5,662	5,662		29.9%	39.6%	Aa3	4	Aa2
Transatlantic Holdings, Inc.	508	508	508		2.7%	3.5%	Aa3	4	Aa3
Personal Lines	252	252		252					
Mortgage Guaranty*	-289	301	301		1.6%	2.1%	Aa3	4	Aa2
Total Domestic	**6,133**	**6,723**							
AIG General Insurance (Taiwan) Co., Ltd.		24	24		0.1%	0.2%	A3	7	A2
AIG UK Limited		1,291	1,291		6.8%	9.0%	Aa3	4	Aa2
Other Foreign General		1,069		1,069					
Total Foreign	**2,383**	**2,383**							
Other/Eliminations	-5	-595		-595					
Total General Insurance	**8,511**	**8,511**							
Life Insurance & Retirement Services									
Domestic Life Insurance	774	774							
Domestic Retirement Services	1,452	1,452							
Total Domestic	**2,226**	**2,226**	2,226		11.7%	15.6%	Aa1	2	Aa1
American Life Insurance Company		887	887		4.7%	6.2%	Aa2	3	Aa2
AIG Edison Life Insurance Company		1,140	1,140		6.0%	8.0%	Aa3	4	Aa2
Japan and Other	**2,753**	**2,027**							
American Life Insurance Company		444	444		2.3%	3.1%	Aa2	3	Aa2
American Int'l Assurance Co. (Bermuda) Limited		1,028	1,028		5.4%	7.2%	Aa2	3	Aa2
Asia	**1,921**	**1,471**							
Other Foreign		1,176		1,176					
Total Foreign	**4,674**	**4,674**							
Total Life Insurance & Retirement Services	**6,900**	**6,900**							
Financial Services									
Aircraft Leasing	625	625	625		3.3%	4.4%	A3	7	A1
Capital Markets	183	183		183					
Consumer Finance	180	180	180		0.9%	1.3%	A2	6	A1
Other	20	20		20					
Total Financial Services	**1,008**	**1,008**							
Asset Management									
Spread-based Investment Business	759	759		759					
Institutional Asset Management	1,406	1406		1406					
Brokerage Services, Mutual Funds and Other	376	376		376					
Total Asset Management	**2,541**	**2,541**							
Total Pretax Segment Operating Income	**18,960**	**18,960**	**14,315**	**4,645**	**75%**	**100%**			
Other/Eliminations	-1,581	-1,581							
Consolidated Pretax Operating Income	**17,379**	**17,379**							
Weighted Average Stand-alone Rating							**Aa3**	**3.7**	

** Mortgage Guaranty weighted based on earnings in prior-year period*

Summary of AIG's Subprime Mortgage Exposures, Charges & Writedowns (Updated to reflect AIG call of 2/11/2008)

($ Mil.) Business unit	Type of exposure	Amount at 9/30/2007	Pretax chgs thru I/S 9M 2007	Est pretax chgs thru I/S in 4Q 2007	Unreal deprec to SE at 9/30/2007	Est unreal deprec to SE in 4Q 2007	Pretax op inc thru 9M 2007	Pretax op inc thru 9M 2006
Consumer Finance (American General Finance)	Subprime & non-prime mortgage loans receivable	9,400					180	529
Mortgage Guaranty (United Guaranty)	Subprime & non-prime mortgage loans insured	8,400					-289	301
Insurance investments (mostly Domestic Life & Retirement Services)	Subprime & Alt-A RMBS	51,900	-271	-3,500	-2,200	-2,600	2,226	2,450
	Subprime exposed cash CDOs	234						
Capital Markets (AIGFP)*	Subprime exposed super-senior CDS	63,000	-352	-8,000			183	-457
	Subprime exposed cash CDOs	3,500						
Consolidated results					**9/30/2007**	**Est 12/31/2007**	**9M 2007**	**9M 2006**
Shareholders; equity					104,067	99,000		
Pretax operating income							17,379	16,335

** Capital Markets loss in 2006 pertains to hedges that did not qualify for hedge accounting.*

Banking RMBS/CDO Stress Test Applied to AIG (Updated to reflect AIG call of 2/11/2008)

AIG (preliminary estimates as of Dec. 31, 2007)

LONG

Subprime & Alt-A RMBS (Funded & Synthetic)						
	Exposure	*Mark*	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Aaa	36,300	-22%	-18%	4%	$ 1,789	38,089
Aa	7,000	-11%	-42%	-31%	$ (2,414)	4,586
A	880	-8%	-62%	-53%	$ (511)	369
Baa	22		-77%	-77%	$ (17)	5
Ba & below			-79%	-79%	$ -	-
Unrated			-100%	-100%	$ -	-
Total	**44,202**	**-20%**	**-22%**	**-2%**	**$ (1,152)**	**43,050**

High-Grade CDOs (Funded & Synthetic) With Subprime Content						
	Exposure	*Mark*	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Super Sr. Aaa	44,200	0%	-18%	-18%	$ (7,956)	36,244
Aaa	1,100	0%	-45%	-45%	$ (495)	605
Aa			-60%	-60%	$ -	-
A			-90%	-90%	$ -	-
Baa			-98%	-98%	$ -	-
Ba & below			-100%	-100%	$ -	-
Unrated			-100%	-100%	$ -	-
Total	**45,300**	**0%**	**-19%**	**-19%**	**$ (8,451)**	**36,849**

Mezz CDOs (Funded & Synthetic) With Subprime Content						
	Exposure	*Mark*	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Super Sr. Aaa	11,000	-43%	-38%	5%	$ 998	11,998
Aaa	2,363	0%	-60%	-60%	$ (1,418)	945
Aa	37	0%	-100%	-100%	$ (37)	-
A			-100%	-100%	$ -	-
Baa			-100%	-100%	$ -	-
Ba & below			-100%	-100%	$ -	-
Unrated			-100%	-100%	$ -	-
Bespoke					$ -	-
Total	**13,400**	**-38%**	**-40%**	**-2%**	**$ (457)**	**12,943**

Total Long Summary:						
	Exposure	*Mark*	*Stress*	*Further Mark*	*Write-down*	*Remaining*
Total	**102,902**				**-10,060**	**92,842**

Final

Total Short Summary:						
	Exposure	*Mark*	*Stress*	*Further Mark*	*Gain*	*Remaining*
Total	**0**				**0**	**0**

Final Summary:						
	Exposure	*Mark*	*Stress*	*Further Mark*	*P/L*	*Remaining*
Total	**102,902**				**$ (10,060)**	**92,842**

	Confidential		**Publicly disclosed**		
	After tax	**Pretax**	**After tax**	**Pretax**	
RMBS net realized loss thru Sep. 2007	-176		-176		
RMBS unreal. deprec. thru Sep. 2007	-2,200		-2,200		
Est. incr. RMBS deprec. thru Nov. 2007			-1,800		
Est. incr. RMBS deprec in 4Q07	-2,600				
Total after-tax RMBS mark	-4,976		-4,176		
Pretax equivalent of RMBS mark		-7,655		-6,425	< Moody's calc of tax effect
Est. pretax OTTI loss in 4Q07		-3,500			
Pretax CDS mark reported thru Sep. 2007		-352		-352	
Est. incr. pretax CDS mark thru Nov. 2007				-4,880	
Est. incr. pretax CDS mark in 4Q07		-8,000			
Actual & est. pretax mark thru Nov. 2007				**-11,657**	
Actual & est. pretax mark thru YE 2007		**-19,507**			

		Annualized	**Mark thru YE 2007 % of**		**Potential Add'l Mark % of**	
AIG Financial Highlights	**9M 2007**	**inc, est SE**	**9M 2007**	**Annualized**	**9M 2007**	**Annualized**
Pretax income	17,379	23,172	-112%	-84%	-58%	-43%
Shareholders' equity	104,067	99,000	-19%	-20%	-10%	-10%

Description of AIG's Subprime Mortgage Exposures
Information as of September 30, 2007

(1) American General Finance (AGF)

- Provides first- and second-lien mortgage loans to borrowers through a network of over 1,500 branches in the US; in business more than 50 years
- Tracks more than 350 local real estate markets; deliberately slowed business growth in several markets over the past couple of years
- Consumer Finance adjusted pretax operating income fell to $80 mln in 3Q07 from $220 mln in 3Q06 based on lower origination volumes and increased allowance for loan losses
- Delinquencies and charge-offs remain acceptable – below target bands
- 87% of loans are fixed rate; adjustable-rate loans are qualified on a fully-indexed and amortizing basis; no option ARMs
- Total real estate portfolio $19.5 bln (avg LTV 80%), consisting of $9.8 bln prime (FICO > 660, avg LTV 84%), $3.3 bln non-prime (FICO 620-660, avg LTV 80%), $6.1 bln subprime (FICO < 620, avg LTV 75%), and $0.3 bln other

(2) United Guaranty (UGC)

- Insures primarily high-quality, high-LTV first- and second-lien mortgage loans; established 1963
- Mortgage Guaranty pretax operating loss of $216 mln in 3Q07 versus a positive $85 mln in 3Q06
- Company projects further pretax operating losses of about $291 mln in 4Q07 and $459 mln in 2008, returning to a positive $294 mln in 2009 and $635 mln in 2010
- Delinquency rates are rising but are consistently below industry averages
- Second-lien mortgages accounted for just 13% of net risk in force at the end of 3Q07 but they produced 59% of losses in 3Q07
- Starting in 2006, UGC has re-engineered its second-lien product and tightened underwriting standards on its first-lien product; company is raising rates as well
- Total real estate portfolio $28.2 bln, consisting of $19.8 bln prime (FICO > 660), $6.0 bln non-prime (FICO 620-660), and $2.4 bln subprime (FICO < 620)

(3) RMBS portfolio held by insurance companies (mostly Domestic Life operations)

- Total RMBS portfolio $93.1 bln or about 11% of AIG's total invested assets
- Subprime portion is $25.9 bln, of which about 85% is rated Aaa, 13% Aa, 2% A and 0.1% below A
- AIG focuses on relatively short-term RMBS with early prepay characteristics; weighted average expected life of portfolio is 3.9 years
- LTV of underlying mortgages averages about 80%
- Company focuses on pools with strong originators and has avoided higher-risk collateral, such as 80/20 (piggy-back) loans and option ARMs
- AIG's RMBS portfolio accounted for realized losses of $176 mln and unrealized investment depreciation of $1.6 bln during 3Q07

(4) Cash CDOs at insurance companies

- Moderate exposure of $234 mln
- Company has focused on strong originators

(5) Super-senior CDS written by AIG Financial Products Corp. (AIGFP)

- AIGFP has written super-senior CDS since 1998
- AIGFP's total notional book of super-senior CDS amounts to $513 bln, with underlying collateral consisting of corporate loans ($294 bln), non-US residential mortgages ($141 bln), multi-sector CDOs with no subprime content ($15 bln) and multi-sector CDOs with subprime content ($63 bln)

- The $63 bln portfolio (104 deals) with subprime content includes (a) $44 bln (45 deals) with mainly Aaa and Aa collateral (high-grade), average attachment point 15% with 41% of the 15% subordination rated Aaa; and (b) $19 bln (59 deals) with mainly Baa collateral (mezzanine), average attachment point 36% with 38% of the 36% subordination rated Aaa
- AIGFP stopped committing to super-senior CDS with subprime collateral in December 2005
- Company models each deal to produce zero expected loss even when underlying obligors are subjected to recessionary conditions for the life of the deal
- AIGFP used the Binomial Expansion Technique (BET) to value this portfolio in 3Q07, resulting in a $352 mln valuation loss recognized during the quarter and an estimated incremental $550 mln incurred during October 2007
- Company still expects to make no payments on this portfolio

(6) Cash CDOs at AIGFP

- AIGFP holds $3.5 bln (68 deals) of multi-sector cash CDOs with subprime content; nearly all rated Aaa; 4 deals totaling $37 mln are rated Aa
- This portfolio includes $1.1 bln with high-grade collateral and $2.4 bln with mezzanine collateral
- As with the CDS portfolio, AIGFP has modest exposure to 2006 and 2007 vintage subprime mortgages

Discussion with AIGFP regarding Valuation of Mortgage Related Exposures
Wally Enman's Notes – Dec. 18, 2007

AIGFP super-senior CDS

1. From our teleconferences in August 2007, we understood that AIGFP tests its super-senior CDS positions each quarter for remoteness of loss using an actuarial model driven by historical default data. The probability of loss is deemed to be remote if AIGFP's exposures have credit quality equivalent to the Aa level or higher. As of September 30, 2007, AIGFP adopted the Binomial Expansion Technique (BET) to value a large portion of its CDS portfolio. What factors led to the use of BET and to what extent was it used as of September 30, 2007?

    - Historically, AIGFP had been using the actuarial model to assess for potential losses. The actuarial model, however, becomes problematic from a fair value perspective in that it doesn't adequately capture fluctuations in market prices.
    - Therefore in order to satisfy the 'accounting world', AIGFP had to move to another methodology.
    - AIGFP chose the BET model as they deemed this to be simple and somewhat straightforward.

2. Please describe how AIGFP applies BET, including major inputs and assumptions.

    - Originally, AIGFP used credit spread matrices published by JP Morgan to determine inputs to their BET (20,000 reference obligations underlying their multi-sector CDOs).
    - The matrix was departing fairly radically from the variations in the ABX index. Although AIGFP had concerns with the ABX as a proxy for the valuation of CDOs, they believed that the volatility could not be ignored. Therefore, they sought to get a more granular look at the portfolio.
    - CDO managers were able to provide quotes on 65-70% of the reference assets, which AIGFP translated into credit spreads for use in the BET model.
    - Other inputs to the BET model were the CPR rates, which they get from Intex/Bloomberg, and the diversity scores and recovery rates (from collateral managers).
    - Joe indicated that they "do a pretty good job of scrubbing" the quotes they receive from managers, to make sure that none are out of line. He did indicate that these aren't liquidation prices, so it is unlikely that these prices could be obtained in a fire sale. However, they believe that the prices are a proper long term valuation.

3. In various comments and publications, including the Residential Mortgage Presentation of November 8, 2007, AIGFP has said that it does not expect to make any payments on its portfolio of super-senior CDS, despite the valuation losses recognized during the third quarter of 2007 and incurred during October 2007. Please explain the major differences in the assumptions and analysis between the BET valuations and the expectation of no payments under this exposure.

    - AIGFP continues to perform its actuarial modeling, and does not see any losses materializing despite the fluctuations in the market.
    - The "fear factor" and liquidity issues have caused the downside to be exaggerated.
    - Joe said that "nobody is doing any trading right now," There will be a point where the shorts clear out and the market will begin fluctuating more normally, but he believed that it would be 18 to 24 months before the market would be even 1/3rd as active as it was earlier in the year.
    - Essentially, AIGFP does not believe the prices the market is placing on the assets. However, they are using market prices in performing their modeling, leading to large mark-to-market fluctuations despite the fact that they do not believe any losses will actually materialize.

4. Please estimate the valuation loss incurred on AIGFP's super-senior CDS portfolio thus far in the fourth quarter of 2007.

    - $350m through 9/30
    - additional $550m through 10/31
    - additional $500-600m through November

5. At this point, does AIGFP expect to make any payments in connection with these exposures?

    - No.

AIG participants & topics covered:
Joe Cassano – CEO of AIGFP
Teri Watson – Rating Agency Relations
Elias Habayeb – AIGFP Accounting

Moody's participants:
Wally Enman
Bruce Ballentine
Sarah Hibler
Robert Riegel
Chris Mann
Eric Kolchinsky
Ted Collins

Draft Liquidity Risk Assessment: AIG Funding, Inc.

AIG Funding, Inc. has a Prime-1 rating on its $7 billion (authorized) commercial paper program, based on the unconditional and irrevocable guarantee from the parent company, American International Group, Inc. (NYSE: AIG - senior unsecured debt rating Aa2, short-term issuer rating Prime-1, stable outlook). AIG is a global multi-line insurance and financial services organization with a strong position in domestic and international markets. AIG Funding, a wholly-owned finance subsidiary, uses commercial paper to meet the short-term cash needs of AIG and certain subsidiaries. AIG's liquidity is supported by dividends from diverse operating subsidiaries and by external and intercompany credit facilities.

As a holding company, AIG's main source of cash is dividends from a range of insurance and non-insurance operating subsidiaries. The insurance subsidiaries generate cash from operations and also carry substantial balances of cash, short-term investments and other liquid securities, a portion of which could be used to fund dividend payments (subject to regulatory limits) or other advances to the parent. Although Moody's gives some credit for dividends and loans available from insurance subsidiaries to the holding company, we recognize that the actions of insurance regulators during a time of stress could create a delay or uncertainty in accessing such sources. Largely as a result of insurance regulations, approximately 90% of AIG's consolidated shareholders' equity was restricted from immediate transfer to the parent company as of year-end 2006. This suggests that, barring a major disruption, the parent had access to approximately $10.2 billion (10% of year-end 2006 equity) from its subsidiaries during 2007. We expect that the subsidiary dividend capacity would remain at a similar level as of year-end 2007.

AIG and AIG Funding are parties to two syndicated bank facilities totaling $3.75 billion, primarily to back commercial paper. These facilities include a $2.125 billion 364-day revolver expiring in July 2008 (with a one-year term-out option) and a $1.625 billion five-year revolver expiring in July 2011. AIG and AIG Funding also share a $3.2 billion 364-day bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of December 31, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Borrowings by AIG Funding under these facilities are guaranteed by AIG. None of these facilities has a material adverse change clause as a condition to borrowing. Finally, AIG has a $5.335 billion intercompany 364-day credit facility provided by certain of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most notably AIG Financial Products Corp. and related entities, and American General Corporation. AIG also provides support agreements to several insurance subsidiaries. These arrangements represent contingent liquidity risk to the holding company. Moody's views the risk as manageable in light of the sound internal liquidity management at these operations.

In evaluating AIG's liquidity profile, Moody's also considers the company's ownership of non-guaranteed subsidiaries, including International Lease Finance Corporation (ILFC) and American General Finance Corporation (AGF). Each of these firms maintains its own sources of primary and secondary liquidity. For additional information, please see Moody's separate liquidity opinions on ILFC and AGF.

For the quarter ended December 31, 2007, AIG Funding had average commercial paper outstandings of approximately $5.6 billion, maximum outstandings of $6.6 billion, and quarter-end outstandings of $4.2 billion. A portion of this borrowing represents a fairly stable component of the parent company's funding. The remainder is used to fund relatively liquid assets within AIG's Financial Services segment.

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	TTM 9/07	2006	2005	2004	2003	2002	2001
Financial Leverage							
Unadjusted debt ($ mil)	176,185	148,679	109,849	96,899	80,349	71,010	64,214
Adjusted debt ($ mil)	25,084	21,755	15,352	14,191	12,832		
Unadjusted equity ($ mil)	104,067	101,677	86,317	79,673	69,230	58,303	49,881
Adjusted equity & minority interest ($ mil)	111,054	99,372	82,367	73,600	63,147		
Unadjusted debt % capital	62.9%	59.4%	56.0%	54.9%	53.7%	54.9%	56.3%
Adjusted debt % capital	18.4%	18.0%	15.7%	16.2%	16.9%		
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)		28,672	20,886	19,128	16,135	11,121	9,917
Adjusted EBIT ($ mil)		22,570	15,806	15,276	12,493	8,414	
Unadjusted interest & preferred dividends ($ mil)		6,951	5,673	4,427	4,219	3,313	4,136
Adjusted interest & preferred dividends ($ mil)		901	654	638	638	658	
Unadjusted earnings coverage (x)		4.1x	3.7x	4.3x	3.8x	3.4x	2.4x
Adjusted earnings coverage (x)		25.0x	24.2x	23.9x	19.6x	12.8x	
Adjusted earnings coverage (x) - 5-yr avg		21.1x					
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)		90%	89%	89%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	10,168	10,168	9,495	8,764	7,615	6,413	5,487
Unadjusted dividend capacity coverage (x)		1.5x	1.7x	2.0x	1.8x	1.9x	1.3x
Adjusted dividend capacity coverage (x)		11.3x	14.5x	13.7x	11.9x	9.8x	
Adjusted dividend capacity coverage (x) - 5-yr avg		12.2x					
Goodwill Exposure							
Goodwill ($ mil)	8,909	8,628	8,093	8,556	7,619		
Goodwill % equity	8.6%	8.5%	9.4%	10.7%	11.0%		
Balance Sheet Inputs ($ mil)							
Unadjusted debt	176,185	148,679	109,849	96,899	80,349	71,010	64,214
Operating debt	152,679	132,104	99,486	87,570	72,088		
Financial debt	23,506	16,575	10,363	9,329	8,261		
Minority interest	10,395	7,778	5,124	4,831	3,547	1,580	1,509
Unadjusted equity	104,067	101,677	86,317	79,673	69,230	58,303	49,881
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	6,919	10,083	8,348	10,326	9,071	6,149	2,091
Income Statement Inputs ($ mil)							
Unadjusted interest expense		6,951	5,673	4,427	4,219	3,313	4,136
Operating interest expense		6,321	5,279	4,041	3,817	2,875	
Financial interest expense		630	394	386	402	438	
Income tax expense	6,339	6,537	4,258	4,407	3,556	1,919	1,594
Minority interest expense	1,461	1,136	478	455	252	160	101
Net income	14,931	14,048	10,477	9,839	8,108	5,729	4,086
Preferred dividends	0	0	0	0	0	0	0

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	TTM 9/07	2006	2005	2004	2003	2002	2001
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)		5%					
Assumed tax rate (%)		35%					
Projected benefit obligation (end of year)	4,657	4,657	4,481	4,126	3,950	3,217	2,787
Fair value of plan assets (end of year)	3,610	3,610	3,260	2,871	2,715	2,176	2,385
Pension asset recorded			703	523	566	713	616
Pension liability recorded			807	888	941	745	630
Debt adjustment	1,047	1,047	1,221	1,255	1,235	1,041	402
Shareholders' equity adjustment			-726	-579	-559	-656	-252
Interest expense adjustment	52	52	61	63	62	52	20
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)		6x					
Rent expense	657	657	597	568	524	503	471
Debt adjustment	3,942	3,942	3,582	3,408	3,144	3,018	2,826
Interest expense adjustment	219	219	199	189	175	168	157
EBIT adjustment	219	219	199	189	175	168	157
Other Adjustments ($ mil)							
Hybrid securities #1	100	191	186	199	192	2,132	2,182
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A	A
Debt portion of hybrid	100	191	186	199	192	2,132	2,182
Equity portion of hybrid	0	0	0	0	0	0	0
Hybrid securities #2	4,681						
Reporting category	Debt						
Basket designation	D						
Debt portion of hybrid	1,170						
Equity portion of hybrid	3,511						
Lloyd's LOCS							
Operating Debt Detail ($ mil)							
MIP matched notes and bonds payable	12,754	5,468	0	0	0		
Series AIGFP matched notes and bonds payable	530	72	0	0	0		
AIG-guaranteed borrowings of AIGFP	71,402	67,048	47,274	41,614	32,941		
Non-guaranteed borrowings of fin svcs, invest & other	67,742	59,277	52,272	45,736	38,990		
Less borrowings of insurance operations	-545	-459	-474	-180	-181		
CP issued by AIG Funding on behalf of AI Credit	696	598	314	300	238		
Hybrid securities issued by ILFC	100	100	100	100	100		
Total operating debt	152,679	132,104	99,486	87,570	72,088		

AIG Financial Highlights (from Company Profile)

($ Mil.)	YTD 9/30/07	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	45,754	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	36,068	44,866	41,872	40,623	35,031	26,718
Net Investment Income	4,585	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	8,511	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	64.3%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.0%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	88.3%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	24,895	30,636	29,400	28,088	23,496	20,694
Net Investment Income	16,468	19,439	18,134	15,269	12,942	11,243
Pretax Operating Income	6,900	10,032	8,904	7,925	6,929	5,258
Financial Services						
Revenues	7,109	8,010	10,525	7,495	6,242	6,822
Pretax Operating Income	1,008	524	4,276	2,180	1,182	2,125
Asset Management						
Revenues	5,721	5,814	5,325	4,714	3,651	3,467
Pretax Operating Income	2,541	2,346	2,253	2,125	1,316	1,125
AIG Consolidated						
Total Revenues	91,631	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	17,379	21,687	15,213	14,845	11,907	7,808
Net Income	11,492	14,048	10,477	9,839	8,108	5,729
Total Assets	1,072,105	979,414	853,051	801,007	675,602	561,131
Total Debt	176,185	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	104,067	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	YTD 9/30/07	YTD 9/30/06	2006	2005	2004
Revenues					
General Insurance	38,589	36,438	49,206	45,174	41,961
Life Insurance & Retirement Services	40,337	37,303	50,163	47,376	43,402
Financial Services	7,109	5,923	8,010	10,525	7,495
Asset Management	5,721	3,647	5,814	5,325	4,714
Other/Eliminations	-125	68	1	505	94
Consolidated Revenues	**91,631**	**83,379**	**113,194**	**108,905**	**97,666**
Pretax Operating Income					
General Insurance					
Domestic Brokerage Group	5,662	4,322	5,985	-646	777
Transatlantic Holdings, Inc.	508	427	589	-39	282
Personal Lines	252	352	432	195	357
Mortgage Guaranty	-289	301	328	363	399
Total Domestic	**6,133**	**5,402**	**7,334**	**-127**	**1,815**
Total Foreign	**2,383**	**2,415**	**3,088**	**2,427**	**1,344**
Other/Eliminations	-5	2	-10	15	18
Total General Insurance	**8,511**	**7,819**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services					
Domestic Life Insurance	774	862	917	1,495	1,023
Domestic Retirement Services	1,452	1,588	2,323	2,164	2,054
Total Domestic	**2,226**	**2,450**	**3,240**	**3,659**	**3,077**
Japan and Other	2,753	2,946	3,732	2,959	2,393
Asia	1,921	2,087	3,060	2,286	2,455
Total Foreign	**4,674**	**5,033**	**6,792**	**5,245**	**4,848**
Total Life Insurance & Retirement Services	**6,900**	**7,483**	**10,032**	**8,904**	**7,925**
Financial Services					
Aircraft Leasing	625	421	639	679	642
Capital Markets	183	-457	-873	2,661	662
Consumer Finance	180	529	761	876	786
Other	20	48	-3	60	90
Total Financial Services	**1,008**	**541**	**524**	**4,276**	**2,180**
Asset Management					
Spread-based Investment Business	759	467	947	1,185	1,328
Institutional Asset Management	1,406	721	1,031	686	515
Brokerage Services, Mutual Funds and Other	376	257	368	382	282
Total Asset Management	**2,541**	**1,445**	**2,346**	**2,253**	**2,125**
Other/Eliminations	-1,581	-953	-1,627	-2,535	-562
Consolidated Pretax Operating Income	**17,379**	**16,335**	**21,687**	**15,213**	**14,845**

AIG
Financial Products

FIVE-YEAR CASH PROFILE

Assumptions for Base Case Cash Profile

- All derivatives, liability and asset flows as of December 31, 2007.
- All contingent liability payouts, assuming earliest possible payout dates (see Summary Table on page 2).
- No ability to access the capital markets for funding.
- Additional liquidity from selling liquid portfolio securities (with mark-to-market and 3% (non-CDO) and 50% (CDO) haircut) and from refinancing (with 50% haircut) CBO securities put to AIG-FP in connection with assumed contingent liability payouts (see Summary Table on page 2).

AIG Financial Products

SUMMARY TABLE
CONTINGENT LIABILITIES AND ADDITIONAL LIQUIDITY
(USD 000's)

	Contingent Liabilities			Liability Total	Liquidity		Asset Total	Cumulative Net
DATE	Aircraft Facilities (1)	CBO 2a-7 Puts (2)	Military Housing (3)		Portfolio Assets (4)	UK Preferred Shares (5)		
12/31/07-1/1/2008	0	0	0	0	18,170,707	3,870,500	22,045,838	22,045,835
1Q2008	(27,570)	(33,333)	(12,283)	(73,828)	3,847,774	0	3,847,774	25,819,283
2Q2008	0	(222,755)	(35,128)	(331,883)	3,256,910	0	3,225,625	28,744,233
3Q2008	(27,570)	(242,328)	(12,283)	(282,234)	117,582	0	117,582	28,579,614
4Q2008	0	(38,225)	(24,073)	(72,003)	484,000	0	484,320	28,971,231
1Q2009	(23,320)	28,240	0	4,942	70,303	0	70,882	29,047,273
2Q2009	0	(58,039)	0	(58,063)	404,783	0	404,783	29,383,885
3Q2009	0	33,276	0	30,678	18,730	0	18,730	29,444,071
4Q2009	0	(13,525)	0	(13,525)	1,225,357	0	1,025,857	31,458,003
1Q2010	0	28,531	0	28,501	58,071	0	88,271	31,572,435
2Q2010	0	(234,373)	0	(234,373)	10,199	0	10,199	31,348,223
3Q2010	77,442	(227,050)	0	(149,618)	0	0	0	31,198,611
4Q2010	0	(70,404)	0	(70,404)	930,272	0	930,272	32,084,433
1Q2011	0	88,403	0	88,403	0	0	0	32,122,832
2Q2011	0	55,339	0	56,303	10,303	0	10,335	32,189,443
3Q2011	0	(4,330)	0	(4,330)	0	0	0	32,185,033
4Q2011	0	(941)	0	(941)	308,583	0	308,582	30,062,681
1Q2012	0	76,759	0	76,759	87,280	0	87,280	30,224,707
2Q2012	0	8,729	0	6,703	10,549	0	10,549	30,251,885
3Q2012	0	11,282	0	11,282	0	0	0	30,262,257
4Q2012	0	(28,421)	0	(28,421)	10,457	0	10,457	30,207,284
TOTAL	(0)	(925,104)	(97,598)	(1,022,720)	30,333,203	3,876,000	34,209,214	

See Notes on page 7.

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AIG Financial Products

BASE CASE CASH PROFILE

3

AIG Financial Products

COLLATERAL OR CASH PAYMENT REQUIREMENTS RESULTING FROM AIG DOWNGRADE

USD millions

AIG Downgraded To	Obligations Under Investment Contracts	Obligations Under Other Contracts	Cumulative Obligations
Aa3/AA- (by one or both Agencies)	163	592	755
A1/A+ (by one or both Agencies)	6,039	2,275	8,314
	6,202	2,867	9,069

The Cash Profile graphs on the following two pages have been adjusted to reflect the collateral and cash requirements quantified above (both the immediate loss of liquidity due to the effect of assumed downgrades, and improved liquidity over time as collateral is returned in connection with scheduled repayments under Investment Contracts subject to such requirements).

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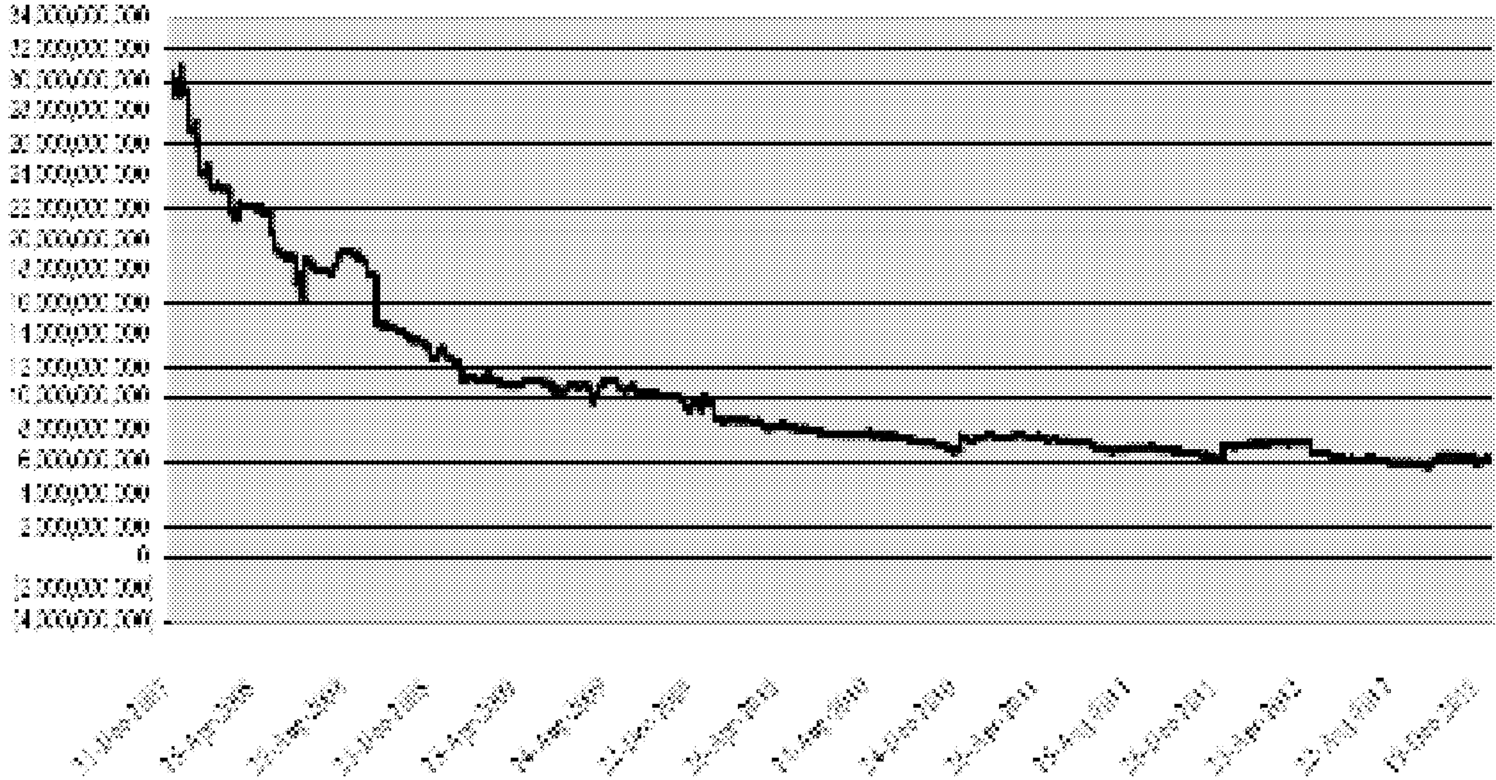
CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO Aa3/AA-



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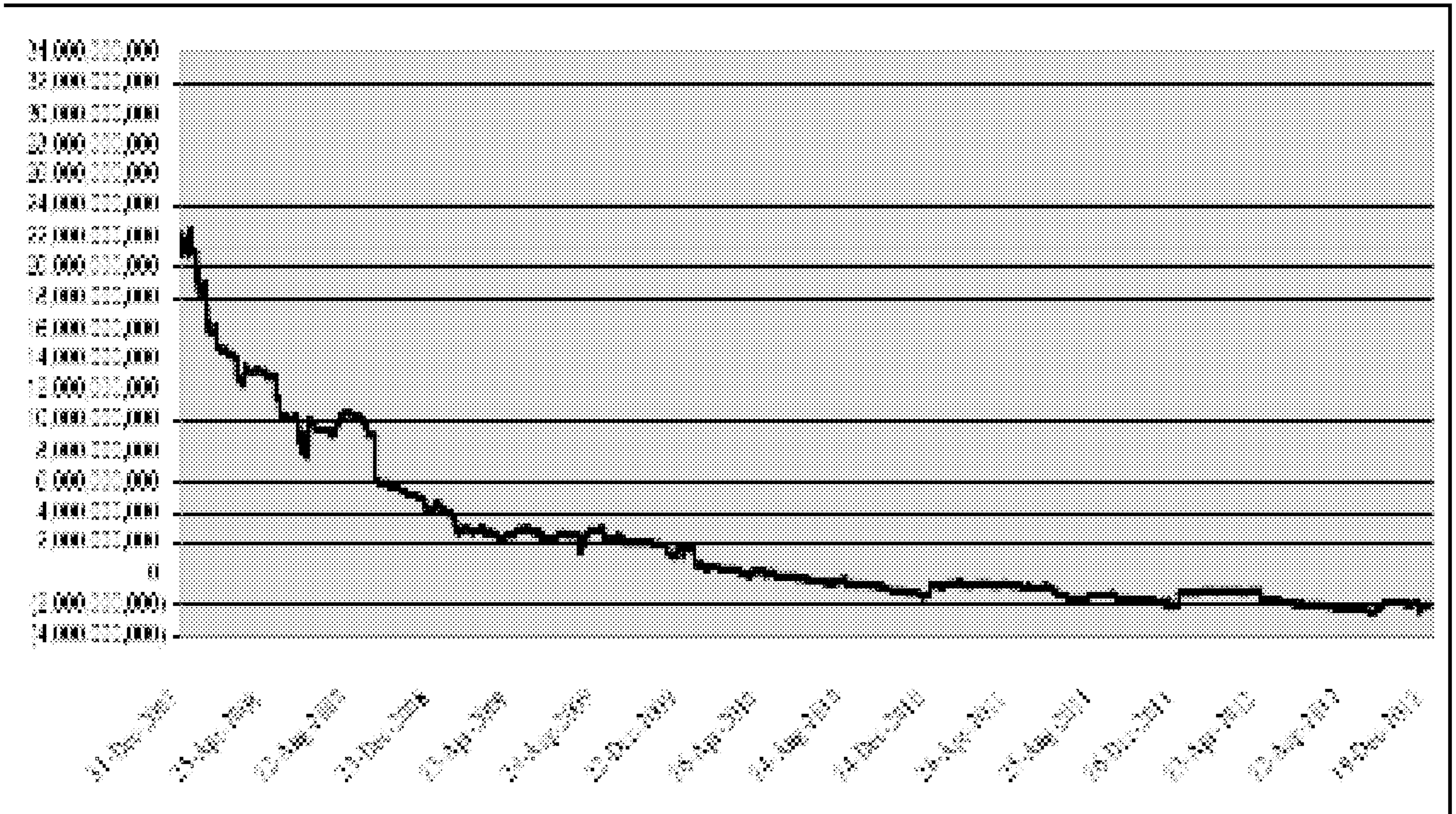
CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO A+/A1



5

NOTES

1. Aircraft Equipment Financing Liquidity Facilities. AIG-FP provides backstop liquidity facilities in respect of investment trusts established by two U.S. airlines, the obligations of which are collateralized by aircraft. In each case, AIG-FP commits to make payments covering up to three consecutive semi-annual coupons on debt securities issued by the trust. For purposes of the Summary Table, the liquidity facility is assumed to be called upon on the earliest possible semi-annual dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from the respective trust, and such right is senior to all obligations of the trust to security holders. Thus, given the relatively small size of the three-coupon commitment (compared to the value of the underlying aircraft assets), AIG-FP is significantly over-collateralized. The Summary Table shows positive cash flows reflecting the repayment of drawn amounts (including amounts that were drawn prior to the beginning date of the five year period) on the respective dates on which AIG-FP would become "controlling party" for the transaction (by virtue of having more unreimbursed payments under the liquidity facility) and thus have the right to cause the respective trustee to sell the underlying aircraft collateral to fund repayment (although it is quite possible that AIG-FP would be repaid earlier as a result of its senior position with respect to all cash flows in the given transaction).

2. CBO 2a-7 Puts. AIG-FP provides maturity shortening puts in respect of CBO notes that allow holders of notes to treat the notes as short-term 2a-7 eligible investments. Holders of notes are permitted, in certain circumstances, to tender the notes to the issuers at par. If an issuer's remarketing agent is unable to resell notes so tendered, AIG-FP must purchase the notes at par. For purposes of the Summary Table, puts are assumed to be exercised on their earliest date provided that where AIG-FP has contracted with a third party to provide liquidity for the notes if they are put to AIG-FP, the Summary Table reflects the termination date for such liquidity arrangements. Each issue of CBO notes is assumed to amortize in accordance with the credit agency base case that was originally adopted for the transaction, and the Summary Table shows positive cash flows reflecting the amortization of notes that are assumed to be purchased on tender by put date. The amounts in the Summary Table have been reduced by 50% to reflect the assumed 50% refinancing of the notes as described on page 1. In all cases, the credit risk associated with the notes was deemed "super senior" on the respective issue dates, and typically other debt securities issued by the CBOs, subordinate to the notes, were rated AAA.

3. Military Housing Liquidity Facilities. In connection with a number of military housing redevelopment projects, AIG-FP provides liquidity facilities related to different series of the bonds issued to finance the redevelopment projects. The liquidity facilities may be drawn upon if cash flows from the underlying projects are insufficient to meet debt service. For purposes of the Summary Table, the liquidity facilities are assumed to be called upon on the earliest possible dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from available net revenues that support the bonds under the bond indentures. In addition, in all but three transactions, AIG-FP will have rights to set-off against monies deposited with it under certain [illegible] obligations of investment contracts that it also provided in connection with the projects.

4. Portfolio Assets. Where assets are held in the context of specific transactions, related liquidity is shown to be available from the date upon which AIG-FP would be contractually permitted to unwind the respective transaction or otherwise access the assets free of contractual restrictions. The amounts in the Summary Table have been reduced on day one by the sum of the mark-to-market plus an additional 5% of the invested amounts on the portfolio assets unwound. For CDO portfolio assets unwound on day one, the amount has been reduced by the maximum of the mark to market or 50% of the invested amount.

5. UK Preferred Shares. Liquidity may be generated from structured preferred share investments in UK group companies held by AIG-FP. AIG-FP has recently defined unwind rights with respect to these transactions that permit it to require redemption if it determines in its sole discretion that there has been an adverse change in its liquidity position or in liquidity conditions in the market generally.

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CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

American International Group, Inc.
Consolidated Statement of Income
(in millions, except per share data)

	Three Months Ended Sept. 30, 2007	Sept. 30, 2006	% Inc. (Dec.)	June 30, 2007	Sequential % Inc. (Dec.)	Nine Months Ended Sept. 30, 2007	Sept. 30, 2006	% Inc. (Dec.)
Revenues:								
Premiums and other considerations	$ 18,731	$ 18,880	4.5 %	$ 18,925	1.0 %	$ 58,902	$ 56,458	4.2 %
Net investment income	6,172	6,465	(4.5)	7,865	(21.4)	21,149	18,579	13.8
Net realized capital gains (losses) (1)	(484)	(25)	NM	(78)	NM	(498)	(115)	NM
Other revenues (1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total revenues (1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Benefits and expenses:								
Incurred policy losses and benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Insurance acquisition and other operating expenses	8,261	7,265	13.7	8,281	[illegible]	[illegible]	[illegible]	14.7
Total benefits and expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income before income taxes, minority interest and cumulative effect of an accounting change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income taxes	[illegible]	[illegible]	NM	[illegible]	NM	[illegible]	[illegible]	NM
Income before minority interest and cumulative effect of an accounting change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minority interest	(331)	(224)	NM	(312)	NM	[illegible]	[illegible]	NM
Income before cumulative effect of an accounting change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	34	NM
Net income	3,085	4,214	(26.8)	4,257	(27.5)	[illegible]	[illegible]	[illegible]
Net income per common share:								
Basic								
Income before cumulative effect of an accounting change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cumulative effect of an accounting change, net of tax (2)			NM		NM		[illegible]	NM
Net income	1.23	1.62	(23.9)	1.64	(25.0)	4.43	4.27	3.8
Diluted								
Income before cumulative effect of an accounting change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cumulative effect of an accounting change, net of tax (2)			NM		NM		[illegible]	NM
Net income	1.22	1.61	(24.2)	1.64	(25.6)	4.40	4.24	3.8
Dividends declared per common share	$ 0.200	$ 0.165	21.2 %	$ 0.200	0.0 %	$ 0.565	$ 0.480	17.7 %
Average shares outstanding:								
Basic	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]	
Diluted	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]	

Notes: (1) [illegible]

(2) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R, "Share-Based Payment".

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American International Group, Inc.
Financial Highlights*
(in millions, except per share data)

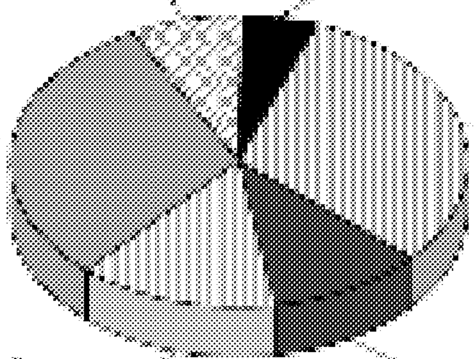
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2007	2006 (a)	Change	2007	2006 (a)	Change
General Insurance Operations:						
Net Premiums Written	$ 11,[illegible] $	11,[illegible]	[illegible] % $	[illegible] $	[illegible]	[illegible] %
Net Premiums Earned	11,435	11,217	1.9	34,015	32,565	4.4
Underwriting Profit	1,134	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Investment Income	1,294	1,370	1.8	4,565	4,102	11.3
Income before Net Realized Capital Gains (Losses)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Realized Capital Gains (Losses) (b)	(89)	28	-	(18)	(29)	-
Operating Income	$ [illegible] $	[illegible]	[illegible] % $	[illegible] $	[illegible]	[illegible] %
Loss Ratio	[illegible]	[illegible]		[illegible]	[illegible]	
Expense Ratio	23.55	23.54		24.02	24.05	
Combined Ratio	[illegible]	[illegible]		[illegible]	[illegible]	
Life Insurance & Retirement Services Operations:						
Premiums and Other Considerations	$ 8,[illegible] $	7,672	8.2 % $	24,[illegible] $	23,121	7.7 %
Net Investment Income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income before Net Realized Capital Gains (Losses)	2,4[illegible]	2,6[illegible]	[illegible]	7,826	7,[illegible]	[illegible]
Net Realized Capital Gains (Losses) (b)	[illegible]	[illegible]		[illegible]	[illegible]	
Operating Income	1,5[illegible]	2,472	[illegible]	[illegible]	[illegible]	[illegible]
Financial Services Operations:						
Operating Income excluding FAS 133 and						
Net Realized Capital Gains (Losses)	287	575	[illegible]	1,[illegible]	1,[illegible]	(25.[illegible])
FAS 133 gains	[illegible]	[illegible]		[illegible]	[illegible]	
Net Realized Capital Gains (Losses) (b)	[illegible]	[illegible]	-	[illegible]	[illegible]	-
Operating Income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asset Management Operations:						
Operating Income excluding Consolidated Managed						
Partnerships and Funds and Net Realized						
Capital Gains (Losses)	[illegible]	[illegible]	[illegible]	[illegible]	1,14[illegible]	48.0
Consolidated Managed Partnerships and Funds (c)	[illegible]	[illegible]		[illegible]	[illegible]	
Net Realized Capital Gains (Losses) (b)	[illegible]	[illegible]	-	[illegible]	[illegible]	-
Operating Income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other before Net Realized Capital Gains (Losses)	[illegible]	[illegible]		[illegible]	[illegible]	
Other Net Realized Capital Gains (Losses) (b)	[illegible]	85	-	[illegible]	[illegible]	-
Consolidation and Elimination Adjustments (c)	[illegible]			[illegible]		
Income before Income Taxes, Minority Interest and						
Cumulative Effect of an Accounting Change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income Taxes	1,[illegible]	[illegible]		[illegible]	[illegible]	
Income before Minority Interest and Cumulative						
Effect of an Accounting Change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minority Interest, after-tax:						
Income before Net Realized Capital Gains (Losses)	[illegible]	[illegible]		[illegible]	[illegible]	
Net Realized Capital Gains (Losses)	[illegible]	2	-	[illegible]	[illegible]	-
Income before Cumulative Effect of an						
Accounting Change	3,[illegible]	4,224	(2[illegible])	11,[illegible]	10,575	8.[illegible]
Cumulative Effect of an Accounting Change,						
net of tax (d)	-			-	[illegible]	
Net Income (e)	$ 3,[illegible] $	4,224	(2[illegible]) % $	11,[illegible] $	10,[illegible]	8.[illegible] %

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2007	2006 (a)	Change	2007	2006 (a)	Change
Net Income (e)	$ 3,085	$ 4,224	(27.0) %	$ 11,492	$ 10,609	8.3 %
Net Realized Capital Gains (Losses), net of tax	(600)	(62)	-	(673)	(88)	-
FAS 133 Gains (Losses), excluding Net Realized Capital Gains (Losses), net of tax	196	267	-	(341)	(890)	-
Cumulative Effect of an Accounting Change, net of tax (d)	-	-	-	-	34	-
Adjusted Net Income (f)(g)	3,489	4,019	(13.2)	12,506	11,553	8.2
Effect of AIGFP Unrealized Market Valuation Loss on Super Senior Credit Default Swaps, net of tax, on income	229	-	-	229	-	-

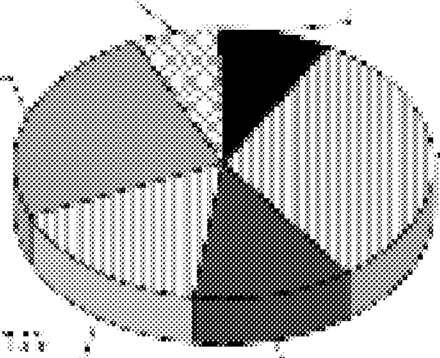
American International Group, Inc.
Revenues and Income Graphs

Nine Months Ended September 30, 2007

Revenues



Income Before Income Taxes and Minority Interest



FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** May 22, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Resolve RUR-Down announced for parent company and certain subsidiaries on May 9 & 15, 2008.

Last Rating Action *(include date and reason)*: **May 9 & 15, 2008** – Placed parent and certain subsidiaries on RUR-Down following AIG's announcement of a $7.8 billion net loss for the first quarter of 2008.

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	Aa2			Aa3		
Senior unsecured debt	Aa2			Aa3		
Senior unsecured shelf	(P)Aa2			(P)Aa3		
Subordinated shelf	(P)Aa3			(P)A1		
Preferred shelf	(P)A1			(P)A2		
Short-term issuer	P-1			P-1		
Outlook	RUR-Down			Negative		
Subsidiary recs on page 2						

** If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name: USA			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for recommendation

- AIG has reported approximately $28 bln of after-tax realized and unrealized losses and unrealized investment depreciation related to the US residential mortgage market over the past six months (pg 2).
- Expected economic losses remain considerably smaller than the MTM amounts. Based on stress-case scenarios, AIG estimates that economic losses could be in the range of $1.2 - 2.4 bln on AIGFP's super-senior CDS portfolio and up to $4 bln on the company's RMBS portfolio. Moody's modelling efforts to date indicate smaller levels of expected and stress-case losses (pg 23).
- AIG raised approximately $20 bln of capital (common equity and Basket D hybrids) during May 2008 (pg 2).
- AIG remains one of the world's largest and most diversified financial services firms, with leading market positions in many business lines and geographic regions (pgs 4-6).
- Peer comparisons show that AIG fits well among diversified financial services firms with senior debt ratings in the Aa range; AIG has greater financial strength and earnings power than firms rated in the A range (pgs 8-11).
- The recommendation for Aa3 (negative) recognizes AIG's unique strengths as well as the continuing uncertainty surrounding the firm's US mortgage exposures and its strategic direction for AIGFP.

AIG Mortgage Related Losses/Writedowns After-tax amounts ($ blns)	4Q 2007	1Q 2008	Totals
AIGFP super-senior CDS portfolio			
Unrealized market valuation losses	**7.2**	**5.9**	**13.1**
AIG RMBS portfolio			
Net realized capital losses *	1.7	4.0	5.7
Unrealized depreciation of investments	2.5	6.8	9.3
Total RMBS related	**4.2**	**10.8**	**15.0**
Total CDS & RMBS related	**11.4**	**16.7**	**28.1**
* Mainly OTTI on RMBS			

AIG Consolidated Equity ($ blns)	9/30/2007	12/31/2007	3/31/2008
Shareholders' equity	104.1	95.8	79.7
Change in equity vs 9/30/2007 ($)	--		-24.4
Change in equity vs 9/30/2007 (%)			-23.4%

AIG Capital Raised in May 2008 ($ blns)	Net Proceeds	Orders
Common equity	7.475	10
Mandatory convertibles (Basket D)	5.880	20
Junior subord debs (Basket D)	4.000	
Junior subord debs (Basket D) - EUR 750 mln	1.160	
Junior subord debs (Basket D) - GBP 900 mln	1.750	
Total	**20.265**	

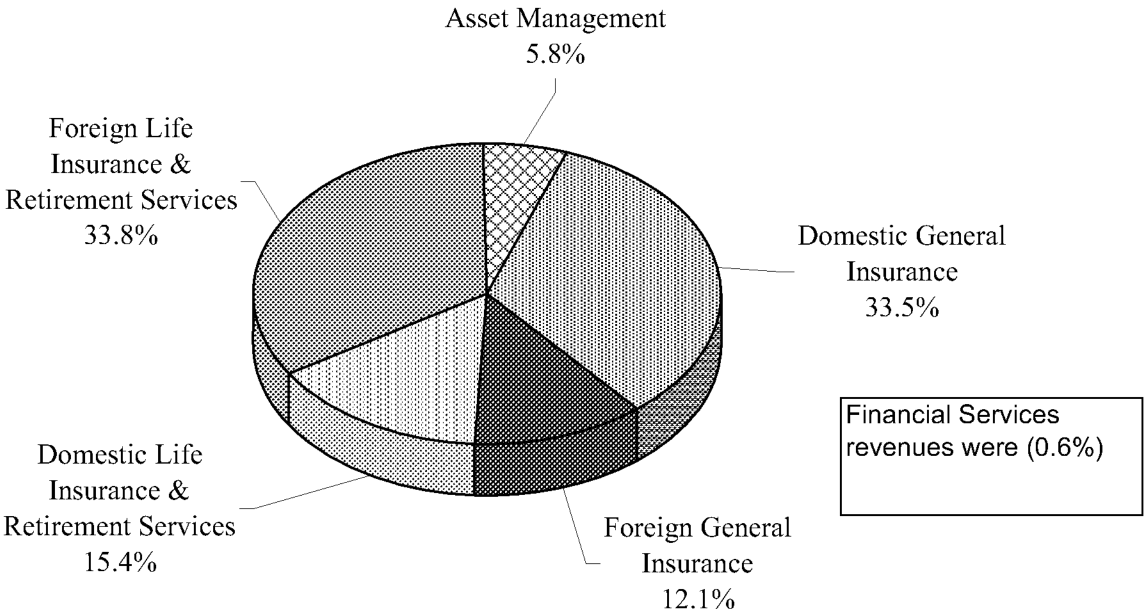
Current & Recommended Ratings on AIG Subsidiaries	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
Explicitly supported ratings							
AIG Capital Trusts I & II	Bkd Tr Prfrd Shelf	AIG G'tee		(P)Aa3	R-Dn	(P)A1	Negative
AIG Financial Products Corp. & subsidiaries	Bkd LT Issuer	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG Life Holdings (US), Inc.	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG Program Funding, Inc.	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG Retirement Services, Inc.	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG UK Limited	IFS	AIG Agmt	Aa3	Aa2	R-Dn	Aa3	Stable
American General capital securities	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	R-Dn	A1	Negative
American International Assurance Company (Bermuda) Limited	IFS	AIG Agmt	Aa3	Aa2	R-Dn	Aa3	Stable
United Guaranty Residential Insurance Company & subsidiaries	*IFS*	*AIG Agmt*	*Aa3*	*Aa2*	*R-Dn*	*Aa3*	*Negative*
Decided in recent RCMs							
AIG Commercial Insurance Group (8)	IFS		Aa3	Aa2	R-Dn	Aa3	Stable
AIG Domestic Life & Retirement Services (7)	IFS		Aa2	Aa1	R-Dn	Aa2	Stable
SunAmerica companies (3)	IFS		Aa2	Aa2	R-Dn	Aa2	Stable
AIG General Insurance (Taiwan) Co., Ltd.	IFS		A3	A1	Negative	A1	Stable
Affirm							
Transatlantic Holdings, Inc.	Sr Unsec Debt		A3	A2	Stable	A2	Stable
Transatlantic Reinsurance Company	IFS		Aa3	Aa3	Stable	Aa3	Stable
AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC, SunAmerica (3)	(Bkd) ST			P-1	Stable	P-1	Stable
To be decided soon in separate RCMs							
AIG Edison Life Insurance Company	IFS		Aa3	Aa2	R-Dn		
American Life Insurance Company	IFS		Aa2	Aa2	R-Dn		
American General Finance Corporation	Sr Unsec Debt		A2	A1	R-Dn		
International Lease Finance Corporation	Sr Unsec Debt		A3	A1	R-Dn		

Contents

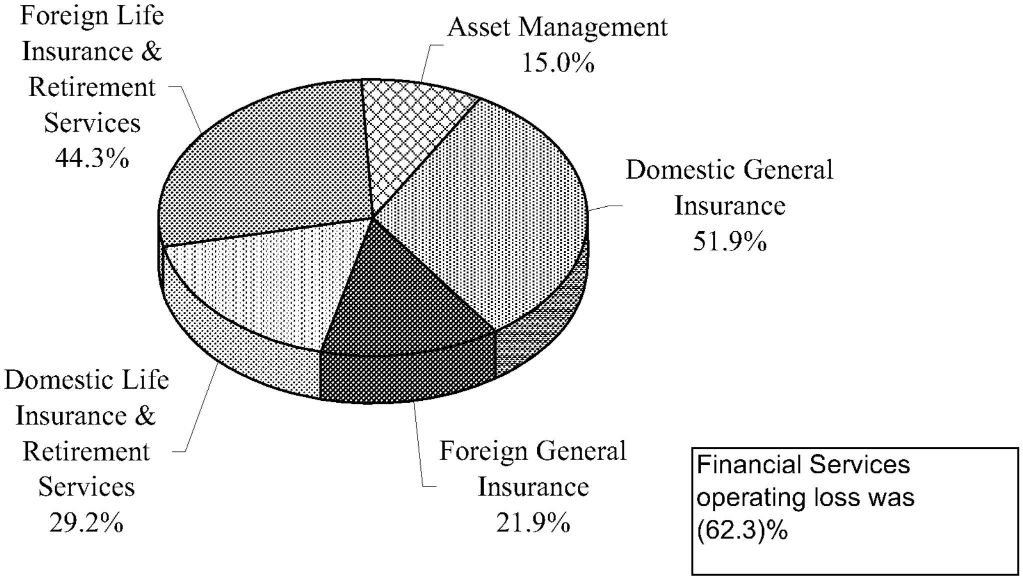
American International Group, Inc.
Revenues and Income Graphs

Twelve Months Ended December 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses) and Capital Markets other-than-temporary impairments, FAS 133, other and consolidation and elimination adjustments are excluded.

AIG Financial Highlights (from Company Profile)

($ Mil.)	2007	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	58,798	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	47,067	44,866	41,872	40,623	35,031	26,718
Net Investment Income	6,132	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	10,526	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	65.6%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.7%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	89.7%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	30,627	30,766	29,400	28,088	23,496	20,694
Net Investment Income	22,341	20,024	18,134	15,269	12,942	11,243
Pretax Operating Income	8,186	10,121	8,965	7,968	6,970	5,258
Financial Services						
Revenues	-1,309	7,777	10,525	7,495	6,242	6,822
Pretax Operating Income	-9,515	383	4,424	2,131	1,302	2,125
Asset Management						
Revenues	5,625	4,543	5,325	4,714	3,651	3,467
Pretax Operating Income	1,164	1,538	1,963	1,947	521	1,125
AIG Consolidated						
Total Revenues	110,064	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	8,943	21,687	15,213	14,845	11,907	7,808
Net Income	6,200	14,048	10,477	9,839	8,108	5,729
Total Assets	1,060,505	979,414	853,051	801,007	675,602	561,131
Total Debt	176,049	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	95,801	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	2007	2006	2005	2004
Revenues				
General Insurance	51,708	49,206	45,174	41,961
Life Insurance & Retirement Services	53,570	50,878	48,020	43,402
Financial Services	-1,309	7,777	10,677	7,495
Asset Management	5,625	4,543	4,582	4,714
Other/Eliminations	470	983	328	94
Consolidated Revenues	**110,064**	**113,387**	**108,781**	**97,666**
Pretax Operating Income				
General Insurance				
Domestic Brokerage Group	7,305	5,845	-820	777
Transatlantic Holdings, Inc.	661	589	-39	282
Personal Lines	67	432	195	357
Mortgage Guaranty	-637	328	363	399
Total Domestic	**7,396**	**7,194**	**-301**	**1,815**
Total Foreign	**3,137**	**3,228**	**2,601**	**1,344**
Other/Eliminations	-7	-10	15	18
Total General Insurance	**10,526**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services				
Domestic Life Insurance	642	917	1,495	1,023
Domestic Retirement Services	1,347	2,323	2,164	2,054
Total Domestic	**1,989**	**3,240**	**3,659**	**3,077**
Japan and Other	3,044	3,821	3,020	2,393
Asia	3,153	3,060	2,286	2,455
Total Foreign	**6,197**	**6,881**	**5,306**	**4,848**
Total Life Insurance & Retirement Services	**8,186**	**10,121**	**8,965**	**7,925**
Financial Services				
Aircraft Leasing	873	578	769	642
Capital Markets	-10,557	-873	2,661	662
Consumer Finance	171	668	922	786
Other	-2	10	72	90
Total Financial Services	**-9,515**	**383**	**4,424**	**2,180**
Asset Management				
Spread-based Investment Business	-89	732	1,194	1,328
Institutional Asset Management	784	438	387	515
Brokerage Services, Mutual Funds and Other	469	368	382	282
Total Asset Management	**1,164**	**1,538**	**1,963**	**2,125**
Other/Eliminations	-1,418	-767	-2,454	-562
Consolidated Pretax Operating Income	**8,943**	**21,687**	**15,213**	**14,845**

Instructions:
1) Modify adjusted scorecard ratings in column H (white cells) for each factor as needed.
2) Add notches for Other Considerations and Support if applicable. Please enter whole numbers only. Positive numbers result in a worse rating and negitive numbers result in a better rating.

Rating Factors
American International Group, Inc.

Financial Strength Rating Scorecard [1]	Aaa	Aa	A	Baa	< Baa	Score	Adjusted Score [2]
Business Profile						Aa1	Aa1
Market Position and Brand (20%)						Aa1	Aaa
Market Share Ratio		X					
Relative Market Share Ratio	X						
Distribution (8%)						Aa2	Aa1
Distribution Control		X					
Diversity of Distribution		X					
Product Focus and Diversification (12%)						Aa2	Aa2
Product Risk - P&C			X				
Product Risk - Life		X					
Product Diversification	X						
Geographic Diversification	X						
Financial Profile						Aa3	Aa3
Asset Quality (5%)						A1	A1
High Risk Assets % Invested Assets					40.8%		
Reinsurance Recoverables % Equity	24.1%						
Goodwill % Equity	9.8%						
Capital Adequacy (12%)						Aa2	Aa2
Capital % Total Assets		9.0%					
Profitability (15%)						A2	A2
Return on Average Equity (5 yr. avg.)		12.7%					
Sharpe Ratio of Growth in Net Income (5 yr.)				24.5%			
Liquidity and Asset/Liability Management (5%)						Aaa	Aaa
Liquid Assets % Policyholder Reserves	95.4%						
Reserve Adequacy (5%)						Baa2	A1
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)				5.5%			
Financial Flexibility (18%)						Aa1	Aa1
Financial Leverage	19.4%						
Earnings Coverage (5 yr. avg.)		9.4x					
Total Scorecard Rating						Aa2	Aa2
Total Scorecard Rating -- Value						3.36	2.88

Other Considerations (if applicable, insert notches to be added to the adjusted total scorecard rating above):
Management, Governance, and Risk Management:
Accounting Policy & Disclosure:

COMPANY NAME	AIG Inc.	AEGON	Allianz SE	Assicurazioni Generali S.p.A	Aviva plc	AXA
Analyst	Ballentine	Morago	Boudkeev	Morago	Morago	Boudkeev
Domicile	USA	NL	Germany	Italy	UK	France
Accounting Convention	GAAP	IFRS	IFRS	IFRS	IFRS	IFRS
	USD	EURO	EURO	EURO	EURO	EURO
	YE2007	**YE2006**	**YE2006**	**YE2006**	**YE2006**	**YE2006**
RATING & RCM INFO						
IFSR	Aa2	-	Aa3	Aa3	-	Aa3
Outlook	NEG	STA	STA	NEG	STA	STA
Senior Debt	Aa2	A2	Aa3	A1	A1	A2
Sub Debt	Aa3	A3	A2	A2	A3	A3
COMPETITOR RATINGS						
S&P (IFSR)	AA	-	AA	AA	-	AA
Fitch (IFSR)	AA-	-	AA-	AA	-	AA
AM Best (IFSR)	A++	-	A+	A+	-	-
MARKET DATA						
Market Capitalisation (AIG as of May 20, 2008)	96,100	21,668	63,547	44,511	27,242	58,538
FUNDAMENTALS (MM)						
Gross Premiums Written - Total	93,383	24,570	65,288	60,620	42,613	72,099
Gross Premiums Written - Life	34,585	21,768	21,614	44,069	25,667	48,644
Gross Premiums Written - Non-life	58,798	2,802	43,674	16,551	25,130	23,455
Net Income	6,200	2,789	7,021	2,405	3,543	5,085
Total Assets	1,010,505	314,813	1,053,226	377,641	434,100	727,555
Shareholders' Equity	95,801	23,185	50,481	18,733	20,857	50,168
QUANTITATIVE MEASURES						
Scorecard Completed (Life/Non-Life/Composite)	Composite	Composite	Composite	Composite	Composite	Composite
Raw Factor vs. Adjusted Factor Score	3.36/2.88	4.72/4.44	4.39/3.24	4.57 / 4.19	3.84/3.87	4.18 / 3.58
Raw vs. Adjusted Scorecard Rating	Aa2/Aa2	A1/Aa3	Aa3/Aa3	A1 / Aa3	Aa3/Aa3	Aa3 / Aa3
Adjustments (Acc Policy, Implicit / Explicit Support, etc)	-	-	-	-	-	-
DESCRIPTIVE STATISTICS						
Ownership - Public, Private, Subsidiary	Public	Public	Public	Public	Public	Public
Geographic Spread	Global	Global	Worldwide	International	Global	International
Business Diversification (Banking, Asset Mgmt, Insurance)	High	Medium	High	High	Medium to High	Medium
RAW FACTOR RATING / ADJUSTED FACTOR RATING						
Business Profile						
Market Position and Brand	Aa1/Aaa	Aa2/Aa3	Aa1/Aaa	Aaa / Aa2	Aa2/Aa2	Aa2 / Aa1
Distribution	Aa2/Aa1	A1/A1	Aa1/Aa1	Aa3 / Aa3	Aa2/Aa2	A1 / Aa3
Product Focus and Diversification	Aa2/Aa2	A1/A1	Aa2/Aa2	Aa2 / Aa3	Aa2/Aa2	Aa2 / Aa2
Financial Profile						
Asset Quality	A1/A1	Aaa/Aa3	Aa3/Aa3	Aa2 / Aa3	Aa3/A1	A1 / A1
Capital Adequacy	Aa2/Aa2	A2/Aa3	Baa2/Aa3	Baa2 / Aa3	Aa2/Aa3	A2 / Aa2
Profitability	A2/A2	Baa2/A2	Baa2/A2	Baa1 / A1	Baa1/A2	A1 / A1
Liquidity and Asset/Liability Management	Aaa/Aaa	Aaa/Aa3	Aaa/Aaa	Aaa / Aa3	Aaa/Aa2	Aaa / Aaa
Reserve Adequacy	Baa2/A1	Aa2/Aa2	Aaa/Aa2	Aa2 / Aa2	Aaa/Aaa	Aaa / Aaa
Financial Flexibility	Aa1/Aa1	A1/Aa3	A1/A1	A2 / A2	A1/A1	A2 / A2
SCORECARD METRICS						
Business Profile						
Market Position and Brand						
Market Share Ratio	10.0%	5.0%	10%	14.0%	8.0%	Aa
Relative Market Share Ratio	3.5 x	1.6 x	4.8 x	4.1 x	2.0 x	Aa
Expense Ratio % NPW	na	na	na	na	na	na
Distribution						
Distribution Control	Aa	A	Aaa	A	Aa	Aa
Diversity of Distribution	Aa	Aa	Aa	Aaa	Aa	A
Product Focus and Diversification						
Product Risk - P&C	A	Aa	Aa	Aa	Aa	A
Product Risk - Life	Aa	A	Aa	A	Aa	Aa
Product Diversification	Aaa	A	Aaa	Aaa	Aaa	Aaa
Geographic Diversification	Aaa	A	Aa	Aa	A	Aa
Financial Profile						
Asset Quality						
High Risk Assets % Invested Assets	40.8%	7.1%	25.4%	22.4%	27.3%	20.0%
Reinsurance Recoverables % Equity	24.1%	17.1%	31.7%	27.0%	52.2%	24.0%
Goodwill % Equity	9.8%	1.0%	21.1%	11.9%	20.7%	32.0%
Capital Adequacy						
Capital % Total Assets	9.0%	7.4%	5.4%	4.5%	8.0%	6.9%
Gross Underwriting Leverage	na	na	na	na	na	na
Profitability						
Return on Average Equity (5 yr. avg.)	12.70%	8.8%	8.5%	10.1%	12.0%	9.7%
Sharpe Ratio of Growth in Net Income (5 yr.)	24.5%	Negative	n.a	0.0%	Negative	88.1%
Liquidity and Asset/Liability Management						
Liquid Assets % Policyholder Reserves	95.4%	105.0%	91.3%	83.3%	96.3%	101.2%
Reserve Adequacy						
Adv. / (Fav.) Loss Reserve Dev. % Beg. Reserves (5yr.)	5.5%	1.0%	-3.4%	1.8%	-1.3%	-5.4%
Financial Flexibility						
Financial Leverage	19.4%	27.3%	28.2%	35.6%	29.4%	30.6%
Earnings Coverage (5 yr. avg.)	9.4 x	4.8 x	4.9 x	7.4 x	4.6 x	5.5 x

(USD Blns)		AIG	UBS	HBOS Plc	B of A	Credit Suisse	JPMorgan	HSBC	Swiss Re	Avg Aa1/Aa2	Avg Aa3	Avg A1/A2
Secured Rating (IFSR)		Aa2	Aa1	Aa1	Aaa	Aa1	Aaa	Aa1	Aa2			
HoldCo Senior Rating		Aa2	Aa1	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2			
Outlook		RUR ↓	RUR ↓	Negative	Negative	Stable	Stable	Stable	Stable			
CDS-Implied Rating		Baa3	A2	Baa2	Baa1	A3	Baa1	A2	Baa1			
OAS-Implied Rating		A3	A3	Aa2	A2	Aa3	A2	Aa3				
Accounting Basis		US GAAP	IFRS	IFRS	US GAAP	US GAAP	US GAAP	IFRS	IFRS			
Market Capitalization	**5/21/08**	96	60	128	158	54	149		28	96	72	31
Market Cap / Equity	**1Q08**	1.4x	3.5x		1.1x	1.3x	1.2x		1.0x	1.6x	1.4x	1.3x
	2007	1.5x	2.8x	1.2x	1.3x	1.5x	1.2x	1.5x	0.9x	1.5x	1.6x	1.5x
Total Assets	**1Q08**	1,051	2,256	0	1,765	1,208	1,643	0	277	1,025	1,236	511
		PF 87										
Total Equity	**1Q08**	80	17	0	155	38	126	0	28	55	63	25
	2007	96	35	44	137	38	123	128	28	79	60	25
Equity % Assets	**1Q08**	7.6%	0.7%		8.8%	3.1%	7.6%		10.1%	6.3%	5.5%	6.7%
	2007	9.0%	1.5%	3.3%	8.5%	3.2%	7.9%	5.4%	10.3%	6.2%	5.4%	6.9%
Debt % Capital	**1Q08**	68.4%	98.1%				60.2%			75.6%	61.9%	47.5%
	2007	64.8%	96.6%				59.9%	65.8%		71.8%	55.5%	46.2%
Revenues	**2007**	110	113	69	66	53	71	92	38	77	82	42
Net Income	**1Q08**	-8	-11	0	1	-2	2	0	1	-2	0	0
	2007	6	-4	8	15	7	15	20	4	9	7	2
	5 yr avg.	10	5	6	15	5	10	12	2	8	7	3
Return on Average Assets (%)	**1Q08**	-0.7%	-0.5%				0.1%	0.0%		-0.3%	0.1%	0.1%
	2007	0.6%	-0.2%				1.1%	1.0%		0.6%	0.7%	0.9%
	5 yr avg.	1.2%	0.4%				0.8%	0.7%		0.8%	0.9%	1.0%
Cash Flow from Operations	**1Q08**	8	18	0	-4	12	-2	0	0	4	-6	2
	2007	35	-43	-7	11	-49	-111	91	-3	-9	-24	-16
	5 yr avg.	26	-23	12	7	-33	-38	47	1	0	-9	-5
Cash Flow % Net Income	**1Q08**	-106%	-164%				-102%			-124%	-459%	-269%
	2007	567%	990%				-720%	445%		321%	-575%	76%
	5 yr avg.	309%	46%				-309%	557%		151%	-389%	-121%
Gross Mortgage-related Charges		44	37	8	18	11	8					
Charges % YE 2007 Equity		45.9%	106.9%	18.2%	13.1%	29.5%	6.1%					
Total Capital Raised		20	34	8	19	0	8					

(USD Blns)		**AIG**	**Goldman**	**Citigroup**	**Wachovia**	**Morgan Stanley**	**Allianz**	**ManuLife**	**Avg Aa1/Aa2**	**Avg Aa3**	**Avg A1/A2**
Secured Rating (IFSR)		Aa2	Aa3	Aa1	Aa1	Aa3	Aa3	Aa1			
HoldCo Senior Rating		Aa2	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3			
Outlook		RUR ↓	Stable	Negative	Negative	Negative	Stable	Stable			
CDS-Implied Rating		Baa3	Baa2	Baa2	Baa3	Baa3	A1	Aaa			
OAS-Implied Rating		A3	A3	Baa1	A3	Baa1		--			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP			
Market Capitalization	**5/21/08**	96	72	116	53	49	86	58	96	72	31
Market Cap / Equity	**1Q08**	1.4x	1.6x	0.9x	0.7x	1.4x	1.3x	2.4x	1.6x	1.4x	1.3x
	2007	1.5x	2.1x	1.3x	1.0x	1.8x	1.4x	2.3x	1.5x	1.6x	1.5x
Total Assets	**1Q08**	1,051	1,189	2,200	809	1,091	1,781	348	1,025	1,236	511
		PF 87									
Total Equity	**1Q08**	80	43	128	78	33	71	25	55	63	25
	2007	96	43	114	77	31	70	24	79	60	25
Equity % Assets	**1Q08**	7.6%	3.6%	5.8%	9.6%	3.1%	4.0%	7.0%	6.3%	5.5%	6.7%
	2007	9.0%	3.8%	5.2%	9.8%	3.0%	3.9%	6.9%	6.2%	5.4%	6.9%
Debt % Capital	**1Q08**	68.4%	84.1%	76.8%	21.8%	85.8%		41.0%	75.6%	61.9%	47.5%
	2007	64.8%	82.2%	79.0%	19.0%	83.6%		13.8%	71.8%	55.5%	46.2%
Revenues	**2007**	110	88	82	56	85	150	33	77	82	42
Net Income	**1Q08**	-8	2	-5	-1	2	2	1	-2	0	0
	2007	6	12	4	6	3	12	4	9	7	2
	5 yr avg.	10	7	17	6	5	7	3	8	7	3
Return on Average Assets (%)	**1Q08**	-0.7%	0.1%	-0.2%	0.0%	0.1%		0.2%	-0.3%	0.1%	0.1%
	2007	0.6%	1.2%	0.2%	0.9%	0.3%		1.2%	0.6%	0.7%	0.9%
	5 yr avg.	1.2%	1.0%	1.2%	0.7%	0.6%		1.1%	0.8%	0.9%	1.0%
Cash Flow from Operations	**1Q08**	8	-23	2	-7	-19	9	1	4	-6	2
	2007	35	-68	-71	-9	-22	19	7	-9	-24	-16
	5 yr avg.	26	-38	-11	-3	-26	17	5	0	-9	-5
Cash Flow % Net Income	**1Q08**	-106%	-1499%	-31%	391%	-1231%		77%	-124%	-459%	-269%
	2007	567%	-588%	-1975%	203%	-688%		175%	321%	-575%	76%
	5 yr avg.	309%	-542%	-388%	-717%	-494%		196%	151%	-389%	-121%
Gross Mortgage-related Charges		44	2	41	8	12	2				
Charges % YE 2007 Equity		45.9%	4.7%	35.8%	10.1%	38.1%	2.6%				
Total Capital Raised		20	0	46	18	6	0				

(USD Blns)		AIG	Merrill Lynch	Allstate	Lehman	MetLife	Sun Life	Hartford	Avg Aa1/Aa2	Avg Aa3	Avg A1/A2
Secured Rating (IFSR)		Aa2	A1	Aa2	A1	Aa2	Aa2	Aa3			
HoldCo Senior Rating		Aa2	A1	A1	A1	A2	A2	A2			
Outlook		RUR ↓	RUR ↓	Stable	Stable	Stable	Stable	Stable			
CDS-Implied Rating		Baa3	Ba1	A2	Ba1	Baa2		Baa1			
OAS-Implied Rating		A3	Baa3	A2	Baa3	A2		A3			
Accounting Basis		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	CDN GAAP	US GAAP			
Market Capitalization	**5/21/08**	96	45	27	23	43	27	22	96	72	31
Market Cap / Equity	**1Q08**	1.4x	1.1x	1.4x	1.1x	1.3x	1.5x	1.3x	1.6x	1.4x	1.3x
	2007	1.5x	1.6x	1.3x	1.5x	1.3x	1.8x	1.4x	1.5x	1.6x	1.5x
Total Assets	**1Q08**	1,051	1,042	152	786	557	187	344	1,025	1,236	511
		PF 87									
Total Equity	**1Q08**	80	37	20	25	33	18	18	55	63	25
	2007	96	32	22	22	35	17	19	79	60	25
Equity % Assets	**1Q08**	7.6%	3.5%	13.3%	3.2%	5.9%	9.3%	5.2%	6.3%	5.5%	6.7%
	2007	9.0%	3.1%	14.0%	3.3%	6.3%	9.2%	5.3%	6.2%	5.4%	6.9%
Debt % Capital	**1Q08**	68.4%	93.4%	21.7%	86.8%	38.4%	23.0%	21.8%	75.6%	61.9%	47.5%
	2007	64.8%	94.3%	20.5%	84.6%	37.0%	21.8%	19.0%	71.8%	55.5%	46.2%
Revenues	**2007**	110	57	37	59	53	20	26	77	82	42
Net Income	**1Q08**	-8	-2	0	0	1	1	0	-2	0	0
	2007	6	-8	5	4	4	2	3	9	7	2
	5 yr avg.	10	3	3	3	4	2	2	8	7	3
Return on Average Assets (%)	**1Q08**	-0.7%	-0.2%	0.2%	0.1%	0.1%	0.3%	0.0%	-0.3%	0.1%	0.1%
	2007	0.6%	-0.8%	3.0%	0.7%	0.8%	1.2%	0.9%	0.6%	0.7%	0.9%
	5 yr avg.	1.2%	0.5%	2.3%	0.7%	0.9%	1.0%	0.7%	0.8%	0.9%	1.0%
Cash Flow from Operations	**1Q08**	8	15	1	-11	4	0	1	4	-6	2
	2007	35	-72	5	-46	10	1	6	-9	-24	-16
	5 yr avg.	26	-26	5	-21	7	3	4	0	-9	-5
Cash Flow % Net Income	**1Q08**	-106%	-744%	322%	-2175%	554%	36%	391%	-124%	-459%	-269%
	2007	567%	930%	117%	-1088%	244%	47%	203%	321%	-575%	76%
	5 yr avg.	309%	-15%	184%	-566%	209%	181%	-717%	151%	-389%	-121%
Gross Mortgage-related Charges		44	34		4						
Charges % YE 2007 Equity		45.9%	107.4%		17.8%						
Total Capital Raised		20	16		6						

Press Release of May 9, 2008

Moody's reviews AIG (senior debt at Aa2) for possible downgrade

New York, May 09, 2008 -- Moody's Investors Service has placed the ratings of American International Group, Inc. (NYSE: AIG -- senior unsecured debt rated Aa2) on review for possible downgrade, following the company's announcement of a $7.8 billion net loss for the first quarter of 2008. AIG also reported a $16.1 billion decline in shareholders' equity during the quarter to $79.7 billion. AIG's results include significant unrealized market valuation losses on super-senior credit default swaps (CDS) with subprime mortgage content, as well as realized capital losses and unrealized depreciation on investments, mostly subprime and Alt-A residential mortgage-backed securities (RMBS). Moody's also placed on review for possible downgrade the ratings of AIG's US life insurance subsidiaries and of subsidiaries whose ratings rely on significant explicit support from the parent company (see list below).

To bolster its balance sheet, AIG plans to raise approximately $12.5 billion of capital in the form of common stock, mandatory convertible securities and hybrid fixed income securities. Moody's has assigned a rating of Aa3 (on review for possible downgrade) to the mandatory convertible securities, which are designed to receive significant equity treatment for financial leverage calculations. Proceeds will be used for general corporate purposes.

AIG's first-quarter 2008 results included a $5.9 billion after-tax unrealized market valuation loss on super-senior CDS, as well as $4.0 billion of after-tax realized capital losses, mainly from other-than-temporary impairment of RMBS. Also in the first quarter, AIG posted to its equity account an incremental $6.9 billion in after-tax unrealized depreciation of investments, again mostly RMBS. The super-senior CDS were written by AIG Financial Products Corp., whose business is guaranteed by AIG. The RMBS are held mainly by AIG's US life insurance subsidiaries, both directly and through securities lending activities. Moody's noted that AIG's ultimate economic losses on RMBS and super-senior CDS may be materially smaller than estimated market values would suggest.

Moody's said that the rating review was prompted by persistent volatility in AIG's reported results, which has diminished the firm's financial flexibility to some extent, and by concerns over the capital and liquidity levels of subsidiaries that hold the mortgage related positions. The planned capital issuance will strengthen AIG's balance sheet and liquidity, but it will also increase the firm's fixed charge burden. As part of the rating review, Moody's will consider the composition of AIG's capital issuance as well as the potential allocation of proceeds to operating units. The rating agency will also reconsider the benefit to holding company creditors of AIG's business diversification, which affects the notching of ratings between the operating units and the parent company. With regard to the parent, the review process could lead to a rating downgrade of one or two notches, said Moody's. The rating agency expects to conclude the review relatively quickly.

The last rating action involving AIG took place on March 3, 2008, when Moody's affirmed the ratings and maintained a negative outlook following AIG's announcement of fourth-quarter 2007 results.

Moody's has placed the following ratings on review for possible downgrade:

American International Group, Inc. -- long-term issuer rating at Aa2, senior unsecured debt at Aa2, senior unsecured debt shelf at (P)Aa2, subordinated debt shelf at (P)Aa3, preferred stock shelf at (P)A1;

AIG Capital Trusts I & II -- backed trust preferred stock shelf at (P)Aa3;

AIG Life Holdings (US), Inc. -- backed senior unsecured debt at Aa2;

AIG Program Funding, Inc. -- backed senior unsecured debt shelf at (P)Aa2;

AIG Retirement Services, Inc. -- backed senior unsecured debt at Aa2, backed preferred stock at A1;

AIG SunAmerica funding agreement-backed note programs -- AIG SunAmerica Global Financing Trusts, ASIF I & II, ASIF III (Jersey) Limited, ASIF Global Financing Trusts -- backed senior unsecured debt at Aa2;

AIG SunAmerica subsidiaries -- AIG SunAmerica Life Assurance Company, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company -- backed insurance financial strength at Aa2;

AIG UK Limited -- backed insurance financial strength at Aa2;

American General Capital II -- backed trust preferred stock at Aa3;

American General Institutional Capital A & B -- backed trust preferred stock at Aa3;

Capital Markets subsidiaries -- AIG Financial Products Corp., AIG Matched Funding Corp., AIG-FP Capital Funding Corp., AIG-FP Matched Funding Corp., AIG-FP Matched Funding (Ireland) P.L.C., Banque AIG -- backed senior unsecured debt at Aa2;

Domestic Life Insurance & Retirement Services subsidiaries -- AIG Annuity Insurance Company, AIG Life Insurance Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American International Life Assurance Company of New York, The United States Life Insurance Company in the City of New York, The Variable Annuity Life Insurance Company -- insurance financial strength at Aa1;

Mortgage Guaranty subsidiaries -- United Guaranty Commercial Insurance Company of North Carolina, United Guaranty Mortgage Indemnity Company, United Guaranty Residential Insurance Company, United Guaranty Residential Insurance Company of North Carolina -- backed insurance financial strength at Aa2.

Moody's has affirmed the following ratings with a stable outlook:

American International Group, Inc. -- short-term issuer rating at Prime-1;

AIG Financial Products Corp. -- backed short-term debt at Prime-1;

AIG Funding, Inc. -- backed short-term debt at Prime-1;

AIG Liquidity Corp. -- backed short-term debt at Prime-1;

AIG Matched Funding Corp. -- backed short-term debt at Prime-1;

AIG SunAmerica subsidiaries -- AIG SunAmerica Life Assurance Company, First SunAmerica Life Insurance Company, SunAmerica Life Insurance Company -- backed short-term insurance financial strength at Prime-1;

Transatlantic Holdings, Inc. -- senior unsecured debt at A2; senior unsecured debt shelf at (P)A2, subordinated debt shelf at (P)A3;

Transatlantic Reinsurance Company -- insurance financial strength at Aa3.

Moody's will address the ratings of the following AIG subsidiaries in separate press releases:

AGFC Capital Trust I -- backed trust preferred stock at A3;

AIG Edison Life Insurance Company -- insurance financial strength at Aa2;

AIG General Insurance (Taiwan) Co., Ltd. -- insurance financial strength at A1;

American General Finance Corporation -- long-term issuer rating at A1, senior unsecured debt at A1, short-term debt at Prime-1;

American General Finance, Inc. -- short-term debt at Prime-1;

American International Assurance Company (Bermuda) Limited -- insurance financial strength at Aa2;

American Life Insurance Company -- insurance financial strength at Aa2;

Commercial Insurance Group subsidiaries -- AIG Casualty Company; AIU Insurance Company; American Home Assurance Company; American International Specialty Lines Insurance Company; Commerce and Industry Insurance Company; National Union Fire Insurance Company of Pittsburgh, Pennsylvania; New Hampshire Insurance Company; The Insurance Company of the State of Pennsylvania -- insurance financial strength at Aa2;

CommoLoco, Inc. -- backed short-term debt at Prime-1;

ILFC E-Capital Trusts I & II -- backed trust preferred stock at A3;

International Lease Finance Corporation -- senior unsecured debt at A1, short-term debt at Prime-1.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life

Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $14.0 billion and a net loss of $7.8 billion for the first quarter of 2008. Shareholders' equity was $79.7 billion as of March 31, 2008.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

Credit Opinion (published March 18, 2008)

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Key Indicators

Key Indicators
American International Group, Inc. [1]

	2007	2006	2005	2004	2003
Total Assets ($ Mil.)	$ 1,060,505	$ 979,410	$ 853,048	$ 801,007	$ 675,602
Equity ($ Mil.)	$ 95,801	$ 101,677	$ 86,317	$ 79,673	$ 69,230
Total Revenue ($ Mil.)	$ 110,064	$ 113,387	$ 108,781	$ 97,823	$ 79,601
Net Income ($ Mil.)	$ 6,200	$ 14,048	$ 10,477	$ 9,839	$ 8,108
Financial Leverage	18.2%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage (1 yr.)	6.5x	20.5x	21.0x	23.9x	19.6x
Cashflow Coverage (1 yr.)	11.2x	9.1x	12.5x	13.7x	11.9x

[1] Information based on consolidated GAAP financial statements.
NB: Some financial leverage and coverage ratios have changed versus prior Moody's reports because of reclassification of portions of debt and interest between financial and operating amounts.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa2, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Just over 40% of the company's 2007 revenues were derived from domestic (US) operations, with nearly 60% coming from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

Moody's changed the rating outlook for AIG to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure, along with the company's trend toward higher financial and operating leverage over the past few years. Moody's also changed the rating outlooks to negative from stable on several AIG subsidiaries (i) that have substantial exposure to the US subprime mortgage market, or (ii) whose ratings rely on significant explicit or implicit support from the parent company.

The Capital Markets unit has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. AIG's auditors have concluded that the company had a material weakness related to the valuation process as of December 31, 2007.

Moody's notes that AIG's multi-sector CDOs have more moderate exposure to recent vintages than those of many other participants in this market, such that the ultimate economic losses may be materially smaller than estimated market values would suggest. Moreover, the internal control weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, a material increase in market valuation losses and/or a realization of significant economic losses on this portfolio could lead to a downgrade of AIG's ratings.

AIG also faces volatility in connection with its investments in residential mortgage-backed securities, including subprime and Alt-A securities, a majority of which are held by AIG's US life insurance subsidiaries, both directly and through securities lending activities. AIG generally holds well diversified senior tranches within RMBS pools, such that the ultimate economic losses on these securities may be significantly smaller than current market values would suggest. Still, Moody's is concerned that market value fluctuations on RMBS could add volatility to the earnings and capital levels of specific insurance subsidiaries and to AIG as a whole. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by the Mortgage Guaranty unit, as well as the subprime and non-prime mortgage loans held by the Consumer Finance unit.

Moody's has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating sufficient capital strength and earnings power to support the existing ratings. We will continue this process in the months ahead, incorporating our revised expectations for cumulative losses across different loan types.

AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its historically strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Credit Profile of Significant Subsidiaries/Activities

Domestic General Insurance (2007 revenues: $38.0 billion, 35% of consolidated total)

The Domestic General Insurance segment encompasses the Domestic Brokerage Group (DBG), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa2 insurance financial strength (IFS) ratings (negative outlook) on eight members of DBG, reflecting DBG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by DBG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development following the last soft market for property & casualty insurance. The DBG ratings incorporate a notch of uplift from the affiliation with AIG, which has a history of supporting these and other subsidiaries. Absent such support, the DBG members would have stand-alone ratings of Aa3.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating (stable outlook) reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains Aa2 IFS ratings (negative outlook) on four members of AIG's Mortgage Guaranty unit, led by United Guaranty Residential Insurance Company (UGRIC). The ratings are based on the group's historically sound underwriting, strong lender relationships and explicit support from affiliates. Three of the companies are supported by net worth maintenance agreements from AIG plus excess-of loss reinsurance covers provided by a DBG member. The fourth company is supported by an unconditional guaranty from UGRIC. Absent such explicit support, these companies would have lower stand-alone ratings. The stand-alone credit profiles have been weakened by growing losses in the insured portfolios of subprime and non-prime first-lien and second-lien mortgage loans.

Foreign General Insurance (2007 revenues: $13.7 billion, 12% of consolidated total)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a DBG company in December 2007. The Aa2 IFS rating (negative outlook) on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates. Absent such support, AIG UK's stand-alone rating would be Aa3.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results over the past few years. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIG GI Taiwan), and merged the Taiwan branch of a DBG company into AIG GI Taiwan. Moody's upgraded the IFS rating of AIG GI Taiwan from Baa1 to A2 in July 2007 and to A1 (stable outlook) in March 2008. With a stand-alone rating of A3, AIGGI Taiwan receives two notches of rating uplift from parental support in the form of financial flexibility, transfer of technical knowledge, management expertise and risk sharing.

Domestic Life Insurance & Retirement Services (2007 revenues: $15.3 billion, 14% of consolidated total)

Moody's maintains Aa1 IFS ratings (negative outlook) on seven members of the Domestic Life Insurance & Retirement Services segment, based on the group's multi-faceted distribution network, broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-

selling arrangements, and common investment management and administrative services. These strengths are tempered by persistent competition in the mature US market for protection and savings products, and by the group's significant exposure to US subprime and Alt-A RMBS, held directly and through securities lending activities.

Moody's maintains Aa2 ratings (negative outlook) on three SunAmerica companies that have booked substantial spread-based investment business through the sale of GIC-backed notes to investors. In 2005, AIG shifted this activity to a new Matched Investment Program (MIP - now part of the Asset Management segment) and placed the SunAmerica GIC portfolio into runoff. Our Aa2 ratings on these companies reflect the heightened asset and liquidity risks associated with a runoff portfolio, although we believe that AIG is managing the runoff effectively. AIG also provides net worth maintenance agreements in support of the SunAmerica companies.

Foreign Life Insurance & Retirement Services (2007 revenues: $38.3 billion, 35% of consolidated total)

Foreign Life Insurance & Retirement Services encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

Moody's maintains a Aa2 IFS rating (stable outlook) on American Life Insurance Company (ALICO), based on its well established operations in more than 50 overseas markets (particularly in Japan, which accounts for about two-thirds of ALICO's operating income), along with its favorable record of growing organically in existing markets and expanding into new markets. The rating also recognizes the company's strong brand name and distribution channels, healthy capitalization and consistent operating performance. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and ALICO's relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison - IFS rating of Aa2, stable outlook) and AIG Star Life Insurance Co., Ltd. (not rated), giving AIG a strong and diversified presence in the Japanese life insurance market. The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the close affiliation with ALICO. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB - IFS rating of Aa2, negative outlook), make up the largest and most diversified life insurance group in Southeast Asia. The rating on AIAB reflects its leading position in the life insurance market in Hong Kong, where it has garnered the largest market share and is supported by a strong brand name. The rating also recognizes the company's consistent operating performance, well established and efficient agency force, and healthy capitalization. These strengths are somewhat offset by the possible threat to AIAB's market position, given the intense competition in Hong Kong and Korea, by the challenge AIAB faces in its effort to broaden distribution channels, and by its exposure to affiliated investments, mainly AIG common stock. The AIAB rating incorporates one notch of uplift from the AIG ownership and support. Absent such support, the stand-alone rating would be Aa3.

Financial Services (2007 revenues: -$1.3 billion, -1% of consolidated total)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, stable outlook), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower.

The Capital Markets unit comprises the global operations of AIG Financial Products Corp. (AIGFP - backed long-term issuer rating of Aa2, negative outlook) and subsidiaries. AIGFP engages as principal in a variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa2 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG. AIGFP has substantial notional exposure to the US subprime mortgage market through super-senior CDS and cash CDOs, as noted above.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC - senior unsecured debt rated A1, stable outlook) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and modest lift from the AIG relationship. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of year-end 2007. The portfolio, which includes meaningful levels of subprime and non-prime loans, has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards will help the company to weather the housing market slump relatively well.

Asset Management (2007 revenues: $5.6 billion, 5% of consolidated total)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's MIP. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility, although this has been weakened somewhat by earnings and capital volatility related to US subprime mortgage exposures

Credit Challenges

Credit challenges/risks include:

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

- Sizable exposure to the US subprime mortgage market through various business units and activities

Rating Outlook

AIG's rating outlook was changed to negative from stable on February 12, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity remain under pressure. A material increase in market valuation losses and/or a realization of significant economic losses on this portfolio could lead to a downgrade of AIG's ratings.

What Could Change the Rating - Up

Given the current negative outlook, there is limited upward pressure on the rating; however, factors that could lead to a stable outlook include:

- Improvements in stand-alone credit profiles of major operating units

- Continued strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- A decline in the stand-alone credit profile of one or more substantial operating units

- A decline in group profitability, with returns on equity remaining below 12% over the next few quarters

- A decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage remaining below 15x over the next few quarters

- Incremental subprime-related realized and/or unrealized after-tax losses exceeding $5 billion

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $110.1 billion and net income of $6.2 billion for 2007, as compared to $113.4 billion and $14.0 billion for 2006. AIG's 2007 results included a $7.5 billion after-tax unrealized market valuation loss on super-senior CDS as well as $2.8 billion of after-tax realized capital losses, mainly from other-than-temporary impairment of investment securities. These charges pertained largely to subprime mortgage exposures. Shareholders' equity was $95.8 billion as of December 31, 2007.

Capital Structure and Liquidity

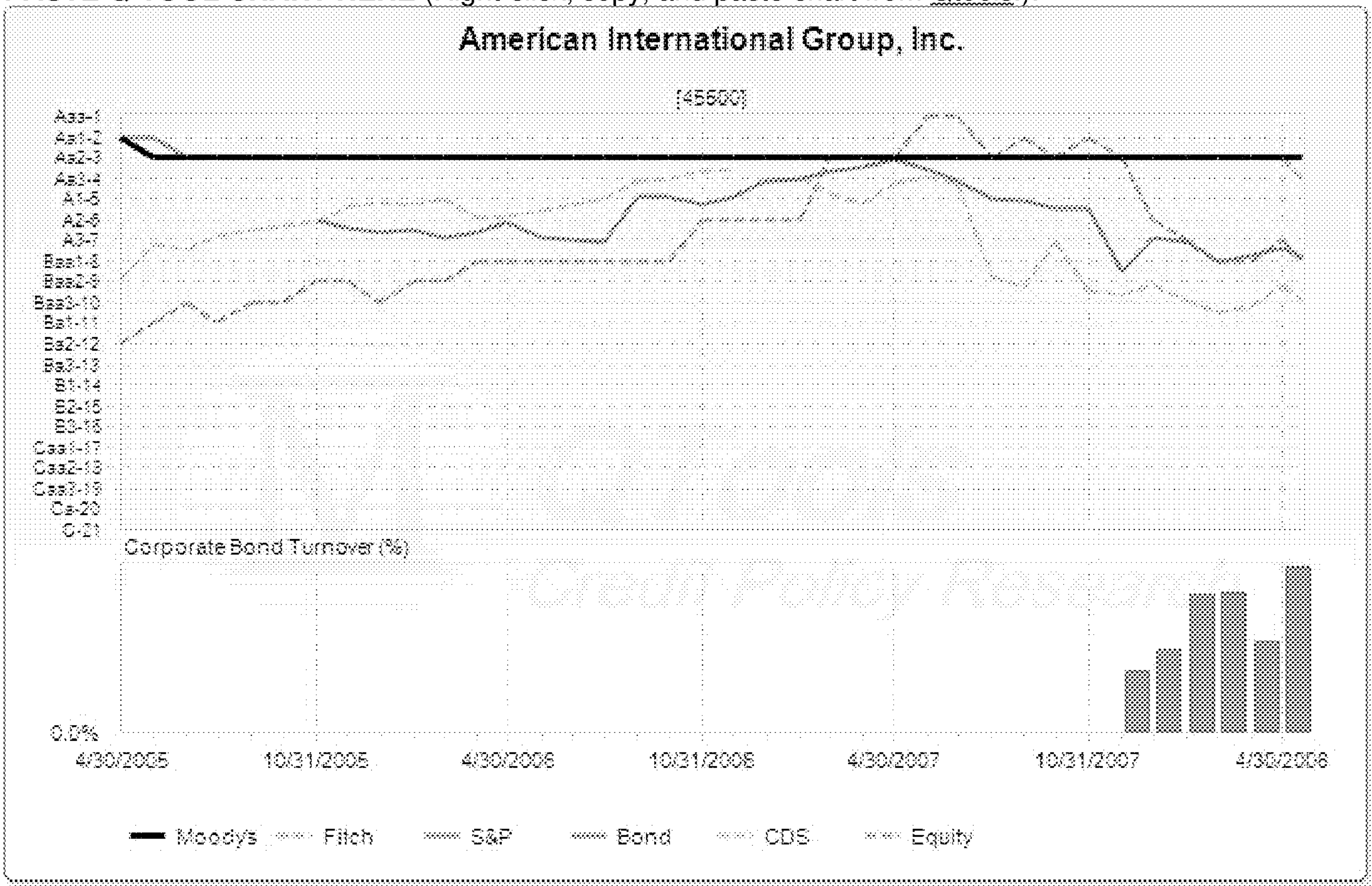
Moody's believes that AIG's financial flexibility has been weakened somewhat by the firm's exposure to the US subprime mortgage market and the related earnings and capital volatility, as reflected in the negative rating outlook. AIG's adjusted financial leverage has increased from 14.9% at year-end 2005 to 18.2% at year-end 2007. The company issued approximately $5.6 billion of junior subordinated debentures (Basket D hybrids) during 2007, using substantially all of the net proceeds to repurchase common stock. Moody's expects the company to keep its adjusted financial leverage below 20%.

AIG's adjusted pretax interest coverage fell from 20.5x in 2006 to 6.5x in 2007, mainly because of the large subprime-related charges in 2007 as well as the incremental interest expense on hybrid securities issued during the past year. Moody's expects this coverage to return to stronger levels over time, but notes that it could be subject to subprime-related earnings volatility in the near term.

Moody's believes that AIG has sufficient liquidity - through dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years. A majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Largely as a result of such regulations, approximately 81% of the aggregate equity of AIG's consolidated subsidiaries was restricted from immediate transfer to the parent company as of year-end 2007. Still, barring a major disruption, the parent has access to approximately $18.2 billion (19% of consolidated equity at year-end 2007) from its subsidiaries during 2008. This amounts to 11.2x coverage of adjusted interest expense for 2007 - a level consistent with the rating category.

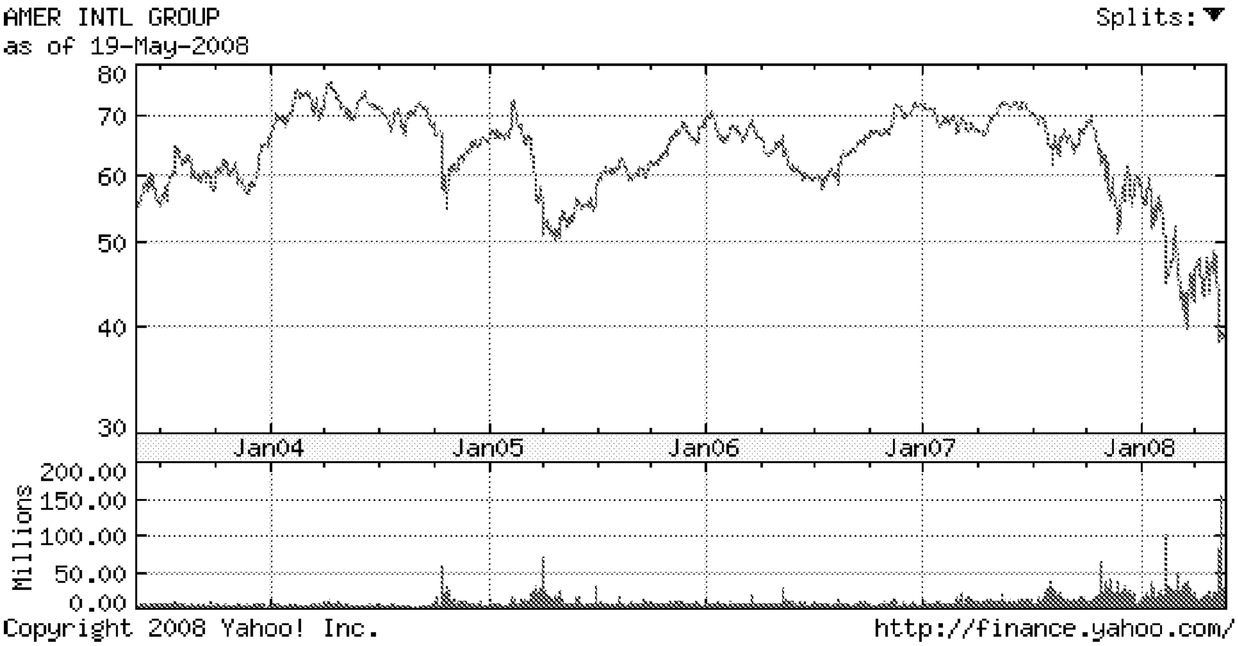
AIG gets a portion of its funding through a $7 billion commercial paper program ($4.2 billion outstanding at year-end 2007). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2008 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of December 31, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):



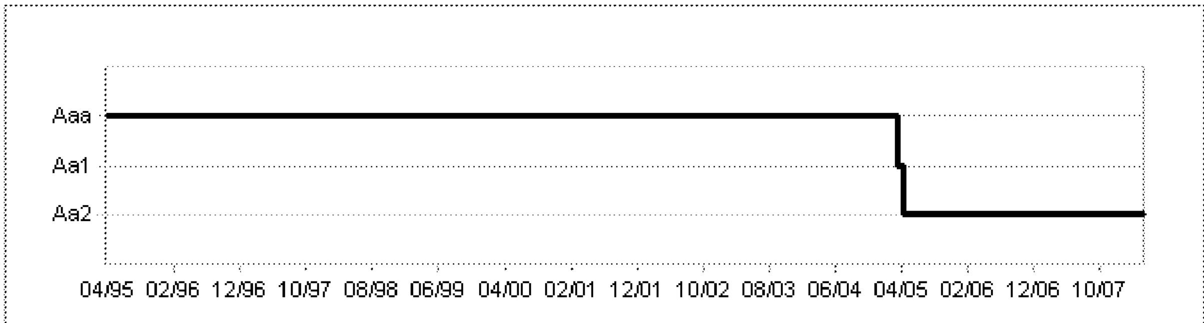
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt over the past year by market concerns over subprime mortgage exposures.

Stock Chart



Market capitalization: $96 billion

Rating History



Organizational Structure with Rated Entities -Current & Recommended Ratings
May 22, 2008

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Rating	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa2	R-Dn	Aa3	Negative
			Sr Unsec Debt			Aa2	R-Dn	Aa3	
			Sr Unsec Shelf			(P)Aa2	R-Dn	(P)Aa3	
			Subord Shelf			(P)Aa3	R-Dn	(P)A1	
			Prfrd Shelf			(P)A1	R-Dn	(P)A2	
			ST Issuer			P-1	Stable	P-1	Stable
AIG Capital Corporation	DE								
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Stable		
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	R-Dn		
			Sr Unsec Debt		A2	A1	R-Dn		
			ST Debt			P-1			
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	R-Dn		
Yosemite Insurance Company	IN	Fin Svcs							
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Stable		
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	R-Dn		
			ST Debt			P-1	Stable		
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	R-Dn		
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)Aa3	R-Dn	(P)A1	Negative
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa2	R-Dn	Aa3	Negative
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
			Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG-FP Matched Funding (Ireland) P.L.C.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs							
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs							
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	R-Dn		
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa3	Aa2	R-Dn	*Aa3*	*Stable*
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs							
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	R-Dn		
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	R-Dn		
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	R-Dn		
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	R-Dn		
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	R-Dn		
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	R-Dn		
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	R-Dn		
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	R-Dn	A1	Negative
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	R-Dn	A1	Negative
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	P-1	Stable
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
AIG Property Casualty Group, Inc.	DE	Domes Gen Ins							
AIG Commercial Insurance Group, Inc.	DE	Domes Gen Ins							
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A1	Negative	*A1*	*Stable*
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	A2	Stable
			Sr Unsec Shelf			(P)A2		(P)A2	
			Subord Shelf			(P)A3		(P)A3	
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Aa3	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	R-Dn		
United Guaranty Corporation	NC	Domes Gen Ins							
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa2	R-Dn		
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt		Aa2	R-Dn		
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee		Aa2	R-Dn		
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt		Aa2	R-Dn		
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa2	R-Dn	Aa3	Negative
			Bkd Prfrd Stock	AIG G'tee		A1	R-Dn	A2	Negative
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	R-Dn		
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	R-Dn		
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	R-Dn		
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	R-Dn		
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	R-Dn		
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	R-Dn		
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	R-Dn		
			Bkd ST IFS	AIG Agmt		P-1	Stable	P-1	Stable
American International Underwriters Overseas, Ltd.	Bermuda								
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa2	R-Dn	Aa3	Negative
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	R-Dn		

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

Note: Ratings marked in italics may need input from the lead analyst and/or a separate RCM.

Summary of Reported and Modeled Losses

AIG Mortgage Related Losses/Writedowns	4Q 2007		1Q 2008		4Q & 1Q Totals		Where
($ Blns)	Pretax	After-tax	Pretax	After-tax	Pretax	After-tax	reported
Unrealized market valuation losses on AIGFP's super-senior CDS portfolio	11.1	7.2	9.1	5.9	20.2	13.1	IS
Net realized capital losses *	2.6	1.7	6.1	3.9	8.7	5.6	IS
Operating losses at United Guaranty	0.3	0.2	*0.4*	0.3	0.7	0.5	IS
Totals through IS	**14.0**	**9.1**	**15.6**	**10.1**	**29.6**	**19.2**	
Unrealized depreciation of investments	*3.9*	2.5	10.8	6.9	14.7	9.4	BS
Totals through IS & BS	**17.9**	**11.6**	**26.4**	**17.0**	**44.3**	**28.6**	
* Market severity OTTI included above	2.2		4.0		6.2		
Italicized amounts estimated by BB							

AIG Consolidated Financial Highlights	12 mos	9 mos	3 mos	12 mos	3 mos
($ Blns)	12/31/2006	9/30/2007	12/31/2007	12/31/2007	3/31/2008
Revenues	113.4	91.6	18.4	110.1	14.0
Pretax income	21.7	17.4	-8.4	8.9	-11.3
Net income (loss)	14.0	11.5	-5.3	6.2	-7.8
Total assets	979.4	1,072.1	1,060.5	1,060.5	1,051.1
Shareholders' equity	101.7	104.1	95.8	95.8	79.7
Change in equity vs 9/30/2007 ($)	--	--	-8.3		-24.4
Change in equity vs 9/30/2007 (%)			-8.0%		-23.4%

Summary results of AIG CDO & RMBS stress tests (Chris Mann's model)

($ mlns)	Total exposures	Modeled losses	RMBS losses grossed up*
CDO notional as of Sept. 30, 2007	65,421		
RMBS par as of Dec. 31, 2007	75,276		
Base case (15% losses on 2006 subprime first-lien)			
CDO		0	
RMBS		460	580
Stress case (21% losses on 2006 subprime first-lien)			
CDO		50	
RMBS		1,372	1,731
Extreme stress case (24% losses on 2006 subprime first-lien)			
CDO		211	
RMBS		2,047	2,582

** RMBS losses grossed up by 75.3 / (75.3 - 15.6) to account for the $15.6 bln of securities not found in Moody's system.*

AIG RMBS Portfolio as of March 31, 2008 Expected losses modeled by RMBS team (Greg Bessermann v8)							
($ Mlns)	Par	Book value	Market value	Markdown to date ($)	Markdown to date (%)	Modeled losses ($)	Modeled losses (%)
RMBS excluding Agencies	73,003	67,784	56,778	-16,225	-22.2%		
Agencies		14,500	14,900				
Total RMBS		82,284	71,678				
Modeled portion	46,583					-814	-1.75%
Of which:							
Reviewed in 2008	39,761						
Not reviewed in 2008	6,822						
Not modeled	26,420						

Feedback on European regulatory capital portfolio

AIGFP provided data on its super-senior CDS portfolio designed to provide regulatory capital relief to European banks. As of March 31, 2008, this portfolio consisted of about 75 deals with total notional exposure of $336 bln. Underlying assets are mostly corporate loans and residential mortgages but also include derivative contracts, leveraged loans, SME(?) and trade receivables. AIGFP's average attachment point is just over 20%.

Our structured finance colleagues in London (Guillaume Lucien-Baugas, Tony Parry) reviewed the portfolio and provided the following feedback:

> The portfolio of senior exposures from AIG is in good shape. The CDO positions would all be classified in our lowest concern assets for haircut purposes which corresponds to "strong shape, no credit issues, but illiquidity discount due to market conditions". We would apply (for the time being, but this has not been committeed) a 6% haircut for MTM reasons to the CDO positions. These haircuts are due only to MTM movements and are useful to estimate potential writedowns when the securities are held in trading books.
>
> The RMBS positions would warrant haircuts of between 4% and 6%.
>
> There are no widespread rating actions on these asset classes in Europe right now.

The 6% MTM haircut is intended for ordinary Aaa tranches, and not for the full breadth of the super-senior positions of AIGFP. Upon further discussion, Guillaume suggested that a reasonable preliminary estimate for the portfolio MTM haircut would be $5 - $10 bln.

AIGFP asked two of its banks to estimate the market value of this portfolio and they responded as follows:

- One bank regarded the portfolio as strictly providing reg cap relief and estimated the portfolio MTM haircut as $750 mln.
- The other bank regarded the portfolio as providing both a reg cap and an economic benefit and estimated the portfolio MTM haircut as $5 bln.

AIGFP notes that counterparties either terminated or delivered termination notices on ~20 reg cap transactions during 1Q08, reducing the number of outstanding deals from ~95 to ~75. Several terminations involved contractual exit fees paid to AIGFP by counterparties and none of the terminations involved payments to counterparties by AIGFP. These terminations were a key factor supporting AIGFP's contention that close-out values in this portfolio are generally zero (resulting in no MTM loss and no related liability). We believe that the ultimate economic losses on this portfolio will be minimal.

Bank analysis of multi-sector CDO portfolio

As part of its due diligence for AIG's capital raising plan, JP Morgan reviewed AIGFP's multi-sector CDO portfolio of super-senior CDS. JP Morgan looked at just under half of the transactions and extrapolated to develop MTM and expected loss numbers. The bank's cumulative MTM estimate is $25 - $30 bln, versus about $20 bln of pretax unrealized market valuation losses booked by AIGFP to date. The bank's economic loss estimate is $9 - $11 bln, versus AIGFP's stress case loss estimate of $1.25 - $2.4 bln. The JP Morgan estimates will be disclosed in AIG's financial statements.

AIG Response to MBS/CDO/FG Survey

Valuation date: December 31, 2007

Group Name: AIG Inc. x FP

Summary MBS/CDO/FG Holdings

Holdings ($ millions)	Market Value	Amortized Cost	Investment % Total Invest.	Investment % of Equity
CMBS	22,998.8	23,918.0	3%	25%
Prime - Non Agency 1st lien RMBS	21,072.9	21,551.7	3%	22%
Prime - Non Agency 2nd lien RMBS	850.1	955.1	0%	1%
Alt A RMBS (1st or 2nd lien)	24,892.2	26,616.4	4%	28%
Subprime 1st lien RMBS	21,189.1	24,073.6	3%	25%
Subprime 2nd lien RMBS	-	-	0%	0%
HELOC RMBS	1,861.5	1,989.0	0%	2%
Home equity/Closed end 2nd lien RMBS	-	-	0%	0%
CDO with subprime/Alt A exposures	58.0	58.0	0%	0%
CDO^2 with subprime/Alt A exposures	-	-	0%	0%
Financial Guarantor direct exposure *	38.5	56.6	0%	0%
Financial Guarantor wrapped investments**	41,870.0	42,150.0	6%	44%
Total cash and investments	693,004.0	688,123.0		
Shareholders' equity	95,801.0	95,801.0		

* Represents amortized cost and fair value related to $58MM in bonds and $136MM notional of CDS exposure.

** We recognize that this exposure may already be included in the lines above, but request you to identify it separately here

Moody's Test 1: Fail (amortized cost of at-risk assets > 20% of equity)

At risk investment % of Equity

	Alt A RMBS (1st or 2nd lien)	Subprime 1st lien RMBS	Subprime 2nd lien RMBS	HELOC RMBS	Home equity/Closed end 2nd lien RMBS	CDO with subprime/Alt A exposures	CDO^2 with subprime/Alt A exposures	Grand Total
AIG Inc. x FP	28%	25%	0%	2%	0%	0%	0%	55%
Munich Re America Corp	32%	21%	0%	0%	0%	0%	0%	52%
Allstate	6%	16%	4%	0%	0%	0%	0%	27%
CNA Financial Corporation	12%	6%	0%	0%	5%	1%	0%	24%
XL CONSOLIDATED	10%	11%	1%	0%	0%	0%	0%	23%
Industry	8%	8%	0%	1%	0%	0%	0%	18%
HIG	2%	13%	1%	0%	0%	0%	0%	17%
Selective Insurance Group, Inc	8%	0%	0%	0%	1%	1%	0%	10%
Oil Insurance Limited	5%	3%	0%	1%	0%	0%	0%	10%
Max Capital Ltd.	3%	3%	1%	0%	1%	0%	0%	8%
Flatiron Re Ltd.	1%	5%	0%	0%	0%	0%	0%	6%
PMA Capital	5%	1%	0%	0%	0%	0%	0%	5%
Endurance	5%	0%	0%	0%	0%	0%	0%	5%
Transatlantic Holdings Inc	5%	0%	0%	1%	0%	0%	0%	5%
Nationwide Group	3%	0%	0%	1%	0%	0%	0%	5%
Infinity P&C Group	2%	2%	0%	0%	0%	0%	0%	5%
AXIS Capital Limited	3%	2%	0%	0%	0%	0%	0%	4%
Safety National Casualty Corp	2%	2%	0%	0%	0%	0%	0%	4%
Progressive	1%	3%	0%	0%	0%	0%	0%	4%

Moody's Test 2: Pass (potential incremental haircut > 10% of equity)

Further market value haircut % of Equity

	Haircut Tot
HIG	-5%
Munich Re America Corp	-3%
PMA Capital	-3%
XL CONSOLIDATED	-3%
Allstate	-3%
Progressive	-2%
AIG Inc. x FP	-2%
CNA Financial Corporation	-2%
Endurance	-2%
Industry	-1%
Selective Insurance Group, Inc	-1%
Max Capital Ltd.	-1%
Oil Insurance Limited	-1%
Flatiron Re Ltd.	-1%
AXIS Capital Limited	-1%
ACE Ltd	-1%
Chubb	-1%
Nationwide Group	-1%
Penn National	-1%
Arch	-1%
Alleghany Consolidated	-1%

AIG 1Q08 Earnings Preview Call (notes by BB, WE)
April 30, 2008

AIG participants
Steve Bensinger, CFO
Bill Dooley, SVP – Financial Services
Bob Gender, Treasurer
Elias Habayeb, CFO – Financial Services
Bob Lewis, Chief Risk Officer
Kevin McGinn, Chief Credit Officer
Richard Scott, Head of Fixed-income Investments
Teri Watson, Rating Agency Relations

Moody's participants
Bruce Ballentine
Laura Bazer
Ted Collins
Wally Enman
Shachar Gonen
Alan Murray
Sarah Hibler
Robert Riegel

I. Overview of 1Q08 results

<u>After-tax amounts – $ blns</u>		
Net loss	(7.8)	
Normal quarterly adjustments:		
Net realized capital losses	(3.9)	[pretax (6.1)]
FAS 133 losses	<u>(0.3)</u>	
Adjusted net loss	(3.6)	
Additional adjustment:		
Unrealized MTM loss on CDS	<u>(5.9)</u>	[pretax (9.1)]
Adjusted net income excl CDS MTM	2.3	

The adjusted net income (excl CDS MTM) of $2.4 bln was below the normal run rate partly because partnership income dropped to ~ 0 in 1Q08 versus ~$1 bln in 1Q07. AIG expects volatility in this area, with long-term returns in the range of 10-20%. Partnership income was relatively strong in 2007, with returns approaching 20%.

<u>Pretax operating income highlights – $ mlns</u>		
General Insurance	1,600	[incl u/w income of 400, UGC loss of (350)]
Life Insurance & Retirement Services	2,500	
Asset Management	150	
Financial Services		
AGF	11	
ILFC – did not discuss		
AIGFP – mainly the CDS MTM above		

The company also booked a FIN 48 reserve of $577 mln on AIGFP tax preference transactions. There have been IRS rulings against such transactions (not against AIG) and the company received an IRS notice about this activity.

II. AIGFP CDS portfolio

<u>Pretax amounts – $blns</u>	
Unrealized MTM loss	(9.1)
Consisting of:	
Multi-sector CDOs	(8.0)

Corporate arbitrage	(0.9)	[versus ($226 mln) in 4Q07]
Regulatory capital	(0.2)	[actually ($174 mln)]

Cumulative pretax MTM losses on this portfolio now exceed $20 bln. The valuation methods used at the end of 1Q08 were largely the same as those used at YE 2007.

Multi-sector CDOs
Transaction values are based on a combination of the modified BET and direct quotes from counterparties/dealers. The modified BET uses prices on securities in underlying collateral pools to calculate the NAV of pools and of the super-senior tranche. AIGFP obtained quotes on ~70% of the underlying pool assets. AIGFP compares the BET results to direct counterparty/dealer quotes with respect to the super-senior tranches (typically 1-2 quotes per transaction). AIGFP adjusts the BET result down if the quote is lower but does not adjust the BET result up if the quote is higher.

Corporate arbitrage
Transaction values are based mainly on iTraxx indices, which widened materially in March but have since recovered to some degree. AIGFP's notional exposure in this area is down from ~$70 bln at YE 2007 to ~$57 bln at the end of 1Q08.

Regulatory capital
Counterparties either terminated or delivered termination notices on ~20 reg cap transactions during 1Q08, reducing the number of outstanding deals from ~95 to ~75. Several terminations involved contractual exit fees paid to AIGFP by counterparties and none of the terminations involved payments to counterparties by AIGFP. These terminations were a key factor supporting AIGFP's contention that close-out values in this portfolio are generally zero (resulting in no MTM loss and no related liability). The modest MTM loss of $174 mln in this area pertains to a portion of the portfolio (notional amount of $5.7 – $5.9 bln) where AIGFP has exposure below the senior-most tranche. The underlying collateral pools of the reg cap portfolio have experienced minimal losses.

Stress testing on multi-sector CDOs
AIGFP has run two types of stress tests on its multi-sector CDO book. The first matches what did at YE 2007 and applies specific losses/haircuts to subprime RMBS, Alt-A RMBS and ABS CDOs in the collateral pools, based on ratings and vintages. Under this test, AIGFP's stress case loss increased from $903 mln at YE 2007 to $1.26 bln at the end of 1Q08, mainly because of rating downgrades affecting the underlying securities/CDOs. The second type of stress test incorporates loss distributions on certain underlying mortgages based on actual loss experience observed to date, including deterioration on 2H05-vintage loans that exceed previous expectations. This approach results has produced a stress case loss of just under $2 bln.

Steve Bensinger noted that the market tone surrounding this portfolio seems to have improved in the latter half of March and in April, although the company has not attempted to value the portfolio beyond March 31 because of the substantial effort involved.

III. Investment portfolio

Income statement – pretax amounts – $blns

Net realized capital losses	(6.1)	[after-tax (3.9)]
Of which:		
OTTI	(5.5)	
Of which:		
Market severity related	(4.0)	[versus (2.2) in 4Q07]
Credit related	(0.2)	
Shifting portfolio	(0.8)	[changes in intention to hold bonds to maturity]

The remaining losses are mostly related to EITF 99-20 (cash flow testing on ABS rated below Aa) or FX. The main driver of the market severity charge is AIG's practice of writing down any security where MV drops below 60% of BV for any period of time.

Balance sheet – after-tax amount – $blns

To AOCI:		
Unrealized depreciation on investments	(6.9)	[pretax (10.8)]

The unrealized depreciation relates mostly to RMBS. AIG's equity account now reflects more than $14 bln in after-tax reductions related to the investment portfolio.

Deterioration in Alt-A
The gulf between market and economic values of AIG's RMBS continued to widen during 1Q08, with Alt-A securities as a major driver of the MV deterioration. Many Aaa-rated Alt-A securities were valued below Aaa-rated subprime securities at quarter-end. Alt-A securities have recovered somewhat since the end of the quarter.

Stress testing on RMBS portfolio
AIG has modeled expected outcomes and stress scenarios on its RMBS portfolio. One of the severe stress scenarios, developed by Lehman, includes such assumptions as: (i) nearly 30% cumulative losses on '06 and '07 vintage subprime loans, (ii) all loans that are presently delinquent default, (iii) 20% of '07 vintage jumbo loans default, (iv) 50% loss severity on defaulted first-lien loans, (v) 80% of second-lien loans default with 100% severity. Under this severe stress case, AIG experiences ultimate losses of $4 bln on its RMBS portfolio. Under the company's expected case, ultimate losses are $500 mln. Both of these loss estimates are well below the approximate $16 bln of MTM impact (realized losses – mostly OTTI – and unrealized depreciation on the RMBS portfolio.

Ratings migration in RMBS portfolio (excl Agencies) – $blns

Total par value	74.0	
Rated Aaa at purchase	65.5	
Rated Aaa at end of 1Q08	60.5	[<10% downward migration]
Rated <Baa at end of 1Q08	~2	
Rated <A at end of 1Q08	~4	

Further downgrades in this portfolio since the end of 1Q08 have been minimal. The portfolio is amortizing at a rate of about $2 bln per quarter and AIG is keeping the proceeds in cash.

Support for life subsidiaries involved in sec lending
AIG has an agreement to reimburse life subsidiaries that experience losses on their sec lending invested collateral, which accounts for a large portion of AIG's RMBS portfolio. The agreement pertains only to cash losses (e.g., upon sale) and not MV declines or OTTI. Nevertheless, AIG will review the capital positions of all subsidiaries and make contributions where needed. The company will provide estimated RBC ratios for the life companies as of the end of 1Q08.

IV. Balance sheet

Shareholders' equity has fallen to ~$79.7 bln at the end of 1Q08, versus $95.8 bln at YE 2007, $104.1 bln at the end of 3Q07 and $101.7 bln at YE 2006. Included in these numbers are ~$5 bln of share repurchase activity over the past year.

V. Capital raising

At the time of its earning announcement on the afternoon of May 8, AIG will announce a plan to raise $12.5 – $15.0 bln of capital in three components, as follows:

Capital raising plan – $blns

1. Common stock	2.5 – 4.0	
2. Mandatory convertible	4.0 – 6.0	[Basket D, multi-tranche, 3-year conversion]
3. Hybrids (junior subord)	Up to 5.0	[Basket D, institutional market in US & Europe]

AIG will begin pre-marketing these securities next week, subject to confidentiality agreements. The company hopes to launch (1) and (2) by Friday, May 9, and price by Mon-Wed, May 12-14. AIG sees the market for (3) as more volatile than for (1) or (2). The company hopes to launch (3) by May 9 or May 12-13 and price soon after. Back-up plans for (3) include tapping the retail or preferred markets.

AIG will keep proceeds of these offerings at the holding company, giving it flexibility to support operating units as needed. The company estimates that its adjusted financial leverage will increase to about 20% at the end of 1Q08 (before capital raising), versus 18.3% at YE 2007. The company projects that the ratio will decline to ~17.3% by YE 2008.

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma TTM 3/08	TTM 3/08	2007	2006	2005	2004	2003
Financial Leverage							
Unadjusted debt ($ mil)	184,960	172,170	176,049	148,679	109,849	96,899	80,349
Adjusted debt ($ mil)	27,642	24,445	23,719	19,638	14,467	13,705	12,544
Unadjusted equity ($ mil)	87,178	79,703	95,801	101,677	86,317	79,673	69,230
Adjusted equity & minority interest ($ mil)	114,583	97,516	106,205	99,372	82,367	73,600	63,147
Unadjusted debt % capital	68.0%	68.4%	64.8%	59.4%	56.0%	54.9%	53.7%
Adjusted debt % capital	19.4%	20.0%	18.3%	16.5%	14.9%	15.7%	16.6%
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)			18,631	28,672	20,886	19,128	16,135
Adjusted EBIT ($ mil)	23,920		10,527	22,781	15,910	15,276	12,493
Unadjusted interest & preferred dividends ($ mil)			9,688	6,951	5,673	4,427	4,219
Adjusted interest & preferred dividends ($ mil)	2,536		1,625	1,112	758	638	638
Unadjusted earnings coverage (x)			1.9x	4.1x	3.7x	4.3x	3.8x
Adjusted earnings coverage (x)	9.4x		6.5x	20.5x	21.0x	23.9x	19.6x
Adjusted earnings coverage (x) - 5-yr avg			18.3x	19.6x			
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)		81%	81%	90%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	18,202	18,202	18,202	10,168	9,495	8,764	7,615
Unadjusted dividend capacity coverage (x)			1.9x	1.5x	1.7x	2.0x	1.8x
Adjusted dividend capacity coverage (x)	7.2x		11.2x	9.1x	12.5x	13.7x	11.9x
Adjusted dividend capacity coverage (x) - 5-yr avg			11.7x	11.4x			
Goodwill Exposure							
Goodwill ($ mil)	10,182	10,182	9,414	8,628	8,093	8,556	7,619
Goodwill % equity	11.7%	12.8%	9.8%	8.5%	9.4%	10.7%	11.0%
Balance Sheet Inputs ($ mil)							
Total assets	1,071,351	1,051,086	1,060,505	979,410	853,048	801,007	675,602
Unadjusted debt	184,960	172,170	176,049	148,679	109,849	96,899	80,349
Operating debt	148,848	148,848	153,519	134,221	100,371	88,056	72,376
Financial debt	23,322	23,322	22,530	14,458	9,478	8,843	7,973
Minority interest	10,835	10,835	10,422	7,778	5,124	4,831	3,547
Unadjusted equity	87,178	79,703	95,801	101,677	86,317	79,673	69,230
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	-2,554	-2,554	4,375	10,083	8,348	10,326	9,071
Income Statement Inputs ($ mil)							
Total revenue		93,450	110,064	113,387	108,781	97,823	79,601
Unadjusted interest expense			9,688	6,951	5,673	4,427	4,219
Operating interest expense			8,361	6,110	5,175	4,041	3,817
Financial interest expense			1,327	841	498	386	402
Income tax expense		-3,808	1,455	6,537	4,258	4,407	3,556
Minority interest expense		1,050	1,288	1,136	478	455	252
Net income		-5,735	6,200	14,048	10,477	9,839	8,108
Preferred dividends		0	0	0	0	0	0

Pro forma TTM 3/08 assumptions:

- Unadjusted and adjusted debt and equity give effect to the capital raised in May 2008
- Adjusted EBIT based on 2006 amount plus 5%
- Adjusted interest and preferred dividends based on 2006 amount plus full-year fixed charges associated with hybrids

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	Pro forma TTM 3/08	TTM 3/08	2007	2006	2005	2004	2003
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)			5%				
Assumed tax rate (%)			35%				
Projected benefit obligation (end of year)	4,901	4,901	4,901	4,657	4,481	4,126	3,950
Fair value of plan assets (end of year)	4,081	4,081	4,081	3,610	3,260	2,871	2,715
Pension asset recorded					703	523	566
Pension liability recorded					807	888	941
Debt adjustment	820	820	820	1,047	1,221	1,255	1,235
Shareholders' equity adjustment					-726	-579	-559
Interest expense adjustment	41	41	41	52	61	63	62
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)			6x				
Rent expense	771	771	771	657	597	568	524
Debt adjustment	4,626	4,626	4,626	3,942	3,582	3,408	3,144
Interest expense adjustment	257	257	257	219	199	189	175
EBIT adjustment	257	257	257	219	199	189	175
Other Adjustments ($ mil)							
Hybrid securities #1	100	100	100	191	186	199	192
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A	A
Debt portion of hybrid	100	100	100	191	186	199	192
Equity portion of hybrid	0	0	0	0	0	0	0
Hybrid securities #2	18,688	5,898	5,809				
Reporting category	Debt	Debt	Debt				
Basket designation	D	D	D				
Debt portion of hybrid	4,672	1,475	1,452				
Equity portion of hybrid	14,016	4,424	4,357				
Lloyd's LOCS							
Operating Debt Detail ($ mil)							
MIP matched notes and bonds payable	15,080	15,080	14,267	5,468	0	0	0
Series AIGFP matched notes and bonds payable	1,071	1,071	874	72	0	0	0
AIG-guaranteed borrowings of AIGFP	59,254	59,254	65,447	67,048	47,274	41,614	32,941
Non-guaranteed borrowings of fin svcs, invest & other	68,254	68,254	67,881	59,277	52,272	45,736	38,990
Less borrowings of insurance operations	-578	-578	-567	-459	-474	-180	-181
CP issued by AIG Funding on behalf of AI Credit et al.	5,667	5,667	5,517	2,715	1,199	786	526
Hybrid securities issued by ILFC	100	100	100	100	100	100	100
Total operating debt	148,848	148,848	153,519	134,221	100,371	88,056	72,376
Implied Interest Rate							
On total debt (%)			6.0%	5.4%	5.5%	5.0%	5.6%
On financial (non-operating) debt (%)			6.1%	4.9%	3.5%	2.9%	

Liquidity Risk Assessment: AIG Funding, Inc. (published March 18, 2008)

AIG Funding, Inc. (AIG Funding) has a Prime-1 rating on its $7 billion authorized commercial paper program, based on the unconditional and irrevocable guarantee from the parent company, American International Group, Inc. (NYSE: AIG - senior unsecured debt rated Aa2, negative outlook; short-term issuer rating of Prime-1). AIG is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG Funding, a wholly-owned finance subsidiary, issues commercial paper to meet the short-term cash needs of AIG and certain subsidiaries.

Moody's believes that AIG has sufficient liquidity - through dividends from diversified subsidiaries, external credit facilities and an intercompany credit facility - to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $22 billion over the past three years, although payments of dividends by insurance subsidiaries to the parent company are subject to regulatory restrictions. Largely as a result of such regulations, approximately 81% of the aggregate equity of AIG's consolidated subsidiaries was restricted from immediate transfer to the parent company as of year-end 2007. This suggests that, barring a major disruption, the parent has access to approximately $18.2 billion (19% of consolidated equity at year-end 2007) from its subsidiaries during 2008. Although Moody's gives some credit for dividends and loans available from insurance subsidiaries to a holding company, we recognize that the actions of insurance regulators during a time of stress could create a delay or uncertainty in accessing such sources.

AIG and AIG Funding are parties to two syndicated bank facilities totaling $3.75 billion, primarily to back commercial paper. These facilities include a $2.125 billion 364-day revolver expiring in July 2008 (with a one-year term-out option) and a $1.625 billion five-year revolver expiring in July 2011. AIG and AIG Funding also share a $3.2 billion 364-day bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of year-end 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Borrowings by AIG Funding under these facilities are guaranteed by AIG. None of these facilities has a material adverse change clause as a condition to borrowing. The five-year facility includes a financial covenant requiring AIG to maintain shareholders' equity of at least $50 billion (versus a reported level of $95.8 billion at year-end 2007). Finally, AIG has a $5.335 billion intercompany 364-day credit facility provided by certain of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option). Documentation for the intercompany facility matches that of the 364-day bank facilities.

As of year-end 2007, AIG reported total borrowings of $176.0 billion, a majority of which was "operating" debt (i.e., supporting assets of the Financial Services segment and AIG's Matched Investment Program). AIG's adjusted "financial" debt (reflecting Moody's standard pension and lease adjustments, our basket treatment of hybrids, and the exclusion of operating debt) amounted to $23.7 billion at year-end 2007. AIG's adjusted financial leverage has increased from 14.9% at year-end 2005 to 18.2% at year-end 2007. The company issued approximately $5.6 billion of junior subordinated debentures (Basket D hybrids) during 2007, using substantially all of the net proceeds to repurchase common stock. Moody's expects AIG to keep its adjusted financial leverage below 20%. The parent company's financial debt maturities are well laddered over the next 40 years, with approximately $2.2 billion and $1.4 billion maturing in 2008 and 2009.

For the quarter ended December 31, 2007, AIG Funding had average commercial paper outstandings of approximately $5.6 billion, maximum outstandings of $6.6 billion, and quarter-end outstandings of $4.2 billion. A majority of these borrowings are being used to fund relatively liquid assets within AIG's Financial Services segment.

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most notably AIG Financial Products Corp. (backed long-term issuer rating of Aa2, negative outlook; backed short-term debt rating of Prime-1) and its subsidiaries (collectively, AIGFP). AIGFP manages its liquidity position to withstand severe market disruptions without the need for parental support. AIGFP conducts regular liquidity stress tests that assume no access to capital markets, contingent liability payouts at the earliest possible dates, and haircuts on liquid investment securities. The stress tests also consider the impact of potential rating downgrades. For instance, the company has estimated that as of February 14, 2008, a downgrade of AIG's senior unsecured debt rating (and of AIGFP's backed long-term issuer rating) to Aa3 by Moody's and/or to AA- by Standard & Poor's would permit AIGFP's counterparties to call for approximately $1.4 billion of incremental collateral. Further downgrades could result in substantial additional collateral requirements. Moody's believes that AIGFP has sufficient liquidity to cover its stated and contingent obligations.

AIG has taken steps to enhance its overall liquidity in response to credit market turmoil during the past nine months. The company has increased its holdings of cash and short-term investments across major business units, and has established an interdisciplinary Liquidity Risk Committee to monitor and manage liquidity risks throughout the firm. AIG's consolidated cash and short-term investment position grew to $65.6 billion at year-end 2007 from $29.4 billion at year-end 2006. AIGFP's cash and short-term investments (included in the consolidated amounts) grew to $9.2 billion at year-end 2007 from about $400 million at year-end 2006.

In evaluating AIG's liquidity profile, Moody's also considers the company's ownership of non-guaranteed subsidiaries, including International Lease Finance Corporation (ILFC - senior unsecured debt rated A1, stable outlook; short-term debt rated Prime-1) and American General Finance Corporation (AGFC - senior unsecured debt rated A1, stable outlook; short-term debt rated Prime-1). Each of these firms maintains its own sources of primary and secondary liquidity. For additional information on these, please see Moody's separate liquidity opinions on ILFC and AGFC.

Consolidated Balance Sheet

December 31, (in millions)	2007	2006
Assets:		
Investments and financial services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2007 — $393,170; 2006 — $377,163)	**$ 397,372**	$386,869
Bonds held to maturity, at amortized cost (fair value: 2007 — $22,157; 2006 — $22,154)	**21,581**	21,437
Bond trading securities, at fair value (includes hybrid financial instruments: 2007 — $555; 2006 — $522)	**9,982**	10,836
Equity securities:		
Common stocks available for sale, at fair value (cost: 2007 — $12,588; 2006 — $10,662)	**17,900**	13,256
Common and preferred stocks trading, at fair value	**21,376**	14,855
Preferred stocks available for sale, at fair value (cost: 2007 — $2,600; 2006 — $2,485)	**2,370**	2,539
Mortgage and other loans receivable, net of allowance (2007 — $77; 2006 — $64) (includes loans held for sale: 2007 — $399)	**33,727**	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2007 — $10,499; 2006 — $8,835)	**41,984**	39,875
Securities available for sale, at fair value (cost: 2007 — $40,157; 2006 — $45,912)	**40,305**	47,205
Trading securities, at fair value	**4,197**	5,031
Spot commodities	**238**	220
Unrealized gain on swaps, options and forward transactions	**16,442**	19,252
Trade receivables	**6,467**	4,317
Securities purchased under agreements to resell, at contract value	**20,950**	30,291
Finance receivables, net of allowance (2007 — $878; 2006 — $737) (includes finance receivables held for sale: 2007 — $233; 2006 — $1,124)	**31,234**	29,573
Securities lending invested collateral, at fair value (cost: 2007 — $80,641; 2006 — $69,306)	**75,662**	69,306
Other invested assets	**58,823**	42,111
Short-term investments, at cost (approximates fair value)	**51,351**	27,483
Total investments and financial services assets	**851,961**	792,874
Cash	**2,284**	1,590
Investment income due and accrued	**6,587**	6,091
Premiums and insurance balances receivable, net of allowance (2007 — $662; 2006 — $756)	**18,395**	17,789
Reinsurance assets, net of allowance (2007 — $520; 2006 — $536)	**23,103**	23,355
Deferred policy acquisition costs	**43,150**	37,235
Investments in partially owned companies	**654**	1,101
Real estate and other fixed assets, net of accumulated depreciation (2007 — $5,446; 2006 — $4,940)	**5,518**	4,381
Separate and variable accounts	**78,684**	70,277
Goodwill	**9,414**	8,628
Other assets	**20,755**	16,089
Total assets	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *Continued*

December 31, (in millions, except share data)	2007	2006
Liabilities:		
Reserve for losses and loss expenses	**$ 85,500**	$ 79,999
Unearned premiums	**28,022**	26,271
Future policy benefits for life and accident and health insurance contracts	**136,068**	121,004
Policyholders' contract deposits	**258,459**	248,264
Other policyholders' funds	**12,599**	10,986
Commissions, expenses and taxes payable	**6,310**	5,305
Insurance balances payable	**4,878**	3,789
Funds held by companies under reinsurance treaties	**2,501**	2,602
Income taxes payable	**3,823**	9,546
Financial services liabilities:		
Securities sold under agreements to repurchase, at contract value	**8,331**	19,677
Trade payables	**10,568**	6,174
Securities and spot commodities sold but not yet purchased, at fair value	**4,709**	4,076
Unrealized loss on swaps, options and forward transactions	**20,613**	11,401
Trust deposits and deposits due to banks and other depositors	**4,903**	5,249
Commercial paper and extendible commercial notes	**13,114**	13,363
Long-term borrowings	**162,935**	135,316
Separate and variable accounts	**78,684**	70,277
Securities lending payable	**81,965**	70,198
Minority interest	**10,422**	7,778
Other liabilities (includes hybrid financial instruments at fair value: 2007 — $47; 2006 — $111)	**30,200**	26,267
Total liabilities	**964,604**	877,542
Preferred shareholders' equity in subsidiary companies	**100**	191
Commitments, Contingencies and Guarantees (See Note 12)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2007 and 2006 — 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,848**	2,590
Payments advanced to purchase shares	**(912)**	—
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income (loss)	**4,643**	9,110
Treasury stock, at cost; 2007 — 221,743,421; 2006 — 150,131,273 shares of common stock (including 119,293,487 and 119,278,644 shares, respectively, held by subsidiaries)	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,060,505**	$979,410

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Years Ended December 31, (in millions, except per share data)	2007	2006	2005
Revenues:			
Premiums and other considerations	**$ 79,302**	$ 74,213	$ 70,310
Net investment income	**28,619**	26,070	22,584
Net realized capital gains (losses)	**(3,592)**	106	341
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(11,472)**	—	—
Other income	**17,207**	12,998	15,546
Total revenues	**110,064**	113,387	108,781
Benefits and expenses:			
Incurred policy losses and benefits	**66,115**	60,287	64,100
Insurance acquisition and other operating expenses	**35,006**	31,413	29,468
Total benefits and expenses	**101,121**	91,700	93,568
Income before income taxes, minority interest and cumulative effect of accounting changes	**8,943**	21,687	15,213
Income taxes (benefits):			
Current	**3,219**	5,489	2,587
Deferred	**(1,764)**	1,048	1,671
Total income taxes	**1,455**	6,537	4,258
Income before minority interest and cumulative effect of accounting changes	**7,488**	15,150	10,955
Minority interest	**(1,288)**	(1,136)	(478)
Income before cumulative effect of accounting changes	**6,200**	14,014	10,477
Cumulative effect of accounting changes, net of tax	**—**	34	—
Net income	**$ 6,200**	$ 14,048	$ 10,477
Earnings per common share:			
Basic			
Income before cumulative effect of accounting changes	**$2.40**	$5.38	$4.03
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.40**	$5.39	$4.03
Diluted			
Income before cumulative effect of accounting changes	**$2.39**	$5.35	$3.99
Cumulative effect of accounting changes, net of tax	**—**	0.01	—
Net income	**$2.39**	$5.36	$3.99
Average shares outstanding:			
Basic	**2,585**	2,608	2,597
Diluted	**2,598**	2,623	2,627

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years Ended December 31, (in millions)	2007	2006	2005
Summary:			
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413
Net cash used in investing activities	**(68,007)**	(67,952)	(61,459)
Net cash provided by financing activities	**33,480**	61,244	38,097
Effect of exchange rate changes on cash	**50**	114	(163)
Change in cash	**694**	(307)	(112)
Cash at beginning of year	**1,590**	1,897	2,009
Cash at end of year	**$ 2,284**	$ 1,590	$ 1,897
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**11,472**	—	—
Net gains on sales of securities available for sale and other assets	**(1,349)**	(763)	(1,218)
Foreign exchange transaction (gains) losses	**(104)**	1,795	(3,330)
Net unrealized (gains) losses on non-AIGFP derivative assets and liabilities	**116**	(713)	878
Equity in income of partially owned companies and other invested assets	**(4,760)**	(3,990)	(1,421)
Amortization of deferred policy acquisition costs	**11,602**	11,578	10,693
Amortization of premium and discount on securities and long-term borrowings	**580**	699	207
Depreciation expenses, principally flight equipment	**2,790**	2,374	2,200
Provision for finance receivable losses	**646**	495	435
Other-than-temporary impairments	**4,715**	944	598
Changes in operating assets and liabilities:			
General and life insurance reserves	**16,242**	12,930	27,045
Premiums and insurance balances receivable and payable — net	**(207)**	(1,214)	192
Reinsurance assets	**923**	1,665	(5,365)
Capitalization of deferred policy acquisition costs	**(15,846)**	(15,363)	(14,454)
Investment income due and accrued	**(401)**	(249)	(171)
Funds held under reinsurance treaties	**(151)**	(1,612)	770
Other policyholders' funds	**1,374**	(498)	811
Income taxes payable	**(3,709)**	2,003	1,543
Commissions, expenses and taxes payable	**989**	408	140
Other assets and liabilities — net	**3,657**	(77)	2,863
Bonds, common and preferred stocks trading	**(3,667)**	(9,147)	(5,581)
Trade receivables and payables — net	**2,243**	(197)	2,272
Trading securities	**835**	1,339	(3,753)
Spot commodities	**(18)**	(128)	442
Net unrealized (gain) loss on swaps, options and forward transactions	**1,413**	(1,482)	934
Securities purchased under agreements to resell	**9,341**	(16,568)	9,953
Securities sold under agreements to repurchase	**(11,391)**	9,552	(12,534)
Securities and spot commodities sold but not yet purchased	**633**	(1,899)	571
Finance receivables and other loans held for sale — originations and purchases	**(5,145)**	(10,786)	(13,070)
Sales of finance receivables and other loans — held for sale	**5,671**	10,602	12,821
Other, net	**477**	541	(1,535)
Total adjustments	**28,971**	(7,761)	12,936
Net cash provided by operating activities	**$ 35,171**	$ 6,287	$ 23,413

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows *Continued*

Years Ended December 31, (in millions)	**2007**	2006	2005
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 132,320**	$ 112,894	$ 140,076
Sales of equity securities available for sale	**9,616**	12,475	11,661
Proceeds from fixed maturity securities held to maturity	**295**	205	46
Sales of flight equipment	**303**	697	573
Sales or distributions of other invested assets	**14,109**	14,084	14,899
Payments received on mortgage and other loans receivable	**9,062**	5,165	3,679
Principal payments received on finance receivables held for investment	**12,553**	12,586	12,461
Purchases of fixed maturity securities available for sale and hybrid investments	**(139,184)**	(146,465)	(175,657)
Purchases of equity securities available for sale	**(10,933)**	(14,482)	(13,273)
Purchases of fixed maturity securities held to maturity	**(266)**	(197)	(3,333)
Purchases of flight equipment	**(4,772)**	(6,009)	(6,193)
Purchases of other invested assets	**(25,327)**	(16,040)	(15,059)
Acquisitions, net of cash acquired	**(1,361)**	—	—
Mortgage and other loans receivable issued	**(12,439)**	(7,438)	(5,310)
Finance receivables held for investment — originations and purchases	**(15,271)**	(13,830)	(17,276)
Change in securities lending invested collateral	**(12,303)**	(9,835)	(10,301)
Net additions to real estate, fixed assets, and other assets	**(870)**	(1,097)	(941)
Net change in short-term investments	**(23,484)**	(10,620)	1,801
Net change in non-AIGFP derivative assets and liabilities	**(55)**	(45)	688
Net cash used in investing activities	**$ (68,007)**	$ (67,952)	$ (61,459)
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholders' contract deposits	**$ 64,829**	57,197	51,699
Policyholders' contract withdrawals	**(58,675)**	(43,413)	(36,339)
Change in other deposits	**(182)**	1,269	(957)
Change in commercial paper and extendible commercial notes	**(338)**	2,960	(702)
Long-term borrowings issued	**103,210**	71,028	67,061
Repayments on long-term borrowings	**(79,738)**	(36,489)	(51,402)
Change in securities lending payable	**11,757**	9,789	10,437
Redemption of subsidiary company preferred stock	**—**	—	(100)
Issuance of treasury stock	**206**	163	82
Payments advanced to purchase treasury stock	**(6,000)**	—	—
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**308**	398	(85)
Net cash provided by financing activities	**$ 33,480**	$ 61,244	$ 38,097
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	**$ 8,818**	$ 6,539	$ 4,883
Taxes	**$ 5,163**	$ 4,693	$ 2,593
Non-cash financing activities:			
Interest credited to policyholder accounts included in financing activities	**$ 11,628**	$ 10,746	$ 9,782
Treasury stock acquired using payments advanced to purchase shares	**$ 5,088**	$ —	$ —
Non-cash investing activities:			
Debt assumed on acquisitions and warehoused investments	**$ 791**	$ —	$ —

See accompanying Notes to Consolidated Financial Statements.

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)

	March 31, 2008	December 31, 2007
Assets:		
Investments and Financial Services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2008 – $396,168; 2007 – $393,170)	**$ 395,487**	$ 397,372
Bonds held to maturity, at amortized cost (fair value: 2008 – $21,839; 2007 – $22,157)	**21,566**	21,581
Bond trading securities, at fair value	**9,375**	9,982
Equity securities:		
Common stocks available for sale, at fair value (cost: 2008 – $12,387; 2007 – $12,588)	**16,122**	17,900
Common and preferred stocks trading, at fair value	**21,671**	21,376
Preferred stocks available for sale, at fair value (cost: 2008 – $2,609; 2007 – $2,600)	**2,451**	2,370
Mortgage and other loans receivable, net of allowance (2008 – $87; 2007 – $77) (held for sale: 2008 – $6; 2007 – $377 (amount measured at fair value: 2008 – $810)	**34,373**	33,727
Financial Services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2008 – $10,932; 2007 – $10,499)	**42,832**	41,984
Securities available for sale, at fair value (cost: 2008 – $1,143; 2007 – $40,157)	**1,096**	40,305
Trading securities, at fair value	**35,998**	4,197
Spot commodities, at fair value in 2008	**728**	238
Unrealized gain on swaps, options and forward transactions, at fair value	**20,598**	16,442
Trade receivables	**8,896**	6,467
Securities purchased under agreements to resell, at fair value in 2008	**19,708**	20,950
Finance receivables, net of allowance (2008 – $985; 2007 – $878) (receivables held for sale: 2008 – $80; 2007 – $233)	**32,601**	31,234
Securities lending invested collateral, at fair value (cost: 2008 – $73,610; 2007 – $80,641)	**64,261**	75,662
Other invested assets (amount measured at fair value: 2008 – $21,688; 2007 – $20,827)	**61,191**	58,823
Short-term investments (amount measured at fair value: 2008 – $2,801)	**52,298**	51,351
Total Investments and Financial Services assets	**841,252**	851,961
Cash	**2,489**	2,284
Investment income due and accrued	**6,696**	6,587
Premiums and insurance balances receivable, net of allowance (2008 – $638; 2007 – $662)	**20,437**	18,395
Reinsurance assets, net of allowance (2008 – $526; 2007 – $520)	**22,895**	23,103
Deferred policy acquisition costs	**44,066**	43,150
Investments in partially owned companies	**710**	654
Real estate and other fixed assets, net of accumulated depreciation (2008 – $5,630; 2007 – $5,446)	**5,635**	5,518
Separate and variable accounts, at fair value	**72,973**	78,684
Goodwill	**10,182**	9,414
Income taxes receivable	**2,762**	—
Other assets (amount measured at fair value: 2008 – $5,123; 2007 – $4,152)	**20,989**	20,755
Total assets	**$1,051,086**	$1,060,505

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)

	March 31, 2008	December 31, 2007
Liabilities:		
Reserve for losses and loss expenses	**$ 86,860**	$ 85,500
Unearned premiums	**28,889**	28,022
Future policy benefits for life and accident and health insurance contracts	**143,425**	136,068
Policyholders' contract deposits (amount measured at fair value: 2008 – $4,118; 2007 – $295)	**261,264**	258,459
Other policyholders' funds	**13,191**	12,599
Commissions, expenses and taxes payable	**5,523**	6,310
Insurance balances payable	**5,504**	4,878
Funds held by companies under reinsurance treaties	**2,505**	2,501
Income taxes payable	**—**	3,823
Financial Services liabilities:		
Securities sold under agreements to repurchase (amount measured at fair value: 2008 – $8,271)	**9,674**	8,331
Trade payables	**9,494**	10,568
Securities and spot commodities sold but not yet purchased, at fair value	**3,806**	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	**30,376**	20,613
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 – $262)	**5,662**	4,903
Commercial paper and extendible commercial notes	**13,261**	13,114
Long-term borrowings (amount measured at fair value: 2008 – $59,254)	**158,909**	162,935
Separate and variable accounts	**72,973**	78,684
Securities lending payable	**77,775**	81,965
Minority interest	**10,834**	10,422
Other liabilities (amount measured at fair value: 2008 – $6,295; 2007 – $3,262)	**31,358**	30,200
Total liabilities	**971,283**	964,604
Preferred shareholders' equity in subsidiary companies	**100**	100
Commitments, Contingencies and Guarantees (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 and 2007 – 2,751,327,476	**6,878**	6,878
Additional paid-in capital	**2,938**	2,848
Payments advanced to purchase shares	**(179)**	(912)
Retained earnings	**79,732**	89,029
Accumulated other comprehensive income (loss)	**(1,271)**	4,643
Treasury stock, at cost; 2008 – 255,499,218; 2007 – 221,743,421 shares of common stock	**(8,395)**	(6,685)
Total shareholders' equity	**79,703**	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	**$1,051,086**	$1,060,505

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except per share data) (unaudited)

	Three Months Ended March 31,	
	2008	2007
Revenues:		
Premiums and other considerations	**$ 20,672**	$19,642
Net investment income	**4,954**	7,124
Net realized capital gains (losses)	**(6,089)**	(70)
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**(9,107)**	—
Other income	**3,601**	3,949
Total revenues	**14,031**	30,645
Benefits and expenses:		
Incurred policy losses and benefits	**15,882**	16,146
Insurance acquisition and other operating expenses	**9,413**	8,327
Total benefits and expenses	**25,295**	24,473
Income (loss) before income taxes (benefits) and minority interest	**(11,264)**	6,172
Income taxes (benefits)	**(3,537)**	1,726
Income (loss) before minority interest	**(7,727)**	4,446
Minority interest	**(78)**	(316)
Net income (loss)	**$ (7,805)**	$ 4,130
Earnings (loss) per common share:		
Basic	**$ (3.09)**	$ 1.58
Diluted	**$ (3.09)**	$ 1.58
Dividends declared per common share	**$ 0.200**	$ 0.165
Average shares outstanding:		
Basic	**2,528**	2,612
Diluted	**2,528**	2,621

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Three Months Ended March 31, 2008	2007
Summary:		
Net cash provided by operating activities	**$ 8,293**	$ 9,930
Net cash provided by (used in) investing activities	**3,529**	(18,024)
Net cash provided by (used in) financing activities	**(11,675)**	8,216
Effect of exchange rate changes on cash	**58**	(10)
Change in cash	**205**	112
Cash at beginning of year period	**2,284**	1,590
Cash at end of year period	**$ 2,489**	$ 1,702
Cash flows from operating activities:		
Net income (loss)	**$ (7,805)**	$ 4,130
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income (loss):		
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	**9,107**	—
Net gains on sales of securities available for sale and other assets	**(245)**	(250)
Foreign exchange transaction (gains) losses	**996**	305
Net unrealized (gains) losses on non-AIGFP derivatives and other assets and liabilities	**2,124**	61
Equity in income of partially owned companies and other invested assets	**(79)**	(1,329)
Amortization of deferred policy acquisition costs	**3,156**	2,868
Depreciation and other amortization	**885**	824
Provision for mortgage, other loans and finance receivables	**251**	87
Other-than-temporary impairments	**5,642**	467
Changes in operating assets and liabilities:		
General and life insurance reserves	**4,855**	4,380
Premiums and insurance balances receivable and payable – net	**(1,588)**	(1,192)
Reinsurance assets	**241**	223
Capitalization of deferred policy acquisition costs	**(4,183)**	(3,697)
Investment income due and accrued	**(37)**	(109)
Funds held under reinsurance treaties	**(12)**	(158)
Other policyholders' funds	**289**	412
Income taxes receivable and payable – net	**(2,635)**	1,076
Commissions, expenses and taxes payable	**(27)**	661
Other assets and liabilities – net	**814**	636
Trade receivables and payables – net	**(3,503)**	1,805
Trading securities	**1,079**	(1,453)
Spot commodities	**(490)**	147
Net unrealized (gain) loss on swaps, options and forward transactions	**(2,646)**	962
Securities purchased under agreements to resell	**1,241**	889
Securities sold under agreements to repurchase	**1,283**	(2,100)
Securities and spot commodities sold but not yet purchased	**(914)**	(20)
Finance receivables and other loans held for sale – originations and purchases	**(166)**	(2,473)
Sales of finance receivables and other loans – held for sale	**363**	2,574
Other, net	**297**	204
Total adjustments	**16,098**	5,800
Net cash provided by operating activities	**$ 8,293**	$ 9,930

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions) (unaudited)

	Three Months Ended March 31, 2008	2007
Cash flows from investing activities:		
Proceeds from (payments for)		
Sales and maturities of fixed maturity securities available for sale and hybrid investments	**$ 21,208**	$ 30,073
Sales of equity securities available for sale	**2,772**	2,137
Proceeds from fixed maturity securities held to maturity	**46**	18
Sales of trading securities	**14,196**	—
Sales of flight equipment	**128**	27
Sales or distributions of other invested assets	**4,895**	2,701
Payments received on mortgage and other loans receivable	**1,843**	733
Principal payments received on finance receivables held for investment	**3,510**	3,349
Purchases of fixed maturity securities available for sale and hybrid investments	**(21,054)**	(34,016)
Purchases of equity securities available for sale	**(2,512)**	(2,436)
Purchases of fixed maturity securities held to maturity	**(16)**	(9)
Purchases of trading securities	**(9,126)**	—
Purchases of flight equipment (including progress payments)	**(1,388)**	(1,917)
Purchases of other invested assets	**(6,363)**	(5,740)
Mortgage and other loans receivable issued	**(1,711)**	(2,543)
Finance receivables held for investment — originations and purchases	**(4,978)**	(3,409)
Change in securities lending invested collateral	**4,153**	(5,521)
Net additions to real estate, fixed assets, and other assets	**(237)**	(259)
Net change in short-term investments	**(1,682)**	(1,250)
Net change in non-AIGFP derivative assets and liabilities	**(155)**	38
Net cash provided by (used in) investing activities	**$ 3,529**	$(18,024)
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholders' contract deposits	**$ 16,439**	$ 14,001
Policyholders' contract withdrawals	**(15,600)**	(15,309)
Change in other deposits	**629**	(1,340)
Change in commercial paper and extendible commercial notes	**112**	396
Long-term borrowings issued	**12,559**	24,358
Repayments on long-term borrowings	**(19,908)**	(16,324)
Change in securities lending payable	**(4,200)**	5,716
Issuance of treasury stock	**14**	52
Payments advanced to purchase treasury stock	**(1,000)**	(3,000)
Cash dividends paid to shareholders	**(498)**	(430)
Acquisition of treasury stock	**—**	(16)
Other, net	**(222)**	112
Net cash provided by (used in) financing activities	**$(11,675)**	$ 8,216
Supplementary disclosure of cash flow information:		
Cash paid (received) during the period for:		
Interest	**$ 1,615**	$ 1,901
Taxes	**$ (901)**	$ 640
Non-cash financing activities:		
Interest credited to policyholder accounts included in financing activities	**$ 1,241**	$ 2,879
Treasury stock acquired using payments advanced to purchase shares	**$ 1,733**	$ 149
Non-cash investing activities:		
Debt assumed on acquisitions and warehoused investments	**$ —**	$ 638

See Accompanying Notes to Consolidated Financial Statements.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant
Balance Sheet — Parent Company Only

Schedule II

December 31, (in millions)	2007	2006
Assets:		
Cash	**$ 84**	$ 76
Invested assets	**14,648**	7,346
Carrying value of subsidiaries and partially owned companies, at equity	**111,714**	109,125
Premiums and insurance balances receivable — net	**311**	222
Other assets	**9,103**	3,767
Total assets	**135,860**	120,536
Liabilities:		
Insurance balances payable	**43**	21
Due to affiliates — net	**3,916**	1,841
Notes and bonds payable	**20,397**	8,917
Loans payable	**500**	700
AIG MIP matched notes and bonds payable	**14,274**	5,468
Series AIGFP matched notes and bonds payable	**874**	72
Other liabilities	**55**	1,840
Total liabilities	**40,059**	18,859
Shareholders' equity:		
Common stock	**6,878**	6,878
Additional paid-in capital	**1,936**	2,590
Retained earnings	**89,029**	84,996
Accumulated other comprehensive income	**4,643**	9,110
Treasury stock	**(6,685)**	(1,897)
Total shareholders' equity	**95,801**	101,677
Total liabilities and shareholders' equity	**$135,860**	$120,536

See Accompanying Notes to Financial Statements — Parent Company Only.

Statement of Income — Parent Company Only

Years Ended December 31, (in millions)	2007	2006	2005
Agency income (loss)	**$ 10**	$ 9	$ 3
Financial services income	**69**	531	507
Asset management income (loss)	**99**	34	(3)
Cash dividend income from consolidated subsidiaries	**4,685**	1,689	1,958
Dividend income from partially-owned companies	**9**	11	127
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**3,121**	13,308	10,156
Other expenses, net	**(2,566)**	(1,371)	(2,203)
Cumulative effect of an accounting change	**—**	34	—
Income before income taxes	**5,427**	14,245	10,545
Income taxes (benefits)	**(773)**	197	68
Net income	**$ 6,200**	$14,048	$10,477

See Accompanying Notes to Financial Statements — Parent Company Only.

AMERICAN INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

Condensed Financial Information of Registrant *Continued*

Statement of Cash Flows — Parent Company Only

Schedule II

Years Ended December 31, *(in millions)*	**2007**	2006	2005
Cash flows from operating activities:			
Net income	**$ 6,200**	$ 14,048	$ 10,477
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income:			
Equity in undistributed net income of consolidated subsidiaries and partially owned companies	**(9,941)**	(13,308)	(10,156)
Foreign exchange transaction (gains) losses	**333**	232	—
Changes in operating assets and liabilities:			
Change in premiums and insurance balances receivable and payable	**(44)**	(423)	15
Loan receivables held for sale — purchases	**(404)**	—	—
Sales of loan receivables — held for sale	**40**	—	—
Other, net	**3,046**	(1,139)	1,518
Total adjustments	**(6,970)**	(14,638)	(8,623)
Net cash provided by (used in) operating activities	**(770)**	(590)	1,854
Cash flows from investing activities:			
Purchase of investments	**(7,640)**	(7,875)	—
Sale of investments	**3,057**	3,402	—
Change in short-term investments	**(3,631)**	414	(598)
Contributions to subsidiaries and investments in partially owned companies	**(755)**	(3,017)	(966)
Mortgage and other loan receivables — originations and purchases	**(2,026)**	(423)	—
Payments received on mortgages and other loan receivables	**498**	15	—
Other, net	**(240)**	(159)	(117)
Net cash used in investing activities	**(10,737)**	(7,643)	(1,681)
Cash flows from financing activities:			
Notes, bonds and loans issued	**20,582**	12,038	2,101
Repayments of notes, bonds and loans	**(1,253)**	(2,417)	(607)
Issuance of treasury stock	**217**	163	82
Cash dividends paid to shareholders	**(1,881)**	(1,638)	(1,421)
Payments advanced to purchase shares	**(6,000)**	—	—
Acquisition of treasury stock	**(16)**	(20)	(176)
Other, net	**(134)**	(7)	21
Net cash (used in) provided by financing activities	**11,515**	8,119	—
Change in cash	**8**	(114)	173
Cash at beginning of year	**76**	190	17
Cash at end of year	**$ 84**	$ 76	$ 190

NOTES TO FINANCIAL STATEMENTS — PARENT COMPANY ONLY

(1) Agency operations conducted in New York through the North American Division of AIU are included in the financial statements of the parent company.

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) "Equity in undistributed net income of consolidated subsidiaries and partially owned companies" in the accompanying Statement of Income — Parent Company Only — includes equity in income of the minority-owned insurance operations.

AIG

Liquidity Review
Parent and Financial Services

Moody's Presentation

May 19, 2008

AIG Liquidity Overview

- AIG's current liquidity is sufficient to meet the corporation's needs under a significant stress scenario
  - Under normal conditions, AIG companies access the capital markets on a regular and frequent basis
  - In the following pages, we have created extreme liquidity scenarios in which some or all of AIG's companies are unable to access the capital markets over an extended time frame.
    - These scenarios reflect either a general collapse of the capital markets or an extreme AIG credit event
    - None of these scenarios have been realized in the past
      - In 2005, when AIG was lacking published financials and had multiple downgrades, AIG experienced little disruption in its funding programs
- Under an extreme stress scenario, AIG would access capital markets or capital reserve to address potential liquidity shortfalls

AIG Commercial Paper Programs

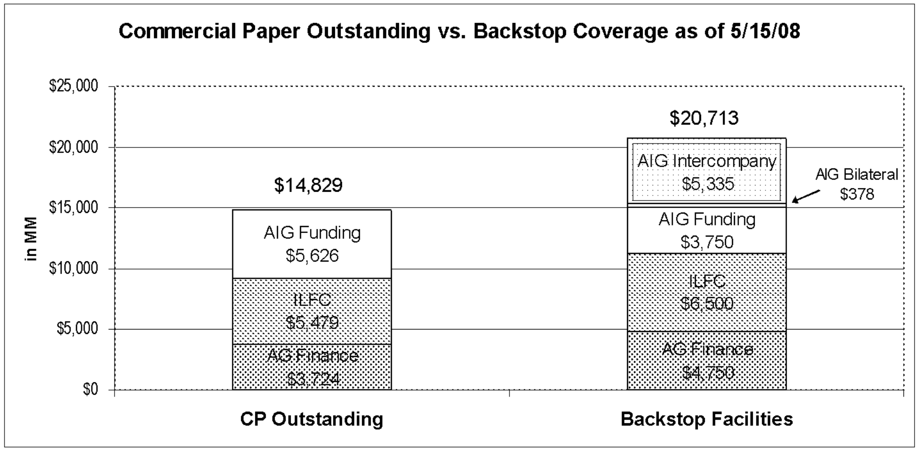
- Risk
  - Under a stress scenario, the commercial paper markets could be disrupted leading to a failure to roll maturing commercial paper liabilities

- Plans
  - Current commercial paper outstanding for three programs (AIG Funding, ILFC, AGF) is approximately $14.8 billion
  - With $20.7 billion of committed liquidity backstops available, companies can fund commitments throughout 2008

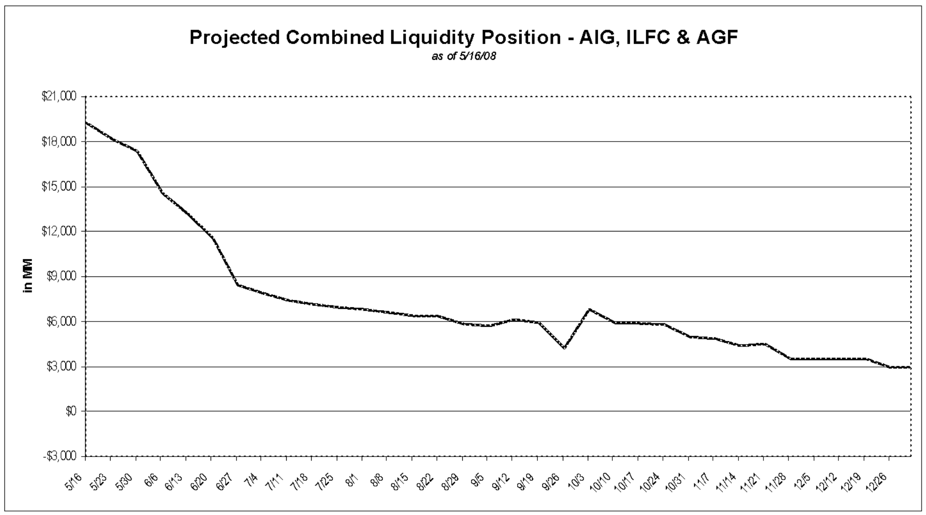
Commercial Paper

Funding Liquidity for AIG, ILFC & AGF

- **Summary of commercial paper programs versus the backstop facilities for each entity**



- If AIG were unable to issue commercial paper due to a severe disruption in the CP market, or to AIG-specific issues, the commercial paper issuing entities could draw down $20.7 billion under existing, committed backstop facilities. This compares against a total of $14.8 billion in CP currently outstanding for these issuers with $5.9 billion still available.



- This cash could then be used to meet all liquidity needs, including repayment of maturing CP, payment of all principal and interest on debt when due, payment of quarterly shareholder dividends ($1.7 billion for the remainder of 2008).
  - ❑ This projection does not include any unusual events, such as extraordinary dividends or other cash calls

Commercial Paper
Bank Facilities

- **Revolving Credit facilities for AIG, ILFC and AGF – Summary of Basic Terms**

AIG, ILFC and AGF maintain committed, unsecured revolving credit facilities listed on the table below in order to support their respective commercial paper programs and for general corporate purposes. Some of the facilities, as noted below, contain a "term-out option" allowing for the conversion by the borrower of any outstanding loans at expiration into one-year term loans. However, none of these facilities contain a material adverse change clause that would restrict drawdowns from liquidity providers, and have few covenants.

As of March 31, 2008 *(in millions)*

Facility	Size	Borrower(s)	Available Amount	Expiration	One-Year Term-Out Option
AIG:					
364-Day Syndicated Facility	$ 2,125	AIG/AIG Funding *(a)* AIG Capital Corporation *(a)*	$ 2,125	July 2008	Yes
5-Year Syndicated Facility	1,625	AIG/AIG Funding *(a)* AIG Capital Corporation *(a)*	1,625	July 2011	No
364-Day Bilateral Facility *(b)*	3,200	AIG/AIG Funding	378	December 2008	Yes
364-Day Intercompany Facility *(c)*	5,335	AIG	5,335	September 2008	Yes
Total AIG	$ 12,285		$ 9,463		
ILFC:					
5-Year Syndicated Facility	$ 2,500	ILFC	$ 2,500	October 2011	No
5-Year Syndicated Facility	2,000	ILFC	2,000	October 2010	No
5-Year Syndicated Facility	2,000	ILFC	2,000	October 2009	No
Total ILFC	$ 6,500		$ 6,500		
AGF:					
364-Day Syndicated Facility	$ 2,625	American General Finance Corporation American General Finance, Inc. *(d)*	$ 2,625	July 2008	Yes
5-Year Syndicated Facility	2,125	American General Finance Corporation	2,125	July 2010	No
Total AGF	$ 4,750		$ 4,750		
Totals	$ 23,535		$20,713		

(a) *Guaranteed by AIG.*
(b) *This facility can be drawn in the form of loans or letters of credit. All drawn amounts shown above are in the form of letters of credit.*
(c) *Subsidiaries of AIG are the lenders on this facility.*
(d) *American General Finance, Inc. is an eligible borrower for up to $400 million only.*

Commercial Paper

Bank Facilities

#	In $Millions	AIG Inc. 364 Piece 7/10/2008	AIG Inc. Multi-Year 7/13/2011	AIG Inc. Santander Unused Backup	AIG Inc. Total Amount	ILFC Multi-Year 10/14/2011	ILFC Multi-Year 10/14/2010	ILFC Multi-Year 10/14/2009	ILFC Total Amount	AGF 364 Piece 7/10/2008	AGF Multi-Year 7/14/2010	AGF Total Amount	Combined Totals	% of Facilities
1	Banco Santander	40.0	37.5	377.6	455.1	95.0	87.5	85.0	267.5	53.5	42.5	96.0	818.6	5.3%
2	Citibank	58.0	46.5		104.5	130.0	125.0	120.0	375.0	108.0	105.0	213.0	692.5	4.5%
3	Bank of America	67.0	54.3		121.3	113.0	112.5	110.0	335.5	108.0	105.0	213.0	669.8	4.4%
4	JP Morgan Chase	67.0	54.3		121.3	113.0	112.5	110.0	335.5	87.5	87.5	175.0	631.8	4.1%
5	HSBC	58.0	46.5		104.5	113.0	112.5	110.0	335.5	87.5	87.5	175.0	615.0	4.0%
6	CSFB	50.0	42.5		92.5	113.0	112.5	110.0	335.5	107.5	52.5	160.0	588.0	3.8%
7	MUFG (BOTM/UFJ)	58.0	46.5		104.5	95.0	105.0	101.7	301.7	53.5	95.0	148.5	554.7	3.6%
8	ABN-AMRO	58.0	46.5		104.5	95.0	87.5	85.0	267.5	87.5	87.5	175.0	547.0	3.6%
9	Barclays	58.0	46.5		104.5	95.0	87.5	85.0	267.5	87.5	87.5	175.0	547.0	3.6%
10	BNP Paribas	58.0	46.5		104.5	95.0	87.5	85.0	267.5	87.5	87.5	175.0	547.0	3.6%
11	Deutsche Bank	58.0	46.5		104.5	95.0	87.5	85.0	267.5	87.5	87.5	175.0	547.0	3.6%
12	UBS	58.0	46.5		104.5	95.0	87.5	85.0	267.5	87.5	87.5	175.0	547.0	3.6%
13	Wachovia	58.0	46.5		104.5	95.0	87.5	85.0	267.5	87.5	87.5	175.0	547.0	3.6%
14	Merrill Lynch	50.0	42.5		92.5	95.0	87.5	85.0	267.5	107.5	52.5	160.0	520.0	3.4%
15	Societe Generale	40.0	37.5		77.5	95.0	87.5	85.0	267.5	53.5	52.5	106.0	451.0	2.9%
16	Sumitomo Mitsui	58.0	46.5		104.5	72.5	67.5	66.7	206.7	53.5	52.5	106.0	417.2	2.7%
17	Bank of Nova Scotia	40.0	37.5		77.5	72.5	67.5	66.7	206.7	53.5	52.5	106.0	390.2	2.5%
18	Lehman Brothers	50.0	42.5		92.5	95.0	87.5	85.0	267.5			0.0	360.0	2.3%
19	Morgan Stanley	50.0	42.5		92.5	95.0			95.0	107.5	52.5	160.0	347.5	2.3%
20	HBOS plc				0.0	113.0	112.5	110.0	335.5			0.0	335.5	2.2%
21	Royal Bank of Canada	40.0	37.5		77.5	95.0	17.5	16.7	129.2	53.5	52.5	106.0	312.7	2.0%
22	Royal Bank of Scotland	58.0	42.5		100.5				0.0	107.5	52.5	160.0	260.5	1.7%
23	Mizuho	58.0	46.5		104.5	25.0	17.5	16.7	59.2	53.5	42.5	96.0	259.7	1.7%
24	Goldman Sachs	50.0	42.5		92.5				0.0	107.5	52.5	160.0	252.5	1.6%
25	Bank of New York	40.0	37.5		77.5	25.0	17.5	16.7	59.2	53.5	52.5	106.0	242.7	1.6%
26	KeyBank	40.0	37.5		77.5				0.0	53.5	52.5	106.0	183.5	1.2%
27	Bank of Montreal	40.0	37.5		77.5	25.0	17.5	16.7	59.2	42.5		42.5	179.2	1.2%
28	Calyon	40.0	37.5		77.5				0.0	53.5	42.5	96.0	173.5	1.1%
29	ANZ Bank	40.0	37.5		77.5	95.0			95.0			0.0	172.5	1.1%
30	Toronto Dominion	40.0	37.5		77.5	95.0			95.0			0.0	172.5	1.1%
31	US Bancorp	35.0	25.0		60.0				0.0	87.5	25.0	112.5	172.5	1.1%
32	Westpac	40.0	37.5		77.5	95.0			95.0			0.0	172.5	1.1%
33	Mellon	50.0	42.5		92.5				0.0	35.0	35.0	70.0	162.5	1.1%
34	State Street	40.0	32.5		72.5				0.0	42.5	42.5	85.0	157.5	1.0%
35	ING	50.0			50.0				0.0	53.5	42.5	96.0	146.0	0.9%
36	Lloyds TSB	35.0	37.5		72.5		40.0	33.3	73.3			0.0	145.8	0.9%
37	SunTrust	40.0	37.5		77.5				0.0	25.0	25.0	50.0	127.5	0.8%
38	Svenska Handlesbanken	25.0	25.0		50.0	35.0	17.5	16.7	69.2			0.0	119.2	0.8%
39	Intesa San Paolo IMI	25.0	25.0		50.0	12.5	12.5	11.7	36.7	12.5	12.5	25.0	111.7	0.7%
40	Wells Fargo	25.0	25.0		50.0				0.0	25.0	25.0	50.0	100.0	0.7%
41	Standard Chartered	25.0	25.0		50.0	17.5	17.5	8.3	43.3			0.0	93.3	0.6%
42	Sovereign	25.0	25.0		50.0				0.0	37.5		37.5	87.5	0.6%
43	Northern Trust				0.0				0.0	42.5	42.5	85.0	85.0	0.6%
44	Caja Madrid				0.0		40.0	41.7	81.7			0.0	81.7	0.5%
45	National Australia Bank	40.0	37.5		77.5				0.0			0.0	77.5	0.5%
46	M&T Bank				0.0				0.0	37.5	37.5	75.0	75.0	0.5%
47	Banco Bilboa Vizcaya Argentina	35.0			35.0				0.0	37.5		37.5	72.5	0.5%
48	Commerzbank				0.0			66.7	66.7			0.0	66.7	0.4%
49	Banco Popular				0.0				0.0	25.0	25.0	50.0	50.0	0.3%
50	BB&T				0.0				0.0	37.5	12.5	50.0	50.0	0.3%
51	Bear Stearns	50.0			50.0				0.0			0.0	50.0	0.3%
52	Fifth Third				0.0				0.0	25.0	25.0	50.0	50.0	0.3%
53	National City				0.0				0.0	25.0	25.0	50.0	50.0	0.3%
54	PNC				0.0				0.0	25.0	25.0	50.0	50.0	0.3%
55	Regions Bank				0.0				0.0	20.5	15.0	35.5	35.5	0.2%
56	Canadian Imperial Bank of Commerce	35.0			35.0				0.0			0.0	35.0	0.2%
57	Commerce Bank	35.0			35.0				0.0			0.0	35.0	0.2%
58	SEB	35.0			35.0				0.0			0.0	35.0	0.2%
	TOTAL	2,125	1,625	378	4,128	2,500	2,000	2,000	6,500	2,625	2,125	4,750	15,378	100.0%

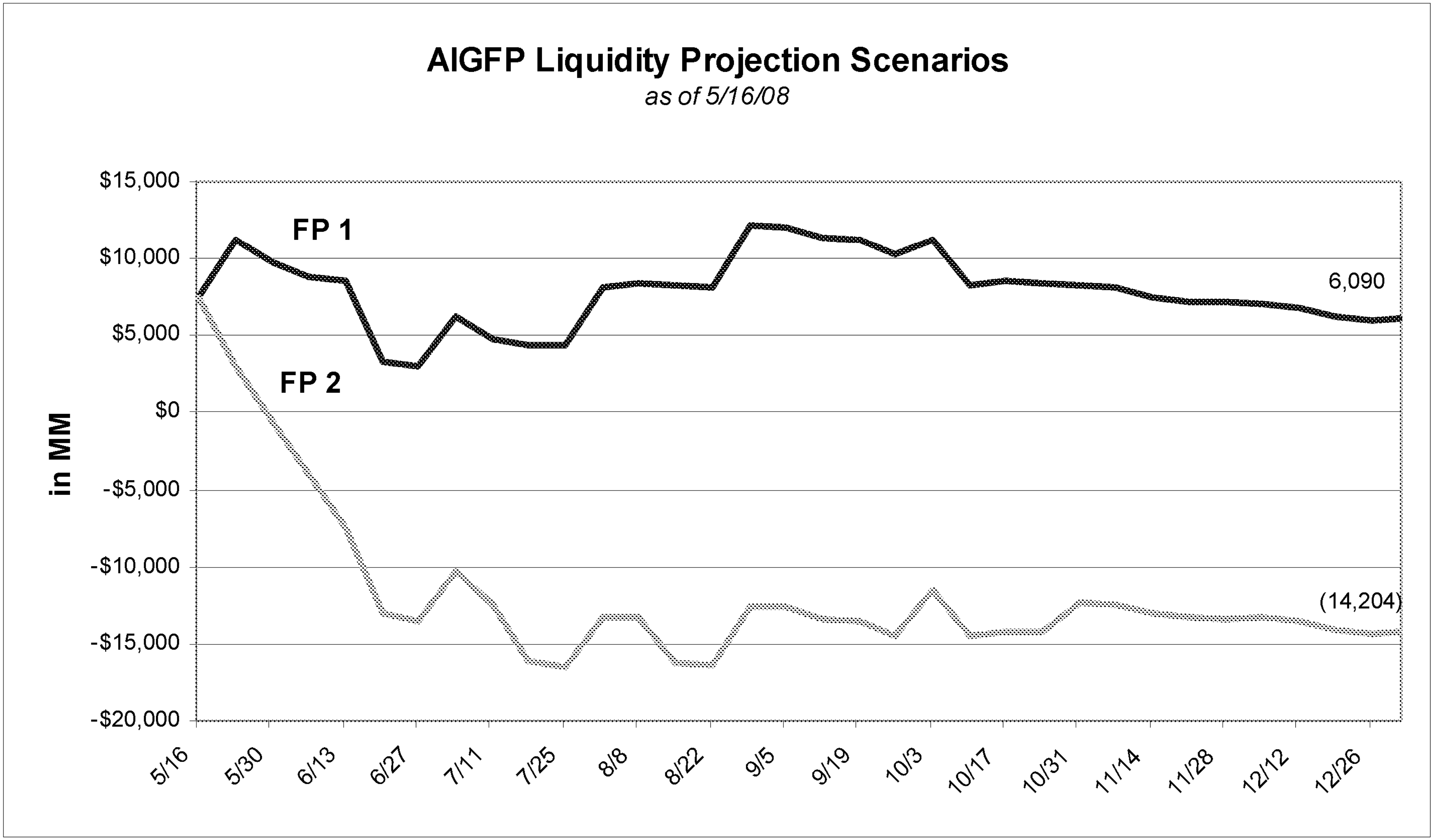
- Participating banks in syndicated and bilateral credit facilities
- Diverse set of 58 financial institutions participate in these facilities
  - Average commitment is $265 million
  - Only one bank has a commitment larger than 5%
  - Average ratings
    - Moody's Aa2
    - S&P AA-
    - Fitch AA-
- Average commitment fees of 7.1 bps

AIG Financial Products

- Risk
  - AIG FP's primary risk is a combination of lack of access to the capital markets coupled with significant liquidity demands on the CDS portfolio resulting from collateral calls as well as potential credit events.
- Plans
  - Under a stress scenario (Scenario 1), AIG FP has sufficient liquidity to meet it obligations for the rest of 2008
  - Under a severe stress scenario (Scenario 2), AIG FP will rely upon selected actions in the capital markets to address its liquidity needs

AIG Financial Products

- **Liquidity Position for FP under Stress Scenarios 1 & 2**



53 of 58

AIG Financial Products

Stress Scenario 1 – Assumptions

CASH FLOWS INCLUDE

- All Cash Flows on Existing Transactions
  - Includes maturing debt
- Unable to roll Nightingale
- Margin calls based on CDS portfolio
- Unable to roll a portion of uncollateralized gold leases
- Unable to roll a portion of Curzon commercial paper
- Monetization of unencumbered assets at market levels
  - Includes a portion of returning collateral from Curzon
- Early Redemption of Medium Term Notes
- Unable to roll repo transactions
- Exercise by counterparty of 2a7 liquidity puts
- Portfolio trades to raise funds

CASH FLOWS EXCLUDE

- Access to capital markets for new funding

Description	Amount
Starting Cash	**7,660,000**
Maturing Debt	(10,902,708)
Other Scheduled Cashflows	(940,573)
Sub-Total (Year-End Liquidity)	(4,183,281)
Nightingale	(523,850)
Collateral / Margin Calls	(2,500,000)
Gold Leases	(394,500)
Portion of Curzon Commercial Paper	(1,514,649)
Monetization of Assets	17,000,000
MTN & EMTN	(392,660)
Repo Rollover Issues	(699,583)
2a7 Liquidity Puts	(857,966)
Portfolio Trades	156,000
Sub-Total (Market Events & Mgmt Actions)	10,272,792
Scenario One	**6,089,511**

AIG Financial Products

Stress Scenario 2 – Assumptions

CASH FLOWS INCLUDE

- All cash flows incorporated in Scenario 1
- Additional margin calls resulting from severe adverse market developments
- Unable to fund remaining Curzon commercial paper
- Monetization of additional Curzon unencumbered assets
- Margin calls resulting from Commodities Indices dropping 15% on single day and remaining at depressed levels for remainder of the year
- Additional collateral calls due to a ratings downgrade
- Liquidity withdrawals from clients concerned about AIG credit

Description	Amount
Scenario One	**6,089,511**
Additional Collateral / Margin Calls	(9,000,000)
Remainder of Curzon Commercial Paper	(4,877,567)
Monetization of Assets	4,500,000
Commodity Call	(817,197)
Ratings Downgrade	(8,698,898)
Liquidity Withdrawals	(1,400,000)
Scenario Two (stand-alone)	**(20,293,662)**
Scenario Two (combined with One)	**(14,204,151)**

CASH FLOWS EXCLUDE

- Access to capital markets for new funding

AIG Financial Products

- Cash on hand is approximately $7.7 billion
- Sources of liquidity outside AIG
  - Monetization of unencumbered assets
    - FP has unencumbered assets with an approximate market value of $15.0 billion in US entities and $1.8 billion in Banque AIG
    - Access professional repo markets
    - Utilize existing term facilities to finance unencumbered assets
    - Execute collateral swaps that will provide AIG-FP with more readily liquid assets including those which are eligible for existing term facilities
    - Continue to develop new funding facilities with third parties who can take remaining assets
    - Pursue intermediation opportunities with third parties / primary dealers who can access the FED / ECB programs on our behalf
      - FP has $2.2 billion ($1.4 billion in FP and $0.8 billion in Curzon) in US entities that are Fed- and ECB-eligible
      - Banque AIG has $0.7 billion that are Fed- and ECB-eligible
  - Access the capital markets
- Sources of liquidity from AIG
  - Access capital markets
  - Place assets (bonds and CP) within AIG family where cash is available
  - Fund Curzon and Nightingale through other AIG entities

Combined View: AIG, ILFC, AGF & FP

- Risk
  - Disruption of the commercial paper and capital markets coupled with significant liquidity demands on the CDS portfolio resulting from collateral calls as well as potential credit events
- Plans
  - When AIG FP's Scenario 1 is combined with the corporate scenario, management would utilize existing CP backstops and unencumbered assets to meet funding requirements
  - Under the severe stress Scenario 2 AIG would access capital markets or utilize capital reserve to satisfy liquidity requirements

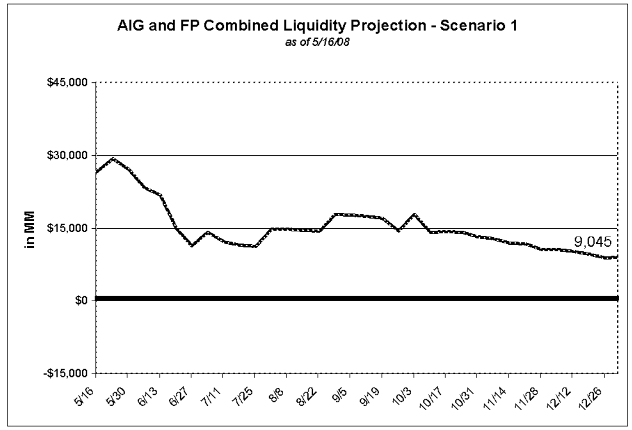
AIG Combined Views

AIG developed two stress scenarios in order to test the Company's ability to meet its near term obligations and maintain solvency and confidence.

Scenario 1 <u>**Key Assumptions**</u>

- Utilization of liquidity through backstop facilities
- A significant deterioration in FP's liquidity position from inability to roll its maturing liabilities or repos
- Offset by monetization of unencumbered assets, portfolios trades, and various other transactions providing liquidity at FP

(FP Scenario 1 detailed more fully on page 8)

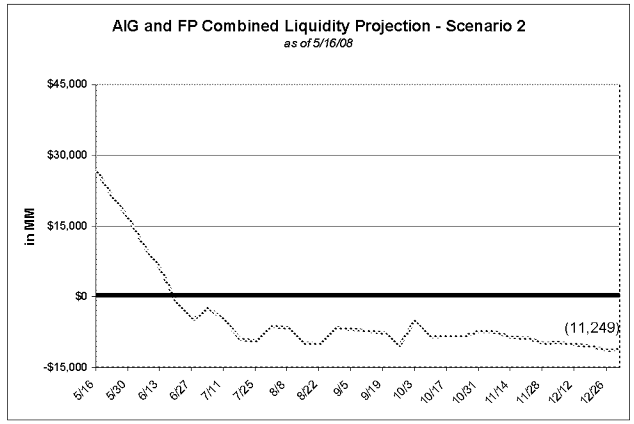


Scenario 1 results in a YE 2008 projected cash position of $9.0 bill.

Scenario 2 <u>**Key Assumptions**</u>

- All assumptions from Scenario 1 are incorporated
- FP experiences additional margin calls resulting from severe adverse market developments
- Additional collateral calls due to a downgrade
- Additional liquidity withdrawals from FP clients due to credit concerns

(FP Scenario 2 detailed more fully on page 9)



Scenario 2 results in a YE 2008 projected cash deficit of ($11.2) bill.

Moody's Investors Service

> **Note:** *For ease of electronic transmission and filing, all insertions or attachments should be combined together with this rating memo into one pdf file or Word document with all pages numbered sequentially.*

FINANCIAL INSTITUTIONS GROUP RATING COMMITTEE MEMO

CONFIDENTIAL

PART 1 *(Must be filled out for all rating committees)*

Issuer Name(s): American International Group, Inc. (AIG)	**Committee Meeting Date:** Feb. 11, 2008
Does this rating committee involve a Franchise Credit (Yes or No)? Yes	

Invited Rating Committee Members:	
Lead: [redacted]	*Backup:* [redacted]
Chair: [redacted]	*Required Attendee:* [redacted]
Other voting members: [redacted]	
Non-voting members: [redacted]	

Reason for Rating Committee: Address AIG's: (i) 8-K filing announcing material weakness in internal control related to the fair value assessment for super-senior CDS exposures, and (ii) preliminary estimates for 4Q07 results.

Last Rating Action *(include date and reason)***:** Dec. 11, 2007 – Assigned Aa3 rating to retail junior subordinated debentures (basket D hybrids).

Rating Recommendation: *(Include unpublished and "stand-alone" ratings in brackets)*

List Issuer Name(s), Outlook(s), and All Current or Proposed Ratings:*	**Current Ratings (LT/ST):**			**Proposed Ratings (LT/ST):**		
	Local Currency	**Foreign Currency**	**National Scale**	**Local Currency**	**Foreign Currency**	**National Scale**
AIG						
Long-term issuer	Aa2	Aa2		Aa2	Aa2	
Senior unsecured debt	Aa2	Aa2		Aa2	Aa2	
Senior unsecured shelf	(P)Aa2	(P)Aa2		(P)Aa2	(P)Aa2	
Subordinated shelf	(P)Aa3	(P)Aa3		(P)Aa3	(P)Aa3	
Preferred shelf	(P)A1	(P)A1		(P)A1	(P)A1	
Short-term issuer	P-1	P-1		P-1	P-1	
Outlook	Stable			**Negative**		
See page 13 for full rating list						

* *If list is likely to be long, attach a printout of accurate worksheet showing all ratings.*

Country Name:			
Local Currency Gov't Bond Rating:	**Aaa**	**Foreign Currency Gov't Bond Rating:**	**Aaa**
Local Currency Bond Ceiling:	**Aaa**	**Foreign Currency Bond Ceiling:**	**Aaa**
Local Currency Deposit Ceiling:	**Aaa**	**Foreign Currency Deposit Ceiling:**	**Aaa**

Rationale for Recommendation(s)

The recommendation for a negative outlook is based on:

1. AIG's sizable exposure to the US subprime mortgage market through Capital Markets, Mortgage Guaranty, Consumer Finance and insurance investments held mainly by the US life companies.

2. The Capital Markets business (AIG Financial Products Corp.) has written large notional amounts of CDS on multi-sector CDOs with subprime mortgage content. The CDS contracts are highly customized and illiquid, making it difficult to determine their fair value for financial reporting. The valuation efforts have exposed a material weakness in AIG's internal control related to valuing such contracts. AIG is filing an 8-K to disclose the weakness on Monday, Feb. 11.

3. We believe that the CDS contracts have been carefully underwritten and may ultimately experience no significant losses. Also, the material weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. It is preliminarily regarded by our accounting specialists as a Category A (less concerning) weakness. However, the CDS valuation process is likely to remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

4. AIG also faces volatility through its subprime and Alt-A RMBS, held mostly by the US life insurance subsidiaries; subprime and second-lien mortgage portfolios insured by United Guaranty; and subprime and non-prime mortgage loans held by American General Finance.

5. The material weakness came about in part because in early Dec. 2007, AIGFP gave investors a preliminary estimate of the MTM position as of Nov. 30, 2007. AIGFP gave just the net number, which was derived from a large gross number offset by mitigants/benefits, as shown in the table below. The auditors felt that all the components should be disclosed. They also argue that the benefits of column d are no longer observable in the market, so they can no longer be used in the MTM calculation.

($Mil.) as of	a Gross Cumulative Decline in Market Value During 2007	b Benefit of Structural Mitigants	a - b = c Cumulative Decline in Value Net of Structural Mitigants	d Benefit of Spread Differential Between Cash & Derivatives	c - d = e Cumulative Decline in Value as Previously Disclosed
9/30/2007	352	0	352	0	352
10/31/2007	899	0	899	0	899
11/30/2007	5,964	732	5,232	3,628	1,604

6. In 4Q07 AIG is taking a more rigorous (conservative) approach to OTTI losses on RMBS and other securities than in the past. We heard from one AIG investment officer that this is driven in part by fresh inquiries/guidance from the SEC as to the meaning of "temporary". AIG's old standard was generally to write down an instrument that (a) trades at 25% or more below BV for more than nine months. The new standard is to write down an instrument that satisfies (a) or (b) trades at 40% or more below BV for any period. This change is leading to a fairly large OTI charge (~3.5 bln pretax, ~$2.3 bln after tax) for AIG in 4Q07.

(Item 7 updated to reflect AIG call of 2/11/2008)
7. AIG's confidential preliminary numbers for 4Q07 results – all subject to change – highlight the mortgage effects: (i) $8 bln pretax ($5.2 bln after tax) unrealized market valuation loss on its CDS/CDO portfolios, (ii) $3.5 bln pretax ($2.3 bln after tax) OTTI charge related to insurance investments, mainly subprime RMBS, and (iii) $2.6 bln (after tax) decline in AOCI for unrealized depreciation on insurance investments, mainly subprime RMBS. Adjusted net income, excluding these charges, was $4 bln for 4Q07. The overall net loss for 4Q07 will probably be 3-4 bln, and net income for the year 2007 will probably be $7-8 bln. Shareholders' equity will be $97-99 bln at YE2007 versus $102 bln at YE2006 and $104 bln at Sep. 30, 2007. The company repurchased $5 bln of stock during 2007. AIG will announce its 4Q07 results at the end of Feb. 2008.

Contents

Draft Press Release

Moody's changes AIG's rating outlook to negative

Moody's Investors Service has changed the rating outlook for American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2) to negative from stable, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity continue to deteriorate. AIG is exposed to the subprime market through a variety of business units and activities, including Capital Markets, Mortgage Guaranty, Consumer Finance and insurance investments held mainly by the US Life Insurance & Retirement Services companies.

The Capital Markets business, conducted by AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2), has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. The valuation efforts have exposed a material weakness in AIG's internal control related to valuing such contracts.

Moody's said that the CDS contracts have been carefully underwritten and may ultimately experience no significant losses. Moreover, the material weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, the CDS valuation process is likely to remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

Moody's noted that AIG may also face volatility in connection with its sizable investments in residential mortgage-backed securities (RMBS), including subprime and Alt-A securities, a majority of which are held by AIG's US life insurance subsidiaries. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by United Guaranty Residential Insurance Company (UGRIC – insurance financial strength rating of Aa2) and affiliates, as well as the subprime and non-prime mortgage loans held by American General Finance Corporation (AGFC – senior unsecured debt rated A1).

Moody's said that it has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating ample capital strength and earnings power to cover expected losses. The rating agency will continue this process in the weeks ahead, incorporating its revised expectations for cumulative losses across different loan types. The rating agency will also give further consideration to subprime related market valuations, which may continue to consume AIG's management time and to constrain its financial performance.

According to Moody's, AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Moody's cited the following factors that could lead to a stable rating outlook for AIG: (i) favorable prospects for the stand-alone ratings on a majority of rated operating units, (ii) continued strong group profitability, with returns on equity exceeding 15%, (iii) remediation of all material weaknesses in internal controls over financial reporting, and (iv) adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) remaining comfortably below 20%.

Moody' cited the following factors that could lead to a rating downgrade: (i) downgrades of the stand-alone ratings of one or more substantial operating units, (ii) a decline in group profitability, with returns on equity falling below 12%, (iii) a decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage below 15x, (iv) net special charges (e.g., associated with natural or man-made catastrophes or subprime mortgage exposures) exceeding one-half-year's worth of normalized earnings, or (v) a material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income).

The last rating action on the parent company took place on December 11, 2007, when Moody's assigned a Aa2 rating to a $1 billion issue of retail junior subordinated debentures.

Moody’s has affirmed the following ratings, while changing the outlook to negative from stable:

American International Group, Inc. – senior unsecured debt at (P)Aa2, subordinated debt at (P)Aa3, preferred stock at (P)A1;

[List to be inserted]

Moody’s has affirmed the following ratings with a stable outlook:

[List to be inserted]

Moody’s has affirmed the following rating with a positive outlook:

AIG General Insurance (Taiwan) Co., Ltd. – insurance financial strength at A2

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. AIG reported total revenues of $91.6 billion and net income of $11.5 billion for the first nine months of 2007. Shareholders' equity was $104.1 billion as of September 30, 2007.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. For more information, please visit our website at www.moodys.com/insurance.

Draft Credit Opinion (incorporating rating recommendation)

Credit Opinion: American International Group, Inc.

American International Group, Inc.

New York, New York, United States

Key Indicators

American International Group, Inc. [1]

	YTD 9/07	2006	2005	2004	2003	2002
Total Assets ($ Mil.)	$ 1,072,105	$ 979,414	$ 853,051	$ 801,007	$ 675,602	$ 561,131
Equity ($ Mil.)	$ 104,067	$ 101,677	$ 86,317	$ 79,673	$ 69,230	$ 58,303
Total Revenue ($ Mil.)	$ 91,631	$ 113,194	$ 108,905	$ 97,666	$ 79,421	$ 66,171
Net Income ($ Mil.)	$ 11,492	$ 14,048	$ 10,477	$ 9,839	$ 8,108	$ 5,729
Financial Leverage	18.4%	18.0%	15.7%	16.2%	16.9%	
Earnings Coverage (1 yr.)		25.0x	24.2x	23.9x	19.6x	12.8x
Cashflow Coverage (1 yr.)		11.3x	14.5x	13.7x	11.9x	9.8x

[1] Information based on consolidated GAAP financial statements.

Opinion

SUMMARY RATING RATIONALE

American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2, negative outlook) is a leading global insurance and financial services firm, with operations in more than 130 countries and jurisdictions. The company is engaged through subsidiaries in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. About half of the company's revenues are derived from domestic (US) operations and half from other markets around the world. AIG's extraordinary diversification helps it to withstand challenges in particular business lines or geographic regions and to generate substantial earnings and capital over time.

AIG's rating outlook was changed to negative from stable on February 11, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity continue to deteriorate. AIG is exposed to the subprime market through a variety of business units and activities, including Capital Markets, Mortgage Guaranty, Consumer Finance and insurance investments held mainly by the US Life Insurance & Retirement Services companies.

The Capital Markets business, conducted by AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2), has written large notional amounts of super-senior credit default swaps (CDS) against multi-sector collateralized debt obligations (CDOs) with subprime mortgage content. The CDS contracts are highly customized and illiquid, particularly in the current market, making it difficult to determine their fair value for financial reporting purposes. The valuation efforts have exposed a material weakness in AIG's internal control related to valuing such contracts.

Moody's notes that the CDS contracts have been carefully underwritten and may ultimately experience no significant losses. Moreover, the material weakness appears to be narrow in scope and may be relatively easy for AIG to remediate. Nevertheless, the CDS valuation process is likely to remain difficult for the duration of the mortgage market slump, potentially adding significant volatility to AIG's earnings and capital position.

AIG may also face volatility in connection with its sizable investments in residential mortgage-backed securities (RMBS), including subprime and Alt-A securities, a majority of which are held by the US life insurance subsidiaries. Other areas of potential volatility are the subprime and second-lien mortgage portfolios insured by United Guaranty Residential Insurance Company (UGRIC – insurance financial strength rating of Aa2) and affiliates, as well as the subprime and non-prime mortgage loans held by American General Finance Corporation (AGFC – senior unsecured debt rated A1).

Moody's has applied various market stress scenarios to AIG's subprime exposures over the past several months, with AIG demonstrating ample capital strength and earnings power to cover expected losses. We will continue this process in the weeks ahead, incorporating our revised expectations for cumulative losses across different loan types. We will also give further consideration to subprime related market valuations, which may continue to consume AIG's management time and to constrain its financial performance.

According to Moody's, AIG's ratings reflect its leading market positions in all major business segments, its broad business and geographic scope, its strong earnings and cash flows, and its excellent financial flexibility. These strengths are tempered by the intrinsic volatility in certain General Insurance and Financial Services business units, by the significant volume of spread-based investment business in the Asset Management segment, and by the company's sizable exposure to the US subprime mortgage market.

Credit Profile of Significant Subsidiaries/Activities

Domestic General Insurance (31% of consolidated revenues for first nine months of 2007)

The Domestic General Insurance segment encompasses the Domestic Brokerage Group (DBG), Transatlantic Holdings, Inc. (TRH), Personal Lines and Mortgage Guaranty. Moody's maintains Aa2 insurance financial strength (IFS) ratings on eight members of DBG, reflecting DBG's position as the largest US writer of commercial insurance, its broad diversification and its expertise in writing large and complex risks. These strengths are somewhat offset by DBG's relatively high, albeit improving, gross underwriting leverage and its history of adverse loss development during the years 2002-2005, although reserves appear to have stabilized in more recent periods. The DBG ratings incorporate a notch of uplift from the affiliation with AIG, which has a history of supporting these and other subsidiaries. Absent such support, the DBG members would have stand-alone ratings of Aa3.

TRH, approximately 59% owned by AIG, is a holding company for Transatlantic Reinsurance Company (TRC), a leading US-based broker-market reinsurer with expertise in specialty casualty lines. TRC's Aa3 IFS rating reflects its lead position on many treaties, relatively steady profitability and sound capitalization. These strengths are partly offset by competition from larger global reinsurers and by the inherent volatility of catastrophe exposed business.

Moody's maintains Aa2 IFS ratings on four members of AIG's Mortgage Guaranty unit, led by United Guaranty Residential Insurance Company (UGRIC). The ratings are based on the group's prudent underwriting culture, strong lender relationships and explicit support from affiliates. Three of the companies are supported by net worth maintenance agreements from AIG plus excess-of loss reinsurance covers provided by a DBG member. The fourth company is supported by an unconditional guaranty from UGRIC. Absent such explicit support, these companies would have lower stand-alone ratings. The Mortgage Guaranty unit has significant exposure to US subprime and non-prime mortgage loans as noted above. The group reported a pretax operating loss of $289 million through the first nine months of 2007, versus pretax operating income of $301 million for the first nine months of 2006. UGC expects to report operating losses for the remainder of 2007 and for the year 2008, possibly returning to profitability in 2009.

Foreign General Insurance (11% of consolidated revenues for first nine months of 2007)

Foreign General Insurance consists of several property & casualty insurance agencies and underwriting companies offering commercial and consumer insurance through a range of marketing and distribution channels. The group operates in Asia, the Pacific Rim, the UK, Europe, Africa, the Middle East and Latin America, adapting to local laws and customs as needed.

AIG UK Limited (AIG UK) is the group's flagship property & casualty insurer in the UK, having absorbed the UK business of a DBG company in December 2007. The Aa2 IFS rating on AIG UK reflects its strong market position, healthy profitability and generally conservative investment strategy. Offsetting these strengths to some extent is the focus on commercial lines, which Moody's views as inherently more volatile than personal lines. The rating on AIG UK incorporates explicit and implicit support, including a net worth maintenance agreement from AIG and extensive reinsurance from affiliates. Absent such support, AIG UK's stand-alone rating would be Aa3.

In 2006, AIG acquired Central Insurance Co. Ltd., a diversified non-life insurer in Taiwan with a solid market presence but a record of volatile operating results over the past few years. During 2007, AIG changed the company's name to AIG General Insurance (Taiwan) Co., Ltd. (AIG GI Taiwan), and merged the Taiwan branch of a DBG company into AIG GI Taiwan. In July 2007, Moody's upgraded the IFS rating of AIG GI Taiwan from Baa1 to A2 (stand-alone rating of A3) with a positive outlook, based on our view that the merger and AIG relationship will enhance the company's competitive position and financial performance.

Domestic Life Insurance & Retirement Services (13% of consolidated revenues for first nine months of 2007)

Moody's maintains Aa1 IFS ratings on seven members of the Domestic Life Insurance & Retirement Services segment, based on the group's multi-faceted distribution network, a broad and varied product portfolio, and leading market positions in several products, including term life, universal life, structured settlements and certain classes of annuities. The ratings also reflect the strategic and financial benefits of AIG ownership, such as the AIG brand, cross-selling arrangements, and common investment management and administrative services. These strengths are tempered by persistent competition in the mature US market for protection and savings products, which is constraining profitability for this group.

Moody's maintains Aa2 ratings on three SunAmerica companies that have booked substantial spread-based investment business through the sale of GIC-backed notes to investors. In 2005, AIG shifted this activity to a new Matched Investment Program (MIP – now part of the Asset Management segment) and placed the SunAmerica GIC portfolio into runoff. Our Aa2 ratings on these companies reflect the heightened asset and liquidity risks associated with a runoff portfolio, although we believe that AIG is managing the runoff effectively. AIG also provides net worth maintenance agreements in support of the SunAmerica companies.

The Domestic Life Insurance & Retirement Services companies hold substantial subprime and Alt-A RMBS, as noted above. The RMBS were subject to about $1.6 billion of unrealized depreciation and a modest amount of realized capital losses (through sales and other-than-temporary impairment) during the third quarter of 2007. We expect to see further unrealized and realized losses on this portfolio, based on the continuing deterioration in the mortgage market.

Foreign Life Insurance & Retirement Services (31% of consolidated revenues for first nine months of 2007)

Foreign Life Insurance & Retirement Services encompasses international and local subsidiaries with operations in Europe, Latin America, the Caribbean, the Middle East, Australia, New Zealand and Asia, including extensive operations in Japan. The group sells products largely to indigenous persons through multiple distribution channels, including full-time and part-time agents, independent producers, direct marketing, brokers and financial institutions.

American Life Insurance Company (ALICO) has operations in more than 50 countries and is one of the world's largest life insurers. Moody's maintains a Aa2 IFS rating on ALICO based on its strong market presence in numerous countries, led by Japan, which accounts for about two-thirds of ALICO's operating income. ALICO has a successful track record of entering new markets and expanding organically in existing markets. These strengths are tempered by competition from local and foreign players in Japan, political risk in certain emerging markets, and a relatively large exposure to affiliated investments, mainly AIG common stock.

ALICO's Japanese life operations are complemented by those of AIG Edison Life Insurance Company (AIG Edison – IFS rating of Aa2) and AIG Star Life Insurance Co., Ltd. (not rated). The AIG Edison rating reflects the company's healthy profitability, solid capital base and diversified distribution channels, tempered by agent retention and business persistency rates that are below expectations for the rating level. The rating incorporates one notch of uplift from the AIG ownership and implicit support. Without such support, AIG Edison would have a stand-alone rating of Aa3.

American International Assurance Company, Limited (not rated) and its affiliates, including American International Assurance Company (Bermuda) Limited (AIAB – IFS rating of Aa2), make up the largest and most diversified life insurance group in Southeast Asia. AIAB offers a variety of life, health and investment products in Hong Kong, South Korea and several other markets. The rating on AIAB reflects its leading market position in Hong Kong, consistent operating performance and sound balance sheet. These strengths are somewhat offset by intense market competition in Hong Kong and South Korea, by the challenge of expanding distribution channels – particularly bancassurance, which is increasingly popular among customers – and by AIAB's large investment in AIG common stock.

Financial Services (8% of consolidated revenues for first nine months of 2007)

The Financial Services segment engages in aircraft and equipment leasing, capital market transactions, consumer finance and insurance premium financing. The Aircraft Finance business, conducted by International Lease Finance Corporation (ILFC – senior unsecured debt rated A1), is a global leader in leasing and remarketing advanced technology commercial jet aircraft. ILFC's ratings reflect its high-quality aircraft portfolio and solid relationships with aircraft manufacturers and airlines. Tempering this view is the cyclical nature of the business, as well as ILFC's sizable order position and residual value risk. The ratings incorporate AIG ownership and support, evidenced by capital contributions to ILFC totaling more than $1 billion since 2001. Absent such support, ILFC's ratings would be lower.

The Capital Markets unit comprises the global operations of AIG Financial Products Corp. (AIGFP – backed long-term issuer rating of Aa2) and subsidiaries. AIGFP engages as principal in a wide variety of standard and customized financial products with corporations, financial institutions, governments, agencies, institutional investors and high net-worth individuals worldwide. This unit also raises funds through municipal reinvestment contracts and other private and public note offerings, investing the proceeds in a diversified portfolio of debt, equities and derivatives. The Aa2 ratings on AIGFP and several of its subsidiaries are based on general and deal-specific guarantees from AIG.

AIGFP has substantial notional exposure to the US subprime mortgage market through super-senior CDS and cash CDOs, as noted above. According to AIGFP, each super-senior position has been underwritten to withstand recessionary conditions through the life of the transaction, such that the company does not expect to be required to make any significant loss payments on this portfolio. However, the company must estimate the fair value of the portfolio at each reporting date – a challenging process that has exposed a material weakness in internal control related to such valuations.

The Consumer Finance unit includes US operations conducted mainly by American General Finance Corporation (AGFC – senior unsecured debt rated A1) and international operations conducted by AIG Consumer Finance Group, Inc. (AIGCFG). AGFC's ratings are based on its strong US market presence, disciplined approach to the business and a small amount of lift from the AIG relationship. Over the past decade, AGFC has focused its growth efforts on real estate secured loans, which accounted for about three-fourths of the loan portfolio as of September 30, 2007. The portfolio includes meaningful levels of subprime and non-prime loans, as noted above. The portfolio has experienced some deterioration in credit quality along with the overall US housing sector, but AGFC's delinquency and charge-off rates remain within the company's target bands. We believe that AGFC's adherence to conservative underwriting standards will help the company to weather the housing market slump relatively well.

Asset Management (6% of consolidated revenues for first nine months of 2007)

The Asset Management segment comprises a variety of investment related products and services for institutions and individuals worldwide. The group's main activities are spread-based investing, institutional asset management, brokerage services and mutual funds. The spread-based investment business, formerly conducted through the SunAmerica companies, is now conducted through AIG's MIP. The institutional asset management business, known as AIG Investments, provides a range of equity, fixed income and alternative investment products and services to AIG subsidiaries and affiliates, other institutional clients and high-net-worth individuals. The brokerage services and mutual funds operations provide broker/dealer services and mutual funds to retail investors, group trusts and corporate accounts through an independent network of financial advisors.

Credit Strengths

Credit strengths/opportunities of the group include:

- One of the world's largest and most diversified financial service firms, with leading market positions in various business lines and countries

- Historically strong earnings and cash flows across all major business segments

- Excellent financial flexibility

Credit Challenges

Credit challenges/risks include:

- Intrinsic volatility in certain General Insurance and Financial Services business units

- Significant volume of spread-based investment business within the Asset Management segment

- Sizable exposure to the US subprime mortgage market through various business units and activities

Rating Outlook

AIG's rating outlook was changed to negative from stable on February 11, 2008, based on the company's sizable exposure to the US subprime mortgage market, where credit quality and liquidity continue to deteriorate. The valuation and reporting of these exposures, particularly super-senior CDS, is likely to remain a challenge for the duration of the mortgage market slump.

What Could Change the Rating - Up

Factors that could lead to a stable outlook include:

- Favorable prospects for the stand-alone ratings on a majority of rated operating units

- Continued strong group profitability, with returns on equity exceeding 15%

- Remediation of all material weaknesses in internal controls over financial reporting

- Adjusted financial leverage (including pension and lease adjustments and excluding debt of finance-type operations and match-funded investment programs) comfortably below 20%

What Could Change the Rating - Down

Factors that could lead to a downgrade include:

- Downgrades of the stand-alone ratings of one or more major operating units

- A decline in group profitability, with returns on equity falling below 12%

- A decline in financial flexibility, with adjusted financial leverage exceeding 20% or adjusted pretax interest coverage below 15x

- Net special charges (e.g., associated with natural or man-made catastrophes or subprime mortgage exposures) exceeding one-half-year's worth of normalized earnings

- A material shift in the company's strategic emphasis away from insurance (e.g., Financial Services accounting for more than 20% of consolidated operating income)

Recent Results

AIG reported total revenues of $91.6 billion and net income of $11.5 billion for the first nine months of 2007, as compared to $83.4 billion and $10.6 billion for the first nine months of 2006. Shareholders' equity was $104.1 billion as of September 30, 2007.

Capital Structure and Liquidity

AIG maintains sound capitalization and liquidity. Shareholders' equity has grown fairly steadily over the past several years to $104.1 billion as of September 30, 2007. Total borrowings at that time amounted to $176.2 billion. Of this amount, Moody's regards $152.7 billion as operating debt (i.e., debt of the Financial Services subsidiaries plus debt issued by AIG under the MIP) and not part of financial leverage. When comparing insurance oriented holding companies, Moody's makes several adjustments to financial leverage, including treating under-funded pension liabilities as debt equivalents, treating operating leases as capital leases, and excluding operating debt. We treat the minority interest liability as a component of equity, and we allocate hybrid securities between debt and equity according to our established basket practices. Finally, for insurers that have more than half of their investments dedicated to life insurance and savings products (as does AIG), we exclude unrealized investment appreciation (depreciation) from shareholders' equity.

AIG's adjusted financial leverage has increased from 15.7% at year-end 2005 to 18.4% as of September 30, 2007. AIG used incremental debt and hybrid issuance largely to fund share repurchase activity during the first nine months of 2007. Moody's expects the company to keep its adjusted financial leverage below 20%. As separate constraints on operating debt, ILFC and AGFC manage their balance sheets to meet target leverage ratios, and AIGFP manages its borrowings and other activities to maintain a target level of capital adequacy.

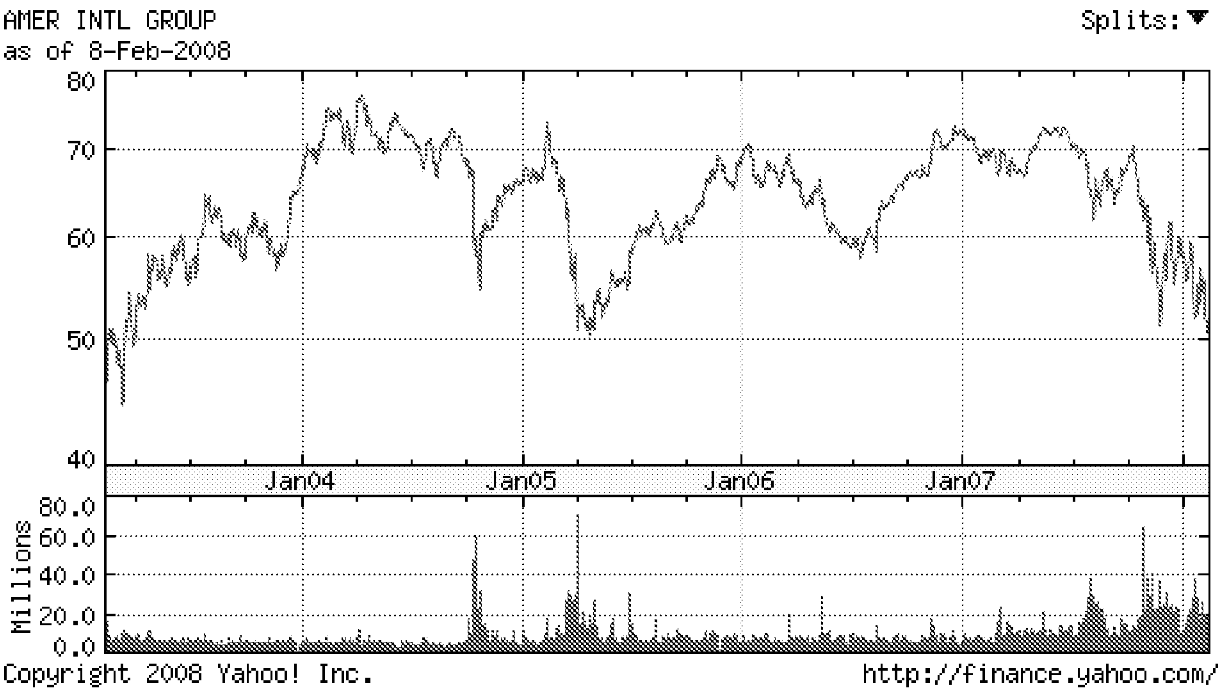
Moody's believes that AIG has sufficient liquidity – through dividends from subsidiaries, credit facilities and access to capital markets – to service parent company obligations and to support subsidiaries as needed. The company generates strong operating cash flows on a consolidated basis, with yearly amounts averaging about $24 billion over the past four years. However, a majority of the cash flows pertain to insurance operations that are subject to regulatory limits on the payment of dividends to a parent company. Largely as a result of such regulations, approximately 90% of AIG's consolidated shareholders' equity was restricted from immediate transfer to the parent company as of year-end 2006. Still, barring a major disruption, the parent had access to approximately $10.2 billion (10% of year-end 2006 equity) from its subsidiaries during 2007. This amounted to 11.3x coverage of adjusted financial interest for 2006 – a level consistent with the rating category. We expect that AIG will report a similar level of subsidiary dividend capacity as of year-end 2007.

AIG gets a portion of its funding through a $7 billion commercial paper program ($4.2 billion outstanding at year-end 2007). The commercial paper is issued through subsidiary AIG Funding, Inc. (AIG Funding) and guaranteed by AIG. The program is backed by external and intercompany credit facilities. External facilities include two syndicated bank revolvers totaling $3.75 billion, primarily to back commercial paper. One of these facilities ($2.125 billion) expires in July 2008 (with a one-year term-out option) and the other ($1.625 billion) expires in July 2011. AIG and AIG Funding also share a $3.2 billion bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of September 30, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Finally, AIG has a $5.335 billion intercompany credit facility provided by several of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

PASTE Q-TOOL CHART HERE (Right-click, copy, and paste chart from Qtools.):

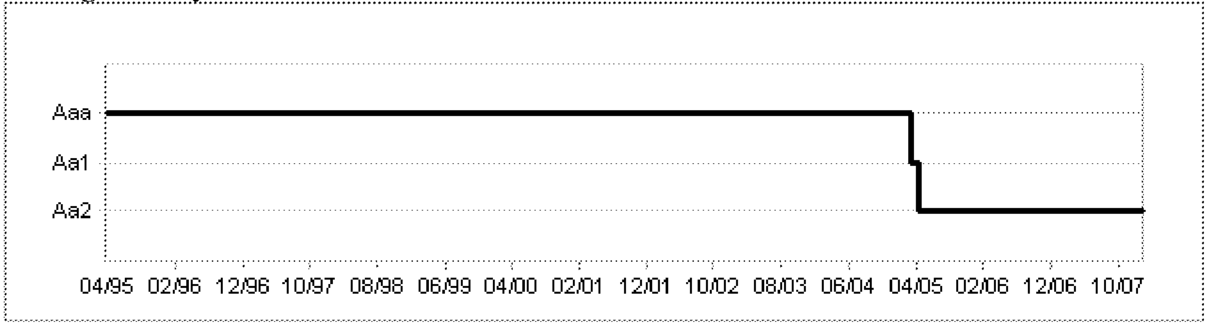
Discussion of Q-Tools Outliers: *(Provide brief discussion of any ratings gaps of 3 or more notches.)*
AIG's bond spreads and CDS levels have been hurt by market concerns over additional charges related to subprime mortgage exposures.

Stock Chart



Market capitalization: $129 billion

Rating History



Organizational Structure with Current & Proposed Rating Outlooks (Updated in accordance with RCM discussion)

Ownership Structure *	Domicile	Business Segment	Rating Type	Support	SA Rating	Public Rating	Current Outlook	Rec Outlook
American International Group, Inc. ("AIG")	DE	Parent	LT Issuer			Aa2	Stable	Negative
			Sr Unsec Debt			Aa2		
			Sr Unsec Shelf			(P)Aa2		
			Subord Shelf			(P)Aa3		
			Prfrd Shelf			(P)A1		
			ST Issuer			P-1		
AIG Capital Corporation	DE							
International Lease Finance Corporation ("ILFC")	CA	Fin Svcs	Sr Unsec Debt		A3	A1	Stable	Deferred
			ST Debt			P-1		
ILFC E-Capital Trusts I & II		Fin Svcs	Bkd Prfrd Stock	ILFC G'tee		A3	Stable	Deferred
AIG Capital Trusts I & II	DE	Funding for Parent	Bkd Tr Prfrd Shelf	AIG G'tee		(P)Aa3	Stable	Negative
AIG Domestic General Insurance Group (not a legal entity)								
AIG Casualty Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
AIU Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
American Home Assurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
Transatlantic Holdings, Inc.	DE	Domes Gen Ins	Sr Unsec Debt		A3	A2	Stable	Stable
			Sr Unsec Shelf			(P)A2		
			Subord Shelf			(P)A3		
Transatlantic Reinsurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa3	Stable	Stable
Commerce and Industry Insurance Company	NY	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
The Insurance Company of the State of Pennsylvania	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
National Union Fire Ins Company of Pittsburgh, Pa.	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
American International Specialty Lines Insurance Company	AK	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
New Hampshire Insurance Company	PA	Domes Gen Ins	IFS		Aa3	Aa2	Stable	Deferred
United Guaranty Corporation	NC	Domes Gen Ins						
United Guaranty Residential Insurance Company ("UGRIC")	NC	Domes Gen Ins	IFS	AIG Agmt	Aa3	Aa2	Stable	Negative
United Guaranty Commercial Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt			Stable	Negative
United Guaranty Mortgage Indemnity Company	NC	Domes Gen Ins	Bkd IFS	UGRIC G'tee		Aa2	Stable	Negative
United Guaranty Residential Insurance Company of NC	NC	Domes Gen Ins	IFS	AIG Agmt		Aa2	Stable	Negative
AIG Financial Products Corp.	DE	Fin Svcs	Bkd LT Issuer	AIG G'tee		Aa2	Stable	Negative
			Bkd ST Debt	AIG G'tee		P-1		
AIG Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
			Bkd ST Debt	AIG G'tee		P-1		
AIG-FP Capital Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AIG-FP Matched Funding Corp.	DE	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
Banque AIG	France	Fin Svcs	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AIG Funding, Inc.	DE	Funding for Parent	Bkd ST Debt	AIG G'tee		P-1	Stable	Stable
AIG Life Holdings (International) LLC	DE	Frgn Life Ins & Ret Svcs						
American International Reinsurance Company, Limited	Bermuda	Frgn Life Ins & Ret Svcs						
AIG Edison Life Insurance Company	Japan	Frgn Life Ins & Ret Svcs	IFS		Aa3	Aa2	Stable	Deferred
American International Assurance Company (Bermuda) Limited	Bermuda	Frgn Life Ins & Ret Svcs	IFS	AIG Agmt	Aa2	Aa2	Stable	Deferred
AIG Life Insurance Company	DE	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	Stable	Negative
AIG Liquidity Corp.	DE	Fin Svcs	Bkd ST Debt	AIG G'tee		P-1	Stable	Stable
AIG Program Funding, Inc.	DE	Funding for Parent	Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AIG Retirement Services, Inc.	DE		Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
SunAmerica Life Insurance Company ("SLIC")	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Stable	Negative
			Bkd ST IFS	AIG Agmt		P-1		
AIG SunAmerica Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
AIG SunAmerica Life Assurance Company	AZ	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Stable	Negative
			Bkd ST IFS	AIG Agmt		P-1		
ASIF I & II	Caymans	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
ASIF III (Jersey) Limited	Jersey	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
ASIF Global Financing Trusts	DE	Asset Mgmt	Bkd Sr Debt	SLIC GICs		Aa2	Stable	Negative
First SunAmerica Life Insurance Company	NY	Asset Mgmt	Bkd IFS	AIG Agmt		Aa2	Stable	Negative
			Bkd ST IFS	AIG Agmt		P-1		
AIG Life Holdings (US), Inc. ("AIG LHUS")	TX		Bkd Sr Debt	AIG G'tee		Aa2	Stable	Negative
AGC Life Insurance Company	MO	Domes Life Ins & Ret Svcs						
American General Life and Accident Insurance Company	TN	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
American General Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
AIG Annuity Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
The Variable Annuity Life Insurance Company	TX	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
The United States Life Insurance Company in the City of NY	NY	Domes Life Ins & Ret Svcs	IFS		Aa1	Aa1	Stable	Negative
American General Capital II	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	Stable	Negative
American General Institutional Capital A & B	DE	Funding for AIG LHUS	Bkd Tr Prfrd Stock	AIG G'tee		Aa3	Stable	Negative
American General Finance, Inc.	IN	Fin Svcs	ST Debt			P-1	Stable	Stable
American General Finance Corporation ("AGFC")	IN	Fin Svcs	LT Issuer		A2	A1	Stable	Deferred
			Sr Unsec Debt		A2	A1		
			ST Debt			P-1		
AGFC Capital Trust I	DE	Fin Svcs	Bkd Tr Prfrd Stock	AGFC G'tee		A3	Stable	Deferred
Yosemite Insurance Company	IN	Fin Svcs						
CommoLoco, Inc.	Puerto Rico	Fin Svcs	Bkd ST Debt	AGFC G'tee		P-1	Stable	Stable
American International Underwriters Overseas, Ltd.	Bermuda							
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	Frgn Gen Ins	IFS		A3	A2	Positive	Positive
AIG UK Limited	UK	Frgn Gen Ins	IFS	AIG Agmt	Aa3	Aa2	Stable	Negative
American International Life Assurance Company of New York	NY	Domes Life Ins & Ret Svcs	IFS	AIG Agmt	Aa1	Aa1	Stable	Negative
American Life Insurance Company	DE	Frgn Life Ins & Ret Svcs	IFS		Aa2	Aa2	Stable	Deferred

** Listing order indicates main ownership stake (or sponsorship in the case of trusts), not necessarily 100% ownership.*

Weighted Average Stand-alone Rating

($Mil.) Pretax Operating Income by Segment	YTD 9/30/2007	YTD 9/30/2007	Rated	Not Rated	Rated % of Total	Rated % of Rated	SA Rating	SA Rating	Public Rating
General Insurance									
Domestic Brokerage Group	5,662	5,662	5,662		29.9%	39.6%	Aa3	4	Aa2
Transatlantic Holdings, Inc.	508	508	508		2.7%	3.5%	Aa3	4	Aa3
Personal Lines	252	252		252					
Mortgage Guaranty*	-289	301	301		1.6%	2.1%	Aa3	4	Aa2
Total Domestic	**6,133**	**6,723**							
AIG General Insurance (Taiwan) Co., Ltd.		24	24		0.1%	0.2%	A3	7	A2
AIG UK Limited		1,291	1,291		6.8%	9.0%	Aa3	4	Aa2
Other Foreign General		1,069		1,069					
Total Foreign	**2,383**	**2,383**							
Other/Eliminations	-5	-595		-595					
Total General Insurance	**8,511**	**8,511**							
Life Insurance & Retirement Services									
Domestic Life Insurance	774	774							
Domestic Retirement Services	1,452	1,452							
Total Domestic	**2,226**	**2,226**	2,226		11.7%	15.6%	Aa1	2	Aa1
American Life Insurance Company		887	887		4.7%	6.2%	Aa2	3	Aa2
AIG Edison Life Insurance Company		1,140	1,140		6.0%	8.0%	Aa3	4	Aa2
Japan and Other	**2,753**	**2,027**							
American Life Insurance Company		444	444		2.3%	3.1%	Aa2	3	Aa2
American Int'l Assurance Co. (Bermuda) Limited		1,028	1,028		5.4%	7.2%	Aa2	3	Aa2
Asia	**1,921**	**1,471**							
Other Foreign		1,176		1,176					
Total Foreign	**4,674**	**4,674**							
Total Life Insurance & Retirement Services	**6,900**	**6,900**							
Financial Services									
Aircraft Leasing	625	625	625		3.3%	4.4%	A3	7	A1
Capital Markets	183	183		183					
Consumer Finance	180	180	180		0.9%	1.3%	A2	6	A1
Other	20	20		20					
Total Financial Services	**1,008**	**1,008**							
Asset Management									
Spread-based Investment Business	759	759		759					
Institutional Asset Management	1,406	1406		1406					
Brokerage Services, Mutual Funds and Other	376	376		376					
Total Asset Management	**2,541**	**2,541**							
Total Pretax Segment Operating Income	**18,960**	**18,960**	**14,315**	**4,645**	**75%**	**100%**			
Other/Eliminations	-1,581	-1,581							
Consolidated Pretax Operating Income	**17,379**	**17,379**							
Weighted Average Stand-alone Rating							**Aa3**	**3.7**	

** Mortgage Guaranty weighted based on earnings in prior-year period*

Summary of AIG's Subprime Mortgage Exposures, Charges & Writedowns (Updated to reflect AIG call of 2/11/2008)

($ Mil.) Business unit	Type of exposure	Amount at 9/30/2007	Pretax chgs thru I/S 9M 2007	Est pretax chgs thru I/S in 4Q 2007	Unreal deprec to SE at 9/30/2007	Est unreal deprec to SE in 4Q 2007	Pretax op inc thru 9M 2007	Pretax op inc thru 9M 2006
Consumer Finance (American General Finance)	Subprime & non-prime mortgage loans receivable	9,400					180	529
Mortgage Guaranty (United Guaranty)	Subprime & non-prime mortgage loans insured	8,400					-289	301
Insurance investments (mostly Domestic Life & Retirement Services)	Subprime & Alt-A RMBS	51,900	-271	-3,500	-2,200	-2,600	2,226	2,450
	Subprime exposed cash CDOs	234						
Capital Markets (AIGFP)*	Subprime exposed super-senior CDS	63,000	-352	-8,000			183	-457
	Subprime exposed cash CDOs	3,500						
Consolidated results					**9/30/2007**	**Est 12/31/2007**	**9M 2007**	**9M 2006**
Shareholders; equity					104,067	99,000		
Pretax operating income							17,379	16,335

** Capital Markets loss in 2006 pertains to hedges that did not qualify for hedge accounting.*

Banking RMBS/CDO Stress Test Applied to AIG (Updated to reflect AIG call of 2/11/2008)

AIG (preliminary estimates as of Dec. 31, 2007)

LONG

Subprime & Alt-A RMBS (Funded & Synthetic)

	Exposure	Mark	Stress	Further Mark	Write-down	Remaining
Aaa	36,300	-22%	-18%	4%	$ 1,789	38,089
Aa	7,000	-11%	-42%	-31%	$ (2,414)	4,586
A	880	-8%	-62%	-53%	$ (511)	369
Baa	22		-77%	-77%	$ (17)	5
Ba & below			-79%	-79%	$ -	-
Unrated			-100%	-100%	$ -	-
Total	**44,202**	**-20%**	**-22%**	**-2%**	**$ (1,152)**	**43,050**

High-Grade CDOs (Funded & Synthetic) With Subprime Content

	Exposure	Mark	Stress	Further Mark	Write-down	Remaining
Super Sr. Aaa	44,200	0%	-18%	-18%	$ (7,956)	36,244
Aaa	1,100	0%	-45%	-45%	$ (495)	605
Aa			-60%	-60%	$ -	-
A			-90%	-90%	$ -	-
Baa			-98%	-98%	$ -	-
Ba & below			-100%	-100%	$ -	-
Unrated			-100%	-100%	$ -	-
Total	**45,300**	**0%**	**-19%**	**-19%**	**$ (8,451)**	**36,849**

Mezz CDOs (Funded & Synthetic) With Subprime Content

	Exposure	Mark	Stress	Further Mark	Write-down	Remaining
Super Sr. Aaa	11,000	-43%	-38%	5%	$ 998	11,998
Aaa	2,363	0%	-60%	-60%	$ (1,418)	945
Aa	37	0%	-100%	-100%	$ (37)	-
A			-100%	-100%	$ -	-
Baa			-100%	-100%	$ -	-
Ba & below			-100%	-100%	$ -	-
Unrated			-100%	-100%	$ -	-
Bespoke					$ -	-
Total	**13,400**	**-38%**	**-40%**	**-2%**	**$ (457)**	**12,943**

Total Long Summary:

	Exposure	Mark	Stress	Further Mark	Write-down	Remaining
Total	**102,902**				**-10,060**	**92,842**

Final

Total Short Summary:

	Exposure	Mark	Stress	Further Mark	Gain	Remaining
Total	**0**				**0**	**0**

Final Summary:

	Exposure	Mark	Stress	Further Mark	P/L	Remaining
Total	**102,902**				**$ (10,060)**	**92,842**

	Confidential		Publicly disclosed		
	After tax	**Pretax**	**After tax**	**Pretax**	
RMBS net realized loss thru Sep. 2007	-176		-176		
RMBS unreal. deprec. thru Sep. 2007	-2,200		-2,200		
Est. incr. RMBS deprec. thru Nov. 2007			-1,800		
Est. incr. RMBS deprec in 4Q07	-2,600				
Total after-tax RMBS mark	-4,976		-4,176		
Pretax equivalent of RMBS mark		-7,655		-6,425	< Moody's calc
Est. pretax OTTI loss in 4Q07		-3,500			of tax effect
Pretax CDS mark reported thru Sep. 2007		-352		-352	
Est. incr. pretax CDS mark thru Nov. 2007				-4,880	
Est. incr. pretax CDS mark in 4Q07		-8,000			
Actual & est. pretax mark thru Nov. 2007				**-11,657**	
Actual & est. pretax mark thru YE 2007		**-19,507**			

		Annualized	Mark thru YE 2007 % of		Potential Add'l Mark % of	
AIG Financial Highlights	**9M 2007**	**inc, est SE**	**9M 2007**	**Annualized**	**9M 2007**	**Annualized**
Pretax income	17,379	23,172	-112%	-84%	-58%	-43%
Shareholders' equity	104,067	99,000	-19%	-20%	-10%	-10%

Description of AIG's Subprime Mortgage Exposures
Information as of September 30, 2007

(1) American General Finance (AGF)

- Provides first- and second-lien mortgage loans to borrowers through a network of over 1,500 branches in the US; in business more than 50 years
- Tracks more than 350 local real estate markets; deliberately slowed business growth in several markets over the past couple of years
- Consumer Finance adjusted pretax operating income fell to $80 mln in 3Q07 from $220 mln in 3Q06 based on lower origination volumes and increased allowance for loan losses
- Delinquencies and charge-offs remain acceptable – below target bands
- 87% of loans are fixed rate; adjustable-rate loans are qualified on a fully-indexed and amortizing basis; no option ARMs
- Total real estate portfolio $19.5 bln (avg LTV 80%), consisting of $9.8 bln prime (FICO > 660, avg LTV 84%), $3.3 bln non-prime (FICO 620-660, avg LTV 80%), $6.1 bln subprime (FICO < 620, avg LTV 75%), and $0.3 bln other

(2) United Guaranty (UGC)

- Insures primarily high-quality, high-LTV first- and second-lien mortgage loans; established 1963
- Mortgage Guaranty pretax operating loss of $216 mln in 3Q07 versus a positive $85 mln in 3Q06
- Company projects further pretax operating losses of about $291 mln in 4Q07 and $459 mln in 2008, returning to a positive $294 mln in 2009 and $635 mln in 2010
- Delinquency rates are rising but are consistently below industry averages
- Second-lien mortgages accounted for just 13% of net risk in force at the end of 3Q07 but they produced 59% of losses in 3Q07
- Starting in 2006, UGC has re-engineered its second-lien product and tightened underwriting standards on its first-lien product; company is raising rates as well
- Total real estate portfolio $28.2 bln, consisting of $19.8 bln prime (FICO > 660), $6.0 bln non-prime (FICO 620-660), and $2.4 bln subprime (FICO < 620)

(3) RMBS portfolio held by insurance companies (mostly Domestic Life operations)

- Total RMBS portfolio $93.1 bln or about 11% of AIG's total invested assets
- Subprime portion is $25.9 bln, of which about 85% is rated Aaa, 13% Aa, 2% A and 0.1% below A
- AIG focuses on relatively short-term RMBS with early prepay characteristics; weighted average expected life of portfolio is 3.9 years
- LTV of underlying mortgages averages about 80%
- Company focuses on pools with strong originators and has avoided higher-risk collateral, such as 80/20 (piggy-back) loans and option ARMs
- AIG's RMBS portfolio accounted for realized losses of $176 mln and unrealized investment depreciation of $1.6 bln during 3Q07

(4) Cash CDOs at insurance companies

- Moderate exposure of $234 mln
- Company has focused on strong originators

(5) Super-senior CDS written by AIG Financial Products Corp. (AIGFP)

- AIGFP has written super-senior CDS since 1998
- AIGFP's total notional book of super-senior CDS amounts to $513 bln, with underlying collateral consisting of corporate loans ($294 bln), non-US residential mortgages ($141 bln), multi-sector CDOs with no subprime content ($15 bln) and multi-sector CDOs with subprime content ($63 bln)

- The $63 bln portfolio (104 deals) with subprime content includes (a) $44 bln (45 deals) with mainly Aaa and Aa collateral (high-grade), average attachment point 15% with 41% of the 15% subordination rated Aaa; and (b) $19 bln (59 deals) with mainly Baa collateral (mezzanine), average attachment point 36% with 38% of the 36% subordination rated Aaa
- AIGFP stopped committing to super-senior CDS with subprime collateral in December 2005
- Company models each deal to produce zero expected loss even when underlying obligors are subjected to recessionary conditions for the life of the deal
- AIGFP used the Binomial Expansion Technique (BET) to value this portfolio in 3Q07, resulting in a $352 mln valuation loss recognized during the quarter and an estimated incremental $550 mln incurred during October 2007
- Company still expects to make no payments on this portfolio

(6) Cash CDOs at AIGFP

- AIGFP holds $3.5 bln (68 deals) of multi-sector cash CDOs with subprime content; nearly all rated Aaa; 4 deals totaling $37 mln are rated Aa
- This portfolio includes $1.1 bln with high-grade collateral and $2.4 bln with mezzanine collateral
- As with the CDS portfolio, AIGFP has modest exposure to 2006 and 2007 vintage subprime mortgages

Discussion with AIGFP regarding Valuation of Mortgage Related Exposures
Wally Enman's Notes – Dec. 18, 2007

AIGFP super-senior CDS

1. From our teleconferences in August 2007, we understood that AIGFP tests its super-senior CDS positions each quarter for remoteness of loss using an actuarial model driven by historical default data. The probability of loss is deemed to be remote if AIGFP's exposures have credit quality equivalent to the Aa level or higher. As of September 30, 2007, AIGFP adopted the Binomial Expansion Technique (BET) to value a large portion of its CDS portfolio. What factors led to the use of BET and to what extent was it used as of September 30, 2007?

    - Historically, AIGFP had been using the actuarial model to assess for potential losses. The actuarial model, however, becomes problematic from a fair value perspective in that it doesn't adequately capture fluctuations in market prices.
    - Therefore in order to satisfy the 'accounting world', AIGFP had to move to another methodology.
    - AIGFP chose the BET model as they deemed this to be simple and somewhat straightforward.

2. Please describe how AIGFP applies BET, including major inputs and assumptions.

    - Originally, AIGFP used credit spread matrices published by JP Morgan to determine inputs to their BET (20,000 reference obligations underlying their multi-sector CDOs).
    - The matrix was departing fairly radically from the variations in the ABX index. Although AIGFP had concerns with the ABX as a proxy for the valuation of CDOs, they believed that the volatility could not be ignored. Therefore, they sought to get a more granular look at the portfolio.
    - CDO managers were able to provide quotes on 65-70% of the reference assets, which AIGFP translated into credit spreads for use in the BET model.
    - Other inputs to the BET model were the CPR rates, which they get from Intex/Bloomberg, and the diversity scores and recovery rates (from collateral managers).
    - Joe indicated that they "do a pretty good job of scrubbing" the quotes they receive from managers, to make sure that none are out of line. He did indicate that these aren't liquidation prices, so it is unlikely that these prices could be obtained in a fire sale. However, they believe that the prices are a proper long term valuation.

3. In various comments and publications, including the Residential Mortgage Presentation of November 8, 2007, AIGFP has said that it does not expect to make any payments on its portfolio of super-senior CDS, despite the valuation losses recognized during the third quarter of 2007 and incurred during October 2007. Please explain the major differences in the assumptions and analysis between the BET valuations and the expectation of no payments under this exposure.

    - AIGFP continues to perform its actuarial modeling, and does not see any losses materializing despite the fluctuations in the market.
    - The "fear factor" and liquidity issues have caused the downside to be exaggerated.
    - Joe said that "nobody is doing any trading right now," There will be a point where the shorts clear out and the market will begin fluctuating more normally, but he believed that it would be 18 to 24 months before the market would be even 1/3rd as active as it was earlier in the year.
    - Essentially, AIGFP does not believe the prices the market is placing on the assets. However, they are using market prices in performing their modeling, leading to large mark-to-market fluctuations despite the fact that they do not believe any losses will actually materialize.

4. Please estimate the valuation loss incurred on AIGFP's super-senior CDS portfolio thus far in the fourth quarter of 2007.

    - $350m through 9/30
    - additional $550m through 10/31
    - additional $500-600m through November

5. At this point, does AIGFP expect to make any payments in connection with these exposures?

    - No.

AIG participants & topics covered:
Joe Cassano – CEO of AIGFP
Teri Watson – Rating Agency Relations
Elias Habayeb – AIGFP Accounting

Moody's participants:
Wally Enman
Bruce Ballentine
Sarah Hibler
Robert Riegel
Chris Mann
Eric Kolchinsky
Ted Collins

Draft Liquidity Risk Assessment: AIG Funding, Inc.

AIG Funding, Inc. has a Prime-1 rating on its $7 billion (authorized) commercial paper program, based on the unconditional and irrevocable guarantee from the parent company, American International Group, Inc. (NYSE: AIG - senior unsecured debt rating Aa2, short-term issuer rating Prime-1, stable outlook). AIG is a global multi-line insurance and financial services organization with a strong position in domestic and international markets. AIG Funding, a wholly-owned finance subsidiary, uses commercial paper to meet the short-term cash needs of AIG and certain subsidiaries. AIG's liquidity is supported by dividends from diverse operating subsidiaries and by external and intercompany credit facilities.

As a holding company, AIG's main source of cash is dividends from a range of insurance and non-insurance operating subsidiaries. The insurance subsidiaries generate cash from operations and also carry substantial balances of cash, short-term investments and other liquid securities, a portion of which could be used to fund dividend payments (subject to regulatory limits) or other advances to the parent. Although Moody's gives some credit for dividends and loans available from insurance subsidiaries to the holding company, we recognize that the actions of insurance regulators during a time of stress could create a delay or uncertainty in accessing such sources. Largely as a result of insurance regulations, approximately 90% of AIG's consolidated shareholders' equity was restricted from immediate transfer to the parent company as of year-end 2006. This suggests that, barring a major disruption, the parent had access to approximately $10.2 billion (10% of year-end 2006 equity) from its subsidiaries during 2007. We expect that the subsidiary dividend capacity would remain at a similar level as of year-end 2007.

AIG and AIG Funding are parties to two syndicated bank facilities totaling $3.75 billion, primarily to back commercial paper. These facilities include a $2.125 billion 364-day revolver expiring in July 2008 (with a one-year term-out option) and a $1.625 billion five-year revolver expiring in July 2011. AIG and AIG Funding also share a $3.2 billion 364-day bank facility expiring in December 2008 (with a one-year term-out option) which allows for the issuance of letters of credit with terms of up to eight years. As of December 31, 2007, a majority of this facility was used for letters of credit, with the remaining $210 million available to back commercial paper. Borrowings by AIG Funding under these facilities are guaranteed by AIG. None of these facilities has a material adverse change clause as a condition to borrowing. Finally, AIG has a $5.335 billion intercompany 364-day credit facility provided by certain of its insurance subsidiaries, expiring in September 2008 (with a one-year term-out option).

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most notably AIG Financial Products Corp. and related entities, and American General Corporation. AIG also provides support agreements to several insurance subsidiaries. These arrangements represent contingent liquidity risk to the holding company. Moody's views the risk as manageable in light of the sound internal liquidity management at these operations.

In evaluating AIG's liquidity profile, Moody's also considers the company's ownership of non-guaranteed subsidiaries, including International Lease Finance Corporation (ILFC) and American General Finance Corporation (AGF). Each of these firms maintains its own sources of primary and secondary liquidity. For additional information, please see Moody's separate liquidity opinions on ILFC and AGF.

For the quarter ended December 31, 2007, AIG Funding had average commercial paper outstandings of approximately $5.6 billion, maximum outstandings of $6.6 billion, and quarter-end outstandings of $4.2 billion. A portion of this borrowing represents a fairly stable component of the parent company's funding. The remainder is used to fund relatively liquid assets within AIG's Financial Services segment.

AIG Financial Leverage and Fixed-Charge Coverage

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	TTM 9/07	2006	2005	2004	2003	2002	2001
Financial Leverage							
Unadjusted debt ($ mil)	176,185	148,679	109,849	96,899	80,349	71,010	64,214
Adjusted debt ($ mil)	25,084	21,755	15,352	14,191	12,832		
Unadjusted equity ($ mil)	104,067	101,677	86,317	79,673	69,230	58,303	49,881
Adjusted equity & minority interest ($ mil)	111,054	99,372	82,367	73,600	63,147		
Unadjusted debt % capital	62.9%	59.4%	56.0%	54.9%	53.7%	54.9%	56.3%
Adjusted debt % capital	18.4%	18.0%	15.7%	16.2%	16.9%		
Earnings Coverage of Interest & Prfrd Divs							
Unadjusted EBIT ($ mil)		28,672	20,886	19,128	16,135	11,121	9,917
Adjusted EBIT ($ mil)		22,570	15,806	15,276	12,493	8,414	
Unadjusted interest & preferred dividends ($ mil)		6,951	5,673	4,427	4,219	3,313	4,136
Adjusted interest & preferred dividends ($ mil)		901	654	638	638	658	
Unadjusted earnings coverage (x)		4.1x	3.7x	4.3x	3.8x	3.4x	2.4x
Adjusted earnings coverage (x)		25.0x	24.2x	23.9x	19.6x	12.8x	
Adjusted earnings coverage (x) - 5-yr avg		21.1x					
Dividend Capacity Coverage of Int & Prfrd Divs							
Portion of equity not immediately available (%)		90%	89%	89%	89%	89%	89%
Unrestricted subsidiary dividend capacity ($ mil)	10,168	10,168	9,495	8,764	7,615	6,413	5,487
Unadjusted dividend capacity coverage (x)		1.5x	1.7x	2.0x	1.8x	1.9x	1.3x
Adjusted dividend capacity coverage (x)		11.3x	14.5x	13.7x	11.9x	9.8x	
Adjusted dividend capacity coverage (x) - 5-yr avg		12.2x					
Goodwill Exposure							
Goodwill ($ mil)	8,909	8,628	8,093	8,556	7,619		
Goodwill % equity	8.6%	8.5%	9.4%	10.7%	11.0%		
Balance Sheet Inputs ($ mil)							
Unadjusted debt	176,185	148,679	109,849	96,899	80,349	71,010	64,214
Operating debt	152,679	132,104	99,486	87,570	72,088		
Financial debt	23,506	16,575	10,363	9,329	8,261		
Minority interest	10,395	7,778	5,124	4,831	3,547	1,580	1,509
Unadjusted equity	104,067	101,677	86,317	79,673	69,230	58,303	49,881
"Yes" if life investments > 50% total investments	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Net unrealized investment appreciation	6,919	10,083	8,348	10,326	9,071	6,149	2,091
Income Statement Inputs ($ mil)							
Unadjusted interest expense		6,951	5,673	4,427	4,219	3,313	4,136
Operating interest expense		6,321	5,279	4,041	3,817	2,875	
Financial interest expense		630	394	386	402	438	
Income tax expense	6,339	6,537	4,258	4,407	3,556	1,919	1,594
Minority interest expense	1,461	1,136	478	455	252	160	101
Net income	14,931	14,048	10,477	9,839	8,108	5,729	4,086
Preferred dividends	0	0	0	0	0	0	0

Leverage and Coverage Adjustments
Company: American International Group, Inc.

	TTM 9/07	2006	2005	2004	2003	2002	2001
Pension Adjustments ($ mil)							
Assumed borrowing rate (%)		5%					
Assumed tax rate (%)		35%					
Projected benefit obligation (end of year)	4,657	4,657	4,481	4,126	3,950	3,217	2,787
Fair value of plan assets (end of year)	3,610	3,610	3,260	2,871	2,715	2,176	2,385
Pension asset recorded			703	523	566	713	616
Pension liability recorded			807	888	941	745	630
Debt adjustment	1,047	1,047	1,221	1,255	1,235	1,041	402
Shareholders' equity adjustment			-726	-579	-559	-656	-252
Interest expense adjustment	52	52	61	63	62	52	20
Lease Adjustments ($ mil)							
Assumed debt multiplier (x)		6x					
Rent expense	657	657	597	568	524	503	471
Debt adjustment	3,942	3,942	3,582	3,408	3,144	3,018	2,826
Interest expense adjustment	219	219	199	189	175	168	157
EBIT adjustment	219	219	199	189	175	168	157
Other Adjustments ($ mil)							
Hybrid securities #1	100	191	186	199	192	2,132	2,182
Reporting category	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine	Mezzanine
Basket designation	A	A	A	A	A	A	A
Debt portion of hybrid	100	191	186	199	192	2,132	2,182
Equity portion of hybrid	0	0	0	0	0	0	0
Hybrid securities #2	4,681						
Reporting category	Debt						
Basket designation	D						
Debt portion of hybrid	1,170						
Equity portion of hybrid	3,511						
Lloyd's LOCS							
Operating Debt Detail ($ mil)							
MIP matched notes and bonds payable	12,754	5,468	0	0	0		
Series AIGFP matched notes and bonds payable	530	72	0	0	0		
AIG-guaranteed borrowings of AIGFP	71,402	67,048	47,274	41,614	32,941		
Non-guaranteed borrowings of fin svcs, invest & other	67,742	59,277	52,272	45,736	38,990		
Less borrowings of insurance operations	-545	-459	-474	-180	-181		
CP issued by AIG Funding on behalf of AI Credit	696	598	314	300	238		
Hybrid securities issued by ILFC	100	100	100	100	100		
Total operating debt	152,679	132,104	99,486	87,570	72,088		

AIG Financial Highlights (from Company Profile)

($ Mil.)	YTD 9/30/07	2006	2005	2004	2003	2002
General Insurance						
Gross Premiums Written	45,754	56,280	52,725	52,046	46,938	36,678
Net Premiums Written	36,068	44,866	41,872	40,623	35,031	26,718
Net Investment Income	4,585	5,696	4,031	3,196	2,566	2,350
Pretax Operating Income	8,511	10,412	2,315	3,177	4,502	923
Loss Ratio (%)	64.3%	64.6%	81.1%	78.8%	73.1%	83.1%
Expense Ratio (%)	24.0%	24.5%	23.6%	21.5%	19.6%	21.8%
Combined Ratio (%)	88.3%	89.1%	104.7%	100.3%	92.7%	104.9%
Life Insurance & Retirement Services						
GAAP Premiums	24,895	30,636	29,400	28,088	23,496	20,694
Net Investment Income	16,468	19,439	18,134	15,269	12,942	11,243
Pretax Operating Income	6,900	10,032	8,904	7,925	6,929	5,258
Financial Services						
Revenues	7,109	8,010	10,525	7,495	6,242	6,822
Pretax Operating Income	1,008	524	4,276	2,180	1,182	2,125
Asset Management						
Revenues	5,721	5,814	5,325	4,714	3,651	3,467
Pretax Operating Income	2,541	2,346	2,253	2,125	1,316	1,125
AIG Consolidated						
Total Revenues	91,631	113,194	108,905	97,666	79,421	66,171
Pretax Operating Income	17,379	21,687	15,213	14,845	11,907	7,808
Net Income	11,492	14,048	10,477	9,839	8,108	5,729
Total Assets	1,072,105	979,414	853,051	801,007	675,602	561,131
Total Debt	176,185	148,679	109,849	96,899	80,349	71,010
Shareholders' Equity	104,067	101,677	86,317	79,673	69,230	58,303

AIG Segment Detail (from Company Profile)

($Mil.)	YTD 9/30/07	YTD 9/30/06	2006	2005	2004
Revenues					
General Insurance	38,589	36,438	49,206	45,174	41,961
Life Insurance & Retirement Services	40,337	37,303	50,163	47,376	43,402
Financial Services	7,109	5,923	8,010	10,525	7,495
Asset Management	5,721	3,647	5,814	5,325	4,714
Other/Eliminations	-125	68	1	505	94
Consolidated Revenues	**91,631**	**83,379**	**113,194**	**108,905**	**97,666**
Pretax Operating Income					
General Insurance					
Domestic Brokerage Group	5,662	4,322	5,985	-646	777
Transatlantic Holdings, Inc.	508	427	589	-39	282
Personal Lines	252	352	432	195	357
Mortgage Guaranty	-289	301	328	363	399
Total Domestic	**6,133**	**5,402**	**7,334**	**-127**	**1,815**
Total Foreign	**2,383**	**2,415**	**3,088**	**2,427**	**1,344**
Other/Eliminations	-5	2	-10	15	18
Total General Insurance	**8,511**	**7,819**	**10,412**	**2,315**	**3,177**
Life Insurance & Retirement Services					
Domestic Life Insurance	774	862	917	1,495	1,023
Domestic Retirement Services	1,452	1,588	2,323	2,164	2,054
Total Domestic	**2,226**	**2,450**	**3,240**	**3,659**	**3,077**
Japan and Other	2,753	2,946	3,732	2,959	2,393
Asia	1,921	2,087	3,060	2,286	2,455
Total Foreign	**4,674**	**5,033**	**6,792**	**5,245**	**4,848**
Total Life Insurance & Retirement Services	**6,900**	**7,483**	**10,032**	**8,904**	**7,925**
Financial Services					
Aircraft Leasing	625	421	639	679	642
Capital Markets	183	-457	-873	2,661	662
Consumer Finance	180	529	761	876	786
Other	20	48	-3	60	90
Total Financial Services	**1,008**	**541**	**524**	**4,276**	**2,180**
Asset Management					
Spread-based Investment Business	759	467	947	1,185	1,328
Institutional Asset Management	1,406	721	1,031	686	515
Brokerage Services, Mutual Funds and Other	376	257	368	382	282
Total Asset Management	**2,541**	**1,445**	**2,346**	**2,253**	**2,125**
Other/Eliminations	-1,581	-953	-1,627	-2,535	-562
Consolidated Pretax Operating Income	**17,379**	**16,335**	**21,687**	**15,213**	**14,845**

AIG
Financial Products

FIVE-YEAR CASH PROFILE

Assumptions for Base Case Cash Profile

- All derivatives, liability and asset flows as of December 31, 2007.
- All contingent liability payouts, assuming earliest possible payout dates (see Summary Table on page 2).
- No ability to access the capital markets for funding.
- Additional liquidity from selling liquid portfolio securities (with mark-to-market and 3% (non-CDO) and 50% (CDO) haircut) and from refinancing (with 50% haircut) CBO securities put to AIG-FP in connection with assumed contingent liability payouts (see Summary Table on page 2).

AIG Financial Products

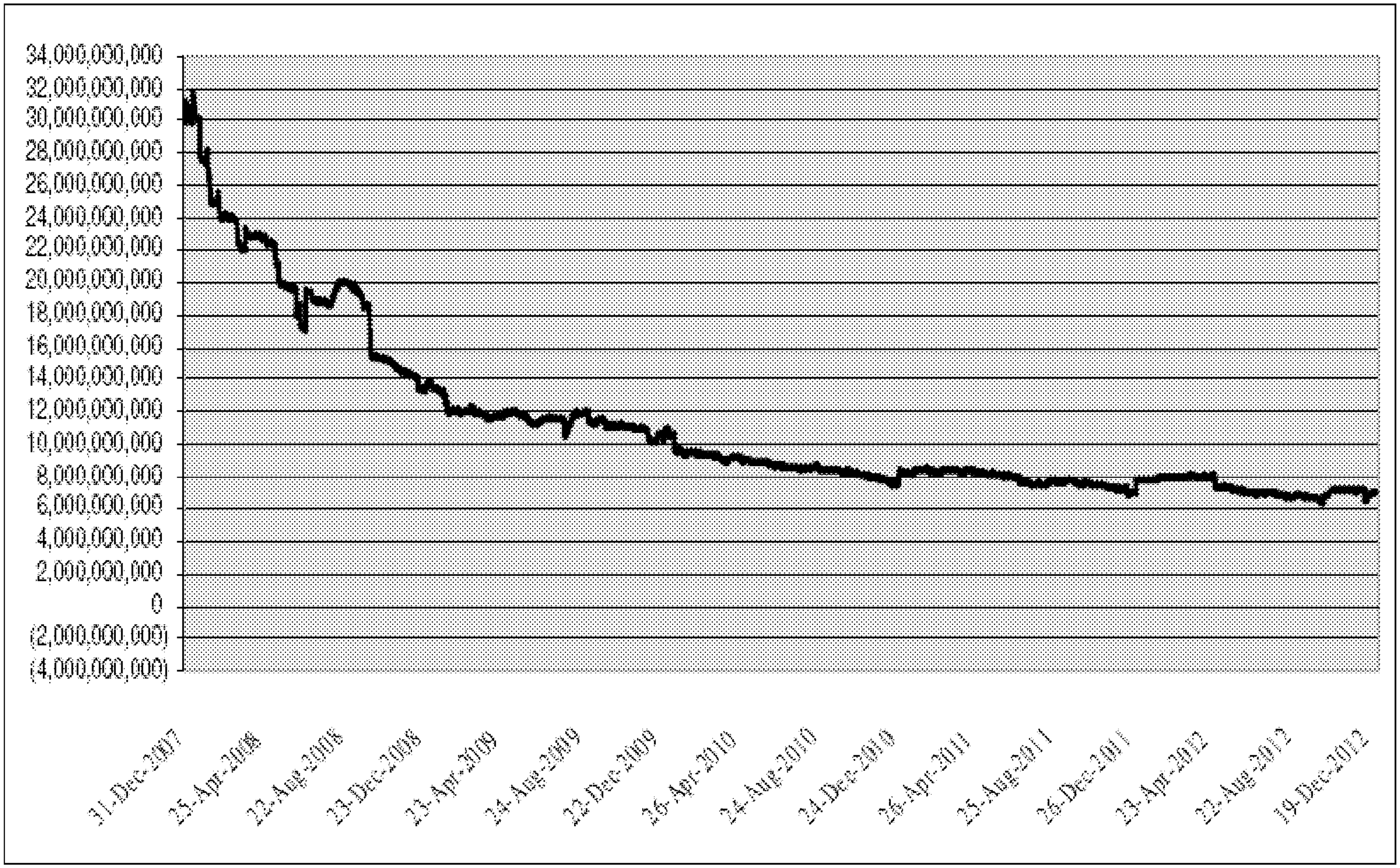
SUMMARY TABLE
CONTINGENT LIABILITIES AND ADDITIONAL LIQUIDITY
(USD 000's)

	Contingent Liabilities			Liability Total	Liquidity		Asset Total	Cumulative Net
DATE	Aircraft Facilities (1)	CBO 2a-7 Puts (2)	Military Housing (3)		Portfolio Assets (4)	UK Preferred Shares (5)		
12/31/07-1/12/08	0	0	0	0	19,170,757	3,876,080	23,046,838	23,046,838
1Q2008	(27,075)	(35,993)	(12,260)	(75,329)	3,847,774	0	3,847,774	26,819,283
2Q2008	0	(293,755)	(38,128)	(331,883)	3,256,895	0	3,256,895	29,744,295
3Q2008	(27,075)	(242,928)	(12,260)	(282,264)	117,582	0	117,582	29,579,614
4Q2008	0	(38,205)	(34,878)	(73,083)	464,800	0	464,800	29,971,331
1Q2009	(23,292)	28,240	0	4,949	70,992	0	70,992	30,047,272
2Q2009	0	(58,069)	0	(58,069)	404,763	0	404,763	30,393,965
3Q2009	0	33,676	0	33,676	16,730	0	16,730	30,444,371
4Q2009	0	(13,525)	0	(13,525)	1,025,957	0	1,025,957	31,456,803
1Q2010	0	29,531	0	29,531	86,071	0	86,071	31,572,405
2Q2010	0	(234,373)	0	(234,373)	10,198	0	10,198	31,348,229
3Q2010	77,442	(227,060)	0	(149,618)	0	0	0	31,198,611
4Q2010	0	(70,454)	0	(70,454)	906,272	0	906,272	32,034,429
1Q2011	0	88,403	0	88,403	0	0	0	32,122,832
2Q2011	0	56,303	0	56,303	10,305	0	10,305	32,189,440
3Q2011	0	(4,380)	0	(4,380)	0	0	0	32,185,060
4Q2011	0	(941)	0	(941)	906,562	0	906,562	33,090,681
1Q2012	0	76,758	0	76,758	67,268	0	67,268	33,234,707
2Q2012	0	6,708	0	6,708	10,549	0	10,549	33,251,965
3Q2012	0	11,292	0	11,292	0	0	0	33,263,257
4Q2012	0	(36,421)	0	(36,421)	10,457	0	10,457	33,237,294
TOTAL	(0)	(925,194)	(97,526)	(1,022,720)	30,383,933	3,876,080	34,260,014	

See Notes on page 7.

AIG Financial Products

BASE CASE CASH PROFILE



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COLLATERAL OR CASH PAYMENT REQUIREMENTS RESULTING FROM AIG DOWNGRADE

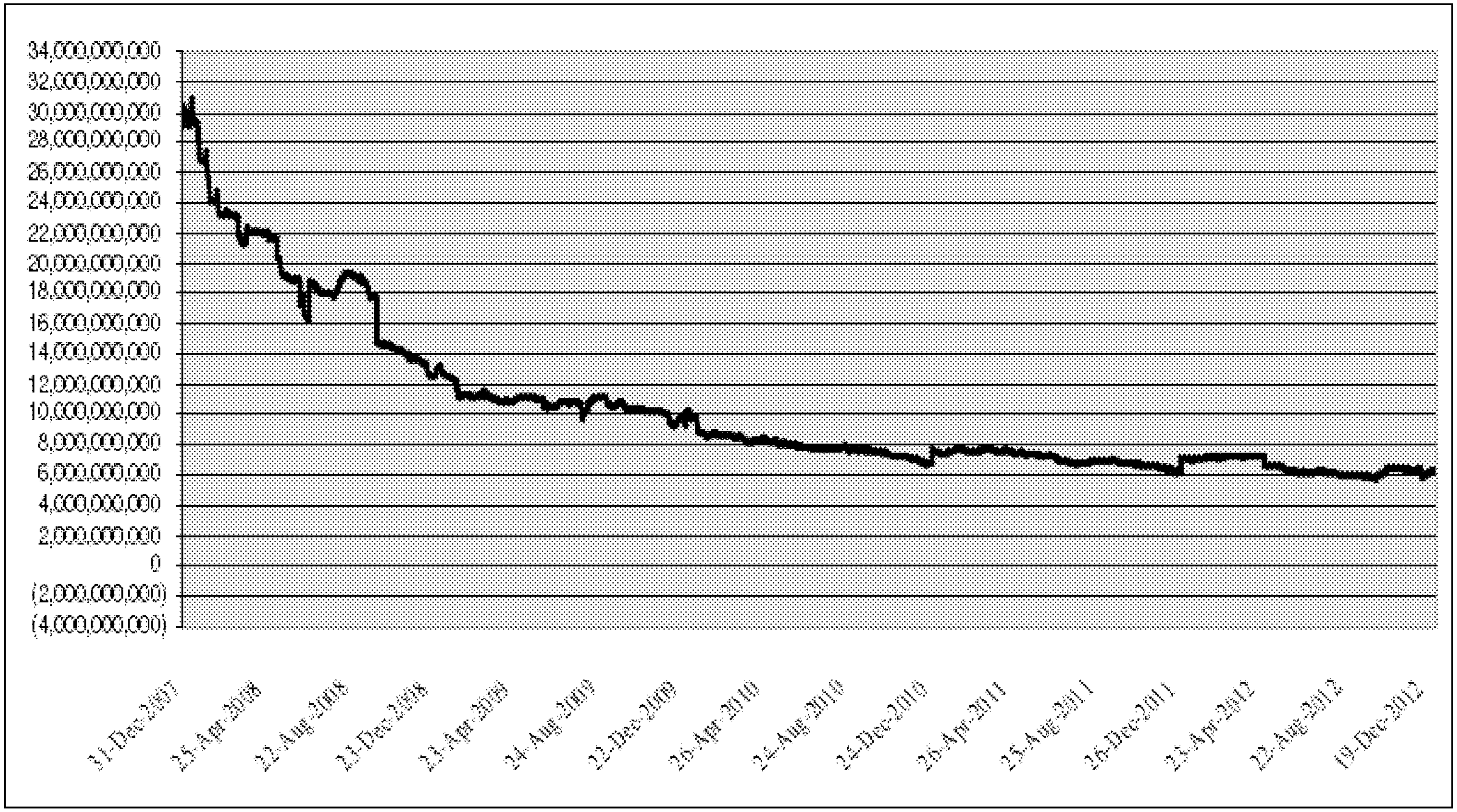
AIG Financial Products

	USD millions		
AIG Downgraded To	Obligations Under Investment Contracts	Obligations Under Other Contracts	Cumulative Obligations
Aa3/AA- (by one or both Agencies)	163	592	755
A1/A+ (by one or both Agencies)	6,039	2,275	8,314
	6,202	2,867	9,069

The Cash Profile graphs on the following two pages have been adjusted to reflect the collateral and cash requirements quantified above (both the immediate loss of liquidity due to the effect of assumed downgrades, and improved liquidity over time as collateral is returned in connection with scheduled repayments under Investment Contracts subject to such requirements).

AIG
Financial Products

CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO Aa3/AA-



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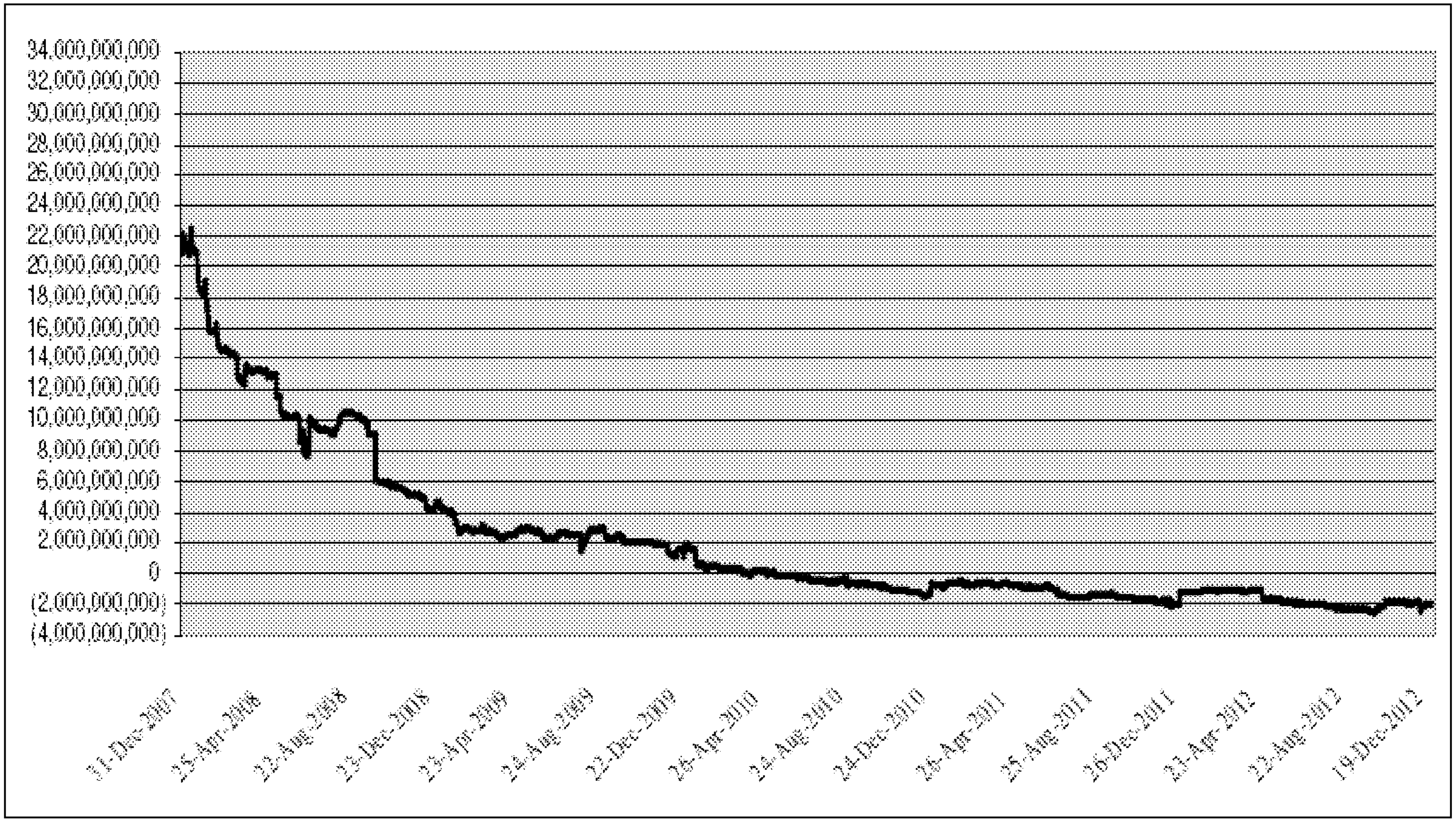
AIG Financial Products

CASH PROFILE
BASE CASE WITH OBLIGATIONS RESULTING FROM AIG DOWNGRADE TO A+/A1



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NOTES

1. Aircraft Equipment Financing Liquidity Facilities. AIG-FP provides backstop liquidity facilities in respect of investment trusts established by two U.S. airlines, the obligations of which are collateralized by aircraft. In each case, AIG-FP commits to make payments covering up to three consecutive semi-annual coupons on debt securities issued by the trusts. For purposes of the Summary Table, the liquidity facility is assumed to be called upon on the earliest possible semi-annual dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from the respective trust, and such right is senior to all obligations of the trust to security holders. Thus, given the relatively small size of the three-coupon commitment (compared to the value of the underlying aircraft assets), AIG-FP is significantly over-collateralized. The Summary Table shows positive cash flows reflecting the repayment of drawn amounts (including amounts that were drawn prior to the beginning date of the five-year period) on the respective dates on which AIG-FP would become "controlling party" for the transaction (by virtue of having made unreimbursed payments under the liquidity facility) and thus have the right to cause the respective trustee to sell the underlying aircraft collateral to fund repayment (although it is quite possible that AIG-FP would be repaid earlier as a result of its senior position with respect to all cash flows in the given transaction).

2. CBO 2a-7 Puts. AIG-FP provides maturity shortening puts in respect of CBO notes that allow holders of notes to treat the notes as short-term 2a-7 eligible investments. Holders of notes are permitted, in certain circumstances, to tender the notes to the issuers at par. If an issuer's remarketing agent is unable to resell notes so tendered, AIG-FP must purchase the notes at par. For purposes of the Summary Table, puts are assumed to be exercised on their earliest date; provided that where AIG-FP has contracted with a third party to provide liquidity for the notes if they are put to AIG-FP, the Summary Table reflects the termination date for such liquidity arrangements. Each issue of CBO notes is assumed to amortize in accordance with the credit agency base case that was originally adopted for the transaction, and the Summary Table shows positive cash flows reflecting the amortization of notes that are assumed to be purchased on an earlier put date. The amounts in the Summary Table have been reduced by 50% to reflect the assumed 50% refinancing of the notes as described on page 1. In all cases, the credit risk associated with the notes was deemed "super senior" on the respective issue dates, and typically other debt securities issued by the CBOs, subordinate to the notes, were rated AAA.

3. Military Housing Liquidity Facilities. In connection with a number of military housing redevelopment projects, AIG-FP provides liquidity facilities related to different series of the bonds issued to finance the redevelopment projects. The liquidity facilities may be drawn upon if cash flows from the underlying projects are insufficient to meet debt service. For purposes of the Summary Table, the liquidity facilities are assumed to be called upon on the earliest possible dates. Upon any payment under a liquidity facility, AIG-FP has a right to repayment from available net revenues that support the bonds under the bond indentures. In addition, in all but three transactions, AIG-FP will have rights to set-off against monies deposited with it under certain borrowings under obligations of investment contracts that it also provided in connection with the projects.

4. Portfolio Assets. Where assets are held in the context of specific transactions, related liquidity is shown to be available from the date upon which AIG-FP would be contractually permitted to unwind the respective transaction or otherwise access the assets free of contractual restrictions. The amounts in the Summary Table have been reduced on day one by the sum of the mark-to-market plus an additional 3% of the invested amounts on the portfolio assets unwound. For CDO portfolio assets unwound on day one, the amount has been reduced by the maximum of the mark-to-market or 50% of the invested amount.

5. UK Preferred Shares. Liquidity may be generated from structured preferred share investments in UK group companies held by AIG-FP. AIG-FP has broadly defined unwind rights with respect to these transactions that permit it to require redemption if it determines in its sole discretion that there has been an adverse change in its liquidity position or in liquidity conditions in the market generally.

Part I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

CONSOLIDATED BALANCE SHEET

(in millions) (unaudited)

	September 30, 2007	December 31, 2006
Assets:		
Investments and financial services assets:		
Fixed maturities:		
Bonds available for sale, at fair value (amortized cost: 2007 – $391,487; 2006 – $377,698) (includes hybrid financial instruments: 2007 – $568; 2006 – $522)	$ 394,818	$387,391
Bonds held to maturity, at amortized cost (fair value: 2007 – $22,053; 2006 – $22,154)	21,576	21,437
Bond trading securities, at fair value (cost: 2007 – $9,604; 2006 – $10,292)	9,459	10,314
Equity securities:		
Common stocks available for sale, at fair value (cost: 2007 – $12,652; 2006 – $10,662)	16,649	13,256
Common and preferred stocks trading, at fair value (cost: 2007 – $17,269; 2006 – $13,079)	19,219	14,855
Preferred stocks available for sale, at fair value (cost: 2007 – $2,620; 2006 – $2,485)	2,898	2,539
Mortgage loans on real estate, net of allowance (2007 – $52; 2006 – $55)	18,854	17,067
Policy loans	7,822	7,501
Collateral and guaranteed loans, net of allowance (2007 – $4; 2006 – $9)	4,385	3,850
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2007 – $10,105; 2006 – $8,835)	41,804	39,875
Securities available for sale, at fair value (cost: 2007 – $46,692; 2006 – $45,912)	47,808	47,205
Trading securities, at fair value	4,874	5,031
Spot commodities	115	220
Unrealized gain on swaps, options and forward transactions	12,888	19,252
Trade receivables	6,548	4,317
Securities purchased under agreements to resell, at contract value	37,185	30,291
Finance receivables, net of allowance (2007 – $775; 2006 – $737) (includes finance receivables held for sale: 2007 – $406; 2006 – $1,124)	30,640	29,573
Securities lending collateral, at fair value (cost: 2007 – $87,958; 2006 – $69,306)	86,108	69,306
Other invested assets	51,783	42,111
Short-term investments, at cost (approximates fair value)	38,998	27,483
Total investments and financial services assets	861,852	792,874
Cash	2,249	1,590
Investment income due and accrued	6,635	6,091
Premiums and insurance balances receivable, net of allowance (2007 – $746; 2006 – $756)	18,199	17,789
Reinsurance assets, net of allowance (2007 – $658; 2006 – $536)	23,428	23,355
Deferred policy acquisition costs	40,878	37,235
Investments in partially owned companies	1,277	1,101
Real estate and other fixed assets, net of accumulated depreciation (2007 – $5,807; 2006 – $5,525)	6,893	4,381
Separate and variable accounts	78,701	70,277
Goodwill	8,809	8,628
Other assets	23,886	16,089
Total assets	$1,072,185	$979,410

CONSOLIDATED BALANCE SHEET *(continued)*

(in millions, except share data) (unaudited)

	September 30, 2007	December 31, 2006
Liabilities:		
Reserve for losses and loss expenses	$ 83,888	$ 79,999
Unearned premiums	27,309	26,271
Future policy benefits for life and accident and health insurance contracts	133,759	122,230
Policyholders' contract deposits	254,109	248,264
Other policyholders' funds	8,198	8,281
Commissions, expenses and taxes payable	6,523	5,305
Insurance balances payable	5,304	3,789
Funds held by companies under reinsurance treaties	2,458	2,602
Income taxes payable	9,288	9,546
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	19,485	20,664
Securities sold under agreements to repurchase, at contract value	23,368	19,677
Trade payables	10,137	6,174
Hybrid financial instrument liabilities, at fair value	7,693	8,856
Securities and spot commodities sold but not yet purchased, at market value	4,736	4,076
Unrealized loss on swaps, options and forward transactions	12,512	11,401
Trust deposits and deposits due to banks and other depositors	4,737	5,249
Commercial paper	10,128	8,208
Notes, bonds, loans and mortgages payable	101,747	87,016
Commercial paper and extendible commercial notes	5,845	4,821
Notes, bonds, loans and mortgages payable	25,165	16,874
Junior subordinated debt	4,881	–
Liabilities connected to trust preferred stock	1,440	1,440
Separate and variable accounts	78,701	70,277
Securities lending payable	88,360	70,198
Minority interest	10,398	7,778
Other liabilities (includes hybrid financial instruments: 2007 – $99; 2006 – $111)	36,855	27,016
Total liabilities	967,938	877,542
Preferred shareholders' equity in subsidiary companies	188	191
Commitments and Contingent Liabilities (See Note 6)		
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2007 and 2006 – 2,751,327,476	6,878	6,878
Additional paid-in capital	2,818	2,590
Payments advanced to purchase shares	(1,375)	–
Retained earnings	94,830	84,996
Accumulated other comprehensive income (loss)	6,184	9,110
Treasury stock, at cost; 2007 – 201,311,212; 2006 – 150,131,273 shares of common stock	(5,378)	(1,897)
Total shareholders' equity	104,987	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	$1,072,108	$979,410

American International Group, Inc.
Consolidated Statement of Income
(in millions, except per share data)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Revenues:								
Premiums and other considerations	$ 19,733	$ 18,890	4.5 %	$ 19,533	1.0 %	$ 58,908	$ 55,486	6.2 %
Net investment income	6,172	6,463	(4.5)	7,853	(21.4)	21,149	18,579	13.8
Net realized capital gains (losses) (1)	(864)	(87)	NM	(28)	NM	(962)	(132)	NM
Other income (1)	4,795	3,981	20.4	3,792	26.5	12,536	9,446	32.7
Total revenues (1)	29,836	29,247	2.0	31,150	(4.2)	91,631	83,379	9.9
Benefits and expenses:								
Incurred policy losses and benefits	15,595	14,963	4.2	16,221	(3.9)	47,962	44,118	8.7
Insurance acquisition and other operating expenses	9,362	7,983	17.3	8,601	8.8	26,290	22,926	14.7
Total benefits and expenses	24,957	22,946	8.8	24,822	0.5	74,252	67,044	10.8
Income before income taxes, minority interest and cumulative effect of an accounting change	4,879	6,301	(22.6)	6,328	(22.9)	17,379	16,335	6.4
Income taxes	1,463	1,943	NM	1,679	NM	4,868	5,066	NM
Income before minority interest and cumulative effect of an accounting change	3,416	4,358	(21.6)	4,649	(26.5)	12,511	11,269	11.0
Minority interest	(331)	(134)	NM	(372)	NM	(1,019)	(694)	NM
Income before cumulative effect of an accounting change	3,085	4,224	(27.0)	4,277	(27.9)	11,492	10,575	8.7
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	34	NM
Net income	3,085	4,224	(27.0)	4,277	(27.9)	11,492	10,609	8.3
Earnings per common share:								
Basic								
Income before cumulative effect of an accounting change	1.20	1.62	(25.9)	1.64	(26.8)	4.43	4.06	9.1
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	0.01	NM
Net income	1.20	1.62	(25.9)	1.64	(26.8)	4.43	4.07	8.8
Diluted								
Income before cumulative effect of an accounting change	1.19	1.61	(26.1)	1.64	(27.4)	4.40	4.03	9.2
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	0.01	NM
Net income	1.19	1.61	(26.1)	1.64	(27.4)	4.40	4.04	8.9
Dividends declared per common share	$ 0.200	$ 0.165	21.2 %	$ 0.200	(0.0) %	$ 0.565	$ 0.480	17.7 %
Average shares outstanding:								
Basic	2,576	2,607		2,602		2,596	2,607	
Diluted	2,589	2,626		2,613		2,609	2,625	

Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. For the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively: net realized capital gains (losses) includes a loss of $479 million, a loss of $360 million, a gain of $80 million, a loss of $536 million and a gain of $123 million, respectively; other income includes a gain of $301 million, a gain of $525 million, a loss of $510 million, a loss of $834 million and a loss of $1,254 million, respectively; and total revenues includes a loss of $178 million, a gain of $163 million, a loss of $430 million, a loss of $1,060 million and a loss of $1,131 million, respectively. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, primarily in its Capital Markets operations. In the second quarter 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.

(2) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".

American International Group, Inc.
Financial Highlights*
(in millions, except per share data)

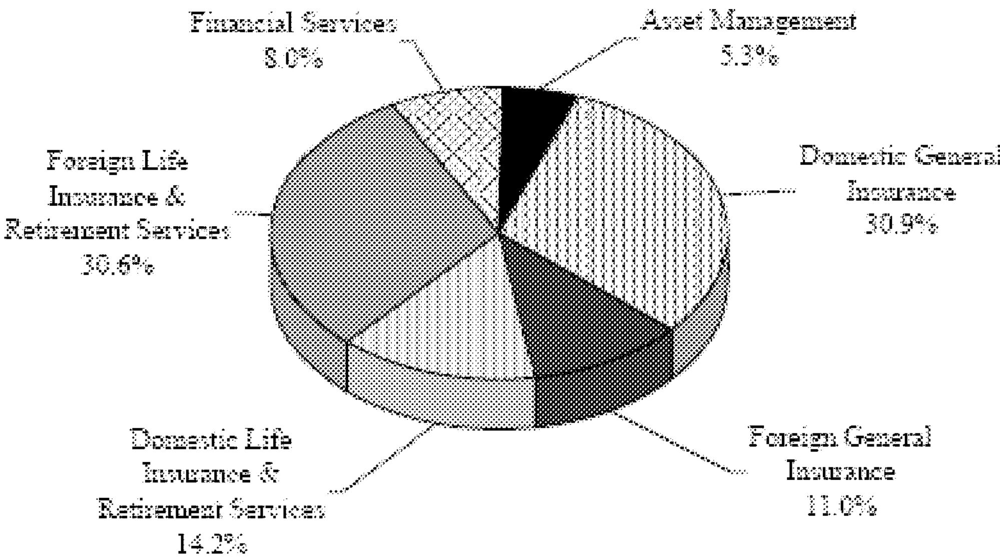
		Three Months Ended September 30,				Nine Months Ended September 30,			
		2007		2006 (a)	Change	2007		2006 (a)	Change
General Insurance Operations:									
Net Premiums Written	$	11,823	$	11,224	5.3 %	$ 36,058	$	34,113	5.7 %
Net Premiums Earned		11,433		11,217	1.9	34,015		32,365	5.1
Underwriting Profit		1,114		1,227	(9.2)	3,937		3,746	5.1
Net Investment Income		1,394		1,370	1.8	4,585		4,102	11.8
Income before Net Realized Capital Gains (Losses)		2,508		2,597	(3.4)	8,522		7,848	8.6
Net Realized Capital Gains (Losses) (b)		(69)		28	-	(11)		(29)	-
Operating Income	$	2,439	$	2,625	(7.1) %	$ 8,511	$	7,819	8.9 %
Loss Ratio		64.64		62.56		64.24		64.14	
Expense Ratio		25.53		26.54		24.02		24.05	
Combined Ratio		90.17		89.10		88.26		88.19	
Life Insurance & Retirement Services Operations:									
Premiums and Other Considerations	$	8,300	$	7,673	8.2 %	$ 24,895	$	23,121	7.7 %
Net Investment Income		4,823		5,045	(4.4)	16,468		14,299	15.2
Income before Net Realized Capital Gains (Losses)		2,490		2,648	(6.0)	7,926		7,600	4.3
Net Realized Capital Gains (Losses) (b)		(491)		(176)	-	(1,826)		(117)	-
Operating Income		1,999		2,472	(19.1)	6,900		7,483	(7.8)
Financial Services Operations:									
Operating Income excluding FAS 133 and Net Realized Capital Gains (Losses)		307		572	(46.3)	1,263		1,703	(25.8)
FAS 133 (b)		428		783	-	(185)		(1,058)	-
Net Realized Capital Gains (Losses) (b)		(66)		(176)	-	(79)		(104)	-
Operating Income		669		1,179	(43.3)	1,008		541	86.3
Asset Management Operations:									
Operating Income excluding Consolidated Managed Partnerships & Funds and Net Realized Capital Gains (Losses)		358		273	31.1	1,693		1,144	48.0
Consolidated Managed Partnerships & Funds (c)		293		44	-	748		410	-
Net Realized Capital Gains (Losses) (b)		(232)		(106)	-	100		(109)	-
Operating Income		419		211	98.6	2,541		1,445	75.8
Other before Net Realized Capital Gains (Losses)		(428)		(271)	-	(1,331)		(984)	-
Other Net Realized Capital Gains (Losses) (b)		(199)		85	-	(226)		31	-
Consolidation and Elimination Adjustments (b)		(20)		-	-	(24)		-	-
Income before Income Taxes, Minority Interest and Cumulative Effect of an Accounting Change		4,879		6,301	(22.6)	17,379		16,335	6.4
Income Taxes		1,463		1,943	-	4,868		5,066	-
Income before Minority Interest and Cumulative Effect of an Accounting Change		3,416		4,358	(21.6)	12,511		11,269	11.0
Minority Interest, after-tax:									
Income before Net Realized Capital Gains (Losses)		(323)		(137)	-	(1,005)		(678)	-
Net Realized Capital Gains (Losses)		(8)		3	-	(14)		(16)	-
Income before Cumulative Effect of an Accounting Change		3,085		4,224	(27.0)	11,492		10,575	8.7
Cumulative Effect of an Accounting Change, net of tax (d)		-		-	-	-		34	-
Net Income (e)	$	3,085	$	4,224	(27.0) %	$ 11,492	$	10,609	8.3 %

	Three Months Ended September 30, 2007	2006 (a)	Change	Nine Months Ended September 30, 2007	2006 (a)	Change
Net Income (e)	$ 3,085	$ 4,224	(27.0) %	$ 11,492	$ 10,609	8.3 %
Net Realized Capital Gains (Losses), net of tax	(600)	(62)	-	(673)	(88)	-
FAS 133 Gains (Losses), excluding Net Realized Capital Gains (Losses), net of tax	196	267	-	(341)	(890)	-
Cumulative Effect of an Accounting Change, net of tax (d)	-	-	-	-	34	-
Adjusted Net Income (f)(g)	3,489	4,019	(13.2)	12,506	11,553	8.2
Effect of AIGFP Unrealized Market Valuation Loss on Super Senior Credit Default Swaps, net of tax, on income	229	-	-	229	-	-

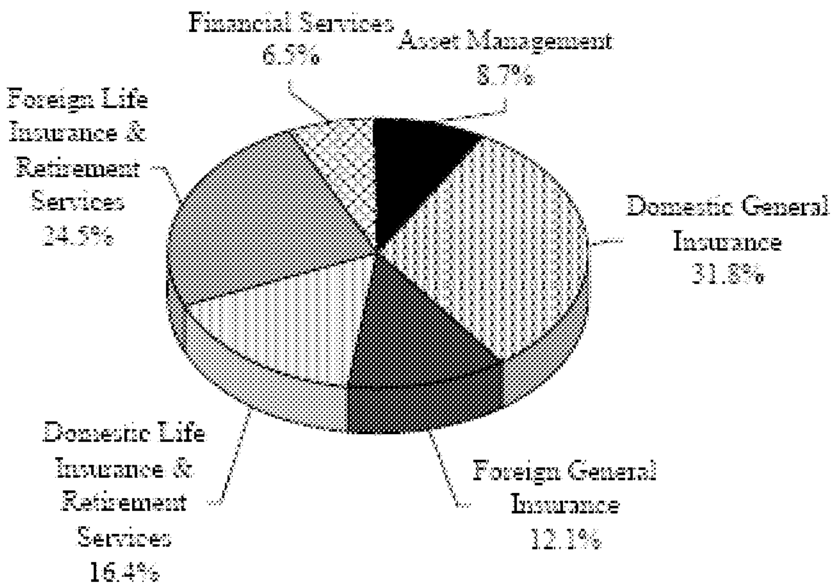
American International Group, Inc.
Revenues and Income Graphs

Nine Months Ended September 30, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses), other income (deductions), consolidated managed partnerships & funds and FAS 133 are excluded.

INSURANCE GROUP RATING COMMITTEE MEMO

Moody's Investors Service

CONFIDENTIAL

Issuer Name(s): American International Group (domestic brokerage group); American International Group, Inc.	**Meeting Date:** 12/22/2005

Invited Rating Committee Members[1]:

1. [redacted]	2. [redacted]	3. [redacted]
4. [redacted]	5. [redacted]	6. [redacted]
7.	8.	9.

[1] *Identify those analysts noted above that have specific account responsibility for this issuer (i.e., Lead Analyst, Associate Analyst, etc.). For information pertaining to guidelines for the composition of rating committees, refer to: Rating Committee Composition Best Practices for GFIG.*

Pre-Rating Committee Meeting Considerations:

1. All rating committee members noted above indicated (verbally or via email) that they had no potential conflicts of interest with the above referenced issuer(s)?[2] (☒ Yes or ☐ No)
2. Issuer has been notified of the date of this rating committee meeting and understands that the company will be given the opportunity to briefly review and comment on Moody's press release prior to public dissemination? (☒ Yes or ☐ No or ☐ Not Applicable)
3. Does this rating committee meeting involve discussion of a Franchise Credit?[3] (☒ Yes or ☐ No)
4. Did the Lead Analyst give consideration to involving analysts or managers from other rating units, as appropriate? (☒ Yes or ☐ No)
5. Is the recommendation consistent with established Moody's rating methodologies for the sector?[4] (☒ Yes or ☐ No)

[2] *For additional information pertaining to conflicts of interest, refer to page 2 of: Moody's Investors Service Rating Committees: Core Principles, January 2003.* [3] *The current list of GFIG franchise credits is available at the following link: GFIG Franchise Credits.* [4] *Analysts should refer to applicable publications listed in the "Rating Methodologies Appendix".*

Current Rating(s) and Recent Rating Action(s):

8 members of AIG's domestic brokerage group: IFS rated Aa2 RUR-D

Recent Rating Action(s):

These ratings were downgraded to Aa2 from Aa1 on May 2, 2005, and left on RUR-D. The RUR-D was reiterated on May 31, 2005, when the parent and affiliate ratings were confirmed with a stable outlook

Published Rating Drivers

[5] *If the rating recommendation proposes an upward (downward) rating adjustment, list only those metrics noted in the "What Could Move the Rating - UP" ("What Could Move the Rating - DOWN") section of the Credit Opinion.*

What Could Change the Rating - DOWN

The review will likely result in either a confirmation of the ratings at Aa2 or a lowering of the ratings by one notch to Aa3. Favorable resolution of ongoing regulatory investigations, and the absence of a material decline in capitalization or prospective profitability measures at DBG (following a review of the group's amended statutory financial statements) would likely lead to confirmation of the Aa2 rating. AIG's other ratings and stable outlook are not expected to be affected. Maintenance of the current rating also contemplates continued modest holding company leverage (e.g. corporate debt-to-total capitalization of 10%-12%), strong fixed charge coverage (e.g. in excess of 20x), and a strong liquidity profile.

Proposed Rating Recommendation(s):

Confirm the Aa2 IFS ratings on the 8 rated members of AIG's domestic brokerage group; change outlook to stable.
Assign Aa3 stand-alone IFS ratings to the 8 rated members of AIG's domestic brokerage group.
Assign a Prime-1 short-term issuer rating to American International Group, Inc. (The parent company has requested a short-term issuer rating. Outlook is stable.)

Rationale for Analyst Recommendation(s): *(Maximum Text Limit - 1 Page / Bullet-Format Commentary Preferred)*

Regulatory investigations: AIG expects to reach some sort of settlement with regulators before announcing its financial results for YE 2005. We expect that the settlement will involve a manageable fine and changes in certain business practices (including changes that are well underway), but no major disruption to the business.

P&C SAP restatement: In December 2005, AIG filed its audited, restated individual-company SAP results for 2004. (The group SAP results should be completed around YE 2005.) The aggregate effect of the restatement was to reduce the combined statutory surplus as of YE 2004 by $3.5 bln, or 14%, to $21.5 bln. The restatement consists of several non-cash adjustments, mostly related to the timing of income recognition. Giving effect to the restatement, all companies now show RBC ratios (versus Company Action Level) of 115% or higher. American Home Assurance Company initially showed a drop in RBC to 101%, but AIG invested $750 mln of fresh capital into this company to raise its RBC to 125%. AIG proposed this remedy to New York regulators, who gladly approved it. (See Exhibit 6 for details)

Parental support agreements: AIG entered into one-year Capital Maintenance Agreements with each of its US P&C subsidiaries ensuring that 2004 statutory surplus will not drop below the restated level and that the RBC ratio will not fall below 100% (versus Company Action Level) in the event of any further adjustments. (See Exhibit 7 for sample)

External reserve analysis: Milliman is conducting the first-ever complete external review of AIG's P&C reserves. Milliman began the review in August 2005 and should complete the job before AIG announces its results for YE 2005. AIG believes that its current reserves are within the Milliman range. AIG will likely adjust its reserves to at least the Milliman best estimate, which AIG cautiously predicts should be within plus or minus 5% of the current level.

Material weaknesses: AIG is working diligently to remediate the five material weaknesses in controls listed in its 2004 10-K, as follows: (i) risk transfer (likely to be done in time for 2005 filing); (ii) balance sheet reconciliations (a factor in 3Q05 restatement); (iii) income taxes; (iv) overall governance/control (will be done); and (v) derivatives (also a factor in 3Q05 restatement). Given the definition of a material weakness, any of these could lead to further restatement, although we expect that any incremental restatement would be modest.

Liquidity profile: AIG's liquidity profile is discussed in the attached draft press release for the short-term issuer rating (Exhibit 9). Not mentioned in the press release (because it has not been disclosed by AIG) is a new $3 bln 364-day bank facility with Banco Santander, with a $1.5 bln sublimit for multi-year letters of credit.

Conclusion: AIG remains one of the world's strongest and most diverse financial institutions. We believe it is committed to general insurance and to its US P&C subsidiaries. We also expect the parent to maintain excellent liquidity.

Top-Ten Ratio Commentary: *(Brief Discussion of Issuer vs. Peer Group Analysis)*

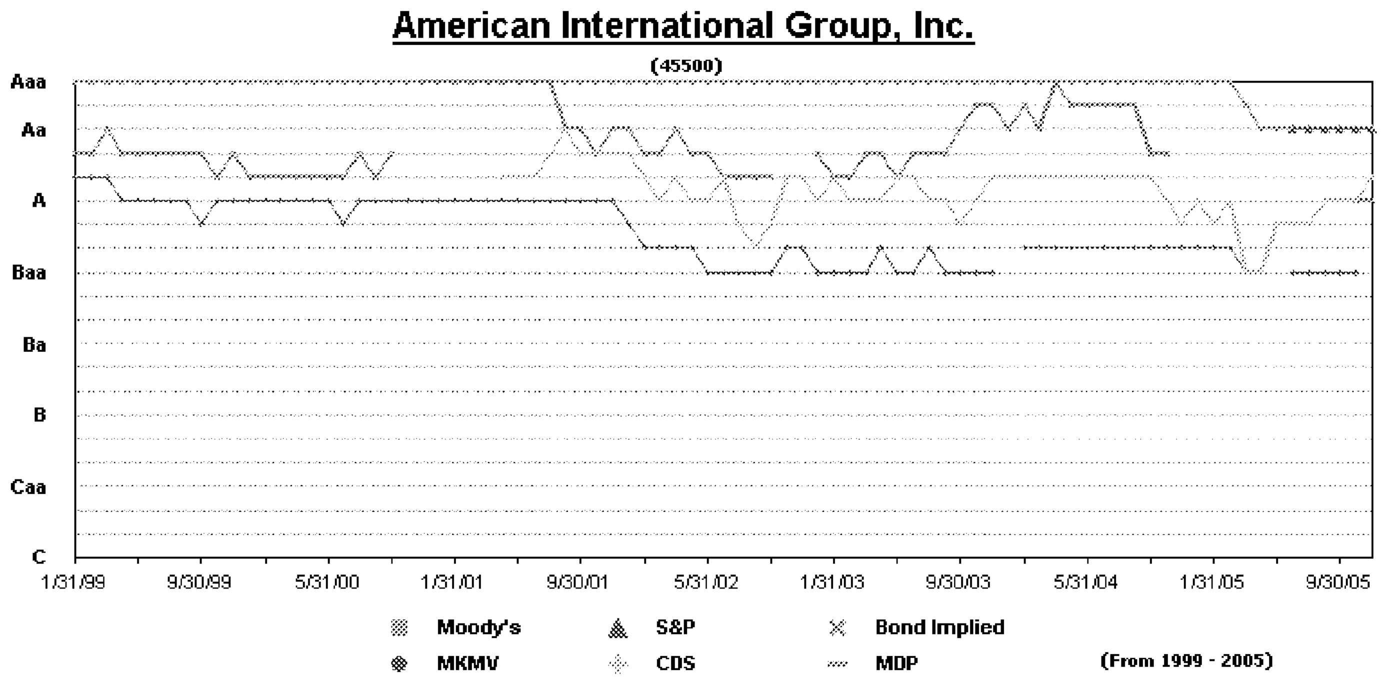
Standalone IFSR Medians

	Aaa/Aa Median	A Median	Geico	USAA	ALL	PGR	CB	HIG	STA	AIG 2003	AIG 2004
Standalone IFSR			Aaa	Aaa	Aa2	Aa2	Aa2	Aa3	Aa3	Aa1	Aa2
Core Return on EP	5.7%	3.2%	8.1%	9.0%	6.1%	11.7%	5.7%	-1.6%	1.7%	2.3%	-
Return on PHS	11.2%	9.3%	13.9%	9.9%	16.2%	28.8%	11.7%	28.8%	9.7%	7.5%	-
Financial Leverage	9.0%	22.1%	3.8%	0.0%	19.6%	19.9%	21.7%	25.7%	23.1%	9.2%	9.0%
Interest Coverage	16.0	6.0	25.1	6.8	12.4	22.0	8.2	4.8	6.0	21.0	22.7
Double Leverage	105.0%	116.7%	96.9%	100.0%	118.5%	105.0%	109.6%	128.2%	112.0%	99.8%	101.2%
U/W Leverage	3.4	4.0	2.3	1.9	3.4	4.5	5.7	4.8	5.8	8.5	-
Reserve Develop % PHS	0.6%	3.6%	-6.6%	0.6%	2.4%	-1.1%	10.2%	14.7%	18.3%	13.5%	-
Operating Cash Flow % NPW	18.4%	14.4%	13.7%	21.6%	12.7%	18.4%	31.0%	19.8%	19.1%	23.7%	-
Market Presence	69.5%	54.5%	65.8%	70.7%	75.5%	65.6%	69.5%	72.2%	74.3%	76.2%	-
Diversification	80.6%	73.9%	63.1%	85.0%	82.2%	80.5%	83.8%	86.1%	83.3%	85.7%	-
MRAC			402%	214%	223%	423%	228%	177%	218%	102%	-

Q-Tool Commentary: *(Brief Discussion of any Significant Outliers)*

	Moody's	S&P	Fitch	A.M. Best
Senior Debt	Aa2 / Stable	AA / Negative	AA / Negative	
IFSR – DGI	Aa2 / Review Down	AA / Negative	AA+ / Negative	A+

Date	Issuer	Moody's	S&P	Bond Implied	MKMV	CDS	MDP
12/19/2005	American International Group, Inc. (45500)	Aa2	AA	A2	--	A1	--



/Q-Tool Charts can be found at the following link: Q-Tool Charts.

New/Revised Financial Metrics to be Incorporated into Proposed Rating(s)

- Continued parental support of domestic general insurance group
- Parent company adjusted financial leverage in 10-12% range
- Adjusted interest coverage exceeding 20x

What Factors Could Move the Newly Proposed Rating(s) Higher?

- Strong underwriting results (e.g., a combined ratio consistently below 95%)
- Consistently favorable loss development
- Favorable resolution of regulatory investigations
- Full remediation of material weaknesses in internal controls

What Factors Could Move the Newly Proposed Rating(s) Lower?

- Weak underwriting results (e.g., a combined ratio consistently above 105%)
- Further adverse loss development, exceeding 5% of net reserves
- Parent company adjusted financial leverage exceeding 15%
- Significant charges stemming from regulatory investigations or related litigation
- Significant charges associated with remediation of material weaknesses in internal controls

Required Attachments[8] (As Applicable):	**Table of Contents:**
Latest Credit Opinion	Exhibit 1 (pp 5-6)
Stock Charts	Exhibit 2 (p 7)
GAAP Financials[10]	Exhibit 3 (pp 8-14)
Consolidated GAAP Peer Comparisons	Exhibit 4 (pp 15-17)
Statutory Financials[9]	Exhibit 5 (p 18)
AIG Presentation on US SAP Restatement	Exhibit 6 (pp 19-24)
Sample Capital Maintenance Agreement	Exhibit 7 (pp 25-26)
Draft Press Release – Domestic General Insurance	Exhibit 8 (pp 27-28)
Draft Press Release – AIG S-T Issuer Rating	Exhibit 9 (p 29)

[8] Cut and paste all required attachments into the Rating Committee Memo. [9] Statutory financials should follow the same one-page format as published in the Moody's Statistical Handbook. [10] Balance sheet, income statement, and statement of cash flows only.

EXHIBIT 1
CREDIT OPINION

Credit Opinion: American International Group

American International Group

New York, New York (State of), United States

Ratings

Category	Moody's Rating
Rated Intercompany Pool Members	
Outlook	Rating(s) Under Review
Insurance Financial Strength	*Aa2
Parent: American International Group, Inc.	
Outlook	Stable
Issuer Rating	Aa2
Senior Unsecured	Aa2

* Placed under review for possible downgrade on May 2, 2005

Contacts

Analyst	Phone
Alan Murray/New York	1.212.553.1653
Joel Levine/New York	
Robert Riegel/New York	

Key Indicators

American International Group	[1]2003	2002	2001	2000	1999	5-Year Avg.
Net premiums written	27,972	21,048	14,092	12,401	11,151	[2]20.33
Pretax operating income	2,715	-105	1,113	2,322	1,965	[2]7.98
Loss & LAE reserves	27,900	21,588	18,375	18,677	19,838	[2]6.38
Policyholder surplus (PHS)	16,693	13,627	14,017	13,725	13,145	[2]6.30
Combined ratio (%)	95.2	106.5	104.2	97.0	97.7	100.12
Net income % avg PHS	12.3	2.8	7.4	15.2	15.2	10.59

[1] As of December 31. [2] Compound annual growth rate.

Opinion

Credit Strengths

Key credit strengths/opportunities of American International Group's domestic brokerage group include:

- Leadership in commercial and specialty liability lines

- Historically robust profitability and internal capital generation

- Strength of the group's parent, AIG, Inc., one of the largest international insurance organizations

- Strong capitalization, risk management and overall financial profile

Credit Challenges

Key credit challenges/risks include:

- Adverse claim trends and volatility in casualty lines of business and vagaries associated with the tort liability system

- Leverage arising from guarantees and ownership of affiliated operations

- Lapses in financial controls in recent years as reflected in recent financial restatements, and continuing uncertainty regarding regulatory investigations into AIG's insurance business

Rating Rationale

The Aa2 insurance financial strength ratings on members of AIG's domestic brokerage group pool (DBG) are based on the group's leadership in commercial and specialty liability lines, its leadership in underwriting large and complex risks, its historically robust profitability - despite the significant historical impact of recent financial restatements at AIG, most of which relate to this business segment - as well as its excellent financial profile and strong capitalization. The ratings also contemplate the group's core strategic role within the worldwide AIG organization as the group's major business platform in the U.S. property/casualty insurance sector.

These fundamental strengths are tempered by the intrinsic volatility of the excess casualty and directors' & officers' lines, by leverage arising from guarantees and ownership of affiliated operations, by exposures to potential adverse claim trends related to mass tort liabilities, and by continued concerns regarding the ultimate outcome of a number of regulatory investigations. Moody's believes that DBG has benefited significantly from the recent market recovery in commercial insurance, although the sustainability of these trends is uncertain. Moody's expects further improvement in risk-adjusted capital-adequacy measures at AIG's domestic brokerage group, to a level that is consistent with its Aa-rated insurance peers.

Recent Developments

AIG's long-term term debt ratings, and DBG's insurance financial strength ratings, were lowered to Aa2 from Aa1 on May 2, 2005. The parent company's ratings were confirmed on May 31, 2005 with a stable outlook, but DBG's ratings remain on review for possible further downgrade. In it's 10-K filing for 2004, AIG identified numerous transactions, mostly relating to the company's general insurance operations, that appear to have been put in place primarily to enhance reported financial results, the restatement of which caused the company to report an aggregate downward adjustment in AIG's shareholders equity of approximately 2.7%, or about $2.3 billion relative to previously reported shareholders' equity as of September 30, 2004. These events followed the departures in March of AIG's former Chief Executive and Chief Financial Officers. In Moody's opinion, these findings were suggestive of a pattern of financial aggressiveness and of control inadequacies that are inconsistent with disciplines of risk management, governance, and financial conservatism that is typical at the higher rating level. The findings also suggest that the degree of volatility in the domestic general insurance group's operating results was higher than previously contemplated. However, we note that AIG's Board has acted quickly to address these issues through an intensive internal review and associated management changes.

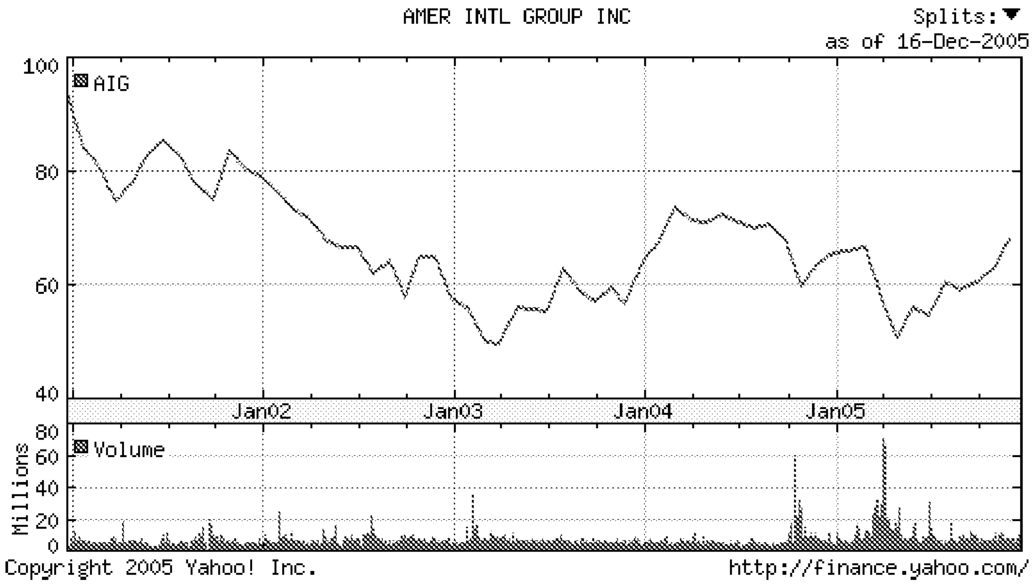
Rating Outlook

DBG's ratings remain on review for possible further downgrade, pending a review of the group's amended statutory financial statements and development related to ongoing regulatory investigations.

What Could Change the Rating - DOWN

The review will likely result in either a confirmation of the ratings at Aa2 or a lowering of the ratings by one notch to Aa3. Favorable resolution of ongoing regulatory investigations, and the absence of a material decline in capitalization or prospective profitability measures at DBG (following a review of the group's amended statutory financial statements) would likely lead to confirmation of the Aa2 rating. AIG's other ratings and stable outlook are not expected to be affected. Maintenance of the current rating also contemplates continued modest holding company leverage (e.g. corporate debt-to-total capitalization of 10%-12%), strong fixed charge coverage (e.g. in excess of 20x), and a strong liquidity profile.

EXHIBIT 2
STOCK CHART



Splits:18-Nov-86 [2:1], 23-Jul-90 [5:4], 30-Jul-93 [3:2], 31-Jul-95 [3:2], 28-Jul-97 [3:2], 03-Aug-98 [3:2], 02-Aug-99 [5:4], 31-Jul-00 [3:2]

Last Trade:	**65.78**	Day's Range:	65.65 - 66.82
Trade Time:	3:22PM ET	52wk Range:	49.91 - 73.46
Change:	**0.63 (0.97%)**	Volume:	6,665,800
Prev Close:	65.15	Avg Vol (3m):	7,313,230
Open:	66.00	Market Cap:	170.74B
Bid:	N/A	P/E (ttm):	15.07
Ask:	N/A	EPS (ttm):	4.37
1y Target Est:	74.63	Div & Yield:	0.60 (0.90%)

EXHIBIT 3
GAAP INCOME STATEMENT

(in millions, except per share data) (unaudited)

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004 (Restated)	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004 (Restated)
Revenues:				
Premiums and other considerations	$ 52,470	$ 49,418	$ 17,244	$ 17,237
Net investment income	16,196	13,563	5,629	4,501
Realized capital gains (losses)	216	(88)	79	(83)
Other revenues	12,660	9,685	3,409	3,625
Total revenues	81,542	72,578	26,361	25,280
Benefits and expenses:				
Incurred policy losses and benefits	45,665	42,273	16,503	15,166
Insurance acquisition and other operating expenses	20,966	17,719	7,381	6,023
Total benefits and expenses	66,631	59,992	23,884	21,189
Income before income taxes, minority interest and cumulative effect of an accounting change	14,911	12,586	2,477	4,091
Income taxes (benefits):				
Current	2,355	2,639	372	203
Deferred	2,204	1,196	334	1,061
	4,559	3,835	706	1,264
Income before minority interest and cumulative effect of an accounting change	10,352	8,751	1,771	2,827
Minority interest	(329)	(317)	(54)	(142)
Income before cumulative effect of an accounting change	10,023	8,434	1,717	2,685
Cumulative effect of an accounting change, net of tax	-	(144)	-	-
Net income	$ 10,023	$ 8,290	$ 1,717	$ 2,685
Earnings per common share:				
Basic				
Income before cumulative effect of an accounting change	$ 3.86	$ 3.24	$ 0.66	$ 1.04
Cumulative effect of an accounting change, net of tax	-	(0.06)	-	-
Net income	$ 3.86	$ 3.18	$ 0.66	$ 1.04
Diluted				
Income before cumulative effect of an accounting change	$ 3.82	$ 3.20	$ 0.65	$ 1.02
Cumulative effect of an accounting change, net of tax	-	(0.06)	-	-
Net income	$ 3.82	$ 3.14	$ 0.65	$ 1.02
Cash dividends per common share	$ 0.40	$ 0.21	$ 0.15	$ 0.08
Average shares outstanding:				
Basic	2,597	2,608	2,597	2,606
Diluted	2,624	2,639	2,624	2,638

GAAP BALANCE SHEET – Assets

	September 30, 2005	December 31, 2004 (Restated)
Assets:		
Investments, financial services assets and cash:		
Fixed maturities:		
Bonds available for sale, at market value (amortized cost: 2005 - $348,028; 2004 - $329,838)	$ 362,194	$ 344,399
Bonds held to maturity, at amortized cost (market value: 2005 - $22,028; 2004 - $18,791)	21,532	18,294
Bond trading securities, at market value (cost: 2005 - $3,953; 2004 - $2,973)	3,975	2,984
Equity securities:		
Common stocks available for sale, at market value (cost: 2005 - $9,981; 2004 - $8,569)	12,368	9,917
Common stocks trading, at market value (cost: 2005 - $7,382; 2004 - $5,651)	8,098	5,894
Preferred stocks, at market value (cost: 2005 - $2,206; 2004 - $2,017)	2,269	2,040
Mortgage loans on real estate, net of allowance (2005 - $53; 2004 - $65)	14,202	13,146
Policy loans	7,082	7,035
Collateral and guaranteed loans, net of allowance (2005 - $15; 2004 - $18)	2,257	2,282
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation (2005 - $7,145; 2004 - $6,390)	35,535	32,130
Securities available for sale, at market value (cost: 2005 - $37,466; 2004 - $30,779)	37,872	32,768
Trading securities, at market value	6,667	3,142
Spot commodities, at market value	234	95
Unrealized gain on swaps, options and forward transactions	20,427	22,670
Trading assets	909	3,331
Securities purchased under agreements to resell, at contract value	12,129	26,272
Finance receivables, net of allowance (2005 - $646; 2004 - $571)	27,701	23,574
Securities lending collateral, at cost (approximates market value)	57,627	49,169
Other invested assets	24,808	22,471
Short-term investments, at cost (approximates market value)	16,238	16,102
Cash	2,108	2,009
Total investments, financial services assets and cash	676,232	639,724
Investment income due and accrued	5,955	5,556
Premiums and insurance balances receivable, net of allowance (2005 - $469; 2004 - $425)	15,177	14,788
Reinsurance assets, net of allowance (2005 - $512; 2004 - $500)	22,023	19,857
Deferred policy acquisition costs	32,083	29,740
Investments in partially owned companies	1,149	1,496
Real estate and other fixed assets, net of accumulated depreciation (2005 - $4,989; 2004 - $4,650)	6,841	6,192
Separate and variable accounts	61,157	57,741
Goodwill	8,354	8,556
Income taxes receivable - current	-	109
Other assets	14,426	16,283
Total assets	$ 843,397	$ 800,042

GAAP BALANCE SHEET – Liab & Equity

	September 30, 2005	December 31, 2004 (Restated)
Liabilities:		
Reserve for losses and loss expenses	$ 71,161	$ 62,371
Reserve for unearned premiums	24,228	23,094
Future policy benefits for life and accident and health insurance contracts	108,461	104,756
Policyholders' contract deposits	227,241	216,474
Other policyholders' funds	10,682	10,280
Reserve for commissions, expenses and taxes	5,096	4,539
Insurance balances payable	4,178	3,686
Funds held by companies under reinsurance treaties	3,948	3,404
Income taxes payable	8,551	6,768
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	19,953	18,919
Securities sold under agreements to repurchase, at contract value	10,694	23,581
Trading liabilities	1,707	2,304
Securities and spot commodities sold but not yet purchased, at market value	5,223	4,866
Unrealized loss on swaps, options and forward transactions	15,721	17,611
Trust deposits and deposits due to banks and other depositors	4,255	4,248
Commercial paper	7,723	6,724
Notes, bonds, loans and mortgages payable	66,270	59,683
Commercial paper	1,978	2,969
Notes, bonds, loans and mortgages payable	7,411	5,502
Liabilities connected to trust preferred stock	1,489	1,489
Separate and variable accounts	61,157	57,741
Minority interest	5,120	4,584
Securities lending payable	58,430	49,972
Other liabilities	23,245	23,750
Total liabilities	753,922	719,315
Preferred shareholders' equity in subsidiary companies	193	199
Shareholders' equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2005 - 2,751,327,476; 2004 - 2,751,327,476	6,878	6,878
Additional paid-in capital	2,249	2,094
Retained earnings	73,246	64,254
Accumulated other comprehensive income (loss)	9,175	9,513
Treasury stock, at cost; 2005 - 155,719,651; 2004 - 154,904,286 shares of common stock	(2,266)	(2,211)
Total shareholders' equity	89,282	80,528
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	$ 843,397	$ 800,042

GAAP CASH FROM OPERATIONS

(in millions) (unaudited)

Nine Months Ended September 30,	2005	2004 (Restated)
Summary:		
Net cash provided by operating activities	$ 23,080	$ 19,611
Net cash used in investing activities	(41,666)	(53,675)
Net cash provided by financing activities	19,341	35,027
Effect of exchange rate changes on cash	(656)	187
Change in cash	99	1,150
Cash at beginning of period	2,009	922
Cash at end of period	$ 2,108	$ 2,072
Cash flows from operating activities:		
Net income	$ 10,023	$ 8,290
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income:		
Change in:		
General and life insurance reserves	13,850	16,261
Premiums and insurance balances receivable and payable - net	103	(1,364)
Reinsurance assets	(2,166)	663
Deferred policy acquisition costs	(1,748)	(2,364)
Investment income due and accrued	(399)	(823)
Funds held under reinsurance treaties	544	396
Other policyholders' funds	402	586
Current and deferred income taxes - net	2,526	2,371
Reserve for commissions, expenses and taxes	557	(30)
Other assets and liabilities - net	(165)	988
Trading assets and liabilities - net	1,825	(3,308)
Trading securities, at market value	(3,525)	380
Spot commodities, at market value	(139)	117
Net unrealized (gain) loss on swaps, options and forward transactions	353	2,950
Securities purchased under agreements to resell	14,143	(10,184)
Securities sold under agreements to repurchase	(12,887)	4,585
Securities and spot commodities sold but not yet purchased, at market value	357	(563)
Realized capital (gains) losses	(216)	88
Equity in income of partially owned companies and other invested assets	(1,263)	(897)
Amortization of premium and discount on securities	240	231
Depreciation expenses, principally flight equipment	1,311	1,511
Provision for finance receivable losses	315	282
Other - net	(961)	(555)
Total adjustments	13,057	11,321
Net cash provided by operating activities	$ 23,080	$ 19,611

GAAP CASH FROM INVESTING & FINANCING

(in millions) (unaudited)

Nine Months Ended September 30,	2005	2004 (Restated)
Cash flows from investing activities:		
Cost of bonds, at market sold	$ 99,133	$ 92,777
Cost of bonds, at market matured or redeemed	12,832	10,776
Cost of equity securities sold	10,162	10,621
Realized capital gains (losses)	216	(88)
Purchases of fixed maturities	(133,692)	(140,608)
Purchases of equity securities	(13,361)	(13,490)
Mortgage, policy and collateral loans granted	(3,859)	(2,208)
Repayments of mortgage, policy and collateral loans	2,883	1,655
Sales of securities available for sale	4,913	2,032
Maturities of securities available for sale	2,190	3,603
Purchases of securities available for sale	(13,390)	(8,922)
Sales of flight equipment	1,384	1,155
Purchases of flight equipment	(5,482)	(3,869)
Net additions to real estate and other fixed assets	(1,216)	(531)
Sales or distributions of other invested assets	7,480	5,533
Investments in other invested assets	(8,441)	(8,349)
Change in short-term investments	1,029	452
Investments in partially owned companies	(5)	3
Finance receivable originations and purchases	(37,792)	(18,026)
Finance receivable principal payments received	33,350	13,809
Net cash used in investing activities	$ (41,666)	$ (53,675)
Cash flows from financing activities:		
Receipts from policyholders' contract deposits	$ 37,278	$ 40,372
Withdrawals from policyholders' contract deposits	(26,562)	(16,965)
Change in trust deposits and deposits due to banks and other depositors	7	160
Change in commercial paper	8	3,286
Proceeds from notes, bonds, loans and mortgages payable	43,302	22,471
Repayments on notes, bonds, loans and mortgages payable	(34,578)	(16,120)
Liquidation of zero coupon notes payable	-	(189)
Proceeds from guaranteed investment agreements	8,919	8,006
Maturities of guaranteed investment agreements	(7,885)	(4,882)
Redemption of subsidiary company preferred stock	-	(200)
Proceeds from common stock issued	44	130
Cash dividends to shareholders	(1,031)	(535)
Acquisition of treasury stock	(170)	(508)
Other - net	9	1
Net cash provided by financing activities	$ 19,341	$ 35,027
Supplementary information:		
Taxes paid	$ 2,031	$ 2,011
Interest paid	$ 3,587	$ 3,119

GENERAL INSURANCE – DOMESTIC & FOREIGN

(in millions, except ratios)	First Nine Months of 2005		First Nine Months of 2004 (Restated)
Net premiums written:			
Domestic General			
DBG	$ 17,077		$ 16,751
Transatlantic	2,627		2,822
Personal Lines	3,550		3,308
Mortgage Guaranty	459		453
Foreign General	8,027		7,200
Total	$ 31,740		$ 30,534
Net premiums earned:			
Domestic General			
DBG	$ 16,780		$ 15,537
Transatlantic	2,594		2,729
Personal Lines	3,459		3,194
Mortgage Guaranty	397		398
Foreign General	7,272		6,498
Total	$ 30,502		$ 28,356
Underwriting profit (loss)(a):			
Domestic General			
DBG	$ (807)	(b)(c)	$ (153)
Transatlantic	(342)		(46)
Personal Lines	73		131
Mortgage Guaranty	194		216
Foreign General	959		805
Total	$ 77		$ 953
Net investment income:			
Domestic General			
DBG	$ 1,755		$ 1,439
Transatlantic	256		220
Personal Lines	160		137
Mortgage Guaranty	91		89
Intercompany adjustments, eliminations and other - net	1		-
Foreign General	804		476
Total	$ 3,067		$ 2,361
Realized capital gains (losses)	337		176
Operating income	$ 3,481		$ 3,490
Domestic General(a):			
Loss Ratio	83.14		81.15
Expense Ratio	20.18		18.49
Combined Ratio	103.32		99.64
Foreign General(a):			
Loss Ratio	55.72		58.72
Expense Ratio(d)	29.46		27.51
Combined ratio(d)	85.18		86.23
Consolidated(a):			
Loss Ratio	76.60		76.01
Expense Ratio	22.53		20.61
Combined Ratio	99.13		96.62

(a) The effect of catastrophe related losses on the consolidated General Insurance combined ratio for the first nine months of 2005 and 2004 was 6.85 and 2.60, respectively. Catastrophe related losses for the third quarter of 2005 and 2004 by reporting unit were as follows:

(in millions)	2005		Third Quarter 2004
Reporting Unit	Insurance Related Losses	Net Reinstatement Premium Cost	Insurance Related Losses
DBG	$ 1,250	$ 122	$ 406
Transatlantic	355	40	165
Personal Lines	67	2	25
Mortgage Guaranty	10	-	-
Foreign General	173	94	140
Total	$ 1,855	$ 258	$ 736

(b) Includes $157 million of additional losses incurred resulting from increased labor and material costs related to the 2004 Florida Hurricanes.

(c) Includes $100 million accrual in the second quarter of 2005 to cover DBG's current estimate of liability in connection with certain policies of workers compensation insurance written between 1985 and 1996. See Note 7(l) of Notes to Consolidated Financial Statements.

(d) Includes the results of wholly owned AIU agencies.

EXHIBIT 4
GAAP COMPARISONS

		ACE	ALL	AIG	HIG	ORI	PGR	STA	XL	CHUBB
D/C	2005Q2	18.7	18.9	**55.6**	23.1	3.4	18.7	20.6	24.5	20.0
	2005Q1	19.5	20.1	**60.0**	25.7	3.6	19.5	23.3	25.8	21.3
	2004Y	19.7	19.6	**59.1**	25.7	3.6	19.9	23.8	28.5	21.7
	2003Y	21.2	19.8	**56.8**	32.7	3.7	22.8	18.2	24.6	24.8
	2002Y	29.6	20.3	**58.5**	29.0	4.3	28.3	25.4	22.2	22.3
	2001Y	33.2	19.3	**60.5**	30.6	5.4	25.2	21.8	22.8	19.2
	2000Y	35.4	19.0	**59.3**	30.9	8.9	20.7	29.8	7.5	9.7
D/Market C	2005Q2	17.1	14.4	**48.2**	19.8	3.2	9.3	19.1	22.4	16.6
	2005Q1	18.1	15.7	**52.3**	22.2	3.4	9.8	21.7	23.3	17.8
	2004Y	18.0	15.7	**48.1**	22.2	3.3	10.4	22.3	25.0	18.4
	2003Y	18.8	16.6	**43.4**	28.5	3.3	11.4	15.6	20.4	20.9
	2002Y	27.6	17.0	**44.2**	28.2	4.2	17.0	21.7	18.0	19.9
	2001Y	26.8	16.7	**38.0**	24.5	4.9	13.4	#NAME?	15.3	14.5
	2000Y	28.0	14.2	**31.1**	22.2	7.1	12.5	#NAME?	5.2	6.4
D/Tang Cap	2005Q2	23.6	19.4	**58.1**	25.2	#NAME?	18.7	23.5	#NAME?	20.7
	2005Q1	24.7	20.7	**62.6**	28.3	3.6	19.5	26.8	#NAME?	22.0
	2004Y	25.0	20.3	**61.8**	28.3	3.7	19.9	29.4	34.1	22.6
	2003Y	27.9	20.5	**59.6**	36.3	3.8	22.8	21.8	30.4	25.9
	2002Y	42.2	21.2	**61.1**	32.7	4.4	28.3	30.8	27.4	23.6
	2001Y	47.6	20.6	**63.4**	35.3	5.6	25.2	26.9	29.3	20.4
	2000Y	53.6	20.1	**#NAME?**	34.8	#NAME?	20.7	36.7	10.1	10.4
Equity	2005Q2	10,496	22,324	**88,879**	15,590	4,069	5,591	22,369	8,372	11,258
	2005Q1	9,965	21,325	**82,683**	14,211	3,881	5,295	20,732	7,815	10,401
	2004Y	9,836	21,823	**80,607**	14,238	3,866	5,155	21,201	7,739	10,126
	2003Y	8,835	20,565	**71,253**	11,639	3,554	5,031	11,987	6,937	8,522
	2002Y	6,389	17,438	**59,103**	10,734	3,156	3,768	10,137	6,570	6,826
	2001Y	6,107	17,196	**52,150**	9,013	2,784	3,251	10,686	5,437	6,525
	2000Y	5,420	17,451	**47,438**	7,464	2,439	2,870	9,214	5,574	6,982
GAAP Underwriting Leverage	2005Q2	3.5	#NAME?	**#NAME?**	#NAME?	#NAME?	1.6	2.9	2.8	#NAME?
	2005Q1	3.6	#NAME?	**#NAME?**	#NAME?	#NAME?	1.7	3.1	3.0	#NAME?
	2004Y	4.8	2.1	**1.8**	2.3	#NAME?	3.7	3.8	4.0	3.3
	2003Y	4.7	2.1	**1.8**	2.8	#NAME?	3.3	4.2	3.8	3.6
	2002Y	5.8	2.3	**1.9**	2.5	#NAME?	3.6	4.7	3.4	4.0
	2001Y	5.1	2.3	**1.8**	2.9	#NAME?	3.3	4.0	3.2	3.6
	2000Y	4.6	2.2	**1.8**	3.2	#NAME?	3.3	4.2	1.6	2.7
GAAP_Combined_Ratio	2005Q2	90.2	85.2	**93.1**	87.0	87.6	86.1	87.6	97.9	88.3
	2005Q1	89.0	85.3	**94.3**	88.6	88.5	85.0	90.5	89.7	89.4
	2004Y	96.4	93.0	**100.4**	95.3	89.3	85.1	107.7	95.9	92.3
	2003Y	91.0	94.6	**93.3**	96.5	86.4	87.3	96.3	102.8	98.0
	2002Y	101.7	98.9	**105.1**	99.1	88.1	92.4	116.6	97.0	106.7
	2001Y	111.6	102.9	**99.6**	112.5	88.9	95.2	108.9	139.7	113.4
	2000Y	95.5	99.2	**95.5**	102.9	91.6	104.4	100.9	106.2	100.4

		ACE	ALL	AIG	HIG	ORI	PGR	STA	XL	CHUBB
GPW	2005Q2	4,213	#NAME?	**#NAME?**	#NAME?	#NAME?	3,672	5,909	3,966	#NAME?
	2005Q1	4,543	#NAME?	**#NAME?**	#NAME?	#NAME?	3,684	5,921	3,524	#NAME?
	2004Y	16,098	26,973	**81,232**	11,498	#NAME?	13,694	22,273	11,124	13,399
	2003Y	14,637	25,505	**71,277**	11,081	#NAME?	12,188	15,475	9,706	12,604
	2002Y	12,819	24,260	**58,775**	9,835	#NAME?	9,666	14,075	8,986	10,605
	2001Y	10,165	22,892	**49,618**	8,660	#NAME?	7,379	11,668	5,421	8,060
	2000Y	7,587	22,119	**42,975**	8,074	#NAME?	6,402	10,648	3,129	7,126
Loss and LAE Reserves	2005Q2	32,101	18,795	**65,327**	21,104	4,706	5,491	58,114	19,775	21,092
	2005Q1	31,426	18,958	**64,061**	21,301	4,544	5,348	58,630	19,908	20,876
	2004Y	31,513	19,338	**62,371**	21,329	4,404	5,286	59,070	19,838	20,292
	2003Y	27,155	17,714	**56,118**	21,715	4,023	4,576	34,573	16,559	17,948
	2002Y	24,315	16,690	**51,539**	17,091	3,677	3,813	33,736	13,203	16,713
	2001Y	20,728	16,500	**44,792**	17,036	3,451	3,238	30,737	11,807	15,515
	2000Y	17,388	16,859	**40,613**	15,874	3,390	2,986	28,442	5,668	11,905
Net Income	2005Q2	456	1,149	**3,992**	602	172	394	1,067	136	496
	2005Q1	422	1,123	**3,684**	666	114	413	210	443	470
	2004Y	1,094	3,181	**11,048**	2,115	435	1,649	949	1,126	1,548
	2003Y	1,381	2,705	**9,274**	(91)	460	1,255	1,696	372	809
	2002Y	51	1,134	**5,519**	1,000	393	667	(27)	396	223
	2001Y	(172)	1,158	**5,363**	507	347	411	1,065	(576)	112
	2000Y	525	2,211	**6,639**	974	297	46	1,312	506	715
NPW	2005Q2	2,909	6,993	**17,947**	2,722	#NAME?	3,594	5,216	3,493	3,113
	2005Q1	3,365	6,582	**18,337**	2,581	#NAME?	3,605	4,780	2,982	3,056
	2004Y	11,528	26,531	**68,689**	9,894	#NAME?	13,378	19,045	8,959	12,053
	2003Y	10,215	25,187	**58,515**	9,065	#NAME?	11,913	13,201	7,616	11,068
	2002Y	8,068	23,917	**47,735**	8,584	#NAME?	9,452	11,945	6,973	9,047
	2001Y	6,364	22,609	**39,164**	7,585	#NAME?	7,260	9,846	3,566	6,962
	2000Y	4,879	21,858	**34,689**	7,248	#NAME?	6,196	8,843	2,116	6,333
Operating Cash Flow	2005Q2	1,147	1,778	**12,951**	763	176	764	703	2,360	882
	2005Q1	1,210	1,390	**654**	666	196	659	1,028	271	1,011
	2004Y	4,953	5,468	**35,581**	2,634	828	2,663	5,066	4,444	4,089
	2003Y	4,225	5,691	**36,155**	3,896	720	2,437	3,833	3,430	3,364
	2002Y	2,407	4,418	**19,093**	2,577	638	1,912	2,926	3,036	2,216
	2001Y	1,353	2,291	**8,801**	2,261	527	1,235	1,219	1,438	1,019
	2000Y	(427)	1,731	**9,080**	2,435	344	822	664	262	964
Operating Cash Flow / Revenue	2005Q2	35.1	20.2	**48.2**	12.6	18.6	21.3	11.6	57.5	25.6
	2005Q1	38.3	16.0	**2.4**	11.1	22.2	18.9	16.8	11.3	29.4
	2004Y	40.1	16.1	**36.0**	11.6	23.7	19.3	22.1	44.0	31.1
	2003Y	39.5	17.7	**44.5**	20.8	21.9	20.5	25.3	42.9	29.6
	2002Y	33.8	14.9	**28.3**	15.7	23.2	20.6	20.5	46.2	24.3
	2001Y	20.4	7.9	**14.2**	14.9	22.2	16.5	10.0	35.1	13.2
	2000Y	-8.1	5.9	**16.1**	16.6	16.6	12.2	6.0	9.5	13.3
Pre-tax Interest Cov	2005Q2	14.8	21.0	**4.0**	13.9	70.4	29.3	19.5	2.8	#NAME?
	2005Q1	14.0	19.3	**4.0**	15.5	85.3	30.6	17.7	6.5	#NAME?
	2004Y	8.7	15.9	**4.9**	11.1	74.1	31.3	5.6	4.8	15.9
	2003Y	10.6	14.0	**4.4**	-1.0	83.9	20.5	14.4	3.2	8.2
	2002Y	0.8	6.5	**3.2**	5.0	64.7	14.2	-0.7	3.7	3.0
	2001Y	0.0	6.2	**3.0**	2.2	35.3	12.3	7.8	-5.7	-0.2
	2000Y	3.9	14.3	**3.7**	6.7	25.9	1.4	7.3	7.3	17.1

		ACE	ALL	AIG	HIG	ORI	PGR	STA	XL	CHUBB
Pre-tax Operating Income Covg of Fixed Chgs	2005Q2	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2005Q1	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2004Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2003Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2002Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2001Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
	2000Y	#NAME?	#NAME?	**#NAME?**	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
Reins Rec / Equity	2005Q2	1.38	0.19	**0.22**	0.37	0.51	0.07	0.82	0.89	0.31
	2005Q1	1.47	0.20	**0.24**	0.42	0.52	0.07	0.91	1.02	0.34
	2004Y	1.55	0.20	**0.25**	0.43	0.50	0.07	0.90	1.04	0.34
	2003Y	1.59	0.15	**0.38**	0.51	0.50	0.05	0.93	1.03	0.40
	2002Y	2.19	0.17	**0.49**	0.47	0.50	0.06	1.08	0.95	0.60
	2001Y	1.87	0.16	**0.52**	0.57	0.53	0.06	1.03	1.16	0.69
	2000Y	1.66	#NAME?	**0.51**	0.61	0.60	0.08	1.02	0.28	0.27
ROAE	2005Q2	18.3	21.1	**18.6**	16.2	17.3	29.0	19.8	7.2	18.3
	2005Q1	17.5	20.9	**18.1**	18.7	11.8	31.6	4.0	23.3	18.3
	2004Y	12.2	15.0	**12.9**	16.1	11.7	29.3	5.5	15.9	16.8
	2003Y	18.4	14.2	**14.1**	-0.8	13.4	29.0	15.4	6.1	10.2
	2002Y	1.2	6.6	**9.9**	10.1	13.2	19.4	-0.3	7.1	3.4
	2001Y	-2.7	6.7	**11.9**	6.0	13.3	13.6	10.7	-10.7	1.6
	2000Y	11.2	13.0	**15.3**	15.5	13.1	1.7	16.8	9.1	10.9
Total Debt	2005Q2	2,408	5,187	**111,402**	4,681	143	1,285	5,802	2,722	2,813
	2005Q1	2,408	5,355	**124,238**	4,922	143	1,285	6,295	2,722	2,809
	2004Y	2,408	5,334	**116,527**	4,929	143	1,284	6,624	3,091	2,814
	2003Y	2,370	5,076	**93,770**	5,660	138	1,490	2,675	2,258	2,814
	2002Y	1,895	4,240	**81,046**	2,911	142	1,489	2,544	1,878	1,834
	2001Y	1,845	3,921	**77,549**	2,564	159	1,096	2,078	1,605	1,425
	2000Y	1,789	3,331	**65,632**	2,097	238	749	3,006	450	629
Total Losses Paid / Total Losses Incurred	2005Q2	0.63	1.03	**0.78**	0.94	#NAME?	0.94	#NAME?	#NAME?	0.85
	2005Q1	0.69	1.05	**0.72**	0.98	#NAME?	0.97	#NAME?	#NAME?	0.72
	2004Y	0.57	0.96	**0.65**	1.00	0.75	0.93	0.76	0.63	0.69
	2003Y	0.64	0.94	**0.75**	0.66	0.82	0.91	0.91	0.61	0.73
	2002Y	0.81	0.99	**0.79**	0.95	0.87	0.91	0.72	0.86	0.73
	2001Y	0.82	1.02	**0.94**	0.91	0.96	0.95	0.98	0.63	0.82
	2000Y	1.40	1.06	**0.99**	1.03	1.05	0.89	1.09	1.16	0.93

EXHIBIT 5 - SAP STATISTICS

American International Group

Financial Strength Rating of Lead Company(ies): Aa2

	[1] 2004	2003	2002	2001	2000
Company Fundamentals ($mil):					
Net premiums written (NPW)	33,120	27,972	21,048	14,092	12,401
Net premiums earned (NPE)	33,120	25,087	18,299	13,485	11,929
Net underwriting gain (loss)	691	767	-1,560	-654	243
Net investment income	2,305	2,044	1,605	1,813	2,062
Pretax operating income	2,887	2,715	-105	1,113	2,322
Net income	2,051	1,866	390	1,020	2,048
Realized capital gains (losses)	163	63	534	159	189
Net operating cash flow	14,689	11,189	4,262	1,507	2,055
Cash & invested assets	64,538	52,061	38,985	34,508	33,728
Total assets	85,001	70,132	56,383	49,802	45,067
Loss & LAE reserves	36,158	27,900	21,588	18,375	18,677
Policyholder surplus (PHS)	20,312	16,693	13,627	14,017	13,725
Premiums by Line % Net Premiums Written:					
Home, farm, earthquake & flood	—	1.9	1.6	1.8	2.0
Auto	—	20.7	22.0	28.0	26.9
Commercial multi-peril	—	1.8	1.5	1.5	1.3
Commercial & special property	—	9.5	7.5	8.0	6.5
Workers' compensation	—	15.4	15.6	12.5	12.5
Commercial & special liability	—	38.5	39.8	35.0	33.8
Other	—	8.3	8.7	9.7	12.9
Reinsurance	—	3.8	3.2	3.6	4.1
Pretax Operating Income by Line ($mil):					
Home, farm, earthquake & flood	—	35	27	-16	86
Auto	—	529	45	74	-364
Commercial multi-peril	—	98	100	12	-81
Commercial & special property	—	597	111	-1	-207
Workers' compensation	—	239	148	78	-280
Commercial & special liability	—	980	-787	688	561
Other	—	697	503	407	616
Reinsurance	—	56	-30	-128	-72
Investment Mix % Cash & Invested Assets:					
Cash & investment-grade bonds	73.9	71.3	66.5	62.1	63.3
Below investment-grade bonds	0.8	0.9	1.2	1.2	2.0
Preferred stocks	2.3	2.4	2.5	2.9	1.7
Common stocks	5.6	6.3	5.4	7.2	8.3
Mortgage loans, real estate & other	8.1	8.4	11.4	13.5	12.2
Investments in affiliates	9.3	10.7	13.0	13.2	12.5
Liquidity:					
Cash & adj. investments % adj. assets	74.1	72.0	66.1	66.2	72.2
Cash & investment-grade bonds % reserves	131.8	133.0	120.0	116.6	114.3
Operating cash flow % NPW	44.4	40.0	20.3	10.8	16.6
Loss Reserves & Development:					
Personal reserves % total reserves	—	9.5	8.0	7.1	7.5
Commercial-short tail reserves % total reserves	—	14.0	14.7	15.7	14.5
Commercial-long tail reserves % total reserves	—	76.4	77.3	77.2	78.0
IBNR % loss reserves	69.7	50.1	45.9	38.6	38.9
Current year development % prior year reserves	—	7.7	17.5	4.0	-0.5
Current accident year LLAE ratio	72.2	70.0	69.6	77.4	77.1
Current year development % premiums earned	—	6.7	17.5	5.6	-0.9
Reinsurance:					
NPW % Gross	—	72.2	65.9	60.6	58.2
Reinsurance Voluntary % PHS	—	163.7	204.1	179.7	154.2
Reinsurance Involuntary % PHS	—	1.4	1.1	0.9	0.8
Profitability:					
Commissions & brokerage % NPW	9.2	8.3	7.8	6.3	5.5
Other underwriting expenses % NPW	9.8	10.2	11.4	14.9	15.2
Underwriting expense ratio (%) NPW	19.0	18.5	19.2	21.2	20.7
Loss & LAE ratio (%) NPE	72.2	76.6	87.2	82.9	76.2
Policyholder dividend ratio % NPE	0.0	0.0	0.1	0.2	0.1
Combined ratio (%)	91.2	95.2	106.5	104.2	97.0
Investment income % NPE	7.0	8.1	8.8	13.4	17.3
Operating ratio (%)	84.2	87.0	97.7	90.8	79.7
Core return on premium (%)	6.0	7.5	-3.3	2.6	10.8
Net income return on avg. PHS (%)	11.1	12.3	2.8	7.4	15.2
Capitalization:					
Gross premiums written / PHS (x)	—	2.3	2.3	1.7	1.6
Net premiums written / PHS (x)	1.6	1.7	1.5	1.0	0.9
Net leverage (x)	4.8	4.9	4.7	3.6	3.2
Gross underwriting leverage (x)	5.4	8.5	9.5	7.1	6.4
Investments in affiliates % PHS	29.5	33.5	37.3	32.4	30.7
Net Income / Change in PHS (%)	56.7	77.4	-100.2	349.6	353.1
Change in Unreal. Gains (Losses) / Change in PHS (%)	29.3	48.1	259.7	147.9	-25.5
Dividends & Other / Change in PHS (%)	14.1	-25.4	-59.5	-397.5	-227.5
NPW / net PHS (x)	2.3	2.5	2.5	1.5	1.3
Market Presence (%)	—	76.0	75.6	75.8	75.1
RBC % Company Action Level	211	196	212	248	262

[1] 2004 data for American International Group was compiled by Highline Data from individual company filings.

American International Group Domestic General's Statutory Restatement

AIG

Moody's Presentation

December 16, 2005

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- Statutory Restatement Summary - slides 4-8
- NAIC RBC – slides 9-12

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Domestic General Companies Affected by Restatements

DBG Companies

- ***AI Specialty Lines Insurance Company (AISLIC)***
- ***AIU insurance Company (AIU)***
- ***American Home (AHAC)***
- ***Birmingham Fire (BIRM)***
- ***Commerce and Industry Insurance Company (C&I)***
- ***The Insurance Company of the State of Pennsylvania (ISOP)***
- Landmark Insurance company (Landmark)
- Lexington Insurance Company (LEX)
- ***National Union Fire Insurance Company of Pittsburgh, Pennsylvania (NUFIC)***
- ***New Hampshire Insurance Company (NHIC)***
- Starr Excess Liability Insurance Company, Limited (Starr Excess)

Foreign General Companies

- Political Risk
- AIUO, Ltd *

Personal Lines Companies

- AIG Auto Insurance Company of New Jersey (AIGNJ)
- AIG Centennial Insurance Company (AIGCI)
- AIG Hawaii Insurance Company, Inc. (AIGH)
- AIG Indemnity Insurance Company (AIGII)
- AIG National Insurance Company, Inc. (AIGN)
- AIG Preferred Insurance Company (AIGPR)
- AIG Premier Insurance Company (AIGPI)
- American International Insurance Company (AIIC)
- American International Insurance Company of California, Inc. (AIICCA)
- American International Insurance Company of New Jersey (AIICNJ)
- American Pacific Insurance Company, Inc. (APIC)
- Minnesota Insurance Company (MIC)
- New Hampshire Indemnity Company, Inc. (NHI)

* Not part of combined statement

Bold and italics reflects companies rated by Moody's

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Statutory Restatement Summary

The following summarizes the key drivers of the $3.5 billion reduction in statutory surplus as of 12/31/04: ($in millions)

		Statutory 1999 & Prior*	Statutory 2004*	AIG GAAP**
(1)	Union Excess	$962	$950	$951
(2)	Loss Reserves	125	950	1,125
(3)	Income Taxes		450	146
(4)	DBG Analysis	443	350	388
(5)	Investments		200	
(6)	Ownership of ILFC and Other Co.'s		100	
(7)	Risk Transfer (other than Richmond and Union Excess)	4	100	
(8)	Starr Excess	4	50	
(9)	Other Aggregate Miscellaneous	186	350	335
(10)	Top Level Adjustments and Other Directed Entries			206
(11)	Accrual for Salvage and Subrogation			151
(12)	Subsequent Events Relative to Reinsurance Arbitration			116
(13)	Accounting for Derivatives FAS 133 Hedge Accounting			(1,018)
(14)	Accounting for Deferred Taxes			(889)
(15)	Life Settlements			396
(16)	Affordable Housing			322
(17)	Deferred Acquisition Costs Adjustments			36
	TOTAL	$1,724	$3,500	$2,264

* Statutory restatement entries reflect DBG companies

** 2004 entire AIG 10-K restatement entries

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Statutory Restatement Summary Continued

Explanation of Restatement Adjustments

1. ***Union Excess***- reinsurance ceded to Union Excess Reinsurance Company, Ltd. (Union Excess), a Barbados-domiciled reinsurer, did not result in sufficient risk transfer because of AIG's control over certain transactions undertaken directly or indirectly with Union Excess, including the timing and nature of certain commutations. For GAAP reporting, the reinsurance cessions were unwound, and Union's results are included in AIG's consolidated financial statements. For statutory reporting, these transactions have been adjusted to deposit accounting in accordance with SSAP 62 "Property and Casualty Reinsurance" and SSAP 75 "Reinsurance Deposit Accounting-An Amendment to SSAP 62, Property and Casualty Reinsurance".
2. ***Loss Reserves***- Estimation of ultimate net losses and loss expenses is a complex process requiring the use of assumptions which may be highly uncertain at the time of estimation. The Company has determined that Incurred But Not Reported Reserves (IBNR) were adjusted on a regular basis without appropriate support for the adjustment. The Company has determined that the unsupported changes in reserves independently from the actuarial process constituted errors which have been corrected and the reserves restated accordingly. The accounting treatment for GAAP and Statutory pertaining to the correction was the same.
3. ***Income Taxes***- For statutory, non-admitted asset penalty on deferred tax assets arising from the restatement adjustments that are not expected to be realized within one year. For GAAP, represents changes in estimates in the determination of earnings of foreign subsidiaries.
4. ***Domestic Brokerage Group "DBG" Analysis***- The Company has determined that allowances related to certain premium receivable, reinsurance recoverable and other assets were not properly analyzed in prior periods and appropriate allowances for loss were not recorded. In addition, various accounts were not properly reconciled. The restatement has established allowances for these items. While the accounting treatment was similar for both stat and GAAP, there were some items that only affected the GAAP results.
5. ***Investments***- The restatement primarily related to adjustments related to the muni tender option bond program. The Company entered into a muni tender option bond program whereby the Company would sell tax-exempt bonds to an entity owned by an investment bank, which would in turn deposit the bonds into a trust. The trust would issue two types of securities, i) floating rate certificates and ii) inverse floating rate residual certificates. As part of this program, the Company would purchase the residual certificates from the trust. The holder of the residual certificates could collapse the trust and receive the bonds back. The Company has determined that the transactions should not have been accounted for as sales and subsequent purchases. In accordance with the Company's agreement with its Domiciliary Insurance Department the gains on the original sales of bonds into the Muni TOBS trusts have been deferred until the underlying bond is sold outside of AIG. The deferral of the gains affected statutory reporting, not GAAP, due to the difference in accounting treatment. The bonds were recorded at fair value for GAAP reporting, therefore, any adjustment had no effect on equity. Statutory accounting does not record these bonds at market value.

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Statutory Restatement Summary Continued

6. ***Ownership of ILFC and Other Co's***- Statutory effect reflects the impact of the ILFC restatement on National Union (approximately 35% ownership). For GAAP, the impact of IFLC's restatement was reflected as a part of AIG's second restatement, which was included in the September 30, 2005 Form 10-Q.
7. ***Risk Transfer (Other than Union Excess and Richmond)***- Statutory reporting resulted in all assumed and ceded reinsurance transactions without sufficient risk transfer being adjusted to deposit accounting in accordance with SSAP 62 "*Property and Casualty Reinsurance*" and SSAP 75 "*Reinsurance Deposit Accounting-An Amendment to SSAP 62, Property and Casualty Reinsurance*". Direct insurance transactions identified as part of the internal review for which there was insufficient risk transfer, other than those where a policy was issued (i) in respect of the insured's requirement for evidence of coverage pursuant to applicable statutes (insurance statutes or otherwise), contractual terms or normal business practices, (ii) in respect of an excess insurer's requirement for an underlying primary insurance policy in lieu of self insurance, or (iii) in compliance with filed forms, rates and/or rating plans, is reflected as deposit accounting. On a GAAP basis, the above mentioned exceptions to risk transfer did not apply. All transactions without sufficient risk transfer were converted to deposit accounting. The effect on the GAAP restatement was classified in AIG's Form 10k as "All Other –Net".
8. ***Starr Excess***- Statutory restatement resulting from the incorrect application of an internal quota share reinsurance agreement. No effect on GAAP restatement as the companies involved are part of the AIG consolidated financial statements.
9. ***Other Aggregate Miscellaneous***- various restatement items were included in this category rather than being separately disclosed due to primarily to the insignificance of the amount. On a statutory basis, the primary items included in this category relate to internal reinsurance agreements, AIRCO and AIUOA ($105.2m), and statutory adjustments related to Schedule F ($160.1m).
10. ***Top Level Adjustments and Other Directed Entities*** – Certain accounting entries originated at the parent level had the effect of reclassifying realized gains to net investment income, as well as adjusting other line item reclassifications and other segment financial information. These entries affected GAAP reporting only.
11. ***Accrual for Salvage and Subrogation*** – Related to changes in estimates attributable to the accruals for salvage and subrogation recoveries. These entries affected GAAP reporting only.
12. ***Subsequent Events Relative to Reinsurance Arbitration*** – Related to an Arbitration decision with Superior National Insurance Company over the rescission of a quota share reinsurance agreement. These entries affected GAAP reporting only.

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Statutory Restatement Summary Concluded

13. ***Accounting for Derivatives FAS 133 Hedge Accounting***- AIG's internal review determined that in many cases, AIG did not meet the requirements of FASB Statement No.133 with respect to certain hedging transactions. These entries affected GAAP reporting only.
14. ***Accounting for Deferred Taxes*** – Deferred taxes for certain foreign subsidiaries were incorrectly calculated. These entries affected GAAP reporting only.
15. ***Life Settlements***- life settlements are designed to assist life insurance policyholders with monetizing the existing value of life insurance policies. The Company, recorded its proportionate share of the net death benefits from the purchased contracts, net of reinsurance to a third party reinsurer, as premium. Costs incurred to acquire the contracts and keep them in force were recorded as paid losses, net of reinsurance. The Company has determined, in light of new information not available to management of the Company at the time the initial accounting determination was made, that the accounting for these transactions as insurance and reinsurance is a misapplication of statutory accounting. This restatement results in life settlements being accounted for as collateral loans in accordance with SSAP 21 "Other Admitted Assets". GAAP reporting was also misapplied, and the transaction is accounted for as an investment under FTB 85-4.
16. ***Affordable Housing*** – Through an investment limited partnership, an AIG subsidiary as the general partner, syndicates the tax benefits (including both tax credits and tax losses) generated by affordable housing real estate properties. AIG guarantees the return of the tax benefits to the limited partners. Beginning in the third quarter of 2003, because of the guarantees, AIG changed its accounting for these partnerships to record all new syndications as financings, rather than sales. These entries affected GAAP reporting only.
17. ***Deferred Acquisition Costs Adjustments*** – Principally relating to a refinement of costs eligible for deferral in accordance with AIG policy. These entries affected GAAP reporting only.

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AIG's Third Quarter 2005 Restatement

- Announced November 9, 2005 and included in AIG's 3rd Quarter Form 10-Q
- Primarily related to remediation of material weaknesses in internal control
- Asset Realization – Domestic Brokerage Group Issues reduced statutory surplus by $205 million
  - NUFIC ($63) million
  - AHAC ($59) million
  - LEX ($33) million
  - C&I ($16) million
  - BIRM ($ 8) million
  - ISOP ($ 8) million
  - NHIC ($ 8) million
  - STARR EXCESS ($ 7) million
  - AIU ($ 2) million
  - LANDMARK ($ 1) million

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2004 NAIC RBC
Original vs. Restated

DBG Companies	Original	Restated RBC	Point Change
AISLIC	***342%***	***319%***	***(23)***
AIU	***660%***	***464%***	***(196)***
AHAC	***279%***	***202%***	***(77)***
AHAC-PRO Forma*	***279%***	***250%***	***(29)***
BIRM	***321%***	***230%***	***(91)***
C&I	***351%***	***247%***	***(104)***
ISOP	***325%***	***242%***	***(83)***
LANDMARK	653%	593%	(60)
LEX	363%	319%	(44)
NUFIC	***422%***	***311%***	***(111)***
NHIC	***458%***	***349%***	***(109)***
STARR EXCESS	372%	332%	(40)
Personal Lines Companies			
AIGNJ	594%	587%	(7)
AIGCI	436%	424%	(12)
AIGH	400%	353%	(47)
AIGII	893%	879%	(14)
AIGN	565%	561%	(4)
AIGPR	650%	641%	(9)
AIGPI	598%	586%	(12)
AIIC	363%	319%	(44)
AIICA	368%	345%	(23)
AIICNJ	766%	745%	(21)
APIC	323%	312%	(11)
MIC	390%	370%	(20)
NHI	372%	327%	(45)

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The RBC for regulatory purposes equa s 200% of the Company Action Level
*Includes $750M capital contribution in 2005
Bold and italics reflect companies rated by Moody's

2004 NAIC RBC
Original vs. Restated

Foreign General Companies	Original	Restated RBC	Point Change
Political Risk	1,072%	688%	(384)
AIUO, Ltd.	389%	334%	(55)

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The RBC for regulatory purposes equa s 200% of the Company Action Level
*Includes $750M capital contribution in 2005
Bold and italics reflect companies rated by Moody's

2004 NAIC RBC
Excess/(Shortfall) from Company Action Level
Restated Companies
($ in millions)

Company	Total Adjusted Capital	Restated RBC	Excess/ (Short Fall) from CAL
AISLIC	***$ 351.1***	***319%***	***$ 131.1***
AIU	***585.5***	***464%***	***333.3***
AHAC	***3,158.2***	***202%***	***27.0***
AHAC-PRO Forma**	***3,908.2***	***250%***	***777.0***
AIP *	28.9	19,057%	29.6
AIS *	32.4	27,502%	32.1
Audubon Ind *	37.2	2,907%	34.6
Audubon Ins *	56.7	453%	31.6
BIRM	***648.1***	***230%***	***83.6***
C&I	***1,152.4***	***247%***	***218.8***
Granite *	29.8	15,399%	29.4
Illinois *	50.5	20,186%	50.0
ISOP	***863.6***	***242%***	***150.6***
LANDMARK	*87.8*	*593%*	*58.2*
LEX	*2,226.2*	*319%*	*829.9*
NUFLA *	5.9	20,725%	5.9
NUFIC	***7,184.0***	***311%***	***2,563.6***
NHIC	***785.2***	***349%***	***335.8***
STARR EXCESS	577.8	332%	230.2

*Indicates no change from original reported RBC
** Includes $750M capital contribution in 2005
Bold and italics reflect companies rated by Moody's
The RBC for regulatory purposes equals 200% of the Company Action Level

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2004 NAIC RBC
Excess/(Shortfall) from Company Action Level
Restated Companies Continued
($ in millions)

Company	Total Adjusted Capital	Restated RBC	Excess/ (Short Fall) from CAL
AIGNJ	13.9	587%	9.2
AIGCI	239.8	424%	126.6
AIGH	56.7	353%	24.6
AIGII	21.2	879%	16.4
AIGN	13.4	561%	8.6
AIGPR	21.7	641%	15.0
AIGPI	115.6	586%	76.1
AIIC	271.0	319%	100.0
AIICA	17.6	345%	7.4
AIICNJ	24.9	745%	18.2
APIC	3.7	312%	1.3
MIC	16.5	370%	7.6
NHI	101.7	327%	39.6
Political Risk	127.2	688%	90.2
AIUO, Ltd.	1,884.1	334%	755.5
Total	**$ 21,540.3**		**$ 7,221.6**
Weighted Average RBC		301%	

Bold and italics reflect companies rated by Moody's
The RBC for regulatory purposes equals 200% of the Company Action Level

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EXHIBIT 7 –SAMPLE CAP. MAINT. AGMT.

October 14, 2005

AIU Insurance Company
175 Water Street
New York, NY 10038
Attn: Chief Financial Officer

Ladies and Gentlemen:

AIU Insurance Company (the "Company") is a property-casualty insurer subject to certain capital requirements of the insurance laws and regulations of the State of New York. The Company is also a wholly owned subsidiary of American International Group, Inc. ("AIG"), and as such, AIG has an interest in maintaining the Company's financial position. Accordingly, AIG hereby agrees with the Company as follows:

1. In the event that the Company's Total Adjusted Capital falls below 200% of the Company's Authorized Control Level RBC, in each case as shown in the Company's re-filed 2004 Annual Statement, together with any adjustments or modifications thereto required by the New York insurance department, AIG shall, within 30 days of written notice thereof, provide to the Company in cash or cash equivalents, as a capital contribution and not as a loan, the amount of funds equal to the difference between the Company's Total Adjusted Capital and 200% of the Company's Authorized Control Level RBC.

2. In the event that the Company's Surplus to Policyholders as shown in the Company's re-filed 2004 Annual Statement is reduced by any adjustments or modifications thereto required by the New York insurance department, AIG shall, within 30 days of written notice thereof, provide to the Company in cash or cash equivalents, as a capital contribution and not as a loan, the amount of funds required for the Surplus to Policyholders to equal or exceed the amount shown in the Company's re-filed 2004 Annual Statement.

3. For the avoidance of doubt, the terms "Total Adjusted Capital", "Authorized Control Level RBC", and "Surplus to Policyholders" shall have the meanings ascribed thereto under the insurance laws and regulations of the State of New

York, or, with respect to "Total Adjusted Capital" and "Authorized Control Level RBC", if not defined therein, shall have the meanings ascribed thereto in the risk-based capital instructions promulgated by the National Association of Insurance Commissioners.

4. In the event that AIG is not the direct parent of the Company at the time that any capital contribution is due under paragraphs 1 or 2, AIG agrees that it will either (a) make such capital contribution to the Company's direct parent and cause such direct parent to then contribute such funds to the Company, or (b) make such capital contribution directly to the Company without receiving any capital stock or other ownership interest in exchange therefor, subject in either case to any required regulatory approvals.

5. AIG's obligations hereunder shall terminate without the need for any action twelve (12) months from the date of this letter, unless otherwise extended in writing prior thereto.

Sincerely,

AMERICAN INTERNATIONAL GROUP, INC.

By: ______________________
Name: Steven Bensinger
Title: Chief Financial Officer

By: Kathleen E Shannon
Name: Kathleen Shannon
Title: Secretary

Accepted and agreed by:

AIU INSURANCE COMPANY

By: Robert Schimek
Name: Robert Schimek
Title: Treasurer

By: Elizabeth M Tuck
Name: Elizabeth Tuck
Title: Secretary

EXHIBIT 8

DRAFT PRESS RELEASE

MOODY'S CONFIRMS AIG'S P&C SUBSIDIARIES AT Aa2 FOR INSURANCE FINANCIAL STRENGTH; OUTLOOK IS STABLE

Moody's Investors Service confirmed the Aa2 insurance financial strength (IFS) ratings of members of the domestic general insurance group of American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2, stable outlook) and assigned a stable outlook. This concludes a review for possible downgrade that was initiated on March 31, 2005.

The review for possible downgrade followed AIG's announcement that it would delay the filing of its 2004 Form 10-K with the Securities and Exchange Commission to complete an extensive financial review. Various AIG ratings were downgraded on March 31 and again on May 2, 2005. Members of the domestic general insurance group remained on review for possible further downgrade because the preponderance of ongoing regulatory investigations and potential accounting adjustments pertained to this group. The group was also experiencing significant adverse loss development, said Moody's.

On May 31, 2005, AIG filed its 2004 Form 10-K, restating its GAAP results for the years 2000-2003 and for the first three quarters of 2004. AIG said at the time that it would also restate results of certain operating subsidiaries. In December 2005, AIG filed the audited, restated 2004 statutory financial statements for its domestic general insurance companies. The aggregate effect of the restatement was to reduce the combined statutory surplus as of year-end 2004 by $3.5 billion, or 14%, to $21.5 billion. The reinstatement consists of several non-cash adjustments, mostly related to the timing of income recognition. Giving effect to the restatement, all companies now report NAIC risk-based capital (RBC) ratios (versus Company Action Level) of 115% or higher as of year-end 2004. One group member, American Home Assurance Company, initially showed a decline in its RBC ratio to 101%, but AIG invested $750 million of fresh capital into this company to raise its RBC ratio to 125%.

Moody's said that the IFS ratings reflect AIG's leadership in commercial and specialty liability lines, its ability to underwrite large and complex risks, its historically strong profitability, and its large capital base. Moody's believes that AIG is fully committed to the general insurance business and to its U.S. property and casualty subsidiaries.

Moody's noted that AIG continues to face challenges with regard to regulatory investigations, loss reserves and internal control over financial reporting. Moody's expects regulatory settlements to involve some sort of monetary restitution as well as assurances of proper business practices.

AIG has commissioned the consulting firm, Milliman, Inc., to conduct a comprehensive independent actuarial review of loss reserves for its main property and casualty operations. The review is expected to be completed before AIG reports full-year 2005 results. As with any external review, Milliman's work could cause AIG to take additional reserve charges, according to Moody's.

In its 2004 Form 10-K, AIG identified five areas of material weakness in its internal control over financial reporting, as follows: overall control environment, evaluation of risk transfer, certain balance sheet reconciliations, accounting for certain derivative transactions, and income tax accounting. Based on the definition of material weakness, these areas could give rise to further accounting adjustments. Moody's believes that AIG is working diligently to remedy the weaknesses.

Moody's believes that AIG has sufficient capital and earnings power to withstand these challenges and remain a leader in domestic general insurance and in various insurance and financial services worldwide.

The following ratings have been confirmed and have a stable outlook:

AIU Insurance Company – insurance financial strength at Aa2;

American Home Assurance Company – insurance financial strength at Aa2;

American International Specialty Lines Insurance Company – insurance financial strength at Aa2;

Birmingham Fire Insurance Company of Pennsylvania – insurance financial strength at Aa2;

Commerce & Industry Insurance Company – insurance financial strength at Aa2;

Insurance Company of the State of Pennsylvania – insurance financial strength at Aa2;

National Union Fire Insurance Company of Pittsburgh, Pennsylvania – insurance financial strength at Aa2;

New Hampshire Insurance Company – insurance financial strength at Aa2.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through its subsidiaries in property and casualty insurance, life insurance and retirement services, financial services, and asset management. For the nine months ended September 30, 2005, AIG reported total revenues of $82 billion, net income of $10 billion and shareholders' equity of $89 billion.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. For more information, visit our website at www.moodys.com/insurance.

EXHIBIT 9
DRAFT PRESS RELEASE

MOODY'S RATES AIG PRIME-1 FOR SHORT-TERM DEBT

Moody's Investors Service has assigned a Prime-1 short-term issuer rating to American International Group, Inc. (NYSE: AIG – senior unsecured debt rated Aa2). The rating outlook is stable. AIG's liquidity sources include dividends from diverse operating subsidiaries as well as external and intercompany credit facilities. AIG guarantees the $7 billion (authorized) commercial paper program of AIG Funding, Inc. (AIG Funding).

Moody's said that AIG's main source of cash is dividends from a range of insurance and non-insurance operating subsidiaries. Individual subsidiaries are subject to regulatory and other constraints on dividend payments, but as a group, these subsidiaries generate strong operating cash flows and provide diversified liquidity to the parent. The insurance operations also carry substantial balances of cash, short-term investments and other liquid securities, a portion of which could be used to fund dividend payments (subject to regulatory limits) or other advances to the parent.

AIG and AIG Funding are parties to two syndicated bank facilities totaling $2.75 billion – half maturing in less than one year and half maturing in five years. Borrowings by AIG Funding under these facilities are guaranteed by AIG. AIG also has a $2 billion intercompany credit facility provided by 20 of its insurance subsidiaries, maturing in October 2006.

In addition to its guarantee of AIG Funding debt, AIG guarantees the debt and counterparty obligations of certain subsidiaries, most notably AIG Financial Products Corp. and related entities, and American General Corporation. AIG also provides support agreements to certain life insurance subsidiaries. These arrangements represent contingent liquidity risk to the holding company, according to Moody's, but the risk as manageable in light of the sound internal liquidity management at these operations.

When assessing liquidity, Moody's said that it also considers AIG's ownership of non-guaranteed subsidiaries, including International Lease Finance Corporation (ILFC) and American General Finance Corporation (AGF). Each of these firms maintains its own sources of primary and secondary liquidity.

AIG, based in New York City, is a leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. The company is engaged through its subsidiaries in property and casualty insurance, life insurance and retirement services, financial services, and asset management. For the nine months ended September 30, 2005, AIG reported total revenues of $82 billion, net income of $10 billion and shareholders' equity of $89 billion.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Addendum Summary - Part 1

1) Background information:

Lead Analyst	:	[redacted]
Issuer/Obligor (Action) Name	:	**American International Group, Inc.- Feb 26, 2010**
Action ID	:	**1453642**
Responsible Group	:	**Financial Institutions Group**
Date Rating Committee concluded with a vote	:	**02/26/2010**

2) Did the subject rating involve more than one "Action ID" (i.e. more than one release from AccuRate)?

False

3) Were any Issuers reviewed as a Franchise Credit?

True.

4) Was a credit rating determined by the subject RC based on another rating agency's rating?

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM   Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Addendum Summary - Additional Actions - Part 1

#	Issuer/Obligor (Action) Name	Action Id

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Addendum Summary - Additional Actions - Part 2

#	Issuer/Obligor (Action) Name	Action Id

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Publications

#	Name
1	**Moody's Global Rating Methodology for Life Insurers (9/11/2006)**
2	**Updated: Moody's Global Rating Methodology for Property and Casualty Insurers (07/09/2008)**

No principal methodology applies

False.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #1 - Part 1

1) Rating Committee Date: 02/25/2010

Committee Members:

Member Type	Member Name	Non-voting Attendee	Did Not Vote
Lead Analyst	[redacted]	False	False
Chair	[redacted]	False	False
Backup	[redacted]	False	False
Required Attendee	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #1 - Part 2

Committee Members (cont'd):

Member Type	Member Name	Non-voting Attendee	Did Not Vote
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	True

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #1 - Part 3

2) Voting tally (no attribution):

Outcomes all consistent with recommendations as follows:
AIG: All ratings affirmed (LT issuer at A3, senior unsecured debt at A3, subordinated debt at Ba2, ST issuer at P-1) with negative outlook.
Chartis US: Public IFSR affirmed at Aa3 with negative outlook.
Chartis Insurance UK Limited: Public IFSR affirmed at A1 with negative outlook.
SunAmerica Financial Group: Public IFSR affirmed at A1, outlook changed to negative from developing.
Voting: All 16 votes in favor of the recommendations. Concluded with final vote on 02/26/2010.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #1 - Part 4

3) At the outset, did the chair ask if anyone has a conflict of interest related to the subject rating committee?

True.

4) Did (an) attendee(s) assert a conflict? If "Yes", briefly summarize the nature of the conflict; if known, otherwise state "not known" in the space below.

False.

5) Did the attendee(s) who asserted a conflict leave the rating committee? If not, briefly summarize why he/she (they) did not.

6) Was the RC recommendation memo circulated prior to the RC meeting?

True.

7) Refer to the Analytic Process Standards applicable to your rating group and respond to the following question. In formulating the RC recommendation, was the Financial Data (or, as applicable, the Financial Data/Legal Documentation) received and used? If No, provide a brief explanation below for the basis of the RC decision.

True.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM   Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #1 - Part 5

8) An Addendum serves as a "bridge" between the RC memo and the final RC outcome. Use the space provided below, when applicable to describe:

* **A RC outcome that differs from the recommendation in the RC memo; or**
* **A rationale for a final rating outcome that differs from the rationale in the RC memo.**

Please note that this rating action incorporated the results of the parent company RCM on 02/25/2010 (Tab 1) as well as two prior RCMs that addressed the stand-alone credit profiles of AIG's two main operating units: Chartis US (RCM on 02/24/2010 -- see Tab 2) and SunAmerica Financial Group (RCM on 02/19/2010 -- see Tab 3).

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #1 - Part 6

9) ONLY with respect to ratings of securities or money market instruments issued by asset pools or as part of any asset-backed or mortgage-backed securities transaction, use the RC memo or the space provided below to document the rationale for a final rating outcome when it differs from a rating implied by a quantitative model that was component in determining the final rating. This documentation, which is required by regulation, applies in limited cases to securities rated by Fundamental rating groups.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #2 - Part 1

1) Rating Committee Date: 02/24/2010

Committee Members:

Member Type	Member Name	Non-voting Attendee	Did Not Vote
Lead Analyst	[redacted]	False	False
Chair	[redacted]	False	False
Backup	[redacted]	False	False
Required Attendee	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #2 - Part 2

Committee Members (cont'd):

Member Type	Member Name	Non-voting Attendee	Did Not Vote
Committee Member	[redacted]	**False**	**True**

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #2 - Part 3

2) Voting tally (no attribution):

Outcome for Chartis US stand-alone IFSR: Lowered to A1 from Aa3; first-time differentiation between stand-alone and public IFSRs. Voting: 5 votes for A1, 4 votes for Aa3.
Outcome for Chartis US public IFSR: Affirmed at Aa3 with negative outlook, consistent with the recommendation. Voting: All 9 votes in favor of recommendation.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #2 - Part 4

3) At the outset, did the chair ask if anyone has a conflict of interest related to the subject rating committee?

True.

4) Did (an) attendee(s) assert a conflict? If "Yes", briefly summarize the nature of the conflict; if known, otherwise state "not known" in the space below.

False.

5) Did the attendee(s) who asserted a conflict leave the rating committee? If not, briefly summarize why he/she (they) did not.

6) Was the RC recommendation memo circulated prior to the RC meeting?

False.

7) Refer to the Analytic Process Standards applicable to your rating group and respond to the following question. In formulating the RC recommendation, was the Financial Data (or, as applicable, the Financial Data/Legal Documentation) received and used? If No, provide a brief explanation below for the basis of the RC decision.

True.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM   Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #2 - Part 5

8) An Addendum serves as a "bridge" between the RC memo and the final RC outcome. Use the space provided below, when applicable to describe:

- **A RC outcome that differs from the recommendation in the RC memo; or**
- **A rationale for a final rating outcome that differs from the rationale in the RC memo.**

The final outcome, to affirm the public IFSR at Aa3 with a negative outlook, was consistent with the recommendation. However, the committee decided to differentiate between the stand-alone IFSR of A1 and the public IFSR of Aa3. The latter incorporates one notch of rating uplift based on the government ownership and support. This RCM outcome was an input to the AIG parent company RCM on 02/25/2010 (see Tab 1), which concluded with a final vote and PR on 02/26/2010.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #2 - Part 6

9) ONLY with respect to ratings of securities or money market instruments issued by asset pools or as part of any asset-backed or mortgage-backed securities transaction, use the RC memo or the space provided below to document the rationale for a final rating outcome when it differs from a rating implied by a quantitative model that was component in determining the final rating. This documentation, which is required by regulation, applies in limited cases to securities rated by Fundamental rating groups.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #3 - Part 1

1) Rating Committee Date: 02/19/2010

Committee Members:

Member Type	Member Name	Non-voting Attendee	Did Not Vote
Lead Analyst	[redacted]	False	False
Chair	[redacted]	False	False
Backup	[redacted]	False	False
Required Attendee	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	False	False
Committee Member	[redacted]	True	False

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM   Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #3 - Part 2

Committee Members (cont'd):

Member Type	Member Name	Non-voting Attendee	Did Not Vote

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #3 - Part 3

2) Voting tally (no attribution):

Outcome for SunAmerica Financial Group stand-alone IFSR: Affirmed at A2 with negative outlook, consistent with the recommendation. Voting: 6 votes for A2 with negative outlook, 1 vote for A2 with stable outlook.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM   Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #3 - Part 4

3) At the outset, did the chair ask if anyone has a conflict of interest related to the subject rating committee?

True.

4) Did (an) attendee(s) assert a conflict? If "Yes", briefly summarize the nature of the conflict; if known, otherwise state "not known" in the space below.

False.

5) Did the attendee(s) who asserted a conflict leave the rating committee? If not, briefly summarize why he/she (they) did not.

6) Was the RC recommendation memo circulated prior to the RC meeting?

True.

7) Refer to the Analytic Process Standards applicable to your rating group and respond to the following question. In formulating the RC recommendation, was the Financial Data (or, as applicable, the Financial Data/Legal Documentation) received and used? If No, provide a brief explanation below for the basis of the RC decision.

True.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #3 - Part 5

8) An Addendum serves as a "bridge" between the RC memo and the final RC outcome. Use the space provided below, when applicable to describe:

- **A RC outcome that differs from the recommendation in the RC memo; or**
- **A rationale for a final rating outcome that differs from the rationale in the RC memo.**

This RCM outcome was an input to the AIG parent company RCM on 02/25/2010 (see Tab 1), which concluded with a final vote and PR on 02/26/2010.

Moody's Compliance - Rating Committee Addendum

Created by: [redacted]

Created on: 4/5/2010 11:39:44 AM Last modified on: 4/5/2010 12:22:25 PM

Current date: 4/5/2010 12:22:25 PM

Rating Committee - #3 - Part 6

9) ONLY with respect to ratings of securities or money market instruments issued by asset pools or as part of any asset-backed or mortgage-backed securities transaction, use the RC memo or the space provided below to document the rationale for a final rating outcome when it differs from a rating implied by a quantitative model that was component in determining the final rating. This documentation, which is required by regulation, applies in limited cases to securities rated by Fundamental rating groups.

Moody's Investors Service

Addendum to Fundamental Rating Committee Memo

ISSUER NAME: American International Group, Inc.	
Date: March 14, 2005	
RC Meeting Attendees:	Invitees to RC Not in Attendance:
[redacted] (non voting - none)	[redacted]
Was the RC recommendation memo circulated prior to the RC meeting? (☒ yes or ☐ no)	
Vote Tally (no attribution):	

AIG, Inc. and guaranteed subsidiaries long-term ratings
- 5 votes to review long-term ratings for possible downgrade
- 6 votes to confirm (negative outlook)

The conclusion was therefore to confirm (negative outlook)

Following the above decision:

All affiliated long-term ratings (except for the finance subsidiaries):
- unanimous (11-0) decision to confirm (negative outlook)

Finance subsidiaries (ILFC, American General Finance, Commo Loco)
- unanimous (11-0) decision to confirm (stable)

Rationale of RC decision (check one):

☐	No substantive changes from RC recommendation memo dated March 14, 2005
☒	RC outcome was different from RC recommendation memo for the following primary reason or reasons (provide brief explanation):

Rating committee felt that the developments referenced in the RCM memo - including the recent resignation of the CEO and CFO, the delay of the 10-K filing, the beginning of regulatory investigations into certain reinsurance transactions, and the in-coming CFO's characterization as a "remote possibility" that the company would need to restate or adjust previously-filed financials - did not warrant a review for possible downgrade, in part reflecting the therefore stable outlook on AIG, Inc.'s long-term ratings.

Issuer Review of Press Release (check all that apply):

☐	Not applicable, Sovereign issuer does not review press release
☒	Yes, issuer was provided a copy of draft press release for review
☒	Yes, Issuer responded
☐	No, Issuer did not respond because (provide brief reason why):

Additional Comments (including RC conclusions, if any, on rating drivers, up or down):
see press release dated March 15, 2005 for discussion of rating drivers

Moody's Investors Service

Addendum to Fundamental Rating Committee Memo

ISSUER NAME: American International Group, Inc.	
Date: March 30, 2005	
RC Meeting Attendees:	Invitees to RC Not in Attendance:
[redacted] (non voting - [redacted])	none
Was the RC recommendation memo circulated prior to the RC meeting? (☒ yes or ☐ no)	
Vote Tally (no attribution):	

AIG, Inc. and guaranteed subsidiaries long-term ratings
- unanimous (12-0) decision to downgrade ratings by one notch and place under review for further possible downgrade.
- non-voting members unanimously concurred.

Following the above decision:

All affiliated long-term ratings (except for the finance subsidiaries):
- unanimous (12-0) decision to downgrade ratings and place under review for further possible downgrade.
- non-voting members unanimously concurred.

Finance subsidiaries' long-term ratings (ILFC, American General Finance, Commo Loco)
- unanimous (12-0) decision to confirm (stable).
- non-voting members unanimously concurred.

Rationale of RC decision (check one):

☒	No substantive changes from RC recommendation memo dated March 14, 2005
☐	RC outcome was different from RC recommendation memo for the following primary reason or reasons (provide brief explanation):

Issuer Review of Press Release (check all that apply):

☐	Not applicable, Sovereign issuer does not review press release
☒	Yes, issuer was provided a copy of draft press release for review
☒	Yes, Issuer responded
☐	No, Issuer did not respond because (provide brief reason why):

Additional Comments (including RC conclusions, if any, on rating drivers, up or down):
see press release dated April 1, 2005 for discussion of rating drivers

Moody's Investors Service

Addendum to Fundamental Rating Committee Memo

ISSUER NAME: American International Group, Inc.	
Date: April 29, 2005	
RC Meeting Attendees:	Invitees to RC Not in Attendance:
[redacted] (non voting - [redacted])	[redacted]
Was the RC recommendation memo circulated prior to the RC meeting? (☒ yes or ☐ no)	
Vote Tally (no attribution):	

AIG, Inc. long-term ratings
- 8 votes to downgrade by one notch to Aa2 and continue review for possible downgrade
- 3 votes to take no action (continue review for possible downgrade)

The decision was therefore to downgrade the ratings by one notch and to continue review for further possible downgrade.
- non-voting members: 1 agreed with the majority, 2 agreed with the minority

Following the above decision:

Supported long-term ratings (excluding AIG Life and ALIAC-NY):
- unanimous (11-0) decision to downgrade by one notch to Aa2 and continue review for possible downgrade.

Domestic Brokerage Group:
- 6 votes to downgrade one notch to Aa2 and continue review for possible downgrade
- 5 votes to take no action (continue review for possible downgrade)

The decision was therefore to downgrade the ratings by one notch and to continue review for further possible downgrade.

United Guaranty:
- unanimous (11-0) decision to downgrade one notch to Aa2; UGRIC,UGMIC stable; UGRIC-NC continue review down.

Domestic Life Group, including supported entities AIG Life and ALIAC-NY:
- unanimous (11-0) decision to take no action (continue review for possible downgrade)

ALICO and AIG Edison Life:
- unanimous (11-0) decision to downgrade the ratings one notch to Aa2 and to continue review for possible downgrade

AIA(B):
- 6 votes to downgrade one notch to Aa2 and continue review for possible downgrade
- 5 votes to take no action (continue review for possible downgrade)

The decision was therefore to downgrade the ratings by one notch and to continue review for further possible downgrade.

Transatlantic Re:
- unanimous (11-0) decision to downgrade rating to Aa2 with negative outlook.

Finance subsidiaries' long-term ratings (ILFC, American General Finance, Commo Loco):
- unanimous (11-0) decision to confirm (stable).

Rationale of RC decision (check one):

☒	No substantive changes from RC recommendation memo dated March 14, 2005
☐	RC outcome was different from RC recommendation memo for the following primary reason or reasons (provide brief explanation):
Issuer Review of Press Release (check all that apply):	
☐	Not applicable, Sovereign issuer does not review press release
☒	Yes, issuer was provided a copy of draft press release for review
☒	Yes, Issuer responded
☐	No, Issuer did not respond because (provide brief reason why):
Additional Comments (including RC conclusions, if any, on rating drivers, up or down):	
see press release dated May 2, 2005 for discussion of rating drivers	

Revised
December 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: March 2, 2009

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☐ CFG

☐ Public, Project & Infrastructure

☐ Global Managed Investments

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)

[redacted]

1. Vote tally (no attribution):

RATING ACTIONS CONSISTENT WITH RAS RCM OF FEB. 27, 2009:

Lead analyst recommended that for all ratings addressed in RAS RCM of Feb. 27, 2009, the outcomes should be consistent with those of the RAS RCM, given that AIG's actual earnings and restructuring announcements were proceeding as assumed in the RAS scenario.
Outcome: As recommended.
Voting: All 15 votes in favor of the recommendation.

Rating actions consistent with the RAS RCM outcomes included the following:

Parent company: Confirmed the senior ratings (LT issuer at A3, ST debt at P-1) and assigned a negative outlook. (These outcomes also applied to senior LT and ST ratings of subsidiaries guaranteed by AIG.)

AIGGI Taiwan: Confirmed the IFS rating at A3 (stand-alone profile at A3) and assigned a negative outlook.

AIAB: Confirmed the IFS rating at Aa3 (stand-alone profile at Aa3) and assigned a negative outlook.

AIG UK: Confirmed the IFS rating at A1 (stand-alone profile at A1) and assigned a negative outlook.

Mortgage Guaranty: Confirmed the IFS ratings at A3 (stand-alone profiles at Baa2) and assigned a negative outlook.

Domestic Life Insurance & Retirement Services (DLIRS): Downgraded the LT IFS ratings to A1 from Aa3 (stand-alone profiles downgraded to A2 from Aa3 on 26-Feb-2009), confirmed the ST IFS ratings at P-1 and assigned a developing outlook.

ALICO: Downgraded the IFS rating to A1 from Aa3 (stand-alone profile downgraded to A1 from Aa3 on 25-Feb-2009) and assigned a developing outlook.

AIG Commercial Insurance: Confirmed the IFS ratings at Aa3 (stand-alone profiles at Aa3) and assigned a negative outlook.

Transatlantic: Confirmed the IFS rating at Aa3 (stand-alone profile at Aa3), confirmed the holding company senior unsecured debt rating at A3 (stand-alone profile at A3) and assigned a developing outlook.

AIG Edison: Downgraded the IFS rating to A1 from Aa3 (stand-alone profile downgraded to A2 from Aa3 on 27-Feb-2009; new IFS rating one notch below the IFS rating of American Home, which guarantees AIG Edison).

Addendum to Fundamental Rating Committee Memo

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

ADDITIONAL RATING ACTIONS:

AIG Edison rating outlook: Lead analyst ([redacted]) recommended assigning a developing outlook.
Outcome: As recommended.
Voting: 14 votes in favor of the recommendation, 1 vote for a negative outlook.

AIG subordinated debt and American General capital securities: Lead analyst recommended downgrading these subordinated debt ratings to Ba2 from Baa1.
Outcome: As recommended.
Voting: 12 votes in favor of the recommendation, 3 votes for Ba1.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Refer to the Analytic Process Standards applicable to your rating group and respond to the following question. In formulating the RC recommendation, was the Financial Data (or, as applicable, the Financial Data/Legal Documentation) received and used? ☒ Yes ☐ No

If No, provide a brief explanation below for the basis of the RC decision:

Addendum to Fundamental Rating Committee Memo

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Rationale of RC decision (check one):

☐ No substantive changes from RC recommendation memo dated: March 1, 2009

☒ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

The RCM memo showed a recommendation of RUR-down for the ratings on AIG's subordinated debt and on the American General capital securities. Following the discussion, in which the committee considered various scenarios for coupon deferrals and loss severities on these securities, the lead analyst recommended downgrading these ratings to Ba2 from Baa1.

6. Principal Methodology

The principal methodology used by the RC in reaching its decision is identified in the field below.

Note: In most cases, the principal methodology is the industry methodology applicable to the rated issuer.

Moody's Global Rating Methodology for Property and Casualty Insurers and Moody's Global Rating Methodology for Life Insurers.

If there is no principal methodology that applies to the rated issuer, explain the methodological approach in the press release, if a press release is published.

7. Issuer review of press release (check all that apply):

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Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

8. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

The committee agreed that a representative subset of committee members ([redacted]) would review the final announcements from AIG and government officials to confirm that they remained consistent with the scenario considered in the RAS RCM of Feb. 27, 2009.

For changes in stand-alone credit profiles incorporated into these rating actions, please see the following RCM memos and addenda:

ALICO stand-alone RCM 25-Feb-2009
AIG DLIRS stand-alone RCM 26-Feb-2009
AIG Edison stand-alone RCM 27-Feb-2009

Revised
April 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: October 3, 2008

☒ FIG

☐ CFG

☐ Public, Project & Infrastructure

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)
Voting: [redacted]
Non-voting: [redacted]
(Various subsets of the committee participated in the voting on various AIG business units.)

1. Vote tally (no attribution):

For AIG (and all guaranteed subsidiaries), the lead analyst recommended a one-notch downgrade of the senior unsecured debt rating (to A3 from A2), affirmation of the short-term issuer rating (at P-1), and keeping the long-term and short-term ratings on review for possible downgrade.
Outcome: Downgrade senior unsecured debt by one notch (to A3), RUR-down; affirm short-term issuer rating (at P-1), RUR-down.
Voting for senior unsecured debt rating: 12 votes in favor of the recommendation; 2 votes for A3, negative; 1 vote for Baa1, stable; 3 votes for Baa1, negative; 3 votes for Baa1, RUR-down.
Voting for short-term issuer rating: 10 votes in favor of the recommendation; 2 votes for P-1, stable; 2 votes for P-1, negative; 1 vote for P-2, negative, 6 votes for P-2, RUR-down (total of 14 votes for P-1, with the P-2 votes deemed to support RUR-down).

For AIG Commercial Insurance (AIGCI), the lead analyst recommended affirming the ratings (IFSRs at Aa3) and keeping them on review for possible downgrade.
Outcome: Affirm (IFSRs at Aa3), RUR-down.
Voting: 10 votes in favor of the recommendation; 4 votes for Aa3, negative; 1 vote for A1, stable; 5 votes for A1, negative; 1 vote for A1, developing (total of 14 votes for Aa3, with the A1 votes deemed to support RUR-down).

For American General Finance Corp. (AGFC), the lead analyst recommended a one-notch downgrade of the senior unsecured debt rating (to Baa1 (one notch below AIG senior debt) from A3) with a review for possible further downgrade, and an affirmation of the short-term debt rating (at P-2) with a continuing negative outlook.
Outcome: Downgrade senior unsecured debt rating by one notch (to Baa1), RUR-down; affirm short-term debt rating (at P-2), negative.
Voting: 14 votes in favor of the recommendation; 1 vote for Baa1, RUR-down, P-2, RUR-down. (The following were not available for this vote: [redacted])

For American General Finance, Inc. (AGFI), the lead analyst recommended placing the P-2 short-term debt rating on review for possible downgrade, reflecting the lower implied senior unsecured debt rating versus AGFC.
Outcome: Place P-2 short-term debt rating on RUR-down.
Voting: All remaining participants agreed with the recommendation.

For International Lease Finance Corp. (ILFC), the lead analyst recommended a one-notch downgrade of the senior unsecured debt (to Baa1 (one notch below AIG senior debt) from A3), an affirmation of the short-term debt rating (at P-2), and placing all ratings on review with direction uncertain.
Outcome: Downgrade senior unsecured debt by one notch (to Baa1), RUR-unc; affirm short-term debt rating (at P-2), RUR-unc.
Voting: 14 votes in favor of the recommendation; 1 vote for Baa2, RUR-unc, P-2, RUR-unc. (The following were not available for this vote: [redacted])

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For Transatlantic Reinsurance Company (TRC) and Transatlantic Holdings, Inc. (TRH), the lead analyst recommended affirming the existing ratings (TRC IFSR at Aa3, TRH senior unsecured debt at A3) and placing them on review with direction uncertain.
Outcome: Affirm TRC IFSR (at Aa3), RUR-unc; affirm TRH senior unsecured debt (at A3), RUR-unc.
Voting: 9 votes in favor of the recommendation; 1 vote for affirmations of TRC and TRH ratings, developing. (The following were not available for this vote: [redacted])

For United Guaranty (UGC), the lead analyst recommended affirming the ratings of the first-lien companies (IFSRs at Aa3) keeping them on review for possible downgrade, and downgrading the second-lien and student-loan companies by one notch (IFSRs to Baa1 (one notch below AIG senior debt) from A3) with a review for possible further downgrade.
Outcome: Affirm first-lien companies (IFSRs at Aa3), RUR-down; downgrade second-lien and student-loan companies by one notch (IFSRs to Baa1), RUR-down.
Voting: All remaining participants agreed with the recommendation.

Please see separate RCM addendum for AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan).

The committee took no action on the following: AIG Domestic Life Insurance & Retirement Services; AIG Edison Life Insurance Company; AIG UK Limited; American International Assurance Company (Bermuda) Limited; American Life Insurance Company.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):
☒ No substantive changes from RC recommendation memo dated: October 2, 2008

☐ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

Addendum to Fundamental Rating Committee Memo

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Revised
October 2006

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: Mar. 3, 2008

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☐ CFG

☐ Sovereign

☐ Sub-sovereign

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names & identify Lead, Backup, Chair &, if applicable, Required Attendee):
Note any voting (non-voting) members who left before vote tally

[redacted]

1. Vote tally (no attribution):

The recommendation was to affirm the ratings on AIG and maintain the negative outlook. There were eight votes in favor of the recommendation and two votes to place the ratings on review for possible downgrade.

2. At the outset, did the Chair ask if anyone in attendance has a conflict? ☒ Yes ☐ No

2a. Did anyone leave as a result of a conflict? ☐ Yes ☒ No

If yes, provide brief reason:

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):

☒ No substantive changes from RC recommendation memo dated: Feb. 29, 2008

☐ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

Addendum to Fundamental Rating Committee Memo

5. Issuer review of press release (check all that apply):

- ☐ Not applicable; Sovereign issuer does not review press releases
- ☐ Not applicable; no press release was issued following the rating committee

- ☒ Yes, issuer was provided a copy of the press release for review
- ☒ Yes, issuer acknowledged
- ☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Revised
April 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG); AIG Domestic Life Insurance and Retirement Services (DLIRS)
DATE RC CONCLUDED WITH A VOTE: August 7, 2008

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☐ CFG

☐ Public, Project & Infrastructure

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)
Voting: [redacted]
Left before voting: [redacted]
Non-voting: [redacted]

1. Vote tally (no attribution):

For the DLIRS companies, the lead analyst recommended RUR-down.
Outcome: Affirm ratings and change outlook to negative from stable.
Voting: 14 votes to affirm ratings and change outlook to negative, 2 votes for RUR-down.

For AIG, the lead analyst recommended affirming the ratings and maintaining the negative outlook.
Outcome: Affirm ratings and maintain negative outlook.
Voting: 9 votes to affirm ratings and maintain negative outlook, 7 votes for RUR-down.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):
☐ No substantive changes from RC recommendation memo dated: August 7, 2008

☒ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

The RC memo called for RUR-down for the DLIRS companies, AIG and other subsidiaries whose ratings rely on explicit or implicit support from the parent. The memo also called for changing the rating outlooks on ALICO and AIG Edison to negative from stable, based on potential spillover from stresses at DLIRS. One of the main drivers for a potential RUR-down at AIG would have been a RUR-down at DLIRS. When the DLIRS vote resulted in changing the outlook on these companies to negative rather than RUR-down, the lead analyst for AIG changed his parent company recommendation to a reiteration of the negative outlook (with more stringent rating drivers) rather than RUR-down. Because the parent company ratings and outlook did not change, the committee decided not to change ratings or outlooks on other subsidiaries.

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Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Moody's Investors Service

Addendum to Fundamental Rating Committee Memo

ISSUER NAME: American International Group, Inc. (AIG)	
Date: 02.09.2006	
RC Meeting Attendees:	Invitees to RC Not in Attendance:
[redacted] (non voting - [redacted])	[redacted]
Was the RC recommendation memo circulated prior to the RC meeting? (☒ yes or ☐ no)	
Vote Tally (no attribution):	
Senior Debt and All Affiliates: affirm with stable outlook (8 votes), affirm with positive outlook (1 vote)	
Rationale of RC decision (check one):	
☒	No substantive changes from RC recommendation memo dated 02.09.2006
☐	RC outcome was different from RC recommendation memo for the following primary reason or reasons (provide brief explanation):
Issuer Review of Press Release (check all that apply):	
☐	Not applicable, Sovereign issuer does not review press release
☒	Yes, issuer was provided a copy of draft press release for review
☒	Yes, Issuer responded
☐	No, Issuer did not respond because (provide brief reason why):
Additional Comments (including RC conclusions, if any, on rating drivers, up or down):	

Revised
April 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: May 9, 2008

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☐ CFG

☐ Public, Project & Infrastructure

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)
Voting: [redacted]
Left before voting: [redacted]
Non-voting: [redacted]

1. Vote tally (no attribution):

For the long-term ratings of AIG and all subsidiaries whose ratings rely on significant explicit support from the parent company, the lead analyst recommended a review for possible downgrade.
Outcome: RUR-down.
Voting: 8 votes for RUR-down, 2 votes for a one-notch downgrade and negative outlook, 1 vote for a one-notch downgrade and stable outlook.

For AIG's US life insurance subsidiaries, the lead life analyst recommended a review for possible downgrade.
Voting: 11 votes for RUR-down.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):
☐ No substantive changes from RC recommendation memo dated: May 8, 2008

☒ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

The committee discussed AIG's 1Q08 realized and unrealized losses and unrealized depreciation related to the US residential mortgage market, our modeling of expected economic losses from those exposures, AIG's capital raising plan, as well as the company's business diversification and core earnings and cash flows. Some committee members expressed a need for additional information/input, including a cross-sector peer analysis and direct participation by members of SFG. Following this discussion, the lead analyst changed his recommendation to RUR-down, rather than an immediate downgrade as proposed in the RCM memo.

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

- ☐ Not applicable; existing rated Sovereign issuer does not review press releases
- ☐ Not applicable; no press release was issued following the rating committee
- ☒ Yes, issuer was provided a copy of the press release for review
- ☒ Yes, issuer acknowledged
- ☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Following this rating action, other AIG subsidiaries were addressed in separate RCMs, with rating actions announced in separate press releases as follows:
American General Finance -- May 9, 2008;
International Lease Finance -- May 9, 2008;
AIA (Bermuda), AIG Edison, American Life Insurance Company, AIG General (Taiwan), Commercial Insurance Group (8 rated companies) -- May 15, 2008.

Revised
April 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: November 10, 2008

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☐ CFG

☐ Public, Project & Infrastructure

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)
Voting: [redacted]

1. Vote tally (no attribution):

The lead analyst recommended maintaining all ratings of AIG and subsidiaries at current levels (AIG senior unsecured debt at A3, short-term issuer rating at P-1, long-term and short-term ratings on review for possible downgrade).
Outcome: Maintain all ratings of AIG and subsidiaries (AIG senior unsecured debt at A3, RUR-down; AIG short-term issuer rating at P-1, RUR-down).
Voting for AIG ratings: All 12 votes in favor of the recommendation.
Voting for all other ratings: All participants agreed with the recommendation to maintain current ratings.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):
☒ No substantive changes from RC recommendation memo dated: November 10, 2008

☐ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

Addendum to Fundamental Rating Committee Memo

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Company earnings and restructuring announcements consistent with scenario considered in RAS RCM of Nov. 5, 2008.

Revised
October 2006

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG); AIG Capital Trust I & II; AIG Financial Products Corp. (AIGFP)
DATE RC CONCLUDED WITH A VOTE: October 13, 2006

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☐ CFG

☐ Sovereign

☐ Sub-sovereign

Check if applicable:
☐ Franchise Credit

RC Meeting Attendees (provide names & identify Lead, Backup, Chair &, if applicable, Required Attendee):
Note any voting (non-voting) members who left before vote tally
[redacted]

1. Vote tally (no attribution):

All three members voted in favor of the recommended rating actions.

2. At the outset, did the Chair ask if anyone in attendance has a conflict? ☒ Yes ☐ No

2a. Did anyone leave as a result of a conflict? ☐ Yes ☒ No

If yes, provide brief reason:

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):

☒ No substantive changes from RC recommendation memo dated: October 13, 2006

☐ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

5. Issuer review of press release (check all that apply):

- ☐ Not applicable; Sovereign issuer does not review press releases
- ☐ Not applicable; no press release was issued following the rating committee

- ☒ Yes, issuer was provided a copy of the press release for review
- ☒ Yes, issuer acknowledged
- ☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

This was a "tactical" RCM to rate new seniorities under a shelf registration based on standard notching practices, and to assign a long-term issuer rating to AIGFP based on a parental guaranty (replacing a backed senior unsecured debt rating on an issue that matured). No analytical issues were discussed.

Addendum to Fundamental Rating Committee Memo

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(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: September 15, 2008

☒ FIG ☐ CFG ☐ Public, Project & Infrastructure Check if applicable: ☒ Franchise Credit	**RC Meeting Attendees** (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable): **Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)** Voting: [redacted] Non-voting: [redacted] (Various subsets of the committee participated in the voting on various AIG business units.)

1. Vote tally (no attribution):

For AIG (and all guaranteed subsidiaries), the lead analyst recommended a two-notch downgrade of the senior unsecured debt rating (to A2 from Aa3), affirmation of the short-term issuer rating (at P-1), and keeping/placing the long-term and short-term ratings on review for possible downgrade.
Outcome: Downgrade senior unsecured debt by two notches (to A2, RUR-down) and affirm short-term issuer rating (at P-1, RUR-down).
Voting: 7 votes in favor of the recommendation; 6 votes for A3, P-2, RUR-down. (The following were not available for this vote: [redacted])

For AIG Domestic Life Insurance & Retirement Services (DLIRS), American Life Insurance Company (ALICO) and AIG Edison (rating dependent on ALICO), the lead analyst recommended one-notch downgrades (IFSRs to Aa3 from Aa2) with a review for possible further downgrade.
Outcome: Downgrade by one notch (IFSRs to Aa3), RUR-down.
Voting: 14 votes in favor of the recommendation; 2 votes for Aa2, RUR-down; 1 vote for A1, stable.

For AIG Commercial Insurance (AIGCI), the lead analyst recommended affirming the ratings (IFSRs at Aa3) and placing them on review for possible downgrade.
Outcome: Affirm (IFSRs at Aa3), RUR-down.
Voting: 7 votes in favor of the recommendation; 7 votes for Aa3, negative; 2 votes for A1, RUR-down (total of 14 votes for Aa3, with the A1 votes deemed to support RUR-down). [redacted] was not available for this vote.)

For American International Assurance Company (Bermuda) Limited (AIAB), the lead analyst recommended affirming the rating (IFSR at Aa3) and placing it on review for possible downgrade.
Outcome: Affirm (IFSR at Aa3), RUR-down.
Voting: 8 votes in favor of the recommendation, 4 votes for Aa3, negative. (The following were not available for this vote: [redacted])

For Transatlantic Reinsurance Company (TRC) and Transatlantic Holdings, Inc. (TRH), the lead analyst recommended affirming TRC's IFSR at Aa3 with a stable outlook and downgrading TRH's senior unsecured debt by one notch (to A3 from A2) with a stable outlook.
Outcome: Affirm TRC (IFSR at Aa3), stable; downgrade TRH by one notch (senior unsecured debt to A3), stable.
Voting: 11 votes in favor of the recommendation; 1 vote for TRC at Aa3, negative, TRH at A3, RUR-down; 1 vote for TRC at Aa3, RUR-down, TRH at A3, RUR-down. (The following were not available for this vote: [redacted])

For United Guaranty (UGC), the lead analyst recommended affirming the ratings of the first-lien companies (IFSRs at Aa3) and placing them on review for possible downgrade, and downgrading the second-lien and student-loan companies by two notches (IFSRs to A3 (one notch below AIG senior debt) from A1) with a review for possible further downgrade.
Outcome: Affirm first-lien companies (IFSRs at Aa3), RUR-down; downgrade second-lien and student-loan companies by two notches (IFSRs to A3), RUR-down.
Voting: All 12 votes in favor of the recommendation. (The following were not available for this vote: [redacted])

Addendum to Fundamental Rating Committee Memo

For AIG General Insurance (Taiwan) Co., Ltd. (AIGGI Taiwan), the lead analyst recommended affirming the rating (IFSR at A1) and placing it on review for possible downgrade.
Outcome: Affirm (IFSR at A1), RUR-down.
Voting: All remaining participants agreed with the recommendation.

For AIG UK Limited, the lead analyst recommended a one-notch downgrade (IFSR to A1 (equal to stand-alone level) from Aa3) with a review for possible further downgrade.
Outcome: Downgrade by one notch (IFSR to A1), RUR-down.
Voting: All remaining participants agreed with the recommendation.

For American General Finance Corp. (AGFC), the lead analyst recommended a two-notch downgrade (senior unsecured debt to A3 (one notch below AIG senior debt) from A1) with a review for possible further downgrade.
Outcome: Downgrade by two notches (senior unsecured debt to A3), RUR-down.
Voting: All remaining participants agreed with the recommendation.

For International Lease Finance Corp. (ILFC), the lead analyst recommended a two-notch downgrade (senior unsecured debt to A3 (one notch below AIG senior debt) from A1) with a review for possible further downgrade.
Outcome: Downgrade by two notches (senior unsecured debt to A3), RUR-down.
Voting: All remaining participants agreed with the recommendation.

For the AGFC, ILFC and related short-term debt ratings, the lead analyst recommended a downgrade to P-2 from P-1 with a negative outlook.
Outcome: Downgrade short-term debt ratings to P-2, negative outlook.
Voting: All remaining participants agreed with the recommendation.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):

☐ No substantive changes from RC recommendation memo dated: September 15, 2008

☒ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

The full committee discussed the RCM memo with regard to the parent and operating units, and took preliminary votes on all ratings. Our insurance team then received a call from AIG's CEO and representatives from the NY Insurance Dept. and the US Treasury regarding a plan whereby some insurance subsidiaries would make liquidity available to the parent company in connection with a broader financing plan. We then had a related call with AIG's CFO. (See separate file: <AIG CFO call notes 9 15 08 - SH>.) A majority of the committee reconvened to consider the new information, which led to revised recommendations for certain ratings (including for the parent company's senior unsecured debt rating) versus the RCM memo.

Addendum to Fundamental Rating Committee Memo

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Revised
April 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: September 18, 2008

☒ FIG

☐ CFG

☐ Public, Project & Infrastructure

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)
Voting: [redacted]
Non-voting: [redacted]

1. Vote tally (no attribution):

The lead analyst recommended maintaining all ratings of AIG and subsidiaries at current levels (AIG senior unsecured debt at A2, short-term issuer rating at P-1, long-term and short-term ratings on review for possible downgrade).
Outcome: Maintain all ratings of AIG and subsidiaries (AIG senior unsecured debt at A2, RUR-down; AIG short-term issuer rating at P-1, RUR-down).
Voting for AIG ratings: 14 votes in favor of the recommendation; 2 votes for A2, RUR-down, P-1, stable; 3 votes for A2, RUR-down, P-1, negative; 1 vote for A3, RUR-down, P-1, stable; 2 votes for A3, RUR-down, P-1, RUR-down.
Voting for all other ratings: All participants agreed with the recommendation to maintain current ratings.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):
☐ No substantive changes from RC recommendation memo dated: September 17, 2008

☒ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

Several members of the committee felt that it was important to gather more information about the Fed credit facility (beyond the initial Fed press release) as well as AIG's new strategic plan. Following the discussion, the lead analyst revised his recommendation versus the RCM memo. The committee also considered information received shortly before the RCM from conference calls with a US Treasury official, AIG's Treasurer, AIG business leaders and AIG's new CEO (See separate files: <AIG-Treasury call notes 9 17 08 - SH> and <AIG liquidity call notes 9 17 08 - SH>.) From page five onward, the RCM memo matches the RCM memo of September 15, 2008.

Addendum to Fundamental Rating Committee Memo

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Revised
April 2008

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)
DATE RC CONCLUDED WITH A VOTE: May 22, 2008

☒ FIG

☐ CFG

☐ Public, Project & Infrastructure

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names of voting and non-voting attendees and identify roles: Lead, Backup (if present), Chair, Required Attendee (if applicable):
Note any members who left before voting (before expressing an opinion on the action in the case of a non-voting member)
Voting: [redacted]
Left before all voting: [redacted]
Non-voting: [redacted]

1. Vote tally (no attribution):

For the long-term ratings of AIG and all subsidiaries whose ratings rely on significant explicit support from the parent company, the lead analyst recommended a one-notch downgrade (senior unsecured debt to Aa3 from Aa2) with a negative outlook.
Outcome: One-notch downgrade (senior unsecured debt to Aa3), negative outlook.
Voting: 17 votes in favor of the recommendation, 1 vote for a two-notch downgrade (senior unsecured debt to A1) with a negative outlook.

For AIG General Insurance (Taiwan) Co., Ltd., the lead analyst recommended affirming the A1 IFSR (stand-alone at A3) and changing the outlook to stable from negative.
Outcome: A1 IFSR, negative outlook.
Voting: 11 votes for A1 IFSR with a negative outlook, 6 votes for A1 IFSR with a stable outlook.

For AIG Commercial Insurance Group (CIG), the lead analyst recommended downgrading the IFSR to Aa3 from Aa2 (stand-alone at Aa3) and assigning a stable outlook.
Outcome: Aa3 IFSR, stable outlook.
Voting: 16 votes in favor of the recommendation, 1 vote for Aa2 IFSR with a stable outlook.

All members agreed to affirm the ratings of Transatlantic Holdings, Inc. (senior unsecured debt at A2) and Transatlantic Reinsurance Company (IFSR at Aa3) as well as the P-1 short-term ratings of AIG, AIGFP, AIG Funding, AIG Liquidity, AIGMFC and 3 SunAmerica companies, all with stable outlooks.

2. At the outset, the Chair asked if anyone in attendance has a conflict of interest related to the subject rating committee ☒ (check mark indicates yes)

Note: (a) If the statement is not true, do not insert a check mark. Instead, use the field below to briefly describe the circumstances and review the circumstances with your managing director or team leader.
Note: (b) If a conflict was deemed to exist, summarize the nature of the conflict, if known, and the action taken by the committee chair.

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):
☒ No substantive changes from RC recommendation memo dated: May 22, 2008

☐ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

Addendum to Fundamental Rating Committee Memo

Please file the Addendum with the associated RC package in accordance with the record retention procedures applicable to your jurisdiction or group.

5. Issuer review of press release (check all that apply):

☐ Not applicable; existing rated Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

Revised
October 2006

Addendum to Fundamental Rating Committee Memo

(An addendum is prepared after the RC concludes with a vote)

Moody's Investors Service

RC FOR: American International Group, Inc. (AIG)

DATE RC CONCLUDED WITH A VOTE: Feb. 12, 2008

☒ FIG

☐ CFG

☐ Sovereign

☐ Sub-sovereign

Check if applicable:
☒ Franchise Credit

RC Meeting Attendees (provide names & identify Lead, Backup, Chair &, if applicable, Required Attendee):
Note any voting (non-voting) members who left before vote tally

[redacted] did not participate in the voting with regard to AIG's subsidiaries.

1. Vote tally (no attribution):

For the parent company, the recommendation was to affirm the ratings and change the outlook to negative from stable. Eleven members voted in favor of the recommendation and one voted to affirm and maintain a stable outlook.

Eight voting members remained to discuss the implications for AIG's rated subsidiaries. After some discussion, there was unanimous agreement to proceed as listed on page 13 of the RCM memo (updated in accordance with the RCM discussion). In summary, ratings were affirmed with a stable outlook on entities with only short-term ratings and on TRH and TRC; ratings were affirmed with a negative outlook on the Domestic Life Insurance & Retirement Services companies and on entities with long-term ratings that depend on explicit support from AIG; the rating on AIG GI Taiwan was affirmed with a positive outlook; decisions on other subsidiaries were deferred and handled in separate RCMs.

2. At the outset, did the Chair ask if anyone in attendance has a conflict? ☒ Yes ☐ No

2a. Did anyone leave as a result of a conflict? ☐ Yes ☒ No

If yes, provide brief reason:

3. Was the RC recommendation memo circulated prior to the RC meeting? ☒ Yes ☐ No

4. Rationale of RC decision (check one):

☒ No substantive changes from RC recommendation memo dated: Feb. 11, 2008

☐ RC outcome was different from RC recommendation memo for the following primary reason(s) (provide brief explanation):

Addendum to Fundamental Rating Committee Memo

5. Issuer review of press release (check all that apply):

☐ Not applicable; Sovereign issuer does not review press releases

☐ Not applicable; no press release was issued following the rating committee

☒ Yes, issuer was provided a copy of the press release for review

☒ Yes, issuer acknowledged

☐ No, issuer did not respond because (provide brief explanation):

6. Additional comments (including RC conclusions, if any, on rating drivers, up or down):

A separate RCM was held for ILFC and AGFC on Feb. 11, concluding on Feb. 12 (affirm with stable outlook). The results were incorporated in the parent company rating action and press release on Feb. 12.

Two additional RCMs were held as follows: (i) for DBG on Feb. 14, concluding on Feb 15 (affirm with a negative outlook); and (ii) for ALICO (affirm with a stable outlook), AIG Edison (affirm with a stable outlook) and AIAB (affirm with a negative outlook) on Feb. 14 (NY time)/Feb. 15 (Asian time), concluding on Feb. 15 (NY time). All these results were incorporated in a single rating action and press release on Feb. 15.

Moody's Investors Service

Addendum to Fundamental Rating Committee Memo

ISSUER NAME: American International Group (domestic brokerage group); American International Group, Inc.	
Date: 12/27/2005	
RC Meeting Attendees:	Invitees to RC Not in Attendance:
[redacted]	
Was the RC recommendation memo circulated prior to the RC meeting? (☒ yes or ☐ no)	
Vote Tally (no attribution): Published IFS ratings on 8 members of AIG's domestic brokerage group: 6 for Aa2, stable outlook Stand-alone IFS ratings on 8 members of AIG's domestic brokerage group: 4 for Aa3, 2 for Aa2 Published short-term issuer rating on American International Group, Inc.: 6 for P-1	

Rationale of RC decision (check one):	
☒	No substantive changes from RC recommendation memo dated 12/22/2005
☐	RC outcome was different from RC recommendation memo for the following primary reason or reasons (provide brief explanation):
Issuer Review of Press Release (check all that apply):	
☐	Not applicable, Sovereign issuer does not review press release
☒	Yes, issuer was provided a copy of draft press release for review
☒	Yes, Issuer responded
☐	No, Issuer did not respond because (provide brief reason why):
Additional Comments (including RC conclusions, if any, on rating drivers, up or down):	