Conference Call Credit Presentation

Financial Results for the Quarter Ended March 31, 2008

May 9, 2008

(Revised as to slides 30 and 34)

It should be noted that this presentation and the remarks made by AIG representatives may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to 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 are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007. AIG is not under any obligation (and expressly disclaims any such obligations) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

This presentation may also contain certain non-GAAP financial measures. The reconciliations of such measures to the comparable GAAP figures are included in the First Quarter 2008 Financial Supplement available in the Investor Information Section of AIG's corporate website, www.aigcorporate.com.

OUTLINE

- Capital Markets - AIG Financial Products
- Insurance Investment Portfolios
- Mortgage Insurance - United Guaranty
- Consumer Finance - American General Finance

Capital Markets

THE STRENGTH TO BE THERE.®

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Capital Markets Outline

- Business Rationale, Portfolio Composition & Underwriting Standards
- Fundamental Risk Assessment & Stress Testing
- Accounting, Valuation Fundamentals & Economic Capital
- Conclusions

AIG Financial Products
“Super Senior” Credit Default Swap (CDS) Business

- No uniform definition for “Super Senior” risk across the market.
- AIGFP defines “Super Senior” risk as a risk where there is no expected loss at contract inception, even under its stress scenario assumptions.
- Due diligence and AIGFP proprietary modeling incorporates more conservative assumptions, including for recovery rates, than those used by the rating agencies.
- While rating agency models and attachment points are useful verification tools, AIGFP always builds and models each “Super Senior” transaction with its own more conservative assumptions.
- The attachment point for the “Super Senior” portion of each portfolio is modeled as a minimum threshold above which there is no expected loss to AIGFP. The final attachment point is negotiated to exceed the modeled attachment point, giving AIGFP an additional cushion of subordination to its risk position.

Objectives for Counterparties in "Super Senior" CDS Transactions

- Regulatory capital relief
- Facilitate securitization
- Arbitrage

Summary Statistics "Super Senior" Credit Derivatives*

March 31, 2008

Transaction Type``	Corporate – Regulatory Capital Motivated	European Residential Mortgage – Regulatory Capital Motivated	Corporate – Arbitrage Motivated	Multi-Sector CDOs			Total
				Transactions w/Mixed Collateral including Subprime	Transactions w/No Subprime	Total Multi-Sector CDOs	
Gross Notional ($ Billions)	261.8	176.0	74.8	82.5	27.2	109.7	622.3
AIGFP Net Notional Exposure ($ Billions)	191.6	143.3	57.1	60.6	16.9	77.5	469.5
Number of Transactions	48	29	31	103	11	114	222
Weighted Average Subordination (%) [1]	22.9%	12.9%	18.7%	23.6%	18.0%	22.2%	19.5%
Weighted Average Number of Obligors / Transaction	1,566	80,784	127	194	118	175	N.M.[4]
Expected Maturity (Years)	1.3[2]	2.5[2]	4.6	6.4 [3]	5.7[3]	6.2[3]	N.M.[4]

**All data is as of March 31, 2008.*

1. *Weighted by Gross Transaction Notional*
2. *Maturity shown reflects first non-regulatory call date, although majority of transactions have Regulatory Capital Calls from Jan 08*
3. *Reflects the Weighted Average Life*
4. *Not meaningful*

Credit Underwriting – Regulatory Capital Corporate Transactions

Every Transaction Passes Through the Same Process of Careful Selection and Due Diligence

- For each regulatory capital-motivated transaction, we review the originating bank's underwriting standards, including for example:
  - The bank's internal rating procedures, its construction and criteria, along with its application to both loan and obligor ratings;
  - The extent to which account officers are empowered to make lending decisions and/or overrule any scoring system;
  - All loss mitigation and foreclosure strategies;
  - The bank's internal rating system to ensure it is seasoned enough to enable it to have built transition matrices to help validate the ratings; and
  - The mapping of the bank's internal rating scales to those of the rating agencies and confirmation of the mapping through discussion with the bank and the rating agencies.
- Investigation of any industry or geographic concentrations in the loan pool and review of rationale and any potentially mitigating factors. We strive to create diverse and granular pools of credits.
- Where possible, we undertake an analysis of each name in the portfolio to assign each an internal rating (AIGFP rating). The AIGFP rating (which in all cases is equal to or lower than those publicly assigned) is used for modeling purposes.
- Price negotiation is bespoke and reflects the counterparty's unique position and capital requirements. With the implementation of Basel II, such pricing typically reflects an agreed minimum fee due to the very short expected life of the transaction.

Credit Underwriting – Regulatory Capital European Residential Mortgage Transactions

Thorough Review of Underwriting, Processes and Performance

- Understanding of the bank's lending philosophy and the extent (if any) to which it has changed in recent times.
- Underwriting standards and credit approval procedures, including:
  - How many and which individual officers are empowered to make lending decisions
  - Loan size that can be approved by different individuals/groups
  - The extent to which the approval system has been automated and, if so, the procedures for permitting any overrides
  - What criteria do the credit officers or automated system use to make the lending decision
- Loss and recovery experience of the bank.
- Historical experience - annual losses over the past 10 years or as far back as the bank's records allow.
- Monitoring of delinquencies, work-out and recovery procedures.
- Groups and procedures in place to monitor and manage delinquencies.
- Bank policies on work-out and foreclosure.
- Price negotiation is bespoke, similar to regulatory capital corporate transactions.

Credit Underwriting – Arbitrage Motivated Corporate Transactions

Every Transaction Passes Through the Same Process of Careful Selection and Due Diligence

- Similar to the Regulatory Capital transactions, an internal AIGFP rating is assigned to each name in the portfolio (which in all cases is equal to or lower than those publicly assigned) and used for modeling purposes.
- Removal of any stressed credits or those which, in our view, have particularly unfavorable outlooks.
- Review of current market spreads for each name, where available, to ensure that the rating used reflects currently available information.
- Selection of credits so as to ensure a diverse and granular pool both in terms of industry and geography.
- Pricing discussion based around both the current spread environment and the counterparty's specific hedging requirements at that particular time.

Past Performance - Corporate Loans and European Residential Mortgages

Extremely Low Loss Rates in Reference Pools with Attachment Points Always Significantly Higher

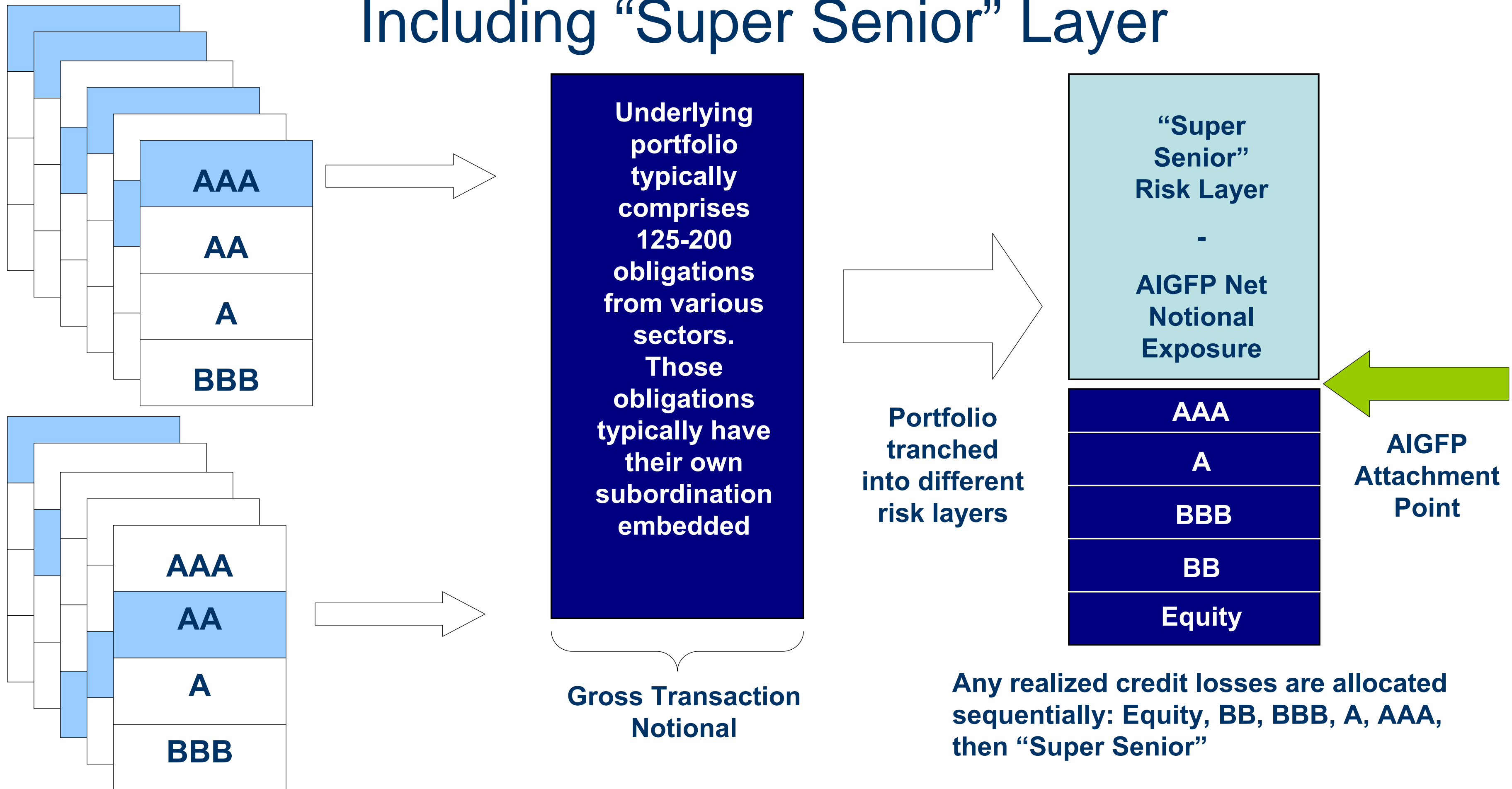
- The losses realized to date in the underlying reference pools have been very small relative to our attachment points. This is a reflection of the positive selection of the portfolios, the parties' motivations and the conservative modeling. AIGFP has not incurred any realized losses from the underlying collateral in these pools.

March 31, 2008

	AIGFP Net Notional Exposure ($ Billions)	Total Losses in Reference Pool to Date	Weighted Average Attachment Point	Multiple of Losses Required Before AIGFP Has any Loss[1]
Corporate Loans – Regulatory Capital	**$191.6**	**0.00%**	**22.9%**	**4,776x**
European Residential Mortgages – Regulatory Capital	**$143.3**	**0.03%**	**12.9%**	**413x**
Corporate Loans – Arbitrage	**$57.1**	**0.26%**	**18.7%**	**71x**

1. *Represents multiple of total losses in reference pool to date required to exhaust the entire subordination structure before AIGFP incurs a loss.*

Typical Tranche Structure of a Multi-Sector CDO Including "Super Senior" Layer



Residential and commercial mortgages, auto loans, etc., are securitized	Specific individually rated tranches from those securitizations are purchased by the CDO	The CDO is tranched into different layers of risk with the "Super Senior" layer being the most risk remote	Protection buyer makes periodic payments to protection seller who in turn makes payments if losses, which are allocated sequentially, exceed the relevant subordination

Credit Underwriting – Multi-Sector CDO Transactions

Selective Review of Manager, Collateral and Proposed Structure (1 of 2)

- Review and analysis of the CDO Manager (on all transactions), including:
  - Review of personnel and their experience and suitability for managing the assets and the structure
  - Track record and past performance of the manager in all asset classes
  - Risk retention / incentive policy in place for key employees
- Review and analysis of the entire collateral portfolio, including:
  - The eligibility criteria for all securities
  - The proposed single security / obligor concentration limits
  - Geographic portfolio diversification
  - Sector / industry portfolio diversification
  - Maturity / expected amortization profile of the assets and the portfolio
  - Review of agency ratings of securities and portfolio weighted average rating factor
  - Currency and interest rate exposures and hedging requirements

Credit Underwriting – Multi-Sector CDO Transactions

Selective Review of Manager, Collateral and Proposed Structure (2 of 2)

- Analysis of the key transaction terms, including:
  - The term of any proposed re-investment period
  - Management trading discretions, if any
  - Portfolio quality triggers in place
  - Over-Collateralization (O/C) and Interest Coverage (I/C) tests
  - Early amortization events and required procedures

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Multi-Sector CDOs
What Differentiated our Transactions?

Careful Portfolio Selection Combined with High Attachment Points

- Adherence to conservative underwriting approach.
- Remote attachment points, mostly with significant AAA-rated tranches below our position.
- Calculated attachment points are only a minimum and non-negotiable.
- Due diligence carried out before any transaction was agreed.
- Conservative modeling:
  - Conservative assumptions used for portfolio construction
  - Significant hair-cuts and stresses applied to inputs

Capital Markets Outline

- Business Rationale, Portfolio Composition & Underwriting Standards
- Fundamental Risk Assessment & Stress Testing
- Accounting, Valuation Fundamentals & Economic Capital
- Conclusions

Fundamental Risk Assessment: AIGFP Credit Review Process

- AIGFP's highly experienced credit team as part of its role conducts continual surveillance around the "Super Senior" portfolio.
- Each quarter AIGFP re-runs its stress models against the entire "Super Senior" portfolio to account for updated subordination information, ratings migration, delinquencies, defaults and losses. The team updates, evaluates and stresses results relative to the current subordinated layers to assess potential credit quality migration.
- The AIGFP global credit team meets quarterly to review the portfolio in depth and the results of the stress model.
- The team reviews any deals that show early signs of stress and evaluate the factors leading to any portfolio deterioration to determine whether exposure hedging should be recommended or other actions should be instituted, such as meetings with collateral managers or bank lenders.
- The credit review also includes looking at rating agency changes, early deal terminations and credit trends.

Fundamental Risk Assessment
AIG ERM

- Every quarter AIG Enterprise Risk Management (ERM) reviews AIGFP's "Super Senior" credit derivative exposures.
- The review considers delinquency, defaults and realized loss trends for each transaction relative to updated subordination levels. The assessment includes a review of rating agency actions. It also considers adverse economic and sector trends, where applicable.
- ERM identifies all transactions that show any unexpected deterioration or heightened risk and adds them to the internal AIG watch list.
- ERM has a regular process to run stress tests of the multi-sector CDO portfolio to determine if any transactions could pose a risk of realizing a loss if economic conditions deteriorate beyond expectations.

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Rating Agency Actions

- At March 31, 2008 all three major rating agencies continued to rate 82% of AIGFP's $60.6 billion "Super Senior" credit derivative multi-sector CDO portfolio with subprime RMBS collateral at AAA levels. This is despite a significant number of CDO downgrades during 2007 and the first quarter of 2008. At April 30, 2008, this percentage was 69%.
- Through March 31, 2008, approximately $11.0 billion (18%) of the portfolio had been downgraded, mostly by only one agency and $19.5 billion was on Credit Watch.
- Through April 30, 2008, an additional $7.8 billion of the portfolio had been downgraded, bringing the total to 31% of the portfolio.

Summary*	Through March 31, 2008		Through April 30, 2008	
($ Billions)	Downgraded to	Placed on Credit Watch	Downgraded to	Placed on Credit Watch
AAA	NA	$13.3	NA	$3.3
AA	$5.6	$1.7	$10.5	$5.7
A	$2.7	$2.3	$5.1	$2.3
BBB	$2.7	$2.2	$2.7	$2.2
BB	-	-	$0.2	$0.2
Total	**$11.0**	**$19.5**	**$18.5**	**$13.7**

* *Summary information classifies a portfolio as on "credit watch" if any one of the agencies has placed that portfolio on Credit Watch. Summary information on downgrades uses the lowest rating of any one of the three rating agencies.*

- At March 31, 2008, at least one rating agency rated $8.9 billion (81%) of the total $11.0 billion downgraded portfolio as AAA.
- At April 30, 2008, at least one rating agency continued to rate $14.6 billion (79%) of the $18.5 billion downgraded portfolio as AAA.

AIG Stress Testing – Static Stress

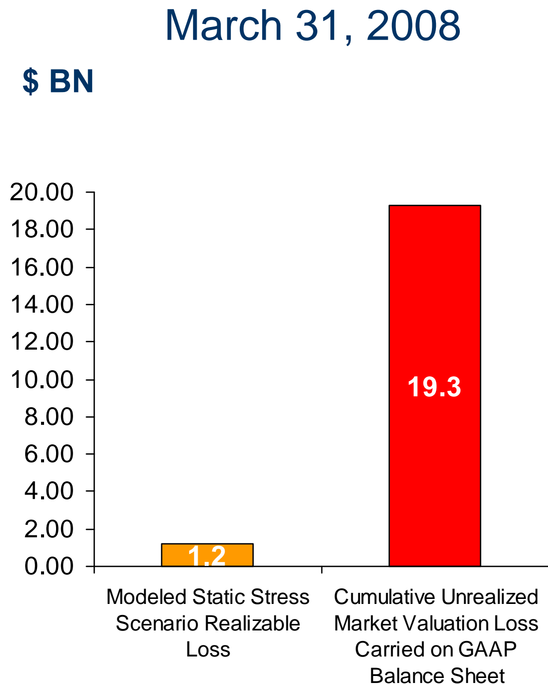
Illustration of Potential Realizable Credit Impairment Losses (Pre-Tax) on AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Description of AIG Static Stress Scenario*

Collateral Securities	Static Stress Scenario
Q1-Q4 '07 Subprime RMBS	100% of AA+ or lower
Q3-Q4 '06 Subprime RMBS	100% of AA+ or lower
Q1-Q2 '06 Subprime RMBS	50% of AA+, AA, AA-; 100% of A+ or lower
Q3-Q4 '05 Subprime RMBS	50% of BBB+ or lower
Q1-Q2 '05 Subprime RMBS	100% of BB+ or lower
Inner CDOs of ABS	100% of A+ or lower
CY'06 & CY'07 Alt-A	100% of A+ or lower

* *As of March 31, 2008. These stresses are "static" stresses, assumed to result in immediate portfolio loss and do not take any benefit for cash flow diversion and other mitigants.*

Value of Pre Tax Loss Estimates



The March 31, 2008 cumulative unrealized market valuation loss of $19.3 billion significantly exceeds the modeled realizable credit impairment portfolio loss emanating from AIG's Static Stress Scenario analysis.

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Market Valuation vs. Static Stress Testing Illustrations at Transaction Level

Slides 23 to 25 show loss comparisons at the transaction level:

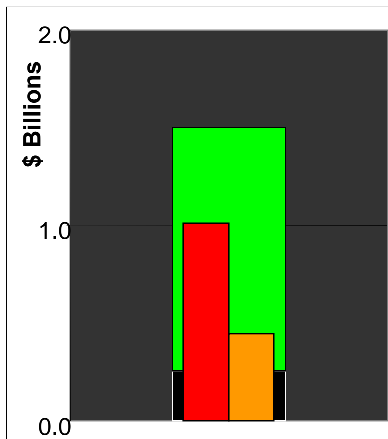
In All Cases

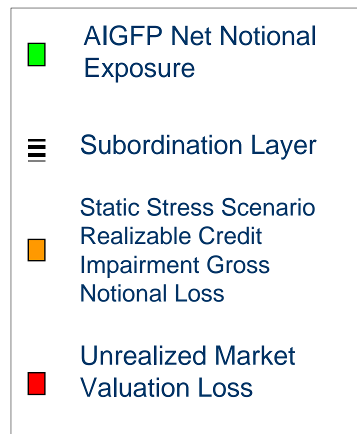
Market valuations indicate losses that exceed Static Stress Scenario realizable credit impairment losses for each of the transactions

In Most Cases

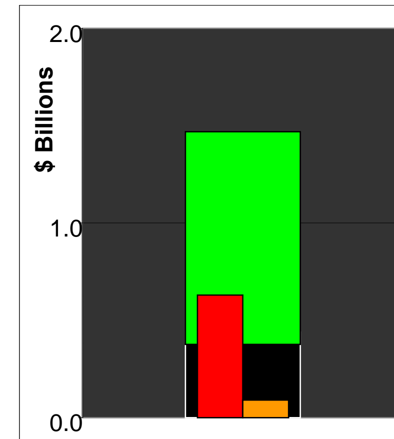
Market valuations indicate losses, while Static Stress Scenario realizable credit impairment losses generally do not even breach the subordination layers

- ILLUSTRATION -

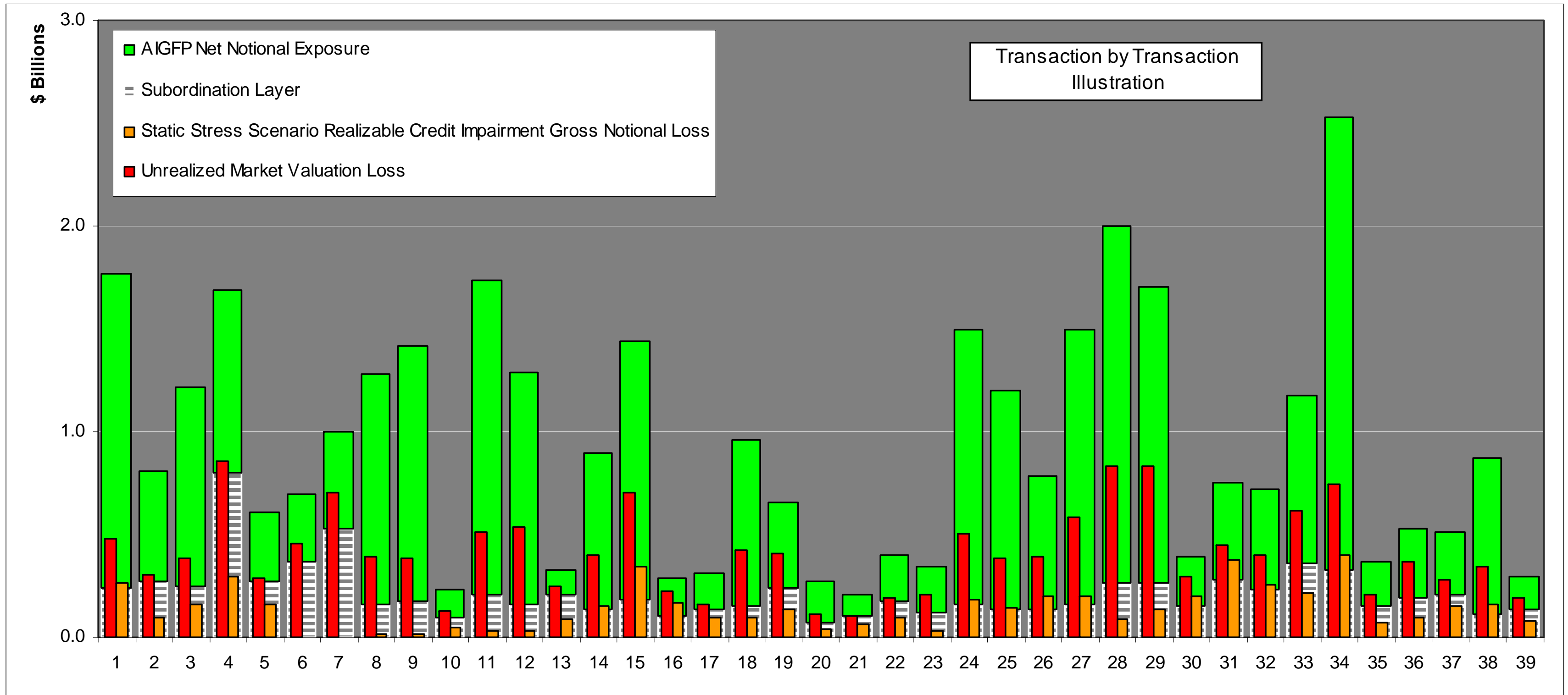




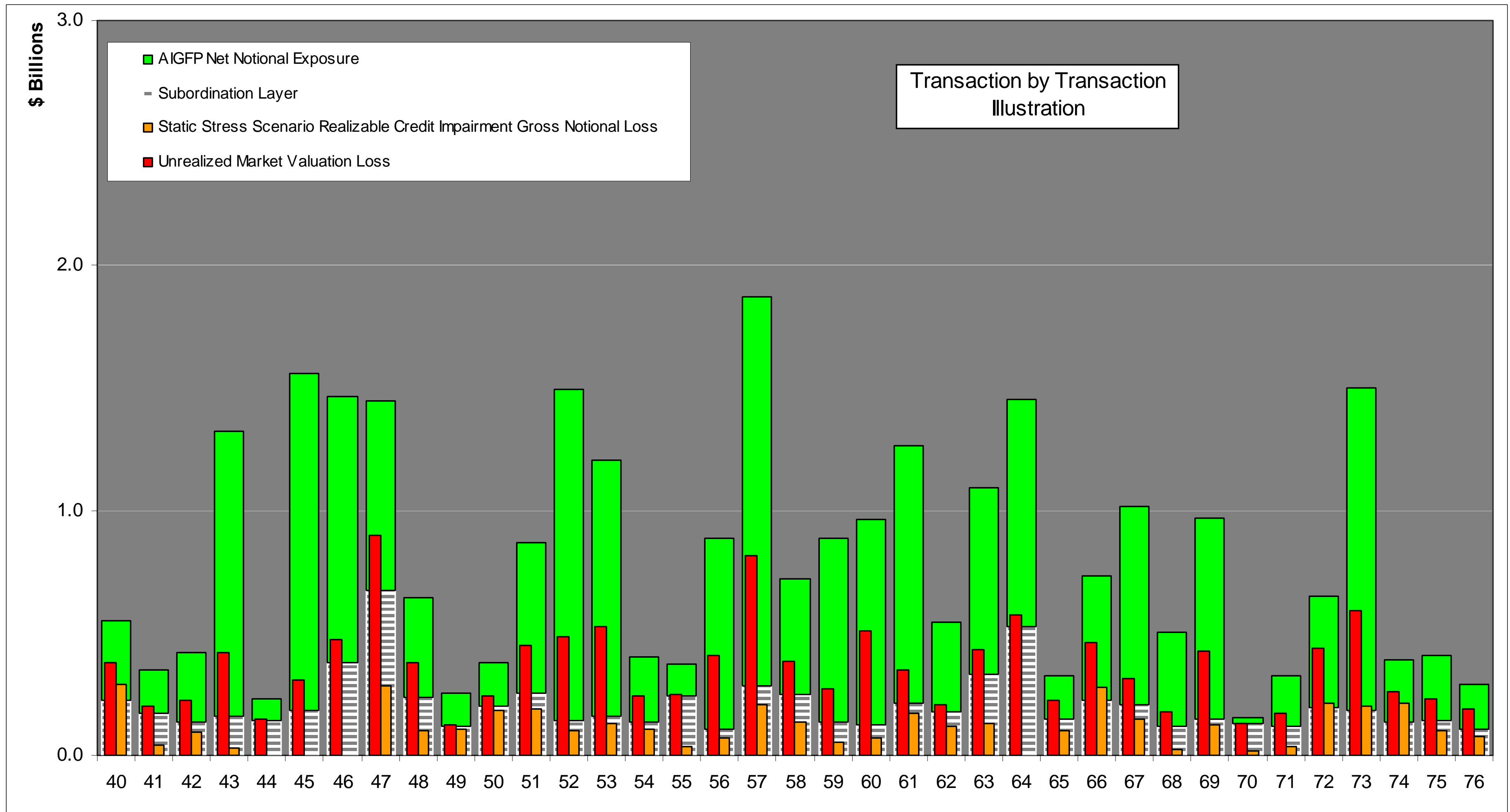
- ILLUSTRATION -



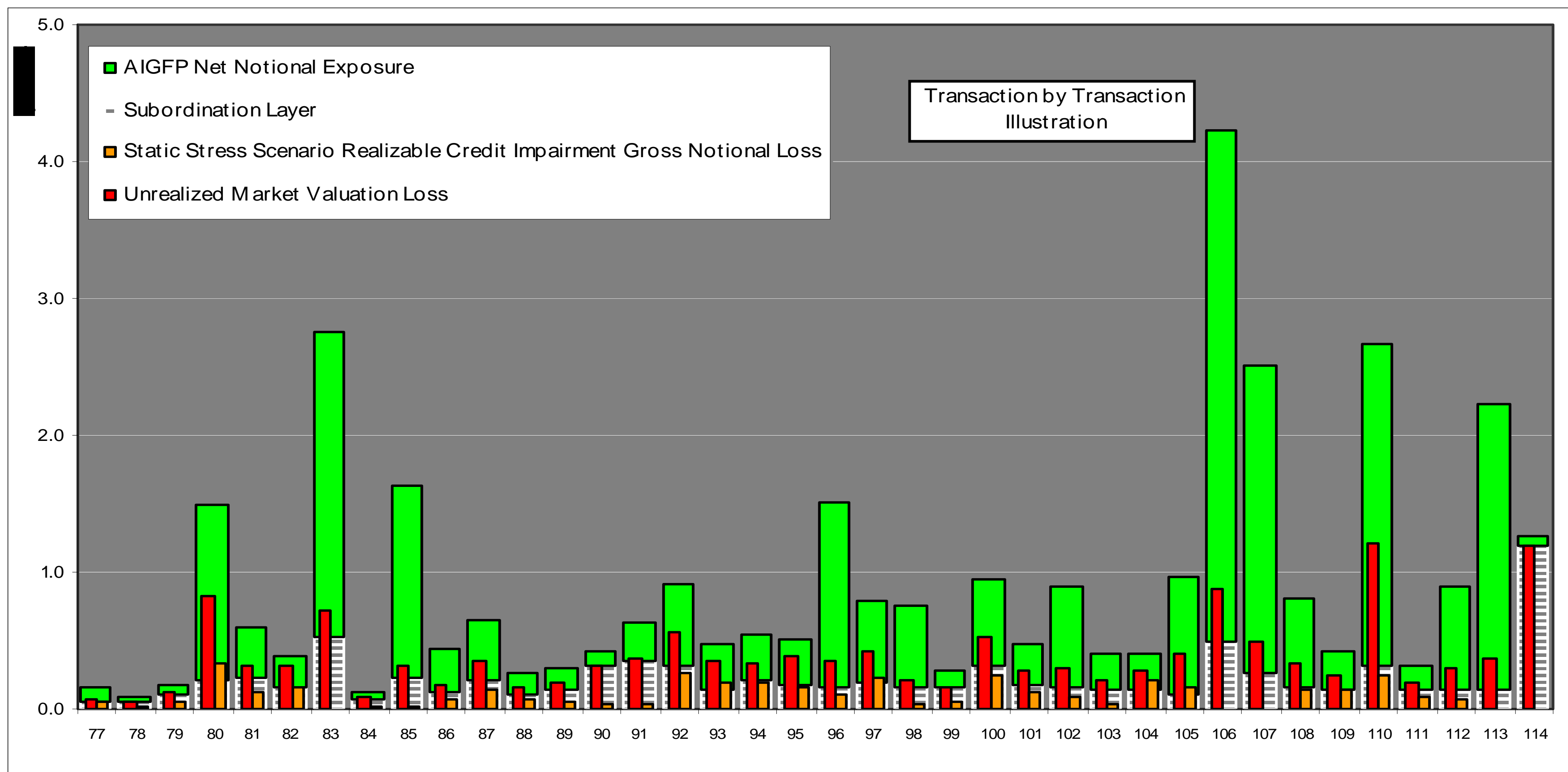
Multi-Sector CDO Portfolio Transactions (1 of 3)



Multi-Sector CDO Portfolio Transactions (2 of 3)

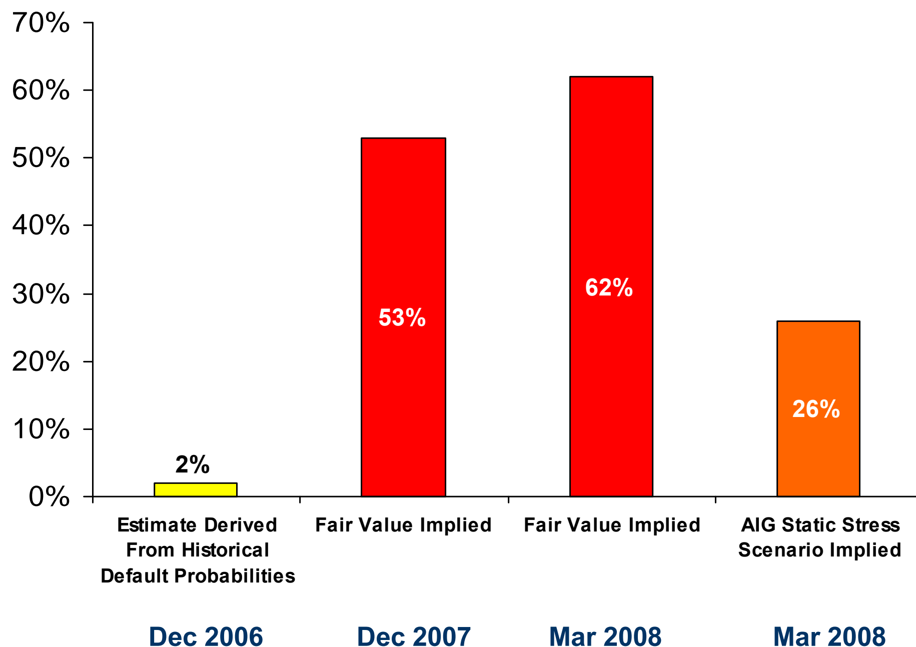


Multi-Sector CDO Portfolio Transactions (3 of 3)



Current Market Implied Probabilities of Default for AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Implied Probabilities of Default of Gross Exposures Over Lifetime of Portfolio*



** Implies a weighted average recovery rate computed per portfolio.*

Market Implied Probabilities of Default Reflect:

- Basic Credit Risk Fundamentals; plus
- Extreme Liquidity Premium; and
- Market-Driven Risk Aversion; etc.

Current market implied probabilities of default, being orders of magnitude greater than historical probabilities of default, suggest that a significant number of factors are included in market prices, in addition to credit risk, the principal risk to which AIGFP is exposed.

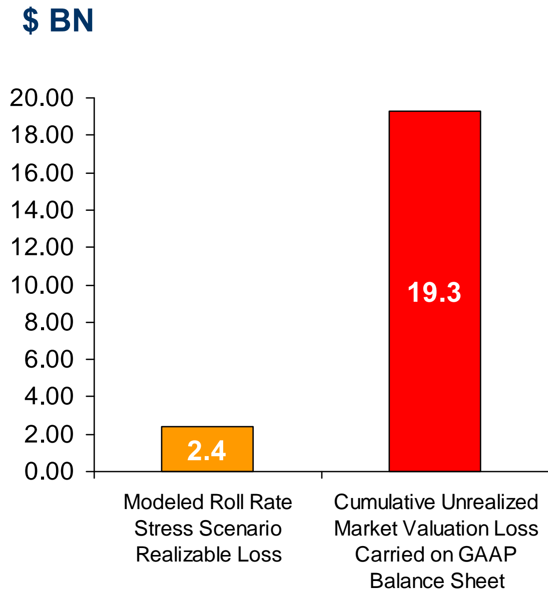
AIG Stress Testing – Roll Rate Stress

Illustration of Potential Realizable Credit Impairment Losses (Pre-Tax) on AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Description of AIG Roll Rate Stress Analysis

- *Coverage:* Roll Rate Stress Scenario analysis covers collateral pools comprising subprime & Alt-A RMBS as well as inner CDOs.
- *Process:* "Roll" delinquencies to default and loss estimates.
- *Non-Performing Mortgages*: Modeled using data as of February 29, 2008, with frequency/severity assumptions differentiated by status, vintage and ratings.
- *Performing Mortgages:* Modeled using loss timing curves (differentiated by weighted average loan age) and severity assumptions.

Value of Pre Tax Loss Estimates*



* *As of March 31, 2008. These stresses do not take any benefit for cash flow diversion and other mitigants.*

The March 31, 2008 cumulative unrealized market valuation loss of $19.3 billion significantly exceeds the modeled realizable credit impairment portfolio loss emanating from AIG's Roll Rate Stress Scenario analysis.

Stress Testing – Roll Rate Stress Scenario

AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Overview of Methodology

Coverage[1]

Collateral Pools Included in Roll Rate Stress Scenario Analysis

	High Grade CDOs	Mezzanine CDOs
Included[2]	62.7%	79.6%
Excluded[3]	37.3%	21.4%
Total	100.0%	100.0%

1. Losses from excluded categories of collateral pools not expected to be significant given subordination levels. Cash flow diversion benefits will mitigate any losses emanating from excluded categories
2. Subject to Roll Rate analysis: Subprime RMBS, Alt-A RMBS & Inner CDOs
3. Prime RMBS, CMBS, Other ABS (e.g. Credit Cards/Autos)

Performing Mortgages

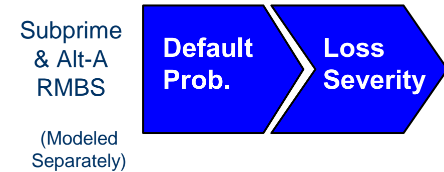
- Forecasts future delinquencies based on loan age
- Curve built from analysis of historical default behavior (e.g., 80% of defaults occur within first 3 years of loan life)

- Severity assumptions consistent with non-performing mortgages

Non-Performing Mortgages

Subprime & Alt-A RMBS

(Modeled Separately)



- Increasing by vintage and stage of delinquency

- Increasing by vintage

Inner CDOs

Total Roll Rate Stress Scenario Loss: $2.4 BN*

* *As of March 31, 2008. This stress scenario loss does not take any benefit for cash flow diversion and other mitigants.*

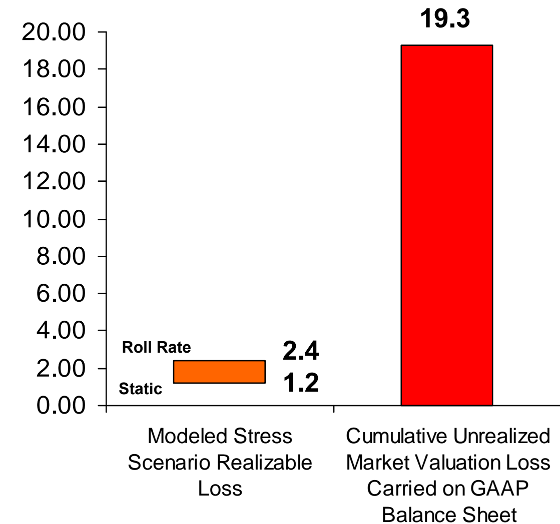
AIG Stress Testing – Static vs. Roll Rate Stress

Illustration of Potential Realizable Credit Impairment Losses (Pre-Tax) on AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Comparison of AIG Stress Tests

- Enhanced AIG stress testing provides a range of potential realizable credit impairment losses ($1.2 to $2.4 billion)
- AIG's modeled Roll Rate Stress scenario loss produces higher estimates of potential realizable losses than the Static Stress since:
  - AIG has accessed actual performance behavior of subprime & Alt-A mortgages. This produces a more risk based approach to loss assessment than a ratings based model.
  - Late 2005 vintage subprime RMBS and Interest Rate re-sets from 2/28 ARMS are producing higher delinquencies/defaults than had been included in the Static Stress Scenario.

Value of Pre Tax Loss Estimates*



* *As of March 31, 2008. These stresses do not take any benefit for cash flow diversion and other mitigants.*

Other Market Participants' Estimates

Potential Losses on AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

- Due to the dislocation in the market for CDO collateral, AIG does not use the market values of the underlying CDO collateral in estimating its potential realizable credit impairment losses.
- AIG is aware that other market participants have used different assumptions and methodologies to estimate the potential realizable credit impairment losses on AIGFP's super senior credit derivative portfolio.
- A third party analysis provided to AIG, that AIG understands uses credit and market value inputs, estimates the potential realized pre-tax losses on AIGFP's super senior credit default swap portfolio at between approximately $9 billion and approximately $11 billion.
- AIG expresses no view as to the reasonableness of this third-party estimate and does not intend to seek an update of this estimate.
- There can be no assurance that AIG's estimate will not change or that the ultimate realized losses on AIGFP's "Super Senior" credit default swap portfolio will not exceed any current estimates.

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Conclusions From Fundamental Risk Assessment & Stress Testing

- All three major rating agencies continued to rate 82% of AIGFP's $60.6 billion "Super Senior" credit derivative multi-sector CDO portfolio with subprime RMBS collateral at AAA levels as of March 31, 2008 (69% as of April 30, 2008). This is despite a significant number of CDO downgrades since 2007.
- The March 31, 2008, pre-tax cumulative unrealized market valuation loss of $19.3 billion significantly exceeds AIG's modeled realizable credit impairment portfolio loss emanating from both a Static Stress ($1.2 billion) and a new Roll Rate Stress ($2.4 billion) analysis.
- Current market implied probabilities of default, being orders of magnitude greater than historical probabilities of default, suggest that a significant number of factors are included in market prices, in addition to credit risk, the principal risk to which AIGFP is exposed.
- AIGFP wrote credit derivative protection as a principal and has the ability and intent to hold its positions until contract maturity or call by the counterparty.

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Accounting for "Super Senior" Credit Derivative Swaps

- AIGFP accounts for its "Super Senior" Credit Derivative portfolio in accordance with FAS 133 and FAS 157:
  - At inception the credit derivative is recorded at its transaction price as that is the best indicator of fair value.
  - Subsequent changes in fair value are recognized in earnings.

- Through June 30, 2007 there was minimal change in fair value since the inception of the derivatives:
  - The "Super Senior" credit derivative transactions are significantly out-of-the-money put options that are insensitive to normal changes in market credit spreads.
  - A significant change in credit spreads is required to cause a material change in fair value. Credit spread changes did not result in a material change to fair value losses until the third quarter of 2007.
  - Significant changes in market credit spreads have continued to date.

AIGFP "Super Senior" Credit Derivative Swaps Portfolio

Total Notional Amounts and Cumulative MTM Loss

Type	Notional Amount March 31, 2008 ($ Billions)	Cumulative MTM Loss Through December 31, 2007 ($ Billions)	Cumulative MTM Loss Through March 31, 2008 ($ Billions)
Corporate Arbitrage[1]	$ 57.1	$0.2	$1.1
Regulatory Capital[2]	$ 334.9	$0.0	$0.0
Multi-Sector CDO, of which:	*$77.5*	$11.3	$19.3
Transactions with Subprime:			
High Grade	*$43.1*	*$6.4*	*$11.1*
Mezzanine	*$17.5*	*$4.0*	*$5.7*
Transactions with no Subprime:			
High Grade	*$16.1*	*$0.8*	*$2.2*
Mezzanine	*$0.8*	*$0.1*	*$0.3*
Total:	**$ 469.5**	**$11.5**	**$ 20.4**[3]

1. *Represents Corporate Debt and CLOs.*
2. *Represents Corporate & European Residential Mortgage Regulatory Capital transactions.*
3. *Excludes $0.2 million on mezzanine tranches representing credit default swaps written by AIGP on tranches below super senior on certain regulatory capital relief trades.*

Evolution of AIGFP's Valuation Methodologies for "Super Senior" Corporate Arbitrage Transactions

- At September 30, 2007 AIGFP employed the Binomial Expansion Technique (BET) model to value this portfolio, resulting in no noticeable change in fair value.
- At December 31, 2007, AIGFP valued its Corporate Arbitrage "Super Senior" credit derivative transactions using relevant benchmark indices, third party prices and collateral calls that resulted in a mark-to-market loss of $226 million.
- At March 31, 2008, AIGFP reported a mark-to-market loss in the amount of $896 million using the same valuation approach as that used for the December 31, 2007, valuation*.

* *AIG believes that its methodology to value the corporate credit default swap portfolio is reasonable, but other market participants use other methodologies and these methodologies may generate materially different fair value estimates.*

Regulatory Capital (Corporate - Regulatory & European Residential Mortgage) "Super Senior" Transactions Valuation

- Transactions entered into are of a highly customized, non-market standard nature, to facilitate regulatory capital relief, rather than for credit risk transfer.

- Transactions are expected to terminate in conjunction with the implementation of Basel II (within 12 to 24 months).

- AIG conducted a comprehensive analysis of information available, including counterparty motivation, portfolio performance, market place indicators and transaction-specific considerations.

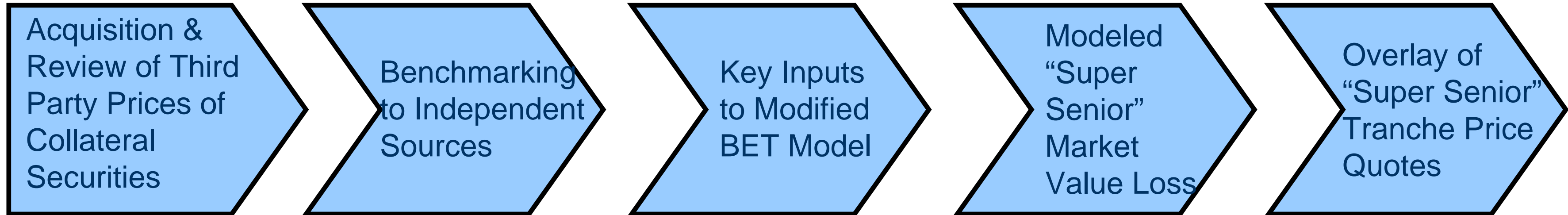
- The most compelling market observable data is the termination* of $55 billion of net notional exposures in early 2008. AIG was not required to make any payments and was paid a termination fee in some terminations.

* *Includes exposures in the process of being terminated.*

Evolution of AIGFP's Valuation Methodologies / Inputs for "Super Senior" Credit Derivatives Written on Multi-Sector CDOs

Date	September 30, 2007	October 31, 2007	November 30, 2007 (Method A)	November 30, 2007 (Method B)	December 31, 2007 & March 31, 2008
Methodology	• Modified BET • No attribution of Cash Flow Diversion (CFD)	• Modified BET • No attribution of Cash Flow Diversion (CFD)	• Modified BET • Attribution of Cash Flow Diversion (CFD) using Monte Carlo simulation	• Modified BET • Attribution of Cash Flow Diversion (CFD) using Monte Carlo simulation • Negative Basis Adjustment	• Modified BET • Attribution of Cash Flow Diversion (CFD) using Monte Carlo simulation • No Negative Basis Adjustment • Overlay of "Super Senior" Tranche Price Quotes
Inputs	• Third party credit spreads on generic ABS • Moody's recovery rates	• Third party credit spreads on generic ABS • Third party spreads on RMBS collateral adjusted for relative change in ABX.HE • Moody's recovery rates	• Third party credit spreads on generic ABS • Third party spreads on RMBS collateral adjusted for relative change in ABX.HE • Moody's recovery rates	• Third party prices collected by CDO managers during November for October month-end • Moody's recovery rates	• Third party prices collected by CDO managers during January (for December month-end), February, March and April (for March month-end) • Moody's recovery rates

Process Followed for March 31, 2008 GAAP Valuation of "Super Senior" CDS Written on CDOs



Acquisition & review of third party prices of underlying securities obtained through CDO Managers:

- Obtained dealer prices on at least 70% of securities of all portfolios combined;
- Derived final price by averaging in case of multiple quotes;
- Reviewed prices for consistency across ratings and time.

Benchmarking of third party prices to independent price source (IDC) for 9,792 securities.

Acquisition and review of other key inputs to the Modified BET model:

- WAL of securities - Bloomberg;
- Verification of WAL using prepayment model;
- Use of matrix pricing;
- Diversity score;
- LIBOR curve for discounting cash flows;
- Recovery rates based on Moody's multi-sector CDO recovery data.

Valuation, review and stress testing of Modified BET results of the "Super Senior" market valuation loss:

- Convert price to spread;
- Use key inputs to run BET;
- Apply OC tests and implement CFD algorithms.

Overlaying the "Super Senior" tranche quotes obtained from 12 major dealers to the modified BET model results.

AIG

"Super Senior" Multi-Sector CDO Valuation Model

- The BET methodology was originally developed by Moody's for rating portfolio credit products.
- We modified it to imply default probabilities from market prices for the underlying securities, not from rating agency assumptions.
- The model replaces a large collateral pool of correlated assets with a smaller pool of *idealized* homogeneous, independent assets.
- The size of the idealized pool, i.e., the number of assets, is given by the Diversity Score.
- The BET model placed in a Monte Carlo simulation framework enables AIGFP to:
  - Derive a loss distribution through time for the portfolio
  - Value the important structural features of each transaction

"Super Senior" Multi-Sector CDO Valuation Model

Model parameters are derived from independent market sources.

- Third party prices for the underlying securities that comprise the collateral of each CDO are obtained from CDO managers.
- AIGFP was able to obtain prices for at least 70% of unique collateral securities comprising the underlying collateral.
- From these prices AIGFP derives credit spreads and market-implied default probabilities.
- Diversity Scores are generally provided by CDO trustees as the determinant of correlation.
- Weighted Average Life (WAL) for the underlying securities are obtained from third party data providers.
- Assumed Recovery Rates for each underlying security are obtained from Moody's historical experience.

AIG

Similarities Between Excess Casualty Insurance & AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Excess Casualty Insurance

- AIG acts as principal
- AIG retains underwriting control
- Relatively high attachment points
- Gives AIG access to specialized (non-commodity) markets
- AIG can "pick and choose" risks – broker has no binding authority
- Liabilities are generally not traded, but held to contract maturity/ fulfillment
- Reinsurance used selectively to take advantage of market pricing

"Super Senior" Credit Derivative Portfolio on Multi-Sector CDO

- AIG acts as principal
- AIG retains underwriting control
- Relatively high attachment points
- Gives AIG access to specialized (non-commodity) markets
- Largely bespoke transactions with tailored contractual terms
- "Super Senior" credit derivatives are generally not traded, but held to maturity
- Protection purchased selectively for rated layers on portfolios of reference obligations

Valuation Principles Applied By AIG

- "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date";
- "NOT a forced transaction (for example, a forced liquidation or distressed sale)"; ***but***
- Represents current "exit price" in the principal market.

Source: Centre for Audit Quality (CAQ) , White Paper, "Measurements of Fair Value in Illiquid (or less liquid) Markets"; October 3, 2007 (www.aicpa.org)

- For assets and tradeable / hedgeable liabilities, represents the market value;
- For non-tradeable / non-hedgeable liabilities/obligations (e.g., those requiring use of "Level 3" inputs under FAS 157); represents current estimated value of liability/obligation without adjustment for "own credit spread"[1] plus a risk margin for bearing risk out to contract maturity/ fulfillment;
- No "exit" assumed at valuation date – avoids imputing characteristics of a liquidation in times of market stress.

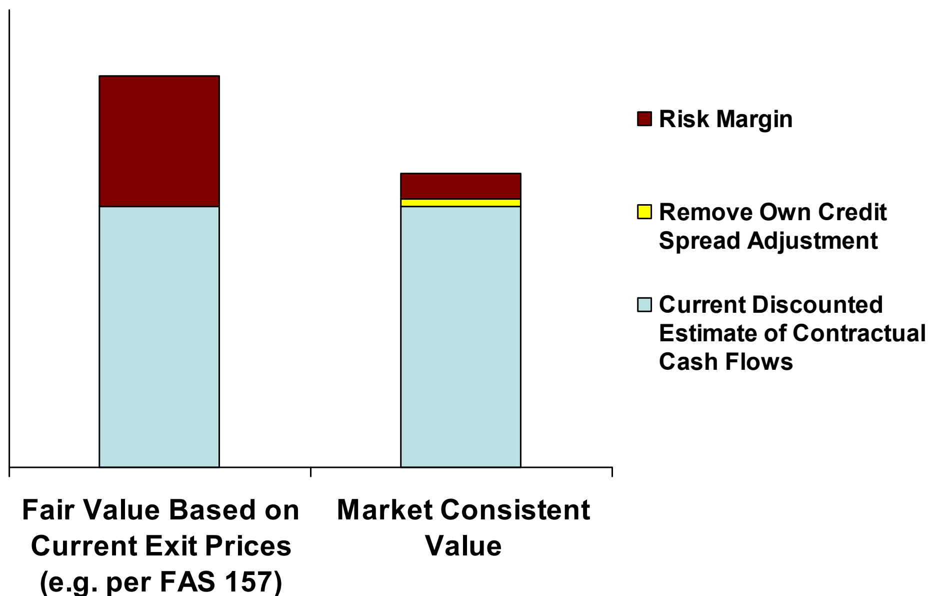
1. Key exception is that business units that elect the fair value option under U.S. GAAP to more closely align earnings with the economics of their transactions by recognizing changes in asset values concurrently with changes in liability values (e.g., AIGFP) may include "own credit spread" in their liability valuations for the purposes of AIG's ECM, to the extent that these spreads are representative of market-based credit spreads for similarly rated entities.

AIG

Illustration of Key Differences Between Fair Value & Market Consistent Value for Non-Tradeable Liabilities

Example: Valuation of Non-Tradeable Liability Consequent to Liability Market Crisis (e.g. Post KRW in P&C Insurance)

-ILLUSTRATION -



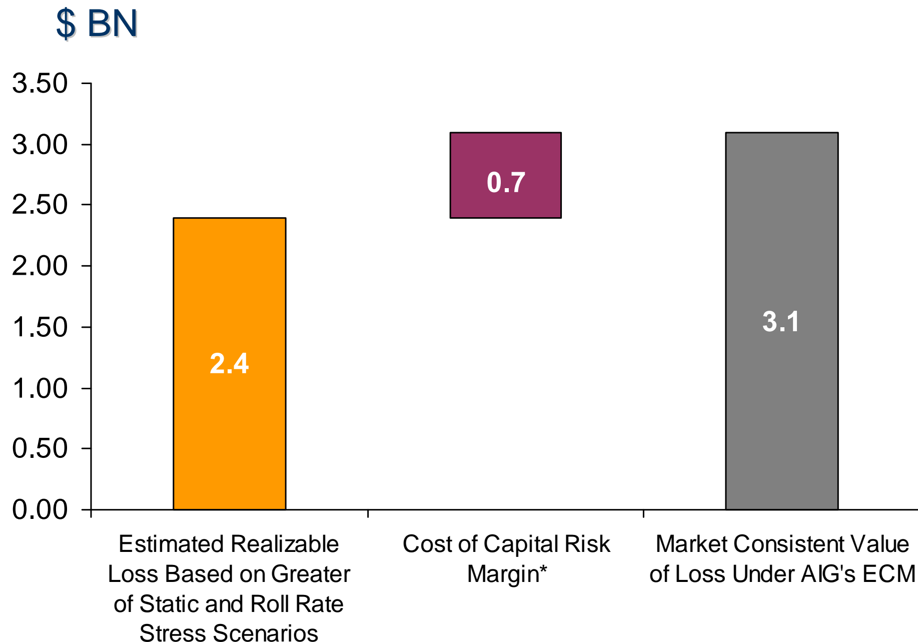
- Most significant difference is in risk margin component
- Under Market Consistent Value, an allowance is made for the cost of bearing risk (only) until fulfillment of contract obligations using a market standard technique (e.g., Cost of Capital)
- Under fair value, the “risk margin” may be materially inflated in times of market crisis for the opportunity of a buyer of the liabilities to recover a super normal return for :
  - Liquidity Risks
  - Sunk Costs & Opportunity Costs
  - Return on Franchise Value
  - Supply/Demand Imbalance Advantages

Market Consistent Value is more appropriate for determining the economic position of AIG, as AIG generally intends to, or is obligated to, hold its illiquid liability positions until contract maturity/fulfillment.

Determination of Market Consistent Value of AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs for AIG's Economic Capital Model

March 31, 2008

Conservative Estimate of Market Consistent Value Loss Under AIG's Economic Capital Model (ECM)



AIG's conservative estimate of Market Consistent Value of Loss for Determining Available Economic Capital:

1) Potential realizable credit impairment losses associated with the greater of AIG's Static and Roll Rate Stress scenarios over-ride best estimate loss (allows for possible change in credit risk fundamentals)

2) A risk margin is added to the component under 1), allowing for the cost of servicing capital requirements*

3) Market Consistent Value is the sum of 1) and 2) above

* *Determined using the Cost of Capital approach recommended by the CRO Forum for non-tradeable/ non-hedgeable risks (refer to www.croforum.org)*

Adjustments Made to Cumulative Unrealized GAAP Market Valuation Loss to Determine Available Economic Capital Under AIG's ECM

Market Consistent Value Adjustment to Determine Available Economic Capital
(March 31, 2008)

- With effect from the December 31, 2007, full valuation update of economic capital, AIG uses Market Consistent Embedded Value as its estimate of Available Economic Capital for the Life & Retirement Services segment*
- For the General Insurance segment, a consistent approach has also been used
- These valuation approaches are consistent with the market consistent valuation approach AIG has applied to AIGFP's "Super Senior" credit derivative portfolio on Multi-Sector CDOs

* *Independently reviewed by Towers Perrin*

For the purposes of determining Available Economic Capital, AIG believes it is reasonable to make a positive cumulative market consistent valuation adjustment of $10.5 billion in respect of the AIGFP Unrealized Market Valuation Loss to its GAAP Reported Total Shareholders' Equity as of March 31, 2008[1].

1. *The market consistent valuation adjustment made as of December 31, 2007, was $6.2 billion. Thus, for the quarter ended March 31, 2008, this adjustment has increased by $4.3 billion.*

AIG

Discussion Outline

- Business Rationale, Portfolio Composition & Underwriting Standards
- Fundamental Risk Assessment & Stress Testing
- Accounting, Valuation Fundamentals & Economic Capital
- Conclusions

Remediation of the Valuation Material Weakness in Respect of AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

- As identified in AIG's 2007 Form 10K, the material weakness essentially comprised three component issues:
  - Staff resources
  - Processes and controls to evaluate third-party information
  - Oversight and monitoring controls
- For the March 31, 2008, valuation, AIG addressed these components through a combination of staff augmentation, process enhancements and implementation of compensating controls.
- For the balance of 2008, AIG will continue to develop new systems and processes to reduce AIGFP's reliance on certain manual controls.
- AIG will also enhance its staff resource, process and technology infrastructure to support a valuation process and control environment that is sustainable and repeatable.
- AIG has a goal of achieving remediation by the time AIG files its Form 10K for the year ending December 31, 2008.

AIG

Conclusions

- AIGFP "Super Senior" credit derivative business was underwritten to an AIGFP super senior standard which projects zero losses at inception.
- There has been deterioration in the credit quality and the market's assessment of expected losses in the underlying collateral securities and AIGFP's "Super Senior" credit derivative portfolios.
- In accordance with GAAP, AIG has recognized a sizable unrealized market valuation loss to date, consequent to severe market disruption and credit deterioration, particularly in U.S. subprime mortgages. These market adjustments represent management's best estimate of the exit value of this portfolio into the current illiquid and distressed market. This volatile market may persist for some time.
- Based upon its most current analyses, AIG believes that any credit impairment losses which may emerge over time at AIGFP will not be material to AIG's consolidated financial condition, but could be material to the manner in which AIG manages its liquidity.
- AIGFP wrote credit protection as a principal based upon sound underwriting procedures and has the ability and intent to hold its positions until contract maturity or call by the counterparty.

AIG Insurance Investment Portfolios

THE STRENGTH TO BE THERE.®

AIG Insurance Investment Portfolios

- The investment portfolios of AIG's insurance companies are managed by AIG Investments (AIGI)* on their behalf.
- These portfolios are managed on a spread investment or Asset-Liability Management model, not as a transactional business. As a result, we do not:
  - "Warehouse" residential mortgage loans or securitizations; or
  - Retain residual or other securities from residential mortgage backed securities (RMBS) activities.
- AIGI's RMBS and commercial mortgage backed securities (CMBS) are predominantly held as "Available for Sale" securities, not as trading positions. Hence, our underwriting focus is on ultimate collectibility, not short-term market movements.
- AIGI purchases RMBS, Asset-Backed Securities (ABS) and RMBS-based Collateralized Debt Obligations (CDOs) based on proprietary internal research. This is consistent with AIGI's approach to investing in all asset classes.
- All figures are based on amortized cost** unless otherwise indicated.
- Ratings used in this presentation are external ratings, or equivalent, based on AIG's internal risk rating process when external ratings are not available.

** For purposes of this presentation, AIGI is used to denote the insurance portfolios managed by AIG Investments.*

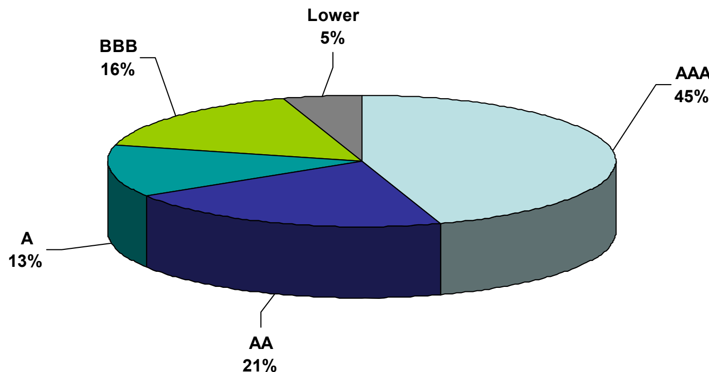
*** Amortized cost is the cost of a debt security adjusted for amortized premium or discount less other-than-temporary impairments.*

AIG Insurance Investment Portfolios

Worldwide Insurance and Asset Management Bond Portfolios

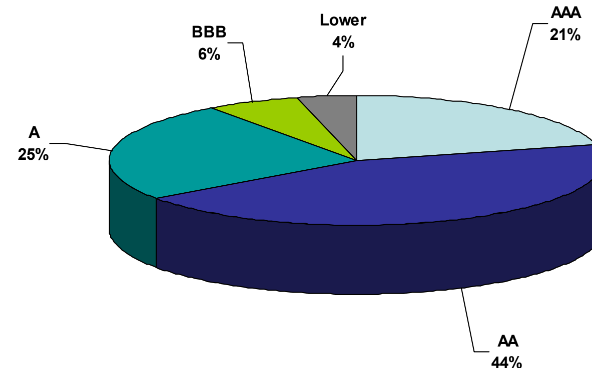
- AIGI's bond portfolios* had a fair value of $481.8 billion at March 31, 2008.
- The securities are highly rated (approximately 96% are investment grade).
- The bond portfolios are also well-diversified geographically.

Domestic Bonds by Ratings



$270.2 Billion

Foreign Bonds by Ratings



$211.6 Billion

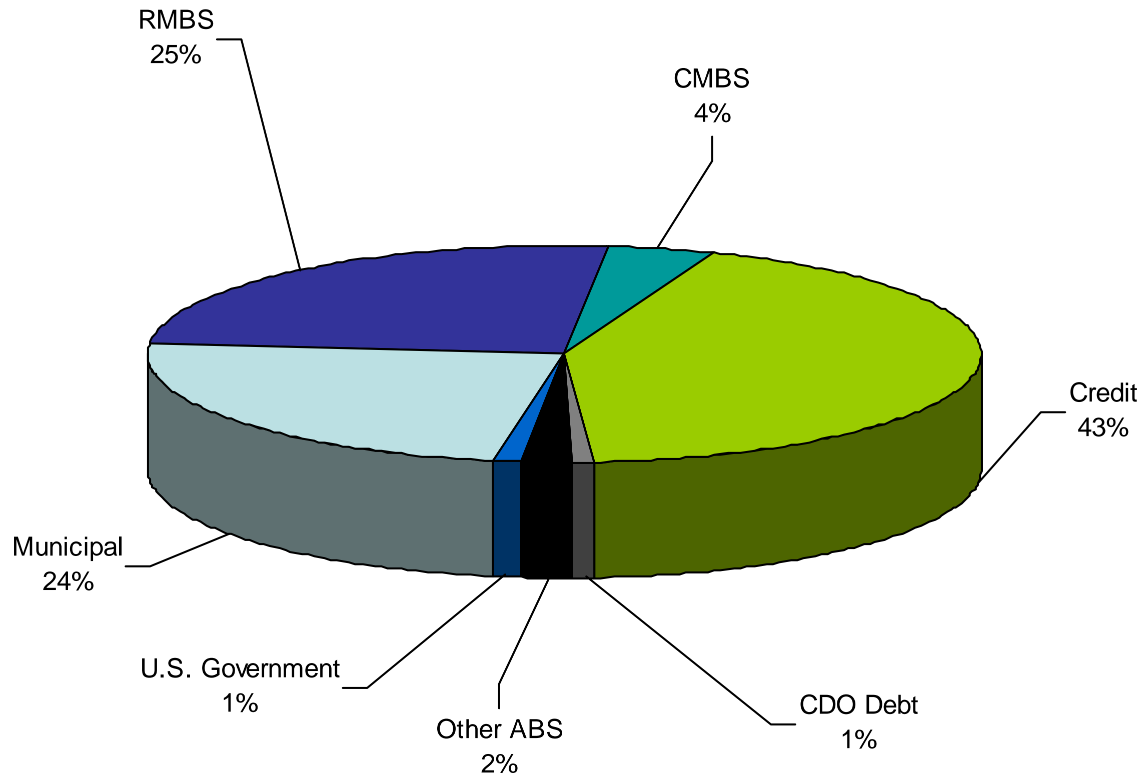
* *Fixed Maturities: Bonds available for sale, Bonds held to maturity, Bonds trading securities and Bonds available for sale included in Securities lending collateral*

AIG Insurance Investment Portfolios

Domestic Bonds by Category

March 31, 2008

$270.2 Billion



AIG Insurance Investment Portfolios

Accounting and Valuation

- AIGI accounts for its RMBS, CMBS and CDOs in accordance with FAS 115, FSP FAS 115-1, FAS 91 and EITF 99-20.
  - These securities are predominantly classified as available for sale securities under FAS 115.
  - Changes in fair value are reported in other comprehensive income, net of tax, as a component of shareholders' equity until realized.
  - Realization of fair value changes through earnings occurs when the position is either sold or is determined to be other-than-temporarily impaired.
- AIGI utilizes external pricing vendors as a primary pricing source.
  - 95% of the portfolio fair values are derived from prices provided by industry standard commercial pricing vendors – such as IDC, Bloomberg and Lehman Brothers.
  - Vendor pricing methodology and broker prices are internally reviewed for reasonableness using internal models. Securities are not valued solely based on internal models.
- The value of these securities is dependent on the type of collateral, the position in the capital structure and the vintage.

AIG Insurance Investment Portfolios

Other Than Temporary Impairments (OTTI)

- AIG's senior management evaluates its investments for impairment such that a security is considered a candidate for other-than-temporary impairment if it meets any of the following criteria:
  - Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine consecutive months or longer);
  - The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or
  - AIG may not realize a full recovery on its investment, regardless of the occurrence of one of the foregoing events.
- An impairment charge may also be taken in light of a rapid and severe market valuation decline because AIG could not reasonably assert that the recovery period would be temporary (severity losses).
- AIG Investments Chief Investment Officer – Insurance Companies and Chief Credit Officer make credit-related OTTI recommendations using three categories: a) likely to recover; b) possible to recover; and c) unlikely to recover, based on a detailed written description of the circumstances of each security.
- In addition, in accordance with EITF 99-20 an analysis of the anticipated cash flows supporting each asset backed security (ABS), representing rights to receive cash flows from asset pools, such as CDOs, RMBS, CMBS, etc., and generally rated below AA-, is prepared and reviewed for impairment.
- All credit-related OTTI recommendations, together with supporting documentation, are reviewed on a quarterly basis and approved by AIG's Chief Credit Officer. The AIG Chief Credit Officer must also determine whether there are any additional securities (not on the list submitted by AIG Investments Chief Investment Officer – Insurance Companies) that should be written down.

AIG Insurance Investment Portfolios

Consolidated Summary of Gains & Losses

Financial Effect of Market Disruption

Realized and Unrealized Gains / Losses (Pre-tax) ($ Millions) – For the quarter ended March 31, 2008	**Total AIG***	**Amount Attributable to RMBS Portfolio**
Net realized capital gains (losses)	**($6,089)**	**($3,307)**
of which, Sales Activity	$220	$25
OTTI	($5,593)	($3,332)
Other**	($716)	($0)
Unrealized (depreciation) appreciation of investments (included in Other comprehensive income)	**($10,572)**	**($5,614)**
of which, AAA-rated RMBS (depreciation)	($5,436)	($5,436)
AA-rated RMBS (depreciation)	($0)	($0)
Lower than AA-rated RMBS (depreciation)	($295)	($295)
RMBS appreciation (Agency)	$117	$117

- The other-than-temporary impairments and unrealized losses result primarily from the severe credit and liquidity market turmoil.

** Excludes AIGFP's super senior credit default swap portfolio.*
*** Consists predominantly of foreign exchange related losses.*

AIG Insurance Investment Portfolios
RMBS Portfolios

AIG Insurance Investment Portfolios

RMBS Overview

- Holdings of global residential mortgage market products total approximately $82.3 billion at March 31, 2008, or about 9.7% of AIG's total invested assets.
- Within AIGI's $67.8 billion non-agency portfolio, about 88% is AAA-rated and 7% is AA-rated.
  - Holdings rated BBB or below total approximately $1.7 billion, under 3% of the portfolio and about 0.2% of total invested assets.
  - About $6.6 billion (9.7%) of the $67.8 billion is "wrapped" by monoline insurance.

RMBS Type	Amortized Cost ($ Billions)	%	Fair Value ($ Billions)	%
Agency Pass-Through and CMO Issuances	$14.5	17.6%	$ 14.9	20.8%
Prime Non-Agency (incl. Foreign and Jumbo RMBS related securities)	18.7	22.7%	16.9	23.6%
Alt-A RMBS	23.7	28.8%	18.3	25.6%
Subprime RMBS	21.6	26.3%	18.4	25.7%
Other Housing-Related Paper	3.8	4.6%	3.1	4.3%
Total RMBS	**$82.3**	**100.0%**	**$71.6**	**100.0%**

- Approximately $2.1 billion of principal was paid down during the first quarter.
- The current liquidity and credit crises are having a significant effect on our portfolio:
  - Financing is virtually non-existent for many subprime and Alt-A borrowers and defaults are climbing.
  - Issuance of subprime securities has plummeted from about $114 billion in 1Q06 to $2 billion in 1Q08*.
  - Poor liquidity is negatively affecting market prices at the AAA level, the vast majority of our portfolio. In addition, some sectors and vintages are exposed to downgrade risk.
  - At the non-AAA level, in addition to lower price marks and downgrades, our risk of ultimate principal loss has increased substantially. However, the structure of these securities is such that losses incurred will typically be realized in future years.

* *Source: UBS*

AIG Insurance Investment Portfolios

RMBS Portfolio

March 31, 2008

Amortized Cost ($ Millions)	**RATING**						
HOLDINGS	**AGENCY***	**AAA**	**AA**	**A**	**BBB**	**BB & below**	**TOTAL**
AGENCY	$14,541	$ -	$ -	$ -	$ -	$ -	**$14,541**
PRIME JUMBO	-	12,471	1,724	423	199	7	**14,824**
ALT-A	-	22,378	921	261	61	80	**23,701**
SUBPRIME	-	18,900	1,655	460	182	446	**21,643**
SECOND-LIEN	-	1,577	38	161	60	147	**1,983**
HELOC	-	1,242	-	176	280	11	**1,709**
FOREIGN MBS	-	3,209	376	11	65	186	**3,847**
OTHER	-	34	13	20	10	-	**77**
TOTAL	**$14,541**	**$59,811**	**$4,727**	**$1,512**	**$857**	**$ 877**	**$82,325**

* *Agency securities are considered to be better than AAA credit quality given the implied or explicit backing of the U.S. government.*

AIG Insurance Investment Portfolios

Total RMBS - $82.3 Billion

March 31, 2008

Payment Waterfall
(principal + interest)

Priority
First

RMBS
(Collateral pool of
residential mortgages)

AAA & Agency
$74.3 Billion (90.3%)

AAA tranche

AA
$4.7 Billion (5.7%)

AA tranche

A
$1.5 Billion (1.8%)

A tranche

Last

BBB
$0.9 Billion (1.1%)

BBB tranche

Equity
$0.9 Billion (1.1%)

BB and lower
Equity tranche

AIG Insurance Investment Portfolios

Total RMBS Exposure by Vintage - $82.3 Billion

March 31, 2008

	Pre 2003	2003	2004	2005	2006	2007	2008
AAA & Agency	3.8	6.0	6.3	14.9	24.1	18.5	0.7
AA	0.1	0.8	0.5	1.2	1.4	0.7	-
A	-	0.2	0.3	0.4	0.5	0.1	-
BBB	-	0.2	0.3	0.1	0.2	0.1	-
BB & below	-	-	-	0.2	0.6	0.1	-

Vintage

AIG Insurance Investment Portfolios

Subprime RMBS

- 95% of AIGI's exposure to the poor performing 2006/2007 vintages is rated AAA or AA.
- Lifetime loss estimates for 2006/2007 vintage subprime securities have been increasing and currently range from 20% to over 30%.
- Despite the benefit of recent increases in excess interest, many initially AA rated securities are at significant risk of ultimate principal loss, while initially rated AAAs remain exposed primarily to downgrade risk.
- Recently, some modest loss mitigants have emerged:
  - The decline in short-term rates combined with slower prepayments has increased excess interest (which is used to absorb losses).
  - Lower interest rates have also reduced payment shock for ARM borrowers at interest re-set.
  - Consensus is slowly emerging on government plans to help distressed borrowers.

2006 Vintage Credit Enhancement for AIGI*		
Rating	**Original Credit Enhancement**	**Current Credit Enhancement**
AAA	20.9%	31.7%
AA+ and lower	16.9%	23.5%

2007 Vintage Credit Enhancement for AIGI*		
Rating	**Original Credit Enhancement**	**Current Credit Enhancement**
AAA	22.9%	25.5%
AA+ and lower	19.0%	21.8%

* *Source: Intex*

AIG Insurance Investment Portfolios

Subprime RMBS - $21.6 Billion

March 31, 2008

Payment Waterfall
(principal + interest)

RMBS
(Collateral pool of
residential mortgages)

Priority
First

AAA
$18.9 Billion (87.5%)

AAA tranche

AA
$1.6 Billion (7.4%)

AA tranche

A
$0.5 Billion (2.3%)

A tranche

Last

BBB
$0.2 Billion (0.9%)

BBB tranche

Equity
$0.4 Billion (1.9%)

BB and lower
Equity tranche

AIG Insurance Investment Portfolios

Subprime RMBS Exposure by Vintage - $21.6 Billion

March 31, 2008

AIGI focuses almost exclusively on AAA and AA rated investments with relatively short tenors

WAL is 4.2 years

$ Billions

	Pre 2003	2003	2004	2005	2006	2007
AAA	0.1	0.4	0.5	5.2	8.1	4.6
AA	-	-	0.1	0.3	0.9	0.3
A	-	0.1	0.1	0.1	0.2	-
BBB	-	-	0.1	-	0.1	-
BB & below	-	-	-	-	0.4	-

Vintage

AIG Insurance Investment Portfolios

Alt-A RMBS

- Most of AIGI's Alt-A exposure is at the AAA super senior* level, especially in the underperforming 2006/2007 vintages.
- Over 98% of our Alt-A exposure is rated AAA or AA.
- With 2006 vintage Alt-A loss expectations in the 5.0-7.5% range,** AIGI's AAA super senior* portfolio remains protected from principal loss and downgrades.
- The risk of eventual principal loss for non-AAAs, representing just over 5% of the portfolio, has increased.

2006 Vintage Credit Enhancement for AIGI***		
Rating	**Original Credit Enhancement**	**Current Credit Enhancement**
AAA	19.1%	22.1%
AA+ and lower	5.3%	7.2%

2007 Vintage Credit Enhancement for AIGI***		
Rating	**Original Credit Enhancement**	**Current Credit Enhancement**
AAA	18.7%	19.5%
AA+ and lower	9.0%	10.4%

* *A super senior AAA is structured with credit enhancement in excess of that required by the rating agencies at the AAA level*

** *Source: Lehman Brothers, March 7, 2008, Securitized Products Weekly*

*** *Source: Intex*

AIG Insurance Investment Portfolios

ALT-A RMBS - $23.7 Billion

March 31, 2008

RMBS
(Collateral pool of
residential mortgages)

Payment Waterfall
(principal + interest)

Priority
First

Rating / Amount	Tranche
AAA $22.4 Billion (94.5%)	AAA tranche
AA $0.9 Billion (3.8%)	AA tranche
A $0.2 Billion (0.9%)	A tranche
BBB $0.1 Billion (0.4%)	BBB tranche
Equity $0.1 Billion (0.4%)	BB and lower Equity tranche

Last

AIG Insurance Investment Portfolios

ALT-A RMBS Exposure by Vintage - $23.7 Billion

March 31, 2008

AIGI focuses almost exclusively on AAA and AA rated investments with relatively short tenors

WAL is 4.0 years

$ Billions

	Pre 2003	2003	2004	2005	2006	2007
AAA	0.2	0.6	1.0	4.6	9.6	6.4
AA	-	0.2	0.2	0.4	0.1	-
A	-	-	0.1	0.1	-	-
BBB	-	-	0.1	-	-	-
BB & below	-	-	-	0.1	-	-

Vintage

AIG Insurance Investment Portfolios

Prime Jumbo RMBS

- The domestic prime jumbo RMBS portfolio totaled $14.8 billion at March 31, 2008.
- Approximately 96% of AIGI's exposure to these securities is AAA or AA.
- Delinquencies and defaults have increased modestly in the prime jumbo market.
- Loss expectations on the 2006 vintage have climbed to about 1.6%,** which generally is still below subordination levels for AAs.
- The WAL of the portfolio is 6.3 years.

2006 Vintage Credit Enhancement for AIGI*		
Rating	**Original Credit Enhancement**	**Current Credit Enhancement**
AAA	10.3%	11.7%
AA+ and lower	1.7%	2.2%

2007 Vintage Credit Enhancement for AIGI*		
Rating	**Original Credit Enhancement**	**Current Credit Enhancement**
AAA	14.8%	15.3%
AA+ and lower	3.3%	3.8%

* *Source: Intex*
** *Source: Lehman Brothers, March 7, 2008, Securitized Products Weekly*

AIG Insurance Investment Portfolios

RMBS Rating Agency Actions*

	First Time Rating Action January 1, 2008 – March 31, 2008		Cumulative Rating Actions January 1, 2007 – April 30, 2008		
	Number of Securities	Amortized Cost ($ Million)	Number of Securities	Amortized Cost ($ Million)	% of Non-Agency RMBS Portfolio
Downgrades	188	$4,608	339	$7,880	11.6%
Upgrades	7	$12	56	$200	0.3%

- Downgrades have increased but cumulatively represent less than 12% of the non-agency portfolio.
- Most of the downgrades were AAAs, but most of these securities remained investment grade post downgrade.
- Downgraded AAAs retain their cashflow priority and, for the 2006/2007 subprime vintages in particular, would be paid off entirely prior to the non-AAAs receiving any cashflow from principal payments.
- The rating agencies have placed an additional $9.6 billion (14.1% of the non-agency portfolio) on watch list negative as of April 30, 2008. The majority of these bonds are AAAs.

**Based on 1st rating agency to downgrade or put on watch – If on downgrade list, not included on watch list.*
Repeated downgrades of the same security count once
Source: Moody's Investors Service, Standard & Poor's, and Fitch

AIG Insurance Investment Portfolios
CMBS Portfolios

AIG Insurance Investment Portfolios

CMBS Portfolios - Overview

- AIGI's CMBS portfolio demonstrated strong credit performance in the first quarter of 2008:
  - The upgrade / downgrade ratio is better than the U.S. CMBS universe
  - Delinquencies in underlying collateral are low and better than the general U.S. CMBS universe
- Approximately 8% of the CMBS exposure (by amortized cost) comes from the re-securitization of CMBS and commercial real estate (CRE) CDOs. Two-thirds of the loans underlying these securities are seasoned 25 months or more.
- For the quarter ended March 31, 2008, other-than-temporary impairments totaled $556 million, and were recognized as a result of price decline severity, not credit events. Net unrealized losses were $2.5 billion, about 10.9% of the total portfolio.
- No actual credit-related losses to investment principal have been incurred to date.

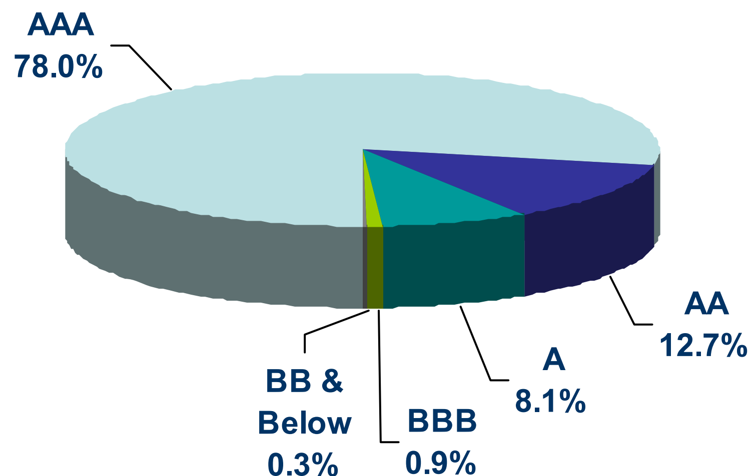
AIG Insurance Investment Portfolios

CMBS Portfolios

March 31, 2008

- AIGI's CMBS portfolio is predominantly comprised of traditional commercial mortgage backed securities.
- Approximately 91% of the CMBS portfolio is rated AAA / AA and over 99% is investment grade.

Description	Amortized Cost ($ Millions)	%
CMBS (traditional)	$20,358	88.4%
ReREMIC/ CRE CDO	1,940	8.4%
Agency	256	1.1%
Other	480	2.1%
TOTAL	**$23,034**	**100.0%**



AIG Insurance Investment Portfolios

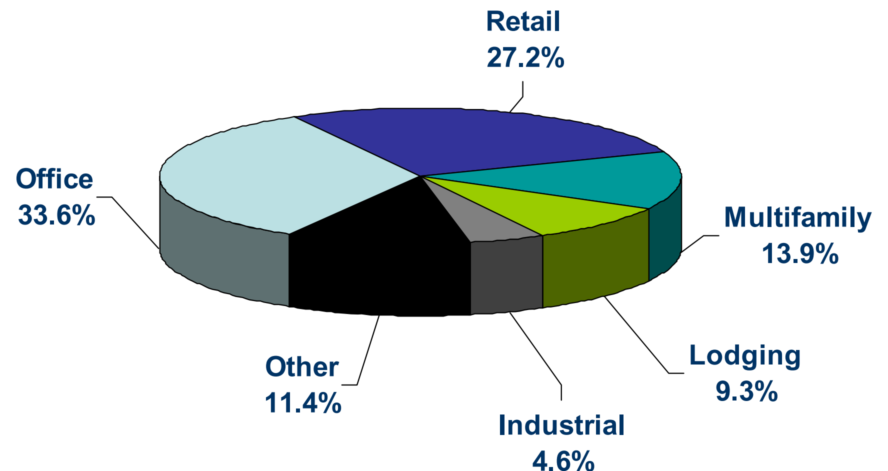
CMBS Portfolios

March 31, 2008

- AIGI's CMBS portfolio is well-diversified geographically and by property type.
  - The top ten states represent 65% of total exposure
  - No single property type represents more than 34%
- The majority of the CMBS portfolio is of older vintages, although about 23% is 2007 vintage of which 84% is rated AAA.

Vintage	%
2007	23.1%
2006	13.8%
2005	18.5%
2004	15.5%
2003	5.2%
2002 & Older	23.9%
	100.0%

Top 10 States	%
NY	17.2%
CA	15.2%
TX	7.1%
FL	6.4%
VA	3.7%
IL	3.5%
NJ	3.3%
PA	2.8%
GA	2.8%
MA	2.7%
	64.7%



AIG Insurance Investment Portfolios

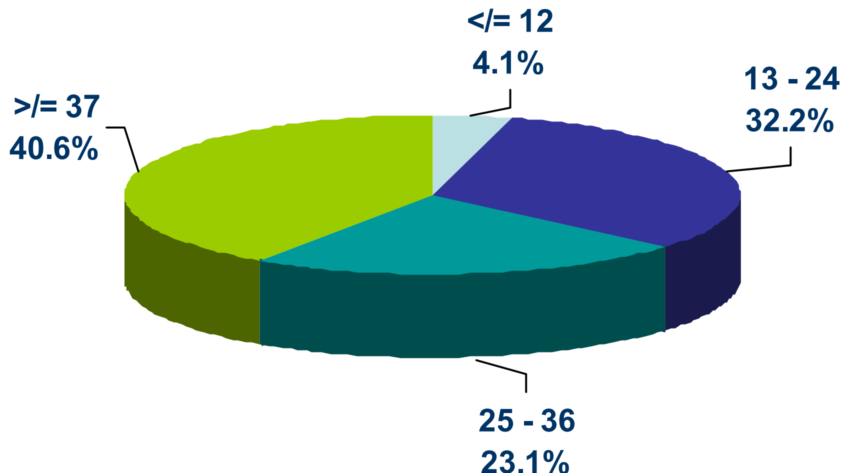
CMBS Portfolios – ReREMIC/ CRE CDO Holdings

March 31, 2008

- Only 8.4% of the total CMBS portfolio is represented by ReREMIC/ CRE CDO securities.
  - Close to 54% of these securities is ReREMIC and the other 46% is CRE CDOs
  - Over 99% of the collateral is rated investment grade
  - Geographically diversified
  - Well-seasoned portfolio with over 63% of the underlying loans seasoned over 25 months

Top 10 States	%
CA	14.7%
NY	10.1%
TX	7.1%
FL	5.8%
VA	3.6%
IL	3.4%
PA	3.0%
GA	2.8%
NJ	2.8%
MA	2.6%
	55.9%

Months



Rating	Amortized Cost ($ Million)	%
AAA	$947	48.8%
AA	253	13.0%
A	622	32.1%
BBB	106	5.5%
BB & Below	12	0.6%
	$1,940	**100.0%**

AIG Insurance Investment Portfolios

CMBS Portfolios

March 31, 2008

- Delinquencies in the U.S. CMBS sector are near historic lows and have remained below 1% since 2005.
- AIGI's CMBS portfolio continues to outperform the U.S. Conduit CMBS universe.

Current Delinquencies (%)

	US Conduit CMBS Universe	AIG Traditional CMBS Portfolio
60+ Days	0.1%	0.0%
90+ Days	0.0%	0.1%
Foreclosure	0.1%	0.1%
REO	0.3%	0.1%
Total	0.5%	0.3%

Source: Trepp, Morgan Stanley and Intex
Delinquencies as of 4/15/08

AIG Insurance Investment Portfolios

CMBS Portfolios

Rating Actions Through March 31, 2008

- AIGI's CMBS portfolio did not experience any downgrades in the first quarter and thus the portfolio's rating actions compare favorably to those on the U.S. CMBS universe.

Upgrade / Downgrade Ratio

All CMBS Transactions	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	17 Upgrades / No Downgrades	1.9:1
Investment Grade Bonds	17 Upgrades / No Downgrades	7.1:1
Below Investment Grade Bonds	No Actions	0.2:1

Excluding ReREMIC/ CRE CDOs	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	17 Upgrades / No Downgrades	1.9:1
Investment Grade Bonds	17 Upgrades / No Downgrades	7.1:1
Below Investment Grade Bonds	No Actions	0.2:1

AIG Insurance Investment Portfolios

CMBS Portfolios

Rating Actions Through April 29, 2008

- Fitch downgraded 156 ReREMIC/ CRE CDO bonds in April 2008 due to changed correlation and concentration assumptions. Neither S&P nor Moody's has announced similar assumption changes.
- AIG owns 27 of these downgraded bonds (18.7% of our ReREMIC/ CRE CDO holdings).
- The weighted average credit enhancement of our ReREMIC/ CRE CDO holdings is 41% (up from 39% at issuance); and delinquencies are 1.1% as of April 29, 2008.

Upgrade/Downgrade Ratio

All CMBS Transactions	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	28 Upgrades / 27 Downgrades	1.1:1
Investment Grade Bonds	28 Upgrades / 27 Downgrades	2.2:1
Below Investment Grade Bonds	No Actions	0.1:1

Excluding ReREMIC/ CRE CDOs	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	27 Upgrades / No Downgrades	1.9:1
Investment Grade Bonds	27 Upgrades / No Downgrades	6.9:1
Below Investment Grade Bonds	No Actions	0.2:1

AIG Insurance Investment Portfolios
CDO Portfolios

AIG Insurance Investment Portfolios

CDO Portfolio Overview

March 31, 2008

- CDO investments total $4.2 billion and represent less than 1% of the total insurance investment portfolios.
- More than 81% of the holdings are transactions with underlying collateral consisting of primarily investment grade credits or senior secured bank loans.
- 1% of the CDO portfolio consists of ABS CDOs with subprime exposure.
- Downgrades have been limited to the ABS CDO holdings with subprime exposure, which represent 1% of the total CDO portfolio.
  - 0.4% of total CDO holdings was downgraded in 2007
  - 0.01% was downgraded in the first quarter ended March 31, 2008

AIG Insurance Investment Portfolios

CDO Portfolio Overview

- As of March 31, 2008 the composition of the $4.2 billion CDO portfolio is as follows:

Collateral Type ($ in Billions)	**Amortized Cost**	**%**
Bank Loans (CLO)	$2.08	49.4%
Synthetic Investment Grade	1.34	31.8%
Other	0.74	17.6%
Subprime ABS	0.05	1.2%
Total	**$4.21**	**100.0%**

Ratings ($ in Billions)	**Amortized Cost**	**%**
AAA	$0.76	18.0%
AA	0.90	21.4%
A	2.13	50.6%
BBB	0.32	7.6%
BIG[1] and Equity	0.10	2.4%
Total	**$4.21**	**100.0%**

- 90% of the CDO portfolio is rated A or better and 39% is rated AA or better.

- The weighted average market price of the CDO portfolio was $66[2] as of March 31, 2008, down from $81[2] as of December 31, 2007.

(1) Below Investment Grade
(2) As compared to par of $100

AIG Insurance Investment Portfolios

Bank Loan CLOs

March 31, 2008

- The composition of the $2.1 billion of Collateralized Loan Obligation (CLO) holdings (49% of the total CDO portfolio) by rating is as follows:

Ratings ($ in Billions)	**Amortized Cost**	**%**
AAA	$0.05	2.4%
AA	0.14	6.7%
A	1.56	75.0%
BBB	0.25	12.0%
BIG(1) and Equity	0.08	3.9%
Total	**$2.08**	**100.0%**

- 84% of CLO holdings is rated A or better.
- Holdings continue to exhibit stable performance, reflecting the relatively low default rate environment for leveraged loans.
- None of the tranches in our CLO portfolio has been downgraded, placed on negative watch, or is deferring interest.

(1) Below Investment Grade

AIG Insurance Investment Portfolios

Synthetic Investment Grade (IG) Rated Corporate CDOs

March 31, 2008

- The $1.3 billion in IG Corporate Synthetic holdings (32% of the total CDO portfolio) is highly rated as shown below:

Ratings ($ in Billions)	**Amortized Cost**	**%**
AAA	$0.37	27.6%
AA	0.66	49.3%
A	0.30	22.4%
BBB	0.01	0.7%
Total	**$1.34**	**100.0%**

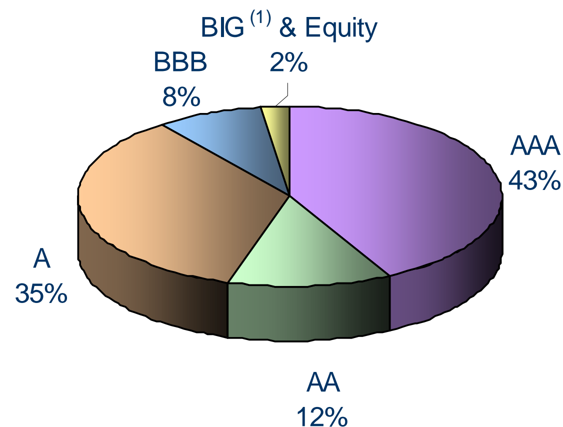
- 77% of these holdings is rated AA or better and 99% is rated A or better.
- The underlying portfolios are CDS, predominantly referencing IG corporate credits, and are managed by well-regarded portfolio managers.
- Although the current market turmoil and widening of the underlying credit spreads has adversely affected synthetic CDO pricing:
  - Initial credit enhancement levels remain intact
  - No IG CDO holding has been downgraded
  - No IG CDO holding is deferring interest

AIG Insurance Investment Portfolios

Other CDOs

March 31, 2008

- 90% of the remaining CDO holdings, which primarily include market value and older vintage CDOs, is rated A or better.
- These holdings total $744 million and have a fair market value of $682 million.
- These CDO positions are experiencing stable performance.
- From a rating standpoint, this segment of the portfolio is as follows:



(1) Below Investment Grade

AIG Insurance Investment Portfolios
Monoline Exposure

AIG Insurance Investment Portfolios

Monoline Exposure

March 31, 2008

- AIGI's monoline exposure totals $41.5 billion, 99% of which is financial guarantees.
  - 76% of the total exposure relates to municipal bonds, which are highly rated, even without the financial guarantees.
- Fundamental credit analysis is the key determinant in AIGI's investment process. AIGI does not solely rely on financial guarantees in making investment decisions.
- The composition by asset class is as follows:

Insured Asset Class ($ in Billions)	Amortized Cost	Fair Value
Municipals	$31.55	$31.32
RMBS/CMBS	6.64	5.51
ABS	2.06	1.78
Corporates	0.77	0.82
Investment Agreements in CDOs (1)	0.41	0.26
Total Insured	**$41.43**	**$39.69**
Direct Corporate Exposure (2),(3)	0.05	0.02
Total Exposure	**$41.48**	**$39.71**

(1) Refers to cash collateral accounts in certain synthetic CDOs. $372 million of this exposure is investment agreements with financial guarantee insurance policies provided by the monolines (includes $194 million of fully collateralized investment agreements and $178 million of investment agreements which are subject to collateral posting requirements, should the monoline guarantor be downgraded). Also includes $41 million in an investment agreement issued by a monoline with a corporate guarantee provided by a highly rated non-monoline guarantor.

(2) Represents amortized cost and fair value related to $47 million of bonds and credit linked notes and $129 million notional of CDS.

(3) The fair value for the bond portion is $40 million and the market value for the CDS portion is ($23) million.

AIG Insurance Investment Portfolios

Monoline Exposure by Entity

March 31, 2008

- Exposure by monoline entity and by type of exposure is as follows:

($ in Billions) [1] Monoline Entity	Financial Guarantees Amortized Cost	Other [2] Amortized Cost
MBIA	$12.96	$0.16
FSA	10.42	0.12
AMBAC	9.06	0.14
FGIC	7.22	0.04
SCA (XLCA/XLFA)	0.71	-
CIFG	0.43	-
Assured Guarantee Corp.	0.21	-
Multiple	0.01	-
	$41.02	**$0.46**

(1) Amounts above are exclusive of $129 million in Notional of CDS as follows: $52 million (AMBAC), $26 million (MBIA), and $51 million (Assured Guarantee).

(2) Other includes the amortized cost of direct corporate exposure and Investment Agreements in CDOs.

AIG Insurance Investment Portfolios

Monoline Exposure by Underlying Ratings

March 31, 2008

- 85% of the portfolio has underlying ratings of A or above, partly reflecting the large percentage of municipal bonds.

($ in Billions) Underlying Ratings (1)	Amortized Cost (2)	%
AAA	$2.73	6.7%
AA	22.00	53.6%
A	10.24	24.9%
BBB	2.57	6.3%
BB	1.60	3.9%
B	0.04	0.1%
CCC	1.79	4.4%
Non Rated	0.05	0.1%
	$41.02	**100.0%**

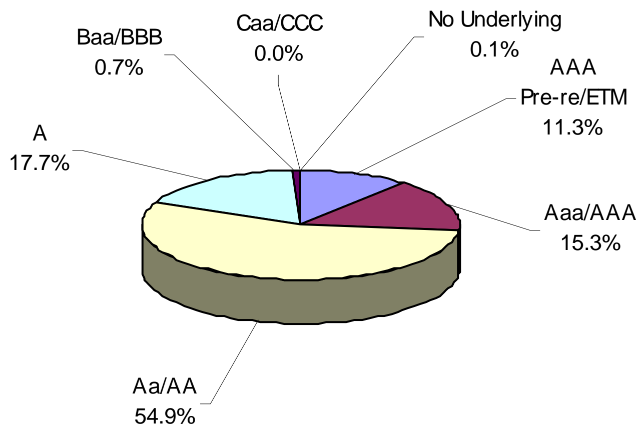
(1) Includes RMBS/CMBS and ABS underlying ratings, which are based solely on AIG's internal ratings assessment.
(2) Excludes $413 million of Investment Agreements in CDOs and $47 million of direct corporate exposure.

AIG Insurance Investment Portfolios

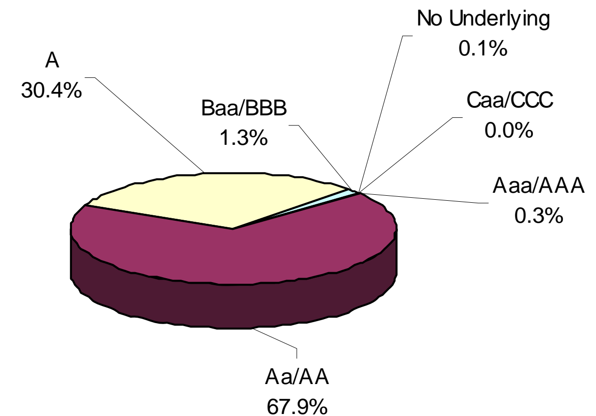
Monoline Exposure - Municipal Bonds by Underlying Ratings

- As of March 31, 2008 AIGI's municipal bond portfolio totaled $62.0 billion.
- More than 99% of the total municipal bond portfolio is rated A or better, even without the financial guarantees.
- More than 98% of the $31.6 billion insured municipal bond portfolio is rated A or better, even without the financial guarantees.
- Current market dislocations have provided AIGI with the opportunity to selectively purchase high quality municipal bonds with enhanced yields, while maintaining overall credit quality.

Total Portfolio
($62.0 Billion)



Insured Portfolio
($31.6 Billion)



AIG Insurance Investment Portfolios

Monoline Exposure - RMBS/CMBS

March 31, 2008

- AIGI's $6.6 billion insured RMBS/CMBS portfolio is diversified across product types.
- 51% of the underlying RMBS/CMBS portfolio is internally rated investment grade, 37% of which is AAA.
- The below investment grade assets represent primarily second lien and home equity line of credit (HELOC) pools that have experienced worse than anticipated performance.

Asset Class ($ in Billions)	**Amortized Cost**	**%**
SECOND LIEN	$1.76	26.5%
HELOC	1.68	25.3%
ALT-A	1.49	22.4%
Subprime	1.20	18.1%
JUMBO	0.41	6.2%
CMBS	0.05	0.7%
Foreign MBS	0.02	0.3%
Manufactured Housing	0.03	0.5%
	$6.64	**100.0%**

AIG Internal Ratings ($ in Billions)	**Amortized Cost**	**%**
AAA	$2.46	37.0%
AA	0.29	4.4%
A	0.37	5.6%
BBB	0.25	3.7%
BB	1.48	22.3%
CCC	1.79	27.0%
	$6.64	**100.0%**

AIG Insurance Investment Portfolios

Monoline Exposure – ABS

March 31, 2008

- AIGI's $2.1 billion insured non-RMBS/CMBS ABS portfolio is diversified across product types.
- 98% of the underlying ABS portfolio is internally rated investment grade.
- We do not rely on monoline support as the primary source of repayment and thus do not look to it as a material consideration to the collectibility of the portfolio.

Asset Class ($ in Billions)	Amortized Cost	%
Business/Franchise Loan	$0.54	26.2%
Auto Loan	0.47	22.8%
Future Flow	0.42	20.4%
Lot Loan	0.23	11.2%
Project Finance & Other	0.19	9.2%
Railcar Loan/Lease	0.10	4.9%
Timeshare	0.09	4.4%
Credit Card	0.02	0.9%
	$2.06	**100.0%**

AIG Internal Ratings ($ in Billions)	Amortized Cost	%
AAA	$0.18	8.7%
AA	0.15	7.3%
A	0.23	11.2%
BBB	1.46	70.9%
BB	0.04	1.9%
	$2.06	**100.0%**

AIG Insurance Investment Portfolios

Monoline Exposure Summary

March 31, 2008

- Fundamental credit underwriting is the foundation for all of AIGI's investment decisions.
- Financial guarantees are viewed as a secondary form of payment for all wrapped investments.
  - 85% of AIGI's $41 billion insured portfolio has underlying ratings of A or above[1].
  - More than 98% of the underlying $31.6 billion insured municipal bond portfolio is rated investment grade even without the financial guarantees.
  - 51% of the underlying $6.6 billion insured RMBS/CMBS portfolio is internally rated investment grade. 37% is internally rated AAA.
  - 98% of the underlying $2.1 billion insured ABS portfolio is internally rated investment grade.
- Currently, there are 15 RMBS Second Lien, Home Equity and Subprime transactions totaling $754 million, or less than 2% of AIGI's total insured portfolio, that are known to be receiving contractual payments through their financial guarantees.

(1) Includes RMBS, CMBS and ABS underlying ratings, which are based solely on AIG's internal ratings assessment.

AIG Insurance Investment Portfolios: Conclusion

AIG Insurance Investment Portfolios

In Conclusion

- The global financial markets remain under considerable stress with reduced financing opportunities for residential mortgage borrowers.
- Market expectations for losses in the 2006/2007 U.S. subprime, Alt-A and prime vintages have increased substantially.
- AIGI's preference for exposures higher in the capital structure has limited overall risk of ultimate investment principal loss to the portfolio, which is primarily exposed to downgrade risk. However, our below-AAA holdings in the U.S. subprime, Alt-A and prime sectors have become increasingly at risk to some ultimate loss of principal.
- Mark-to-market write-downs continue to increase, reflecting both poor liquidity and increases in market loss expectations.
- Though our CMBS holdings have suffered from volatile market pricing, underlying fundamentals remain strong, with low delinquencies and a high upgrade / downgrade ratio.
- Our CDO holdings have suffered minimal downgrades to date, and we have little exposure to the currently struggling subprime CDO market.
- Excluding municipal bonds, AIGI's exposure to monoline insurers is small. None of these holdings relied on financial guarantees as a primary source of repayment at the time of acquisition.
- We typically view monoline insurance as an incidental consideration to the credit-worthiness of the municipal bond portfolio.

United Guaranty – Mortgage Insurance

THE STRENGTH TO BE THERE.®

United Guaranty (UGC)
Executive Statement

- UGC, as a broad market participant, operates in an inherently cyclical business that is highly correlated to the fortunes of the housing market.
- Although the loss ratio for the past twelve months was 204%, UGC prices its products for long-term profitability to absorb market disruptions and has maintained a cumulative loss ratio of 58% for the 10-year period ended March 31, 2008.
- UGC's underwriting and eligibility adjustments, along with more rigorous underwriting standards applied by UGC's lender customers are aimed at improving the quality of new business. UGC expects these changes to positively affect future years' results.

First-Lien Risk Mix	Loans > 95% LTV*	FICO > 660	Interest Only	Option ARMs	Fixed Rate
New Risk 1Q2007	41.5%	63.2%	9.7%	4.5%	77.0%
New Risk 1Q2008	24.6%	84.4%	5.0%	0.2%	91.5%

- UGC is well positioned to take advantage of the opportunities presented when the market emerges from this housing disruption.

** Loan-to-value*

United Guaranty

Mortgage Guaranty Product Characteristics

- Mortgage guaranty insurance is a multi-year contract with monthly premiums and automatic renewals (15-30 year mortgage term). UGC can generally only cancel the policy for non-payment of premium or other policy exclusions.

- Mortgage guaranty first-lien price increases (applicable to new business only) are slow to affect results, as they must be approved by local regulators and require changes to loan origination systems by large mortgage lenders.

- Mortgage guaranty performance is predominantly determined by macroeconomic events in the early years of the policy. Current year loss expenses are driven by loans from prior vintage years.

- This business model results in a portfolio with an average life of 5-7 years, with new production contributing less than 20% of the calendar year net premiums written but building a base for renewal premiums.

Changes in underwriting and eligibility guidelines are designed to improve the quality of new business, but do not have a significant effect on current year results.

United Guaranty

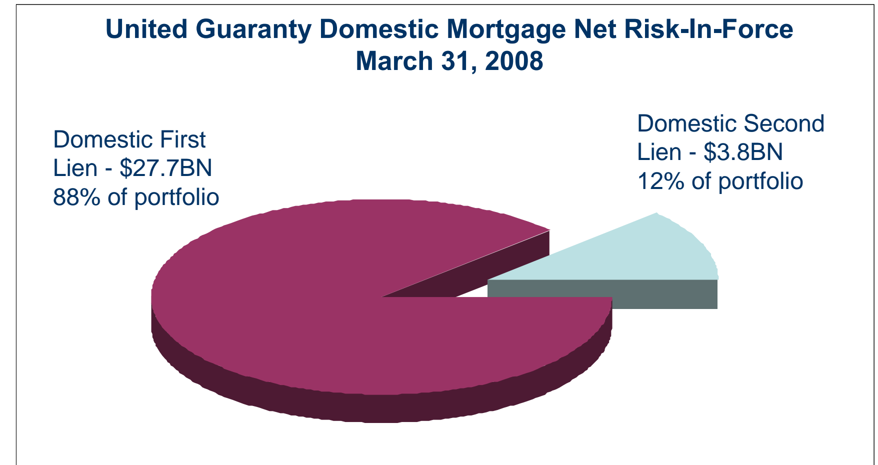
Real Estate Portfolio (as of March 31, 2008)	Total Portfolio	FICO (≥ 660)	FICO (620- 659)	FICO (<620)
Domestic Mortgage Net Risk-in-Force	**$31.5 Billion**	**$22.5 Billion**	**$6.5 Billion**	**$2.5 Billion**
60+ Day Delinquency	**4.0%**	**2.5%**	**6.9%**	**15.4%**
2008 Vintage	**$2.1 Billion**	**$1.8 Billion**	**$261 Million**	**$59 Million**
60+ Day Delinquency	**0.0%**	**0.0%**	**0.1%**	**0.0%**
2007 Vintage	**$9.3 Billion**	**$6.4 Billion**	**$1.9 Billion**	**$890 Million**
60+ Day Delinquency	**3.4%**	**1.9%**	**5.3%**	**15.0%**
2006 Vintage	**$6.2 Billion**	**$4.3 Billion**	**$1.3 Billion**	**$631 Million**
60+ Day Delinquency	**5.0%**	**3.2%**	**8.2%**	**17.9%**
2005 Vintage	**$5.0 Billion**	**$3.7 Billion**	**$1.0 Billion**	**$296 Million**
60+ Day Delinquency	**4.2%**	**3.0%**	**7.8%**	**14.6%**
LTV > 95%	**$10.8 Billion**	**$7.0 Billion**	**$2.7 Billion**	**$1.1 Billion**
60+ Day Delinquency	**4.4%**	**2.3%**	**7.6%**	**16.6%**
Low Documentation	**$6.1 Billion**	**$5.5 Billion**	**$503 Million**	**$108 Million**
60+ Day Delinquency	**4.7%**	**4.2%**	**8.8%**	**19.7%**
Interest Only & Option ARMs	**$3.0 Billion**	**$2.5 Billion**	**$438 Million**	**$79 Million**
60+ Day Delinquency	**12.4%**	**11.4%**	**16.3%**	**19.8%**

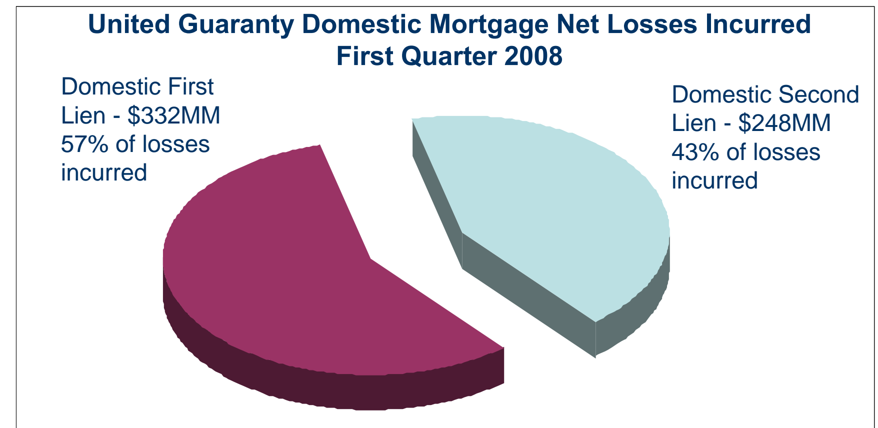
This table is for informational purposes only.
Net Risk-in-Force (RIF) = Insurance risk on mortgages net of risk sharing and reinsurance.
Loans with unknown FICO scores are included in the FICO (620-659) based on similar performance characteristics.
Delinquency figures are based on number of policies (not dollar amounts), consistent with mortgage insurance industry practice.

United Guaranty

Loss Emergence

- The deterioration of the U.S. housing market has affected all segments of the mortgage business, but the high LTV second-lien mortgages are particularly sensitive to declining home values and, as a result, constitute a disproportionate share of incurred losses.
- Due to the accelerated claim cycle for second-lien mortgages, these net losses incurred are working through the portfolio faster.
- However, first-lien net losses incurred are negatively affecting operating results as delinquencies progress through the claim cycle. Continued weakness in the U.S. economic and housing markets will drive further deterioration in 2008.
- As of 3/31/08, expected future losses are significantly below net risk-in-force. Future premiums are expected to exceed future losses on the existing portfolio.





Near-term results will continue to reflect market downturn.

United Guaranty

Analysis of Loss Reserve – Domestic Mortgage Product

- UGC's Corporate Actuarial Department employs rigorous analyses of the loss reserve adequacy of its businesses on a quarterly basis.
  - The total loss reserve equals the sum of the case reserves and incurred but not reported (IBNR) reserves.
- In the actuarial testing of loss reserve adequacy, a variety of data and methods are employed.
  - Accident year data is the primary focus, which represents the date of first missed payment on a loan.
  - Reserving methods typically include: paid development, incurred development, Cape Cod, Bornhuetter-Ferguson and incurred count severity.
  - A range of reserve estimates is established based on observed historical variance in loss reserve estimates and a selected confidence level.
  - An updated analysis of the case reserve and IBNR factors is performed on a quarterly basis.
- The actuarial analysis results, together with any recommended changes in reserves, are reviewed on a quarterly basis and approved by UGC's CFO, Controller and Chief Risk Officer, as well as by AIG's Chief Actuary, Chief Credit Officer and the CFO of AIG's Property and Casualty Group.

Mortgage guaranty insurance accounting requires reserves to be established based upon current delinquencies, but does not permit any provision for future delinquencies.

United Guaranty

First-Lien Portfolio

In-Force Summary

March 31, 2008

- $27.7 billion net risk-in-force
- 903,956 policies in force
- Average FICO score of 697
- 52,439 delinquent loans
- 5.8% delinquency ratio*

**Comprised of primary and pool insurance.*

United Guaranty

Delinquency Rates – UGC vs. Industry (First-Lien Primary)

%

Month	Industry* (excluding UGC, Radian)	United Guaranty (Domestic First-Lien)
Dec-05	4.94	3.70
Jan-06	5.01	3.76
Feb-06	4.69	3.51
Mar-06	4.41	3.26
Apr-06	4.26	3.14
May-06	4.29	3.20
Jun-06	4.29	3.26
Jul-06	4.39	3.36
Aug-06	4.49	3.39
Sep-06	4.51	3.48
Oct-06	4.59	3.56
Nov-06	4.62	3.59
Dec-06	4.68	3.72
Jan-07	4.92	3.91
Feb-07	4.73	3.74
Mar-07	4.52	3.56
Apr-07	4.44	3.56
May-07	4.52	3.71
Jun-07	4.68	3.98
Jul-07	4.89	4.23
Aug-07	5.06	4.39
Sep-07	5.28	4.65
Oct-07	5.65	4.89
Nov-07	5.93	5.30
Dec-07	6.33	5.69
Jan-08	6.81	6.08
Feb-08	6.94	6.09
Mar-08	6.92	6.00

Industry*

United Guaranty

The first-lien mortgage delinquency ratio has consistently run below the industry average.

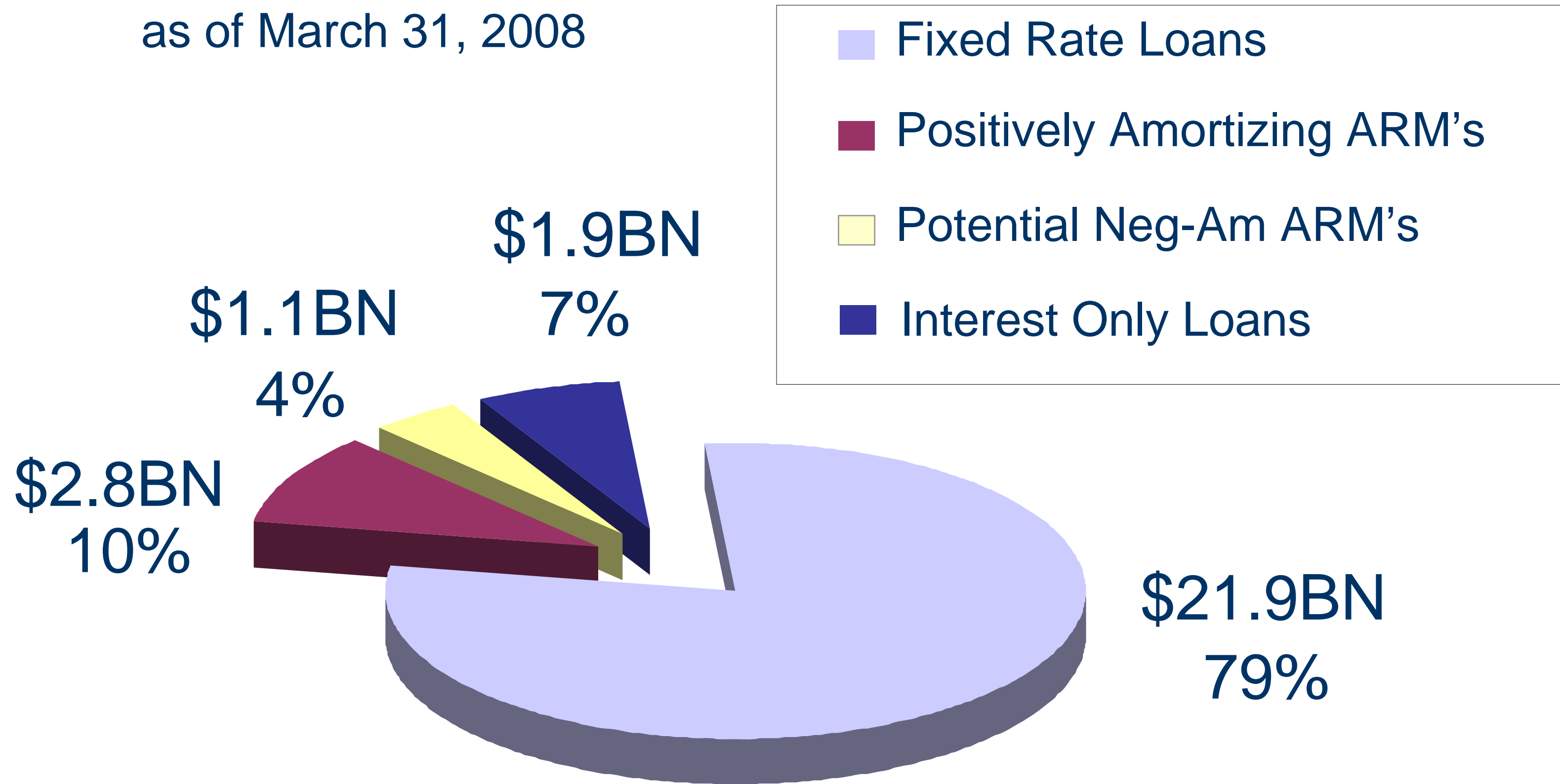
Industry (excluding UGC, Radian) — Domestic First-Lien

**Source: Mortgage Insurance Companies of America (MICA)*

Figures (for UGC and industry) are based on primary insurance and do not include pool insurance.

United Guaranty

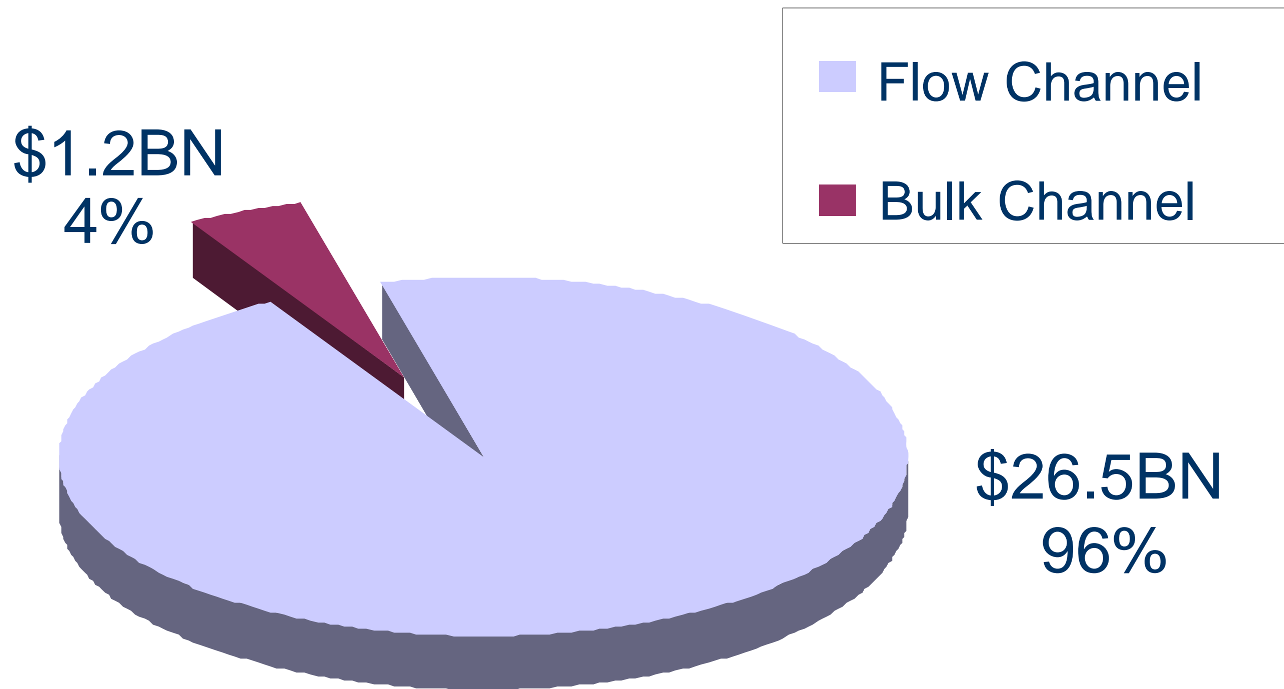
First-Lien Portfolio by Product



79% of the first-lien portfolio is in fixed rate loans.

United Guaranty

First-Lien Portfolio by Flow / Bulk Channel



UGC chose to be a minor participant in the higher risk bulk channel (subprime, Alt-A).

United Guaranty

First-Lien Key Risk Initiatives

- Tightened underwriting standards and eligibility guidelines.
- Implementing expanded "declining markets" policy restricting LTV to 90% in over 50% of the total Core Based Statistical Areas (CBSA) in the country.
- Increased rates in appropriate business segments.
- Established new and modified existing portfolio concentration caps.
- Continued evaluation of market conditions and portfolio performance to determine need for future changes in eligibility, guidelines, and/or pricing.
- Benefits of mortgage market's "flight to quality":
  - Improved mortgage insurance penetration (fewer "piggybacks")
  - Increased conforming (GSE eligible) loan production
  - Improved credit characteristics of new business production

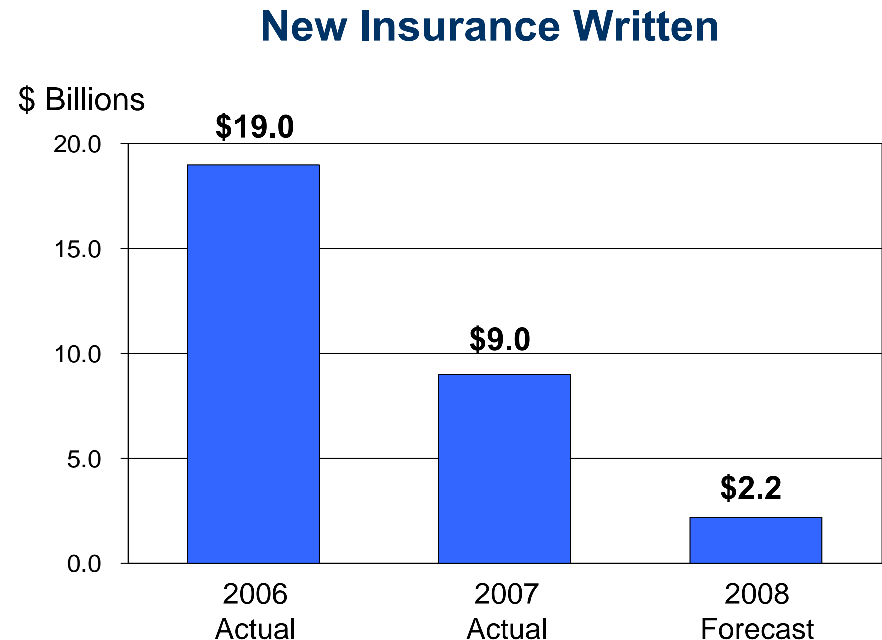
UGC continues to implement key risk initiatives aimed at improving the quality of new business production.

United Guaranty
Second-Lien Portfolio
In-Force Summary
March 31, 2008

- $3.8 billion net risk-in-force
- 616,381 policies in force
- Average FICO score of 718
- 8,315 delinquent loans
- 1.35% delinquency ratio

United Guaranty
Second-Lien Key Risk Initiatives

- Significant changes in eligibility guidelines and pricing have had a major effect on the quality and volume of new business written.
  - Eliminated alternative risk product
  - Eliminating all purchase money ("piggyback") seconds
  - Eliminating all national accounts business



UGC continues to implement key risk initiatives designed to improve the quality of new business production.

AIG

United Guaranty

Risk Mitigating Factors

- UGC uses several mitigants to reduce the volatility of losses transferred from lenders, which are reflected in the net risk-in-force figures:
  - Risk sharing: funded arrangements through captive reinsurance with most major lenders, in which the lenders share in losses above a determined attachment point.
  - Reinsurance: quota share reinsurance on a portion of UGC's existing subprime first-lien mortgages and segments of its second-lien mortgages.
  - Policy limit: second-lien mortgage business has an aggregate policy limit provision limiting losses to a percentage (generally 10%) of the total original loan balances in each policy.
  - Fraud exclusion: UGC maintains a fraud exclusion on both its first-lien and its second-lien mortgage businesses.
- 79% of first-lien mortgages are fixed rate, which have a delinquency rate 63% lower than ARMs.
- First-lien mortgages consist of 87% single family residences and 93% owner occupied.

AIG

United Guaranty

Summary

- UGC is engaged in a highly cyclical business, with high returns in 8 out of 10 years and underwriting losses in 2 out of 10 years on average. The downturns in the housing industry negatively affect short-term profitability, as pricing is actuarially derived for long-term performance.
- UGC expects that the downward market cycle will continue to adversely affect its operating results for the foreseeable future and is likely to result in significant operating losses through the remainder of 2008.
- UGC has re-engineered its second-lien product, further tightened first-lien eligibility guidelines and increased rates in select, high-risk business segments.
- UGC's underwriting and eligibility adjustments, along with more rigorous underwriting standards applied by UGC's lender customers, are aimed at improving the quality of new business. UGC expects these changes to have a positive effect on future years' results.
- Additional positive market trends include:
  - Improved mortgage insurance market penetration
  - Increased conforming (GSE eligible) loan products
  - Improved persistency of insured portfolio

American General Finance

THE STRENGTH TO BE THERE.®

American General Finance (AGF)

- Since 1920, AIG's domestic consumer finance business has provided mortgage and consumer loans through a network of branch offices, which currently consists of 1,600 locations throughout most of the U.S.
- In addition, AGF originates and acquires mortgage loans through its centralized mortgage operations.
- During the first quarter of 2008, AGF acquired $1.5 billion in outstanding balances of branch-based consumer loans of Equity One, Inc., including $1.0 billion of real estate mortgages.*

** First quarter figures incorporate Equity One, Inc. portfolio unless otherwise indicated.*

American General Finance

Portfolio Mix

Total Net Receivables Before Allowance

	Real Estate	Non-Real Estate	Retail Sales Finance	Total
1Q08	76%	16%	8%	$26.7
YE07	76%	15%	9%	$25.5
YE06	78%	14%	8%	$24.3
YE05	80%	14%	6%	$23.8
YE04	78%	15%	7%	$20.2

$0 $5 $10 $15 $20 $25 $30

Billions

■ Real Estate ■ Non-Real Estate ■ Retail Sales Finance

American General Finance

Real Estate Portfolio (as of March 31, 2008)	Total Portfolio	FICO (≥ 660)	FICO (620 – 659)	FICO (< 620)
Outstandings	**$20.3 Billion**	**$9.6 Billion**	**$3.5 Billion**	**$6.7 Billion**
LTV	80%	84%	80%	75%
60+ Day Delinquency	2.99%	1.69%	3.71%	4.50%
2007 Vintage	**$4.4 Billion**	**$1.3 Billion**	**$930.1 Million**	**$2.1 Billion**
LTV	78%	82%	80%	75%
60+ Day Delinquency	2.06%	1.27%	2.10%	2.57%
2006 Vintage	**$3.5 Billion**	**$1.2 Billion**	**$692.3 Million**	**$1.6 Billion**
LTV	81%	87%	81%	76%
60+ Day Delinquency	3.96%	2.18%	4.23%	5.26%
2005 Vintage	**$4.7 Billion**	**$2.8 Billion**	**$845.9 Million**	**$1.0 Billion**
LTV	82%	85%	82%	76%
60+ Day Delinquency	3.47%	2.14%	5.16%	5.74%
2004 Vintage	**$4.3 Billion**	**$3.3 Billion**	**$536.9 Million**	**$496.2 Million**
LTV	82%	83%	80%	75%
60+ Day Delinquency	2.28%	1.39%	4.31%	6.00%
LTV Greater than 95.5%	**$3.5 Billion**	**$2.8 Billion**	**$426.9 Million**	**$216.5 Million**
LTV	99%	99%	99%	98%
60+ Day Delinquency	2.92%	2.26%	5.97%	5.62%
Low Documentation	**$514.8 Million**	**$270.6 Million**	**$162.1 Million**	**$82.1 Million**
LTV	76%	78%	76%	71%
60+ Day Delinquency	6.62%	6.40%	5.85%	8.85%
Interest Only	**$1.6 Billion**	**$1.3 Billion**	**$266.2 Million**	**$22.6 Million**
LTV	89%	89%	87%	79%
60+ Day Delinquency	4.63%	3.58%	8.57%	17.23%

This table is for informational purposes only. AGF's loan underwriting process does not use FICO scores as a primary determinant for credit decisions. AGF uses proprietary risk scoring models in making credit decisions. Delinquency figures are shown as a percentage of outstanding loan balances, consistent with mortgage lending practice. Differences in totals by columns and rows are due to rounding.

American General Finance

Loan-To-Value at Origination

Total Portfolio

Quarter	1Q07	2Q07	3Q07	4Q07	1Q08

Disciplined underwriting maintained and improved already low LTVs.

American General Finance

Net Real Estate Loan Growth

As the real estate market continued to soften, AGF maintained its underwriting discipline despite experiencing lower volume and growth.

* *Excludes Equity One portfolio acquisition. 1Q08 net growth including Equity One is $0.8 billion.*

American General Finance

AGF vs. “Subprime ABS Market”

60+ Day Delinquency*

30%
25%
20%
15%
10%
5%
0%

As of February, 2008

Subprime ABS Real Estate Market

AGF Total Real Estate

2004 2005 2006 1Q07 2Q07 3Q07 4Q07 1Q08

** Source: First American CoreLogic, LoanPerformance*

American General Finance

Real Estate Credit Quality

With continued weakness in mortgage markets, AGF's delinquency and losses continued to rise from recent all-time lows. However, they remain below AGF's target ranges as well as industry levels.

5%
4%
3%
2%
1%
0%

60+ Day Delinquency

Target range 3.0% - 4.0%

Net Charge-off Ratio

Target range 0.75% - 1.25%

YE03 YE04 YE05 YE06 YE07 1Q08

Target ranges were set by AGF management in 1997 to denote sound credit quality parameters and risk appetite.

American General Finance

Risk Mitigating Practices – Real Estate Portfolio

- 97% of mortgages are underwritten with full income verification.
- 89% are fixed-rate mortgages; only about 7% of the total mortgage portfolio re-sets interest rates by the end of 2008; another 1% by the end of 2009.
- Adjustable rate mortgages (ARMs): borrowers are qualified on a fully-indexed and fully-amortizing basis at origination.
- No delegation of underwriting to unrelated parties.
- No Option ARMs.
- Substantially all loans are:
  - First mortgages (91%)
  - Owner occupant borrowers (92%)
- Geographically diverse portfolio.

American General Finance

Summary

- At the end of the first quarter, AGF's real estate loan portfolio grew to $20.3 billion due in large part to the Equity One, Inc., portfolio acquisition.
  - Equity One, Inc.'s branch-offered products are similar to those of AGF (1st & 2nd Fixed Rate Mortgages, Consumer Loans, Retail Sales).
  - Customer profile and credit quality performance are also very similar to those of AGF.
- AGF maintained its time-tested, disciplined underwriting approach throughout the residential real estate boom, continually re-evaluating guidelines and adjusting as appropriate, resulting in:
  - Better than AGF's target ranges for delinquencies and charge-offs
  - Better than industry-experienced delinquencies and charge-offs
- AGF expects that the housing market will likely continue to deteriorate for the remainder of 2008, but the company's business model and strict underwriting approach are sound, allowing the company to continue to pursue opportunities as they emerge.

Capital Markets – Data Appendices

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Summary Statistics "Super Senior" Credit Derivatives*

March 31, 2008

Transaction Type``	Corporate – Regulatory Capital Motivated	European Residential Mortgage – Regulatory Capital Motivated	Corporate – Arbitrage Motivated	Multi-Sector CDOs			Total
				Transactions w/Mixed Collateral including Subprime	Transactions w/No Subprime	Total Multi-Sector CDOs	
Gross Notional ($ Billion)	261.8	176.0	74.8	82.5	27.2	109.7	622.3
AIGFP Net Notional Exposure ($ Billion)	191.6	143.3	57.1	60.6	16.9	77.5	469.5
Number of Transactions	48	29	31	103	11	114	222
Weighted Average Subordination (%) [1]	22.9%	12.9%	18.7%	23.6%	18.0%	22.2%	19.5%
Weighted Average Number of Obligors / Transaction	1,566	80,784	127	194	118	175	N.M.[4]
Expected Maturity (Years)	1.3[2]	2.5[2]	4.6	6.4 [3]	5.7[3]	6.2[3]	N.M.[4]

All data is as of March 31, 2008.

1. *Weighted by Gross Transaction Notional*
2. *Maturity shown reflects first non-regulatory call date, although majority of transactions have Regulatory Capital Calls from Jan 08*
3. *Reflects the Weighted Average Life*
4. *Not meaningful*

Summary of Key Statistics for Multi Sector CDOs with Mixed Collateral, Including Subprime

Billion US$

High Grade Collateral

(predominantly AA Rated)

• Total Gross Transaction Notional:	53.0
• AIGFP Total Net* Notional:	43.1
• Number of Transactions:	45
• Average Attachment:	15.5%
• Defaulted Assets as weighted average % of CDO Collateral*:	0.1%

Subprime Reference Obligations

• Gross Subprime Notional:	25.1
• AIGFP Net* Subprime Notional:	17.1
• Average Subprime:	47.3%
• Average Cum. Loss Rate:	1.9%
• Average FICO:	630

Mezzanine Collateral

(predominantly BBB Rated)

• Total Gross Transaction Notional:	29.5
• AIGFP Total Net* Notional:	17.5
• Number of Transactions:	58
• Average Attachment:	38.0%
• Defaulted Assets as weighted average % of CDO Collateral*:	2.2%

Subprime Reference Obligations

• Gross Subprime Notional:	18.6
• AIGFP Net* Subprime Notional:	7.9
• Average Subprime:	63.2%
• Average Cum. Loss Rate:	1.8%
• Average FICO:	630

Information shown is sourced from LoanPerformance except in the following circumstances:

- *Underlying Reference Obligation data is sourced from Intex*
- *Loss Data is sourced from Intex*
- *Sector Categorization is compiled from Individual Transaction Trustee Reports and Moody's and S&P data*

**Assets defined as defaulted in CDO Trustee Reports*

** Net of all Transaction subordination*

“Super Senior” Exposure
Corporate Loans

Regulatory Capital - Corporate by Primary Jurisdiction

	Net Notional (Bn)	Percentage of Total	Current Average Subordination	Realized Pool Losses to Date %	Weighted Average Maturity (years)		Number of Deals
Primarily Single Country Exposure Portfolio					To First Call *	To Maturity	
Germany	14.4	7.5	23.3	0.0	1.3	13.5	7
USA	7.1	3.7	40.0	0.0	0.6	12.0	1
Netherlands	5.0	2.6	18.3	0.0	1.7	45.7	1
Portugal	4.5	2.3	11.7	0.1	0.5	11.5	1
UK	2.2	1.2	24.6	0.0	0.8	13.5	1
France	2.2	1.2	21.4	0.0	0.7	0.7	1
Australia/New Zealand	1.8	0.9	9.0	0.0	1.5	3.0	1
Finland	0.9	0.5	23.3	0.0	0.8	6.8	1
Belgium	2.7	1.4	21.1	0.1	1.3	5.8	2
	40.8						
Regional Exposure Portfolio							
USA Majority	46.0	24.0	26.7	0.0	1.8	5.6	9
W. Europe Majority	94.3	49.2	20.9	0.0	1.1	9.1	15
Asia/Australia Majority	10.0	5.2	17.7	0.0	1.1	3.5	6
Emerging Market	0.5	0.3	29.0	0.0	1.0	3.0	2
	150.8						
Total	***191.6***	***100***	***22.9***	***0.0***	***1.3***	***9.1***	**48**

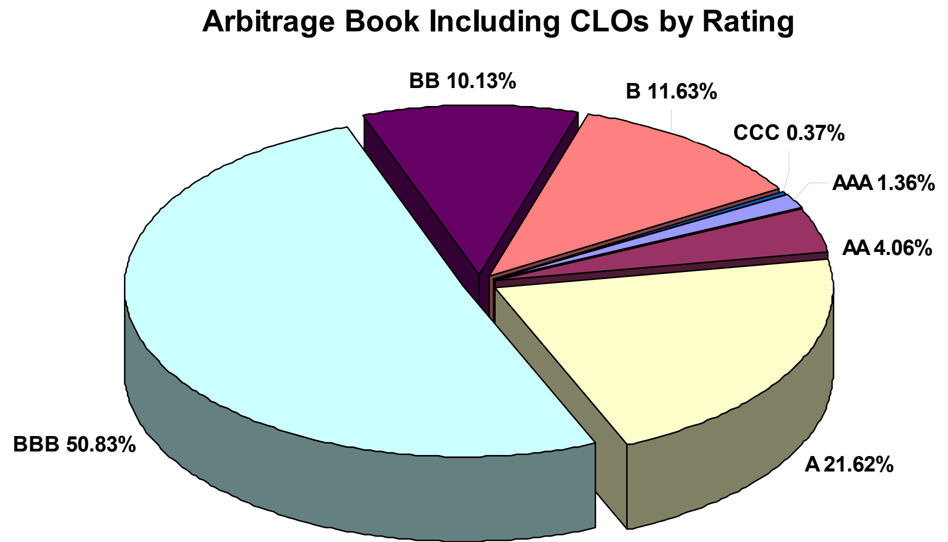
** The vast majority of deals have regulatory calls from January 2008. We expect that these calls will be exercised over the next 12-24 months as the different originating banks in Europe are able to adopt the new Basle II Capital standards. The call date listed in the chart is the first non regulatory call.*

Arbitrage Motivated - Corporate by Primary Jurisdiction

	Net Notional (Bn)	Percentage of Total	Current Average Subordination	Realized Pool Losses to Date %	Weighted Average Maturity (years)		Number of Deals
Primarily Single Country Exposure Portfolio					To First Call	To Maturity	
USA	41.5	72.6	18.0	0.12	5.3	5.4	20
Regional Exposure Portfolio							
USA Majority	13.5	23.7	14.7	0.83	2.0	2.0	5
W. Europe Majority	2.1	3.7	36.2	0.00	5.8	14.0	6
	15.6						
Total	***57.1***	***100.0***	***18.7***	***0.26***	***4.6***	***5.3***	***31***

Arbitrage Motivated - Corporate by Rating

Arbitrage Book Including CLOs by Rating	% of Total
Aaa	1.4%
Aa1	0.2%
Aa2	1.4%
Aa3	2.5%
A1	3.9%
A2	7.1%
A3	10.6%
Baa1	11.0%
Baa2	30.1%
Baa3	9.7%
Ba1	4.1%
Ba2	5.6%
Ba3	0.5%
B1	7.9%
B2	3.1%
B3	0.6%
Caa1	0.1%
Caa2	0.3%
Total	100.0%



“Super Senior” Exposure

European Residential Mortgages

European Residential Mortgages Summary by Geography

	AIGFP Net Notional Exposure (Bn)	% of Total Exposure	Current Average Subordination %	Realized Losses to Date % of Pool	Weighted Average Maturity (years)		Number of Transactions
					To First Call*	To Maturity	
Denmark	41.5	29.0	9.3	0.0	1.2	31.5	3
France	40.6	28.4	8.2	0.0	1.7	31.3	7
Germany	26.7	18.6	19.0	0.2	3.4	43.3	12
Netherlands	22.7	15.9	17.7	0.0	3.7	8.6	3
Sweden	8.2	5.7	15.8	0.0	1.7	34.7	2
UK	1.8	1.2	10.0	0.0	1.0	31.0	1
Spain	1.8	1.3	9.4	0.0	9.2	41.8	1
Total	143.3	100.0	12.9	0.0	2.5	29.2	29

** All of these deals have regulatory calls from January 2008. We expect that these calls will be exercised over the next 12-24 months as the different originating banks in Europe are able to adopt the new Basle II Capital standards. The call date listed in the chart is the first non regulatory call.*

“Super Senior” Multi Sector CDO Exposure Consisting of Mixed Collateral, Including Subprime:

Mezzanine Collateral Underlying Summary

Data as of Feb 29

Summary of Transaction Current Status

Gross Notional	**29.5bn**			
AIG Notional Exposure (net of transaction subordination)	**17.5bn**	**Max: 886 mm**	**Min: 25 mm**	**Avg: 301 mm**
Number of Transactions	**58**			
Managed Transactions	**12**			
Static Transactions	**46**			
Weighted Average Number of Obligors	**173**			
Average AIG Attachment Point (weighted by transaction notional)	**38.0%**	**Max: 80.0%**	**Min: 24.6%**	
Average % of AIG Subordination that is AAA Rated by at least one agency	**40.7%**	**Max: 99.0%**	**Min: 0.0%**	
Average Subordinated AAA Tranche Thickness	**15.4%**	**Max: 35.8%**	**Min: 0.0%**	
Number of Transactions that are Amortizing	**47**			

Information used in this presentation is sourced from LoanPerformance except in the following circumstances:

- *Underlying Reference Obligation data is sourced from Intex*
- *Rating Information is sourced from Bloomberg*
- *Loss Data is sourced from Intex*
- *Sector Categorization is compiled from Individual Transaction Trustee Reports and Moody's and S&P data*

Summary of Reference Obligations in our Transactions

	Subprime	RMBS Alt A	Other RMBS	CDO	CMBS	Other ABS	Non ABS	Total
Classifications	**63.2%**	**10.2%**	**7.00%**	**6.6%**	**7.9%**	**3.9%**	**1.2%**	**100.0%**

	AAA	AA	A	BBB	BB	<BB	NR	
Rating	**2.7%**	**5.0%**	**11.2%**	**52.0%**	**10.6%**	**18.4%**	**0.1%**	**100.0%**

Percentages shown are of Gross Transaction Notional

Recent Rating Performance

Underlying Reference Obligations in our Transactions

	Moody's	***S&P***
% of Subprime Upgraded Since Deal Inception	**0.6%**	**0.3%**
% of Subprime Downgraded Since Deal Inception	**12.6%**	**19.7%**

Overall Transaction

Deals with Junior Tranches on Negative Review	**27**	**None**
Junior Tranches Downgraded	**12**	**36**
AIG Tranche Downgraded	**1**	**4**

Underlying Subprime Reference Obligations

	AAA	AA	A	BBB	BB	<BB	Total
Rating	0.6%	1.6%	4.6%	32.7%	8.6%	15. 1%	63.2%

	Pre 2005	2005	2006	2007	Total
Vintage	20.3%	34.6%	4.5%	3.8%	63.2%

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Total
Vintage by Quarter	13.8%	11.9%	5.8%	3.1%	1.6%	1.3%	0.7%	0.9%	1.5%	1.4%	0.6%	0.3%	42.9%

	AAA	AA	A	BBB	BB	<BB	Total
2004 Vintage	0.1%	0.2%	2.1%	9.9%	2.1%	2.6%	17.0%

	AAA	AA	A	BBB	BB	<BB	Total
2005 Vintage	0.1%	0.4%	1.1%	21.5%	5.9%	5.6%	34.6%

	AAA	AA	A	BBB	BB	<BB	Total
2006 Vintage	0.1%	0.4%	0.1%	0.3%	0.1%	3.5%	4.5%

	AAA	AA	A	BBB	BB	<BB	Total
2007 Vintage	0.4%	0.5%	0.3%	0.2%	0.0%	2.4%	3.8%

Percentages shown are of Gross Transaction Notional

Additional Subprime Breakdown

Avg. % of Subprime Collateral that is 2nd Lien	**3.5%**	
Average LTV at Inception	**80.5**	
Current Average 12 mos CPR Rate	**32.8%**	
Average FICO Score	**630**	
	Floating	**Fixed**
Average Loan Type	**61.3%**	**38.7%**
State Concentration	**California**	**22.5%**
	Florida	**7.3%**
	Texas	**6.1%**
	New York	**5.8%**
	Michigan	**1.9%**
Current Weighted Average Loss Rate on Subprime	**1.8%**	

Percentages shown are of Total Subprime

Underlying CDO Reference Obligations Breakdown

	High Grade	Mezz	Other ABS	CMBS	Other	Total
Classifications	0.8%	3.5%	0.1%	0.8%	1.5%	6.6%

	AAA	AA	A	BBB	BB	<BB	NR	Total
Rating	0.1%	0.5%	1.1%	2.5%	0.5%	1.9%	0.0%	6.6%

	Pre 2005	2005	2006	2007	Total
Vintage	2.8%	2.7%	0.9%	0.2%	6.6%

Percentages shown are of Gross Transaction Notional

CDO Exposure to Non Subprime RMBS Collateral

Prime RMBS by Vintage	Pre 2005	2005	2006	2007	Total
	3.9%	2.6%	0.4%	0.2%	7.0%

RMBS Alt A by Vintage	Pre 2005	2005	2006	2007	Total
	4.5%	4.5%	1.0%	0.3%	10.2%

Percentages shown are of Gross Transaction Notional

“Super Senior” Multi Sector CDO Exposure Consisting of Mixed Collateral, Including Subprime:

High Grade Collateral Underlying Summary

Data as of Feb 29

Summary of Transaction Current Status

Gross Notional	**53.0bn**			
AIG Notional Exposure (net of transaction subordination)	**43.1bn**	**Max:** 2.2 bn	**Min:** 46.4 mm	**Avg:** 958 mm
Number of Transactions	**45**			
Managed Transactions	**13**			
Static Transactions	**32**			
Weighted Average Number of Obligors	**206**			
Average AIG Attachment Point (weighted by transaction notional)	**15.5%**	**Max:** 46.4%	**Min:** 9.5%	
Average % of AIG Subordination that is AAA Rated	**43.0%**	**Max:** 92.1%	**Min:** 0.0%	
Average Subordinated AAA Tranche Thickness	**6.7%**	**Max:** 39.8%	**Min:** 0.0%	
Number of Transactions that are Amortizing	**34**			

Information used in this presentation is sourced from LoanPerformance except in the following circumstances:
- *Underlying Reference Obligation data is sourced from Intex*
- *Rating Information is sourced from Bloomberg*
- *Loss Data is sourced from Intex*
- *Sector Categorization is compiled from Individual Transaction Trustee Reports and Moody’s and S&P data*

Summary of Underlying Reference Obligations in Our Transactions

	Subprime	RMBS Alt A	Other RMBS	CDO	CMBS	Other ABS	Non ABS	Total
Classifications	**47.3%**	**16.1%**	**11.9%**	**15.3%**	**6.9%**	**2.2%**	**0.3%**	**100.0%**

	AAA	AA	A	BBB	BB	<BB	NR	
Rating	**29.6%**	**34.6%**	**25.3%**	**4.4%**	**2.9%**	**2.9%**	**0.3%**	**100.0%**

Percentages shown are of Gross Transaction Notional

AIG

Recent Rating Performance

Underlying Reference Obligations in our Transactions

	Moody’s	*S&P*
% of Subprime Upgraded Since Deal Inception	**0.6%**	**0.5%**
% of Subprime Downgraded Since Deal Inception	**1.4%**	**2.2%**

Overall Transaction

Deals with Junior Tranches on Negative Review	**9**	**11**
Junior Tranches Downgraded	**3**	**5**
AIG Tranche Downgraded	**None**	**None**

Underlying Subprime Reference Obligations

	AAA	AA	A	BBB	BB	<BB	Total
Rating	4.5%	20.7%	17.1%	2.5%	0.9%	1.6%	47.3%

	Pre 2005	2005	2006	2007	Total
Vintage	16.4%	25.4%	2.7%	2.8%	47.3%

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Total
Vintage by Quarter	6.4%	9.3%	5.6%	4.1%	1.3%	0.6%	0.3%	0.5%	0.8%	0.8%	0.8%	0.4%	30.9%

	AAA	AA	A	BBB	BB	<BB	Total
2004 Vintage	0.9%	6.4%	5.7%	0.8%	0.2%	0.0%	14.0%

	AAA	AA	A	BBB	BB	<BB	Total
2005 Vintage	1.4%	11.3%	10.6%	1.4%	0.5%	0.2%	25.4%

	AAA	AA	A	BBB	BB	<BB	Total
2006 Vintage	0.8%	0.7%	0.2%	0.2%	0.1%	0.7%	2.7%

	AAA	AA	A	BBB	BB	<BB	Total
2007 Vintage	1.0%	1.0%	0.2%	0.1%	0.1%	0.4%	2.8%

Percentages shown are of Gross Transaction Notional

Additional Subprime Breakdown

Avg. % of Subprime Collateral that is 2nd Lien	**3.1%**	
Average LTV at Inception	**80.5**	
Current Average 12 month CPR Rate	**33.1%**	
Average FICO Score	**630**	
	Floating	**Fixed**
Average Loan Type	**60.2%**	**39.7%**
State Concentration		
	California	**22.9%**
	Florida	**7.4%**
	Texas	**5.8%**
	New York	**5.7%**
	Michigan	**2.0%**
Current Weighted Average Loss Rate on Subprime	**1.9%**	

Percentages shown are of Total Subprime

Underlying CDO Reference Obligations Breakdown

	High Grade	Mezzanine	Other ABS	CMBS	Other	Total
Classifications	3.0%	8.3%	0.2%	1.1%	2.7%	15.3%

	AAA	AA	A	BBB	BB	<BB	NR	Total
Rating	3.9%	4.7%	2.2%	1.3%	1.7%	1.2%	0.3%	15.3%

	Pre 2005	2005	2006	2007	Total
Vintage	8.7%	4.8%	1.5%	0.3%	15.3%

Percentages shown are of Gross Transaction Notional

CDO Exposure to non Subprime RMBS Collateral

Prime RMBS by Vintage	Pre 2005	2005	2006	2007	Total
	4.7%	5.7%	1.0%	0.5%	11.9%

RMBS Alt A by Vintage	Pre 2005	2005	2006	2007	Total
	3.7%	10.4%	1.5%	0.5%	16.1%

Percentages shown are of Gross Transaction Notional

Cash Multi Sector CDO Exposure Consisting of Mixed Collateral, Including Subprime:

Mezzanine Collateral Underlying Summary

Summary of Transaction Current Status

AIG Notional Exposure (net of transaction subordination)	**2.6bn**		**Max: 191 mm**	**Min: 4 mm**	**Avg: 41 mm**
Number of Transactions	**63**				
Managed Transactions	**12**				
Static Transactions	**51**				
Weighted Average Number of Obligors	**161**				
Average AIG Attachment Point (weighted by transaction notional)	**29.5%**		**Max: 61.5%**	**Min: 11.8%**	
Number of Transactions that are Amortizing	**34**				
Rating of Exposure		**Moody's**	**S&P**		
	AAA	**48**	**57**		
	AA	**1**	**2**		
	NR	**13**	**0**		

Information used in this presentation is sourced from LoanPerformance except in the following circumstances:
- *Underlying Collateral Data is sourced from Intex*
- *Rating Information is sourced from Bloomberg*
- *Loss Data is sourced from Intex*
- *Sector Categorization is sourced from Individual Transaction Trustee Reports along with Moody's and S&P data*

Summary of Reference Obligations in our Transactions

	Subprime	RMBS Alt A	Other RMBS	CDO	CMBS	Other ABS	Non ABS	Total
Classifications	**64.6%**	**10.0%**	**6.7%**	**5.0%**	**8.1%**	**4.6%**	**1.0%**	**100.0%**

	AAA	AA	A	BBB	BB	<BB	NR	Total
Rating	**3.1%**	**6.0%**	**13.6%**	**47.8%**	**12.3%**	**17.1%**	**0.1%**	**100.0%**

Percentages shown are of Gross Transaction Notional

Recent Rating Performance

Underlying Reference Obligations in Our Transactions

	Moody's	S&P
% of Subprime Upgraded Since Deal Inception	**0.7%**	**0.7%**
% of Subprime Downgraded Since Deal Inception	**14.7%**	**22.6%**

Overall Transaction

	Moody's	S&P
Deals with Junior Tranches on Negative Review	**18**	**0**
Junior Tranches Downgraded	**7**	**25**
AIG Tranche Downgraded	**None**	**10**

Underlying Subprime Reference Obligations

	AAA	AA	A	BBB	BB	<BB	Total
Rating	0.5%	1.3%	6.4%	31.7%	10.0%	14.7%	64.6%

	Pre 2005	2005	2006	2007	Total
Vintage	24.6%	33.4%	3.5%	3.1%	64.6%

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Total
Vintage by Quarter	14.4%	11.1%	5.2%	2.7%	1.1%	0.9%	0.5%	1.0%	1.1%	1.0%	0.6%	0.4%	40.0%

	AAA	AA	A	BBB	BB	<BB	Total
2004 Vintage	0.1%	0.2%	3.6%	10.9%	3.1%	3.3%	21.2%

	AAA	AA	A	BBB	BB	<BB	Total
2005 Vintage	0.1%	0.1%	1.3%	19.7%	6.3%	5.9%	33.4%

	AAA	AA	A	BBB	BB	<BB	Total
2006 Vintage	0.1%	0.3%	0.1%	0.2%	0.1%	2.7%	3.5%

	AAA	AA	A	BBB	BB	<BB	Total
2007 Vintage	0.2%	0.5%	0.4%	0.2%	0.0%	1.8%	3.1%

Percentages shown are of Gross Transaction Notional

Additional Subprime Breakdown

Avg. % of Subprime Reference Collateral that is 2nd Lien	**3.7%**	
Average LTV at Inception	**80.4**	
Current Average 12 mos CPR Rate	**33.3%**	
Average FICO Score	**631**	
	Floating	**Fixed**
Average Loan Type	**59.8%**	**40.2%**
<u>Concentration by State</u>	**California**	**22.6%**
	Florida	**6.9%**
	Texas	**6.3%**
	New York	**6.1%**
	Michigan	**2.0%**
Current Weighted Average Loss Rate on Subprime	**1.8%**	

Percentages shown are of Total Subprime

Underlying CDO Reference Obligations Breakdown

	High Grade	Mezz	Other ABS	CMBS	Other	Total
Classifications	0.6%	2.7%	0.1%	0.7%	0.9%	5.0%

	AAA	AA	A	BBB	BB	<BB	NR	Total
Rating	0.1%	0.4%	0.8%	1.9%	0.4%	1.4%	0.0%	5.0%

	Pre 2005	2005	2006	2007	Total
Vintage	1.6%	2.4%	0.9%	0.1%	5.0%

Percentages shown are of Gross Transaction Notional

CDO Exposure to Non Subprime RMBS Collateral

Prime RMBS by Vintage	Pre 2005	2005	2006	2007	Total
	4.2%	2.0%	0.4%	0.1%	6.7%

RMBS Alt A by Vintage	Pre 2005	2005	2006	2007	Total
	5.6%	3.4%	0.9%	0.1%	10.0%

Percentages shown are of Gross Transaction Notional

Cash Multi Sector CDO Exposure Consisting of Mixed Collateral, Including Subprime:

High Grade Collateral Underlying Summary

Summary of Transaction Current Status

AIG Notional Exposure	**1.4bn**		**Max:**	**Min:**	**Avg:**
(net of transaction subordination)			**250 mm**	**14 mm**	**131 mm**
Number of Transactions	**11**				
Managed Transactions	**1**				
Static Transactions	**10**				
Weighted Average Number of Obligors	**200**				
Average AIG Attachment Point **(weighted by transaction notional)**	**15.1%**		**Max:**	**Min:**	
			37.2%	**11.5%**	
Number of Transactions that are Amortizing	**7**				
Rating of Exposure		**Moody's**	**S&P**		
	AAA	**11**	**11**		

Information used in this presentation is sourced from LoanPerformance except in the following circumstances:

- *Underlying Collateral Data is sourced from Intex*
- *Rating Information is sourced from Bloomberg*
- *Loss Data is sourced from Intex*
- *Sector Categorization is sourced from Individual Transaction Trustee Reports along with Moody's and S&P data*

Summary of Underlying Reference Obligations in Our Transactions

	Subprime	RMBS Alt A	Other RMBS	CDO	CMBS	Other ABS	Non ABS	Total
Classifications	**38.9%**	**11.2%**	**13.3%**	**12.6%**	**20.7%**	**2.0%**	**1.3%**	**100.0%**
	AAA	AA	A	BBB	BB	<BB	NR	
Rating	**44.0%**	**23.1%**	**22.5%**	**6.1%**	**2.3%**	**1.9%**	**0.1%**	**100.0%**

Percentages shown are of Gross Transaction Notional

Recent Rating Performance

Underlying Reference Obligations in Our Transactions

	Moody's	*S&P*
% of Subprime Upgraded Since Deal Inception	**0.7%**	**0.7%**
% of Subprime Downgraded Since Deal Inception	**2.0%**	**4.7%**

Overall Transaction

Deals with Junior Tranches on Negative Review	**2**	**2**
Junior Tranches Downgraded	**1**	**1**
AIG Tranche Downgraded	**None**	**None**

Underlying Subprime Reference Obligations

	AAA	AA	A	BBB	BB	<BB	Total
Rating	5.2%	14.5%	14.0%	3.5%	1.0%	0.7%	38.9%

	Pre 2005	2005	2006	2007	Total
Vintage	13.2%	21.5%	2.8%	1.4%	38.9%

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Total
Vintage by Quarter	4.0%	3.9%	5.9%	7.7%	1.2%	0.5%	0.6%	0.5%	0.3%	0.6%	0.3%	0.2%	25.7%

	AAA	AA	A	BBB	BB	<BB	Total
2004 Vintage	1.3%	3.8%	4.7%	0.6%	0.0%	0.0%	10.4%

	AAA	AA	A	BBB	BB	<BB	Total
2005 Vintage	1.2%	8.5%	8.5%	2.5%	0.7%	0.1%	21.5%

	AAA	AA	A	BBB	BB	<BB	Total
2006 Vintage	1.4%	0.4%	0.2%	0.2%	0.1%	0.5%	2.8%

	AAA	AA	A	BBB	BB	<BB	Total
2007 Vintage	0.6%	0.5%	0.1%	0.0%	0.0%	0.2%	1.4%

Percentages shown are of Gross Transaction Notional

Additional Subprime Breakdown

Avg. % of Reference Transaction Collateral that is 2nd Lien	**2.4%**	
Average LTV at Inception	**80.1**	
Current Average 12 month CPR Rate	**34.2%**	
Average FICO Score	**629**	
	Floating	**Fixed**
Average Loan Type	**62.4%**	**37.4%**
State Concentration		
	California	**24.4%**
	Florida	**7.72%**
	Texas	**5.5%**
	New York	**5.5%**
	Michigan	**1.7%**
Current Weighted Average Loss Rate on Subprime	**1.6%**	

Percentages shown are of Total Subprime

AIG

Underlying CDO Reference Obligations Breakdown

	High Grade	Mezz	Other ABS	CMBS	Other	Total
Classifications	0.6%	2.7%	0.1%	0.7%	0.9%	5.0%

	AAA	AA	A	BBB	BB	<BB	NR	Total
Rating	0.1%	0.4%	0.8%	1.9%	0.4%	1.3%	0.0%	4.9%

	Pre 2005	2005	2006	2007	Total
Vintage	1.6%	2.4%	0.9%	0.1%	5.0%

Percentages shown are of Gross Transaction Notional

CDO Exposure to non Subprime RMBS Collateral

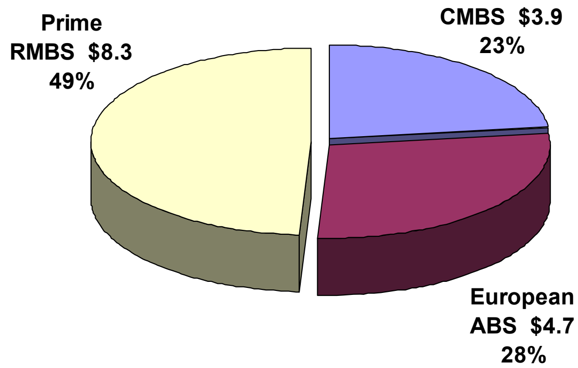
Prime RMBS by Vintage	Pre 2005	2005	2006	2007	Total
	4.2%	2.0%	0.4%	0.1%	6.7%

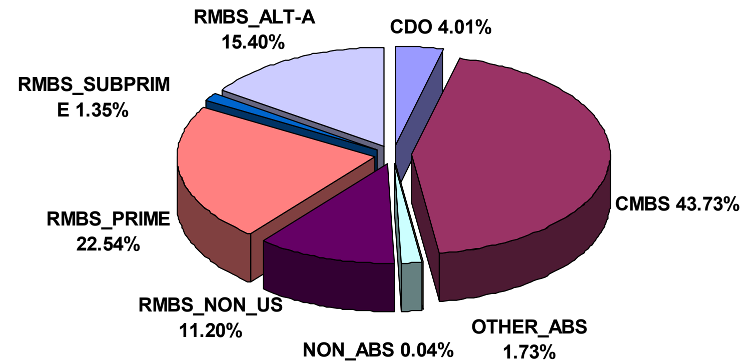
RMBS Alt A by Vintage	Pre 2005	2005	2006	2007	Total
	5.6%	3.4%	0.9%	0.1%	10.0%

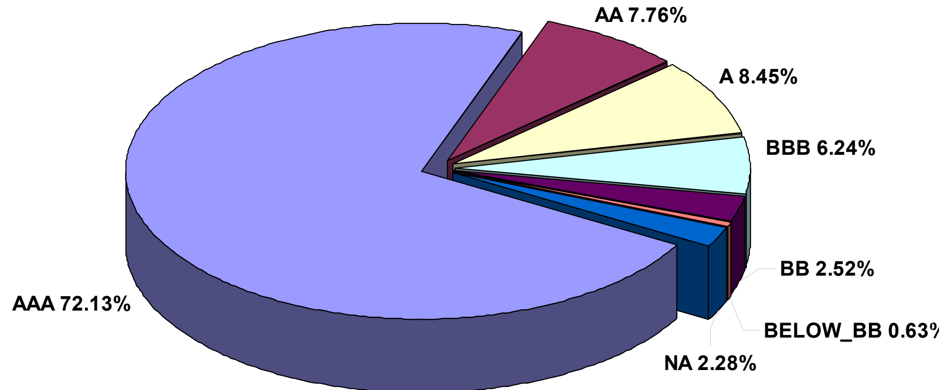
Percentages shown are of Gross Transaction Notional

Multi-Sector CDOs
Transactions with No Subprime Exposure

All are rated AAA except for one deal, which is split rated, Aaa/AA (Moodys/S&P)







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