



## **American International Group, Inc.**

---

### **Financial Supplement**

### **Fourth Quarter 2008**

This report should be read in conjunction with AIG's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission.

# American International Group, Inc.

## Financial Supplement

### Table of Contents

#### **Consolidated**

Consolidated Statement of Income (Loss).....	1
Consolidated Statement of Segment Operations .....	2 – 3
Consolidated Revenues and Operating Income (Loss) Geographic Split.....	4
Summary of FAS 133 Effect .....	5
Consolidated Balance Sheet.....	6
Debt and Capital Structure.....	7
Book Value per Share.....	8

#### **General Insurance**

General Insurance Operating Statistics .....	9
Reconciliation of Net Liability for unpaid claims and claims adjustment expense .....	10
AIG Commercial Insurance Operating Statistics .....	11
AIG Commercial Insurance Gross Premiums Written by Line of Business.....	12
Personal Lines Insurance Operating Statistics .....	13
Mortgage Guaranty (UGC) Insurance Operating Statistics.....	14
Mortgage Guaranty (UGC) Insurance Product Statistics .....	15
Transatlantic Holdings, Inc. Insurance Operating Statistics.....	16
Foreign General Insurance Operating Statistics.....	17
Foreign General Insurance Gross Premiums Written.....	18
General Insurance Notes.....	19

#### **Life Insurance & Retirement Services**

Life Insurance & Retirement Services Operating Statistics .....	20
Domestic Life Insurance & Retirement Services Operating Statistics .....	21
Domestic Life Insurance Product Statistics .....	22 - 23
Domestic Life Insurance Other Data .....	24
Domestic Life Insurance Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired.....	25 - 26
Domestic Life Insurance Notes.....	27
Domestic Retirement Services Product Statistics .....	28 - 29
Domestic Retirement Services Account Value Rollforward .....	30
Domestic Retirement Services Spread Information .....	31 - 32
Domestic Retirement Services Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired.....	33
Domestic Retirement Services – Individual Variable Annuities Guaranteed Benefits .....	34 - 35
Domestic Retirement Services Notes.....	36
Foreign Life Insurance & Retirement Services Operating Statistics.....	37

Foreign Life Insurance & Retirement Services Product Statistics.....	38 - 39
Japan and Other Product Statistics .....	40 - 41
Asia Product Statistics .....	42 - 43
Foreign Life Insurance & Retirement Services Premium Statistics.....	44 - 45
Foreign Life Insurance & Retirement Services Premiums, Deposits and Other Considerations.....	46
Foreign Life Insurance & Retirement Services Reserves .....	47 - 48
Foreign Retirement Services Spread Information .....	49
Foreign Life Insurance & Retirement Services Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired .....	50 - 51
Foreign Life Insurance & Retirement Services Notes .....	52 - 53
Life Insurance & Retirement Services Partnership Income (Loss).....	54
Life Insurance & Retirement Services Net Realized Capital Gains (Losses) .....	55

#### **Financial Services**

Financial Services Operating Statistics .....	56
Consumer Finance Operating Statistics .....	57
Consumer Finance Other Data.....	58
Financial Services Notes.....	59

#### **Asset Management**

Asset Management Operating Statistics.....	60
Asset Management Other Data .....	61
Asset Management Notes .....	62

#### **Other**

Consolidated Net Realized Capital Gains (Losses) .....	63
--	----

Pre –Tax Realized Gains (Losses) by Source by Business Segment .....	64
--	----

#### **Investments**

Cash and Investments by Segment.....	66 - 69
Other Invested Assets by Segment.....	70
Return on Average Partnerships and Mutual Funds Assets by Segment.....	71

Supplemental Credit Information.....	72-90
--------------------------------------	-------

Comment on Regulation G .....	91
-------------------------------	----

American International Group, Inc.

Investor Relations

Teri L. Watson, Vice President

(212)770-7074

**American International Group, Inc.**  
**Consolidated Statement of Income (Loss)**  
(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Revenues:</b>								
Premiums and other considerations	\$ 20,016	\$ 20,394	(1.9) %	\$ 21,082	(5.1) %	\$ 83,505	\$ 79,302	5.3 %
Net investment income (loss)	(2,406)	7,470	NM	2,946	NM	12,222	28,619	(57.3)
Net realized capital losses (1) (2)	(25,002)	(2,630)	NM	(18,312)	NM	(55,484)	(3,592)	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(6,876)	(11,120)	NM	(7,054)	NM	(28,602)	(11,472)	NM
Other income (loss) (1)(2)	(9,490)	4,319	NM	2,236	NM	(537)	17,207	NM
Total revenues (1)	<u>(23,758)</u>	<u>18,433</u>	NM	<u>898</u>	NM	<u>11,104</u>	<u>110,064</u>	(89.9)
<b>Benefits, claims and expenses:</b>								
Policyholder benefits and claims incurred	11,778	18,153	(35.1)	17,189	(31.5)	63,299	66,115	(4.3)
Policy acquisition and other insurance expenses	9,005	4,888	84.2	6,919	30.1	27,565	20,396	35.1
Interest expense	12,105	1,326	NM	2,297	427.0	17,007	4,751	258.0
Restructuring expenses and related asset impairment and other expenses	758	-	NM	-	NM	758	-	NM
Other expenses	3,152	2,502	26.0	2,678	17.7	11,236	9,859	14.0
Total benefits, claims and expenses	<u>36,798</u>	<u>26,869</u>	37.0	<u>29,083</u>	26.5	<u>119,865</u>	<u>101,121</u>	18.5
<b>Income (loss) before income tax expense (benefit) and minority interest</b>	<u>(60,556)</u>	<u>(8,436)</u>	NM	<u>(28,185)</u>	NM	<u>(108,761)</u>	<u>8,943</u>	NM
Income tax expense (benefit)	2,000	(3,413)	NM	(3,480)	NM	(8,374)	1,455	NM
<b>Income (loss) before minority interest</b>	<u>(62,556)</u>	<u>(5,023)</u>	NM	<u>(24,705)</u>	NM	<u>(100,387)</u>	<u>7,488</u>	NM
Minority interest	897	(269)	NM	237	278.5	1,098	(1,288)	NM
<b>Net income (loss)</b>	<u>\$ (61,659)</u>	<u>\$ (5,292)</u>	NM %	<u>\$ (24,468)</u>	NM %	<u>\$ (99,289)</u>	<u>\$ 6,200</u>	NM %
<b>Earnings (loss) per common share:(3)</b>								
Basic	\$ (22.95)	\$ (2.08)	NM %	\$ (9.05)	NM %	\$ (37.84)	\$ 2.40	NM %
Diluted	(22.95)	(2.08)	NM	(9.05)	NM	(37.84)	2.39	NM
<b>Dividends declared per common share</b>	\$ -	\$ 0.200	NM %	\$ -	NM %	\$ 0.420	\$ 0.765	(45.1) %
<b>Weighted average shares outstanding:</b>								
Basic	2,704	2,550		2,703		2,634	2,585	
Diluted	2,704	2,550		2,703		2,634	2,598	

Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. (Refer to page 5)  
(2) Includes other-than-temporary impairment charges. (Refer to page 64)  
(3) Calculation of EPS includes dividends on Series D Preferred Stock.

# American International Group, Inc.

## Consolidated Statement of Segment Operations

(in millions, except per share data)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>General insurance</b>								
Net premiums written	\$ 9,208	\$ 10,999	(16.3) %	\$ 11,726	(21.5) %	\$ 45,234	\$ 47,067	(3.9) %
Net premiums earned	10,981	11,667	(5.9)	11,731	(6.4)	46,222	45,682	1.2
Claims and claims adjustment expense	9,120	8,132	12.1	9,652	(5.5)	35,557	29,982	18.6
Underwriting expenses	5,055	2,972	70.1	3,713	36.1	14,865	11,200	32.7
Underwriting profit (loss) (1)	(3,194)	563	NM	(1,634)	NM	(4,200)	4,500	NM
Net investment income	370	1,547	(76.1)	735	(49.7)	3,477	6,132	(43.3)
Income (loss) before net realized capital gains (losses)	(2,824)	2,110	NM	(899)	NM	(723)	10,632	NM
Net realized capital gains (losses) (2)	(2,529)	(95)	NM	(1,658)	NM	(5,023)	(106)	NM
Operating income (loss)	(5,353)	2,015	NM	(2,557)	NM	(5,746)	10,526	NM
<b>Life insurance &amp; retirement services</b>								
Premiums and other considerations	9,038	8,732	3.5	9,354	(3.4)	37,295	33,627	10.9
Deposits and other considerations not included in revenues under GAAP	6,209	16,051	(61.3)	12,935	(52.0)	51,075	57,769	(11.6)
Premiums, deposits and other considerations	15,247	24,783	(38.5)	22,289	(31.6)	88,370	91,396	(3.3)
Net investment income	(1,628)	5,873	NM	2,345	NM	10,106	22,341	(54.8)
Income before net realized capital gains (losses)	742	2,658	(72.1)	1,012	(26.7)	6,901	10,584	(34.8)
Net realized capital gains (losses) (2)	(18,627)	(1,372)	NM	(16,341)	NM	(44,347)	(2,398)	NM
Operating income (loss)	(17,885)	1,286	NM	(15,329)	NM	(37,446)	8,186	NM
<b>Financial services</b>								
Operating income (loss) excluding FAS 133 and net realized capital gains (losses) (3) (4)	(17,592)	(10,246)	NM	(8,347)	NM	(40,364)	(8,983)	NM
FAS 133 (2)	(20)	396	NM	177	NM	41	211	(80.6)
Net realized capital gains (losses) (2)(5)	(329)	(673)	NM	(33)	NM	(498)	(743)	NM
Operating income (loss)	(17,941)	(10,523)	NM	(8,203)	NM	(40,821)	(9,515)	NM
<b>Asset management</b>								
Operating income (loss) before net realized capital gains (losses)	(705)	458	NM	(28)	NM	(429)	2,164	NM
Net realized capital gains (losses) (2)	(5,773)	(1,100)	NM	(1,116)	NM	(8,758)	(1,000)	NM
Operating income (loss)	(6,478)	(642)	NM	(1,144)	NM	(9,187)	1,164	NM
Other before net realized capital gains (losses)	(11,034)	(400)	NM	(1,555)	NM	(13,837)	(1,731)	NM
Other net realized capital gains (losses) (2)	(1,122)	(183)	NM	139	NM	(1,218)	(409)	NM
Consolidation and elimination adjustments (2) (6)	(743)	11	NM	464	NM	(506)	722	NM
<b>Income (loss) before income tax expense (benefit) and minority interest</b>	<b>(60,556)</b>	<b>(8,436)</b>	<b>NM</b>	<b>(28,185)</b>	<b>NM</b>	<b>(108,761)</b>	<b>8,943</b>	<b>NM</b>
Income tax expense (benefit) (7)	2,000	(3,413)	NM	(3,480)	NM	(8,374)	1,455	NM
<b>Income (loss) before minority interest</b>	<b>(62,556)</b>	<b>(5,023)</b>	<b>NM</b>	<b>(24,705)</b>	<b>NM</b>	<b>(100,387)</b>	<b>7,488</b>	<b>NM</b>
Minority interest, after tax:								
Income (loss) before net realized capital gains (losses)	732	(267)	NM	140	422.9	829	(1,272)	NM
Net realized capital gains (losses)	165	(2)	NM	97	70.1	269	(16)	NM
<b>Net income (loss)</b>	<b>(61,659)</b>	<b>(5,292)</b>	<b>NM</b>	<b>(24,468)</b>	<b>NM</b>	<b>(99,289)</b>	<b>6,200</b>	<b>NM</b>
Net realized capital gains (losses), net of tax	(21,552)	(2,131)	NM	(15,056)	NM	(44,590)	(2,804)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	(2,176)	37	NM	(172)	NM	(2,646)	(304)	NM
<b>Adjusted net income (loss) (8)</b>	<b>\$ (37,931)</b>	<b>\$ (3,198)</b>	<b>NM %</b>	<b>\$ (9,240)</b>	<b>NM %</b>	<b>\$ (52,053)</b>	<b>\$ 9,308</b>	<b>NM %</b>
Effect of Capital Markets unrealized market valuation (losses) and credit valuation adjustment, net of tax, included in adjusted net loss above	\$ (9,544)	\$ (7,228)	NM %	\$ (5,290)	NM %	\$ (24,732)	\$ (7,457)	NM %
Effect of Fed debt restructure, net of tax, included in adjusted net loss above	(4,275)	-	NM	-	NM	(4,275)	-	NM
Effect of Goodwill impairment included in adjusted net loss above	(3,608)	-	NM	(477)	NM	(4,085)	-	NM
Effect of Fed interest, net of tax, included in adjusted net loss above	\$ (2,611)	\$ -	NM %	\$ (521)	NM %	\$ (3,132)	\$ -	NM %
<b>Earnings (loss) per common share - diluted:</b>								
Net income (loss)	(22.95)	(2.08)	NM	(9.05)	NM	(37.84)	2.39	NM
Adjusted net income (loss) (8)	(14.17)	(1.25)	NM	(3.42)	NM	(19.91)	3.58	NM
Effect of Capital Markets unrealized market valuation (losses) and credit valuation adjustment, net of tax included in adjusted net loss above	\$ (3.53)	\$ (2.83)	NM %	\$ (1.96)	NM %	\$ (9.39)	\$ (2.87)	NM %
<b>Weighted average shares outstanding - diluted</b>	<b>2,704</b>	<b>2,550</b>		<b>2,703</b>		<b>2,634</b>	<b>2,598</b>	
<b>Effective tax rates (7) (9):</b>								
Income (loss) before income tax expense (benefit) and minority interest	(3.3)%	40.5%		12.3%		7.7%	16.3%	
Net income (loss)	(3.7)%	39.6%		12.3%		7.6%	16.7%	
Adjusted net income (loss) (8)	(20.9)%	42.2%		2.5%		(7.6)%	23.5%	
<b>Return on equity (10)</b>	<b>(410.6)%</b>	<b>(20.8)%</b>		<b>(131.1)%</b>		<b>(133.7)%</b>	<b>6.1%</b>	

(See Accompanying Notes on Page 3)

**American International Group, Inc.**  
**Consolidated Statement of Segment Operations**  
**Notes**

- (1) Underwriting profit (loss) is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (2) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. Refer to page 5.
- (3) Includes \$6.88 billion, \$11.12 billion, \$7.05 billion, \$28.60 billion and \$11.47 billion of pre-tax net unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio in the three months ended December 31, 2008 and 2007 and September 30, 2008 and the twelve months ended December 31, 2008 and 2007, respectively.
- (4) Includes the pre-tax effect of changes in pre-tax credit spreads on the valuation of Capital Markets' assets of \$(5.4) billion and \$(10.7) billion and liabilities of \$(2.4) billion and \$1.2 billion, (but excludes \$22 million losses and \$185 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the three and twelve months ended December 31, 2008, respectively. Historically AIG's credit spreads and those on its assets moved in a similar fashion. This relationship began to diverge during second quarter of 2008 and continued to diverge through the end of the year. While AIG's credit spreads widened significantly during 2008, the credit spreads on the ABS and CDO products, which represent a significant portion of AIGFP's investment portfolio, widened even more. The losses on AIGFP's assets more than offset the net gain on its liabilities that was driven by the significant widening in AIG's credit spreads. The net gain on AIGFP's liabilities was reduced by the effect of posting collateral and the early terminations of GLAs, term notes and hybrid term notes.
- (5) Includes an other-than-temporary impairment charge of \$643 million on Capital Markets' available for sale investment securities in both the three months and the twelve months ended December 31, 2007. This amount is reported in other income on AIG's consolidated statement of income and is excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.
- (6) Includes the income from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income is offset in minority interest expense, which is not a component of operating income, on the consolidated statement of income (loss).
- (7) Includes \$1.9 billion and \$5.5 billion of deferred tax expense attributable to the potential sale of foreign businesses in the fourth quarter and twelve months of 2008, and valuation allowance of \$17.2 billion and \$20.6 billion to reduce tax on capital losses in the three and twelve months ended December 31, 2008, respectively.
- (8) Adjusted net income (loss) excludes net realized capital gains (losses) and FAS 133, net of tax.
- (9) The calculation of the effective tax rates is as follows:

	Three Months Ended Dec. 31, 2008				Twelve Months Ended Dec. 31, 2008			
	Pre-tax	Income	Net	Effective	Pre-tax	Income	Net	Effective
(dollars in millions)	Loss	Tax	Loss	Tax Rate	Loss	Tax	Loss	Tax Rate
		Benefits				Benefits		
<b>Loss before income tax benefit and minority interest</b>	\$(60,556)	\$2,000	\$(62,556)	-3.3%	\$(108,761)	\$(8,374)	\$(100,387)	7.7%
Minority interest	1,090	193	897		1,259	161	1,098	
<b>Net loss</b>	<b>(59,466)</b>	<b>2,193</b>	<b>(61,659)</b>	<b>-3.7%</b>	<b>(107,502)</b>	<b>(8,213)</b>	<b>(99,289)</b>	<b>7.6%</b>
Net realized capital gains (losses)	(24,749)	(3,197)	(21,552)		(55,071)	(10,481)	(44,590)	
FAS 133 gains (losses)	(3,347)	(1,171)	(2,176)		(4,070)	(1,424)	(2,646)	
<b>Adjusted net loss</b>	<b>\$(31,370)</b>	<b>\$6,561</b>	<b>\$(37,931)</b>	<b>-20.9%</b>	<b>\$(48,361)</b>	<b>\$3,692</b>	<b>\$(52,053)</b>	<b>-7.6%</b>

- (10) Return on equity is annualized net loss, expressed as a percentage of average shareholders' equity. Return on equity, as adjusted, is annualized adjusted net loss expressed as a percentage of average shareholders' equity, adjusted to exclude the effects of FAS 133 of \$261 million and \$597 million, respectively; and accumulated other comprehensive income of \$7.90 billion and \$3.27 billion, respectively, in the three and twelve months ended December 31, 2008.

	Three Months Ended Dec. 31, 2008	Twelve Months Ended Dec. 31, 2008
Return on equity, GAAP basis	(410.6)%	(133.6)%
Adjustments related to:		
FAS 133 and net realized capital gains (losses)	149.4%	62.0%
Accumulated other comprehensive income	29.7%	2.9%
<b>Return on equity, as adjusted</b>	<b>(231.5)%</b>	<b>(68.7)%</b>

# American International Group, Inc.

## Consolidated Revenues and Operating Income Geographic Split

Twelve Months Ended December 31, 2008

(dollars in millions)

					Percent of Total	
	Total	United States and Canada	Other Countries	United States and Canada	Other Countries	
<b>General insurance:</b>						
Net premiums earned	\$ 46,222	\$ 28,332	\$ 17,890	61 %	39 %	
Net investment income	3,477	2,409	1,068	69	31	
Net realized capital gains (losses)	(5,023)	(3,756)	(1,267)	75	25	
Revenues	44,676	26,985	17,691	60	40	
Underwriting profit	(4,200)	(5,889)	1,689	-	-	
Operating income before net realized capital gains (losses)	(723)	(3,480)	2,757	-	-	
Operating income (loss)	(5,746)	(7,236)	1,490	-	-	
<b>Life insurance &amp; retirement services:</b>						
Premiums and other considerations	37,295	7,479	29,816	20	80	
Net investment income	10,106	8,341	1,765	83	17	
Net realized capital gains (losses)	(44,347)	(33,312)	(11,035)	75	25	
Revenues	3,054	(17,492)	20,546	-	-	
Operating income before net realized capital gains (losses)	6,901	1,537	5,364	22	78	
Operating income (loss)	(37,446)	(31,775)	(5,671)	85	15	
<b>Financial services:</b>						
Revenues	(31,095)	(37,269)	6,174	-	-	
Operating income (loss) excluding FAS 133 and net realized capital gains (losses)	(40,364)	(41,623)	1,259	-	-	
FAS 133	41	41	-	100	-	
Net realized capital gains (losses)	(498)	(503)	5	-	-	
Operating income (loss)	(40,821)	(42,085)	1,264	-	-	
<b>Asset management:</b>						
Revenues	(4,526)	(4,958)	432	-	-	
Operating income before net realized capital gains (losses)	(429)	(287)	(142)	67	33	
Net realized capital gains (losses)	(8,758)	(8,748)	(10)	-	-	
Operating income (loss)	(9,187)	(9,035)	(152)	98	2	
<b>Other before net realized capital gains (losses):</b>						
Revenues	1,137	1,206	(69)	-	-	
Operating income (loss)	(13,837)	(13,667)	(170)	99	1	
<b>Other net realized capital gains (losses)</b>	(1,218)	(1,156)	(62)	95	5	
<b>Consolidation and elimination adjustments:</b>						
Revenues	(924)	(617)	(307)	67	33	
Operating income (loss)	(506)	(225)	(281)	44	56	
<b>Consolidated revenues</b>	11,104	(33,301)	44,405	-	-	
<b>Consolidated operating income (loss) (1)</b>	(108,761)	(105,179)	(3,582)	97	3	
FAS 133, consolidated managed partnerships & funds and net realized capital gains (losses)	(60,353)	(47,932)	(12,421)	79	21	
<b>Operating income (loss) excluding FAS 133, consolidated managed partnerships &amp; funds and net realized capital gains (losses) (2)</b>	\$ (48,408)	\$ (57,247)	\$ 8,839	- %	- %	

Note: (1) Represents income before income taxes and minority interest.

(2) Consolidated managed partnerships & funds are offset in minority interest expense.

# American International Group, Inc.

## Summary of FAS 133 Effect (1)

(in millions)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
<b>FAS 133 effect on operating income (loss) before net realized capital gains (losses):</b>					
Financial Services	\$ (20)	\$ 396	\$ 177	\$ 41	\$ 211
Intercompany Eliminations (2) (3)	(3,413)	(206)	(1,226)	(4,597)	(35)
Foreign Exchange Rates on Economically Hedged Debt Exposures:					
Financial Services	86	(134)	784	486	(644)
Asset Management	-	-	-	-	-
Other	-	-	-	-	-
Total Foreign Exchange Rates on Economically Hedged Debt Exposures (2)	86	(134)	784	486	(644)
Total pre-tax effect	(3,347)	56	(265)	(4,070)	(468)
Total after-tax effect	(2,176)	37	(172)	(2,646)	(304)
<b>FAS 133 effect on net realized capital gains (losses):</b>					
Financial Services	(223)	(42)	40	(266)	(107)
Asset Management	(1,938)	(457)	974	(1,027)	(712)
General Insurance	94	(7)	23	88	(19)
Life Insurance & Retirement Services	(975)	(14)	(311)	(1,279)	(381)
Other	(1,444)	(96)	(34)	(1,636)	(117)
Eliminations and Reclassifications (4)	3,113	185	754	4,175	369
Total pre-tax effect	(1,373)	(431)	1,446	55	(967)
Total after-tax effect	(892)	(281)	940	36	(629)
<b>FAS 133 effect on total income:</b>					
Total pre-tax effect	(4,720)	(375)	1,181	(4,015)	(1,435)
Total after tax-effect	\$ (3,068)	\$ (244)	\$ 768	\$ (2,610)	\$ (933)

- Note:
- (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of investments and borrowings that did not qualify for hedge accounting treatment under FAS 133. Since hedge accounting has not been applied to the periods presented, an offsetting gain or loss on the hedged exposure has not been recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
  - (2) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of foreign exchange rates on economically hedged exposures.
  - (3) A large part of the net loss in the three and twelve months ended December 31, 2008 was due to the significant decrease in U.S. interest rates, resulting in a decrease in the fair value of the derivatives primarily hedging AIG's debt. To a lesser extent, the loss was due to the strengthening of U.S. dollar, primarily against British Pound and Euro, which decreased the fair value of the foreign currency derivatives hedging AIG's non-U.S. dollar denominated debt and foreign exchange transactions.
  - (4) Represents the elimination of net realized capital gains (losses) from intercompany hedging activities and the reclassification of foreign exchange rates on economically hedged exposures.

# American International Group, Inc.

## Consolidated Balance Sheet

(in millions)

	December 31, 2008	December 31, 2007
<b>Assets:</b>		
<b>Investments</b>		
Fixed maturity securities	\$ 404,134	\$ 545,176
Equity securities	21,143	45,569
Mortgage and other loans receivable, net of allowance	34,687	33,727
Finance receivables, net of allowance	30,949	31,234
Flight equipment primarily under operating leases, net of accumulated depreciation	43,395	41,984
Other invested assets	51,978	59,477
Securities purchased under agreements to resell, at fair value	3,960	20,950
Short-term investments	46,666	51,351
<b>Total investments</b>	636,912	829,468
Cash	8,642	2,284
Investment income due and accrued	5,999	6,587
Premiums and insurance balances receivable, net of allowance	17,330	18,395
Reinsurance assets, net of allowance	23,495	23,103
Trade receivables	1,901	672
Current and deferred income taxes	11,734	-
Deferred policy acquisition costs	45,782	43,914
Real estate and other fixed assets, net of accumulated depreciation	5,566	5,518
Unrealized gain on swaps, options and forward transactions, at fair value	13,773	14,104
Goodwill	6,952	9,414
Other assets, including prepaid commitment asset	31,190	16,218
Separate account assets, at fair value	51,142	78,684
<b>Total assets</b>	<u>\$ 860,418</u>	<u>\$ 1,048,361</u>
<b>Liabilities:</b>		
Liability for unpaid claims and claims adjustment expense	\$ 89,258	\$ 85,500
Unearned premiums	25,735	27,703
Future policy benefits for life and accident and health insurance contracts	142,334	136,387
Policyholder contract deposits	226,700	258,459
Other policyholder funds	13,240	12,599
Commissions, expenses and taxes payable	5,436	6,310
Insurance balances payable	3,668	4,878
Funds held by companies under reinsurance treaties	2,133	2,501
Current and deferred income taxes	-	3,823
Securities sold under agreements to repurchase, at fair value	5,262	8,331
Trade payables	977	6,445
Securities and spot commodities sold but not yet purchased, at fair value	2,693	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	6,238	18,031
Trust deposits and deposits due to banks and other depositors	4,498	4,903
Commercial paper and extendible commercial notes	613	13,114
Federal Reserve Bank of New York commercial paper funding facility	15,105	-
Federal Reserve Bank of New York credit facility	40,431	-
Other long-term debt	137,054	162,935
Securities lending payable	2,879	81,965
Other liabilities	22,296	24,761
Separate account liabilities	51,142	78,684
Minority interest	10,016	10,522
<b>Total liabilities</b>	807,708	952,560
Commitments, contingencies and guarantees	-	-
<b>Shareholders' equity:</b>		
Preferred Stock, Series D	20	-
Common stock	7,370	6,878
Additional paid-in capital	72,466	2,848
Payments advanced to purchase shares	-	(912)
Unrealized appreciation (depreciation) of investments, net of tax	(4,452)	4,375
Cash flow hedging activities, net of tax	(191)	(87)
Foreign currency translation adjustments, net of tax	(187)	880
Retirement plan liabilities adjustment, net of tax	(1,498)	(525)
Retained earnings	(12,368)	89,029
Treasury stock, at cost	(8,450)	(6,685)
<b>Total shareholders' equity</b>	52,710	95,801
<b>Total liabilities and shareholders' equity</b>	<u>\$ 860,418</u>	<u>\$ 1,048,361</u>



# American International Group, Inc.

## Debt and Capital Structure

(dollars in millions)

	December 31, 2008	September 30, 2008	Sequential % Chg	December 31, 2007	% Chg
<b>Financial debt:</b>					
Fed Facility	\$ 40,431	\$ 62,960	(35.8) %	\$ -	NM %
AIG notes and bonds payable	11,756	12,036	(2.3)	14,588	(19.4)
AIG loans and mortgage payable	416	376	10.6	729	(42.9)
AIG LH notes and bonds payable	798	798	0.0	797	0.1
Liabilities connected to trust preferred stock	1,415	1,414	0.1	1,435	(1.4)
AIG loans to financial services subsidiaries	(1,881)	(1,078)	74.5	-	NM
Net (deposit) / loan with AIG Funding	(1,380)	(6,745)	NM	(1,143)	NM
<b>Total</b>	<b>51,555</b>	<b>69,761</b>	<b>(26.1)</b>	<b>16,406</b>	<b>214.2</b>
<b>Operating debt:</b>					
AIG Funding commercial paper	6,856	1,944	252.7	4,222	62.4
MIP matched notes and bonds payable	14,446	13,871	4.1	14,267	1.3
AIGFP matched notes and bonds payable	4,660	4,204	10.8	874	433.2
AIGFP borrowings	30,200	39,149	(22.9)	65,447	(53.9)
ILFC borrowings	32,794	34,566	(5.1)	31,219	5.0
AGF borrowings	23,626	26,365	(10.4)	26,519	(10.9)
AIGCFG borrowings	1,720	2,203	(21.9)	2,126	(19.1)
AIG Finance Taiwan Limited commercial paper	-	8	NM	-	NM
Other subsidiaries	670	694	(3.5)	775	(13.5)
Borrowings of consolidated investments	5,850	5,858	(0.1)	7,242	(19.2)
AIG loans to financial services subsidiaries	1,881	1,078	74.5	-	NM
Net (deposit) / loan with AIG Funding	1,380	6,745	NM	1,143	20.7
<b>Total</b>	<b>124,083</b>	<b>136,685</b>	<b>(9.2)</b>	<b>153,834</b>	<b>(19.3)</b>
<b>Hybrid - debt securities:</b>					
Junior subordinated debt	11,685	12,224	(4.4)	5,809	101.2
<b>Hybrid - mandatorily convertible units:</b>					
Junior subordinated debt attributable to equity units	5,880	5,880	0.0	-	NM
<b>Total debt and hybrid capital</b>	<b>\$ 193,203</b>	<b>\$ 224,550</b>	<b>(14.0) %</b>	<b>\$ 176,049</b>	<b>9.7 %</b>
<hr/>					
<b>AIG capitalization:</b>					
Shareholders' equity *	\$ 52,710	\$ 71,182	(26.0) %	\$ 95,801	(45.0) %
Hybrid - debt securities	11,685	12,224	(4.4)	5,809	101.2
Hybrid - mandatorily convertible units	5,880	5,880	0.0	-	NM
<b>Total equity and hybrid capital</b>	70,275	89,286	(21.3)	101,610	(30.8)
Financial debt	51,555	69,761	(26.1)	16,406	214.2
<b>Total capital</b>	<b>\$ 121,830</b>	<b>\$ 159,047</b>	<b>(23.4) %</b>	<b>\$ 118,016</b>	<b>3.2 %</b>
<hr/>					
<b>Ratios:</b>					
Shareholders' equity / Total capital	43.3%	44.7%		81.2%	
Hybrid - debt securities / Total capital	9.6%	7.7%		4.9%	
Hybrid - mandatorily convertible units / Total capital	4.8%	3.7%		-	
Financial debt / Total capital	42.3%	43.9%		13.9%	

\* Includes unrealized appreciation / depreciation of investments.

**American International Group, Inc.**  
**Book Value per Share**

	<b>Book Value Per Share</b>	<b>Book Value Per Share excluding URA (1)</b>	<b>Shareholders' Equity (in millions)</b>	<b>Shareholders' Equity excluding URA (1) (in millions)</b>
December 31, 2000	\$ 17.25	\$ 17.28	\$ 45,239	\$ 45,320
December 31, 2001	19.07	18.27	49,881	47,790
December 31, 2002	22.34	19.99	58,303	52,154
December 31, 2003	26.54	23.06	69,230	60,159
March 31, 2004	28.73	24.05	74,921	62,739
June 30, 2004	27.08	25.07	70,544	65,304
September 30, 2004	29.34	26.01	76,427	67,747
December 31, 2004	30.69	26.71	79,673	69,347
March 31, 2005	31.45	27.96	81,608	72,561
June 30, 2005	34.15	29.48	88,613	76,509
September 30, 2005	34.03	29.95	88,333	77,729
December 31, 2005	33.24	30.03	86,317	77,969
March 31, 2006	34.03	31.39	88,390	81,541
June 30, 2006	33.76	32.66	87,709	84,851
September 30, 2006	36.99	34.11	96,154	88,658
December 31, 2006	39.09	35.21	101,677	91,594
March 31, 2007	39.64	35.43	103,055	92,121
June 30, 2007	40.44	36.81	104,330	94,959
September 30, 2007	40.81	38.10	104,067	97,148
December 31, 2007	37.87	36.14	95,801	91,426
March 31, 2008	31.93	32.96	79,703	82,257
June 30, 2008	29.04	30.97	78,088	83,259
September 30, 2008	26.46	29.85	71,182	80,295
December 31, 2008	\$ 19.60 (2) (3)	\$ 21.25	\$ 52,710	\$ 57,162

Note: (1) Unrealized appreciation / depreciation of investments (URA), net of taxes.

(2) 
$$\frac{\text{Total shareholders' equity}}{\text{Total common shares issued - treasury shares}} = \$19.60$$

(3) Book value per share assuming issuance of 11.743 billion shares related to the conversion of the Series C Preferred Stock was \$3.65 calculated as follows:

$$\frac{\$52,710,065,405}{14,691,038,001 - 258,368,924} = \$3.65$$

**American International Group, Inc.**  
**General Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Gross premiums written	\$ 11,378	\$ 13,044	(12.8) %	\$ 14,534	(21.7) %	\$ 56,660	\$ 58,798	(3.6) %
Ceded premiums written	2,170	2,045	6.1	2,808	(22.7)	11,426	11,731	(2.6)
Net premiums written	9,208	10,999	(16.3)	11,726	(21.5)	45,234	47,067	(3.9)
Net premiums earned	10,981	11,667	(5.9)	11,731	(6.4)	46,222	45,682	1.2
Paid losses	8,540	6,618	29.0	7,480	14.2	29,917	24,379	22.7
Change in net loss reserves	(1,031)	2,031	NM	1,407	NM	3,527	6,558	(46.2)
Less foreign exchange effect	(1,611)	517	NM	(765)	NM	(2,113)	955	NM
Claims and claims adjustment expense (1) (2)	9,120	8,132	12.1	9,652	(5.5)	35,557	29,982	18.6
Statutory underwriting expenses (3) (4)	4,834	2,962	63.2	3,673	31.6	14,806	11,627	27.3
Statutory underwriting profit (loss)	(2,973)	573	NM	(1,594)	NM	(4,141)	4,073	NM
Change in deferred acquisition costs	(221)	(10)	NM	(40)	NM	(59)	427	NM
Underwriting profit (loss)	(3,194)	563	NM	(1,634)	NM	(4,200)	4,500	NM
Net investment income (5)								
Interest and dividends	1,199	1,274	(5.9)	1,263	(5.1)	4,940	4,829	2.3
Partnership income	(608)	307	NM	(242)	NM	(798)	1,264	NM
Mutual funds	(152)	41	NM	(270)	NM	(458)	278	NM
Securities lending	(1)	1	NM	2	NM	4	6	(33.3)
Other investment income (6)	45	74	(39.2)	104	(56.7)	290	357	(18.8)
Investment expense	(113)	(150)	(24.7)	(122)	(7.4)	(501)	(602)	(16.8)
Total	370	1,547	(76.1)	735	(49.7)	3,477	6,132	(43.3)
<b>Operating income (loss) before net realized capital gains (losses)</b>	(2,824)	2,110	NM	(899)	NM	(723)	10,632	NM
Net realized capital gains (losses) (5)	(2,529)	(95)	NM	(1,658)	NM	(5,023)	(106)	NM
<b>Operating income (loss)</b>	<u>\$ (5,353)</u>	<u>\$ 2,015</u>	NM %	<u>\$ (2,557)</u>	NM %	<u>\$ (5,746)</u>	<u>\$ 10,526</u>	NM %
<b>Net loss and loss expense reserve (at period end)</b>				<u>\$ 74,068</u>	(1.8) %	<u>\$ 72,763</u>	<u>\$ 69,505</u>	4.7 %
<b>GAAP Underwriting ratios: (7)</b>								
Loss ratio (2)	83.05	69.70		82.28		76.93	65.63	
Expense ratio	46.03	25.47		31.66		32.16	24.52	
Combined ratio	129.08	95.17		113.94		109.09	90.15	
Combined ratio excluding significant current year catastrophe-related losses	126.49	93.66		102.07		105.10	89.55	
<b>Foreign exchange effect on worldwide growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (8)	(14.1) %					(5.5) %		
Foreign exchange effect	(2.2)					1.6		
Growth as reported in U.S. \$	(16.3) %					(3.9) %		

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Reconciliation of Net Liability for unpaid claims and claims adjustment expense**  
(in millions)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept 30, 2008	Dec. 31, 2008	Dec. 31, 2007
Net liability for unpaid claims and claims adjustment expenses at beginning of period - Consolidated *	\$ 73,753	\$ 66,937	\$ 72,331	\$ 69,288	\$ 62,630
Foreign exchange effect	(1,611)	517	(765)	(2,113)	955
(Divestitures) /Acquisitions (9)	(269)	317	-	(269)	317
Claims and claims adjustment expense:					
Current year	8,721	8,076	9,723	35,085	30,261
Prior years:					
Other than the accretion of loss reserve discount and Transatlantic's general insurance operations	335	(92)	(145)	155	(694)
Transatlantic general insurance operations including prior year catastrophe development	(2)	41	1	-	88
Asbestos settlements *	-	-	-	(37)	(50)
Accretion of loss reserve discount	62	107	79	317	327
Total prior years *	395	56	(65)	435	(329)
Total claims and claims adjustment expense	9,116	8,132	9,658	35,520	29,932
Claims and claims adjustment expenses paid *	8,534	6,615	7,471	29,971	24,546
Net liability for unpaid claims and claims adjustment expenses at end of period - Consolidated *	\$ <u>72,455</u>	\$ <u>69,288</u>	\$ <u>73,753</u>	\$ <u>72,455</u>	\$ <u>69,288</u>

\*Includes certain favorable asbestos settlements that are not included in the General Insurance segment, but which are included in the consolidated results. The effects of such settlements on losses and loss expenses incurred are shown above.

(See Accompanying Notes on Page 19)

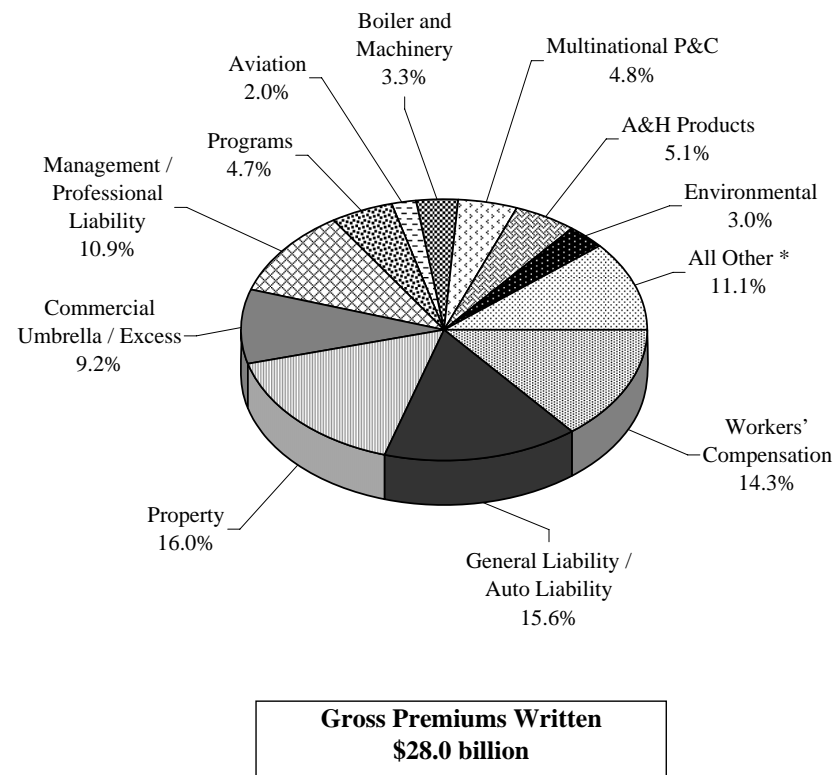
**American International Group, Inc.**  
**AIG Commercial Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Net premiums written	\$ 4,401	\$ 5,652	(22.1) %	\$ 5,597	(21.4) %	\$ 21,099	\$ 24,112	(12.5) %
Net premiums earned	5,287	5,930	(10.8)	5,735	(7.8)	22,351	23,849	(6.3)
Claims and claims adjustment expense (1)	4,621	4,207	9.8	4,936	(6.4)	17,915	15,948	12.3
Statutory underwriting expenses (4)	2,280	1,063	114.5	1,225	86.1	5,901	4,497	31.2
Statutory underwriting profit (loss)	(1,614)	660	NM	(426)	NM	(1,465)	3,404	NM
Change in deferred acquisition costs	(33)	(9)	NM	(53)	NM	(90)	97	NM
Underwriting profit (loss)	(1,647)	651	NM	(479)	NM	(1,555)	3,501	NM
Net investment income								
Interest and dividends	730	785	(7.0)	752	(2.9)	2,969	2,951	0.6
Partnership income	(521)	269	NM	(170)	NM	(714)	1,041	NM
Mutual funds	(49)	1	NM	(60)	NM	(129)	104	NM
Securities lending	(2)	1	NM	2	NM	1	1	0.0
Other investment income (6)	44	41	7.3	73	(39.7)	195	259	(24.7)
Investment expense	(75)	(89)	(15.7)	(85)	(11.8)	(353)	(477)	(26.0)
Total	127	1,008	(87.4)	512	(75.2)	1,969	3,879	(49.2)
<b>Operating income before net realized capital gains (losses)</b>	<b>(1,520)</b>	<b>1,659</b>	<b>NM</b>	<b>33</b>	<b>NM</b>	<b>414</b>	<b>7,380</b>	<b>(94.4)</b>
Net realized capital gains (losses)	(1,602)	(16)	NM	(1,142)	NM	(3,479)	(75)	NM
<b>Operating income (loss)</b>	<b>\$ (3,122)</b>	<b>\$ 1,643</b>	<b>NM %</b>	<b>\$ (1,109)</b>	<b>NM %</b>	<b>\$ (3,065)</b>	<b>\$ 7,305</b>	<b>NM %</b>
<b>GAAP Underwriting ratios:</b>								
Loss ratio	87.40	70.93		86.06		80.15	66.87	
Expense ratio	43.75	18.08		22.28		26.80	18.45	
Combined ratio	131.15	89.01		108.34		106.95	85.32	
Combined ratio excluding significant current year catastrophe-related losses	127.74	87.30		89.56		100.64	84.88	

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**AIG Commercial Insurance**  
**Twelve Months Ended December 31, 2008**

**Gross Premiums Written by Line of Business**



\* All Other includes \$2.4 billion of Personal Lines premiums.

**American International Group, Inc.**  
**Personal Lines Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Net premiums written:								
21st Century	\$ 558	\$ 701	(20.4) %	\$ 685	(18.5) %	\$ 2,690	\$ 2,950	(8.8) %
Agency Auto	135	244	(44.7)	172	(21.5)	857	1,118	(23.3)
Private Client Group	194	184	5.4	250	(22.4)	964	747	29.0
Other	<u>1</u>	<u>(6)</u>	NM	<u>1</u>	0.0	<u>3</u>	<u>(7)</u>	NM
Subtotal	888	1,123	(20.9)	1,108	(19.9)	4,514	4,808	(6.1)
Net premiums earned	1,088	1,179	(7.7)	1,183	(8.0)	4,679	4,695	(0.3)
Claims and claims adjustment expense (1)	885	1,107	(20.1)	867	2.1	3,633	3,660	(0.7)
Statutory underwriting expenses (3)(10)	1,051	312	236.9	307	242.3	1,990	1,226	62.3
Statutory underwriting profit (loss)	(848)	(240)	NM	9	NM	(944)	(191)	NM
Change in deferred acquisition costs	(26)	(2)	NM	(10)	NM	(10)	29	NM
Underwriting profit (loss)	(874)	(242)	NM	(1)	NM	(954)	(162)	NM
Net investment income								
Interest and dividends	54	59	(8.5)	57	(5.3)	228	238	(4.2)
Partnership income	(1)	1	NM	(1)	NM	(1)	2	NM
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	-	-	NM	-	NM	-	-	NM
Other investment income	-	-	NM	-	NM	-	-	NM
Investment expense	<u>4</u>	<u>(2)</u>	NM	<u>(3)</u>	NM	<u>(4)</u>	<u>(9)</u>	(55.6)
Total	57	58	(1.7)	53	7.5	223	231	(3.5)
<b>Operating income before net realized capital gains (losses)</b>	(817)	(184)	NM	52	NM	(731)	69	NM
Net realized capital gains (losses)	<u>(15)</u>	<u>(1)</u>	NM	<u>(29)</u>	NM	<u>(54)</u>	<u>(2)</u>	NM
<b>Operating income (loss)</b>	<u>\$ (832)</u>	<u>\$ (185)</u>	NM %	<u>\$ 23</u>	NM %	<u>\$ (785)</u>	<u>\$ 67</u>	NM %
<b>GAAP Underwriting ratios:</b>								
Loss ratio	81.34	93.85		73.27		77.64	77.95	
Expense ratio	98.99	26.63		26.80		42.74	25.50	
Combined ratio	180.33	120.48		100.07		120.38	103.45	
Combined ratio excluding significant year catastrophe-related losses	173.49	113.89		97.38		118.10	101.84	

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Mortgage Guaranty (UGC) Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Net premiums written	\$ 251	\$ 302	(16.9) %	\$ 280	(10.4) %	\$ 1,123	\$ 1,143	(1.7) %
Net premiums earned	259	229	13.1	254	2.0	1,038	886	17.2
Claims and claims adjustment expense	970	568	70.8	906	7.1	3,264	1,493	118.6
Statutory underwriting expenses (3)(4)	(171)	72	NM	503	NM	440	242	81.8
Statutory underwriting loss	(540)	(411)	NM	(1,155)	NM	(2,666)	(849)	NM
Change in deferred acquisition costs	(3)	23	NM	(9)	NM	1	57	(98.2)
Underwriting loss	(543)	(388)	NM	(1,164)	NM	(2,665)	(792)	NM
Net investment income								
Interest and dividends	47	41	14.6	48	(2.1)	183	159	15.1
Partnership income	-	-	NM	-	NM	-	-	NM
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	-	-	NM	-	NM	-	-	NM
Other investment income	-	-	NM	1	NM	2	1	100.0
Investment expense	-	(1)	NM	(1)	NM	(2)	(2)	0.0
Total	47	40	17.5	48	(2.1)	183	158	15.8
<b>Operating loss before net realized capital gains (losses)</b>	(496)	(348)	NM	(1,116)	NM	(2,482)	(634)	NM
Net realized capital gains (losses)	11	-	NM	(2)	NM	7	(3)	NM
<b>Operating loss</b>	<u>\$ (485)</u>	<u>\$ (348)</u>	NM %	<u>\$ (1,118)</u>	NM %	<u>\$ (2,475)</u>	<u>\$ (637)</u>	NM %
<b>GAAP Underwriting ratios:</b>								
Loss ratio excluding second-lien business	358.64	248.22		279.41		257.38	168.62	
Effect of second-lien business	15.88	-		77.58		57.07	-	
Loss ratio including second-lien business	374.52	248.22		356.99		314.45	168.62	
Expense ratio excluding second-lien business	28.41	21.40		31.18		25.53	20.88	
Effect of second-lien business	(93.27)	-		170.39		16.76	-	
Expense ratio including second-lien business	(64.86)	21.40		201.57		42.29	20.88	
Combined ratio excluding second-lien business	387.05	269.62		310.59		282.91	189.50	
Combined ratio including second-lien business	309.66	269.62		558.56		356.74	189.50	

(See Accompanying Notes on Page 19)



**American International Group, Inc.**  
**Mortgage Guaranty (UGC) Insurance Product Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Net premiums written:</b>								
Domestic first-lien	\$ 156	\$ 162	(3.7) %	\$ 165	(5.5) %	\$ 668	\$ 584	14.4 %
Domestic second-lien	66	55	20.0	54	22.2	238	206	15.5
Student loan	3	9	(66.7)	5	(40.0)	23	65	(64.6)
International	25	71	(64.8)	56	(55.4)	185	269	(31.2)
Other	1	5	(80.0)	-	NM	9	19	(52.6)
<b>Total</b>	<b>251</b>	<b>302</b>	<b>(16.9)</b>	<b>280</b>	<b>(10.4)</b>	<b>1,123</b>	<b>1,143</b>	<b>(1.7)</b>
<b>Statutory underwriting profit (loss):</b>								
Domestic first-lien	(408)	(208)	NM	(364)	NM	(1,247)	(239)	NM
Domestic second-lien	23	(165)	NM	(749)	NM	(1,198)	(553)	NM
Student loan	(11)	(17)	NM	(5)	NM	(9)	(16)	NM
International	(131)	(21)	NM	(37)	NM	(200)	(38)	NM
Other	(13)	-	NM	-	NM	(12)	(3)	NM
<b>Total</b>	<b>\$ (540)</b>	<b>\$ (411)</b>	<b>NM %</b>	<b>\$ (1,155)</b>	<b>NM %</b>	<b>\$ (2,666)</b>	<b>\$ (849)</b>	<b>NM %</b>
<b>Loss ratio:</b>								
Domestic first-lien	341.47	211.79		308.14		276.37	121.87	
Domestic second-lien	423.96	394.99		654.32		514.94	356.82	
Student loan	205.50	NM		141.01		105.94	137.93	
International	512.60	65.41		161.03		223.77	44.01	
Other	NM	NM		NM		NM	NM	
<b>Total</b>	<b>374.52</b>	<b>248.22</b>		<b>356.99</b>		<b>314.45</b>	<b>168.62</b>	

**American International Group, Inc.**  
**Transatlantic Holdings, Inc. Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Net premiums written:								
Domestic	\$ 508	\$ 466	9.0 %	\$ 525	(3.2) %	\$ 2,036	\$ 1,948	4.5 %
International	482	535	(9.9)	569	(15.3)	2,072	2,005	3.3
Subtotal	990	1,001	(1.1)	1,094	(9.5)	4,108	3,953	3.9
Net premiums earned	1,000	1,030	(2.9)	1,027	(2.6)	4,067	3,903	4.2
Claims and claims adjustment expense (1) (11)	703	690	1.9	848	(17.1)	2,907	2,638	10.2
Statutory underwriting expenses (4)	401	281	42.7	275	45.8	1,240	1,100	12.7
Statutory underwriting profit (loss)	(104)	59	NM	(96)	NM	(80)	165	NM
Change in deferred acquisition costs	(1)	(5)	NM	7	NM	7	17	(58.8)
Underwriting profit (loss)	(105)	54	NM	(89)	NM	(73)	182	NM
Net investment income								
Interest and dividends	116	113	2.7	112	3.6	462	438	5.5
Partnership income	(12)	7	NM	(6)	NM	(16)	29	NM
Mutual funds	(1)	-	NM	1	NM	-	-	NM
Securities lending	1	-	NM	-	NM	3	2	50.0
Other investment income (6)	(10)	4	NM	7	NM	1	10	(90.0)
Investment expense	(2)	(2)	0.0	(3)	(33.3)	(10)	(9)	11.1
Total	92	122	(24.6)	111	(17.1)	440	470	(6.4)
<b>Operating income before net realized capital gains (losses)</b>	(13)	176	NM	22	NM	367	652	(43.7)
Net realized capital gains (losses)	(196)	(23)	NM	(177)	NM	(428)	9	NM
<b>Operating income (loss)</b>	<u>\$ (209)</u>	<u>\$ 153</u>	NM %	<u>\$ (155)</u>	NM %	<u>\$ (61)</u>	<u>\$ 661</u>	NM %
<b>GAAP Underwriting ratios:</b>								
Loss ratio	70.30	67.05		82.60		71.48	67.60	
Expense ratio	40.20	27.77		26.10		30.32	27.75	
Combined ratio	110.50	94.82		108.70		101.80	95.35	
Combined ratio excluding significant current year catastrophe-related losses	107.74	94.81		94.10		97.43	95.08	
<b>Foreign exchange effect on Transatlantic's growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (8)	7.5 %					3.9 %		
Foreign exchange effect	(8.6)					-		
Growth as reported in U.S. \$	(1.1) %					3.9 %		

(See Accompanying Notes on Page 19)

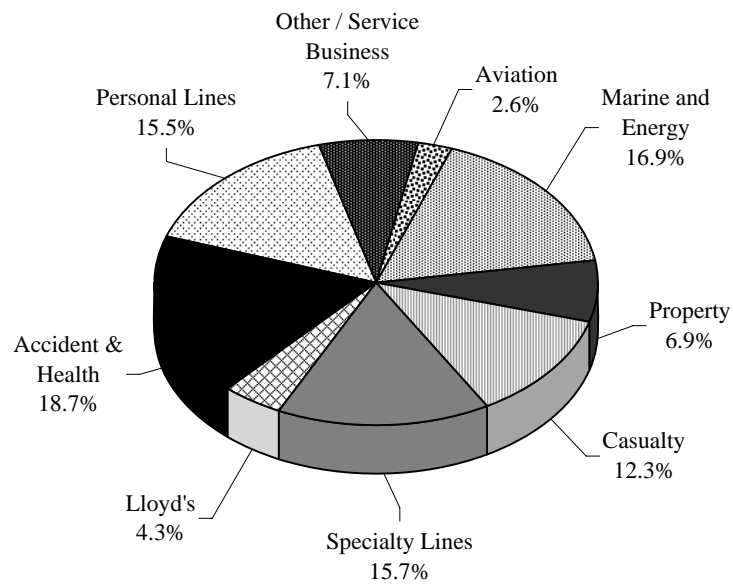
**American International Group, Inc.**  
**Foreign General Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Net premiums written	\$ 2,678	\$ 2,921	(8.3) %	\$ 3,647	(26.6) %	\$ 14,390	\$ 13,051	10.3 %
Net premiums earned	3,347	3,299	1.5	3,532	(5.2)	14,087	12,349	14.1
Claims and claims adjustment expense (1) (2) (11)	1,941	1,560	24.4	2,095	(7.4)	7,838	6,243	25.5
Statutory underwriting expenses (12)	1,273	1,234	3.2	1,363	(6.6)	5,235	4,562	14.8
Statutory underwriting profit	133	505	(73.7)	74	79.7	1,014	1,544	(34.3)
Change in deferred acquisition costs	(158)	(17)	NM	25	NM	33	227	(85.5)
Underwriting profit (loss)	(25)	488	NM	99	NM	1,047	1,771	(40.9)
Net investment income								
Interest and dividends	252	274	(8.0)	288	(12.5)	1,087	1,037	4.8
Partnership income	(74)	30	NM	(65)	NM	(67)	192	NM
Mutual funds	(102)	40	NM	(211)	NM	(329)	174	NM
Securities lending	-	-	NM	-	NM	-	3	NM
Other investment income (6)	12	29	(58.6)	23	(47.8)	93	87	6.9
Investment expense	(40)	(56)	(28.6)	(30)	33.3	(132)	(105)	25.7
Total	47	317	(85.2)	5	NM	651	1,388	(53.1)
<b>Operating income before net realized capital gains (losses)</b>	22	805	(97.3)	104	(78.8)	1,698	3,159	(46.2)
Net realized capital gains (losses)	(727)	(51)	NM	(313)	NM	(1,080)	(22)	NM
<b>Operating income (loss) (13)</b>	<u>\$ (705)</u>	<u>\$ 754</u>	NM %	<u>\$ (209)</u>	NM %	<u>\$ 618</u>	<u>\$ 3,137</u>	(80.3) %
<b>GAAP Underwriting ratios:</b>								
Loss ratio (2)	57.99	47.31		59.31		55.64	50.56	
Expense ratio	42.75	37.92		37.88		36.93	35.10	
Combined ratio	100.74	85.23		97.19		92.57	85.66	
Combined ratio excluding significant current year catastrophe-related losses	100.59	85.23		93.45		91.56	84.92	
<b>Foreign exchange effect on Foreign General's growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (8)	(2.9) %					4.6 %		
Foreign exchange effect	(5.4)					5.7		
Growth as reported in U.S. \$	(8.3) %					10.3 %		

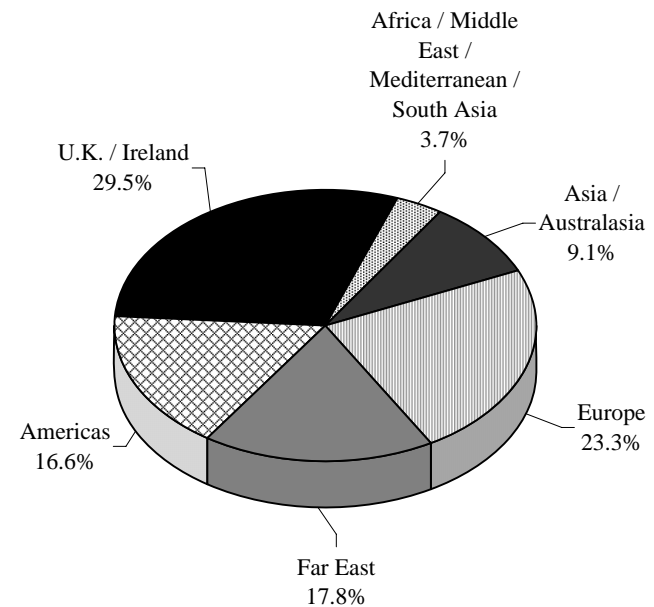
(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Foreign General Insurance Gross Premiums Written**  
**Twelve Months Ended December 31, 2008**

**Gross Premiums Written by Division**



**Gross Premiums Written by Region**



**Gross Premiums Written**  
**\$21.8 billion**

# American International Group, Inc.

## General Insurance

### Notes

- (1) Includes significant current year catastrophe-related losses and net reinstatement premiums as follows:

(in millions)	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007	
AIG Commercial Insurance	\$179	\$100	\$1,077	\$1,413	\$100	
Personal Lines	73	75	32	107	75	
Transatlantic	28	-	149	177	10	
Foreign General	5	-	133	143	91	
Total	\$285	\$175	\$1,391	\$1,840	\$276	

- (2) Total General Insurance and Foreign General both include changes in future policy benefits for certain accident and health insurance contracts.  
(3) Statutory underwriting expenses in the three months ended December 31, 2008 and September 30, 2008 and the twelve months ended December 31, 2008 include \$(231) million, \$453 million and \$222 million, respectively, of (benefits) expenses related to UGC's premium deficiency reserve recorded on its second-lien business.  
(4) Statutory underwriting expenses in the three months ended and twelve months ended December 31, 2008 includes \$2.0 billion of goodwill impairment charges, of which \$1.2 billion was recorded by AIG Parent. The goodwill impairment charges by reporting unit are as follows:

(in millions)	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007	
AIG Commercial Insurance	\$1,196	\$-	\$-	\$1,196	\$-	
Personal Lines	696	-	-	696	-	
UGC	11	-	-	11	-	
Transatlantic	127	-	-	127	-	
Total	\$2,030	\$-	\$-	\$2,030	\$-	

- (5) Total may not equal the sum of the individual group totals due to consolidating eliminations.  
(6) Other investment income is comprised principally of real estate income and changes in market value associated with trading portfolios.  
(7) The ratios for all periods include the underwriting results of the UGC second-lien business which was placed in run-off in September 2008. The expense ratio for the three- and nine month periods ended September 30, 2008 were increased by 178.6 and 58.2 points, respectively, due to the premium deficiency reserve noted above and was reduced by 89.2 in the fourth quarter of 2008.  
(8) Computed using a constant exchange rate for each period.  
(9) Reflects the closing balance with respect to divestiture of Unibanco in 2008 and the acquisition of WüBA in 2007.  
(10) Statutory underwriting expenses include the results of wholly owned Personal Lines agencies and the amortization of advertising costs.  
(11) Includes severe but non-catastrophic losses as follows:

(in millions)	Three Months Ended			Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007	
AIG Commercial Insurance	\$-	\$-	\$-	\$11	\$-	
Transatlantic	-	-	-	-	37	
Foreign General	25	47	30	165	128	
Total	\$25	\$47	\$30	\$176	\$165	

- (12) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.  
(13) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.

**American International Group, Inc.**  
**Life Insurance & Retirement Services Operating Statistics** <sup>(a)</sup>  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Premiums, deposits and other considerations</b>	<b>\$ 15,247</b>	<b>\$ 24,783</b>	<b>(38.5) %</b>	<b>\$ 22,289</b>	<b>(31.6) %</b>	<b>\$ 88,370</b>	<b>\$ 91,396</b>	<b>(3.3) %</b>
<b>Revenues:</b>								
Premiums and other considerations	\$ 9,038	\$ 8,732	3.5 %	\$ 9,354	(3.4) %	\$ 37,295	\$ 33,627	10.9 %
Net investment income								
Interest and dividends <sup>(b)</sup>	4,289	4,727	(9.3)	5,171	(17.1)	19,001	18,698	1.6
Partnership income (loss) excluding synfuels	(769)	235	NM	(571)	NM	(1,210)	823	NM
Partnership loss - synfuels	(1)	-	NM	(2)	NM	(11)	(101)	NM
Mutual funds	(191)	56	NM	(365)	NM	(559)	228	NM
Trading account losses	(3)	(57)	NM	(501)	NM	(725)	(150)	NM
Securities lending	192	5	NM	100	92.0	370	53	NM
Other	239	138	73.2	188	27.1	729	341	113.8
Investment expenses	(130)	(108)	20.4	(113)	15.0	(505)	(454)	11.2
Net investment income before policyholder investment income and trading gains (losses)	3,626	4,996	(27.4)	3,907	(7.2)	17,090	19,438	(12.1)
Net investment income related to policyholder investment income and trading gains (losses)	(5,254)	877	NM	(1,562)	NM	(6,984)	2,903	NM
Total net investment income	(1,628)	5,873	NM	2,345	NM	10,106	22,341	(54.8)
<b>Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)</b>	<b>12,664</b>	<b>13,728</b>	<b>(7.8)</b>	<b>13,261</b>	<b>(4.5)</b>	<b>54,385</b>	<b>53,065</b>	<b>2.5</b>
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>7,410</b>	<b>14,605</b>	<b>(49.3)</b>	<b>11,699</b>	<b>(36.7)</b>	<b>47,401</b>	<b>55,968</b>	<b>(15.3)</b>
<b>Benefits and expenses:</b>								
Policyholder benefits and claims incurred before the effect of policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	7,766	9,154	(15.2)	9,043	(14.1)	34,578	33,285	3.9
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	(5,254)	877	NM	(1,562)	NM	(6,984)	2,903	NM
Policyholder benefits and claims incurred	2,512	10,031	(75.0)	7,481	(66.4)	27,594	36,188	(23.7)
Policy acquisition and other insurance expense	2,937	1,916	53.3	3,206	(8.4)	11,687	9,196	27.1
Goodwill impairment	1,219	-	NM	-	NM	1,219	-	NM
<b>Total benefits and expenses</b>	<b>6,668</b>	<b>11,947</b>	<b>(44.2)</b>	<b>10,687</b>	<b>(37.6)</b>	<b>40,500</b>	<b>45,384</b>	<b>(10.8)</b>
<b>Operating income excluding net realized capital gains (losses)</b>	<b>742</b>	<b>2,658</b>	<b>(72.1)</b>	<b>1,012</b>	<b>(26.7)</b>	<b>6,901</b>	<b>10,584</b>	<b>(34.8)</b>
Net realized capital gains (losses)	(18,627)	(1,372)	NM	(16,341)	NM	(44,347)	(2,398)	NM
<b>Operating income (loss)</b>	<b>\$ (17,885)</b>	<b>\$ 1,286</b>	<b>NM %</b>	<b>\$ (15,329)</b>	<b>NM %</b>	<b>\$ (37,446)</b>	<b>\$ 8,186</b>	<b>NM %</b>
<b>Foreign exchange effect on worldwide growth:</b>								
<b>Premiums, deposits and other considerations</b>								
Growth in original currency <sup>(c)</sup>	(37.9) %					(5.7) %		
Foreign exchange effect	(0.6)					2.4		
Growth as reported in U.S. \$	(38.5)					(3.3)		
<b>Premiums and other considerations</b>								
Growth in original currency <sup>(c)</sup>	4.0					6.3		
Foreign exchange effect	(0.5)					4.6		
Growth as reported in U.S. \$	3.5 %					10.9 %		
<b>Gross life insurance in force (at period end)</b>				\$ 2,422,283	(1.8) %	\$ 2,378,315	\$ 2,312,045	2.9 %

(a) Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.

(b) Interest and dividends include loss of \$194 million related to AIG's retained interest in Maiden Lane II.

(c) Computed using a constant exchange rate for each period.

**American International Group, Inc.**  
**Domestic Life Insurance & Retirement Services Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
Premiums, deposits and other considerations	\$ 5,085	\$ 6,129	(17.0) %	\$ 6,915	(26.5) %	\$ 26,835	\$ 25,246	6.3 %
Revenues:								
Premiums and other considerations	\$ 1,616	\$ 1,752	(7.8) %	\$ 1,995	(19.0) %	\$ 7,376	\$ 7,026	5.0 %
Net investment income:								
Interest and dividends*	1,921	2,421	(20.7)	2,394	(19.8)	8,923	9,886	(9.7)
Partnership income (loss) excluding synfuels	(657)	193	NM	(531)	NM	(1,069)	695	NM
Partnership loss - synfuels	(1)	-	NM	(2)	NM	(11)	(101)	NM
Mutual funds	(19)	-	NM	(3)	NM	(21)	4	NM
Securities lending	189	3	NM	97	94.8	357	43	NM
Other	155	58	167.2	22	NM	240	76	215.8
Investment expenses	(25)	(35)	(28.6)	(33)	(24.2)	(121)	(115)	5.2
Net investment income before policyholder investment income and trading gains (losses)	1,563	2,640	(40.8)	1,944	(19.6)	8,298	10,488	(20.9)
Net investment income related to policyholder investment income and trading gains (losses)	(68)	(5)	NM	(73)	NM	(153)	4	NM
Total net investment income	1,495	2,635	(43.3)	1,871	(20.1)	8,145	10,492	(22.4)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	3,179	4,392	(27.6)	3,939	(19.3)	15,674	17,514	(10.5)
Total revenues excluding net realized capital gains (losses)	3,111	4,387	(29.1)	3,866	(19.5)	15,521	17,518	(11.4)
Benefits and expenses:								
Policyholder benefits and claims incurred before the effect of policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	2,543	2,511	1.3	2,869	(11.4)	10,717	10,062	6.5
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	(68)	(5)	NM	(73)	NM	(153)	4	NM
Policyholder benefits and claims incurred	2,475	2,506	(1.2)	2,796	(11.5)	10,564	10,066	4.9
Policy acquisition and other insurance expense	22	854	(97.4)	1,020	(97.8)	2,285	3,252	(29.7)
Goodwill impairment	1,219	-	NM	-	NM	1,219	-	NM
Total benefits and expenses	3,716	3,360	10.6	3,816	(2.6)	14,068	13,318	5.6
Operating income (loss) before net realized capital gains (losses)	(605)	1,027	NM	50	NM	1,453	4,200	(65.4)
Net realized capital gains (losses)	(11,928)	(1,264)	NM	(12,886)	NM	(32,562)	(2,211)	NM
Operating income (loss)	\$ (12,533)	\$ (237)	NM %	\$ (12,836)	NM %	\$ (31,109)	\$ 1,989	NM %
Gross life insurance in force (at period end)				\$ 1,027,600	(0.2) %	\$ 1,025,762	\$ 984,794	4.2 %

\*Interest and dividends include loss of \$190 million related to AIG's retained interest in Maiden Lane II.

**American International Group, Inc.**  
**Domestic Life Insurance Product Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 741	\$ 848	(12.6) %	\$ 759	(2.4) %	\$ 3,177	\$ 3,281	(3.2) %
Home service	271	246	10.2	260	4.2	1,008	938	7.5
Group life/health	220	209	5.3	215	2.3	864	854	1.2
Payout annuities	476	616	(22.7)	867	(45.1)	2,893	2,612	10.8
Individual fixed and runoff annuities	229	69	231.9	361	(36.6)	930	420	121.4
<b>Total premiums, deposits and other considerations</b>	<b>1,937</b>	<b>1,988</b>	<b>(2.6)</b>	<b>2,462</b>	<b>(21.3)</b>	<b>8,872</b>	<b>8,105</b>	<b>9.5</b>
<b>Premiums and other considerations:</b>								
Life insurance (2)	601	585	2.7	667	(9.9)	2,478	2,352	5.4
Home service	180	191	(5.8)	189	(4.8)	743	767	(3.1)
Group life/health	214	205	4.4	211	1.4	847	842	0.6
Payout annuities (3)	334	450	(25.8)	639	(47.7)	2,131	1,820	17.1
Individual fixed and runoff annuities	14	13	7.7	8	75.0	49	55	(10.9)
<b>Total premiums and other considerations</b>	<b>1,343</b>	<b>1,444</b>	<b>(7.0)</b>	<b>1,714</b>	<b>(21.6)</b>	<b>6,248</b>	<b>5,836</b>	<b>7.1</b>
<b>Net investment income (4):</b>								
Life insurance	323	384	(15.9)	404	(20.0)	1,477	1,524	(3.1)
Home service	136	161	(15.5)	161	(15.5)	613	640	(4.2)
Group life/health	48	48	0.0	49	(2.0)	192	200	(4.0)
Payout annuities	292	301	(3.0)	327	(10.7)	1,242	1,153	7.7
Individual fixed and runoff annuities	105	110	(4.5)	105	0.0	428	474	(9.7)
<b>Net investment income before policyholder investment income and trading gains (losses)</b>	<b>904</b>	<b>1,004</b>	<b>(10.0)</b>	<b>1,046</b>	<b>(13.6)</b>	<b>3,952</b>	<b>3,991</b>	<b>(1.0)</b>
Net investment income related to policyholder investment income and trading gains (losses) (5)	(68)	(5)	NM	(73)	NM	(153)	4	NM
<b>Total net investment income</b>	<b>836</b>	<b>999</b>	<b>(16.3)</b>	<b>973</b>	<b>(14.1)</b>	<b>3,799</b>	<b>3,995</b>	<b>(4.9)</b>
<b>Policyholder benefits and claims incurred excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	606	590	2.7	545	11.2	2,313	2,275	1.7
Home service	169	169	0.0	167	1.2	676	684	(1.2)
Group life/health	149	138	8.0	180	(17.2)	643	572	12.4
Payout annuities	589	685	(14.0)	880	(33.1)	3,087	2,730	13.1
Individual fixed and runoff annuities	68	80	(15.0)	66	3.0	273	306	(10.8)
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of policyholder benefits and claims incurred to policyholder investment income and trading gains (losses)</b>	<b>1,581</b>	<b>1,662</b>	<b>(4.9)</b>	<b>1,838</b>	<b>(14.0)</b>	<b>6,992</b>	<b>6,567</b>	<b>6.5</b>
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses) (5)	(68)	(5)	NM	(73)	NM	(153)	4	NM
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b>1,513</b>	<b>1,657</b>	<b>(8.7)</b>	<b>1,765</b>	<b>(14.3)</b>	<b>6,839</b>	<b>6,571</b>	<b>4.1</b>
<b>Policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance (2)	227	177	28.2	247	(8.1)	880	800	10.0
Home service	119	110	8.2	96	24.0	405	408	(0.7)
Group life/health	94	99	(5.1)	86	9.3	350	387	(9.6)
Payout annuities	21	31	(32.3)	29	(27.6)	103	102	1.0
Individual fixed and runoff annuities	33	26	26.9	20	65.0	102	131	(22.1)
<b>Total policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment</b>	<b>\$ 494</b>	<b>\$ 443</b>	<b>11.5 %</b>	<b>\$ 478</b>	<b>3.3 %</b>	<b>\$ 1,840</b>	<b>\$ 1,828</b>	<b>0.7 %</b>

(See Accompanying Notes on Page 27)



**American International Group, Inc.**  
**Domestic Life Insurance Product Statistics (continued)**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment</b>								
Life insurance	\$ 91	\$ 202	(55.0) %	\$ 279	(67.4) %	\$ 762	\$ 801	(4.9) %
Home service	28	73	(61.6)	87	(67.8)	275	315	(12.7)
Group life/health	19	16	18.8	(6)	NM	46	83	(44.6)
Payout annuities	16	35	(54.3)	57	(71.9)	183	141	29.8
Individual fixed and runoff annuities	18	17	5.9	27	(33.3)	102	92	10.9
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment</b>	<b>172</b>	<b>343</b>	<b>(49.9)</b>	<b>444</b>	<b>(61.3)</b>	<b>1,368</b>	<b>1,432</b>	<b>(4.5)</b>
<b>Amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	(108)	(2)	NM	(16)	NM	(140)	(9)	NM
Home service	(105)	(1)	NM	(4)	NM	(113)	(1)	NM
Group life/health	-	-	NM	-	NM	-	-	NM
Payout annuities	-	-	NM	-	NM	-	-	NM
Individual fixed and runoff annuities	(78)	(2)	NM	(16)	NM	(111)	(3)	NM
<b>Total amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(291)</b>	<b>(5)</b>	<b>NM</b>	<b>(36)</b>	<b>NM</b>	<b>(364)</b>	<b>(13)</b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	199	204	(2.5)	295	(32.5)	902	810	11.4
Home service	133	74	79.7	91	46.2	388	316	22.8
Group life/health	19	16	18.8	(6)	NM	46	83	(44.6)
Payout annuities	16	35	(54.3)	57	(71.9)	183	141	29.8
Individual fixed and runoff annuities	96	19	405.3	43	123.3	213	95	124.2
<b>Total operating income before net realized capital gains (losses) and goodwill impairment</b>	<b>463</b>	<b>348</b>	<b>33.0</b>	<b>480</b>	<b>(3.5)</b>	<b>1,732</b>	<b>1,445</b>	<b>19.9</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	(2,546)	(371)	NM	(3,471)	NM	(8,182)	(584)	NM
Home service	(507)	(58)	NM	(577)	NM	(1,422)	(100)	NM
Group life/health	(245)	(6)	NM	(64)	NM	(336)	(16)	NM
Payout annuities	(943)	(16)	NM	(211)	NM	(1,209)	(67)	NM
Individual fixed and runoff annuities	(272)	(29)	NM	(68)	NM	(419)	(36)	NM
<b>Total net realized capital gains (losses)</b>	<b>(4,513)</b>	<b>(480)</b>	<b>NM</b>	<b>(4,391)</b>	<b>NM</b>	<b>(11,568)</b>	<b>(803)</b>	<b>NM</b>
<b>Operating income (loss) before goodwill impairment:</b>								
Life insurance	(2,347)	(167)	NM	(3,176)	NM	(7,280)	226	NM
Home service	(374)	16	NM	(486)	NM	(1,034)	216	NM
Group life/health	(226)	10	NM	(70)	NM	(290)	67	NM
Payout annuities	(927)	19	NM	(154)	NM	(1,026)	74	NM
Individual fixed and runoff annuities	(176)	(10)	NM	(25)	NM	(206)	59	NM
<b>Total operating income (loss) before goodwill impairment</b>	<b>(4,050)</b>	<b>(132)</b>	<b>NM</b>	<b>(3,911)</b>	<b>NM</b>	<b>(9,836)</b>	<b>642</b>	<b>NM</b>
Goodwill impairment	(402)	-	NM	-	NM	(402)	-	NM
<b>Total operating income (loss)</b>	<b>\$ (4,452)</b>	<b>\$ (132)</b>	<b>NM %</b>	<b>\$ (3,911)</b>	<b>NM %</b>	<b>\$ (10,238)</b>	<b>\$ 642</b>	<b>NM %</b>

(See Accompanying Notes on Page 27)

**American International Group, Inc.**  
**Domestic Life Insurance Other Data**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Life insurance</b>								
Periodic premium sales (6):								
Individual/retail	\$ 79	\$ 143	(44.8) %	\$ 108	(26.9) %	\$ 412	\$ 492	(16.3) %
Institutional markets	7	4	75.0	3	133.3	39	21	85.7
<b>Total periodic premium sales</b>	<b>\$ 86</b>	<b>\$ 147</b>	<b>(41.5) %</b>	<b>\$ 111</b>	<b>(22.5) %</b>	<b>\$ 451</b>	<b>\$ 513</b>	<b>(12.1) %</b>
Periodic premium sales and deposits by product:								
Universal life	32	80	(60.0)	42	(23.8)	167	230	(27.4)
Variable universal life	12	11	9.1	9	33.3	63	55	14.5
Term life	39	54	(27.8)	58	(32.8)	210	219	(4.1)
Whole life/other	3	2	50.0	2	50.0	11	9	22.2
Total periodic premium sales	86	147	(41.5)	111	(22.5)	451	513	(12.1)
Unscheduled and single deposits	42	111	(62.2)	52	(19.2)	267	426	(37.3)
<b>Total sales and deposits (6)</b>	<b>128</b>	<b>258</b>	<b>(50.4)</b>	<b>163</b>	<b>(21.5)</b>	<b>718</b>	<b>939</b>	<b>(23.5)</b>
Life insurance reserves:								
General account				19,147	0.2	19,194	18,599	3.2
Separate accounts				4,893	(14.4)	4,188	5,399	(22.4)
Gross life insurance in force				850,804	(0.1)	849,935	799,972	6.2
<b>Home service</b>								
Life/Accident & Health sales	18	25	(28.0)	25	(28.0)	87	96	(9.4)
Fixed annuity sales	76	43	76.7	54	40.7	199	116	71.6
Unscheduled and single deposits	4	6	(33.3)	7	(42.9)	21	18	16.7
<b>Total sales and deposits (6)</b>	<b>98</b>	<b>74</b>	<b>32.4</b>	<b>86</b>	<b>14.0</b>	<b>307</b>	<b>230</b>	<b>33.5</b>
Total insurance reserves				7,511	(0.1)	7,506	7,431	1.0
Gross life insurance in force				65,935	(0.1)	65,891	65,443	0.7
<b>Group life/health</b>								
Sales and deposits (6)	21	30	(30.0)	28	(25.0)	121	118	2.5
Annualized earned premium				927	(4.4)	886	912	(2.9)
Gross life insurance in force				93,505	(0.8)	92,717	98,970	(6.3)
<b>Payout annuities</b>								
Sales and deposits (6)	476	616	(22.7)	867	(45.1)	2,893	2,612	10.8
Insurance reserves				18,190	0.8	18,327	16,452	11.4
<b>Individual fixed annuities (including runoff)</b>								
Sales and deposits (6)	\$ 229	\$ 69	231.9 %	361	(36.6)	930	420	121.4
Insurance reserves				\$ 8,507	(10.2) %	\$ 7,641	\$ 9,424	(18.9) %

(See Accompanying Notes on Page 27)

**American International Group, Inc.**  
**Domestic Life Insurance**  
**Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Life insurance</b>								
Balance at beginning of period	\$ 4,815	\$ 4,318	11.5 %	\$ 4,701	2.4 %	\$ 4,447	\$ 3,919	13.5 %
Acquisition costs deferred	145	174	(16.7)	147	(1.4)	618	632	(2.2)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	108	2	NM	16	NM	140	9	NM
Related to unlocking future assumptions	-	25	NM	-	NM	-	25	NM
All other amortization	(111)	(72)	NM	(106)	NM	(381)	(307)	NM
Change in unrealized gains (losses) on securities	61	(5)	NM	79	(22.8)	233	86	170.9
Increase (decrease) due to foreign exchange (7)	(74)	5	NM	(22)	NM	(113)	83	NM
Other	-	-	NM	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>4,944</b>	<b>4,447</b>	<b>11.2</b>	<b>4,815</b>	<b>2.7</b>	<b>4,944</b>	<b>4,447</b>	<b>11.2</b>
<b>Home service</b>								
Balance at beginning of period	1,665	1,529	8.9	1,569	6.1	1,499	1,517	(1.2)
Acquisition costs deferred	39	46	(15.2)	41	(4.9)	160	175	(8.6)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	105	1	NM	4	NM	113	1	NM
Related to unlocking future assumptions	(4)	(22)	NM	-	NM	(4)	(22)	NM
All other amortization	(64)	(36)	NM	(44)	NM	(195)	(176)	NM
Change in unrealized gains (losses) on securities	(47)	(19)	NM	95	NM	121	12	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	(8)	NM
<b>Balance at end of period</b>	<b>1,694</b>	<b>1,499</b>	<b>13.0</b>	<b>1,665</b>	<b>1.7</b>	<b>1,694</b>	<b>1,499</b>	<b>13.0</b>
<b>Group life/health</b>								
Balance at beginning of period	103	106	(2.8)	104	(1.0)	106	193	(45.1)
Acquisition costs deferred	6	10	(40.0)	3	100.0	18	45	(60.0)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	7	NM	-	NM	-	7	NM
All other amortization	(4)	(17)	NM	(7)	NM	(25)	(85)	NM
Change in unrealized gains (losses) on securities	(2)	-	NM	3	NM	4	2	100.0
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	(56)	NM
<b>Balance at end of period</b>	<b>\$ 103</b>	<b>\$ 106</b>	<b>(2.8) %</b>	<b>\$ 103</b>	<b>0.0 %</b>	<b>\$ 103</b>	<b>\$ 106</b>	<b>(2.8) %</b>

(See Accompanying Notes on Page 27)

**American International Group, Inc.**  
**Domestic Life Insurance**  
**Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired (continued)**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Payout annuities</b>								
Balance at beginning of period	\$ 84	\$ 72	16.7 %	\$ 81	3.7 %	\$ 75	\$ 62	21.0 %
Acquisition costs deferred	2	4	(50.0)	4	(50.0)	14	18	(22.2)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	-	(1)	NM	(1)	NM	(3)	(5)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>86</b>	<b>75</b>	<b>14.7</b>	<b>84</b>	<b>2.4</b>	<b>86</b>	<b>75</b>	<b>14.7</b>
<b>Individual fixed and runoff annuities</b>								
Balance at beginning of period	455	386	17.9	402	13.2	358	361	(0.8)
Acquisition costs deferred	22	8	175.0	23	(4.3)	71	40	77.5
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	78	2	NM	16	387.5	111	3	NM
Related to unlocking future assumptions	(8)	(5)	NM	-	NM	(8)	(5)	NM
All other amortization	(23)	(22)	NM	(13)	NM	(76)	(105)	NM
Change in unrealized gains (losses) on securities	(48)	(11)	NM	28	NM	21	62	(66.1)
Increase (decrease) due to foreign exchange	(2)	-	NM	(1)	NM	(3)	2	NM
Other	1	-	NM	-	NM	1	-	NM
<b>Balance at end of period</b>	<b>475</b>	<b>358</b>	<b>32.7</b>	<b>455</b>	<b>4.4</b>	<b>475</b>	<b>358</b>	<b>32.7</b>
<b>Total</b>								
Balance at beginning of period	7,122	6,411	11.1	6,857	3.9	6,485	6,052	7.2
Acquisition costs deferred	214	242	(11.6)	218	(1.8)	881	910	(3.2)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	291	5	NM	36	NM	364	13	NM
Related to unlocking future assumptions	(12)	5	NM	-	NM	(12)	5	NM
All other amortization	(202)	(148)	NM	(171)	NM	(680)	(678)	NM
Change in unrealized gains (losses) on securities	(36)	(35)	NM	205	NM	379	162	134.0
Increase (decrease) due to foreign exchange (7)	(76)	5	NM	(23)	NM	(116)	85	NM
Other	1	-	NM	-	NM	1	(64)	NM
<b>Balance at end of period</b>	<b>\$ 7,302</b>	<b>\$ 6,485</b>	<b>12.6 %</b>	<b>\$ 7,122</b>	<b>2.5 %</b>	<b>\$ 7,302</b>	<b>\$ 6,485</b>	<b>12.6 %</b>

(See Accompanying Notes on Page 27)

# American International Group, Inc.

## Domestic Life Insurance

### Notes

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis.
- (2) Life insurance premiums and other considerations for the three months ended September 30, 2008 and twelve months ended December 31, 2008, were positively affected by a decrease of \$52 million in the unearned revenue liability related to certain blocks of universal life business, resulting from an out of period adjustment. This amount was partially offset by higher DAC amortization, resulting in a net benefit of \$22 million for these respective periods.
- (3) Includes structured settlements, single premium immediate annuities and terminal funding annuities.
- (4) The components of net investment income were as follows:

(in millions)	Three Months Ended Dec. 31,			Twelve Months Ended Dec. 31,		
	2008	2007	% Change	2008	2007	% Change
Base investment income	\$968	\$950	1.8%	\$3,822	\$3,757	1.7%
Partnership income (loss) – excluding Synfuels	(85)	10	(950.0)	(63)	123	(151.2)
Partnership loss - Synfuels	(1)	-	NM	(11)	(101)	(89.1)
Other enhancements (a)	22	44	(50.0)	204	212	(3.8)
Net investment income before policyholder investment income and trading gains (losses)	904	1,004	(9.9)	3,952	3,991	(1.0)
Net investment income related to policyholder investment income and trading gains (losses)	(68)	(5)	NM	(153)	4	NM
<b>Total net investment income</b>	<b>\$836</b>	<b>\$999</b>	<b>(16.3)%</b>	<b>\$3,799</b>	<b>\$3,995</b>	<b>(4.9)%</b>

- (a) Enhancements include gains on calls, prepayments fees and trading gains (losses) not associated with SOP 03-1. The twelve months ended December 31, 2008 include a reduction of \$44 million as a result of a change in the projected cash flows relating to income taxes with respect to certain leveraged lease investments.

- (5) Relates principally to assets held in various trading securities accounts that did not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal amount included in incurred policy losses and benefits.
- (6) Life insurance sales include periodic premium from new business expected to be collected over a one-year period and unscheduled and single premiums from new and existing policyholders. Sales of group accident and health insurance represent annualized first year premium from new policies. Annuity sales represent deposits from new and existing policyholders.
- (7) Relates to business in Canada.

**American International Group, Inc.**  
**Domestic Retirement Services Product Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Group retirement products (1)	\$ 1,632	\$ 1,821	(10.4) %	\$ 1,829	(10.8) %	\$ 7,181	\$ 7,531	(4.6) %
Individual fixed annuities	1,240	1,228	1.0	1,561	(20.6)	7,276	5,085	43.1
Individual variable annuities	265	1,079	(75.4)	1,051	(74.8)	3,455	4,472	(22.7)
Individual annuities - runoff	11	13	(15.4)	12	(8.3)	51	53	(3.8)
<b>Total premiums, deposits and other considerations</b>	<b>3,148</b>	<b>4,141</b>	<b>(24.0)</b>	<b>4,453</b>	<b>(29.3)</b>	<b>17,963</b>	<b>17,141</b>	<b>4.8</b>
<b>Fee and other income:</b>								
Group retirement products	81	115	(29.6)	102	(20.6)	401	446	(10.1)
Individual fixed annuities	62	21	195.2	26	138.5	128	96	33.3
Individual variable annuities	125	167	(25.1)	150	(16.7)	584	627	(6.9)
Individual annuities - runoff	5	5	0.0	3	66.7	15	21	(28.6)
<b>Total fee and other income</b>	<b>273</b>	<b>308</b>	<b>(11.4)</b>	<b>281</b>	<b>(2.8)</b>	<b>1,128</b>	<b>1,190</b>	<b>(5.2)</b>
<b>Investment spread:</b>								
<b>Net investment income:</b>								
Group retirement products	172	559	(69.2)	307	(44.0)	1,461	2,280	(35.9)
Individual fixed annuities	412	941	(56.2)	499	(17.4)	2,487	3,664	(32.1)
Individual variable annuities	2	43	(95.3)	14	(85.7)	85	166	(48.8)
Individual annuities - runoff	73	93	(21.5)	78	(6.4)	313	387	(19.1)
<b>Total net investment income</b>	<b>659</b>	<b>1,636</b>	<b>(59.7)</b>	<b>898</b>	<b>(26.6)</b>	<b>4,346</b>	<b>6,497</b>	<b>(33.1)</b>
<b>Interest credited:</b>								
Group retirement products	325	301	8.0	317	2.5	1,249	1,179	5.9
Individual fixed annuities	509	493	3.2	546	(6.8)	2,037	1,975	3.1
Individual variable annuities	105	31	238.7	66	59.1	227	114	99.1
Individual annuities - runoff	58	63	(7.9)	59	(1.7)	239	262	(8.8)
<b>Total interest credited</b>	<b>997</b>	<b>888</b>	<b>12.3</b>	<b>988</b>	<b>0.9</b>	<b>3,752</b>	<b>3,530</b>	<b>6.3</b>
<b>Net investment spread:</b>								
Group retirement products	(153)	258	NM	(10)	NM	212	1,101	(80.7)
Individual fixed annuities	(97)	448	NM	(47)	NM	450	1,689	(73.4)
Individual variable annuities	(103)	12	NM	(52)	NM	(142)	52	NM
Individual annuities - runoff	15	30	(50.0)	19	(21.1)	74	125	(40.8)
<b>Total net investment spread</b>	<b>(338)</b>	<b>748</b>	<b>NM</b>	<b>(90)</b>	<b>NM</b>	<b>594</b>	<b>2,967</b>	<b>(80.0)</b>
<b>Policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment:</b>								
Group retirement products	303	131	131.3	133	127.8	630	434	45.2
Individual fixed annuities	220	135	63.0	259	(15.1)	746	574	30.0
Individual variable annuities	622	182	241.8	607	2.5	1,499	528	183.9
Individual annuities - runoff	13	13	0.0	13	0.0	57	68	(16.2)
<b>Total policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment(2)</b>	<b>\$ 1,158</b>	<b>\$ 461</b>	<b>151.2 %</b>	<b>\$ 1,012</b>	<b>14.4 %</b>	<b>\$ 2,932</b>	<b>\$ 1,604</b>	<b>82.8 %</b>

(See Accompanying Notes on Pages 36)

**American International Group, Inc.**  
**Domestic Retirement Services Product Statistics (continued)**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment:</b>								
Group retirement products	\$ (375)	\$ 242	NM %	\$ (41)	NM %	\$ (17)	\$ 1,113	NM %
Individual fixed annuities	(255)	334	NM	(280)	NM	(168)	1,211	NM
Individual variable annuities	(600)	(3)	NM	(509)	NM	(1,057)	151	NM
Individual annuities - runoff	<u>7</u>	<u>22</u>	(68.2)	<u>9</u>	(22.2)	<u>32</u>	<u>78</u>	(59.0)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment</b>	<b><u>(1,223)</u></b>	<b><u>595</u></b>	<b>NM</b>	<b><u>(821)</u></b>	<b>NM</b>	<b><u>(1,210)</u></b>	<b><u>2,553</u></b>	<b>NM</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Group retirement products	(259)	(15)	NM	(87)	NM	(435)	(34)	NM
Individual fixed annuities	(771)	(73)	NM	(250)	NM	(1,261)	(148)	NM
Individual variable annuities	(344)	5	NM	(54)	NM	(454)	(16)	NM
Individual annuities - runoff	<u>-</u>	<u>(1)</u>	NM	<u>-</u>	NM	<u>-</u>	<u>(4)</u>	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b><u>(1,374)</u></b>	<b><u>(84)</u></b>	<b>NM</b>	<b><u>(391)</u></b>	<b>NM</b>	<b><u>(2,150)</u></b>	<b><u>(202)</u></b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses) and goodwill impairment:</b>								
Group retirement products	(116)	257	NM	46	NM	418	1,147	(63.6)
Individual fixed annuities	516	407	26.8	(30)	NM	1,093	1,359	(19.6)
Individual variable annuities	(256)	(8)	NM	(455)	NM	(603)	167	NM
Individual annuities - runoff	<u>7</u>	<u>23</u>	(69.6)	<u>9</u>	(22.2)	<u>32</u>	<u>82</u>	(61.0)
<b>Total operating income before net realized capital gains (losses) and goodwill impairment (3)</b>	<b><u>151</u></b>	<b><u>679</u></b>	<b>(77.8)</b>	<b><u>(430)</u></b>	<b>NM</b>	<b><u>940</u></b>	<b><u>2,755</u></b>	<b>(65.9)</b>
<b>Net realized capital gains (losses):</b>								
Group retirement products	(2,487)	(222)	NM	(2,533)	NM	(6,700)	(451)	NM
Individual fixed annuities	(3,882)	(483)	NM	(5,209)	NM	(11,928)	(829)	NM
Individual variable annuities	(611)	(16)	NM	(375)	NM	(1,281)	(45)	NM
Individual annuities - runoff	<u>(435)</u>	<u>(63)</u>	NM	<u>(378)</u>	NM	<u>(1,085)</u>	<u>(83)</u>	NM
<b>Total net realized capital gains (losses)</b>	<b><u>(7,415)</u></b>	<b><u>(784)</u></b>	<b>NM</b>	<b><u>(8,495)</u></b>	<b>NM</b>	<b><u>(20,994)</u></b>	<b><u>(1,408)</u></b>	<b>NM</b>
<b>Operating income (loss) before goodwill impairment:</b>								
Group retirement products	(2,603)	35	NM	(2,487)	NM	(6,282)	696	NM
Individual fixed annuities	(3,366)	(76)	NM	(5,239)	NM	(10,835)	530	NM
Individual variable annuities	(867)	(24)	NM	(830)	NM	(1,884)	122	NM
Individual annuities - runoff	<u>(428)</u>	<u>(40)</u>	NM	<u>(369)</u>	NM	<u>(1,053)</u>	<u>(1)</u>	NM
<b>Total operating income (loss) before goodwill impairment</b>	<b><u>(7,264)</u></b>	<b><u>(105)</u></b>	<b>NM</b>	<b><u>(8,925)</u></b>	<b>NM</b>	<b><u>(20,054)</u></b>	<b><u>1,347</u></b>	<b>NM</b>
Goodwill impairment	<u>(817)</u>	<u>-</u>	NM	<u>-</u>	NM	<u>(817)</u>	<u>-</u>	NM
<b>Total operating income (loss)</b>	<b>\$ <u>(8,081)</u></b>	<b>\$ <u>(105)</u></b>	<b>NM %</b>	<b>\$ <u>(8,925)</u></b>	<b>NM %</b>	<b>\$ <u>(20,871)</u></b>	<b>\$ <u>1,347</u></b>	<b>NM %</b>

(See Accompanying Notes on Pages 36)

**American International Group, Inc.**  
**Domestic Retirement Services**  
**Account Value Rollforward**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Group retirement products (4)</b>								
Balance at beginning of period (4)	\$ 63,098	\$ 68,699	(8.2) %	\$ 66,189	(4.7) %	\$ 68,109	\$ 64,357	5.8 %
Deposits - annuities (5)	1,286	1,484	(13.3)	1,450	(11.3)	5,661	5,898	(4.0)
Deposits - mutual funds (5)	346	337	2.7	379	(8.7)	1,520	1,633	(6.9)
Deposits - subtotal	1,632	1,821	(10.4)	1,829	(10.8)	7,181	7,531	(4.6)
Surrenders and other withdrawals (5)	(2,284)	(1,490)	(53.3)	(1,637)	(39.5)	(6,693)	(6,551)	(2.2)
Death benefits	(67)	(66)	(1.5)	(56)	(19.6)	(246)	(262)	6.1
Net flows	(719)	265	NM	136	NM	242	718	(66.3)
Change in fair value of underlying investments, interest credited, net of fees	(5,518)	(855)	NM	(3,227)	NM	(11,490)	3,034	NM
<b>Balance at end of period (4)</b>	<b>56,861</b>	<b>68,109</b>	<b>(16.5)</b>	<b>63,098</b>	<b>(9.9)</b>	<b>56,861</b>	<b>68,109</b>	<b>(16.5)</b>
<b>Individual fixed annuities</b>								
Balance at beginning of period	51,623	51,136	1.0	52,077	(0.9)	50,508	52,685	(4.1)
Deposits (5)	1,240	1,228	1.0	1,561	(20.6)	7,276	5,085	43.1
Surrenders and other withdrawals (5)	(4,435)	(1,954)	(127.0)	(2,096)	(111.6)	(9,571)	(7,565)	(26.5)
Death benefits	(497)	(374)	(32.9)	(400)	(24.3)	(1,721)	(1,667)	(3.2)
Net flows	(3,692)	(1,100)	NM	(935)	NM	(4,016)	(4,147)	NM
Change in fair value of underlying investments, interest credited, net of fees	463	472	(1.9)	481	(3.7)	1,902	1,970	(3.5)
<b>Balance at end of period</b>	<b>48,394</b>	<b>50,508</b>	<b>(4.2)</b>	<b>51,623</b>	<b>(6.3)</b>	<b>48,394</b>	<b>50,508</b>	<b>(4.2)</b>
<b>Individual variable annuities</b>								
Balance at beginning of period	27,529	33,777	(18.5)	30,667	(10.2)	33,108	31,093	6.5
Deposits	265	1,079	(75.4)	1,051	(74.8)	3,455	4,472	(22.7)
Surrenders and other withdrawals	(1,113)	(1,080)	(3.1)	(1,254)	11.2	(4,240)	(4,158)	(2.0)
Death benefits	(99)	(123)	19.5	(131)	24.4	(480)	(497)	3.4
Net flows	(947)	(124)	NM	(334)	NM	(1,265)	(183)	NM
Change in fair value of underlying investments, interest credited, net of fees	(2,989)	(545)	NM	(2,804)	NM	(8,250)	2,198	NM
<b>Balance at end of period</b>	<b>23,593</b>	<b>33,108</b>	<b>(28.7)</b>	<b>27,529</b>	<b>(14.3)</b>	<b>23,593</b>	<b>33,108</b>	<b>(28.7)</b>
<b>Total</b>								
Balance at beginning of period	142,250	153,612	(7.4)	148,933	(4.5)	151,725	148,135	2.4
Deposits	3,137	4,128	(24.0)	4,441	(29.4)	17,912	17,088	4.8
Surrenders and other withdrawals	(7,832)	(4,524)	(73.1)	(4,987)	(57.0)	(20,504)	(18,274)	(12.2)
Death benefits	(663)	(563)	(17.8)	(587)	(12.9)	(2,447)	(2,426)	(0.9)
Net flows	(5,358)	(959)	NM	(1,133)	NM	(5,039)	(3,612)	NM
Change in fair value of underlying investments, interest credited, net of fees	(8,044)	(928)	NM	(5,550)	NM	(17,838)	7,202	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period, excluding runoff	128,848	151,725	(15.1)	142,250	(9.4)	128,848	151,725	(15.1)
Individual annuities runoff	5,079	5,690	(10.7)	5,307	(4.3)	5,079	5,690	(10.7)
<b>Balance at end of period</b>	<b>\$ 133,927</b>	<b>\$ 157,415</b>	<b>(14.9) %</b>	<b>\$ 147,557</b>	<b>(9.2) %</b>	<b>\$ 133,927</b>	<b>\$ 157,415</b>	<b>(14.9) %</b>
<b>Total general and separate account reserves and mutual funds</b>								
General account reserve	\$ 89,140	\$ 88,801	0.4 %	\$ 91,472	(2.5) %	\$ 89,140	\$ 88,801	0.4 %
Separate account reserve	38,499	60,461	(36.3)	48,518	(20.7)	38,499	60,461	(36.3)
Total general and separate account reserves	127,639	149,262	(14.5)	139,990	(8.8)	127,639	149,262	(14.5)
Group retirement mutual funds	6,288	8,153	(22.9)	7,567	(16.9)	6,288	8,153	(22.9)
<b>Total reserves and mutual funds</b>	<b>\$ 133,927</b>	<b>\$ 157,415</b>	<b>(14.9) %</b>	<b>\$ 147,557</b>	<b>(9.2) %</b>	<b>\$ 133,927</b>	<b>\$ 157,415</b>	<b>(14.9) %</b>
<b>Surrender rates (6)</b>								
Group retirement products (4)	16.1 %	8.7 %		10.0 %		10.5 %	9.8 %	
Individual fixed annuities	35.8 %	15.4 %		16.2 %		18.8 %	14.6 %	
Individual variable annuities	20.3 %	12.9 %		17.0 %		14.9 %	12.8 %	

(See Accompanying Notes on Pages 36)



**American International Group, Inc.**  
**Domestic Retirement Services Spread Information**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Spread information</b>								
<b>Group retirement products</b>								
Base investment income (a)	\$ 496	\$ 498	(0.4) %	\$ 506	(2.0) %	\$ 1,976	\$ 1,990	(0.7) %
Partnerships (b)	(256)	40	NM	(211)	NM	(423)	187	NM
Other enhancements (c)	(68)	22	NM	12	NM	(92)	103	NM
<b>Total net investment income</b>	<b>\$ 172</b>	<b>\$ 560</b>	<b>(69.3) %</b>	<b>\$ 307</b>	<b>(44.0) %</b>	<b>\$ 1,461</b>	<b>\$ 2,280</b>	<b>(35.9) %</b>
Base yield (a)	6.23 %	6.33 %		6.18 %		6.16 %	6.26 %	
Partnerships (b)	(3.36) %	(0.03) %		(2.85) %		(1.64) %	0.11 %	
Other enhancements (c) (e)	(0.85) %	0.27 %		0.15 %		(0.29) %	0.31 %	
<b>Total</b>	<b>2.02 %</b>	<b>6.57 %</b>		<b>3.48 %</b>		<b>4.23 %</b>	<b>6.68 %</b>	
Cost of funds (d)	4.03 %	3.94 %		4.00 %		3.96 %	3.87 %	
Net spread rate, as reported (d)	(2.01) %	2.63 %		(0.52) %		0.27 %	2.81 %	
Net spread rate excluding partnerships and other enhancements	2.21 %	2.39 %	(7.5) %	2.18 %	1.4 %	2.20 %	2.39 %	(7.9) %
<b>Individual fixed annuities</b>								
Base investment income (a)	\$ 699	\$ 778	(10.2) %	\$ 747	(6.4) %	\$ 2,929	\$ 3,163	(7.4) %
Partnerships (b)	(288)	137	NM	(294)	NM	(527)	378	NM
Other enhancements (c)	1	26	(96.2)	46	(97.8)	85	123	(30.9)
<b>Total net investment income</b>	<b>\$ 412</b>	<b>\$ 941</b>	<b>(56.2) %</b>	<b>\$ 499</b>	<b>(17.4) %</b>	<b>\$ 2,487</b>	<b>\$ 3,664</b>	<b>(32.1) %</b>
Base yield (a)	5.72 %	6.04 %		5.67 %		5.70 %	6.00 %	
Partnerships (b)	(2.57) %	0.66 %		(2.47) %		(1.32) %	0.38 %	
Other enhancements (c)	0.01 %	0.20 %		0.35 %		0.17 %	0.23 %	
<b>Total</b>	<b>3.16 %</b>	<b>6.90 %</b>		<b>3.55 %</b>		<b>4.55 %</b>	<b>6.61 %</b>	
Cost of funds (d)	3.70 %	3.58 %		3.63 %		3.61 %	3.54 %	
Net spread rate, as reported (d)	(0.54) %	3.32 %		(0.08) %		0.94 %	3.07 %	
Net spread rate excluding partnerships and other enhancements	2.02 %	2.46 %	(17.9) %	2.05 %	(1.5) %	2.08 %	2.46 %	(15.4) %

(See Accompanying Notes on Pages 32)

**American International Group, Inc.**  
**Domestic Retirement Services Spread Information (continued)**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Spread information</b>								
<b>Individual variable annuities</b>								
Base investment income (a)	\$ 26	\$ 36	(27.8) %	\$ 35	(25.7) %	\$ 133	\$ 153	(13.1) %
Partnerships (b)	(28)	6	NM	(23)	NM	(56)	7	NM
Other enhancements (c)	4	1	300.0	2	100.0	8	6	33.3
<b>Total net investment income</b>	<b>\$ 2</b>	<b>\$ 43</b>	<b>(95.3) %</b>	<b>\$ 14</b>	<b>(85.7) %</b>	<b>\$ 85</b>	<b>\$ 166</b>	<b>(48.8) %</b>
Base yield (a)	4.34 %	5.62 %		5.08 %		5.04 %	5.62 %	
Partnerships (b)	(4.63) %	0.33 %		(3.53) %		(2.36) %	(0.05) %	
Other enhancements (c)	0.59 %	0.23 %		0.27 %		0.29 %	0.23 %	
<b>Total</b>	<b>0.30 %</b>	<b>6.18 %</b>		<b>1.82 %</b>		<b>2.97 %</b>	<b>5.80 %</b>	
Cost of funds (d)	3.17 %	3.11 %		3.15 %		3.13 %	3.06 %	
Net spread rate, as reported (d)	(2.87) %	3.07 %		(1.33) %		(0.16) %	2.74 %	
Net spread rate excluding partnerships and other enhancements	1.17 %	2.51 %	(53.4) %	1.93 %	(39.4) %	1.91 %	2.56 %	(25.4) %

(a) Includes the investment return on surplus other than partnership or yield enhancements activities.

(b) Includes incremental effect to base yield of investments in hedge funds and private equity funds.

(c) Includes incremental effect to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).

(d) Excludes the amortization of sales inducement assets.

(e) The three months ended December 31, 2008 and September 30, 2008 and twelve months ended December 31, 2008 include a reduction in net investment income of \$30 million, \$57 million and \$87 million, respectively, as a result of a change in the projected cash flows relating to income taxes with respect to certain leverage lease investments.

**American International Group, Inc.**  
**Domestic Retirement Services**  
**Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired**

(dollars in millions)

	Three Months Ended						Twelve Months Ended				
	Dec. 31, 2008	Dec. 31, 2007	% chg		Sept. 30, 2008	Sequential % chg	Dec. 31, 2008	Dec. 31, 2007	% chg		
<b>Group retirement products</b>											
Balance at beginning of period	\$ 2,692	\$ 2,058	30.8	%	\$ 2,394	12.4	%	\$ 2,074	\$ 1,897	9.3	%
Acquisition costs deferred	50	60	(16.7)		55	(9.1)		217	226	(4.0)	
Amortization (charged) or credited to operating income:											
Related to net realized capital gains (losses)	259	15	NM		87	197.7		435	34	NM	
Related to unlocking future assumptions	(151)	-	NM		(20)	NM		(171)	2	NM	
All other amortization	(97)	(66)	NM		(51)	NM		(215)	(187)	NM	
Change in unrealized gains (losses) on securities	(219)	7	NM		228	NM		194	102	90.2	
Increase (decrease) due to foreign exchange	2	-	NM		(1)	NM		2	-	NM	
<b>Balance at end of period</b>	<b>2,536</b>	<b>2,074</b>	<b>22.3</b>		<b>2,692</b>	<b>(5.8)</b>		<b>2,536</b>	<b>2,074</b>	<b>22.3</b>	
<b>Individual fixed annuities</b>											
Balance at beginning of period	3,793	2,994	26.7		3,549	6.9		2,980	2,835	5.1	
Acquisition costs deferred	92	100	(8.0)		121	(24.0)		513	418	22.7	
Amortization (charged) or credited to operating income:											
Related to net realized capital gains (losses)	771	73	NM		250	208.4		1,261	148	NM	
Related to unlocking future assumptions	(81)	1	NM		(129)	NM		(210)	(14)	NM	
All other amortization	(164)	(160)	NM		(184)	NM		(637)	(622)	NM	
Change in unrealized gains (losses) on securities	260	(28)	NM		186	39.8		764	215	255.3	
<b>Balance at end of period</b>	<b>4,671</b>	<b>2,980</b>	<b>56.7</b>		<b>3,793</b>	<b>23.1</b>		<b>4,671</b>	<b>2,980</b>	<b>56.7</b>	
<b>Individual variable annuities</b>											
Balance at beginning of period	1,472	1,745	(15.6)		1,785	(17.5)		1,666	1,679	(0.8)	
Acquisition costs deferred	41	79	(48.1)		71	(42.3)		270	298	(9.4)	
Amortization (charged) or credited to operating income:											
Related to net realized capital gains (losses)	344	(5)	NM		54	NM		454	16	NM	
Related to unlocking future assumptions	(443)	(13)	NM		(404)	NM		(847)	(13)	NM	
All other amortization	(21)	(132)	NM		(48)	NM		(198)	(317)	NM	
Change in unrealized gains (losses) on securities	(50)	(8)	NM		14	NM		(2)	3	NM	
<b>Balance at end of period</b>	<b>1,343</b>	<b>1,666</b>	<b>(19.4)</b>		<b>1,472</b>	<b>(8.8)</b>		<b>1,343</b>	<b>1,666</b>	<b>(19.4)</b>	
<b>Individual annuities - runoff</b>											
Balance at beginning of period	83	128	(35.2)		91	(8.8)		109	127	(14.2)	
Amortization (charged) or credited to operating income:											
Related to net realized capital gains (losses)	-	1	NM		-	NM		-	4	NM	
Related to unlocking future assumptions	-	-	NM		-	NM		-	-	NM	
All other amortization	(7)	(9)	NM		(8)	NM		(31)	(38)	NM	
Change in unrealized gains (losses) on securities	-	(11)	NM		-	NM		(2)	16	NM	
<b>Balance at end of period</b>	<b>76</b>	<b>109</b>	<b>(30.3)</b>		<b>83</b>	<b>(8.4)</b>		<b>76</b>	<b>109</b>	<b>(30.3)</b>	
<b>Total</b>											
Balance at beginning of period	8,040	6,925	16.1		7,819	2.8		6,829	6,538	4.5	
Acquisition costs deferred	183	239	(23.4)		247	(25.9)		1,000	942	6.2	
Amortization (charged) or credited to operating income:											
Related to net realized capital gains (losses)	1,374	84	NM		391	251.4		2,150	202	NM	
Related to unlocking future assumptions	(675)	(12)	NM		(553)	NM		(1,228)	(25)	NM	
All other amortization	(289)	(367)	NM		(291)	NM		(1,081)	(1,164)	NM	
Change in unrealized gains (losses) on securities	(9)	(40)	NM		428	NM		954	336	183.9	
Increase (decrease) due to foreign exchange	2	-	NM		(1)	NM		2	-	NM	
<b>Balance at end of period</b>	<b>\$ 8,626</b>	<b>\$ 6,829</b>	<b>26.3</b>	<b>%</b>	<b>\$ 8,040</b>	<b>7.3</b>	<b>%</b>	<b>\$ 8,626</b>	<b>\$ 6,829</b>	<b>26.3</b>	<b>%</b>

**American International Group, Inc.**  
**Domestic Retirement Services - Individual Variable Annuities**  
**Guaranteed Benefits**

(dollars in millions)

	Dec. 31, 2008		
	Account Value	Net Amount at Risk	Retained NAR
<b>Guaranteed Minimum Death Benefit ("GMDB") Type (including Earnings Enhancement Benefit) (a):</b>			
Return of premium (b)	\$ 3,284	\$ 899	\$ 885
Reset (c)	583	215	215
Ratchet (d)	10,679	4,899	4,013
Roll-up (e)	5,022	1,920	1,719
Combination (f)	158	96	95
Return of premium, with earnings enhancement (g)	2	-	-
Ratchet, with earnings enhancement (h)	1,155	517	216
Roll-up, with earnings enhancement (i)	485	150	46
Combination with earnings enhancement (j)	35	20	19
	<u>21,403</u>	<u>8,716</u>	<u>7,208</u>
<b>Guaranteed Minimum Income Benefit ("GMIB") Type (k):</b>			
Roll-up (e)	355	155	47
No roll-up (l)	3,595	196	75
	<u>3,950</u>	<u>351</u>	<u>122</u>
<b>Guaranteed Minimum Account Value ("GMAV") Type (m):</b>			
Ten year waiting period	<u>1,309</u>	<u>190</u>	<u>190</u>
<b>Guaranteed Minimum Withdrawal Benefit ("GMWB") Type (n):</b>			
Minimum amount guarantees (o)	649	150	150
Lifetime guarantees (p)	5,220	2,097	2,097
	<u>5,869</u>	<u>2,247</u>	<u>2,247</u>

- (a) A guaranteed minimum death benefit is an amount paid from a variable annuity at death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar amount.
- (b) Premium deposited into the contract.
- (c) An amount that is reset to the account value, if greater, at a specified contract anniversary.
- (d) An amount equal to the highest account value achieved on any contract anniversary.
- (e) An amount equal to premiums deposited accumulated at a set interest rate.
- (f) An amount equal to the greater of a ratchet or a roll-up.
- (g) A return of premium benefit which also pays a percent of the earnings in the contract, if any.
- (h) A ratchet benefit that also pays a percent of earnings in the contract, if any.
- (i) A roll-up benefit that also pays a percent of earnings in the contract, if any.
- (j) A combination benefit which also pays a percent of earnings in the contract, if any.
- (k) A guaranteed minimum income benefit establishes a minimum amount available to be annuitized regardless of actual performance in the product. The benefit is not available until a set number of years after contract issue.
- (l) An amount based on premiums deposited or other set amount.
- (m) A guaranteed minimum account value ensures a return of premium invested at the end of 10 years. The amount is based on premium in a defined period.
- (n) A guaranteed minimum withdrawal benefit establishes an amount that can be taken as withdrawals which can be taken over a fixed period or for life, regardless of market performance, even if the account value drops to zero.
- (o) Amount is available over a fixed period.
- (p) Amount is available over the life of the owner (and spouse, if elected).

**American International Group, Inc.**  
**Domestic Retirement Services - Individual Variable Annuities**  
**Guaranteed Benefits (continued)**

(dollars in millions)

	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007
<b>Other Data</b>					
S&P 500 Index value	903	1,166	1,280	1,323	1,469
Total Account Value	\$ 23,593	\$ 27,529	\$ 30,668	\$ 30,830	\$ 33,108
Account value by benefit type:					
Guaranteed Minimum Death Benefits	21,403	26,772	30,159	30,233	32,812
Guaranteed Minimum Income Benefits	3,950	5,130	6,083	6,373	7,226
Guaranteed Minimum Account Value	1,309	1,673	1,968	2,027	2,272
Guaranteed Minimum Withdrawal Benefits	5,869	6,970	7,026	6,381	6,248
Net amount at risk:					
Guaranteed Minimum Death Benefits	8,716	4,934	2,657	2,548	1,250
Guaranteed Minimum Income Benefits	351	123	69	84	39
Guaranteed Minimum Account Value	190	45	10	9	1
Guaranteed Minimum Withdrawal Benefits	2,247	1,122	442	357	45
Retained net amount at risk:					
Guaranteed Minimum Death Benefits	7,208	4,087	2,172	2,073	1,005
Guaranteed Minimum Income Benefits	122	51	28	34	15
Guaranteed Minimum Account Value	190	45	10	9	1
Guaranteed Minimum Withdrawal Benefits	2,247	1,122	442	357	45
Liability for guaranteed benefits (GMDB & GMIB)	\$ 391	\$ 240	\$ 105	\$ 82	\$ 77

# American International Group, Inc.

## Domestic Retirement Services

### Notes

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis. Group retirement products include mutual funds of \$346 million, \$337 million, \$379 million, \$1,520 million and \$1,633 million for the three months ended December 31, 2008 and 2007 and September 30, 2008, and the twelve months ended December 31, 2008 and 2007, respectively.
- (2) For the three months ended December 31, 2008 and September 30, 2008 and twelve months ended December 31, 2008 include DAC unlockings of \$0.6 billion, \$0.7 billion and \$1.2 billion, respectively, resulting from the continued weakness in the equity markets and the significantly higher surrender activity resulting from AIG parent's liquidity issues beginning mid-September.
- (3) The twelve months ended December 31, 2008 includes a charge of \$31 million, and both the three and twelve months ended December 31, 2007 charges of \$73 million and \$90 million, respectively, for a change in actuarial estimate which increased benefit reserves and related DAC amortization, respectively.
- (4) Includes group retirement annuities and group mutual funds. The balance at the beginning and end of the period for Group Mutual Funds are as follows:

(in millions)	Three Months Ended			Twelve Months Ended	
	December 31, 2008	December 31, 2007	September 30, 2008	December 31, 2008	December 31, 2007
Beginning Balance	\$7,567	\$8,150	\$8,313	\$8,153	\$6,403
Ending Balance	6,288	8,153	7,567	6,288	8,153

- (5) Excludes internal replacements from one contract into a new contract. If included, deposits and surrenders for group retirement products and individual fixed annuities would increase.
- (6) Surrender rates are based upon all benefits, surrenders and withdrawals except for death benefits and excluding internal replacements from one contract into a new contract.

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Operating Statistics\***

(dollars in millions)

	Three Months Ended						Twelve Months Ended				
	Dec. 31, 2008	Dec. 31, 2007	% Chg		Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg		
Premiums, deposits and other considerations (1)	\$ 10,162	\$ 18,654	(45.5)	%	\$ 15,374	(33.9)	%	\$ 61,535	\$ 66,150	(7.0)	%
Revenues:											
Premiums and other considerations	\$ 7,422	\$ 6,980	6.3	%	\$ 7,359	0.9	%	\$ 29,919	\$ 26,601	12.5	%
Net investment income:											
Interest and dividends	2,368	2,306	2.7		2,777	(14.7)		10,078	8,812	14.4	
Partnership income (loss)	(112)	42	NM		(40)	NM		(141)	128	NM	
Mutual funds (2)	(172)	56	NM		(362)	NM		(538)	224	NM	
Trading account losses (3)	(3)	(57)	NM		(501)	NM		(725)	(150)	NM	
Securities lending	3	2	50.0		3	0.0		13	10	30.0	
Other	84	80	5.0		166	(49.4)		489	265	84.5	
Investment expenses	(105)	(73)	43.8		(80)	31.3		(384)	(339)	13.3	
Net investment income before policyholder investment income and trading gains (losses)	2,063	2,356	(12.4)		1,963	5.1		8,792	8,950	(1.8)	
Net investment income related to policyholder investment income and trading gains (losses) (4)	(5,186)	882	NM		(1,489)	NM		(6,831)	2,899	NM	
Total net investment income	(3,123)	3,238	NM		474	NM		1,961	11,849	(83.5)	
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	9,485	9,336	1.6		9,322	1.7		38,711	35,551	8.9	
Total revenues excluding net realized capital gains (losses)	4,299	10,218	(57.9)		7,833	(45.1)		31,880	38,450	(17.1)	
Benefits and expenses:											
Policyholder benefits and claims incurred before the effect of policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	5,223	6,643	(21.4)		6,174	(15.4)		23,861	23,223	2.7	
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	(5,186)	882	NM		(1,489)	NM		(6,831)	2,899	NM	
Policyholder benefits and claims incurred	37	7,525	(99.5)		4,685	(99.2)		17,030	26,122	(34.8)	
Policy acquisition and other insurance expense	2,915	1,062	174.5		2,186	33.3		9,402	5,944	58.2	
Total benefits and expenses	2,952	8,587	(65.6)		6,871	(57.0)		26,432	32,066	(17.6)	
Operating income excluding net realized capital gains (losses)	1,347	1,631	(17.4)		962	40.0		5,448	6,384	(14.7)	
Net realized capital gains (losses)	(6,699)	(108)	NM		(3,455)	NM		(11,785)	(187)	NM	
Operating income (losses)	\$ (5,352)	\$ 1,523	NM	%	\$ (2,493)	NM	%	\$ (6,337)	\$ 6,197	NM	%
Foreign exchange effect on foreign growth:											
Premiums, deposits and other considerations (1)											
Growth in original currency **	(44.8)		%					(10.2)		%	
Foreign exchange impact	(0.7)							3.2			
Growth as reported in U.S. \$	(45.5)							(7.0)			
Premiums and other considerations											
Growth in original currency **	6.9							6.7			
Foreign exchange impact	(0.6)							5.8			
Growth as reported in U.S. \$	6.3		%					12.5		%	
Gross life insurance in force (at period end)					\$ 1,394,683	(3.0)	%	\$ 1,352,553	\$ 1,327,251	1.9	%

(See Accompanying Notes on Pages 52 - 53)

\* Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.

\*\* Computed using a constant exchange rate for each period.

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Product Statistics**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 6,567	\$ 11,112	(40.9) %	\$ 8,034	(18.3) %	\$ 32,656	\$ 37,563	(13.1) %
Personal accident & health	1,762	1,622	8.6	1,797	(1.9)	7,139	6,131	16.4
Group products	858	840	2.1	1,044	(17.8)	4,075	3,306	23.3
Subtotal life insurance	9,187	13,574	(32.3)	10,875	(15.5)	43,870	47,000	(6.7)
Individual fixed annuities	852	1,482	(42.5)	1,705	(50.0)	6,409	5,352	19.7
Individual variable annuities	123	3,598	(96.6)	2,794	(95.6)	11,256	13,798	(18.4)
Subtotal retirement services	975	5,080	(80.8)	4,499	(78.3)	17,665	19,150	(7.8)
<b>Total premiums, deposits and other considerations</b>	<b>10,162</b>	<b>18,654</b>	<b>(45.5)</b>	<b>15,374</b>	<b>(33.9)</b>	<b>61,535</b>	<b>66,150</b>	<b>(7.0)</b>
<b>Premiums and other considerations:</b>								
Life insurance	4,425	4,366	1.4	4,288	3.2	17,859	16,630	7.4
Personal accident & health	1,721	1,615	6.6	1,788	(3.7)	7,055	6,094	15.8
Group products	817	792	3.2	962	(15.1)	3,777	2,979	26.8
Subtotal life insurance	6,963	6,773	2.8	7,038	(1.1)	28,691	25,703	11.6
Individual fixed annuities (6)	414	100	314.0	229	80.8	880	512	71.9
Individual variable annuities	141	156	(9.6)	106	33.0	487	460	5.9
Subtotal retirement services	555	256	116.8	335	65.7	1,367	972	40.6
<b>Premiums and other considerations excluding unearned revenue liability</b>	<b>7,518</b>	<b>7,029</b>	<b>7.0</b>	<b>7,373</b>	<b>2.0</b>	<b>30,058</b>	<b>26,675</b>	<b>12.7</b>
Unearned revenue related to realized capital gains (losses)	(96)	(49)	NM	(14)	NM	(139)	(74)	NM
<b>Total premiums and other considerations</b>	<b>7,422</b>	<b>6,980</b>	<b>6.3</b>	<b>7,359</b>	<b>0.9</b>	<b>29,919</b>	<b>26,601</b>	<b>12.5</b>
<b>Net investment income:</b>								
Life insurance (3)	1,312	1,613	(18.7)	1,426	(8.0)	5,938	6,083	(2.4)
Personal accident & health	46	93	(50.5)	124	(62.9)	371	354	4.8
Group products	90	102	(11.8)	156	(42.3)	526	412	27.7
Subtotal life insurance	1,448	1,808	(19.9)	1,706	(15.1)	6,835	6,849	(0.2)
Individual fixed annuities	600	594	1.0	663	(9.5)	2,502	2,233	12.0
Individual variable annuities (3)	15	(46)	NM	(406)	NM	(545)	(132)	NM
Subtotal retirement services	615	548	12.2	257	139.3	1,957	2,101	(6.9)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>2,063</b>	<b>2,356</b>	<b>(12.4)</b>	<b>1,963</b>	<b>5.1</b>	<b>8,792</b>	<b>8,950</b>	<b>(1.8)</b>
Net investment income related to policyholder investment income and trading gains (losses) (4)	(5,186)	882	NM	(1,489)	NM	(6,831)	2,899	NM
<b>Total net investment income</b>	<b>(3,123)</b>	<b>3,238</b>	<b>NM</b>	<b>474</b>	<b>NM</b>	<b>1,961</b>	<b>11,849</b>	<b>(83.5)</b>
<b>Policyholder benefits and claims incurred excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	3,545	4,841	(26.8)	4,046	(12.4)	15,814	16,256	(2.7)
Personal accident & health	900	818	10.0	1,014	(11.2)	3,834	3,267	17.4
Group products	483	479	0.8	597	(19.1)	2,402	1,938	23.9
Subtotal life insurance	4,928	6,138	(19.7)	5,657	(12.9)	22,050	21,461	2.7
Individual fixed annuities	558	453	23.2	522	6.9	2,054	1,677	22.5
Individual variable annuities	(259)	53	NM	2	NM	(235)	86	NM
Subtotal retirement services	299	506	(40.9)	524	(42.9)	1,819	1,763	3.2
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)</b>	<b>5,227</b>	<b>6,644</b>	<b>(21.3)</b>	<b>6,181</b>	<b>(15.4)</b>	<b>23,869</b>	<b>23,224</b>	<b>2.8</b>
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses) (4)	(5,186)	882	NM	(1,489)	NM	(6,831)	2,899	NM
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b>41</b>	<b>7,526</b>	<b>(99.5)</b>	<b>4,692</b>	<b>(99.1)</b>	<b>17,038</b>	<b>26,123</b>	<b>(34.8)</b>
<b>Policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	1,444	130	NM	1,103	30.9	4,871	2,639	84.6
Personal accident & health	665	470	41.5	504	31.9	2,167	1,721	25.9
Group products	310	373	(16.9)	391	(20.7)	1,410	1,114	26.6
Subtotal life insurance	2,419	973	148.6	1,998	21.1	8,448	5,474	54.3
Individual fixed annuities	373	105	255.2	159	134.6	731	398	83.7
Individual variable annuities	144	57	152.6	73	97.3	348	189	84.1
Subtotal retirement services	517	162	219.1	232	122.8	1,079	587	83.8
<b>Total policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment (5)</b>	<b>\$ 2,936</b>	<b>\$ 1,135</b>	<b>158.7 %</b>	<b>\$ 2,230</b>	<b>31.7 %</b>	<b>\$ 9,527</b>	<b>\$ 6,061</b>	<b>57.2 %</b>

(See Accompanying Notes on Pages 52 - 53)



**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Product Statistics (continued)**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment:</b>								
Life insurance	\$ 734	\$ 1,008	(27.2) %	\$ 559	31.3 %	\$ 3,092	\$ 3,818	(19.0) %
Personal accident & health	202	420	(51.9)	394	(48.7)	1,425	1,460	(2.4)
Group products	114	42	171.4	130	(12.3)	491	339	44.8
Subtotal life insurance	1,050	1,470	(28.6)	1,083	(3.0)	5,008	5,617	(10.8)
Individual fixed annuities (6)	1	87	(98.9)	203	(99.5)	478	596	(19.8)
Individual variable annuities	271	-	NM	(375)	NM	(171)	53	NM
Subtotal retirement services	272	87	212.6	(172)	NM	307	649	(52.7)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment</b>	<b>1,322</b>	<b>1,557</b>	<b>(15.1)</b>	<b>911</b>	<b>45.1</b>	<b>5,315</b>	<b>6,266</b>	<b>(15.2)</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	(46)	3	NM	(29)	NM	(76)	5	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	(46)	3	NM	(29)	NM	(76)	5	NM
Individual fixed annuities	21	(77)	NM	(22)	NM	(57)	(123)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	21	(77)	NM	(22)	NM	(57)	(123)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses) and goodwill impairment</b>	<b>(25)</b>	<b>(74)</b>	<b>NM</b>	<b>(51)</b>	<b>NM</b>	<b>(133)</b>	<b>(118)</b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>								
Life insurance	780	1,005	(22.4)	588	32.7	3,168	3,813	(16.9)
Personal accident & health	202	420	(51.9)	394	(48.7)	1,425	1,460	(2.4)
Group products	114	42	171.4	130	(12.3)	491	339	44.8
Subtotal life insurance	1,096	1,467	(25.3)	1,112	(1.4)	5,084	5,612	(9.4)
Individual fixed annuities	(20)	164	NM	225	NM	535	719	(25.6)
Individual variable annuities	271	-	NM	(375)	NM	(171)	53	NM
Subtotal retirement services	251	164	53.0	(150)	NM	364	772	(52.8)
<b>Total operating income before net realized capital gains (losses) (7)</b>	<b>1,347</b>	<b>1,631</b>	<b>(17.4)</b>	<b>962</b>	<b>40.0</b>	<b>5,448</b>	<b>6,384</b>	<b>(14.7)</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	(4,442)	38	NM	(3,078)	NM	(8,837)	85	NM
Personal accident & health	(248)	(9)	NM	(71)	NM	(385)	(3)	NM
Group products	161	(12)	NM	(47)	NM	73	(76)	NM
Subtotal life insurance	(4,529)	17	NM	(3,196)	NM	(9,149)	6	NM
Individual fixed annuities	(2,174)	(103)	NM	(258)	NM	(2,660)	(171)	NM
Individual variable annuities	4	(22)	NM	(1)	NM	24	(22)	NM
Subtotal retirement services	(2,170)	(125)	NM	(259)	NM	(2,636)	(193)	NM
<b>Total net realized capital gains (losses)</b>	<b>(6,699)</b>	<b>(108)</b>	<b>NM</b>	<b>(3,455)</b>	<b>NM</b>	<b>(11,785)</b>	<b>(187)</b>	<b>NM</b>
<b>Operating income (loss):</b>								
Life insurance	(3,662)	1,043	NM	(2,490)	NM	(5,669)	3,898	NM
Personal accident & health	(46)	411	NM	323	NM	1,040	1,457	(28.6)
Group products	275	30	NM	83	231.3	564	263	114.4
Subtotal life insurance	(3,433)	1,484	NM	(2,084)	NM	(4,065)	5,618	NM
Individual fixed annuities	(2,194)	61	NM	(33)	NM	(2,125)	548	NM
Individual variable annuities	275	(22)	NM	(376)	NM	(147)	31	NM
Subtotal retirement services	(1,919)	39	NM	(409)	NM	(2,272)	579	NM
<b>Total operating income (losses)</b>	<b>\$ (5,352)</b>	<b>\$ 1,523</b>	<b>NM %</b>	<b>\$ (2,493)</b>	<b>NM %</b>	<b>\$ (6,337)</b>	<b>\$ 6,197</b>	<b>NM %</b>

(See Accompanying Notes on Pages 52 - 53)

**American International Group, Inc.**  
**Japan and Other Product Statistics**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 2,643	\$ 5,949	(55.6) %	\$ 3,956	(33.2) %	\$ 14,917	\$ 18,210	(18.1) %
Personal accident & health	1,270	1,120	13.4	1,269	0.1	5,065	4,235	19.6
Group products	650	687	(5.4)	795	(18.2)	3,165	2,630	20.3
Subtotal life insurance	4,563	7,756	(41.2)	6,020	(24.2)	23,147	25,075	(7.7)
Individual fixed annuities	842	1,375	(38.8)	1,566	(46.2)	5,933	4,731	25.4
Individual variable annuities	109	3,582	(97.0)	2,718	(96.0)	10,827	13,746	(21.2)
Subtotal retirement services	951	4,957	(80.8)	4,284	(77.8)	16,760	18,477	(9.3)
<b>Total premiums, deposits and other considerations</b>	<b>5,514</b>	<b>12,713</b>	<b>(56.6)</b>	<b>10,304</b>	<b>(46.5)</b>	<b>39,907</b>	<b>43,552</b>	<b>(8.4)</b>
<b>Premiums and other considerations:</b>								
Life insurance	1,262	1,214	4.0	1,364	(7.5)	5,522	4,999	10.5
Personal accident & health	1,226	1,107	10.7	1,268	(3.3)	5,007	4,225	18.5
Group products	624	641	(2.7)	722	(13.6)	2,898	2,318	25.0
Subtotal life insurance	3,112	2,962	5.1	3,354	(7.2)	13,427	11,542	16.3
Individual fixed annuities (6)	311	81	284.0	220	41.4	747	460	62.4
Individual variable annuities	137	157	(12.7)	104	31.7	478	459	4.1
Subtotal retirement services	448	238	88.2	324	38.3	1,225	919	33.3
<b>Premiums and other considerations excluding unearned revenue liability</b>	<b>3,560</b>	<b>3,200</b>	<b>11.3</b>	<b>3,678</b>	<b>(3.2)</b>	<b>14,652</b>	<b>12,461</b>	<b>17.6</b>
Unearned revenue related to realized capital gains (losses)	(96)	(49)	NM	(14)	NM	(139)	(74)	NM
<b>Total premiums and other considerations</b>	<b>3,464</b>	<b>3,151</b>	<b>9.9</b>	<b>3,664</b>	<b>(5.5)</b>	<b>14,513</b>	<b>12,387</b>	<b>17.2</b>
<b>Net investment income:</b>								
Life insurance (3)	359	588	(38.9)	521	(31.1)	2,003	2,039	(1.8)
Personal accident & health	7	54	(87.0)	68	(89.7)	196	204	(3.9)
Group products	77	71	8.5	126	(38.9)	419	313	33.9
Subtotal life insurance	443	713	(37.9)	715	(38.0)	2,618	2,556	2.4
Individual fixed annuities	586	561	4.5	630	(7.0)	2,388	2,110	13.2
Individual variable annuities (3)	15	(49)	NM	(406)	NM	(547)	(138)	NM
Subtotal retirement services	601	512	17.4	224	168.3	1,841	1,972	(6.6)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>1,044</b>	<b>1,225</b>	<b>(14.8)</b>	<b>939</b>	<b>11.2</b>	<b>4,459</b>	<b>4,528</b>	<b>(1.5)</b>
Net investment income related to policyholder investment income and trading gains (losses)	(3,237)	190	NM	(418)	NM	(3,479)	1,555	NM
<b>Total net investment income</b>	<b>(2,193)</b>	<b>1,415</b>	<b>NM</b>	<b>521</b>	<b>NM</b>	<b>980</b>	<b>6,083</b>	<b>(83.9)</b>
<b>Policyholder benefits and claims incurred excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	1,008	1,239	(18.6)	1,166	(13.6)	4,561	4,318	5.6
Personal accident & health	626	534	17.2	668	(6.3)	2,538	2,101	20.8
Group products	386	378	2.1	424	(9.0)	1,803	1,476	22.2
Subtotal life insurance	2,020	2,151	(6.1)	2,258	(10.5)	8,902	7,895	12.8
Individual fixed annuities	524	429	22.1	494	6.1	1,941	1,570	23.6
Individual variable annuities	(262)	52	NM	1	NM	(242)	82	NM
Subtotal retirement services	262	481	(45.5)	495	(47.1)	1,699	1,652	2.8
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)</b>	<b>2,282</b>	<b>2,632</b>	<b>(13.3)</b>	<b>2,753</b>	<b>(17.1)</b>	<b>10,601</b>	<b>9,547</b>	<b>11.0</b>
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	(3,237)	190	NM	(418)	NM	(3,479)	1,555	NM
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b>(955)</b>	<b>2,822</b>	<b>NM</b>	<b>2,335</b>	<b>NM</b>	<b>7,122</b>	<b>11,102</b>	<b>(35.8)</b>
<b>Policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	450	401	12.2	429	4.9	1,766	1,435	23.1
Personal accident & health	473	347	36.3	368	28.5	1,557	1,256	24.0
Group products	238	293	(18.8)	332	(28.3)	1,172	906	29.4
Subtotal life insurance	1,161	1,041	11.5	1,129	2.8	4,495	3,597	25.0
Individual fixed annuities	303	90	236.7	155	95.5	644	365	76.4
Individual variable annuities	130	57	128.1	70	85.7	330	188	75.5
Subtotal retirement services	433	147	194.6	225	92.4	974	553	76.1
<b>Total policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment (5)</b>	<b>\$ 1,594</b>	<b>\$ 1,188</b>	<b>34.2 %</b>	<b>\$ 1,354</b>	<b>17.7 %</b>	<b>\$ 5,469</b>	<b>\$ 4,150</b>	<b>31.8 %</b>

(See Accompanying Notes on Pages 52 - 53)

**American International Group, Inc.**  
**Japan and Other Product Statistics (continued)**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment:</b>								
Life insurance	\$ 149	\$ 162	(8.0) %	\$ 284	(47.5) %	\$ 1,178	\$ 1,285	(8.3) %
Personal accident & health	134	280	(52.1)	300	(55.3)	1,108	1,072	3.4
Group products	77	41	87.8	92	(16.3)	342	249	37.3
Subtotal life insurance	360	483	(25.5)	676	(46.7)	2,628	2,606	0.8
Individual fixed annuities (6)	(12)	74	NM	193	NM	431	561	(23.2)
Individual variable annuities	284	(1)	NM	(373)	NM	(157)	51	NM
Subtotal retirement services	272	73	272.6	(180)	NM	274	612	(55.2)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment</b>	<b>632</b>	<b>556</b>	<b>13.7</b>	<b>496</b>	<b>27.4</b>	<b>2,902</b>	<b>3,218</b>	<b>(9.8)</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	(37)	-	NM	(30)	NM	(68)	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	(37)	-	NM	(30)	NM	(68)	-	NM
Individual fixed annuities	40	(73)	NM	(19)	NM	(36)	(120)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	40	(73)	NM	(19)	NM	(36)	(120)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses) and goodwill impairment</b>	<b>3</b>	<b>(73)</b>	<b>NM</b>	<b>(49)</b>	<b>NM</b>	<b>(104)</b>	<b>(120)</b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>								
Life insurance	186	162	14.8	314	(40.8)	1,246	1,285	(3.0)
Personal accident & health	134	280	(52.1)	300	(55.3)	1,108	1,072	3.4
Group products	77	41	87.8	92	(16.3)	342	249	37.3
Subtotal life insurance	397	483	(17.8)	706	(43.8)	2,696	2,606	3.5
Individual fixed annuities	(52)	147	NM	212	NM	467	681	(31.4)
Individual variable annuities	284	(1)	NM	(373)	NM	(157)	51	NM
Subtotal retirement services	232	146	58.9	(161)	NM	310	732	(57.7)
<b>Total operating income before net realized capital gains (losses) (7)</b>	<b>629</b>	<b>629</b>	<b>0.0</b>	<b>545</b>	<b>15.4</b>	<b>3,006</b>	<b>3,338</b>	<b>(9.9)</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	(863)	(188)	NM	(1,372)	NM	(2,780)	(92)	NM
Personal accident & health	(106)	(8)	NM	(10)	NM	(151)	(1)	NM
Group products	(93)	(3)	NM	(11)	NM	(121)	1	NM
Subtotal life insurance	(1,062)	(199)	NM	(1,393)	NM	(3,052)	(92)	NM
Individual fixed annuities	(2,244)	(118)	NM	(225)	NM	(2,665)	(181)	NM
Individual variable annuities	4	(21)	NM	(1)	NM	24	(21)	NM
Subtotal retirement services	(2,240)	(139)	NM	(226)	NM	(2,641)	(202)	NM
<b>Total net realized capital gains (losses)</b>	<b>(3,302)</b>	<b>(338)</b>	<b>NM</b>	<b>(1,619)</b>	<b>NM</b>	<b>(5,693)</b>	<b>(294)</b>	<b>NM</b>
<b>Operating income (loss):</b>								
Life insurance	(677)	(26)	NM	(1,058)	NM	(1,534)	1,193	NM
Personal accident & health	28	272	(89.7)	290	NM	957	1,071	(10.6)
Group products	(16)	38	NM	81	NM	221	250	(11.6)
Subtotal life insurance	(665)	284	NM	(687)	NM	(356)	2,514	NM
Individual fixed annuities	(2,296)	29	NM	(13)	NM	(2,198)	500	NM
Individual variable annuities	288	(22)	NM	(374)	NM	(133)	30	NM
Subtotal retirement services	(2,008)	7	NM	(387)	NM	(2,331)	530	NM
<b>Total operating income (losses)</b>	<b>\$ (2,673)</b>	<b>\$ 291</b>	<b>NM %</b>	<b>\$ (1,074)</b>	<b>NM %</b>	<b>\$ (2,687)</b>	<b>\$ 3,044</b>	<b>NM %</b>

(See Accompanying Notes on Pages 52 - 53)

# American International Group, Inc.

## Asia Product Statistics

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 3,924	\$ 5,163	(24.0) %	\$ 4,078	(3.8) %	\$ 17,739	\$ 19,353	(8.3) %
Personal accident & health	492	502	(2.0)	528	(6.8)	2,074	1,896	9.4
Group products	208	153	35.9	249	(16.5)	910	676	34.6
Subtotal life insurance	4,624	5,818	(20.5)	4,855	(4.8)	20,723	21,925	(5.5)
Individual fixed annuities	10	107	(90.7)	139	(92.8)	476	621	(23.3)
Individual variable annuities	14	16	(12.5)	76	(81.6)	429	52	NM
Subtotal retirement services	24	123	(80.5)	215	(88.8)	905	673	34.5
<b>Total premiums, deposits and other considerations</b>	<b>4,648</b>	<b>5,941</b>	<b>(21.8)</b>	<b>5,070</b>	<b>(8.3)</b>	<b>21,628</b>	<b>22,598</b>	<b>(4.3)</b>
<b>Premiums and other considerations:</b>								
Life insurance	3,163	3,152	0.3	2,924	8.2	12,337	11,631	6.1
Personal accident & health	495	508	(2.6)	520	(4.8)	2,048	1,869	9.6
Group products	193	151	27.8	240	(19.6)	879	661	33.0
Subtotal life insurance	3,851	3,811	1.0	3,684	4.5	15,264	14,161	7.8
Individual fixed annuities	103	19	442.1	9	NM	133	52	155.8
Individual variable annuities	4	(1)	NM	2	100.0	9	1	NM
Subtotal retirement services	107	18	494.4	11	NM	142	53	167.9
<b>Total premiums and other considerations</b>	<b>3,958</b>	<b>3,829</b>	<b>3.4</b>	<b>3,695</b>	<b>7.1</b>	<b>15,406</b>	<b>14,214</b>	<b>8.4</b>
<b>Net investment income:</b>								
Life insurance	953	1,025	(7.0)	905	5.3	3,935	4,044	(2.7)
Personal accident & health	39	39	0.0	56	(30.4)	175	150	16.7
Group products	13	31	(58.1)	30	(56.7)	107	99	8.1
Subtotal life insurance	1,005	1,095	(8.2)	991	1.4	4,217	4,293	(1.8)
Individual fixed annuities	14	33	(57.6)	33	(57.6)	114	123	(7.3)
Individual variable annuities	-	3	NM	-	NM	2	6	(66.7)
Subtotal retirement services	14	36	(61.1)	33	(57.6)	116	129	(10.1)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>1,019</b>	<b>1,131</b>	<b>(9.9)</b>	<b>1,024</b>	<b>(0.5)</b>	<b>4,333</b>	<b>4,422</b>	<b>(2.0)</b>
Net investment income related to policyholder investment income and trading gains (losses)	(1,949)	692	NM	(1,071)	NM	(3,352)	1,344	NM
<b>Total net investment income</b>	<b>(930)</b>	<b>1,823</b>	<b>NM</b>	<b>(47)</b>	<b>NM</b>	<b>981</b>	<b>5,766</b>	<b>(83.0)</b>
<b>Policyholder benefits and claims incurred excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	2,537	3,602	(29.6)	2,880	(11.9)	11,253	11,938	(5.7)
Personal accident & health	274	284	(3.5)	346	(20.8)	1,296	1,166	11.1
Group products	97	101	(4.0)	173	(43.9)	599	462	29.7
Subtotal life insurance	2,908	3,987	(27.1)	3,399	(14.4)	13,148	13,566	(3.1)
Individual fixed annuities	34	24	41.7	28	21.4	113	107	5.6
Individual variable annuities	3	1	200.0	1	200.0	7	4	75.0
Subtotal retirement services	37	25	48.0	29	27.6	120	111	8.1
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)</b>	<b>2,945</b>	<b>4,012</b>	<b>(26.6)</b>	<b>3,428</b>	<b>(14.1)</b>	<b>13,268</b>	<b>13,677</b>	<b>(3.0)</b>
Policyholder benefits and claims incurred related to policyholder investment income and trading gains (losses)	(1,949)	692	NM	(1,071)	NM	(3,352)	1,344	NM
<b>Total policyholder benefits and claims incurred excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b>996</b>	<b>4,704</b>	<b>(78.8)</b>	<b>2,357</b>	<b>(57.7)</b>	<b>9,916</b>	<b>15,021</b>	<b>(34.0)</b>
<b>Policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	994	(271)	NM	674	47.5	3,105	1,204	157.9
Personal accident & health	192	123	56.1	136	41.2	610	465	31.2
Group products	72	80	(10.0)	59	22.0	238	208	14.4
Subtotal life insurance	1,258	(68)	NM	869	44.8	3,953	1,877	110.6
Individual fixed annuities	70	15	366.7	4	NM	87	33	163.6
Individual variable annuities	14	-	NM	3	366.7	18	1	NM
Subtotal retirement services	84	15	460.0	7	NM	105	34	208.8
<b>Total policy acquisition and other insurance expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) and goodwill impairment (\$)</b>	<b>\$ 1,342</b>	<b>\$ (53)</b>	<b>NM %</b>	<b>\$ 876</b>	<b>53.2 %</b>	<b>\$ 4,058</b>	<b>\$ 1,911</b>	<b>112.3 %</b>

(See Accompanying Notes on Pages 52 - 53)

**American International Group, Inc.**  
**Asia Product Statistics (continued)**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment:</b>								
Life insurance	\$ 585	\$ 846	(30.9) %	\$ 275	112.7 %	\$ 1,914	\$ 2,533	(24.4) %
Personal accident & health	68	140	(51.4)	94	(27.7)	317	388	(18.3)
Group products	37	1	NM	38	(2.6)	149	90	65.6
Subtotal life insurance	690	987	(30.1)	407	69.5	2,380	3,011	(21.0)
Individual fixed annuities	13	13	0.0	10	30.0	47	35	34.3
Individual variable annuities	(13)	1	NM	(2)	NM	(14)	2	NM
Subtotal retirement services	-	14	NM	8	NM	33	37	(10.8)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements and goodwill impairment</b>	<b>690</b>	<b>1,001</b>	<b>(31.1)</b>	<b>415</b>	<b>66.3</b>	<b>2,413</b>	<b>3,048</b>	<b>(20.8)</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses) and goodwill impairment:</b>								
Life insurance	(9)	3	NM	1	NM	(8)	5	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	(9)	3	NM	1	NM	(8)	5	NM
Individual fixed annuities	(19)	(4)	NM	(3)	NM	(21)	(3)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	(19)	(4)	NM	(3)	NM	(21)	(3)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses) and goodwill impairment</b>	<b>(28)</b>	<b>(1)</b>	<b>NM</b>	<b>(2)</b>	<b>NM</b>	<b>(29)</b>	<b>2</b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>								
Life insurance	594	843	(29.5)	274	116.8	1,922	2,528	(24.0)
Personal accident & health	68	140	(51.4)	94	(27.7)	317	388	(18.3)
Group products	37	1	NM	38	(2.6)	149	90	65.6
Subtotal life insurance	699	984	(29.0)	406	72.2	2,388	3,006	(20.6)
Individual fixed annuities	32	17	88.2	13	146.2	68	38	78.9
Individual variable annuities	(13)	1	NM	(2)	NM	(14)	2	NM
Subtotal retirement services	19	18	5.6	11	72.7	54	40	35.0
<b>Total operating income before net realized capital gains (losses) (7)</b>	<b>718</b>	<b>1,002</b>	<b>(28.3)</b>	<b>417</b>	<b>72.2</b>	<b>2,442</b>	<b>3,046</b>	<b>(19.8)</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	(3,579)	226	NM	(1,706)	NM	(6,057)	177	NM
Personal accident & health	(142)	(1)	NM	(61)	NM	(234)	(2)	NM
Group products	254	(9)	NM	(36)	NM	194	(77)	NM
Subtotal life insurance	(3,467)	216	NM	(1,803)	NM	(6,097)	98	NM
Individual fixed annuities	70	15	366.7	(33)	NM	5	10	(50.0)
Individual variable annuities	-	(1)	NM	-	NM	-	(1)	NM
Subtotal retirement services	70	14	400.0	(33)	NM	5	9	(44.4)
<b>Total net realized capital gains (losses)</b>	<b>(3,397)</b>	<b>230</b>	<b>NM</b>	<b>(1,836)</b>	<b>NM</b>	<b>(6,092)</b>	<b>107</b>	<b>NM</b>
<b>Operating income (loss):</b>								
Life insurance	(2,985)	1,069	NM	(1,432)	NM	(4,135)	2,705	NM
Personal accident & health	(74)	139	NM	33	NM	83	386	(78.5)
Group products	291	(8)	NM	2	NM	343	13	NM
Subtotal life insurance	(2,768)	1,200	NM	(1,397)	NM	(3,709)	3,104	NM
Individual fixed annuities	102	32	218.8	(20)	NM	73	48	52.1
Individual variable annuities	(13)	-	NM	(2)	NM	(14)	1	NM
Subtotal retirement services	89	32	178.1	(22)	NM	59	49	20.4
<b>Total operating income (losses)</b>	<b>\$ (2,679)</b>	<b>\$ 1,232</b>	<b>NM %</b>	<b>\$ (1,419)</b>	<b>NM %</b>	<b>\$ (3,650)</b>	<b>\$ 3,153</b>	<b>NM %</b>

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Premium Statistics**  
(dollars in millions)

	First Year Premiums (8)					Single Premiums				
	Three Months Ended					Three Months Ended				
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg
<b>Life insurance</b>										
Japan	\$ 197	\$ 162	21.6 %	\$ 195	1.0 %	\$ 250	\$ 469	(46.7) %	\$ 396	(36.9) %
China	19	31	(38.7)	25	(24.0)	7	106	(93.4)	28	(75.0)
Taiwan	57	157	(63.7)	132	(56.8)	12	207	(94.2)	35	(65.7)
Other Asia	301	454	(33.7)	406	(25.9)	144	955	(84.9)	291	(50.5)
Europe (9)	32	43	(25.6)	43	(25.6)	548	3,709	(85.2)	1,680	(67.4)
All other regions*	33	40	(17.5)	39	(15.4)	6	18	(66.7)	12	(50.0)
<b>Total</b>	<b>639</b>	<b>887</b>	<b>(28.0)</b>	<b>840</b>	<b>(23.9)</b>	<b>967</b>	<b>5,464</b>	<b>(82.3)</b>	<b>2,442</b>	<b>(60.4)</b>
<b>Personal accident &amp; health</b>										
Japan	140	148	(5.4)	146	(4.1)	31	2	NM	65	(52.3)
China	8	12	(33.3)	11	(27.3)	1	1	0.0	1	0.0
Taiwan	16	25	(36.0)	23	(30.4)	-	-	NM	-	NM
Other Asia	73	83	(12.0)	79	(7.6)	-	-	NM	-	NM
Europe	23	28	(17.9)	25	(8.0)	5	5	0.0	5	0.0
All other regions*	13	13	0.0	13	0.0	4	6	(33.3)	5	(20.0)
<b>Total</b>	<b>273</b>	<b>309</b>	<b>(11.7)</b>	<b>297</b>	<b>(8.1)</b>	<b>41</b>	<b>14</b>	<b>192.9</b>	<b>76</b>	<b>(46.1)</b>
<b>Group products</b>										
Japan	16	4	300.0	14	14.3	-	-	NM	-	NM
China	7	3	133.3	6	16.7	-	-	NM	-	NM
Taiwan	2	4	(50.0)	3	(33.3)	1	1	0.0	1	0.0
Other Asia	42	23	82.6	36	16.7	24	23	4.3	26	(7.7)
Europe	11	23	(52.2)	21	(47.6)	172	154	11.7	191	(9.9)
All other regions*	41	31	32.3	38	7.9	16	38	(57.9)	15	6.7
<b>Total</b>	<b>119</b>	<b>88</b>	<b>35.2</b>	<b>118</b>	<b>0.8</b>	<b>213</b>	<b>216</b>	<b>(1.4)</b>	<b>233</b>	<b>(8.6)</b>
<b>Total premiums</b>										
Japan	353	314	12.4	355	(0.6)	281	471	(40.3)	461	(39.0)
China	34	46	(26.1)	42	(19.0)	8	107	(92.5)	29	(72.4)
Taiwan	75	186	(59.7)	158	(52.5)	13	208	(93.8)	36	(63.9)
Other Asia	416	560	(25.7)	521	(20.2)	168	978	(82.8)	317	(47.0)
Europe	66	94	(29.8)	89	(25.8)	725	3,868	(81.3)	1,876	(61.4)
All other regions*	87	84	3.6	90	(3.3)	26	62	(58.1)	32	(18.8)
<b>Total (10)</b>	<b>\$ 1,031</b>	<b>\$ 1,284</b>	<b>(19.7) %</b>	<b>\$ 1,255</b>	<b>(17.8) %</b>	<b>\$ 1,221</b>	<b>\$ 5,694</b>	<b>(78.6) %</b>	<b>\$ 2,751</b>	<b>(55.6) %</b>

\* Brazil region joint venture was dissolved in 4q08. Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.  
(See Accompanying Notes on Pages 52 - 53)

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Premium Statistics**  
(dollars in millions)

	First Year Premiums (8)			Single Premiums		
	Twelve Months Ended			Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Life insurance</b>						
Japan	\$ 755	\$ 809	(6.7) %	\$ 1,477	\$ 1,585	(6.8) %
China	94	104	(9.6)	188	376	(50.0)
Taiwan	502	765	(34.4)	289	919	(68.6)
Other Asia	1,508	1,498	0.7	1,835	2,623	(30.0)
Europe (9)	162	149	8.7	5,701	9,538	(40.2)
All other regions*	144	141	2.1	49	77	(36.4)
<b>Total</b>	<b>3,165</b>	<b>3,466</b>	<b>(8.7)</b>	<b>9,539</b>	<b>15,118</b>	<b>(36.9)</b>
<b>Personal accident &amp; health</b>						
Japan	589	613	(3.9)	189	7	NM
China	41	42	(2.4)	4	4	0.0
Taiwan	90	99	(9.1)	-	-	NM
Other Asia	308	344	(10.5)	1	-	NM
Europe	95	95	0.0	20	17	17.6
All other regions*	52	47	10.6	17	17	0.0
<b>Total</b>	<b>1,175</b>	<b>1,240</b>	<b>(5.2)</b>	<b>231</b>	<b>45</b>	<b>413.3</b>
<b>Group products</b>						
Japan	48	15	220.0	-	-	NM
China	25	14	78.6	1	-	NM
Taiwan	14	15	(6.7)	8	4	100.0
Other Asia	142	82	73.2	95	75	26.7
Europe	89	78	14.1	805	592	36.0
All other regions*	157	122	28.7	59	71	(16.9)
<b>Total</b>	<b>475</b>	<b>326</b>	<b>45.7</b>	<b>968</b>	<b>742</b>	<b>30.5</b>
<b>Total premiums</b>						
Japan	1,392	1,437	(3.1)	1,666	1,592	4.6
China	160	160	0.0	193	380	(49.2)
Taiwan	606	879	(31.1)	297	923	(67.8)
Other Asia	1,958	1,924	1.8	1,931	2,698	(28.4)
Europe	346	322	7.5	6,526	10,147	(35.7)
All other regions*	353	310	13.9	125	165	(24.2)
<b>Total (10)</b>	<b>\$ 4,815</b>	<b>\$ 5,032</b>	<b>(4.3) %</b>	<b>\$ 10,738</b>	<b>\$ 15,905</b>	<b>(32.5) %</b>

\* Brazil region joint venture was dissolved in 4q08. Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.  
(See Accompanying Notes on Pages 52 - 53)

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services**  
**Premiums, Deposits and Other Considerations**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Life insurance</b>								
<b>Life insurance</b>								
Japan	\$ 1,662	\$ 1,779	(6.6) %	\$ 1,774	(6.3) %	\$ 7,286	\$ 6,939	5.0 %
China	218	300	(27.3)	212	2.8	917	1,006	(8.8)
Taiwan	1,214	1,449	(16.2)	1,318	(7.9)	6,007	7,159	(16.1)
Other Asia	2,514	3,441	(26.9)	2,578	(2.5)	10,949	11,320	(3.3)
Europe	801	3,976	(79.9)	1,965	(59.2)	6,809	10,499	(35.1)
All other regions*	158	167	(5.4)	187	(15.5)	688	640	7.5
<b>Total</b>	<b>6,567</b>	<b>11,112</b>	<b>(40.9)</b>	<b>8,034</b>	<b>(18.3)</b>	<b>32,656</b>	<b>37,563</b>	<b>(13.1)</b>
<b>Personal accident &amp; health</b>								
Japan	1,120	967	15.8	1,108	1.1	4,442	3,694	20.2
China	38	34	11.8	40	(5.0)	151	128	18.0
Taiwan	153	157	(2.5)	160	(4.4)	671	621	8.1
Other Asia	308	316	(2.5)	336	(8.3)	1,280	1,164	10.0
Europe	102	108	(5.6)	112	(8.9)	436	388	12.4
All other regions*	41	40	2.5	41	0.0	159	136	16.9
<b>Total</b>	<b>1,762</b>	<b>1,622</b>	<b>8.6</b>	<b>1,797</b>	<b>(1.9)</b>	<b>7,139</b>	<b>6,131</b>	<b>16.4</b>
<b>Group products</b>								
Japan	133	117	13.7	138	(3.6)	543	471	15.3
China	8	4	100.0	11	(27.3)	38	18	111.1
Taiwan	25	26	(3.8)	29	(13.8)	114	105	8.6
Other Asia	175	123	42.3	209	(16.3)	758	553	37.1
Europe	293	371	(21.0)	437	(33.0)	1,747	1,452	20.3
All other regions*	224	199	12.6	220	1.8	875	707	23.8
<b>Total</b>	<b>858</b>	<b>840</b>	<b>2.1</b>	<b>1,044</b>	<b>(17.8)</b>	<b>4,075</b>	<b>3,306</b>	<b>23.3</b>
<b>Total life insurance</b>								
Japan	2,915	2,863	1.8	3,020	(3.5)	12,271	11,104	10.5
China	264	338	(21.9)	263	0.4	1,106	1,152	(4.0)
Taiwan	1,392	1,632	(14.7)	1,507	(7.6)	6,792	7,885	(13.9)
Other Asia	2,997	3,880	(22.8)	3,123	(4.0)	12,987	13,037	(0.4)
Europe	1,196	4,455	(73.2)	2,514	(52.4)	8,992	12,339	(27.1)
All other regions*	423	406	4.2	448	(5.6)	1,722	1,483	16.1
<b>Total</b>	<b>9,187</b>	<b>13,574</b>	<b>(32.3)</b>	<b>10,875</b>	<b>(15.5)</b>	<b>43,870</b>	<b>47,000</b>	<b>(6.7)</b>
<b>Retirement services</b>								
<b>Individual fixed annuities</b>								
Japan	717	1,271	(43.6)	1,432	(49.9)	5,438	4,344	25.2
Korea	(2)	78	NM	110	NM	377	516	(26.9)
Other Asia	12	29	(58.6)	29	(58.6)	99	105	(5.7)
Europe	111	89	24.7	119	(6.7)	436	338	29.0
All other regions*	14	15	(6.7)	15	(6.7)	59	49	20.4
<b>Total</b>	<b>852</b>	<b>1,482</b>	<b>(42.5)</b>	<b>1,705</b>	<b>(50.0)</b>	<b>6,409</b>	<b>5,352</b>	<b>19.7</b>
<b>Individual variable annuities</b>								
Japan	95	257	(63.0)	228	(58.3)	809	1,111	(27.2)
Taiwan	14	16	(12.5)	75	(81.3)	427	52	NM
Other Asia	-	-	NM	1	NM	2	-	NM
Europe	14	3,325	(99.6)	2,490	(99.4)	10,018	12,635	(20.7)
<b>Total</b>	<b>123</b>	<b>3,598</b>	<b>(96.6)</b>	<b>2,794</b>	<b>(95.6)</b>	<b>11,256</b>	<b>13,798</b>	<b>(18.4)</b>
<b>Total retirement services</b>								
Japan	812	1,528	(46.9)	1,660	(51.1)	6,247	5,455	14.5
Korea	(2)	78	NM	110	NM	377	516	(26.9)
Taiwan	14	16	(12.5)	75	(81.3)	427	52	NM
Other Asia	12	29	(58.6)	30	(60.0)	101	105	(3.8)
Europe	125	3,414	(96.3)	2,609	(95.2)	10,454	12,973	(19.4)
All other regions*	14	15	(6.7)	15	(6.7)	59	49	20.4
<b>Total (10)</b>	<b>975</b>	<b>5,080</b>	<b>(80.8)</b>	<b>4,499</b>	<b>(78.3)</b>	<b>17,665</b>	<b>19,150</b>	<b>(7.8)</b>
<b>Total premiums, deposits and other considerations</b>	<b>\$ 10,162</b>	<b>\$ 18,654</b>	<b>(45.5) %</b>	<b>\$ 15,374</b>	<b>(33.9) %</b>	<b>\$ 61,535</b>	<b>\$ 66,150</b>	<b>(7.0) %</b>

\* Brazil region joint venture was dissolved in 4q08. Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.  
(See Accompanying Notes on Pages 52 - 53)



**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Reserves\***

(dollars in millions)

	Dec. 31, 2008	Dec. 31, 2007	% Chg	Original Currency Growth %	Sept. 30, 2008	Sequential % Chg
<b>Life Insurance Reserves</b>						
<b>Life insurance</b>						
Japan	\$ 41,588	\$ 34,798	19.5 %	4.4 %	\$ 38,051	9.3 %
China	4,399	3,549	24.0	14.6	4,253	3.4
Taiwan	37,131	36,947	0.5	3.8	40,180	(7.6)
Other Asia	42,403	50,320	(15.7)	(9.9)	49,342	(14.1)
Europe	7,117	13,008	(45.3)	(32.3)	10,295	(30.9)
All other regions	2,355	2,803	(16.0)	(11.9)	2,946	(20.1)
<b>Total</b>	<b>134,993</b>	<b>141,425</b>	<b>(4.5)</b>	<b>(3.4)</b>	<b>145,067</b>	<b>(6.9)</b>
<b>Personal accident &amp; health</b>						
Japan	7,296	5,405	35.0	16.4	6,282	16.1
China	117	83	41.0	30.7	114	2.6
Taiwan	2,070	1,842	12.4	16.0	2,125	(2.6)
Other Asia	1,084	1,229	(11.8)	27.8	1,345	(19.4)
Europe	237	251	(5.6)	19.8	270	(12.2)
All other regions	55	59	(6.8)	(2.6)	62	(11.3)
<b>Total</b>	<b>10,859</b>	<b>8,869</b>	<b>22.4</b>	<b>17.5</b>	<b>10,198</b>	<b>6.5</b>
<b>Group products</b>						
Japan	2,886	2,932	(1.6)	(15.1)	2,739	5.4
China	10	5	100.0	98.9	9	11.1
Taiwan	43	42	2.4	5.2	48	(10.4)
Other Asia	1,313	1,518	(13.5)	4.3	1,491	(11.9)
Europe	2,015	2,092	(3.7)	13.9	2,371	(15.0)
All other regions**	706	4,787	(85.3)	(80.9)	5,729	(87.7)
<b>Total</b>	<b>6,973</b>	<b>11,376</b>	<b>(38.7)</b>	<b>(31.4)</b>	<b>12,387</b>	<b>(43.7)</b>
<b>Total life insurance reserves</b>						
Japan	51,770	43,135	20.0	4.5	47,072	10.0
China	4,526	3,637	24.4	15.1	4,376	3.4
Taiwan	39,244	38,831	1.1	4.4	42,353	(7.3)
Other Asia	44,800	53,067	(15.6)	(8.9)	52,178	(14.1)
Europe	9,369	15,351	(39.0)	(24.9)	12,936	(27.6)
All other regions	3,116	7,649	(59.3)	(51.0)	8,737	(64.3)
<b>Total</b>	<b>\$ 152,825</b>	<b>\$ 161,670</b>	<b>(5.5) %</b>	<b>(3.9) %</b>	<b>\$ 167,652</b>	<b>(8.8) %</b>

\*Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.

\*\*Significant reduction to reserves was primarily due to Brazil joint venture that was dissolved in 4q08.

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services Reserves (continued)\***

(dollars in millions)

	Dec. 31, 2008	Dec. 31, 2007	% Chg	Original Currency Growth %	Sept. 30, 2008	Sequential % Chg
<b>Retirement Services Reserves</b>						
<b>Individual fixed annuities</b>						
Japan	\$ 46,360	\$ 43,895	5.6 %	2.9 %	\$ 49,452	(6.3) %
Korea	839	1,982	(57.7)	(32.5)	1,910	(56.1)
Other Asia	409	422	(3.1)	6.4	446	(8.3)
Europe	1,547	1,978	(21.8)	(1.0)	1,936	(20.1)
All other regions	427	388	10.1	(24.3)	774	(44.8)
<b>Total</b>	<b>49,582</b>	<b>48,665</b>	<b>1.9</b>	<b>1.6</b>	<b>54,518</b>	<b>(9.1)</b>
<b>Individual variable annuities</b>						
Japan	5,201	6,147	(15.4)	(27.1)	6,067	(14.3)
Taiwan	338	64	428.1	472.9	420	(19.5)
Other Asia	55	67	(17.9)	(14.7)	70	(21.4)
Europe	9,701	21,850	(55.6)	(40.0)	21,276	(54.4)
All other regions	-	-	NM	NM	-	NM
<b>Total</b>	<b>15,295</b>	<b>28,128</b>	<b>(45.6)</b>	<b>(34.8)</b>	<b>27,833</b>	<b>(45.0)</b>
<b>Total retirement services reserves</b>	<b>64,877</b>	<b>76,793</b>	<b>(15.5)</b>	<b>(10.4)</b>	<b>82,351</b>	<b>(21.2)</b>
<b>Policy and Contract Claims Reserves</b>						
<b>Personal accident &amp; health</b>						
Japan	313	279	12.2		275	13.8
China	9	7	28.6		8	12.5
Taiwan	55	64	(14.1)		62	(11.3)
Other Asia	116	99	17.2		129	(10.1)
Europe	75	89	(15.7)		85	(11.8)
All other regions	33	32	3.1		38	(13.2)
<b>Total</b>	<b>601</b>	<b>570</b>	<b>5.4</b>		<b>597</b>	<b>0.7</b>
<b>Group accident &amp; health</b>						
Japan	(2)	-	NM		(2)	NM
Taiwan	4	5	(20.0)		4	0.0
Other Asia	24	20	20.0		24	0.0
Europe	9	7	28.6		11	(18.2)
All other regions	82	87	(5.7)		65	26.2
<b>Total</b>	<b>\$ 117</b>	<b>\$ 119</b>	<b>(1.7) %</b>	<b>%</b>	<b>\$ 102</b>	<b>14.7 %</b>

\*Certain amounts have been reclassified in 2007 to conform to the 2008 presentation.

# American International Group, Inc.

## Foreign Retirement Services Spread Information

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Spread information</b>								
<b>Individual fixed annuities</b>								
<b>Japan (a)</b>								
Base investment income	\$ 533	\$ 471	13.2 %	\$ 531	0.4 %	\$ 2,066	\$ 1,782	15.9 %
Partnerships/other enhancements	-	-	NM	-	NM	-	-	NM
<b>Total net investment income (b)</b>	<b>\$ 533</b>	<b>\$ 471</b>	<b>13.2 %</b>	<b>\$ 531</b>	<b>0.4 %</b>	<b>\$ 2,066</b>	<b>\$ 1,782</b>	<b>15.9 %</b>
Base yield (a)	5.61 %	5.25 %		5.21 %		5.40 %	5.10 %	
Partnerships/other enhancements	0.00 %	0.00 %		0.00 %		0.00 %	0.00 %	
<b>Total</b>	<b>5.61 %</b>	<b>5.25 %</b>		<b>5.21 %</b>		<b>5.40 %</b>	<b>5.10 %</b>	
Cost of funds (b) (c)	3.70 %	3.60 %		3.67 %		3.68 %	3.49 %	
Net spread rate, as reported (c)	1.91 %	1.65 %		1.54 %		1.72 %	1.61 %	
Net spread rate excluding partnerships and other enhancements	1.91 %	1.65 %	15.8 %	1.54 %	24.0 %	1.72 %	1.61 %	6.8 %
<b>Korea</b>								
Base investment income	\$ 14	\$ 27	(48.1) %	\$ 27	(48.1) %	\$ 97	\$ 100	(3.0) %
Partnerships/other enhancements	-	-	NM	-	NM	-	-	NM
<b>Total net investment income (b)</b>	<b>\$ 14</b>	<b>\$ 27</b>	<b>(48.1) %</b>	<b>\$ 27</b>	<b>(48.1) %</b>	<b>\$ 97</b>	<b>\$ 100</b>	<b>(3.0) %</b>
Base yield (c)	4.26 %	5.38 %		5.46 %		5.42 %	5.40 %	
Partnerships/other enhancements	0.00 %	0.00 %		0.00 %		0.00 %	0.00 %	
<b>Total</b>	<b>4.26 %</b>	<b>5.38 %</b>		<b>5.46 %</b>		<b>5.42 %</b>	<b>5.40 %</b>	
Cost of funds (b) (c)	4.87 %	4.67 %		4.81 %		4.80 %	4.61 %	
Net spread rate, as reported (c)	(0.61) %	0.71 %		0.65 %		0.62 %	0.79 %	
Net spread rate excluding partnerships and other enhancements	(0.61) %	0.71 %	NM %	0.65 %	NM %	0.62 %	0.79 %	(21.5) %
<b>Net flows (d)</b>								
<b>Individual fixed annuities</b>								
Japan	\$ (2,020)	\$ 601	NM %	\$ 579	NM %	\$ 349	\$ 820	(57.4) %
Korea	(862)	(45)	NM	50	NM	(772)	244	NM
<b>Individual variable annuities</b>								
Japan	\$ (202)	\$ 164	NM %	\$ 140	NM %	\$ 236	\$ 715	(67.0) %
<b>Surrender rates</b>								
<b>Japan</b>								
Individual fixed annuities	21.3 %	2.7 %		3.2 %		7.5 %	5.5 %	
Individual variable annuities	18.4 %	4.9 %		4.1 %		7.6 %	5.8 %	
<b>Korea</b>								
Individual fixed annuities	NM %	23.1 %		11.1 %		63.3 %	13.8 %	

(a) Excludes acquired block of Yen annuities no longer being sold.

(b) For Japan and Korea, the net investment income and cost of funds are translated into U.S. dollars at the average exchange rates for the quarter while the denominator is translated at the quarter ending exchange rate. This can cause fluctuations of a few basis points from quarter to quarter if there is a sharp change in the appreciation/depreciation during a quarter.

(c) For Japan and Korea, the calculation methodology for spread information takes the month-end assets/liabilities that are then averaged. Quarterly figures use two point averages (beginning of quarter and end of quarter) while twelve month figures use five point averages (beginning of year plus each of the quarter ends).

(d) Net flows are defined as deposits received less benefits, surrenders, withdrawals and death benefits. For Japan and Korea, net flows are calculated at the average exchange rate for the quarter and include the acquired block of Yen annuities no longer being sold.

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services**  
**Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired**

(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% chg	Sept. 30, 2008	Sequential % chg	Dec. 31, 2008	Dec. 31, 2007	% chg
<b>Life insurance</b>								
Balance at beginning of period	\$ 17,776	\$ 16,041	10.8 %	\$ 18,069	(1.6) %	\$ 18,198	\$ 14,519	25.3 %
Acquisition costs deferred	780	1,132	(31.1)	940	(17.0)	3,282	3,584	(8.4)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	46	(3)	NM	29	58.6	76	(5)	NM
Related to unlocking future assumptions	47	(85)	NM	(19)	NM	20	(63)	NM
All other amortization (11)	(922)	605	NM	(605)	NM	(2,578)	(503)	NM
Change in unrealized gains (losses) on securities	(177)	28	NM	(74)	NM	(18)	94	NM
Increase (decrease) due to foreign exchange	(588)	416	NM	(567)	NM	(617)	529	NM
Other	9	64	(85.9)	3	200.0	(1,392)	43	NM
<b>Balance at end of period</b>	<b><u>16,971</u></b>	<b><u>18,198</u></b>	<b>(6.7)</b>	<b><u>17,776</u></b>	<b>(4.5)</b>	<b><u>16,971</u></b>	<b><u>18,198</u></b>	<b>(6.7)</b>
<b>Personal accident &amp; health</b>								
Balance at beginning of period	5,933	5,272	12.5	6,022	(1.5)	5,601	4,769	17.4
Acquisition costs deferred	410	330	24.2	360	13.9	1,487	1,426	4.3
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(380)	(211)	NM	(241)	NM	(1,107)	(805)	NM
Increase (decrease) due to foreign exchange	436	210	107.6	(207)	NM	402	211	90.5
Other	-	-	NM	(1)	NM	16	-	NM
<b>Balance at end of period</b>	<b><u>6,399</u></b>	<b><u>5,601</u></b>	<b>14.2</b>	<b><u>5,933</u></b>	<b>7.9</b>	<b><u>6,399</u></b>	<b><u>5,601</u></b>	<b>14.2</b>
<b>Group products</b>								
Balance at beginning of period	624	393	58.8	613	1.8	474	200	137.0
Acquisition costs deferred	131	145	(9.7)	133	(1.5)	442	407	8.6
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	(1)	NM	-	-	NM
All other amortization (11)	(80)	(102)	NM	(94)	NM	(258)	(262)	NM
Change in unrealized gains (losses) on securities	-	-	NM	1	NM	-	-	NM
Increase (decrease) due to foreign exchange	(119)	40	NM	(29)	NM	(101)	43	NM
Other	(13)	(2)	NM	1	NM	(14)	86	NM
<b>Balance at end of period</b>	<b><u>\$ 543</u></b>	<b><u>\$ 474</u></b>	<b>14.6 %</b>	<b><u>\$ 624</u></b>	<b>(13.0) %</b>	<b><u>\$ 543</u></b>	<b><u>\$ 474</u></b>	<b>14.6 %</b>

(See Accompanying Notes on Pages 52 - 53)

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services**  
**Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired (continued)**

(dollars in millions)

	Three Months Ended					Twelve Months Ended				
	Dec. 31, 2008	Dec. 31, 2007	% chg	Sept. 30, 2008	Sequential % chg	Dec. 31, 2008	Dec. 31, 2007	% chg		
<b>Individual fixed annuities</b>										
Balance at beginning of period	\$ 4,086	\$ 2,124	92.4 %	\$ 2,531	61.4 %	\$ 1,954	\$ 1,563	25.0 %		
Acquisition costs deferred	25	88	(71.6)	91	(72.5)	304	301	1.0		
Amortization (charged) or credited to operating income:										
Related to net realized capital gains (losses)	(21)	77	NM	22	NM	57	123	(53.7)		
Related to unlocking future assumptions	38	9	322.2	-	NM	39	44	(11.4)		
All other amortization	(310)	(79)	NM	(126)	NM	(570)	(323)	NM		
Change in unrealized gains (losses) on securities	(1,793)	(282)	NM	1,599	NM	271	223	21.5		
Increase (decrease) due to foreign exchange	(36)	18	NM	(31)	NM	(66)	23	NM		
Other	-	(1)	NM	-	NM	-	-	NM		
<b>Balance at end of period</b>	<b><u>1,989</u></b>	<b><u>1,954</u></b>	<b>1.8</b>	<b><u>4,086</u></b>	<b>(51.3)</b>	<b><u>1,989</u></b>	<b><u>1,954</u></b>	<b>1.8</b>		
<b>Individual variable annuities</b>										
Balance at beginning of period	678	589	15.1	712	(4.8)	629	506	24.3		
Acquisition costs deferred	25	40	(37.5)	33	(24.2)	173	163	6.1		
Amortization (charged) or credited to operating income:										
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM		
Related to unlocking future assumptions	(5)	-	NM	-	NM	(5)	-	NM		
All other amortization	(120)	(28)	NM	(37)	NM	(213)	(75)	NM		
Change in unrealized gains (losses) on securities	-	-	NM	-	NM	-	-	NM		
Increase (decrease) due to foreign exchange	3	28	(89.3)	(30)	NM	(3)	35	NM		
Other	-	-	NM	-	NM	-	-	NM		
<b>Balance at end of period</b>	<b><u>581</u></b>	<b><u>629</u></b>	<b>(7.6)</b>	<b><u>678</u></b>	<b>(14.3)</b>	<b><u>581</u></b>	<b><u>629</u></b>	<b>(7.6)</b>		
<b>Total</b>										
Balance at beginning of period	29,097	24,419	19.2	27,947	4.1	26,856	21,557	24.6		
Acquisition costs deferred	1,371	1,735	(21.0)	1,557	(11.9)	5,688	5,881	(3.3)		
Amortization (charged) or credited to operating income:										
Related to net realized capital gains (losses)	25	74	(66.2)	51	(51.0)	133	118	12.7		
Related to unlocking future assumptions	80	(76)	NM	(20)	NM	54	(19)	NM		
All other amortization	(1,812)	185	NM	(1,103)	NM	(4,726)	(1,968)	NM		
Change in unrealized gains (losses) on securities	(1,970)	(254)	NM	1,526	NM	253	317	(20.2)		
Increase (decrease) due to foreign exchange	(304)	712	NM	(864)	NM	(385)	841	NM		
Other	(4)	61	NM	3	NM	(1,390)	129	NM		
<b>Balance at end of period</b>	<b><u>\$ 26,483</u></b>	<b><u>\$ 26,856</u></b>	<b>(1.4) %</b>	<b><u>\$ 29,097</u></b>	<b>(9.0) %</b>	<b><u>\$ 26,483</u></b>	<b><u>\$ 26,856</u></b>	<b>(1.4) %</b>		

(See Accompanying Notes on Pages 52 - 53)

# American International Group, Inc.

## Foreign Life Insurance & Retirement Services

### Notes

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis.
- (2) For the three months ended December 31, 2008 and 2007 and September 30, 2008 and the twelve months ended December 31, 2008 and 2007, \$(66) million, \$8 million, \$(23) million, \$(105) million and \$37 million, respectively, were allocated to policyholder accounts through incurred policy losses and benefits.
- (3) Consists of trading account losses associated with certain investment-linked products in the UK. Life insurance includes \$(8) million, \$(89) million and \$(156) million, for the three months ended December 31, 2008 and September 30, 2008 and the twelve months ended December 31, 2008, respectively. Individual variable annuities includes \$5 million, \$(57) million, \$(412) million, \$(569) million and \$(150) million for the three months ended December 31, 2008 and 2007 and September 30, 2008 and the twelve months ended December 31, 2008 and 2007, respectively.
- (4) Relates principally to assets held in various trading securities accounts that did not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal change included in incurred policy losses and benefits.
- (5) AIG elected on January 1, 2008 to apply fair value of accounting to a closed block of business in Japan and an investment linked product sold primarily in Asia. Effectively, the adoption of fair value accounting changed the classification of the deferral and amortization of acquisition costs (change in DAC) from expense to a component of the change in fair value liabilities. Insurance acquisition and operating expenses in 2008 therefore excludes the change in DAC component, while in 2007 includes the change in DAC component. Expense growth excluding the effect of foreign exchange, adoption of FAS159, non-functional currency measurement and amortization of deferred acquisition costs and VOBA related to realized capital gains (losses) is:

	2008 %Change	
	Three months	Twelve months
Foreign Life Insurance & Retirement Services	19.1%	16.9%
Japan and Other	10.4%	13.5%
Asia	29.9%	21.3%

- (6) For the three months ended December 31, 2008 and 2007 and September 30, 2008 and twelve months ended December 31, 2008 and 2007, Japan individual fixed annuities premiums and other considerations include a charge of \$96 million, \$49 million, \$14 million, \$139 million and \$74 million, respectively, for amortization of unearned revenue liability associated with net realized capital losses. The charges are partially offset by a benefit to deferred acquisition costs, VOBA and sales inducements related to net realized capital losses.
- (7) The following tables summarize the effect of infrequent or unusual items on operating income before net realized capital gains (losses):

Foreign Life Insurance & Retirement Services (in millions)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$1,347	\$1,631	(17.4)%	\$5,448	\$6,384	(14.7)%
Trading account losses (UK)	(3)	(57)		(725)	(150)	
Change in reserves related to fund restructuring	313	-		313	-	
Effect of remediation activities	(42)	(89)		(79)	(139)	
Change in actuarial estimate*	248	173		218	183	
Japan regulatory claim review	-	(5)		-	(67)	
Operating income excluding unusual items	\$831	\$1,609	(48.3)%	\$5,721	\$6,557	(12.7)%

Japan and Other (in millions)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$629	\$629	0.0%	\$3,006	\$3,338	(9.9)%
Trading account losses (UK)	(3)	(57)		(725)	(150)	
Change in reserves related to fund restructuring	313	-		313	-	
Effect of remediation activities	(50)	(21)		(60)	(21)	
Change in actuarial estimate*	136	(195)		138	(187)	
Japan regulatory claim review	-	(5)		-	(67)	
Operating income excluding unusual items	\$233	\$907	(74.3)%	\$3,340	\$3,763	(11.2)%

Asia (in millions)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$718	\$1,002	(28.3)%	\$2,442	\$3,046	(19.8)%
Effect of remediation activities	8	(68)		(19)	(118)	
Change in actuarial estimate*	112	368		80	370	
Operating income excluding unusual items	\$598	\$702	(14.8)%	\$2,381	\$2,794	(14.8)%

\*Change in actuarial estimate includes DAC unlockings and actuarial system migrations.

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services**  
**Notes**

- (8) Represents premium recorded within the first policy year from new sales other than single premiums.
- (9) Includes Guaranteed Income Bonds (GIBs) sales of \$0.5 billion, \$3.7 billion, \$1.6 billion, \$5.6 billion and \$9.3 billion for the three months ended December 31, 2008 and 2007 and September 31, 2008, and the twelve months ended December 31, 2008 and 2007, respectively.
- (10) The following tables reflect first year premiums, single premiums and annuity deposits by reporting segment with growth rates presented in US dollars and original currency.

Foreign Life Insurance & Retirement Services (in millions)	Three Months Ended December 31,		Percentage Increase/(Decrease)		Twelve Months Ended December 31,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
First year premiums	\$1,031	\$1,284	(20)%	(18)%	\$4,815	\$5,032	(4)%	(7)%
Single premiums	1,221	5,694	(79)	(76)	10,738	15,905	(32)	(33)
Annuity deposits	975	5,080	(81)	(81)	17,665	19,150	(8)	(9)

Japan and Other (in millions)	Three Months Ended December 31,		Percentage Increase/(Decrease)		Twelve Months Ended December 31,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
First year premiums	\$506	\$492	3%	(3)%	\$2,091	\$2,069	1%	(6)%
Single premiums	1,032	4,401	(77)	(74)	8,317	11,904	(30)	(30)
Annuity deposits	951	4,957	(81)	(81)	16,760	18,477	(9)	(10)

Asia (in millions)	Three Months Ended December 31,		Percentage Increase/(Decrease)		Twelve Months Ended December 31,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
First year premiums	\$525	\$792	(34)%	(27)%	\$2,724	\$2,963	(8)%	(8)%
Single premiums	189	1,293	(85)	(85)	2,421	4,001	(39)	(42)
Annuity deposits	24	123	(80)	(80)	905	673	34	34

- (11) For the twelve months ended December 31, 2007, all other amortization for DAC and SIA includes \$866 million and \$(47) million related to changes in actuarial estimates for Life Insurance and Group Products, respectively.

**American International Group, Inc.**  
**Life Insurance & Retirement Services Partnership Income (Loss)**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Foreign life insurance &amp; retirement services:</b>								
Life insurance	\$ (107)	\$ 32	NM %	\$ (39)	NM %	\$ (138)	\$ 92	NM %
Personal accident & health	(2)	3	NM	(2)	NM	(4)	16	NM
Group Products	-	-	NM	-	NM	-	1	NM
Individual fixed annuities	(3)	7	NM	1	NM	1	19	(94.7)
<b>Total</b>	<b>(112)</b>	<b>42</b>	<b>NM</b>	<b>(40)</b>	<b>NM</b>	<b>(141)</b>	<b>128</b>	<b>NM</b>
<b>Domestic life insurance:</b>								
Excluding Synfuels:								
Life insurance	(47)	9	NM	(10)	NM	(45)	106	NM
Home service	(7)	1	NM	1	NM	(1)	17	NM
Payout annuities	(31)	0	NM	6	NM	(17)	0	NM
Subtotal excluding Synfuels	(85)	10	NM	(3)	NM	(63)	123	NM
Synfuels *:								
Life insurance	(1)	1	NM	(1)	NM	(7)	(67)	NM
Home service	-	(1)	NM	(1)	NM	(4)	(34)	NM
Subtotal Synfuels	(1)	-	NM	(2)	NM	(11)	(101)	NM
<b>Total</b>	<b>(86)</b>	<b>10</b>	<b>NM</b>	<b>(5)</b>	<b>NM</b>	<b>(74)</b>	<b>22</b>	<b>NM</b>
<b>Domestic retirement services:</b>								
Group retirement products	(256)	40	NM	(211)	NM	(423)	187	NM
Individual fixed annuities	(288)	137	NM	(294)	NM	(527)	378	NM
Individual variable annuities	(28)	6	NM	(23)	NM	(56)	7	NM
<b>Total</b>	<b>(572)</b>	<b>183</b>	<b>NM</b>	<b>(528)</b>	<b>NM</b>	<b>(1,006)</b>	<b>572</b>	<b>NM</b>
<b>Total life insurance &amp; retirement services</b>	<b>\$ (770)</b>	<b>\$ 235</b>	<b>NM %</b>	<b>\$ (573)</b>	<b>NM %</b>	<b>\$ (1,221)</b>	<b>\$ 722</b>	<b>NM %</b>

\* Investment in certain limited liability companies that invest in synthetic fuel production facilities as a means of generating income tax credits.



**American International Group, Inc.**  
**Life Insurance & Retirement Services Net Realized Capital Gains (Losses)**  
(dollars in millions)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
<b>Foreign life insurance &amp; retirement services:</b>					
Transactions gains (losses)	\$ (1,193)	\$ 260	\$ 309	\$ (597)	\$ 510
Other-than-temporary impairments:					
Severity	(3,939)	(154)	(1,300)	(5,895)	(154)
Lack of intent to hold to recovery	(1,110)	(141)	(1,130)	(2,555)	(261)
Foreign currency declines	(819)	(166)	(50)	(1,903)	(499)
Issuer-specific credit events	(149)	(10)	(1,317)	(1,530)	(109)
Adverse projected cash flows on structured securities	(6)	(3)	(15)	(39)	(3)
Total other-than-temporary impairments	(6,023)	(474)	(3,812)	(11,922)	(1,026)
Foreign exchange transactions	755	98	317	879	435
Derivative instruments	(882)	60	(412)	(1,211)	(135)
Other	644	(52)	143	1,066	29
<b>Total</b>	<b>(6,699)</b>	<b>(108)</b>	<b>(3,455)</b>	<b>(11,785)</b>	<b>(187)</b>
<b>Domestic life insurance:</b>					
Transactions gains (losses)	(1,263)	7	(257)	(1,527)	(109)
Other-than-temporary impairments:					
Severity	(1,750)	(253)	(1,434)	(5,343)	(253)
Lack of intent to hold to recovery	(599)	(115)	(2,191)	(3,058)	(244)
Foreign currency declines	-	-	-	-	-
Issuer-specific credit events	(148)	(12)	(285)	(516)	(40)
Adverse projected cash flows on structured securities	(8)	(35)	(211)	(368)	(48)
Total other-than-temporary impairments	(2,505)	(415)	(4,121)	(9,285)	(585)
Foreign exchange transactions	(16)	4	5	(7)	11
Derivative instruments	(779)	(95)	(10)	(856)	(186)
Other	50	19	(8)	107	66
<b>Total</b>	<b>(4,513)</b>	<b>(480)</b>	<b>(4,391)</b>	<b>(11,568)</b>	<b>(803)</b>
<b>Domestic retirement services:</b>					
Transactions gains (losses)	(1,895)	19	(392)	(2,327)	(163)
Other-than-temporary impairments:					
Severity	(3,348)	(641)	(2,796)	(9,859)	(641)
Lack of intent to hold to recovery	(877)	(123)	(4,141)	(5,363)	(355)
Foreign currency declines	-	-	-	-	-
Issuer-specific credit events	(477)	(5)	(620)	(1,338)	(67)
Adverse projected cash flows on structured securities	(2)	(75)	(424)	(964)	(124)
Total other-than-temporary impairments	(4,704)	(844)	(7,981)	(17,524)	(1,187)
Foreign exchange transactions	(31)	14	13	(19)	27
Derivative instruments	(876)	21	(153)	(1,214)	(60)
Other	91	6	18	90	(25)
<b>Total</b>	<b>(7,415)</b>	<b>(784)</b>	<b>(8,495)</b>	<b>(20,994)</b>	<b>(1,408)</b>
<b>Total life insurance &amp; retirement services</b>	<b>\$ (18,627)</b>	<b>\$ (1,372)</b>	<b>\$ (16,341)</b>	<b>\$ (44,347)</b>	<b>\$ (2,398)</b>

**American International Group, Inc.**  
**Financial Services Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Revenues:</b>								
Aircraft Leasing	\$ 1,257	\$ 1,226	2.5 %	\$ 1,307	(3.8) %	\$ 5,096	\$ 4,721	7.9 %
Capital Markets:								
Excluding unrealized market valuation losses,								
credit valuation adjustment and FAS 133 (1)	(2,462)	687	NM	(375)	NM	(2,325)	1,925	NM
Unrealized market valuation losses (2)	(6,876)	(11,120)	NM	(7,054)	NM	(28,602)	(11,472)	NM
Credit valuation adjustment (3)	(7,807)	-	NM	(1,085)	NM	(9,447)	-	NM
Subtotal	(17,145)	(10,433)	NM	(8,514)	NM	(40,374)	(9,547)	NM
Consumer Finance (4)	947	961	(1.5)	1,069	(11.4)	4,062	3,689	10.1
Other, including intercompany adjustments	211	105	101.0	143	47.6	578	360	60.6
Total revenues excluding FAS 133 and net realized capital gains (losses)	(14,730)	(8,141)	NM	(5,995)	NM	(30,638)	(777)	NM
FAS 133 - Capital Markets (5) (6)	(20)	396	NM	177	NM	41	211	(80.6)
Capital Markets other-than-temporary impairments (7)	-	(643)	NM	-	NM	-	(643)	NM
Net realized capital gains (losses) (8)	(329)	(30)	NM	(33)	NM	(498)	(100)	NM
<b>Total revenues</b>	<u>\$ (15,079)</u>	<u>\$ (8,418)</u>	NM %	<u>\$ (5,851)</u>	NM %	<u>\$ (31,095)</u>	<u>\$ (1,309)</u>	NM %
<b>Operating income (loss):</b>								
Aircraft Leasing	\$ 207	\$ 248	(16.5) %	\$ 306	(32.4) %	\$ 1,137	\$ 900	26.3 %
Capital Markets:								
Excluding unrealized market valuation losses,								
credit valuation adjustment and FAS 133 (1) (9) (10)	(2,484)	627	NM	(111)	NM	(2,463)	1,347	NM
Unrealized market valuation losses (2)	(6,876)	(11,120)	NM	(7,054)	NM	(28,602)	(11,472)	NM
Credit valuation adjustment (3)	(7,807)	-	NM	(1,085)	NM	(9,447)	-	NM
Subtotal	(17,167)	(10,493)	NM	(8,250)	NM	(40,512)	(10,125)	NM
Consumer Finance (4) (9)	(616)	(7)	NM	(434)	NM	(1,048)	205	NM
Other, including intercompany adjustments (9)	(16)	6	NM	31	NM	59	37	59.5
Total operating income (loss) excluding FAS 133 and net realized capital gains (losses)	(17,592)	(10,246)	NM	(8,347)	NM	(40,364)	(8,983)	NM
FAS 133 - Capital Markets (5) (6)	(20)	396	NM	177	NM	41	211	(80.6)
Capital Markets other-than-temporary impairments (7)	-	(643)	NM	-	NM	-	(643)	NM
Net realized capital gains (losses) (8)	(329)	(30)	NM	(33)	NM	(498)	(100)	NM
<b>Total operating income (loss)</b>	<u>\$ (17,941)</u>	<u>\$ (10,523)</u>	NM %	<u>\$ (8,203)</u>	NM %	<u>\$ (40,821)</u>	<u>\$ (9,515)</u>	NM %

(See Accompanying Notes on Page 59)

**American International Group, Inc.**  
**Consumer Finance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Revenues:</b>								
American General Finance (4)	\$ 664	\$ 732	(9.3) %	\$ 737	(9.9) %	\$ 2,916	\$ 2,886	1.0 %
AIG Consumer Finance Group, Inc.	272	214	27.0	319	(14.8)	1,096	741	47.9
AIG Federal Savings Bank	<u>11</u>	<u>15</u>	(26.8)	<u>13</u>	(15.6)	<u>50</u>	<u>62</u>	(19.4)
Total revenues excluding net realized capital gains (losses)	947	961	(1.5)	1,069	(11.4)	4,062	3,689	10.1
Net realized capital gains (losses)	<u>(86)</u>	<u>(2)</u>	NM	<u>(40)</u>	NM	<u>(213)</u>	<u>(34)</u>	NM
<b>Total revenues</b>	<u>\$ 861</u>	<u>\$ 959</u>	(10.2) %	<u>\$ 1,029</u>	(16.3) %	<u>\$ 3,849</u>	<u>\$ 3,655</u>	5.3 %
<b>Operating income (loss):</b>								
American General Finance (4)	\$ (248)	\$ 9	NM %	\$ (446)	NM %	\$ (723)	\$ 180	NM %
AIG Consumer Finance Group, Inc.	(372)	(18)	NM	8	NM	(338)	14	NM
AIG Federal Savings Bank	<u>4</u>	<u>2</u>	100.0	<u>4</u>	0.0	<u>13</u>	<u>11</u>	18.2
Total operating income (loss) excluding net realized capital gains (losses)	(616)	(7)	NM	(434)	NM	(1,048)	205	NM
Net realized capital gains (losses)	<u>(86)</u>	<u>(2)</u>	NM	<u>(40)</u>	NM	<u>(213)</u>	<u>(34)</u>	NM
<b>Total operating income (loss) (9)</b>	<u>\$ (702)</u>	<u>\$ (9)</u>	NM %	<u>\$ (474)</u>	NM %	<u>\$ (1,261)</u>	<u>\$ 171</u>	NM %

(See Accompanying Notes on Page 59)

**American International Group, Inc.**  
**Consumer Finance Other Data**  
(dollars in millions)

	Three Months Ended / As of				Twelve Months Ended / As of		
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>American General Finance</b>							
Receivables:							
Real Estate	\$ 18,353	\$ 19,452	\$ 19,753	(7.1) %	\$ 18,353	\$ 19,452	(5.6) %
Non Real Estate	4,035	3,895	4,144	(2.6)	4,035	3,895	3.6
Retail Sales Finance	2,211	2,166	2,294	(3.6)	2,211	2,166	2.1
Total receivables	24,599	25,513	26,191	(6.1)	24,599	25,513	(3.6)
Allowance for loan losses	(1,134)	(602)	(958)	18.4	(1,134)	(602)	88.4
<b>Net Receivables</b>	<b>\$ 23,465</b>	<b>\$ 24,911</b>	<b>\$ 25,233</b>	<b>(7.0) %</b>	<b>\$ 23,465</b>	<b>\$ 24,911</b>	<b>(5.8) %</b>
Credit Ratios:							
Delinquencies - 60+:							
Real Estate	5.11 %	2.64 %	4.19 %		5.11 %	2.64 %	
Non Real Estate	5.47	4.12	4.91		5.47	4.12	
Retail Sales Finance	3.27	2.23	2.82		3.27	2.23	
Total Delinquencies - 60+	4.99	2.84	4.18		4.99	2.84	
Net Charge-off:							
Real Estate	1.76	0.67	1.21		1.14	0.47	
Non Real Estate	7.59	4.94	6.03		5.91	4.19	
Retail Sales Finance	4.03	2.63	3.30		3.32	2.20	
Total Net Charge-off	2.88	1.47	2.15		2.08	1.16	
Allowance for loan losses	4.61 %	2.36 %	3.66 %		4.61 %	2.36 %	
<b>AIG Consumer Finance Group, Inc.</b>							
Total receivables	\$ 5,017	\$ 4,819	\$ 5,781	(13.2) %	\$ 5,017	\$ 4,819	4.1 %
Allowance for loan losses	(321)	(264)	(316)	1.6	(321)	(264)	21.6
<b>Net Receivables</b>	<b>\$ 4,696</b>	<b>\$ 4,555</b>	<b>\$ 5,465</b>	<b>(14.1) %</b>	<b>\$ 4,696</b>	<b>\$ 4,555</b>	<b>3.1 %</b>
<b>AIG Federal Savings Bank</b>							
Total receivables	\$ 185	\$ 137	\$ 180	2.8 %	\$ 185	\$ 137	35.0 %
Allowance for loan losses	(2)	(1)	(2)	0.0	(2)	(1)	100.0
<b>Net Receivables</b>	<b>183</b>	<b>136</b>	<b>178</b>	<b>2.8</b>	<b>183</b>	<b>136</b>	<b>34.6</b>
<b>Total Net Receivables (11)</b>	<b>\$ 28,344</b>	<b>\$ 29,602</b>	<b>\$ 30,876</b>	<b>(8.2) %</b>	<b>\$ 28,344</b>	<b>\$ 29,602</b>	<b>(4.2) %</b>

(See Accompanying Notes on Page 59)

# American International Group, Inc.

## Financial Services

### Notes

- (1) Includes net unrealized market valuation gains of \$130 million in the twelve months ended December 31, 2008 and \$270 million and \$401 million in the three and twelve months ended December 31, 2007, respectively, related to certain credit default swaps and embedded credit derivatives in credit-linked notes.
- (2) Represents unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio.
- (3) Represents the effect of changes in credit spreads on the valuation of Capital Markets' assets of \$(5.4) billion and \$(10.7) billion and liabilities of \$(2.4) billion and \$1.2 billion, (but excludes \$22 million of losses and \$185 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the three and twelve months ended December 31, 2008, respectively. Historically AIG's credit spreads and those on its assets moved in a similar fashion. This relationship began to diverge during second quarter of 2008 and continued to diverge through the end of the year. While AIG's credit spreads widened significantly during 2008, the credit spreads on the ABS and CDO products, which represent a significant portion of AIGFP's investment portfolio, widened even more. The losses on AIGFP's assets more than offset the net gain on its liabilities that was driven by the significant widening in AIG's credit spreads. The net gain on AIGFP's liabilities was reduced by the effect of posting collateral and the early terminations of GLAs, term notes and hybrid term notes.
- (4) The twelve months ended December 31, 2007 includes pre-tax charges of \$178 million in connection with domestic consumer finance's mortgage banking activities. Based on current evaluation of the estimated cost of implementing the Supervisory Agreement entered into with the Office of Thrift Supervision, partial reversals of these prior year charges of \$10 million, \$0 and \$53 million, respectively, are included in the three-month period ended September 30, 2008 and the three- and twelve-month periods ended December 31, 2008. The twelve months ended December 31, 2007 also include a recovery of \$65 million from a favorable out of court settlement. In addition operating income for the twelve months ended December 31, 2008 includes a pre-tax charge of \$27 million resulting from consumer finance decision to cease its wholesale mortgage originations.
- (5) Includes the gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. These amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings.
- (6) The twelve months ended December 31, 2007 include an out of period charge of \$346 million, respectively, including a \$380 million charge to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in the twelve months of 2007 includes a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, certain structured transactions potentially affected by proposed guidance by the U.S. Treasury Department affecting the ability to claim foreign tax credits.
- (7) Represents other-than-temporary impairment charges on Capital Markets' available for sale investment securities. These amounts are reported in other income on AIG's consolidated statement of income (loss) and are excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.
- (8) Net realized capital gains (losses) are as follows:

(in millions)	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
Aircraft Leasing	\$(12)	\$-	\$60	\$(21)	\$(27)
Consumer Finance	(86)	(2)	(40)	(213)	(34)
Other	(231)	(28)	(53)	(264)	(39)
Total	\$(329)	\$(30)	\$(33)	\$(498)	\$(100)

These amounts result primarily from the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.

- (9) The three-month periods ended December 31, 2008 and September 30, 2008, and the twelve months ended December 31, 2008 include goodwill impairment charges of \$343 million, \$341 million and \$684 million, respectively, for Consumer Finance; \$0, \$91 million and \$91 million, respectively, for Capital Markets; and \$16 million, \$0 and \$16 million, respectively for Other, resulting from the downturn in the housing markets, the credit crisis and the decision to exit certain AIGFP businesses.
- (10) The three-month period ended September 30, 2008 and the twelve month ended December 31, 2008, both include , \$563 million of reversals of accrued compensation expense under AIGFP's various deferred compensation plans and special incentive plans as a result of significant losses recognized by AIGFP in 2008.
- (11) Total net receivables exclude finance receivables held for sale of \$960 million, \$233 million and \$26 million at December 31, 2008 and 2007 and September 30, 2008, respectively.

**American International Group, Inc.**  
**Asset Management Operating Statistics (1)**  
(dollars in millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Revenues:</b>								
Guaranteed investment contracts (2) (3)	\$ (27)	\$ 515	NM %	\$ 169	NM %	\$ 803	\$ 2,698	(70.2) %
Matched investment program (2)	317	196	61.7	196	61.7	916	643	42.5
Institutional asset management (4)	220	895	(75.4)	630	(65.1)	2,059	2,582	(20.3)
Brokerage service and mutual funds	58	79	(26.6)	67	(13.4)	273	322	(15.2)
Other asset management (5)	21	71	(70.4)	64	(67.2)	181	380	(52.4)
<b>Total excluding net realized capital gains (losses)</b>	589	1,756	(66.5)	1,126	(47.7)	4,232	6,625	(36.1)
Net realized capital gains (losses) (6)	(5,773)	(1,100)	NM	(1,116)	NM	(8,758)	(1,000)	NM
<b>Total revenues</b>	<u>\$ (5,184)</u>	<u>\$ 656</u>	NM %	<u>\$ 10</u>	NM %	<u>\$ (4,526)</u>	<u>\$ 5,625</u>	NM %
<b>Operating income (loss):</b>								
Guaranteed investment contracts (2) (3)	\$ (233)	\$ 143	NM %	\$ (38)	NM %	\$ (193)	\$ 1,130	NM %
Matched investment program (2)	88	1	NM	77	14.3	287	99	189.9
Institutional asset management (4)	(563)	221	NM	(142)	NM	(727)	466	NM
Brokerage service and mutual funds	(18)	26	NM	10	NM	28	100	(72.0)
Other asset management (5)	21	67	(68.7)	65	(67.7)	176	369	(52.3)
<b>Total excluding net realized capital gains (losses)</b>	(705)	458	NM	(28)	NM	(429)	2,164	NM
Net realized capital gains (losses) (6)	(5,773)	(1,100)	NM	(1,116)	NM	(8,758)	(1,000)	NM
<b>Total operating income (loss)</b>	<u>\$ (6,478)</u>	<u>\$ (642)</u>	NM %	<u>\$ (1,144)</u>	NM %	<u>\$ (9,187)</u>	<u>\$ 1,164</u>	NM %

(See Accompanying Notes on Page 62)

**American International Group, Inc.**  
**Asset Management Other Data**  
(dollars in millions)

	Three Months Ended / As of					Twelve Months Ended / As of		
	Dec. 31, 2008	Dec. 31, 2007	% Chg	Sept. 30, 2008	Sequential % Chg	Dec. 31, 2008	Dec. 31, 2007	% Chg
<b>Guaranteed Investment Contracts:</b>								
<b>Reserves</b>	\$ 14,821	\$ 25,294	(41.4) %	\$ 20,558	(27.9) %	\$ 14,821	\$ 25,294	(41.4) %
<b>Spread Information</b>								
Base investment income	\$ 233	\$ 348	(33.0) %	\$ 266	(12.4) %	\$ 1,107	\$ 1,532	(27.7) %
Partnerships (3)	(273)	143	NM	(114)	NM	(343)	1,057	NM
Other enhancements	13	24	(45.8)	17	(23.5)	39	109	(64.2)
<b>Total net investment income</b>	\$ (27)	\$ 515	NM %	\$ 169	NM %	\$ 803	\$ 2,698	(70.2) %
Base yield	5.60 %	5.74 %		5.20 %		5.43 %	5.85 %	
Partnerships (7)	(6.41) %	1.09 %		(2.91) %		(2.44) %	2.61 %	
Other enhancements (8)	0.31 %	0.39 %		0.32 %		0.19 %	0.41 %	
<b>Total</b>	(0.50) %	7.22 %		2.61 %		3.18 %	8.87 %	
<b>Spread Data Without Hedge Accounting (9)</b>								
Cost of funds	4.54 %	5.56 %		3.78 %		4.47 %	5.53 %	
Net spread rate, as reported	(5.04) %	1.66 %		(1.17) %		(1.29) %	3.34 %	
Net spread rate excluding partnerships and other enhancements	1.06 %	0.18 %		1.42 %		0.96 %	0.32 %	
<b>Spread Data Assuming Hedge Accounting (10)</b>								
Cost of funds with effect of economic hedges	5.14 %	5.11 %		4.19 %		4.67 %	5.04 %	
Net spread rate with effect of economic hedges	(5.64) %	2.11 %		(1.58) %		(1.49) %	3.83 %	
Net economic spread rate excluding partnerships and other enhancements	0.46 %	0.63 %		1.01 %		0.76 %	0.81 %	
<b>Matched Investment Program</b>								
Securities issuance	\$ -	\$ 1,257	NM %	\$ -	- %	\$ -	\$ 8,092	NM %
Notes and bonds payable	\$ 14,446	\$ 14,267	1.3 %	\$ 13,871	4.1 %	\$ 14,446	\$ 14,267	1.3 %

(See Accompanying Notes on Page 62)

# American International Group, Inc.

## Asset Management

### Notes

- (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$68.9 billion, \$97.6 billion and \$80.2 billion at December 31, 2008 and 2007 and September 30, 2008, respectively.
- (2) Due to extreme market conditions experienced in 2008 and the downgrade of AIG's credit ratings, the Matched Investment Program (MIP) is currently in runoff. As previously disclosed, the Guaranteed Investment Contracts (GIC) program has been in runoff since the MIP's inception in 2006.
- (3) The twelve months ended December 31, 2007 includes a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (4) Includes AIG Investments and certain smaller asset management operations.
- (5) Consists primarily of SunAmerica Inc. partnership investments.
- (6) Net realized capital gains (losses) are as follows:

(in millions)	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
Spread-Based Investment business - GIC	\$(2,465)	\$(464)	\$(540)	\$(3,850)	\$(524)
Spread-Based Investment business - MIP	(3,033)	(528)	(728)	(4,787)	(794)
Institutional Asset Management	(275)	(108)	152	(121)	318
Total	\$(5,773)	\$(1,100)	\$(1,116)	\$(8,758)	\$(1,000)

Included in the twelve months ended December 31, 2007 for Institutional Asset Management was a one-time gain of \$398 million on the sale of a portion of AIG's interest in the Blackstone Group, LP in connection with its initial public offering.

Other-than-temporary impairments, primarily on fixed maturity securities were as follows:

(in millions)	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
Spread-Based Investment business - GIC	\$(1,195)	\$(320)	\$(1,401)	\$(3,657)	\$(431)
Spread-Based Investment business - MIP	(2,137)	(347)	(579)	(3,568)	(404)
Institutional Asset Management	(49)	-	-	(51)	-
Total	\$(3,381)	\$(667)	\$(1,980)	\$(7,276)	\$(835)

- (7) Includes incremental effect to base yields of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (8) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (9) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in net realized capital gains (losses) as reflected in the reported operating income for the Guaranteed Investment Contracts on page 60.
- (10) Represents cost of funds on an economic basis including the effects of derivative transactions assuming hedge accounting treatment under FAS 133 is applied.



# American International Group, Inc.

## Other

(in millions)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
<b>Other before net realized capital gains (losses):</b>					
Income (loss) from equity method investments, net of dividends or distributions	\$ (67)	\$ 29	\$ (13)	\$ (64)	\$ 157
Interest income (1)	1,392	26	167	1,649	50
Interest expense on Fed Credit Facility (2)	(10,593)	-	(802)	(11,395)	-
Other interest expense	(549)	(354)	(571)	(1,940)	(1,223)
Unallocated corporate expenses (3)	(181)	(77)	(321)	(967)	(649)
Restructuring expenses and related asset impairment and other expenses	(187)	-	-	(187)	-
Fair Value loss on Maiden Lane III investment	(900)	-	-	(900)	-
Other miscellaneous, net	51	(24)	(15)	(33)	(66)
Subtotal (4)	(11,034)	(400)	(1,555)	(13,837)	(1,731)
<b>Other net realized capital gains (losses)</b>	(1,122)	(183)	139	(1,218)	(409)
<b>Total other - net</b>	<u>\$ (12,156)</u>	<u>\$ (583)</u>	<u>\$ (1,416)</u>	<u>\$ (15,055)</u>	<u>\$ (2,140)</u>
<b>Consolidation and elimination adjustments:</b>					
<b>Before net realized capital gains (losses)</b>					
FAS 133 (5)	\$ (3,327)	\$ (340)	\$ (442)	\$ (4,111)	\$ (679)
Income from consolidated managed partnerships & funds (4) (6)	(538)	189	(150)	(799)	895
All other (4)	(256)	12	359	44	85
Subtotal	(4,121)	(139)	(233)	(4,866)	301
<b>Net realized capital gains (losses)</b>					
Reclassification of FAS 133 to other (7)	3,113	185	754	4,175	369
All other eliminations	265	(35)	(57)	185	52
Subtotal	3,378	150	697	4,360	421
<b>Total consolidation and elimination adjustments</b>	<u>\$ (743)</u>	<u>\$ 11</u>	<u>\$ 464</u>	<u>\$ (506)</u>	<u>\$ 722</u>

- Note: (1) Primarily represents interest on intercompany loans (\$1,388M), largely arising from distribution of funds from the Fed Facility.  
(2) Includes amortization on the prepaid commitment fee asset of \$9.3 billion and \$2.1 billion of accrued compounding interest.  
(3) Includes expenses of corporate staff not attributable to specific operating segments, expenses related to efforts to improve internal controls, corporate initiatives and certain compensation plan expenses. Also includes a charge for settlement of a dispute for \$125 million for the twelve months ended December 31, 2008.  
(4) Components of adjusted net income (loss).  
(5) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.  
(6) Includes the income from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income is offset in minority interest expense, which is not a component of operating income, on the consolidated statement of income (loss).  
(7) Represents the elimination of net realized capital gains (losses) reported in the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Managements segments and in AIG's Other category from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.

**American International Group, Inc.**  
**Consolidated Net Realized Capital Gains (Losses)**  
(dollars in millions)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008	Dec. 31, 2007
<b>General Insurance</b>					
Sales of fixed maturities	\$ (200)	\$ 13	\$ 141	\$ (38)	\$ (90)
Sales of equity securities	(227)	66	(68)	(286)	314
Sales of real estate and other assets	(104)	-	(31)	(126)	19
Foreign exchange transactions (1)	(227)	(56)	105	(128)	(54)
Derivative instruments	94	(7)	23	88	(19)
Other-than-temporary impairments	(1,865)	(111)	(1,828)	(4,533)	(276)
<b>Total General Insurance</b>	<b>(2,529)</b>	<b>(95)</b>	<b>(1,658)</b>	<b>(5,023)</b>	<b>(106)</b>
<b>Life Insurance &amp; Retirement Services</b>					
Sales of fixed maturities	(3,854)	(4)	(694)	(4,605)	(493)
Sales of equity securities	(497)	290	354	154	731
Sales of real estate and other assets	785	(27)	153	1,263	70
Foreign exchange transactions (1)	708	116	335	853	473
Derivative instruments	(2,537)	(14)	(575)	(3,281)	(381)
Other-than-temporary impairments	(13,232)	(1,733)	(15,914)	(38,731)	(2,798)
<b>Total Life Insurance &amp; Retirement Services</b>	<b>(18,627)</b>	<b>(1,372)</b>	<b>(16,341)</b>	<b>(44,347)</b>	<b>(2,398)</b>
<b>Financial Services</b>					
Sales of fixed maturities	(8)	-	(31)	(39)	(1)
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	(4)	(5)	2	-	(7)
Foreign exchange transactions (1)	(28)	2	(11)	(35)	(95)
Derivative instruments	(218)	(23)	34	(297)	10
Other-than-temporary impairments (3)	(71)	(647)	(27)	(127)	(650)
<b>Total Financial Services</b>	<b>(329)</b>	<b>(673)</b>	<b>(33)</b>	<b>(498)</b>	<b>(743)</b>
<b>Asset Management</b>					
Sales of fixed maturities	(426)	(18)	(105)	(488)	(1)
Sales of equity securities	(1)	22	2	15	41
Sales of real estate and other assets (2)	(2)	17	2	10	506
Foreign exchange transactions (1)	363	(153)	594	664	(618)
Derivative instruments	(2,326)	(301)	371	(1,683)	(93)
Other-than-temporary impairments	(3,381)	(667)	(1,980)	(7,276)	(835)
<b>Total Asset Management</b>	<b>(5,773)</b>	<b>(1,100)</b>	<b>(1,116)</b>	<b>(8,758)</b>	<b>(1,000)</b>
<b>Other</b>					
Sales of fixed maturities	-	(4)	-	-	-
Sales of equity securities	-	1	-	-	1
Sales of real estate and other assets	40	69	(24)	30	80
Foreign exchange transactions (1)	598	(31)	658	1,131	(207)
Derivative instruments	(1,750)	(89)	(368)	(2,241)	(127)
Other-than-temporary impairments	(10)	(129)	(127)	(138)	(156)
<b>Total Other</b>	<b>(1,122)</b>	<b>(183)</b>	<b>139</b>	<b>(1,218)</b>	<b>(409)</b>
<b>Reclassifications and Eliminations</b>					
Sales of fixed maturities	-	117	(79)	(96)	117
Sales of equity securities	(2)	-	-	(2)	-
Sales of real estate and other assets	102	(144)	(5)	62	(49)
Foreign exchange transactions (1)	451	(52)	315	638	(142)
Derivative instruments	2,827	229	466	3,758	495
Capital Markets other-than-temporary impairments (3)	-	643	-	-	643
<b>Total Reclassifications and Eliminations</b>	<b>3,378</b>	<b>793</b>	<b>697</b>	<b>4,360</b>	<b>1,064</b>
<b>Net Realized Capital Gains (Losses)</b>					
Sales of fixed maturities	(4,488)	104	(768)	(5,266)	(468)
Sales of equity securities	(727)	379	288	(119)	1,087
Sales of real estate and other assets	817	(90)	97	1,239	619
Foreign exchange transactions (1)	1,865	(174)	1,996	3,123	(643)
Derivative instruments	(3,910)	(205)	(49)	(3,656)	(115)
Other-than-temporary impairments	(18,559)	(2,644)	(19,876)	(50,805)	(4,072)
<b>Total Net Realized Capital Gains (Losses)</b>	<b>\$ (25,002)</b>	<b>\$ (2,630)</b>	<b>\$ (18,312)</b>	<b>\$ (55,484)</b>	<b>\$ (3,592)</b>
<b>Total Net Realized Capital Gains (Losses), net of tax</b>	<b>\$ (21,552)</b>	<b>\$ (2,131)</b>	<b>\$ (15,056)</b>	<b>\$ (44,590)</b>	<b>\$ (2,804)</b>

Note : (1) Includes foreign exchange gains and losses from hedging activities.  
(2) The twelve months ended December 31, 2007 include a gain of \$398 million on the sale of a portion of AIG's investment in Blackstone Group, LP in connection with its initial public offering.  
(3) The three months ended December 31, 2007 include other-than-temporary impairment charges of \$643 million, in Capital Markets' available for sale investment securities. These amounts are reported in other income on AIG's consolidated statement of income (loss) and are excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.

## General Insurance

65

# American International Group, Inc.

## Cash and Investments

December 31, 2008

(dollars in millions)

	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total Company	Percent of Total
Fixed maturity securities:							
Bonds available for sale, at fair value	\$ 85,791	\$ 262,824	\$ 1,971	\$ 12,284	\$ 172	\$ 363,042	56.2 %
Bond trading securities, at fair value	0	6,296	26,848	5	4,099	37,248	5.8
Securities lending invested collateral, at fair value	790	3,054	0	0	0	3,844	0.6
Equity securities:							
Common and preferred stocks available for sale, at fair value *	3,497	4,988	8	299	16	8,808	1.4
Common and preferred stocks trading, at fair value	285	11,312	737	1	0	12,335	1.9
Mortgage loans on real estate, net of allowance	9	15,172	151	4,057	0	19,389	3.0
Policy loans	2	9,546	2	48	(9)	9,589	1.5
Collateral and guaranteed loans, net of allowance	1	783	214	749	41	1,788	0.3
Other loans receivable, net of allowance	3	2,208	0	1,704	6	3,921	0.6
Finance receivables, net of allowance	0	5	30,944	0	0	30,949	4.8
Flight equipment under operating leases, net of accumulated depreciation	0	0	43,395	0	0	43,395	6.7
Other invested assets	11,763	17,184	1,247	14,540	7,244	51,978	8.1
Securities purchased under agreements to resell, at fair value	0	0	3,960	0	0	3,960	0.6
Short-term investments	10,803	26,554	6,238	2,347	724	46,666	7.2
<b>Total investments</b>	<u>112,944</u>	<u>359,926</u>	<u>115,715</u>	<u>36,034</u>	<u>12,293</u>	<u>636,912</u>	<u>98.7</u>
Cash	876	5,765	1,719	169	113	8,642	1.3
<b>Total cash and investments</b>	<u>\$ 113,820</u>	<u>\$ 365,691</u>	<u>\$ 117,434</u>	<u>\$ 36,203</u>	<u>\$ 12,406</u>	<u>\$ 645,554</u>	<u>100.0 %</u>
<b>Percent of total company</b>	17.7%	56.6%	18.2%	5.6%	1.9%	100.0%	

\* Relates principally to common stock within the Life Insurance & Retirement Services segment that did not qualify for separate account treatment under SOP 03 -1.

**American International Group, Inc.**  
**Cash and Investments**  
**General Insurance**

(dollars in millions)

	December 31, 2008			Percent of Total		December 31, 2007			Percent of Total
	Domestic	Foreign	Total			Domestic	Foreign	Total	
Fixed maturity securities:									
Bonds available for sale, at fair value	\$ 69,054	\$ 16,737	\$ 85,791	75.4 %	\$	54,583	\$ 19,474	\$ 74,057	57.6 %
Bonds held to maturity, at amortized cost	0	0	0	0.0		21,176	179	21,355	16.6
Securities lending invested collateral, at fair value	0	790	790	0.7		2,552	2,479	5,031	3.9
Equity securities:									
Common and preferred stocks available for sale, at fair value *	3,023	474	3,497	3.1		6,392	1,092	7,484	5.8
Common and preferred stocks trading, at fair value	285	0	285	0.3		321	0	321	0.2
Mortgage loans on real estate, net of allowance	7	2	9	0.0		8	3	11	0.0
Policy loans	0	2	2	0.0		0	1	1	0.0
Collateral and guaranteed loans, net of allowance	0	1	1	0.0		0	1	1	0.0
Other loans receivable, net of allowance	3	0	3	0.0		0	0	0	0.0
Other invested assets	9,989	1,774	11,763	10.3		10,037	2,430	12,467	9.7
Short-term investments	6,019	4,784	10,803	9.4		2,405	4,951	7,356	5.7
Total investments	88,380	24,564	112,944	99.2		97,474	30,610	128,084	99.5
Cash	485	391	876	0.8		281	216	497	0.5
Total cash and investments	\$ 88,865	\$ 24,955	\$ 113,820	100.0 %	\$	97,755	\$ 30,826	\$ 128,581	100.0 %
Percent of total company	13.8%	3.9%	17.7%			11.8%	3.6%	15.4%	
Return on average cash and investments			2.9%					5.0%	
Return on average cash and investments excluding securities lending invested collateral			2.9%					5.3%	

**American International Group, Inc.**  
**Cash and Investments**  
**Life Insurance & Retirement Services**

(dollars in millions)

	December 31, 2008			Percent of Total		December 31, 2007			Percent of Total
	Domestic	Foreign	Total			Domestic	Foreign	Total	
Fixed maturity securities:									
Bonds available for sale, at fair value	\$ 104,164	\$ 158,660	\$ 262,824	71.9 %	\$ 127,839	\$ 166,323	\$ 294,162	63.3 %	
Bonds held to maturity, at amortized cost	0	0	0	0.0	0	1	1	0.0	
Bond trading securities, at fair value	899	5,397	6,296	1.7	423	9,525	9,948	2.1	
Securities lending invested collateral, at fair value	0	3,054	3,054	0.8	49,527	7,944	57,471	12.4	
Equity securities:									
Common and preferred stocks available for sale, at fair value *	224	4,764	4,988	1.4	420	11,673	12,093	2.6	
Common and preferred stocks trading, at fair value	351	10,961	11,312	3.1	594	20,432	21,026	4.5	
Mortgage loans on real estate, net of allowance	11,549	3,623	15,172	4.1	11,447	3,261	14,708	3.2	
Policy loans	3,142	6,404	9,546	2.6	3,012	5,045	8,057	1.7	
Collateral and guaranteed loans, net of allowance	304	479	783	0.2	289	492	781	0.2	
Other loans receivable, net of allowance	1,624	584	2,208	0.6	770	535	1,305	0.3	
Finance receivables, net of allowance	0	5	5	0.0	0	5	5	0.0	
Other invested assets	8,672	8,512	17,184	4.7	9,877	9,154	19,031	4.1	
Short-term investments	9,466	17,088	26,554	7.3	3,329	21,907	25,236	5.4	
Total investments	140,395	219,531	359,926	98.4	207,527	256,297	463,824	99.8	
Cash	77	5,688	5,765	1.6	70	930	1,000	0.2	
Total cash and investments	\$ 140,472	\$ 225,219	\$ 365,691	100.0 %	\$ 207,597	\$ 257,227	\$ 464,824	100.0 %	
Percent of total company	21.7%	34.9%	56.6%		25.0%	30.8%	55.8%		
Return on average cash and investments			2.4%				5.0%		
Return on average cash and investments excluding securities lending invested collateral			2.6%				5.7%		

**American International Group, Inc.**  
**Cash and Investments**  
**Financial Services**

(dollars in millions)

	December 31, 2008					Percent of Total
	Aircraft Leasing	Capital Markets	Consumer Finance	Other Financial Services	Total	
Fixed maturity securities:						
Bonds available for sale, at fair value	\$ 0	\$ 217	\$ 1,187	\$ 567	\$ <b>1,971</b>	1.7 %
Bond trading securities, at fair value	0	26,848	0	0	<b>26,848</b>	22.9
Equity securities:						
Common and preferred stocks available for sale, at fair value	1	0	7	0	<b>8</b>	0.0
Common and preferred stocks trading, at fair value	0	737	0	0	<b>737</b>	0.6
Mortgage loans on real estate, net of allowance	0	0	144	7	<b>151</b>	0.1
Policy loans	0	0	2	0	<b>2</b>	0.0
Collateral and guaranteed loans, net of allowance	82	132	0	0	<b>214</b>	0.2
Finance receivables, net of allowance	302	0	29,305	1,337	<b>30,944</b>	26.4
Flight equipment under operating leases, net of accumulated depreciation	43,395	0	0	0	<b>43,395</b>	37.0
Other invested assets	0	1,085	157	5	<b>1,247</b>	1.1
Securities purchased under agreements to resell, at fair value	0	3,960	0	0	<b>3,960</b>	3.4
Short-term investments	2,382	1,287	2,234	335	<b>6,238</b>	5.2
<b>Total investments</b>	46,162	34,266	33,036	2,251	<b>115,715</b>	98.6
Cash	4	755	862	98	<b>1,719</b>	1.4
<b>Total cash and investments</b>	<u>\$ 46,166</u>	<u>\$ 35,021</u>	<u>\$ 33,898</u>	<u>\$ 2,349</u>	<u>\$ <b>117,434</b></u>	<u>100.0 %</u>
 Percent of total company	7.2%	5.4%	5.2%	0.4%	<b>18.2%</b>	

**American International Group, Inc**  
**Other Invested Assets**  
(dollars in millions)

	Dec. 31, 2008	Dec. 31, 2007	% chg
<b>Domestic General Insurance</b>			
Partnerships (1)	\$ 6,388	\$ 7,416	(13.9) %
Mutual Funds	139	294	(52.7)
Real Estate	-	-	NM
All Other	3,462	2,327	48.8
Total Domestic General Insurance	9,989	10,037	(0.5)
<b>Foreign General Insurance</b>			
Partnerships (1)	690	877	(21.3)
Mutual Funds	325	857	(62.1)
Real Estate	170	150	13.3
All Other	589	546	7.9
Total Foreign General Insurance	1,774	2,430	(27.0)
<b>Domestic Life Insurance</b>			
Partnerships (1)	1,377	976	41.1
Mutual Funds	60	83	(27.7)
Real Estate	145	115	26.1
All Other	593	727	(18.4)
Total Domestic Life Insurance	2,175	1,901	14.4
<b>Domestic Retirement Services</b>			
Partnerships (1)	5,193	6,482	(19.9)
Mutual Funds	16	12	33.3
Real Estate	101	86	17.4
All Other	1,187	1,396	(15.0)
Total Domestic Retirement Services	6,497	7,976	(18.5)
<b>Foreign Life Insurance &amp; Retirement Services</b>			
Partnerships (1)	1,737	1,589	9.3
Mutual Funds	1,916	3,027	(36.7)
Real Estate	2,757	2,566	7.4
All Other	2,102	1,972	6.6
Total Foreign Life Insurance & Retirement Services	8,512	9,154	(7.0)
Consolidated Managed Partnerships & Funds (2)	-	-	NM
<b>Asset Management</b>			
Partnerships (1)	8,595	9,669	(11.1)
Mutual Funds	-	-	NM
Real Estate	5,454	6,960	(21.6)
All Other	491	698	(29.7)
Total Asset Management	14,540	17,327	(16.1)
Consolidated Managed Partnerships & Funds (2)	-	-	NM
<b>Financial Services and Other</b>			
Partnerships (1)	436	1,929	(77.4)
Mutual Funds	468	618	(24.3)
Real Estate	252	-	NM
All Other	621	1,491	(58.4)
Total Financial Services and Other	1,777	4,038	(56.0)
Consolidated Managed Partnerships & Funds (2)	6,714	6,614	1.5
<b>Total AIG Other Invested Assets</b>			
Partnerships (1)	24,416	28,938	(15.6)
Mutual Funds	2,924	4,891	(40.2)
Real Estate	8,879	9,877	(10.1)
All Other (3)	9,045	9,157	(1.2)
Consolidated Managed Partnerships & Funds (2)	6,714	6,614	1.5
Total AIG Other Invested Assets	\$ 51,978	\$ 59,477	(12.6) %

Note: (1) Includes private equity partnerships, hedge funds and AIG managed funds.

(2) Represents AIG managed partnerships and funds that are consolidated.

(3) Consist primarily of Life Insurance investments in aircraft equipment, investments in life settlement contracts, investments in partially owned companies and other miscellaneous investments.



**American International Group, Inc.**  
**Return on Average Partnerships and Mutual Funds Assets (1)**  
(dollars in millions)

	Three Months Ended								Twelve Months Ended					
	Dec. 31, 2008		Dec. 31, 2007		Sept. 30, 2008				Dec. 31, 2008		Dec. 31, 2007			
	Income (Loss)	Return on Average Assets	Income (Loss)	Return on Average Assets	Income (Loss)	Assets	Return on Average Assets		Income (Loss)	Assets	Income (Loss)	Assets	Return on Average Assets	
<b>Partnerships (2) (3):</b>														
<b>General Insurance</b>														
Domestic General Insurance	\$ (534)	(38.5) %	\$ 277	15.6 %	\$ (177)	\$ 7,203	(6.9) %	\$ (731)	\$ 6,388	(10.2) %	\$ 1,072	\$ 7,416	17.0 %	
Foreign General Insurance	(74)	(37.0)	30	13.9	(65)	910	(27.5)	(67)	690	(7.6)	192	877	25.4	
Total General Insurance	(608)	(38.4)	307	15.5	(242)	8,113	(9.2)	(798)	7,078	(9.9)	1,264	8,293	17.9	
<b>Life Insurance &amp; Retirement Services</b>														
Domestic Life Insurance	(86)	(25.0)	10	4.5	(5)	1,377	(1.5)	(74)	1,377	(6.1)	22	976	3.2	
Domestic Retirement Services	(572)	(57.6)	183	11.7	(528)	5,974	(25.4)	(1,006)	5,193	(16.6)	572	6,482	10.6	
Foreign Life Insurance & Retirement Services	(112)	(25.6)	42	11.1	(40)	1,762	(9.0)	(141)	1,737	(8.2)	128	1,589	9.5	
Total Life Insurance & Retirement Services	(770)	(46.0)	235	10.9	(573)	9,113	(19.0)	(1,221)	8,307	(13.6)	722	9,047	9.7	
<b>Asset Management</b>	(125)	(11.3)	360	15.1	29	9,946	2.3	72	8,595	0.7	1,665	9,669	17.7	
<b>Financial Services and Other</b>	(176)	(84.8)	31	6.5	(207)	1,224	(52.4)	(437)	436	(28.8)	64	1,929	4.3	
<b>Total excluding Consolidated Managed Partnerships and Funds</b>	<b>(1,679)</b>	<b>(32.8) %</b>	<b>933</b>	<b>13.3 %</b>	<b>(993)</b>	<b>28,396</b>	<b>(10.8) %</b>	<b>(2,384)</b>	<b>24,416</b>	<b>(8.4) %</b>	<b>3,715</b>	<b>28,938</b>	<b>14.6 %</b>	
<b>Consolidated Managed Partnerships and Funds (4)</b>	(388)		494		(19)	7,075		(431)	6,714		938	6,614		
<b>Total</b>	<b>\$ (2,067)</b>		<b>\$ 1,427</b>		<b>\$ (1,012)</b>	<b>\$ 35,471</b>		<b>\$ (2,815)</b>	<b>\$ 31,130</b>		<b>\$ 4,653</b>	<b>\$ 35,552</b>		
<b>Partnership Type:</b>														
Private Equity	\$ (671)	(15.9) %	\$ 640	15.8 %	\$ (72)	\$ 18,119	(1.6) %	\$ (557)	\$ 15,700	(3.2) %	\$ 2,554	\$ 16,749	17.0 %	
Hedge Funds	(1,008)	(63.1)	293	9.9	(921)	10,277	(25.8)	(1,827)	8,716	(16.8)	1,161	12,189	11.2	
<b>Total excluding Consolidated Managed Partnerships and Funds</b>	<b>\$ (1,679)</b>	<b>(32.8) %</b>	<b>\$ 933</b>	<b>13.3 %</b>	<b>\$ (993)</b>	<b>\$ 28,396</b>	<b>(10.8) %</b>	<b>\$ (2,384)</b>	<b>\$ 24,416</b>	<b>(8.4) %</b>	<b>\$ 3,715</b>	<b>\$ 28,938</b>	<b>14.6 %</b>	
<b>Mutual Funds (5):</b>														
<b>General Insurance</b>														
Domestic General Insurance	\$ (50)	(119.4) %	\$ 1	1.3 %	\$ (59)	\$ 196	(102.4) %	\$ (129)	139	(55.9) %	\$ 104	\$ 294	27.4 %	
Foreign General Insurance	(102)	(140.5)	40	18.5	(211)	546	(91.1)	(329)	325	(48.7)	174	857	18.7	
Total General Insurance	(152)	(134.7)	41	14.1	(270)	742	(93.9)	(458)	464	(50.5)	278	1,151	21.2	
<b>Life Insurance &amp; Retirement Services</b>														
Domestic Life Insurance	(20)	(106.7)	2	9.8	(3)	90	(13.8)	(22)	60	(27.6)	4	83	4.9	
Domestic Retirement Services	-	0.0	-	0.0	-	19	0.0	-	16	0.0	-	12	0.0	
Foreign Life Insurance & Retirement Services	(169)	(74.5)	39	9.3	(398)	1,450	(70.3)	(624)	1,272	(37.4)	146	1,809	6.9	
Total Life Insurance & Retirement Services	(189)	(75.3)	41	9.3	(401)	1,559	(66.8)	(646)	1,348	(36.6)	150	1,904	6.8	
<b>Total</b>	<b>\$ (341)</b>	<b>(92.7) %</b>	<b>\$ 82</b>	<b>11.2 %</b>	<b>\$ (671)</b>	<b>\$ 2,301</b>	<b>(76.0) %</b>	<b>\$ (1,104)</b>	<b>\$ 1,812</b>	<b>(41.3) %</b>	<b>\$ 428</b>	<b>\$ 3,055</b>	<b>12.2 %</b>	
<b>Total Partnerships and Mutual Funds</b>	<b>\$ (2,020)</b>		<b>\$ 1,015</b>		<b>\$ (1,664)</b>			<b>\$ (3,488)</b>			<b>\$ 4,143</b>			

- Note: (1) Annualized income (loss) expressed as a percentage of average assets.  
(2) Represents private equity partnerships and hedge funds.  
(3) Partnership income (loss) is on a lag basis. Hedge Funds are usually on a one month lag, however due to September's volatility, the three month period ended September 30, 2008 includes the period June - September. Private Equity are generally on a one quarter lag.  
(4) Represents AIG managed partnerships and funds that are consolidated.  
(5) Comprised of equity-method mutual fund investments. Excludes mutual funds accounted for as equity securities and mutual funds supporting SOP 03-1 products. Mutual funds are usually on a one month lag, however due to September's volatility, the three month period ended September 30, 2008 includes the period June - September.

# SUPPLEMENTAL CREDIT INFORMATION

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

# Summary Statistics

## “Super Senior” Credit Derivatives

### December 31, 2008

Transaction Type	Prior Quarter	Regulatory Capital				Arbitrage				Total
Category	September 30, 2008	Corporate	Residential Mortgages	Other	Subtotal	Corporate	Multi-Sector CDOs w/Subprime	Multi-Sector CDOs w/No Subprime	Subtotal	December 31, 2008
Gross Notional (\$ Billions)	\$492.8	\$163.3	\$131.7	\$3.3	\$298.3	\$66.7	\$13.2	\$11.9	\$91.8	\$390.1
AIGFP Net Notional Exposure (\$ Billions)	\$372.3 <sup>1</sup>	\$125.6	\$107.2	\$1.6	\$234.4	\$50.5	\$7.4	\$5.2	\$63.1 <sup>1</sup>	\$297.5 <sup>1</sup>
Number of Transactions	196	31	24	1	56	28	19	6	53	109
Weighted Average Subordination (%) <sup>2</sup>	17.5%	18.3%	12.7%	9.5%	15.7%	18.0%	35.2%	20.1%	20.6%	16.9%
Weighted Average Number of Obligor / Transaction	N.M. <sup>3</sup>	1,547	88,128	15,082	N.M. <sup>3</sup>	124	144	102	N.M. <sup>3</sup>	N.M. <sup>3</sup>
Expected Maturity (Years)	N.M. <sup>3</sup>	0.7	1.2	7.8	N.M. <sup>3</sup>	3.7	4.5	7.7	N.M. <sup>3</sup>	N.M. <sup>3</sup>

1. Excludes \$5.0 billion and \$4.7 billion, for the third and fourth quarters, respectively, on mezzanine tranches representing credit derivatives written by AIGFP on tranches below super senior on certain regulatory capital relief trades.
2. Weighted by Transaction Gross Notional.
3. Not meaningful.

# Regulatory Capital

## Corporate by Primary Jurisdiction

December 31, 2008

Exposure Portfolio	AIGFP Net Notional Exposure (\$ Billions)	% of Total Exposure	Current Average Subordination (%)	Realized Losses to Date % of Pool	Weighted Average Maturity (Years)		Number of Transactions
Primarily Single Country					To First Call *	To Maturity	
Germany	\$7.5	6.0%	20.9%	0.1%	3.6	9.9	4
Netherlands	\$3.8	3.0%	19.3%	0.0%	1.2	45.0	1
Portugal	\$3.9	3.1%	12.1%	0.1%	0.5	10.8	1
UK	\$1.6	1.3%	25.4%	0.0%	1.0	12.8	1
Australia	\$1.8	1.4%	9.0%	0.0%	0.7	2.2	1
Finland	\$0.5	0.4%	31.3%	0.0%	3.0	6.0	1
Belgium	\$1.2	1.0%	43.5%	0.0%	0.1	4.9	1
<b>Subtotal Single Country</b>	<b>\$20.3</b>	<b>16.2%</b>	<b>20.8%</b>	<b>0.1%</b>	<b>1.9</b>	<b>15.6</b>	<b>10</b>
Regional							
Asia	\$2.8	2.2%	22.5%	0.0%	0.3	2.2	2
Europe	\$80.2	63.8%	18.1%	0.0%	0.5	5.1	14
North America	\$22.3	17.8%	16.4%	0.0%	0.5	2.2	5
<b>Subtotal Regional</b>	<b>\$105.3</b>	<b>83.8%</b>	<b>17.8%</b>	<b>0.0%</b>	<b>0.5</b>	<b>4.4</b>	<b>21</b>
<b>Total</b>	<b>\$125.6</b>	<b>100.0%</b>	<b>18.3%</b>	<b>0.0%</b>	<b>0.7</b>	<b>6.2</b>	<b>31</b>

\* The vast majority of deals have regulatory calls from January 2008. These calls are expected to be exercised within the next 1.5-2 years as the different originating banks in Europe are able to adopt the new Basel II Capital standards. The call date listed in the chart is the first non-regulatory call.

# Regulatory Capital

## European Residential Mortgages

### Summary by Geography

December 31, 2008

	AIGFP Net Notional Exposure (\$ Billions)	% of Total Exposure	Current Average Subordination (%)	Realized Losses to Date % of Pool	Weighted Average Maturity (Years)		Number of Transactions
Country					To First Call *	To Maturity	
Denmark	\$35.4	32.9%	9.4%	0.0%	1.1	30.8	3
France	\$34.9	32.6%	8.5%	0.0%	1.1	31.5	7
Germany	\$9.7	9.1%	22.3%	0.5%	2.1	39.6	9
Netherlands	\$20.3	19.0%	17.7%	0.0%	1.0	8.3	3
Sweden	\$5.7	5.3%	13.9%	0.0%	1.1	31.1	1
UK	\$1.2	1.1%	11.1%	0.0%	0.2	0.2	1
Total	\$107.2	100.0%	12.7%	0.0%	1.2	25.9	24

\* All of these deals have regulatory calls from January 2008. These calls are expected to be exercised within the next 1.5-2 years as the different originating banks in Europe are able to adopt the new Basel II Capital standards. The call date listed in the chart is the first non-regulatory call.

# Summary Statistics

## “Super Senior” Credit Derivatives Change in Net Notional Amounts

		<u>Applicable to:</u>				
(\$ Billions)	AIGFP Net Notional September 30, 2008	Amortizations / Replenishments	Maturities / Early Terminations	Effects of ML III	Other <sup>1</sup>	AIGFP Net Notional December 31, 2008
Corporate – Regulatory Capital	\$131.8	(\$3.3)	(\$2.0)	\$0.0	(\$0.9)	\$125.6
Residential Mortgages – Regulatory Capital	116.6	(2.5)	(4.8)	0.0	(2.1)	107.2
Other – Regulatory Capital	1.6	0.0	0.0	0.0	0.0	1.6
Corporate – Arbitrage	50.7	0.0	0.0	0.0	(0.2)	50.5
Multi-Sector CDOs, of which:	71.6	(4.5)	(0.4)	(54.1)	0.0	12.6
Transactions w/Subprime	55.1	(1.7)	(0.1)	(45.9)	0.0	7.4
Transactions w/No Subprime	16.5	(2.8)	(0.3)	(8.2)	0.0	5.2
<b>Total</b>	<b>\$372.3 <sup>2</sup></b>	<b>(10.3)</b>	<b>(7.2)</b>	<b>(54.1)</b>	<b>(3.2)</b>	<b>297.5 <sup>2</sup></b>

1. Other is composed primarily of foreign exchange fluctuations and transfer of 2a-7 Puts to securities.

2. Excludes \$5.0 billion and \$4.7 billion, for the third and fourth quarters, respectively, on mezzanine tranches representing credit derivatives written by AIGFP on tranches below super senior on certain regulatory capital relief trades.

# 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 / year end December 31, 2008	Total AIG* (QTR)	Total AIG* (YTD)	Attributable to RMBS Portfolio (QTR)	Attributable to RMBS Portfolio (YTD)	Attributable to CMBS Portfolio (QTR)	Attributable to CMBS Portfolio (YTD)
Net realized capital gains (losses)	(\$25,002)	(\$55,484)	(\$5,976)	(\$25,638)	(\$5,101)	(\$7,057)
of which, Securities Sales Activity	(\$5,213)	(\$5,385)	(\$2,376)	(\$2,395)	(\$45)	(\$94)
OTTI	(\$18,559)	(\$50,805)	(\$3,600)	(\$23,243)	(\$5,056)	(\$6,963)
Other**	(\$1,230)	\$706	\$0	\$0	\$0	\$0
Unrealized (depreciation) appreciation of investments (included in Other comprehensive income)	(\$7,204)	(\$13,670)	\$784	\$2,730	(\$508)	(\$2,060)
of which, AAA-rated RMBS/CMBS (depreciation)	(\$2,683)	(\$13,049)	(\$946)	(\$9,907)	(\$1,737)	(\$3,142)
AA-rated RMBS/CMBS (depreciation)	(\$367)	(\$1,307)	(\$199)	(\$812)	(\$168)	(\$495)
Lower than AA-rated RMBS/CMBS (depreciation)	(\$289)	(\$1,068)	(\$200)	(\$817)	(\$89)	(\$251)
RMBS/CMBS appreciation	\$3,615	\$16,095	\$2,129	\$14,266	\$1,486	\$1,828

- The other-than-temporary impairments and unrealized losses result primarily from the capital market disruption.
  - In the fourth quarter, severity charges account for 70% and 95% of the RMBS and CMBS OTTI losses, respectively. For the year, severity charges account for 62% and 89% of the RMBS and CMBS OTTI losses, respectively.
  - In the fourth quarter, intent charges account for less than 1% for each of the RMBS and CMBS OTTI losses. For the year, intent charges account for 23% and 8% of the RMBS and CMBS OTTI losses, respectively.

\* Excludes AIGFP's super senior credit default swap portfolio.

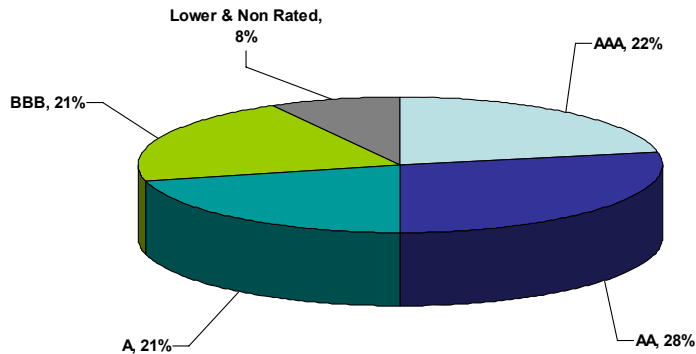
\*\* Consists predominantly of foreign exchange and derivative activity related gains and losses.

# AIG Investment Portfolios

## Worldwide Insurance and Asset Management Bond Portfolios

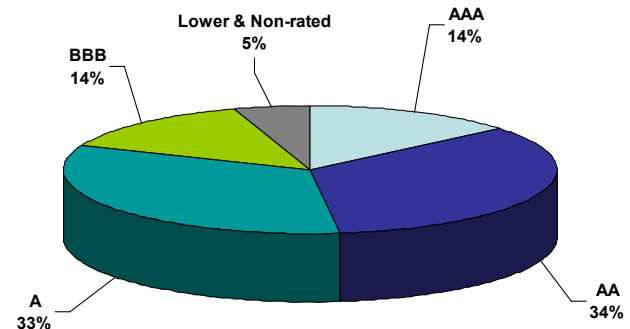
- AIG's bond portfolios\* had a fair value of \$377.4 billion at December 31, 2008, of which approximately 94% are investment grade.

**Domestic Operations -  
Bonds by Ratings**



**\$193.6 Billion**

**Foreign Operations-  
Bonds by Ratings**



**\$183.8 Billion**

\* Fixed Maturities: Bonds available for sale (including those held as Securities lending collateral) and Bonds trading securities.

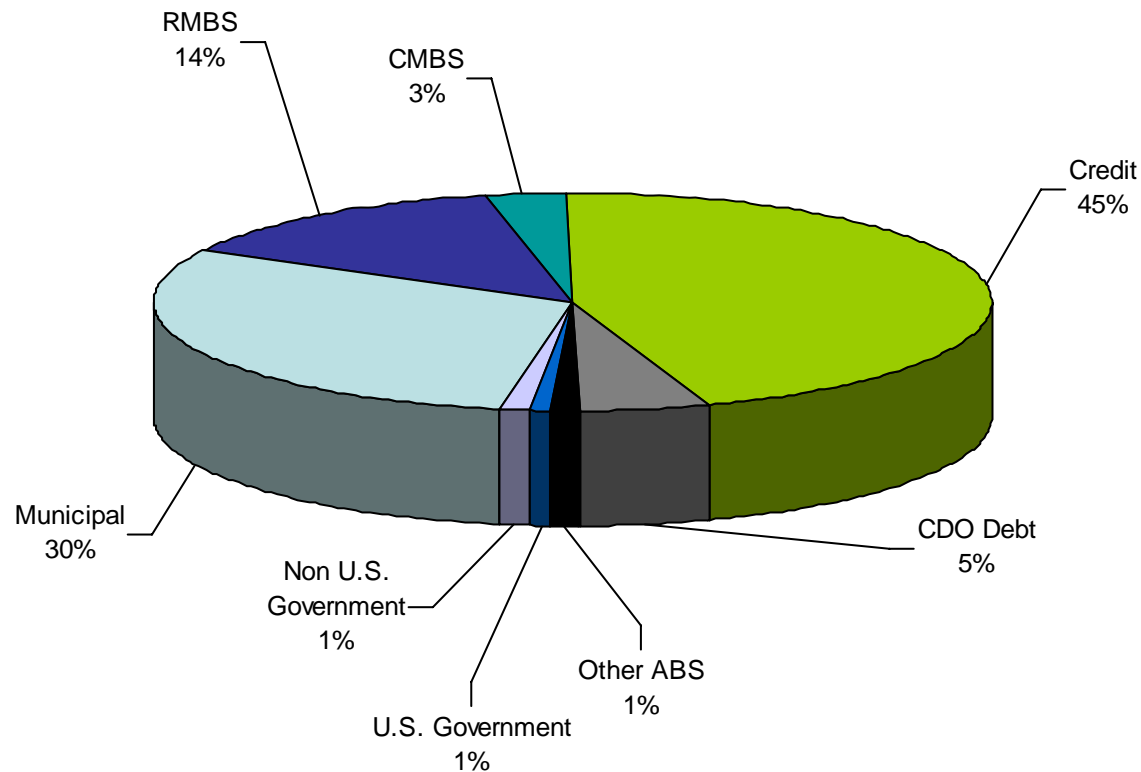


# AIG Investment Portfolios

## Domestic Insurance and Asset Management Bonds by Category

December 31, 2008

\$193.6 Billion



# AIG Insurance Investment Portfolios

## RMBS Portfolio Overview

- Holdings of global residential mortgage market products total approximately \$32.1 billion at December 31, 2008, or about 5% of AIG's total invested assets.
  - Approximately 82% of the portfolio is composed of Agency and AAA rated securities.
  - Approximately 90% of the portfolio consists of AA, AAA and Agency securities.
- Within AIGI's \$19.3 billion non-agency portfolio, about 69% is AAA-rated and 14% is AA-rated.
  - Holdings rated BBB or below total approximately \$1.8 billion (about 9% of the portfolio and about 0.3% of total invested assets).
  - About 8% (\$1.6 billion) is "wrapped" by monoline insurance.

RMBS Type	Par Value		Amortized Cost		Fair Value	
	(\$ Billions)	%	(\$ Billions)	%	(\$ Billions)	%
Agency Pass-Through and CMO Issuances	\$13.1	32.8%	\$12.8	39.9%	\$13.3	44.6%
Prime Non-Agency (incl. Foreign and Jumbo RMBS related securities)	\$14.9	37.3%	\$12.8	39.9%	\$10.8	36.2%
Alt-A RMBS	\$8.6	21.5%	\$4.9	15.3%	\$4.2	14.1%
Subprime RMBS	\$2.3	5.7%	\$1.2	3.7%	\$1.1	3.8%
Other Housing-Related Paper	\$1.1	2.7%	\$0.4	1.2%	\$0.4	1.3%
<b>Total RMBS</b>	<b>\$40.0</b>	<b>100.0%</b>	<b>\$32.1</b>	<b>100.0%</b>	<b>\$29.8</b>	<b>100.0%</b>

### Changes in RMBS Portfolio - Amortized Cost

(\$ Billions)	Amortized Cost September 30, 2008	Paydowns	OTTI 4 <sup>th</sup> Quarter	Effects of ML II	Other <sup>1</sup>	Amortized Cost December 31, 2008
<b>Total RMBS, of which:</b>	<b>\$64.7</b>	<b>(1.0)</b>	<b>(3.6)</b>	<b>(23.1)</b>	<b>(4.9)</b>	<b>\$32.1</b>
<i>Alt-A</i>	15.0	(.2)	(1.6)	(8.3)	-	4.9
<i>Subprime</i>	14.5	(.2)	(.4)	(12.7)	-	1.2

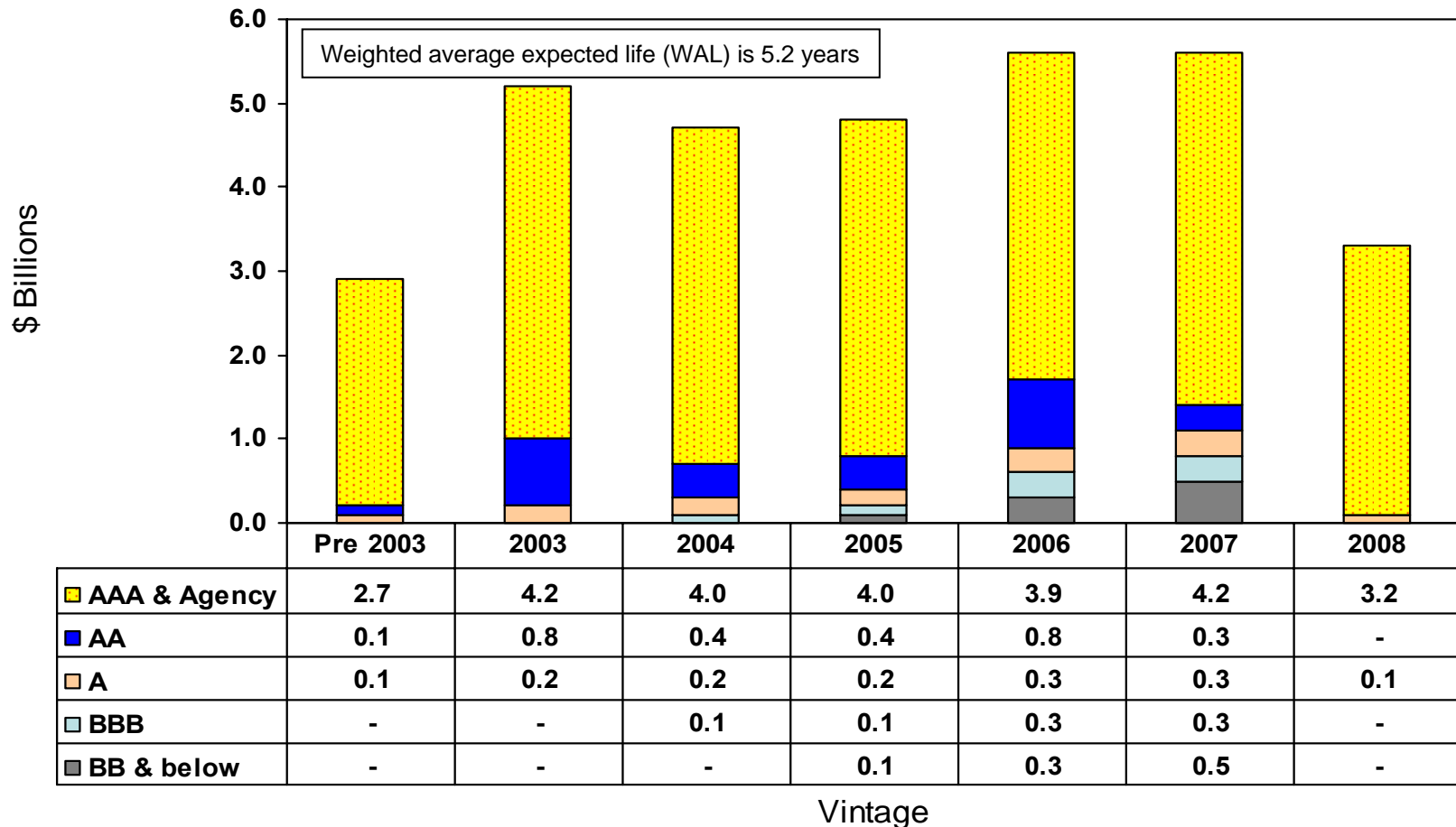
1. Other is comprised of sales, purchases, amortizations, accruals, etc.

# AIG Insurance Investment Portfolios

## Total RMBS Exposure by Vintage - \$32.1 Billion

December 31, 2008

*In its purchases, AIGI focused largely on AAA rated investments.*



# AIG Insurance Investment Portfolios

## RMBS Non-Agency Ratings Migration

(January 1, 2007 – February 19, 2009)

(\$ Millions)

Original Lowest Flat Rating*		Current Lowest Flat Rating*				
Rating	Amount	AAA	AA	A	BBB	Non-Investment Grade
AAA	15,863.6	10,991.9	1,067.2	594.3	977.7	2,232.5
AA	1,770.5	19.6	1,541.8	98.9	51.6	58.5
A	835.7	3.5	31.3	617.8	68.9	114.2
BBB	472.2		2.9	1.3	453.8	14.2
Non-Investment Grade	356.7					356.7
Total Amortized Cost	19,298.7	11,015.0	2,643.2	1,312.3	1,552.1	2,776.1

As of 2/19/09, the rating agencies have placed \$951 million of non-Agency securities on watch negative.

\* Based on lowest original and current "flat" ratings. Flat ratings exclude notches. Ratings are the "lowest of" in the event of a split rating.  
Source: Bloomberg, Moody's Investors Service, Standard & Poor's and Fitch

# AIG Insurance Investment Portfolios

## RMBS – Summary Statistics\*

Type of RMBS/Enhancements**	Vintage			WAL (Years)	% Rated AAA or AA
	2005	2006	2007		
<b>Subprime RMBS (\$ Millions)</b>	<b>\$121</b>	<b>\$257</b>	<b>\$33</b>	<b>5.3</b>	<b>73.1%</b>
Original Credit Enhancement (AAA)	15.4%	22.2%	20.3%		
Current Credit Enhancement (AAA)	43.2%	35.8%	24.3%		
Original Credit Enhancement (AA+ and lower)	9.7%	16.8%	12.2%		
Current Credit Enhancement (AA+ and lower)	29.4%	19.2%	14.9%		
<b>ALT-A (\$ Millions)</b>	<b>\$772</b>	<b>\$1,034</b>	<b>\$1,232</b>	<b>5.3</b>	<b>86.3%</b>
Original Credit Enhancement (AAA)	11.0%	19.2%	18.5%		
Current Credit Enhancement (AAA)	18.3%	21.6%	19.7%		
Original Credit Enhancement (AA+ and lower)	3.9%	11.9%	17.4%		
Current Credit Enhancement (AA+ and lower)	7.6%	12.7%	18.1%		
<b>Prime Jumbo (\$ Millions)</b>	<b>\$1,522</b>	<b>\$2,252</b>	<b>\$1,412</b>	<b>5.9</b>	<b>89.6%</b>
Original Credit Enhancement (AAA)	7.6%	9.2%	7.6%		
Current Credit Enhancement (AAA)	8.7%	10.3%	7.9%		
Original Credit Enhancement (AA+ and lower)	1.6%	6.5%	6.4%		
Current Credit Enhancement (AA+ and lower)	2.3%	7.6%	6.8%		

\* Source: Intex

\*\* Current credit enhancement reflects prepayments/waterfall benefits net of realized losses on foreclosed homes that have been sold. It does not take into consideration real estate owned (REO) and defaulted mortgages in process of foreclosure.

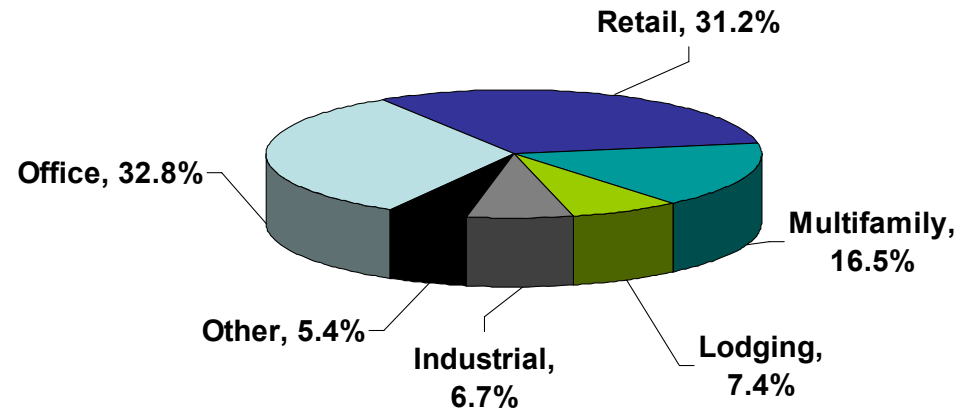
The credit enhancement data and the dollar amounts for each collateral type reflect only unwrapped securities. The WAL and percent rated AAA or AA include both wrapped and unwrapped securities.

# AIG Insurance Investment Portfolios

## CMBS Portfolios

December 31, 2008

Description	Amortized Cost (\$ Millions)	%
Traditional	13,033	91.8%
Resecuritization	583	4.1%
Agency	159	1.1%
Other	430	3.0%
<b>TOTAL</b>	<b>\$14,205</b>	<b>100.0%</b>



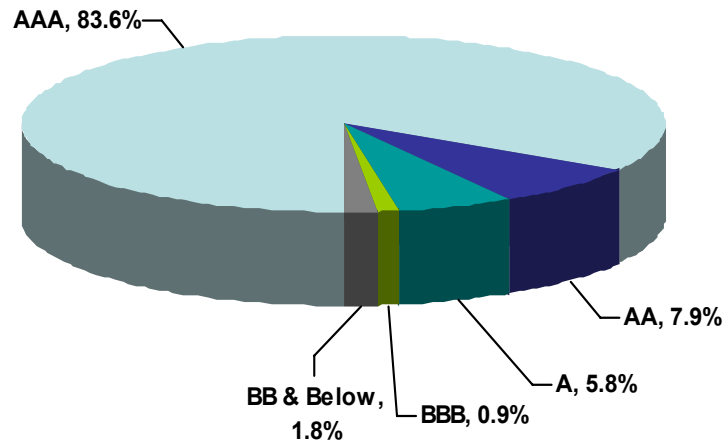
**Note:** Pie chart excludes Agency and Other CMBS bonds.

Vintage	%
2008	1.6%
2007	22.9%
2006	10.9%
2005	16.5%
2004	19.0%
2003 & Older	29.1%
	<b>100.0%</b>

# AIG Insurance Investment Portfolios

## CMBS Portfolios

December 31, 2008



Top 10 States	%
NY	15.4%
CA	13.2%
TX	6.3%
FL	5.7%
VA	3.4%
IL	3.2%
NJ	3.1%
PA	2.5%
MA	2.4%
GA	2.3%
	57.5%

# AIG Insurance Investment Portfolios

## CMBS Ratings Migration

(January 1, 2007 – February 19, 2009)

(\$ Millions)

Original Flat Rating*		Current Flat Rating*				
Rating	Amount	AAA	AA	A	BBB	Non-Investment Grade
AAA	10,599	10,203	93	195	44	65
AA	1,874	993	780	62	26	12
A	1,209	300	196	460	178	75
BBB	304	90	14	108	80	12
Non-Investment Grade	218	0	0	0	3	216
Total Amortized Cost	14,205	11,586	1,083	825	331	380

*Ratings are based on original and current “flat” ratings. Flat ratings exclude notches. Ratings are the “lowest of” in the event of a split rating.*

*Source: Bloomberg, Moody’s Investors Service, Standard & Poor’s and Fitch*

- Forty-eight securities held in the AIGI CMBS portfolio are on negative watch as of February 19, 2009, with an amortized cost of \$298.3 million (2.1% of portfolio).
- Since February 5, 2009, Moody’s has downgraded forty-two of AIGI’s bonds, with an amortized cost of \$225.0 million (1.6% of portfolio).



# United Guaranty (UGC)

December 31, 2008

## In-Force Summary

	First-Lien Portfolio	Second-Lien Portfolio
<b>Net Risk-in-Force (\$ Billions)</b>	\$27.1	\$3.0
<b>Policies in Force</b>	870,119	529,271
<b>Average FICO Score</b>	699	718
<b>Delinquent Loans</b>	93,362	11,481
<b>Delinquency Ratio</b>	10.7%*	2.2%

## First Lien Risk Mix

First-Lien Risk Mix	Loans > 95% LTV**	FICO > 660	Interest Only	Option ARMs	Fixed Rate
<b>New Risk 4Q2007</b>	40.9%	73.6%	7.4%	0.6%	89.7%
<b>New Risk 3Q2008</b>	1.1%	97.1%	3.1%	0.1%	91.1%
<b>New Risk 4Q2008</b>	0.7%	96.4%	0.6%	0.0%	97.4%

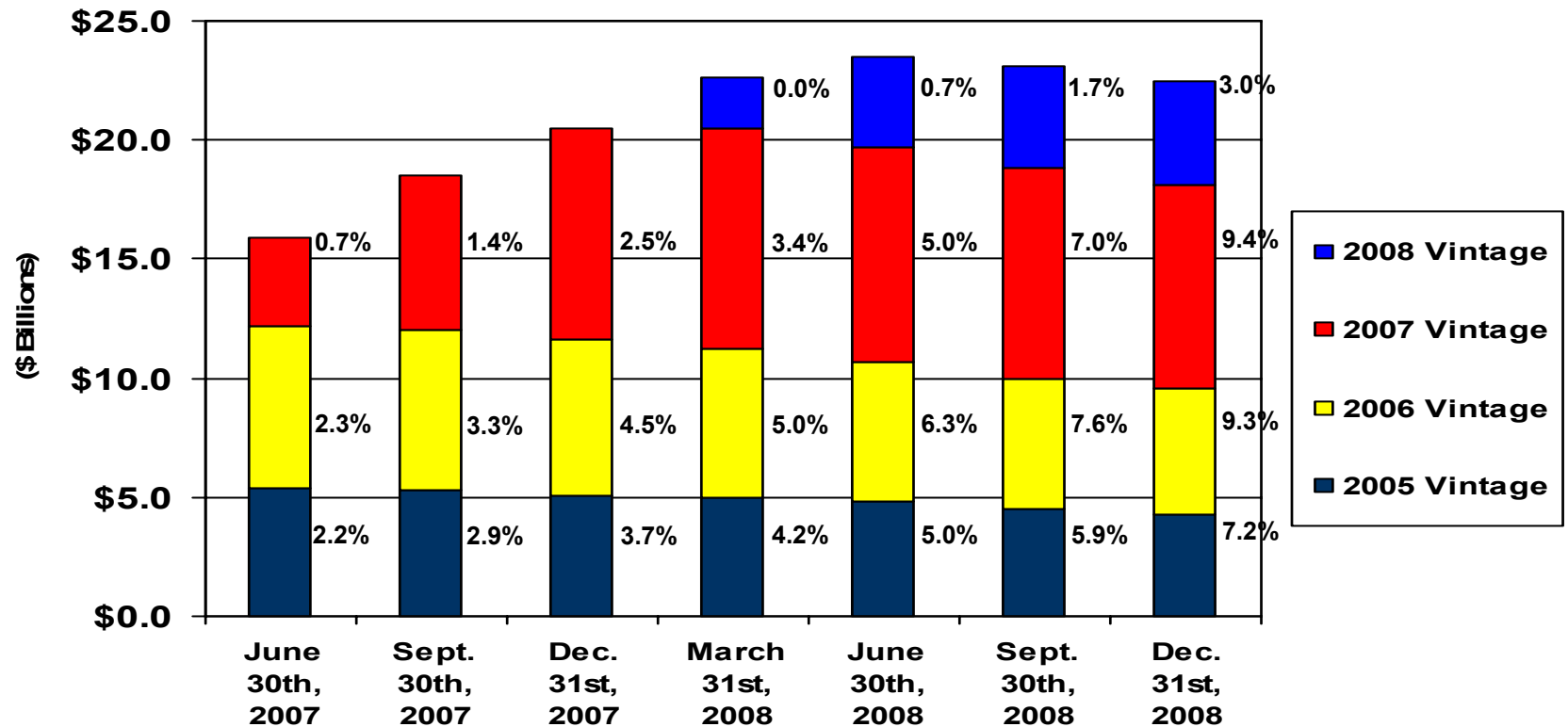
\* Comprised of primary and pool insurance

\*\* Loan-to-value

# United Guaranty

## Net Risk-in-Force and Delinquency

### 2005 to 2008 Vintages and 60+ Day Delinquency Percentages



\* Net Risk-in-Force (RIF) = Insurance risk on mortgages net of risk sharing and reinsurance.

Delinquency figures are based on number of policies (not dollar amounts), consistent with mortgage insurance industry practice.

# United Guaranty

## December 31, 2008

Real Estate Portfolio	Total Portfolio	FICO (≥ 660)	FICO (620- 659)	FICO (<620)
<b>Domestic Mortgage</b> <b>Net Risk-in-Force</b> 60+ Day Delinquency	\$30.1 Billion 7.5%	\$22.0 Billion 5.0%	\$5.9 Billion 12.8%	\$2.2 Billion 25.4%
<b>2008 Vintage</b> 60+ Day Delinquency	\$4.4 Billion 3.0%	\$4.0 Billion 2.2%	\$411 Million 7.7%	\$72 Million 15.5%
<b>2007 Vintage</b> 60+ Day Delinquency	\$8.5 Billion 9.4%	\$5.9 Billion 6.0%	\$1.8 Billion 15.0%	\$805 Million 30.4%
<b>2006 Vintage</b> 60+ Day Delinquency	\$5.3 Billion 9.3%	\$3.7 Billion 6.5%	\$1.1 Billion 14.6%	\$545 Million 28.7%
<b>2005 Vintage</b> 60+ Day Delinquency	\$4.3 Billion 7.2%	\$3.1 Billion 5.5%	\$912 Million 12.5%	\$261 Million 21.2%
<b>Loans &gt; 95%</b> 60+ Day Delinquency	\$9.9 Billion 8.2%	\$6.4 Billion 4.3%	\$2.5 Billion 14.6%	\$1.0 Billion 27.8%
<b>Low Documentation</b> 60+ Day Delinquency	\$6.1 Billion 9.1%	\$5.6 Billion 8.5%	\$431 Million 13.1%	\$95 Million 27.6%
<b>Interest Only &amp; Option ARMs</b> 60+ Day Delinquency	\$2.8 Billion 27.3%	\$2.3 Billion 26.0%	395 Million 32.0%	\$70 Million 39.7%

\* This table is for informational purposes only. Column totals include earlier vintages (pre-2005).

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.

Loans categorized as Low Documentation include loans approved by GSE and other automated underwriting (AU) systems under "doc waiver" programs with historical and expected delinquency rates consistent with Full Documentation loans. UGC estimates that Low Documentation loans of this type were approximately 8% of RIF as of 12/3/08 and are currently the only form of Low Documentation insured by UGC.

# American General Finance

December 31, 2008

Real Estate Portfolio*	Total Portfolio	FICO (≥ 660)	FICO (620 – 659)	FICO (< 620)
<b>Outstandings</b>	<b>\$18.4 Billion</b>	<b>\$8.4 Billion</b>	<b>\$3.3 Billion</b>	<b>\$6.5 Billion</b>
LTV	81%	85%	80%	75%
60+%	5.11%	3.35%	6.61%	6.62%
<b>2008 Vintage</b>	<b>\$1.5 Billion</b>	<b>\$265.1 Million</b>	<b>\$254.0 Million</b>	<b>\$953.5 Million</b>
LTV	72%	72%	72%	71%
60+%	1.92%	0.40%	1.55%	2.44%
<b>2007 Vintage</b>	<b>\$4.0 Billion</b>	<b>\$1.3 Billion</b>	<b>\$881.1 Million</b>	<b>\$1.8 Billion</b>
LTV	79%	82%	80%	75%
60+%	6.39%	4.28%	8.01%	7.10%
<b>2006 Vintage</b>	<b>\$3.1 Billion</b>	<b>\$1.1 Billion</b>	<b>\$627.8 Million</b>	<b>\$1.4 Billion</b>
LTV	81%	87%	81%	76%
60+%	6.50%	4.58%	6.84%	7.95%
<b>2005 Vintage</b>	<b>\$4.1 Billion</b>	<b>\$2.5 Billion</b>	<b>\$745.1 Million</b>	<b>\$903.3 Million</b>
LTV	83%	86%	82%	76%
60+%	5.26%	3.74%	7.98%	7.15%
<b>2004 Vintage</b>	<b>\$3.4 Billion</b>	<b>\$2.5 Billion</b>	<b>\$461.4 Million</b>	<b>\$431.3 Million</b>
LTV	85%	87%	81%	75%
60+%	3.64%	2.65%	5.92%	6.95%
<b>LTV Greater than 95%</b>	<b>\$3.3 Billion</b>	<b>\$2.7 Billion</b>	<b>\$394.7 Million</b>	<b>\$205.8 Million</b>
LTV	99%	99%	99%	98%
60+%	4.89%	4.21%	8.29%	7.31%
<b>Low Documentation</b>	<b>\$475.1 Million</b>	<b>\$247.3 Million</b>	<b>\$151.7 Million</b>	<b>\$76.1 Million</b>
LTV	76%	78%	76%	71%
60+%	10.37%	8.30%	10.94%	15.99%
<b>Interest Only</b>	<b>\$1.4 Billion</b>	<b>\$1.2 Billion</b>	<b>\$235.4 Million</b>	<b>\$20.4 Million</b>
LTV	88%	89%	88%	79%
60+%	8.36%	7.01%	13.89%	21.96%

*\*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. Any account which is 60 or more days past due, regardless of foreclosure, bankruptcy or other condition, is included in the AGF 60+ delinquency statistics. Differences in totals by columns and rows are due to rounding.*

## **Comment on Regulation G**

This financial supplement includes certain non-GAAP financial measures. The reconciliations of such measures to the most comparable GAAP figures in accordance with Regulation G are included within the relevant tables.

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

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

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

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

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

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