Conference Call Credit Presentation

Financial Results for the Quarter Ended June 30, 2008

August 7, 2008

(Revised as to slides 16 and 17)

It should be noted that the remarks made on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. It is possible that AIG's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007, and in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of AIG's Quarterly Report on Form 10-Q for the period ended June 30, 2008. AIG is not under any obligation (and expressly disclaims any such obligations) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

Remarks made on the conference call may also contain certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Second Quarter 2008 Financial Supplement available in the Investor Information section of AIG's corporate website, www.aigcorporate.com<http://www.aigcorporate.com/>.

Certain numerical information in this presentation may be slightly different from information contained in AIG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008. Such differences are the result of rounding and are not material.

OUTLINE

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

AIG

Capital Markets

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Summary Statistics
"Super Senior" Credit Derivatives

June 30, 2008

Transaction Type	Regulatory Capital				Arbitrage				Total	Prior Quarter
Category	**Corporate**	**Residential Mortgages**	**Other[1]**	**Subtotal**	**Corporate**	**Multi-Sector CDOs w/Subprime**	**Multi-Sector CDOs w/No Subprime**	**Subtotal**	**June 30, 2008**	**March 31, 2008**
Gross Notional ($ Billion)	$235.8	$163.1	$4.1	$403.0	$71.9	$79.6	$33.0	$184.5	$587.5	$622.3
AIGFP Net Notional Exposure ($ Billion)	$172.7	$132.6	$1.6	$306.9	$53.8	$57.8	$22.5 [2]	$134.1	$441.0[3]	$469.5
Number of Transactions	39	27	1	67	29	100	12	141	208	222
Weighted Average Subordination (%) [4]	23.2%	13.4%	12.1%	19.1%	18.9%	23.9%	16.3%	20.6%	19.6%	19.5%
Weighted Average Number of Obligors / Transaction	1,568	81,592	15,724	N.M. [5]	127	196	109	N.M. [5]	N.M. [5]	N.M. [5]
Expected Maturity (Years)	1.3[6]	2.0[6]	5.6[7]	N.M. [5]	4.4[7]	5.0[7]	6.2[7]	N.M. [5]	N.M. [5]	N.M. [5]

1. *During the second quarter of 2008, a European RMBS regulatory capital relief transaction with a notional amount of $1.6 billion was not terminated as expected when it no longer provided regulatory capital benefit to the counterparty.*
2. *AIGFP's net notional exposure increased by $5.4 billion during the second quarter due to the increase in the notional amount of a CDO of CMBS for which AIGFP entered into maturity-shortening puts on the super senior CDO security pursuant to a facility entered into in 2005.*
3. *Excludes $5.8 billion on mezzanine tranches representing credit derivatives written by AIGFP on tranches below super senior on certain regulatory capital relief trades.*
4. *Weighted by Transaction Gross Notional.*
5. *Not meaningful.*
6. *Maturity shown reflects first non-regulatory call date, although majority of transactions have regulatory capital calls from January 2008.*
7. *Reflects the Weighted Average Life.*

Regulatory Capital
Corporate by Primary Jurisdiction

June 30, 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	$14.2	8.3%	21.8%	0.1%	2.5	7.6	6
USA	$6.9	4.0%	40.8%	0.0%	0.3	11.8	1
Netherlands	$5.0	2.9%	17.5%	0.0%	1.5	45.5	1
Portugal	$4.4	2.6%	11.9%	0.1%	0.3	11.3	1
UK	$2.2	1.3%	24.8%	0.0%	0.5	13.3	1
France	$2.3	1.3%	20.7%	0.0%	0.5	0.5	1
Australia	$1.8	1.1%	9.0%	0.0%	1.2	2.7	1
Finland	$1.0	0.6%	22.6%	0.0%	0.5	6.5	1
Belgium	$2.1	1.2%	34.3%	0.0%	0.6	5.4	1
Subtotal Single Country	*$39.9*						*14*
Regional							
Asia	$2.7	1.6%	23.3%	0.0%	0.9	3.2	2
Europe	$102.0	59.0%	23.1%	0.0%	1.2	5.6	16
North America	$28.1	16.3%	21.4%	0.0%	1.8	2.1	7
Subtotal Regional	*$132.8*						*25*
Total	*$172.7*	*100.0%*	*23.2%*	*0.0%*	*1.3*	*6.6*	*39*

* *The vast majority of deals have regulatory calls from January 2008. These calls are expected to be exercised over the next 9 - 21 months 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.*

European Residential Mortgages Summary by Geography

June 30, 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
					To First Call *	To Maturity	
Denmark	**$40.2**	**30.3%**	**9.3%**	**0.0%**	**0.9**	**31.3**	**3**
France	**$40.3**	**30.4%**	**8.3%**	**0.0%**	**1.5**	**31.2**	**7**
Germany	**$20.9**	**15.8%**	**21.2%**	**0.2%**	**3.3**	**43.6**	**11**
Netherlands	**$22.4**	**16.9%**	**18.1%**	**0.0%**	**3.4**	**9.0**	**3**
Sweden	**$7.0**	**5.3%**	**17.8%**	**0.0%**	**1.4**	**34.7**	**2**
UK	**$1.8**	**1.3%**	**10.0%**	**0.0%**	**0.7**	**22.7**	**1**
Total	***$132.6***	***100.0%***	***13.4%***	***0.0%***	***2.0***	***28.3***	***27***

* *All of these deals have regulatory calls from January 2008. These calls are expected to be exercised over the next 9 - 21 months 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

($ Billions)	AIGFP Net Notional March 31, 2008	Applicable to: Amortizations	New Derivatives Written	Maturities / Early Terminations	Other[1]	AIGFP Net Notional June 30, 2008
Corporate – Regulatory Capital	**$191.6**	**($1.5)**	**$0.0**	**($14.4)**	**($3.0)**	**$172.7**
Residential Mortgages – Regulatory Capital	**$143.3**	**($2.3)**	**$0.0**	**($4.8)**	**($3.6)**	**$132.6**
Other – Regulatory Capital	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$1.6**	**$1.6**
Corporate – Arbitrage	**$57.1**	**$0.0**	**$0.0**	**($3.4)**	**$0.1**	**$53.8**
Multi-Sector CDOs, of which:	**$77.5**	**($2.1)**	**$5.4**	**$0.0**	**($0.5)**	**$80.3**
Transactions w/Subprime	***$60.6***	***($2.0)***	***$0.0***	***$0.0***	***($0.8)***	***$57.8***
Transactions w/No Subprime	***$16.9***	***($0.1)***	***$5.4***	***$0.0***	***$0.3***	***$22.5***
Total	***$469.5***	***($5.9)***	***$5.4***	***($22.6)***	***($5.4)***	***$441.0[2]***

1. Includes reclassifications and changes due to foreign exchange fluctuations and other adjustments.
2. Excludes $5.8 billion on mezzanine tranches representing credit derivatives written by AIGFP on tranches below super senior on certain regulatory capital relief trades.

Reference Pool Losses vs. Weighted Average Attachment Point (WAAP)[1]

		September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008
Corporate - Regulatory Capital	Reference Pool Losses	0.00%	0.01%	0.00%	0.01%
	WAAP	**21.30%**	**21.28%**	**22.90%**	**23.20%**
Residential Mortgages - Regulatory Capital	Reference Pool Losses	0.00%	0.04%	0.03%	0.04%
	WAAP	**13.09%**	**13.27%**	**12.90%**	**13.41%**
Corporate – Arbitrage	Reference Pool Losses	0.28%	0.28%	0.26%	0.26%
	WAAP	**16.01%**	**17.82%**	**18.70%**	**18.94%**
Multi-Sector CDOs w/Subprime – High Grade	Defaulted Assets[2]	N.A.	0.09%	0.14%	1.06%
	WAAP	**15.33%**	**15.38%**	**15.50%**	**15.67%**
Multi-Sector CDOs w/Subprime - Mezzanine	Defaulted Assets[2]	N.A.	1.44%	2.24%	6.63%
	WAAP	**37.00%**	**37.29%**	**38.00%**	**39.35%**

1. *Reference pool losses for corporate and residential mortgage transactions. Defaulted assets for multi-sector CDO transactions.*
2. *Weighted average percentage of each CDO's collateral that has been defined as defaulted by the relevant trustee and sourced from Intex. The definition of defaulted assets can vary between deals but typically encapsulates all assets that have been downgraded to a level that is at, or below, the CCC rating category level. Assets in this category may or may not still be paying interest to the holder.*

Rating Agency Actions

- At June 30, 2008 all applicable rating agencies continued to rate 37% of AIGFP's $57.8 billion super senior credit derivative multi-sector CDO portfolio with subprime RMBS collateral at AAA levels. This is despite a significant number of CDO downgrades during 2007 and the first half of 2008. At July 27, 2008, this percentage was 36%.
- Through June 30, 2008, approximately $36.4 billion (63%) of the portfolio had been downgraded and $33.9 billion was on Credit Watch.
- Through July 27, 2008, $36.8 billion of the portfolio had been downgraded, bringing the total to 64% of the portfolio.

Summary[1]	Through June 30, 2008		Through July 27, 2008	
($ Billions)	Downgraded to	Placed on Credit Watch	Downgraded to	Placed on Credit Watch
AAA	NA	$3.5	NA	$4.0
AA	$11.4	$9.6	$11.8	$9.9
A	$10.5	$7.8	$10.5	$7.7
BBB	$3.8	$3.4	$3.0	$2.9
BB	$4.7	$4.7	$4.7	$4.1
B	$6.0	$4.9	$6.5	$5.5
CCC	$0.0	$0.0	$0.3	$0.0
Total	**$36.4**	**$33.9**	**$36.8**	**$34.1**

1. *Summary information classifies a portfolio as on "credit watch" if any one of the agencies has placed that portfolio on Credit Watch. Summary information on downgrades uses the lowest rating of S&P, Moody's, or Fitch.*

Process Followed for June 30, 2008 Accounting Valuation of Multi-Sector CDO Portfolio

Acquisition & Review of Third Party Prices of Collateral Securities

- Third Party prices are collected from CDO Managers;
- Obtained prices on about 75% of collateral securities;
- Derived final price by averaging in case of multiple quotes;
- Reviewed prices for consistency across ratings and vintages;
- Rolled forward May 31 prices to June 30 using data from a third-party pricing vendor.

Benchmarking to Independent Sources

- Prices for about 75% of securities are available from IDC;
- About 75% overlap between CDO Manager prices and IDC.

Key Inputs to Modified BET Model

- Pricing matrix for collateral securities for which no price was collected;
- WAL of securities from Bloomberg;
- Diversity scores from CDO Trustees;
- LIBOR curve for discounting cash flows;
- Recovery rates based on Moody's multi-sector CDO recovery data.

Run Modified BET Model

- Convert collateral security price to credit spread and market-implied default probabilities;
- Use key inputs to run BET model;
- Use cash-flow diversion algorithms;
- Calculate mark-to-market for each multi-sector CDO transaction.

Overlay of Super Senior Bond Quotes

- Obtained super senior bond quotes from about 20 different third parties;
- Overlay super senior bond quotes to the modified BET model results.

Stress Testing/ Sensitivity Analysis

Evolution of Illustrations of Potential Realized Credit Losses

Ratings-Based Static Stress (Q4'07 & Q1'08)

- Assumed stress based on current ratings
- Assumed to result in immediate default
- Stress test differentiated by vintage of sub-prime RMBS
- No modeling of cash flow waterfall

Roll-Rate Sensitivity (Q1'08)

- Reflected more current performance of sub-prime and Alt-A mortgages
- Delinquent mortgages modeled using roll rate frequency/severity assumptions
- Non-Delinquent mortgages modeled using loss timing curves and severity assumptions
- Inner CDOs modeled using ratings-based stresses
- No modeling of cash flow waterfall

Roll-Rate Scenarios (Q2'08)

- Enhanced Q1'08 methodology to :
  - i. Include prime RMBS
  - ii. Model cash flow waterfall
- Changed assumptions in view of deteriorating real estate market conditions:
  - i. Revisions to roll rate default and severity assumptions for subprime and Alt-A
  - ii. Use of current ratings to inner CDOs and higher stresses to other ABS collateral

AIG has adapted its stress testing/sensitivity analysis to incorporate all U.S. RMBS collateral pools and modeled the operation of the cash flow waterfall. Loss assumptions have also been updated to reflect deteriorating real estate market conditions.

Stress Testing – Roll Rate

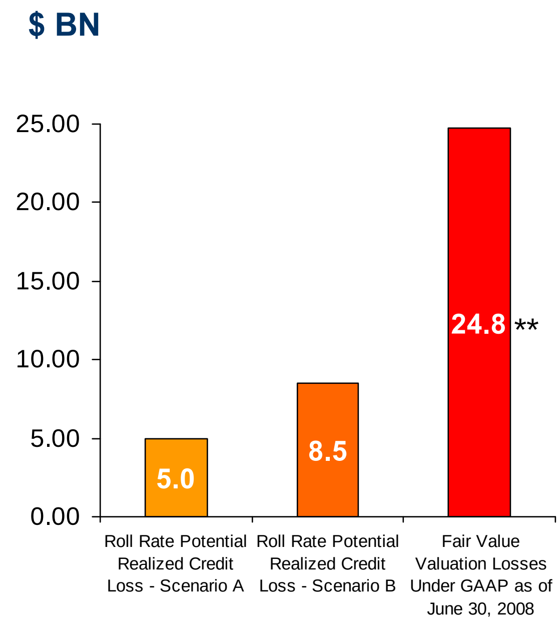
Illustration of Potential Realized Credit Losses on AIGFP's "Super Senior" Multi-Sector CDO Credit Derivative Portfolio

AIG continues to expect potential future realized credit losses to be significantly lower than the fair value losses recorded under GAAP as of June 30, 2008. However, there can be no assurance that the ultimate realized credit losses will not exceed the potential realized credit losses illustrated.

Description of Potential Realized Credit Loss Scenario Analysis

- *Collateral Pools Included*: All U.S. RMBS (i.e., subprime, Alt-A and prime).
- *Delinquent Mortgages*: Modeled using data as of May 31, 2008, assuming certain percentages of such loans roll into default & foreclosure and assuming loss severities. Assumptions differentiated by delinquency status and vintage.
- *Non-Delinquent Mortgages*: Defaults estimated by using loss timing curves (differentiated by weighted average loan age) and applying loss severities.
- Inner CDOs*: Modeled using ratings-based stresses differentiated by vintage.
- *Cash Flow Waterfall*: Modeled to capture the potential effects, both positive and negative, of cash flow diversion within each CDO.

Pre-Tax Loss Estimates

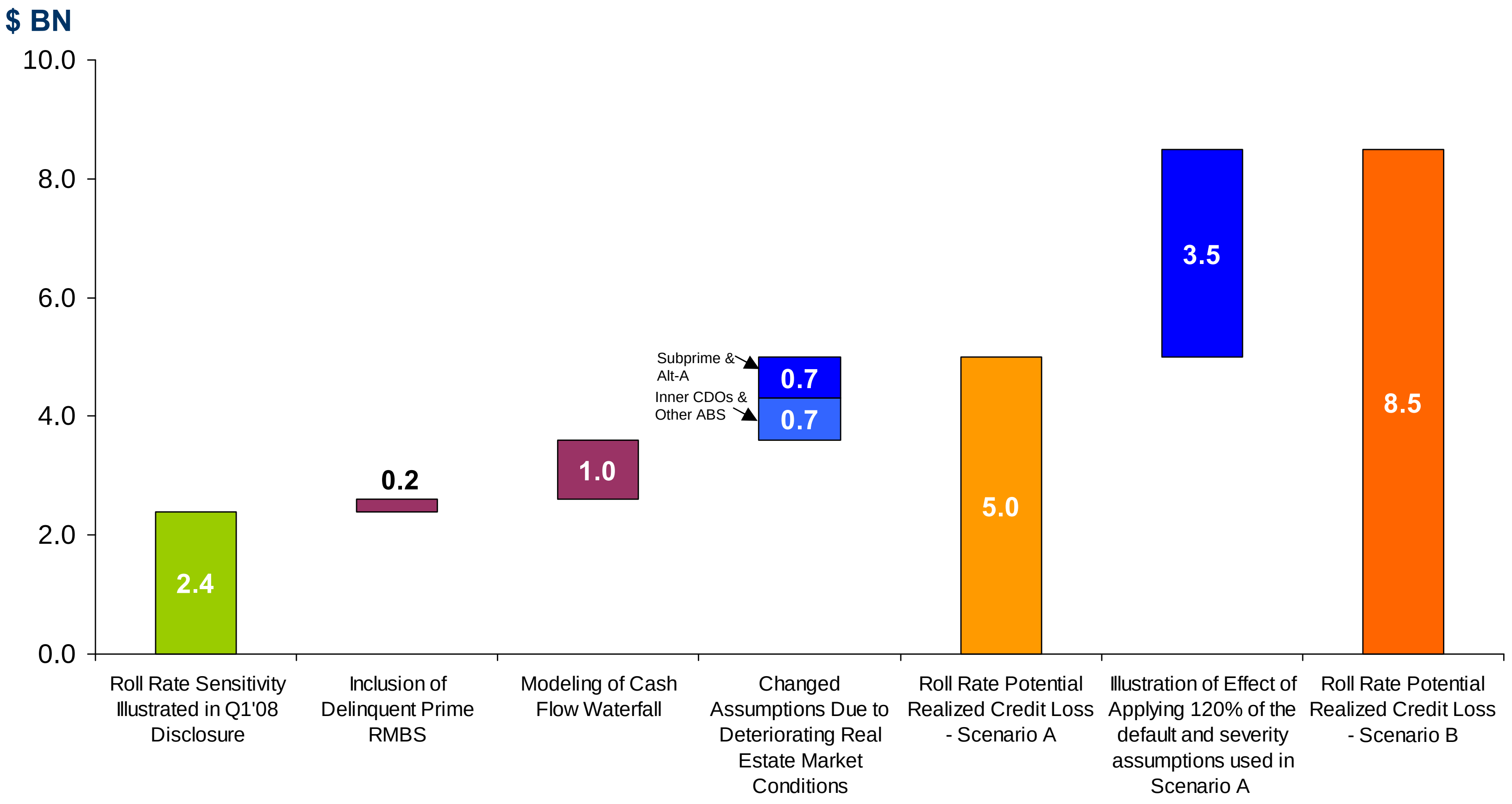


* *Including other ABS, such as CMBS, credit card and auto loan ABS.*

** *Excludes approximately $67 million of the cumulative unrealized market value loss that was recognized as a result of the purchase during the second quarter of $682 million of other super senior CDO securities in connection with 2a-7 Puts.*

Stress Testing – Roll Rate

Reconciliation of Change to Potential Realized Credit Losses on AIGFP's "Super Senior" Multi-Sector CDO Credit Derivative Portfolio



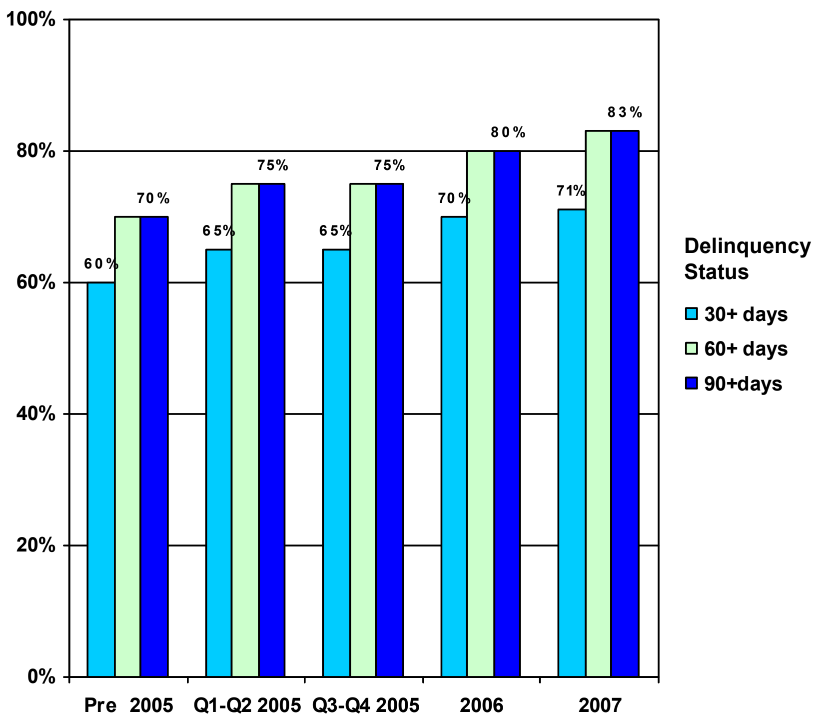
The changed assumptions due to the deteriorating real estate market conditions had the most significant effect on the roll rate potential realized credit loss scenarios. These conditions and other related macroeconomic effects (e.g., unemployment levels) could continue to have a material effect on estimates of ultimate realized credit losses.

Stress Testing – Roll Rate

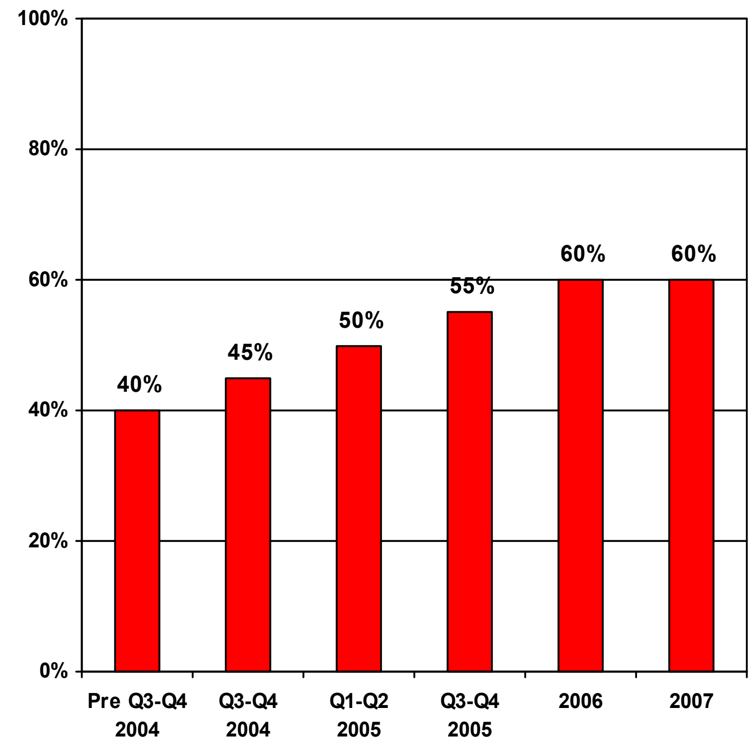
Overview of U.S. RMBS Roll Rate Assumptions

Subprime Delinquent Mortgages – Sensitivity Used in Q1'08 Disclosure

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



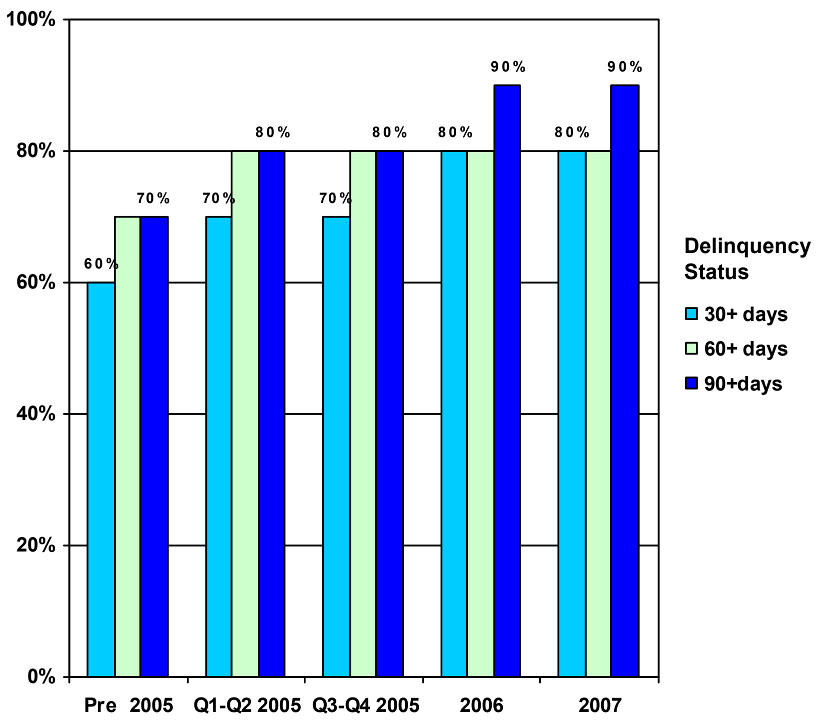
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*

Stress Testing – Roll Rate

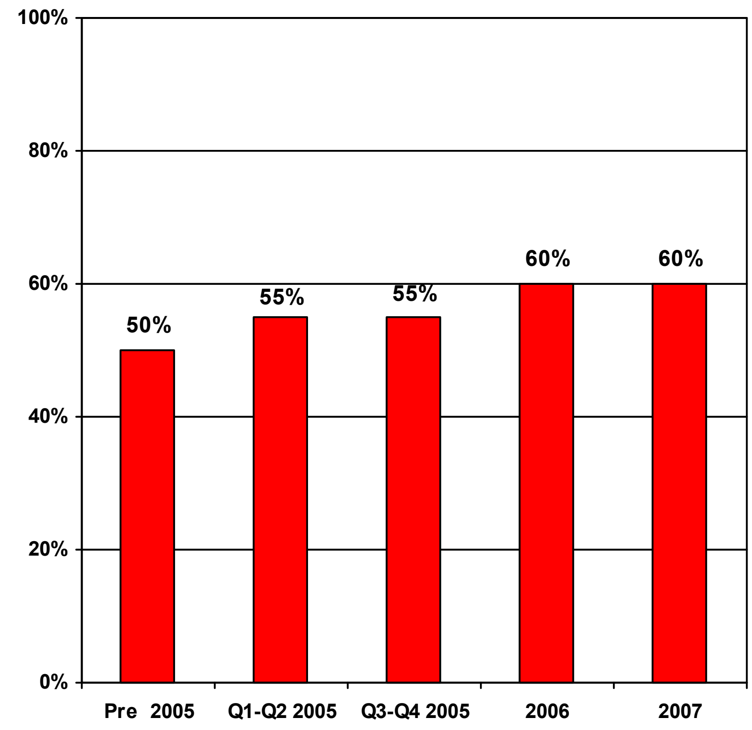
Overview of U.S. RMBS Roll Rate Assumptions

Subprime Delinquent Mortgages - Scenario A

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



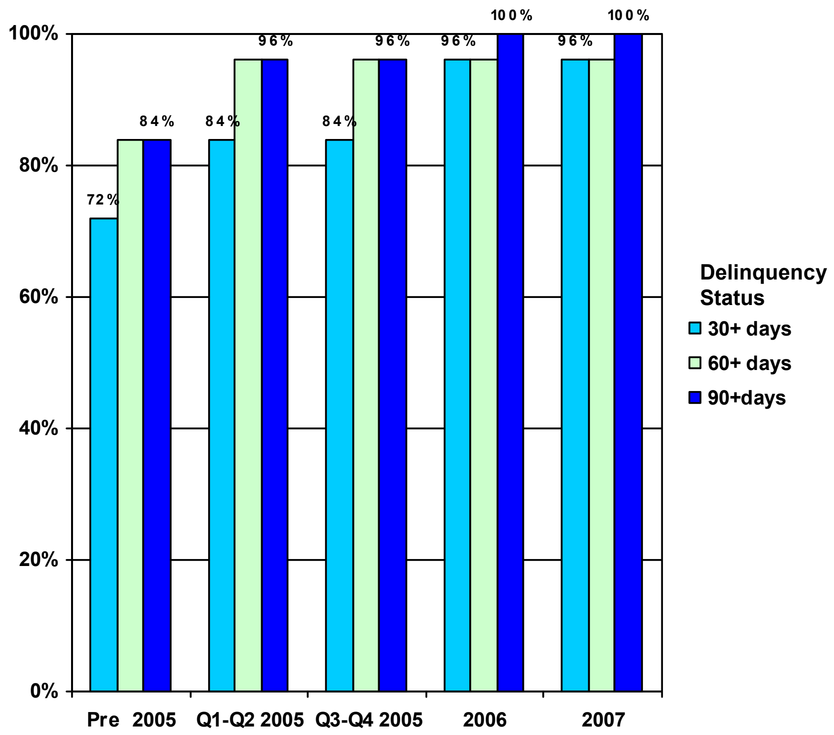
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*

Stress Testing – Roll Rate

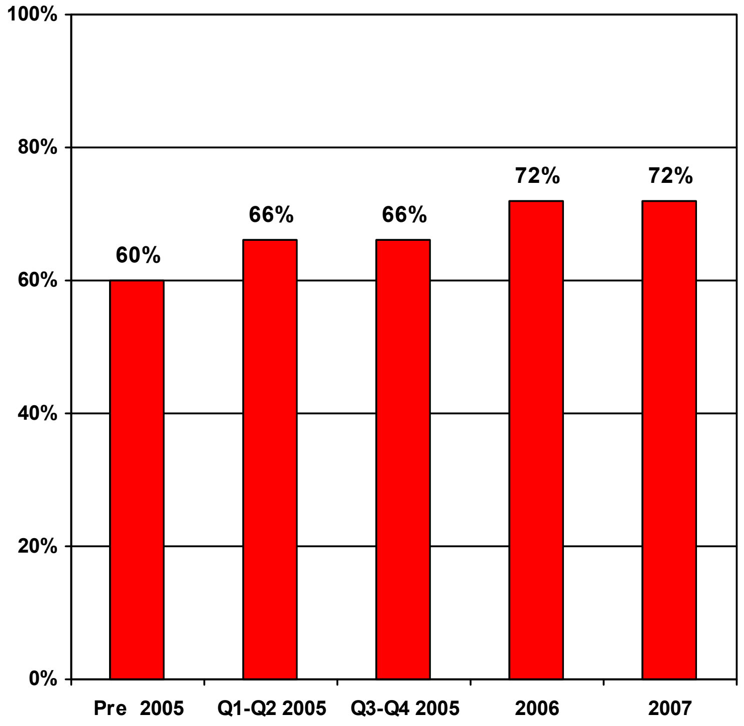
Overview of U.S. RMBS Roll Rate Assumptions

Subprime Delinquent Mortgages - Scenario B[2]

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



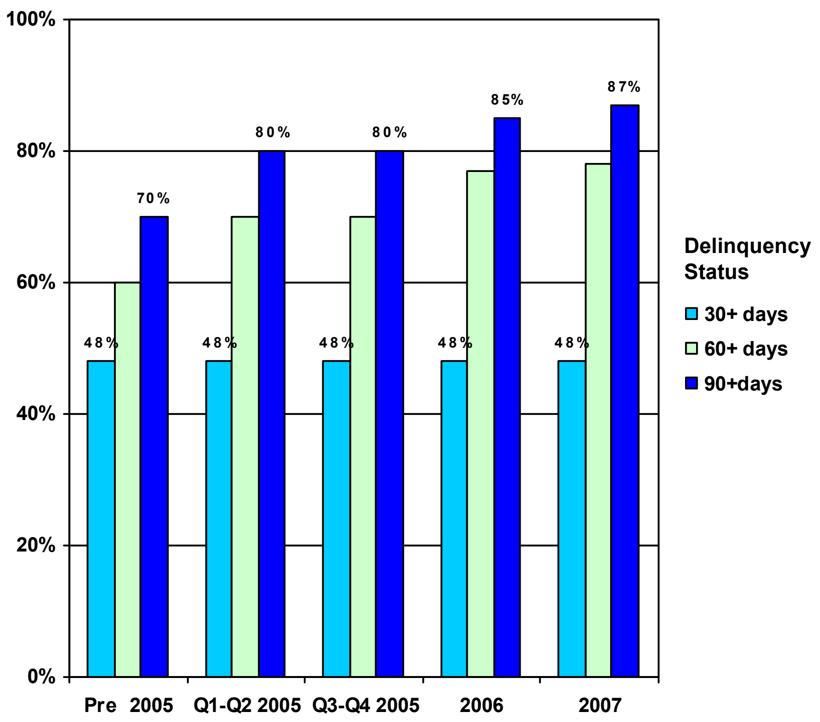
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*
2. *Under Scenario B, the assumed percentages rolling into default and the assumed loss severities are 120% of those under Scenario A (capped to 100%).*

Stress Testing – Roll Rate

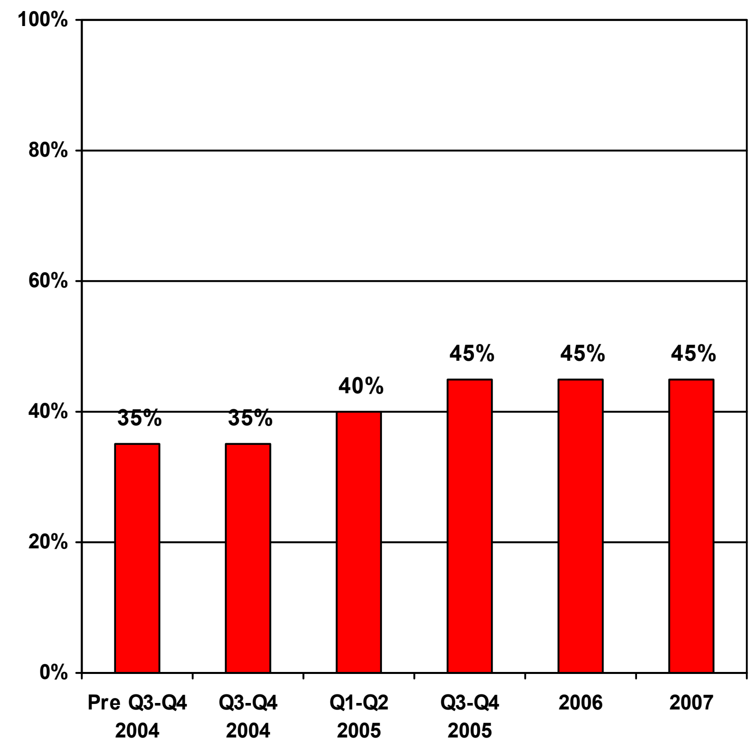
Overview of U.S. RMBS Roll Rate Assumptions

Alt-A Delinquent Mortgages – Sensitivity Used in Q1'08 Disclosure

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



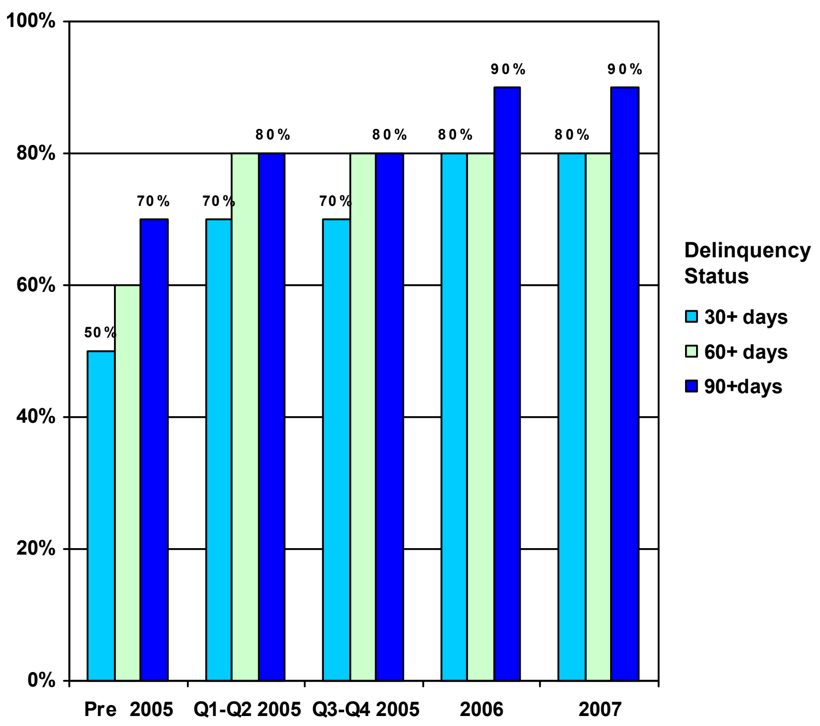
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*

Stress Testing – Roll Rate

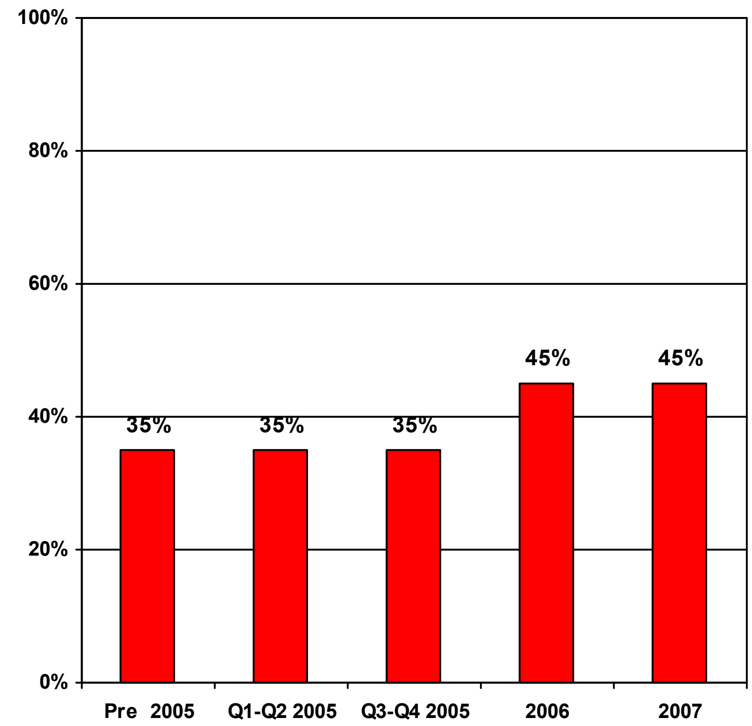
Overview of U.S. RMBS Roll Rate Assumptions

Alt-A Delinquent Mortgages - Scenario A

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



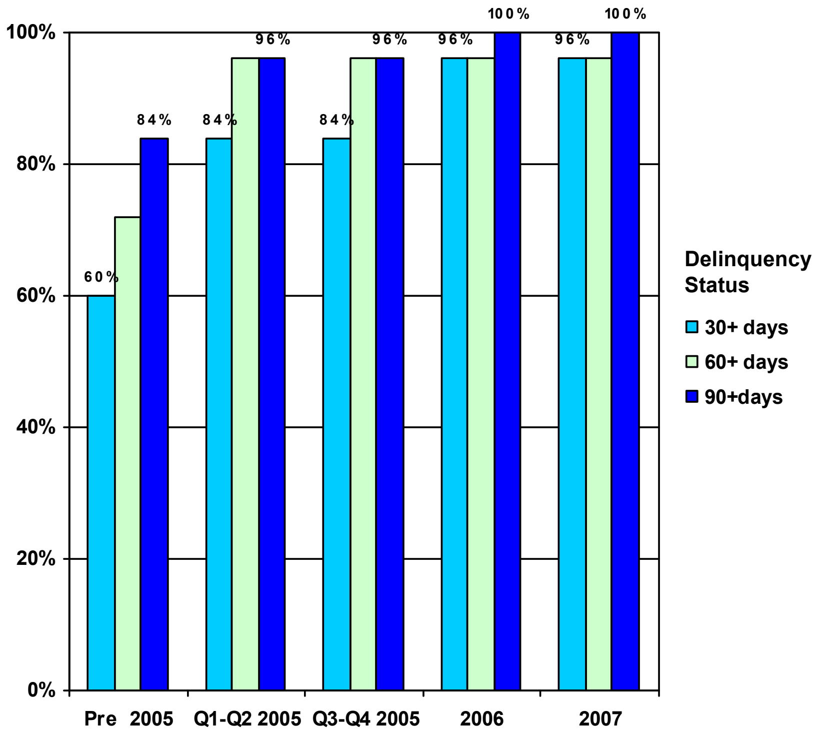
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*

Stress Testing – Roll Rate

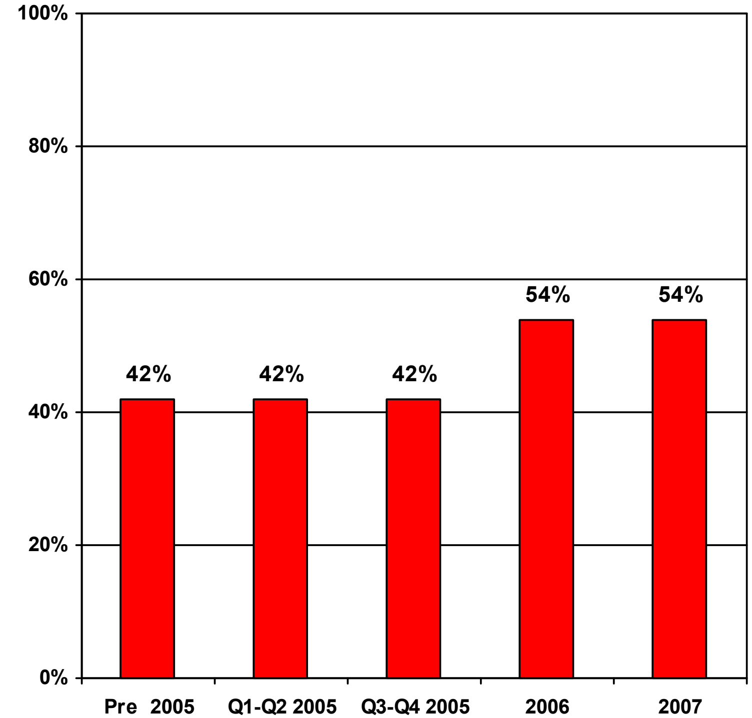
Overview of U.S. RMBS Roll Rate Assumptions

Alt-A Delinquent Mortgages - Scenario B[2]

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



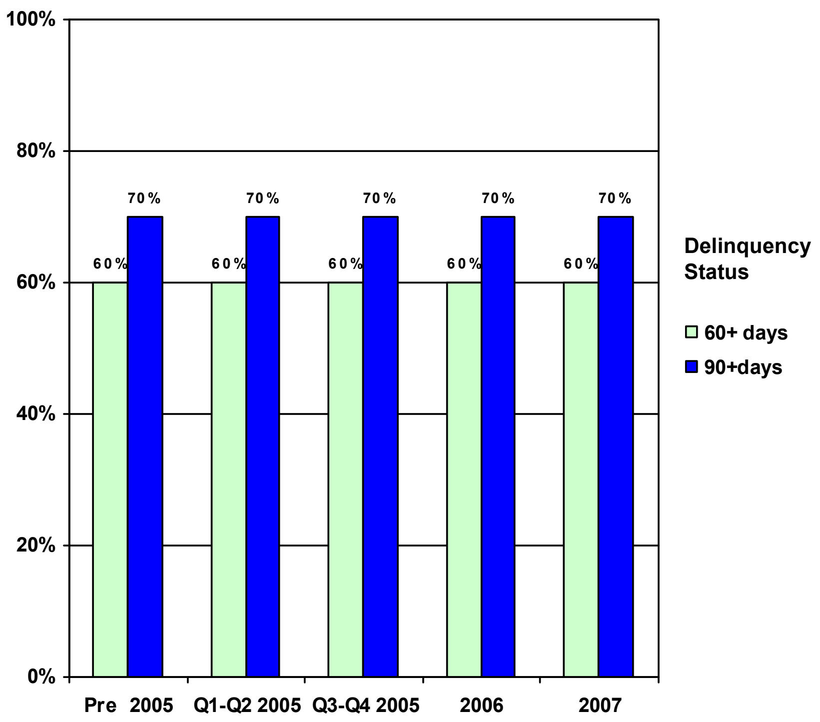
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*
2. *Under Scenario B, the assumed percentages rolling into default and the assumed loss severities are 120% of those under Scenario A (capped to 100%).*

Stress Testing – Roll Rate

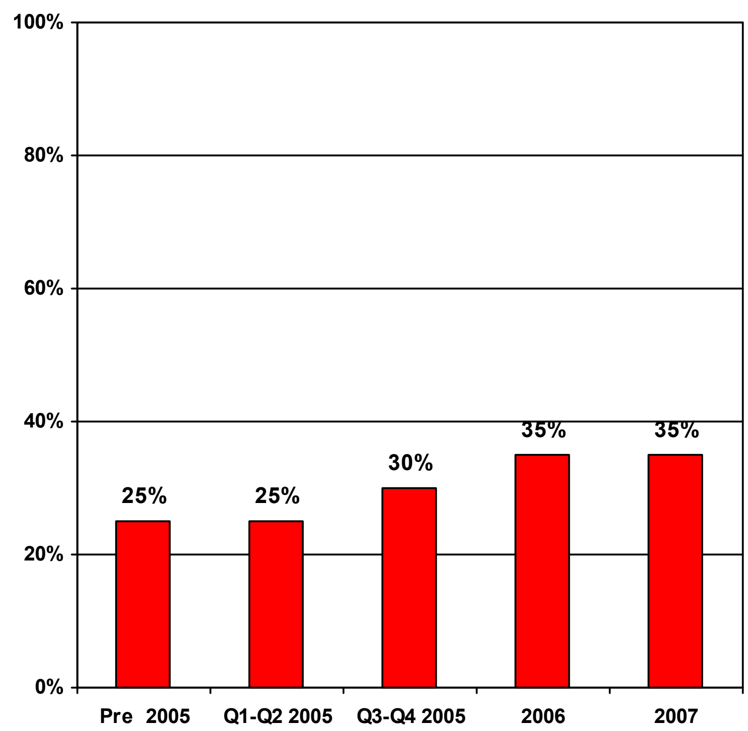
Overview of U.S. RMBS Roll Rate Assumptions

Prime Delinquent Mortgages - Scenario A

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



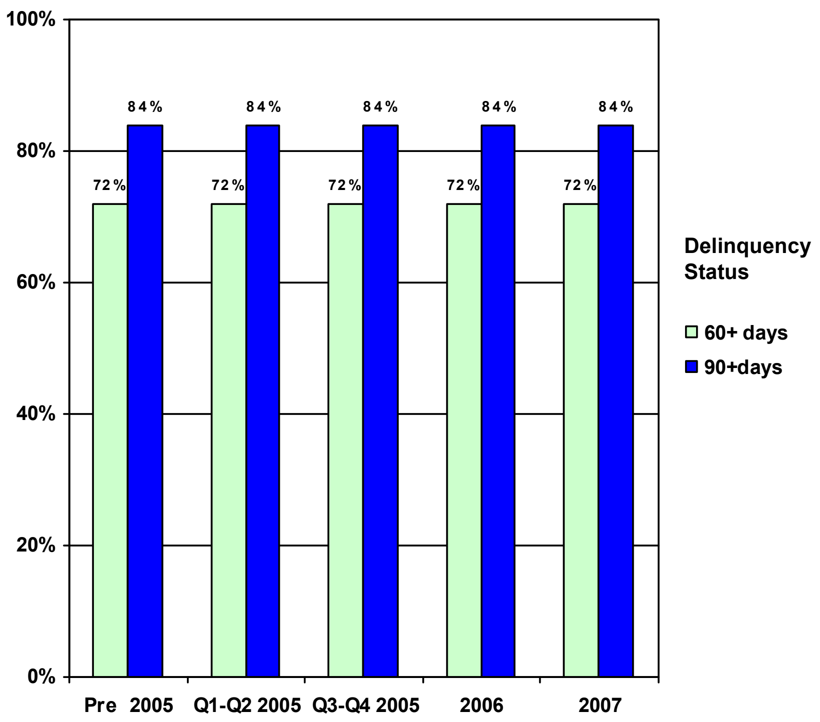
1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*

Stress Testing – Roll Rate

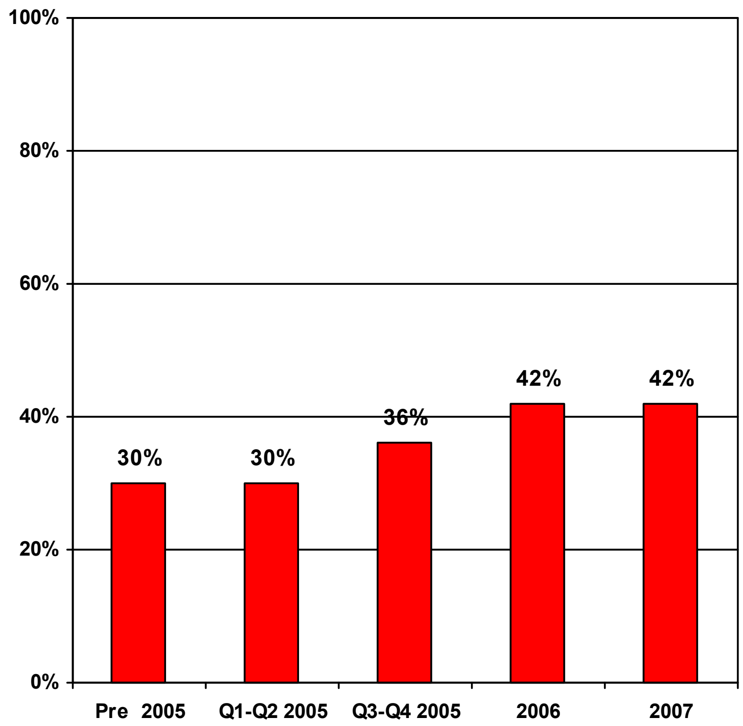
Overview of U.S. RMBS Roll Rate Assumptions

Prime Delinquent Mortgages - Scenario B[2]

Assumed Percentage Rolling into Default[1]



Assumed Loss Severities



1. *Defaults include Real Estate Owned (REO) and foreclosed loans.*
2. *Under Scenario B, the assumed percentages rolling into default and the assumed loss severities are 120% of those under Scenario A (capped to 100%).*

Stress Testing

Overview of Inner CDO Ratings Based Assumptions[1]

Inner CDOs Stress Loss Assumptions

Rating[1]	**2005 & 2004**	**2006 & 2007**
AAA	8%	50%
AA	43%	93%
A	64%	96%
BBB	82%	97%
BB+ or Lower	100%	100%

1. *Based on lowest published current rating (i.e., as of February 29, 2008 for Q1'08 disclosure and as of May 31, 2008 for Q2'08 disclosure) of Fitch, Moody's and Standard & Poor's. Includes other ABS, such as CMBS, credit card and auto loan ABS.*

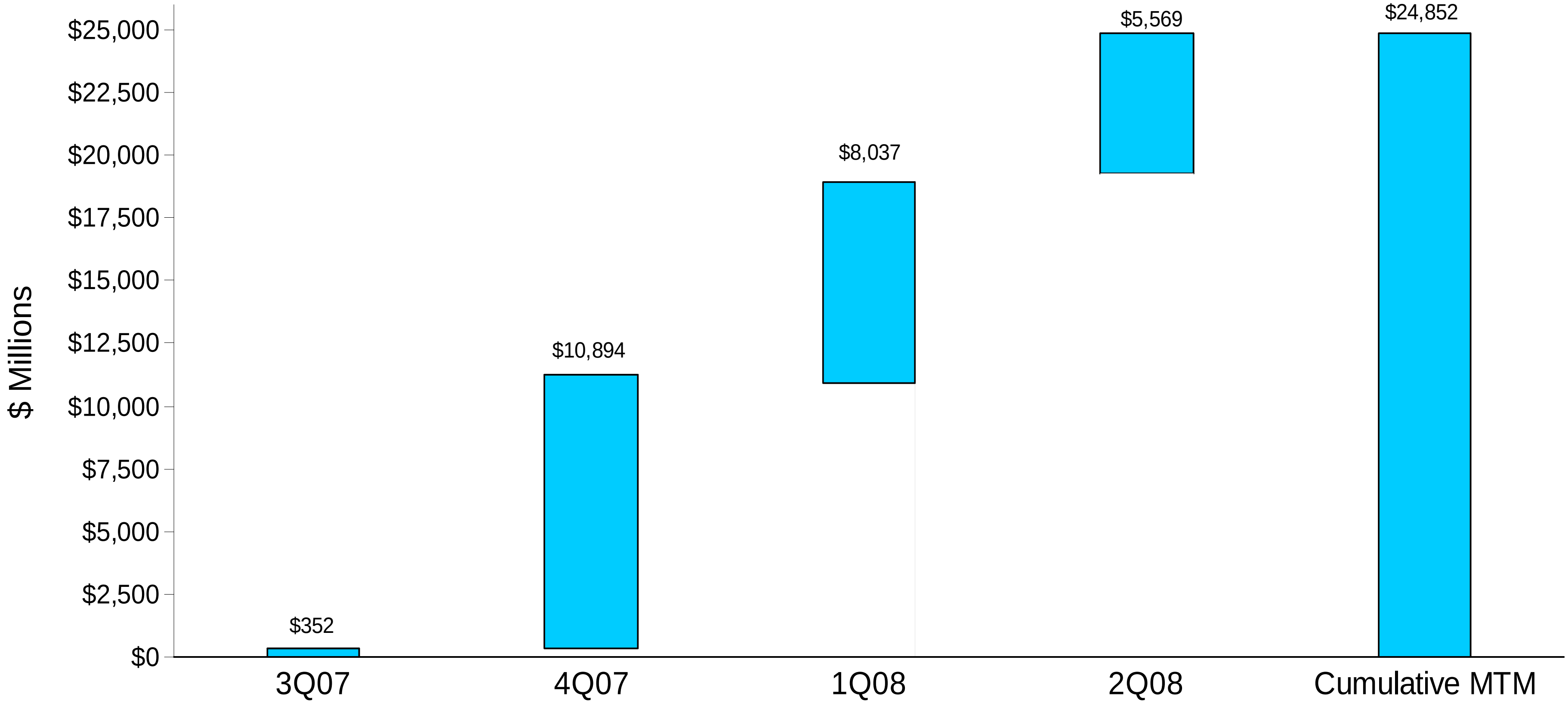
AIGFP "Super Senior" Credit Derivative Swaps Portfolio

Accounting Valuation – Mark-to-Market

Type	AIGFP Notional Exposure June 30, 2008 ($ Billions)	Fair Value Loss June 30, 2008 ($ Billions)	MTM - 3 Months Ended June 30, 2008 ($ Billions)	MTM – 6 Months Ended June 30, 2008 ($ Billions)
Corporate Arbitrage[1]	$53.8	$1.0	($0.1)	$0.8
Regulatory Capital[2]	$306.9	$0.1	$0.1	$0.1
Multi-Sector CDOs, of which:	$80.3	$24.8[3]	$5.6	$13.6
Transactions w/Subprime:				
High Grade	*$42.0*	*$14.1*	*$3.0*	*$7.8*
Mezzanine	*$15.8*	*$6.9*	*$1.3*	*$2.9*
Transactions w/No Subprime:				
High Grade	*$21.7*	*$3.5*	*$1.3*	*$2.7*
Mezzanine	*$0.8*	*$0.3*	*$0.0*	*$0.2*
Total:	**$441.0**[4]	**$25.9**[5]	**$5.6**[5]	**$14.5**[5]

1. *Represents Corporate Debt and CLOs.*
2. *Represents Corporate, Residential Mortgages and Other Regulatory Capital transactions.*
3. *Excludes approximately $67 million of the cumulative unrealized market value loss that was recognized as a result of the purchase during the second quarter of $682 million of other super senior CDO securities in connection with 2a-7 Puts .*
4. *Excludes $5.8 billion on mezzanine tranches representing credit derivatives written by AIGFP on tranches below super senior on certain regulatory capital relief trades.*
5. *Excludes $0.2 billion on mezzanine tranches representing credit derivatives written by AIGFP on tranches below super senior on certain regulatory capital relief trades.*

Multi-Sector CDO Mark-to-Market Valuation Losses



AIGFP’s Collateral Arrangements

- AIGFP has collateral arrangements with several of its counterparties in respect of its super senior credit derivative portfolios, nearly all of which are written under a Credit Support Annex (“CSA”) to an ISDA Master Agreement (“ISDA Master”).
  - The intent of these arrangements is to hedge against counterparty credit risk exposures.

- AIGFP is required to post collateral on the majority of the credit derivatives that are part of the multi-sector CDO and corporate arbitrage portfolios.
  - The amount of collateral required for posting is primarily based either on the replacement value of the derivative or the market value of the reference obligation.
  - The amount required for posting is affected by AIG Inc.’s credit rating and that of the reference obligation.

- Certain of the credit derivatives in the regulatory capital portfolios are also subject to collateral arrangements.
  - However, the collateral arrangements related to this portfolio have been customized to accommodate the bespoke nature of this portfolio and counterparty requirements.
  - As of July 31, 2008, there are only two transactions that are eligible to request collateral from AIGFP.

- As of July 31, 2008, AIGFP has posted collateral based on exposures aggregating to approximately $16.5 billion on its super senior credit derivative portfolios, principally related to the multi-sector CDO portfolio.

AIGFP – Events of Default

- Certain of the CDOs underlying AIGFP's credit derivatives contain over-collateralization provisions that adjust the value of the collateral, based in part on the ratings of the collateral for the CDOs.
- If the over-collateralization provisions are not satisfied, an event of default would occur, creating a right to accelerate.
- In certain of these circumstances, AIGFP may be required to purchase the referenced super senior security at par.
- As of July 31, 2008, six CDOs for which AIGFP had written credit protection on the super senior securities had experienced events of default.
  - For one of these CDOs, AIGFP purchased the protected security for $103 million, the principal amount outstanding relating to this obligation.
  - AIGFP's remaining notional exposure with respect to these CDOs was $1.5 billion at July 31, 2008.

AIG Insurance Investment Portfolios

THE STRENGTH TO BE THERE.®

AIG Insurance Investment Portfolios

- The investment portfolios of AIG's insurance companies are managed by AIG Investments (AIGI)* on their behalf.
- These portfolios are managed on a spread investment or Asset-Liability Management model, not as a transactional business. The investment focus is on ultimate collectibility, not short-term market movements.
- All figures are based on amortized cost** unless otherwise indicated.
- Ratings used in this presentation are external ratings where available, or equivalent, based on AIG's internal risk rating process.

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

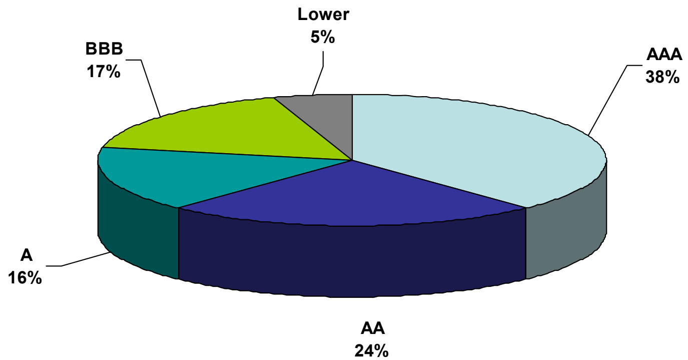
** *Amortized cost is the cost of a debt security adjusted for amortized premium or discount less other-than-temporary impairments.*

AIG Insurance Investment Portfolios

Worldwide Insurance and Asset Management Bond Portfolios

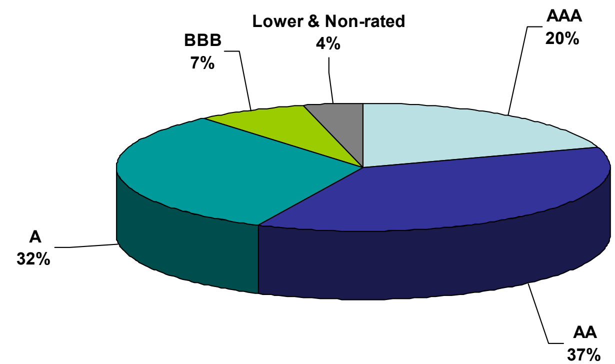
- AIGI's bond portfolios* had a fair value of $473 billion at June 30, 2008, of which approximately 95% are investment grade.

Domestic Operations - Bonds by Ratings



$261.8 Billion

Foreign Operations- Bonds by Ratings



$211.2 Billion

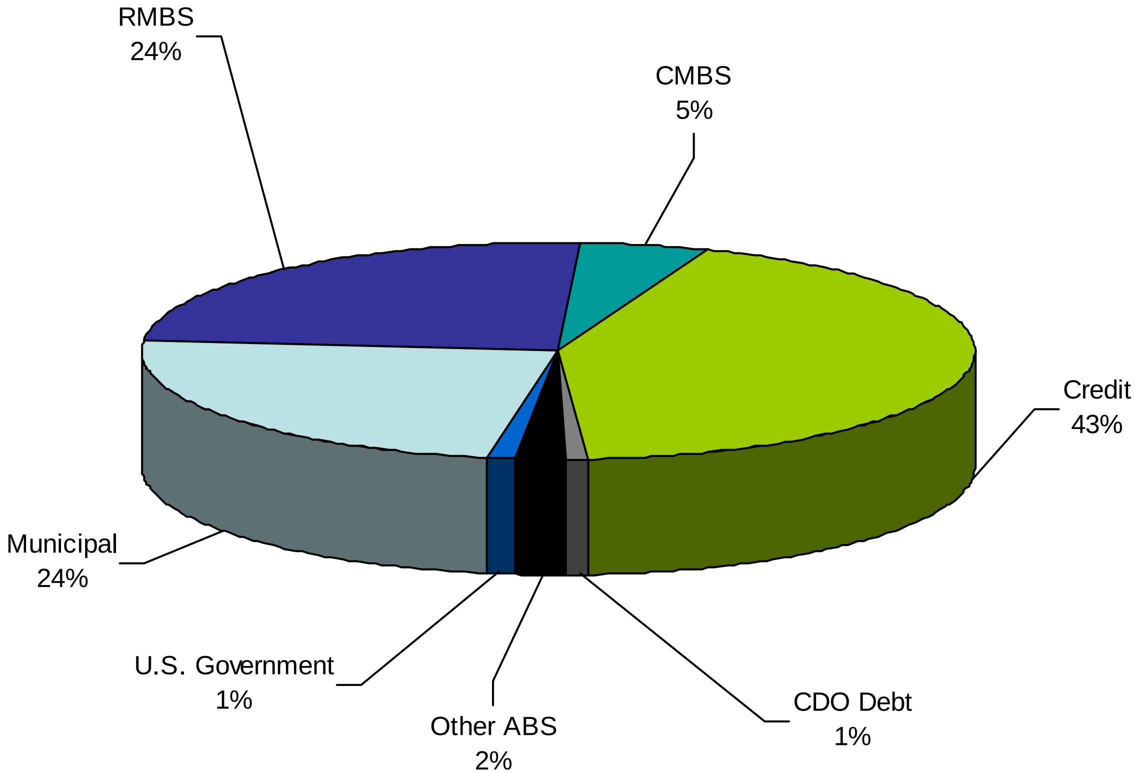
* *Fixed Maturities: Bonds available for sale (including those held as Securities lending collateral), Bonds held to maturity and Bonds trading securities.*

AIG Insurance Investment Portfolios

Domestic Operations Bonds by Category

June 30, 2008

$261.8 Billion



AIG Insurance Investment Portfolios
RMBS Portfolios

AIG Insurance Investment Portfolios

RMBS Overview

- Holdings of global residential mortgage market products total approximately $77.5 billion at June 30, 2008, or about 9.2% of AIG's total invested assets.
  - Approximately 87% of the portfolio is composed of agency and AAA rated.
  - Close to 95% of the portfolio consists of AA, AAA and agency securities.
- Within AIGI's $60.9 billion non-agency portfolio, about 83% is AAA-rated and 11% is AA-rated.
  - Holdings rated BBB or below total approximately $2.7 billion (less than 5% of the portfolio and about 0.3% of total invested assets).
  - About $5.7 billion (9.4%) of the $60.9 billion is "wrapped" by monoline insurance.

RMBS Type	Par Value ($ Billions)	Par Value %	Amortized Cost ($ Billions)	Amortized Cost %	Fair Value ($ Billions)	Fair Value %
Agency Pass-Through and CMO Issuances	$17.0	19.4%	$16.6	21.4%	$ 16.7	24.6%
Prime Non-Agency (incl. Foreign and Jumbo RMBS related securities)	18.3	20.8%	17.6	22.7%	16.0	23.6%
Alt-A RMBS	24.6	28.0%	20.2	26.1%	16.4	24.1%
Subprime RMBS	23.6	26.9%	20.0	25.8%	16.3	24.0%
Other Housing-Related Paper	4.3	4.9%	3.1	4.0%	2.5	3.7%
Total RMBS	**$87.8**	**100.0%**	**$77.5**	**100.0%**	**$67.9**	**100.0%**

Changes in RMBS Portfolio - Amortized Cost

($ Billions)	Amortized Cost March 31, 2008	Paydowns	OTTI 2nd Quarter	Other[1]	Amortized Cost June 30, 2008
Total RMBS, of which:	**$82.3**	**($2.4)**	**($5.0)**	**$2.6**	**$77.5**
Alt-A	***$23.7***	***($0.6)***	***($3.1)***	***$0.2***	***$20.2***
Subprime	***$21.6***	***($0.7)***	***($0.9)***	***-***	***$20.0***

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

AIG Insurance Investment Portfolios

RMBS Portfolio

June 30, 2008

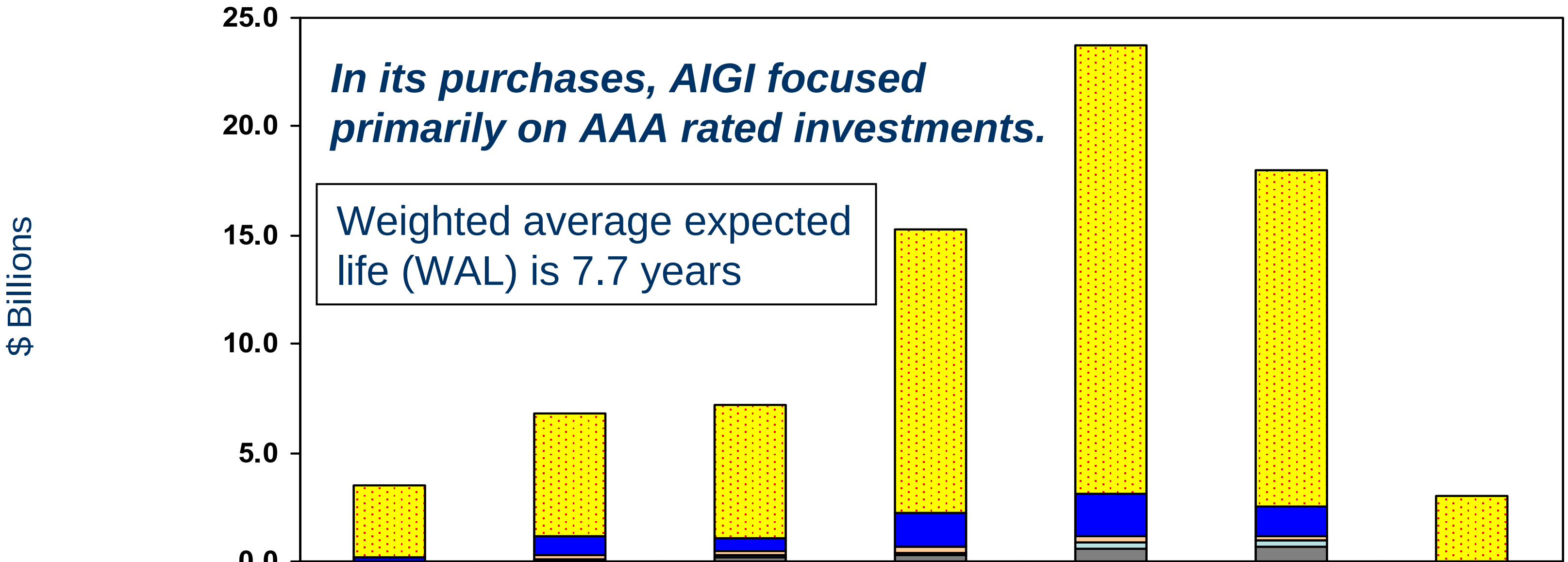
($ Millions)

Amortized Cost	Rating						
HOLDINGS	**AGENCY**	**AAA**	**AA**	**A**	**BBB**	**BB & below**	**TOTAL**
AGENCY	$16,642	$ -	$ -	$ -	$ -	$ -	**$16,642**
PRIME JUMBO	-	11,642	1,689	331	141	27	**13,830**
ALT-A	-	18,811	1,084	216	66	58	**20,235**
SUBPRIME	-	16,867	1,689	437	328	667	**19,988**
SECOND-LIEN	-	284	968	97	161	82	**1,592**
HELOC	-	240	815	47	200	123	**1,425**
FOREIGN MBS	-	2,712	150	10	63	809	**3,744**
OTHER	-	34	12	16	12	1	**75**
TOTAL	**$16,642**	**$50,590**	**$6,407**	**$1,154**	**$971**	**$1,767**	**$77,531**

AIG Insurance Investment Portfolios

Total RMBS Exposure by Vintage - $77.5 Billion

June 30, 2008



	Pre 2003	2003	2004	2005	2006	2007	2008
AAA & Agency	3.3	5.6	6.1	13.1	20.6	15.5	3.0
AA	0.2	0.9	0.6	1.5	1.9	1.3	-
A	-	0.2	0.2	0.3	0.3	0.2	-
BBB	-	0.1	0.1	0.1	0.3	0.3	-
BB & below	-	-	0.2	0.3	0.6	0.7	-

Vintage

AIG Insurance Investment Portfolios

Subprime RMBS

- Approximately 94% of AIGI's subprime exposure is in the 2005 through 2007 vintages.
- In the poor performing 2006/2007 vintages, 92% of AIGI's exposure is currently rated AAA or AA.
- Slower prepayment speeds have resulted in the weighted average life (WAL) of the portfolio extending to 6.5 years (from 4.2 years in the first quarter).**

2006 Vintage Credit Enhancement for AIGI*

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	20.9%	33.0%
AA+ and lower	18.6%	25.9%

2007 Vintage Credit Enhancement for AIGI*

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	23.6%	27.1%
AA+ and lower	20.1%	22.9%

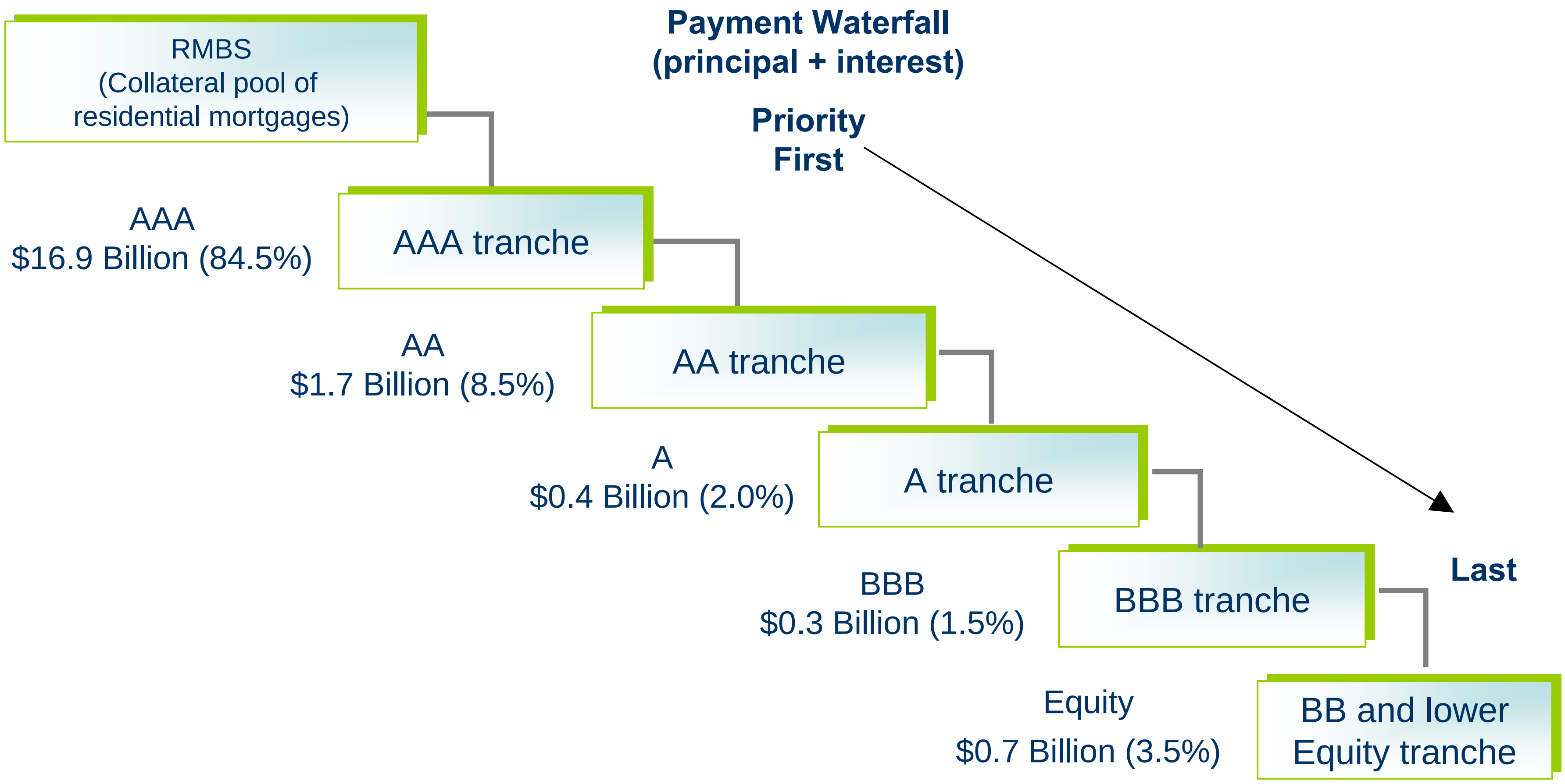
* *Source: Intex*

** *WAL extension is reflective of interest rate changes as well as a new vendor prepayment model with slower prepayment projections. If cash flow diversion triggers fail and deals pay down sequentially, WALs will likely be shorter.*

AIG Insurance Investment Portfolios

Subprime RMBS - $20.0 Billion

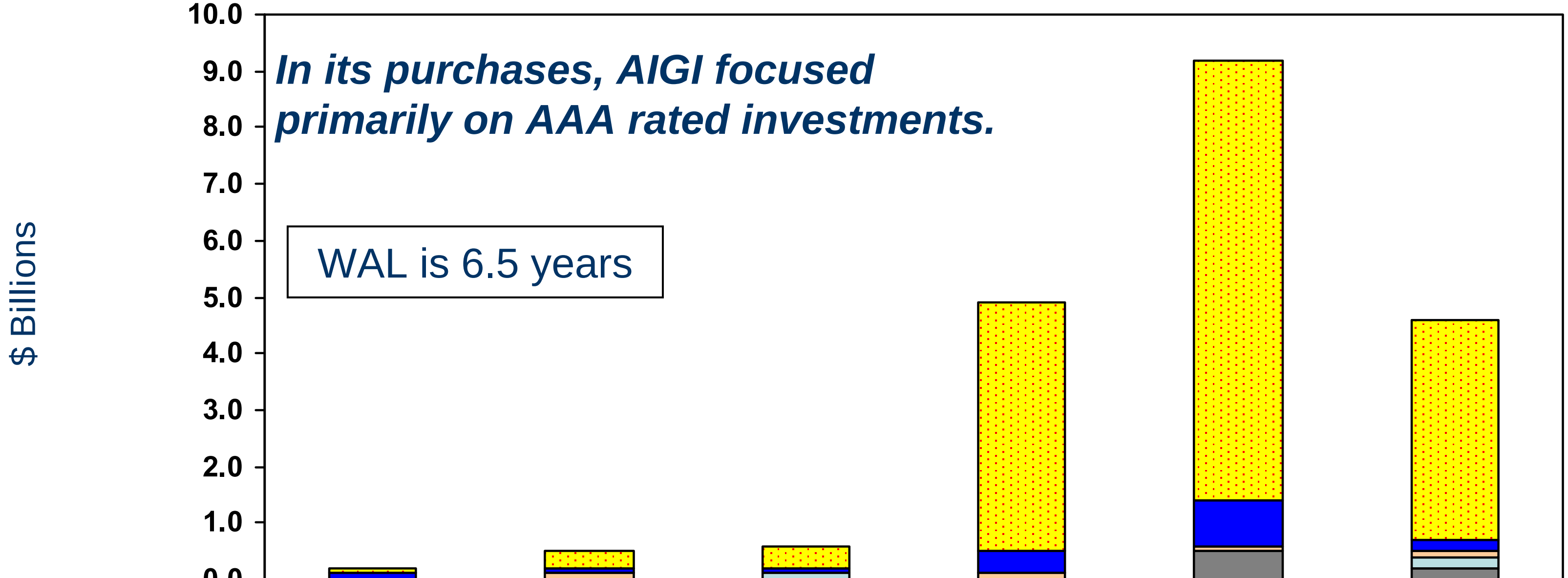
June 30, 2008



AIG Insurance Investment Portfolios

Subprime RMBS Exposure by Vintage - $20.0 Billion

June 30, 2008



	Pre 2003	2003	2004	2005	2006	2007
AAA	0.1	0.3	0.4	4.4	7.8	3.9
AA	0.1	0.1	0.1	0.4	0.8	0.2
A	-	0.1	-	0.1	0.1	0.1
BBB	-	-	0.1	-	-	0.2
BB & below	-	-	-	-	0.5	0.2

Vintage

AIG Insurance Investment Portfolios

Alt-A RMBS

- Approximately 90% of the Alt-A portfolio is in the 2005 through 2007 vintages.
- Over 98% of AIGI's Alt-A exposure is currently rated AAA or AA.
- The weighted average life (WAL) of the portfolio is 7.6 years – up from 4.0 years in the first quarter.**

2006 Vintage Credit Enhancement for AIGI*

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	19.0%	22.2%
AA+ and lower	5.6%	8.0%

2007 Vintage Credit Enhancement for AIGI*

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	19.2%	20.3%
AA+ and lower	10.6%	12.6%

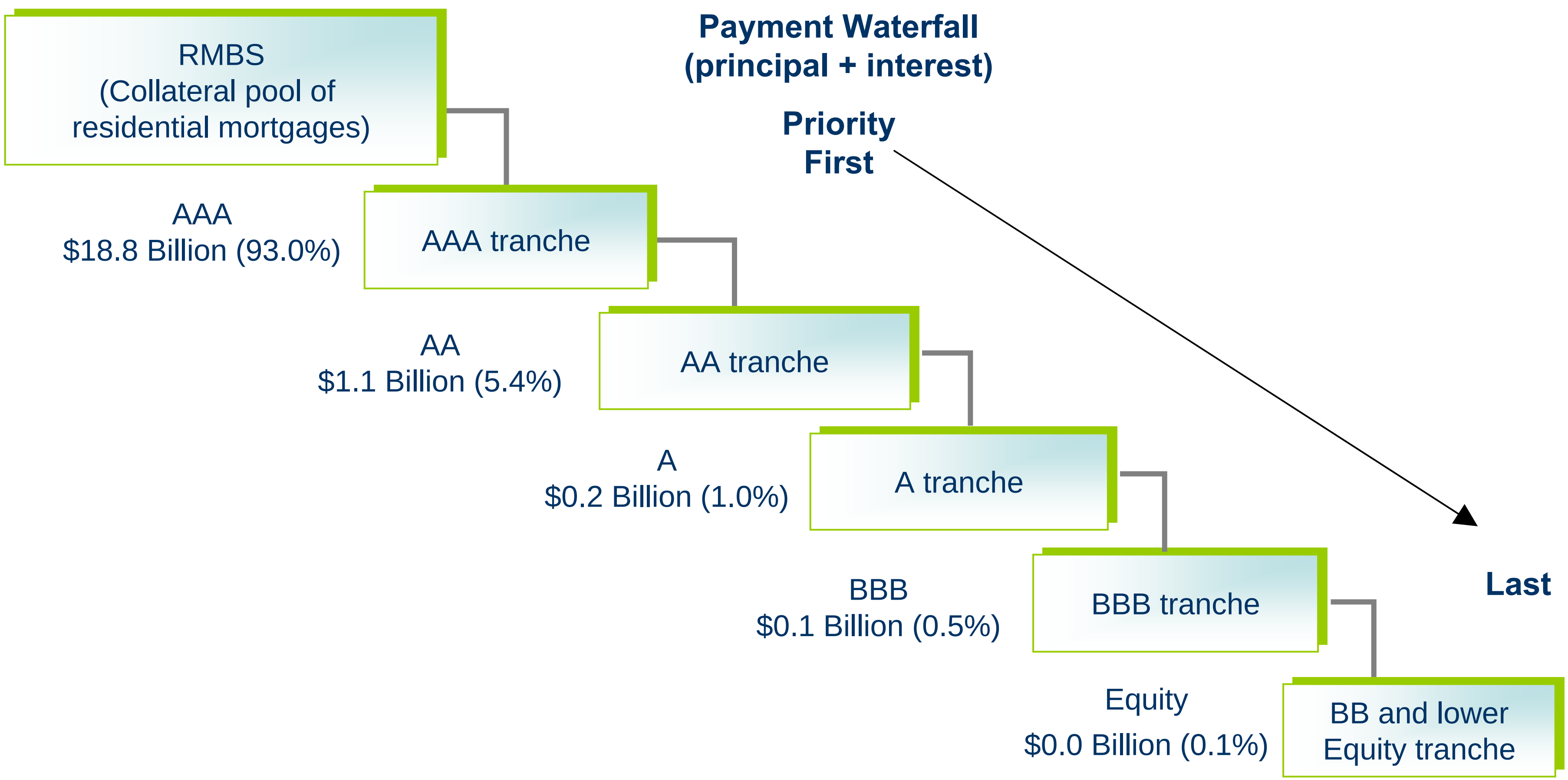
* *Source: Intex*

** *WAL extension is reflective of interest rate changes as well as a new vendor prepayment model with slower prepayment projections. If cash flow diversion triggers fail and deals pay down sequentially, WALs will likely become shorter.*

AIG Insurance Investment Portfolios

ALT-A RMBS - $20.2 Billion

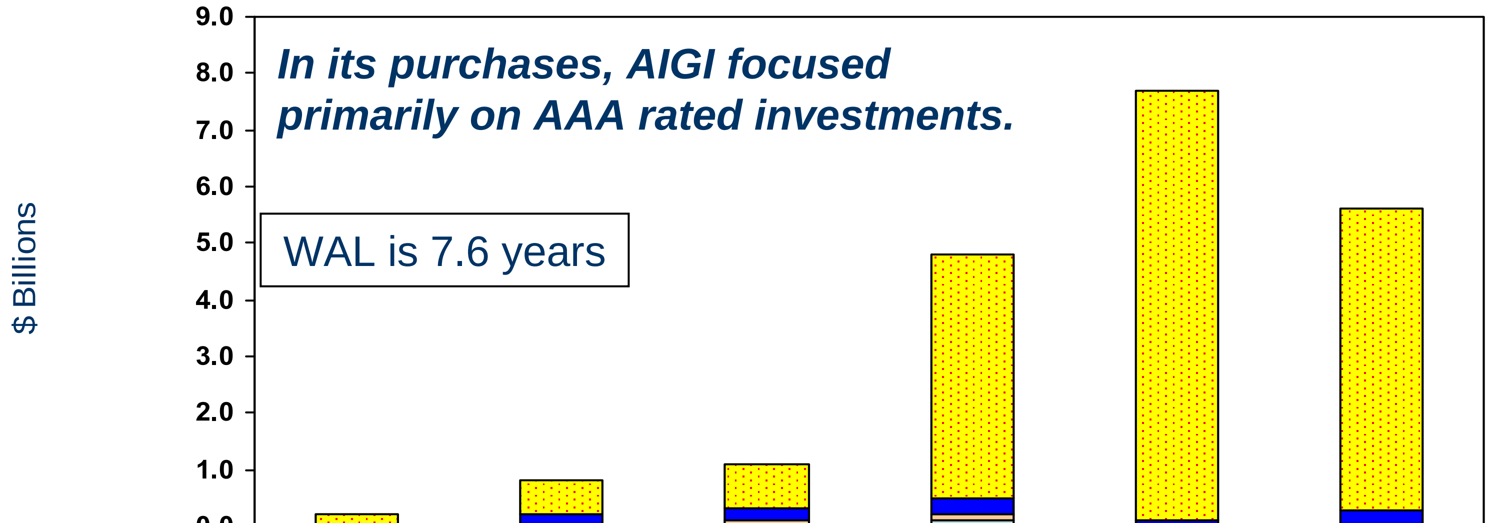
June 30, 2008



AIG Insurance Investment Portfolios

ALT-A RMBS Exposure by Vintage - $20.2 Billion

June 30, 2008



	Pre 2003	2003	2004	2005	2006	2007
AAA	0.2	0.6	0.8	4.3	7.6	5.3
AA	-	0.2	0.2	0.3	0.1	0.3
A	-	-	0.1	0.1	-	-
BBB	-	-	-	0.1	-	-
BB & below	-	-	-	-	-	-

Vintage

AIG Insurance Investment Portfolios

Prime Jumbo RMBS

- Approximately 57% of AIGI's prime jumbo portfolio is in the 2005 – 2007 vintages.
- Approximately 96% of AIGI's exposure to the prime jumbo market is currently AAA or AA rated.
- The weighted average life (WAL) of the prime jumbo exposure is 8.6 years.

2006 Vintage Credit Enhancement for AIGI*

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	10.3%	11.9%
AA+ and lower	1.6%	2.2%

2007 Vintage Credit Enhancement for AIGI*

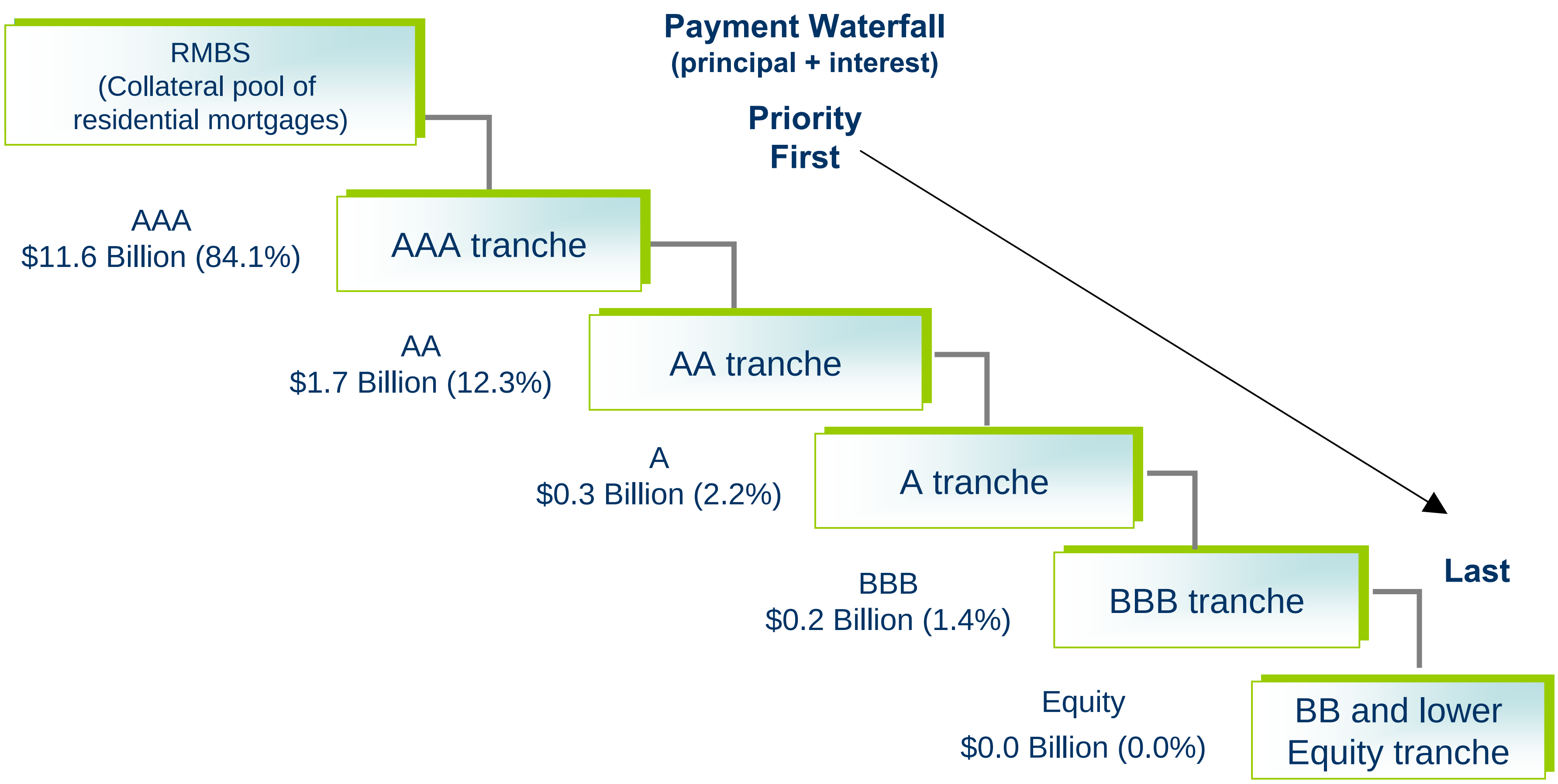
Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	14.7%	15.2%
AA+ and lower	2.6%	2.7%

* *Source: Intex*

AIG Insurance Investment Portfolios

Prime Jumbo RMBS - $13.8 Billion

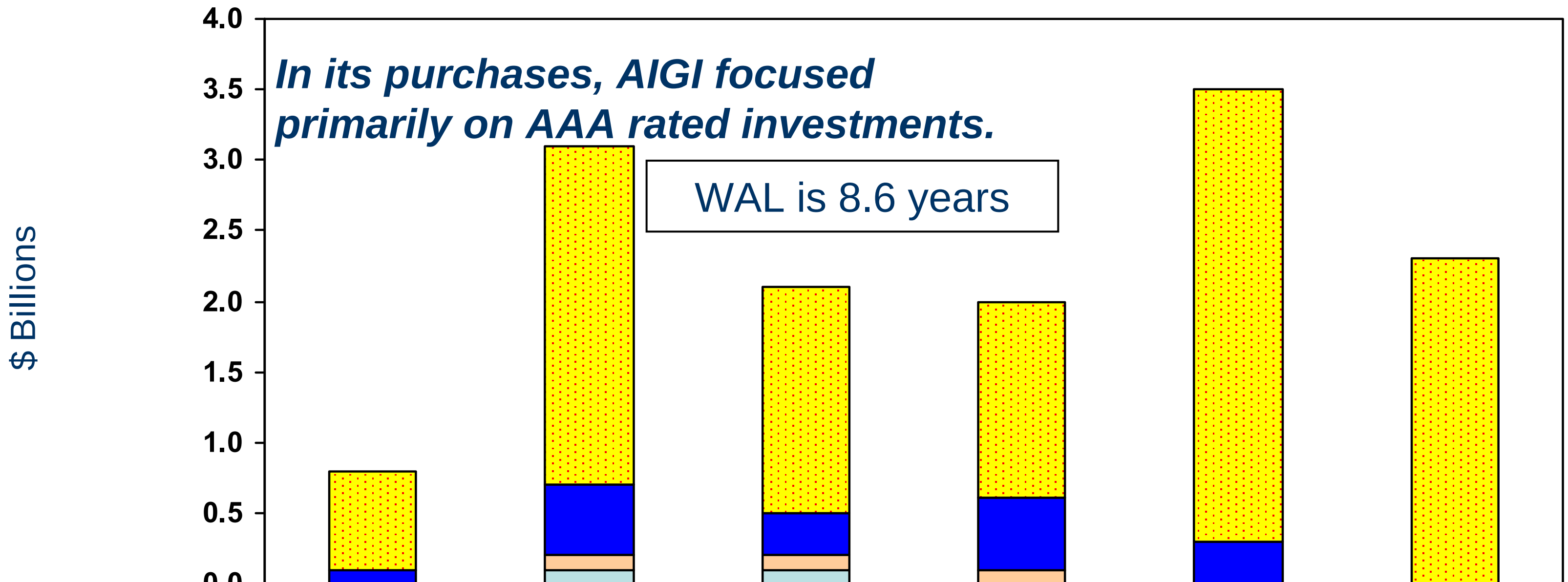
June 30, 2008



AIG Insurance Investment Portfolios

Prime Jumbo RMBS Exposure by Vintage - $13.8 Billion

June 30, 2008



	Pre 2003	2003	2004	2005	2006	2007
AAA	0.7	2.4	1.6	1.4	3.2	2.3
AA	0.1	0.5	0.3	0.5	0.3	-
A	-	0.1	0.1	0.1	-	-
BBB	-	0.1	0.1	-	-	-
BB & below	-	-	-	-	-	-

Vintage

AIG Insurance Investment Portfolios

RMBS Rating Agency Actions*

	First Time Rating Action April 1, 2008 – June 30, 2008		Cumulative Rating Actions January 1, 2007 – July 31, 2008		
Action	Number of Securities	Amortized Cost ($ Millions)	Number of Securities	Amortized Cost ($ Millions)	% of Non-Agency RMBS Portfolio
Downgrades	229	$5,265	491	$10,855	17.8%
Upgrades	2	$13	58	$212	0.3%

- Downgrades have increased but cumulatively represent less than 18% of the non-agency portfolio.
- The rating agencies have placed an additional $6.1 billion (10% of the non-agency portfolio) on watch list negative as of July 31, 2008. The majority of these bonds are AAAs.

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

AIG Insurance Investment Portfolios

RMBS Non-Agency Ratings Migration

(January 1, 2007 - July 31, 2008)*

($ Millions)

Original Flat Rating		Current Flat Rating				
Rating	**Amount**	**AAA**	**AA**	**A**	**BBB**	**Non-Investment Grade**
AAA	**$55,120.0**	$45,156.8	$4,340.2	$3,194.1	$1,409.1	$1,019.7
AA	**$3,721.7**	$3.6	$3,076.3	$71.8	$219.3	$350.7
A	**$958.1**	$3.7	$28.7	$781.7	$76.1	$67.8
BBB	**$277.8**	-	$3.0	$1.4	$259.4	$14.0
Non-Investment Grade	**$811.1**	-	-	-	-	$811.1
Total Amortized Cost	**$60,888.6**	**$45,164.2**	**$7,448.2**	**$4,049.0**	**$1,964.0**	**$2,263.3**

- Over 86% of the non-agency RMBS portfolio is still rated AA or higher.

* *Based on original and current "flat" ratings. Flat ratings exclude notches.*
Source: Bloomberg, Moody's Investors Service, Standard & Poor's, and Fitch

AIG Insurance Investment Portfolios

Accounting and Valuation

- AIG accounts for its RMBS, CMBS and CDOs in accordance with FAS 115, FSP FAS 115-1, FAS 91, FAS 157 and EITF 99-20.
  - These securities are predominantly classified as available for sale securities under FAS 115.
  - Changes in fair value are reported in other comprehensive income, net of tax, as a component of shareholders' equity until realized.
  - Realization of fair value changes through earnings occurs when the position is either sold or is determined to be other-than-temporarily impaired.
- AIG utilizes external pricing vendors as a primary pricing source.
  - Approximately 95% of the portfolio fair values are derived from prices provided by industry standard commercial pricing vendors – such as IDC, Bloomberg and Lehman Brothers.
- The value of these securities is dependent on the type of collateral, the position in the capital structure and the vintage.

AIG Insurance Investment Portfolios

Other Than Temporary Impairments (OTTI)

- AIG's senior management evaluates its investments for impairment such that a security is considered a candidate for other-than-temporary impairment if it meets any of the following criteria:
  - Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine consecutive months or longer);
  - The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or
  - AIG may not realize a full recovery on its investment, regardless of the occurrence of one of the foregoing events.
- The determination that a security has incurred an other-than-temporary decline in value requires the judgment of management and consideration of the fundamental condition of the issuer, its near-term prospects and all the relevant facts and circumstances.
- An impairment charge (severity loss) may also be taken in light of a rapid and severe market valuation decline because AIG could not reasonably assert that the recovery period would be temporary (generally below 60 cents on the dollar).
- AIG Investments Chief Investment Officer – Insurance Companies and Chief Credit Officer make credit-related OTTI recommendations using three categories: a) likely to recover; b) possible to recover; and c) unlikely to recover, based on a detailed written description of the circumstances of each security.
- In addition, in accordance with EITF 99-20 an analysis of the anticipated cash flows supporting each asset backed security (ABS), representing rights to receive cash flows from asset pools, such as CDOs, RMBS, CMBS, etc., and generally rated below AA-, is prepared and reviewed for impairment.
- All credit-related OTTI recommendations, together with supporting documentation, are reviewed on a quarterly basis and approved by AIG's Chief Credit Officer. The AIG Chief Credit Officer also determines whether there are any additional securities (not on the list submitted by AIG Investments Chief Investment Officer – Insurance Companies) that should be written down.

AIG Insurance Investment Portfolios

Consolidated Summary of Gains & Losses

Financial Effect of Market Disruption

Realized and Unrealized Gains / Losses (Pre-tax) ($ Millions) – For the quarter ended / year to date June 30, 2008	**Total AIG* (QTR)**	**Total AIG* (YTD)**	**Attributable to RMBS Portfolio (QTR)**	**Attributable to RMBS Portfolio (YTD)**
Net realized capital gains (losses)	**($6,081)**	**($12,170)**	**($5,016)**	**($8,323)**
of which, Securities Sales Activity	$211	$310	**$(33)**	**$(8)**
OTTI	($6,777)	($12,370)	**($4,983)**	**($8,315)**
Other**	$485	($110)	**$0**	**$0**
Unrealized (depreciation) appreciation of investments (included in Other comprehensive income)	**($3,682)**	**($14,254)**	**$1,052**	**($4,562)**
of which, AAA-rated RMBS (depreciation)	**($2,325)**	**($7,761)**	**($2,325)**	**($7,761)**
AA-rated RMBS (depreciation)	**($446)**	**($446)**	**($446)**	**($446)**
Lower than AA-rated RMBS (depreciation)	**($144)**	**($439)**	**($144)**	**($439)**
RMBS appreciation	**$3,967**	**$4,084**	**$3,967**	**$4,084**

- The other-than-temporary impairments and unrealized losses result primarily from the capital market turmoil.
  - Severity charges account for 82% of the RMBS OTTI losses in the second quarter and 87% for the six-month period.

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

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

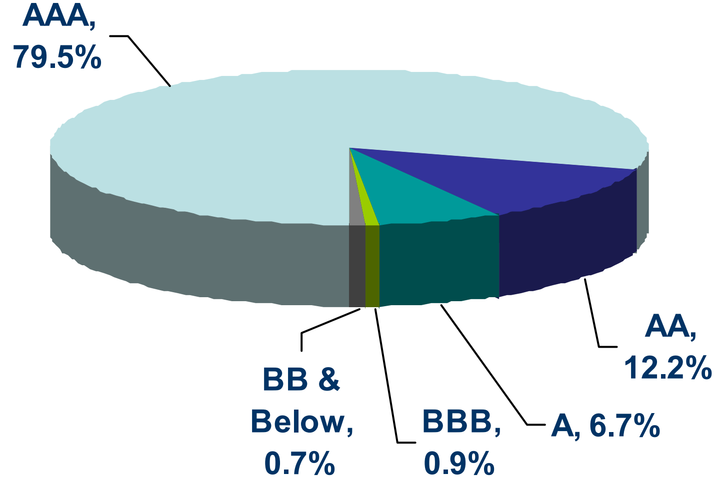
AIG Insurance Investment Portfolios
CMBS Portfolios

AIG Insurance Investment Portfolios

CMBS Portfolios – Overview

June 30, 2008

Description	Amortized Cost ($ Millions)	%
CMBS (traditional)	$20,819	90.8%
ReREMIC/ CRE CDO	1,465	6.4%
Agency	246	1.1%
Other	405	1.7%
TOTAL	**$22,935**	**100.0%**



AIG Insurance Investment Portfolios

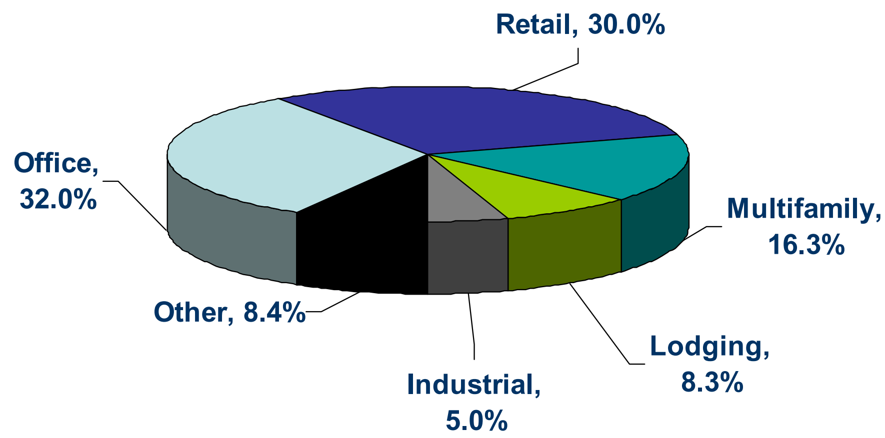
CMBS Portfolios

June 30, 2008

- The majority of the CMBS portfolio is of older vintages, although about 25% is 2007-2008 vintages of which 84% is rated AAA and 98% is investment grade.

Vintage	%
2008	1.0%
2007	24.3%
2006	13.9%
2005	17.6%
2004	15.5%
2003	4.8%
2002 & Older	22.9%
	100.0%

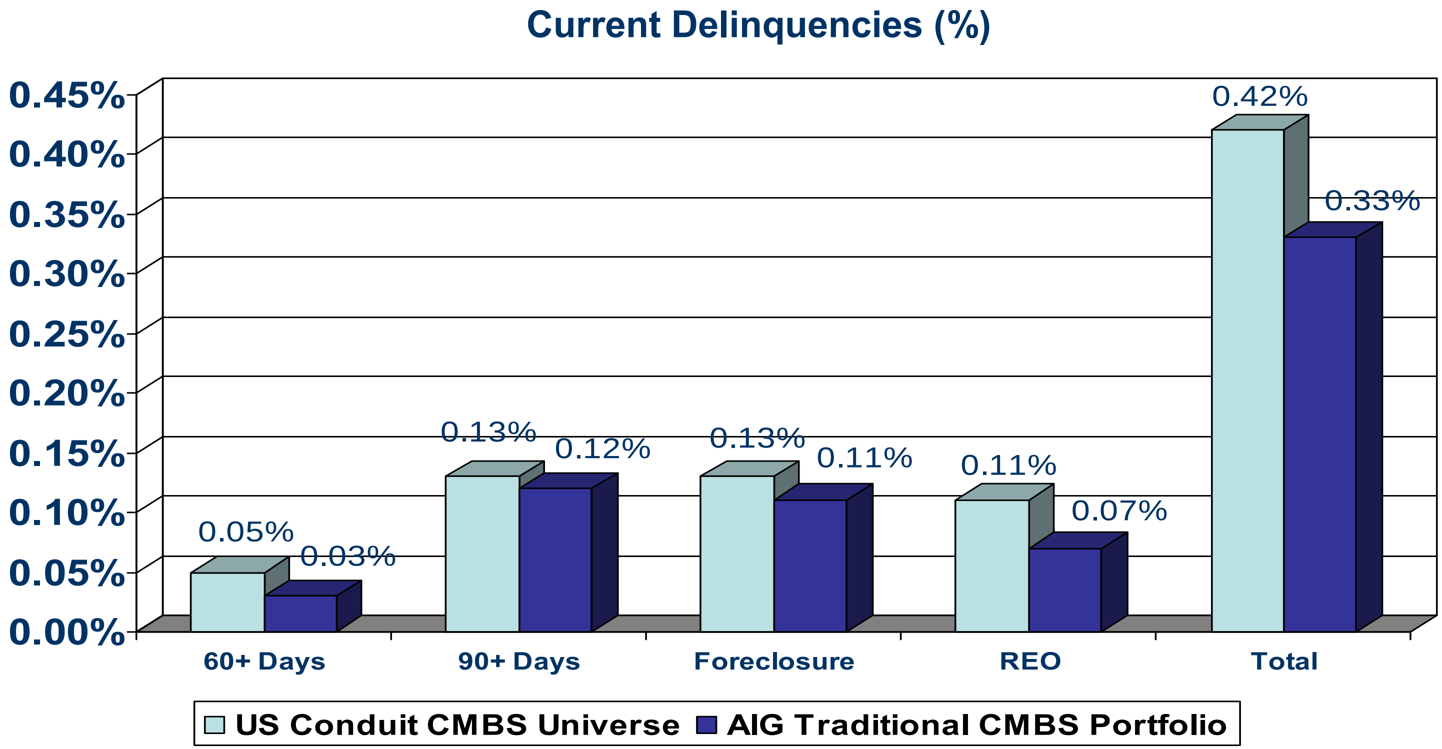
Top 10 States	%
NY	17.4%
CA	15.2%
TX	7.2%
FL	6.4%
VA	3.8%
IL	3.6%
NJ	3.3%
GA	2.8%
PA	2.8%
MA	2.6%
	65.1%



AIG Insurance Investment Portfolios

CMBS Portfolios

- Delinquencies in the U.S. CMBS sector have remained below 1% since 2005.



Source: Trepp, LLC.
Delinquencies as of 7/24/08.

AIG Insurance Investment Portfolios
CMBS Portfolios

AIGI Traditional CMBS Portfolio Historical Delinquencies

	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008
60 Days	0.08%	0.02%	0.04%	0.03%
90+ Days	0.07%	0.12%	0.10%	0.12%
Foreclosure	0.02%	0.02%	0.10%	0.11%
REO	0.10%	0.07%	0.08%	0.07%
	0.27%	**0.23%**	**0.32%**	**0.33%**

Source: Trepp, LLC

The quarterly figures are based on the most recent available delinquency data for each quarter.

AIG Insurance Investment Portfolios

CMBS Portfolios

2008 Rating Actions – Upgrade / Downgrade Ratios

- AIGI's CMBS portfolio experienced its first downgrades of 2008 in the second quarter.
- Downgrades represent $454 million, or 2% of amortized cost of the CMBS portfolio.
- As shown below, ReREMIC/CRE CDOs have had a negative effect on the upgrade/downgrade ratios.
  - However, over 99% of AIGI's ReREMIC/CRE CDO portfolio is investment grade.
  - AIGI's ReREMIC/CRE CDO portfolio is well-seasoned with 68% of the loans seasoned over 24 months.
- Two additional bonds totaling $13 million, not previously downgraded, are on negative watch.

Second Quarter 2008

All CMBS Transactions	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	0.6:1	0.6:1
Investment Grade Bonds	0.6:1	1.1:1
Below Investment Grade Bonds	No Actions	0.2:1

Excluding ReREMIC/CRE CDOs	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	6.0:1	1.1:1
Investment Grade Bonds	6.0:1	2.5:1
Below Investment Grade Bonds	No Actions	0.2:1

Year to Date 2008

All CMBS Transactions	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	1.1:1	0.9:1
Investment Grade Bonds	1.1:1	1.7:1
Below Investment Grade Bonds	No Actions	0.2:1

Excluding ReREMIC/CRE CDOs	AIGI CMBS Portfolio	U.S. CMBS Universe
Combined	11.7:1	1.3:1
Investment Grade Bonds	11.7:1	3.7:1
Below Investment Grade Bonds	No Actions	0.2:1

Note: Ratios are not dollar weighted.

AIG Insurance Investment Portfolios

CMBS Portfolios

Financial Effect of Market Disruption

Realized and Unrealized Gains / Losses (Pre-tax) ($ Millions)	**For the Quarter ended June 30, 2008**	**Year-to-Date June 30, 2008**
Other Than Temporary Impairment	($387)	($904)
Unrealized (depreciation) appreciation of investments (included in Other comprehensive income)	$768	($814)

- All of the OTTI realized in the CMBS portfolio are a result of price decline severity.
- No actual credit-related losses to investment principal have been incurred to date.

AIG Insurance Investment Portfolios
CDO Portfolios

AIG Insurance Investment Portfolios

CDO Portfolio Overview

- As of June 30th the composition of the $4.1 billion CDO portfolio is as follows:

Collateral Type ($ Millions)	Amortized Cost	%
Bank Loans (CLOs)	$2,108	51.2%
Synthetic Investment Grade	1,233	29.9%
Other	733	17.8%
Subprime ABS	46	1.1%
Total	**$4,120**	**100.0%**

Ratings ($ Millions)	Amortized Cost	%
AAA	$872	21.2%
AA	766	18.6%
A	2,085	50.6%
BBB	313	7.6%
BIG[1] and Equity	84	2.0%
Total	**$4,120**	**100.0%**

- 90% of the portfolio is rated A or better and 40% is rated AA or better.
  - 87% of CLO holdings is rated A or better. Only one tranche, representing less than 1% of the CLO portfolio, is deferring interest. This was the only CLO downgraded since 2007.
  - 100% of the Corporate Synthetic holdings are investment grade, with 73% rated AA or better, and 97% rated A or better. Two transactions totaling $163 million were downgraded in the second quarter but are still investment grade ($131 million of which are AA-rated).
  - 91% of the remaining CDO holdings, which primarily include market value and older vintage CDOs, is rated A or better. Performance has been stable.
- The weighted average market price of the total portfolio was $65[2] as of June 30th. This compares to $66[2] as of March 31, 2008 and $81[2] as of December 31, 2007.

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

AIG Insurance Investment Portfolios
Monoline Exposure

AIG Insurance Investment Portfolios

Monoline Exposure

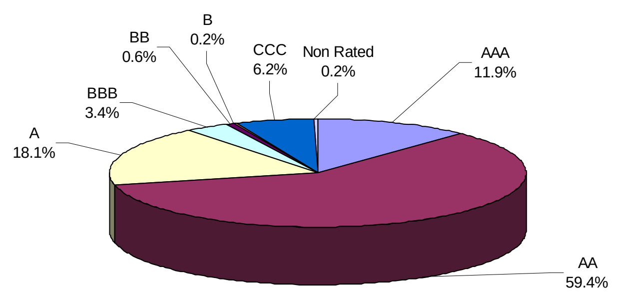
June 30, 2008

- AIGI's monoline exposure totals $41 billion, almost all of which (99%) are financial guarantees.
  - Financial guarantees are viewed as a secondary form of payment for all wrapped investments.
  - 78% of the total exposure relates to municipal bonds, which are highly rated.

Insured Asset Class ($ Millions)	Amortized Cost	Fair Value
Municipals	$32,015	$31,738
RMBS/CMBS	5,662	4,624
ABS	2,045	1,730
Corporates	833	867
Investment Agreements in CDOs (1)	383	251
Total Insured	**$40,938**	**$39,210**
Direct Corporate Exposure (2),(3)	47	(5)
Total Exposure	**$40,985**	**$39,205**

Monoline Entity ($ Millions) (4)	Financial Guarantees Amortized Cost	Other (5) Amortized Cost
MBIA	$12,879	$147
FSA	10,468	101
AMBAC	9,017	133
FGIC	6,930	49
SCA (XLCA/XLFA)	590	-
CIFG	319	-
Assured Guarantee Corp.	334	-
Multiple	18	-
	$40,555	**$430**

Monoline Exposure by Underlying Ratings (6), (7)



(1) Refers to cash collateral accounts in certain synthetic CDOs. $342 million of this exposure is investment agreements with financial guarantee insurance policies provided by the monolines (includes $297 million of fully collateralized investment agreements and $45 million of investment agreements which are subject to collateral posting requirements, should the monoline guarantor be downgraded). Also includes $41 million in an investment agreement issued by a monoline with a corporate guarantee provided by a highly rated non-monoline guarantor.

(2) Represents amortized cost and fair value related to $47 million of bonds and credit linked notes. Does not reflect $123 million notional of monoline exposure via CDS.

(3) The fair market value for the bond/CLN exposure is $36 million and the fair market value for the CDS portion is ($41) million.

(4) Amounts above are exclusive of $123 million in Notional of CDS as follows: $52 million (AMBAC), $25 million (MBIA), and $46 million (Assured Guarantee).

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

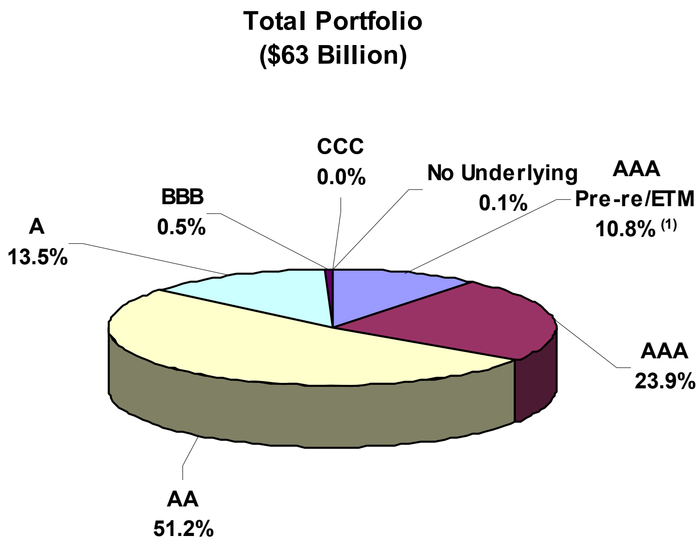
(6) Includes RMBS/CMBS and ABS underlying ratings, which are based solely on AIG's internal ratings assessment.

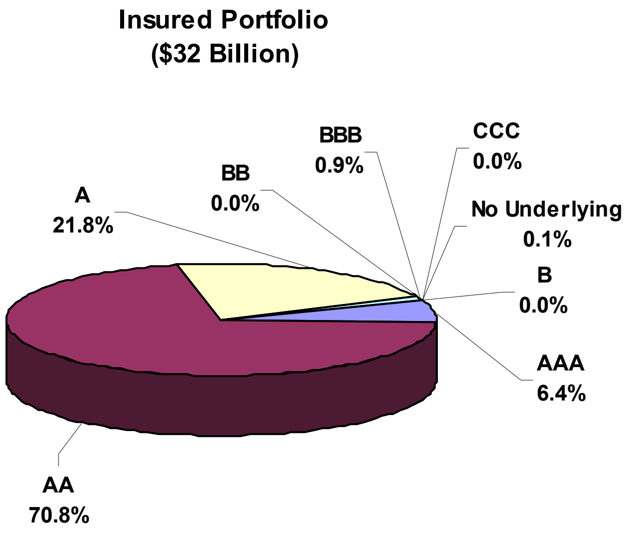
(7) Excludes $383 million of Investment Agreements in CDOs and $47 million of direct corporate exposure.

AIG Insurance Investment Portfolios

Monoline Exposure - Municipal Bonds by Underlying Ratings

- More than 99% of the total municipal bond portfolio is rated A or better, without considering the financial guarantees.





(1) Pre-refunded/Escrowed to Maturity (all are fully defeased with U.S. Government or GSE securities).

AIG Insurance Investment Portfolios

Monoline Exposure - RMBS/CMBS/ABS

June 30, 2008

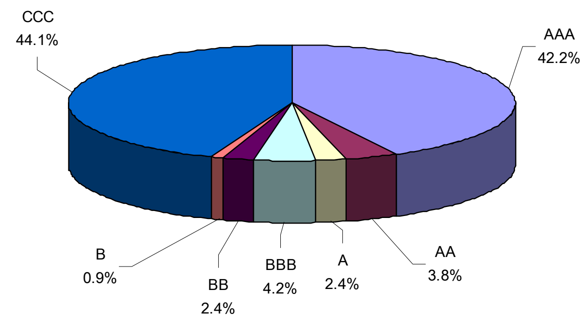
- Currently, there are 18 RMBS Second Lien, Home Equity and Subprime holdings totaling $906 million, or 2% of AIGI's total insured portfolio, that are known to be receiving contractual payments through their financial guarantees.

RMBS/CMBS Portfolio

Asset Class ($ Millions)	Amortized Cost	%
Second Lien	$1,398	24.7%
HELOC	1,405	24.8%
Alt-A	1,348	23.8%
Subprime	1,127	19.9%
Jumbo	288	5.1%
Other (1)	96	1.7%
	$5,662	100.0%

(1) Other consists of CMBS ($51MM), Foreign MBS ($15MM), and Manufactured Housing ($30MM).

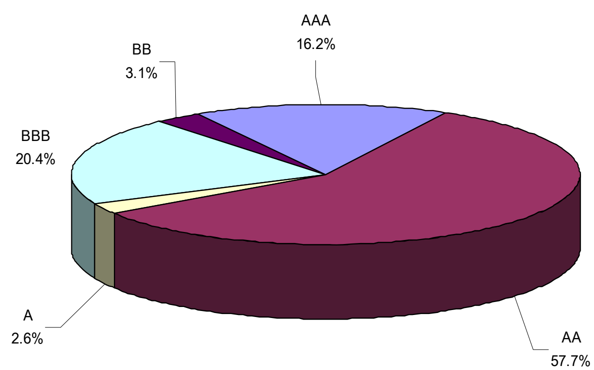
RMBS/CMBS - AIG Internal Ratings



ABS Portfolio

Asset Class ($ Millions)	Amortized Cost	%
Business/Franchise Loan	$530	25.9%
Auto Loan	471	23.0%
Future Flow	420	20.5%
Lot Loan	222	10.9%
Project Finance & Other	187	9.1%
Railcar Loan/Lease	102	5.0%
Timeshare	77	3.8%
Credit Card	36	1.8%
	$2,045	**100.0%**

ABS - AIG Internal Ratings



United Guaranty – Mortgage Insurance

THE STRENGTH TO BE THERE.®

United Guaranty (UGC)

- UGC operates in a cyclical business that is highly correlated to the fortunes of the housing market.
- The loss ratio for the past twelve months was 232%. The cumulative loss ratio for the 10-year period ended June 30, 2008 was 68%.
- UGC's underwriting and eligibility adjustments, along with more rigorous underwriting standards applied by UGC's lender customers, are aimed at improving the quality of new business.

First-Lien Risk Mix	Loans > 95% LTV*	FICO > 660	Interest Only	Option ARMs	Fixed Rate
New Risk 2Q2007	46.0%	65.5%	13.5%	3.1%	79.0%
New Risk 2Q2008	6.4%	92.3%	3.9%	0.0%	92.1%

** Loan-to-value*

United Guaranty

Mortgage Guaranty Product Characteristics

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

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

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

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

United Guaranty

Total Portfolio

($ Billions)	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008
Domestic Mortgage Net Risk-in-Force 60+ Day Delinquency	**$25.9** **2.5%**	**$28.2** **3.0%**	**$29.8** **3.7%**	**$31.5** **4.0%**	**$31.8** **4.9%**
2008 Vintage 60+ Day Delinquency	NA	NA	NA	$2.1 0.0%	$3.8 0.7%
2007 Vintage 60+ Day Delinquency	$3.7 0.7%	$6.5 1.4%	$8.9 2.5%	$9.3 3.4%	$9.0 5.0%
2006 Vintage 60+ Day Delinquency	$6.8 2.3%	$6.7 3.3%	$6.5 4.5%	$6.2 5.0%	$5.9 6.3%
2005 Vintage 60+ Day Delinquency	$5.4 2.2%	$5.3 2.9%	$5.1 3.7%	$5.0 4.2%	$4.8 5.0%
LTV > 95% 60+ Day Delinquency	$3.5 2.6%	$9.6 3.4%	$10.4 4.3%	$10.8 4.4%	$10.6 5.4%
Low Documentation 60+ Day Delinquency	$4.2 2.2%	$5.2 2.8%	$5.6 3.9%	$6.1 4.7%	$6.3 6.0%
Interest Only & Option ARMs 60+ Day Delinquency	$2.3 4.1%	$2.7 5.7%	$2.9 8.8%	$3.0 12.4%	$3.0 17.0%

This table is for informational purposes only.
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

June 30, 2008

Real Estate Portfolio	Total Portfolio	FICO (≥ 660)	FICO (620- 659)	FICO (<620)
Domestic Mortgage Net Risk-in-Force 60+ Day Delinquency	**$31.8 Billion** 4.9%	**$23.1 Billion** 3.1%	**$6.4 Billion** 8.3%	**$2.4 Billion** 17.9%
2008 Vintage 60+ Day Delinquency	**$3.8 Billion** 0.7%	**$3.3 Billion** 0.6%	**$397 Million** 1.6%	**$73 Million** 3.8%
2007 Vintage 60+ Day Delinquency	**$9.0 Billion** 5.0%	**$6.3 Billion** 3.0%	**$1.9 Billion** 7.8%	**$864 Million** 19.4%
2006 Vintage 60+ Day Delinquency	**$5.9 Billion** 6.3%	**$4.0 Billion** 4.3%	**$1.2 Billion** 9.9%	**$598 Million** 20.5%
2005 Vintage 60+ Day Delinquency	**$4.8 Billion** 5.0%	**$3.5 Billion** 3.6%	**$1.0 Billion** 9.2%	**$284 Million** 16.1%
LTV > 95% 60+ Day Delinquency	**$10.6 Billion** 5.4%	**$6.8 Billion** 2.8%	**$2.7 Billion** 9.3%	**$1.1 Billion** 19.4%
Low Documentation 60+ Day Delinquency	**$6.3 Billion** 6.0%	**$5.7 Billion** 5.5%	**$481 Million** 10.0%	**$105 Million** 22.4%
Interest Only & Option ARMs 60+ Day Delinquency	**$3.0 Billion** 17.0%	**$2.5 Billion** 15.9%	**$428 Million** 21.7%	**$76 Million** 23.7%

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

United Guaranty

First-Lien Portfolio

In-Force Summary

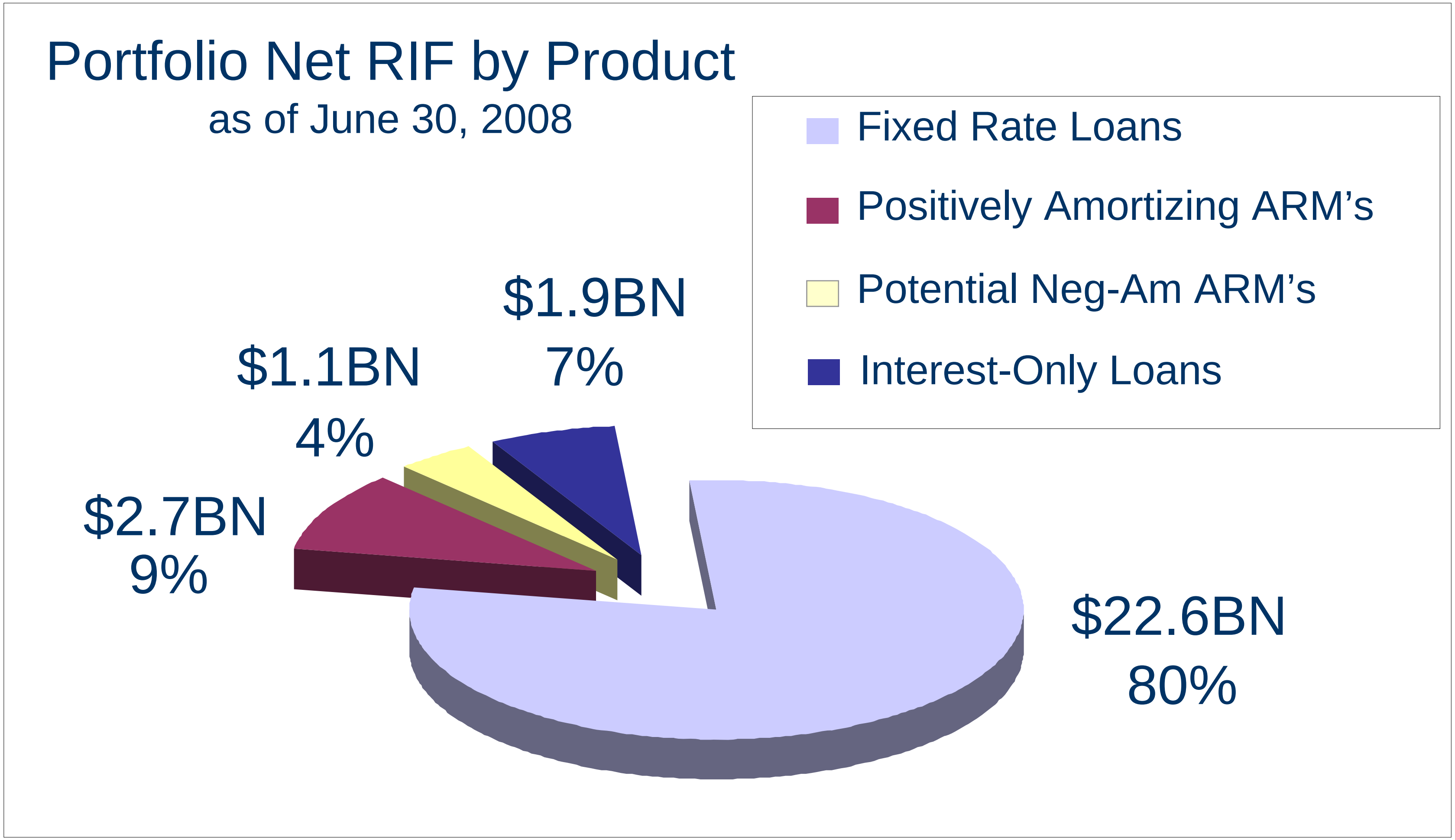
June 30, 2008

- $28.3 billion net risk-in-force
- 907,105 policies in force
- Average FICO score of 698
- 63,097 delinquent loans
- 7.0% delinquency ratio*

**Comprised of primary and pool insurance.*

United Guaranty

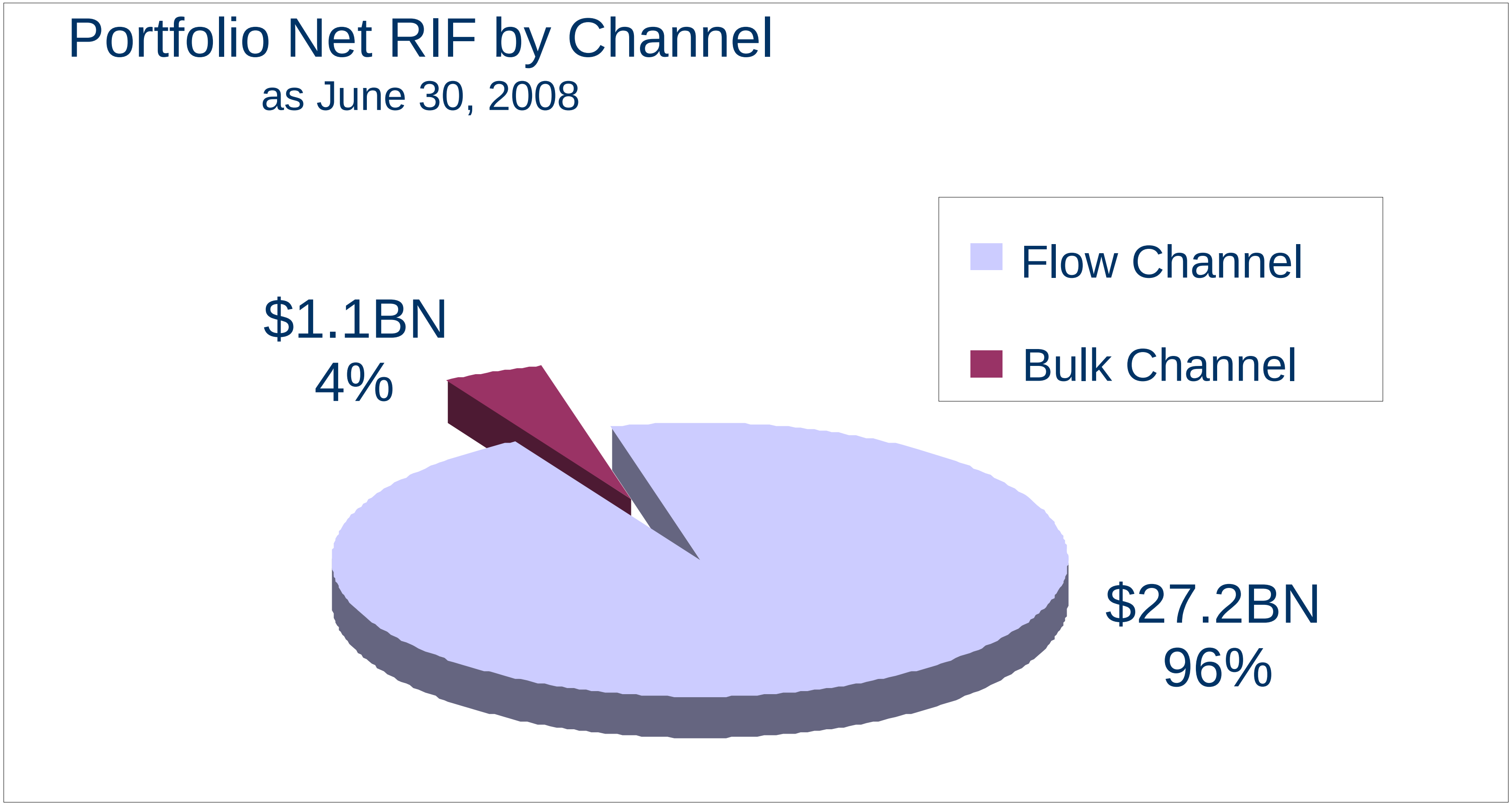
First-Lien Portfolio by Product



80% of the first-lien portfolio is in fixed-rate loans.

United Guaranty

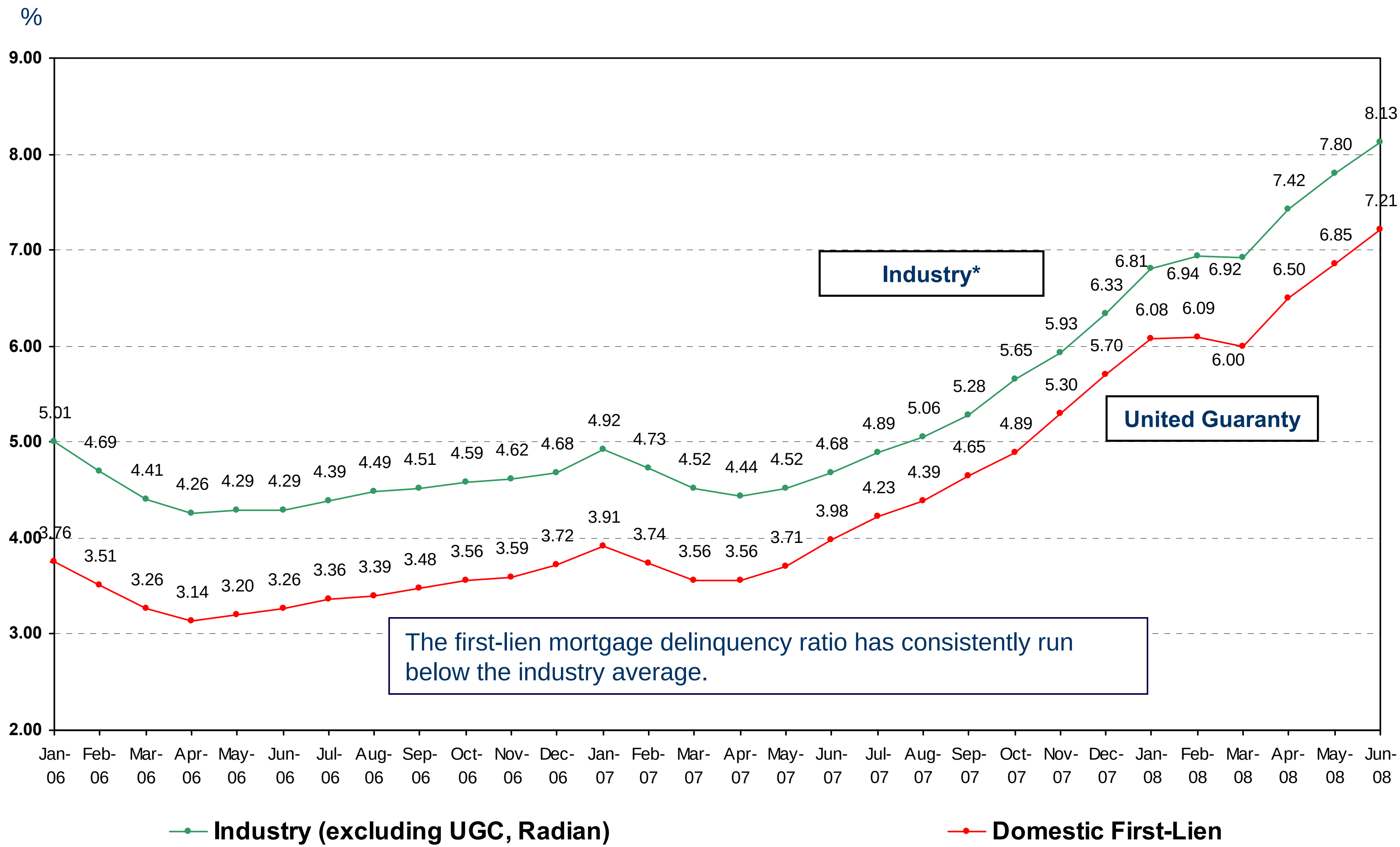
First-Lien Portfolio by Flow / Bulk Channel



UGC is only a minor participant in the troubled bulk channel (subprime, Alt-A).

United Guaranty

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



**Source: Mortgage Insurance Companies of America (MICA).*
Figures (for UGC and industry) are based on primary insurance and do not include pool insurance.

United Guaranty
Second-Lien Portfolio
In-Force Summary
June 30, 2008

- $3.5 billion net risk-in-force
- 586,338 policies in force
- Average FICO score of 718
- 9,297 delinquent loans
- 1.6% delinquency ratio

United Guaranty

Analysis of Loss Reserve – Domestic Mortgage Product

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

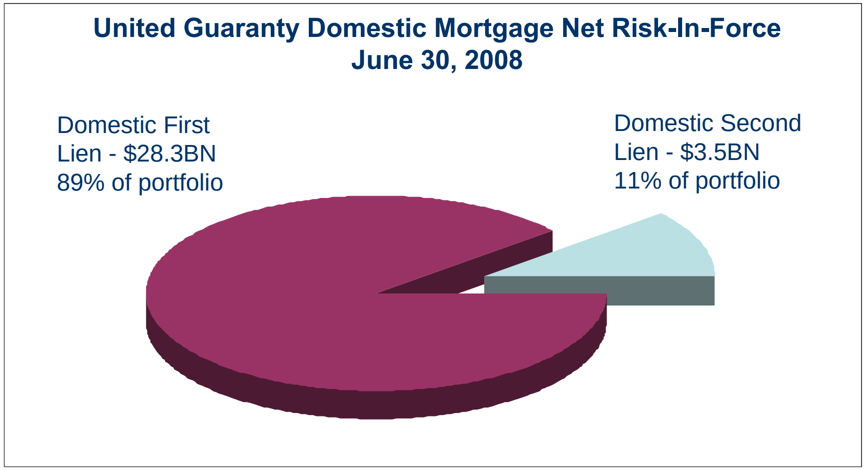
Mortgage guaranty insurance accounting requires reserves to be established based upon current delinquencies, but does not permit any provision for future delinquencies.

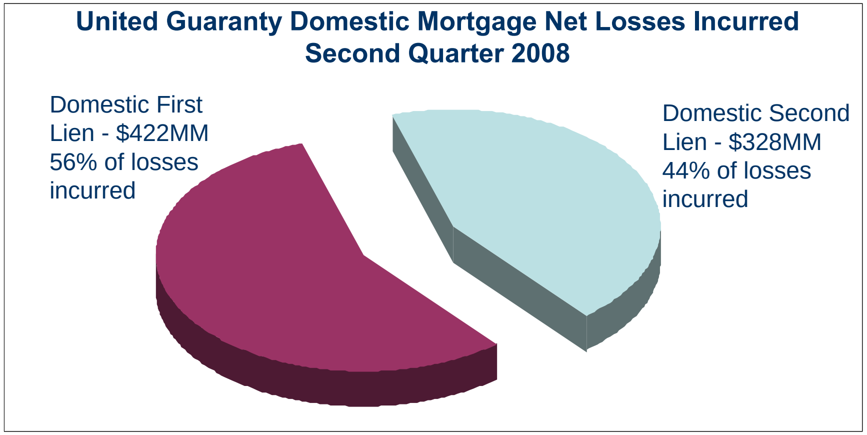
United Guaranty

Loss Emergence

- The deterioration of the U.S. housing market has affected all segments of the mortgage business, but the high LTV second-lien mortgages are particularly sensitive to declining home values and, as a result, constitute a disproportionate share of incurred losses.

- First-lien net losses incurred are negatively affecting operating results as delinquencies progress through the claim cycle. Continued weakness in the U.S. economic and housing markets will continue to drive negative operating results.



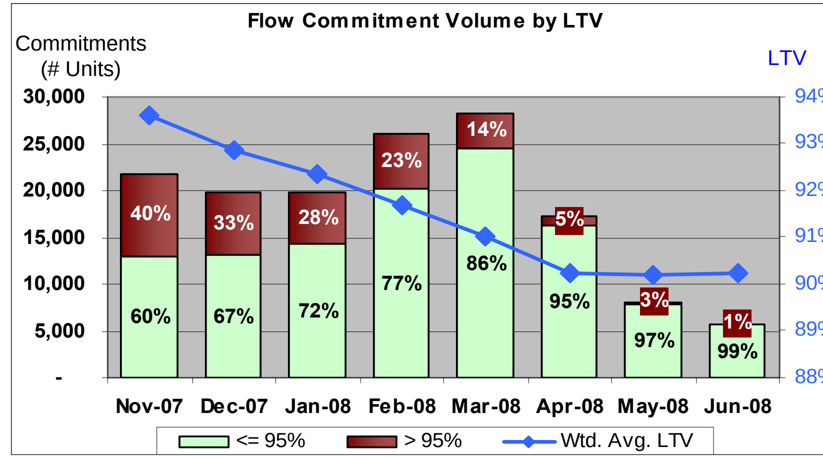


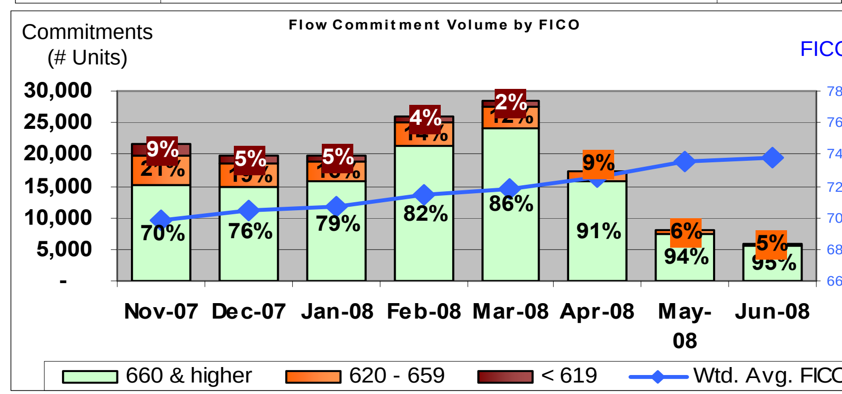
Near-term results will continue to reflect market downturn.

United Guaranty

First-Lien Key Risk Initiatives

- Tightened underwriting standards and eligibility guidelines
- Implemented expanded “declining markets” policy restricting LTV to 90% in about 50% of the total Core Based Statistical Areas (CBSA) in the country
- Increased rates in appropriate business segments
- Established new and modified existing portfolio concentration caps
- Continued evaluation of market conditions and portfolio performance to determine need for future changes in eligibility, guidelines and/or pricing





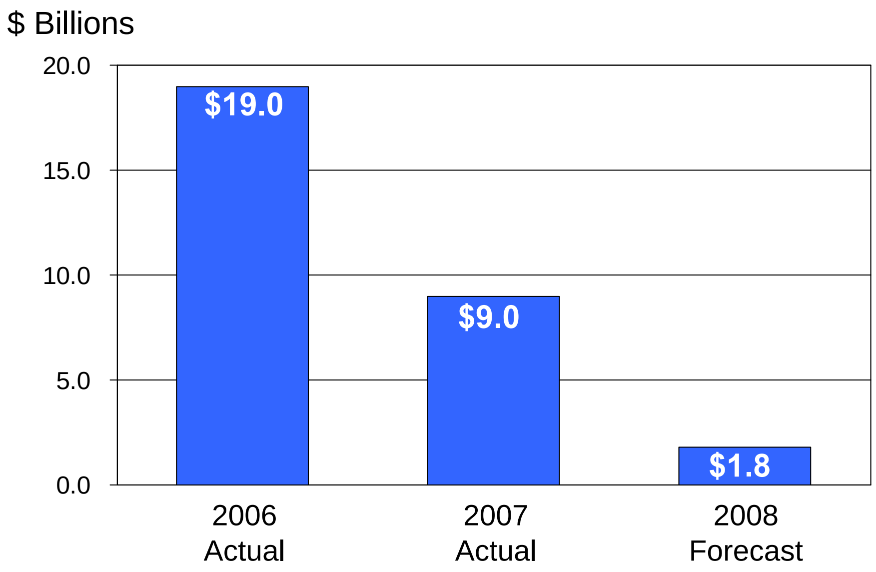
UGC continues to implement key risk initiatives aimed at improving the quality of new business production.

United Guaranty

Second-Lien Key Risk Initiatives

- UGC has implemented significant changes in eligibility guidelines and pricing.
  - Eliminated alternative risk product
  - Eliminating all purchase money (“piggyback”) seconds
  - Eliminating all national accounts business

New Insurance Written



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

American General Finance

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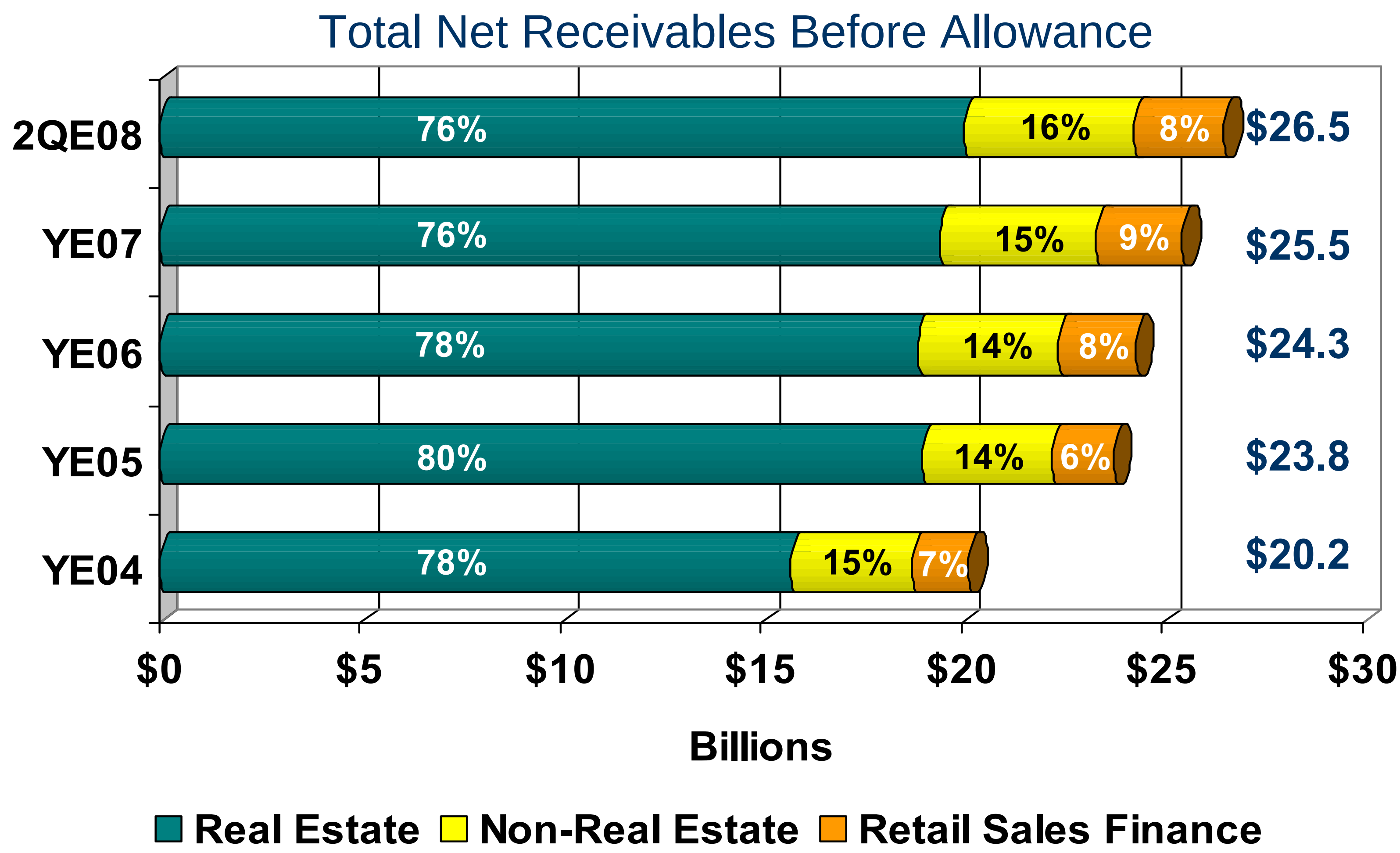
Real Estate Portfolio (as of June 30, 2008)	Total Portfolio	FICO (≥ 660)	FICO (620 – 659)	FICO (< 620)
Outstandings	**$20.1 Billion**	**$9.6 Billion**	**$3.5 Billion**	**$6.7 Billion**
LTV	80%	83%	80%	75%
60+ %	3.50%	2.07%	4.52%	5.03%
2007 Vintage	**$4.3 Billion**	**$1.3 Billion**	**$938.0 Million**	**$2.0 Billion**
LTV	78%	82%	80%	75%
60+ %	3.35%	2.23%	3.61%	3.96%
2006 Vintage	**$3.4 Billion**	**$1.2 Billion**	**$663.1 Million**	**$1.5 Billion**
LTV	81%	87%	81%	76%
60+ %	4.85%	2.94%	5.21%	6.27%
2005 Vintage	**$4.5 Billion**	**$2.7 Billion**	**$813.6 Million**	**$981.1 Million**
LTV	82%	85%	82%	76%
60+ %	3.89%	2.50%	5.98%	6.02%
2004 Vintage	**$4.3 Billion**	**$3.3 Billion**	**$527.2 Million**	**$473.2 Million**
LTV	81%	83%	80%	75%
60+ %	2.48%	1.59%	4.72%	6.20%
LTV Greater than 95.5%	**$3.5 Billion**	**$2.8 Billion**	**$413.2 Million**	**$211.2 Million**
LTV	99%	99%	99%	98%
60+ %	3.69%	3.01%	6.77%	6.41%
Low Documentation	**$506.2 Million**	**$264.8 Million**	**$160.4 Million**	**$81.0 Million**
LTV	76%	78%	76%	71%
60+ %	8.42%	7.75%	9.37%	8.71%
Interest Only	**$1.5 Billion**	**$1.2 Billion**	**$260.3 Million**	**$22.1 Million**
LTV	89%	89%	88%	79%
60+ %	5.78%	4.55%	10.77%	15.52%

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

American General Finance

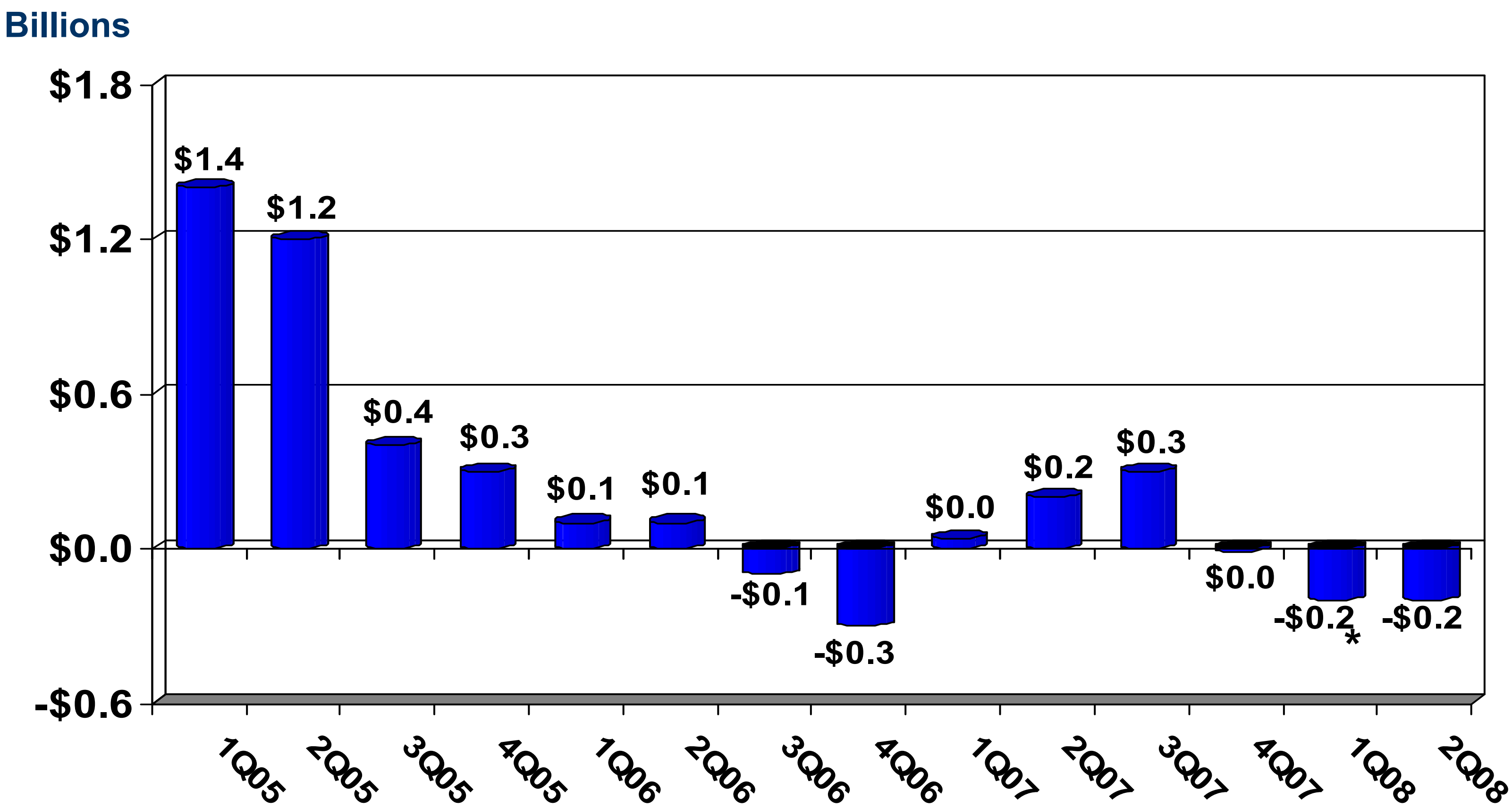
Portfolio Mix



American General Finance

Net Real Estate Loan Growth

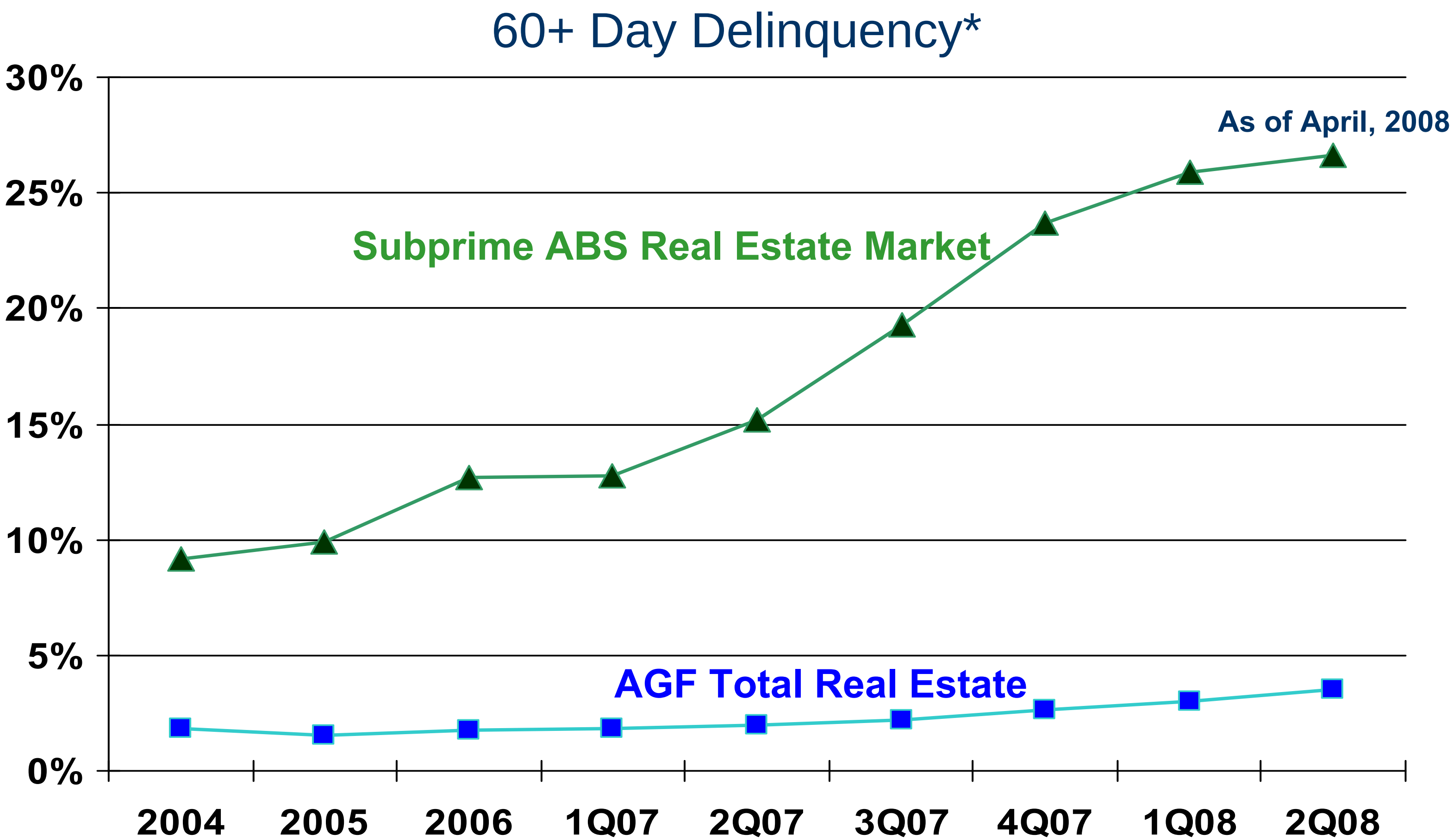
AGF has maintained its underwriting discipline despite experiencing lower volume and growth.



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

American General Finance

AGF vs. "Subprime ABS Market"

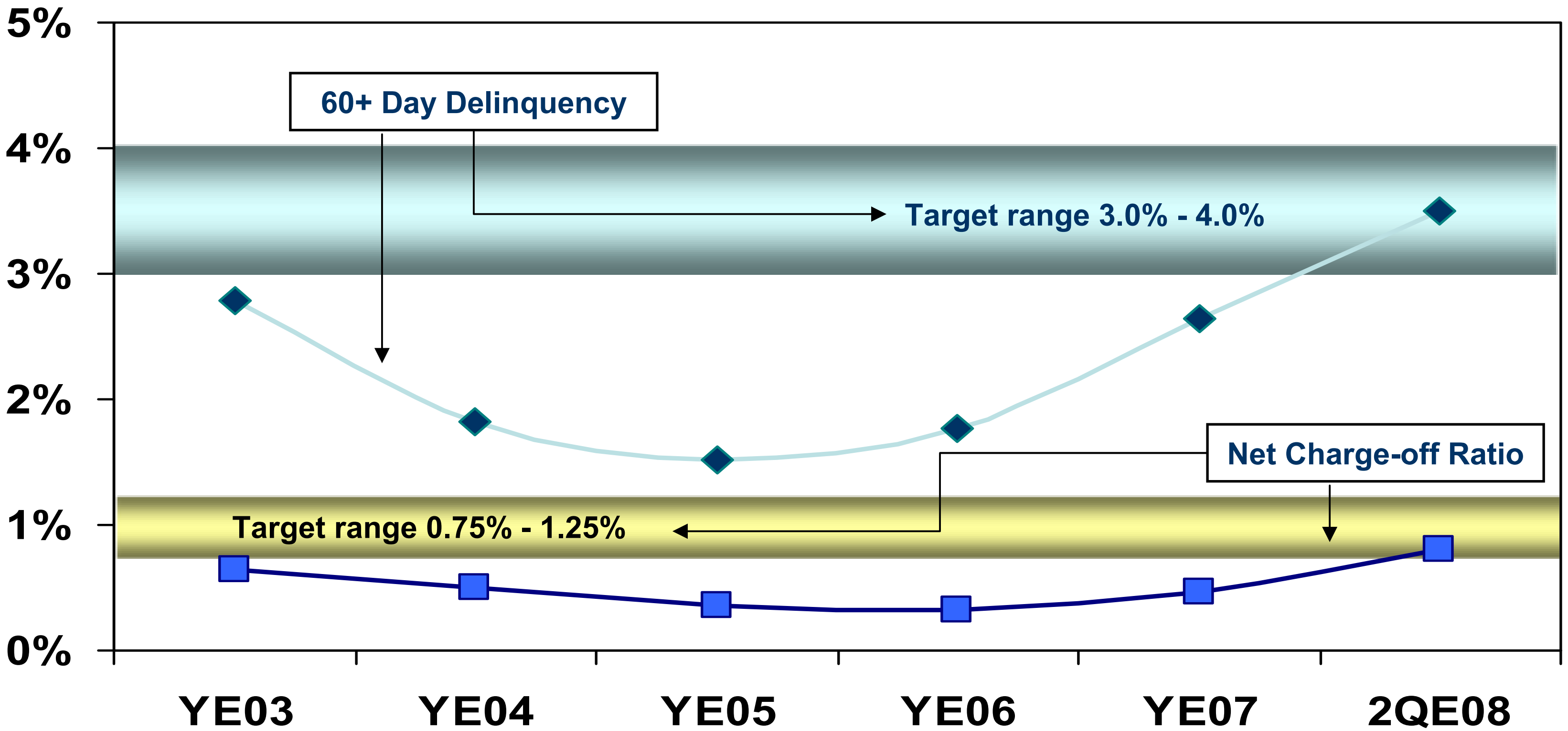


** Source: First American CoreLogic, LoanPerformance*

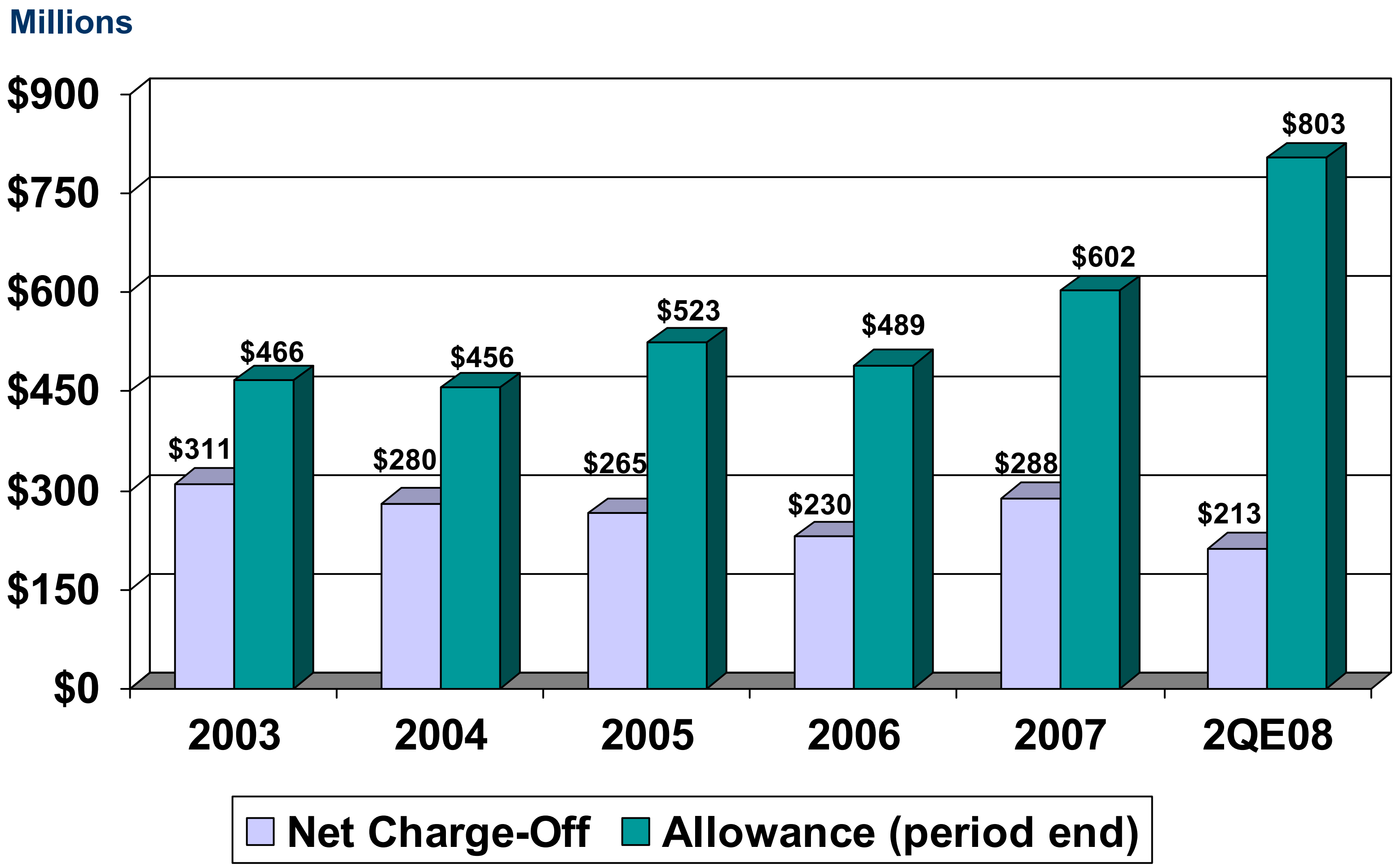
American General Finance

Real Estate Credit Quality

With continued weakness in the economy and mortgage markets, AGF's delinquency and losses continued to rise from recent all-time lows. However, they are within the target ranges set in 1997.



American General Finance
Charge-Off and Allowance History



American General Finance

Risk Mitigating Practices – Real Estate Portfolio

- 97% of mortgages are underwritten with full income verification
- 91% are fixed-rate mortgages; only about 5% of the total mortgage portfolio re-sets interest rates by the end of 2008; another 2% by the end of 2009
- Adjustable rate mortgages (ARMs): borrowers are qualified on a fully-indexed and fully-amortizing basis as of origination
- Weighted-average Loan-to-Value remains constant at 80%
- No delegation of underwriting to unrelated parties
- No Option ARMs
- Substantially all loans are:
  - First mortgages (92%)
  - Owner occupant borrowers (94%)
- Geographically diverse portfolio

Conclusions

THE STRENGTH TO BE THERE.®

Conclusions

- AIG's exposures to the mortgage-related credit markets will continue to be negatively affected by the worsening economy and the consequent increases in mortgage delinquencies and loss severity.

- AIG intends to de-risk the portfolios, where appropriate, within the four segments: capital markets, investments, mortgage insurance and consumer finance.

- AIG believes that the mark-to-market losses taken through the income statement and balance sheet materially exceed the ultimate future credit losses which may be realized in the portfolios.

- Notwithstanding the fact that AIG cannot reasonably assert that the recovery period is temporary, currently AIG has the intent and ability to hold its mortgage-related securities and super senior credit default swap positions.

AIG

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