



American International Group, Inc.

Financial Supplement

Third Quarter 2008

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 filed with the Securities and Exchange Commission.

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

	Three Months Ended					Nine Months Ended		
	Sept. 30,	Sept. 30,	% Chg	June 30,	Sequential	Sept. 30,	Sept. 30,	% Chg
	2008	2007		2008	% Chg	2008	2007	
Revenues:								
Premiums and other considerations	\$ 21,082	\$ 19,733	6.8 %	\$ 21,735	(3.0) %	\$ 63,489	\$ 58,908	7.8 %
Net investment income	2,946	6,172	(52.3)	6,728	(56.2)	14,628	21,149	(30.8)
Net realized capital losses (1) (2)	(18,312)	(864)	NM	(6,081)	NM	(30,482)	(962)	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(7,054)	(352)	NM	(5,565)	NM	(21,726)	(352)	NM
Other income (1)	2,236	5,147	(56.6)	3,116	(28.2)	8,953	12,888	(30.5)
Total revenues (1)	<u>898</u>	<u>29,836</u>	(97.0)	<u>19,933</u>	(95.5)	<u>34,862</u>	<u>91,631</u>	(62.0)
Benefits and expenses (3):								
Incurred policy losses and benefits	17,189	15,595	10.2	18,450	(6.8)	51,521	47,962	7.4
Policy acquisition and other insurance expenses	6,919	5,357	29.2	6,029	14.8	18,560	15,508	19.7
Interest expense	2,297	1,232	86.4	1,333	72.3	4,902	3,425	43.1
Other expenses	2,678	2,773	(3.4)	2,877	(6.9)	8,084	7,357	9.9
Total benefits and expenses	<u>29,083</u>	<u>24,957</u>	16.5	<u>28,689</u>	1.4	<u>83,067</u>	<u>74,252</u>	11.9
Income (loss) before income taxes (benefits) and minority interest	<u>(28,185)</u>	<u>4,879</u>	NM	<u>(8,756)</u>	NM	<u>(48,205)</u>	<u>17,379</u>	NM
Income taxes (benefits)	(3,480)	1,463	NM	(3,357)	NM	(10,374)	4,868	NM
Income (loss) before minority interest	<u>(24,705)</u>	<u>3,416</u>	NM	<u>(5,399)</u>	NM	<u>(37,831)</u>	<u>12,511</u>	NM
Minority interest	237	(331)	NM	42	464.3	201	(1,019)	NM
Net income (loss)	<u>\$ (24,468)</u>	<u>\$ 3,085</u>	NM %	<u>\$ (5,357)</u>	NM %	<u>\$ (37,630)</u>	<u>\$ 11,492</u>	NM %
Earnings (loss) per common share:								
Basic	\$ (9.05)	\$ 1.20	NM %	\$ (2.06)	NM %	\$ (14.40)	\$ 4.43	NM %
Diluted	(9.05)	1.19	NM	(2.06)	NM	(14.40)	4.40	NM
Dividends declared per common share	\$ -	\$ 0.200	NM %	\$ 0.220	NM %	\$ 0.420	\$ 0.565	(25.7) %
Weighted average shares outstanding:								
Basic	2,703	2,576		2,605		2,613	2,596	
Diluted	2,703	2,589		2,605		2,613	2,609	

- Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. For the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, **net realized capital gains (losses)** includes a gain of \$1,446 million, a loss of \$479 million, a gain of \$298 million, a gain of \$1,428 million and a loss of \$536 million, respectively; **other income** includes a loss of \$265 million, a gain of \$301 million, a loss of \$26 million, a loss of \$723 million and a loss of \$524 million, respectively; and **total revenues** includes a gain of \$1,181 million, a loss of \$178 million, a gain of \$272 million, a gain of \$705 million and a loss of \$1,060 million, respectively.
- (2) Includes other-than-temporary impairment charges of \$19.88 billion, \$544 million, \$6.78 billion, \$32.25 billion and \$1.43 billion in the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, respectively.
- (3) During the third quarter of 2008, AIG began reporting interest expense and other expenses separately on the consolidated statement of income (loss). Interest expense includes interest expense on borrowings, excluding interest on AIGFP's borrowings, which is included in other income. Other expenses represent all other expenses not separately disclosed on the consolidated statement of income (loss). Prior period amounts were revised to conform to the current presentation.

American International Group, Inc. Consolidated Statement of Segment Operations

(in millions, except per share data)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
General insurance								
Net premiums written	\$ 11,726	\$ 11,823	(0.8) %	\$ 12,220	(4.0) %	\$ 36,026	\$ 36,068	(0.1) %
Net premiums earned	11,731	11,433	2.6	12,153	(3.5)	35,241	34,015	3.6
Incurred policy losses and benefits	9,652	7,391	30.6	8,787	9.8	26,437	21,850	21.0
Underwriting expenses	3,713	2,928	26.8	3,143	18.1	9,810	8,228	19.2
Underwriting profit (loss) (1)	(1,634)	1,114	NM	223	NM	(1,006)	3,937	NM
Net investment income	735	1,394	(47.3)	1,167	(37.0)	3,107	4,585	(32.2)
Income (loss) before net realized capital gains (losses)	(899)	2,508	NM	1,390	NM	2,101	8,522	(75.3)
Net realized capital gains (losses) (2)	(1,658)	(69)	NM	(563)	NM	(2,494)	(11)	NM
Operating income (loss)	(2,557)	2,439	NM	827	NM	(393)	8,511	NM
Life insurance & retirement services								
Premiums and other considerations	9,354	8,300	12.7	9,585	(2.4)	28,257	24,895	13.5
Deposits and other considerations not included in revenues under GAAP	13,561	15,877	(14.6)	16,068	(15.6)	46,404	42,703	8.7
Premiums, deposits and other considerations	22,915	24,177	(5.2)	25,653	(10.7)	74,661	67,598	10.4
Net investment income	2,345	4,823	(51.4)	5,586	(58.0)	11,734	16,468	(28.7)
Income before net realized capital gains (losses)	1,012	2,490	(59.4)	2,609	(61.2)	6,159	7,926	(22.3)
Net realized capital gains (losses) (2)	(16,341)	(491)	NM	(5,010)	NM	(25,720)	(1,026)	NM
Operating income (loss)	(15,329)	1,999	NM	(2,401)	NM	(19,561)	6,900	NM
Financial services								
Operating income (loss) excluding FAS 133 and net realized capital gains (losses) (3) (4)	(8,347)	307	NM	(5,880)	NM	(22,772)	1,263	NM
FAS 133 (2)	177	428	(58.6)	(40)	NM	61	(185)	NM
Net realized capital gains (losses) (2)	(33)	(66)	NM	15	NM	(169)	(70)	NM
Operating income (loss)	(8,203)	669	NM	(5,905)	NM	(22,880)	1,008	NM
Asset management								
Operating income (loss) before net realized capital gains (losses)	(28)	353	NM	150	NM	276	1,706	(83.8)
Net realized capital gains (losses) (2)	(1,116)	(232)	NM	(464)	NM	(2,985)	100	NM
Operating income (loss)	(1,144)	121	NM	(314)	NM	(2,709)	1,806	NM
Other before net realized capital gains (losses)	(1,555)	(428)	NM	(745)	NM	(2,803)	(1,331)	NM
Other net realized capital gains (losses) (2)	139	(199)	NM	30	363.3	(96)	(226)	NM
Consolidation and elimination adjustments (2) (5) (6) (7)	464	278	66.9	(248)	NM	237	711	(66.7)
Income (loss) before income taxes (benefits) and minority interest	(28,185)	4,879	NM	(8,756)	NM	(48,205)	17,379	NM
Income taxes (benefits) (8)	(3,480)	1,463	NM	(3,357)	NM	(10,374)	4,868	NM
Income (loss) before minority interest	(24,705)	3,416	NM	(5,399)	NM	(37,831)	12,511	NM
Minority interest, after tax:								
Income (loss) before net realized capital gains (losses)	140	(323)	NM	38	268.4	97	(1,005)	NM
Net realized capital gains (losses)	97	(8)	NM	4	NM	104	(14)	NM
Net income (loss) (9)	(24,468)	3,085	NM	(5,357)	NM	(37,630)	11,492	NM
Net realized capital gains (losses), net of tax (10)	(15,056)	(600)	NM	(4,019)	NM	(23,038)	(673)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	(172)	196	NM	(17)	NM	(470)	(341)	NM
Adjusted net income (loss) (9) (11)	\$ (9,240)	\$ 3,489	NM %	\$ (1,321)	NM %	\$ (14,122)	\$ 12,506	NM %
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax, included in adjusted net loss above	\$ (4,585)	\$ (229)	NM %	\$ (3,617)	NM %	\$ (14,122)	\$ (229)	NM %
Effect of Capital Markets credit valuation adjustment, net of tax included in adjusted net loss above	(705)	-	NM	(337)	NM	(1,066)	-	NM
Earnings per share - diluted:								
Net income (loss)	(9.05)	1.19	NM	(2.06)	NM	(14.40)	4.40	NM
Adjusted net income (loss) (9) (11)	(3.42)	1.35	NM	(0.51)	NM	(5.40)	4.79	NM
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax, included in adjusted net loss above	(1.70)	(0.09)	NM	(1.39)	NM	(5.40)	(0.09)	NM
Effect of Capital Markets credit valuation adjustment, net of tax, included in adjusted net loss above	\$ (0.26)	\$ -	NM %	\$ (0.13)	NM %	\$ (0.41)	\$ -	NM %
Weighted average shares outstanding - diluted	2,703	2,589		2,605		2,613	2,609	
Effective tax rates (8) (12):								
Income (loss) before income taxes (benefits) and minority interest	12.3%	30.0%		38.4%		21.5%	28.0%	
Net income (loss)	12.3%	31.2%		39.0%		21.7%	29.1%	
Adjusted net income (loss) (9) (11)	2.5%	31.1%		50.6%		16.9%	29.4%	
Return on equity (13)	(131.1)%	11.9%		(27.2)%		(61.8)%	14.8%	

(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.
- (3) Includes \$7.05 billion, \$352 million, \$5.56 billion, \$21.73 billion and \$352 million of pre-tax net unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio in the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, respectively.
- (4) Includes the effect of changes in pre-tax credit spreads on the valuation of Capital Markets' assets of \$(2.3) billion and \$(5.3) billion and liabilities of \$1.2 billion and \$3.6 billion, (but excludes \$98 million and \$207 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the three and nine months ended September 30, 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 the divergence continued through the third quarter. While AIG's credit spreads widened significantly more than the credit spreads on the ABS and CDO products, which represent a significant portion of AIGFP's investment portfolio, the losses on AIGFP's assets more than offset the net gain on its liabilities, which were 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 GIAs.
- (5) 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). In order to better align financial reporting with the manner in which AIG's chief operating decision makers manage their businesses, beginning in the fourth quarter of 2007, the effect of consolidating managed partnerships and funds, which were historically reported in the Asset Management segment, are now being reported in Consolidation and elimination adjustments. Prior periods have been revised to conform to the current presentation.
- (6) Includes a loss of \$442 million, a loss of \$127 million, a gain of \$14 million, a loss of \$784 million and a loss of \$339 million, in the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, respectively, attributable to 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.
- (7) Includes a gain of \$754 million, a gain of \$75 million, a loss of \$58 million, a gain of \$1,062 million and a gain of \$184 million, in the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, respectively, attributable to the elimination of net realized capital gains (losses) reported in the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management segments and the Other category from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (8) Includes \$3.6 billion of deferred tax expense attributable to the potential sale of foreign businesses, and a \$3.3 billion valuation allowance to reduce tax benefits on capital losses in both the three and nine months ended September 30, 2008.
- (9) Net loss for the three and nine months ended September 30, 2008 includes out of period after-tax charges of \$133 million and \$287 million, respectively. The effect on adjusted net income (loss) of all out of period adjustments are summarized below:

(dollars in millions)	Three Months Ended Sept. 30,			Nine Months Ended Sept. 30,		
	2008	2007	% Change	2008	2007	% Change
Net income (loss) as reported	\$24,468	\$3,085	NM	\$(37,630)	\$11,492	NM
Net realized capital gains (losses)	(15,056)	(600)		(23,038)	(673)	
FAS 133 gains (losses)	(172)	196		(470)	(341)	
Adjusted net income (loss) as reported	\$(9,240)	\$3,489	NM	\$(14,122)	\$12,506	NM
Out of period adjustments affecting adjusted net income (loss) - increase / (decrease)	(126)	(17)		(291)	(191)	
Adjusted net income (loss) excluding out of period adjustments	\$(9,114)	\$3,506	NM	\$(13,831)	\$12,697	NM

- (10) Includes a gain of \$940 million, a loss of \$311 million, a gain of \$193 million, a gain of \$928 million and a loss of \$348 million, net of tax, in the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, respectively, attributable to FAS 133.
- (11) Adjusted net income (loss) excludes net realized capital gains (losses) and FAS 133, net of tax.
- (12) The calculation of the effective tax rates is as follows:

(dollars in millions)	Three Months Ended Sept. 30, 2008				Nine Months Ended Sept. 30, 2008			
	Pre-tax Loss	Tax Benefits	Net Loss	Effective Tax Rate	Pre-tax Loss	Tax Benefits	Net Loss	Effective Tax Rate
Loss before income tax benefits and minority interest	\$(28,185)	\$(3,480)	\$(24,705)	12.3%	\$(48,205)	\$(10,374)	\$(37,831)	21.5%
Minority interest	284	47	237		169	(32)	201	
Net loss	(27,901)	(3,433)	(24,468)	12.3%	(48,036)	(10,406)	(37,630)	21.7%
Net realized capital gains (losses)	(18,162)	(3,106)	(15,056)		(30,322)	(7,284)	(23,038)	
FAS 133 gains (losses)	(265)	(93)	(172)		(723)	(253)	(470)	
Adjusted net loss	\$(9,474)	\$(234)	\$(9,240)	2.5%	\$(16,991)	\$(2,869)	\$(14,122)	16.9%

- (13) 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 \$122 million and \$500 million, respectively; and accumulated other comprehensive income of \$6.69 billion and \$2.50 billion, respectively, in the three and nine months ended September 30, 2008.

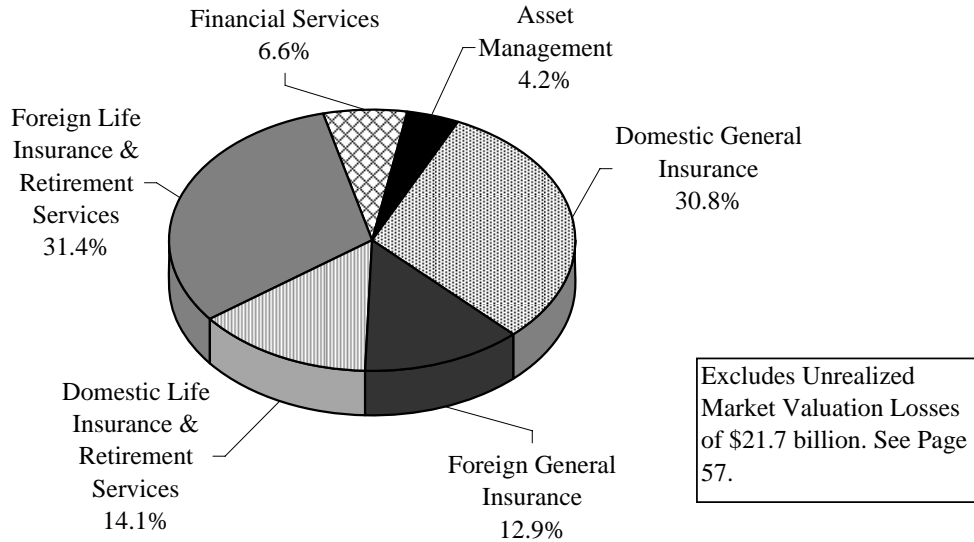
	Three Months Ended Sept. 30, 2008	Nine Months Ended Sept. 30, 2008
Return on equity, GAAP basis	(131.1)%	(61.8)%
Adjustments related to:		
FAS 133 and net realized capital gains (losses)	81.6%	38.7%
Accumulated other comprehensive income	4.1%	0.7%
Return on equity, as adjusted	(45.4)%	(22.4)%

American International Group, Inc.

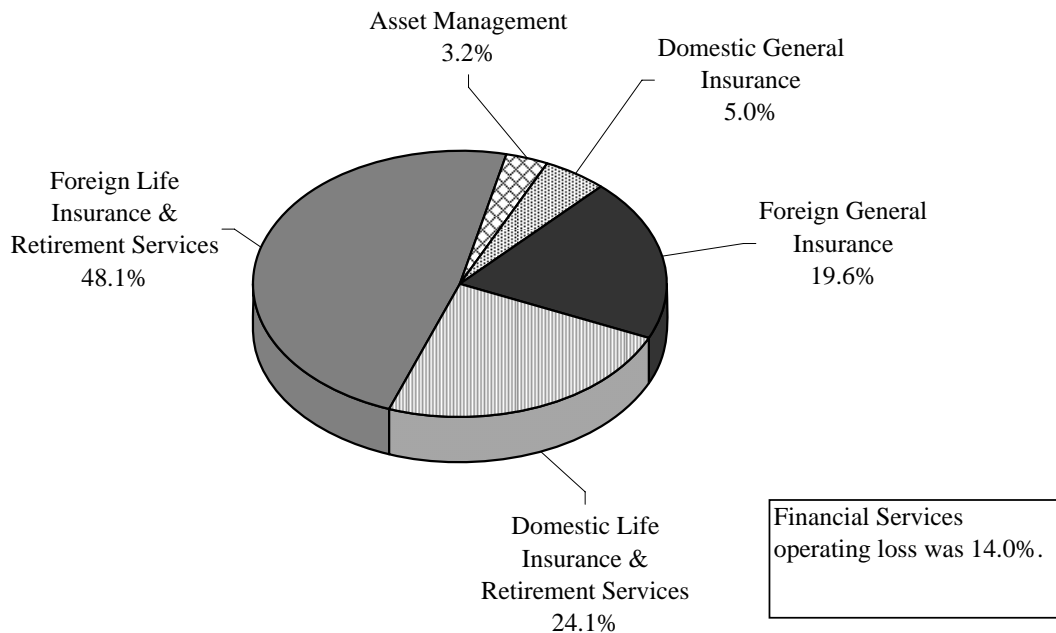
Revenues and Income Graphs

Nine Months Ended September 30, 2008

Revenues



Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses), unrealized market valuation losses, FAS 133, other and consolidation and elimination adjustments are excluded.

American International Group, Inc. Summary of FAS 133 Effect (1)

(in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
FAS 133 effect on operating income (loss) before net realized capital gains (losses):					
Financial Services (2)	\$ 177	\$ 428	\$ (40)	\$ 61	\$ (185)
Intercompany Eliminations (3)	(1,226)	192	(4)	(1,184)	171
Foreign Exchange Rates on Economically Hedged Debt Exposures:					
Financial Services	784	(319)	18	400	(510)
Asset Management	-	-	-	-	-
Other	-	-	-	-	-
Total Foreign Exchange Rates on Economically Hedged Debt Exposures (3)	<u>784</u>	<u>(319)</u>	<u>18</u>	<u>400</u>	<u>(510)</u>
Total pre-tax effect	<u>(265)</u>	<u>301</u>	<u>(26)</u>	<u>(723)</u>	<u>(524)</u>
Total after-tax effect	<u>(172)</u>	<u>196</u>	<u>(17)</u>	<u>(470)</u>	<u>(341)</u>
FAS 133 effect on net realized capital gains (losses):					
Financial Services	40	(75)	45	(43)	(65)
Asset Management	974	(125)	381	911	(255)
General Insurance	23	(4)	(7)	(6)	(12)
Life Insurance & Retirement Services	(311)	(285)	(83)	(304)	(367)
Other	(34)	(65)	20	(192)	(21)
Eliminations and Reclassifications (4)	<u>754</u>	<u>75</u>	<u>(58)</u>	<u>1,062</u>	<u>184</u>
Total pre-tax effect	<u>1,446</u>	<u>(479)</u>	<u>298</u>	<u>1,428</u>	<u>(536)</u>
Total after-tax effect	<u>940</u>	<u>(311)</u>	<u>193</u>	<u>928</u>	<u>(348)</u>
FAS 133 effect on total income:					
Total pre-tax effect	<u>1,181</u>	<u>(178)</u>	<u>272</u>	<u>705</u>	<u>(1,060)</u>
Total after tax-effect	<u>\$ 768</u>	<u>\$ (115)</u>	<u>\$ 176</u>	<u>\$ 458</u>	<u>\$ (689)</u>

(See Accompanying Notes on Page 6)

American International Group, Inc.
Summary of FAS 133 Effect
Notes

- (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. In cases where hedge accounting has not been applied to these derivative transactions during 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) The three and nine months ended September 30, 2007 include out of period charges of \$20 million and \$346 million, respectively, including a \$380 million charge in the nine month period to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in the nine months ended September 30, 2007, includes a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, the structured transactions potentially affected by proposed guidance by the U.S. Treasury Department affecting the ability to claim foreign tax credits.
- (3) 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.
- (4) Represents the elimination of net realized capital gains (losses) from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.

American International Group, Inc.

Consolidated Balance Sheet

(in millions)

	<u>September 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Assets:		
Investments and financial services assets:		
Fixed maturity securities	\$ 402,046	\$ 428,935
Equity securities	33,597	41,646
Mortgage and other loans receivable, net of allowance	33,724	33,727
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	43,561	41,984
Securities available for sale, at fair value	2,326	40,305
Trading securities, at fair value	36,136	4,197
Spot commodities	34	238
Unrealized gain on swaps, options and forward transactions	10,034	12,318
Trade receivables	4,617	672
Securities purchased under agreements to resell	12,100	20,950
Finance receivables, net of allowance	32,590	31,234
Securities lending invested collateral, at fair value	41,511	75,662
Other invested assets	58,723	58,823
Short-term investments	<u>52,484</u>	<u>51,351</u>
Total investments and financial services assets	763,483	842,042
Cash	18,570	2,284
Investment income due and accrued	7,008	6,587
Premiums and insurance balances receivable, net of allowance	19,106	18,395
Reinsurance assets, net of allowance	23,943	23,103
Current and deferred income taxes	14,833	-
Deferred policy acquisition costs	48,182	43,914
Investments in partially owned companies	591	654
Real estate and other fixed assets, net of accumulated depreciation	5,730	5,518
Separate and variable accounts	65,472	78,684
Goodwill	10,334	9,414
Other assets	<u>44,985</u>	<u>17,766</u>
Total assets	\$ <u>1,022,237</u>	\$ <u>1,048,361</u>
Liabilities:		
Reserve for losses and loss expenses	\$ 90,877	\$ 85,500
Unearned premiums	28,448	27,703
Future policy benefits for life and accident and health insurance contracts	146,802	136,387
Policyholders' contract deposits	259,792	258,459
Other policyholders' funds	13,940	12,599
Commissions, expenses and taxes payable	5,577	6,310
Insurance balances payable	5,428	4,878
Funds held by companies under reinsurance treaties	2,462	2,501
Current and deferred income taxes payable	-	3,823
Financial services liabilities:		
Securities sold under agreements to repurchase, at fair value	8,407	8,331
Trade payables	3,094	6,445
Securities and spot commodities sold but not yet purchased	2,566	4,709
Unrealized loss on swaps, options and forward transactions	6,325	14,817
Trust deposits and deposits due to banks and other depositors	5,946	4,903
Commercial paper and extendible commercial notes	5,600	13,114
Federal Reserve Bank of New York credit facility	62,960	-
Other long-term borrowings	155,990	162,935
Separate and variable accounts	65,472	78,684
Securities lending payable	42,800	81,965
Minority interest	11,713	10,422
Other liabilities	<u>26,756</u>	<u>27,975</u>
Total liabilities	950,955	952,460
Preferred shareholders' equity in subsidiary companies	100	100
Shareholders' equity:		
Common stock	7,370	6,878
Additional paid-in capital	32,501	2,848
Payments advanced to purchase shares	-	(912)
Unrealized appreciation (depreciation) of investments, net of taxes *	(9,113)	4,375
Cash flow hedging activities, net of taxes	(86)	(87)
Foreign currency translation adjustments, net of taxes	301	880
Retirement plan liabilities adjustment, net of taxes	(582)	(525)
Retained earnings *	49,291	89,029
Treasury stock, at cost	<u>(8,500)</u>	<u>(6,685)</u>
Total shareholders' equity	71,182	95,801
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	\$ <u>1,022,237</u>	\$ <u>1,048,361</u>

* Includes a reduction of \$105 million and \$1.00 billion to Unrealized appreciation (depreciation) of investments and Retained earnings opening balances, respectively, due to the cumulative effect of adopting FAS 157 and 159.

American International Group, Inc. Debt and Capital Structure

(dollars in millions)

	September 30, 2008	June 30, 2008	Sequential % Chg	December 31, 2007	% Chg
Financial debt:					
Fed Facility	\$ 62,960	\$ -	NM %	\$ -	NM %
AIG notes and bonds payable	12,036	12,960	(7.1)	14,588	(17.5)
AIG loans and mortgage payable	376	893	(57.9)	729	(48.4)
AIG LH notes and bonds payable	798	797	0.1	797	0.1
Liabilities connected to trust preferred stock	1,414	1,415	(0.1)	1,435	(1.5)
AIG loans to financial services subsidiaries	(1,078)	(1,172)	(8.0)	-	NM
Net (deposit) / loan with AIG Funding	(6,745)	497	NM	(1,143)	NM
Total	69,761	15,390	353.3	16,406	325.2
Operating debt:					
AIG Funding commercial paper	1,944	5,765	(66.3)	4,222	(54.0)
MIP matched notes and bonds payable	13,871	14,621	(5.1)	14,267	(2.8)
AIGFP matched notes and bonds payable	4,204	998	321.2	874	381.0
AIGFP borrowings	39,149	53,839	(27.3)	65,447	(40.2)
ILFC borrowings	34,566	32,425	6.6	31,219	10.7
AGF borrowings	26,365	25,465	3.5	26,519	(0.6)
AIGCFG borrowings	2,203	2,530	(12.9)	2,126	3.6
AIG Finance Taiwan Limited commercial paper	8	3	166.7	-	NM
Other subsidiaries	694	709	(2.1)	775	(10.5)
Borrowings of consolidated investments	5,858	7,472	(21.6)	7,242	(19.1)
AIG loans to financial services subsidiaries	1,078	1,172	(8.0)	-	NM
Net (deposit) / loan with AIG Funding	6,745	(497)	NM	1,143	490.1
Total	136,685	144,502	(5.4)	153,834	(11.1)
Hybrid - debt securities:					
Junior subordinated debt	12,224	12,866	(5.0)	5,809	110.4
Hybrid - mandatorily convertible units:					
Junior subordinated debt attributable to equity units	5,880	5,880	0.0	-	NM
Total debt and hybrid capital	\$ 224,550	\$ 178,638	25.7 %	\$ 176,049	27.5 %
AIG capitalization:					
Shareholders' equity *	\$ 71,182	\$ 78,088	(8.8) %	\$ 95,801	(25.7) %
Hybrid - debt securities	12,224	12,866	(5.0)	5,809	110.4
Hybrid - mandatorily convertible units	5,880	5,880	0.0	-	NM
Total equity and hybrid capital	89,286	96,834	(7.8)	101,610	(12.1)
Financial debt	69,761	15,390	353.3	16,406	325.2
Total capital	\$ 159,047	\$ 112,224	41.7 %	\$ 118,016	34.8 %
Ratios:					
Shareholders' equity / Total capital	44.7%	69.6%		81.2%	
Hybrid - debt securities / Total capital	7.7%	11.5%		4.9%	
Hybrid - mandatorily convertible units / Total capital	3.7%	5.2%		-	
Financial debt / Total capital	43.9%	13.7%		13.9%	

* Includes unrealized appreciation / depreciation of investments.

American International Group, Inc.
Book Value per Share

	<u>Book Value Per Share</u>	<u>Book Value Per Share excluding URA (1)</u>	<u>Shareholders' Equity (in millions)</u>	<u>Shareholders' Equity excluding URA (1) (in millions)</u>
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
March 31, 2003	23.56	20.61	61,462	53,750
June 30, 2003	25.98	21.44	67,774	55,933
September 30, 2003	25.54	22.17	66,612	57,807
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 (2)	31.93	32.96	79,703	82,257
June 30, 2008 (2)	29.04	30.97	78,088	83,259
September 30, 2008 (2)	\$ 26.46 (3)	\$ 29.85	\$ 71,182	\$ 80,295

- Note: (1) Unrealized appreciation / depreciation of investments (URA), net of taxes.
(2) Includes a reduction of \$1.11 billion to opening shareholders' equity due to the cumulative effect of adopting FAS 157 and 159.
(3)

Total shareholders' equity	
Total common shares issued - treasury shares	
\$71,181,483,077	
2,948,038,001 - 258,123,304	= \$26.46

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Gross premiums written	\$ 14,534	\$ 14,637	(0.7) %	\$ 14,710	(1.2) %	\$ 45,282	\$ 45,754	(1.0) %
Ceded premiums written	2,808	2,814	(0.2)	2,490	12.8	9,256	9,686	(4.4)
Net premiums written	11,726	11,823	(0.8)	12,220	(4.0)	36,026	36,068	(0.1)
Net premiums earned	11,731	11,433	2.6	12,153	(3.5)	35,241	34,015	3.6
Paid losses	7,480	5,877	27.3	7,160	4.5	21,377	17,761	20.4
Change in net loss reserves	1,407	1,738	(19.0)	1,820	(22.7)	4,558	4,527	0.7
Less foreign exchange effect	(765)	224	NM	193	NM	(502)	438	NM
Losses and loss expenses incurred (1) (2) (3)	9,652	7,391	30.6	8,787	9.8	26,437	21,850	21.0
Statutory underwriting expenses (4)	3,673	3,019	21.7	3,106	18.3	9,972	8,665	15.1
Statutory underwriting profit	(1,594)	1,023	NM	260	NM	(1,168)	3,500	NM
Change in deferred acquisition costs	(40)	91	NM	(37)	NM	162	437	(62.9)
Underwriting profit	(1,634)	1,114	NM	223	NM	(1,006)	3,937	NM
Net investment income (5)								
Interest and dividends	1,263	1,246	1.4	1,212	4.2	3,741	3,555	5.2
Partnership income	(242)	268	NM	(14)	NM	(190)	957	NM
Mutual funds	(270)	(27)	NM	56	NM	(306)	237	NM
Securities lending	2	2	0.0	2	0.0	5	5	0.0
Other investment income (6)	104	36	188.9	68	52.9	245	283	(13.4)
Investment expense	(122)	(131)	(6.9)	(157)	(22.3)	(388)	(452)	(14.2)
Total	735	1,394	(47.3)	1,167	(37.0)	3,107	4,585	(32.2)
Operating income before net realized capital gains (losses)	(899)	2,508	NM	1,390	NM	2,101	8,522	(75.3)
Net realized capital gains (losses) (5)	(1,658)	(69)	NM	(563)	NM	(2,494)	(11)	NM
Operating income (loss)	<u>\$ (2,557)</u>	<u>\$ 2,439</u>	NM %	<u>\$ 827</u>	NM %	<u>\$ (393)</u>	<u>\$ 8,511</u>	NM %
Net loss and loss expense reserve (at period end)				<u>\$ 72,654</u>	1.9 %	<u>\$ 74,068</u>	<u>\$ 67,157</u>	10.3 %
Underwriting ratios: (7)								
Loss ratio (3)	82.28	64.64		72.30		75.02	64.24	
Expense ratio	31.33	25.53		25.41		27.68	24.02	
Combined ratio	113.61	90.17		97.71		102.70	88.26	
Combined ratio excluding significant current year catastrophe-related losses	101.74	89.96		97.05		98.30	87.95	
Foreign exchange effect on worldwide growth:								
Net premiums written								
Growth in original currency (8)		(2.9) %				(2.8) %		
Foreign exchange effect		2.1				2.7		
Growth as reported in U.S. \$		(0.8) %				(0.1) %		

(See Accompanying Notes on Page 20)

American International Group, Inc.
Reconciliation of Net Loss Reserves

(in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
Net reserve for losses and loss expenses at beginning of period - Consolidated *	\$ 72,331	\$ 65,197	\$ 70,507	\$ 69,288	\$ 62,630
Foreign exchange effect	(765)	224	193	(502)	438
Losses and loss expenses incurred:					
Current year	9,723	7,636	8,620	26,364	22,185
Prior years:					
Other than the accretion of loss reserve discount and Transatlantic's general insurance operations	(145)	(348)	95	(180)	(602)
Transatlantic general insurance operations including prior year catastrophe development	1	11	(2)	2	47
Asbestos settlements *	-	-	-	(37)	(50)
Accretion of loss reserve discount	79	92	72	255	220
Total prior years *	(65)	(245)	165	40	(385)
 Total losses and loss expenses incurred	 9,658	 7,391	 8,785	 26,404	 21,800
 Losses and loss expenses paid *	 7,471	 5,875	 7,154	 21,437	 17,931
Net reserve for losses and loss expenses at end of period - Consolidated *	<u>\$ 73,753</u>	<u>\$ 66,937</u>	<u>\$ 72,331</u>	<u>\$ 73,753</u>	<u>\$ 66,937</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 20)

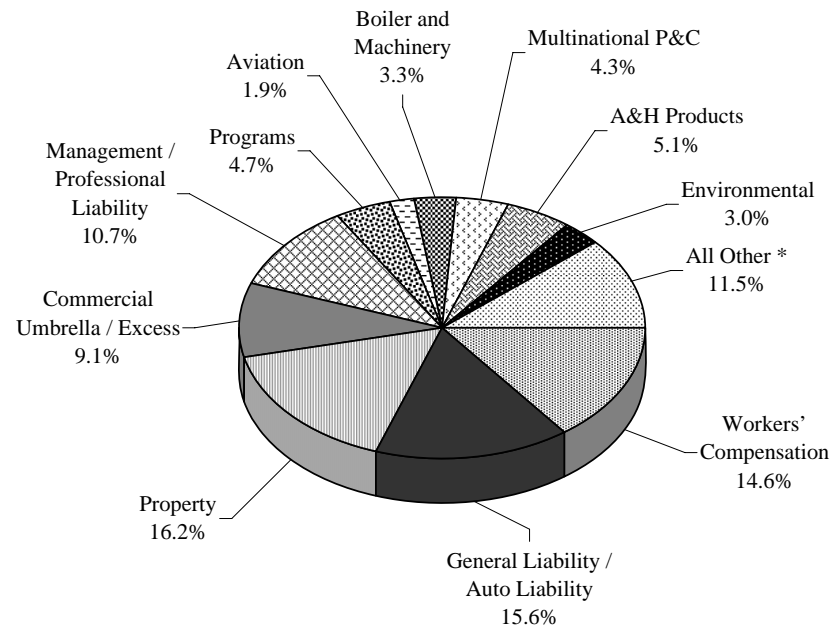
American International Group, Inc.
AIG Commercial Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Net premiums written	\$ 5,597	\$ 6,012	(6.9) %	\$ 5,988	(6.5) %	\$ 16,698	\$ 18,460	(9.5) %
Net premiums earned	5,735	5,942	(3.5)	5,912	(3.0)	17,064	17,919	(4.8)
Losses and loss expenses incurred (1) (2) (10)	4,936	3,772	30.9	4,383	12.6	13,294	11,741	13.2
Statutory underwriting expenses	1,225	1,156	6.0	1,172	4.5	3,621	3,434	5.4
Statutory underwriting profit (loss)	(426)	1,014	NM	357	NM	149	2,744	(94.6)
Change in deferred acquisition costs	(53)	21	NM	(1)	NM	(57)	106	NM
Underwriting profit (loss)	(479)	1,035	NM	356	NM	92	2,850	(96.8)
Net investment income								
Interest and dividends	752	744	1.1	712	5.6	2,239	2,166	3.4
Partnership income	(170)	224	NM	(61)	NM	(193)	772	NM
Mutual funds	(60)	(5)	NM	19	NM	(80)	103	NM
Securities lending	2	-	NM	1	100.0	3	-	NM
Other investment income (6)	73	12	NM	32	128.1	151	218	(30.7)
Investment expense	(85)	(121)	(29.8)	(116)	(26.7)	(278)	(388)	(28.4)
Total	512	854	(40.0)	587	(12.8)	1,842	2,871	(35.8)
Operating income before net realized capital gains (losses)	33	1,889	(98.3)	943	(96.5)	1,934	5,721	(66.2)
Net realized capital gains (losses)	(1,142)	(60)	NM	(562)	NM	(1,877)	(59)	NM
Operating income (loss)	\$ (1,109)	\$ 1,829	NM %	\$ 381	NM %	\$ 57	\$ 5,662	(99.0) %
Underwriting ratios:								
Loss ratio	86.06	63.47		74.14		77.90	65.52	
Expense ratio	21.85	19.24		19.60		21.68	18.61	
Combined ratio	107.91	82.71		93.74		99.58	84.13	
Combined ratio excluding significant current year catastrophe-related losses	89.13	82.71		92.50		92.35	84.13	

(See Accompanying Notes on Page 20)

American International Group, Inc.
AIG Commercial Insurance
Nine Months Ended September 30, 2008

Gross Premiums Written by Line of Business



Gross Premiums Written
\$22.1 billion

* All Other includes \$1.2 billion of Personal Lines premiums.

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Net premiums written:								
aigdirect.com	\$ 685	\$ 771	(11.2) %	\$ 674	1.6 %	\$ 2,132	\$ 2,249	(5.2) %
Agency Auto	172	290	(40.7)	250	(31.2)	722	874	(17.4)
Private Client Group	250	192	30.2	305	(18.0)	770	563	36.8
Other	<u>1</u>	<u>-</u>	NM	<u>1</u>	0.0	<u>2</u>	<u>(1)</u>	NM
Subtotal	1,108	1,253	(11.6)	1,230	(9.9)	3,626	3,685	(1.6)
Net premiums earned	1,183	1,193	(0.8)	1,209	(2.2)	3,591	3,516	2.1
Losses and loss expenses incurred (1) (2)	867	913	(5.0)	931	(6.9)	2,748	2,553	7.6
Statutory underwriting expenses (9)	307	320	(4.1)	320	(4.1)	939	914	2.7
Statutory underwriting profit (loss)	9	(40)	NM	(42)	NM	(96)	49	NM
Change in deferred acquisition costs	(10)	9	NM	13	NM	16	31	(48.4)
Underwriting profit (loss)	(1)	(31)	NM	(29)	NM	(80)	80	NM
Net investment income								
Interest and dividends	57	61	(6.6)	58	(1.7)	174	179	(2.8)
Partnership income	(1)	1	NM	1	NM	-	1	NM
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	-	-	NM	-	NM	-	-	NM
Other investment income	-	(1)	NM	-	NM	-	-	NM
Investment expense	<u>(3)</u>	<u>(2)</u>	50.0	<u>(3)</u>	0.0	<u>(8)</u>	<u>(7)</u>	14.3
Total	53	59	(10.2)	56	(5.4)	166	173	(4.0)
Operating income before net realized capital gains (losses)	52	28	85.7	27	92.6	86	253	(66.0)
Net realized capital gains (losses)	<u>(29)</u>	<u>-</u>	NM	<u>(6)</u>	NM	<u>(39)</u>	<u>(1)</u>	NM
Operating income	<u>\$ 23</u>	<u>\$ 28</u>	(17.9) %	<u>\$ 21</u>	9.5 %	<u>\$ 47</u>	<u>\$ 252</u>	(81.3) %
Underwriting ratios:								
Loss ratio	73.27	76.55		77.05		76.53	72.62	
Expense ratio	27.81	25.53		25.96		25.91	24.79	
Combined ratio	101.08	102.08		103.01		102.44	97.41	
Combined ratio excluding significant current year catastrophe-related losses	98.39	102.08		102.85		101.50	97.41	

(See Accompanying Notes on Page 20)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Net premiums written	\$ 280	\$ 303	(7.6) %	\$ 288	(2.8) %	\$ 872	\$ 841	3.7 %
Net premiums earned	254	226	12.4	269	(5.6)	779	657	18.6
Losses and loss expenses incurred (2)	906	445	103.6	785	15.4	2,294	925	148.0
Statutory underwriting expenses (4)	503	51	NM	48	NM	611	170	259.4
Statutory underwriting loss	(1,155)	(270)	NM	(564)	NM	(2,126)	(438)	NM
Change in deferred acquisition costs	(9)	13	NM	2	NM	4	34	(88.2)
Underwriting loss	(1,164)	(257)	NM	(562)	NM	(2,122)	(404)	NM
Net investment income								
Interest and dividends	48	42	14.3	43	11.6	136	118	15.3
Partnership income	-	-	NM	-	NM	-	-	NM
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	-	-	NM	-	NM	-	-	NM
Other investment income	1	-	NM	1	0.0	2	1	100.0
Investment expense	(1)	-	NM	-	NM	(2)	(1)	100.0
Total	48	42	14.3	44	9.1	136	118	15.3
Operating loss before net realized capital gains (losses)	(1,116)	(215)	NM	(518)	NM	(1,986)	(286)	NM
Net realized capital gains (losses)	(2)	(1)	NM	-	NM	(4)	(3)	NM
Operating loss	<u>\$ (1,118)</u>	<u>\$ (216)</u>	NM %	<u>\$ (518)</u>	NM %	<u>\$ (1,990)</u>	<u>\$ (289)</u>	NM %
Underwriting ratios:								
Loss ratio excluding second-lien business	279.41	196.95		291.99		224.96	140.91	
Effect of second-lien business	77.58	-		-		69.69	-	
Loss ratio including second-lien business	356.99	196.95		291.99		294.65	140.91	
Expense ratio excluding second-lien business	20.38	16.76		16.47		20.31	20.16	
Effect of second-lien business	158.98	-		-		49.72	-	
Expense ratio including second-lien business	179.36	16.76		16.47		70.03	20.16	
Combined ratio excluding second-lien business	299.79	213.71		308.46		245.27	161.07	
Combined ratio including second-lien business	536.35	213.71		308.46		364.68	161.07	

(See Accompanying Notes on Page 20)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Net premiums written:								
Domestic first-lien	\$ 165	\$ 152	8.6 %	\$ 173	(4.6) %	\$ 512	\$ 421	21.6 %
Domestic second-lien	54	49	10.2	63	(14.3)	172	151	13.9
Student loan	5	23	(78.3)	-	NM	20	56	(64.3)
International	56	80	(30.0)	48	16.7	160	199	(19.6)
Other	-	(1)	NM	4	NM	8	14	(42.9)
Total	<u>280</u>	<u>303</u>	(7.6)	<u>288</u>	(2.8)	<u>872</u>	<u>841</u>	3.7
Statutory underwriting profit (loss):								
Domestic first-lien	(364)	(56)	NM	(279)	NM	(839)	(31)	NM
Domestic second-lien	(749)	(211)	NM	(275)	NM	(1,221)	(388)	NM
Student loan	(5)	1	NM	3	NM	2	1	100.0
International	(37)	(6)	NM	(14)	NM	(69)	(17)	NM
Other	-	2	NM	1	NM	1	(3)	NM
Total	<u>\$ (1,155)</u>	<u>\$ (270)</u>	NM %	<u>\$ (564)</u>	NM %	<u>\$ (2,126)</u>	<u>\$ (438)</u>	NM %
Loss ratio:								
Domestic first-lien	308.14	118.24		253.86		255.30	87.61	
Domestic second-lien	654.32	512.27		556.02		548.92	343.13	
Student loan	141.01	73.53		69.37		79.48	75.42	
International	161.03	44.15		97.07		117.46	34.49	
Other	NM	NM		NM		NM	NM	
Total	356.99	196.95		291.99		294.65	140.91	

American International Group, Inc.
Transatlantic Holdings, Inc. Insurance Operating Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Net premiums written:								
Domestic	\$ 525	\$ 472	11.2 %	\$ 455	15.4 %	\$ 1,528	\$ 1,482	3.1 %
International	569	513	10.9	533	6.8	1,590	1,470	8.2
Subtotal	1,094	985	11.1	988	10.7	3,118	2,952	5.6
Net premiums earned	1,027	960	7.0	1,023	0.4	3,067	2,873	6.8
Losses and loss expenses incurred (1) (2) (11)	848	630	34.6	681	24.5	2,204	1,948	13.1
Statutory underwriting expenses	275	277	(0.7)	276	(0.4)	839	819	2.4
Statutory underwriting profit (loss)	(96)	53	NM	66	NM	24	106	(77.4)
Change in deferred acquisition costs	7	8	(12.5)	(5)	NM	8	22	(63.6)
Underwriting profit (loss)	(89)	61	NM	61	NM	32	128	(75.0)
Net investment income								
Interest and dividends	112	112	0.0	118	(5.1)	346	325	6.5
Partnership income	(6)	1	NM	1	NM	(4)	22	NM
Mutual funds	1	-	NM	-	NM	1	-	NM
Securities lending	-	1	NM	1	NM	2	2	0.0
Other investment income (6)	7	2	250.0	3	133.3	11	6	83.3
Investment expense	(3)	(3)	0.0	(3)	0.0	(8)	(7)	14.3
Total	111	113	(1.8)	120	(7.5)	348	348	0.0
Operating income before net realized capital gains (losses)	22	174	(87.4)	181	(87.8)	380	476	(20.2)
Net realized capital gains (losses)	(177)	15	NM	(40)	NM	(232)	32	NM
Operating income (loss)	<u>\$ (155)</u>	<u>\$ 189</u>	NM %	<u>\$ 141</u>	NM %	<u>\$ 148</u>	<u>\$ 508</u>	(70.9) %
Underwriting ratios:								
Loss ratio	82.60	65.64		66.55		71.88	67.79	
Expense ratio	25.20	28.10		27.85		26.91	27.74	
Combined ratio	107.80	93.74		94.40		98.79	95.53	
Combined ratio excluding significant current year catastrophe-related losses	93.20	93.65		94.40		93.90	95.17	
Foreign exchange effect on Transatlantic's growth:								
Net premiums written								
Growth in original currency (8)	9.8 %					2.7 %		
Foreign exchange effect	1.3					2.9		
Growth as reported in U.S. \$	11.1 %					5.6 %		

(See Accompanying Notes on Page 20)

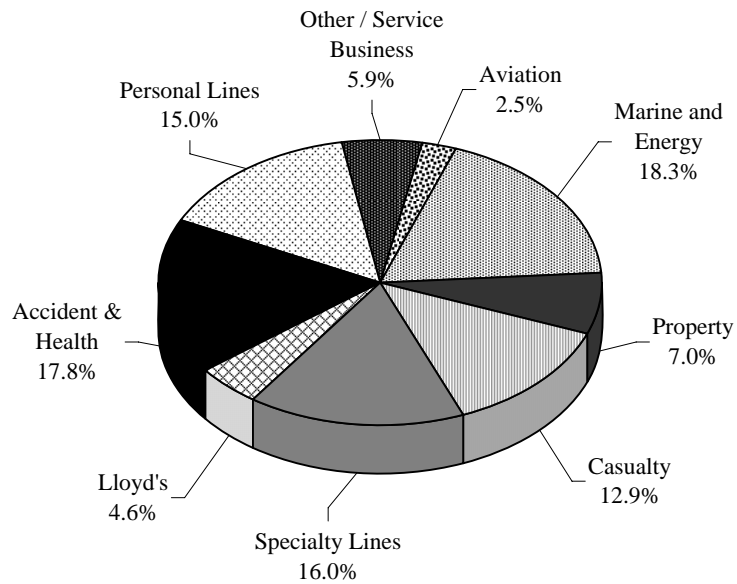
American International Group, Inc.
Foreign General Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Net premiums written	\$ 3,647	\$ 3,270	11.5 %	\$ 3,726	(2.1) %	\$ 11,712	\$ 10,130	15.6 %
Net premiums earned	3,532	3,112	13.5	3,740	(5.6)	10,740	9,050	18.7
Losses and loss expenses incurred (1) (2) (3) (10)	2,095	1,631	28.4	2,007	4.4	5,897	4,683	25.9
Statutory underwriting expenses (11)	1,363	1,215	12.2	1,290	5.7	3,962	3,328	19.1
Statutory underwriting profit	74	266	(72.2)	443	(83.3)	881	1,039	(15.2)
Change in deferred acquisition costs	25	40	(37.5)	(46)	NM	191	244	(21.7)
Underwriting profit	99	306	(67.6)	397	(75.1)	1,072	1,283	(16.4)
Net investment income								
Interest and dividends	288	286	0.7	278	3.6	835	763	9.4
Partnership income	(65)	42	NM	45	NM	7	162	(95.7)
Mutual funds	(211)	(22)	NM	37	NM	(227)	134	NM
Securities lending	-	1	NM	-	NM	-	3	NM
Other investment income (6)	23	23	0.0	32	(28.1)	81	58	39.7
Investment expense	(30)	(5)	NM	(35)	(14.3)	(92)	(49)	87.8
Total	5	325	(98.5)	357	(98.6)	604	1,071	(43.6)
Operating income before net realized capital gains (losses)	104	631	(83.5)	754	(86.2)	1,676	2,354	(28.8)
Net realized capital gains (losses)	(313)	(24)	NM	42	NM	(353)	29	NM
Operating income (loss) (12)	<u>\$ (209)</u>	<u>\$ 607</u>	NM %	<u>\$ 796</u>	NM %	<u>\$ 1,323</u>	<u>\$ 2,383</u>	(44.5) %
Underwriting ratios:								
Loss ratio (3)	59.31	52.40		53.65		54.91	51.74	
Expense ratio	37.40	37.14		34.62		33.83	32.85	
Combined ratio	96.71	89.54		88.27		88.74	84.59	
Combined ratio excluding significant current year catastrophe-related losses	92.97	88.78		88.13		87.47	83.58	
Foreign exchange effect on Foreign General's growth:								
Net premiums written								
Growth in original currency (8)	4.2 %					6.8 %		
Foreign exchange effect	7.3					8.8		
Growth as reported in U.S. \$	11.5 %					15.6 %		

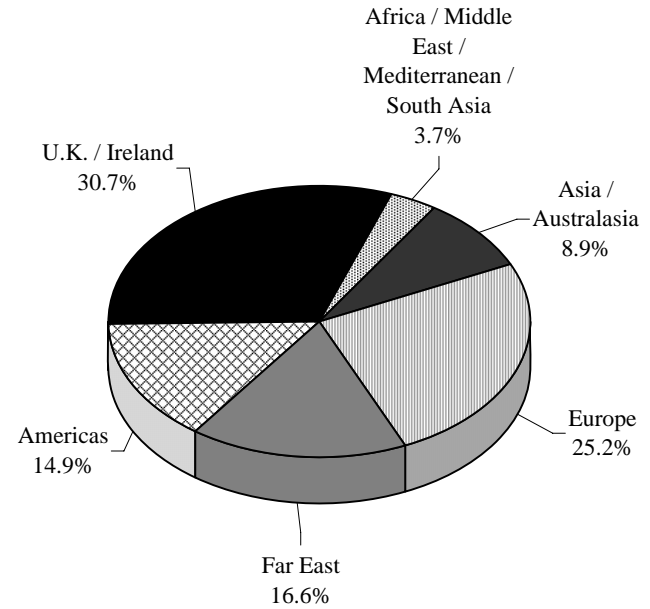
(See Accompanying Notes on Page 20)

American International Group, Inc.
Foreign General Insurance Gross Premiums Written
Nine Months Ended September 30, 2008

Gross Premiums Written by Division



Gross Premiums Written by Region



Gross Premiums Written
\$17.8 billion

American International Group, Inc. General Insurance Notes

- (1) Includes significant current year catastrophe-related losses and net reinstatement premiums, primarily hurricanes Ike and Gustav in 2008, as follows:

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
AIG Commercial Insurance	\$1,077	\$-	\$74	\$1,234	\$-
Personal Lines	32	-	2	34	-
Transatlantic	149	1	-	149	10
Foreign General	133	23	5	138	91
Total	\$1,391	\$24	\$81	\$1,555	\$101

- (2) The following table summarizes development, (favorable) or unfavorable, of incurred losses and loss expenses for prior years (other than accretion of discount).

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
AIG Commercial Insurance	\$(156)	\$(313)	\$75	\$(298)	\$(465)
Personal Lines	(9)	32	29	56	(29)
Mortgage Guaranty	69	(27)	(10)	127	-
Foreign General	(49)	(40)	1	(65)	(108)
Subtotal	(145)	(348)	95	(180)	(602)
Transatlantic	1	11	(2)	2	47
Asbestos settlement	-	-	-	(37)	(50)
Total	\$(144)	\$(337)	\$93	\$(215)	\$(605)

- (3) Total General Insurance and Foreign General both include changes in future policy benefits for certain accident and health insurance contracts.
(4) Statutory underwriting expenses in both the three and nine months ended September 30, 2008 include \$453 million of expenses related to UGC's premium deficiency reserve recorded on its second-lien business.
(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 3.9 and 1.3 points, respectively, due to the premium deficiency reserve noted above.
(8) Computed using a constant exchange rate throughout each period.
(9) Statutory underwriting expenses include the results of wholly owned Personal Lines agencies and the amortization of advertising costs.
(10) Includes severe but non-catastrophic losses as follows:

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
AIG Commercial Insurance	\$-	\$-	\$11	\$11	\$-
Transatlantic	-	2	-	-	42
Foreign General	30	42	49	140	81
Total	\$30	\$44	\$60	\$151	\$123

- (11) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.
(12) 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*

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations	\$ <u>22,915</u>	\$ <u>24,177</u>	(5.2) %	\$ <u>25,653</u>	(10.7) %	\$ <u>74,661</u>	\$ <u>67,598</u>	10.4 %
Revenues:								
Premiums and other considerations	\$ 9,354	\$ 8,300	12.7 %	\$ 9,585	(2.4) %	\$ 28,257	\$ 24,895	13.5 %
Net investment income								
Interest and dividends	5,171	4,783	8.1	4,824	7.2	14,712	13,971	5.3
Partnership income (loss) excluding synfuels	(571)	32	NM	86	NM	(441)	588	NM
Partnership loss - synfuels	(2)	(26)	NM	(4)	NM	(10)	(101)	NM
Mutual funds	(365)	4	NM	79	NM	(368)	172	NM
Trading account losses	(501)	(79)	NM	(133)	NM	(722)	(93)	NM
Securities lending	100	12	NM	61	63.9	178	48	270.8
Other	188	79	138.0	173	8.7	490	203	141.4
Investment expenses	(113)	(132)	(14.4)	(117)	(3.4)	(375)	(346)	8.4
Net investment income before policyholder investment income and trading gains (losses)	3,907	4,673	(16.4)	4,969	(21.4)	13,464	14,442	(6.8)
Net investment income related to policyholder investment income and trading gains (losses)	(1,562)	150	NM	617	NM	(1,730)	2,026	NM
Total net investment income	2,345	4,823	(51.4)	5,586	(58.0)	11,734	16,468	(28.7)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	13,261	12,973	2.2	14,554	(8.9)	41,721	39,337	6.1
Total revenues excluding net realized capital gains (losses)	11,699	13,123	(10.9)	15,171	(22.9)	39,991	41,363	(3.3)
Benefits and expenses:								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	9,043	8,054	12.3	9,059	(0.2)	26,812	24,131	11.1
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(1,562)	150	NM	617	NM	(1,730)	2,026	NM
Incurred policy losses and benefits	7,481	8,204	(8.8)	9,676	(22.7)	25,082	26,157	(4.1)
Insurance acquisition and other operating expenses	3,206	2,429	32.0	2,886	11.1	8,750	7,280	20.2
Total benefits and expenses	10,687	10,633	0.5	12,562	(14.9)	33,832	33,437	1.2
Operating income excluding net realized capital gains (losses)	1,012	2,490	(59.4)	2,609	(61.2)	6,159	7,926	(22.3)
Net realized capital gains (losses)	(16,341)	(491)	NM	(5,010)	NM	(25,720)	(1,026)	NM
Operating income (loss)	\$ (15,329)	\$ 1,999	NM %	\$ (2,401)	NM %	\$ (19,561)	\$ 6,900	NM %
Foreign exchange effect on worldwide growth:								
Premiums, deposits and other considerations								
Growth in original currency**	(7.6) %					7.0 %		
Foreign exchange effect	2.4					3.4		
Growth as reported in U.S. \$	(5.2)					10.4		
Premiums and other considerations								
Growth in original currency**	6.7					7.1		
Foreign exchange effect	6.0					6.4		
Growth as reported in U.S. \$	12.7 %					13.5 %		
Gross life insurance in force (at period end)				\$ 2,453,094	(1.3) %	\$ 2,422,283	\$ 2,202,022	10.0 %

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

** Computed using a constant exchange rate throughout each period.

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations	\$ <u>6,915</u>	\$ <u>6,383</u>	8.3 %	\$ <u>7,274</u>	(4.9) %	\$ <u>21,750</u>	\$ <u>19,117</u>	13.8 %
Revenues:								
Premiums and other considerations	\$ 1,995	\$ 1,795	11.1 %	\$ 1,894	5.3 %	\$ 5,760	\$ 5,274	9.2 %
Net investment income:								
Interest and dividends	2,394	2,441	(1.9)	2,268	5.6	7,002	7,465	(6.2)
Partnership income (loss) excluding synfuels	(531)	32	NM	77	NM	(412)	502	NM
Partnership loss - synfuels	(2)	(26)	NM	(4)	NM	(10)	(101)	NM
Mutual funds	(3)	(1)	NM	3	NM	(2)	4	NM
Securities lending	97	9	NM	56	73.2	168	40	320.0
Other	22	17	29.4	44	(50.0)	85	18	372.2
Investment expenses	(33)	(25)	32.0	(31)	6.5	(96)	(80)	20.0
Net investment income before policyholder investment income and trading gains (losses)	1,944	2,447	(20.6)	2,413	(19.4)	6,735	7,848	(14.2)
Net investment income related to policyholder investment income and trading gains (losses)	(73)	9	NM	11	NM	(85)	9	NM
Total net investment income	1,871	2,456	(23.8)	2,424	(22.8)	6,650	7,857	(15.4)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	3,939	4,242	(7.1)	4,307	(8.5)	12,495	13,122	(4.8)
Total revenues excluding net realized capital gains (losses)	3,866	4,251	(9.1)	4,318	(10.5)	12,410	13,131	(5.5)
Benefits and expenses:								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	2,869	2,548	12.6	2,714	5.7	8,174	7,551	8.3
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(73)	9	NM	11	NM	(85)	9	NM
Incurred policy losses and benefits	2,796	2,557	9.3	2,725	2.6	8,089	7,560	7.0
Insurance acquisition and other operating expenses	1,020	802	27.2	666	53.2	2,263	2,398	(5.6)
Total benefits and expenses	3,816	3,359	13.6	3,391	12.5	10,352	9,958	4.0
Operating income before net realized capital gains (losses)	50	892	(94.4)	927	(94.6)	2,058	3,173	(35.1)
Net realized capital gains (losses)	(12,886)	(629)	NM	(4,101)	NM	(20,634)	(947)	NM
Operating income (loss)	\$ (12,836)	\$ 263	NM %	\$ (3,174)	NM %	\$ (18,576)	\$ 2,226	NM %
Gross life insurance in force (at period end)				\$ 1,014,785	1.3 %	\$ 1,027,600	\$ 964,515	6.5 %

American International Group, Inc.
Domestic Life Insurance Product Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 759	\$ 845	(10.2) %	\$ 878	(13.6) %	\$ 2,436	\$ 2,433	0.1 %
Home service	260	232	12.1	244	6.6	737	692	6.5
Group life/health	215	211	1.9	221	(2.7)	644	645	(0.2)
Payout annuities	867	711	21.9	751	15.4	2,417	1,996	21.1
Individual fixed and runoff annuities	361	163	121.5	256	41.0	701	351	99.7
Total premiums, deposits and other considerations	2,462	2,162	13.9	2,350	4.8	6,935	6,117	13.4
Premiums and other considerations:								
Life insurance (2)	667	586	13.8	621	7.4	1,877	1,767	6.2
Home service	189	189	0.0	186	1.6	563	576	(2.3)
Group life/health	211	211	0.0	218	(3.2)	633	637	(0.6)
Payout annuities (3)	639	494	29.4	564	13.3	1,797	1,370	31.2
Individual fixed and runoff annuities	8	15	(46.7)	15	(46.7)	35	42	(16.7)
Total premiums and other considerations	1,714	1,495	14.6	1,604	6.9	4,905	4,392	11.7
Net investment income (4):								
Life insurance	404	366	10.4	354	14.1	1,154	1,140	1.2
Home service	161	160	0.6	163	(1.2)	477	479	(0.4)
Group life/health	49	48	2.1	48	2.1	144	152	(5.3)
Payout annuities	327	287	13.9	320	2.2	950	852	11.5
Individual fixed and runoff annuities	105	115	(8.7)	110	(4.5)	323	364	(11.3)
Net investment income before policyholder investment income and trading gains (losses)	1,046	976	7.2	995	5.1	3,048	2,987	2.0
Net investment income related to policyholder investment income and trading gains (losses) (5)	(73)	9	NM	11	NM	(85)	9	NM
Total net investment income	973	985	(1.2)	1,006	(3.3)	2,963	2,996	(1.1)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance	545	538	1.3	603	(9.6)	1,707	1,685	1.3
Home service	167	165	1.2	169	(1.2)	507	515	(1.6)
Group life/health	180	110	63.6	163	10.4	494	434	13.8
Payout annuities	880	760	15.8	809	8.8	2,498	2,045	22.2
Individual fixed and runoff annuities	66	73	(9.6)	75	(12.0)	205	226	(9.3)
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	1,838	1,646	11.7	1,819	1.0	5,411	4,905	10.3
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (5)	(73)	9	NM	11	NM	(85)	9	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	1,765	1,655	6.6	1,830	(3.6)	5,326	4,914	8.4
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance (2)	247	219	12.8	193	28.0	653	623	4.8
Home service	96	104	(7.7)	95	1.1	286	298	(4.0)
Group life/health	86	91	(5.5)	86	0.0	256	288	(11.1)
Payout annuities	29	24	20.8	25	16.0	82	71	15.5
Individual fixed and runoff annuities	20	35	(42.9)	27	(25.9)	69	105	(34.3)
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)	\$ 478	\$ 473	1.1 %	\$ 426	12.2 %	\$ 1,346	\$ 1,385	(2.8) %

(See Accompanying Notes on Page 28)

American International Group, Inc.
Domestic Life Insurance Product Statistics (continued)

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 279	\$ 195	43.1 %	\$ 179	55.9 %	\$ 671	\$ 599	12.0 %
Home service	87	80	8.8	85	2.4	247	242	2.1
Group life/health	(6)	58	NM	17	NM	27	67	(59.7)
Payout annuities	57	(3)	NM	50	14.0	167	106	57.5
Individual fixed and runoff annuities	27	22	22.7	23	17.4	84	75	12.0
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	444	352	26.1	354	25.4	1,196	1,089	9.8
Amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	(16)	(2)	NM	(13)	(23.1)	(32)	(7)	NM
Home service	(4)	(1)	NM	(1)	NM	(8)	-	NM
Group life/health	-	-	NM	-	NM	-	-	NM
Payout annuities	-	-	NM	-	NM	-	-	NM
Individual fixed and runoff annuities	(16)	(1)	NM	(3)	NM	(33)	(1)	NM
Total amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	(36)	(4)	NM	(17)	NM	(73)	(8)	NM
Operating income before net realized capital gains (losses):								
Life insurance	295	197	49.7	192	53.6	703	606	16.0
Home service	91	81	12.3	86	5.8	255	242	5.4
Group life/health	(6)	58	NM	17	NM	27	67	(59.7)
Payout annuities	57	(3)	NM	50	14.0	167	106	57.5
Individual fixed and runoff annuities	43	23	87.0	26	65.4	117	76	53.9
Total operating income before net realized capital gains (losses)	480	356	34.8	371	29.4	1,269	1,097	15.7
Net realized capital gains (losses):								
Life insurance	(3,471)	(253)	NM	(1,110)	NM	(5,636)	(213)	NM
Home service	(577)	(29)	NM	(198)	NM	(915)	(42)	NM
Group life/health	(64)	(5)	NM	(13)	NM	(91)	(10)	NM
Payout annuities	(211)	(10)	NM	(33)	NM	(266)	(51)	NM
Individual fixed and runoff annuities	(68)	2	NM	(22)	NM	(147)	(7)	NM
Total net realized capital gains (losses)	(4,391)	(295)	NM	(1,376)	NM	(7,055)	(323)	NM
Operating income (loss):								
Life insurance	(3,176)	(56)	NM	(918)	NM	(4,933)	393	NM
Home service	(486)	52	NM	(112)	NM	(660)	200	NM
Group life/health	(70)	53	NM	4	NM	(64)	57	NM
Payout annuities	(154)	(13)	NM	17	NM	(99)	55	NM
Individual fixed and runoff annuities	(25)	25	NM	4	NM	(30)	69	NM
Total operating income (loss)	\$ (3,911)	\$ 61	NM %	\$ (1,005)	NM %	\$ (5,786)	\$ 774	NM %

(See Accompanying Notes on Page 28)

American International Group, Inc.
Domestic Life Insurance Other Data

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Life insurance								
Periodic premium sales (6):								
Individual/retail	\$ 108	\$ 115	(6.1) %	\$ 115	(6.1) %	\$ 333	\$ 349	(4.6) %
Institutional markets	3	11	(72.7)	10	(70.0)	32	17	88.2
Total periodic premium sales	\$ 111	\$ 126	(11.9) %	\$ 125	(11.2) %	\$ 365	\$ 366	(0.3) %
Periodic premium sales and deposits by product:								
Universal life	42	52	(19.2)	46	(8.7)	135	150	(10.0)
Variable universal life	9	19	(52.6)	15	(40.0)	51	44	15.9
Term life	58	53	9.4	61	(4.9)	171	165	3.6
Whole life/other	2	2	0.0	3	(33.3)	8	7	14.3
Total periodic premium sales	111	126	(11.9)	125	(11.2)	365	366	(0.3)
Unscheduled and single deposits	52	134	(61.2)	113	(54.0)	225	315	(28.6)
Total sales and deposits (6)	163	260	(37.3)	238	(31.5)	590	681	(13.4)
Life insurance reserves:								
General account				19,104	0.2	19,147	18,397	4.1
Separate accounts				5,175	(5.4)	4,893	5,326	(8.1)
Gross life insurance in force				834,593	1.9	850,804	781,853	8.8
Home service								
Life/Accident & Health sales	25	22	13.6	24	4.2	69	71	(2.8)
Fixed annuity sales	54	28	92.9	40	35.0	123	73	68.5
Unscheduled and single deposits	7	4	75.0	5	40.0	17	12	41.7
Total sales and deposits (6)	86	54	59.3	69	24.6	209	156	34.0
Total insurance reserves				7,479	0.4	7,511	7,397	1.5
Gross life insurance in force				66,077	(0.2)	65,935	64,640	2.0
Group life/health								
Sales and deposits (6)	28	28	0.0	31	(9.7)	100	88	13.6
Annualized earned premium				911	1.8	927	915	1.3
Gross life insurance in force				96,962	(3.6)	93,505	97,014	(3.6)
Payout annuities								
Sales and deposits (6)	867	711	21.9	751	15.4	2,417	1,996	21.1
Insurance reserves				17,580	3.5	18,190	15,959	14.0
Individual fixed annuities (including runoff)								
Sales and deposits (6)	\$ 361	\$ 163	121.5 %	256	41.0	701	351	99.7
Insurance reserves				\$ 8,770	(3.0) %	\$ 8,507	\$ 9,913	(14.2) %

(See Accompanying Notes on Page 28)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Life insurance								
Balance at beginning of period	\$ 4,701	\$ 4,234	11.0 %	\$ 4,544	3.5 %	\$ 4,447	\$ 3,919	13.5 %
Acquisition costs deferred	147	145	1.4	162	(9.3)	473	458	3.3
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	16	2	NM	13	23.1	32	7	357.1
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(106)	(83)	NM	(78)	NM	(270)	(235)	NM
Change in unrealized gains (losses) on securities	79	(14)	NM	55	43.6	172	91	89.0
Increase (decrease) due to foreign exchange (7)	(22)	34	NM	5	NM	(39)	78	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>4,815</u>	<u>4,318</u>	11.5	<u>4,701</u>	2.4	<u>4,815</u>	<u>4,318</u>	11.5
Home service								
Balance at beginning of period	1,569	1,548	1.4	1,532	2.4	1,499	1,517	(1.2)
Acquisition costs deferred	41	42	(2.4)	40	2.5	121	129	(6.2)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	4	1	300.0	1	300.0	8	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(44)	(52)	NM	(44)	NM	(131)	(140)	NM
Change in unrealized gains (losses) on securities	95	(10)	NM	40	137.5	168	31	441.9
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	(8)	NM
Balance at end of period	<u>1,665</u>	<u>1,529</u>	8.9	<u>1,569</u>	6.1	<u>1,665</u>	<u>1,529</u>	8.9
Group life/health								
Balance at beginning of period	104	113	(8.0)	104	0.0	106	193	(45.1)
Acquisition costs deferred	3	12	(75.0)	4	(25.0)	12	35	(65.7)
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	(7)	(19)	NM	(6)	NM	(21)	(68)	NM
Change in unrealized gains (losses) on securities	3	-	NM	2	50.0	6	2	200.0
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	(56)	NM
Balance at end of period	<u>\$ 103</u>	<u>\$ 106</u>	(2.8) %	<u>\$ 104</u>	(1.0) %	<u>\$ 103</u>	<u>\$ 106</u>	(2.8) %

(See Accompanying Notes on Page 28)

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					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Payout annuities								
Balance at beginning of period	\$ 81	\$ 68	19.1 %	\$ 78	3.8 %	\$ 75	\$ 62	21.0 %
Acquisition costs deferred	4	5	(20.0)	4	0.0	12	14	(14.3)
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	(1)	(1)	NM	(1)	NM	(3)	(4)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>84</u>	<u>72</u>	16.7	<u>81</u>	3.7	<u>84</u>	<u>72</u>	16.7
Individual fixed and runoff annuities								
Balance at beginning of period	402	409	(1.7)	388	3.6	358	361	(0.8)
Acquisition costs deferred	23	12	91.7	15	53.3	49	32	53.1
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	16	1	NM	3	433.3	33	1	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(13)	(28)	NM	(24)	NM	(53)	(83)	NM
Change in unrealized gains (losses) on securities	28	(9)	NM	19	47.4	69	73	(5.5)
Increase (decrease) due to foreign exchange	(1)	1	NM	1	NM	(1)	2	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>455</u>	<u>386</u>	17.9	<u>402</u>	13.2	<u>455</u>	<u>386</u>	17.9
Total								
Balance at beginning of period	6,857	6,372	7.6	6,646	3.2	6,485	6,052	7.2
Acquisition costs deferred	218	216	0.9	225	(3.1)	667	668	(0.1)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	36	4	NM	17	111.8	73	8	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(171)	(183)	NM	(153)	NM	(478)	(530)	NM
Change in unrealized gains (losses) on securities	205	(33)	NM	116	76.7	415	197	110.7
Increase due to foreign exchange (7)	(23)	35	NM	6	NM	(40)	80	NM
Other	-	-	NM	-	NM	-	(64)	NM
Balance at end of period	<u>\$ 7,122</u>	<u>\$ 6,411</u>	11.1 %	<u>\$ 6,857</u>	3.9 %	<u>\$ 7,122</u>	<u>\$ 6,411</u>	11.1 %

(See Accompanying Notes on Page 28)

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 both the three and nine months ended September, 30, 2008 were positively affected by a \$52 million decrease 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.
- (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 Sept. 30,			Nine Months Ended Sept. 30,		
	2008	2007	% Change	2008	2007	% Change
Base investment income	\$967	\$948	1.8%	\$2,854	\$2,809	1.6%
Partnership income – excluding Synfuels	(3)	26	(111.5)	22	113	(80.5)
Partnership loss - Synfuels	(2)	(26)	(100.0)	(10)	(101)	(91.1)
Other enhancements (a)	84	28	200.0	182	166	9.6
Net investment income before policyholder investment income and trading gains (losses)	1,046	976	7.2	3,048	2,987	2.0
Net investment income related to policyholder investment income and trading gains (losses)	(73)	9	NM	(85)	9	NM
Total net investment income	\$973	\$985	(1.2)%	\$2,963	\$2,996	(1.1)%

(a) Enhancements include gains on calls, prepayments fees and trading gains (losses) not associated with SOP 03-1. The nine months ended September 30, 2008 include a reduction of \$21 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 do not qualify for separate account treatment under AICPA SOP 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts"(SOP 03-1). These amounts are principally offset by an equal change 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					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Group retirement products (1)	\$ 1,829	\$ 2,034	(10.1) %	\$ 1,843	(0.8) %	\$ 5,549	\$ 5,710	(2.8) %
Individual fixed annuities	1,561	993	57.2	1,944	(19.7)	6,036	3,857	56.5
Individual variable annuities	1,051	1,181	(11.0)	1,122	(6.3)	3,190	3,393	(6.0)
Individual annuities - runoff	12	13	(7.7)	15	(20.0)	40	40	0.0
Total premiums, deposits and other considerations	4,453	4,221	5.5	4,924	(9.6)	14,815	13,000	14.0
Fee and other income:								
Group retirement products	102	114	(10.5)	111	(8.1)	320	331	(3.3)
Individual fixed annuities	26	24	8.3	17	52.9	66	75	(12.0)
Individual variable annuities	150	159	(5.7)	157	(4.5)	459	460	(0.2)
Individual annuities - runoff	3	3	0.0	5	(40.0)	10	16	(37.5)
Total fee and other income	281	300	(6.3)	290	(3.1)	855	882	(3.1)
Investment spread:								
Net investment income:								
Group retirement products	307	510	(39.8)	488	(37.1)	1,289	1,721	(25.1)
Individual fixed annuities	499	828	(39.7)	817	(38.9)	2,075	2,723	(23.8)
Individual variable annuities	14	38	(63.2)	34	(58.8)	83	123	(32.5)
Individual annuities - runoff	78	95	(17.9)	79	(1.3)	240	294	(18.4)
Total net investment income	898	1,471	(39.0)	1,418	(36.7)	3,687	4,861	(24.2)
Interest credited:								
Group retirement products	317	297	6.7	306	3.6	924	878	5.2
Individual fixed annuities	546	508	7.5	503	8.5	1,528	1,482	3.1
Individual variable annuities	66	28	135.7	29	127.6	122	83	47.0
Individual annuities - runoff	59	65	(9.2)	61	(3.3)	181	199	(9.0)
Total interest credited	988	898	10.0	899	9.9	2,755	2,642	4.3
Net investment spread:								
Group retirement products	(10)	213	NM	182	NM	365	843	(56.7)
Individual fixed annuities	(47)	320	NM	314	NM	547	1,241	(55.9)
Individual variable annuities	(52)	10	NM	5	NM	(39)	40	NM
Individual annuities - runoff	19	30	(36.7)	18	5.6	59	95	(37.9)
Total net investment spread	(90)	573	NM	519	NM	932	2,219	(58.0)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Group retirement products	133	100	33.0	98	35.7	327	303	7.9
Individual fixed annuities	259	155	67.1	132	96.2	526	439	19.8
Individual variable annuities	607	121	401.7	156	289.1	877	346	153.5
Individual annuities - runoff	13	15	(13.3)	18	(27.8)	44	55	(20.0)
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (2)	\$ 1,012	\$ 391	158.8 %	\$ 404	150.5 %	\$ 1,774	\$ 1,143	55.2 %

(See Accompanying Notes on Pages 37)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Group retirement products	\$ (41)	\$ 227	NM %	\$ 195	NM %	\$ 358	\$ 871	(58.9) %
Individual fixed annuities	(280)	189	NM	199	NM	87	877	(90.1)
Individual variable annuities	(509)	48	NM	6	NM	(457)	154	NM
Individual annuities - runoff	9	18	(50.0)	5	80.0	25	56	(55.4)
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	(821)	482	NM	405	NM	13	1,958	(99.3)
Amortization expense (benefit) of deferred acquisition costs, VOBA an sales inducements related to net realized capital gains (losses):								
Group retirement products	(87)	(9)	NM	(46)	NM	(176)	(19)	NM
Individual fixed annuities	(250)	(30)	NM	(118)	NM	(490)	(75)	NM
Individual variable annuities	(54)	(15)	NM	13	NM	(110)	(21)	NM
Individual annuities - runoff	-	-	NM	-	NM	-	(3)	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	(391)	(54)	NM	(151)	NM	(776)	(118)	NM
Operating income (loss) before net realized capital gains (losses):								
Group retirement products	46	236	(80.5)	241	(80.9)	534	890	(40.0)
Individual fixed annuities	(30)	219	NM	317	NM	577	952	(39.4)
Individual variable annuities	(455)	63	NM	(7)	NM	(347)	175	NM
Individual annuities - runoff	9	18	(50.0)	5	80.0	25	59	(57.6)
Total operating income before net realized capital gains (losses) (3)	(430)	536	NM	556	NM	789	2,076	(62.0)
Net realized capital gains (losses):								
Group retirement products	(2,533)	(116)	NM	(940)	NM	(4,213)	(229)	NM
Individual fixed annuities	(5,209)	(177)	NM	(1,591)	NM	(8,046)	(346)	NM
Individual variable annuities	(375)	(22)	NM	(43)	NM	(670)	(29)	NM
Individual annuities - runoff	(378)	(19)	NM	(151)	NM	(650)	(20)	NM
Total net realized capital gains (losses)	(8,495)	(334)	NM	(2,725)	NM	(13,579)	(624)	NM
Operating income (loss):								
Group retirement products	(2,487)	120	NM	(699)	NM	(3,679)	661	NM
Individual fixed annuities	(5,239)	42	NM	(1,274)	NM	(7,469)	606	NM
Individual variable annuities	(830)	41	NM	(50)	NM	(1,017)	146	NM
Individual annuities - runoff	(369)	(1)	NM	(146)	NM	(625)	39	NM
Total operating income (loss)	\$ (8,925)	\$ 202	NM %	\$ (2,169)	NM %	\$ (12,790)	\$ 1,452	NM %

(See Accompanying Notes on Pages 37)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Group retirement products (4)								
Balance at beginning of period (4)	\$ 66,189	\$ 67,687	(2.2) %	\$ 65,640	0.8 %	\$ 68,109	\$ 64,357	5.8 %
Deposits - annuities (5)	1,450	1,533	(5.4)	1,472	(1.5)	4,375	4,414	(0.9)
Deposits - mutual funds (5)	379	501	(24.4)	371	2.2	1,174	1,296	(9.4)
Deposits - subtotal	1,829	2,034	(10.1)	1,843	(0.8)	5,549	5,710	(2.8)
Surrenders and other withdrawals (5)	(1,637)	(1,649)	0.7	(1,282)	(27.7)	(4,409)	(5,061)	12.9
Death benefits	(56)	(66)	15.2	(64)	12.5	(179)	(196)	8.7
Net flows	136	319	(57.4)	497	(72.6)	961	453	112.1
Change in fair value of underlying investments, interest credited, net of fees	(3,227)	694	NM	52	NM	(5,972)	3,889	NM
Other	-	(1)	NM	-	NM	-	-	NM
Balance at end of period (4)	63,098	68,699	(8.2)	66,189	(4.7)	63,098	68,699	(8.2)
Individual fixed annuities								
Balance at beginning of period	52,077	52,170	(0.2)	51,540	1.0	50,508	52,685	(4.1)
Deposits (5)	1,561	993	57.2	1,944	(19.7)	6,036	3,857	56.5
Surrenders and other withdrawals (5)	(2,096)	(2,092)	(0.2)	(1,461)	(43.5)	(5,136)	(5,611)	8.5
Death benefits	(400)	(436)	8.3	(442)	9.5	(1,224)	(1,293)	5.3
Net flows	(935)	(1,535)	NM	41	NM	(324)	(3,047)	NM
Change in fair value of underlying investments, interest credited, net of fees	481	501	(4.0)	496	(3.0)	1,439	1,498	(3.9)
Balance at end of period	51,623	51,136	1.0	52,077	(0.9)	51,623	51,136	1.0
Individual variable annuities								
Balance at beginning of period	30,667	33,051	(7.2)	30,830	(0.5)	33,108	31,093	6.5
Deposits	1,051	1,181	(11.0)	1,122	(6.3)	3,190	3,393	(6.0)
Surrenders and other withdrawals	(1,254)	(1,031)	(21.6)	(964)	(30.1)	(3,127)	(3,078)	(1.6)
Death benefits	(131)	(124)	(5.6)	(123)	(6.5)	(381)	(374)	(1.9)
Net flows	(334)	26	NM	35	NM	(318)	(59)	NM
Change in fair value of underlying investments, interest credited, net of fees	(2,804)	700	NM	(198)	NM	(5,261)	2,743	NM
Balance at end of period	27,529	33,777	(18.5)	30,667	(10.2)	27,529	33,777	(18.5)
Total								
Balance at beginning of period	148,933	152,908	(2.6)	148,010	0.6	151,725	148,135	2.4
Deposits	4,441	4,208	5.5	4,909	(9.5)	14,775	12,960	14.0
Surrenders and other withdrawals	(4,987)	(4,772)	(4.5)	(3,707)	(34.5)	(12,672)	(13,750)	7.8
Death benefits	(587)	(626)	6.2	(629)	6.7	(1,784)	(1,863)	4.2
Net flows	(1,133)	(1,190)	NM	573	NM	319	(2,653)	NM
Change in fair value of underlying investments, interest credited, net of fees	(5,550)	1,895	NM	350	NM	(9,794)	8,130	NM
Other	-	(1)	NM	-	NM	-	-	NM
Balance at end of period, excluding runoff	142,250	153,612	(7.4)	148,933	(4.5)	142,250	153,612	(7.4)
Individual annuities runoff	5,307	5,829	(9.0)	5,476	(3.1)	5,307	5,829	(9.0)
Balance at end of period	\$ 147,557	\$ 159,441	(7.5) %	\$ 154,409	(4.4) %	\$ 147,557	\$ 159,441	(7.5) %
Total general and separate account reserves and mutual funds								
General account reserve	\$ 91,472	\$ 89,595	2.1 %	\$ 91,467	0.0 %	\$ 91,472	\$ 89,595	2.1 %
Separate account reserve	48,518	61,696	(21.4)	54,629	(11.2)	48,518	61,696	(21.4)
Total general and separate account reserves	139,990	151,291	(7.5)	146,096	(4.2)	139,990	151,291	(7.5)
Group retirement mutual funds	7,567	8,150	(7.2)	8,313	(9.0)	7,567	8,150	(7.2)
Total reserves and mutual funds	\$ 147,557	\$ 159,441	(7.5) %	\$ 154,409	(4.4) %	\$ 147,557	\$ 159,441	(7.5) %
Surrender rates (6)								
Group retirement products (4)	10.0 %	9.8 %		7.7 %		8.9 %	10.2 %	
Individual fixed annuities	16.2 %	16.2 %		11.2 %		13.3 %	14.4 %	
Individual variable annuities	17.0 %	12.5 %		12.2 %		13.6 %	12.7 %	

(See Accompanying Notes on Pages 37)

American International Group, Inc.
Domestic Retirement Services Spread Information

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Spread information								
Group retirement products								
Base investment income (a)	\$ 506	\$ 500	1.2 %	\$ 487	3.9 %	\$ 1,480	\$ 1,492	(0.8) %
Partnerships (b)	(211)	(7)	NM	31	NM	(167)	147	NM
Other enhancements (c)	12	16	(25.0)	(30)	NM	(24)	81	NM
Total net investment income	\$ 307	\$ 509	(39.7) %	\$ 488	(37.1) %	\$ 1,289	\$ 1,720	(25.1) %
Base yield (a)	6.18 %	6.34 %		6.09 %		6.14 %	6.23 %	
Partnerships (b)	(2.85) %	(0.55) %		(0.05) %		(1.08) %	0.15 %	
Other enhancements (c)	0.15 %	0.20 %		(0.38) %		(0.10) %	0.34 %	
Total	3.48 %	5.99 %		5.66 %		4.96 %	6.72 %	
Cost of funds (d)	4.00 %	3.91 %		3.91 %		3.94 %	3.84 %	
Net spread rate, as reported (d)	(0.52) %	2.08 %		1.75 %		1.02 %	2.88 %	
Net spread rate excluding partnerships and other enhancements	2.18 %	2.43 %	(10.3) %	2.18 %	0.0 %	2.20 %	2.39 %	(7.9) %
Individual fixed annuities								
Base investment income (a)	\$ 747	\$ 794	(5.9) %	\$ 730	2.3 %	\$ 2,230	\$ 2,385	(6.5) %
Partnerships (b)	(294)	15	NM	54	NM	(239)	241	NM
Other enhancements (c)	46	19	142.1	33	39.4	84	97	(13.4)
Total net investment income	\$ 499	\$ 828	(39.7) %	\$ 817	(38.9) %	\$ 2,075	\$ 2,723	(23.8) %
Base yield (a)	5.67 %	6.05 %		5.56 %		5.69 %	5.99 %	
Partnerships (b)	(2.47) %	(0.21) %		0.04 %		(0.93) %	0.29 %	
Other enhancements (c)	0.35 %	0.14 %		0.25 %		0.21 %	0.24 %	
Total	3.55 %	5.98 %		5.85 %		4.97 %	6.52 %	
Cost of funds (d)	3.63 %	3.58 %		3.60 %		3.59 %	3.53 %	
Net spread rate, as reported (d)	(0.08) %	2.40 %		2.25 %		1.38 %	2.99 %	
Net spread rate excluding partnerships and other enhancements	2.05 %	2.47 %	(17.0) %	1.96 %	4.6 %	2.10 %	2.46 %	(14.6) %

(See Accompanying Notes on Pages 33)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Spread information								
Individual variable annuities								
Base investment income (a)	\$ 35	\$ 38	(7.9) %	\$ 35	0.0 %	\$ 107	\$ 117	(8.5) %
Partnerships (b)	(23)	(2)	NM	(2)	NM	(28)	1	NM
Other enhancements (c)	2	2	0.0	1	100.0	4	5	(20.0)
Total net investment income	\$ 14	\$ 38	(63.2) %	\$ 34	(58.8) %	\$ 83	\$ 123	(32.5) %
Base yield (a)	5.08 %	5.66 %		5.22 %		5.25 %	5.62 %	
Partnerships (b)	(3.53) %	(0.73) %		(0.67) %		(1.69) %	(0.17) %	
Other enhancements (c)	0.27 %	0.29 %		0.23 %		0.20 %	0.23 %	
Total	1.82 %	5.22 %		4.78 %		3.76 %	5.68 %	
Cost of funds (d)	3.15 %	3.08 %		3.11 %		3.12 %	3.05 %	
Net spread rate, as reported (d)	(1.33) %	2.14 %		1.67 %		0.64 %	2.63 %	
Net spread rate excluding partnerships and other enhancements	1.93 %	2.58 %	(25.2) %	2.11 %	(8.5) %	2.13 %	2.57 %	(17.1) %

(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). The three months and nine months periods of 2008 include a reduction in net investment income of \$57 million as a result of a change in the projected cash flows relating to income taxes with respect to certain leveraged lease investments.

(d) Excludes the amortization of sales inducement assets.

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% chg	June 30, 2008	Sequential % chg	Sept. 30, 2008	Sept. 30, 2007	% chg
Group retirement products								
Balance at beginning of period	\$ 2,394	\$ 2,044	17.1 %	\$ 2,129	12.4 %	\$ 2,074	\$ 1,897	9.3 %
Acquisition costs deferred	55	60	(8.3)	58	(5.2)	167	166	0.6
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	87	9	NM	46	89.1	176	19	NM
Related to unlocking future assumptions	(20)	-	NM	-	NM	(20)	2	NM
All other amortization	(51)	(40)	NM	(34)	NM	(118)	(121)	NM
Change in unrealized gains (losses) on securities	228	(15)	NM	195	16.9	413	95	334.7
Increase due to foreign exchange	(1)	-	NM	-	NM	-	-	NM
Balance at end of period	<u>2,692</u>	<u>2,058</u>	30.8	<u>2,394</u>	12.4	<u>2,692</u>	<u>2,058</u>	30.8
Individual fixed annuities								
Balance at beginning of period	3,549	3,054	16.2	3,227	10.0	2,980	2,835	5.1
Acquisition costs deferred	121	88	37.5	137	(11.7)	421	318	32.4
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	250	30	NM	118	111.9	490	75	NM
Related to unlocking future assumptions	(129)	(15)	NM	-	NM	(129)	(15)	NM
All other amortization	(184)	(162)	NM	(146)	NM	(473)	(462)	NM
Change in unrealized gains (losses) on securities	186	(1)	NM	213	(12.7)	504	243	107.4
Balance at end of period	<u>3,793</u>	<u>2,994</u>	26.7	<u>3,549</u>	6.9	<u>3,793</u>	<u>2,994</u>	26.7
Individual variable annuities								
Balance at beginning of period	1,785	1,726	3.4	1,765	1.1	1,666	1,679	(0.8)
Acquisition costs deferred	71	78	(9.0)	83	(14.5)	229	219	4.6
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	54	15	260.0	(13)	NM	110	21	423.8
Related to unlocking future assumptions	(404)	-	NM	-	NM	(404)	-	NM
All other amortization	(48)	(64)	NM	(79)	NM	(177)	(185)	NM
Change in unrealized gains (losses) on securities	14	(10)	NM	29	(51.7)	48	11	336.4
Balance at end of period	<u>1,472</u>	<u>1,745</u>	(15.6)	<u>1,785</u>	(17.5)	<u>1,472</u>	<u>1,745</u>	(15.6)
Individual annuities - runoff								
Balance at beginning of period	91	115	(20.9)	99	(8.1)	109	127	(14.2)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	3	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(8)	(7)	NM	(8)	NM	(24)	(29)	NM
Change in unrealized gains (losses) on securities	-	20	NM	-	NM	(2)	27	NM
Balance at end of period	<u>83</u>	<u>128</u>	(35.2)	<u>91</u>	(8.8)	<u>83</u>	<u>128</u>	(35.2)
Total								
Balance at beginning of period	7,819	6,939	12.7	7,220	8.3	6,829	6,538	4.5
Acquisition costs deferred	247	226	9.3	278	(11.2)	817	703	16.2
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	391	54	NM	151	158.9	776	118	NM
Related to unlocking future assumptions	(553)	(15)	NM	-	NM	(553)	(13)	NM
All other amortization	(291)	(273)	NM	(267)	NM	(792)	(797)	NM
Change in unrealized gains (losses) on securities	428	(6)	NM	437	(2.1)	963	376	156.1
Increase due to foreign exchange	(1)	-	NM	-	NM	-	-	NM
Balance at end of period	<u>\$ 8,040</u>	<u>\$ 6,925</u>	16.1 %	<u>\$ 7,819</u>	2.8 %	<u>\$ 8,040</u>	<u>\$ 6,925</u>	16.1 %

(See Accompanying Notes on Pages 37)

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

(dollars in millions)

	Sept. 30, 2008		
	Account Value	Net Amount at Risk	Retained NAR
Guaranteed Minimum Death Benefit ("GMDB") Type (including Earnings Enhancement Benefit) (a):			
Return of premium (b)	\$ 3,968	\$ 357	\$ 356
Reset (c)	770	147	147
Ratchet (d)	13,321	2,833	2,329
Roll-up (e)	6,391	1,074	1,019
Combination (f)	201	70	70
Return of premium, with earnings enhancement (g)	2	-	-
Ratchet, with earnings enhancement (h)	1,469	348	129
Roll-up, with earnings enhancement (i)	606	91	23
Combination with earnings enhancement (j)	44	14	14
	<u>26,772</u>	<u>4,934</u>	<u>4,087</u>
Guaranteed Minimum Income Benefit ("GMIB") Type (k):			
Roll-up (e)	454	78	30
No roll-up (l)	4,676	45	21
	<u>5,130</u>	<u>123</u>	<u>51</u>
Guaranteed Minimum Account Value ("GMAV") Type (m):			
Ten year waiting period	1,673	45	45
Guaranteed Minimum Withdrawal Benefit ("GMWB") Type (n):			
Minimum amount guarantees (o)	848	33	33
Lifetime guarantees (p)	6,122	1,089	1,089
	<u>6,970</u>	<u>1,122</u>	<u>1,122</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)

	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Other Data					
S&P 500 Index value	1,166	1,280	1,323	1,469	1,527
Total Account Value	\$ 27,529	\$ 30,668	\$ 30,830	\$ 33,108	\$ 33,777
Account value by benefit type:					
Guaranteed Minimum Death Benefits	26,772	30,159	30,233	32,812	33,484
Guaranteed Minimum Income Benefits	5,130	6,083	6,373	7,226	7,685
Guaranteed Minimum Account Value	1,673	1,968	2,027	2,272	2,365
Guaranteed Minimum Withdrawal Benefits	6,970	7,026	6,381	6,248	5,751
Net amount at risk:					
Guaranteed Minimum Death Benefits	4,934	2,657	2,548	1,250	1,098
Guaranteed Minimum Income Benefits	123	69	84	39	28
Guaranteed Minimum Account Value	45	10	9	1	-
Guaranteed Minimum Withdrawal Benefits	1,122	442	357	45	6
Retained net amount at risk:					
Guaranteed Minimum Death Benefits	4,087	2,172	2,073	1,005	879
Guaranteed Minimum Income Benefits	51	28	34	15	11
Guaranteed Minimum Account Value	45	10	9	1	-
Guaranteed Minimum Withdrawal Benefits	1,122	442	357	45	6
Liability for guaranteed benefits (GMDB & GMIB)	\$ 240	\$ 105	\$ 82	\$ 77	\$ 89

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 \$379 million, \$501 million, \$371 million, \$1,174 million and \$1,296 million for the three months ended September 30, 2008 and 2007 and June 30, 2008, and the nine months ended September 30, 2008 and 2007, respectively.
- (2) Both the three and nine months ended September 30, 2008 include DAC charges of \$654 million 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 nine months ended September 30, 2008 includes a charge of \$31 million, and both the three and nine months ended September 30, 2007 include charges of \$34 million, 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			Nine Months Ended	
	September 30, 2008	September 30, 2007	June 30, 2008	September 30, 2008	September 30, 2007
Beginning Balance	\$8,313	\$7,602	\$8,062	\$8,154	\$6,403
Ending Balance	7,568	8,150	8,313	7,568	8,150

- (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					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations (1)	\$ <u>16,000</u>	\$ <u>17,794</u>	(10.1) %	\$ <u>18,379</u>	(12.9) %	\$ <u>52,911</u>	\$ <u>48,481</u>	9.1 %
Revenues:								
Premiums and other considerations	\$ 7,359	\$ 6,505	13.1 %	\$ 7,691	(4.3) %	\$ 22,497	\$ 19,621	14.7 %
Net investment income:								
Interest and dividends	2,777	2,342	18.6	2,556	8.6	7,710	6,506	18.5
Partnership income (loss)	(40)	-	NM	9	NM	(29)	86	NM
Mutual funds (2)	(362)	5	NM	76	NM	(366)	168	NM
Trading account losses (3)	(501)	(79)	NM	(133)	NM	(722)	(93)	NM
Securities lending	3	3	0.0	5	(40.0)	10	8	25.0
Other	166	62	167.7	129	28.7	405	185	118.9
Investment expenses	(80)	(107)	(25.2)	(86)	(7.0)	(279)	(266)	4.9
Net investment income before policyholder investment income and trading gains (losses)	1,963	2,226	(11.8)	2,556	(23.2)	6,729	6,594	2.0
Net investment income related to policyholder investment income and trading gains (losses) (4)	(1,489)	141	NM	606	NM	(1,645)	2,017	NM
Total net investment income	474	2,367	(80.0)	3,162	(85.0)	5,084	8,611	(41.0)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	9,322	8,731	6.8	10,247	(9.0)	29,226	26,215	11.5
Total revenues excluding net realized capital gains (losses)	7,833	8,872	(11.7)	10,853	(27.8)	27,581	28,232	(2.3)
Benefits and expenses:								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	6,174	5,506	12.1	6,345	(2.7)	18,638	16,580	12.4
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	(1,489)	141	NM	606	NM	(1,645)	2,017	NM
Incurred policy losses and benefits	4,685	5,647	(17.0)	6,951	(32.6)	16,993	18,597	(8.6)
Insurance acquisition and other operating expenses (5)	2,186	1,627	34.4	2,220	(1.5)	6,487	4,882	32.9
Total benefits and expenses	6,871	7,274	(5.5)	9,171	(25.1)	23,480	23,479	0.0
Operating income excluding net realized capital gains (losses)	962	1,598	(39.8)	1,682	(42.8)	4,101	4,753	(13.7)
Net realized capital gains (losses)	(3,455)	138	NM	(909)	NM	(5,086)	(79)	NM
Operating income (losses)	\$ (2,493)	\$ 1,736	NM %	\$ 773	NM %	\$ (985)	\$ 4,674	NM %
Foreign exchange effect on foreign growth:								
Premiums, deposits and other considerations (1)								
Growth in original currency **	(13.4) %					4.4 %		
Foreign exchange impact	3.3					4.7		
Growth as reported in U.S. \$	(10.1)					9.1		
Premiums and other considerations								
Growth in original currency **	5.5					6.6		
Foreign exchange impact	7.6					8.1		
Growth as reported in U.S. \$	13.1 %					14.7 %		
Gross life insurance in force (at period end)				\$ 1,438,309	(3.0) %	\$ 1,394,683	\$ 1,237,507	12.7 %

(See Accompanying Notes on Pages 53 - 54)

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

** Computed using a constant exchange rate throughout each period.

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 8,072	\$ 9,598	(15.9) %	\$ 8,684	(7.0) %	\$ 26,208	\$ 26,566	(1.3) %
Personal accident & health	1,823	1,543	18.1	1,879	(3.0)	5,430	4,542	19.6
Group products	1,606	1,166	37.7	1,464	9.7	4,583	3,303	38.8
Subtotal life insurance	11,501	12,307	(6.5)	12,027	(4.4)	36,221	34,411	5.3
Individual fixed annuities	1,705	1,495	14.0	2,311	(26.2)	5,557	3,870	43.6
Individual variable annuities	2,794	3,992	(30.0)	4,041	(30.9)	11,133	10,200	9.1
Subtotal retirement services	4,499	5,487	(18.0)	6,352	(29.2)	16,690	14,070	18.6
Total premiums, deposits and other considerations	16,000	17,794	(10.1)	18,379	(12.9)	52,911	48,481	9.1
Premiums and other considerations:								
Life insurance	4,282	3,992	7.3	4,634	(7.6)	13,428	12,264	9.5
Personal accident & health	1,788	1,519	17.7	1,855	(3.6)	5,334	4,479	19.1
Group products	962	744	29.3	1,002	(4.0)	2,960	2,187	35.3
Subtotal life insurance	7,032	6,255	12.4	7,491	(6.1)	21,722	18,930	14.7
Individual fixed annuities (6)	221	141	56.7	79	179.7	429	387	10.9
Individual variable annuities	106	109	(2.8)	121	(12.4)	346	304	13.8
Subtotal retirement services	327	250	30.8	200	63.5	775	691	12.2
Total premiums and other considerations	7,359	6,505	13.1	7,691	(4.3)	22,497	19,621	14.7
Net investment income:								
Life insurance (3)	1,426	1,551	(8.1)	1,721	(17.1)	4,626	4,470	3.5
Personal accident & health	124	91	36.3	109	13.8	325	261	24.5
Group products	156	108	44.4	149	4.7	436	310	40.6
Subtotal life insurance	1,706	1,750	(2.5)	1,979	(13.8)	5,387	5,041	6.9
Individual fixed annuities	663	549	20.8	640	3.6	1,902	1,639	16.0
Individual variable annuities (3)	(406)	(73)	NM	(63)	NM	(560)	(86)	NM
Subtotal retirement services	257	476	(46.0)	577	(55.5)	1,342	1,553	(13.6)
Net investment income before policyholder income and trading gains (losses)	1,963	2,226	(11.8)	2,556	(23.2)	6,729	6,594	2.0
Net investment income related to policyholder investment income and trading gains (losses) (4)	(1,489)	141	NM	606	NM	(1,645)	2,017	NM
Total net investment income	474	2,367	(80.0)	3,162	(85.0)	5,084	8,611	(41.0)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance	4,046	3,683	9.9	4,142	(2.3)	12,269	11,415	7.5
Personal accident & health	1,014	856	18.5	1,028	(1.4)	2,934	2,449	19.8
Group products	597	542	10.1	643	(7.2)	1,919	1,459	31.5
Subtotal life insurance	5,657	5,081	11.3	5,813	(2.7)	17,122	15,323	11.7
Individual fixed annuities	522	403	29.5	511	2.2	1,496	1,224	22.2
Individual variable annuities	2	21	(90.5)	20	(90.0)	24	33	(27.3)
Subtotal retirement services	524	424	23.6	531	(1.3)	1,520	1,257	20.9
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	6,181	5,505	12.3	6,344	(2.6)	18,642	16,580	12.4
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	(1,489)	141	NM	606	NM	(1,645)	2,017	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	4,692	5,646	(16.9)	6,950	(32.5)	16,997	18,597	(8.6)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	1,103	885	24.6	1,206	(8.5)	3,427	2,509	36.6
Personal accident & health	504	413	22.0	524	(3.8)	1,502	1,251	20.1
Group products	391	192	103.6	381	2.6	1,100	741	48.4
Subtotal life insurance	1,998	1,490	34.1	2,111	(5.4)	6,029	4,501	33.9
Individual fixed annuities	159	89	78.7	98	62.2	358	293	22.2
Individual variable annuities	73	47	55.3	56	30.4	204	132	54.5
Subtotal retirement services	232	136	70.6	154	50.6	562	425	32.2
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (5)	\$ 2,230	\$ 1,626	37.1 %	\$ 2,265	(1.5) %	\$ 6,591	\$ 4,926	33.8 %

(See Accompanying Notes on Pages 53 - 54)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 559	\$ 975	(42.7) %	\$ 1,007	(44.5) %	\$ 2,358	\$ 2,810	(16.1) %
Personal accident & health	394	341	15.5	412	(4.4)	1,223	1,040	17.6
Group products	130	118	10.2	127	2.4	377	297	26.9
Subtotal life insurance	<u>1,083</u>	<u>1,434</u>	(24.5)	<u>1,546</u>	(29.9)	<u>3,958</u>	<u>4,147</u>	(4.6)
Individual fixed annuities (6)	203	198	2.5	110	84.5	477	509	(6.3)
Individual variable annuities	(375)	(32)	NM	(18)	NM	(442)	53	NM
Subtotal retirement services	<u>(172)</u>	<u>166</u>	NM	<u>92</u>	NM	<u>35</u>	<u>562</u>	(93.8)
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	<u>911</u>	<u>1,600</u>	(43.1)	<u>1,638</u>	(44.4)	<u>3,993</u>	<u>4,709</u>	(15.2)
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	(29)	1	NM	5	NM	(30)	2	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>(29)</u>	<u>1</u>	NM	<u>5</u>	NM	<u>(30)</u>	<u>2</u>	NM
Individual fixed annuities	(22)	1	NM	(49)	NM	(78)	(46)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(22)</u>	<u>1</u>	NM	<u>(49)</u>	NM	<u>(78)</u>	<u>(46)</u>	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	<u>(51)</u>	<u>2</u>	NM	<u>(44)</u>	NM	<u>(108)</u>	<u>(44)</u>	NM
Operating income (loss) before net realized capital gains (losses):								
Life insurance	588	974	(39.6)	1,002	(41.3)	2,388	2,808	(15.0)
Personal accident & health	394	341	15.5	412	(4.4)	1,223	1,040	17.6
Group products	130	118	10.2	127	2.4	377	297	26.9
Subtotal life insurance	<u>1,112</u>	<u>1,433</u>	(22.4)	<u>1,541</u>	(27.8)	<u>3,988</u>	<u>4,145</u>	(3.8)
Individual fixed annuities	225	197	14.2	159	41.5	555	555	0.0
Individual variable annuities	(375)	(32)	NM	(18)	NM	(442)	53	NM
Subtotal retirement services	<u>(150)</u>	<u>165</u>	NM	<u>141</u>	NM	<u>113</u>	<u>608</u>	(81.4)
Total operating income before net realized capital gains (losses) (7)	<u>962</u>	<u>1,598</u>	(39.8)	<u>1,682</u>	(42.8)	<u>4,101</u>	<u>4,753</u>	(13.7)
Net realized capital gains (losses):								
Life insurance	(3,078)	74	NM	(750)	NM	(4,395)	47	NM
Personal accident & health	(71)	12	NM	(26)	NM	(137)	6	NM
Group products	(47)	(37)	NM	(11)	NM	(88)	(64)	NM
Subtotal life insurance	<u>(3,196)</u>	<u>49</u>	NM	<u>(787)</u>	NM	<u>(4,620)</u>	<u>(11)</u>	NM
Individual fixed annuities	(258)	89	NM	(115)	NM	(486)	(68)	NM
Individual variable annuities	(1)	-	NM	(7)	NM	20	-	NM
Subtotal retirement services	<u>(259)</u>	<u>89</u>	NM	<u>(122)</u>	NM	<u>(466)</u>	<u>(68)</u>	NM
Total net realized capital gains (losses)	<u>(3,455)</u>	<u>138</u>	NM	<u>(909)</u>	NM	<u>(5,086)</u>	<u>(79)</u>	NM
Operating income (loss):								
Life insurance	(2,490)	1,048	NM	252	NM	(2,007)	2,855	NM
Personal accident & health	323	353	(8.5)	386	(16.3)	1,086	1,046	3.8
Group products	83	81	2.5	116	(28.4)	289	233	24.0
Subtotal life insurance	<u>(2,084)</u>	<u>1,482</u>	NM	<u>754</u>	NM	<u>(632)</u>	<u>4,134</u>	NM
Individual fixed annuities	(33)	286	NM	44	NM	69	487	(85.8)
Individual variable annuities	(376)	(32)	NM	(25)	NM	(422)	53	NM
Subtotal retirement services	<u>(409)</u>	<u>254</u>	NM	<u>19</u>	NM	<u>(353)</u>	<u>540</u>	NM
Total operating income (losses)	<u>\$ (2,493)</u>	<u>\$ 1,736</u>	NM %	<u>\$ 773</u>	NM %	<u>\$ (985)</u>	<u>\$ 4,674</u>	NM %

(See Accompanying Notes on Pages 53 - 54)

American International Group, Inc.
Japan and Other Product Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 3,994	\$ 5,054	(21.0) %	\$ 3,924	1.8 %	\$ 12,393	\$ 12,376	0.1 %
Personal accident & health	1,295	1,067	21.4	1,358	(4.6)	3,848	3,148	22.2
Group products	1,357	979	38.6	1,250	8.6	3,881	2,780	39.6
Subtotal life insurance	6,646	7,100	(6.4)	6,532	1.7	20,122	18,304	9.9
Individual fixed annuities	1,566	1,322	18.5	2,174	(28.0)	5,091	3,356	51.7
Individual variable annuities	2,718	3,986	(31.8)	3,845	(29.3)	10,718	10,164	5.5
Subtotal retirement services	4,284	5,308	(19.3)	6,019	(28.8)	15,809	13,520	16.9
Total premiums, deposits and other considerations	10,930	12,408	(11.9)	12,551	(12.9)	35,931	31,824	12.9
Premiums and other considerations:								
Life insurance	1,358	1,219	11.4	1,568	(13.4)	4,254	3,785	12.4
Personal accident & health	1,268	1,049	20.9	1,336	(5.1)	3,781	3,118	21.3
Group products	722	563	28.2	802	(10.0)	2,274	1,677	35.6
Subtotal life insurance	3,348	2,831	18.3	3,706	(9.7)	10,309	8,580	20.2
Individual fixed annuities (6)	212	137	54.7	70	202.9	399	354	12.7
Individual variable annuities	104	109	(4.6)	120	(13.3)	341	302	12.9
Subtotal retirement services	316	246	28.5	190	66.3	740	656	12.8
Total premiums and other considerations	3,664	3,077	19.1	3,896	(6.0)	11,049	9,236	19.6
Net investment income:								
Life insurance (3)	521	496	5.0	562	(7.3)	1,644	1,451	13.3
Personal accident & health	68	48	41.7	69	(1.4)	189	150	26.0
Group products	126	84	50.0	116	8.6	342	242	41.3
Subtotal life insurance	715	628	13.9	747	(4.3)	2,175	1,843	18.0
Individual fixed annuities	630	516	22.1	606	4.0	1,802	1,549	16.3
Individual variable annuities (3)	(406)	(74)	NM	(64)	NM	(562)	(89)	NM
Subtotal retirement services	224	442	(49.3)	542	(58.7)	1,240	1,460	(15.1)
Net investment income before policyholder income and trading gains (losses)	939	1,070	(12.2)	1,289	(27.2)	3,415	3,303	3.4
Net investment income related to policyholder investment income and trading gains (losses)	(418)	(17)	NM	613	NM	(242)	1,365	NM
Total net investment income	521	1,053	(50.5)	1,902	(72.6)	3,173	4,668	(32.0)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance	1,166	1,001	16.5	1,211	(3.7)	3,553	3,079	15.4
Personal accident & health	668	544	22.8	683	(2.2)	1,912	1,567	22.0
Group products	424	423	0.2	497	(14.7)	1,417	1,098	29.1
Subtotal life insurance	2,258	1,968	14.7	2,391	(5.6)	6,882	5,744	19.8
Individual fixed annuities	494	386	28.0	486	1.6	1,417	1,141	24.2
Individual variable annuities	1	19	(94.7)	18	(94.4)	20	30	(33.3)
Subtotal retirement services	495	405	22.2	504	(1.8)	1,437	1,171	22.7
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	2,753	2,373	16.0	2,895	(4.9)	8,319	6,915	20.3
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(418)	(17)	NM	613	NM	(242)	1,365	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	2,335	2,356	(0.9)	3,508	(33.4)	8,077	8,280	(2.5)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	429	367	16.9	472	(9.1)	1,316	1,034	27.3
Personal accident & health	368	291	26.5	377	(2.4)	1,084	909	19.3
Group products	332	146	127.4	327	1.5	934	613	52.4
Subtotal life insurance	1,129	804	40.4	1,176	(4.0)	3,334	2,556	30.4
Individual fixed annuities	155	83	86.7	90	72.2	341	275	24.0
Individual variable annuities	70	48	45.8	63	11.1	200	131	52.7
Subtotal retirement services	225	131	71.8	153	47.1	541	406	33.3
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (5)	\$ 1,354	\$ 935	44.8 %	\$ 1,329	1.9 %	\$ 3,875	\$ 2,962	30.8 %

(See Accompanying Notes on Pages 53 - 54)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 284	\$ 347	(18.2) %	\$ 447	(36.5) %	\$ 1,029	\$ 1,123	(8.4) %
Personal accident & health	300	262	14.5	345	(13.0)	974	792	23.0
Group products	92	78	17.9	94	(2.1)	265	208	27.4
Subtotal life insurance	<u>676</u>	<u>687</u>	(1.6)	<u>886</u>	(23.7)	<u>2,268</u>	<u>2,123</u>	6.8
Individual fixed annuities (6)	193	184	4.9	100	93.0	443	487	(9.0)
Individual variable annuities	<u>(373)</u>	<u>(32)</u>	NM	<u>(25)</u>	NM	<u>(441)</u>	<u>52</u>	NM
Subtotal retirement services	(180)	152	NM	75	NM	2	539	(99.6)
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	<u>496</u>	<u>839</u>	<u>(40.9)</u>	<u>961</u>	<u>(48.4)</u>	<u>2,270</u>	<u>2,662</u>	<u>(14.7)</u>
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	(30)	(1)	NM	5	NM	(31)	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>(30)</u>	<u>(1)</u>	NM	<u>5</u>	NM	<u>(31)</u>	<u>-</u>	NM
Individual fixed annuities	(19)	(5)	NM	(50)	NM	(76)	(47)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(19)</u>	<u>(5)</u>	NM	<u>(50)</u>	NM	<u>(76)</u>	<u>(47)</u>	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	<u>(49)</u>	<u>(6)</u>	NM	<u>(45)</u>	NM	<u>(107)</u>	<u>(47)</u>	NM
Operating income (loss) before net realized capital gains (losses):								
Life insurance	314	348	(9.8)	442	(29.0)	1,060	1,123	(5.6)
Personal accident & health	300	262	14.5	345	(13.0)	974	792	23.0
Group products	92	78	17.9	94	(2.1)	265	208	27.4
Subtotal life insurance	<u>706</u>	<u>688</u>	2.6	<u>881</u>	(19.9)	<u>2,299</u>	<u>2,123</u>	8.3
Individual fixed annuities	212	189	12.2	150	41.3	519	534	(2.8)
Individual variable annuities	<u>(373)</u>	<u>(32)</u>	NM	<u>(25)</u>	NM	<u>(441)</u>	<u>52</u>	NM
Subtotal retirement services	(161)	157	NM	125	NM	78	586	(86.7)
Total operating income before net realized capital gains (losses) (7)	<u>545</u>	<u>845</u>	<u>(35.5)</u>	<u>1,006</u>	<u>(45.8)</u>	<u>2,377</u>	<u>2,709</u>	<u>(12.3)</u>
Net realized capital gains (losses):								
Life insurance	(1,372)	81	NM	(298)	NM	(1,917)	96	NM
Personal accident & health	(10)	5	NM	(7)	NM	(45)	7	NM
Group products	(11)	(2)	NM	(10)	NM	(28)	4	NM
Subtotal life insurance	<u>(1,393)</u>	<u>84</u>	NM	<u>(315)</u>	NM	<u>(1,990)</u>	<u>107</u>	NM
Individual fixed annuities	(225)	101	NM	(107)	NM	(421)	(63)	NM
Individual variable annuities	(1)	-	NM	(7)	NM	20	-	NM
Subtotal retirement services	<u>(226)</u>	<u>101</u>	NM	<u>(114)</u>	NM	<u>(401)</u>	<u>(63)</u>	NM
Total net realized capital gains (losses)	<u>(1,619)</u>	<u>185</u>	NM	<u>(429)</u>	NM	<u>(2,391)</u>	<u>44</u>	NM
Operating income (loss):								
Life insurance	(1,058)	429	NM	144	NM	(857)	1,219	NM
Personal accident & health	290	267	8.6	338	NM	929	799	16.3
Group products	81	76	6.6	84	NM	237	212	11.8
Subtotal life insurance	<u>(687)</u>	<u>772</u>	NM	<u>566</u>	NM	<u>309</u>	<u>2,230</u>	(86.1)
Individual fixed annuities	(13)	290	NM	43	NM	98	471	(79.2)
Individual variable annuities	<u>(374)</u>	<u>(32)</u>	NM	<u>(32)</u>	NM	<u>(421)</u>	<u>52</u>	NM
Subtotal retirement services	(387)	258	NM	11	NM	(323)	523	NM
Total operating income (losses)	<u>\$ (1,074)</u>	<u>\$ 1,030</u>	NM %	<u>\$ 577</u>	NM %	<u>\$ (14)</u>	<u>\$ 2,753</u>	NM %

(See Accompanying Notes on Pages 53 - 54)

American International Group, Inc.

Asia Product Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30,	Sept. 30,	% Chg	June 30,	Sequential	Sept. 30,	Sept. 30,	% Chg
	2008	2007		2008	% Chg	2008	2007	
Premiums, deposits and other considerations (1):								
Life insurance	\$ 4,078	\$ 4,544	(10.3) %	\$ 4,760	(14.3) %	\$ 13,815	\$ 14,190	(2.6) %
Personal accident & health	528	476	10.9	521	1.3	1,582	1,394	13.5
Group products	249	187	33.2	214	16.4	702	523	34.2
Subtotal life insurance	4,855	5,207	(6.8)	5,495	(11.6)	16,099	16,107	(0.0)
Individual fixed annuities	139	173	(19.7)	137	1.5	466	514	(9.3)
Individual variable annuities	76	6	NM	196	(61.2)	415	36	NM
Subtotal retirement services	215	179	20.1	333	(35.4)	881	550	60.2
Total premiums, deposits and other considerations	5,070	5,386	(5.9)	5,828	(13.0)	16,980	16,657	1.9
Premiums and other considerations:								
Life insurance	2,924	2,773	5.4	3,066	(4.6)	9,174	8,479	8.2
Personal accident & health	520	470	10.6	519	0.2	1,553	1,361	14.1
Group products	240	181	32.6	200	20.0	686	510	34.5
Subtotal life insurance	3,684	3,424	7.6	3,785	(2.7)	11,413	10,350	10.3
Individual fixed annuities	9	4	125.0	9	0.0	30	33	(9.1)
Individual variable annuities	2	-	NM	1	100.0	5	2	150.0
Subtotal retirement services	11	4	175.0	10	10.0	35	35	0.0
Total premiums and other considerations	3,695	3,428	7.8	3,795	(2.6)	11,448	10,385	10.2
Net investment income:								
Life insurance	905	1,055	(14.2)	1,159	(21.9)	2,982	3,019	(1.2)
Personal accident & health	56	43	30.2	40	40.0	136	111	22.5
Group products	30	24	25.0	33	(9.1)	94	68	38.2
Subtotal life insurance	991	1,122	(11.7)	1,232	(19.6)	3,212	3,198	0.4
Individual fixed annuities	33	33	0.0	34	(2.9)	100	90	11.1
Individual variable annuities	-	1	NM	1	NM	2	3	(33.3)
Subtotal retirement services	33	34	(2.9)	35	(5.7)	102	93	9.7
Net investment income before policyholder income and trading gains (losses)	1,024	1,156	(11.4)	1,267	(19.2)	3,314	3,291	0.7
Net investment income related to policyholder investment income and trading gains (losses)	(1,071)	158	NM	(7)	NM	(1,403)	652	NM
Total net investment income	(47)	1,314	NM	1,260	NM	1,911	3,943	(51.5)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance	2,880	2,682	7.4	2,931	(1.7)	8,716	8,336	4.6
Personal accident & health	346	312	10.9	345	0.3	1,022	882	15.9
Group products	173	119	45.4	146	18.5	502	361	39.1
Subtotal life insurance	3,399	3,113	9.2	3,422	(0.7)	10,240	9,579	6.9
Individual fixed annuities	28	17	64.7	25	12.0	79	83	(4.8)
Individual variable annuities	1	2	(50.0)	2	(50.0)	4	3	33.3
Subtotal retirement services	29	19	52.6	27	7.4	83	86	(3.5)
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	3,428	3,132	9.5	3,449	(0.6)	10,323	9,665	6.8
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(1,071)	158	NM	(7)	NM	(1,403)	652	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	2,357	3,290	(28.4)	3,442	(31.5)	8,920	10,317	(13.5)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	674	518	30.1	734	(8.2)	2,111	1,475	43.1
Personal accident & health	136	122	11.5	147	(7.5)	418	342	22.2
Group products	59	46	28.3	54	9.3	166	128	29.7
Subtotal life insurance	869	686	26.7	935	(7.1)	2,695	1,945	38.6
Individual fixed annuities	4	6	(33.3)	8	(50.0)	17	18	(5.6)
Individual variable annuities	3	(1)	NM	(7)	NM	4	1	300.0
Subtotal retirement services	7	5	40.0	1	NM	21	19	10.5
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (5)	\$ 876	\$ 691	26.8 %	\$ 936	(6.4) %	\$ 2,716	\$ 1,964	38.3 %

(See Accompanying Notes on Pages 53 - 54)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 275	\$ 628	(56.2) %	\$ 560	(50.9) %	\$ 1,329	\$ 1,687	(21.2) %
Personal accident & health	94	79	19.0	67	40.3	249	248	0.4
Group products	38	40	(5.0)	33	15.2	112	89	25.8
Subtotal life insurance	<u>407</u>	<u>747</u>	(45.5)	<u>660</u>	(38.3)	<u>1,690</u>	<u>2,024</u>	(16.5)
Individual fixed annuities	10	14	(28.6)	10	0.0	34	22	54.5
Individual variable annuities	(2)	-	NM	7	NM	(1)	1	NM
Subtotal retirement services	<u>8</u>	<u>14</u>	(42.9)	<u>17</u>	(52.9)	<u>33</u>	<u>23</u>	43.5
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	<u>415</u>	<u>761</u>	(45.5)	<u>677</u>	(38.7)	<u>1,723</u>	<u>2,047</u>	(15.8)
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	1	2	(50.0)	-	NM	1	2	(50.0)
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>1</u>	<u>2</u>	(50.0)	<u>-</u>	NM	<u>1</u>	<u>2</u>	(50.0)
Individual fixed annuities	(3)	6	NM	1	NM	(2)	1	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(3)</u>	<u>6</u>	NM	<u>1</u>	NM	<u>(2)</u>	<u>1</u>	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	<u>(2)</u>	<u>8</u>	NM	<u>1</u>	NM	<u>(1)</u>	<u>3</u>	NM
Operating income (loss) before net realized capital gains (losses):								
Life insurance	274	626	(56.2)	560	(51.1)	1,328	1,685	(21.2)
Personal accident & health	94	79	19.0	67	40.3	249	248	0.4
Group products	38	40	(5.0)	33	15.2	112	89	25.8
Subtotal life insurance	<u>406</u>	<u>745</u>	(45.5)	<u>660</u>	(38.5)	<u>1,689</u>	<u>2,022</u>	(16.5)
Individual fixed annuities	13	8	62.5	9	44.4	36	21	71.4
Individual variable annuities	(2)	-	NM	7	NM	(1)	1	NM
Subtotal retirement services	<u>11</u>	<u>8</u>	37.5	<u>16</u>	(31.3)	<u>35</u>	<u>22</u>	59.1
Total operating income before net realized capital gains (losses) (7)	<u>417</u>	<u>753</u>	(44.6)	<u>676</u>	(38.3)	<u>1,724</u>	<u>2,044</u>	(15.7)
Net realized capital gains (losses):								
Life insurance	(1,706)	(7)	NM	(452)	NM	(2,478)	(49)	NM
Personal accident & health	(61)	7	NM	(19)	NM	(92)	(1)	NM
Group products	(36)	(35)	NM	(1)	NM	(60)	(68)	NM
Subtotal life insurance	<u>(1,803)</u>	<u>(35)</u>	NM	<u>(472)</u>	NM	<u>(2,630)</u>	<u>(118)</u>	NM
Individual fixed annuities	(33)	(12)	NM	(8)	NM	(65)	(5)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(33)</u>	<u>(12)</u>	NM	<u>(8)</u>	NM	<u>(65)</u>	<u>(5)</u>	NM
Total net realized capital gains (losses)	<u>(1,836)</u>	<u>(47)</u>	NM	<u>(480)</u>	NM	<u>(2,695)</u>	<u>(123)</u>	NM
Operating income (loss):								
Life insurance	(1,432)	619	NM	108	NM	(1,150)	1,636	NM
Personal accident & health	33	86	(61.6)	48	(31.3)	157	247	(36.4)
Group products	2	5	(60.0)	32	(93.8)	52	21	147.6
Subtotal life insurance	<u>(1,397)</u>	<u>710</u>	NM	<u>188</u>	NM	<u>(941)</u>	<u>1,904</u>	NM
Individual fixed annuities	(20)	(4)	NM	1	NM	(29)	16	NM
Individual variable annuities	(2)	-	NM	7	NM	(1)	1	NM
Subtotal retirement services	<u>(22)</u>	<u>(4)</u>	NM	<u>8</u>	NM	<u>(30)</u>	<u>17</u>	NM
Total operating income (losses)	\$ <u>(1,419)</u>	\$ <u>706</u>	NM %	\$ <u>196</u>	NM %	\$ <u>(971)</u>	\$ <u>1,921</u>	NM %

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				
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg
Life insurance										
Japan	\$ 195	\$ 161	21.1 %	\$ 205	(4.9) %	\$ 396	\$ 424	(6.6) %	\$ 463	(14.5) %
China	25	24	4.2	25	0.0	28	85	(67.1)	53	(47.2)
Taiwan	132	203	(35.0)	156	(15.4)	35	248	(85.9)	60	(41.7)
Other Asia	406	381	6.6	418	(2.9)	291	783	(62.8)	748	(61.1)
Europe (9)	43	37	16.2	44	(2.3)	1,680	2,887	(41.8)	1,293	29.9
All other regions	45	41	9.8	43	4.7	22	45	(51.1)	23	(4.3)
Total	846	847	(0.1)	891	(5.1)	2,452	4,472	(45.2)	2,640	(7.1)
Personal accident & health										
Japan	146	156	(6.4)	157	(7.0)	65	1	NM	67	(3.0)
China	11	11	0.0	13	(15.4)	1	2	(50.0)	1	0.0
Taiwan	23	23	0.0	25	(8.0)	-	-	NM	-	NM
Other Asia	79	83	(4.8)	79	0.0	-	-	NM	1	NM
Europe	25	24	4.2	23	8.7	5	4	25.0	5	0.0
All other regions	13	12	8.3	14	(7.1)	5	4	25.0	4	25.0
Total	297	309	(3.9)	311	(4.5)	76	11	NM	78	(2.6)
Group products										
Japan	14	4	250.0	12	16.7	-	-	NM	-	NM
China	6	4	50.0	6	0.0	1	-	NM	-	NM
Taiwan	3	4	(25.0)	4	(25.0)	1	1	0.0	4	(75.0)
Other Asia	36	24	50.0	32	12.5	26	19	36.8	25	4.0
Europe	21	16	31.3	30	(30.0)	191	141	35.5	200	(4.5)
All other regions	262	147	78.2	208	26.0	184	100	84.0	123	49.6
Total	342	199	71.9	292	17.1	403	261	54.4	352	14.5
Total premiums										
Japan	355	321	10.6	374	(5.1)	461	425	8.5	530	(13.0)
China	42	39	7.7	44	(4.5)	30	87	(65.5)	54	(44.4)
Taiwan	158	230	(31.3)	185	(14.6)	36	249	(85.5)	64	(43.8)
Other Asia	521	488	6.8	529	(1.5)	317	802	(60.5)	774	(59.0)
Europe	89	77	15.6	97	(8.2)	1,876	3,032	(38.1)	1,498	25.2
All other regions	320	200	60.0	265	20.8	211	149	41.6	150	40.7
Total (10)	\$ 1,485	\$ 1,355	9.6 %	\$ 1,494	(0.6) %	\$ 2,931	\$ 4,744	(38.2) %	\$ 3,070	(4.5) %

(See Accompanying Notes on Pages 53 - 54)

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

	First Year Premiums (8)			Single Premiums		
	Nine Months Ended			Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Life insurance						
Japan	\$ 558	\$ 647	(13.8) %	\$ 1,227	\$ 1,116	9.9 %
China	75	73	2.7	181	270	(33.0)
Taiwan	445	608	(26.8)	277	712	(61.1)
Other Asia	1,207	1,044	15.6	1,691	1,668	1.4
Europe (9)	130	106	22.6	5,153	5,829	(11.6)
All other regions	129	118	9.3	85	108	(21.3)
Total	2,544	2,596	(2.0)	8,614	9,703	(11.2)
Personal accident & health						
Japan	449	465	(3.4)	158	5	NM
China	33	30	10.0	3	3	0.0
Taiwan	74	74	0.0	-	-	NM
Other Asia	235	261	(10.0)	1	-	NM
Europe	72	67	7.5	15	12	25.0
All other regions	39	34	14.7	13	11	18.2
Total	902	931	(3.1)	190	31	NM
Group products						
Japan	32	11	190.9	-	-	NM
China	18	11	63.6	1	-	NM
Taiwan	12	11	9.1	7	3	133.3
Other Asia	100	59	69.5	71	52	36.5
Europe	78	55	41.8	633	438	44.5
All other regions	653	388	68.3	398	205	94.1
Total	893	535	66.9	1,110	698	59.0
Total premiums						
Japan	1,039	1,123	(7.5)	1,385	1,121	23.6
China	126	114	10.5	185	273	(32.2)
Taiwan	531	693	(23.4)	284	715	(60.3)
Other Asia	1,542	1,364	13.0	1,763	1,720	2.5
Europe	280	228	22.8	5,801	6,279	(7.6)
All other regions	821	540	52.0	496	324	53.1
Total (10)	\$ 4,339	\$ 4,062	6.8 %	\$ 9,914	\$ 10,432	(5.0) %

(See Accompanying Notes on Pages 53 - 54)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Life insurance								
Life insurance								
Japan	\$ 1,774	\$ 1,695	4.7	\$ 2,085	(14.9)	\$ 5,624	\$ 5,160	9.0
China	212	241	(12.0)	226	(6.2)	699	706	(1.0)
Taiwan	1,318	1,446	(8.9)	1,546	(14.7)	4,793	5,710	(16.1)
Other Asia	2,578	2,881	(10.5)	3,031	(14.9)	8,435	7,879	7.1
Europe	1,965	3,122	(37.1)	1,583	24.1	6,008	6,523	(7.9)
All other regions	225	213	5.6	213	5.6	649	588	10.4
Total	8,072	9,598	(15.9)	8,684	(7.0)	26,208	26,566	(1.3)
Personal accident & health								
Japan	1,108	920	20.4	1,181	(6.2)	3,322	2,727	21.8
China	40	34	17.6	39	2.6	113	94	20.2
Taiwan	160	143	11.9	164	(2.4)	518	464	11.6
Other Asia	336	304	10.5	325	3.4	972	848	14.6
Europe	112	95	17.9	114	(1.8)	334	280	19.3
All other regions	67	47	42.6	56	19.6	171	129	32.6
Total	1,823	1,543	18.1	1,879	(3.0)	5,430	4,542	19.6
Group products								
Japan	138	113	22.1	138	0.0	410	354	15.8
China	11	6	83.3	8	37.5	30	14	114.3
Taiwan	29	25	16.0	33	(12.1)	89	79	12.7
Other Asia	209	156	34.0	173	20.8	583	430	35.6
Europe	437	347	25.9	488	(10.5)	1,454	1,081	34.5
All other regions	782	519	50.7	624	25.3	2,017	1,345	50.0
Total	1,606	1,166	37.7	1,464	9.7	4,583	3,303	38.8
Total life insurance								
Japan	3,020	2,728	10.7	3,404	(11.3)	9,356	8,241	13.5
China	263	281	(6.4)	273	(3.7)	842	814	3.4
Taiwan	1,507	1,614	(6.6)	1,743	(13.5)	5,400	6,253	(13.6)
Other Asia	3,123	3,341	(6.5)	3,529	(11.5)	9,990	9,157	9.1
Europe	2,514	3,564	(29.5)	2,185	15.1	7,796	7,884	(1.1)
All other regions	1,074	779	37.9	893	20.3	2,837	2,062	37.6
Total	11,501	12,307	(6.5)	12,027	(4.4)	36,221	34,411	5.3
Retirement services								
Individual fixed annuities								
Japan	1,432	1,200	19.3	2,050	(30.1)	4,721	3,073	53.6
Korea	110	129	(14.7)	103	6.8	379	438	(13.5)
Other Asia	29	44	(34.1)	34	(14.7)	87	76	14.5
Europe	119	107	11.2	108	10.2	325	249	30.5
All other regions	15	15	0.0	16	(6.3)	45	34	32.4
Total	1,705	1,495	14.0	2,311	(26.2)	5,557	3,870	43.6
Individual variable annuities								
Japan	228	329	(30.7)	242	(5.8)	714	854	(16.4)
Taiwan	75	6	NM	196	(61.7)	413	36	NM
Other Asia	1	-	NM	1	0.0	2	-	NM
Europe	2,490	3,657	(31.9)	3,602	(30.9)	10,004	9,310	7.5
Total	2,794	3,992	(30.0)	4,041	(30.9)	11,133	10,200	9.1
Total retirement services								
Japan	1,660	1,529	8.6	2,292	(27.6)	5,435	3,927	38.4
Korea	110	129	(14.7)	103	6.8	379	438	(13.5)
Taiwan	75	6	NM	196	(61.7)	413	36	NM
Other Asia	30	44	(31.8)	35	(14.3)	89	76	17.1
Europe	2,609	3,764	(30.7)	3,710	(29.7)	10,329	9,559	8.1
All other regions	15	15	0.0	16	(6.3)	45	34	32.4
Total (10)	4,499	5,487	(18.0)	6,352	(29.2)	16,690	14,070	18.6
Total premiums, deposits and other considerations	\$ 16,000	\$ 17,794	(10.1) %	\$ 18,379	(12.9) %	\$ 52,911	\$ 48,481	9.1 %

(See Accompanying Notes on Pages 53 - 54)

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

(dollars in millions)

	Sept. 30, 2008	Sept. 30, 2007	% Chg	Original Currency Growth %	June 30, 2008	Sequential % Chg
Life Insurance Reserves						
Life insurance						
Japan	\$ 38,051	\$ 32,594	16.7 %	10.2 %	\$ 38,464	(1.1) %
China	4,253	3,260	30.5	18.0	4,130	3.0
Taiwan	40,180	34,881	15.2	10.1	41,139	(2.3)
Other Asia	49,342	45,796	7.7	5.6	51,794	(4.7)
Europe	10,295	10,494	(1.9)	3.3	11,740	(12.3)
All other regions	2,946	2,634	11.8	18.0	2,930	0.5
Total	145,067	129,659	11.9	8.4	150,197	(3.4)
Personal accident & health						
Japan	6,282	4,978	26.2	18.5	6,188	1.5
China	114	73	56.2	40.4	104	9.6
Taiwan	2,125	1,775	19.7	14.4	2,129	(0.2)
Other Asia	1,345	1,083	24.2	37.7	1,315	2.3
Europe	270	225	20.0	18.5	278	(2.9)
All other regions	62	55	12.7	78.8	64	(3.1)
Total	10,198	8,189	24.5	20.3	10,078	1.2
Group products						
Japan	2,739	2,847	(3.8)	(9.7)	2,958	(7.4)
China	9	5	80.0	47.6	7	28.6
Taiwan	48	43	11.6	6.5	50	(4.0)
Other Asia	1,491	1,501	(0.7)	3.8	1,606	(7.2)
Europe	2,371	1,833	29.4	34.7	2,429	(2.4)
All other regions	5,729	4,201	36.4	9.6	5,820	(1.6)
Total	12,387	10,430	18.8	7.7	12,870	(3.8)
Total life insurance reserves						
Japan	47,072	40,419	16.5	9.8	47,610	(1.1)
China	4,376	3,338	31.1	18.5	4,241	3.2
Taiwan	42,353	36,699	15.4	10.3	43,318	(2.2)
Other Asia	52,178	48,380	7.9	6.2	54,715	(4.6)
Europe	12,936	12,552	3.1	8.2	14,447	(10.5)
All other regions	8,737	6,890	26.8	12.6	8,814	(0.9)
Total	\$ 167,652	\$ 148,278	13.1 %	9.0 %	\$ 173,145	(3.2) %

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

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

(dollars in millions)

	Sept. 30, 2008	Sept. 30, 2007	% Chg	Original Currency Growth %	June 30, 2008	Sequential % Chg
Retirement Services Reserves						
Individual fixed annuities						
Japan	\$ 49,452	\$ 42,625	16.0 %	13.9 %	\$ 47,624	3.8 %
Korea	1,910	1,984	(3.7)	11.8	1,923	(0.7)
Other Asia	446	410	8.8	1.7	452	(1.3)
Europe	1,936	1,860	4.1	2.9	2,045	(5.3)
All other regions	774	366	111.5	NM	426	81.7
Total	54,518	47,245	15.4	14.3	52,470	3.9
Individual variable annuities						
Japan	6,067	5,841	3.9	(2.4)	6,433	(5.7)
Taiwan	420	33	NM	NM	413	1.7
Other Asia	70	64	9.4	7.4	70	0.0
Europe	21,276	21,187	0.4	9.5	23,097	(7.9)
All other regions	-	-	NM	NM	-	NM
Total	27,833	27,125	2.6	8.1	30,013	(7.3)
Total retirement services reserves	82,351	74,370	10.7	10.0	82,483	(0.2)
Policy and Contract Claims Reserves						
Personal accident & health						
Japan	275	281	(2.1)	NM	283	(2.8)
China	8	6	33.3	NM	8	0.0
Taiwan	62	62	0.0	NM	64	(3.1)
Other Asia	129	94	37.2	NM	136	(5.1)
Europe	85	84	1.2	NM	88	(3.4)
All other regions	38	30	26.7	NM	38	0.0
Total	597	557	7.2	NM	617	(3.2)
Group accident & health						
Japan	(2)	-	NM	NM	-	NM
Taiwan	4	4	0.0	NM	4	0.0
Other Asia	24	19	26.3	NM	27	(11.1)
Europe	11	6	83.3	NM	9	22.2
All other regions	65	80	(18.8)	NM	60	8.3
Total	\$ 102	\$ 109	(6.4) %	NM %	\$ 100	2.0 %

*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					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Spread information								
Individual fixed annuities								
Japan (a)								
Base investment income	\$ 531	\$ 449	18.3 %	\$ 513	3.5 %	\$ 1,533	\$ 1,311	16.9 %
Partnerships/other enhancements	-	-	NM	-	NM	-	-	NM
Total net investment income (b)	\$ 531	\$ 449	18.3 %	\$ 513	3.5 %	\$ 1,533	\$ 1,311	16.9 %
Base yield (a)	5.21 %	5.11 %		5.20 %		5.23 %	5.05 %	
Partnerships/other enhancements	0.00 %	0.00 %		0.00 %		0.00 %	0.00 %	
Total	5.21 %	5.11 %		5.20 %		5.23 %	5.05 %	
Cost of funds (b) (c)	3.67 %	3.50 %		3.66 %		3.65 %	3.46 %	
Net spread rate, as reported (c)	1.54 %	1.61 %		1.54 %		1.58 %	1.59 %	
Net spread rate excluding partnerships and other enhancements	1.54 %	1.61 %	(4.3) %	1.54 %	0.0 %	1.58 %	1.59 %	(0.6) %
Korea								
Base investment income	\$ 27	\$ 26	3.8 %	\$ 28	(3.6) %	\$ 83	\$ 73	13.7 %
Partnerships/other enhancements	-	1	NM	-	NM	-	-	NM
Total net investment income (b)	\$ 27	\$ 27	0.0 %	\$ 28	(3.6) %	\$ 83	\$ 73	13.7 %
Base yield (c)	5.46 %	5.34 %		5.54 %		5.48 %	4.59 %	
Partnerships/other enhancements	0.00 %	0.18 %		0.00 %		0.00 %	0.78 %	
Total	5.46 %	5.52 %		5.54 %		5.48 %	5.37 %	
Cost of funds (b) (c)	4.81 %	4.64 %		4.78 %		4.78 %	4.59 %	
Net spread rate, as reported (c)	0.65 %	0.88 %		0.76 %		0.70 %	0.78 %	
Net spread rate excluding partnerships and other enhancements	0.65 %	0.70 %	(7.1) %	0.76 %	(14.5) %	0.70 %	0.78 %	(10.3) %
Net flows (d)								
Individual fixed annuities								
Japan	\$ 579	\$ 163	255.2 %	\$ 1,237	(53.2) %	\$ 2,369	\$ 219	NM %
Korea	50	47	6.4	(72)	NM	90	289	(68.9)
Individual variable annuities								
Japan	\$ 140	\$ 214	(34.6) %	\$ 154	(9.1) %	\$ 438	\$ 551	(20.5) %
Surrender rates								
Japan								
Individual fixed annuities	3.2 %	6.3 %		2.4 %		2.8 %	6.4 %	
Individual variable annuities	4.1 %	6.5 %		3.8 %		4.2 %	6.1 %	
Korea								
Individual fixed annuities	11.1 %	15.4 %		33.7 %		18.3 %	10.5 %	

(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 nine 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					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% chg	June 30, 2008	Sequential % chg	Sept. 30, 2008	Sept. 30, 2007	% chg
Life insurance								
Balance at beginning of period	\$ 18,069	\$ 15,425	17.1 %	\$ 17,590	2.7 %	\$ 18,198	\$ 14,519	25.3 %
Acquisition costs deferred	940	866	8.5	781	20.4	2,502	2,452	2.0
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	29	(1)	NM	(5)	NM	30	(2)	NM
Related to unlocking future assumptions	(19)	3	NM	-	NM	(27)	22	NM
All other amortization	(605)	(407)	NM	(527)	NM	(1,656)	(1,108)	NM
Change in unrealized gains (losses) on securities	(74)	15	NM	275	NM	159	66	140.9
Increase (decrease) due to foreign exchange	(567)	137	NM	(102)	NM	(29)	113	NM
Other	3	3	0.0	57	(94.7)	(1,401)	(21)	NM
Balance at end of period	<u>17,776</u>	<u>16,041</u>	10.8	<u>18,069</u>	(1.6)	<u>17,776</u>	<u>16,041</u>	10.8
Personal accident & health								
Balance at beginning of period	6,022	4,903	22.8	6,010	0.2	5,601	4,769	17.4
Acquisition costs deferred	360	361	(0.3)	376	(4.3)	1,077	1,096	(1.7)
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	(241)	(188)	NM	(258)	NM	(727)	(594)	NM
Increase (decrease) due to foreign exchange	(207)	196	NM	(106)	NM	(34)	1	NM
Other	(1)	-	NM	-	NM	16	-	NM
Balance at end of period	<u>5,933</u>	<u>5,272</u>	12.5	<u>6,022</u>	(1.5)	<u>5,933</u>	<u>5,272</u>	12.5
Group products								
Balance at beginning of period	613	140	337.9	553	10.8	474	200	137.0
Acquisition costs deferred	133	227	(41.4)	71	87.3	311	262	18.7
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	(1)	-	NM	1	NM	-	-	NM
All other amortization	(94)	(117)	NM	(30)	NM	(178)	(160)	NM
Change in unrealized gains (losses) on securities	1	-	NM	(1)	NM	-	-	NM
Increase due to foreign exchange	(29)	1	NM	21	NM	18	3	NM
Other	1	142	(99.3)	(2)	NM	(1)	88	NM
Balance at end of period	<u>\$ 624</u>	<u>\$ 393</u>	58.8 %	<u>\$ 613</u>	1.8 %	<u>\$ 624</u>	<u>\$ 393</u>	58.8 %

(See Accompanying Notes on Pages 53 - 54)

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					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% chg	June 30, 2008	Sequential % chg	Sept. 30, 2008	Sept. 30, 2007	% chg
Individual fixed annuities								
Balance at beginning of period	\$ 2,531	\$ 2,083	21.5 %	\$ 1,927	31.3 %	\$ 1,954	\$ 1,564	24.9 %
Acquisition costs deferred	91	78	16.7	101	(9.9)	279	213	31.0
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	22	(1)	NM	49	(55.1)	78	46	69.6
Related to unlocking future assumptions	-	22	NM	(1)	NM	1	35	(97.1)
All other amortization	(126)	(81)	NM	(44)	NM	(260)	(244)	NM
Change in unrealized gains (losses) on securities	1,599	18	NM	510	213.5	2,064	505	308.7
Increase (decrease) due to foreign exchange	(31)	5	NM	(11)	NM	(30)	5	NM
Other	-	1	NM	-	NM	-	1	NM
Balance at end of period	<u>4,086</u>	<u>2,125</u>	92.3	<u>2,531</u>	61.4	<u>4,086</u>	<u>2,125</u>	92.3
Individual variable annuities								
Balance at beginning of period	712	543	31.1	676	5.3	629	505	24.6
Acquisition costs deferred	33	44	(25.0)	54	(38.9)	148	123	20.3
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	(37)	(18)	NM	(19)	NM	(93)	(47)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	(30)	19	NM	1	NM	(6)	7	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>678</u>	<u>588</u>	15.3	<u>712</u>	(4.8)	<u>678</u>	<u>588</u>	15.3
Total								
Balance at beginning of period	27,947	23,094	21.0	26,756	4.5	26,856	21,557	24.6
Acquisition costs deferred	1,557	1,576	(1.2)	1,383	12.6	4,317	4,146	4.1
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	51	(2)	NM	44	15.9	108	44	145.5
Related to unlocking future assumptions	(20)	25	NM	-	NM	(26)	57	NM
All other amortization	(1,103)	(811)	NM	(878)	NM	(2,914)	(2,153)	NM
Change in unrealized gains (losses) on securities	1,526	33	NM	784	94.6	2,223	571	289.3
Increase (decrease) due to foreign exchange	(864)	358	NM	(197)	NM	(81)	129	NM
Other	3	146	(97.9)	55	(94.5)	(1,386)	68	NM
Balance at end of period	<u>\$ 29,097</u>	<u>\$ 24,419</u>	19.2 %	<u>\$ 27,947</u>	4.1 %	<u>\$ 29,097</u>	<u>\$ 24,419</u>	19.2 %

(See Accompanying Notes on Pages 53 - 54)

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 September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, \$(23) million, \$4 million, \$10 million, \$(39) million and \$29 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 \$(89) million, \$(56) million and \$(148) million, for the three months ended September 30, 2008 and June 30, 2008 and the nine months ended September 30, 2008, respectively. Individual variable annuities includes \$(412) million, \$(79) million, \$(77) million, \$(574) million and \$(93) million for the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 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, out of period Net DAC on Credit Life business and amortization of deferred acquisition costs and VOBA related to realized capital gains (losses) is:

	2008 %Change	
	Three months	Nine months
Foreign Life Insurance & Retirement Services	11%	16%
Japan and Other	12%	15%
Asia	10%	17%

- (6) For the three months ended September 30, 2008 and 2007 and June 30, 2008 and nine months ended September 30, 2008 and 2007, Japan individual fixed annuities premiums and other considerations include a charge of \$14 million, \$(7) million, \$(33) million, \$(10) million and \$(25) 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 September 30,			Nine Months Ended September 30,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$962	\$1,598	(39.8)%	\$4,101	\$4,753	(13.7)%
Trading account losses (UK)	(501)	(79)		(722)	(93)	
Effect of remediation activities	(12)	-		(37)	(50)	
Change in actuarial estimate	(38)	42		(30)	53	
Japan regulatory claim review	-	-		-	(63)	
Operating income excluding unusual items	\$1,513	\$1,635	7.5%	\$4,890	\$4,906	(0.3)%

Japan and Other (in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$545	\$845	(35.5)%	\$2,377	\$2,709	(12.3)%
Trading account losses (UK)	(501)	(79)		(722)	(93)	
Effect of remediation activities	-	-		(10)	-	
Change in actuarial estimate	-	37		2	53	
Japan regulatory claim review	-	-		-	(63)	
Operating income excluding unusual items	\$1,046	\$887	17.9%	\$3,107	\$2,812	10.5%

Asia (in millions)	Three Months Ended June 30,			Nine Months Ended September 30,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$417	\$753	(44.6)%	\$1,724	\$2,044	(15.7)%
Effect of remediation activities	(12)	-		(27)	(50)	
Change in actuarial estimate	(38)	5		(32)	-	
Operating income excluding unusual items	\$467	\$748	(37.6)%	\$1,783	\$2,094	(14.8)%

American International Group, Inc.
Foreign Life Insurance & Retirement Services
Notes (continued)

- (8) Represents premium recorded within the first policy year from new sales other than single premiums.
(9) Includes Guaranteed Income Bonds (GIBs) sales of \$1.6 billion, \$2.8 billion, \$1.3 billion, \$5.1 billion and \$5.6 billion for the three months ended September 30, 2008 and 2007 and June 30, 2008, and the nine months ended September 30, 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 September 30,		Percentage Increase/(Decrease)		Nine Months Ended September 30,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
	First year premiums	\$1,485	\$1,355	10%	3%	\$4,339	\$4,062	7%
Single premiums	2,931	4,744	(38)	(39)	9,914	10,432	(5)	(8)
Annuity deposits	4,499	5,487	(18)	(18)	16,690	14,070	19	17

Japan and Other (in millions)	Three Months Ended September 30,		Percentage Increase/(Decrease)		Nine Months Ended September 30,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
	First year premiums	\$764	\$598	28%	15%	\$2,140	\$1,891	13%
Single premiums	2,548	3,606	(29)	(30)	7,682	7,724	(1)	(3)
Annuity deposits	4,284	5,308	(19)	(19)	15,809	13,520	17	16

Asia (in millions)	Three Months Ended September 30,		Percentage Increase/(Decrease)		Nine Months Ended September 30,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
	First year premiums	\$721	\$757	(5)%	(6)%	\$2,199	\$2,171	1%
Single premiums	383	1,138	(66)	(67)	2,232	2,708	(18)	(22)
Annuity deposits	215	179	20	25	881	550	60	59

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Foreign life insurance & retirement services:								
Life insurance	\$ (39)	\$ (6)	NM %	\$ 6	NM %	\$ (31)	\$ 60	NM %
Personal accident & health	(2)	3	NM	2	NM	(2)	13	NM
Group Products	-	-	NM	-	NM	-	1	NM
Individual fixed annuities	1	3	(66.7)	1	0.0	4	12	(66.7)
Total	(40)	-	NM	9	NM	(29)	86	NM
Domestic life insurance:								
Excluding Synfuels:								
Life insurance	(10)	19	NM	(12)	NM	2	97	(97.9)
Home service	1	7	(85.7)	2	(50.0)	6	16	(62.5)
Payout annuities	6	-	NM	4	50.0	14	-	NM
Subtotal excluding Synfuels	(3)	26	NM	(6)	NM	22	113	(80.5)
Synfuels*:								
Life insurance	(1)	(18)	NM	(3)	NM	(6)	(68)	NM
Home service	(1)	(8)	NM	(1)	NM	(4)	(33)	NM
Subtotal Synfuels	(2)	(26)	NM	(4)	NM	(10)	(101)	NM
Total	(5)	-	NM	(10)	(50.0)	12	12	0.0
Domestic retirement services:								
Group retirement products	(211)	(7)	NM	31	NM	(167)	147	NM
Individual fixed annuities	(294)	15	NM	54	NM	(239)	241	NM
Individual variable annuities	(23)	(2)	NM	(2)	NM	(28)	1	NM
Total	(528)	6	NM	83	NM	(434)	389	NM
Total life insurance & retirement services	\$ (573)	\$ 6	NM %	\$ 82	NM %	\$ (451)	\$ 487	NM %

* 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			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
Foreign life insurance & retirement services:					
Transactions gains (losses)	\$ 309	\$ 83	\$ 211	\$ 596	\$ 250
Other-than-temporary impairments:					
Severity	(1,300)	-	(323)	(1,956)	-
Lack of intent to hold to recovery	(1,130)	(24)	(51)	(1,445)	(120)
Foreign currency declines	(50)	(29)	(633)	(1,084)	(333)
Issuer-specific credit events	(1,317)	(37)	(51)	(1,381)	(99)
Adverse projected cash flows on structured securities	(15)	-	(13)	(33)	-
Total other-than-temporary impairments	(3,812)	(90)	(1,071)	(5,899)	(552)
Foreign exchange transactions	317	247	(170)	124	337
Derivative instruments	(412)	(130)	(32)	(329)	(195)
Other	143	28	153	422	81
Total	(3,455)	138	(909)	(5,086)	(79)
Domestic life insurance:					
Transactions gains (losses)	(257)	(82)	(16)	(264)	(116)
Other-than-temporary impairments:					
Severity	(1,434)	-	(1,155)	(3,593)	-
Lack of intent to hold to recovery	(2,191)	(67)	(89)	(2,459)	(129)
Foreign currency declines	-	-	-	-	-
Issuer-specific credit events	(285)	(22)	(51)	(368)	(28)
Adverse projected cash flows on structured securities	(211)	(13)	(145)	(360)	(13)
Total other-than-temporary impairments	(4,121)	(102)	(1,440)	(6,780)	(170)
Foreign exchange transactions	5	5	6	9	7
Derivative instruments	(10)	(121)	58	(77)	(91)
Other	(8)	5	16	57	47
Total	(4,391)	(295)	(1,376)	(7,055)	(323)
Domestic retirement services:					
Transactions gains (losses)	(392)	(138)	(52)	(432)	(182)
Other-than-temporary impairments:					
Severity	(2,796)	-	(1,896)	(6,511)	-
Lack of intent to hold to recovery	(4,141)	(92)	(97)	(4,486)	(232)
Foreign currency declines	-	-	-	-	-
Issuer-specific credit events	(620)	(23)	(174)	(861)	(62)
Adverse projected cash flows on structured securities	(424)	(42)	(515)	(962)	(49)
Total other-than-temporary impairments	(7,981)	(157)	(2,682)	(12,820)	(343)
Foreign exchange transactions	13	6	14	12	13
Derivative instruments	(153)	(34)	15	(338)	(81)
Other	18	(11)	(20)	(1)	(31)
Total	(8,495)	(334)	(2,725)	(13,579)	(624)
Total life insurance & retirement services	\$ (16,341)	\$ (491)	\$ (5,010)	\$ (25,720)	\$ (1,026)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Revenues:								
Aircraft Leasing (1)	\$ 1,307	\$ 1,252	4.4 %	\$ 1,316	(0.7) %	\$ 3,839	\$ 3,495	9.8 %
Capital Markets:								
Excluding unrealized market valuation losses,								
credit valuation adjustment and FAS 133 (2) (3)	(375)	464	NM	35	NM	137	1,238	(88.9)
Unrealized market valuation losses (4)	(7,054)	(352)	NM	(5,565)	NM	(21,726)	(352)	NM
Credit valuation adjustment (5)	(1,085)	-	NM	(518)	NM	(1,640)	-	NM
Subtotal	(8,514)	112	NM	(6,048)	NM	(23,229)	886	NM
Consumer Finance (6)	1,069	951	12.4	1,039	2.9	3,115	2,728	14.2
Other, including intercompany adjustments	143	108	32.4	113	26.5	367	255	43.9
Total revenues excluding FAS 133 and net realized capital gains (losses)	(5,995)	2,423	NM	(3,580)	NM	(15,908)	7,364	NM
FAS 133 - Capital Markets (7) (8)	177	428	NM	(40)	NM	61	(185)	NM
Net realized capital gains (losses) (9)	(33)	(66)	NM	15	NM	(169)	(70)	NM
Total revenues	<u>\$ (5,851)</u>	<u>\$ 2,785</u>	NM %	<u>\$ (3,605)</u>	NM %	<u>\$ (16,016)</u>	<u>\$ 7,109</u>	NM %
Operating income (loss):								
Aircraft Leasing (1)	\$ 306	\$ 269	13.8 %	\$ 352	(13.1) %	\$ 930	\$ 652	42.6 %
Capital Markets:								
Excluding unrealized market valuation losses,								
credit valuation adjustment and FAS 133 (2) (3) (10) (11)	(111)	294	NM	(161)	NM	21	720	(97.1)
Unrealized market valuation losses (4)	(7,054)	(352)	NM	(5,565)	NM	(21,726)	(352)	NM
Credit valuation adjustment (5)	(1,085)	-	NM	(518)	NM	(1,640)	-	NM
Subtotal	(8,250)	(58)	NM	(6,244)	NM	(23,345)	368	NM
Consumer Finance (6) (10)	(434)	80	NM	(22)	NM	(432)	212	NM
Other, including intercompany adjustments	31	16	93.8	34	(8.8)	75	31	141.9
Total operating income (loss) excluding FAS 133 and net realized capital gains (losses)	(8,347)	307	NM	(5,880)	NM	(22,772)	1,263	NM
FAS 133 - Capital Markets (7) (8)	177	428	NM	(40)	NM	61	(185)	NM
Net realized capital gains (losses) (9)	(33)	(66)	NM	15	NM	(169)	(70)	NM
Total operating income (loss)	<u>\$ (8,203)</u>	<u>\$ 669</u>	NM %	<u>\$ (5,905)</u>	NM %	<u>\$ (22,880)</u>	<u>\$ 1,008</u>	NM %

(See Accompanying Notes on Page 61)

American International Group, Inc.
International Lease Finance Corporation (ILFC)
Aircraft Leases and Orders
September 30, 2008

<u>Aircraft Type:</u>	<u>Number of Aircraft</u>		<u>Year of Delivery</u>				
	<u>In Fleet (12)</u>	<u>Orders</u>	<u>Orders</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011-2019</u>
<u>Airbus:</u>							
A300-600R	6	0	0	0	0	0	0
A310-300	7	0	0	0	0	0	0
A319	123	11	11	2	8	1	0
A320-200	166	15	15	1	11	3	0
A321-100	12	0	0	0	0	0	0
A321-200	66	10	10	0	9	1	0
A330-200	57	5	5	0	5	0	0
A330-300	28	1	1	1	0	0	0
A340-300	15	0	0	0	0	0	0
A340-600	13	0	0	0	0	0	0
A350-800	0	12	12	0	0	0	12
A350-900	0	8	8	0	0	0	8
A380 (13)	0	10	10	0	0	0	10
	<u>493</u>	<u>72</u>	<u>72</u>	<u>4</u>	<u>33</u>	<u>5</u>	<u>30</u>
<u>Boeing:</u>							
737-300/400/500	55	0	0	0	0	0	0
737-600/700/800	194	24	24	8	6	0	10
747-300	2	0	0	0	0	0	0
747-400	13	0	0	0	0	0	0
747-400ERF	4	0	0	0	0	0	0
757-200	64	0	0	0	0	0	0
767-200	3	0	0	0	0	0	0
767-300	51	0	0	0	0	0	0
777-200B	39	0	0	0	0	0	0
777-300	31	4	4	1	3	0	0
787-800	0	67	67	0	0	0	67
787-900	0	7	7	0	0	0	7
	<u>456</u>	<u>102</u>	<u>102</u>	<u>9</u>	<u>9</u>	<u>0</u>	<u>84</u>
<u>McDonnell Douglas:</u>							
MD-11	8	0	0	0	0	0	0
MD-83	1	0	0	0	0	0	0
	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>958</u>	<u>174</u>	<u>174</u>	<u>13</u>	<u>42</u>	<u>5</u>	<u>114</u>
Orders Placed (14)				<u>100%</u>	<u>100%</u>	<u>100%</u>	

(See Accompanying Notes on Page 61)

American International Group, Inc.
Consumer Finance Operating Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Revenues:								
American General Finance (6)	\$ 737	\$ 755	(2.4) %	\$ 758	(2.8) %	\$ 2,252	\$ 2,154	4.5 %
AIG Consumer Finance Group, Inc.	319	180	77.2	269	18.6	824	527	56.4
AIG Federal Savings Bank	13	16	(18.8)	12	8.3	39	47	(17.0)
Total revenues excluding net realized capital gains (losses)	1,069	951	12.4	1,039	2.9	3,115	2,728	14.2
Net realized capital gains (losses) (15)	(40)	(11)	NM	(11)	NM	(127)	(32)	NM
Total revenues	<u>\$ 1,029</u>	<u>\$ 940</u>	9.5 %	<u>\$ 1,028</u>	0.1 %	<u>\$ 2,988</u>	<u>\$ 2,696</u>	10.8 %
Operating income (loss):								
American General Finance (6) (10)	\$ (446)	\$ 78	NM %	\$ (40)	NM %	\$ (475)	\$ 171	NM %
AIG Consumer Finance Group, Inc.	8	(1)	NM	15	(46.7)	34	32	6.3
AIG Federal Savings Bank	4	3	33.3	3	33.3	9	9	0.0
Total operating income (loss) excluding net realized capital gains (losses)	(434)	80	NM	(22)	NM	(432)	212	NM
Net realized capital gains (losses) (15)	(40)	(11)	NM	(11)	NM	(127)	(32)	NM
Total operating income (loss)	<u>\$ (474)</u>	<u>\$ 69</u>	NM %	<u>\$ (33)</u>	NM %	<u>\$ (559)</u>	<u>\$ 180</u>	NM %

(See Accompanying Notes on Page 61)

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

	Three Months Ended / As of				Nine Months Ended / As of		
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
American General Finance							
Receivables (16):							
Real Estate	\$ 19,753	\$ 19,459	\$ 20,092	(1.7) %	\$ 19,753	\$ 19,459	1.5 %
Non Real Estate	4,144	3,810	4,207	(1.5)	4,144	3,810	8.8
Retail Sales Finance	2,294	2,095	2,240	2.4	2,294	2,095	9.5
Total receivables	26,191	25,364	26,539	(1.3)	26,191	25,364	3.3
Allowance for loan losses	(958)	(535)	(803)	19.3	(958)	(535)	79.1
Net Receivables	<u>\$ 25,233</u>	<u>\$ 24,829</u>	<u>\$ 25,736</u>	(2.0) %	<u>\$ 25,233</u>	<u>\$ 24,829</u>	1.6 %
Credit Ratios:							
Delinquencies - 60+:							
Real Estate	4.19 %	2.22 %	3.50 %		4.19 %	2.22 %	
Non Real Estate	4.91	3.91	4.42		4.91	3.91	
Retail Sales Finance	2.82	1.97	2.48		2.82	1.97	
Total Delinquencies - 60+	4.18	2.47	3.56		4.18	2.47	
Net Charge-off:							
Real Estate	1.21	0.45	0.93		0.94	0.40	
Non Real Estate	6.03	4.17	4.95		5.35	3.93	
Retail Sales Finance	3.30	2.13	3.02		3.07	2.05	
Total Net Charge-off	2.15	1.15	1.73		1.81	1.05	
Allowance for loan losses	3.66 %	2.11 %	3.02 %		3.66 %	2.11 %	
AIG Consumer Finance Group, Inc.							
Total receivables	\$ 5,781	\$ 4,319	\$ 6,013	(3.9) %	\$ 5,781	\$ 4,319	33.9 %
Allowance for loan losses	(316)	(214)	(313)	1.0	(316)	(214)	47.7
Net Receivables	<u>\$ 5,465</u>	<u>\$ 4,105</u>	<u>\$ 5,700</u>	(4.1) %	<u>\$ 5,465</u>	<u>\$ 4,105</u>	33.1 %
AIG Federal Savings Bank							
Total receivables	\$ 180	\$ 127	\$ 172	4.7 %	\$ 180	\$ 127	41.7 %
Allowance for loan losses	(2)	(1)	(2)	0.0	(2)	(1)	100.0
Net Receivables	<u>178</u>	<u>126</u>	<u>170</u>	4.7	<u>178</u>	<u>126</u>	41.3
Total Net Receivables (17)	<u>\$ 30,876</u>	<u>\$ 29,060</u>	<u>\$ 31,606</u>	(2.3) %	<u>\$ 30,876</u>	<u>\$ 29,060</u>	6.2 %

(See Accompanying Notes on Page 61)

American International Group, Inc.

Financial Services

Notes

- (1) The three and nine months ended September 30, 2007 both include a gain of \$24 million on ILFC's sale of its rights against a bankrupt airline.
- (2) Includes net unrealized market valuation gains of \$130 million in the nine months ended September 30, 2008 and \$131 million in both the three and nine months ended September 30, 2007 related to certain credit default swaps and embedded credit derivatives in credit-linked notes.
- (3) Both the three and nine months ended September 30, 2007 include an out of period charge of \$51 million for a change in the projected timing of income tax cash flows related to a series of lease transactions.
- (4) Represents unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio.
- (5) Represents the effect of changes in credit spreads on the valuation of Capital Markets' assets of \$(2.3) billion and \$(5.3) billion and liabilities of \$1.2 billion and \$3.6 billion, (but excludes \$98 million and \$207 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the three and nine months ended September 30, 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 the divergence continued through the third quarter. While AIG's credit spreads widened significantly more than the credit spreads on the ABS and CDO products, which represent a significant portion of AIGFP's investment portfolio, the losses on AIGFP's assets more than offset the net gain on its liabilities, which were driven by the significant widening in AIG's credit spread. The net gain on AIGFP's liabilities was reduced by the effect of posting collateral and the early termination of GIAs.
- (6) The nine months ended September 30, 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 \$25 million, \$10 million and \$53 million, respectively, are included in the three-month period ended June 30, 2008 and the three- and nine-month periods ended September 30, 2008. The nine months ended September 30, 2007 also include a recovery of \$65 million from a favorable out of court settlement. In addition operating income for the nine months ended September 30, 2008 includes a pre-tax charge of \$27 million resulting from consumer finance decision to cease its wholesale mortgage originations.
- (7) 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.
- (8) The three and nine months ended September 30, 2007 include out of period charges of \$20 million and \$346 million, respectively, including a \$380 million charge in the nine-month period, to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in the nine 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.
- (9) Net realized capital gains (losses) are as follows;

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
Aircraft Leasing	\$60	\$(15)	\$(18)	\$(9)	\$(27)
Consumer Finance	(40)	(11)	(11)	(127)	(32)
Other	(53)	(40)	44	(33)	(11)
Total	\$(33)	\$(66)	\$15	\$(169)	\$(70)

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.

- (10) The three- and nine month periods ended September 30, 2008 include goodwill impairment charges of \$341 million and \$91 million related to Consumer Finance and Capital Markets, respectively, resulting from the downturn in the housing markets, the credit crisis and the decision to exit certain AIGFP businesses.
- (11) The three- and nine month periods ended September 30, 2008 include a \$563 million reversal 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.
- (12) In fleet includes 8 finance leases.
- (13) ILFC has a cancellation option in 2010 on the 10 A380 firm orders.
- (14) Subsequent to September 30, 2008, an agreement to lease three of the aircraft scheduled for delivery in 2009 was terminated. As a result, of the aircraft to be delivered in 2009, orders have been placed for 93% of these deliveries.
- (15) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. For the three months ended September 30, 2008 and 2007 and June 30, 2008 and the nine months ended September 30, 2008 and 2007, the effect was \$18 million, \$(6) million, \$15 million, \$(13) million and \$(21) million, respectively. The amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings.
- (16) Effective February 29, 2008, AGF purchased a portion of Equity One, Inc.'s consumer finance receivable portfolio consisting of \$1.0 billion of real estate loans, \$290 million of non-real estate loans and \$156 million of retail sales finance receivables.
- (17) Total net receivables exclude finance receivables held for sale of \$26 million, \$406 million and \$36 million at September 30, 2008 and 2007 and June 30, 2008, respectively.

American International Group, Inc.
Asset Management Operating Statistics (1) (2)
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Revenues:								
Guaranteed investment contracts (3) (4)	\$ 169	\$ 594	(71.5) %	\$ 290	(41.7) %	\$ 830	\$ 2,183	(62.0) %
Matched investment program	196	200	(2.0)	261	(24.9)	599	447	34.0
Institutional asset management (5) (6)	630	808	(22.0)	602	4.7	1,839	1,687	9.0
Brokerage service and mutual funds	67	83	(19.3)	74	(9.5)	215	243	(11.5)
Other asset management (7)	64	66	(3.0)	34	88.2	160	309	(48.2)
Total excluding net realized capital gains (losses)	<u>1,126</u>	<u>1,751</u>	(35.7)	<u>1,261</u>	(10.7)	<u>3,643</u>	<u>4,869</u>	(25.2)
Net realized capital gains (losses) (6) (8)	<u>(1,116)</u>	<u>(232)</u>	NM	<u>(464)</u>	NM	<u>(2,985)</u>	<u>100</u>	NM
Total revenues	<u>\$ 10</u>	<u>\$ 1,519</u>	(99.3) %	<u>\$ 797</u>	(98.7) %	<u>\$ 658</u>	<u>\$ 4,969</u>	(86.8) %
Operating income (loss):								
Guaranteed investment contracts (3) (4)	\$ (38)	\$ 226	NM %	\$ 27	NM %	\$ 40	\$ 987	(95.9) %
Matched investment program (9)	77	37	108.1	102	(24.5)	199	98	103.1
Institutional asset management (5) (6)	(142)	(2)	NM	(27)	NM	(164)	245	NM
Brokerage service and mutual funds	10	27	(63.0)	17	(41.2)	46	74	(37.8)
Other asset management (7)	65	65	0.0	31	109.7	155	302	(48.7)
Total excluding net realized capital gains (losses)	<u>(28)</u>	<u>353</u>	NM	<u>150</u>	NM	<u>276</u>	<u>1,706</u>	(83.8)
Net realized capital gains (losses) (6) (8)	<u>(1,116)</u>	<u>(232)</u>	NM	<u>(464)</u>	NM	<u>(2,985)</u>	<u>100</u>	NM
Total operating income (loss)	<u>\$ (1,144)</u>	<u>\$ 121</u>	NM %	<u>\$ (314)</u>	NM %	<u>\$ (2,709)</u>	<u>\$ 1,806</u>	NM %

(See Accompanying Notes on Page 64)

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

	Three Months Ended / As of					Nine Months Ended / As of		
	Sept. 30, 2008	Sept. 30, 2007	% Chg	June 30, 2008	Sequential % Chg	Sept. 30, 2008	Sept. 30, 2007	% Chg
Guaranteed Investment Contracts:								
Reserves	\$ 20,558	\$ 26,119	(21.3) %	\$ 22,958	(10.5) %	\$ 20,558	\$ 26,119	(21.3) %
Spread Information								
Base investment income	\$ 266	\$ 365	(27.1) %	\$ 288	(7.6) %	\$ 874	\$ 1,184	(26.2) %
Partnerships (4)	(114)	216	NM	(1)	NM	(70)	914	NM
Other enhancements	17	13	30.8	3	466.7	26	85	(69.4)
Total net investment income	\$ 169	\$ 594	(71.5) %	\$ 290	(41.7) %	\$ 830	\$ 2,183	(62.0) %
Base yield	5.20 %	5.90 %		5.37 %		5.39 %	5.88 %	
Partnerships (10)	(2.91) %	2.10 %		(0.95) %		(1.35) %	3.08 %	
Other enhancements (11)	0.32 %	0.21 %		0.06 %		0.15 %	0.42 %	
Total	2.61 %	8.21 %		4.48 %		4.19 %	9.38 %	
Spread Data Without Hedge Accounting (12)								
Cost of funds	3.78 %	5.58 %		4.48 %		4.45 %	5.52 %	
Net spread rate, as reported	(1.17) %	2.63 %		0.00 %		(0.26) %	3.86 %	
Net spread rate excluding partnerships and other enhancements	1.42 %	0.32 %		0.89 %		0.94 %	0.36 %	
Spread Data Assuming Hedge Accounting (13)								
Cost of funds with effect of economic hedges	4.19 %	5.09 %		4.72 %		4.54 %	5.03 %	
Net spread rate with effect of economic hedges	(1.58) %	3.12 %		(0.23) %		(0.35) %	4.35 %	
Net economic spread rate excluding partnerships and other enhancements	1.01 %	0.81 %		0.66 %		0.85 %	0.85 %	
Matched Investment Program								
Securities issuance	\$ -	\$ 518	NM %	\$ -	NM %	\$ -	\$ 6,835	NM %
Notes and bonds payable	\$ 13,871	\$ 12,764	8.7 %	\$ 14,621	(5.1) %	\$ 13,871	\$ 12,764	8.7 %

(See Accompanying Notes on Page 64)

American International Group, Inc.

Asset Management

Notes

- (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$80.2 billion, \$96.8 billion and \$92.8 billion at September 30, 2008 and 2007 and June 30, 2008, respectively.
- (2) In order to better align financial reporting with the manner in which AIG's chief operating decision makers manage their businesses, beginning in the fourth quarter of 2007, the effect of consolidating managed partnerships and funds, which were historically reported in the Asset Management segment, are now being reported in the Consolidation and elimination adjustments category. Prior period amounts have been revised to conform to the current presentation.
- (3) The Matched Investment Program (MIP) has replaced the Guaranteed Investment Contracts (GIC) program, which is in runoff, as AIG's principal spread-based investment activity.
- (4) The nine months ended September 30, 2007 includes a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (5) Includes AIG Investments and certain smaller asset management operations.
- (6) Institutional Asset Management operating income includes \$(42) million, \$(33) million and \$14 million for the three-month periods ended September 30, 2008 and 2007 and June 30, 2008, respectively, related to warehoused investments. The operating income from warehoused investments includes \$(2) million, \$13 million and \$62 million of net realized capital gains (losses) on derivative positions, primarily used to hedge financing related to warehoused investments in the three-month periods ended September 30, 2008 and 2007 and June 30, 2008, respectively. Institutional Asset Management operating income includes \$(119) million and \$(72) million for the nine-month periods ended September 30, 2008 and 2007, respectively, related to warehoused investments. The operating income from warehoused investments also includes \$(14) million and \$29 million of net realized capital gains (losses) on derivative positions, primarily used to hedge financing related to warehoused investments in the nine-month periods ended September 30, 2008 and 2007, respectively.
- (7) Consists primarily of SunAmerica Inc. partnership investments.
- (8) Net realized capital gains (losses) are as follows:

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
Spread-Based Investment business - GIC	\$(540)	\$(18)	\$(473)	\$(1,385)	\$(60)
Spread-Based Investment business - MIP	(728)	(221)	(76)	(1,754)	(266)
Institutional Asset Management	152	7	85	154	426
Total	\$(1,116)	\$(232)	\$(464)	\$(2,985)	\$100

The net realized capital losses for the GIC and MIP for the quarter ended September 30, 2008 were primarily due to other-than-temporary impairments on fixed maturity investments and mark to market losses on short credit default swap investments, partially offset by the positive effect of foreign exchange movements on foreign denominated GIC reserves and interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment. For the quarter ended June 30, 2008, net realized capital losses were primarily due to other-than-temporary impairments on fixed maturity investments offset partially by interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment. For the quarter ended September 30, 2007, net realized capital losses for the GIC and MIP were primarily due to the negative effect of foreign exchange movements on foreign denominated GIC reserves and MIP liabilities and other-than-temporary impairments on fixed maturity investments, partially offset by interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment. The net realized capital losses for the GIC and MIP for the nine-month period ended September 30, 2008 were primarily due to other-than-temporary impairments on fixed maturity investments, partially offset by interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment, and the positive effect of foreign exchange movements on foreign denominated GIC reserves. The net realized capital losses for the GIC and MIP for the nine-month period ended September 30, 2007 were primarily due to the negative effect of foreign exchange movements on foreign denominated GIC reserves and MIP liabilities and other-than-temporary impairments on fixed maturity investments, partially offset by interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment.

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

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
Spread-Based Investment business - GIC	\$(1,401)	\$(82)	\$(522)	\$(2,462)	\$(111)
Spread-Based Investment business - MIP	(579)	(56)	(358)	(1,431)	(57)
Institutional Asset Management	-	-	(2)	(2)	-
Total	\$(1,980)	\$(138)	\$(882)	\$(3,895)	\$(168)

Net realized capital gains for the Institutional Asset Management business for the three- and nine-month periods ended September 30, 2008 consisted primarily of a benefit related to the effect of applying a measure of AIG's non-performance risk to determine the fair value of third party credit default swaps in a loss position as required under the definition of fair value in FAS 157. Partially offsetting these gains were mark to market losses on interest rate swaps associated with financing warehoused investments and mark to market losses on derivatives not receiving hedge accounting in the Private Bank and Global Real Estate businesses. For the quarter ended June 30, 2008, net realized capital gains consisted primarily of mark to market gains on interest rate swap associated with financing warehoused investments and foreign exchange transaction gains resulting from the weakening U.S. Dollar. For the nine-month period ended September 30, 2007, the net mark to market gain was primarily the result of a \$398 million gain on the sale of a portion of AIG's investment in The Blackstone Group, L.P.

- (9) The three months ended June 30, 2008 and the nine months ended September 30, 2008 include \$8 million and \$23 million, respectively, of lower of cost or market adjustments on bank loans held for sale.
- (10) Includes incremental effect to base yields of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (11) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (12) 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 (loss) for the Guaranteed Investment Contracts on page 62.
- (13) 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			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
Other before net realized capital gains (losses):					
Equity earnings in partially owned companies	\$ (13)	\$ 37	\$ 8	\$ 3	\$ 128
Interest expense on Fed Facility	(802)	-	-	(802)	-
Other interest expense	(571)	(315)	(452)	(1,391)	(869)
Unallocated corporate expenses (1)	(154)	(166)	(282)	(529)	(548)
Other miscellaneous, net	(15)	16	(19)	(84)	(42)
Subtotal (2)	<u>(1,555)</u>	<u>(428)</u>	<u>(745)</u>	<u>(2,803)</u>	<u>(1,331)</u>
Other net realized capital gains (losses)	<u>139</u>	<u>(199)</u>	<u>30</u>	<u>(96)</u>	<u>(226)</u>
Total other - net	<u>\$ (1,416)</u>	<u>\$ (627)</u>	<u>\$ (715)</u>	<u>\$ (2,899)</u>	<u>\$ (1,557)</u>
Consolidation and elimination adjustments:					
Before net realized capital gains (losses)					
FAS 133 (3)	\$ (442)	\$ (127)	\$ 14	\$ (784)	\$ (339)
Income from consolidated managed partnerships & funds (2) (4)	(150)	217	(152)	(261)	706
All other (2)	359	(5)	(21)	300	73
Subtotal	<u>(233)</u>	<u>85</u>	<u>(159)</u>	<u>(745)</u>	<u>440</u>
Net realized capital gains (losses)					
Reclassification of FAS 133 to other (5)	754	75	(58)	1,062	184
All other eliminations	(57)	118	(31)	(80)	87
Subtotal	<u>697</u>	<u>193</u>	<u>(89)</u>	<u>982</u>	<u>271</u>
Total consolidation and elimination adjustments	<u>\$ 464</u>	<u>\$ 278</u>	<u>\$ (248)</u>	<u>\$ 237</u>	<u>\$ 711</u>

- Note: (1) Includes a charge for settlement of a dispute, 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.
- (2) Components of adjusted net income (loss).
- (3) 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.
- (4) 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). In order to better align financial reporting with the manner in which AIG's chief operating decision makers manage their businesses, beginning in the fourth quarter of 2007, the effect of consolidating managed partnerships and funds, which were historically reported as a component of the Asset Management segment, are now being reported in Other. Prior period amounts have been revised to conform to the current presentation.
- (5) 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			Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	June 30, 2008	Sept. 30, 2008	Sept. 30, 2007
General Insurance					
Sales of fixed maturities	\$ 141	\$ (48)	\$ 28	\$ 162	\$ (103)
Sales of equity securities	(68)	54	45	(59)	248
Sales of real estate and other assets	(31)	(5)	3	(22)	19
Foreign exchange transactions (1)	105	(31)	53	99	2
Derivative instruments	23	(4)	(7)	(6)	(12)
Other-than-temporary impairments	(1,828)	(35)	(685)	(2,668)	(165)
Total General Insurance	<u>(1,658)</u>	<u>(69)</u>	<u>(563)</u>	<u>(2,494)</u>	<u>(11)</u>
Life Insurance & Retirement Services					
Sales of fixed maturities	(694)	(345)	(54)	(751)	(489)
Sales of equity securities	354	208	197	651	441
Sales of real estate and other assets	153	22	149	478	97
Foreign exchange transactions (1)	335	258	(150)	145	357
Derivative instruments	(575)	(285)	41	(744)	(367)
Other-than-temporary impairments	(15,914)	(349)	(5,193)	(25,499)	(1,065)
Total Life Insurance & Retirement Services	<u>(16,341)</u>	<u>(491)</u>	<u>(5,010)</u>	<u>(25,720)</u>	<u>(1,026)</u>
Financial Services					
Sales of fixed maturities	(31)	-	-	(31)	(1)
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	2	9	10	4	(2)
Foreign exchange transactions (1)	(11)	101	(3)	(7)	(97)
Derivative instruments	34	(175)	25	(79)	33
Other-than-temporary impairments	(27)	(1)	(17)	(56)	(3)
Total Financial Services	<u>(33)</u>	<u>(66)</u>	<u>15</u>	<u>(169)</u>	<u>(70)</u>
Asset Management					
Sales of fixed maturities	(105)	(10)	11	(62)	17
Sales of equity securities	2	3	(2)	16	19
Sales of real estate and other assets (2)	2	74	18	12	489
Foreign exchange transactions (1)	594	(378)	47	301	(465)
Derivative instruments	371	217	344	643	208
Other-than-temporary impairments	(1,980)	(138)	(882)	(3,895)	(168)
Total Asset Management	<u>(1,116)</u>	<u>(232)</u>	<u>(464)</u>	<u>(2,985)</u>	<u>100</u>
Other					
Sales of fixed maturities	-	-	-	-	4
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	(24)	(17)	9	(10)	11
Foreign exchange transactions (1)	658	(77)	(31)	533	(176)
Derivative instruments	(368)	(84)	52	(491)	(38)
Other-than-temporary impairments	(127)	(21)	-	(128)	(27)
Total Other	<u>139</u>	<u>(199)</u>	<u>30</u>	<u>(96)</u>	<u>(226)</u>
Reclassifications and Eliminations					
Sales of fixed maturities	(79)	-	(14)	(96)	-
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	(5)	127	(17)	(40)	95
Foreign exchange transactions (1)	315	(234)	10	187	(90)
Derivative instruments	466	300	(68)	931	266
Total Reclassifications and Eliminations	<u>697</u>	<u>193</u>	<u>(89)</u>	<u>982</u>	<u>271</u>
Net Realized Capital Gains (Losses)					
Sales of fixed maturities	(768)	(403)	(29)	(778)	(572)
Sales of equity securities	288	265	240	608	708
Sales of real estate and other assets	97	210	172	422	709
Foreign exchange transactions (1)	1,996	(361)	(74)	1,258	(469)
Derivative instruments	(49)	(31)	387	254	90
Other-than-temporary impairments	(19,876)	(544)	(6,777)	(32,246)	(1,428)
Total Net Realized Capital Gains (Losses)	<u>\$ (18,312)</u>	<u>\$ (864)</u>	<u>\$ (6,081)</u>	<u>\$ (30,482)</u>	<u>\$ (962)</u>
Total Net Realized Capital Gains (Losses), net of tax	<u>\$ (15,056)</u>	<u>\$ (600)</u>	<u>\$ (4,019)</u>	<u>\$ (23,038)</u>	<u>\$ (673)</u>

Note : (1) Includes foreign exchange gains and losses from hedging activities.

(2) The nine months ended September 30, 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.

American International Group, Inc.

Cash and Invested Assets

September 30, 2008

(dollars in millions)

	<u>General Insurance</u>	<u>Life Insurance & Retirement Services</u>	<u>Financial Services</u>	<u>Asset Management</u>	<u>Other</u>	<u>Total Company</u>	<u>Percent of Total</u>
Fixed maturities:							
Bonds available for sale, at fair value	\$ 89,555	\$ 284,886	\$ 1,199	\$ 18,854	\$ 0	\$ 394,494	49.9 %
Bonds held to maturity, at amortized cost	0	0	0	0	0	0	0.0
Bond trading securities, at fair value	0	7,545	0	7	0	7,552	1.0
Equity securities:							
Common stocks available for sale, at fair value *	3,028	7,793	2	654	(18)	11,459	1.4
Common and preferred stocks trading, at fair value	228	20,421	0	25	0	20,674	2.6
Preferred stocks available for sale, at fair value	1,111	348	5	0	0	1,464	0.2
Mortgage loans on real estate, net of allowance	10	15,235	151	4,167	0	19,563	2.5
Policy loans	2	8,510	2	48	(10)	8,552	1.1
Collateral and guaranteed loans, net of allowance	1	815	468	1,171	42	2,497	0.3
Other loans receivable, net of allowance	3	1,377	0	1,728	4	3,112	0.4
Investment income due and accrued	1,376	5,322	29	282	(1)	7,008	0.9
Real estate, net of accumulated depreciation	306	926	34	87	225	1,578	0.2
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	43,561	0	0	43,561	5.5
Securities available for sale, at fair value	0	0	2,326	0	0	2,326	0.3
Trading securities, at fair value	0	0	36,136	0	0	36,136	4.6
Spot commodities, at fair value	0	0	34	0	0	34	0.0
Unrealized gain on swaps, options and forward transactions, at fair value	0	0	11,663	0	(1,629)	10,034	1.3
Trade receivables	0	0	4,617	0	0	4,617	0.6
Securities purchased under agreements to resell, at fair value,	0	0	12,100	0	0	12,100	1.5
Finance receivables, net of allowance	0	5	32,585	0	0	32,590	4.1
Securities lending invested collateral, at fair value	2,910	35,176	0	3,425	0	41,511	5.3
Other invested assets	12,341	19,670	2,756	16,042	7,914	58,723	7.4
Short-term investments	9,687	27,119	8,846	5,595	1,237	52,484	6.6
Cash	1,743	5,324	9,795	545	1,163	18,570	2.3
Total cash and invested assets	<u>\$ 122,301</u>	<u>\$ 440,472</u>	<u>\$ 166,309</u>	<u>\$ 52,630</u>	<u>\$ 8,927</u>	<u>\$ 790,639</u>	<u>100.0 %</u>
Percent of total company	15.5%	55.7%	21.0%	6.7%	1.1%	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 Invested Assets
General Insurance

(dollars in millions)

	September 30, 2008			Percent of Total	December 31, 2007			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at fair value	\$ 70,671	\$ 18,884	\$ 89,555	73.2 %	\$ 54,583	\$ 19,474	\$ 74,057	57.1 %
Bonds held to maturity, at amortized cost	0	0	0	0.0	21,176	179	21,355	16.5
Bond trading securities, at fair value	0	0	0	0.0	0	0	0	0.0
Equity securities:								
Common stocks available for sale, at fair value	2,298	730	3,028	2.5	4,509	1,090	5,599	4.3
Common and preferred stocks trading, at fair value	228	0	228	0.2	321	0	321	0.2
Preferred stocks available for sale, at fair value	1,110	1	1,111	0.9	1,883	2	1,885	1.5
Mortgage loans on real estate, net of allowance	8	2	10	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
Investment income due and accrued	1,014	362	1,376	1.1	1,042	389	1,431	1.1
Real estate, net of accumulated depreciation	44	262	306	0.3	46	303	349	0.3
Financial services assets:								
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0	0	0	0	0.0
Securities available for sale, at fair value	0	0	0	0.0	0	0	0	0.0
Trading securities, at fair value	0	0	0	0.0	0	0	0	0.0
Spot commodities, at fair value	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps, options and forward transactions, at fair value	0	0	0	0.0	0	0	0	0.0
Trade receivables	0	0	0	0.0	0	0	0	0.0
Securities purchased under agreements to resell, at fair value	0	0	0	0.0	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0	0	0	0	0.0
Securities lending invested collateral, at fair value	960	1,950	2,910	2.4	2,552	2,479	5,031	3.9
Other invested assets	10,637	1,704	12,341	10.1	9,996	1,899	11,895	9.2
Short-term investments	3,965	5,722	9,687	7.9	2,405	4,951	7,356	5.7
Cash	1,474	269	1,743	1.4	281	216	497	0.2
Total cash and invested assets	\$ 92,412	\$ 29,889	\$ 122,301	100.0 %	\$ 98,802	\$ 30,987	\$ 129,789	100.0 %
Percent of total company	11.7%	3.8%	15.5%		11.5%	3.6%	15.1%	
Return on average invested assets			3.3%				5.0%	
Return on average invested assets excluding securities lending collateral			3.4%				5.2%	

American International Group, Inc.
Cash and Invested Assets
Life Insurance & Retirement Services

(dollars in millions)

	September 30, 2008			Percent of Total	December 31, 2007			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at fair value	\$ 115,610	\$ 169,276	\$ 284,886	64.7 %	\$ 127,839	\$ 166,323	\$ 294,162	62.5 %
Bonds held to maturity, at amortized cost	0	0	0	0.0	0	1	1	0.0
Bond trading securities, at fair value	236	7,309	7,545	1.7	423	9,525	9,948	2.1
Equity securities:								
Common stocks available for sale, at fair value	223	7,570	7,793	1.8	170	11,446	11,616	2.5
Common and preferred stocks trading, at fair value	482	19,939	20,421	4.6	594	20,432	21,026	4.5
Preferred stocks available for sale, at fair value	101	247	348	0.1	250	227	477	0.1
Mortgage loans on real estate, net of allowance	11,646	3,589	15,235	3.5	11,447	3,261	14,708	3.1
Policy loans	3,080	5,430	8,510	1.9	3,012	5,045	8,057	1.7
Collateral and guaranteed loans, net of allowance	302	513	815	0.2	289	492	781	0.2
Other loans receivable, net of allowance	836	541	1,377	0.3	770	535	1,305	0.3
Investment income due and accrued	1,912	3,410	5,322	1.2	1,762	2,966	4,728	1.0
Real estate, net of accumulated depreciation	62	864	926	0.2	114	862	976	0.2
Financial services assets:								
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0	0	0	0	0.0
Securities available for sale, at fair value	0	0	0	0.0	0	0	0	0.0
Trading securities, at fair value	0	0	0	0.0	0	0	0	0.0
Spot commodities, at fair value	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps, options and forward transactions, at fair value	0	0	0	0.0	0	0	0	0.0
Trade receivables	0	0	0	0.0	0	0	0	0.0
Securities purchased under agreements to resell, at fair value	0	0	0	0.0	0	0	0	0.0
Finance receivables, net of allowance	0	5	5	0.0	0	5	5	0.0
Securities lending invested collateral, at fair value	29,756	5,420	35,176	8.0	49,527	7,944	57,471	12.2
Other invested assets	9,738	9,932	19,670	4.5	9,877	9,138	19,015	4.0
Short-term investments	3,865	23,254	27,119	6.2	3,329	21,907	25,236	5.4
Cash	4,021	1,303	5,324	1.1	70	930	1,000	0.2
Total cash and invested assets	\$ 181,870	\$ 258,602	\$ 440,472	100.0 %	\$ 209,473	\$ 261,039	\$ 470,512	100.0 %
Percent of total company	23.0%	32.7%	55.7%		24.3%	30.3%	54.6%	
Return on average invested assets			3.4%				5.0%	
Return on average invested assets excluding securities lending collateral			3.8%				5.6%	

American International Group, Inc.
Cash and Invested Assets
Financial Services

(dollars in millions)

	September 30, 2008					Percent of Total
	Aircraft Leasing	Capital Markets	Consumer Finance	Other Financial Services	Total	
Fixed maturities:						
Bonds available for sale, at fair value	\$ 0	\$ 0	\$ 1,199	\$ 0	\$ 1,199	0.7 %
Bonds held to maturity, at amortized cost	0	0	0	0	0	0.0
Bond trading securities, at fair value	0	0	0	0	0	0.0
Equity securities:						
Common stocks available for sale, at fair value	0	0	2	0	2	0.0
Common and preferred stocks trading, at fair value	0	0	0	0	0	0.0
Preferred stocks available for sale, at fair value	0	0	5	0	5	0.0
Mortgage loans on real estate, net of allowance	0	0	145	6	151	0.1
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans, net of allowance	140	328	0	0	468	0.3
Other loans receivable, net of allowance	0	0	0	0	0	0.0
Investment income due and accrued	5	0	18	6	29	0.0
Real estate, net of accumulated depreciation	0	0	34	0	34	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	43,561	0	0	0	43,561	26.2
Securities available for sale, at fair value	1	1,171	559	595	2,326	1.4
Trading securities, at fair value	0	36,136	0	0	36,136	21.7
Spot commodities, at fair value	0	34	0	0	34	0.0
Unrealized gain on swaps, options and forward transactions, at fair value	0	11,663	0	0	11,663	7.0
Trade receivables	0	4,617	0	0	4,617	2.8
Securities purchased under agreements to resell, at fair value	0	12,100	0	0	12,100	7.3
Finance receivables, net of allowance	291	0	30,901	1,393	32,585	19.6
Securities lending invested collateral, at fair value	0	0	0	0	0	0.0
Other invested assets	0	2,562	189	5	2,756	1.7
Short-term investments	4,468	2,145	2,008	225	8,846	5.3
Cash	638	6,449	2,606	102	9,795	5.9
Total cash and invested assets	\$ 49,104	\$ 77,205	\$ 37,668	\$ 2,332	\$ 166,309	100.0 %
Percent of total company	6.2%	9.8%	4.7%	0.3%	21.0%	

American International Group, Inc

Other Invested Assets

(dollars in millions)

	Sept. 30, 2008	Dec. 31, 2007	% chg
Domestic General Insurance			
Partnerships (1)	\$ 7,203	\$ 7,416	(2.9)
Mutual Funds	196	294	(33.3)
Real Estate	-	-	NM
All Other	3,238	2,286	41.6
Total Domestic General Insurance	<u>10,637</u>	<u>9,996</u>	6.4
Foreign General Insurance			
Partnerships (1)	910	877	3.8
Mutual Funds	546	857	(36.3)
Real Estate	164	150	9.3
All Other	84	15	460.0
Total Foreign General Insurance	<u>1,704</u>	<u>1,899</u>	(10.3)
Domestic Life Insurance			
Partnerships (1)	1,377	976	41.1
Mutual Funds	90	83	8.4
Real Estate	148	115	28.7
All Other	709	727	(2.5)
Total Domestic Life Insurance	<u>2,324</u>	<u>1,901</u>	22.3
Domestic Retirement Services			
Partnerships (1)	5,974	6,482	(7.8)
Mutual Funds	19	12	58.3
Real Estate	86	86	0.0
All Other	1,335	1,396	(4.4)
Total Domestic Retirement Services	<u>7,414</u>	<u>7,976</u>	(7.0)
Foreign Life Insurance & Retirement Services			
Partnerships (1)	1,762	1,589	10.9
Mutual Funds	2,588	3,027	(14.5)
Real Estate	2,739	2,566	6.7
All Other	2,843	1,956	45.3
Total Foreign Life Insurance & Retirement Services	<u>9,932</u>	<u>9,138</u>	8.7
Asset Management			
Partnerships (1)	9,946	9,669	2.9
Mutual Funds	-	-	NM
Real Estate	5,630	6,960	(19.1)
All Other	466	632	(26.3)
Total Asset Management	<u>16,042</u>	<u>17,261</u>	(7.1)
Financial Services and Other			
Partnerships (1)	1,224	1,929	(36.5)
Mutual Funds	782	618	26.5
Real Estate	245	-	NM
All Other	1,344	1,491	(9.9)
Total Financial Services and Other	<u>3,595</u>	<u>4,038</u>	(11.0)
Consolidated Managed Partnerships & Funds (2)	7,075	6,614	7.0
Total AIG Other Invested Assets			
Partnerships (1)	28,396	28,938	(1.9)
Mutual Funds	4,221	4,891	(13.7)
Real Estate	9,012	9,877	(8.8)
All Other (3)	10,019	8,503	17.8
Consolidated Managed Partnerships & Funds (2)	7,075	6,614	7.0
Total AIG Other Invested Assets	<u>\$ 58,723</u>	<u>\$ 58,823</u>	(0.2)

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 and other miscellaneous investments.

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

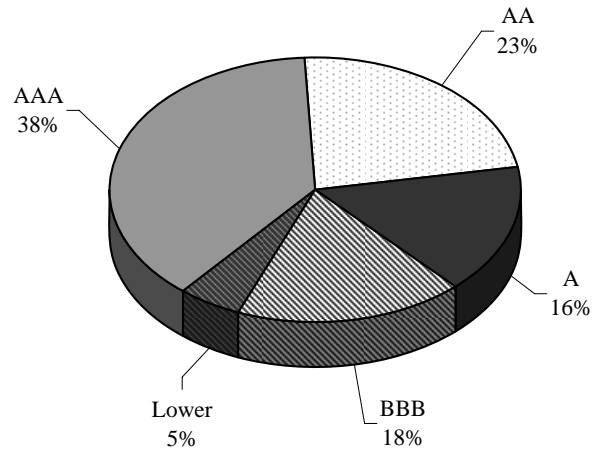
(dollars in millions)

	Three Months Ended						Nine Months Ended						
	Sept. 30, 2008		Sept. 30, 2007		June 30, 2008		Sept. 30, 2008		Sept. 30, 2007		Sept. 30, 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	
Partnerships (2) (3):													
General Insurance													
Domestic General Insurance	\$ (177)	(6.9) %	\$ 226	13.9 %	\$ (59)	\$ 7,499	(3.2) %	\$ (197)	\$ 7,203	(3.2) %	\$ 795	\$ 6,749	17.5 %
Foreign General Insurance	(65)	(27.5)	42	22.7	45	984	18.6	7	910	1.0	162	851	29.7
Total General Insurance	(242)	(9.2)	268	14.8	(14)	8,483	(0.7)	(190)	8,113	(2.7)	957	7,600	18.9
Life Insurance & Retirement Services													
Domestic Life Insurance	(5)	(1.5)	-	0.0	(10)	1,210	(3.5)	12	1,377	1.4	12	796	2.6
Domestic Retirement Services	(528)	(25.4)	6	0.4	83	6,569	5.2	(434)	5,974	(8.3)	389	5,997	10.1
Foreign Life Insurance & Retirement Services	(40)	(9.0)	-	0.0	9	1,774	2.0	(29)	1,762	(2.3)	86	1,438	8.9
Total Life Insurance & Retirement Services	(573)	(19.0)	6	0.3	82	9,553	3.5	(451)	9,113	(5.9)	487	8,231	9.2
Asset Management	29	2.3	284	12.1	74	9,968	3.0	197	9,946	2.8	1,305	9,458	18.7
Financial Services and Other	(207)	(52.4)	17	3.7	(51)	1,938	(10.2)	(261)	1,224	(19.5)	33	1,881	3.2
Total excluding Consolidated Managed Partnerships and Funds	(993)	(10.8) %	575	8.7 %	91	29,942	1.2 %	(705)	28,396	(2.9) %	2,782	27,170	15.1 %
Consolidated Managed Partnerships and Funds (4)	(19)		205		(151)	6,558		(43)	7,075		444	4,801	
Total	\$ (1,012)		\$ 780		\$ (60)	\$ 36,500		\$ (748)	\$ 35,471		\$ 3,226	\$ 31,971	
Partnership Type:													
Private Equity	\$ (72)	(1.6) %	\$ 612	15.6 %	\$ (116)	\$ 18,129	(2.6) %	\$ 114	\$ 18,119	0.9 %	\$ 1,914	\$ 15,716	17.5 %
Hedge Funds	(921)	(25.8)	(37)	(1.4)	207	11,813	7.1	(819)	10,277	(8.7)	868	11,454	11.7
Total excluding Consolidated Managed Partnerships and Funds	\$ (993)	(10.8) %	\$ 575	8.7 %	\$ 91	\$ 29,942	1.2 %	\$ (705)	\$ 28,396	(2.9) %	\$ 2,782	\$ 27,170	15.1 %
Mutual Funds (5):													
General Insurance													
Domestic General Insurance	\$ (59)	(102.4) %	\$ (5)	(5.0) %	\$ 19	\$ 265	29.0 %	\$ (79)	\$ 196	(41.6) %	\$ 103	\$ 313	34.2 %
Foreign General Insurance	(211)	(91.1)	(22)	(8.8)	37	844	17.9	(227)	546	(35.7)	134	870	18.8
Total General Insurance	(270)	(93.9)	(27)	(7.7)	56	1,109	20.6	(306)	742	(37.1)	237	1,183	23.4
Life Insurance & Retirement Services													
Domestic Life Insurance	(3)	(13.8)	(2)	(9.7)	3	84	14.5	(2)	90	(3.1)	2	81	3.3
Domestic Retirement Services	-	0.0	-	0.0	-	21	0.0	-	19	0.0	-	15	0.0
Foreign Life Insurance & Retirement Services	(398)	(70.3)	(92)	(16.2)	40	1,499	9.4	(455)	1,450	(30.9)	107	1,540	6.5
Total Life Insurance & Retirement Services	(401)	(66.8)	(94)	(15.8)	43	1,604	9.5	(457)	1,559	(29.4)	109	1,636	6.4
Total	\$ (671)	(76.0) %	\$ (121)	(12.8) %	\$ 99	\$ 2,713	13.7 %	\$ (763)	\$ 2,301	(32.1) %	\$ 346	\$ 2,819	12.7 %
Total Partnerships and Mutual Funds	\$ (1,664)		\$ 454		\$ 190			\$ (1,468)			\$ 3,128		

- 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.

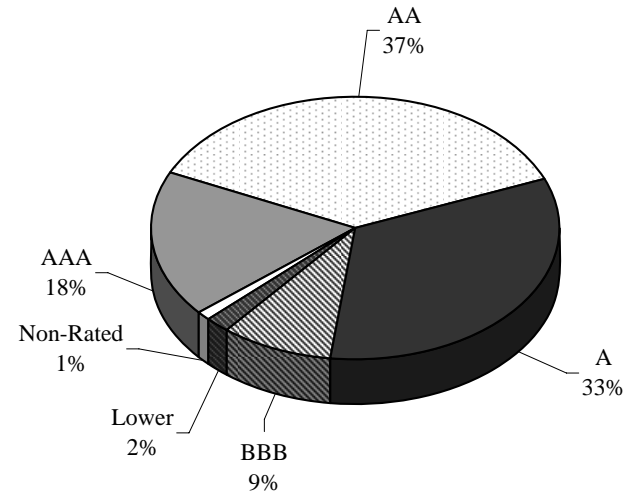
American International Group, Inc.
Total Bond Portfolio Ratings (Excludes AIGFP)
 September 30, 2008

Domestic Bond Portfolio Ratings



Domestic Bonds (2)
 \$237.6 billion

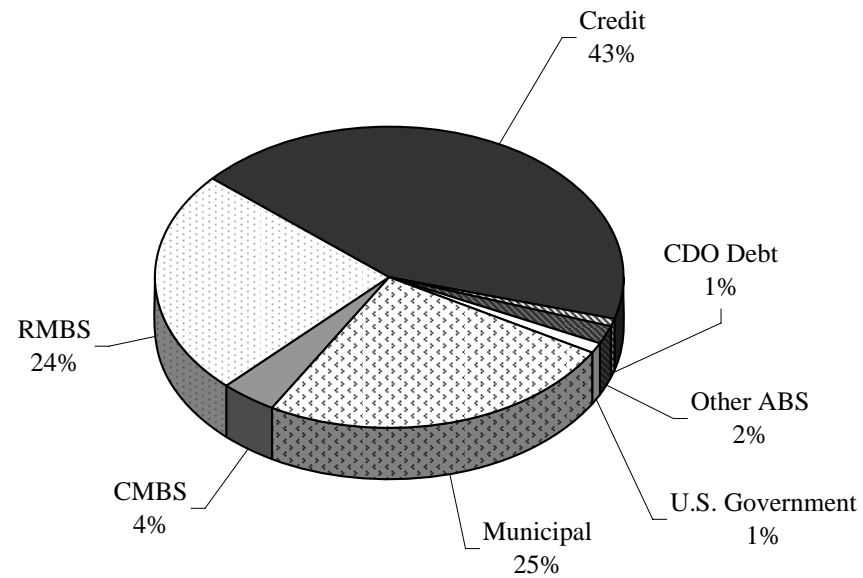
Foreign Bond Portfolio Ratings (1)



Foreign Bonds (2)
 \$201.4 billion

(1) Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the non-rated fixed income investments.
 (2) Includes bonds reported in securities lending invested collateral and securities available for sale on the consolidated balance sheet.

American International Group, Inc.
Domestic Bond Portfolio by Category
September 30, 2008



Domestic Bonds*
\$237.6 billion

* Includes bonds reported in securities lending invested collateral and securities available for sale on the consolidated balance sheet.

American International Group, Inc.
Domestic Insurance and Asset Management
Bond Portfolio
 September 30, 2008

Domestic General Insurance

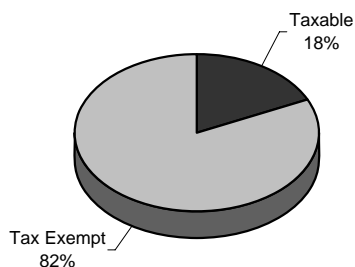
Bond Ratings

AAA.....	46.9%
AA.....	44.7%
A.....	7.3%
BBB.....	0.6%
Non-Rated.....	0.1%
Lower.....	0.4%

Domestic Life Insurance & Retirement Services and Asset Management

Bond Ratings

AAA.....	34.0%
AA.....	14.0%
A.....	19.4%
BBB.....	24.8%
Non-Rated.....	0.1%
Lower.....	7.7%



Domestic Life Insurance &
 Retirement Services and
 Asset Management Bonds *
 \$163.6 billion

Domestic General Insurance Bonds *
 \$71.6 billion

* Includes bonds reported in securities lending invested collateral on the consolidated balance sheet.

American International Group, Inc. (Excludes AIGFP)
Asset-Backed Securities and Collateralized Debt Obligations that Include Residential Mortgages
September 30, 2008
(dollars in millions)

	Asset Class			Total Amortized Cost
	RMBS	CMBS	CDO/ABS	
Rating				
AAA	\$ 53,314	\$ 15,746	\$ 3,131	\$ 72,191
AA	6,111	2,326	2,529	10,966
A	2,040	1,421	2,625	6,086
BBB and below	3,268	528	1,324	5,120
Total	<u>\$ 64,733</u>	<u>\$ 20,021</u>	<u>\$ 9,609</u>	<u>\$ 94,363</u>

Collateral Type	
U.S. agencies	\$ 17,419
Prime non-agency	15,698
Alt-A	14,984
Other housing related	2,111
Subprime	14,521
Total	<u>\$ 64,733</u>

	Year of Vintage						Total Amortized Cost
	Prior	2004	2005	2006	2007	2008	
Subprime Mortgages							
Rating							
AAA	\$ 381	\$ 336	\$ 3,261	\$ 4,307	\$ 2,217	\$ -	\$ 10,502
AA	122	96	289	1,152	235	-	1,894
A	72	50	51	425	117	-	715
BBB and below	2	67	63	722	556	-	1,410
Total	<u>\$ 577</u>	<u>\$ 549</u>	<u>\$ 3,664</u>	<u>\$ 6,606</u>	<u>\$ 3,125</u>	<u>\$ -</u>	<u>\$ 14,521</u>

American International Group, Inc. (Excludes AIGFP)

Commercial Mortgage-Backed Securities

September 30, 2008

(dollars in millions)

CMBS Portfolio		
Description	Amortized Cost	Percentage
CMBS (traditional)	\$ 18,263	91%
ReRemic / CRE CDO	1,164	6%
Agency	202	1%
Other	392	2%
Total	<u>\$ 20,021</u>	<u>100%</u>

CMBS by Rating	
Rating	Percentage
AAA	79%
AA	12%
A	7%
BBB and below	2%
Total	<u>100%</u>

CMBS by Vintage	
Year of Vintage	Percentage
2008	1%
2007	24%
2006	14%
2005	19%
2004	17%
Prior	25%
Total	<u>100%</u>

CMBS by Geographic Region	
Geographic Region	Percentage
New York	17%
California	13%
Texas	7%
Florida	6%
Virginia	3%
Illinois	3%
New Jersey	3%
Pennsylvania	3%
Maryland	3%
Georgia	2%
All Other	40%
Total	<u>100%</u>

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.