



American International Group, Inc.

Financial Supplement

First Quarter 2007

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed with the Securities and Exchange Commission.

American International Group, Inc.
Financial Supplement
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American International Group, Inc.

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American International Group, Inc. Segment Reporting Revisions

In order to better align financial reporting with the manner in which AIG's chief operating decision makers have managed their businesses, in the three months ended March 31, 2007 AIG realigned certain products among reportable segments and major internal reporting units. AIG also began reporting realized capital gains and losses for the Financial Services and Asset Management segments in results of these segments. Historically, realized capital gains and losses were included in the Other category. There has been no change in AIG's management structure or its reportable segments. All prior period amounts presented have been revised to conform to the current year's presentation of these items. See "Financial Supplement (as Revised) 2005 - 2006".

General Insurance

The Foreign Aviation business was transferred from the Domestic Brokerage Group to Foreign General. The Oil Rig and Marine businesses were transferred from Foreign General to the Domestic Brokerage Group. These transfers had no effect on total General Insurance operations.

Life Insurance & Retirement Services / Asset Management

Certain foreign investment contracts that had been historically reflected in the Asset Management segment as part of Guaranteed Investment Contracts are now being reflected as part of the Life Insurance & Retirement Services segment.

Financial Services / Asset Management

Historically certain realized capital gains and losses related to Financial Services and Asset Management segments had been reported as part of the Other category and not part of the Financial Services and Asset Management segments. These realized capital gains and losses are now part of the Financial Services and Asset Management segments.

Asset Management

Historically the elimination of the intercompany asset management fees charged by the Asset Management segment to other AIG subsidiaries had been eliminated within the Asset Management segment's results. This elimination is now being reflected in the Consolidation and Eliminations adjustment column, which is part of the Other category.

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Revenues:					
Premiums and other considerations	\$ 19,642	\$ 18,270	7.5 %	\$ 18,727	4.9 %
Net investment income	7,124	5,971	19.3	7,491	(4.9)
Realized capital gains (losses) (1)	(70)	169	NM	238	NM
Other income (1)	3,949	2,868	37.7	3,552	11.2
Total revenues (1)	<u>30,645</u>	<u>27,278</u>	12.3	<u>30,008</u>	2.1
Benefits and expenses:					
Incurred policy losses and benefits	16,146	15,089	7.0	16,169	(0.1)
Insurance acquisition and other operating expenses	8,327	7,396	12.6	8,487	(1.9)
Total benefits and expenses	<u>24,473</u>	<u>22,485</u>	8.8	<u>24,656</u>	(0.7)
Income before income taxes, minority interest and cumulative effect of an accounting change					
	6,172	4,793	28.8	5,352	15.3
Income taxes	<u>1,726</u>	<u>1,435</u>	20.3	<u>1,471</u>	17.3
Income before minority interest and cumulative effect of an accounting change					
	4,446	3,358	32.4	3,881	14.6
Minority interest	<u>(316)</u>	<u>(197)</u>	NM	<u>(442)</u>	NM
Income before cumulative effect of an accounting change					
	4,130	3,161	30.7	3,439	20.1
Cumulative effect of an accounting change, net of tax (2)	<u>-</u>	<u>34</u>	NM	<u>-</u>	NM
Net income	<u>4,130</u>	<u>3,195</u>	29.3	<u>3,439</u>	20.1
Earnings per common share:					
Basic					
Income before cumulative effect of an accounting change	1.58	1.21	30.6	1.32	19.7
Cumulative effect of an accounting change, net of tax (2)	-	0.01	NM	-	NM
Net income	1.58	1.22	29.5	1.32	19.7
Diluted					
Income before cumulative effect of an accounting change	1.58	1.21	30.6	1.31	20.6
Cumulative effect of an accounting change, net of tax (2)	-	0.01	NM	-	NM
Net income	1.58	1.22	29.5	1.31	20.6
Dividends declared per common share	\$ 0.165	\$ 0.150	10.0 %	\$ 0.165	0.0 %
Average shares outstanding:					
Basic	2,612	2,605		2,610	
Diluted	2,621	2,624		2,622	

Note: (1) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities"(FAS 133) or for which hedge accounting was not applied, including the related foreign exchange gains and losses. For the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively; **realized capital gains (losses)** includes a loss of \$137 million and gains of \$299 million and \$88 million, respectively; **other income** includes losses of \$315 million, \$511 million and \$822 million, respectively; and **total revenues** includes losses of \$452 million, \$212 million and \$734 million, respectively. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, principally in its Capital Markets operations.

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

American International Group, Inc.

Consolidated Statement of Segment Operations

(in millions, except per share data)

	Three Months Ended					
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg	
General insurance						
Net premiums written	\$ 12,106	\$ 11,255	7.6 %	\$ 10,753	12.6	%
Net premiums earned	11,219	10,470	7.2	11,086	1.2	
Losses and loss expenses incurred	7,200	6,977	3.2	7,294	(1.3)	
Underwriting expenses	2,607	2,348	11.0	2,881	(9.5)	
Underwriting profit (1)	1,412	1,145	23.3	911	55.0	
Net investment income	1,563	1,118	39.8	1,594	(1.9)	
Income before realized capital gains (losses)	2,975	2,263	31.5	2,505	18.8	
Realized capital gains (losses) (2)	121	68	77.9	88	37.5	
Operating income	<u>3,096</u>	<u>2,331</u>	<u>32.8</u>	<u>2,593</u>	<u>19.4</u>	
Life insurance & retirement services						
Premiums and other considerations	8,425	7,800	8.0	7,645	10.2	
Deposits and other considerations not included in revenues under GAAP	12,484	11,825	5.6	12,974	(3.8)	
Premiums, deposits and other considerations	20,909	19,625	6.5	20,619	1.4	
Net investment income	5,513	4,834	14.0	5,725	(3.7)	
Income before realized capital gains (losses)	2,537	2,414	5.1	2,433	4.3	
Realized capital gains (losses) (2)	(256)	216	NM	205	NM	
Operating income	<u>2,281</u>	<u>2,630</u>	<u>(13.3)</u>	<u>2,638</u>	<u>(13.5)</u>	
Financial services						
Operating income excluding FAS 133 and realized capital gains (losses)	444	518	(14.3)	635	(30.1)	
FAS 133 (3)	(85)	(678)	NM	(764)	NM	
Realized capital gains (losses) (2)	(67)	52	NM	(29)	NM	
Operating income (loss)	<u>292</u>	<u>(108)</u>	<u>NM</u>	<u>(158)</u>	<u>NM</u>	
Asset management						
Operating income excluding consolidated investments and realized capital gains (losses)	786	348	125.9	515	52.6	
Consolidated investments (4)	228	96	NM	188	NM	
Realized capital gains (losses) (2)	(20)	5	NM	(16)	NM	
Operating income	<u>994</u>	<u>449</u>	<u>121.4</u>	<u>687</u>	<u>44.7</u>	
Other income (deductions) - net (5)	(643)	(337)	NM	(398)	NM	
Other realized capital gains (losses) (2) (6)	152	(172)	NM	(10)	NM	
Income before income taxes, minority interest and cumulative effect of an accounting change	<u>6,172</u>	<u>4,793</u>	<u>28.8</u>	<u>5,352</u>	<u>15.3</u>	
Income taxes	<u>1,726</u>	<u>1,435</u>	<u>20.3</u>	<u>1,471</u>	<u>17.3</u>	
Income before minority interest and cumulative effect of an accounting change	4,446	3,358	32.4	3,881	14.6	
Minority interest, after tax:						
Income before realized capital gains (losses)	(323)	(181)	NM	(439)	NM	
Realized capital gains (losses)	7	(16)	NM	(3)	NM	
Income before cumulative effect of an accounting change	4,130	3,161	30.7	3,439	20.1	
Cumulative effect of an accounting change, net of tax (7)	<u>-</u>	<u>34</u>	<u>NM</u>	<u>-</u>	<u>NM</u>	
Net income	<u>4,130</u>	<u>3,195</u>	<u>29.3</u>	<u>3,439</u>	<u>20.1</u>	
Realized capital gains (losses), net of tax (8)	(56)	118	NM	121	NM	
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	(205)	(333)	NM	(534)	NM	
Cumulative effect of an accounting change, net of tax (7)	<u>-</u>	<u>34</u>	<u>NM</u>	<u>-</u>	<u>NM</u>	
Adjusted net income (9)	<u>4,391</u>	<u>3,376</u>	<u>30.1</u>	<u>3,852</u>	<u>14.0</u>	
Earnings per share - diluted:						
Net income	1.58	1.22	29.5	1.31	20.6	
Adjusted net income (9)	\$ 1.68	\$ 1.29	30.2 %	\$ 1.47	14.3 %	
Average shares outstanding - diluted	2,621	2,624		2,622		
Effective tax rates (10):						
Income before income taxes, minority interest and cumulative effect of an accounting change	28.0%	29.9%		27.5%		
Net income	29.0%	29.9%		29.2%		
Adjusted net income (9)	29.0%	30.7%		29.3%		
Return on equity (11)	16.1%	14.6%		14.9%		

(See Accompanying Notes on Page 3)

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

- (1) Underwriting profit 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 the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, principally in its Capital Markets operations.
- (3) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133 or for which hedge accounting was not applied, including the related foreign exchange gains and losses. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, principally in its Capital Markets operations.
- (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.
- (5) Includes a loss of \$230 million, a gain of \$167 million and a loss of \$58 million, in the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively, attributable to the elimination of revenues reported in the Financial Services segment from intercompany hedging activities.
- (6) Includes a gain of \$230 million, a loss of \$167 million and a gain of \$58 million in the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively, attributable to the elimination of 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.
- (7) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".
- (8) Includes a loss of \$89 million and gains of \$194 million and \$57 million, net of tax, in the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively, attributable to FAS 133.
- (9) Adjusted net income excludes realized capital gains (losses), cumulative effect of an accounting change and FAS 133, net of tax.
- (10) The calculation of the effective tax rates is as follows:

(dollars in millions)	Three Months Ended March 31, 2007			
	Pretax Income	Income Tax	Net Income	Effective Tax Rate
Income before income taxes, minority interest and cumulative effect of an accounting change	\$6,172	\$1,726	\$4,446	28.0%
Minority interest	(358)	(42)	(316)	
Net income	5,814	1,684	4,130	29.0%
Realized capital gains (losses)	(59)	(3)	(56)	
FAS 133 gains (losses)	(315)	(110)	(205)	
Adjusted net income	\$6,188	\$1,797	\$4,391	29.0%

- (11) Return on equity is annualized net income, expressed as a percentage of average shareholders' equity. Return on equity, as adjusted, is annualized adjusted net income expressed as a percentage of average shareholders' equity adjusted to exclude the effects of FAS 133 of \$77 million and accumulated other comprehensive income of \$9,482 million.

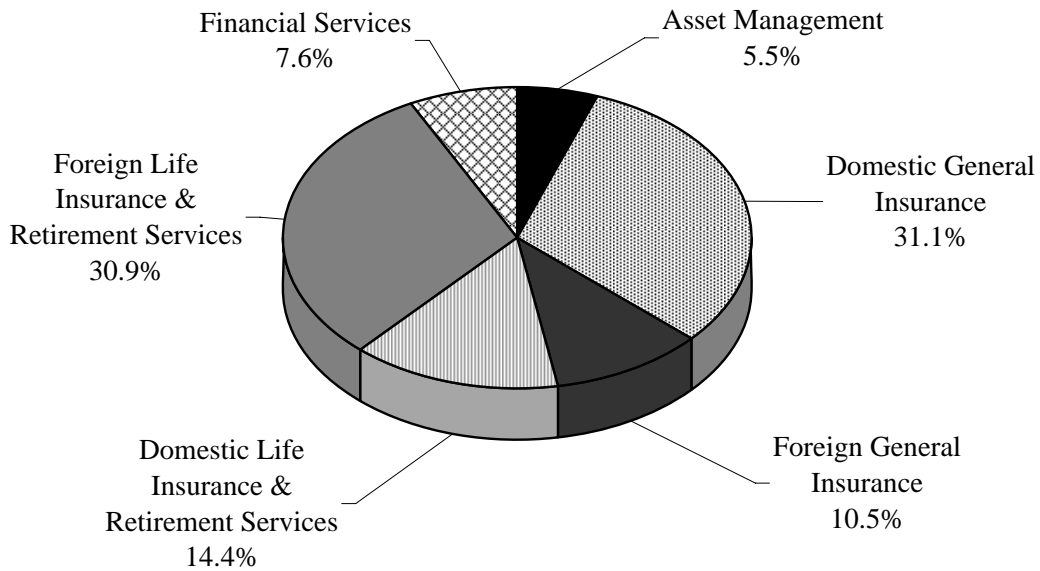
Three Months Ended March 31, 2007	
Return on equity, GAAP basis	16.1%
Adjustments related to:	
FAS 133 and realized capital gains (losses)	1.0%
Accumulated other comprehensive income	1.8%
Return on equity, as adjusted	18.9%

American International Group, Inc.

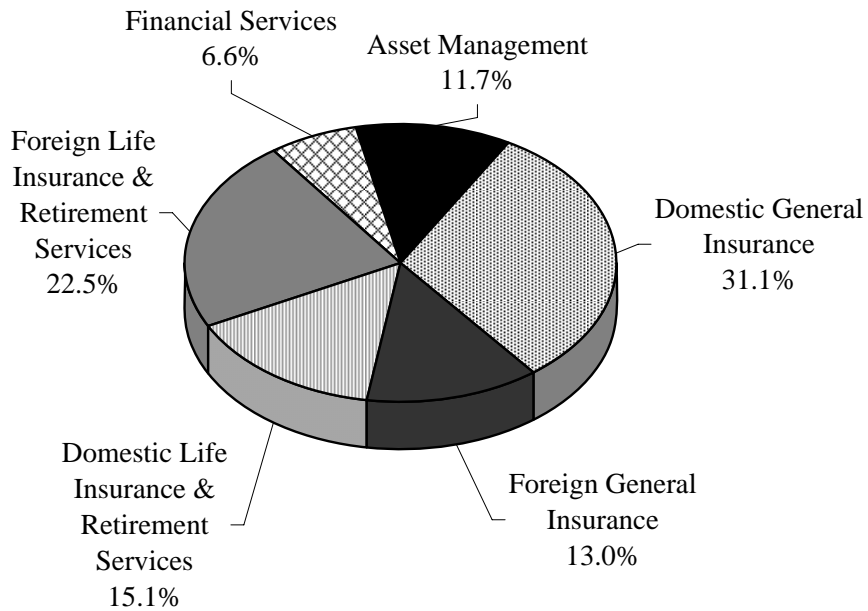
Revenues and Income Graphs

Three Months Ended March 31, 2007

Revenues



Income Before Income Taxes and Minority Interest



Note: Realized capital gains (losses), other income (deductions), consolidated investments and FAS 133 are excluded.

American International Group, Inc.

Summary of FAS 133 Effect (1)

(in millions)

	March 31, 2007	Three Months Ended March 31, 2006	Dec. 31, 2006
FAS 133 effect on operating income before realized capital gains (losses):			
Financial Services (2)	\$ (85)	\$ (678)	\$ (764)
Eliminations and Reclassifications (3)	(230)	167	(58)
	<u>\$ (315)</u>	<u>\$ (511)</u>	<u>\$ (822)</u>
Total pretax effect	\$ (315)	\$ (511)	\$ (822)
Total after tax effect	<u>\$ (205)</u>	<u>\$ (333)</u>	<u>\$ (534)</u>
FAS 133 effect on realized capital gains (losses):			
Financial Services	\$ (75)	\$ 59	\$ (22)
Asset Management	(71)	75	(42)
General Insurance	(3)	(13)	4
Life Insurance & Retirement Services	(123)	352	147
Other	(95)	(7)	(57)
Eliminations and Reclassifications (4)	230	(167)	58
	<u>\$ (137)</u>	<u>\$ 299</u>	<u>\$ 88</u>
Total pretax effect	\$ (137)	\$ 299	\$ 88
Total after tax effect	<u>\$ (89)</u>	<u>\$ 194</u>	<u>\$ 57</u>
FAS 133 effect on total income:			
Total pretax effect	<u>\$ (452)</u>	<u>\$ (212)</u>	<u>\$ (734)</u>
Total after tax effect	<u>\$ (294)</u>	<u>\$ (139)</u>	<u>\$ (477)</u>

- Note:** (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of investments and borrowings that did not qualify for hedge accounting treatment under FAS 133 or for which hedge accounting was not applied. Since hedge accounting has not been applied to the periods presented, an offsetting gain or loss on the hedged exposure has not been recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
- (2) The net loss recognized in the first three months of 2006 was partially due to an out of period charge of \$300 million related to the remediation of the material weakness in accounting for certain derivative transactions under FAS 133. The remainder of the net loss reflected the effect of increases in U.S. interest rates resulting in a decrease in the fair value of the interest rate derivatives hedging Capital Markets assets and liabilities. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, principally in its Capital Markets operations.
- (3) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities.
- (4) Represents the elimination of realized capital gains (losses) from intercompany hedging activities.

American International Group, Inc.

Consolidated Balance Sheet

(in millions)

	March 31, 2007	December 31, 2006
Assets:		
Investments and financial services assets:		
Fixed maturities	\$ 420,400	\$ 417,865
Equity securities	32,916	30,222
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	30,589	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	41,345	39,875
Securities available for sale, at fair value	47,643	47,205
Trading securities, at fair value	5,369	5,031
Spot commodities	73	220
Unrealized gain on swaps, options and forward transactions	16,547	19,252
Trade receivables	3,883	4,317
Securities purchased under agreements to resell, at contract value	31,775	31,853
Finance receivables, net of allowance	29,508	29,573
Securities lending collateral, at fair value (approximates cost)	74,827	69,306
Other invested assets	44,167	42,114
Short-term investments, at cost (approximates fair value)	25,866	25,249
Total investments and financial services assets	804,908	790,500
Cash	1,702	1,590
Investment income due and accrued	6,170	6,077
Premiums and insurance balances receivable, net of allowance	19,731	17,789
Reinsurance assets, net of allowance	23,130	23,355
Deferred policy acquisition costs	37,691	37,235
Investments in partially owned companies	1,179	1,101
Real estate and other fixed assets, net of accumulated depreciation	4,898	4,381
Separate and variable accounts	73,971	72,655
Goodwill	8,687	8,628
Other assets	17,680	16,103
Total assets	\$ 999,747	\$ 979,414
Liabilities:		
Reserve for losses and loss expenses	\$ 81,135	\$ 79,999
Unearned premiums	27,135	26,271
Future policy benefits for life and accident and health insurance contracts	123,806	122,230
Policyholders' contract deposits	246,301	246,615
Other policyholders' funds	8,476	8,281
Commissions, expenses and taxes payable	6,053	5,305
Insurance balances payable	4,537	3,789
Funds held by companies under reinsurance treaties	2,446	2,602
Income taxes payable	10,992	9,546
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	19,771	20,664
Securities sold under agreements to repurchase, at contract value	17,581	19,677
Trade payables	7,546	6,174
Hybrid financial instrument liabilities, at fair value	8,459	8,856
Securities and spot commodities sold but not yet purchased, at market value	4,056	4,076
Unrealized loss on swaps, options and forward transactions	9,679	11,401
Trust deposits and deposits due to banks and other depositors	4,245	5,249
Commercial paper	9,228	8,208
Notes, bonds, loans and mortgages payable	91,186	87,602
Commercial paper	4,149	4,821
Notes, bonds, loans and mortgages payable	19,185	17,088
Junior subordinated debt	3,793	-
Liabilities connected to trust preferred stock	1,440	1,440
Separate and variable accounts	73,971	72,655
Securities lending payable	75,913	70,198
Minority interest	8,166	7,778
Other liabilities (includes hybrid financial instruments)	27,343	27,021
Total liabilities	896,592	877,546
Preferred shareholders' equity in subsidiary companies	100	191
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	2,674	2,590
Payments advanced to purchase shares	(2,851)	-
Unrealized appreciation of investments, net of taxes	10,934	10,083
Cash flow hedging activities, net of taxes	1	(27)
Foreign currency translation adjustments, net of taxes	(435)	(297)
Foreign currency translation adjustments hedging, net of taxes	(8)	(8)
Retirement plan liabilities adjustment, net of taxes	(638)	(641)
Retained earnings	88,493	84,996
Treasury stock, at cost	(1,993)	(1,897)
Total shareholders' equity	103,055	101,677
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	\$ 999,747	\$ 979,414

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 (2) (3)	35.43	103,055	92,121

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

(2)
$$\frac{\text{Total shareholders' equity}}{\text{Total common shares issued - treasury shares}} = \$39.64$$

\$103,055,435,278

2,751,327,476 - 151,556,041 = \$39.64

(3) Book value per share, excluding payments advanced to purchase shares, was \$40.74 or an increase of 4.2% from December 31, 2006 calculated as follows:

\$103,055,435,278 + \$2,851,359,150

2,751,327,476 - 151,556,041 = \$40.74

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Gross premiums written	\$ 16,012	\$ 14,592	9.7 %	\$ 13,172	21.6 %
Ceded premiums written	3,906	3,337	17.1	2,419	61.5
Net premiums written (1) (2)	12,106	11,255	7.6	10,753	12.6
Net premiums earned (1) (2)	11,219	10,470	7.2	11,086	1.2
Paid losses	5,758	5,678	1.4	6,397	(10.0)
Change in net loss reserves	1,404	1,416	(0.8)	1,117	25.7
Less foreign exchange effect	(38)	117	NM	220	NM
Losses and loss expenses incurred (1) (2)	7,200	6,977	3.2	7,294	(1.3)
Statutory underwriting expenses (2)	2,826	2,536	11.4	2,786	1.4
Statutory underwriting profit	1,193	957	24.7	1,006	18.6
Change in deferred acquisition costs	219	188	16.5	(95)	NM
Underwriting profit	1,412	1,145	23.3	911	55.0
Net investment income (2) (3)					
Interest and dividends	1,157	962	20.3	1,137	1.8
Partnership income	375	193	94.3	460	(18.5)
Other investment income (4) (5)	190	94	102.1	169	12.4
Investment expense	(159)	(131)	21.4	(172)	(7.6)
Total	1,563	1,118	39.8	1,594	(1.9)
Operating income before realized capital gains (losses)	2,975	2,263	31.5	2,505	18.8
Realized capital gains (losses) (3)	121	68	77.9	88	37.5
Operating income	3,096	2,331	32.8	2,593	19.4
Net loss and loss expense reserve (at respective period end)	\$ 64,034	\$ 58,892	8.7 %	\$ 62,630	2.2 %
Underwriting ratios:					
Loss ratio	64.18	66.64		65.79	
Expense ratio	23.34	22.53		25.90	
Combined ratio	87.52	89.17		91.69	
Foreign exchange effect on worldwide growth:					
Net premiums written					
Growth in original currency (6)	6.2 %				
Foreign exchange effect	1.4				
Growth as reported in U.S. \$	7.6 %				

(See Accompanying Notes on Page 17)

American International Group, Inc.
General Insurance
Reconciliation of Net Loss Reserves

(in millions)

	Three Months Ended		
	March 31,	March 31,	Dec. 31,
	2007	2006	2006
	<u> </u>	<u> </u>	<u> </u>
Net reserve for losses and loss expenses			
at beginning of period	\$ 62,630	\$ 57,476	\$ 61,513
Foreign exchange effect	(38)	117	220
Losses and loss expenses incurred:			
Current year	7,215	6,841	7,095
Prior years:			
Other than the accretion of loss reserve discount,			
Transatlantic's general insurance operations and prior			
year catastrophe development (1)	(185)	(98)	87
Transatlantic general insurance operations including			
prior year catastrophe development (2)	18	35	92
Adverse development attributable to			
prior year catastrophes	36	98	23
Accretion of loss reserve discount	<u>116</u>	<u>101</u>	<u>(3)</u>
Total prior years	(15)	136	199
Total losses and loss expenses incurred	7,200	6,977	7,294
Losses and loss expenses paid	<u>5,758</u>	<u>5,678</u>	<u>6,397</u>
Net reserve for losses and loss expenses			
at end of period	\$ <u>64,034</u>	\$ <u>58,892</u>	\$ <u>62,630</u>

(1) Includes adverse development of \$198 million in the three months ended December 31, 2006 related to changes in estimates for asbestos and environmental reserves.

(2) Includes \$4 million and \$9 million of prior year adverse catastrophe development in the three months ended March 31, 2007 and December 31, 2006, respectively.

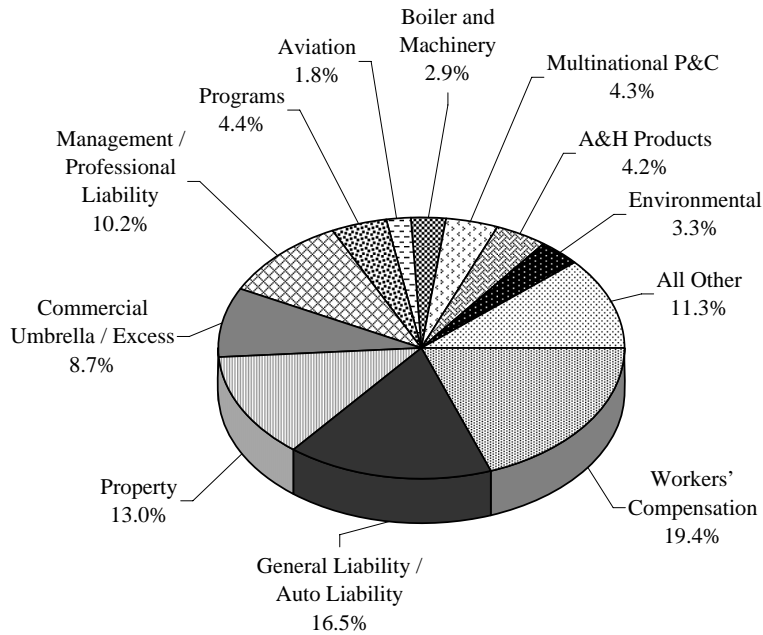
American International Group, Inc.
Domestic Brokerage Group Insurance Operating Statistics
(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Net premiums written (1)	\$ 6,009	\$ 5,860	2.5 %	\$ 5,905	1.8 %
Net premiums earned (1) (2)	5,981	5,769	3.7	6,047	(1.1)
Losses and loss expenses incurred (1) (2)	4,041	4,202	(3.8)	4,330	(6.7)
Statutory underwriting expenses (2)	1,156	1,083	6.7	1,186	(2.5)
Statutory underwriting profit	784	484	62.0	531	47.6
Change in deferred acquisition costs	35	29	20.7	(50)	NM
Underwriting profit	819	513	59.6	481	70.3
Net investment income					
Interest and dividends	715	595	20.2	706	1.3
Partnership income	337	182	85.2	325	3.7
Other investment income (4) (5)	114	72	58.3	72	58.3
Investment expense	(133)	(104)	27.9	(130)	2.3
Total	1,033	745	38.7	973	6.2
Operating income before realized capital gains (losses)	1,852	1,258	47.2	1,454	27.4
Realized capital gains (losses)	77	47	63.8	69	11.6
Operating income	<u>\$ 1,929</u>	<u>\$ 1,305</u>	47.8 %	<u>\$ 1,523</u>	26.7 %
Underwriting ratios:					
Loss ratio	67.59	72.87		71.59	
Expense ratio	19.22	18.49		20.12	
Combined ratio	86.81	91.36		91.71	

(See Accompanying Notes on Page 17)

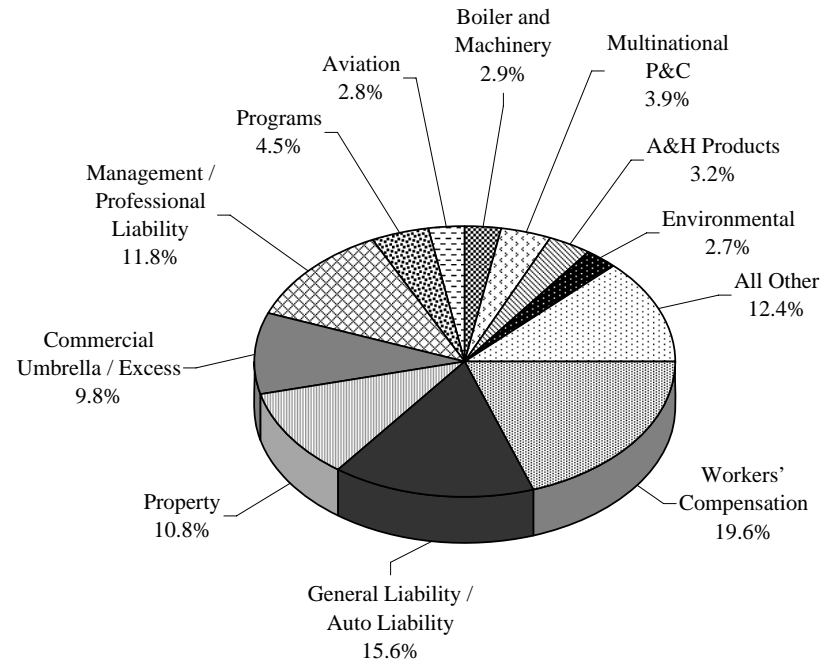
American International Group, Inc.
Domestic Brokerage Group Insurance
Gross Premiums Written by Line of Business

Three Months Ended
March 31, 2007



Gross Premiums Written
\$7.9 billion

Three Months Ended
March 31, 2006



Gross Premiums Written
\$7.5 billion

American International Group, Inc.
Personal Lines Insurance Operating Statistics

(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Net premiums written:					
AIG Direct	\$ 419	\$ 409	2.4 %	\$ 396	5.8 %
Agency Auto	304	332	(8.4)	253	20.2
Private Client Group	157	111	41.4	144	9.0
21st Century	349	337	3.6	321	8.7
Other	-	9	NM	-	NM
Subtotal	1,229	1,198	2.6	1,114	10.3
Net premiums earned	1,155	1,159	(0.3)	1,161	(0.5)
Losses and loss expenses incurred (1)	817	838	(2.5)	843	(3.1)
Statutory underwriting expenses (7)	305	281	8.5	290	5.2
Statutory underwriting profit	33	40	(17.5)	28	17.9
Change in deferred acquisition costs	15	5	200.0	(6)	NM
Underwriting profit	48	45	6.7	22	118.2
Net investment income					
Interest and dividends	59	58	1.7	58	1.7
Partnership income	-	-	NM	1	NM
Other investment income	-	-	NM	-	NM
Investment expense	(2)	(1)	100.0	(2)	0.0
Total	57	57	0.0	57	0.0
Operating income before realized capital gains (losses)	105	102	2.9	79	32.9
Realized capital gains (losses)	1	(1)	NM	1	0.0
Operating income	<u>\$ 106</u>	<u>\$ 101</u>	5.0 %	<u>\$ 80</u>	32.5 %
Underwriting ratios:					
Loss ratio	70.67	72.25		72.61	
Expense ratio	24.84	23.48		26.02	
Combined ratio	95.51	95.73		98.63	

(See Accompanying Notes on Page 17)

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

(dollars in millions)

	March 31, 2007	Three Months Ended		Dec. 31, 2006	Sequential % Chg
		March 31, 2006	% Chg		
Net premiums written:					
Domestic First-Lien	\$ 129	\$ 116	11.2 %	\$ 124	4.0 %
Domestic Second-Lien	52	35	48.6	56	(7.1)
Student Loan	26	23	13.0	9	188.9
International	52	18	188.9	48	8.3
Other	7	5	40.0	7	0.0
Subtotal	266	197	35.0	244	9.0
Net premiums earned	210	166	26.5	204	2.9
Losses and loss expenses incurred	194	51	280.4	148	31.1
Statutory underwriting expenses	58	45	28.9	59	(1.7)
Statutory underwriting profit (loss)	(42)	70	NM	(3)	NM
Change in deferred acquisition costs	12	7	71.4	(7)	NM
Underwriting profit (loss)	(30)	77	NM	(10)	NM
Net investment income					
Interest and dividends	37	32	15.6	36	2.8
Partnership income	-	-	NM	-	NM
Other investment income (4)	-	-	NM	2	NM
Investment expense	-	-	NM	(1)	NM
Total	37	32	15.6	37	0.0
Operating income before realized capital gains (losses)	7	109	(93.6)	27	(74.1)
Realized capital gains (losses)	1	-	NM	-	NM
Operating income	<u>\$ 8</u>	<u>\$ 109</u>	(92.7) %	<u>\$ 27</u>	(70.4) %
Underwriting ratios:					
Loss ratio	92.17	30.40		72.97	
Expense ratio	21.70	22.69		23.84	
Combined ratio	113.87	53.09		96.81	

(See Accompanying Notes on Page 17)

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Net premiums written:					
Domestic	\$ 516	\$ 446	15.7 %	\$ 441	17.0 %
International	468	468	0.0	469	(0.2)
Subtotal	984	914	7.7	910	8.1
Net premiums earned	965	908	6.3	892	8.2
Losses and loss expenses incurred (1) (8)	676	633	6.8	603	12.1
Statutory underwriting expenses	273	245	11.4	257	6.2
Statutory underwriting profit	16	30	(46.7)	32	(50.0)
Change in deferred acquisition costs	4	3	33.3	7	(42.9)
Underwriting profit	20	33	(39.4)	39	(48.7)
Net investment income					
Interest and dividends	105	93	12.9	104	1.0
Partnership income	8	6	33.3	10	(20.0)
Other investment income (4)	5	6	(16.7)	5	0.0
Investment expense	(2)	(3)	(33.3)	(1)	100.0
Total	116	102	13.7	118	(1.7)
Operating income before realized capital gains (losses)	136	135	0.7	157	(13.4)
Realized capital gains (losses)	15	6	150.0	5	200.0
Operating income	<u>\$ 151</u>	<u>\$ 141</u>	7.1 %	<u>\$ 162</u>	(6.8) %
Underwriting ratios:					
Loss ratio	70.01	69.73		67.56	
Expense ratio	27.79	26.83		28.19	
Combined ratio	97.80	96.56		95.75	

(See Accompanying Notes on Page 17)

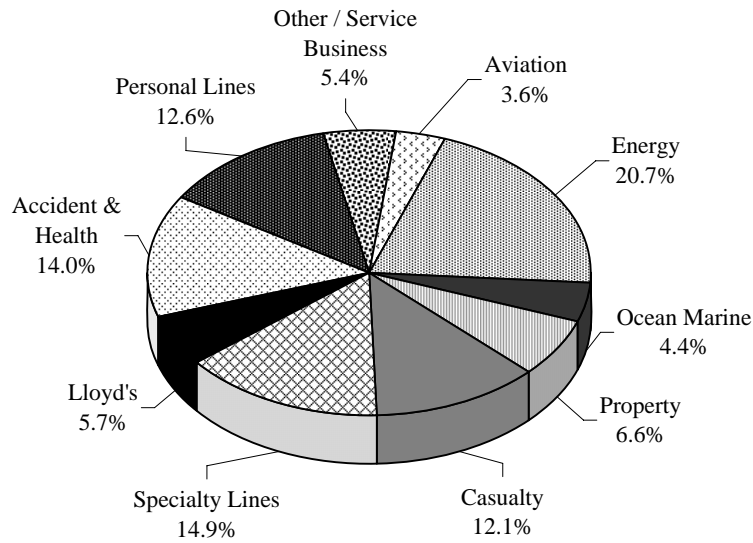
American International Group, Inc.
Foreign General Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					
	March 31, 2007	March 31, 2006	% Chg		Dec. 31, 2006	Sequential % Chg
Net premiums written (1) (2)	\$ 3,618	\$ 3,086	17.2	%	\$ 2,580	40.2 %
Net premiums earned (1) (2)	2,908	2,468	17.8		2,782	4.5
Losses and loss expenses incurred (1) (8)	1,472	1,253	17.5		1,370	7.4
Statutory underwriting expenses (2) (9)	1,034	882	17.2		994	4.0
Statutory underwriting profit	402	333	20.7		418	(3.8)
Change in deferred acquisition costs	153	144	6.3		(39)	NM
Underwriting profit	555	477	16.4		379	46.4
Net investment income (2)						
Interest and dividends	240	184	30.4		233	3.0
Partnership income	30	5	NM		124	(75.8)
Other investment income (4) (5)	71	16	343.8		90	(21.1)
Investment expense	(22)	(23)	(4.3)		(38)	(42.1)
Total	319	182	75.3		409	(22.0)
Operating income before realized capital gains (losses)	874	659	32.6		788	10.9
Realized capital gains (losses)	35	14	150.0		25	40.0
Operating income (10)	<u>\$ 909</u>	<u>\$ 673</u>	35.1	%	<u>\$ 813</u>	11.8 %
Underwriting ratios:						
Loss ratio	50.64	50.75			49.26	
Expense ratio	28.58	28.55			38.48	
Combined ratio	79.22	79.30			87.74	
Foreign exchange effect on Foreign General growth:						
Net premiums written						
Growth in original currency (6)	12.6		%			
Foreign exchange effect	4.6					
Growth as reported in U.S. \$	17.2		%			

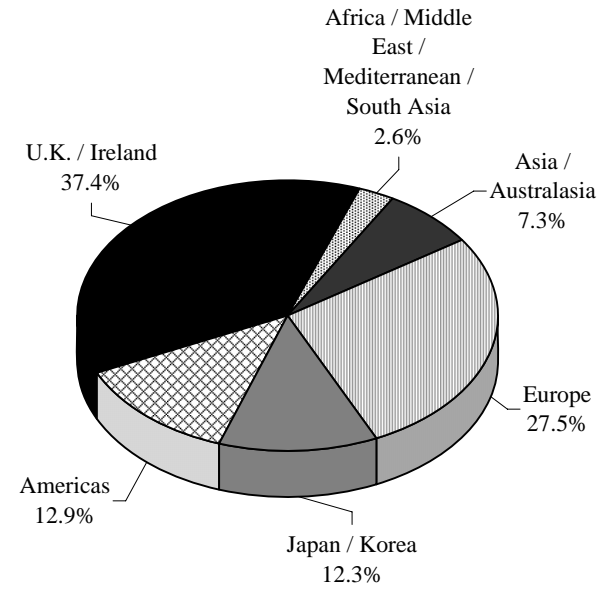
(See Accompanying Notes on Page 17)

American International Group, Inc.
Foreign General Insurance
Three Months Ended March 31, 2007

Gross Premiums Written by Division



Gross Premiums Written by Region



Gross Premiums Written
\$6.3 billion

American International Group, Inc.
General Insurance
Notes

- (1) Includes additional losses incurred and net reinstatement premiums related to prior year catastrophes as follows:

(in millions)	Three Months Ended		
	Mar. 31, 2007	Mar. 31, 2006	Dec. 31, 2006
Domestic Brokerage	\$28	\$71	\$65
Personal Lines	(2)	(4)	-
Transatlantic	4	-	9
Foreign General	5	32	17
General Insurance	\$35	\$99	\$91

- (2) Includes certain out of period adjustments related to reconciliation remediation activities and the accounting for certain interest in unit investment trusts and partnerships. The effect of these adjustments was as follows:

(in millions) increase (decrease)	Three Months Ended		
	Mar. 31, 2007	Mar. 31, 2006	Dec. 31, 2006
<u>Net premiums written :</u>			
Foreign General	\$ -	\$ -	\$(20)
<u>Net premiums earned:</u>			
Domestic Brokerage	-	-	89
Foreign General	-	-	20
General Insurance	-	-	109
<u>Losses and loss expense incurred:</u>			
Domestic Brokerage	-	-	103
<u>Statutory underwriting expenses:</u>			
Domestic Brokerage	-	-	167
Foreign General	-	53	2
General Insurance	-	53	169
<u>Net investment income:</u>			
Foreign General	\$(36)	\$ -	\$25

- (3) Total may not equal the sum of the individual group totals due to consolidating eliminations.
- (4) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (5) Includes increases of \$123 million and \$50 million, for General Insurance, an increase of \$71 million and a decrease of \$32 million for Domestic Brokerage Group and increases of \$52 million and \$82 million for Foreign General, in the three months ended March 31, 2007 and December 31, 2006, respectively, related to certain interest in unit investment trusts that AIG began recognizing in the second quarter of 2006.
- (6) Computed using a constant exchange rate for each period.
- (7) Includes \$8 million of uncollectible reinsurance charges and \$3 million of costs related to 21st Century acquisition offer in the three months ended December 31, 2006.
- (8) Includes severe but non-catastrophic losses of \$36 million and \$25 million for Transatlantic and Foreign General, respectively, in the three months ended March 31, 2007.
- (9) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.
- (10) 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				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Premiums, deposits and other considerations (1)	\$ <u>20,909</u>	\$ <u>19,625</u>	6.5 %	\$ <u>20,619</u>	1.4 %
Revenues:					
Premiums and other considerations (2)	\$ 8,425	\$ 7,800	8.0 %	\$ 7,645	10.2 %
Net investment income					
Interest and dividends	4,820	4,336	11.2	4,744	1.6
Partnership income excluding synfuels	205	158	29.7	207	(1.0)
Partnership income - synfuels (3)	(33)	(37)	NM	(28)	NM
Other (4) (5)	154	66	133.3	110	40.0
Investment expense	<u>(108)</u>	<u>(79)</u>	36.7	<u>(84)</u>	28.6
Net investment income before policyholder trading gains (losses) (6)	5,038	4,444	13.4	4,949	1.8
Policyholder trading gains (losses) (7)	<u>475</u>	<u>390</u>	21.8	<u>776</u>	(38.8)
Total net investment income (6)	5,513	4,834	14.0	5,725	(3.7)
Total revenues excluding realized capital gains (losses)	13,938	12,634	10.3	13,370	4.2
Benefits and expenses:					
Incurred policy losses and benefits	8,960	8,112	10.5	8,726	2.7
Insurance acquisition and other operating expenses (2)	<u>2,441</u>	<u>2,108</u>	15.8	<u>2,211</u>	10.4
Total benefits and expenses	11,401	10,220	11.6	10,937	4.2
Operating income excluding realized capital gains (losses) (4) (8) (9) (10) (11)	2,537	2,414	5.1	2,433	4.3
Realized capital gains (losses) (12)	<u>(256)</u>	<u>216</u>	NM	<u>205</u>	NM
Operating income (4) (8) (9) (10) (11)	\$ <u>2,281</u>	\$ <u>2,630</u>	(13.3) %	\$ <u>2,638</u>	(13.5) %
Foreign exchange effect on worldwide growth:					
Premiums, deposits and other considerations (1)					
Growth in original currency (13)			3.1 %		
Foreign exchange effect			3.4		
Growth as reported in U.S. \$			6.5		
Premiums and other considerations					
Growth in original currency (13)			5.7		
Foreign exchange effect			2.3		
Growth as reported in U.S. \$			8.0 %		
Life insurance in-force (at respective period end)	\$ 2,082,547	\$ 1,904,680	9.3 %	\$ 2,070,600	0.6 %

(See Accompanying Notes on Pages 39 and 40)

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Premiums, deposits and other considerations (1)	\$ <u>5,659</u>	\$ <u>6,090</u>	(7.1) %	\$ <u>5,842</u>	(3.1) %
Revenues:					
Premiums and other considerations	\$ 1,812	\$ 1,683	7.7 %	\$ 1,564	15.9 %
Net investment income:					
Interest and dividends	2,534	2,502	1.3	2,526	0.3
Partnership income excluding synfuels	157	141	11.3	189	(16.9)
Partnership income - synfuels (3)	(33)	(37)	NM	(28)	NM
Other	4	(3)	NM	19	(78.9)
Investment expense	(32)	(24)	33.3	(24)	33.3
Total net investment income (6)	2,630	2,579	2.0	2,682	(1.9)
Total revenues excluding realized capital gains (losses)	4,442	4,262	4.2	4,246	4.6
Benefits and expenses:					
Incurred policy losses and benefits	2,583	2,440	5.9	2,590	(0.3)
Insurance acquisition and other operating expenses	841	742	13.3	851	(1.2)
Total benefits and expenses	3,424	3,182	7.6	3,441	(0.5)
Operating income before realized capital gains (losses) (8) (9) (11)	1,018	1,080	(5.7)	805	26.5
Realized capital gains (losses) (12)	(21)	(136)	NM	(15)	NM
Operating income (8) (9) (11)	\$ <u>997</u>	\$ <u>944</u>	5.6 %	\$ <u>790</u>	26.2 %
<hr/>					
Life insurance in-force (at respective period end)	\$ 924,440	\$ 847,211	9.1 %	\$ 907,901	1.8 %

(See Accompanying Notes on Pages 39 and 40)

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

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Premiums, deposits and other considerations (1):					
Life insurance	\$ 757	\$ 783	(3.3) %	\$ 714	6.0 %
Home service	228	236	(3.4)	234	(2.6)
Group life/health	231	248	(6.9)	253	(8.7)
Payout annuities	685	670	2.2	534	28.3
Subtotal life insurance	<u>1,901</u>	<u>1,937</u>	(1.9)	<u>1,735</u>	9.6
Group retirement products	1,418	1,396	1.6	1,381	2.7
Individual fixed annuities	1,296	1,687	(23.2)	1,642	(21.1)
Individual variable annuities	1,008	1,027	(1.9)	1,032	(2.3)
Individual annuities - runoff (14)	36	43	(16.3)	52	(30.8)
Subtotal retirement services	<u>3,758</u>	<u>4,153</u>	(9.5)	<u>4,107</u>	(8.5)
Total premiums, deposits and other considerations	<u>5,659</u>	<u>6,090</u>	(7.1)	<u>5,842</u>	(3.1)
Premiums and other considerations:					
Life insurance	578	516	12.0	508	13.8
Home service	195	200	(2.5)	197	(1.0)
Group life/health	229	246	(6.9)	252	(9.1)
Payout annuities (15)	512	450	13.8	321	59.5
Subtotal life insurance	<u>1,514</u>	<u>1,412</u>	7.2	<u>1,278</u>	18.5
Group retirement products	105	94	11.7	102	2.9
Individual fixed annuities	27	29	(6.9)	30	(10.0)
Individual variable annuities	146	128	14.1	141	3.5
Individual annuities - runoff (14)	20	20	0.0	13	53.8
Subtotal retirement services	<u>298</u>	<u>271</u>	10.0	<u>286</u>	4.2
Total premium and other considerations	<u>1,812</u>	<u>1,683</u>	7.7	<u>1,564</u>	15.9
Net investment income:					
Life insurance	372	338	10.1	379	(1.8)
Home service	161	158	1.9	160	0.6
Group life/health	53	54	(1.9)	52	1.9
Payout annuities	289	237	21.9	270	7.0
Subtotal life insurance	<u>875</u>	<u>787</u>	11.2	<u>861</u>	1.6
Group retirement products	570	572	(0.3)	605	(5.8)
Individual fixed annuities	941	932	1.0	953	(1.3)
Individual variable annuities	42	52	(19.2)	49	(14.3)
Individual annuities - runoff (14)	202	236	(14.4)	214	(5.6)
Subtotal retirement services	<u>1,755</u>	<u>1,792</u>	(2.1)	<u>1,821</u>	(3.6)
Total net investment income	<u>2,630</u>	<u>2,579</u>	2.0	<u>2,682</u>	(1.9)
Incurred policy losses and benefits:					
Life insurance	550	479	14.8	617	(10.9)
Home service	174	177	(1.7)	171	1.8
Group life/health	178	178	0.0	292	(39.0)
Payout annuities	720	624	15.4	546	31.9
Subtotal life insurance	<u>1,622</u>	<u>1,458</u>	11.2	<u>1,626</u>	(0.2)
Group retirement products	286	280	2.1	290	(1.4)
Individual fixed annuities	502	506	(0.8)	513	(2.1)
Individual variable annuities	39	33	18.2	30	30.0
Individual annuities - runoff (14)	134	163	(17.8)	131	2.3
Subtotal retirement services	<u>961</u>	<u>982</u>	(2.1)	<u>964</u>	(0.3)
Total incurred policy losses and benefits	<u>\$ 2,583</u>	<u>\$ 2,440</u>	5.9 %	<u>\$ 2,590</u>	(0.3) %

(See Accompanying Notes on Pages 39 and 40)

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

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Insurance acquisition and other operating expenses:					
Life insurance	\$ 210	\$ 197	6.6 %	\$ 95	121.1 %
Home service	98	99	(1.0)	110	(10.9)
Group life/health	100	102	(2.0)	198	(49.5)
Payout annuities	24	23	4.3	22	9.1
Subtotal life insurance	<u>432</u>	<u>421</u>	2.6	<u>425</u>	1.6
Group retirement products	103	84	22.6	96	7.3
Individual fixed annuities	148	96	54.2	136	8.8
Individual variable annuities	107	103	3.9	112	(4.5)
Individual annuities - runoff (14)	51	38	34.2	82	(37.8)
Subtotal retirement services	<u>409</u>	<u>321</u>	27.4	<u>426</u>	(4.0)
Total insurance acquisition and other operating expenses	<u>841</u>	<u>742</u>	13.3	<u>851</u>	(1.2)
Operating income before realized capital gains (losses):					
Life insurance	190	178	6.7	175	8.6
Home service	84	82	2.4	76	10.5
Group life/health	4	20	(80.0)	(186)	NM
Payout annuities	57	40	42.5	23	147.8
Subtotal life insurance	<u>335</u>	<u>320</u>	4.7	<u>88</u>	280.7
Group retirement products	286	302	(5.3)	321	(10.9)
Individual fixed annuities	318	359	(11.4)	334	(4.8)
Individual variable annuities	42	44	(4.5)	48	(12.5)
Individual annuities - runoff (14)	37	55	(32.7)	14	164.3
Subtotal retirement services	<u>683</u>	<u>760</u>	(10.1)	<u>717</u>	(4.7)
Total operating income before realized capital gains (losses) (8) (9) (11)	<u>1,018</u>	<u>1,080</u>	(5.7)	<u>805</u>	26.5
Realized capital gains (losses):					
Life insurance	(3)	62	NM	(5)	NM
Home service	(2)	(23)	NM	(6)	NM
Group life/health	(1)	(1)	NM	(4)	NM
Payout annuities	(6)	(18)	NM	(6)	NM
Subtotal life insurance	<u>(12)</u>	<u>20</u>	NM	<u>(21)</u>	NM
Group retirement products	(10)	(37)	NM	(28)	NM
Individual fixed annuities	(11)	(102)	NM	2	NM
Individual variable annuities	10	2	400.0	2	400.0
Individual annuities - runoff (14)	2	(19)	NM	30	(93.3)
Subtotal retirement services	<u>(9)</u>	<u>(156)</u>	NM	<u>6</u>	NM
Total realized capital gains (losses) (12)	<u>(21)</u>	<u>(136)</u>	NM	<u>(15)</u>	NM
Operating income:					
Life insurance	187	240	(22.1)	170	10.0
Home service	82	59	39.0	70	17.1
Group life/health	3	19	(84.2)	(190)	NM
Payout annuities	51	22	131.8	17	200.0
Subtotal life insurance	<u>323</u>	<u>340</u>	(5.0)	<u>67</u>	382.1
Group retirement products	276	265	4.2	293	(5.8)
Individual fixed annuities	307	257	19.5	336	(8.6)
Individual variable annuities	52	46	13.0	50	4.0
Individual annuities - runoff (14)	39	36	8.3	44	(11.4)
Subtotal retirement services	<u>674</u>	<u>604</u>	11.6	<u>723</u>	(6.8)
Domestic operating income (8) (9) (11)	<u>\$ 997</u>	<u>\$ 944</u>	5.6 %	<u>\$ 790</u>	26.2 %

(See Accompanying Notes on Pages 39 and 40)

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

	Three Months Ended / As of				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Life insurance					
Periodic premium sales (16):					
Individual/retail	\$ 118	\$ 207	(43.0) %	\$ 119	(0.8) %
Institutional markets	3	1	200.0	2	50.0
Total periodic sales	121	208	(41.8)	121	0.0
Unscheduled and single deposits	66	76	(13.2)	68	(2.9)
Life insurance reserves	23,431	21,650	8.2	23,019	1.8
Home service					
Life/Accident & Health sales (16)	24	22	9.1	25	(4.0)
Fixed annuity sales	20	22	(9.1)	25	(20.0)
Unscheduled and single deposits	3	3	0.0	6	(50.0)
Total insurance reserves	7,389	7,301	1.2	7,369	0.3
Group life/health (Excl. Credit)					
Annualized earned premium	942	988	(4.7)	975	(3.4)
Payout annuities					
Insurance reserves	\$ 15,055	\$ 13,230	13.8 %	\$ 14,477	4.0 %
Surrender rates (17)					
Group retirement products (18)	11.9%	9.5%		12.0%	
Individual fixed annuities	12.7%	9.3%		13.0%	
Individual variable annuities	12.6%	14.3%		13.0%	

(See Accompanying Notes on Pages 39 and 40)

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
General and separate account reserves:					
Group retirement products (18)					
Balance at beginning of period (18)	\$ 64,357	\$ 59,312	8.5 %	\$ 62,468	3.0 %
Deposits - annuities (19)	1,418	1,396	1.6	1,381	2.7
Deposits - mutual funds (19)	465	545	(14.7)	276	68.5
Surrenders and other withdrawals (19)	(1,925)	(1,434)	34.2	(1,918)	0.4
Death benefits	(60)	(66)	(9.1)	(65)	(7.7)
Net flows	(102)	441	NM	(326)	68.7
Change in market value, interest credited, net of fees	961	1,745	(44.9)	2,215	(56.6)
Other	-	-	NM	-	NM
Balance at end of period (18)	<u>65,216</u>	<u>61,498</u>	6.0	<u>64,357</u>	1.3
Individual fixed annuities					
Balance at beginning of period	54,371	54,470	(0.2)	54,261	0.2
Deposits (19)	1,297	1,687	(23.1)	1,642	(21.0)
Surrenders and other withdrawals (19)	(1,686)	(1,239)	36.1	(1,734)	(2.8)
Death benefits	(410)	(449)	(8.7)	(381)	7.6
Net flows	(799)	(1)	NM	(473)	(68.9)
Change in market value, interest credited, net of fees	510	523	(2.5)	583	(12.5)
Other	4	-	NM	-	NM
Balance at end of period	<u>54,086</u>	<u>54,992</u>	(1.6)	<u>54,371</u>	(0.5)
Individual variable annuities					
Balance at beginning of period	31,093	28,267	10.0	29,545	5.2
Deposits (19)	1,008	1,027	(1.9)	1,032	(2.3)
Surrenders and other withdrawals (19)	(990)	(1,029)	(3.8)	(990)	0.0
Death benefits	(121)	(131)	(7.6)	(122)	(0.8)
Net flows	(103)	(133)	(22.6)	(80)	(28.8)
Change in market value, interest credited, net of fees	442	970	(54.4)	1,628	(72.9)
Other	-	-	NM	-	NM
Balance at end of period	<u>31,432</u>	<u>29,104</u>	8.0	<u>31,093</u>	1.1
Total					
Balance at beginning of period	149,821	142,049	5.5	146,274	2.4
Deposits (19)	4,188	4,655	(10.0)	4,331	(3.3)
Surrenders and other withdrawals (19)	(4,601)	(3,702)	24.3	(4,642)	(0.9)
Death benefits	(591)	(646)	(8.5)	(568)	4.0
Net flows	(1,004)	307	NM	(879)	(14.2)
Change in market value, interest credited, net of fees	1,913	3,238	(40.9)	4,426	(56.8)
Other	4	-	NM	-	NM
Balance at end of period - continuing operations	150,734	145,594	3.5	149,821	0.6
Individual annuities runoff	15,182	18,526	(18.1)	15,978	(5.0)
Balance at end of period	<u>\$ 165,916</u>	<u>\$ 164,120</u>	1.1 %	<u>\$ 165,799</u>	0.1 %

(See Accompanying Notes on Pages 39 and 40)

American International Group, Inc
Domestic Life Insurance & Retirement Services Other Data
(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Spread information					
Group retirement products					
Base investment income (20)	\$ 492	\$ 507	(3.0) %	\$ 504	(2.4) %
Partnerships	49	42	16.7	65	(24.6)
Other enhancements	29	23	26.1	36	(19.4)
Total net investment income	<u>\$ 570</u>	<u>\$ 572</u>	(0.3) %	<u>\$ 605</u>	(5.8) %
Base yield (20)	6.09%	6.24%		6.19%	
Partnerships (21)	0.20%	0.24%		0.41%	
Other enhancements (22)	0.36%	0.28%		0.45%	
Total	6.65%	6.76%		7.05%	
Cost of funds	3.79%	3.70%		3.83%	
Net spread rate, as reported	2.86%	3.06%		3.22%	
Net spread rate excluding partnerships and other enhancements	2.30%	2.54%		2.36%	
Individual fixed annuities					
Base investment income (20)	\$ 820	\$ 812	1.0 %	\$ 823	(0.4) %
Partnerships (21)	81	89	(9.0)	81	0.0
Other enhancements (22)	40	31	29.0	49	(18.4)
Total net investment income	<u>\$ 941</u>	<u>\$ 932</u>	1.0 %	<u>\$ 953</u>	(1.3) %
Base yield (20)	5.94%	5.84%		5.96%	
Partnerships (21)	0.30%	0.45%		0.33%	
Other enhancements (22)	0.29%	0.23%		0.36%	
Total	6.53%	6.52%		6.65%	
Cost of funds	3.50%	3.46%		3.52%	
Net spread rate, as reported	3.03%	3.06%		3.13%	
Net spread rate excluding partnerships and other enhancements	2.44%	2.38%		2.44%	
Individual variable annuities					
Base investment income (20)	\$ 40	\$ 50	(20.0) %	\$ 44	(9.1) %
Other enhancements	2	2	0.0	5	(60.0)
Total net investment income	<u>\$ 42</u>	<u>\$ 52</u>	(19.2) %	<u>\$ 49</u>	(14.3) %
Base yield (20)	5.62%	5.58%		5.60%	
Other enhancements (22)	0.25%	0.26%		0.58%	
Total	5.87%	5.84%		6.18%	
Cost of funds	3.01%	3.03%		3.08%	
Net spread rate, as reported	2.86%	2.81%		3.10%	
Net spread rate excluding other enhancements	2.61%	2.54%		2.52%	

(See Accompanying Notes on Pages 39 and 40)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Premiums, deposits and other considerations (1)	\$ <u>15,250</u>	\$ <u>13,535</u>	12.7 %	\$ <u>14,777</u>	3.2 %
Revenues:					
Premiums and other considerations (2)	\$ 6,613	\$ 6,117	8.1 %	\$ 6,081	8.7 %
Net investment income:					
Interest and dividends	2,286	1,834	24.6	2,218	3.1
Partnership income	48	17	182.4	18	166.7
Other (4) (5)	150	69	117.4	91	64.8
Investment expense	(76)	(55)	38.2	(60)	26.7
Net investment income before policyholder trading gains (losses)	2,408	1,865	29.1	2,267	6.2
Policyholder trading gains (losses) (7)	475	390	21.8	776	(38.8)
Total net investment income	2,883	2,255	27.8	3,043	(5.3)
Total revenues excluding realized capital gains (losses)	9,496	8,372	13.4	9,124	4.1
Benefits and expenses:					
Incurred policy losses and benefits	6,377	5,672	12.4	6,136	3.9
Insurance acquisition and other operating expenses (2)	1,600	1,366	17.1	1,360	17.6
Total benefits and expenses	7,977	7,038	13.3	7,496	6.4
Operating income excluding realized capital gains (losses) (4) (8) (10) (11)	1,519	1,334	13.9	1,628	(6.7)
Realized capital gains (losses) (12)	(235)	352	NM	220	NM
Operating income (4) (8) (10) (11)	\$ <u>1,284</u>	\$ <u>1,686</u>	(23.8) %	\$ <u>1,848</u>	(30.5) %
Foreign exchange effect on foreign growth:					
Premiums, deposits and other considerations (1)					
Growth in original currency (13)	7.6 %				
Foreign exchange impact	5.1				
Growth as reported in U.S. \$	12.7				
Premiums and other considerations					
Growth in original currency (13)	5.2				
Foreign exchange impact	2.9				
Growth as reported in U.S. \$	8.1 %				
Life insurance in-force (at respective period end)	\$ 1,158,107	\$ 1,057,469	9.5 %	\$ 1,162,699	(0.4) %

(See Accompanying Notes on Pages 39 and 40)

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

(dollars in millions)

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Premiums, deposits and other considerations (1):					
Life insurance	\$ 8,454	\$ 6,320	33.8 %	\$ 6,876	22.9 %
Personal accident & health	1,481	1,318	12.4	1,455	1.8
Group products	1,113	933	19.3	838	32.8
Subtotal life insurance	<u>11,048</u>	<u>8,571</u>	28.9	<u>9,169</u>	20.5
Individual fixed annuities	1,117	1,292	(13.5)	1,638	(31.8)
Individual variable annuities	3,085	3,672	(16.0)	3,970	(22.3)
Subtotal retirement services	<u>4,202</u>	<u>4,964</u>	(15.4)	<u>5,608</u>	(25.1)
Total premiums, deposits and other considerations	<u>15,250</u>	<u>13,535</u>	12.7	<u>14,777</u>	3.2
Premiums and other considerations:					
Life insurance	4,167	4,082	2.1	3,875	7.5
Personal accident & health	1,473	1,306	12.8	1,434	2.7
Group products	753	573	31.4	558	34.9
Subtotal life insurance	<u>6,393</u>	<u>5,961</u>	7.2	<u>5,867</u>	9.0
Individual fixed annuities	128	95	34.7	126	1.6
Individual variable annuities	92	61	50.8	88	4.5
Subtotal retirement services	<u>220</u>	<u>156</u>	41.0	<u>214</u>	2.8
Total premiums and other considerations (2)	<u>6,613</u>	<u>6,117</u>	8.1	<u>6,081</u>	8.7
Net investment income:					
Life insurance (4)	1,557	1,212	28.5	1,941	(19.8)
Personal accident & health	83	64	29.7	72	15.3
Group products	174	177	(1.7)	185	(5.9)
Subtotal life insurance	<u>1,814</u>	<u>1,453</u>	24.8	<u>2,198</u>	(17.5)
Individual fixed annuities	574	496	15.7	557	3.1
Individual variable annuities	495	306	61.8	288	71.9
Subtotal retirement services	<u>1,069</u>	<u>802</u>	33.3	<u>845</u>	26.5
Total net investment income	<u>2,883</u>	<u>2,255</u>	27.8	<u>3,043</u>	(5.3)
Incurred policy losses and benefits:					
Life insurance	4,090	3,828	6.8	4,204	(2.7)
Personal accident & health	789	690	14.3	742	6.3
Group products	577	474	21.7	421	37.1
Subtotal life insurance	<u>5,456</u>	<u>4,992</u>	9.3	<u>5,367</u>	1.7
Individual fixed annuities	425	373	13.9	469	(9.4)
Individual variable annuities	496	307	61.6	300	65.3
Subtotal retirement services	<u>921</u>	<u>680</u>	35.4	<u>769</u>	19.8
Total incurred policy losses and benefits	<u>\$ 6,377</u>	<u>\$ 5,672</u>	12.4 %	<u>\$ 6,136</u>	3.9 %

(See Accompanying Notes on Pages 39 and 40)

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

(dollars in millions)

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Insurance acquisition and other operating expenses:					
Life insurance	\$ 814	\$ 737	10.4 %	\$ 616	32.1 %
Personal accident & health	391	344	13.7	404	(3.2)
Group products	266	175	52.0	202	31.7
Subtotal life insurance	<u>1,471</u>	<u>1,256</u>	17.1	<u>1,222</u>	20.4
Individual fixed annuities	91	79	15.2	104	(12.5)
Individual variable annuities	38	31	22.6	34	11.8
Subtotal retirement services	<u>129</u>	<u>110</u>	17.3	<u>138</u>	(6.5)
Total insurance acquisition and other operating expenses (2)	<u>1,600</u>	<u>1,366</u>	17.1	<u>1,360</u>	17.6
Operating income excluding realized capital gains (losses):					
Life insurance (4) (10)	820	729	12.5	996	(17.7)
Personal accident & health	376	336	11.9	360	4.4
Group products	84	101	(16.8)	120	(30.0)
Subtotal life insurance	<u>1,280</u>	<u>1,166</u>	9.8	<u>1,476</u>	(13.3)
Individual fixed annuities	186	139	33.8	110	69.1
Individual variable annuities	53	29	82.8	42	26.2
Subtotal retirement services	<u>239</u>	<u>168</u>	42.3	<u>152</u>	57.2
Total operating income excluding realized capital gains (losses) (4) (8) (10) (11)	<u>1,519</u>	<u>1,334</u>	13.9	<u>1,628</u>	(6.7)
Realized capital gains (losses):					
Life insurance	(168)	281	NM	179	NM
Personal accident & health	(8)	27	NM	19	NM
Group products	(21)	40	NM	27	NM
Subtotal life insurance	<u>(197)</u>	<u>348</u>	NM	<u>225</u>	NM
Individual fixed annuities	(37)	4	NM	(5)	NM
Individual variable annuities	(1)	-	NM	-	NM
Subtotal retirement services	<u>(38)</u>	<u>4</u>	NM	<u>(5)</u>	NM
Total Realized capital gains (losses) (12)	<u>(235)</u>	<u>352</u>	NM	<u>220</u>	NM
Operating income:					
Life insurance (4) (10)	652	1,010	(35.4)	1,175	(44.5)
Personal accident & health	368	363	1.4	379	(2.9)
Group products	63	141	(55.3)	147	(57.1)
Subtotal life insurance	<u>1,083</u>	<u>1,514</u>	(28.5)	<u>1,701</u>	(36.3)
Individual fixed annuities	149	143	4.2	105	41.9
Individual variable annuities	52	29	79.3	42	23.8
Subtotal retirement services	<u>201</u>	<u>172</u>	16.9	<u>147</u>	36.7
Operating income (4) (8) (10) (11)	<u>\$ 1,284</u>	<u>\$ 1,686</u>	(23.8) %	<u>\$ 1,848</u>	(30.5) %

(See Accompanying Notes on Pages 39 and 40)

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

(dollars in millions)

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Premiums, deposits and other considerations (1):					
Life insurance	\$ 3,516	\$ 1,969	78.6 %	\$ 2,827	24.4 %
Personal accident & health	1,021	958	6.6	1,027	(0.6)
Group products	935	776	20.5	717	30.4
Subtotal life insurance	<u>5,472</u>	<u>3,703</u>	47.8	<u>4,571</u>	19.7
Individual fixed annuities	990	1,069	(7.4)	1,501	(34.0)
Individual variable annuities	3,080	3,671	(16.1)	3,967	(22.4)
Subtotal retirement services	<u>4,070</u>	<u>4,740</u>	(14.1)	<u>5,468</u>	(25.6)
Total premiums, deposits and other considerations	<u>9,542</u>	<u>8,443</u>	13.0	<u>10,039</u>	(5.0)
Premiums and other considerations:					
Life insurance	1,216	1,171	3.8	1,174	3.6
Personal accident & health	1,028	944	8.9	1,003	2.5
Group products	575	430	33.7	452	27.2
Subtotal life insurance	<u>2,819</u>	<u>2,545</u>	10.8	<u>2,629</u>	7.2
Individual fixed annuities	116	79	46.8	107	8.4
Individual variable annuities	91	61	49.2	89	2.2
Subtotal retirement services	<u>207</u>	<u>140</u>	47.9	<u>196</u>	5.6
Total premiums and other considerations	<u>3,026</u>	<u>2,685</u>	12.7	<u>2,825</u>	7.1
Net investment income:					
Life insurance	550	456	20.6	481	14.3
Personal accident & health	50	38	31.6	40	25.0
Group products	150	153	(2.0)	148	1.4
Subtotal life insurance	<u>750</u>	<u>647</u>	15.9	<u>669</u>	12.1
Individual fixed annuities	546	476	14.7	532	2.6
Individual variable annuities	494	305	62.0	286	72.7
Subtotal retirement services	<u>1,040</u>	<u>781</u>	33.2	<u>818</u>	27.1
Total net investment income	<u>1,790</u>	<u>1,428</u>	25.4	<u>1,487</u>	20.4
Incurred policy losses and benefits:					
Life insurance	1,069	1,016	5.2	987	8.3
Personal accident & health	508	453	12.1	480	5.8
Group products	430	361	19.1	345	24.6
Subtotal life insurance	<u>2,007</u>	<u>1,830</u>	9.7	<u>1,812</u>	10.8
Individual fixed annuities	396	348	13.8	443	(10.6)
Individual variable annuities	495	307	61.2	298	66.1
Subtotal retirement services	<u>891</u>	<u>655</u>	36.0	<u>741</u>	20.2
Total incurred policy losses and benefits	<u>\$ 2,898</u>	<u>\$ 2,485</u>	16.6 %	<u>\$ 2,553</u>	13.5 %

(See Accompanying Notes on Pages 39 and 40)

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

(dollars in millions)

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Insurance acquisition and other operating expenses:					
Life insurance	\$ 327	\$ 284	15.1 %	\$ 281	16.4 %
Personal accident & health	283	260	8.8	312	(9.3)
Group products	227	154	47.4	185	22.7
Subtotal life insurance	<u>837</u>	<u>698</u>	19.9	<u>778</u>	7.6
Individual fixed annuities	84	72	16.7	94	(10.6)
Individual variable annuities	38	31	22.6	36	5.6
Subtotal retirement services	<u>122</u>	<u>103</u>	18.4	<u>130</u>	(6.2)
Total insurance acquisition and other operating expenses	<u>959</u>	<u>801</u>	19.7	<u>908</u>	5.6
Operating income excluding realized capital gains (losses):					
Life insurance	370	327	13.1	387	(4.4)
Personal accident & health	287	269	6.7	251	14.3
Group products	68	68	0.0	70	(2.9)
Subtotal life insurance	<u>725</u>	<u>664</u>	9.2	<u>708</u>	2.4
Individual fixed annuities	182	135	34.8	102	78.4
Individual variable annuities	52	28	85.7	41	26.8
Subtotal retirement services	<u>234</u>	<u>163</u>	43.6	<u>143</u>	63.6
Total operating income excluding realized capital gains (losses)	<u>959</u>	<u>827</u>	16.0	<u>851</u>	12.7
Realized capital gains (losses):					
Life insurance	(18)	121	NM	16	NM
Personal accident & health	2	18	(88.9)	13	(84.6)
Group products	5	9	(44.4)	1	400.0
Subtotal life insurance	<u>(11)</u>	<u>148</u>	NM	<u>30</u>	NM
Individual fixed annuities	(35)	3	NM	(6)	NM
Individual variable annuities	-	-	NM	-	NM
Subtotal retirement services	<u>(35)</u>	<u>3</u>	NM	<u>(6)</u>	NM
Total realized capital gains (losses) (12)	<u>(46)</u>	<u>151</u>	NM	<u>24</u>	NM
Operating income:					
Life insurance	352	448	(21.4)	403	(12.7)
Personal accident & health	289	287	0.7	264	9.5
Group products	73	77	(5.2)	71	2.8
Subtotal life insurance	<u>714</u>	<u>812</u>	(12.1)	<u>738</u>	(3.3)
Individual fixed annuities	147	138	6.5	96	53.1
Individual variable annuities	52	28	85.7	41	26.8
Subtotal retirement services	<u>199</u>	<u>166</u>	19.9	<u>137</u>	45.3
Operating income	<u>\$ 913</u>	<u>\$ 978</u>	(6.6) %	<u>\$ 875</u>	4.3 %

(See Accompanying Notes on Pages 39 and 40)

American International Group, Inc.

Asia Product Statistics

(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Premiums, deposits and other considerations (1):					
Life insurance	\$ 4,938	\$ 4,351	13.5 %	\$ 4,049	22.0 %
Personal accident & health	460	360	27.8	428	7.5
Group products	178	157	13.4	121	47.1
Subtotal life insurance	<u>5,576</u>	<u>4,868</u>	14.5	<u>4,598</u>	21.3
Individual fixed annuities	127	223	(43.0)	137	(7.3)
Individual variable annuities	5	1	400.0	3	66.7
Subtotal retirement services	<u>132</u>	<u>224</u>	(41.1)	<u>140</u>	(5.7)
Total premiums, deposits and other considerations	<u>5,708</u>	<u>5,092</u>	12.1	<u>4,738</u>	20.5
Premiums and other considerations:					
Life insurance	2,951	2,911	1.4	2,701	9.3
Personal accident & health	445	362	22.9	431	3.2
Group products	178	143	24.5	106	67.9
Subtotal life insurance	<u>3,574</u>	<u>3,416</u>	4.6	<u>3,238</u>	10.4
Individual fixed annuities	12	16	(25.0)	19	(36.8)
Individual variable annuities	1	-	NM	(1)	NM
Subtotal retirement services	<u>13</u>	<u>16</u>	(18.8)	<u>18</u>	(27.8)
Total premiums and other considerations	<u>3,587</u>	<u>3,432</u>	4.5	<u>3,256</u>	10.2
Net investment income:					
Life insurance (4)	1,007	756	33.2	1,460	(31.0)
Personal accident & health	33	26	26.9	32	3.1
Group products	24	24	0.0	37	(35.1)
Subtotal life insurance	<u>1,064</u>	<u>806</u>	32.0	<u>1,529</u>	(30.4)
Individual fixed annuities	28	20	40.0	25	12.0
Individual variable annuities	1	1	0.0	2	(50.0)
Subtotal retirement services	<u>29</u>	<u>21</u>	38.1	<u>27</u>	7.4
Total net investment income	<u>1,093</u>	<u>827</u>	32.2	<u>1,556</u>	(29.8)
Incurred policy losses and benefits:					
Life insurance	3,021	2,812	7.4	3,217	(6.1)
Personal accident & health	281	237	18.6	262	7.3
Group products	147	113	30.1	76	93.4
Subtotal life insurance	<u>3,449</u>	<u>3,162</u>	9.1	<u>3,555</u>	(3.0)
Individual fixed annuities	29	25	16.0	26	11.5
Individual variable annuities	1	-	NM	2	(50.0)
Subtotal retirement services	<u>30</u>	<u>25</u>	20.0	<u>28</u>	7.1
Total incurred policy losses and benefits	<u>\$ 3,479</u>	<u>\$ 3,187</u>	9.2 %	<u>\$ 3,583</u>	(2.9) %

(See Accompanying Notes on Pages 39 and 40)

American International Group, Inc.

Asia Product Statistics

(dollars in millions)

	Three Months Ended			Dec. 31, 2006	Sequential % Chg
	March 31, 2007	March 31, 2006	% Chg		
Insurance acquisition and other operating expenses:					
Life insurance	\$ 487	\$ 453	7.5 %	\$ 335	45.4 %
Personal accident & health	108	84	28.6	92	17.4
Group products	39	21	85.7	17	129.4
Subtotal life insurance	<u>634</u>	<u>558</u>	13.6	<u>444</u>	42.8
Individual fixed annuities	7	7	0.0	10	(30.0)
Individual variable annuities	-	-	NM	(2)	NM
Subtotal retirement services	<u>7</u>	<u>7</u>	0.0	<u>8</u>	(12.5)
Total insurance acquisition and other operating expenses	<u>641</u>	<u>565</u>	13.5	<u>452</u>	41.8
Operating income excluding realized capital gains (losses):					
Life insurance (4) (10)	450	402	11.9	609	(26.1)
Personal accident & health	89	67	32.8	109	(18.3)
Group products	16	33	(51.5)	50	(68.0)
Subtotal life insurance	<u>555</u>	<u>502</u>	10.6	<u>768</u>	(27.7)
Individual fixed annuities	4	4	0.0	8	(50.0)
Individual variable annuities	1	1	0.0	1	0.0
Subtotal retirement services	<u>5</u>	<u>5</u>	0.0	<u>9</u>	(44.4)
Total operating income excluding realized capital gains (losses) (4) (10)	<u>560</u>	<u>507</u>	10.5	<u>777</u>	(27.9)
Realized capital gains (losses):					
Life insurance	(150)	160	NM	163	NM
Personal accident & health	(10)	9	NM	6	NM
Group products	(26)	31	NM	26	NM
Subtotal life insurance	<u>(186)</u>	<u>200</u>	NM	<u>195</u>	NM
Individual fixed annuities	(2)	1	NM	1	NM
Individual variable annuities	(1)	-	NM	-	NM
Subtotal retirement services	<u>(3)</u>	<u>1</u>	NM	<u>1</u>	NM
Total realized capital gains (losses) (12)	<u>(189)</u>	<u>201</u>	NM	<u>196</u>	NM
Operating income:					
Life insurance (4) (10)	300	562	(46.6)	772	(61.1)
Personal accident & health	79	76	3.9	115	(31.3)
Group products	(10)	64	NM	76	NM
Subtotal life insurance	<u>369</u>	<u>702</u>	(47.4)	<u>963</u>	(61.7)
Individual fixed annuities	2	5	(60.0)	9	(77.8)
Individual variable annuities	-	1	NM	1	NM
Subtotal retirement services	<u>2</u>	<u>6</u>	(66.7)	<u>10</u>	(80.0)
Operating income (4) (10)	<u>\$ 371</u>	<u>\$ 708</u>	(47.6) %	<u>\$ 973</u>	(61.9) %

(See Accompanying Notes on Pages 39 and 40)

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

	First Year Premiums (23)					Single Premiums					
	Three Months Ended			Dec. 31, 2006	Sequential % Chg	Three Months Ended			Dec. 31, 2006	Sequential % Chg	
	March 31, 2007	March 31, 2006	% Chg			March 31, 2007	March 31, 2006	% Chg			
Life insurance											
Japan	\$ 211	\$ 202	4.5 %	\$ 212	(0.5) %	\$ 345	\$ 150	130.0 %	\$ 378	(8.7) %	
China	27	23	17.4	35	(22.9)	66	61	8.2	56	17.9	
Taiwan	179	218	(17.9)	97	84.5	194	204	(4.9)	95	104.2	
Other Asia	313	240	30.4	368	(14.9)	370	309	19.7	391	(5.4)	
All other regions	70	49	42.9	67	4.5	1,445	166	NM	751	92.4	
Total	800	732	9.3	779	2.7	2,420	890	171.9	1,671	44.8	
Personal accident & health											
Japan	153	185	(17.3)	171	(10.5)	2	1	100.0	2	0.0	
China	8	8	0.0	10	(20.0)	-	1	NM	1	NM	
Taiwan	27	24	12.5	29	(6.9)	-	-	NM	-	NM	
Other Asia	92	74	24.3	97	(5.2)	-	-	NM	1	NM	
All other regions	32	27	18.5	32	0.0	8	4	100.0	7	14.3	
Total	312	318	(1.9)	339	(8.0)	10	6	66.7	11	(9.1)	
Group products											
Japan	3	5	(40.0)	6	(50.0)	-	-	NM	-	NM	
China	3	-	NM	1	200.0	-	-	NM	-	NM	
Taiwan	3	5	(40.0)	4	(25.0)	1	4	(75.0)	2	(50.0)	
Other Asia	19	19	0.0	17	11.8	16	14	14.3	14	14.3	
All other regions	154	240	(35.8)	154	0.0	198	66	200.0	99	100.0	
Total	182	269	(32.3)	182	0.0	215	84	156.0	115	87.0	
Total premiums											
Japan	367	392	(6.4)	389	(5.7)	347	151	129.8	380	(8.7)	
China	38	31	22.6	46	(17.4)	66	62	6.5	57	15.8	
Taiwan	209	247	(15.4)	130	60.8	195	208	(6.3)	97	101.0	
Other Asia	424	333	27.3	482	(12.0)	386	323	19.5	406	(4.9)	
All other regions	256	316	(19.0)	253	1.2	1,651	236	NM	857	92.6	
Total	1,294	1,319	(1.9)	1,300	(0.5)	\$ 2,645	\$ 980	169.9 %	\$ 1,797	47.2 %	
Annuity Production:											
Individual fixed annuity											
Japan	919	1,022	(10.1)	1,422	(35.4)						
Korea	114	177	(35.6)	113	0.9						
Other Asia	13	46	(71.7)	24	(45.8)						
All other regions	71	47	51.1	79	(10.1)						
Total	1,117	1,292	(13.5)	1,638	(31.8)						
Individual variable annuity											
Japan	274	583	(53.0)	245	11.8						
Other Asia	5	1	400.0	3	66.7						
All other regions	2,806	3,088	(9.1)	3,722	(24.6)						
Total	3,085	3,672	(16.0)	3,970	(22.3)						
Total Annuity Production	\$ 4,202	\$ 4,964	(15.4) %	\$ 5,608	(25.1) %						

(See Accompanying Notes on Pages 39 and 40)

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

	<u>March 31,</u> <u>2007</u>	<u>March 31,</u> <u>2006</u>	<u>% Chg</u>		<u>Dec. 31</u> <u>2006</u>	<u>Sequential</u> <u>% Chg</u>
Life Insurance Reserves						
Life insurance						
Japan	\$ 30,584	\$ 28,707	6.5 %		\$ 30,422	0.5 %
China	2,796	2,027	37.9		2,577	8.5
Taiwan	33,475	29,359	14.0		32,147	4.1
Other Asia	42,062	33,508	25.5		40,273	4.4
All other regions	10,034	7,178	39.8		8,998	11.5
Total	<u>118,951</u>	<u>100,779</u>	18.0		<u>114,417</u>	4.0
Personal accident & health						
Japan	4,501	3,962	13.6		4,447	1.2
China	59	50	18.0		58	1.7
Taiwan	1,668	1,438	16.0		1,615	3.3
Other Asia	920	553	66.4		829	11.0
All other regions	442	346	27.7		402	10.0
Total	<u>7,590</u>	<u>6,349</u>	19.5		<u>7,351</u>	3.3
Group products						
Japan	2,873	3,117	(7.8)		2,955	(2.8)
China	3	-	NM		2	50.0
Taiwan	42	41	2.4		41	2.4
Other Asia	1,308	1,061	23.3		1,240	5.5
All other regions	4,945	4,227	17.0		4,467	10.7
Total	<u>9,171</u>	<u>8,446</u>	8.6		<u>8,705</u>	5.4
Total life insurance reserves						
Japan	37,958	35,786	6.1		37,824	0.4
China	2,858	2,077	37.6		2,637	8.4
Taiwan	35,185	30,838	14.1		33,803	4.1
Other Asia	44,290	35,122	26.1		42,342	4.6
All other regions	15,421	11,751	31.2		13,867	11.2
Total	<u>\$ 135,712</u>	<u>\$ 115,574</u>	17.4 %		<u>\$ 130,473</u>	4.0 %

(See Accompanying Notes on Pages 39 and 40)

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

	<u>March 31,</u> <u>2007</u>	<u>March 31,</u> <u>2006</u>	<u>% Chg</u>		<u>Dec. 31</u> <u>2006</u>	<u>Sequential</u> <u>% Chg</u>
Retirement Services Reserves						
Individual fixed annuities						
Japan	\$ 41,688	\$ 37,242	11.9 %		\$ 41,300	0.9 %
Korea	1,760	1,336	31.7		1,684	4.5
Other Asia	366	415	(11.8)		369	(0.8)
All other regions	<u>2,287</u>	<u>2,690</u>	(15.0)		<u>2,173</u>	5.2
Total	46,101	41,683	10.6		45,526	1.3
Individual variable annuities						
Japan	5,370	4,379	22.6		5,116	5.0
Other Asia	78	63	23.8		84	(7.1)
All other regions	<u>19,957</u>	<u>13,416</u>	48.8		<u>20,217</u>	(1.3)
Total	25,405	17,858	42.3		25,417	(0.0)
Policy and Contract Claims Reserves						
Personal accident & health						
Japan	239	219	9.1		234	2.1
China	5	12	(58.3)		6	(16.7)
Taiwan	54	49	10.2		55	(1.8)
Other Asia	98	64	53.1		91	7.7
All other regions	<u>117</u>	<u>97</u>	20.6		<u>103</u>	13.6
Total	513	441	16.3		489	4.9
Group accident & health						
Japan	-	-	NM		1	NM
Taiwan	4	4	0.0		4	0.0
Other Asia	17	23	(26.1)		15	13.3
All other regions	<u>82</u>	<u>79</u>	3.8		<u>80</u>	2.5
Total	\$ 103	\$ 106	(2.8) %		\$ 100	3.0 %

(See Accompanying Notes on Pages 39 and 40)

American International Group, Inc.
Foreign Life Insurance & Retirement Services Other Data

(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Spread information					
Individual fixed annuities					
Japan (24)					
Base investment income	\$ 428	\$ 345	24.1 %	\$ 414	3.4 %
Partnerships/other enhancements	-	-	NM	-	NM
Total net investment income (25)	\$ 428	\$ 345	24.1 %	\$ 414	3.4 %
Base yield (24)	5.02%	4.74%		4.84%	
Partnerships/other enhancements	0.00%	0.00%		0.00%	
Total	5.02%	4.74%		4.84%	
Cost of funds (25) (26)	3.44%	3.09%		3.38%	
Net spread rate, as reported (26)	1.58%	1.65%		1.47%	
Net spread rate excluding partnerships and other enhancements	1.58%	1.65%		1.47%	
Korea					
Base investment income	\$ 23	\$ 16	43.8 %	\$ 22	4.5 %
Partnerships/other enhancements	-	-	NM	-	NM
Total net investment income (25)	\$ 23	\$ 16	43.8 %	\$ 22	4.5 %
Base yield (26)	5.36%	4.97%		5.30%	
Partnerships/other enhancements	0.00%	0.00%		0.00%	
Total	5.36%	4.97%		5.30%	
Cost of funds (25) (26)	4.55%	4.37%		4.52%	
Net spread rate, as reported (26)	0.81%	0.61%		0.78%	
Net spread rate excluding partnerships and other enhancements	0.81%	0.61%		0.78%	
Net flows (27)					
Individual fixed annuities					
Japan	\$ (109)	\$ 424	NM %	\$ 795	NM %
Korea	79	164	(51.8)	95	(16.8)
Individual variable annuities					
Japan	\$ 165	\$ 475	(65.3) %	\$ 181	(8.8) %

(See Accompanying Notes on Pages 39 and 40)

American International Group, Inc
Deferred Policy Acquisition Costs and Value of Business Acquired

(dollars in millions)

	<u>March 31,</u> <u>2007</u>	<u>March 31,</u> <u>2006</u>	<u>% chg</u>		<u>Dec. 31,</u> <u>2006</u>	<u>Sequential</u> <u>% chg</u>
Foreign life insurance & retirement services:						
Life insurance	\$ 14,760	\$ 12,789	15.4	%	\$ 14,271	3.4 %
Personal accident & health	4,876	4,022	21.2		4,769	2.2
Group products	133	168	(20.8)		195	(31.8)
Subtotal life insurance	<u>19,769</u>	<u>16,979</u>	16.4		<u>19,235</u>	2.8
Individual fixed annuities	1,484	1,501	(1.1)		1,638	(9.4)
Individual variable annuities	449	369	21.7		467	(3.9)
Subtotal retirement services	<u>1,933</u>	<u>1,870</u>	3.4		<u>2,105</u>	(8.2)
Total foreign life insurance & retirement services	<u>21,702</u>	<u>18,849</u>	15.1		<u>21,340</u>	1.7
Domestic life insurance & retirement services:						
Life insurance	4,009	3,442	16.5		3,915	2.4
Home service	1,617	1,620	(0.2)		1,624	(0.4)
Group life/health	43	235	(81.7)		115	(62.6)
Payout annuities	65	52	25.0		62	4.8
Subtotal life insurance	<u>5,734</u>	<u>5,349</u>	7.2		<u>5,716</u>	0.3
Group retirement products	1,943	1,909	1.8		1,942	0.1
Individual fixed annuities	2,573	2,705	(4.9)		2,623	(1.9)
Individual variable annuities	1,536	1,528	0.5		1,545	(0.6)
Individual runoff annuities	174	267	(34.8)		193	(9.8)
Subtotal retirement services	<u>6,226</u>	<u>6,409</u>	(2.9)		<u>6,303</u>	(1.2)
Total domestic life insurance & retirement services	<u>11,960</u>	<u>11,758</u>	1.7		<u>12,019</u>	(0.5)
Subtotal (28)	33,662	30,607	10.0		33,359	0.9
Adjustment to unrealized (gain) loss on securities available for sale and other	<u>(612)</u>	<u>(108)</u>	NM		<u>(549)</u>	NM
Total life insurance & retirement services	<u>\$ 33,050</u>	<u>\$ 30,499</u>	8.4	%	<u>\$ 32,810</u>	0.7 %

(See Accompanying Notes on Pages 39 and 40)

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% chg	Dec. 31, 2006	Sequential % chg
Foreign life insurance & retirement services:					
Life insurance	\$ 37	\$ 14	164.3 %	\$ 15	146.7 %
Personal accident & health	7	1	NM	2	250.0
Individual fixed annuities	4	2	100.0	1	300.0
Total	<u>48</u>	<u>17</u>	182.4	<u>18</u>	166.7
Domestic life insurance:					
Excluding Synfuels:					
Life insurance	23	8	187.5	43	(46.5)
Home service	4	2	100.0	1	300.0
Subtotal excluding Synfuels	<u>27</u>	<u>10</u>	170.0	<u>44</u>	(38.6)
Synfuels:					
Life insurance	(22)	(25)	NM	(18)	NM
Home service	(11)	(12)	NM	(10)	NM
Subtotal Synfuels	<u>(33)</u>	<u>(37)</u>	NM	<u>(28)</u>	NM
Total	(6)	(27)	NM	16	NM
Domestic retirement services:					
Group retirement products	49	42	16.7	66	(25.8)
Individual fixed annuities	81	89	(9.0)	79	2.5
Total	<u>130</u>	<u>131</u>	(0.8)	<u>145</u>	(10.3)
Total life insurance & retirement services	<u>\$ 172</u>	<u>\$ 121</u>	42.1 %	<u>\$ 179</u>	(3.9) %

(See Accompanying Notes on Pages 39 and 40)

American International Group, Inc.
Life Insurance & Retirement Services Statutory Surplus and Net Income
(in millions)

<u>Fiscal Years Ended</u>	<u>Japan and</u>		<u>Asia (3) (4)</u>		<u>Domestic Life</u>		<u>Domestic</u>		<u>Intercompany</u>		<u>Total</u>	
	<u>Other (1) (2) (3)</u>				<u>Insurance (5) (6)</u>		<u>Retirement</u>		<u>Consolidations/</u>			
							<u>Services (5) (7)</u>		<u>Eliminations</u>			
2006												
Statutory Surplus	\$	8,648	\$	13,332	\$	5,390	\$	11,916	\$	(4,228)	\$	35,058
Statutory Net Income		1,483		1,093		902		1,569		41		5,088
2005												
Statutory Surplus		7,390		10,266		5,301		11,101		(3,319)		30,739
Statutory Net Income		1,200		1,212		943		1,416		(9)		4,762
2004												
Statutory Surplus		5,666		8,896		5,058		11,223		(2,234)		28,609
Statutory Net Income	\$	710	\$	1,265	\$	805	\$	1,700	\$	(6)	\$	4,474

- Note: (1) Includes the life operations of American Life Insurance Company (ALICO), AIG Star Life Insurance Company and AIG Edison Life Insurance Company.
(2) Net income for ALICO includes subsidiaries presented on a consolidated basis.
(3) Estimated regulatory surplus and net income as of November 30th.
(4) Includes American International Assurance Company, Limited together with American International Assurance Company (Bermuda), Limited (AIA), American International Reinsurance Company Limited, Nan Shan Life Insurance Company, Limited and The Philippine American Life and General Insurance Company.
(5) For U.S. domestic entities, fiscal period ends December 31st.
(6) Includes the life operations of American General Life Insurance Company, American General Life and Accident Insurance Company, AIG Life Insurance Company, American International Life Assurance Company of New York, Delaware American Life Insurance Company and Pacific Union Assurance Company.
(7) Includes the life operations of AIG Annuity Insurance Company, The Variable Annuity Life Insurance Company, SunAmerica Life Insurance Company and AIG SunAmerica Life Assurance Company.

American International Group, Inc.

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 March 31, 2007, premiums and other considerations include \$26 million of accounting reclassifications that were previously netted against operating expenses.
- (3) Investment in certain limited liability companies that invest in synthetic fuel production facilities as a means of generating income tax credits.
- (4) **Foreign Life Insurance & Retirement Services** and **Asia**: Both include losses of \$4 million, \$40 million and \$8 million for the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively, for Foreign Life's share of the results of AIG's consumer finance operations in Taiwan.
- (5) **Life Insurance & Retirement Services** includes increases of \$88 million and \$54 million, respectively, and **Foreign Life Insurance & Retirement Services** includes increases of \$86 million and \$51 million, respectively, in the three months ended March 31, 2007 and December 31, 2006, respectively, related to certain interest in unit investment trusts that AIG began recognizing in the second quarter of 2006. With respect to the increases of \$88 million and \$86 million included in **Life Insurance & Retirement Services** and **Foreign Life Insurance & Retirement Services**, respectively, \$41 million was allocated to policyholder accounts through incurred losses and benefits.
- (6) **Life Insurance & Retirement Services** and **Domestic Life Insurance & Retirement Services**: Both include enhancements of \$155 million, \$95 million and \$149 million for the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively. Enhancements include gains on calls, dollar roll income, prepayment fees and trading gains (losses) not associated with SOP 03-1.
- (7) 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.
- (8) For the three months ended March 31, 2007, Life Insurance & Retirement Services was affected by the adoption of SOP 05-1. The effect of this is shown in the following table:

(in millions) gain (loss)	Life Insurance	Home Service	Group Life / Health
Domestic Life Insurance & Retirement Services:			
Operating income before realized capital gains (losses)	\$190	\$84	\$4
Effect of SOP 05-1	(3)	(3)	(16)
Personal Accident			
Foreign Life Insurance & Retirement Services:			
Operating income before realized capital gains (losses)	\$820	\$376	\$84
Effect of SOP 05-1	4	(5)	(9)

- (9) For the three months ended December 31, 2006, the Domestic Life companies recorded certain adjustments related to the loss of the Superior National arbitration, exiting the financial institutions credit life business, actuarial systems migration and other litigation. The effect of these adjustments is shown by product in the following table:

(in millions) increase (decrease)	Three Months Ended Dec. 31, 2006
Life Insurance	
Actuarial systems migration:	
Premiums and other considerations	\$(52)
Total benefits and expense	(25)
Other litigation:	
Total benefits and expenses	30
Operating income before realized capital gains	(57)
Group Life / Health	
Superior National:	
Total benefits and expenses	125
Exiting financial institutions credit life business:	
Total benefits and expenses	66
Actuarial systems migration:	
Total benefits and expenses	(11)
Operating income before realized capital gains	(180)
Payout Annuities	
Actuarial systems migration:	
Total benefits and expenses	24
Operating income before realized capital gains	\$(24)

- (10) **Foreign Life Insurance & Retirement Services** and **Asia**: Both include the effect of out of period adjustments related to tax remediation in Singapore, and expense allocation between par and non-par funds in Malaysia. For the three months ended December 31, 2006 the effect was a gain of \$129 million in operating income.
- (11) Reflects the operating income increase (decrease) by product for the effect of DAC and sales inducement asset amortization and unearned revenue liability adjustments related to realized capital gains (losses):

(in millions)	Three Months Ended		
	March 31, 2007	March 31, 2006	Dec. 31, 2006
Foreign Life Insurance & Retirement Services:			
Individual fixed annuities	\$13	\$1	\$2
Domestic Life Insurance & Retirement Services:			
Life insurance	-	-	(1)
Home services	1	1	-
Subtotal life insurance	1	1	(1)
Group retirement products	-	3	2
Individual fixed annuities	(4)	24	9
Individual variable annuities	(8)	2	-
Individual runoff annuities	(1)	(6)	(1)
Subtotal retirement services	(13)	23	10
Total domestic life insurance & retirement services	(12)	24	9
Total Life Insurance & Retirement Services	\$1	\$25	\$11

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

(12) Realized capital gains (losses) consist of the following:

(in millions)	Three Months Ended		
	March 31, 2007	March 31, 2006	Dec. 31, 2006
Domestic Life Insurance & Retirement Services:			
Transaction gains (losses)	\$50	\$(53)	\$108
Foreign exchange transactions	8	(1)	-
Derivative instruments	(6)	93	(2)
Other-than-temporary declines	(61)	(146)	(120)
Other	(12)	(29)	(1)
Total	(21)	(136)	(15)
Foreign Life Insurance & Retirement Services:			
Transaction gains (losses)	12	130	9
Foreign exchange transactions	115	5	63
Derivative instruments	(117)	259	149
Other-than-temporary declines	(331)	(41)	(3)
Other	86	(1)	2
Total	(235)	352	220
Total Life Insurance & Retirement Services:			
Transaction gains (losses)	62	77	117
Foreign exchange transactions	123	4	63
Derivative instruments	(123)	352	147
Other-than-temporary declines	(392)	(187)	(123)
Other	74	(30)	1
Total	\$(256)	\$216	\$205

- (13) Computed using a constant exchange rate for each period.
- (14) Primarily represents runoff annuity business sold through discontinued distribution relationships.
- (15) Includes structured settlements, single premium immediate annuities and terminal funding annuities.
- (16) Life insurance sales represent premiums from new sales that are expected to be collected over a one year period.
- (17) 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.
- (18) Includes group retirement annuities and group mutual funds. The balance at beginning of period for March 31, 2007 and 2006 and December 31, 2006 includes group mutual funds of \$6,403 million, \$4,693 million and \$6,126 million, respectively. The balance at end of period for March 31, 2007 and 2006 and December 31, 2006 includes group mutual funds of \$6,870 million, \$5,650 million and \$6,403 million, respectively.
- (19) Excludes internal replacements from one contract into a new contract. If included, deposits and surrenders for group retirement products would increase \$293 million, \$259 million and \$350 million, respectively, for the three months ended March 31, 2007 and 2006 and December 31, 2006 while net deposits and surrenders for individual fixed annuities would increase \$99 million, \$40 million and \$99 million, respectively, for the three months ended March 31, 2007 and 2006 and December 31, 2006.
- (20) Includes the investment return on surplus other than partnership or yield enhancement activities.
- (21) Includes incremental effect to base yield of investments in hedge funds and private equity funds.
- (22) Includes incremental effect to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (23) Represents premium recorded within the first policy year from new sales other than single premiums.
- (24) Excludes acquired block of Yen annuities no longer being sold.
- (25) 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.
- (26) 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 annual figures use five point averages (beginning of year plus each of the quarter ends).
- (27) 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.
- (28) Deferred policy acquisition costs balances at March 31, 2007 have been adjusted for the cumulative effect of implementing SOP 05-1 of \$6 million and \$54 million for foreign life insurance and group products, respectively, and \$7 million and \$56 million for domestic home service and group life/health, respectively.

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Revenues:					
Aircraft Leasing	\$ 1,087	\$ 965	12.6 %	\$ 1,076	1.0 %
Capital Markets (1)	313	378	(17.2)	548	(42.9)
Consumer Finance (2)	921	924	(0.3)	986	(6.6)
Other, including intercompany adjustments	32	25	28.0	37	(13.5)
Total revenues excluding FAS 133 and realized capital gains (losses)	2,353	2,292	2.7	2,647	(11.1)
FAS 133:					
AIGFP (3)	(85)	(678)	NM	(764)	NM
Realized capital gains (losses) (4)	(67)	52	NM	(29)	NM
Total revenues	\$ 2,201	\$ 1,666	32.1 %	\$ 1,854	18.7 %
Operating income (loss):					
Aircraft Leasing (5)	\$ 193	\$ 129	49.6 %	\$ 164	17.7 %
Capital Markets (1)	153	208	(26.4)	348	(56.0)
Consumer Finance (2) (6) (7)	74	175	(57.7)	167	(55.7)
Other, including intercompany adjustments (8)	24	6	300.0	(44)	NM
Total operating income excluding FAS 133 and realized capital gains (losses)	444	518	(14.3)	635	(30.1)
FAS 133:					
AIGFP (3)	(85)	(678)	NM	(764)	NM
Realized capital gains (losses) (4)	(67)	52	NM	(29)	NM
Total operating income (loss)	\$ 292	\$ (108)	NM %	\$ (158)	NM %

- Note: (1) Certain transactions entered into by AIGFP generate tax credits and benefits which are included in income taxes on the consolidated statement of income. The amounts of tax credits and benefits for the three months ended March 31, 2007 and 2006 and December 31, 2006 were \$17 million, \$18 million and \$21 million, respectively.
- (2) The three months ended March 31, 2007 includes a pre-tax charge of \$128 million in connection with domestic consumer finance's mortgage banking activities.
- (3) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133 or for which hedge accounting was not applied, 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. In the first quarter of 2007 AIG began applying hedge accounting for certain transactions, principally in its Capital Markets operations. Included in the three months ended March 31, 2006 is an out of period charge of \$300 million related to the remediation of the material weakness in accounting for certain derivative transactions under FAS 133.
- (4) Includes \$(29) million, \$47 million and \$(7) million, respectively, for Aircraft Leasing; \$(38) million, \$1 million and \$(28) million, respectively, for Consumer Finance and \$0, \$4 million and \$6 million, respectively, for Other, in the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively. 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.
- (5) Includes adjustments relating to a tax settlement in Australia, increased credit reserves and lease accruals totaling \$37 million in the three months ended March 31, 2006.
- (6) Includes \$44 million and \$3 million in additional allowance for losses in AIG Credit Card Company (Taiwan) in the three months ended March 31, 2006 and December 31, 2006, respectively.
- (7) Includes a reduction in the finance receivables reserve of \$13 million on prior year catastrophe-related losses in the three months ended December 31, 2006.
- (8) Includes specific reserves of \$42 million in the three months ended December 31, 2006 related to two commercial lending transactions.

American International Group, Inc.
International Lease Finance Corporation (ILFC)
Aircraft Leases, Orders and Options
March 31, 2007

<u>Aircraft Type:</u>	<u>Number of Aircraft</u>		
	<u>In Fleet</u> (1)	<u>Orders</u>	<u>Options</u>
<u>Airbus:</u>			
A300-600R	6	0	0
A310-300	7	0	0
A319	110	33	0
A320-200	136	47	0
A321-100	12	0	0
A321-200	54	18	0
A330-200	53	16	0
A330-300	24	4	0
A340-300	15	0	0
A340-600	13	0	0
A350-800	0	16	0
A380 (2)	0	10	0
<u>Boeing:</u>			
737-300/400/500	56	0	0
737-600/700/800	170	43	0
747-300	2	0	0
747-400	13	0	0
747-400ERF	4	0	0
757-200	64	0	0
767-200	3	0	0
767-300	52	0	0
777-200B	39	1	0
777-300	23	12	0
787-800	0	24	0
<u>McDonnell Douglas:</u>			
MD-11	8	0	0
MD-83	1	0	0
Total	<u>865</u>	<u>224</u>	<u>0</u>

Note: (1) In fleet includes 9 finance leases.

(2) ILFC has a cancellation option in 2010 on the 10 A380 firm orders.

American International Group, Inc. Consumer Finance Operating Statistics

(dollars in millions)

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Revenues:					
American General Finance (1)	\$ 703	\$ 728	(3.4) %	\$ 777	(9.5) %
AIG Consumer Finance Group, Inc.	203	173	17.3	194	4.6
AIG Federal Saving Bank	15	23	(34.8)	15	0.0
Total revenues excluding realized capital gains (losses)	921	924	(0.3)	986	(6.6)
Realized capital gains (losses): (2)	(38)	1	NM	(28)	NM
Total revenues	\$ 883	\$ 925	(4.5) %	\$ 958	(7.8) %
Operating income:					
American General Finance (1)	\$ 50	\$ 191	(73.8) %	\$ 157	(68.2) %
AIG Consumer Finance Group, Inc.	21	(24)	NM	6	250.0
AIG Federal Saving Bank	3	8	(62.5)	4	(25.0)
Total operating income excluding realized capital gains (losses)	74	175	(57.7)	167	(55.7)
Realized capital gains (losses): (2)	(38)	1	NM	(28)	NM
Total operating income	\$ 36	\$ 176	(79.5) %	\$ 139	(74.1) %

- Note: (1) The three months ended March 31, 2007 includes a pre-tax charge of \$128 million in connection with American General Finance's mortgage banking activities.
- (2) 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 March 31, 2007 and 2006, and December 31, 2006 the effect was \$(36) million, \$3 million, and \$(29) million, respectively. The amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings.

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

	Three Months Ended / As of				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
American General Finance					
Receivables:					
Real Estate	\$ 18,942	\$ 19,152	(1.1) %	\$ 18,906	0.2 %
Non Real Estate	3,581	3,215	11.4	3,523	1.6
Retail Sales Finance	1,893	1,539	23.0	1,908	(0.8)
Total receivables	<u>24,416</u>	<u>23,906</u>	2.1	<u>24,337</u>	0.3
Allowance for loan losses	<u>(486)</u>	<u>(503)</u>	(3.4)	<u>(489)</u>	(0.6)
Net Receivables	<u>\$ 23,930</u>	<u>\$ 23,403</u>	2.3 %	<u>\$ 23,848</u>	0.3 %
Credit Ratios:					
Delinquencies - 60+	2.05 %	1.74 %		2.06 %	
Net Charge-off	0.97 %	0.88 %		1.14 %	
Allowance/Loans	1.99 %	2.10 %		2.01 %	
<hr/>					
AIG Consumer Finance Group, Inc.					
Total receivables	\$ 3,733	\$ 3,298	13.2 %	\$ 3,720	0.3 %
Allowance for loan losses	<u>(198)</u>	<u>(234)</u>	(15.4)	<u>(200)</u>	(1.0)
Net Receivables	<u>\$ 3,535</u>	<u>\$ 3,064</u>	15.4 %	<u>\$ 3,520</u>	0.4 %
<hr/>					
AIG Federal Savings Bank					
Total receivables	\$ 150	\$ 125	20.0 %	\$ 162	(7.4) %
Allowance for loan losses	<u>(1)</u>	<u>(1)</u>	NM	<u>(1)</u>	NM
Net Receivables	<u>149</u>	<u>124</u>	20.2	<u>161</u>	(7.5)
Total Net Receivables (1)	<u>\$ 27,614</u>	<u>\$ 26,591</u>	3.8 %	<u>\$ 27,529</u>	0.3 %

Note: (1) Total net receivables exclude finance receivables held for sale of \$983 million, \$861 million and \$1,124 million at March 31, 2007 and 2006 and December 31, 2006, respectively.

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

	Three Months Ended				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Revenues:					
Guaranteed investment contracts (2) (3)	\$ 917	\$ 669	37.1 %	\$ 733	25.1 %
Matched investment program	118	-	NM	73	61.6
Institutional asset management (4)	437	224	95.1	351	24.5
Brokerage service and mutual funds	78	73	6.8	76	2.6
Other (5)	<u>147</u>	<u>65</u>	126.2	<u>96</u>	53.1
Total excluding consolidated investments and realized capital gains (losses)	1,697	1,031	64.6	1,329	27.7
Consolidated investments (6):					
Institutional asset management	231	103	NM	197	NM
Realized capital gains (losses) (7)	<u>(20)</u>	<u>5</u>	NM	<u>(16)</u>	NM
Total revenues	<u>\$ 1,908</u>	<u>\$ 1,139</u>	67.5 %	<u>\$ 1,510</u>	26.4 %
Operating income:					
Guaranteed investment contracts (2) (3)	\$ 485	\$ 201	141.3 %	\$ 263	84.4 %
Matched investment program	26	-	NM	19	36.8
Institutional asset management (4)	105	63	66.7	122	(13.9)
Brokerage service and mutual funds	26	23	13.0	20	30.0
Other (5)	<u>144</u>	<u>61</u>	136.1	<u>91</u>	58.2
Total excluding consolidated investments and realized capital gains (losses)	786	348	125.9	515	52.6
Consolidated investments (6):					
Institutional asset management	228	96	NM	188	NM
Realized capital gains (losses) (7)	<u>(20)</u>	<u>5</u>	NM	<u>(16)</u>	NM
Total operating income	<u>\$ 994</u>	<u>\$ 449</u>	121.4 %	<u>\$ 687</u>	44.7 %

- Note: (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$76.5 billion, \$65.6 billion and \$75.1 billion at March 31, 2007 and 2006 and December 31, 2006, respectively.
- (2) The Matched Investment Program has replaced the GIC program, which is in runoff, as AIG's principal institutional spread-based investment activity.
- (3) The three months ended March 31, 2007 includes a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (4) Includes AIG Global Investment Group and certain smaller asset management operations.
- (5) Consists primarily of SunAmerica Inc. partnerships.
- (6) Includes the income from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income is offset in minority interest expense which is not a component of operating income, on the consolidated statement of income.
- (7) Includes \$(30) million, \$6 million and \$(6) million, respectively, for GICs; \$10 million, \$0 and \$(11) million, respectively, for Matched Investment Program and \$0, \$(1) million and \$1 million, respectively, for Other, in the three months ended March 31, 2007 and 2006 and December 31, 2006, respectively.

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

	Three Months Ended / As of				
	March 31, 2007	March 31, 2006	% Chg	Dec. 31, 2006	Sequential % Chg
Guaranteed Investment Contracts:					
Deposits	\$ -	\$ -	NM %	\$ -	NM %
Reserves	29,190	36,487	(20.0)	33,028	(11.6)
Spread Information					
Base investment income	430	508	(15.4)	470	(8.5)
Partnerships (1)	462	150	208.0	236	95.8
Other enhancements	25	11	127.3	27	(7.4)
Total net investment income	\$ 917	\$ 669	37.1 %	\$ 733	25.1 %
Base yield	5.85%	5.55%		5.83%	
Partnerships (2)	4.74%	0.95%		1.93%	
Other enhancements (3)	0.33%	0.12%		0.34%	
Total	10.92%	6.62%		8.10%	
Spread Data Without Hedge Accounting (4)					
Cost of funds (4)	5.50%	4.90%		5.50%	
Net spread rate, as reported (4)	5.43%	1.71%		2.60%	
Net spread rate excluding partnerships and other enhancements (4)	0.35%	0.64%		0.33%	
Spread Data Assuming Hedge Accounting (5)					
Cost of funds with effect of economic hedges (5)	4.99%	4.69%		5.02%	
Net spread rate with effect of economic hedges (5)	5.93%	1.92%		3.08%	
Net economic spread rate excluding partnerships and other enhancements (5)	0.85%	0.87%		0.81%	
Matched Investment Program					
Securities issuance	\$ 2,147	\$ -	NM %	\$ 1,992	7.8 %
Notes and bonds payable	\$ 7,672	\$ -	NM %	\$ 5,468	40.3 %

- Note: (1) Three month ended March 31, 2007 includes a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (2) Includes incremental effect to base yield of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (3) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (4) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in realized capital gains (losses).
- (5) 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)

	March 31, 2007	Three Months Ended March 31, 2006	Dec. 31, 2006
Other income (deductions) - net:			
Equity earnings in unconsolidated entities	\$ 41	\$ 19	\$ 15
Interest expense, including distributions on the liabilities connected to trust preferred stock	(252)	(183)	(226)
Unallocated corporate expenses	(162)	(184)	(180)
Compensation expense - SICO Plans (1)	(10)	(76)	(4)
Compensation expense - Starr tender offer (2)	-	(54)	-
Other miscellaneous, net	(38)	(26)	(19)
Consolidation and elimination adjustments (3)	8	-	74
Subtotal other income (deductions) - net excluding FAS 133	(413)	(504)	(340)
FAS 133 (4)	(230)	167	(58)
Total other income (deductions) - net	(643)	(337)	(398)
Other realized capital gains (losses):			
Other realized capital gains (losses)	(78)	(5)	(68)
Reclassification of FAS 133 to other income (deductions) - net (5)	230	(167)	58
Total other realized capital gains (losses)	152	(172)	(10)
Total Other	\$ (491)	\$ (509)	\$ (408)

- Note: (1) Includes various adjustments totaling \$61 million primarily relating to stock splits and other miscellaneous items in the three months ended March 31, 2006.
- (2) In January 2006, C.V. Starr & Co., Inc. (Starr) completed its tender offer to purchase Starr's interest from AIG employees.
- (3) Includes other income of \$10 million and \$159 million in the three months ended March 31, 2007 and December 31, 2006, respectively, attributable to the full results of certain AIG managed private equity funds that are consolidated pursuant to FIN46(R), "Consolidation of Variable Interest Entities".
- (4) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities.
- (5) Represents the elimination of realized capital gains (losses) reported in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Managements segments and in AIG's Other category from intercompany hedging activities.

American International Group, Inc.

Cash and Invested Assets

March 31, 2007

(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	\$ 69,508	\$ 289,383	\$ 1,369	\$ 29,881	\$ 0	\$ 390,141	47.9 %
Bonds held to maturity, at amortized cost	21,414	0	0	0	0	21,414	2.6
Bond trading securities, at fair value	0	8,845	0	0	0	8,845	1.1
Equity securities:							
Common stocks available for sale, at fair value	4,424	9,713	0	238	82	14,457	1.8
Common and preferred stocks trading, at fair value	395	15,361	0	0	0	15,756	1.9
Preferred stocks available for sale, at fair value	1,950	746	7	0	0	2,703	0.3
Mortgage loans on real estate, net of allowance	12	13,833	111	4,272	0	18,228	2.2
Policy loans	2	7,478	2	48	(9)	7,521	0.9
Collateral and guaranteed loans, net of allowance	3	782	3,190	781	84	4,840	0.6
Investment income due and accrued	1,290	4,513	22	344	1	6,170	0.8
Real estate, net of accumulated depreciation	565	894	24	76	21	1,580	0.2
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	41,345	0	0	41,345	5.1
Securities available for sale, at fair value	0	0	47,643	0	0	47,643	5.9
Trading securities, at fair value	0	0	5,369	0	0	5,369	0.7
Spot commodities	0	0	73	0	0	73	0.0
Unrealized gain on swaps, options and forward transactions	0	0	17,198	0	(651)	16,547	2.0
Trade receivables	0	0	3,883	0	0	3,883	0.5
Securities purchased under agreements to resell, at contract value	0	0	31,775	0	0	31,775	3.9
Finance receivables, net of allowance	0	5	29,503	0	0	29,508	3.6
Securities lending collateral, at fair value	6,012	53,886	80	14,849	0	74,827	9.2
Other invested assets	9,909	14,836	2,927	15,892	603	44,167	5.4
Short-term investments, at cost	3,575	16,712	1,367	4,092	120	25,866	3.2
Cash	427	772	341	157	5	1,702	0.2
Total cash and invested assets	\$ 119,486	\$ 437,759	\$ 186,229	\$ 70,630	\$ 256	\$ 814,360	100.0 %
Percent of total company	14.7%	53.8%	22.8%	8.7%	0.0%	100.0%	

American International Group, Inc.
Cash and Invested Assets
General Insurance

(dollars in millions)

	March 31, 2007			Percent of Total	December 31, 2006			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at fair value	\$ 49,924	\$ 19,584	\$ 69,508	58.2 %	\$ 48,657	\$ 19,337	\$ 67,994	58.6 %
Bonds held to maturity, at amortized cost	21,257	157	21,414	17.9	21,280	157	21,437	18.5
Bond trading securities, at fair value	0	0	0	0.0	0	1	1	0.0
Equity securities:								
Common stocks available for sale, at fair value	3,463	961	4,424	3.7	3,395	850	4,245	3.7
Common and preferred stocks trading, at fair value	395	0	395	0.3	350	0	350	0.3
Preferred stocks available for sale, at fair value	1,948	2	1,950	1.6	1,882	2	1,884	1.6
Mortgage loans on real estate, net of allowance	8	4	12	0.0	8	5	13	0.0
Policy loans	0	2	2	0.0	0	1	1	0.0
Collateral and guaranteed loans, net of allowance	0	3	3	0.0	0	3	3	0.0
Investment income due and accrued	948	342	1,290	1.1	980	383	1,363	1.2
Real estate, net of accumulated depreciation	236	329	565	0.5	238	332	570	0.4
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	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps, options and forward transactions	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 contract 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 collateral, at fair value	2,257	3,755	6,012	5.0	2,060	3,316	5,376	4.6
Other invested assets	8,154	1,755	9,909	8.3	7,483	1,724	9,207	7.9
Short-term investments, at cost	1,654	1,921	3,575	3.0	1,679	1,602	3,281	2.9
Cash	214	213	427	0.4	219	115	334	0.3
Total cash and invested assets	\$ 90,458	\$ 29,028	\$ 119,486	100.0 %	\$ 88,231	\$ 27,828	\$ 116,059	100.0 %
Percent of total company	11.1%	3.6%	14.7%		11.0%	3.5%	14.5%	
Return on average invested assets			5.3%				5.4%	
Return on average invested assets excluding securities lending collateral			5.6%				5.7%	

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

(dollars in millions)

	March 31, 2007			Percent of Total	December 31, 2006			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at fair value	\$ 135,683	\$ 153,700	\$ 289,383	66.1 %	\$ 137,462	\$ 151,078	\$ 288,540	67.6 %
Bonds held to maturity, at amortized cost	0	0	0	0.0	0	0	0	0.0
Bond trading securities, at fair value	182	8,663	8,845	2.0	187	8,849	9,036	2.1
Equity securities:								
Common stocks available for sale, at fair value	207	9,506	9,713	2.2	226	8,485	8,711	2.0
Common and preferred stocks trading, at fair value	1	15,360	15,361	3.5	1	14,070	14,071	3.3
Preferred stocks available for sale, at fair value	267	479	746	0.1	175	475	650	0.2
Mortgage loans on real estate, net of allowance	10,937	2,896	13,833	3.2	10,078	2,774	12,852	3.0
Policy loans	2,976	4,502	7,478	1.7	2,978	4,480	7,458	1.7
Collateral and guaranteed loans, net of allowance	171	611	782	0.2	113	620	733	0.2
Investment income due and accrued	1,953	2,560	4,513	1.0	1,882	2,482	4,364	1.0
Real estate, net of accumulated depreciation	63	831	894	0.2	70	628	698	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	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps, options and forward transactions	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 contract value	0	0	0	0.0	0	0	0	0.0
Finance receivables, net of allowance	0	5	5	0.0	0	0	0	0.0
Securities lending collateral, at fair value	48,644	5,242	53,886	12.3	44,723	5,376	50,099	11.8
Other invested assets	7,654	7,182	14,836	3.4	6,970	7,293	14,263	3.3
Short-term investments, at cost	1,898	14,814	16,712	3.9	1,445	13,075	14,520	3.4
Cash	87	685	772	0.2	56	684	740	0.2
Total cash and invested assets	\$ 210,723	\$ 227,036	\$ 437,759	100.0 %	\$ 206,366	\$ 220,369	\$ 426,735	100.0 %
Percent of total company	25.9%	27.9%	53.8%		25.8%	27.6%	53.4%	
Return on average invested assets			5.1%				5.0%	
Return on average invested assets excluding securities lending collateral			5.8%				5.6%	

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

(dollars in millions)

	March 31, 2007					
	Aircraft Leasing	Capital Markets	Consumer Finance	Other Financial Services	Total	Percent of Total
Fixed maturities:						
Bonds available for sale, at fair value	\$ 0	\$ 0	\$ 1,369	\$ 0	\$ 1,369	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	0	0	0	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	7	0	7	0.0
Mortgage loans on real estate, net of allowance	0	0	103	8	111	0.1
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans, net of allowance	140	3,050	0	0	3,190	1.7
Investment income due and accrued	4	0	18	0	22	0.0
Real estate, net of accumulated depreciation	0	0	24	0	24	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	41,345	0	0	0	41,345	22.3
Securities available for sale, at fair value	0	47,643	0	0	47,643	25.6
Trading securities, at fair value	0	5,369	0	0	5,369	2.9
Spot commodities	0	73	0	0	73	0.0
Unrealized gain on swaps, options and forward transactions	0	17,198	0	0	17,198	9.2
Trade receivables	0	3,883	0	0	3,883	2.1
Securities purchased under agreements to resell, at contract value	0	31,775	0	0	31,775	17.1
Finance receivables, net of allowance	273	0	28,597	633	29,503	15.8
Securities lending collateral, at fair value	0	0	80	0	80	0.0
Other invested assets	11	1,942	728	246	2,927	1.6
Short-term investments, at cost	104	365	894	4	1,367	0.7
Cash	4	63	221	53	341	0.2
Total cash and invested assets	\$ 41,881	\$ 111,361	\$ 32,043	\$ 944	\$ 186,229	100.0 %
Percent of total company	5.1%	13.7%	3.9%	0.1%	22.8%	

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

	<u>March 31,</u> <u>2007</u>	<u>Dec. 31,</u> <u>2006</u>	<u>Sequential</u> <u>% chg</u>	
Domestic General Insurance				
Partnerships (1)	\$ 5,854	\$ 5,294	10.6	%
Mutual Funds	455	356	27.8	
Real Estate	-	-	NM	
All Other	1,845	1,833	0.7	
Total Domestic General Insurance	<u>8,154</u>	<u>7,483</u>	9.0	
Foreign General Insurance				
Partnerships (1)	637	786	(19.0)	
Mutual Funds	997	802	24.3	
Real Estate	93	107	(13.1)	
All Other	28	29	(3.4)	
Total Foreign General Insurance	<u>1,755</u>	<u>1,724</u>	1.8	
Domestic Life Insurance				
Partnerships (1)	546	431	26.7	
Mutual Funds	82	80	2.5	
Real Estate	167	265	(37.0)	
All Other	1,897	1,887	0.5	
Total Domestic Life Insurance	<u>2,692</u>	<u>2,663</u>	1.1	
Domestic Retirement Services				
Partnerships (1)	4,751	4,240	12.1	
Mutual Funds	22	21	4.8	
Real Estate	84	-	NM	
All Other	105	46	128.3	
Total Domestic Retirement Services	<u>4,962</u>	<u>4,307</u>	15.2	
Foreign Life Insurance & Retirement Services				
Partnerships (1)	1,157	1,137	1.8	
Mutual Funds	3,071	2,877	6.7	
Real Estate	1,675	1,863	(10.1)	
All Other	984	1,118	(12.0)	
Total Foreign Life Insurance & Retirement Services	<u>6,887</u>	<u>6,995</u>	(1.5)	
Consolidated Investments (2)	295	298	NM	
Asset Management				
Partnerships (1)	9,327	9,039	3.2	
Mutual Funds	66	-	NM	
Real Estate	2,659	3,442	(22.7)	
All Other	968	686	41.1	
Total Asset Management	<u>13,020</u>	<u>13,167</u>	(1.1)	
Consolidated Investments (2)	2,872	2,656	NM	
Financial Services and Other				
Partnerships (1)	1,117	699	59.8	
Mutual Funds	879	759	15.8	
Real Estate	9	17	(47.1)	
All Other	1,525	1,346	13.3	
Total Financial Services and Other	<u>3,530</u>	<u>2,821</u>	25.1	
Total AIG other invested assets				
Partnerships (1)	23,389	21,626	8.2	
Mutual Funds	5,572	4,895	13.8	
Real Estate	4,687	5,694	(17.7)	
All Other (3)	7,352	6,945	5.9	
Consolidated Investments (2)	3,167	2,954	NM	
Total AIG other invested assets	<u>\$ 44,167</u>	<u>\$ 42,114</u>	4.9	%

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

(2) Includes certain AIG managed partnerships that are consolidated.

(3) Consist primarily of Life Insurance investments in aircraft equipment, life settlements and other miscellaneous investments.

American International Group, Inc.

Return on Average Partnership Assets

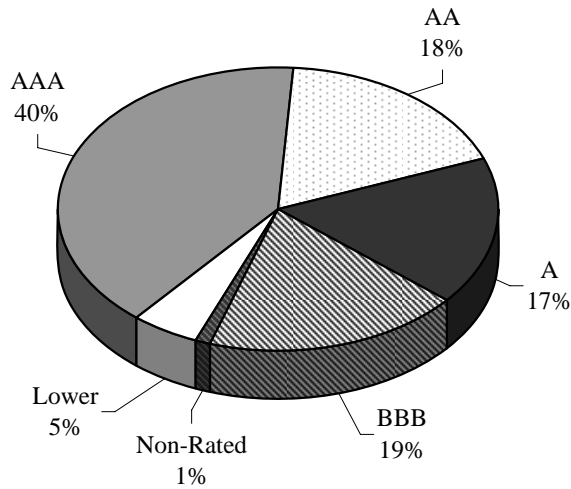
(dollars in millions)

	Three Months Ended / As of								
	March 31, 2007			March 31, 2006			December 31, 2006		
	Partnership Income	Partnership Assets (1)	Return on Average Assets (2)	Partnership Income	Partnership Assets (1)	Return on Average Assets (2)	Partnership Income	Partnership Assets (1)	Return on Average Assets (2)
General Insurance									
Domestic General Insurance	\$ 345	\$ 5,854	24.8 %	\$ 188	\$ 4,836	15.7 %	\$ 336	\$ 5,294	26.4 %
Foreign General Insurance	30	637	16.9	5	755	2.6	124	786	60.8
Total General Insurance	375	6,491	23.9	193	5,591	13.9	460	6,080	31.1
Life Insurance & Retirement Services									
Domestic Life Insurance	(6)	546	(4.9)	(27)	599	(17.6)	16	431	15.8
Domestic Retirement Services	130	4,751	11.6	131	3,279	17.2	145	4,240	14.3
Foreign Life Insurance & Retirement Services	48	1,157	16.7	17	688	12.1	18	1,137	6.4
Total Life Insurance & Retirement Services	172	6,454	11.2	121	4,566	11.4	179	5,808	12.8
Asset Management	627	9,327	27.3	219	8,025	11.1	361	9,039	16.4
Financial Services and Other	12	1,117	5.3	21	1,485	5.7	1	699	0.8
Total Excluding Consolidated Investments	1,186	23,389	21.1 %	554	19,667	11.6 %	1,001	21,626	19.2 %
Consolidated Investments (3)	185	3,167		36	2,403		146	2,954	
Total	\$ 1,371	\$ 26,556		\$ 590	\$ 22,070		\$ 1,147	\$ 24,580	

Note: (1) Includes private equity partnerships, hedge funds and AIG managed funds.
(2) Annualized partnership income expressed as a percentage of average partnership assets.
(3) Includes certain AIG managed partnerships that are consolidated.

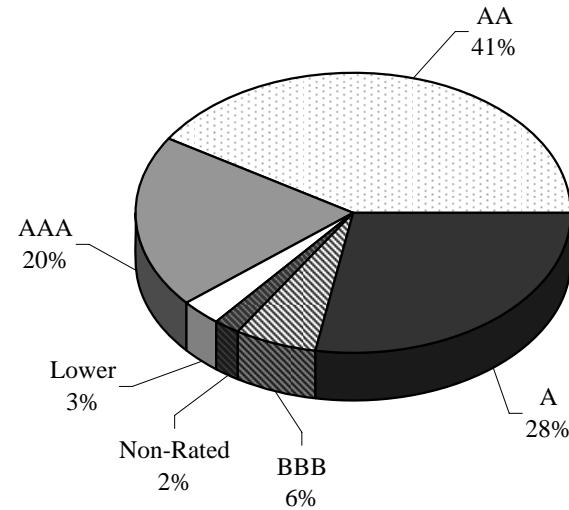
American International Group, Inc.
Worldwide Insurance and Asset Management
Bond Portfolio
 March 31, 2007

Total Domestic Bond Portfolio Ratings



Domestic Bonds
\$236.9 billion

Total Foreign Bond Portfolio Ratings *



Foreign Bonds
\$182.1 billion

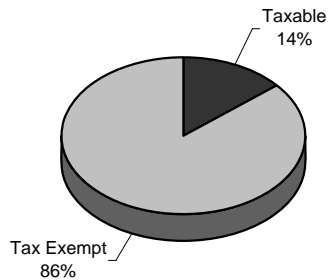
* Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the foreign portfolio non-rated fixed income investments.

American International Group, Inc.
Domestic Insurance and Asset Management
Bond Portfolio
 March 31, 2007

Domestic General Insurance

Bond Ratings

AAA.....	78.0%
AA.....	17.7%
A.....	3.4%
BBB.....	0.3%
Non-Rated.....	0.5%
Lower.....	0.1%



Domestic General Insurance Bonds
 \$71.2 billion

Domestic Life Insurance & Retirement Services and Asset Management

Bond Ratings

AAA.....	23.8%
AA.....	18.0%
A.....	23.4%
BBB.....	27.4%
Non-Rated.....	0.4%
Lower.....	7.0%

Domestic Life Insurance &
 Retirement Services and
 Asset Management Bonds
 \$165.8 billion

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 realized capital gains (losses), cumulative effect of an accounting change in 2006, the effect of FIN46(R), the effect of EITF 04-5 and the effect of FAS 133.

AIG excludes the effects of the 2006 accounting change, FIN46(R) and EITF 04-5, and the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, or to which hedge accounting is not applied, 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 FIN46(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 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.