



**Capital Structure and 3Q 2008 Earnings
Investor Presentation**

November 10, 2008

It should be noted that the remarks made in this document, the conference call and press release may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to special purpose vehicles formed with the Federal Reserve Bank of New York, asset dispositions, liquidity, collateral posting requirements, management, operations, products and services, and assumptions underlying these projections and statements. It is possible that AIG's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements include developments in global credit markets and such other factors as are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007, and in Item 1A. Risk Factors and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of AIG's Quarterly Report on Form 10-Q for the period ended September 30, 2008. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

Remarks made on the conference call may also contain certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures will be included in the Third Quarter Financial Supplement available in the Investor Information section of AIG's corporate website, www.aigcorporate.com

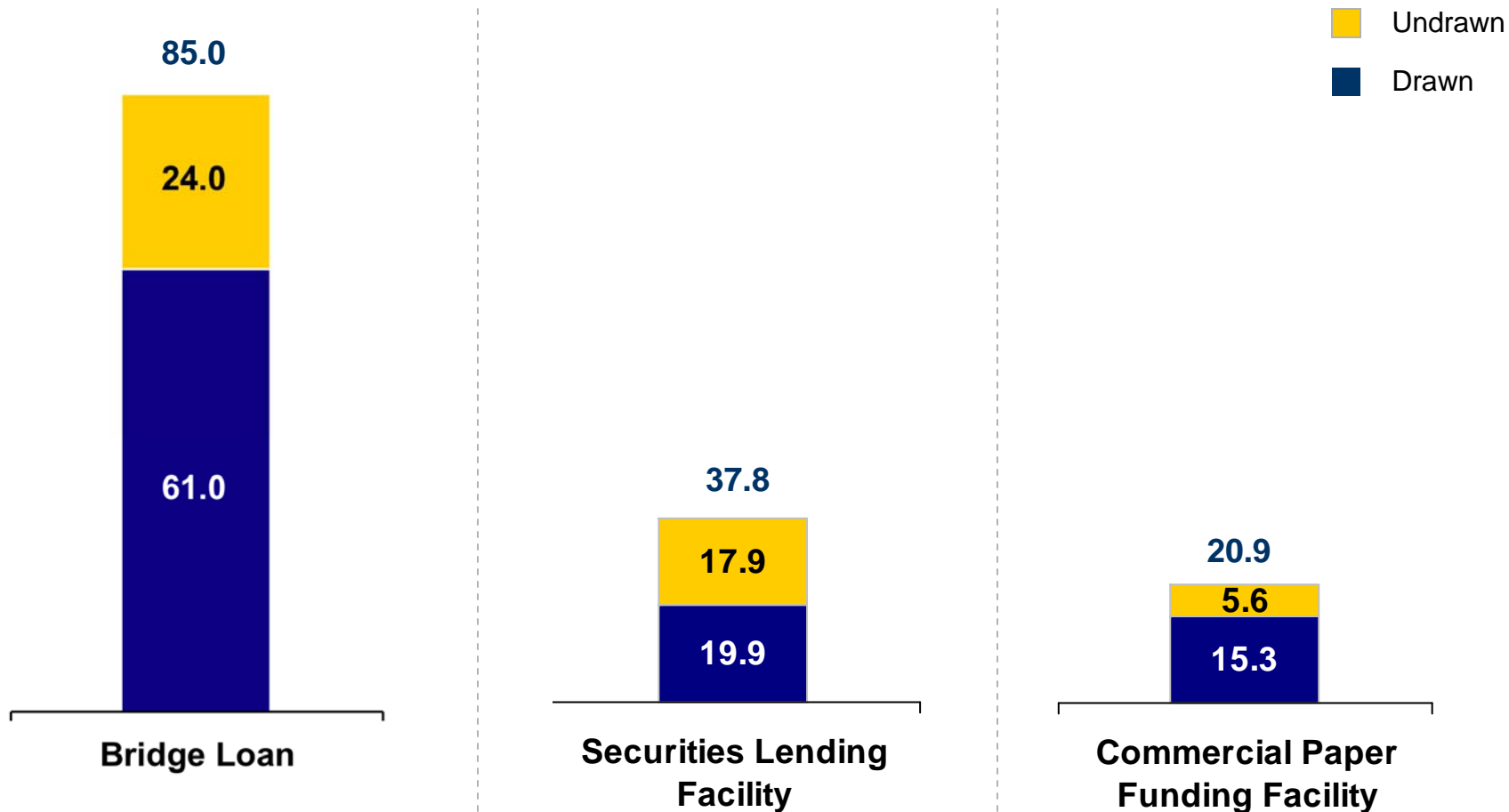


Win-Win Plan Designed to Accomplish Multiple Objectives

- Creates durable capital structure for AIG
- Provides Fed loan with lower cost of capital and increased liquidity flexibility
- Addresses Securities Lending liquidity issue and multi-sector Credit Default Swap issue, which has accounted for virtually all CDS mark-to-market losses
- Facilitates divestiture program and emergence as focused, global insurance company
- Provides taxpayers with 10% annual dividends on preferred stock and attractive yield on debt; benefit from potential upside in value of purchased RMBS/CDOs and AIG common shares and warrants

AIG Current Funding Sources

(\$ in billions as of 11/05/08)





Comprehensive Plan Combines Ongoing Financing and One-Time Transactions

Ongoing Financing

Preferred Stock and Warrants

(\$ in billions)

40.0



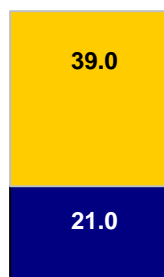
5-Year Debt Facility

(\$ in billions)

60.0

39.0

21.0



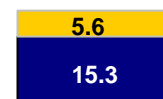
Commercial Paper Funding Facility

(\$ in billions as of 11/05/08)

20.9

5.6

15.3



Undrawn
Drawn

One-Time Transactions

Securities Lending Solution: Financing Entity #1

(\$ in billions)

23.5

RMBS

22.5

1.0

Funding **

(1)

Maximum Purchase Price*
Cash Collateral
Max Investment from NY Fed
Investment from AIG

* Actual purchase prices will be determined on purchase dates

** Funding levels will vary depending on counterparty participation

(1) The FRBNY will loan up to \$22.5 billion

Multi-Sector CDS Solution: Financing Entity #2

(\$ in billions)

70.0

CDO/CDS

35

30.0

5.0

Funding **

(2)

(2) The FRBNY will loan up to \$30 billion



Benefits to US Taxpayers

- Over \$2 billion in fees and interest to date on existing bridge loan
- 10% annual dividend on preferred stock
- Interest on revised 5-year debt facility at LIBOR + 3.0%
- Fee on undrawn portion of revised 5-year debt facility at 0.75%
- Majority of potential upside on RMBS and CDOs owned by financing entities
- Potential appreciation on AIG common shares/warrants

Third Quarter Earnings

AIG Third Quarter Earnings

- Reported loss reflects a confluence of unprecedented events
- Global franchise strength allowed us to continue to write significant amounts of new business this quarter
 - Consolidated premiums and other considerations totaled \$21 billion, up 7%
 - Foreign General NPW up 11.5%
 - Domestic Life premiums, deposits and other considerations up nearly 14%
- Plan should alleviate many customer concerns and put our businesses in a much better position going forward



3Q Earnings Reflect Significant Charges Related to Market Disruption, Restructuring Actions & Cat Losses

- Market Disruption
 - Other Than Temporary Impairments (OTTI) reflect continued turmoil in credit markets
 - Continued significant negative impact on AIGFP CDS exposure
- Restructuring Actions
 - Charges from exiting Securities Lending and UGC second-lien program
 - Tax charges related to restructuring actions
- Catastrophe Losses

REFERENCE SLIDES



Significant Items Affecting 3Q Reported Earnings

	Pre-Tax	After-Tax
Net income (loss)		(24,468)
Net realized capital gains (losses), net of tax		(15,056)
FAS 133 gains (losses), excluding net realized capital gains, net of tax		(172)
Adjusted loss – reported	(9,474)	(9,240)
Significant items affecting the quarter – market disruption:		
AIGFP unrealized market valuation loss, credit valuation adjustment, net of deferred compensation reversal	(7,576)	(4,924)
ALICO U.K. investment-linked products	(501)	(326)
Domestic Retirement Services deferred acquisition cost (DAC) charges	(728)	(473)
DAC/sales inducement asset benefit for realized capital losses	478	311
Partnership and mutual fund losses	(1,664)	(1,082)
Sub-total market disruption	(9,991)	(6,494)
Significant items affecting the quarter – Restructuring-related activities:		
Tax reversal of permanent reinvestment assertion for foreign businesses	-	(3,628)
Fed facility interest expense	(802)	(521)
Goodwill impairment	(432)	(432)
UGC premium deficiency reserve (PDR) on second-lien business	(465)	(302)
Sub-total restructuring-related	(1,699)	(4,883)
Other:		
Catastrophe losses	(1,391)	(904)
AGF operating results (excluding goodwill impairment)	(105)	(68)
UGC operating results (excluding PDR)	(651)	(423)
Sub-total other	(2,147)	(1,395)
Total Significant Items	(13,837)	(12,772)