



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

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### **Financial Supplement**

### **Third Quarter 2007**

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 filed with the Securities and Exchange Commission.

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Revenues:</b>								
Premiums and other considerations	\$ 19,733	\$ 18,890	4.5 %	\$ 19,533	1.0 %	\$ 58,908	\$ 55,486	6.2 %
Net investment income	6,172	6,463	(4.5)	7,853	(21.4)	21,149	18,579	13.8
Net realized capital gains (losses) (1)	(864)	(87)	NM	(28)	NM	(962)	(132)	NM
Other income (1)	4,795	3,981	20.4	3,792	26.5	12,536	9,446	32.7
Total revenues (1)	<u>29,836</u>	<u>29,247</u>	2.0	<u>31,150</u>	(4.2)	<u>91,631</u>	<u>83,379</u>	9.9
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits	15,595	14,963	4.2	16,221	(3.9)	47,962	44,118	8.7
Insurance acquisition and other operating expenses	9,362	7,983	17.3	8,601	8.8	26,290	22,926	14.7
Total benefits and expenses	<u>24,957</u>	<u>22,946</u>	8.8	<u>24,822</u>	0.5	<u>74,252</u>	<u>67,044</u>	10.8
<b>Income before income taxes, minority interest and cumulative effect of an accounting change</b>	<u>4,879</u>	<u>6,301</u>	(22.6)	<u>6,328</u>	(22.9)	<u>17,379</u>	<u>16,335</u>	6.4
Income taxes	<u>1,463</u>	<u>1,943</u>	NM	<u>1,679</u>	NM	<u>4,868</u>	<u>5,066</u>	NM
<b>Income before minority interest and cumulative effect of an accounting change</b>	<u>3,416</u>	<u>4,358</u>	(21.6)	<u>4,649</u>	(26.5)	<u>12,511</u>	<u>11,269</u>	11.0
Minority interest	<u>(331)</u>	<u>(134)</u>	NM	<u>(372)</u>	NM	<u>(1,019)</u>	<u>(694)</u>	NM
<b>Income before cumulative effect of an accounting change</b>	<u>3,085</u>	<u>4,224</u>	(27.0)	<u>4,277</u>	(27.9)	<u>11,492</u>	<u>10,575</u>	8.7
Cumulative effect of an accounting change, net of tax (2)	<u>-</u>	<u>-</u>	NM	<u>-</u>	NM	<u>-</u>	<u>34</u>	NM
<b>Net income</b>	<u>3,085</u>	<u>4,224</u>	(27.0)	<u>4,277</u>	(27.9)	<u>11,492</u>	<u>10,609</u>	8.3
<b>Earnings per common share:</b>								
Basic								
Income before cumulative effect of an accounting change	1.20	1.62	(25.9)	1.64	(26.8)	4.43	4.06	9.1
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	0.01	NM
Net income	1.20	1.62	(25.9)	1.64	(26.8)	4.43	4.07	8.8
Diluted								
Income before cumulative effect of an accounting change	1.19	1.61	(26.1)	1.64	(27.4)	4.40	4.03	9.2
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	0.01	NM
Net income	1.19	1.61	(26.1)	1.64	(27.4)	4.40	4.04	8.9
<b>Dividends declared per common share</b>	\$ 0.200	\$ 0.165	21.2 %	\$ 0.200	(0.0) %	\$ 0.565	\$ 0.480	17.7 %
<b>Average shares outstanding:</b>								
Basic	2,576	2,607		2,602		2,596	2,607	
Diluted	2,589	2,626		2,613		2,609	2,625	

Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. For the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively: **net realized capital gains (losses)** includes a loss of \$479 million, a loss of \$360 million, a gain of \$80 million, a loss of \$536 million and a gain of \$123 million, respectively; **other income** includes a gain of \$301 million, a gain of \$525 million, a loss of \$510 million, a loss of \$524 million and a loss of \$1,254 million, respectively; and **total revenues** includes a loss of \$178 million, a gain of \$165 million, a loss of \$430 million, a loss of \$1,060 million and a loss of \$1,131 million, respectively. In the first quarter of 2007, AIG began applying hedge accounting for certain transactions, primarily in its Capital Markets operations. In the second quarter 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.

(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					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>General insurance</b>								
Net premiums written	\$ 11,823	\$ 11,224	5.3 %	\$ 12,139	(2.6) %	\$ 36,068	\$ 34,113	5.7 %
Net premiums earned	11,433	11,217	1.9	11,363	0.6	34,015	32,365	5.1
Losses and loss expenses incurred	7,391	7,017	5.3	7,259	1.8	21,850	20,758	5.3
Underwriting expenses	2,928	2,973	(1.5)	2,693	8.7	8,228	7,861	4.7
Underwriting profit (1)	1,114	1,227	(9.2)	1,411	(21.0)	3,937	3,746	5.1
Net investment income	1,394	1,370	1.8	1,628	(14.4)	4,585	4,102	11.8
Income before net realized capital gains (losses)	2,508	2,597	(3.4)	3,039	(17.5)	8,522	7,848	8.6
Net realized capital gains (losses) (2)	(69)	28	NM	(63)	NM	(11)	(29)	NM
Operating income	2,439	2,625	(7.1)	2,976	(18.0)	8,511	7,819	8.9
<b>Life insurance &amp; retirement services</b>								
Premiums and other considerations	8,300	7,673	8.2	8,170	1.6	24,895	23,121	7.7
Deposits and other considerations not included in revenues under GAAP	15,376	12,166	26.4	13,547	13.5	41,407	35,906	15.3
Premiums, deposits and other considerations	23,676	19,839	19.3	21,717	9.0	66,302	59,027	12.3
Net investment income	4,823	5,045	(4.4)	6,132	(21.3)	16,468	14,299	15.2
Income before net realized capital gains (losses)	2,490	2,648	(6.0)	2,899	(14.1)	7,926	7,600	4.3
Net realized capital gains (losses) (2)	(491)	(176)	NM	(279)	NM	(1,026)	(117)	NM
Operating income	1,999	2,472	(19.1)	2,620	(23.7)	6,900	7,483	(7.8)
<b>Financial services</b>								
Operating income excluding FAS 133 and net realized capital gains (losses)	307	572	(46.3)	512	(40.0)	1,263	1,703	(25.8)
FAS 133 (2)	428	783	NM	(528)	NM	(185)	(1,058)	NM
Net realized capital gains (losses) (2)	(66)	(176)	NM	63	NM	(70)	(104)	NM
Operating income	669	1,179	(43.3)	47	NM	1,008	541	86.3
<b>Asset management</b>								
Operating income excluding consolidated managed partnerships & funds and net realized capital gains (losses)	358	273	31.1	549	(34.8)	1,693	1,144	48.0
Consolidated managed partnerships & funds (3)	293	44	NM	227	NM	748	410	NM
Net realized capital gains (losses) (2)	(232)	(106)	NM	352	NM	100	(109)	NM
Operating income	419	211	98.6	1,128	(62.9)	2,541	1,445	75.8
Other before net realized capital gains (losses)	(428)	(271)	NM	(482)	NM	(1,331)	(984)	NM
Other net realized capital gains (losses) (2)	(199)	85	NM	22	NM	(226)	31	NM
Consolidation and elimination adjustments (2) (4) (5)	(20)	-	NM	17	NM	(24)	-	NM
<b>Income before income taxes, minority interest and cumulative effect of an accounting change</b>	<u>4,879</u>	<u>6,301</u>	(22.6)	<u>6,328</u>	(22.9)	<u>17,379</u>	<u>16,335</u>	6.4
Income taxes	1,463	1,943	NM	1,679	NM	4,868	5,066	NM
<b>Income before minority interest and cumulative effect of an accounting change</b>	3,416	4,358	(21.6)	4,649	(26.5)	12,511	11,269	11.0
Minority interest, after tax:								
Income before net realized capital gains (losses)	(323)	(137)	NM	(359)	NM	(1,005)	(678)	NM
Net realized capital gains (losses)	(8)	3	NM	(13)	NM	(14)	(16)	NM
<b>Income before cumulative effect of an accounting change</b>	3,085	4,224	(27.0)	4,277	(27.9)	11,492	10,575	8.7
Cumulative effect of an accounting change, net of tax (6)	-	-	NM	-	NM	-	34	NM
<b>Net income (7)</b>	<u>3,085</u>	<u>4,224</u>	(27.0)	<u>4,277</u>	(27.9)	<u>11,492</u>	<u>10,609</u>	8.3
Net realized capital gains (losses), net of tax (8)	(600)	(62)	NM	(17)	NM	(673)	(88)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	196	267	(26.6)	(332)	NM	(341)	(890)	NM
Cumulative effect of an accounting change, net of tax (6)	-	-	NM	-	NM	-	34	NM
<b>Adjusted net income (7) (9)</b>	<u>3,489</u>	<u>4,019</u>	(13.2)	<u>4,626</u>	(24.6)	<u>12,506</u>	<u>11,553</u>	8.2
Effect of AIGFP unrealized market valuation loss on super senior credit default swaps, net of tax (10)	229	-	NM	-	NM	229	-	NM
<b>Earnings per share - diluted:</b>								
Net income	1.19	1.61	(26.1)	1.64	(27.4)	4.40	4.04	8.9
Adjusted net income (7) (9)	1.35	1.53	(11.8)	1.77	(23.7)	4.79	4.40	8.9
Effect of AIGFP unrealized market valuation loss on super senior credit default swaps, net of tax (10)	\$ 0.09	\$ -	NM %	\$ -	NM %	\$ 0.09	\$ -	NM %
<b>Average shares outstanding - diluted</b>	2,589	2,626		2,613		2,609	2,625	
<b>Effective tax rates (11):</b>								
Income before income taxes, minority interest and cumulative effect of an accounting change	30.0%	30.8%		26.5%		28.0%	31.0%	
Net income	31.2%	31.0%		27.5%		29.1%	31.7%	
Adjusted net income (7) (9)	31.1%	29.2%		28.3%		29.4%	31.6%	
<b>Return on equity (12)</b>	11.9%	18.8%		16.6%		14.8%	15.8%	

(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 gains (losses) from 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, primarily in its Capital Markets operations. In the second quarter of 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.
- (3) 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.
- (4) Includes a loss of \$127 million, a loss of \$258 million, a gain of \$18 million, a loss of \$339 million and a loss of \$196 million in the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively, attributable to the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (5) Includes a gain of \$75 million, a gain of \$258 million, a loss of \$121 million, a gain of \$184 million and a gain of \$196 million in the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively, attributable to the elimination of net realized capital gains (losses) reported in the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management segments and the Other category from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (6) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".
- (7) Net income for the three months and the nine months ended September 30, 2007 and 2006, respectively, include an out of period after-tax charge of \$35 million, an after-tax gain of \$73 million and after-tax charges of \$408 million and \$135 million, respectively, including a \$247 million after-tax charge in the nine months ended September 30, 2007 to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. During 2006, AIG recorded out of period adjustments related to the accounting for certain interests in unit investment trusts in accordance with FIN46(R) and APB 18. For the three months and nine months ended September 30, 2006 the effect was an after-tax increase of \$75 million and \$417 million, respectively, in both net income and adjusted net income. The nine months ended September 30, 2006 also include an out of period adjustment relating to the remediation of a material weakness in accounting for certain derivative transactions under FAS 133. The effect of this adjustment was an after-tax decrease of \$145 million in net income. Other out of period adjustments were made during 2007 and 2006. The effect on adjusted net income of all out of period adjustments are summarized below:

(dollars in millions)	Three Months Ended Sept. 30,			Nine Months Ended Sept. 30,		
	2007	2006	% Change	2007	2006	% Change
<b>Net income as reported</b>	\$3,085	\$4,224	(27.0)%	\$11,492	\$10,609	8.3%
Net realized capital gains (losses)	(600)	(62)		(673)	(88)	
FAS 133 gains (losses)	196	267		(341)	(890)	
Cumulative effect of an accounting change	-	-		-	34	
<b>Adjusted net income as reported</b>	\$3,489	\$4,019	(13.2)%	\$12,506	\$11,553	8.2%
Out of period adjustments affecting adjusted net income increase / (decrease)	(17)	(29)		(191)	(113)	
<b>Adjusted net income excluding out of period adjustments</b>	\$3,506	\$4,048	(13.4)%	\$12,697	\$11,666	8.8%

- (8) Includes a loss of \$311 million, a loss of \$234 million, a gain of \$52 million, a loss of \$348 million and a gain of \$80 million, net of tax, in the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively, attributable to FAS 133.
- (9) Adjusted net income excludes net realized capital gains (losses), cumulative effect of an accounting change and FAS 133, net of tax.
- (10) The three months and the nine months ended September 30, 2007 both include a \$229 million after-tax charge for a net unrealized market valuation loss related to AIG Financial Products Corp's super senior credit default swap portfolio.
- (11) The calculation of the effective tax rates is as follows:

(dollars in millions)	Three Months Ended Sept. 30, 2007				Nine Months Ended Sept. 30, 2007			
	Pre-tax Income	Income Tax	Net Income	Effective Tax Rate	Pre-tax Income	Income Tax	Net Income	Effective Tax Rate
<b>Income before income taxes, minority interest and cumulative effect of an accounting change</b>	\$4,879	\$1,463	\$3,416	30.0%	\$17,379	\$4,868	\$12,511	28.0%
Minority interest	(395)	(64)	(331)		(1,183)	(164)	(1,019)	
<b>Net income</b>	4,484	1,399	3,085	31.2%	16,196	4,704	11,492	29.1%
Net realized capital gains (losses)	(878)	(278)	(600)		(984)	(311)	(673)	
FAS 133 gains (losses)	301	105	196		(524)	(183)	(341)	
<b>Adjusted net income</b>	\$5,061	\$1,572	\$3,489	31.1%	\$17,704	\$5,198	\$12,506	29.4%

- (12) 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 loss of \$736 million and accumulated other comprehensive loss of \$8,336 million.

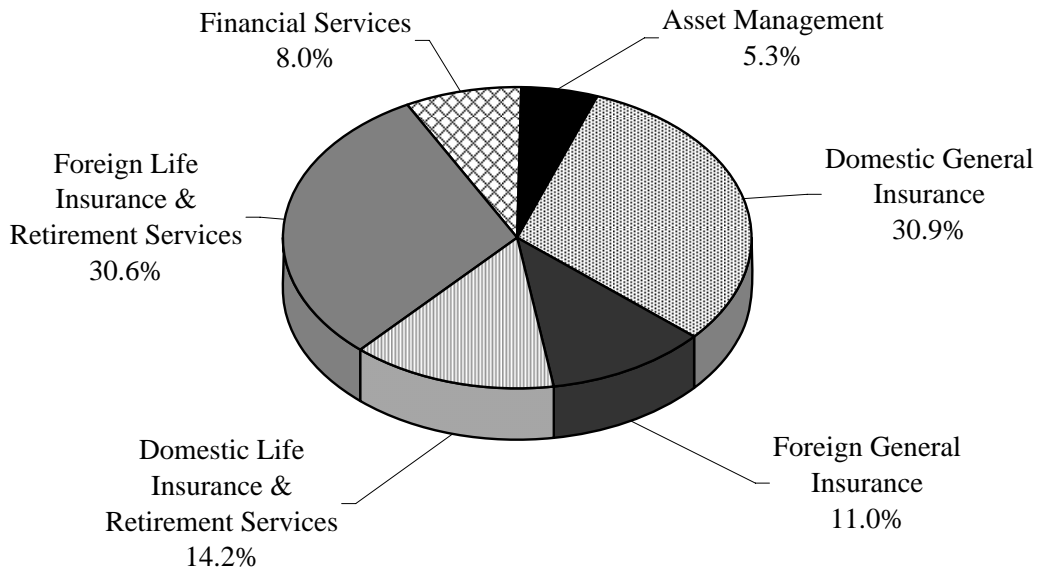
	Three Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2007
Return on equity, GAAP basis	11.9%	14.8%
Adjustments related to:		
FAS 133 and net realized capital gains (losses)	1.7%	1.4%
Accumulated other comprehensive income (loss)	1.2%	1.5%
<b>Return on equity, as adjusted</b>	<b>14.8%</b>	<b>17.7%</b>

# American International Group, Inc.

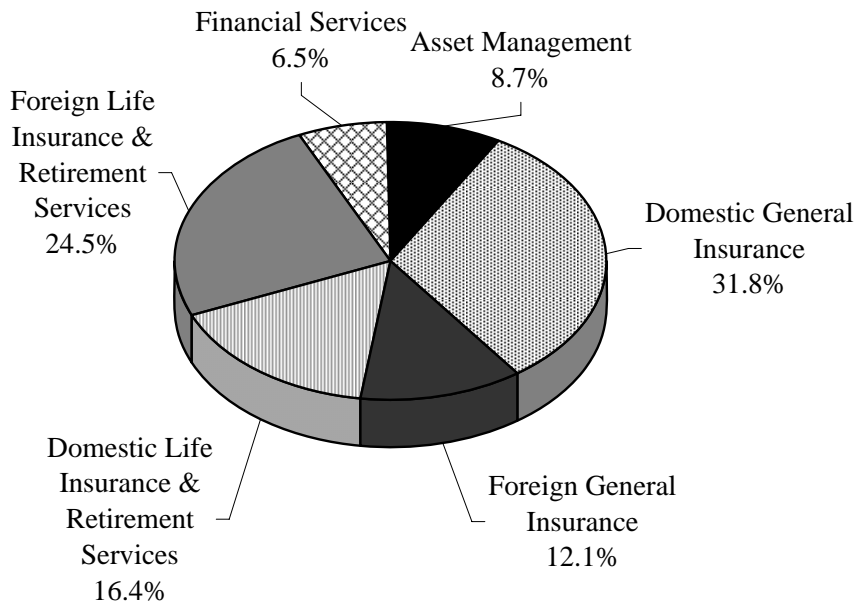
## Revenues and Income Graphs

Nine Months Ended September 30, 2007

### Revenues



### Income Before Income Taxes and Minority Interest



Note: The effects of net realized capital gains (losses), other income (deductions), consolidated managed partnerships & funds and FAS 133 are excluded.

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

(in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
<b>FAS 133 effect on operating income before net realized capital gains (losses):</b>					
Financial Services (2)	\$ 428	\$ 783	\$ (528)	\$ (185)	\$ (1,058)
Intercompany Eliminations (3)	192	(376)	(22)	171	471
Foreign Exchange Rates on Economically Hedged Debt Exposures:					
Financial Services	(319)	37	(89)	(510)	(575)
Asset Management	-	119	23	-	(35)
Other	-	(38)	106	-	(57)
Total Foreign Exchange Rates on Economically Hedged Debt Exposures (3)	<u>(319)</u>	<u>118</u>	<u>40</u>	<u>(510)</u>	<u>(667)</u>
Total pre-tax effect	<u>301</u>	<u>525</u>	<u>(510)</u>	<u>(524)</u>	<u>(1,254)</u>
Total after-tax effect	<u>196</u>	<u>267</u>	<u>(332)</u>	<u>(341)</u>	<u>(890)</u>
<b>FAS 133 effect on net realized capital gains (losses):</b>					
Financial Services (4)	(75)	(202)	85	(65)	(125)
Asset Management (5)	(125)	(150)	(59)	(255)	(26)
General Insurance	(4)	22	(5)	(12)	(2)
Life Insurance & Retirement Services	(285)	(304)	41	(367)	121
Other (5)	(65)	16	139	(21)	(41)
Eliminations and Reclassifications (6)	75	258	(121)	184	196
Total pre-tax effect	<u>(479)</u>	<u>(360)</u>	<u>80</u>	<u>(536)</u>	<u>123</u>
Total after-tax effect	<u>(311)</u>	<u>(234)</u>	<u>52</u>	<u>(348)</u>	<u>80</u>
<b>FAS 133 effect on total income:</b>					
Total pre-tax effect	<u>(178)</u>	<u>165</u>	<u>(430)</u>	<u>(1,060)</u>	<u>(1,131)</u>
Total after tax-effect	<u>\$ (115)</u>	<u>\$ 33</u>	<u>\$ (280)</u>	<u>\$ (689)</u>	<u>\$ (810)</u>

(See Accompanying Notes on Page 6)

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

- (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of investments and borrowings that did not qualify for hedge accounting treatment under FAS 133. In cases where hedge accounting has not been applied to these derivative transactions during the periods presented, an offsetting gain or loss on the hedged exposure has not been recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
- (2) The three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007 include out of period charges of \$20 million, \$431 million and \$346 million, respectively, including a \$380 million charge in both the three months ended June 30, 2007 and the nine months ended September 30, 2007 to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net losses in both the three months ended June 30, 2007 and the first nine months of 2007 include a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, certain structured transactions potentially affected by proposed guidance by the U.S. Treasury Department. In first quarter of 2007, AIG began applying hedge accounting for certain transactions, primarily in its Capital Markets operations. The net loss recognized in the three months and the nine months ended September 30, 2006 include an out of period gain of \$115 million and a charge of \$223 million, respectively, related to the remediation of the material weakness in accounting for certain derivative transactions under FAS 133. The net loss in the first nine months of 2006 also reflects the increases in U.S. interest rates and a weakening of the U.S. Dollar on derivatives hedging Capital Market's assets and liabilities.
- (3) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (4) In the second quarter of 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.
- (5) In the first quarter of 2007, the Matched Investment Program and AIG (Parent Company) began applying hedge accounting to their derivatives hedging interest rate and foreign exchange rates associated with their floating rate and foreign currency denominated borrowings.
- (6) Represents the elimination of net realized capital gains (losses) from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.

# American International Group, Inc.

## Consolidated Balance Sheet

(in millions)

	Sept. 30, 2007	December 31, 2006
<b>Assets:</b>		
<b>Investments and financial services assets:</b>		
Fixed maturities	\$ 425,845	\$ 419,142
Equity securities	40,474	30,650
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	31,061	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	41,804	39,875
Securities available for sale, at fair value	47,805	47,205
Trading securities, at fair value	4,874	5,031
Spot commodities	115	220
Unrealized gain on swaps, options and forward transactions	18,608	19,252
Trade receivables	6,548	4,317
Securities purchased under agreements to resell, at contract value	37,189	30,291
Finance receivables, net of allowance	30,640	29,573
Securities lending collateral, at fair value (approximates cost)	86,108	69,306
Other invested assets	51,783	42,111
Short-term investments, at cost (approximates fair value)	38,998	27,483
<b>Total investments and financial services assets</b>	861,852	792,874
Cash	2,249	1,590
Investment income due and accrued	6,635	6,091
Premiums and insurance balances receivable, net of allowance	18,199	17,789
Reinsurance assets, net of allowance	23,426	23,355
Deferred policy acquisition costs	40,878	37,235
Investments in partially owned companies	1,277	1,101
Real estate and other fixed assets, net of accumulated depreciation	6,093	4,381
Separate and variable accounts	78,701	70,277
Goodwill	8,909	8,628
Other assets	23,886	16,089
<b>Total assets</b>	\$ 1,072,105	\$ 979,410
<b>Liabilities:</b>		
Reserve for losses and loss expenses	\$ 83,608	\$ 79,999
Unearned premiums	27,909	26,271
Future policy benefits for life and accident and health insurance contracts	130,759	122,230
Policyholders' contract deposits	254,109	248,994
Other policyholders' funds	8,196	8,281
Commissions, expenses and taxes payable	6,523	5,305
Insurance balances payable	5,304	3,789
Funds held by companies under reinsurance treaties	2,456	2,602
Income taxes payable	9,288	9,546
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	19,495	20,664
Securities sold under agreements to repurchase, at contract value	23,368	19,677
Trade payables	10,137	6,174
Hybrid financial instrument liabilities, at fair value	7,692	8,856
Securities and spot commodities sold but not yet purchased, at market value	4,736	4,076
Unrealized loss on swaps, options and forward transactions	12,512	11,401
Trust deposits and deposits due to banks and other depositors	4,737	5,249
Commercial paper	10,120	8,208
Notes, bonds, loans and mortgages payable	101,747	87,816
Commercial paper	5,845	4,821
Notes, bonds, loans and mortgages payable	25,165	16,874
Junior subordinated debt	4,681	-
Liabilities connected to trust preferred stock	1,440	1,440
Separate and variable accounts	78,701	70,277
Securities lending payable	88,360	70,198
Minority interest	10,395	7,778
Other liabilities (includes hybrid financial instruments)	30,655	27,016
<b>Total liabilities</b>	967,938	877,542
<b>Preferred shareholders' equity in subsidiary companies</b>	100	191
<b>Shareholders' equity:</b>		
Common stock	6,878	6,878
Additional paid-in capital	2,818	2,590
Payments advanced to purchase shares	(1,275)	-
Unrealized appreciation of investments, net of taxes	6,919	10,083
Cash flow hedging activities, net of taxes	(19)	(27)
Foreign currency translation adjustments, net of taxes	(81)	(297)
Foreign currency translation adjustments hedging, net of taxes	(8)	(8)
Retirement plan liabilities adjustment, net of taxes	(617)	(641)
Retained earnings	94,830	84,996
Treasury stock, at cost	(5,378)	(1,897)
<b>Total shareholders' equity</b>	104,067	101,677
<b>Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity</b>	\$ 1,072,105	\$ 979,410

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

	<u>Book Value Per Share</u>	<u>Book Value Per Share excluding URA (1)</u>	<u>Shareholders' Equity (in millions)</u>	<u>Shareholders' Equity excluding URA (1) (in millions)</u>
December 31, 2000	\$ 17.25	\$ 17.28	\$ 45,239	\$ 45,320
December 31, 2001	19.07	18.27	49,881	47,790
December 31, 2002	22.34	19.99	58,303	52,154
March 31, 2003	23.56	20.61	61,462	53,750
June 30, 2003	25.98	21.44	67,774	55,933
September 30, 2003	25.54	22.17	66,612	57,807
December 31, 2003	26.54	23.06	69,230	60,159
March 31, 2004	28.73	24.05	74,921	62,739
June 30, 2004	27.08	25.07	70,544	65,304
September 30, 2004	29.34	26.01	76,427	67,747
December 31, 2004	30.69	26.71	79,673	69,347
March 31, 2005	31.45	27.96	81,608	72,561
June 30, 2005	34.15	29.48	88,613	76,509
September 30, 2005	34.03	29.95	88,333	77,729
December 31, 2005	33.24	30.03	86,317	77,969
March 31, 2006	34.03	31.39	88,390	81,541
June 30, 2006	33.76	32.66	87,709	84,851
September 30, 2006	36.99	34.11	96,154	88,658
December 31, 2006	39.09	35.21	101,677	91,594
March 31, 2007	39.64	35.43	103,055	92,121
June 30, 2007	40.44	36.81	104,330	94,959
September 30, 2007	\$ 40.81 (2) (3)	\$ 38.10	\$ 104,067	\$ 97,148

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

(2)

Total shareholders' equity	
Total common shares issued - treasury shares	
\$104,066,020,821	
2,751,327,476 - 201,311,212	= \$40.81

(3) Book value per share, excluding payments advanced to purchase shares, was \$41.31 or an increase of 5.7% from December 31, 2006 calculated as follows:

\$104,066,020,821 + \$1,274,751,188	
2,751,327,476 - 201,311,212	= \$41.31

**American International Group, Inc.**  
**General Insurance Operating Statistics**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Gross premiums written	\$ 14,637	\$ 14,066	4.1 %	\$ 15,105	(3.1) %	\$ 45,754	\$ 43,108	6.1 %
Ceded premiums written	2,814	2,842	(1.0)	2,966	(5.1)	9,686	8,995	7.7
Net premiums written (1)	11,823	11,224	5.3	12,139	(2.6)	36,068	34,113	5.7
Net premiums earned (1)	11,433	11,217	1.9	11,363	0.6	34,015	32,365	5.1
Paid losses	5,877	5,807	1.2	6,223	(5.6)	17,761	17,297	2.7
Change in net loss reserves	1,738	1,189	46.2	1,288	34.9	4,527	3,927	15.3
Acquisition	-	55	NM	-	NM	-	55	NM
Less foreign exchange effect	224	34	NM	252	(11.1)	438	521	(15.9)
Losses and loss expenses incurred (2)	7,391	7,017	5.3	7,259	1.8	21,850	20,758	5.3
Statutory underwriting expenses (1)	3,019	2,978	1.4	2,820	7.1	8,665	8,205	5.6
Statutory underwriting profit	1,023	1,222	(16.3)	1,284	(20.3)	3,500	3,402	2.9
Change in deferred acquisition costs	91	5	NM	127	(28.3)	437	344	27.0
Underwriting profit	1,114	1,227	(9.2)	1,411	(21.0)	3,937	3,746	5.1
Net investment income (3)								
Interest and dividends	1,246	1,002	24.4	1,152	8.2	3,555	2,978	19.4
Partnership income (1)	268	258	3.9	314	(14.6)	957	645	48.4
Other investment income (1) (4)	11	301	(96.3)	324	(96.6)	525	969	(45.8)
Investment expense	(131)	(191)	(31.4)	(162)	(19.1)	(452)	(490)	(7.8)
Total	1,394	1,370	1.8	1,628	(14.4)	4,585	4,102	11.8
<b>Operating income before net realized capital gains (losses)</b>	2,508	2,597	(3.4)	3,039	(17.5)	8,522	7,848	8.6
Net realized capital gains (losses) (3)	(69)	28	NM	(63)	NM	(11)	(29)	NM
<b>Operating income</b>	<u>\$ 2,439</u>	<u>\$ 2,625</u>	(7.1) %	<u>2,976</u>	(18.0)	<u>8,511</u>	<u>7,819</u>	8.9
<b>Net loss and loss expense reserve (at period end)</b>				\$ 65,419	2.7 %	\$ 67,157	\$ 61,513	9.2 %
<b>Underwriting ratios:</b>								
Loss ratio	64.64	62.56		63.88		64.24	64.14	
Expense ratio	25.53	26.54		23.24		24.02	24.05	
Combined ratio	90.17	89.10		87.12		88.26	88.19	
Combined ratio excluding significant current year catastrophe-related losses	89.96	89.10		86.44		87.95	88.19	
<b>Foreign exchange effect on worldwide growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (5)	4.3 %					4.6 %		
Foreign exchange effect	1.0					1.1		
Growth as reported in U.S. \$	5.3 %					5.7 %		

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Reconciliation of Net Loss Reserves**

(in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
Net reserve for losses and loss expenses					
at beginning of period - Consolidated (6)	\$ 65,197	\$ 60,214	\$ 64,034	\$ 62,630	\$ 57,476
Foreign exchange effect	224	34	252	438	521
Acquisition (7)	-	55	-	-	55
Losses and loss expenses incurred:					
Current year	7,636	6,957	7,334	22,185	20,710
Prior years:					
Other than the accretion of loss reserve discount and Transatlantic's general insurance operations	(348)	(65)	(138)	(652)	(344)
Transatlantic general insurance operations including prior year catastrophe development	11	24	18	47	89
Accretion of loss reserve discount	92	101	12	220	303
Total prior years (6)	(245)	60	(108)	(385)	48
Total losses and loss expenses incurred	7,391	7,017	7,226	21,800	20,758
Losses and loss expenses paid (6)	5,875	5,807	6,315	17,931	17,297
Net reserve for losses and loss expenses					
at end of period - Consolidated (6)	\$ <u>66,937</u>	\$ <u>61,513</u>	\$ <u>65,197</u>	\$ <u>66,937</u>	\$ <u>61,513</u>

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Domestic Brokerage Group Insurance Operating Statistics**

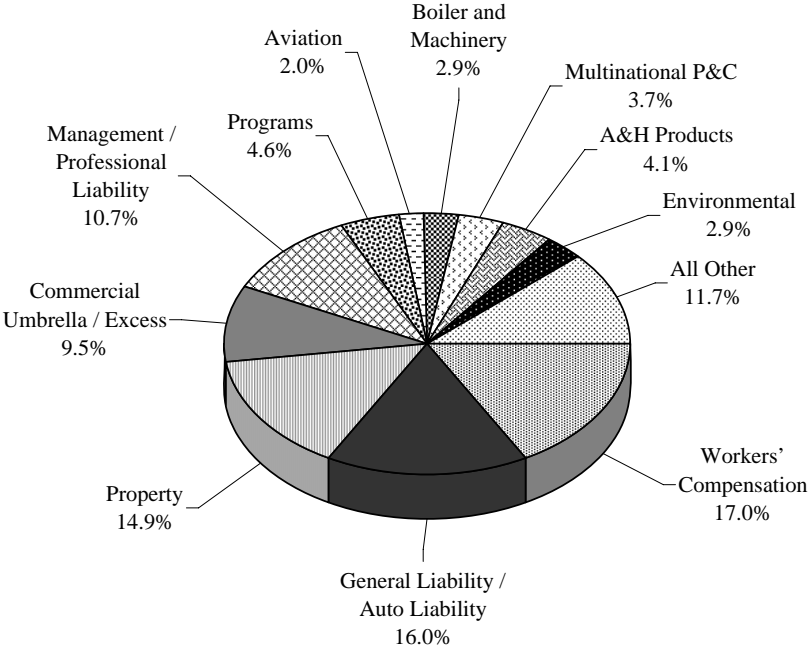
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Net premiums written	\$ 6,012	\$ 6,071	(1.0) %	\$ 6,439	(6.6) %	\$ 18,460	\$ 18,407	0.3 %
Net premiums earned (1)	5,942	6,276	(5.3)	5,996	(0.9)	17,919	17,863	0.3
Losses and loss expenses incurred	3,772	4,216	(10.5)	3,928	(4.0)	11,741	12,449	(5.7)
Statutory underwriting expenses (1)	1,156	1,394	(17.1)	1,122	3.0	3,434	3,623	(5.2)
Statutory underwriting profit	1,014	666	52.3	946	7.2	2,744	1,791	53.2
Change in deferred acquisition costs	21	(29)	NM	50	(58.0)	106	64	65.6
Underwriting profit	1,035	637	62.5	996	3.9	2,850	1,855	53.6
Net investment income								
Interest and dividends	744	605	23.0	707	5.2	2,166	1,832	18.2
Partnership income (1)	224	208	7.7	211	6.2	772	557	38.6
Other investment income (1) (4)	7	232	(97.0)	200	(96.5)	321	454	(29.3)
Investment expense	(121)	(165)	(26.7)	(134)	(9.7)	(388)	(405)	(4.2)
Total	854	880	(3.0)	984	(13.2)	2,871	2,438	17.8
<b>Operating income before net realized capital gains (losses)</b>	1,889	1,517	24.5	1,980	(4.6)	5,721	4,293	33.3
Net realized capital gains (losses)	(60)	26	NM	(76)	NM	(59)	29	NM
<b>Operating income</b>	<u>\$ 1,829</u>	<u>\$ 1,543</u>	18.5 %	<u>\$ 1,904</u>	(3.9) %	<u>\$ 5,662</u>	<u>\$ 4,322</u>	31.0 %
<b>Underwriting ratios:</b>								
Loss ratio	63.47	67.18		65.50		65.52	69.69	
Expense ratio	19.24	22.97		17.45		18.61	19.68	
Combined ratio	82.71	90.15		82.95		84.13	89.37	

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Domestic Brokerage Group Insurance**  
**Nine Months Ended September 30, 2007**

**Gross Premiums Written by Line of Business**



**Gross Premiums Written**  
**\$24.5 billion**

**American International Group, Inc.**  
**Personal Lines Insurance Operating Statistics**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Net premiums written:								
AIG Direct	\$ 423	\$ 404	4.7 %	\$ 388	9.0 %	\$ 1,230	\$ 1,212	1.5 %
21st Century	348	336	3.6	322	8.1	1,019	989	3.0
Subtotal aigdirect.com	771	740	4.2	710	8.6	2,249	2,201	2.2
Agency Auto	290	278	4.3	280	3.6	874	924	(5.4)
Private Client Group	192	141	36.2	214	(10.3)	563	400	40.8
Other	-	3	NM	(1)	NM	(1)	15	NM
Subtotal	1,253	1,162	7.8	1,203	4.2	3,685	3,540	4.1
Net premiums earned	1,193	1,158	3.0	1,168	2.1	3,516	3,484	0.9
Losses and loss expenses incurred (8)	913	797	14.6	823	10.9	2,553	2,463	3.7
Statutory underwriting expenses (9)	320	278	15.1	289	10.7	914	845	8.2
Statutory underwriting profit (loss)	(40)	83	NM	56	NM	49	176	(72.2)
Change in deferred acquisition costs	9	(6)	NM	7	28.6	31	8	287.5
Underwriting profit (loss)	(31)	77	NM	63	NM	80	184	(56.5)
Net investment income								
Interest and dividends	61	58	5.2	59	3.4	179	173	3.5
Partnership income	1	-	NM	-	NM	1	1	0.0
Other investment income (4)	(1)	-	NM	1	NM	-	1	NM
Investment expense	(2)	(2)	0.0	(3)	(33.3)	(7)	(7)	0.0
Total	59	56	5.4	57	3.5	173	168	3.0
<b>Operating income before net realized capital gains (losses)</b>	28	133	(78.9)	120	(76.7)	253	352	(28.1)
Net realized capital gains (losses)	-	-	NM	(2)	NM	(1)	-	NM
<b>Operating income</b>	<b>\$ 28</b>	<b>\$ 133</b>	<b>(78.9) %</b>	<b>\$ 118</b>	<b>(76.3) %</b>	<b>\$ 252</b>	<b>\$ 352</b>	<b>(28.4) %</b>
<b>Underwriting ratios:</b>								
Loss ratio	76.55	68.82		70.52		72.62	70.69	
Expense ratio	25.53	23.90		23.98		24.79	23.87	
Combined ratio	102.08	92.72		94.50		97.41	94.56	

(See Accompanying Notes on Page 19)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Net premiums written	\$ 303	\$ 232	30.6 %	\$ 272	11.4 %	\$ 841	\$ 622	35.2 %
Net premiums earned	226	191	18.3	221	2.3	657	536	22.6
Losses and loss expenses incurred	445	91	389.0	286	55.6	925	201	360.2
Statutory underwriting expenses	51	52	(1.9)	61	(16.4)	170	144	18.1
Statutory underwriting profit (loss)	(270)	48	NM	(126)	NM	(438)	191	NM
Change in deferred acquisition costs	13	2	NM	9	44.4	34	10	240.0
Underwriting profit (loss)	(257)	50	NM	(117)	NM	(404)	201	NM
Net investment income								
Interest and dividends	42	36	16.7	39	7.7	118	105	12.4
Partnership income	-	-	NM	-	NM	-	-	NM
Other investment income (4)	-	(1)	NM	1	NM	1	(1)	NM
Investment expense	-	-	NM	(1)	NM	(1)	(1)	0.0
Total	42	35	20.0	39	7.7	118	103	14.6
<b>Operating income (loss) before net realized capital gains (losses)</b>	(215)	85	NM	(78)	NM	(286)	304	NM
Net realized capital gains (losses)	(1)	-	NM	(3)	NM	(3)	(3)	NM
<b>Operating income (loss)</b>	<u>\$ (216)</u>	<u>\$ 85</u>	NM %	<u>\$ (81)</u>	NM %	<u>\$ (289)</u>	<u>\$ 301</u>	NM %
<b>Underwriting ratios:</b>								
Loss ratio	196.95	47.50		129.91		140.91	37.42	
Expense ratio	16.76	22.49		22.42		20.16	23.25	
Combined ratio	213.71	69.99		152.33		161.07	60.67	

(See Accompanying Notes on Page 19)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Net premiums written:</b>								
Domestic first-lien	\$ 152	\$ 120	26.7 %	\$ 140	8.6 %	\$ 421	\$ 353	19.3 %
Domestic second-lien	49	55	(10.9)	50	(2.0)	151	138	9.4
Student loan	23	25	(8.0)	7	NM	56	54	3.7
International	80	25	220.0	67	19.4	199	59	237.3
Other	(1)	7	NM	8	NM	14	18	(22.2)
<b>Total</b>	<b><u>303</u></b>	<b><u>232</u></b>	<b>30.6</b>	<b><u>272</u></b>	<b>11.4</b>	<b><u>841</u></b>	<b><u>622</u></b>	<b>35.2</b>
<b>Statutory underwriting profit (loss):</b>								
Domestic first-lien	(56)	36	NM	(6)	NM	(31)	165	NM
Domestic second-lien	(211)	18	NM	(114)	NM	(388)	43	NM
Student loan	1	(3)	NM	1	0.0	1	(8)	NM
International	(6)	(1)	NM	(5)	NM	(17)	(5)	NM
Other	2	(2)	NM	(2)	NM	(3)	(4)	NM
<b>Total</b>	<b><u>\$ (270)</u></b>	<b><u>\$ 48</u></b>	<b>NM %</b>	<b><u>\$ (126)</u></b>	<b>NM %</b>	<b><u>\$ (438)</u></b>	<b><u>\$ 191</u></b>	<b>NM %</b>
<b>Loss ratio:</b>								
Domestic first-lien	118.24	45.62		84.08		87.61	29.28	
Domestic second-lien	512.27	55.06		317.96		343.13	57.18	
Student loan	73.53	124.19		72.79		75.42	120.00	
International	44.15	14.77		30.77		34.49	20.18	
Other	0.00	0.00		0.00		0.00	0.00	
<b>Total</b>	<b>196.95</b>	<b>47.50</b>		<b>129.91</b>		<b>140.91</b>	<b>37.42</b>	

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Net premiums written:								
Domestic	\$ 472	\$ 420	12.4 %	\$ 494	(4.5) %	\$ 1,482	\$ 1,310	13.1 %
International	513	475	8.0	489	4.9	1,470	1,413	4.0
Subtotal	985	895	10.1	983	0.2	2,952	2,723	8.4
Net premiums earned	960	895	7.3	948	1.3	2,873	2,712	5.9
Losses and loss expenses incurred (2) (10)	630	608	3.6	642	(1.9)	1,948	1,860	4.7
Statutory underwriting expenses	277	253	9.5	269	3.0	819	755	8.5
Statutory underwriting profit	53	34	55.9	37	43.2	106	97	9.3
Change in deferred acquisition costs	8	-	NM	10	(20.0)	22	7	214.3
Underwriting profit	61	34	79.4	47	29.8	128	104	23.1
Net investment income								
Interest and dividends	112	99	13.1	108	3.7	325	289	12.5
Partnership income	1	11	(90.9)	13	(92.3)	22	22	0.0
Other investment income (4)	3	(1)	NM	-	NM	8	14	(42.9)
Investment expense	(3)	(2)	50.0	(2)	50.0	(7)	(8)	(12.5)
Total	113	107	5.6	119	(5.0)	348	317	9.8
<b>Operating income before net realized capital gains (losses)</b>	174	141	23.4	166	4.8	476	421	13.1
Net realized capital gains (losses)	15	2	NM	2	NM	32	6	NM
<b>Operating income</b>	<u>\$ 189</u>	<u>\$ 143</u>	32.2 %	<u>\$ 168</u>	12.5 %	<u>\$ 508</u>	<u>\$ 427</u>	19.0 %
<b>Underwriting ratios:</b>								
Loss ratio	65.64	67.96		67.71		67.79	68.58	
Expense ratio	28.10	28.23		27.32		27.74	27.73	
Combined ratio	93.74	96.19		95.03		95.53	96.31	
Combined ratio excluding significant current year catastrophe-related losses	93.65	96.19		94.05		95.17	96.31	

(See Accompanying Notes on Page 19)

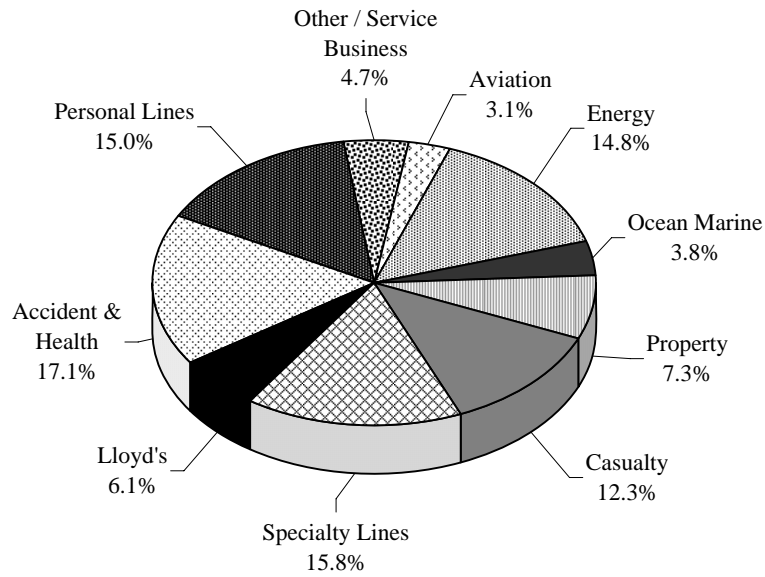
**American International Group, Inc.**  
**Foreign General Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Net premiums written (1)	\$ 3,270	\$ 2,864	14.2 %	\$ 3,242	0.9 %	\$ 10,130	\$ 8,821	14.8 %
Net premiums earned (1)	3,112	2,697	15.4	3,030	2.7	9,050	7,770	16.5
Losses and loss expenses incurred (2) (10)	1,631	1,305	25.0	1,580	3.2	4,683	3,785	23.7
Statutory underwriting expenses (11)	1,215	1,001	21.4	1,079	12.6	3,328	2,838	17.3
Statutory underwriting profit	266	391	(32.0)	371	(28.3)	1,039	1,147	(9.4)
Change in deferred acquisition costs	40	38	5.3	51	(21.6)	244	255	(4.3)
Underwriting profit	306	429	(28.7)	422	(27.5)	1,283	1,402	(8.5)
Net investment income								
Interest and dividends	286	204	40.2	237	20.7	763	579	31.8
Partnership income	42	39	7.7	90	(53.3)	162	65	149.2
Other investment income (1) (4)	2	70	(97.1)	122	(98.4)	195	500	(61.0)
Investment expense	(5)	(22)	(77.3)	(22)	(77.3)	(49)	(69)	(29.0)
Total	325	291	11.7	427	(23.9)	1,071	1,075	(0.4)
<b>Operating income before net realized capital gains (losses)</b>	631	720	(12.4)	849	(25.7)	2,354	2,477	(5.0)
Net realized capital gains (losses)	(24)	1	NM	18	NM	29	(62)	NM
<b>Operating income (12)</b>	<u>\$ 607</u>	<u>\$ 721</u>	(15.8) %	<u>\$ 867</u>	(30.0) %	<u>\$ 2,383</u>	<u>\$ 2,415</u>	(1.3) %
<b>Underwriting ratios:</b>								
Loss ratio	52.40	48.38		52.13		51.74	48.72	
Expense ratio	37.14	34.98		33.28		32.85	32.18	
Combined ratio	89.54	83.36		85.41		84.59	80.90	
Combined ratio excluding significant current year catastrophe-related losses	88.78	83.36		83.18		83.58	80.90	
<b>Foreign exchange effect on Foreign General growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (5)	11.0 %					11.1 %		
Foreign exchange effect	3.2					3.7		
Growth as reported in U.S. \$	14.2 %					14.8 %		

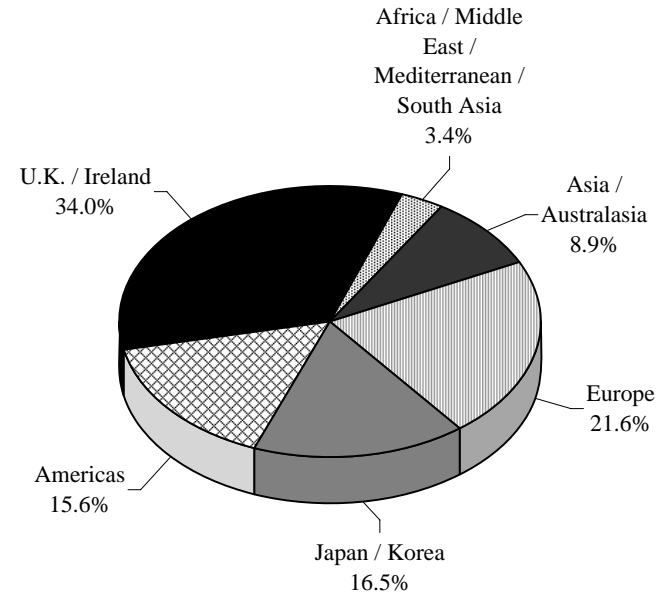
(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Foreign General Insurance Gross Premiums Written**  
**Nine Months Ended September 30, 2007**

**Gross Premiums Written by Division**



**Gross Premiums Written by Region**



**Gross Premiums Written**  
**\$15.9 billion**

## American International Group, Inc.

### General Insurance

### Notes

- (1) During 2006, AIG recorded 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 Sept. 30, 2006	Nine Months Ended Sept. 30, 2006
<b>Net premiums written :</b>		
Foreign General	\$(41)	\$(41)
General Insurance	(41)	(41)
<b>Net premiums earned:</b>		
Domestic Brokerage	155	155
Foreign General	(56)	(53)
General Insurance	99	102
<b>Statutory underwriting expenses:</b>		
Domestic Brokerage	225	214
General Insurance	225	214
<b>Net investment income:</b>		
Domestic Brokerage	191	109
Foreign General	22	406
General Insurance	\$213	\$515

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

(in millions)	Three Months Ended Sept. 30, 2007	June 30, 2007	Nine Months Ended Sept. 30, 2007
Transatlantic	\$1	\$9	\$10
Foreign General	23	68	91
General Insurance	\$24	\$77	\$101

- (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, income from securities lending, income from unit investment trusts and other mutual funds.
- (5) Computed using a constant exchange rate for each period.
- (6) The first nine months of 2007, includes certain favorable settlements, the effects of which are not included in the General Insurance segment but are included in the consolidated results.
- (7) Reflects the opening balance with respect to the Central Insurance Co. Ltd. acquired in third quarter 2006.
- (8) Includes \$49 million, \$6 million, \$4 million, \$63 million and \$4 million in the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively, of prior year reserve development from discontinued businesses.
- (9) Includes \$28 million, \$3 million and \$31 million of transaction and integration costs in the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, respectively, associated with the 21<sup>st</sup> Century acquisition.
- (10) Includes severe but non-catastrophic losses of \$2 million, \$4 million and \$42 million for Transatlantic and \$42 million, \$14 million and \$81 million for Foreign General, respectively, in the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, respectively. Foreign General includes \$22 million and \$33 million of severe but non-catastrophic losses in the three months and the nine months ended September 30, 2006, respectively.
- (11) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.
- (12) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations</b>	\$ <u>23,676</u>	\$ <u>19,839</u>	19.3 %	\$ <u>21,717</u>	9.0 %	\$ <u>66,302</u>	\$ <u>59,027</u>	12.3 %
<b>Revenues:</b>								
Premiums and other considerations	\$ 8,300	\$ 7,673	8.2 %	\$ 8,170	1.6 %	\$ 24,895	\$ 23,121	7.7 %
Net investment income								
Interest and dividends	4,837	4,451	8.7	4,616	4.8	14,051	12,949	8.5
Partnership income excluding synfuels	32	139	(77.0)	351	(90.9)	588	392	50.0
Partnership income - synfuels	(26)	(20)	NM	(42)	NM	(101)	(79)	NM
Unit investment trusts	(16)	30	NM	89	NM	109	225	(51.6)
Other	(22)	49	NM	145	NM	141	124	13.7
Investment expense	(132)	(89)	48.3	(108)	22.2	(346)	(281)	23.1
Net investment income before policyholder investment income and trading gains (losses)	4,673	4,560	2.5	5,051	(7.5)	14,442	13,330	8.3
Net investment income related to policyholder investment income and trading gains (losses)	150	485	(69.1)	1,081	(86.1)	2,026	969	109.1
Total net investment income	4,823	5,045	(4.4)	6,132	(21.3)	16,468	14,299	15.2
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>13,123</b>	<b>12,718</b>	<b>3.2</b>	<b>14,302</b>	<b>(8.2)</b>	<b>41,363</b>	<b>37,420</b>	<b>10.5</b>
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	8,054	7,461	7.9	7,912	1.8	24,131	22,391	7.8
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	150	485	(69.1)	1,081	(86.1)	2,026	969	109.1
Incurred policy losses and benefits	8,204	7,946	3.2	8,993	(8.8)	26,157	23,360	12.0
Insurance acquisition and other operating expenses	2,429	2,124	14.4	2,410	0.8	7,280	6,460	12.7
<b>Total benefits and expenses</b>	<b>10,633</b>	<b>10,070</b>	<b>5.6</b>	<b>11,403</b>	<b>(6.8)</b>	<b>33,437</b>	<b>29,820</b>	<b>12.1</b>
<b>Operating income excluding net realized capital gains (losses)</b>	<b>2,490</b>	<b>2,648</b>	<b>(6.0)</b>	<b>2,899</b>	<b>(14.1)</b>	<b>7,926</b>	<b>7,600</b>	<b>4.3</b>
Net realized capital gains (losses)	(491)	(176)	NM	(279)	NM	(1,026)	(117)	NM
<b>Operating income</b>	<b>\$ <u>1,999</u></b>	<b>\$ <u>2,472</u></b>	<b>(19.1) %</b>	<b>\$ <u>2,620</u></b>	<b>(23.7) %</b>	<b>\$ <u>6,900</u></b>	<b>\$ <u>7,483</u></b>	<b>(7.8) %</b>
<b>Foreign exchange effect on worldwide growth:</b>								
<b>Premiums, deposits and other considerations</b>								
Growth in original currency	16.5 %					9.1 %		
Foreign exchange effect	2.8					3.2		
Growth as reported in U.S. \$	19.3					12.3		
<b>Premiums and other considerations</b>								
Growth in original currency	7.3					6.4		
Foreign exchange effect	0.9					1.3		
Growth as reported in U.S. \$	8.2 %					7.7 %		
<b>Life insurance in-force (at period end)</b>				\$ 2,141,913	2.8 %	\$ 2,202,022	\$ 2,014,594	9.3 %

\* Certain amounts have been reclassified in 2006 to conform to the 2007 presentation.

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations</b>	\$ <u>5,882</u>	\$ <u>5,463</u>	7.7 %	\$ <u>6,280</u>	(6.3) %	\$ <u>17,821</u>	\$ <u>17,371</u>	2.6 %
<b>Revenues:</b>								
Premiums and other considerations	\$ 1,795	\$ 1,686	6.5 %	\$ 1,667	7.7 %	\$ 5,274	\$ 5,036	4.7 %
Net investment income:								
Interest and dividends	2,448	2,475	(1.1)	2,491	(1.7)	7,473	7,393	1.1
Partnership income excluding synfuels	32	103	(68.9)	313	(89.8)	502	316	58.9
Partnership income - synfuels	(26)	(20)	NM	(42)	NM	(101)	(79)	NM
Unit investment trusts	(2)	2	NM	2	NM	2	2	0.0
Other	20	23	(13.0)	30	(33.3)	52	33	57.6
Investment expense	(25)	(28)	(10.7)	(23)	8.7	(80)	(81)	(1.2)
Net investment income before policyholder investment income and trading gains (losses)	2,447	2,555	(4.2)	2,771	(11.7)	7,848	7,584	3.5
Net investment income related to policyholder investment income and trading gains (losses)	9	-	NM	-	NM	9	-	NM
Total net investment income	2,456	2,555	(3.9)	2,771	(11.4)	7,857	7,584	3.6
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>4,251</b>	<b>4,241</b>	<b>0.2</b>	<b>4,438</b>	<b>(4.2)</b>	<b>13,131</b>	<b>12,620</b>	<b>4.0</b>
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	2,548	2,443	4.3	2,420	5.3	7,551	7,302	3.4
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	9	-	NM	-	NM	9	-	NM
Incurred policy losses and benefits	2,557	2,443	4.7	2,420	5.7	7,560	7,302	3.5
Insurance acquisition and other operating expenses	802	787	1.9	755	6.2	2,398	2,264	5.9
<b>Total benefits and expenses</b>	<b>3,359</b>	<b>3,230</b>	<b>4.0</b>	<b>3,175</b>	<b>5.8</b>	<b>9,958</b>	<b>9,566</b>	<b>4.1</b>
<b>Operating income before net realized capital gains (losses)</b>	<b>892</b>	<b>1,011</b>	<b>(11.8)</b>	<b>1,263</b>	<b>(29.4)</b>	<b>3,173</b>	<b>3,054</b>	<b>3.9</b>
Net realized capital gains (losses)	(629)	(147)	NM	(297)	NM	(947)	(604)	NM
<b>Operating income</b>	<b>\$ <u>263</u></b>	<b>\$ <u>864</u></b>	<b>(69.6) %</b>	<b>\$ <u>966</u></b>	<b>(72.8) %</b>	<b>\$ <u>2,226</u></b>	<b>\$ <u>2,450</u></b>	<b>(9.1) %</b>
<b>Life insurance in-force (at period end)</b>				\$ 946,598	1.9 %	\$ 964,515	\$ 902,202	6.9 %

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 845	\$ 721	17.2 %	\$ 831	1.7 %	\$ 2,433	\$ 2,320	4.9 %
Home service	232	244	(4.9)	232	0.0	692	723	(4.3)
Group life/health	211	258	(18.2)	203	3.9	645	746	(13.5)
Payout annuities	711	615	15.6	600	18.5	1,996	1,931	3.4
Individual fixed and runoff annuities	163	183	(10.9)	101	61.4	351	522	(32.8)
<b>Total premiums, deposits and other considerations</b>	<b>2,162</b>	<b>2,021</b>	<b>7.0</b>	<b>1,967</b>	<b>9.9</b>	<b>6,117</b>	<b>6,242</b>	<b>(2.0)</b>
<b>Premiums and other considerations:</b>								
Life insurance	586	546	7.3	603	(2.8)	1,767	1,619	9.1
Home service	189	196	(3.6)	192	(1.6)	576	593	(2.9)
Group life/health	211	256	(17.6)	197	7.1	637	743	(14.3)
Payout annuities (2)	494	414	19.3	364	35.7	1,370	1,261	8.6
Individual fixed and runoff annuities	15	12	25.0	13	15.4	42	38	10.5
<b>Total premiums and other considerations</b>	<b>1,495</b>	<b>1,424</b>	<b>5.0</b>	<b>1,369</b>	<b>9.2</b>	<b>4,392</b>	<b>4,254</b>	<b>3.2</b>
<b>Net investment income (3):</b>								
Life insurance	366	347	5.5	402	(9.0)	1,140	998	14.2
Home service	160	167	(4.2)	158	1.3	479	470	1.9
Group life/health	48	55	(12.7)	51	(5.9)	152	161	(5.6)
Payout annuities	287	253	13.4	276	4.0	852	734	16.1
Individual fixed and runoff annuities	115	136	(15.4)	119	(3.4)	364	421	(13.5)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>976</b>	<b>958</b>	<b>1.9</b>	<b>1,006</b>	<b>(3.0)</b>	<b>2,987</b>	<b>2,784</b>	<b>7.3</b>
Net investment income related to policyholder investment income and trading gains (losses) (4)	9	-	NM	-	NM	9	-	NM
<b>Total net investment income</b>	<b>985</b>	<b>958</b>	<b>2.8</b>	<b>1,006</b>	<b>(2.1)</b>	<b>2,996</b>	<b>2,784</b>	<b>7.6</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	538	497	8.2	597	(9.9)	1,685	1,475	14.2
Home service	165	175	(5.7)	176	(6.3)	515	528	(2.5)
Group life/health	110	183	(39.9)	146	(24.7)	434	542	(19.9)
Payout annuities	760	608	25.0	565	34.5	2,045	1,819	12.4
Individual fixed and runoff annuities	73	74	(1.4)	69	5.8	226	270	(16.3)
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>1,646</b>	<b>1,537</b>	<b>7.1</b>	<b>1,553</b>	<b>6.0</b>	<b>4,905</b>	<b>4,634</b>	<b>5.8</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	9	-	NM	-	NM	9	-	NM
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b>1,655</b>	<b>1,537</b>	<b>7.7</b>	<b>1,553</b>	<b>6.6</b>	<b>4,914</b>	<b>4,634</b>	<b>6.0</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>								
Life insurance	219	190	15.3	193	13.5	623	584	6.7
Home service	104	102	2.0	95	9.5	298	293	1.7
Group life/health	91	108	(15.7)	97	(6.2)	288	327	(11.9)
Payout annuities	24	25	(4.0)	23	4.3	71	72	(1.4)
Individual fixed and runoff annuities	35	39	(10.3)	33	6.1	105	96	9.4
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)</b>	<b>\$ 473</b>	<b>\$ 464</b>	<b>1.9 %</b>	<b>\$ 441</b>	<b>7.3 %</b>	<b>\$ 1,385</b>	<b>\$ 1,372</b>	<b>0.9 %</b>

(See Accompanying Notes on Page 49)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>								
Life insurance	\$ 195	\$ 206	(5.3) %	\$ 215	(9.3) %	\$ 599	\$ 558	7.3 %
Home service	80	86	(7.0)	79	1.3	242	242	0.0
Group life/health	58	20	190.0	5	NM	67	35	91.4
Payout annuities	(3)	34	NM	52	NM	106	104	1.9
Individual fixed and runoff annuities	22	35	(37.1)	30	(26.7)	75	93	(19.4)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b>352</b>	<b>381</b>	<b>(7.6)</b>	<b>381</b>	<b>(7.6)</b>	<b>1,089</b>	<b>1,032</b>	<b>5.5</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	(2)	(1)	NM	(4)	NM	(7)	(4)	NM
Home service	(1)	-	NM	2	NM	-	(2)	NM
Group life/health	-	-	NM	-	NM	-	-	NM
Payout annuities	-	-	NM	-	NM	-	-	NM
Individual fixed and runoff annuities	(1)	(2)	NM	(1)	NM	(1)	(14)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(4)</b>	<b>(3)</b>	<b>NM</b>	<b>(3)</b>	<b>NM</b>	<b>(8)</b>	<b>(20)</b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance (5)	197	207	(4.8)	219	(10.0)	606	562	7.8
Home service (5)	81	86	(5.8)	77	5.2	242	244	(0.8)
Group life/health (5) (6)	58	20	190.0	5	NM	67	35	91.4
Payout annuities (7)	(3)	34	NM	52	NM	106	104	1.9
Individual fixed and runoff annuities	23	37	(37.8)	31	(25.8)	76	107	(29.0)
<b>Total operating income before net realized capital gains (losses)</b>	<b>356</b>	<b>384</b>	<b>(7.3)</b>	<b>384</b>	<b>(7.3)</b>	<b>1,097</b>	<b>1,052</b>	<b>4.3</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	(253)	(110)	NM	43	NM	(213)	(77)	NM
Home service	(29)	1	NM	(11)	NM	(42)	(32)	NM
Group life/health	(5)	(1)	NM	(4)	NM	(10)	(5)	NM
Payout annuities	(10)	(9)	NM	(35)	NM	(51)	(45)	NM
Individual fixed and runoff annuities	2	(4)	NM	(9)	NM	(7)	(31)	NM
<b>Total net realized capital gains (losses) (8)</b>	<b>(295)</b>	<b>(123)</b>	<b>NM</b>	<b>(16)</b>	<b>NM</b>	<b>(323)</b>	<b>(190)</b>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	(56)	97	NM	262	NM	393	485	(19.0)
Home service	52	87	(40.2)	66	(21.2)	200	212	(5.7)
Group life/health	53	19	178.9	1	NM	57	30	90.0
Payout annuities	(13)	25	NM	17	NM	55	59	(6.8)
Individual fixed and runoff annuities	25	33	(24.2)	22	13.6	69	76	(9.2)
<b>Operating income</b>	<b>\$ 61</b>	<b>\$ 261</b>	<b>(76.6) %</b>	<b>\$ 368</b>	<b>(83.4) %</b>	<b>\$ 774</b>	<b>\$ 862</b>	<b>(10.2) %</b>

(See Accompanying Notes on Page 49)

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

(dollars in millions)

	Three Months Ended / As of					Nine Months Ended / As of		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Life insurance</b>								
Periodic premium sales (9):								
Individual/retail	\$ 115	\$ 118	(2.5) %	\$ 116	(0.9) %	\$ 349	\$ 508	(31.3) %
Institutional markets	11	5	120.0	3	266.7	17	14	21.4
<b>Total periodic sales</b>	<u>126</u>	<u>123</u>	2.4	<u>119</u>	5.9	<u>366</u>	<u>522</u>	(29.9)
Periodic premium sales by product:								
Universal life	52	46	13.0	47	10.6	150	289	(48.1)
Variable universal life	19	15	26.7	12	58.3	44	42	4.8
Term life	53	59	(10.2)	57	(7.0)	165	182	(9.3)
Whole life/other	2	3	(33.3)	3	(33.3)	7	9	(22.2)
<b>Total periodic sales</b>	<u>126</u>	<u>123</u>	2.4	<u>119</u>	5.9	<u>366</u>	<u>522</u>	(29.9)
Unscheduled and single deposits	134	42	219.0	115	16.5	315	201	56.7
Life insurance reserves				24,080	1.8	24,524	22,469	9.1
Life insurance in-force				761,907	2.6	781,853	703,582	11.1
<b>Home service</b>								
Life/Accident & Health sales (9)	22	24	(8.3)	25	(12.0)	71	71	0.0
Fixed annuity sales	28	30	(6.7)	25	12.0	73	82	(11.0)
Unscheduled and single deposits	\$ 4	\$ 5	(20.0) %	5	(20.0)	12	12	0.0
Total insurance reserves				7,408	0.2	7,425	7,347	1.1
Life insurance in-force				64,809	(0.3)	64,640	64,345	0.5
<b>Group life/health (Excl. Credit)</b>								
Annualized earned premium				933	(1.9)	915	954	(4.1)
Life insurance in-force				98,733	(1.7)	97,014	97,330	(0.3)
<b>Payout annuities</b>								
Insurance reserves				\$ 15,332	4.1 %	\$ 15,959	\$ 14,091	13.3 %
<b>Individual fixed annuities</b>								
Insurance reserves				\$ 1,834	8.3 %	\$ 1,987	\$ 1,597	24.4 %
<b>Individual annuities - runoff</b>								
Insurance reserves				\$ 8,467	(6.4) %	\$ 7,926	\$ 10,167	(22.0) %

(See Accompanying Notes on Page 49)

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

(dollars in millions)

	<b>DAC and VOBA</b>			<b>Sales Inducements</b>		
	<b>Nine Months Ended</b>			<b>Nine Months Ended</b>		
	Sept. 30, 2007	Sept. 30, 2006	% chg	Sept. 30, 2007	Sept. 30, 2006	% chg
<b>Life insurance</b>						
Balance at beginning of year	\$ 3,997	\$ 3,073	30.1 %	\$ -	\$ -	NM %
Acquisition costs deferred	463	615	(24.7)	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	7	4	75.0	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(240)	(253)	NM	-	-	NM
Change in unrealized gains (losses) on securities	93	293	(68.3)	-	-	NM
Increase (decrease) due to foreign exchange	78	19	310.5	-	-	NM
Other	-	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>4,398</b>	<b>3,751</b>	<b>17.2</b>	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Home service</b>						
Balance at beginning of year	1,509	1,469	2.7	8	6	33.3
Acquisition costs deferred	127	135	(5.9)	2	2	0.0
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	2	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(139)	(122)	NM	(1)	-	NM
Change in unrealized gains (losses) on securities	31	28	10.7	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	-	NM
Other	(8)	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>1,520</b>	<b>1,512</b>	<b>0.5</b>	<b>9</b>	<b>8</b>	<b>12.5</b>
<b>Group life/health</b>						
Balance at beginning of year	115	243	(52.7)	-	-	NM
Acquisition costs deferred	30	60	(50.0)	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(63)	(75)	NM	-	-	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	-	NM
Other	(56)	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>\$ 26</b>	<b>\$ 228</b>	<b>(88.6) %</b>	<b>\$ -</b>	<b>\$ -</b>	<b>NM %</b>

(See Accompanying Notes on Page 49)

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

(dollars in millions)

	<b>DAC and VOBA</b>			<b>Sales Inducements</b>		
	<b>Nine Months Ended</b>			<b>Nine Months Ended</b>		
	<b>Sept. 30, 2007</b>	<b>Sept. 30, 2006</b>	<b>% chg</b>	<b>Sept. 30, 2007</b>	<b>Sept. 30, 2006</b>	<b>% chg</b>
<b>Payout annuities</b>						
Balance at beginning of year	\$ 62	\$ 47	31.9 %	\$ -	\$ -	NM %
Acquisition costs deferred	14	16	(12.5)	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(4)	(3)	NM	-	-	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	-	NM
Other	-	-	NM	-	-	NM
<b>Balance at end of period</b>	<u>72</u>	<u>60</u>	20.0	<u>-</u>	<u>-</u>	NM
<b>Individual fixed and runoff annuities</b>						
Balance at beginning of year	323	352	(8.2)	38	25	52.0
Acquisition costs deferred	22	30	(26.7)	10	12	(16.7)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	1	14	(92.9)	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(80)	(76)	NM	(3)	(1)	NM
Change in unrealized gains (losses) on securities	73	48	52.1	-	-	NM
Increase (decrease) due to foreign exchange	2	1	100.0	-	-	NM
Other	-	-	NM	-	-	NM
<b>Balance at end of period</b>	<u>341</u>	<u>369</u>	(7.6)	<u>45</u>	<u>36</u>	25.0
<b>Total</b>						
Balance at beginning of year	6,006	5,184	15.9	46	31	48.4
Acquisition costs deferred	656	856	(23.4)	12	14	(14.3)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	8	20	(60.0)	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(526)	(529)	NM	(4)	(1)	NM
Change in unrealized gains (losses) on securities	197	369	(46.6)	-	-	NM
Increase (decrease) due to foreign exchange	80	20	300.0	-	-	NM
Other (10)	(64)	-	NM	-	-	NM
<b>Balance at end of period</b>	<u>\$ 6,357</u>	<u>\$ 5,920</u>	7.4 %	<u>\$ 54</u>	<u>\$ 44</u>	22.7 %

(See Accompanying Notes on Page 49)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Group retirement products	\$ 1,533	\$ 1,335	14.8 %	\$ 1,463	4.8 %	\$ 4,414	\$ 4,083	8.1 %
Individual fixed annuities	993	1,035	(4.1)	1,633	(39.2)	3,857	3,770	2.3
Individual variable annuities	1,181	1,059	11.5	1,204	(1.9)	3,393	3,234	4.9
Individual annuities - runoff	13	13	0.0	13	0.0	40	42	(4.8)
<b>Total premiums, deposits and other considerations</b>	<b>3,720</b>	<b>3,442</b>	<b>8.1</b>	<b>4,313</b>	<b>(13.7)</b>	<b>11,704</b>	<b>11,129</b>	<b>5.2</b>
<b>Fee and other income:</b>								
Group retirement products	114	94	21.3	112	1.8	331	284	16.5
Individual fixed annuities	24	30	(20.0)	26	(7.7)	75	93	(19.4)
Individual variable annuities	159	132	20.5	155	2.6	460	390	17.9
Individual annuities - runoff	3	6	(50.0)	5	(40.0)	16	15	6.7
<b>Total fee and other income</b>	<b>300</b>	<b>262</b>	<b>14.5</b>	<b>298</b>	<b>0.7</b>	<b>882</b>	<b>782</b>	<b>12.8</b>
<b>Investment spread:</b>								
<b>Net investment income (2):</b>								
Group retirement products	510	563	(9.4)	641	(20.4)	1,721	1,674	2.8
Individual fixed annuities	828	872	(5.0)	981	(15.6)	2,723	2,650	2.8
Individual variable annuities	38	51	(25.5)	43	(11.6)	123	153	(19.6)
Individual annuities - runoff	95	111	(14.4)	100	(5.0)	294	323	(9.0)
<b>Total net investment income</b>	<b>1,471</b>	<b>1,597</b>	<b>(7.9)</b>	<b>1,765</b>	<b>(16.7)</b>	<b>4,861</b>	<b>4,800</b>	<b>1.3</b>
<b>Interest credited:</b>								
Group retirement products (3)	297	293	1.4	292	1.7	878	863	1.7
Individual fixed annuities (3)	508	502	1.2	490	3.7	1,482	1,479	0.2
Individual variable annuities (3)	28	28	0.0	27	3.7	83	86	(3.5)
Individual annuities - runoff	65	73	(11.0)	66	(1.5)	199	222	(10.4)
<b>Total interest credited</b>	<b>898</b>	<b>896</b>	<b>0.2</b>	<b>875</b>	<b>2.6</b>	<b>2,642</b>	<b>2,650</b>	<b>(0.3)</b>
<b>Net investment spread:</b>								
Group retirement products	213	270	(21.1)	349	(39.0)	843	811	3.9
Individual fixed annuities	320	370	(13.5)	491	(34.8)	1,241	1,171	6.0
Individual variable annuities	10	23	(56.5)	16	(37.5)	40	67	(40.3)
Individual annuities - runoff	30	38	(21.1)	34	(11.8)	95	101	(5.9)
<b>Total net investment spread</b>	<b>573</b>	<b>701</b>	<b>(18.3)</b>	<b>890</b>	<b>(35.6)</b>	<b>2,219</b>	<b>2,150</b>	<b>3.2</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>								
Group retirement products	100	97	3.1	103	(2.9)	303	269	12.6
Individual fixed annuities	154	118	30.5	147	4.8	439	375	17.1
Individual variable annuities	121	98	23.5	116	4.3	346	313	10.5
Individual annuities - runoff	14	16	(12.5)	18	(22.2)	55	50	10.0
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)</b>	<b>\$ 389</b>	<b>\$ 329</b>	<b>18.2 %</b>	<b>\$ 384</b>	<b>1.3 %</b>	<b>\$ 1,143</b>	<b>\$ 1,007</b>	<b>13.5 %</b>

(See Accompanying Notes on Page 50)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>								
Group retirement products	\$ 227	\$ 267	(15.0) %	\$ 358	(36.6) %	\$ 871	\$ 826	5.4 %
Individual fixed annuities	190	282	(32.6)	370	(48.6)	877	889	(1.3)
Individual variable annuities	48	57	(15.8)	55	(12.7)	154	144	6.9
Individual annuities - runoff	19	28	(32.1)	21	(9.5)	56	66	(15.2)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b>484</b>	<b>634</b>	<b>(23.7)</b>	<b>804</b>	<b>(39.8)</b>	<b>1,958</b>	<b>1,925</b>	<b>1.7</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Group retirement products	(9)	(3)	NM	(10)	NM	(19)	(14)	NM
Individual fixed annuities	(29)	(5)	NM	(49)	NM	(75)	(69)	NM
Individual variable annuities	(15)	9	NM	(15)	NM	(21)	4	NM
Individual annuities - runoff	1	6	(83.3)	(1)	NM	(3)	2	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(52)</b>	<b>7</b>	<b>NM</b>	<b>(75)</b>	<b>NM</b>	<b>(118)</b>	<b>(77)</b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Group retirement products	236	270	(12.6)	368	(35.9)	890	840	6.0
Individual fixed annuities (4)	219	287	(23.7)	419	(47.7)	952	958	(0.6)
Individual variable annuities	63	48	31.3	70	(10.0)	175	140	25.0
Individual annuities - runoff	18	22	(18.2)	22	(18.2)	59	64	(7.8)
<b>Total operating income before net realized capital gains (losses)</b>	<b>536</b>	<b>627</b>	<b>(14.5)</b>	<b>879</b>	<b>(39.0)</b>	<b>2,076</b>	<b>2,002</b>	<b>3.7</b>
<b>Net realized capital gains (losses):</b>								
Group retirement products	(116)	(3)	NM	(103)	NM	(229)	(116)	NM
Individual fixed annuities	(177)	(12)	NM	(158)	NM	(346)	(264)	NM
Individual variable annuities	(22)	8	NM	(17)	NM	(29)	3	NM
Individual annuities - runoff	(19)	(17)	NM	(3)	NM	(20)	(37)	NM
<b>Total net realized capital gains (losses) (5)</b>	<b>(334)</b>	<b>(24)</b>	<b>NM</b>	<b>(281)</b>	<b>NM</b>	<b>(624)</b>	<b>(414)</b>	<b>NM</b>
<b>Operating income:</b>								
Group retirement products	120	267	(55.1)	265	(54.7)	661	724	(8.7)
Individual fixed annuities	42	275	(84.7)	261	(83.9)	606	694	(12.7)
Individual variable annuities	41	56	(26.8)	53	(22.6)	146	143	2.1
Individual annuities - runoff	(1)	5	NM	19	NM	39	27	44.4
<b>Total operating income</b>	<b>\$ 202</b>	<b>\$ 603</b>	<b>(66.5) %</b>	<b>\$ 598</b>	<b>(66.2) %</b>	<b>\$ 1,452</b>	<b>\$ 1,588</b>	<b>(8.6) %</b>

(See Accompanying Notes on Page 50)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Group retirement products (6)</b>								
Balance at beginning of period (6)	\$ 67,687	\$ 61,150	10.7 %	\$ 65,216	3.8 %	\$ 64,357	\$ 59,312	8.5 %
Deposits - annuities (7)	1,533	1,335	14.8	1,463	4.8	4,414	4,083	8.1
Deposits - mutual funds (7)	501	284	76.4	330	51.8	1,296	1,085	19.4
Deposits - subtotal	2,034	1,619	25.6	1,793	13.4	5,710	5,168	10.5
Surrenders and other withdrawals (7)	(1,649)	(1,400)	17.8	(1,487)	10.9	(5,061)	(4,188)	20.8
Death benefits	(66)	(61)	8.2	(70)	(5.7)	(196)	(187)	4.8
Net flows	319	158	101.9	236	35.2	453	793	(42.9)
Change in market value, interest credited, net of fees	694	1,160	(40.2)	2,234	(68.9)	3,889	2,363	64.6
Other	(1)	-	NM	1	NM	-	-	NM
Balance at end of period (6)	<u>68,699</u>	<u>62,468</u>	10.0	<u>67,687</u>	1.5	<u>68,699</u>	<u>62,468</u>	10.0
<b>Individual fixed annuities</b>								
Balance at beginning of period	52,170	53,332	(2.2)	52,339	(0.3)	52,685	53,331	(1.2)
Deposits (7)	993	1,035	(4.1)	1,633	(39.2)	3,857	3,770	2.3
Surrenders and other withdrawals (7)	(2,092)	(1,781)	17.5	(1,859)	12.5	(5,611)	(4,675)	20.0
Death benefits	(436)	(433)	0.7	(449)	(2.9)	(1,293)	(1,293)	0.0
Net flows	(1,535)	(1,179)	(30.2)	(675)	(127.4)	(3,047)	(2,198)	(38.6)
Change in market value, interest credited, net of fees	502	511	(1.8)	506	(0.8)	1,499	1,531	(2.1)
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>51,137</u>	<u>52,664</u>	(2.9)	<u>52,170</u>	(2.0)	<u>51,137</u>	<u>52,664</u>	(2.9)
<b>Individual variable annuities</b>								
Balance at beginning of period	33,051	28,726	15.1	31,432	5.2	31,093	28,267	10.0
Deposits	1,181	1,059	11.5	1,204	(1.9)	3,393	3,234	4.9
Surrenders and other withdrawals	(1,031)	(932)	10.6	(1,057)	(2.5)	(3,078)	(2,904)	6.0
Death benefits	(124)	(116)	6.9	(129)	(3.9)	(374)	(364)	2.7
Net flows	26	11	136.4	18	44.4	(59)	(34)	(73.5)
Change in market value, interest credited, net of fees	700	808	(13.4)	1,601	(56.3)	2,743	1,312	109.1
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>33,777</u>	<u>29,545</u>	14.3	<u>33,051</u>	2.2	<u>33,777</u>	<u>29,545</u>	14.3
<b>Total</b>								
Balance at beginning of period	152,908	143,208	6.8	148,987	2.6	148,135	140,910	5.1
Deposits	4,208	3,713	13.3	4,630	(9.1)	12,960	12,172	6.5
Surrenders and other withdrawals	(4,772)	(4,113)	16.0	(4,403)	8.4	(13,750)	(11,767)	16.9
Death benefits	(626)	(610)	2.6	(648)	(3.4)	(1,863)	(1,844)	1.0
Net flows	(1,190)	(1,010)	(17.8)	(421)	(182.7)	(2,653)	(1,439)	(84.4)
Change in market value, interest credited, net of fees	1,896	2,479	(23.5)	4,341	(56.3)	8,131	5,206	56.2
Other	(1)	-	NM	1	NM	-	-	NM
Balance at end of period, excluding runoff	153,613	144,677	6.2	152,908	0.5	153,613	144,677	6.2
Individual annuities runoff	5,828	6,497	(10.3)	5,977	(2.5)	5,828	6,497	(10.3)
Balance at end of period	<u>\$ 159,441</u>	<u>\$ 151,174</u>	5.5 %	<u>\$ 158,885</u>	0.3	<u>\$ 159,441</u>	<u>\$ 151,174</u>	5.5 %
<b>Total general and separate account reserves and mutual funds</b>								
General account reserve				90,729	(1.2)	89,595	92,560	(3.2)
Separate account reserve				60,554	1.9	61,696	52,488	17.5
Total general and separate account reserves				151,283	0.0	151,291	145,048	4.3
Group retirement mutual funds				7,602	7.2	8,150	6,126	33.0
<b>Total reserves and mutual funds</b>				<u>\$ 158,885</u>	0.3 %	<u>\$ 159,441</u>	<u>\$ 151,174</u>	5.5 %
<b>Surrender rates (8)</b>								
Group retirement products (6)	9.8%	9.1%		8.9%		10.2%	9.1%	
Individual fixed annuities	16.2%	13.5%		14.2%		14.4%	11.7%	
Individual variable annuities	12.5%	12.9%		13.0%		12.7%	13.4%	

(See Accompanying Notes on Page 50)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Spread information</b>								
<b>Group retirement products</b>								
Base investment income (9)	\$ 500	\$ 506	(1.2) %	\$ 500	0.0 %	\$ 1,492	\$ 1,516	(1.6) %
Partnerships (10)	(7)	35	NM	105	NM	147	112	31.3
Other enhancements (11)	16	22	(27.3)	36	(55.6)	81	46	76.1
<b>Total net investment income</b>	<u>\$ 509</u>	<u>\$ 563</u>	(9.6) %	<u>\$ 641</u>	(20.6) %	<u>\$ 1,720</u>	<u>\$ 1,674</u>	2.7 %
Base yield (9)	6.34%	6.21%		6.26%		6.23%	6.21%	
Partnerships (10)	-0.55%	0.10%		0.80%		0.15%	0.16%	
Other enhancements (11)	0.20%	0.27%		0.46%		0.34%	0.19%	
<b>Total</b>	5.99%	6.58%		7.52%		6.72%	6.56%	
Cost of funds (12)	3.91%	3.83%		3.83%		3.84%	3.76%	
Net spread rate, as reported (12)	2.08%	2.75%		3.68%		2.88%	2.80%	
Net spread rate excluding partnerships and other enhancements	2.43%	2.39%		2.42%		2.39%	2.45%	
<b>Individual fixed annuities</b>								
Base investment income (9)	\$ 794	\$ 800	(0.8) %	\$ 797	(0.4) %	\$ 2,385	\$ 2,398	(0.5) %
Partnerships (10)	15	44	(65.9)	145	(89.7)	241	168	43.5
Other enhancements (11)	19	28	(32.1)	39	(51.3)	97	84	15.5
<b>Total net investment income</b>	<u>\$ 828</u>	<u>\$ 872</u>	(5.0) %	<u>\$ 981</u>	(15.6) %	<u>\$ 2,723</u>	<u>\$ 2,650</u>	2.8 %
Base yield (9)	6.05%	5.94%		5.98%		5.99%	5.89%	
Partnerships (10)	-0.21%	0.10%		0.76%		0.29%	0.21%	
Other enhancements (11)	0.14%	0.20%		0.29%		0.24%	0.21%	
<b>Total</b>	5.98%	6.24%		7.03%		6.52%	6.31%	
Cost of funds (12)	3.58%	3.52%		3.53%		3.53%	3.49%	
Net spread rate, as reported (12)	2.40%	2.73%		3.50%		2.99%	2.81%	
Net spread rate excluding partnerships and other enhancements	2.47%	2.42%		2.45%		2.46%	2.40%	
<b>Individual variable annuities</b>								
Base investment income (9)	\$ 38	\$ 46	(17.4) %	\$ 39	(2.6) %	\$ 117	\$ 144	(18.8) %
Partnerships (10)	(2)	-	NM	3	NM	1	-	NM
Other enhancements (11)	2	5	(60.0)	1	100.0	5	9	(44.4)
<b>Total net investment income</b>	<u>\$ 38</u>	<u>\$ 51</u>	(25.5) %	<u>\$ 43</u>	(11.6) %	<u>\$ 123</u>	<u>\$ 153</u>	(19.6) %
Base yield (9)	5.66%	5.59%		5.59%		5.62%	5.59%	
Partnerships (10)	-0.73%	0.00%		0.22%		-0.17%	0.00%	
Other enhancements (11)	0.29%	0.58%		0.16%		0.23%	0.36%	
<b>Total</b>	5.22%	6.17%		5.97%		5.68%	5.95%	
Cost of funds (12)	3.08%	3.10%		3.06%		3.05%	3.06%	
Net spread rate, as reported (12)	2.14%	3.06%		2.91%		2.63%	2.89%	
Net spread rate excluding partnerships and other enhancements	2.58%	2.49%		2.53%		2.57%	2.53%	

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	<b>DAC and VOBA</b>			<b>Sales Inducements</b>		
	Nine Months Ended			Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% chg	Sept. 30, 2007	Sept. 30, 2006	% chg
<b>Group retirement products</b>						
Balance at beginning of year	\$ 1,851	\$ 1,738	6.5 %	\$ 46	\$ 21	119.0 %
Acquisition costs deferred	138	119	16.0	28	17	64.7
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	18	14	28.6	1	-	NM
Related to unlocking future assumptions	2	2	0.0	-	-	NM
All other amortization	(118)	(100)	NM	(3)	(1)	NM
Change in unrealized gains (losses) on securities	94	65	44.6	1	(1)	NM
<b>Balance at end of period</b>	<b>1,985</b>	<b>1,838</b>	<b>8.0</b>	<b>73</b>	<b>36</b>	<b>102.8</b>
<b>Individual fixed annuities</b>						
Balance at beginning of year	2,216	1,990	11.4	619	650	(4.8)
Acquisition costs deferred	224	215	4.2	94	123	(23.6)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	57	50	14.0	18	19	(5.3)
Related to unlocking future assumptions	2	-	NM	(17)	-	NM
All other amortization (13)	(371)	(314)	NM	(91)	(92)	NM
Change in unrealized gains (losses) on securities	183	278	(34.2)	60	(93)	NM
<b>Balance at end of period</b>	<b>2,311</b>	<b>2,219</b>	<b>4.1</b>	<b>683</b>	<b>607</b>	<b>12.5</b>
<b>Individual variable annuities</b>						
Balance at beginning of year	1,457	1,378	5.7	222	200	11.0
Acquisition costs deferred	191	188	1.6	28	33	(15.2)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	18	(4)	NM	3	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(159)	(128)	NM	(26)	(16)	NM
Change in unrealized gains (losses) on securities	10	12	(16.7)	1	3	(66.7)
<b>Balance at end of period</b>	<b>1,517</b>	<b>1,446</b>	<b>4.9</b>	<b>228</b>	<b>220</b>	<b>3.6</b>
<b>Individual annuities - runoff</b>						
Balance at beginning of year	127	172	(26.2)	-	-	NM
Acquisition costs deferred	-	-	NM	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	3	(2)	NM	-	-	NM
Related to unlocking future assumptions	-	(3)	NM	-	-	NM
All other amortization	(29)	(24)	NM	-	-	NM
Change in unrealized gains (losses) on securities	27	(2)	NM	-	-	NM
<b>Balance at end of period</b>	<b>128</b>	<b>141</b>	<b>(9.2)</b>	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Total</b>						
Balance at beginning of year (14)	5,651	5,278	7.1	887	871	1.8
Acquisition costs deferred	553	522	5.9	150	173	(13.3)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	96	58	65.5	22	19	15.8
Related to unlocking future assumptions	4	(1)	NM	(17)	-	NM
All other amortization	(677)	(566)	NM	(120)	(109)	NM
Change in unrealized gains (losses) on securities	314	353	(11.0)	62	(91)	NM
<b>Balance at end of period (14)</b>	<b>\$ 5,941</b>	<b>\$ 5,644</b>	<b>5.3 %</b>	<b>\$ 984</b>	<b>\$ 863</b>	<b>14.0 %</b>

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Sept. 30, 2007		
	Account Value	Net Amount at Risk	Retained NAR
<b>Guaranteed Minimum Death Benefit ("GMDB") Type (including Earnings Enhancement Benefit) (15):</b>			
Return of premium (16)	\$ 4,152	\$ 3	\$ 3
Reset (17)	1,153	-	-
Ratchet (18)	15,787	343	339
Roll-up (19)	9,108	451	444
Combination (20)	302	28	28
Return of premium, with earnings enhancement (21)	3	-	-
Ratchet, with earnings enhancement (22)	2,044	180	39
Roll-up, with earnings enhancement (23)	866	82	15
Combination with earnings enhancement (24)	69	11	11
	<u>33,484</u>	<u>1,098</u>	<u>879</u>
<b>Guaranteed Minimum Income Benefit ("GMIB") Type (25):</b>			
Roll-up (19)	661	23	8
No roll-up (26)	7,024	5	3
	<u>7,685</u>	<u>28</u>	<u>11</u>
<b>Guaranteed Minimum Account Value ("GMAV") Type (27):</b>			
Ten year waiting period	<u>2,365</u>	<u>-</u>	<u>-</u>
<b>Guaranteed Minimum Withdrawal Benefit ("GMWB") Type (28):</b>			
Minimum amount guarantees (29)	1,287	-	-
Lifetime guarantees (30)	4,464	6	6
	<u>\$ 5,751</u>	<u>\$ 6</u>	<u>\$ 6</u>

	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
<b>Other Data</b>					
S&P 500 Index value	1,527	1,504	1,421	1,418	1,336
Total Account Value	\$ 33,777	\$ 33,051	\$ 31,432	\$ 31,093	\$ 29,545
Account value by benefit type:					
Guaranteed Minimum Death Benefits	33,484	32,764	31,164	30,823	29,288
Guaranteed Minimum Income Benefits	7,685	7,826	7,701	7,802	7,697
Guaranteed Minimum Account Value	2,365	2,364	2,281	2,257	2,132
Guaranteed Minimum Withdrawal Benefits	5,751	4,958	4,038	3,431	2,707
Net amount at risk:					
Guaranteed Minimum Death Benefits	1,098	1,160	1,299	1,338	1,573
Guaranteed Minimum Income Benefits	28	36	43	49	57
Guaranteed Minimum Account Value	-	-	-	-	-
Guaranteed Minimum Withdrawal Benefits	6	6	6	2	3
Retained net amount at risk:					
Guaranteed Minimum Death Benefits	879	952	1,115	1,164	1,413
Guaranteed Minimum Income Benefits	11	14	16	21	24
Guaranteed Minimum Account Value	-	-	-	-	-
Guaranteed Minimum Withdrawal Benefits	6	6	6	2	3
Liability for guaranteed benefits (GMDB & GMIB)	\$ 89	\$ 81	\$ 81	\$ 77	\$ 84

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1)</b>	\$ <u>17,794</u>	\$ <u>14,376</u>	23.8 %	\$ <u>15,437</u>	15.3 %	\$ <u>48,481</u>	\$ <u>41,656</u>	16.4 %
<b>Revenues:</b>								
Premiums and other considerations (2)	\$ 6,505	\$ 5,987	8.7 %	\$ 6,503	0.0 %	\$ 19,621	\$ 18,085	8.5 %
Net investment income:								
Interest and dividends	2,389	1,976	20.9	2,125	12.4	6,578	5,556	18.4
Partnership income	-	36	NM	38	NM	86	76	13.2
Unit investment trusts (3) (4)	(14)	28	NM	87	NM	107	223	(52.0)
Other	(42)	26	NM	115	NM	89	91	(2.2)
Investment expense	<u>(107)</u>	<u>(61)</u>	75.4	<u>(85)</u>	25.9	<u>(266)</u>	<u>(200)</u>	33.0
Net investment income before policyholder investment income and trading gains (losses)	2,226	2,005	11.0	2,280	(2.4)	6,594	5,746	14.8
Net investment income related to policyholder investment income and trading gains (losses) (5)	<u>141</u>	<u>485</u>	(70.9)	<u>1,081</u>	(87.0)	<u>2,017</u>	<u>969</u>	108.2
Total net investment income	2,367	2,490	(4.9)	3,361	(29.6)	8,611	6,715	28.2
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>8,872</b>	<b>8,477</b>	<b>4.7</b>	<b>9,864</b>	<b>(10.1)</b>	<b>28,232</b>	<b>24,800</b>	<b>13.8</b>
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	5,506	5,018	9.7	5,492	0.3	16,580	15,089	9.9
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (5)	<u>141</u>	<u>485</u>	(70.9)	<u>1,081</u>	(87.0)	<u>2,017</u>	<u>969</u>	NM
Incurred policy losses and benefits	5,647	5,503	2.6	6,573	(14.1)	18,597	16,058	15.8
Insurance acquisition and other operating expenses	<u>1,627</u>	<u>1,337</u>	21.7	<u>1,655</u>	(1.7)	<u>4,882</u>	<u>4,196</u>	16.3
<b>Total benefits and expenses</b>	<b>7,274</b>	<b>6,840</b>	<b>6.3</b>	<b>8,228</b>	<b>(11.6)</b>	<b>23,479</b>	<b>20,254</b>	<b>15.9</b>
<b>Operating income excluding net realized capital gains (losses) (3)</b>	<b>1,598</b>	<b>1,637</b>	<b>(2.4)</b>	<b>1,636</b>	<b>(2.3)</b>	<b>4,753</b>	<b>4,546</b>	<b>4.6</b>
Net realized capital gains (losses) (6)	<u>138</u>	<u>(29)</u>	NM	<u>18</u>	NM	<u>(79)</u>	<u>487</u>	NM
<b>Operating income</b>	<b>\$ <u>1,736</u></b>	<b>\$ <u>1,608</u></b>	<b>8.0 %</b>	<b>\$ <u>1,654</u></b>	<b>5.0 %</b>	<b>\$ <u>4,674</u></b>	<b>\$ <u>5,033</u></b>	<b>(7.1) %</b>
<b>Foreign exchange effect on foreign growth:</b>								
<b>Premiums, deposits and other considerations (1)</b>								
Growth in original currency (7)	19.9 %					12.0 %		
Foreign exchange impact	3.9					4.4		
Growth as reported in U.S. \$	23.8					16.4		
<b>Premiums and other considerations</b>								
Growth in original currency (7)	7.5					6.8		
Foreign exchange impact	1.2					1.7		
Growth as reported in U.S. \$	8.7 %					8.5 %		
<b>Life insurance in-force (at period end)</b>				\$ 1,195,315	3.5 %	\$ 1,237,507	\$ 1,112,392	11.2 %

(See Accompanying Notes on Page 51 - 52)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 9,598	\$ 5,751	66.9 %	\$ 8,514	12.7 %	\$ 26,566	\$ 18,529	43.4 %
Personal accident & health	1,543	1,427	8.1	1,518	1.6	4,542	4,151	9.4
Group products	1,166	913	27.7	1,024	13.9	3,303	2,668	23.8
Subtotal life insurance	12,307	8,091	52.1	11,056	11.3	34,411	25,348	35.8
Individual fixed annuities	1,495	2,187	(31.6)	1,258	18.8	3,870	5,360	(27.8)
Individual variable annuities	3,992	4,098	(2.6)	3,123	27.8	10,200	10,948	(6.8)
Subtotal retirement services	5,487	6,285	(12.7)	4,381	25.2	14,070	16,308	(13.7)
<b>Total premiums, deposits and other considerations</b>	<b>17,794</b>	<b>14,376</b>	<b>23.8</b>	<b>15,437</b>	<b>15.3</b>	<b>48,481</b>	<b>41,656</b>	<b>16.4</b>
<b>Premiums and other considerations:</b>								
Life insurance	3,992	3,837	4.0	4,105	(2.8)	12,264	11,857	3.4
Personal accident & health	1,519	1,398	8.7	1,487	2.2	4,479	4,084	9.7
Group products	744	589	26.3	690	7.8	2,187	1,669	31.0
Subtotal life insurance	6,255	5,824	7.4	6,282	(0.4)	18,930	17,610	7.5
Individual fixed annuities	141	84	67.9	118	19.5	387	273	41.8
Individual variable annuities	109	79	38.0	103	5.8	304	202	50.5
Subtotal retirement services	250	163	53.4	221	13.1	691	475	45.5
<b>Total premiums and other considerations (2)</b>	<b>6,505</b>	<b>5,987</b>	<b>8.7</b>	<b>6,503</b>	<b>0.0</b>	<b>19,621</b>	<b>18,085</b>	<b>8.5</b>
<b>Net investment income:</b>								
Life insurance	1,551	1,333	16.4	1,531	1.3	4,470	3,853	16.0
Personal accident & health	91	78	16.7	88	3.4	261	213	22.5
Group products	108	87	24.1	118	(8.5)	310	250	24.0
Subtotal life insurance	1,750	1,498	16.8	1,737	0.7	5,041	4,316	16.8
Individual fixed annuities	549	506	8.5	557	(1.4)	1,639	1,428	14.8
Individual variable annuities	(73)	1	NM	(14)	NM	(86)	2	NM
Subtotal retirement services	476	507	(6.1)	543	(12.3)	1,553	1,430	8.6
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>2,226</b>	<b>2,005</b>	<b>11.0</b>	<b>2,280</b>	<b>(2.4)</b>	<b>6,594</b>	<b>5,746</b>	<b>14.8</b>
Net investment income related to policyholder investment income and trading gains (losses) (5)	141	485	(70.9)	1,081	(87.0)	2,017	969	108.2
<b>Total net investment income</b>	<b>2,367</b>	<b>2,490</b>	<b>(4.9)</b>	<b>3,361</b>	<b>(29.6)</b>	<b>8,611</b>	<b>6,715</b>	<b>28.2</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	3,683	3,558	3.5	3,811	(3.4)	11,415	10,843	5.3
Personal accident & health	856	730	17.3	805	6.3	2,449	2,151	13.9
Group products (8)	542	379	43.0	430	26.0	1,459	1,077	35.5
Subtotal life insurance	5,081	4,667	8.9	5,046	0.7	15,323	14,071	8.9
Individual fixed annuities	403	351	14.8	435	(7.4)	1,224	1,026	19.3
Individual variable annuities	21	-	NM	10	110.0	33	(8)	NM
Subtotal retirement services	424	351	20.8	445	(4.7)	1,257	1,018	23.5
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>5,505</b>	<b>5,018</b>	<b>9.7</b>	<b>5,491</b>	<b>0.3</b>	<b>16,580</b>	<b>15,089</b>	<b>9.9</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (5)	141	485	(70.9)	1,081	(87.0)	2,017	969	108.2
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b>5,646</b>	<b>5,503</b>	<b>2.6</b>	<b>6,572</b>	<b>(14.1)</b>	<b>18,597</b>	<b>16,058</b>	<b>15.8</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>								
Life insurance	885	667	32.7	810	9.3	2,509	2,190	14.6
Personal accident & health	413	368	12.2	447	(7.6)	1,251	1,102	13.5
Group products	192	199	(3.5)	283	(32.2)	741	559	32.6
Subtotal life insurance	1,490	1,234	20.7	1,540	(3.2)	4,501	3,851	16.9
Individual fixed annuities	89	67	32.8	94	(5.3)	293	239	22.6
Individual variable annuities	47	38	23.7	47	0.0	132	109	21.1
Subtotal retirement services	136	105	29.5	141	(3.5)	425	348	22.1
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (9)</b>	<b>\$ 1,626</b>	<b>\$ 1,339</b>	<b>21.4 %</b>	<b>\$ 1,681</b>	<b>(3.3) %</b>	<b>\$ 4,926</b>	<b>\$ 4,199</b>	<b>17.3 %</b>

(See Accompanying Notes on Page 51 - 52)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>								
Life insurance	\$ 975	\$ 945	3.2 %	\$ 1,015	(3.9) %	\$ 2,810	\$ 2,677	5.0 %
Personal accident & health	341	378	(9.8)	323	5.6	1,040	1,044	(0.4)
Group products	118	98	20.4	95	24.2	297	283	4.9
Subtotal life insurance	<u>1,434</u>	<u>1,421</u>	0.9	<u>1,433</u>	0.1	<u>4,147</u>	<u>4,004</u>	3.6
Individual fixed annuities	198	172	15.1	146	35.6	509	436	16.7
Individual variable annuities	(32)	42	NM	32	NM	53	103	(48.5)
Subtotal retirement services	<u>166</u>	<u>214</u>	(22.4)	<u>178</u>	(6.7)	<u>562</u>	<u>539</u>	4.3
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>1,600</u></b>	<b><u>1,635</u></b>	<b>(2.1)</b>	<b><u>1,611</u></b>	<b>(0.7)</b>	<b><u>4,709</u></b>	<b><u>4,543</u></b>	<b>3.7</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	1	-	NM	1	0.0	2	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>1</u>	<u>-</u>	NM	<u>1</u>	0.0	<u>2</u>	<u>-</u>	NM
Individual fixed annuities	1	(2)	NM	(26)	NM	(46)	(3)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>1</u>	<u>(2)</u>	NM	<u>(26)</u>	NM	<u>(46)</u>	<u>(3)</u>	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b><u>2</u></b>	<b><u>(2)</u></b>	<b>NM</b>	<b><u>(25)</u></b>	<b>NM</b>	<b><u>(44)</u></b>	<b><u>(3)</u></b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance (10) (11)	974	945	3.1	1,014	(3.9)	2,808	2,677	4.9
Personal accident & health (10)	341	378	(9.8)	323	5.6	1,040	1,044	(0.4)
Group products (10)	118	98	20.4	95	24.2	297	283	4.9
Subtotal life insurance	<u>1,433</u>	<u>1,421</u>	0.8	<u>1,432</u>	0.1	<u>4,145</u>	<u>4,004</u>	3.5
Individual fixed annuities	197	174	13.2	172	14.5	555	439	26.4
Individual variable annuities (12)	(32)	42	NM	32	NM	53	103	(48.5)
Subtotal retirement services	<u>165</u>	<u>216</u>	(23.6)	<u>204</u>	(19.1)	<u>608</u>	<u>542</u>	12.2
<b>Total operating income before net realized capital gains (losses) (3)</b>	<b><u>1,598</u></b>	<b><u>1,637</u></b>	<b>(2.4)</b>	<b><u>1,636</u></b>	<b>(2.3)</b>	<b><u>4,753</u></b>	<b><u>4,546</u></b>	<b>4.6</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	74	(25)	NM	141	(47.5)	47	395	(88.1)
Personal accident & health	12	(16)	NM	2	NM	6	36	(83.3)
Group products	(37)	8	NM	(6)	NM	(64)	20	NM
Subtotal life insurance	<u>49</u>	<u>(33)</u>	NM	<u>137</u>	(64.2)	<u>(11)</u>	<u>451</u>	NM
Individual fixed annuities	89	4	NM	(120)	NM	(68)	36	NM
Individual variable annuities	-	-	NM	1	NM	-	-	NM
Subtotal retirement services	<u>89</u>	<u>4</u>	NM	<u>(119)</u>	NM	<u>(68)</u>	<u>36</u>	NM
<b>Total net realized capital gains (losses) (6)</b>	<b><u>138</u></b>	<b><u>(29)</u></b>	<b>NM</b>	<b><u>18</u></b>	<b>NM</b>	<b><u>(79)</u></b>	<b><u>487</u></b>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	1,048	920	13.9	1,155	(9.3)	2,855	3,072	(7.1)
Personal accident & health	353	362	(2.5)	325	8.6	1,046	1,080	(3.1)
Group products	81	106	(23.6)	89	(9.0)	233	303	(23.1)
Subtotal life insurance	<u>1,482</u>	<u>1,388</u>	6.8	<u>1,569</u>	(5.5)	<u>4,134</u>	<u>4,455</u>	(7.2)
Individual fixed annuities	286	178	60.7	52	450.0	487	475	2.5
Individual variable annuities	(32)	42	NM	33	NM	53	103	(48.5)
Subtotal retirement services	<u>254</u>	<u>220</u>	15.5	<u>85</u>	198.8	<u>540</u>	<u>578</u>	(6.6)
<b>Operating income</b>	<b><u>\$ 1,736</u></b>	<b><u>\$ 1,608</u></b>	<b>8.0 %</b>	<b><u>\$ 1,654</u></b>	<b>5.0 %</b>	<b><u>\$ 4,674</u></b>	<b><u>\$ 5,033</u></b>	<b>(7.1) %</b>

(See Accompanying Notes on Page 51 - 52)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 5,054	\$ 2,392	111.3 %	\$ 3,806	32.8 %	\$ 12,376	\$ 6,493	90.6 %
Personal accident & health	1,067	1,022	4.4	1,060	0.7	3,148	2,999	5.0
Group products	979	755	29.7	866	13.0	2,780	2,241	24.1
Subtotal life insurance	7,100	4,169	70.3	5,732	23.9	18,304	11,733	56.0
Individual fixed annuities	1,322	2,078	(36.4)	1,044	26.6	3,356	4,847	(30.8)
Individual variable annuities	3,986	4,095	(2.7)	3,098	28.7	10,164	10,945	(7.1)
Subtotal retirement services	5,308	6,173	(14.0)	4,142	28.2	13,520	15,792	(14.4)
<b>Total premiums, deposits and other considerations</b>	<b>12,408</b>	<b>10,342</b>	<b>20.0</b>	<b>9,874</b>	<b>25.7</b>	<b>31,824</b>	<b>27,525</b>	<b>15.6</b>
<b>Premiums and other considerations:</b>								
Life insurance	1,219	1,199	1.7	1,350	(9.7)	3,785	3,608	4.9
Personal accident & health	1,049	1,004	4.5	1,041	0.8	3,118	2,954	5.6
Group products	563	449	25.4	539	4.5	1,677	1,289	30.1
Subtotal life insurance	2,831	2,652	6.7	2,930	(3.4)	8,580	7,851	9.3
Individual fixed annuities	137	72	90.3	101	35.6	354	229	54.6
Individual variable annuities	109	78	39.7	102	6.9	302	201	50.2
Subtotal retirement services	246	150	64.0	203	21.2	656	430	52.6
<b>Total premiums and other considerations</b>	<b>3,077</b>	<b>2,802</b>	<b>9.8</b>	<b>3,133</b>	<b>(1.8)</b>	<b>9,236</b>	<b>8,281</b>	<b>11.5</b>
<b>Net investment income:</b>								
Life insurance	496	406	22.2	499	(0.6)	1,451	1,142	27.1
Personal accident & health	48	42	14.3	53	(9.4)	150	122	23.0
Group products	84	68	23.5	96	(12.5)	242	193	25.4
Subtotal life insurance	628	516	21.7	648	(3.1)	1,843	1,457	26.5
Individual fixed annuities	516	480	7.5	528	(2.3)	1,549	1,356	14.2
Individual variable annuities	(74)	1	NM	(15)	NM	(89)	-	NM
Subtotal retirement services	442	481	(8.1)	513	(13.8)	1,460	1,356	7.7
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>1,070</b>	<b>997</b>	<b>7.3</b>	<b>1,161</b>	<b>(7.8)</b>	<b>3,303</b>	<b>2,813</b>	<b>17.4</b>
Net investment income related to policyholder investment income and trading gains (losses)	(17)	473	NM	664	NM	1,365	939	45.4
<b>Total net investment income</b>	<b>1,053</b>	<b>1,470</b>	<b>(28.4)</b>	<b>1,825</b>	<b>(42.3)</b>	<b>4,668</b>	<b>3,752</b>	<b>24.4</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	1,001	951	5.3	1,103	(9.2)	3,079	2,828	8.9
Personal accident & health	544	463	17.5	516	5.4	1,567	1,409	11.2
Group products (8)	423	281	50.5	333	27.0	1,098	803	36.7
Subtotal life insurance	1,968	1,695	16.1	1,952	0.8	5,744	5,040	14.0
Individual fixed annuities	386	326	18.4	398	(3.0)	1,141	945	20.7
Individual variable annuities	19	-	NM	10	90.0	30	(8)	NM
Subtotal retirement services	405	326	24.2	408	(0.7)	1,171	937	25.0
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>2,373</b>	<b>2,021</b>	<b>17.4</b>	<b>2,360</b>	<b>0.6</b>	<b>6,915</b>	<b>5,977</b>	<b>15.7</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(17)	473	NM	664	NM	1,365	939	45.4
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b>2,356</b>	<b>2,494</b>	<b>(5.5)</b>	<b>3,024</b>	<b>(22.1)</b>	<b>8,280</b>	<b>6,916</b>	<b>19.7</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>								
Life insurance	367	292	25.7	340	7.9	1,034	892	15.9
Personal accident & health	291	287	1.4	335	(13.1)	909	845	7.6
Group products	146	176	(17.0)	240	(39.2)	613	490	25.1
Subtotal life insurance	804	755	6.5	915	(12.1)	2,556	2,227	14.8
Individual fixed annuities	83	61	36.1	89	(6.7)	275	220	25.0
Individual variable annuities	48	38	26.3	45	6.7	131	109	20.2
Subtotal retirement services	131	99	32.3	134	(2.2)	406	329	23.4
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (10)</b>	<b>\$ 935</b>	<b>\$ 854</b>	<b>9.5 %</b>	<b>\$ 1,049</b>	<b>(10.9) %</b>	<b>\$ 2,962</b>	<b>\$ 2,556</b>	<b>15.9 %</b>

(See Accompanying Notes on Page 51 - 52)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>								
Life insurance	\$ 347	\$ 362	(4.1) %	\$ 406	(14.5) %	\$ 1,123	\$ 1,030	9.0 %
Personal accident & health	262	296	(11.5)	243	7.8	792	822	(3.6)
Group products	78	60	30.0	62	25.8	208	189	10.1
Subtotal life insurance	<u>687</u>	<u>718</u>	(4.3)	<u>711</u>	(3.4)	<u>2,123</u>	<u>2,041</u>	4.0
Individual fixed annuities	184	165	11.5	142	29.6	487	420	16.0
Individual variable annuities	(32)	41	NM	32	NM	52	100	(48.0)
Subtotal retirement services	<u>152</u>	<u>206</u>	(26.2)	<u>174</u>	(12.6)	<u>539</u>	<u>520</u>	3.7
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>839</u></b>	<b><u>924</u></b>	<b>(9.2)</b>	<b><u>885</u></b>	<b>(5.2)</b>	<b><u>2,662</u></b>	<b><u>2,561</u></b>	<b>3.9</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	(1)	-	NM	1	NM	-	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>(1)</u>	<u>-</u>	NM	<u>1</u>	NM	<u>-</u>	<u>-</u>	NM
Individual fixed annuities	(5)	(2)	NM	(21)	NM	(47)	(3)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(5)</u>	<u>(2)</u>	NM	<u>(21)</u>	NM	<u>(47)</u>	<u>(3)</u>	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b><u>(6)</u></b>	<b><u>(2)</u></b>	<b>NM</b>	<b><u>(20)</u></b>	<b>NM</b>	<b><u>(47)</u></b>	<b><u>(3)</u></b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance (11)	348	362	(3.9)	405	(14.1)	1,123	1,030	9.0
Personal accident & health	262	296	(11.5)	243	7.8	792	822	(3.6)
Group products	78	60	30.0	62	25.8	208	189	10.1
Subtotal life insurance	<u>688</u>	<u>718</u>	(4.2)	<u>710</u>	(3.1)	<u>2,123</u>	<u>2,041</u>	4.0
Individual fixed annuities	189	167	13.2	163	16.0	534	423	26.2
Individual variable annuities (12)	(32)	41	NM	32	NM	52	100	(48.0)
Subtotal retirement services	<u>157</u>	<u>208</u>	(24.5)	<u>195</u>	(19.5)	<u>586</u>	<u>523</u>	12.0
<b>Total operating income before net realized capital gains (losses)</b>	<b><u>845</u></b>	<b><u>926</u></b>	<b>(8.7)</b>	<b><u>905</u></b>	<b>(6.6)</b>	<b><u>2,709</u></b>	<b><u>2,564</u></b>	<b>5.7</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	81	66	22.7	33	145.5	96	300	(68.0)
Personal accident & health	5	(4)	NM	-	NM	7	36	(80.6)
Group products	(2)	1	NM	1	NM	4	12	(66.7)
Subtotal life insurance	<u>84</u>	<u>63</u>	33.3	<u>34</u>	NM	<u>107</u>	<u>348</u>	(69.3)
Individual fixed annuities	101	4	NM	(129)	NM	(63)	34	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>101</u>	<u>4</u>	NM	<u>(129)</u>	NM	<u>(63)</u>	<u>34</u>	NM
<b>Total net realized capital gains (losses)</b>	<b><u>185</u></b>	<b><u>67</u></b>	<b>176.1</b>	<b><u>(95)</u></b>	<b>NM</b>	<b><u>44</u></b>	<b><u>382</u></b>	<b>(88.5)</b>
<b>Operating income:</b>								
Life insurance	429	428	0.2	438	(2.1)	1,219	1,330	(8.3)
Personal accident & health	267	292	(8.6)	243	9.9	799	858	(6.9)
Group products	76	61	24.6	63	20.6	212	201	5.5
Subtotal life insurance	<u>772</u>	<u>781</u>	(1.2)	<u>744</u>	3.8	<u>2,230</u>	<u>2,389</u>	(6.7)
Individual fixed annuities	290	171	69.6	34	NM	471	457	3.1
Individual variable annuities	(32)	41	NM	32	NM	52	100	(48.0)
Subtotal retirement services	<u>258</u>	<u>212</u>	21.7	<u>66</u>	290.9	<u>523</u>	<u>557</u>	(6.1)
<b>Operating income</b>	<b>\$ <u>1,030</u></b>	<b>\$ <u>993</u></b>	<b>3.7 %</b>	<b>\$ <u>810</u></b>	<b>27.2 %</b>	<b>\$ <u>2,753</u></b>	<b>\$ <u>2,946</u></b>	<b>(6.6) %</b>

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## American International Group, Inc.

### Asia Product Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 4,544	\$ 3,359	35.3 %	\$ 4,708	(3.5) %	\$ 14,190	\$ 12,036	17.9 %
Personal accident & health	476	405	17.5	458	3.9	1,394	1,152	21.0
Group products	187	158	18.4	158	18.4	523	427	22.5
Subtotal life insurance	5,207	3,922	32.8	5,324	(2.2)	16,107	13,615	18.3
Individual fixed annuities	173	109	58.7	214	(19.2)	514	513	0.2
Individual variable annuities	6	3	100.0	25	(76.0)	36	3	NM
Subtotal retirement services	179	112	59.8	239	(25.1)	550	516	6.6
<b>Total premiums, deposits and other considerations</b>	<b>5,386</b>	<b>4,034</b>	<b>33.5</b>	<b>5,563</b>	<b>(3.2)</b>	<b>16,657</b>	<b>14,131</b>	<b>17.9</b>
<b>Premiums and other considerations:</b>								
Life insurance	2,773	2,638	5.1	2,755	0.7	8,479	8,249	2.8
Personal accident & health	470	394	19.3	446	5.4	1,361	1,130	20.4
Group products	181	140	29.3	151	19.9	510	380	34.2
Subtotal life insurance	3,424	3,172	7.9	3,352	2.1	10,350	9,759	6.1
Individual fixed annuities	4	12	(66.7)	17	(76.5)	33	44	(25.0)
Individual variable annuities	-	1	NM	1	NM	2	1	100.0
Subtotal retirement services	4	13	(69.2)	18	(77.8)	35	45	(22.2)
<b>Total premiums and other considerations</b>	<b>3,428</b>	<b>3,185</b>	<b>7.6</b>	<b>3,370</b>	<b>1.7</b>	<b>10,385</b>	<b>9,804</b>	<b>5.9</b>
<b>Net investment income:</b>								
Life insurance	1,055	927	13.8	1,032	2.2	3,019	2,711	11.4
Personal accident & health	43	36	19.4	35	22.9	111	91	22.0
Group products	24	19	26.3	22	9.1	68	57	19.3
Subtotal life insurance	1,122	982	14.3	1,089	3.0	3,198	2,859	11.9
Individual fixed annuities	33	26	26.9	29	13.8	90	72	25.0
Individual variable annuities	1	-	NM	1	0.0	3	2	50.0
Subtotal retirement services	34	26	30.8	30	13.3	93	74	25.7
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>1,156</b>	<b>1,008</b>	<b>14.7</b>	<b>1,119</b>	<b>3.3</b>	<b>3,291</b>	<b>2,933</b>	<b>12.2</b>
Net investment income related to policyholder investment income and trading gains (losses)	158	12	NM	417	(62.1)	652	30	NM
<b>Total net investment income</b>	<b>1,314</b>	<b>1,020</b>	<b>28.8</b>	<b>1,536</b>	<b>(14.5)</b>	<b>3,943</b>	<b>2,963</b>	<b>33.1</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	2,682	2,607	2.9	2,708	(1.0)	8,336	8,015	4.0
Personal accident & health	312	267	16.9	289	8.0	882	742	18.9
Group products	119	98	21.4	97	22.7	361	274	31.8
Subtotal life insurance	3,113	2,972	4.7	3,094	0.6	9,579	9,031	6.1
Individual fixed annuities	17	25	(32.0)	37	(54.1)	83	81	2.5
Individual variable annuities	2	-	NM	-	NM	3	-	NM
Subtotal retirement services	19	25	(24.0)	37	(48.6)	86	81	6.2
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>3,132</b>	<b>2,997</b>	<b>4.5</b>	<b>3,131</b>	<b>0.0</b>	<b>9,665</b>	<b>9,112</b>	<b>6.1</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	158	12	NM	417	(62.1)	652	30	NM
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b>3,290</b>	<b>3,009</b>	<b>9.3</b>	<b>3,548</b>	<b>(7.3)</b>	<b>10,317</b>	<b>9,142</b>	<b>12.9</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>								
Life insurance	518	375	38.1	470	10.2	1,475	1,298	13.6
Personal accident & health	122	81	50.6	112	8.9	342	257	33.1
Group products	46	23	100.0	43	7.0	128	69	85.5
Subtotal life insurance	686	479	43.2	625	9.8	1,945	1,624	19.8
Individual fixed annuities	6	6	0.0	5	20.0	18	19	(5.3)
Individual variable annuities	(1)	-	NM	2	NM	1	-	NM
Subtotal retirement services	5	6	(16.7)	7	(28.6)	19	19	0.0
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (9)</b>	<b>\$ 691</b>	<b>\$ 485</b>	<b>42.5 %</b>	<b>\$ 632</b>	<b>9.3 %</b>	<b>\$ 1,964</b>	<b>\$ 1,643</b>	<b>19.5 %</b>

(See Accompanying Notes on Page 51 - 52)

**American International Group, Inc.**

**Asia Product Statistics**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>								
Life insurance	\$ 628	\$ 583	7.7 %	\$ 609	3.1 %	\$ 1,687	\$ 1,647	2.4 %
Personal accident & health	79	82	(3.7)	80	(1.3)	248	222	11.7
Group products	40	38	5.3	33	21.2	89	94	(5.3)
Subtotal life insurance	<u>747</u>	<u>703</u>	6.3	<u>722</u>	3.5	<u>2,024</u>	<u>1,963</u>	3.1
Individual fixed annuities	14	7	100.0	4	250.0	22	16	37.5
Individual variable annuities	-	1	NM	-	NM	1	3	(66.7)
Subtotal retirement services	<u>14</u>	<u>8</u>	75.0	<u>4</u>	NM	<u>23</u>	<u>19</u>	21.1
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>761</u></b>	<b><u>711</u></b>	<b>7.0</b>	<b><u>726</u></b>	<b>4.8</b>	<b><u>2,047</u></b>	<b><u>1,982</u></b>	<b>3.3</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	2	-	NM	-	NM	2	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>2</u>	<u>-</u>	NM	<u>-</u>	NM	<u>2</u>	<u>-</u>	NM
Individual fixed annuities	6	-	NM	(5)	NM	1	-	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>6</u>	<u>-</u>	NM	<u>(5)</u>	NM	<u>1</u>	<u>-</u>	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b><u>8</u></b>	<b><u>-</u></b>	<b>NM</b>	<b><u>(5)</u></b>	<b>NM</b>	<b><u>3</u></b>	<b><u>-</u></b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance	626	583	7.4	609	2.8	1,685	1,647	2.3
Personal accident & health	79	82	(3.7)	80	(1.3)	248	222	11.7
Group products	40	38	5.3	33	21.2	89	94	(5.3)
Subtotal life insurance	<u>745</u>	<u>703</u>	6.0	<u>722</u>	3.2	<u>2,022</u>	<u>1,963</u>	3.0
Individual fixed annuities	8	7	14.3	9	(11.1)	21	16	31.3
Individual variable annuities	-	1	NM	-	NM	1	3	(66.7)
Subtotal retirement services	<u>8</u>	<u>8</u>	0.0	<u>9</u>	(11.1)	<u>22</u>	<u>19</u>	15.8
<b>Total operating income before net realized capital gains (losses)</b>	<b><u>753</u></b>	<b><u>711</u></b>	<b>5.9</b>	<b><u>731</u></b>	<b>3.0</b>	<b><u>2,044</u></b>	<b><u>1,982</u></b>	<b>3.1</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	(7)	(91)	NM	108	NM	(49)	95	NM
Personal accident & health	7	(12)	NM	2	NM	(1)	-	NM
Group products	(35)	7	NM	(7)	NM	(68)	8	NM
Subtotal life insurance	<u>(35)</u>	<u>(96)</u>	NM	<u>103</u>	NM	<u>(118)</u>	<u>103</u>	NM
Individual fixed annuities	(12)	-	NM	9	NM	(5)	2	NM
Individual variable annuities	-	-	NM	1	NM	-	-	NM
Subtotal retirement services	<u>(12)</u>	<u>-</u>	NM	<u>10</u>	NM	<u>(5)</u>	<u>2</u>	NM
<b>Total net realized capital gains (losses)</b>	<b><u>(47)</u></b>	<b><u>(96)</u></b>	<b>NM</b>	<b><u>113</u></b>	<b>NM</b>	<b><u>(123)</u></b>	<b><u>105</u></b>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	619	492	25.8	717	(13.7)	1,636	1,742	(6.1)
Personal accident & health	86	70	22.9	82	4.9	247	222	11.3
Group products	5	45	(88.9)	26	(80.8)	21	102	(79.4)
Subtotal life insurance	<u>710</u>	<u>607</u>	17.0	<u>825</u>	(13.9)	<u>1,904</u>	<u>2,066</u>	(7.8)
Individual fixed annuities	(4)	7	(157.1)	18	NM	16	18	(11.1)
Individual variable annuities	-	1	NM	1	NM	1	3	(66.7)
Subtotal retirement services	<u>(4)</u>	<u>8</u>	NM	<u>19</u>	NM	<u>17</u>	<u>21</u>	(19.0)
<b>Operating income</b>	<b>\$ <u>706</u></b>	<b>\$ <u>615</u></b>	<b>14.8 %</b>	<b>\$ <u>844</u></b>	<b>(16.4) %</b>	<b>\$ <u>1,921</u></b>	<b>\$ <u>2,087</u></b>	<b>(8.0) %</b>

(See Accompanying Notes on Page 51 - 52)

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

	First Year Premiums (13)					Single Premiums				
	Three Months Ended					Three Months Ended				
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg
<b>Life insurance</b>										
Japan	\$ 161	\$ 222	(27.5) %	\$ 275	(41.5) %	\$ 424	\$ 325	30.5 %	\$ 347	22.2 %
China	24	24	0.0	22	9.1	85	46	84.8	119	(28.6)
Taiwan	203	87	133.3	226	(10.2)	248	75	230.7	270	(8.1)
Other Asia	381	279	36.6	350	8.9	783	275	184.7	515	52.0
Europe	37	28	32.1	35	5.7	2,887	361	NM	1,528	88.9
All other regions	41	24	70.8	41	0.0	45	13	246.2	32	40.6
<b>Total</b>	<b>847</b>	<b>664</b>	<b>27.6</b>	<b>949</b>	<b>(10.7)</b>	<b>4,472</b>	<b>1,095</b>	<b>308.4</b>	<b>2,811</b>	<b>59.1</b>
<b>Personal accident &amp; health</b>										
Japan	156	172	(9.3)	156	0.0	1	1	0.0	2	(50.0)
China	11	9	22.2	11	0.0	2	1	100.0	1	100.0
Taiwan	23	23	0.0	24	(4.2)	-	-	NM	-	NM
Other Asia	83	95	(12.6)	86	(3.5)	-	-	NM	-	NM
Europe	24	19	26.3	22	9.1	4	3	33.3	4	0.0
All other regions	12	11	9.1	11	9.1	4	3	33.3	3	33.3
<b>Total</b>	<b>309</b>	<b>329</b>	<b>(6.1)</b>	<b>310</b>	<b>(0.3)</b>	<b>11</b>	<b>8</b>	<b>37.5</b>	<b>10</b>	<b>10.0</b>
<b>Group products</b>										
Japan	4	8	(50.0)	4	0.0	-	-	NM	-	NM
China	4	1	300.0	4	0.0	-	-	NM	-	NM
Taiwan	4	3	33.3	4	0.0	1	3	(66.7)	1	0.0
Other Asia	24	20	20.0	16	50.0	19	17	11.8	17	11.8
Europe	16	14	14.3	19	(15.8)	141	100	41.0	136	3.7
All other regions	147	189	(22.2)	107	37.4	100	5	NM	68	47.1
<b>Total</b>	<b>199</b>	<b>235</b>	<b>(15.3)</b>	<b>154</b>	<b>29.2</b>	<b>261</b>	<b>125</b>	<b>108.8</b>	<b>222</b>	<b>17.6</b>
<b>Total premiums</b>										
Japan	321	402	(20.1)	435	(26.2)	425	326	30.4	349	21.8
China	39	34	14.7	37	5.4	87	47	85.1	120	(27.5)
Taiwan	230	113	103.5	254	(9.4)	249	78	219.2	271	(8.1)
Other Asia	488	394	23.9	452	8.0	802	292	174.7	532	50.8
Europe	77	61	26.2	76	1.3	3,032	464	NM	1,668	81.8
All other regions	200	224	(10.7)	159	25.8	149	21	NM	103	44.7
<b>Total</b>	<b>\$ 1,355</b>	<b>\$ 1,228</b>	<b>10.3 %</b>	<b>\$ 1,413</b>	<b>(4.1) %</b>	<b>\$ 4,744</b>	<b>\$ 1,228</b>	<b>286.3 %</b>	<b>\$ 3,043</b>	<b>55.9 %</b>

(See Accompanying Notes on Page 51 - 52)

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

	First Year Premiums (13)			Single Premiums		
	Nine Months Ended			Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Life insurance</b>						
Japan	\$ 647	\$ 655	(1.2) %	\$ 1,116	\$ 672	66.1 %
China	73	72	1.4	270	156	73.1
Taiwan	608	457	33.0	712	508	40.2
Other Asia	1,044	814	28.3	1,668	1,111	50.1
Europe	106	80	32.5	5,829	681	NM
All other regions	118	79	49.4	108	26	315.4
<b>Total</b>	2,596	2,157	20.4	9,703	3,154	207.6
<b>Personal accident &amp; health</b>						
Japan	465	546	(14.8)	5	4	25.0
China	30	26	15.4	3	4	(25.0)
Taiwan	74	70	5.7	-	-	NM
Other Asia	261	258	1.2	-	-	NM
Europe	67	53	26.4	12	8	50.0
All other regions	34	33	3.0	11	7	57.1
<b>Total</b>	931	986	(5.6)	31	23	34.8
<b>Group products</b>						
Japan	11	19	(42.1)	-	-	NM
China	11	1	NM	-	-	NM
Taiwan	11	13	(15.4)	3	10	(70.0)
Other Asia	59	59	0.0	52	46	13.0
Europe	55	40	37.5	438	238	84.0
All other regions	388	592	(34.5)	205	15	NM
<b>Total</b>	535	724	(26.1)	698	309	125.9
<b>Total premiums</b>						
Japan	1,123	1,220	(8.0)	1,121	676	65.8
China	114	99	15.2	273	160	70.6
Taiwan	693	540	28.3	715	518	38.0
Other Asia	1,364	1,131	20.6	1,720	1,157	48.7
Europe	228	173	31.8	6,279	927	NM
All other regions	540	704	(23.3)	324	48	NM
<b>Total</b>	\$ 4,062	\$ 3,867	5.0 %	\$ 10,432	\$ 3,486	199.3 %

(See Accompanying Notes on Page 51 - 52)

**American International Group, Inc.**  
**Foreign Life Insurance & Retirement Services**  
**Premiums, Deposits and Other Considerations**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Life insurance</b>								
<b>Life insurance</b>								
Japan	\$ 1,695	\$ 1,646	3.0	\$ 1,804	(6.0)	\$ 5,160	\$ 4,631	11.4
China	241	177	36.2	264	(8.7)	706	526	34.2
Taiwan	1,446	1,122	28.9	1,865	(22.5)	5,710	5,172	10.4
Other Asia	2,881	2,087	38.0	2,623	9.8	7,879	6,440	22.3
Europe	3,117	556	460.6	1,763	76.8	6,523	1,256	419.3
All Other Regions	218	163	33.7	195	11.8	588	504	16.7
<b>Total</b>	<u>9,598</u>	<u>5,751</u>	<u>66.9</u>	<u>8,514</u>	<u>12.7</u>	<u>26,566</u>	<u>18,529</u>	<u>43.4</u>
<b>Personal accident &amp; health</b>								
Japan	920	906	1.5	918	0.2	2,727	2,666	2.3
China	34	27	25.9	33	3.0	94	76	23.7
Taiwan	143	136	5.1	146	(2.1)	464	435	6.7
Other Asia	304	243	25.1	283	7.4	848	647	31.1
Europe	95	77	23.4	94	1.1	280	223	25.6
All Other Regions	47	38	23.7	44	6.8	129	104	24.0
<b>Total</b>	<u>1,543</u>	<u>1,427</u>	<u>8.1</u>	<u>1,518</u>	<u>1.6</u>	<u>4,542</u>	<u>4,151</u>	<u>9.4</u>
<b>Group products</b>								
Japan	113	134	(15.7)	118	(4.2)	354	403	(12.2)
China	6	-	NM	5	20.0	14	-	NM
Taiwan	25	25	0.0	28	(10.7)	79	83	(4.8)
Other Asia	156	133	17.3	127	22.8	430	344	25.0
Europe	347	266	30.5	345	0.6	1,081	749	44.3
All Other Regions	519	355	46.2	401	29.4	1,345	1,089	23.5
<b>Total</b>	<u>1,166</u>	<u>913</u>	<u>27.7</u>	<u>1,024</u>	<u>13.9</u>	<u>3,303</u>	<u>2,668</u>	<u>23.8</u>
<b>Total life insurance</b>								
Japan	2,728	2,686	1.6	2,840	(3.9)	8,241	7,700	7.0
China	281	204	37.7	302	(7.0)	814	602	35.2
Taiwan	1,614	1,283	25.8	2,039	(20.8)	6,253	5,690	9.9
Other Asia	3,341	2,463	35.6	3,033	10.2	9,157	7,431	23.2
Europe	3,559	899	295.9	2,202	61.6	7,884	2,228	253.9
All Other Regions	784	556	41.0	640	22.5	2,062	1,697	21.5
<b>Total</b>	<u>12,307</u>	<u>8,091</u>	<u>52.1</u>	<u>11,056</u>	<u>11.3</u>	<u>34,411</u>	<u>25,348</u>	<u>35.8</u>
<b>Retirement services</b>								
<b>Individual fixed annuity</b>								
Japan	1,200	2,015	(40.4)	954	25.8	3,073	4,686	(34.4)
Korea	129	94	37.2	195	(33.8)	438	424	3.3
Other Asia	44	15	193.3	19	131.6	76	89	(14.6)
Europe	106	54	96.3	79	34.2	249	120	107.5
All Other Regions	16	9	77.8	11	45.5	34	41	(17.1)
<b>Total</b>	<u>1,495</u>	<u>2,187</u>	<u>(31.6)</u>	<u>1,258</u>	<u>18.8</u>	<u>3,870</u>	<u>5,360</u>	<u>(27.8)</u>
<b>Individual variable annuity</b>								
Japan	329	258	27.5	251	31.1	854	1,285	(33.5)
Korea	-	-	NM	-	NM	-	-	NM
Other Asia	6	4	50.0	25	(76.0)	36	4	NM
Europe	3,657	3,836	(4.7)	2,847	28.5	9,310	9,659	(3.6)
All Other Regions	-	-	NM	-	NM	-	-	NM
<b>Total</b>	<u>3,992</u>	<u>4,098</u>	<u>(2.6)</u>	<u>3,123</u>	<u>27.8</u>	<u>10,200</u>	<u>10,948</u>	<u>(6.8)</u>
<b>Total retirement services</b>								
Japan	1,529	2,273	(32.7)	1,205	26.9	3,927	5,971	(34.2)
Korea	129	94	37.2	195	(33.8)	438	424	3.3
Other Asia	50	19	163.2	44	13.6	112	93	20.4
Europe	3,763	3,890	(3.3)	2,926	28.6	9,559	9,779	(2.2)
All Other Regions	16	9	77.8	11	45.5	34	41	(17.1)
<b>Total</b>	<u>5,487</u>	<u>6,285</u>	<u>(12.7)</u>	<u>4,381</u>	<u>25.2</u>	<u>14,070</u>	<u>16,308</u>	<u>(13.7)</u>
<b>Total premiums, deposits and other considerations</b>	\$ <u>17,794</u>	\$ <u>14,376</u>	23.8	\$ <u>15,437</u>	15.3	\$ <u>48,481</u>	\$ <u>41,656</u>	16.4

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

	<u>Sept. 30, 2007</u>	<u>Sept. 30, 2006</u>	<u>% Chg</u>		<u>June 30, 2007</u>	<u>Sequential % Chg</u>
<b>Life Insurance Reserves</b>						
<b>Life insurance</b>						
Japan	\$ 32,808	\$ 29,584	10.9 %		\$ 30,914	6.1 %
China	3,373	2,363	42.7		3,079	9.5
Taiwan	35,520	30,845	15.2		34,652	2.5
Other Asia	46,622	36,815	26.6		44,984	3.6
Europe	10,627	5,738	85.2		8,816	20.5
All other regions	2,666	2,168	23.0		2,683	(0.6)
<b>Total</b>	<u>131,616</u>	<u>107,513</u>	22.4		<u>125,128</u>	5.2
<b>Personal accident &amp; health</b>						
Japan	4,978	4,239	17.4		4,514	10.3
China	73	58	25.9		69	5.8
Taiwan	1,775	1,527	16.2		1,716	3.4
Other Asia	1,083	708	53.0		998	8.5
Europe	225	130	73.1		213	5.6
All other regions	55	58	(5.2)		53	3.8
<b>Total</b>	<u>8,189</u>	<u>6,720</u>	21.9		<u>7,563</u>	8.3
<b>Group products</b>						
Japan	2,847	2,938	(3.1)		2,753	3.4
China	5	-	NM		4	25.0
Taiwan	43	44	(2.3)		43	0.0
Other Asia	1,501	1,139	31.8		1,333	12.6
Europe	1,836	1,360	35.0		1,726	6.4
All other regions	4,002	3,331	20.1		3,931	1.8
<b>Total</b>	<u>10,234</u>	<u>8,812</u>	16.1		<u>9,790</u>	4.5
<b>Total life insurance reserves</b>						
Japan	40,633	36,761	10.5		38,181	6.4
China	3,451	2,421	42.5		3,152	9.5
Taiwan	37,338	32,416	15.2		36,411	2.5
Other Asia	49,206	38,662	27.3		47,315	4.0
Europe	12,688	7,228	75.5		10,755	18.0
All other regions	6,723	5,557	21.0		6,667	0.8
<b>Total</b>	<u>\$ 150,039</u>	<u>\$ 123,045</u>	21.9 %		<u>\$ 142,481</u>	5.3 %

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

	<u>Sept. 30, 2007</u>	<u>Sept. 30, 2006</u>	<u>% Chg</u>	<u>June 30, 2007</u>	<u>Sequential % Chg</u>
<b>Retirement Services Reserves</b>					
<b>Individual fixed annuities</b>					
Japan	\$ 43,270	\$ 40,219	7.6 %	\$ 42,046	2.9 %
Korea	2,054	1,560	31.7	1,997	2.9
Other Asia	412	356	15.7	379	8.7
Europe	1,895	1,549	22.3	1,835	3.3
All other regions	581	285	103.9	574	1.2
<b>Total</b>	<u>48,212</u>	<u>43,969</u>	9.6	<u>46,831</u>	2.9
<b>Individual variable annuities</b>					
Japan	5,841	4,848	20.5	5,527	5.7
Other Asia	97	66	47.0	85	14.1
Europe	21,264	18,008	18.1	20,405	4.2
All other regions	-	-	NM	-	NM
<b>Total</b>	<u>27,202</u>	<u>22,922</u>	18.7	<u>26,017</u>	4.6
<b>Policy and Contract Claims Reserves</b>					
<b>Personal accident &amp; health</b>					
Japan	281	231	21.6	264	6.4
China	6	13	(53.8)	6	0.0
Taiwan	62	54	14.8	57	8.8
Other Asia	94	82	14.6	109	(13.8)
Europe	84	65	29.2	82	2.4
All other regions	30	36	(16.7)	27	11.1
<b>Total</b>	<u>557</u>	<u>481</u>	15.8	<u>545</u>	2.2
<b>Group accident &amp; health</b>					
Japan	-	-	NM	-	NM
Taiwan	4	4	0.0	4	0.0
Other Asia	19	15	26.7	18	5.6
Europe	6	5	20.0	5	20.0
All other regions	80	70	14.3	78	2.6
<b>Total</b>	<u>\$ 109</u>	<u>\$ 94</u>	16.0 %	<u>\$ 105</u>	3.8 %

**American International Group, Inc.**  
**Foreign Retirement Services Spread Information**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Spread information</b>								
<b>Individual fixed annuities</b>								
<b>Japan (14)</b>								
Base investment income	\$ 449	\$ 391	14.8 %	\$ 434	3.5 %	\$ 1,311	\$ 1,099	19.3 %
Partnerships/other enhancements	-	-	NM	-	NM	-	-	NM
<b>Total net investment income (15)</b>	<b>\$ 449</b>	<b>\$ 391</b>	<b>14.8 %</b>	<b>\$ 434</b>	<b>3.5 %</b>	<b>\$ 1,311</b>	<b>\$ 1,099</b>	<b>19.3 %</b>
Base yield (14)	5.11%	4.80%		5.02%		5.05%	4.79%	
Partnerships/other enhancements	0.00%	0.00%		0.00%		0.00%	0.00%	
<b>Total</b>	<b>5.11%</b>	<b>4.80%</b>		<b>5.02%</b>		<b>5.05%</b>	<b>4.79%</b>	
Cost of funds (15) (16)	3.50%	3.25%		3.43%		3.46%	3.19%	
Net spread rate, as reported (16)	1.61%	1.55%		1.59%		1.59%	1.60%	
Net spread rate excluding partnerships and other enhancements	1.61%	1.55%		1.59%		1.59%	1.60%	
<b>Korea</b>								
Base investment income	\$ 26	\$ 20	30.0 %	\$ 24	8.3 %	\$ 73	\$ 55	32.7 %
Partnerships/other enhancements	1	-	NM	(1)	NM	-	-	NM
<b>Total net investment income (15)</b>	<b>\$ 27</b>	<b>\$ 20</b>	<b>35.0 %</b>	<b>\$ 23</b>	<b>17.4 %</b>	<b>\$ 73</b>	<b>\$ 55</b>	<b>32.7 %</b>
Base yield (16)	5.34%	5.41%		5.40%		4.59%	4.44%	
Partnerships/other enhancements	0.18%	0.00%		-0.19%		0.78%	0.96%	
<b>Total</b>	<b>5.52%</b>	<b>5.41%</b>		<b>5.21%</b>		<b>5.37%</b>	<b>5.40%</b>	
Cost of funds (15) (16)	4.64%	4.50%		4.59%		4.59%	4.44%	
Net spread rate, as reported (16)	0.88%	0.91%		0.62%		0.78%	0.96%	
Net spread rate excluding partnerships and other enhancements	0.70%	0.91%		0.82%		0.78%	0.96%	
<b>Net flows (17)</b>								
<b>Individual fixed annuities</b>								
Japan	\$ 163	\$ 1,375	(88.1) %	\$ 165	(1.2) %	\$ 219	\$ 2,866	(92.4) %
Korea	47	81	(42.0)	163	(71.2)	289	386	(25.1)
<b>Individual variable annuities</b>								
Japan	\$ 214	\$ 181	18.2 %	\$ 172	24.4 %	\$ 551	\$ 1,027	(46.3) %

(See Accompanying Notes on Page 51 - 52)

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

(dollars in millions)

	DAC and VOBA			Sales Inducements		
	Sept. 30, 2007	Sept. 30, 2006	% chg	Sept. 30, 2007	Sept. 30, 2006	% chg
<b>Life insurance</b>						
Balance at beginning of year	\$ 14,353	\$ 12,048	19.1 %	\$ 166	\$ -	NM %
Acquisition costs deferred	2,391	2,109	13.4	61	32	90.6
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	(2)	-	NM
Related to unlocking future assumptions	21	31	(32.3)	1	-	NM
All other amortization	(1,130)	(1,106)	NM	22	8	175.0
Change in unrealized gains (losses) on securities	57	35	62.9	9	-	NM
Increase (decrease) due to foreign exchange	113	423	(73.3)	-	-	NM
Other	(21)	-	NM	-	95	NM
<b>Balance at end of period</b>	15,784	13,540	16.6	257	135	90.4
<b>Personal accident &amp; health</b>						
Balance at beginning of year	4,769	3,773	26.4	-	-	NM
Acquisition costs deferred	1,096	1,189	(7.8)	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(594)	(544)	NM	-	-	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	1	99	(99.0)	-	-	NM
Other	-	1	NM	-	-	NM
<b>Balance at end of period</b>	5,272	4,518	16.7	-	-	NM
<b>Group products</b>						
Balance at beginning of year	194	160	21.3	6	5	20.0
Acquisition costs deferred (18)	261	27	NM	1	1	0.0
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization (18)	(159)	(21)	NM	(1)	(2)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	3	7	(57.1)	-	-	NM
Other	88	4	NM	-	-	NM
<b>Balance at end of period</b>	\$ 387	\$ 177	118.6 %	\$ 6	\$ 4	50.0 %

(See Accompanying Notes on Page 51 - 52)

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

(dollars in millions)

	DAC and VOBA			Sales Inducements		
	Sept. 30, 2007	Sept. 30, 2006	% chg	Sept. 30, 2007	Sept. 30, 2006	% chg
<b>Individual fixed annuities</b>						
Balance at beginning of year	\$ 1,402	\$ 1,377	1.8 %	\$ 161	\$ 153	5.2 %
Acquisition costs deferred	203	257	(21.0)	10	16	(37.5)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	44	3	NM	2	-	NM
Related to unlocking future assumptions	32	31	3.2	3	-	NM
All other amortization	(223)	(178)	NM	(21)	(13)	NM
Change in unrealized gains (losses) on securities	501	197	154.3	4	(2)	NM
Increase (decrease) due to foreign exchange	3	12	(75.0)	2	4	(50.0)
Other	1	(5)	NM	-	-	NM
<b>Balance at end of period</b>	1,963	1,694	15.9	161	158	1.9
<b>Individual variable annuities</b>						
Balance at beginning of year	435	280	55.4	71	34	108.8
Acquisition costs deferred	96	153	(37.3)	27	30	(10.0)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	-	-	NM
Related to unlocking future assumptions	-	1	NM	-	-	NM
All other amortization	(35)	(45)	NM	(12)	(9)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	5	13	(61.5)	2	5	(60.0)
Other	-	-	NM	-	1	NM
<b>Balance at end of period</b>	501	402	24.6	88	61	44.3
<b>Total</b>						
Balance at beginning of year	21,153	17,638	19.9	404	192	110.4
Acquisition costs deferred	4,047	3,735	8.4	99	79	25.3
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	44	3	NM	-	-	NM
Related to unlocking future assumptions	53	63	(15.9)	4	-	NM
All other amortization	(2,141)	(1,894)	NM	(12)	(16)	NM
Change in unrealized gains (losses) on securities	558	232	140.5	13	(2)	NM
Increase (decrease) due to foreign exchange	125	554	(77.4)	4	9	(55.6)
Other (19)	68	-	NM	-	96	NM
<b>Balance at end of period</b>	\$ 23,907	\$ 20,331	17.6 %	\$ 512	\$ 358	43.0 %

(See Accompanying Notes on Page 51 - 52)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% chg	June 30, 2007	Sequential % chg	Sept. 30, 2007	Sept. 30, 2006	% chg
<b>Foreign life insurance &amp; retirement services:</b>								
Life insurance	\$ (6)	\$ 21	NM %	\$ 29	NM %	\$ 60	\$ 52	15.4 %
Personal accident & health	3	5	(40.0)	3	0.0	13	8	62.5
Group Products	-	1	NM	1	NM	1	1	0.0
Individual fixed annuities	3	9	(66.7)	5	(40.0)	12	15	(20.0)
<b>Total</b>	<u>-</u>	<u>36</u>	NM	<u>38</u>	NM	<u>86</u>	<u>76</u>	13.2
<b>Domestic life insurance:</b>								
Excluding Synfuels:								
Life insurance	19	14	35.7	55	(65.5)	97	24	304.2
Home service	7	10	(30.0)	5	40.0	16	12	33.3
Subtotal excluding Synfuels	<u>26</u>	<u>24</u>	8.3	<u>60</u>	(56.7)	<u>113</u>	<u>36</u>	213.9
Synfuels (1):								
Life insurance	(18)	(14)	NM	(28)	NM	(68)	(55)	NM
Home service	(8)	(6)	NM	(14)	NM	(33)	(24)	NM
Subtotal Synfuels	<u>(26)</u>	<u>(20)</u>	NM	<u>(42)</u>	NM	<u>(101)</u>	<u>(79)</u>	NM
<b>Total</b>	<u>-</u>	<u>4</u>	NM	<u>18</u>	NM	<u>12</u>	<u>(43)</u>	NM
<b>Domestic retirement services:</b>								
Group retirement products	(7)	35	NM	105	NM	147	112	31.3
Individual fixed annuities	15	44	(65.9)	145	(89.7)	241	168	43.5
Individual variable annuities	(2)	-	NM	3	NM	1	-	NM
<b>Total</b>	<u>6</u>	<u>79</u>	(92.4)	<u>253</u>	(97.6)	<u>389</u>	<u>280</u>	38.9
<b>Total life insurance &amp; retirement services</b>	<u>\$ 6</u>	<u>\$ 119</u>	<u>(95.0) %</u>	<u>\$ 309</u>	<u>(98.1) %</u>	<u>\$ 487</u>	<u>\$ 313</u>	<u>55.6 %</u>

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

**American International Group, Inc.**  
**Domestic Life Insurance**  
**Notes**

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis.
- (2) Includes structured settlements, single premium immediate annuities and terminal funding annuities.
- (3) Includes enhancements of \$28 million, \$29 million, \$59 million, \$168 million and \$85 million for the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively. Enhancements include gains on calls, dollar roll income, prepayment fees and trading gains (losses) not associated with SOP 03-1.
- (4) Relates principally to assets held in various trading securities accounts that did not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal change included in incurred policy losses and benefits.
- (5) For the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, Domestic Life was affected by the adoption of SOP 05-1. The effect of this is shown in the following table:

<u>(in millions) gain (loss)</u>	Life Insurance	Home Service	Group Life / Health
<b>Three months ended September 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$197	\$81	\$58
Effect of SOP 05-1	(3)	(6)	(9)
<b>Three months ended June 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$219	\$77	\$5
Effect of SOP 05-1	(4)	(1)	(12)
<b>Nine months ended September 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$606	\$242	\$67
Effect of SOP 05-1	(10)	(10)	(37)

- (6) Includes a gain of \$52 million for reinsurance recoveries from Superior National for both the three months and nine months ended September 30, 2007.
- (7) Includes a loss of \$30 million for an out of period adjustment to payout annuity reserves for both the three months and the nine months ended September 30, 2007.
- (8) Net realized capital gains (losses) consist of the following:

<u>(in millions)</u>	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
Transaction gains (losses)	\$(17)	\$9	\$(54)	\$(51)	\$(46)
Foreign exchange transactions	5	(6)	-	7	(6)
Derivative instruments	(121)	(98)	41	(91)	17
Other-than-temporary decline	(96)	(24)	(49)	(164)	(139)
Other (including losses from sales to reposition certain investment portfolios)	(66)	(4)	46	(24)	(16)
<b>Total</b>	<b>\$(295)</b>	<b>\$(123)</b>	<b>\$(16)</b>	<b>\$(323)</b>	<b>\$(190)</b>

- (9) Periodic premium represents premium from new business expected to be collected over a one-year period.
- (10) Represents primarily the cumulative effect of implementing SOP 05-1.

**American International Group, Inc.**  
**Domestic Retirement Services**  
**Notes**

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis.
- (2) Includes enhancements of \$39 million, \$64 million, \$84 million, \$198 million and \$158 million for the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively. Enhancements include gains on calls, dollar roll income, prepayment fees and trading gains (losses) not associated with SOP 03-1.
- (3) Interest credited includes amortization of sales inducement assets excluding amortization related to net realized capital gains (losses). The effect for group retirement products is \$1 million, \$0, \$0, \$3 million and \$1 million, respectively, for the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006. The effect for individual fixed annuities is \$49 million, \$39 million, \$32 million, \$108 million and \$91 million, respectively, for the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006. The effect for individual variable annuities is \$9 million, \$5 million, \$8 million, \$26 million and \$16 million, respectively, for the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively.
- (4) Includes a loss of \$32 million reflecting refinements from the conversion to a new DAC system as well as unlocking future assumptions and experience updates for both the three months and the nine months ended September 30, 2007.
- (5) Net realized capital gains (losses) consist of the following:

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
Transaction gains (losses)	\$(16)	\$11	\$(74)	\$(60)	\$(46)
Foreign exchange transactions	6	(13)	1	13	(13)
Derivative instruments	(34)	13	(52)	(81)	(23)
Other-than-temporary decline	(148)	(41)	(144)	(334)	(301)
Other (including losses from sales to reposition certain investment portfolios)	(142)	6	(12)	(162)	(31)
<b>Total</b>	<b>\$(334)</b>	<b>\$(24)</b>	<b>\$(281)</b>	<b>\$(624)</b>	<b>\$(414)</b>

- (6) Includes group retirement annuities and group mutual funds. The balance at the beginning of period for the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006 includes group mutual funds of \$7,602 million, \$5,732 million, \$6,870 million, \$6,403 million and \$4,693 million, respectively. The balance at the end of period for September 30, 2007 and 2006 includes group mutual funds of \$8,150 million and \$6,126 million, respectively.
- (7) Excludes internal replacements from one contract into a new contract. If included, deposits and surrenders for group retirement products and individual fixed annuities would increase.
- (8) 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.
- (9) Includes the investment return on surplus other than partnership or yield enhancements activities.
- (10) Includes incremental effect to base yield of investments in hedge funds and private equity funds.
- (11) Includes incremental effect to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (12) Excludes the amortization of sales inducement assets.
- (13) For the nine months ended September 30, 2007, all other amortization for DAC and VOBA includes \$18 million related to conversion to a new DAC system.
- (14) Excludes DAC related to business reported in other AIG segments.
- (15) A guaranteed minimum death benefit is an amount paid from a variable annuity at death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar amount.
- (16) Premium deposited into the contract.
- (17) An amount that is reset to the account value, if greater, at a specified contract anniversary.
- (18) An amount equal to the highest account value achieved on any contract anniversary.
- (19) An amount equal to premiums deposited accumulated at a set interest rate.
- (20) An amount equal to the greater of a ratchet or a roll-up.
- (21) A return of premium benefit which also pays a percent of the earnings in the contract, if any.
- (22) A ratchet benefit which also pays a percent of earnings in the contract, if any.
- (23) A roll-up benefit which also pays a percent of earnings in the contract, if any.
- (24) A combination benefit which also pays a percent of earnings in the contract, if any.
- (25) A guaranteed minimum income benefit establishes a minimum amount available to be annuitized regardless of actual performance in the product. The benefit is not available until a set number of years after contract issue.
- (26) An amount based on premiums deposited or other set amount.
- (27) A guaranteed minimum account value ensures a return of premium invested at the end of 10 years. The amount is based on premium in a defined period.
- (28) A guaranteed minimum withdrawal benefit establishes an amount that can be taken as withdrawals which can be taken over a fixed period or for life, regardless of market performance, even if the account value drops to zero.
- (29) Amount is available over a fixed period.
- (30) Amount is available over the life of the owner (and spouse, if elected).

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

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis.
- (2) For the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, premiums and other considerations includes \$32 million, \$32 million and \$90 million, respectively, of accounting reclassifications that were previously netted against operating expenses.
- (3) Includes the effect of an out of period adjustment related to the accounting for certain interests in unit investment trusts. For the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006, the effect was an increase of \$24 million, \$221 million and \$240 million, respectively, in net investment income and an increase of \$24 million, \$144 million and \$169 million, respectively, in operating income.
- (4) For the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively, \$4 million, \$0, \$20 million, \$29 million and \$64 million were allocated to policyholder accounts through incurred policy losses and benefits.
- (5) Relates principally to assets held in various trading securities accounts that did not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal change included in incurred policy losses and benefits. The following table summarizes the effect of this by line of business:

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
Life insurance	\$47	\$71	\$561	\$777	\$144
Group products	54	84	103	248	213
Subtotal life insurance	101	155	664	1,025	357
Individual fixed annuities	(16)	10	17	42	42
Individual variable annuities	56	320	400	950	570
Subtotal retirement services	40	330	417	992	612
Total policyholder trading gains (losses)	\$141	\$485	\$1,081	\$2,017	\$969

- (6) Net realized capital gains (losses) consist of the following:

(in millions)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
Transaction gains (losses)	\$83	\$(14)	\$155	\$250	\$241
Foreign exchange transactions	247	133	(25)	337	43
Derivative instruments	(130)	(219)	52	(195)	127
Other-than-temporary decline	(90)	(33)	(131)	(552)	(78)
Other	28	104	(33)	81	154
Total	\$138	\$(29)	\$18	\$(79)	\$487

- (7) Computed using a constant exchange rate for each period.
- (8) Includes an increase of \$70 million, for the three months ended September 30, 2007, relating to an out of period adjustment on group credit deferred acquisition costs that were previously netted against incurred policy losses and benefits.
- (9) The following tables summarize the effect of unusual items for Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):

Foreign Life Insurance & Retirement Services (in millions) increase (decrease)	Three Months Ended			Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Insurance acquisition and other operating expenses	\$1,626	\$1,339	21.4%	\$4,926	\$4,199	17.3%
Effect of foreign exchange rates	23	-		96	-	
Fee income reclassified to revenue	32	-		90	-	
SOP 05-1	40	-		147	-	
Effect of DAC unlockings	(24)	(35)		(53)	(63)	
Reclassifications offset in incurred policy losses and benefits	(70)	(94)		-	(46)	
Out of period adjustments	-	(18)		-	(10)	
Insurance acquisition and other operating expenses - adjusted	\$1,625	\$1,486	9.4%	\$4,646	\$4,318	7.6%

Japan & Other (in millions) increase (decrease)	Three Months Ended			Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Insurance acquisition and other operating expenses	\$935	\$854	9.5%	\$2,962	\$2,556	15.9%
Effect of foreign exchange rates	1	-		40	-	
Fee income reclassified to revenue	17	-		48	-	
SOP 05-1	13	-		58	-	
Effect of DAC unlockings	(24)	(35)		(48)	(63)	
Reclassifications offset in incurred policy losses and benefits	(70)	-		-	-	
Insurance acquisition and other operating expenses - adjusted	\$998	\$889	12.3%	\$2,864	\$2,619	9.4%

Asia (in millions) increase (decrease)	Three Months Ended			Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
Insurance acquisition and other operating expenses	\$691	\$485	42.5%	\$1,964	\$1,643	19.5%
Effect of foreign exchange rates	22	-		56	-	
Fee income reclassified to revenue	15	-		42	-	
SOP 05-1	27	-		89	-	
Effect of DAC unlockings	-	-		(5)	-	
Reclassifications offset in incurred policy losses and benefits	-	(94)		-	(46)	
Out of period adjustments	-	(18)		-	(10)	
Insurance acquisition and other operating expenses - adjusted	\$627	\$597	5.0%	\$1,782	\$1,699	4.9%

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

- (10) For the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, Foreign Life & 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	Personal Accident & Health	Group Products
<b>Three months ended September 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$974	\$341	\$118
Effect of SOP 05-1	10	(1)	(5)
<b>Three months ended June 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$1,014	\$323	\$95
Effect of SOP 05-1	10	(2)	(7)
<b>Nine months ended September 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$2,808	\$1,040	\$297
Effect of SOP 05-1	24	(7)	(22)

- (11) Includes a loss of \$36 million, for the three months ended September 30, 2007, in Japan on a closed block of business having guaranteed benefits.
- (12) Includes a loss of \$74 million, for the three months ended September 30, 2007, for mark to market trading losses in the U.K. related to investment-oriented products.
- (13) Represents premium recorded within the first policy year from new sales other than single premiums.
- (14) Excludes acquired block of Yen annuities no longer being sold.
- (15) 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.
- (16) 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).
- (17) 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.
- (18) Includes gross up of deferrals and amortization on group credit that were previously netted against incurred policy losses and benefits.
- (19) Represents primarily the cumulative effect of implementing SOP 05-1.

**American International Group, Inc.**  
**Financial Services Operating Statistics**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Revenues:</b>								
Aircraft Leasing (1)	\$ 1,252	\$ 1,060	18.1 %	\$ 1,156	8.3 %	\$ 3,495	\$ 3,067	14.0 %
Capital Markets (2)	112	335	(66.6)	461	(75.7)	886	1,088	(18.6)
Consumer Finance (3)	1,003	970	3.4	932	7.6	2,856	2,833	0.8
Other, including intercompany adjustments	56	39	43.6	39	43.6	127	97	30.9
Total revenues excluding FAS 133 and net realized capital gains (losses)	2,423	2,404	0.8	2,588	(6.4)	7,364	7,085	3.9
FAS 133:								
Capital Markets (4) (5)	428	783	NM	(528)	NM	(185)	(1,058)	NM
Net realized capital gains (losses) (6)	(66)	(176)	NM	63	NM	(70)	(104)	NM
<b>Total revenues</b>	<b>\$ 2,785</b>	<b>\$ 3,011</b>	<b>(7.5) %</b>	<b>\$ 2,123</b>	<b>31.2 %</b>	<b>\$ 7,109</b>	<b>\$ 5,923</b>	<b>20.0 %</b>
<b>Operating income (loss):</b>								
Aircraft Leasing (1) (7)	\$ 269	\$ 157	71.3 %	\$ 190	41.6 %	\$ 652	\$ 475	37.3 %
Capital Markets (2)	(58)	182	NM	273	NM	368	601	(38.8)
Consumer Finance (3) (8) (9)	80	220	(63.6)	58	37.9	212	594	(64.3)
Other, including intercompany adjustments	16	13	23.1	(9)	NM	31	33	(6.1)
Total operating income excluding FAS 133 and net realized capital gains (losses)	307	572	(46.3)	512	(40.0)	1,263	1,703	(25.8)
FAS 133:								
Capital Markets (4) (5)	428	783	NM	(528)	NM	(185)	(1,058)	NM
Net realized capital gains (losses) (6)	(66)	(176)	NM	63	NM	(70)	(104)	NM
<b>Total operating income</b>	<b>\$ 669</b>	<b>\$ 1,179</b>	<b>(43.3) %</b>	<b>\$ 47</b>	<b>NM %</b>	<b>\$ 1,008</b>	<b>\$ 541</b>	<b>86.3 %</b>

(See Accompanying Notes on Page 57)

**American International Group, Inc.**  
**International Lease Finance Corporation (ILFC)**  
**Aircraft Leases and Orders**  
September 30, 2007

<u>Aircraft Type:</u>	<u>Number of Aircraft</u>		<u>Year of Delivery</u>				
	<u>In Fleet (10)</u>	<u>Orders</u>	<u>Orders</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010-2017</u>
<b><u>Airbus:</u></b>							
A300-600R	6	0	0	0	0	0	0
A310-300	7	0	0	0	0	0	0
A319	116	26	26	4	10	10	2
A320-200	144	40	40	2	22	13	3
A321-100	12	0	0	0	0	0	0
A321-200	58	14	14	0	9	5	0
A330-200	55	9	9	0	4	5	0
A330-300	25	4	4	0	4	0	0
A340-300	15	0	0	0	0	0	0
A340-600	13	0	0	0	0	0	0
A350-800	0	20	20	0	0	0	20
A380 (11)	0	10	10	0	0	0	10
	<u>451</u>	<u>123</u>	<u>123</u>	<u>6</u>	<u>49</u>	<u>33</u>	<u>35</u>
<b><u>Boeing:</u></b>							
737-300/400/500	56	0	0	0	0	0	0
737-600/700/800	182	39	39	2	21	6	10
747-200F	1	0	0	0	0	0	0
747-300	2	0	0	0	0	0	0
747-400	13	0	0	0	0	0	0
747-400ERF	4	0	0	0	0	0	0
757-200	64	0	0	0	0	0	0
767-200	3	0	0	0	0	0	0
767-300	52	0	0	0	0	0	0
777-200B	40	0	0	0	0	0	0
777-300	26	9	9	3	3	3	0
787-800	0	68	68	0	0	0	68
787-900	0	6	6	0	0	0	6
	<u>443</u>	<u>122</u>	<u>122</u>	<u>5</u>	<u>24</u>	<u>9</u>	<u>84</u>
<b><u>McDonnell Douglas:</u></b>							
MD-11	8	0	0	0	0	0	0
MD-83	1	0	0	0	0	0	0
	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>903</u></b>	<b><u>245</u></b>	<b><u>245</u></b>	<b><u>11</u></b>	<b><u>73</u></b>	<b><u>42</u></b>	<b><u>119</u></b>
<b>Orders Placed</b>				<b><u>100%</u></b>	<b><u>97%</u></b>	<b><u>60%</u></b>	

(See Accompanying Notes on Page 57)

**American International Group, Inc.**  
**Consumer Finance Operating Statistics**

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Revenues:</b>								
American General Finance (3)	\$ 755	\$ 777	(2.8) %	\$ 696	8.5 %	\$ 2,154	\$ 2,253	(4.4) %
AIG Consumer Finance Group, Inc.	232	178	30.3	220	5.5	655	526	24.5
AIG Federal Savings Bank	16	15	6.7	16	0.0	47	54	(13.0)
Total revenues excluding net realized capital gains (losses)	1,003	970	3.4	932	7.6	2,856	2,833	0.8
Net realized capital gains (losses) (12)	(11)	(69)	NM	17	NM	(32)	(65)	NM
<b>Total revenues</b>	<b>\$ 992</b>	<b>\$ 901</b>	<b>10.1 %</b>	<b>\$ 949</b>	<b>4.5 %</b>	<b>\$ 2,824</b>	<b>\$ 2,768</b>	<b>2.0 %</b>
<b>Operating income:</b>								
American General Finance (3) (9)	\$ 78	\$ 202	(61.4) %	\$ 43	81.4 %	\$ 171	\$ 573	(70.2) %
AIG Consumer Finance Group, Inc. (8)	(1)	14	NM	12	NM	32	5	NM
AIG Federal Savings Bank	3	4	(25.0)	3	0.0	9	16	(43.8)
Total operating income excluding net realized capital gains (losses)	80	220	(63.6)	58	37.9	212	594	(64.3)
Net realized capital gains (losses) (12)	(11)	(69)	NM	17	NM	(32)	(65)	NM
<b>Total operating income</b>	<b>\$ 69</b>	<b>\$ 151</b>	<b>(54.3) %</b>	<b>\$ 75</b>	<b>(8.0) %</b>	<b>\$ 180</b>	<b>\$ 529</b>	<b>(66.0) %</b>

(See Accompanying Notes on Page 57)

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

	Three Months Ended / As of				Nine Months Ended / As of		
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>American General Finance</b>							
Receivables:							
Real Estate	\$ 19,459	\$ 19,163	\$ 19,176	1.5 %	\$ 19,459	\$ 19,163	1.5 %
Non Real Estate	3,810	3,404	3,729	2.2	3,810	3,404	11.9
Retail Sales Finance	2,095	1,764	1,989	5.3	2,095	1,764	18.8
Total receivables	25,364	24,331	24,894	1.9	25,364	24,331	4.2
Allowance for loan losses	(535)	(484)	(508)	5.3	(535)	(484)	10.5
<b>Net Receivables</b>	<b>\$ 24,829</b>	<b>\$ 23,847</b>	<b>\$ 24,386</b>	<b>1.8 %</b>	<b>\$ 24,829</b>	<b>\$ 23,847</b>	<b>4.1 %</b>
Credit Ratios:							
Delinquencies - 60+:							
Real Estate	2.22 %	1.59 %	1.95 %		2.22 %	1.59 %	
Non Real Estate	3.91	3.76	3.52		3.91	3.76	
Retail Sales Finance	1.97	1.71	1.70		1.97	1.71	
Total Delinquencies - 60+	2.47	1.92	2.18		2.47	1.92	
Net Charge-off:							
Real Estate	0.45	0.35	0.41		0.40	0.30	
Non Real Estate	4.17	3.82	3.68		3.93	3.85	
Retail Sales Finance	2.13	1.66	2.11		2.05	1.85	
Total Net Charge-off	1.15	0.92	1.02		1.05	0.89	
Allowance for loan losses	2.11 %	1.99 %	2.04 %		2.11 %	1.99 %	
<b>AIG Consumer Finance Group, Inc.</b>							
Total receivables	\$ 4,319	\$ 3,382	\$ 4,023	7.4 %	\$ 4,319	\$ 3,382	27.7 %
Allowance for loan losses	(214)	(185)	(204)	4.9	(214)	(185)	15.7
<b>Net Receivables</b>	<b>\$ 4,105</b>	<b>\$ 3,197</b>	<b>\$ 3,819</b>	<b>7.5 %</b>	<b>\$ 4,105</b>	<b>\$ 3,197</b>	<b>28.4 %</b>
<b>AIG Federal Savings Bank</b>							
Total receivables	\$ 127	\$ 148	\$ 136	(6.6) %	\$ 127	\$ 148	(14.2) %
Allowance for loan losses	(1)	(1)	(1)	0.0	(1)	(1)	0.0
<b>Net Receivables</b>	<b>126</b>	<b>147</b>	<b>135</b>	<b>(6.7)</b>	<b>126</b>	<b>147</b>	<b>(14.3)</b>
<b>Total Net Receivables (13)</b>	<b>\$ 29,060</b>	<b>\$ 27,191</b>	<b>\$ 28,340</b>	<b>2.5 %</b>	<b>\$ 29,060</b>	<b>\$ 27,191</b>	<b>6.9 %</b>

(See Accompanying Notes on Page 57)

**American International Group, Inc.**  
**Financial Services**  
**Notes**

- (1) The three months and the nine months ended September 30, 2007 both include a gain of \$24 million on ILFC's sale of its rights against a bankrupt airline.
- (2) The three months and the nine months ended September 30, 2007 both include a net unrealized market valuation loss of \$352 million related to Capital Market's super senior credit default swap portfolio, and an out of period charge of \$51 million for a change in the projected timing of income tax cash flows related to a series of lease transactions. AIGFP recognized a net unrealized market valuation gain of \$131 million in both the three months and the nine months ended September 30, 2007 related to certain credit default swaps and embedded credit derivatives in credit-linked notes.
- (3) The three months ended June 30, 2007 and the nine months ended September 30, 2007 include pre-tax charges of \$50 million and \$178 million, respectively, in connection with domestic consumer finance's mortgage banking activities. The nine months ended September 30, 2007 also includes a recovery of \$65 million from a favorable out of court settlement.
- (4) Includes the gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. These amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings. In the first quarter of 2007 AIG began applying hedge accounting for certain transactions, primarily in its Capital Markets operations.
- (5) The three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007 include out of period charges of \$20 million, \$431 million and \$346 million, respectively, including a \$380 million charge in both the three months ended June 30, 2007 and the nine months ended September 30, 2007 to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net losses in both the three months ended June 30, 2007 and the nine months ended September 30, 2007 include a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, certain structured transactions potentially affected by proposed guidance by the U.S. Treasury Department. The three months and the nine months ended September 30, 2006 include an out of period gain of \$115 million and a charge of \$223 million, respectively, related to the remediation of the material weakness in accounting for certain derivative transactions under FAS 133.
- (6) Includes \$(15) million, \$(110) million, \$17 million, \$(27) million and \$(54) million, respectively, for Aircraft Leasing; \$(11) million, \$(69) million, \$17 million, \$(32) million and \$(65) million, respectively, for Consumer Finance; \$(40) million, \$3 million, \$29 million, \$(11) million and \$15 million, respectively, for Other, in the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 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. In second quarter 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.
- (7) Includes adjustments relating to a tax settlement in Australia, increased credit reserves and lease accruals totaling \$37 million in the nine months ended September 30, 2006.
- (8) Includes \$44 million in additional allowance for losses in AIG Credit Card Company (Taiwan) in the nine months ended September 30, 2006.
- (9) Includes a reduction in the finance receivables reserve of \$22 million on significant prior year catastrophe-related losses in both the three months and the nine months ended September 30, 2006.
- (10) In fleet includes 9 finance leases.
- (11) ILFC has a cancellation option in 2010 on the 10 A380 firm orders.
- (12) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. For the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, the effect was \$(6) million, \$(73) million, \$21 million, \$(21) million and \$(65) million, respectively. The amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings.
- (13) Total net receivables exclude finance receivables held for sale of \$406 million, \$863 million and \$608 million at September 30, 2007 and 2006 and June 30, 2007, respectively.

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Revenues:</b>								
Guaranteed investment contracts (2) (3)	\$ 594	\$ 624	(4.8) %	\$ 672	(11.6) %	\$ 2,183	\$ 1,988	9.8 %
Matched investment program	200	35	471.4	129	55.0	447	45	NM
Institutional asset management (4)	813	255	218.8	424	91.7	1,674	884	89.4
Brokerage service and mutual funds	83	71	16.9	82	1.2	243	217	12.0
Other (5)	66	57	15.8	96	(31.3)	309	201	53.7
<b>Total excluding consolidated managed partnerships &amp; funds and net realized capital gains (losses)</b>	<b>1,756</b>	<b>1,042</b>	<b>68.5</b>	<b>1,403</b>	<b>25.2</b>	<b>4,856</b>	<b>3,335</b>	<b>45.6</b>
Consolidated managed partnerships & funds (6):								
Institutional asset management	300	57	NM	234	NM	765	421	NM
Net realized capital gains (losses) (7) (8)	(232)	(106)	NM	352	NM	100	(109)	NM
<b>Total revenues</b>	<b>\$ 1,824</b>	<b>\$ 993</b>	<b>83.7 %</b>	<b>\$ 1,989</b>	<b>(8.3) %</b>	<b>\$ 5,721</b>	<b>\$ 3,647</b>	<b>56.9 %</b>
<b>Operating income:</b>								
Guaranteed investment contracts (2) (3)	\$ 226	\$ 140	61.4 %	\$ 276	(18.1) %	\$ 987	\$ 561	75.9 %
Matched investment program	37	11	236.4	35	5.7	98	15	NM
Institutional asset management (4) (9)	3	45	(93.3)	124	(97.6)	232	311	(25.4)
Brokerage service and mutual funds	27	23	17.4	21	28.6	74	67	10.4
Other (5)	65	54	20.4	93	(30.1)	302	190	58.9
<b>Total excluding consolidated managed partnerships &amp; funds and net realized capital gains (losses)</b>	<b>358</b>	<b>273</b>	<b>31.1</b>	<b>549</b>	<b>(34.8)</b>	<b>1,693</b>	<b>1,144</b>	<b>48.0</b>
Consolidated managed partnerships & funds (6):								
Institutional asset management	293	44	NM	227	NM	748	410	NM
Net realized capital gains (losses) (7) (8)	(232)	(106)	NM	352	NM	100	(109)	NM
<b>Total operating income</b>	<b>\$ 419</b>	<b>\$ 211</b>	<b>98.6 %</b>	<b>\$ 1,128</b>	<b>(62.9) %</b>	<b>\$ 2,541</b>	<b>\$ 1,445</b>	<b>75.8 %</b>

(See Accompanying Notes on Page 60)

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

	Three Months Ended / As of					Nine Months Ended / As of		
	Sept. 30, 2007	Sept. 30, 2006	% Chg	June 30, 2007	Sequential % Chg	Sept. 30, 2007	Sept. 30, 2006	% Chg
<b>Guaranteed Investment Contracts:</b>								
<b>Deposits</b>	\$ -	\$ -	NM %	\$ -	NM %	\$ -	\$ 17	NM %
<b>Reserves</b>				\$ 26,207	(0.3) %	\$ 26,119	\$ 33,672	(22.4) %
<b>Spread Information</b>								
Base investment income	\$ 365	\$ 481	(24.1) %	\$ 389	(6.2) %	\$ 1,184	\$ 1,480	(20.0) %
Partnerships (3)	216	83	160.2	236	(8.5)	914	402	127.4
Other enhancements	13	60	(78.3)	47	(72.3)	85	106	(19.8)
<b>Total net investment income</b>	<u>\$ 594</u>	<u>\$ 624</u>	(4.8) %	<u>\$ 672</u>	(11.6) %	<u>\$ 2,183</u>	<u>\$ 1,988</u>	9.8 %
Base yield	5.90%	5.85%		5.88%		5.88%	5.68%	
Partnerships (10)	2.10%	0.20%		2.17%		3.08%	0.77%	
Other enhancements (11)	0.21%	0.73%		0.72%		0.42%	0.41%	
<b>Total</b>	8.21%	6.78%		8.77%		9.38%	6.86%	
<b>Spread Data Without Hedge Accounting (12)</b>								
Cost of funds (12)	5.58%	5.48%		5.49%		5.52%	5.19%	
Net spread rate, as reported (12)	2.63%	1.30%		3.28%		3.85%	1.66%	
Net spread rate excluding partnerships and other enhancements (12)	0.32%	0.36%		0.39%		0.36%	0.49%	
<b>Spread Data Assuming Hedge Accounting (13)</b>								
Cost of funds with effect of economic hedges (13)	5.09%	4.95%		4.99%		5.03%	4.84%	
Net spread rate with effect of economic hedges (13)	3.12%	1.82%		3.78%		4.35%	2.01%	
Net economic spread rate excluding partnerships and other enhancements (13)	0.81%	0.89%		0.89%		0.85%	0.84%	
<b>Matched Investment Program</b>								
Securities issuance	\$ 518	\$ 1,632	(68.3) %	\$ 4,164	64.1 %	\$ 6,835	\$ 3,329	105.3 %
Notes and bonds payable				\$ 11,756	8.6 %	\$ 12,764	\$ 3,333	283.0 %

(See Accompanying Notes on Page 60)

**American International Group, Inc.**  
**Asset Management**  
**Notes**

- (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$93.1 billion, \$69.7 billion and \$86.5 billion at September 30, 2007 and 2006 and June 30 2007, respectively.
- (2) The Matched Investment Program has replaced the GIC program, which is in runoff, as AIG's principal spread-based investment activity.
- (3) The nine months ended September 30, 2007 includes a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (4) Includes AIG Investment 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 \$(18) million, \$(75) million, \$(12) million, \$(60) million and \$(79) million, respectively, for Guaranteed Investment Contracts; \$(221) million, \$(32) million, \$(55) million, \$(266) million and \$(30) million, respectively, for Matched Investment Program and \$7 million, \$1 million, \$419 million, \$426 million and \$0, respectively, for Institutional Asset Management, in the three months ended September 30, 2007 and 2006 and June 30, 2007 and the nine months ended September 30, 2007 and 2006, respectively. The increase in the Institutional Asset Management realized capital gains (losses) in the three months ended June 30, 2007 and the nine months ended September 30, 2007 was due to a gain of \$398 million recognized in the second quarter of 2007, on the sale of a portion of AIG's investment in Blackstone Group, LP in connection with its initial public offering. The losses of \$221 million and \$266 million in the three months and the nine months ended September 30, 2007 for the Matched Investment Program are primarily the result of foreign exchange losses on foreign-denominated debt that while economically hedged did not qualify for hedge accounting treatment under FAS 133.
- (8) Includes \$13 million, \$16 million and \$29 million of gains on derivatives for Institutional Asset Management in the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, respectively. These gains relate to interest rate hedges on warehoused investment financing that are not eligible for hedge accounting treatment under FAS 133.
- (9) Includes \$30 million in distribution expenses related to the launch of several new investment products in both the three months and the nine ended September 30, 2007, and \$52 million, \$44 million and \$107 million in losses in the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, respectively, due to carrying warehoused investments. These losses include operating costs as well as the costs of funding these investments.
- (10) Includes incremental effect to base yields of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (11) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (12) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in net realized capital gains (losses).
- (13) Represents cost of funds on an economic basis including the effects of derivative transactions assuming hedge accounting treatment under FAS 133 is applied.

## American International Group, Inc.

### Other (in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
<b>Other before net realized capital gains (losses):</b>					
Equity earnings in unconsolidated entities	\$ 37	\$ 48	\$ 50	\$ 128	\$ 178
Interest expense	(315)	(227)	(302)	(869)	(633)
Unallocated corporate expenses (1)	(157)	(89)	(200)	(519)	(337)
Compensation expense - SICO Plans (2)	(9)	(14)	(10)	(29)	(104)
Compensation expense - Starr tender offer (3)	-	-	-	-	(54)
Other miscellaneous, net	16	11	(20)	(42)	(34)
Subtotal (4)	<u>(428)</u>	<u>(271)</u>	<u>(482)</u>	<u>(1,331)</u>	<u>(984)</u>
<b>Other net realized capital gains (losses)</b>	<u>(199)</u>	<u>85</u>	<u>22</u>	<u>(226)</u>	<u>31</u>
<b>Total other - net</b>	<u>\$ (627)</u>	<u>\$ (186)</u>	<u>\$ (460)</u>	<u>\$ (1,557)</u>	<u>\$ (953)</u>
<b>Consolidation and elimination adjustments:</b>					
<b>Before net realized capital gains (losses)</b>					
FAS 133 (5)	\$ (127)	\$ (258)	\$ 18	\$ (339)	\$ (196)
All other (4) (6)	(86)	-	122	44	-
Subtotal	<u>(213)</u>	<u>(258)</u>	<u>140</u>	<u>(295)</u>	<u>(196)</u>
<b>Net realized capital gains (losses)</b>					
Reclassification of FAS 133 to other (7)	75	258	(121)	184	196
All other eliminations	118	-	(2)	87	-
Subtotal	<u>193</u>	<u>258</u>	<u>(123)</u>	<u>271</u>	<u>196</u>
<b>Total consolidation and elimination adjustments</b>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (24)</u>	<u>\$ -</u>

- Note: (1) Includes expenses of corporate staff not attributable to specific business segments, expenses related to efforts to improve internal controls, corporate initiatives and certain compensation plan expenses.
- (2) Includes various adjustments totaling \$61 million primarily relating to stock splits and other miscellaneous items in the nine months ended September 30, 2006.
- (3) In January 2006, C.V. Starr & Co., Inc. (Starr) completed its tender offer to purchase Starr's interest from AIG employees.
- (4) Components of adjusted net income.
- (5) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (6) Includes income (loss) of \$(81) million, \$42 million and \$(29) million in the three months ended September 30, 2007 and June 30, 2007 and the nine months ended September 30, 2007, respectively, attributable to the full results of certain AIG managed private equity funds that are consolidated pursuant to FIN 46(R), "Consolidation of Variable Interest Entities".
- (7) Represents the elimination of net realized capital gains (losses) reported in the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Managements segments and in AIG's Other category from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.

## American International Group, Inc. Consolidated Net Realized Capital Gains (Losses)

(dollars in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	June 30, 2007	Sept. 30, 2007	Sept. 30, 2006
<b>General Insurance</b>					
Sales of fixed maturities	\$ (48)	\$ (2)	\$ (54)	\$ (103)	\$ (143)
Sales of equity securities	54	42	89	248	164
Foreign exchange transactions	(31)	1	12	2	22
Derivative instruments	(4)	22	(5)	(12)	(2)
Other-than-temporary decline	(35)	(27)	(84)	(165)	(63)
Other	(5)	(8)	(21)	19	(7)
<b>Total General Insurance</b>	<u>(69)</u>	<u>28</u>	<u>(63)</u>	<u>(11)</u>	<u>(29)</u>
<b>Life Insurance &amp; Retirement Services</b>					
Sales of fixed maturities	(160)	(8)	(162)	(304)	(303)
Sales of equity securities	210	14	189	443	452
Foreign exchange transactions	258	114	(24)	357	24
Derivative instruments	(285)	(304)	41	(367)	121
Other-than-temporary decline	(334)	(97)	(324)	(1,050)	(518)
Other	(180)	105	1	(105)	107
<b>Total Life Insurance &amp; Retirement Services</b>	<u>(491)</u>	<u>(176)</u>	<u>(279)</u>	<u>(1,026)</u>	<u>(117)</u>
<b>Financial Services</b>					
Sales of fixed maturities	-	-	-	(1)	(1)
Sales of equity securities	-	-	-	-	-
Foreign exchange transactions	101	37	(99)	(97)	(566)
Derivative instruments	(175)	(221)	182	33	466
Other-than-temporary decline	(1)	-	(2)	(3)	(1)
Other	9	8	(18)	(2)	(2)
<b>Total Financial Services</b>	<u>(66)</u>	<u>(176)</u>	<u>63</u>	<u>(70)</u>	<u>(104)</u>
<b>Asset Management</b>					
Sales of fixed maturities	(10)	33	3	17	25
Sales of equity securities	3	24	7	19	27
Foreign exchange transactions	(378)	40	(24)	(465)	(354)
Derivative instruments	217	(190)	(27)	208	325
Other-than-temporary decline	(138)	(46)	(1)	(168)	(184)
Other (1)	74	33	394	489	52
<b>Total Asset Management</b>	<u>(232)</u>	<u>(106)</u>	<u>352</u>	<u>100</u>	<u>(109)</u>
<b>Other</b>					
Sales of fixed maturities	-	-	4	4	-
Sales of equity securities	-	-	-	-	-
Foreign exchange transactions	(77)	10	(45)	(176)	(59)
Derivative instruments	(84)	8	58	(38)	(12)
Other-than-temporary decline	(21)	-	(5)	(27)	-
Other	(17)	67	10	11	102
<b>Total Other</b>	<u>(199)</u>	<u>85</u>	<u>22</u>	<u>(226)</u>	<u>31</u>
<b>Reclassifications and Eliminations</b>					
Sales of fixed maturities	-	-	-	-	-
Sales of equity securities	-	-	-	-	-
Foreign exchange transactions	(234)	(117)	(85)	(90)	667
Derivative instruments	300	375	(35)	266	(471)
Other-than-temporary decline	-	-	-	-	-
Other	127	-	(3)	95	-
<b>Total Reclassifications and Eliminations</b>	<u>193</u>	<u>258</u>	<u>(123)</u>	<u>271</u>	<u>196</u>
<b>Total Realized Capital Gains (Losses)</b>					
Sales of fixed maturities	(218)	23	(209)	(387)	(422)
Sales of equity securities	267	80	285	710	643
Foreign exchange transactions	(361)	85	(265)	(469)	(266)
Derivative instruments	(31)	(310)	214	90	427
Other-than-temporary decline	(529)	(170)	(416)	(1,413)	(766)
Other	8	205	363	507	252
<b>Total Realized Capital Gains (Losses)</b>	<u>\$ (864)</u>	<u>\$ (87)</u>	<u>\$ (28)</u>	<u>\$ (962)</u>	<u>\$ (132)</u>

Note: (1) The three months ended June 30, 2007 and the nine months ended September 30, 2007 both include a gain of \$398 million on the sale of a portion of AIG's investment in Blackstone Group, LP in connection with its initial public offering.

# American International Group, Inc.

## Cash and Invested Assets

September 30, 2007

(dollars in millions)

	<u>General Insurance</u>	<u>Life Insurance &amp; 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	\$ 73,522	\$ 288,945	\$ 1,369	\$ 30,974	\$ 0	\$ 394,810	45.3 %
Bonds held to maturity, at amortized cost	21,357	1	0	218	0	21,576	2.5
Bond trading securities, at fair value	0	9,436	0	23	0	9,459	1.1
Equity securities:							
Common stocks available for sale, at fair value	5,941	11,895	0	700	113	18,649	2.1
Common and preferred stocks trading, at fair value	404	18,779	0	36	0	19,219	2.2
Preferred stocks available for sale, at fair value	1,858	739	9	0	0	2,606	0.3
Mortgage loans on real estate, net of allowance	11	14,764	127	3,952	0	18,854	2.2
Policy loans	2	7,779	2	48	(9)	7,822	0.9
Collateral and guaranteed loans, net of allowance	3	821	2,355	1,142	64	4,385	0.5
Investment income due and accrued	1,418	4,841	23	354	(1)	6,635	0.8
Real estate, net of accumulated depreciation	320	909	17	88	229	1,563	0.2
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	41,804	0	0	41,804	4.8
Securities available for sale, at fair value	0	0	47,805	0	0	47,805	5.5
Trading securities, at fair value	0	0	4,874	0	0	4,874	0.5
Spot commodities	0	0	115	0	0	115	0.0
Unrealized gain on swaps, options and forward transactions	0	0	19,046	0	(438)	18,608	2.1
Trade receivables	0	0	6,548	0	0	6,548	0.8
Securities purchased under agreements to resell, at contract value	0	0	37,189	0	0	37,189	4.2
Finance receivables, net of allowance	0	5	30,635	0	0	30,640	3.5
Securities lending collateral, at fair value	7,291	62,921	171	15,725	0	86,108	9.8
Other invested assets	11,009	16,555	2,890	21,058	271	51,783	5.9
Short-term investments, at cost	4,698	22,455	8,297	3,614	(66)	38,998	4.5
Cash	314	1,054	657	218	6	2,249	0.3
<b>Total cash and invested assets</b>	<u>\$ 128,148</u>	<u>\$ 461,899</u>	<u>\$ 203,933</u>	<u>\$ 78,150</u>	<u>\$ 169</u>	<u>\$ 872,299</u>	<u>100.0 %</u>
<b>Percent of total company</b>	14.7%	52.9%	23.4%	9.0%	0.0%	<b>100.0%</b>	

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

(dollars in millions)

	September 30, 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	\$ 52,784	\$ 20,738	\$ 73,522	57.5 %	\$ 48,657	\$ 19,337	\$ 67,994	58.6 %
Bonds held to maturity, at amortized cost	21,197	160	21,357	16.7	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	5,065	876	5,941	4.6	3,395	850	4,245	3.7
Common and preferred stocks trading, at fair value	404	0	404	0.3	350	0	350	0.3
Preferred stocks available for sale, at fair value	1,856	2	1,858	1.4	1,882	2	1,884	1.6
Mortgage loans on real estate, net of allowance	8	3	11	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	1,011	407	1,418	1.1	980	383	1,363	1.2
Real estate, net of accumulated depreciation	47	273	320	0.2	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	2,415	4,876	7,291	5.7	2,060	3,316	5,376	4.6
Other invested assets	9,125	1,884	11,009	8.6	7,483	1,724	9,207	7.9
Short-term investments, at cost	2,087	2,611	4,698	3.7	1,679	1,602	3,281	2.9
Cash	183	131	314	0.2	219	115	334	0.3
<b>Total cash and invested assets</b>	<b>\$ 96,182</b>	<b>\$ 31,966</b>	<b>\$ 128,148</b>	<b>100.0 %</b>	<b>\$ 88,231</b>	<b>\$ 27,828</b>	<b>\$ 116,059</b>	<b>100.0 %</b>
<b>Percent of total company</b>	11.0%	3.7%	14.7%		11.0%	3.5%	14.5%	
<b>Return on average invested assets</b>			5.0%				5.4%	
<b>Return on average invested assets excluding securities lending collateral</b>			5.3%				5.7%	

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

(dollars in millions)

	September 30, 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	\$ 130,034	\$ 158,911	\$ 288,945	62.6 %	\$ 137,462	\$ 151,078	\$ 288,540	67.2 %
Bonds held to maturity, at amortized cost	0	1	1	0.0	0	0	0	0.0
Bond trading securities, at fair value	169	9,267	9,436	2.0	214	10,099	10,313	2.4
Equity securities:								
Common stocks available for sale, at fair value	245	11,650	11,895	2.5	226	8,479	8,705	2.0
Common and preferred stocks trading, at fair value	580	18,199	18,779	4.1	435	14,070	14,505	3.4
Preferred stocks available for sale, at fair value	282	457	739	0.2	175	475	650	0.2
Mortgage loans on real estate, net of allowance	11,702	3,062	14,764	3.2	10,078	2,774	12,852	3.0
Policy loans	3,015	4,764	7,779	1.7	2,978	4,480	7,458	1.7
Collateral and guaranteed loans, net of allowance	307	514	821	0.2	113	620	733	0.2
Investment income due and accrued	1,911	2,930	4,841	1.0	1,882	2,496	4,378	1.0
Real estate, net of accumulated depreciation	66	843	909	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	55,418	7,503	62,921	13.6	44,723	5,376	50,099	11.7
Other invested assets	9,222	7,333	16,555	3.6	6,970	7,290	14,260	3.3
Short-term investments, at cost	2,601	19,854	22,455	4.9	1,447	13,745	15,192	3.5
Cash	59	995	1,054	0.2	56	684	740	0.2
<b>Total cash and invested assets</b>	<b>\$ 215,611</b>	<b>\$ 246,288</b>	<b>\$ 461,899</b>	<b>100.0 %</b>	<b>\$ 206,829</b>	<b>\$ 222,294</b>	<b>\$ 429,123</b>	<b>100.0 %</b>
<b>Percent of total company</b>	24.7%	28.2%	<b>52.9%</b>		25.8%	27.7%	<b>53.5%</b>	
<b>Return on average invested assets</b>			<b>4.9%</b>				<b>5.0%</b>	
<b>Return on average invested assets excluding securities lending collateral</b>			<b>5.6%</b>				<b>5.6%</b>	

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

(dollars in millions)

	September 30, 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	9	0	9	0.0
Mortgage loans on real estate, net of allowance	0	0	120	7	127	0.1
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans, net of allowance	119	2,236	0	0	2,355	1.2
Investment income due and accrued	5	0	18	0	23	0.0
Real estate, net of accumulated depreciation	0	0	17	0	17	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	41,804	0	0	0	41,804	20.5
Securities available for sale, at fair value	6	46,734	606	459	47,805	23.4
Trading securities, at fair value	0	4,874	0	0	4,874	2.4
Spot commodities	0	115	0	0	115	0.1
Unrealized gain on swaps, options and forward transactions	0	19,046	0	0	19,046	9.3
Trade receivables	0	6,548	0	0	6,548	3.2
Securities purchased under agreements to resell, at contract value	0	37,189	0	0	37,189	18.2
Finance receivables, net of allowance	263	0	29,466	906	30,635	15.0
Securities lending collateral, at fair value	0	0	171	0	171	0.1
Other invested assets	0	2,759	125	6	2,890	1.4
Short-term investments, at cost	173	7,094	897	133	8,297	4.1
Cash	10	292	285	70	657	0.3
<b>Total cash and invested assets</b>	<b>\$ 42,380</b>	<b>\$ 126,887</b>	<b>\$ 33,085</b>	<b>\$ 1,581</b>	<b>\$ 203,933</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>4.9%</b>	<b>14.5%</b>	<b>3.8%</b>	<b>0.2%</b>	<b>23.4%</b>	

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

	Sept. 30, 2007	Dec. 31, 2006	% chg
<b>Domestic General Insurance</b>			
Partnerships (1)	\$ 6,749	\$ 5,294	27.5 %
Mutual Funds	313	356	(12.0)
Real Estate	-	-	NM
All Other	2,063	1,833	12.5
Total Domestic General Insurance	9,125	7,483	21.9
<b>Foreign General Insurance</b>			
Partnerships (1)	851	786	8.3
Mutual Funds	869	802	8.4
Real Estate	150	107	40.6
All Other	14	29	(53.3)
Total Foreign General Insurance	1,884	1,724	9.3
<b>Domestic Life Insurance</b>			
Partnerships (1)	796	431	84.8
Mutual Funds	81	80	1.5
Real Estate	171	265	(35.5)
All Other	721	694	3.9
Total Domestic Life Insurance	1,769	1,470	20.3
<b>Domestic Retirement Services</b>			
Partnerships (1)	5,997	4,240	41.4
Mutual Funds	15	21	(29.0)
Real Estate	86	-	NM
All Other	1,355	1,239	9.4
Total Domestic Retirement Services	7,453	5,500	35.5
<b>Foreign Life Insurance &amp; Retirement Services</b>			
Partnerships (1)	1,434	1,137	26.2
Mutual Funds	2,558	2,877	(11.1)
Real Estate	1,667	1,863	(10.5)
All Other	1,332	1,115	19.5
Total Foreign Life Insurance & Retirement Services	6,991	6,992	(0.0)
Consolidated Managed Partnerships & Funds (2)	342	298	NM
<b>Asset Management</b>			
Partnerships (1)	9,375	9,039	3.7
Mutual Funds	66	-	NM
Real Estate	6,356	3,442	84.6
All Other	715	686	4.2
Total Asset Management	16,512	13,167	25.4
Consolidated Managed Partnerships & Funds (2)	4,546	2,656	NM
<b>Financial Services and Other</b>			
Partnerships (1)	1,843	699	NM
Mutual Funds	507	759	(33.2)
Real Estate	-	17	NM
All Other	773	1,346	(42.6)
Total Financial Services and Other	3,123	2,821	10.7
Consolidated Managed Partnerships & Funds (2)	38	-	NM
<b>Total AIG other invested assets</b>			
Partnerships (1)	27,045	21,626	25.1
Mutual Funds	4,409	4,895	(9.9)
Real Estate	8,430	5,694	48.1
All Other (3)	6,973	6,942	0.4
Consolidated Managed Partnerships & Funds (2)	4,926	2,954	NM
Total AIG other invested assets	\$ 51,783	\$ 42,111	23.0 %

Note: (1) Includes private equity partnerships, hedge funds and AIG managed funds.  
(2) Represents AIG managed partnerships and funds that are consolidated.  
(3) Consist primarily of Life Insurance investments in aircraft equipment, investments in life settlement contracts and other miscellaneous investments.

## American International Group, Inc. Return on Average Partnership Assets

(dollars in millions)

	Three Months Ended				Nine Months Ended / As of					
	Sept. 30, 2007		Sept. 30, 2006		Sept. 30, 2007			Sept. 30, 2006		
	Partnership Income	Return on Average Assets (1)	Partnership Income	Return on Average Assets (1)	Partnership Income	Partnership Assets (2)	Return on Average Assets (1)	Partnership Income	Partnership Assets (2)	Return on Average Assets (1)
<b>General Insurance</b>										
Domestic General Insurance	\$ 226	13.9 %	\$ 219	18.1 %	\$ 795	\$ 6,749	17.5 %	\$ 580	\$ 4,893	16.1 %
Foreign General Insurance	42	22.7	39	19.0	162	851	29.7	65	846	10.9
Total General Insurance	268	14.8	258	18.2	957	7,600	18.9	645	5,739	15.3
<b>Life Insurance &amp; Retirement Services</b>										
Domestic Life Insurance	-	0.0	4	4.9	12	796	2.6	(43)	379	(12.2)
Domestic Retirement Services	6	0.4	79	8.1	389	5,997	10.1	280	3,865	10.7
Foreign Life Insurance & Retirement Services	-	0.0	36	15.0	86	1,434	9.0	76	1,127	13.3
Total Life Insurance & Retirement Services	6	0.3	119	9.2	487	8,227	9.2	313	5,371	8.9
<b>Asset Management</b>	284	12.2	150	7.1	1,308	9,375	18.9	691	8,621	11.3
<b>Financial Services and Other</b>	17	3.8	1	1.3	33	1,843	3.2	10	338	1.5
<b>Total excluding Consolidated Managed Partnerships &amp; Funds</b>	<b>575</b>	<b>8.8 %</b>	<b>528</b>	<b>10.8 %</b>	<b>2,785</b>	<b>27,045</b>	<b>15.2 %</b>	<b>1,659</b>	<b>20,069</b>	<b>11.4 %</b>
<b>Consolidated Managed Partnerships &amp; Funds (3)</b>	205		12		441	4,926		288	2,652	
<b>Total</b>	<b>\$ 780</b>		<b>\$ 540</b>		<b>\$ 3,226</b>	<b>\$ 31,971</b>		<b>\$ 1,947</b>	<b>\$ 22,721</b>	

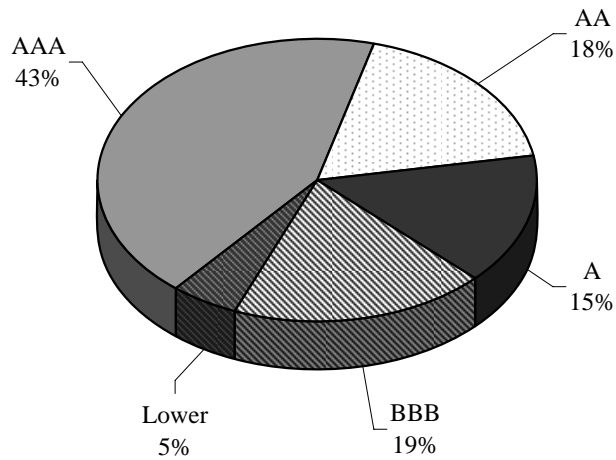
Note: (1) Annualized partnership income expressed as a percentage of average partnership assets.

(2) Includes private equity partnerships, hedge funds and AIG managed funds.

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

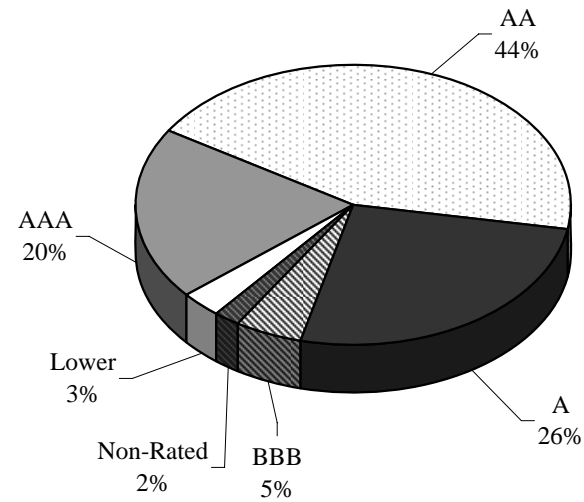
**American International Group, Inc.**  
**Worldwide Insurance and Asset Management**  
**Bond Portfolio**  
 September 30, 2007

**Total Domestic Bond Portfolio Ratings**



Domestic Bonds  
\$235.2 billion

**Total Foreign Bond Portfolio Ratings \***



Foreign Bonds  
\$189.3 billion

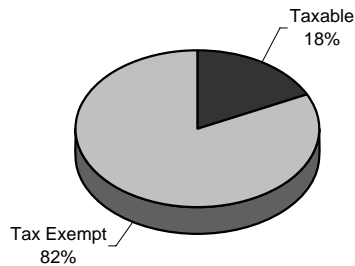
\* Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the foreign portfolio non-rated fixed income investments.

**American International Group, Inc.**  
**Domestic Insurance and Asset Management**  
**Bond Portfolio**  
 September 30, 2007

**Domestic General Insurance**

**Bond Ratings**

AAA.....	77.6%
AA.....	18.4%
A.....	3.1%
BBB.....	0.6%
Non-Rated.....	0.1%
Lower.....	0.2%



Domestic General Insurance Bonds  
 \$74.0 billion

**Domestic Life Insurance & Retirement Services and Asset Management**

**Bond Ratings**

AAA.....	26.3%
AA.....	17.5%
A.....	21.2%
BBB.....	27.5%
Non-Rated.....	0.2%
Lower.....	7.3%

Domestic Life Insurance &  
 Retirement Services and  
 Asset Management Bonds  
 \$161.2 billion

**American International Group, Inc.**  
**Asset-Backed Securities and Collateralized Obligations (CDOs) that Include Residential Mortgages**  
**September 30, 2007**  
(dollars in millions)

	AAA	AA	A	BBB	BB or lower	Amortized Cost September 2007	Percent
Mortgage-backed securities:							
US Agencies	97.9%	1.9%	0.2%	0.0%	0.0%	\$ 15,138	15.6%
Prime Non Agency (Includes Foreign and Jumbo MBS related securities)	84.7%	9.1%	4.7%	1.4%	0.1%	21,503	22.2%
Agencies Alt-A RMBS	94.2%	4.1%	1.4%	0.3%	0.0%	25,980	26.8%
Other Housing -Related Paper (primarily wrapped second-lien)	93.9%	1.2%	3.6%	1.3%	0.0%	4,567	4.7%
Total non-subprime mortgage-backed securities						<u>\$ 67,188</u>	<u>69.3%</u>
Asset-backed securities collateralized by subprime residential mortgage loans:							
Subprime residential mortgage-backed securities	84.9%	13.4%	1.7%	0.0%	0.0%	\$ 25,921	26.8%
Asset-backed collateralized debt obligations	95.3%	1.8%	2.1%	0.8%	0.0%	3,751	3.9%
Total asset-backed securities collateralized by subprime residential mortgage loans	87.1%	10.5%	2.2%	0.2%	0.0%	<u>29,672</u>	<u>30.7%</u>
Total	90.9%	6.7%	1.9%	0.4%	0.1%	<u>\$ 96,860</u>	<u>100.0%</u>

## Comment on Regulation G

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

Throughout this financial supplement, AIG presents its operations in the way it believes will be most meaningful and useful, as well as most transparent, to the investing public and others who use AIG's financial information in evaluating the performance of AIG. That presentation includes the use of certain non-GAAP measures. In addition to the GAAP presentations, in some cases, revenues, net income, operating income and related rates of performance, and out of period adjustments are shown exclusive of realized capital gains (losses), cumulative effect of an accounting change in 2006, the effect of FIN 46(R), the effect of EITF 04-5, the effect of FAS 133 and the effect of catastrophe-related losses.

AIG excludes the effects of the 2006 accounting change, FIN 46(R) and EITF 04-5, and the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, although they are economically effective hedges, because AIG believes that excluding these items permits investors to better assess the performance of the underlying businesses. AIG believes that providing information in a non-GAAP manner is more useful to investors and analysts. Likewise, AIG excludes certain entities consolidated pursuant to FIN 46(R) or EITF 04-5, including certain AIG managed partnerships, private equity and real estate funds, where AIG does not in fact have the economic interest that is presumed to be held by consolidation, because AIG believes this presentation is more meaningful than the GAAP presentation.

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

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

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

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