



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

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### **Financial Supplement**

### **Second Quarter 2007**

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

**American International Group, Inc.**  
**Financial Supplement**  
**Table of Contents**

<b>Consolidated</b>	
Consolidated Statement of Income.....	1
Consolidated Statement of Segment Operations.....	2 - 3
Consolidated Statement of Segment Operations Revenues and Income Graphs.....	4
Summary of FAS 133 Effect.....	5
Consolidated Balance Sheet.....	6
Book Value per Share.....	7
<b>General Insurance</b>	
General Insurance Operating Statistics.....	8
Reconciliation of Net Loss Reserves.....	9
Domestic Brokerage Group Insurance Operating Statistics.....	10
Domestic Brokerage Group Insurance Gross Premiums Written by Line of Business.....	11
Personal Lines Insurance Operating Statistics.....	12
Mortgage Guaranty (UGC) Insurance Operating Statistics.....	13
Mortgage Guaranty (UGC) Insurance Product Statistics.....	14
Transatlantic Holdings, Inc. Insurance Operating Statistics.....	15
Foreign General Insurance Operating Statistics.....	16
Foreign General Insurance Gross Premiums Written.....	17
General Insurance Notes.....	18
<b>Life Insurance &amp; Retirement Services</b>	
Life Insurance & Retirement Services Operating Statistics.....	19
Domestic Life Insurance & Retirement Services Operating Statistics.....	20
Domestic Life Insurance Product Statistics.....	21 - 22
Domestic Life Insurance Other Data.....	23
Domestic Life Insurance Deferred Policy Acquisition Costs, Deferred	
Sales Inducements and Value of Business Acquired.....	24 - 25
Domestic Retirement Services Product Statistics.....	26 - 27
Domestic Retirement Services Account Value Rollforward.....	28
Domestic Retirement Services Spread Information.....	29
Domestic Retirement Services Deferred Policy Acquisition Costs, Deferred	
Sales Inducements and Value of Business Acquired.....	30
Domestic Retirement Services – Individual Variable Annuities Guaranteed Benefits.....	31
Foreign Life Insurance & Retirement Services Operating Statistics.....	32
Foreign Life Insurance & Retirement Services Product Statistics.....	33 - 34
Japan and Other Product Statistics.....	35 - 36
Asia Product Statistics.....	37 - 38
Foreign Life Insurance & Retirement Services Premium Statistics.....	39 - 40
Foreign Life Insurance & Retirement Services Premiums, Deposits and Other Considerations.....	41
Foreign Life Insurance & Retirement Services Reserves.....	42 - 43
Foreign Retirement Services Spread Information.....	44
Foreign Life Insurance & Retirement Services Deferred Policy Acquisition	
Costs, Deferred Sales Inducements and Value of Business Acquired.....	45 - 46
Life Insurance & Retirement Services Partnership Income.....	47
Life Insurance & Retirement Services Notes.....	48 - 50
<b>Financial Services</b>	
Financial Services Operating Statistics.....	51
International Lease Finance Corporation Aircraft Leases and Orders.....	52
Consumer Finance Operating Statistics.....	53
Consumer Finance Other Data.....	54
<b>Asset Management</b>	
Asset Management Operating Statistics.....	55
Asset Management Other Data.....	56
<b>Other</b>	
Other.....	57
<b>Consolidated Net Realized Capital Gains (Losses)</b> .....	58
<b>Investments</b>	
Cash and Invested Assets by Segment.....	59 - 62
Other Invested Assets by Segment.....	63
Return on Average Partnership Assets by Segment.....	64
Worldwide Insurance and Asset Management Bond Portfolio Ratings.....	65
Domestic Insurance and Asset Management Bond Portfolio Ratings.....	66
Asset-Backed Securities and Collateralized Obligations (CDOs) that Include Residential Mortgages.....	67
<b>Comment on Regulation G</b> .....	68

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Revenues:</b>								
Premiums and other considerations	\$ 19,533	\$ 18,326	6.6 %	\$ 19,642	(0.6) %	\$ 39,175	\$ 36,596	7.0 %
Net investment income	7,853	6,145	27.8	7,124	10.2	14,977	12,116	23.6
Net realized capital gains (losses) (1)	(28)	(214)	NM	(70)	NM	(98)	(45)	NM
Other income (1)	3,792	2,597	46.0	3,949	(4.0)	7,741	5,465	41.6
Total revenues (1)	<u>31,150</u>	<u>26,854</u>	16.0	<u>30,645</u>	1.6	<u>61,795</u>	<u>54,132</u>	14.2
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits	16,221	14,066	15.3	16,146	0.5	32,367	29,155	11.0
Insurance acquisition and other operating expenses	8,601	7,547	14.0	8,327	3.3	16,928	14,943	13.3
Total benefits and expenses	<u>24,822</u>	<u>21,613</u>	14.8	<u>24,473</u>	1.4	<u>49,295</u>	<u>44,098</u>	11.8
<b>Income before income taxes, minority interest and cumulative effect of an accounting change</b>	<u>6,328</u>	<u>5,241</u>	20.7	<u>6,172</u>	2.5	<u>12,500</u>	<u>10,034</u>	24.6
Income taxes	<u>1,679</u>	<u>1,688</u>	NM	<u>1,726</u>	NM	<u>3,405</u>	<u>3,123</u>	NM
<b>Income before minority interest and cumulative effect of an accounting change</b>	4,649	3,553	30.8	4,446	4.6	9,095	6,911	31.6
Minority interest	<u>(372)</u>	<u>(363)</u>	NM	<u>(316)</u>	NM	<u>(688)</u>	<u>(560)</u>	NM
<b>Income before cumulative effect of an accounting change</b>	4,277	3,190	34.1	4,130	3.6	8,407	6,351	32.4
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>4,277</u>	<u>3,190</u>	34.1	<u>4,130</u>	3.6	<u>8,407</u>	<u>6,385</u>	31.7
<b>Earnings per common share:</b>								
Basic								
Income before cumulative effect of an accounting change	1.64	1.23	33.3	1.58	3.8	3.22	2.44	32.0
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	0.01	NM
Net income	1.64	1.23	33.3	1.58	3.8	3.22	2.45	31.4
Diluted								
Income before cumulative effect of an accounting change	1.64	1.21	35.5	1.58	3.8	3.21	2.42	32.6
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	-	0.01	NM
Net income	1.64	1.21	35.5	1.58	3.8	3.21	2.43	32.1
<b>Dividends declared per common share</b>	\$ 0.200	\$ 0.165	21.2 %	\$ 0.165	21.2 %	\$ 0.365	\$ 0.315	15.9 %
<b>Average shares outstanding:</b>								
Basic	2,602	2,606		2,612		2,607	2,606	
Diluted	2,613	2,625		2,621		2,621	2,624	

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 June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006, respectively: **net realized capital gains (losses)** includes a gain of \$80 million, a gain of \$184 million, a loss of \$137 million, a loss of \$57 million and a gain of \$483 million, respectively; **other income** includes a loss of \$510 million, a loss of \$1,268 million, a loss of \$315 million, a loss of \$825 million and a loss of \$1,779 million, respectively; and **total revenues** includes a loss of \$430 million, a loss of \$1,084 million, a loss of \$452 million, a loss of \$882 million and a loss of \$1,296 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					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>General insurance</b>								
Net premiums written	\$ 12,139	\$ 11,634	4.3 %	\$ 12,106	0.3 %	\$ 24,245	\$ 22,889	5.9 %
Net premiums earned	11,363	10,678	6.4	11,219	1.3	22,582	21,148	6.8
Losses and loss expenses incurred	7,259	6,764	7.3	7,200	0.8	14,459	13,741	5.2
Underwriting expenses	2,693	2,540	6.0	2,607	3.3	5,300	4,888	8.4
Underwriting profit (1)	1,411	1,374	2.7	1,412	(0.1)	2,823	2,519	12.1
Net investment income	1,628	1,614	0.9	1,563	4.2	3,191	2,732	16.8
Income before net realized capital gains (losses)	3,039	2,988	1.7	2,975	2.2	6,014	5,251	14.5
Net realized capital gains (losses) (2)	(63)	(125)	NM	121	NM	58	(57)	NM
Operating income	<u>2,976</u>	<u>2,863</u>	3.9	<u>3,096</u>	(3.9)	<u>6,072</u>	<u>5,194</u>	16.9
<b>Life insurance &amp; retirement services</b>								
Premiums and other considerations	8,170	7,648	6.8	8,425	(3.0)	16,595	15,448	7.4
Deposits and other considerations not included in revenues under GAAP	13,547	11,915	13.7	12,484	8.5	26,031	23,740	9.7
Premiums, deposits and other considerations	21,717	19,563	11.0	20,909	3.9	42,626	39,188	8.8
Net investment income	6,132	4,420	38.7	5,513	11.2	11,645	9,254	25.8
Income before net realized capital gains (losses)	2,899	2,538	14.2	2,537	14.3	5,436	4,952	9.8
Net realized capital gains (losses) (2)	(279)	(157)	NM	(256)	NM	(535)	59	NM
Operating income	<u>2,620</u>	<u>2,381</u>	10.0	<u>2,281</u>	14.9	<u>4,901</u>	<u>5,011</u>	(2.2)
<b>Financial services</b>								
Operating income excluding FAS 133 and net realized capital gains (losses)	512	613	(16.5)	444	15.3	956	1,131	(15.5)
FAS 133 (2)	(528)	(1,163)	NM	(85)	NM	(613)	(1,841)	NM
Net realized capital gains (losses) (2)	63	20	215.0	(67)	NM	(4)	72	NM
Operating income (loss)	<u>47</u>	<u>(530)</u>	NM	<u>292</u>	<u>(83.9)</u>	<u>339</u>	<u>(638)</u>	NM
<b>Asset management</b>								
Operating income excluding consolidated investments and net realized capital gains (losses)	549	523	5.0	786	(30.2)	1,335	871	53.3
Consolidated investments (3)	227	270	NM	228	NM	455	366	NM
Net realized capital gains (losses) (2)	352	(8)	NM	(20)	NM	332	(3)	NM
Operating income	<u>1,128</u>	<u>785</u>	43.7	<u>994</u>	13.5	<u>2,122</u>	<u>1,234</u>	72.0
Other income (deductions) - net (4)	(342)	(314)	NM	(643)	NM	(985)	(651)	NM
Other net realized capital gains (losses) (2) (5)	(101)	56	NM	152	NM	51	(116)	NM
<b>Income before income taxes, minority interest and cumulative effect of an accounting change</b>	<u>6,328</u>	<u>5,241</u>	20.7	<u>6,172</u>	2.5	<u>12,500</u>	<u>10,034</u>	24.6
Income taxes	<u>1,679</u>	<u>1,688</u>	NM	<u>1,726</u>	NM	<u>3,405</u>	<u>3,123</u>	NM
<b>Income before minority interest and cumulative effect of an accounting change</b>	<u>4,649</u>	<u>3,553</u>	30.8	<u>4,446</u>	4.6	<u>9,095</u>	<u>6,911</u>	31.6
Minority interest, after tax:								
Income before net realized capital gains (losses)	(359)	(360)	NM	(323)	NM	(682)	(541)	NM
Net realized capital gains (losses)	(13)	(3)	NM	7	NM	(6)	(19)	NM
<b>Income before cumulative effect of an accounting change</b>	<u>4,277</u>	<u>3,190</u>	34.1	<u>4,130</u>	3.6	<u>8,407</u>	<u>6,351</u>	32.4
Cumulative effect of an accounting change, net of tax (6)	-	-	NM	-	NM	-	34	NM
<b>Net income (7)</b>	<u>4,277</u>	<u>3,190</u>	34.1	<u>4,130</u>	3.6	<u>8,407</u>	<u>6,385</u>	31.7
Net realized capital gains (losses), net of tax (8)	(17)	(144)	NM	(56)	NM	(73)	(26)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	(332)	(824)	NM	(205)	NM	(537)	(1,157)	NM
Cumulative effect of an accounting change, net of tax (6)	-	-	NM	-	NM	-	34	NM
<b>Adjusted net income (7) (9)</b>	<u>4,626</u>	<u>4,158</u>	11.3	<u>4,391</u>	5.4	<u>9,017</u>	<u>7,534</u>	19.7
<b>Earnings per share - diluted:</b>								
Net income	1.64	1.21	35.5	1.58	3.8	3.21	2.43	32.1
Adjusted net income (7) (9)	\$ 1.77	\$ 1.58	12.0 %	\$ 1.68	5.4 %	\$ 3.44	\$ 2.87	19.9 %
<b>Average shares outstanding - diluted</b>	2,613	2,625		2,621		2,621	2,624	
<b>Effective tax rates (10):</b>								
Income before income taxes, minority interest and cumulative effect of an accounting change	26.5%	32.2%		28.0%		27.2%	31.1%	
Net income	27.5%	33.3%		29.0%		28.2%	31.6%	
Adjusted net income (7) (9)	28.3%	33.7%		29.0%		28.7%	32.4%	
<b>Return on equity (11)</b>	16.6%	14.6%		16.1%		16.3%	14.6%	

(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 gain of \$18 million, a loss of \$105 million, a loss of \$230 million, a loss of \$212 million and a gain of \$62 million in the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 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 foreign exchange rates on economically hedged exposures.
- (5) Includes a loss of \$121 million, a gain of \$105 million, a gain of \$230 million, a gain of \$109 million and a loss of \$62 in the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 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 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) During the second quarter of 2007, AIG recorded an out of period adjustment to reverse net gains on transfers of investment securities among legal entities consolidated within AIGFP. The effect was a decrease of \$247 million in net income in both the three months and the six months ended June 30, 2007. During the second quarter of 2006, AIG recorded an out of period adjustment related to the accounting for certain interests in unit investment trusts in accordance with FIN46(R) and APB 18. For the three months and six months ended June 30, 2006 the effect was an increase of \$374 million and \$349 million, respectively, in both net income and adjusted net income. The six months ended June 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 a 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 periods adjustments are summarized below:

(dollars in millions)	<b>Three Months Ended June 30,</b>			<b>Six Months Ended June 30,</b>		
	2007	2006	% Change	2007	2006	% Change
<b>Net income as reported</b>	\$4,277	\$3,190	34.1%	\$8,407	\$6,385	31.7%
Net realized capital gains (losses)	(17)	(144)	-	(73)	(26)	-
FAS 133 gains (losses)	(332)	(824)	-	(537)	(1,157)	-
Cumulative effect of an accounting change	-	-	-	-	34	-
<b>Adjusted net income as reported</b>	\$4,626	\$4,158	11.3%	\$9,017	\$7,534	19.7%
Out of period adjustments affecting adjusted net income increase / (decrease)	123	311	-	(170)	25	-
<b>Adjusted net income excluding out of period adjustments</b>	\$4,503	\$3,847	17.1%	\$9,187	\$7,509	22.3%

- (8) Includes a gain of \$52 million, a gain of \$120 million, a loss of \$89 million, a loss of \$37 million and a gain of \$314 million, net of tax, in the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 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 calculation of the effective tax rates is as follows:

(dollars in millions)	<b>Three Months Ended June 30, 2007</b>				<b>Six Months Ended June 30, 2007</b>			
	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>	\$6,328	\$1,679	\$4,649	26.5%	\$12,500	\$3,405	\$9,095	27.2%
Minority interest	(430)	(58)	(372)		(788)	(100)	(688)	
<b>Net income</b>	5,898	1,621	4,277	27.5%	11,712	3,305	8,407	28.2%
Net realized capital gains (losses)	(47)	(30)	(17)		(106)	(33)	(73)	
FAS 133 gains (losses)	(510)	(178)	(332)		(825)	(288)	(537)	
<b>Adjusted net income</b>	\$6,455	\$1,829	\$4,626	28.3%	\$12,643	\$3,626	\$9,017	28.7%

- (11) Return on equity is annualized net income, expressed as a percentage of average shareholders' equity. Return on equity, as adjusted, is annualized adjusted net income expressed as a percentage of average shareholders' equity, adjusted to exclude the effects of FAS 133 of \$651 million and accumulated other comprehensive income of \$9,050 million.

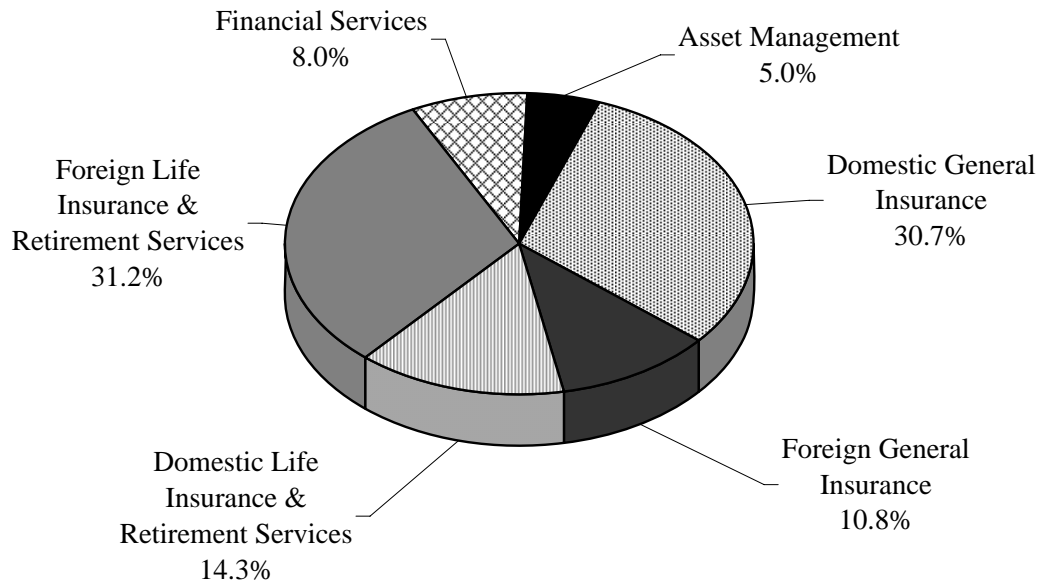
	<b>Three Months Ended June 30, 2007</b>	<b>Six Months Ended June 30, 2007</b>
Return on equity, GAAP basis	16.6%	16.3%
Adjustments related to:		
FAS 133 and net realized capital gains (losses)	1.5%	1.3%
Accumulated other comprehensive income	1.7%	1.7%
<b>Return on equity, as adjusted</b>	<b>19.8%</b>	<b>19.3%</b>

# American International Group, Inc.

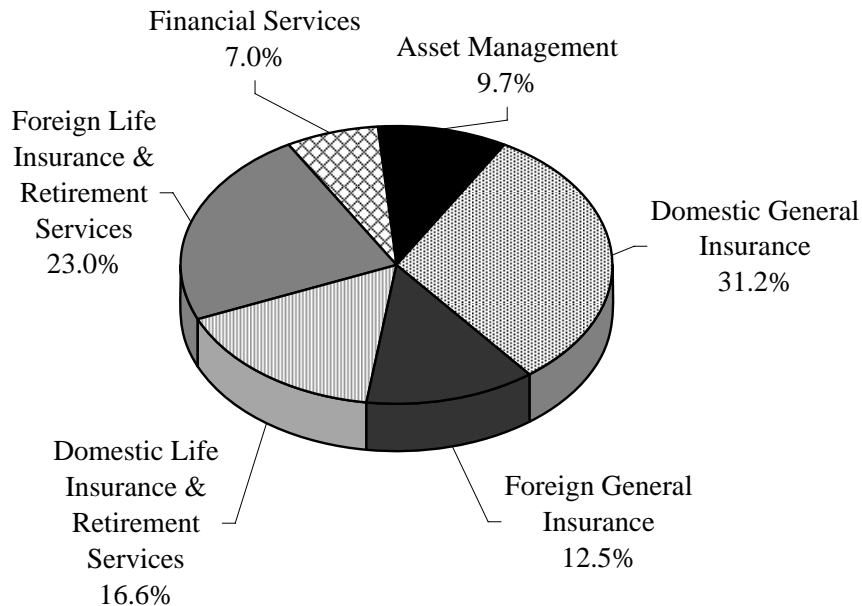
## Revenues and Income Graphs

Six Months Ended June 30, 2007

### Revenues



### Income Before Income Taxes and Minority Interest



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

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

(in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
<b>FAS 133 effect on operating income before net realized capital gains (losses):</b>					
Financial Services (2)	\$ (528)	\$ (1,163)	\$ (85)	\$ (613)	\$ (1,841)
Intercompany Eliminations (3)	(22)	491	1	(21)	847
Foreign Exchange Rates on Economically Hedged Debt Exposures:					
Financial Services	(89)	(435)	(102)	(191)	(612)
Asset Management	23	(142)	(23)	-	(154)
Other	106	(19)	(106)	-	(19)
Total Foreign Exchange Rates on Economically Hedged Debt Exposures	<u>40</u>	<u>(596)</u>	<u>(231)</u>	<u>(191)</u>	<u>(785)</u>
Total pre-tax effect	<u>(510)</u>	<u>(1,268)</u>	<u>(315)</u>	<u>(825)</u>	<u>(1,779)</u>
Total after-tax effect	<u>(332)</u>	<u>(824)</u>	<u>(205)</u>	<u>(537)</u>	<u>(1,157)</u>
<b>FAS 133 effect on net realized capital gains (losses):</b>					
Financial Services	85	18	(75)	10	77
Asset Management	(59)	48	(71)	(130)	124
General Insurance	(5)	(11)	(3)	(8)	(24)
Life Insurance & Retirement Services	41	73	(123)	(82)	425
Other	139	(49)	(95)	44	(57)
Eliminations and Reclassifications (4)	(121)	105	230	109	(62)
Total pre-tax effect	<u>80</u>	<u>184</u>	<u>(137)</u>	<u>(57)</u>	<u>483</u>
Total after-tax effect	<u>52</u>	<u>120</u>	<u>(89)</u>	<u>(37)</u>	<u>314</u>
<b>FAS 133 effect on total income:</b>					
Total pre-tax effect	<u>(430)</u>	<u>(1,084)</u>	<u>(452)</u>	<u>(882)</u>	<u>(1,296)</u>
Total after tax-effect	<u>\$ (280)</u>	<u>\$ (704)</u>	<u>\$ (294)</u>	<u>\$ (574)</u>	<u>\$ (843)</u>

- Note:**
- (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of investments and borrowings that did not qualify for hedge accounting treatment under FAS 133. Since hedge accounting has not been applied to the periods presented, an offsetting gain or loss on the hedged exposure has not been recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
  - (2) The three months and the six months ended June 30, 2007 include out of period charges of \$431 million and \$326 million, respectively, including a \$380 million charge in both periods to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in both the first three months of 2007 and the first six months of 2007 includes a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, certain structured transactions potentially affected by proposed guidance by the U.S. Treasury Department. In 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. The net loss recognized in the first six months of 2006 was partially due to an out of period charge of \$300 million related to the remediation of the material weakness in accounting for certain derivative transactions under FAS 133. The remainder of the net loss reflected in the first six months of 2006 and the net loss recognized in the first three months of 2006 resulted from the weakening of the U.S. Dollar primarily against the British Pound and the Euro resulting in a decrease in the fair value of the foreign currency derivatives hedging Capital Markets assets.
  - (3) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of foreign exchange rates on economically hedged exposures.
  - (4) Represents the elimination of net realized capital gains (losses) from intercompany hedging activities and the reclassification of foreign exchange rates on economically hedged exposures.

# American International Group, Inc.

## Consolidated Balance Sheet

(in millions)

	June 30, 2007	December 31, 2006
<b>Assets:</b>		
<b>Investments and financial services assets:</b>		
Fixed maturities	\$ 419,367	\$ 417,865
Equity securities	37,460	30,222
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	31,362	28,418
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	42,232	39,875
Securities available for sale, at fair value	48,166	47,205
Trading securities, at fair value	4,567	5,031
Spot commodities	93	220
Unrealized gain on swaps, options and forward transactions	18,120	19,252
Trade receivables	7,138	4,317
Securities purchased under agreements to resell, at contract value	31,595	31,853
Finance receivables, net of allowance	30,027	29,573
Securities lending collateral, at fair value (approximates cost)	81,079	69,306
Other invested assets	49,887	42,114
Short-term investments, at cost (approximates fair value)	27,736	25,249
<b>Total investments and financial services assets</b>	828,829	790,500
Cash	1,635	1,590
Investment income due and accrued	6,118	6,077
Premiums and insurance balances receivable, net of allowance	20,147	17,789
Reinsurance assets, net of allowance	23,541	23,355
Deferred policy acquisition costs	39,694	37,235
Investments in partially owned companies	1,176	1,101
Real estate and other fixed assets, net of accumulated depreciation	5,060	4,381
Separate and variable accounts	78,618	72,655
Goodwill	8,590	8,628
Other assets	20,458	16,103
<b>Total assets</b>	\$ 1,033,866	\$ 979,414
<b>Liabilities:</b>		
Reserve for losses and loss expenses	\$ 82,079	\$ 79,999
Unearned premiums	28,019	26,271
Future policy benefits for life and accident and health insurance contracts	126,584	122,230
Policyholders' contract deposits	247,526	246,615
Other policyholders' funds	8,562	8,281
Commissions, expenses and taxes payable	6,144	5,305
Insurance balances payable	5,765	3,789
Funds held by companies under reinsurance treaties	2,407	2,602
Income taxes payable	8,996	9,546
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	19,451	20,664
Securities sold under agreements to repurchase, at contract value	19,459	19,677
Trade payables	8,324	6,174
Hybrid financial instrument liabilities, at fair value	8,155	8,856
Securities and spot commodities sold but not yet purchased, at market value	4,297	4,076
Unrealized loss on swaps, options and forward transactions	12,841	11,401
Trust deposits and deposits due to banks and other depositors	4,290	5,249
Commercial paper	10,057	8,208
Notes, bonds, loans and mortgages payable	93,998	87,602
Commercial paper	4,468	4,821
Notes, bonds, loans and mortgages payable	23,156	17,088
Junior subordinated debt	4,585	-
Liabilities connected to trust preferred stock	1,440	1,440
Separate and variable accounts	78,618	72,655
Securities lending payable	82,219	70,198
Minority interest	9,290	7,778
Other liabilities (includes hybrid financial instruments)	28,706	27,021
<b>Total liabilities</b>	929,436	877,546
<b>Preferred shareholders' equity in subsidiary companies</b>	100	191
<b>Shareholders' equity:</b>		
Common stock	6,878	6,878
Additional paid-in capital	2,708	2,590
Payments advanced to purchase shares	(2,336)	-
Unrealized appreciation of investments, net of taxes	9,371	10,083
Cash flow hedging activities, net of taxes	40	(27)
Foreign currency translation adjustments, net of taxes	(591)	(297)
Foreign currency translation adjustments hedging, net of taxes	(8)	(8)
Retirement plan liabilities adjustment, net of taxes	(625)	(641)
Retained earnings	92,251	84,996
Treasury stock, at cost	(3,358)	(1,897)
<b>Total shareholders' equity</b>	104,330	101,677
<b>Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity</b>	\$ 1,033,866	\$ 979,414

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

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

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

(2)

<u>Total shareholders' equity</u>	
Total common shares issued - treasury shares	
\$104,329,785,808	
<u>2,751,327,476 - 171,309,237</u>	= \$40.44

(3) Book value per share, excluding payments advanced to purchase shares which has yet to be recorded as treasury shares, was \$41.34 or an increase of 5.8% from December 31, 2006 calculated as follows:

<u>\$104,329,785,808 + \$2,335,497,868</u>	
2,751,327,476 - 171,309,237	= \$41.34

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
Gross premiums written	\$ 15,105	\$ 14,450	4.5 %	\$ 16,012	(5.7) %	\$ 31,117	\$ 29,042	7.1 %
Ceded premiums written	2,966	2,816	5.3	3,906	(24.1)	6,872	6,153	11.7
Net premiums written	12,139	11,634	4.3	12,106	0.3	24,245	22,889	5.9
Net premiums earned	11,363	10,678	6.4	11,219	1.3	22,582	21,148	6.8
Paid losses	6,223	5,812	7.1	5,661	9.9	11,884	11,490	3.4
Change in net loss reserves	1,288	1,322	(2.6)	1,501	(14.2)	2,789	2,738	1.9
Less foreign exchange effect	252	370	(31.9)	(38)	NM	214	487	(56.1)
Losses and loss expenses incurred (1) (2)	7,259	6,764	7.3	7,200	0.8	14,459	13,741	5.2
Statutory underwriting expenses	2,820	2,691	4.8	2,826	(0.2)	5,646	5,227	8.0
Statutory underwriting profit	1,284	1,223	5.0	1,193	7.6	2,477	2,180	13.6
Change in deferred acquisition costs	127	151	(15.9)	219	(42.0)	346	339	2.1
Underwriting profit	1,411	1,374	2.7	1,412	(0.1)	2,823	2,519	12.1
Net investment income (3) (4)								
Interest and dividends	1,152	1,014	13.6	1,157	(0.4)	2,309	1,976	16.9
Partnership income	314	194	61.9	375	(16.3)	689	387	78.0
Other investment income (3) (5)	324	574	(43.6)	190	70.5	514	668	(23.1)
Investment expense	(162)	(168)	(3.6)	(159)	1.9	(321)	(299)	7.4
Total	1,628	1,614	0.9	1,563	4.2	3,191	2,732	16.8
<b>Operating income before net realized capital gains (losses)</b>	<b>3,039</b>	<b>2,988</b>	<b>1.7</b>	<b>2,975</b>	<b>2.2</b>	<b>6,014</b>	<b>5,251</b>	<b>14.5</b>
Net realized capital gains (losses) (4)	(63)	(125)	NM	121	NM	58	(57)	NM
<b>Operating income</b>	<b>\$ 2,976</b>	<b>\$ 2,863</b>	<b>3.9 %</b>	<b>3,096</b>	<b>(3.9)</b>	<b>6,072</b>	<b>5,194</b>	<b>16.9</b>
<b>Net loss and loss expense reserve (at period end)</b>				<b>\$ 64,131</b>	<b>2.0 %</b>	<b>\$ 65,419</b>	<b>\$ 60,214</b>	<b>8.6 %</b>
<b>Underwriting ratios:</b>								
Loss ratio	63.88	63.34		64.18		64.03	64.98	
Expense ratio	23.24	23.13		23.34		23.29	22.84	
Combined ratio	87.12	86.47		87.52		87.32	87.82	
Combined ratio excluding significant current year catastrophe-related losses	86.44	86.47		87.52		86.98	87.82	
<b>Foreign exchange effect on worldwide growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (6)	3.3 %					4.7 %		
Foreign exchange effect	1.0					1.2		
Growth as reported in U.S. \$	4.3 %					5.9 %		

(See Accompanying Notes on Page 18)

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

(in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
Net reserve for losses and loss expenses					
at beginning of period - Consolidated (7)	\$ 64,034	\$ 58,892	\$ 62,630	\$ 62,630	\$ 57,476
Foreign exchange effect	252	370	(38)	214	487
Losses and loss expenses incurred:					
Current year	7,334	6,911	7,215	14,549	13,752
Prior years:					
Other than the accretion of loss reserve discount and Transatlantic's general insurance operations	(138)	(278)	(166)	(304)	(278)
Transatlantic general insurance operations including prior year catastrophe development	18	30	18	36	65
Accretion of loss reserve discount	12	101	116	128	202
Total prior years (7)	(108)	(147)	(32)	(140)	(11)
Total losses and loss expenses incurred	7,226	6,764	7,183	14,409	13,741
Losses and loss expenses paid (7)	6,315	5,812	5,741	12,056	11,490
Net reserve for losses and loss expenses					
at end of period - Consolidated (7)	\$ <u>65,197</u>	\$ <u>60,214</u>	\$ <u>64,034</u>	\$ <u>65,197</u>	\$ <u>60,214</u>

(See Accompanying Notes on Page 18)

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

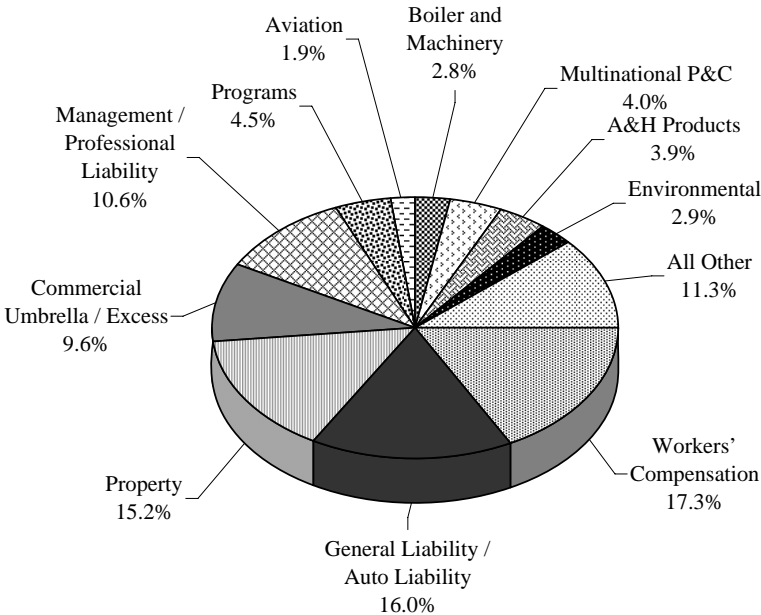
(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
Net premiums written	\$ 6,439	\$ 6,476	(0.6) %	\$ 6,009	7.2 %	\$ 12,448	\$ 12,336	0.9 %
Net premiums earned	5,996	5,818	3.1	5,981	0.3	11,977	11,587	3.4
Losses and loss expenses incurred (2)	3,928	4,031	(2.6)	4,041	(2.8)	7,969	8,233	(3.2)
Statutory underwriting expenses	1,122	1,146	(2.1)	1,156	(2.9)	2,278	2,229	2.2
Statutory underwriting profit	946	641	47.6	784	20.7	1,730	1,125	53.8
Change in deferred acquisition costs	50	64	(21.9)	35	42.9	85	93	(8.6)
Underwriting profit	996	705	41.3	819	21.6	1,815	1,218	49.0
Net investment income (3)								
Interest and dividends	707	632	11.9	715	(1.1)	1,422	1,227	15.9
Partnership income	211	167	26.3	337	(37.4)	548	349	57.0
Other investment income (3) (5)	200	150	33.3	114	75.4	314	222	41.4
Investment expense	(134)	(136)	(1.5)	(133)	0.8	(267)	(240)	11.3
Total	984	813	21.0	1,033	(4.7)	2,017	1,558	29.5
<b>Operating income before net realized capital gains (losses)</b>	1,980	1,518	30.4	1,852	6.9	3,832	2,776	38.0
Net realized capital gains (losses)	(76)	(44)	NM	77	NM	1	3	(66.7)
<b>Operating income</b>	<u>\$ 1,904</u>	<u>\$ 1,474</u>	29.2 %	<u>\$ 1,929</u>	(1.3) %	<u>\$ 3,833</u>	<u>\$ 2,779</u>	37.9 %
<b>Underwriting ratios:</b>								
Loss ratio	65.50	69.25		67.59		66.54	71.05	
Expense ratio	17.45	17.68		19.22		18.30	18.06	
Combined ratio	82.95	86.93		86.81		84.84	89.11	

(See Accompanying Notes on Page 18)

**American International Group, Inc.**  
**Domestic Brokerage Group Insurance**  
**Six Months Ended June 30, 2007**

**Gross Premiums Written by Line of Business**



**Gross Premiums Written**  
**\$16.6 billion**

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
Net premiums written:								
AIG Direct	\$ 388	\$ 399	(2.8) %	\$ 419	(7.4) %	\$ 807	\$ 808	(0.1) %
Agency Auto	280	314	(10.8)	304	(7.9)	584	646	(9.6)
Private Client Group	214	148	44.6	157	36.3	371	259	43.2
21st Century	322	316	1.9	349	(7.7)	671	653	2.8
Other	(1)	3	NM	-	NM	(1)	12	NM
Subtotal	1,203	1,180	1.9	1,229	(2.1)	2,432	2,378	2.3
Net premiums earned	1,168	1,167	0.1	1,155	1.1	2,323	2,326	(0.1)
Losses and loss expenses incurred (2)	823	828	(0.6)	817	0.7	1,640	1,666	(1.6)
Statutory underwriting expenses	289	286	1.0	305	(5.2)	594	567	4.8
Statutory underwriting profit	56	53	5.7	33	69.7	89	93	(4.3)
Change in deferred acquisition costs	7	9	(22.2)	15	(53.3)	22	14	57.1
Underwriting profit	63	62	1.6	48	31.3	111	107	3.7
Net investment income								
Interest and dividends	59	57	3.5	59	0.0	118	115	2.6
Partnership income	-	1	NM	-	NM	-	1	NM
Other investment income (5)	1	1	0.0	-	NM	1	1	0.0
Investment expense	(3)	(4)	(25.0)	(2)	50.0	(5)	(5)	0.0
Total	57	55	3.6	57	0.0	114	112	1.8
<b>Operating income before net realized capital gains (losses)</b>	120	117	2.6	105	14.3	225	219	2.7
Net realized capital gains (losses)	(2)	1	NM	1	NM	(1)	-	NM
<b>Operating income</b>	<u>\$ 118</u>	<u>\$ 118</u>	0.0 %	<u>\$ 106</u>	11.3 %	<u>\$ 224</u>	<u>\$ 219</u>	2.3 %
<b>Underwriting ratios:</b>								
Loss ratio	70.52	70.99		70.67		70.60	71.62	
Expense ratio	23.98	24.24		24.84		24.41	23.86	
Combined ratio	94.50	95.23		95.51		95.01	95.48	

(See Accompanying Notes on Page 18)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
Net premiums written	272	193	40.9	266	2.3	538	390	37.9
Net premiums earned	221	179	23.5	210	5.2	431	345	24.9
Losses and loss expenses incurred	286	59	384.7	194	47.4	480	110	336.4
Statutory underwriting expenses	61	47	29.8	58	5.2	119	92	29.3
Statutory underwriting profit (loss)	(126)	73	NM	(42)	NM	(168)	143	NM
Change in deferred acquisition costs	9	1	NM	12	(25.0)	21	8	162.5
Underwriting profit (loss)	(117)	74	NM	(30)	NM	(147)	151	NM
Net investment income								
Interest and dividends	39	37	5.4	37	5.4	76	69	10.1
Partnership income	-	-	NM	-	NM	-	-	NM
Other investment income (5)	1	-	NM	-	NM	1	-	NM
Investment expense	(1)	(1)	0.0	-	NM	(1)	(1)	0.0
Total	39	36	8.3	37	5.4	76	68	11.8
<b>Operating income (loss) before net realized capital gains (losses)</b>	(78)	110	NM	7	NM	(71)	219	NM
Net realized capital gains (losses)	(3)	(3)	NM	1	NM	(2)	(3)	NM
<b>Operating income (loss)</b>	\$ (81)	\$ 107	NM %	\$ 8	NM %	\$ (73)	\$ 216	NM %
<b>Underwriting ratios:</b>								
Loss ratio	129.91	33.13		92.17		111.48	31.81	
Expense ratio	22.42	24.71		21.70		22.07	23.69	
Combined ratio	152.33	57.84		113.87		133.55	55.50	

(See Accompanying Notes on Page 18)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Net premiums written:</b>								
Domestic first-lien	\$ 140	\$ 117	19.7 %	\$ 129	8.5 %	\$ 269	\$ 233	15.5 %
Domestic second-lien	50	48	4.2	52	(3.8)	102	83	22.9
Student loan	7	6	16.7	26	(73.1)	33	29	13.8
International	67	16	318.8	52	28.8	119	34	250.0
Other	8	6	33.3	7	14.3	15	11	36.4
<b>Total</b>	<b><u>272</u></b>	<b><u>193</u></b>	<b>40.9</b>	<b><u>266</u></b>	<b>2.3</b>	<b><u>538</u></b>	<b><u>390</u></b>	<b>37.9</b>
<b>Statutory underwriting profit (loss):</b>								
Domestic first-lien	(6)	58	NM	31	NM	25	129	(80.6)
Domestic second-lien	(114)	19	NM	(63)	NM	(177)	25	NM
Student loan	1	-	NM	(1)	NM	-	(5)	NM
International	(5)	(3)	NM	(6)	NM	(11)	(4)	NM
Other	(2)	(1)	NM	(3)	NM	(5)	(2)	NM
<b>Total</b>	<b><u>\$ (126)</u></b>	<b><u>\$ 73</u></b>	<b>NM %</b>	<b><u>\$ (42)</u></b>	<b>NM %</b>	<b><u>\$ (168)</u></b>	<b><u>\$ 143</u></b>	<b>NM %</b>
<b>Loss ratio:</b>								
Domestic first-lien	84.08	26.54		56.02		70.57	21.03	
Domestic second-lien	317.96	48.74		208.72		261.60	58.61	
Student loan	72.79	92.55		80.40		76.63	117.35	
International	30.77	27.44		24.76		28.03	23.93	
Other	0.00	0.00		0.00		0.00	0.00	
<b>Total</b>	<b>129.91</b>	<b>33.13</b>		<b>92.17</b>		<b>111.48</b>	<b>31.81</b>	

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
Net premiums written:								
Domestic	\$ 494	\$ 444	11.3 %	\$ 516	(4.3) %	\$ 1,010	\$ 890	13.5 %
International	489	470	4.0	468	4.5	957	938	2.0
Subtotal	983	914	7.5	984	(0.1)	1,967	1,828	7.6
Net premiums earned	948	909	4.3	965	(1.8)	1,913	1,817	5.3
Losses and loss expenses incurred (1) (2) (8)	642	619	3.7	676	(5.0)	1,318	1,252	5.3
Statutory underwriting expenses	269	257	4.7	273	(1.5)	542	502	8.0
Statutory underwriting profit	37	33	12.1	16	131.3	53	63	(15.9)
Change in deferred acquisition costs	10	4	150.0	4	150.0	14	7	100.0
Underwriting profit	47	37	27.0	20	135.0	67	70	(4.3)
Net investment income								
Interest and dividends	108	97	11.3	105	2.9	213	190	12.1
Partnership income	13	5	160.0	8	62.5	21	11	90.9
Other investment income (5)	-	9	NM	5	NM	5	15	(66.7)
Investment expense	(2)	(3)	(33.3)	(2)	0.0	(4)	(6)	(33.3)
Total	119	108	10.2	116	2.6	235	210	11.9
<b>Operating income before net realized capital gains (losses)</b>	166	145	14.5	136	22.1	302	280	7.9
Net realized capital gains (losses)	2	(2)	NM	15	(86.7)	17	4	325.0
<b>Operating income</b>	<u>\$ 168</u>	<u>\$ 143</u>	17.5 %	<u>\$ 151</u>	11.3 %	<u>\$ 319</u>	<u>\$ 284</u>	12.3 %
<b>Underwriting ratios:</b>								
Loss ratio	67.71	68.06		70.01		68.87	68.89	
Expense ratio	27.32	28.13		27.79		27.56	27.48	
Combined ratio	95.03	96.19		97.80		96.43	96.37	
Combined ratio excluding significant current year catastrophe-related losses	94.05	96.19		97.80		95.95	96.37	

(See Accompanying Notes on Page 18)

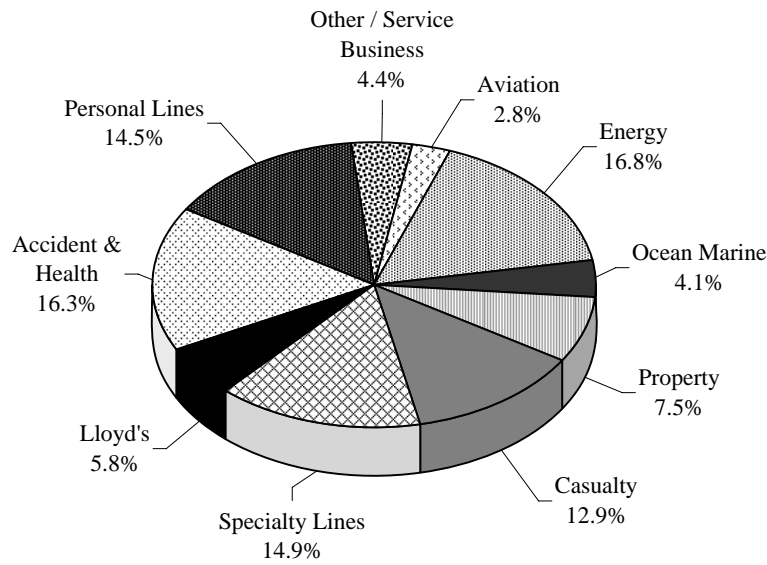
**American International Group, Inc.**  
**Foreign General Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
Net premiums written	\$ 3,242	\$ 2,871	12.9 %	\$ 3,618	(10.4) %	\$ 6,860	\$ 5,957	15.2 %
Net premiums earned	3,030	2,605	16.3	2,908	4.2	5,938	5,073	17.1
Losses and loss expenses incurred (1) (2) (8)	1,580	1,227	28.8	1,472	7.3	3,052	2,480	23.1
Statutory underwriting expenses (9)	1,079	955	13.0	1,034	4.4	2,113	1,837	15.0
Statutory underwriting profit	371	423	(12.3)	402	(7.7)	773	756	2.2
Change in deferred acquisition costs	51	73	(30.1)	153	(66.7)	204	217	(6.0)
Underwriting profit	422	496	(14.9)	555	(24.0)	977	973	0.4
Net investment income (3)								
Interest and dividends	237	191	24.1	240	(1.3)	477	375	27.2
Partnership income	90	21	328.6	30	200.0	120	26	361.5
Other investment income (3) (5)	122	414	(70.5)	71	71.8	193	430	(55.1)
Investment expense	(22)	(24)	(8.3)	(22)	0.0	(44)	(47)	(6.4)
Total	427	602	(29.1)	319	33.9	746	784	(4.8)
<b>Operating income before net realized capital gains (losses)</b>	849	1,098	(22.7)	874	(2.9)	1,723	1,757	(1.9)
Net realized capital gains (losses)	18	(77)	NM	35	(48.6)	53	(63)	NM
<b>Operating income (10)</b>	<u>\$ 867</u>	<u>\$ 1,021</u>	(15.1) %	<u>\$ 909</u>	(4.6) %	<u>\$ 1,776</u>	<u>\$ 1,694</u>	4.8 %
<b>Underwriting ratios:</b>								
Loss ratio	52.13	47.14		50.64		51.40	48.90	
Expense ratio	33.28	33.28		28.58		30.80	30.83	
Combined ratio	85.41	80.42		79.22		82.20	79.73	
Combined ratio excluding significant current year catastrophe-related losses	83.18	80.42		79.22		81.07	79.73	
<b>Foreign exchange effect on Foreign General growth:</b>								
<b>Net premiums written</b>								
Growth in original currency (6)	9.4 %					11.1 %		
Foreign exchange effect	3.5					4.1		
Growth as reported in U.S. \$	12.9 %					15.2 %		

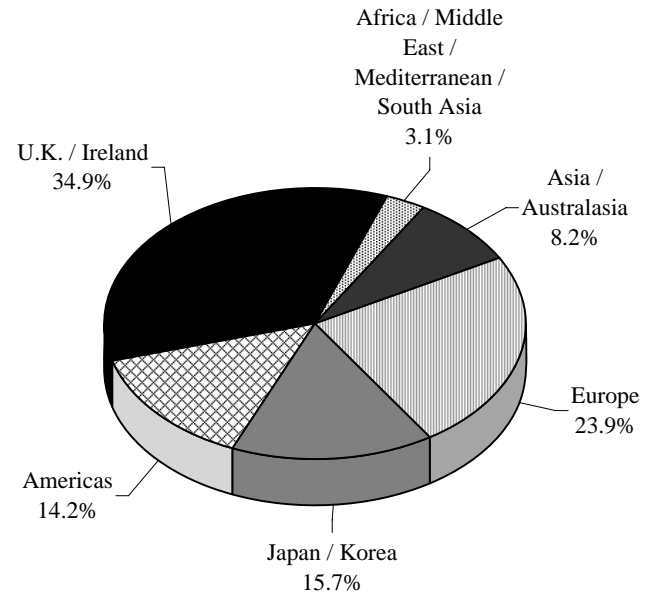
(See Accompanying Notes on Page 18)

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

**Gross Premiums Written by Division**



**Gross Premiums Written by Region**



**Gross Premiums Written**  
**\$11.1 billion**

**American International Group, Inc.**  
**General Insurance**  
**Notes**

- (1) Includes current year catastrophe-related losses and net reinstatement premiums of \$77 million, \$9 million and \$68 million for General Insurance, Transatlantic and Foreign General, respectively, in both the three months and the six months ended June 30, 2007, related to the June 2007 U.K. floods.
- (2) Includes additional losses incurred and net reinstatement premiums related to prior year catastrophes as follows:

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	Mar. 31, 2007	June 30, 2007	June 30, 2006
Domestic Brokerage	\$16	\$(53)	\$28	\$44	\$18
Personal Lines	-	(2)	(2)	(2)	(6)
Transatlantic	1	10	4	5	10
Foreign General	1	(6)	5	6	26
<b>General Insurance</b>	<b>\$18</b>	<b>\$(51)</b>	<b>\$35</b>	<b>\$53</b>	<b>\$48</b>

- (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 and the six months ended June 30, 2006, the effect was an increase in both net investment income and operating income as follows: General Insurance - \$432 million and \$405 million, respectively; Domestic Brokerage - \$20 million and \$19 million, respectively, and Foreign General - \$412 million and \$386 million, respectively.
- (4) Total may not equal the sum of the individual group totals due to consolidating eliminations.
- (5) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (6) Computed using a constant exchange rate for each period.
- (7) The first six months of 2007, includes certain favorable settlements, the effects of which are not included in the General Insurance segment.
- (8) Includes severe but non-catastrophic losses of \$4 million, \$36 million and \$40 million for Transatlantic and \$14 million, \$25 million and \$39 million for Foreign General, respectively, in the three months ended June 30, 2007 and March 31, 2007 and the six months ended June 30, 2007, respectively.
- (9) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.
- (10) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Premiums, deposits and other considerations</b>	\$ 21,717	\$ 19,563	11.0 %	\$ 20,909	3.9 %	\$ 42,626	\$ 39,188	8.8 %
<b>Revenues:</b>								
Premiums and other considerations	\$ 8,170	\$ 7,648	6.8 %	\$ 8,425	(3.0) %	\$ 16,595	\$ 15,448	7.4 %
Net investment income								
Interest and dividends	4,805	4,453	7.9	4,820	(0.3)	9,625	8,789	9.5
Partnership income excluding synfuels	351	95	269.5	205	71.2	556	253	119.8
Partnership income - synfuels	(42)	(22)	90.9	(33)	27.3	(75)	(59)	27.1
Unit investment trusts	237	184	28.8	88	169.3	325	184	76.6
Other	108	127	(15.0)	66	63.6	174	193	(9.8)
Investment expense	(111)	(96)	15.6	(108)	2.8	(219)	(175)	25.1
Net investment income before policyholder trading gains (losses)	5,348	4,741	12.8	5,038	6.2	10,386	9,185	13.1
Policyholder trading gains (losses)	784	(321)	NM	475	65.1	1,259	69	NM
Total net investment income	6,132	4,420	38.7	5,513	11.2	11,645	9,254	25.8
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>14,302</b>	<b>12,068</b>	<b>18.5</b>	<b>13,938</b>	<b>2.6</b>	<b>28,240</b>	<b>24,702</b>	<b>14.3</b>
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits	8,993	7,302	23.2	8,960	0.4	17,953	15,414	16.5
Insurance acquisition and other operating expenses	2,410	2,228	8.2	2,441	(1.3)	4,851	4,336	11.9
<b>Total benefits and expenses</b>	<b>11,403</b>	<b>9,530</b>	<b>19.7</b>	<b>11,401</b>	<b>0.0</b>	<b>22,804</b>	<b>19,750</b>	<b>15.5</b>
<b>Operating income excluding net realized capital gains (losses)</b>	<b>2,899</b>	<b>2,538</b>	<b>14.2</b>	<b>2,537</b>	<b>14.3</b>	<b>5,436</b>	<b>4,952</b>	<b>9.8</b>
Net realized capital gains (losses)	(279)	(157)	NM	(256)	NM	(535)	59	NM
<b>Operating income</b>	<b>\$ 2,620</b>	<b>\$ 2,381</b>	<b>10.0 %</b>	<b>\$ 2,281</b>	<b>14.9 %</b>	<b>\$ 4,901</b>	<b>\$ 5,011</b>	<b>(2.2) %</b>
<b>Foreign exchange effect on worldwide growth:</b>								
<b>Premiums, deposits and other considerations</b>								
Growth in original currency	8.1 %					5.6 %		
Foreign exchange effect	2.9					3.2		
Growth as reported in U.S. \$	11.0					8.8		
<b>Premiums and other considerations</b>								
Growth in original currency	6.1					5.9		
Foreign exchange effect	0.7					1.5		
Growth as reported in U.S. \$	6.8 %					7.4 %		
<b>Life insurance in-force (at period end)</b>				\$ 2,082,547	2.9 %	\$ 2,141,913	\$ 1,976,543	8.4 %

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Premiums, deposits and other considerations</b>	\$ <u>6,280</u>	\$ <u>5,818</u>	7.9 %	\$ <u>5,659</u>	11.0 %	\$ <u>11,939</u>	\$ <u>11,908</u>	0.3 %
<b>Revenues:</b>								
Premiums and other considerations	\$ 1,667	\$ 1,667	0.0 %	\$ 1,812	(8.0) %	\$ 3,479	\$ 3,350	3.9 %
Net investment income:								
Interest and dividends	2,491	2,416	3.1	2,534	(1.7)	5,025	4,918	2.2
Partnership income excluding synfuels	313	72	334.7	157	99.4	470	213	120.7
Partnership income - synfuels	(42)	(22)	90.9	(33)	27.3	(75)	(59)	27.1
Unit investment trusts	2	-	NM	2	0.0	4	-	NM
Other	30	13	130.8	2	NM	32	10	220.0
Investment expense	(23)	(29)	(20.7)	(32)	(28.1)	(55)	(53)	3.8
Total net investment income	2,771	2,450	13.1	2,630	5.4	5,401	5,029	7.4
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>4,438</b>	<b>4,117</b>	<b>7.8</b>	<b>4,442</b>	<b>(0.1)</b>	<b>8,880</b>	<b>8,379</b>	<b>6.0</b>
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits	2,420	2,419	0.0	2,583	(6.3)	5,003	4,859	3.0
Insurance acquisition and other operating expenses	755	735	2.7	841	(10.2)	1,596	1,477	8.1
<b>Total benefits and expenses</b>	<b>3,175</b>	<b>3,154</b>	<b>0.7</b>	<b>3,424</b>	<b>(7.3)</b>	<b>6,599</b>	<b>6,336</b>	<b>4.2</b>
<b>Operating income before net realized capital gains (losses)</b>	<b>1,263</b>	<b>963</b>	<b>31.2</b>	<b>1,018</b>	<b>24.1</b>	<b>2,281</b>	<b>2,043</b>	<b>11.6</b>
Net realized capital gains (losses)	(297)	(321)	NM	(21)	NM	(318)	(457)	NM
<b>Operating income</b>	<b>\$ <u>966</u></b>	<b>\$ <u>642</u></b>	<b>50.5 %</b>	<b>\$ <u>997</u></b>	<b>(3.1) %</b>	<b>\$ <u>1,963</u></b>	<b>\$ <u>1,586</u></b>	<b>23.8 %</b>
<b>Life insurance in-force (at period end)</b>				\$ 924,440	2.4 %	\$ 946,598	\$ 879,181	7.7 %

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 831	\$ 816	1.8 %	\$ 757	9.8 %	\$ 1,588	\$ 1,599	(0.7) %
Home service	232	243	(4.5)	228	1.8	460	479	(4.0)
Group life/health	203	240	(15.4)	231	(12.1)	434	488	(11.1)
Payout annuities	600	646	(7.1)	685	(12.4)	1,285	1,316	(2.4)
Individual fixed and runoff annuities	101	165	(38.8)	87	16.1	188	339	(44.5)
<b>Total premiums, deposits and other considerations</b>	<b>1,967</b>	<b>2,110</b>	<b>(6.8)</b>	<b>1,988</b>	<b>(1.1)</b>	<b>3,955</b>	<b>4,221</b>	<b>(6.3)</b>
<b>Premiums and other considerations:</b>								
Life insurance	603	557	8.3	578	4.3	1,181	1,073	10.1
Home service	192	197	(2.5)	195	(1.5)	387	397	(2.5)
Group life/health	197	241	(18.3)	229	(14.0)	426	487	(12.5)
Payout annuities (2)	364	397	(8.3)	512	(28.9)	876	847	3.4
Individual fixed and runoff annuities	13	12	8.3	14	(7.1)	27	26	3.8
<b>Total premium and other considerations</b>	<b>1,369</b>	<b>1,404</b>	<b>(2.5)</b>	<b>1,528</b>	<b>(10.4)</b>	<b>2,897</b>	<b>2,830</b>	<b>2.4</b>
<b>Net investment income (3):</b>								
Life insurance	402	313	28.4	372	8.1	774	651	18.9
Home service	158	145	9.0	161	(1.9)	319	303	5.3
Group life/health	51	52	(1.9)	53	(3.8)	104	106	(1.9)
Payout annuities	276	244	13.1	289	(4.5)	565	481	17.5
Individual fixed and runoff annuities	119	139	(14.4)	130	(8.5)	249	285	(12.6)
<b>Total net investment income</b>	<b>1,006</b>	<b>893</b>	<b>12.7</b>	<b>1,005</b>	<b>0.1</b>	<b>2,011</b>	<b>1,826</b>	<b>10.1</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	597	499	19.6	550	8.5	1,147	978	17.3
Home service	176	176	0.0	174	1.1	350	353	(0.8)
Group life/health	146	181	(19.3)	178	(18.0)	324	359	(9.7)
Payout annuities	565	587	(3.7)	720	(21.5)	1,285	1,211	6.1
Individual fixed and runoff annuities	69	94	(26.6)	84	(17.9)	153	196	(21.9)
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b>1,553</b>	<b>1,537</b>	<b>1.0</b>	<b>1,706</b>	<b>(9.0)</b>	<b>3,259</b>	<b>3,097</b>	<b>5.2</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>								
Life insurance	193	197	(2.0)	211	(8.5)	404	394	2.5
Home service	95	91	4.4	99	(4.0)	194	191	1.6
Group life/health	97	117	(17.1)	100	(3.0)	197	219	(10.0)
Payout annuities	23	24	(4.2)	24	(4.2)	47	47	0.0
Individual fixed and runoff annuities	33	45	(26.7)	37	(10.8)	70	57	22.8
<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>\$ 441</b>	<b>\$ 474</b>	<b>(7.0) %</b>	<b>\$ 471</b>	<b>(6.4) %</b>	<b>\$ 912</b>	<b>\$ 908</b>	<b>0.4 %</b>

(See Accompanying Notes on Page 48)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 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	\$ 215	\$ 174	23.6 %	\$ 189	13.8 %	\$ 404	\$ 352	14.8 %
Home service	79	75	5.3	83	(4.8)	162	156	3.8
Group life/health	5	(5)	NM	4	25.0	9	15	(40.0)
Payout annuities	52	30	73.3	57	(8.8)	109	70	55.7
Individual fixed and runoff annuities	30	12	NM	23	30.4	53	58	(8.6)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements (4)</b>	<b>381</b>	<b>286</b>	<b>33.2</b>	<b>356</b>	<b>7.0</b>	<b>737</b>	<b>651</b>	<b>13.2</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	(4)	(3)	NM	(1)	NM	(5)	(3)	NM
Home service	2	(1)	NM	(1)	NM	1	(2)	NM
Group life/health	-	-	NM	-	NM	-	-	NM
Payout annuities	-	-	NM	-	NM	-	-	NM
Individual fixed and runoff annuities	(1)	(20)	NM	1	NM	-	(12)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(3)</b>	<b>(24)</b>	<b>NM</b>	<b>(1)</b>	<b>NM</b>	<b>(4)</b>	<b>(17)</b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance	219	177	23.7	190	15.3	409	355	15.2
Home service	77	76	1.3	84	(8.3)	161	158	1.9
Group life/health	5	(5)	NM	4	25.0	9	15	(40.0)
Payout annuities	52	30	73.3	57	(8.8)	109	70	55.7
Individual fixed and runoff annuities	31	32	(3.1)	22	40.9	53	70	(24.3)
<b>Total operating income before net realized capital gains (losses) (4)</b>	<b>384</b>	<b>310</b>	<b>23.9</b>	<b>357</b>	<b>7.6</b>	<b>741</b>	<b>668</b>	<b>10.9</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	43	(29)	NM	(3)	NM	40	33	21.2
Home service	(11)	(10)	NM	(2)	NM	(13)	(33)	NM
Group life/health	(4)	(3)	NM	(1)	NM	(5)	(4)	NM
Payout annuities	(35)	(18)	NM	(6)	NM	(41)	(36)	NM
Individual fixed and runoff annuities	(9)	(15)	NM	-	NM	(9)	(27)	NM
<b>Total net realized capital gains (losses) (5)</b>	<b>(16)</b>	<b>(75)</b>	<b>NM</b>	<b>(12)</b>	<b>NM</b>	<b>(28)</b>	<b>(67)</b>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	262	148	77.0	187	40.1	449	388	15.7
Home service	66	66	0.0	82	(19.5)	148	125	18.4
Group life/health	1	(8)	NM	3	(66.7)	4	11	(63.6)
Payout annuities	17	12	41.7	51	(66.7)	68	34	100.0
Individual fixed and runoff annuities	22	17	29.4	22	0.0	44	43	2.3
<b>Operating income (4)</b>	<b>\$ 368</b>	<b>\$ 235</b>	<b>56.6 %</b>	<b>\$ 345</b>	<b>6.7 %</b>	<b>\$ 713</b>	<b>\$ 601</b>	<b>18.6 %</b>

(See Accompanying Notes on Page 48)

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

	Three Months Ended / As of					Six Months Ended / As of		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Life insurance</b>								
Periodic premium sales (6):								
Individual/retail	\$ 116	\$ 183	(36.6) %	\$ 118	(1.7) %	\$ 234	\$ 390	(40.0) %
Institutional markets	3	8	(62.5)	3	0.0	6	9	(33.3)
<b>Total periodic sales</b>	<u>119</u>	<u>191</u>	(37.7)	<u>121</u>	(1.7)	<u>240</u>	<u>399</u>	(39.8)
Periodic premium sales by product:								
Universal life	47	107	(56.1)	51	(7.8)	98	243	(59.7)
Variable universal life	12	18	(33.3)	13	(7.7)	25	27	(7.4)
Term life	57	63	(9.5)	55	3.6	112	123	(8.9)
Whole life/other	3	3	0.0	2	50.0	5	6	(16.7)
<b>Total periodic sales</b>	<u>119</u>	<u>191</u>	(37.7)	<u>121</u>	(1.7)	<u>240</u>	<u>399</u>	(39.8)
Unscheduled and single deposits	115	83	38.6	66	74.2	181	159	13.8
Life insurance reserves				23,431	2.8	24,080	22,035	9.3
Life insurance in-force				739,139	3.1	761,907	681,759	11.8
<b>Home service</b>								
Life/Accident & Health sales (6)	25	25	0.0	24	4.2	49	47	4.3
Fixed annuity sales	25	30	(16.7)	20	25.0	45	52	(13.5)
Unscheduled and single deposits	\$ 5	\$ 4	25.0 %	3	66.7	8	7	14.3
Total insurance reserves				7,389	0.3	7,408	7,328	1.1
Life insurance in-force				64,415	0.6	64,809	64,389	0.7
<b>Group life/health (Excl. Credit)</b>								
Annualized earned premium				942	(1.0)	933	974	(4.2)
Life insurance in-force				99,528	(0.8)	98,733	96,383	2.4
<b>Payout annuities</b>								
Insurance reserves				\$ 15,055	1.8 %	\$ 15,332	\$ 13,629	12.5 %

(See Accompanying Notes on Page 48)

**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>		
	Six Months Ended			Six Months Ended		
	June 30, 2007	June 30, 2006	% chg	June 30, 2007	June 30, 2006	% chg
<b>Life insurance</b>						
Balance at beginning of year	\$ 3,997	\$ 3,073	30.1 %	\$ -	\$ -	NM %
Acquisition costs deferred	316	457	(30.9)	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	5	3	66.7	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(154)	(172)	NM	-	-	NM
Change in unrealized gains (losses) on securities	107	440	(75.7)	-	-	NM
Increase (decrease) due to foreign exchange	44	19	NM	-	-	NM
Other	-	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>4,315</b>	<b>3,820</b>	<b>13.0</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	85	89	(4.5)	2	2	0.0
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	(1)	2	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(87)	(78)	NM	(1)	-	NM
Change in unrealized gains (losses) on securities	41	98	(58.2)	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	-	NM
Other	(8)	-	NM	-	-	NM
<b>Balance at end of period</b>	<b>1,539</b>	<b>1,580</b>	<b>(2.6)</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	20	40	(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	(47)	(50)	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>\$ 32</b>	<b>\$ 233</b>	<b>(86.3) %</b>	<b>\$ -</b>	<b>\$ -</b>	<b>NM %</b>

(See Accompanying Notes on Page 48)

**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>Six Months Ended</b>			<b>Six Months Ended</b>		
	<b>June 30,</b> <b>2007</b>	<b>June 30,</b> <b>2006</b>	<b>% chg</b>	<b>June 30,</b> <b>2007</b>	<b>June 30,</b> <b>2006</b>	<b>% chg</b>
<b>Payout annuities</b>						
Balance at beginning of year	\$ 62	\$ 47	31.9 %	\$ -	\$ -	NM %
Acquisition costs deferred	9	11	(18.2)	-	-	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	(3)	(2)	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>68</u>	<u>56</u>	21.4	<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	12	20	(40.0)	8	8	0.0
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	12	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(53)	(48)	NM	(2)	(1)	NM
Change in unrealized gains (losses) on securities	82	179	(54.2)	-	-	NM
Increase (decrease) due to foreign exchange	1	1	0.0	-	-	NM
Other	-	-	NM	-	-	NM
<b>Balance at end of period</b>	<u>365</u>	<u>516</u>	(29.3)	<u>44</u>	<u>32</u>	37.5
<b>Total</b>						
Balance at beginning of year	6,006	5,184	15.9	46	31	48.4
Acquisition costs deferred	442	617	(28.4)	10	10	0.0
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	4	17	(76.5)	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(344)	(350)	NM	(3)	(1)	NM
Change in unrealized gains (losses) on securities	230	717	(67.9)	-	-	NM
Increase (decrease) due to foreign exchange	45	20	NM	-	-	NM
Other (7)	(64)	-	NM	-	-	NM
<b>Balance at end of period</b>	<u>\$ 6,319</u>	<u>\$ 6,205</u>	1.8 %	<u>\$ 53</u>	<u>\$ 40</u>	32.5 %

(See Accompanying Notes on Page 48)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Group retirement products	\$ 1,463	\$ 1,352	8.2 %	\$ 1,418	3.2 %	\$ 2,881	\$ 2,748	4.8 %
Individual fixed annuities	1,633	1,194	36.8	1,231	32.7	2,864	2,735	4.7
Individual variable annuities	1,204	1,148	4.9	1,008	19.4	2,212	2,175	1.7
Individual annuities - runoff	13	14	(7.1)	14	(7.1)	27	29	(6.9)
<b>Total premiums, deposits and other considerations</b>	<b>4,313</b>	<b>3,708</b>	<b>16.3</b>	<b>3,671</b>	<b>17.5</b>	<b>7,984</b>	<b>7,687</b>	<b>3.9</b>
<b>Fee and other income:</b>								
Group retirement products	112	96	16.7	105	6.7	217	190	14.2
Individual fixed annuities	26	35	(25.7)	25	4.0	51	63	(19.0)
Individual variable annuities	155	130	19.2	146	6.2	301	258	16.7
Individual annuities - runoff	5	2	NM	8	(37.5)	13	9	44.4
<b>Total fee and other income</b>	<b>298</b>	<b>263</b>	<b>13.3</b>	<b>284</b>	<b>4.9</b>	<b>582</b>	<b>520</b>	<b>11.9</b>
<b>Investment spread:</b>								
<b>Net investment income (2):</b>								
Group retirement products	641	539	18.9	570	12.5	1,211	1,111	9.0
Individual fixed annuities	981	861	13.9	914	7.3	1,895	1,778	6.6
Individual variable annuities	43	50	(14.0)	42	2.4	85	102	(16.7)
Individual annuities - runoff	100	107	(6.5)	99	1.0	199	212	(6.1)
<b>Total net investment income</b>	<b>1,765</b>	<b>1,557</b>	<b>13.4</b>	<b>1,625</b>	<b>8.6</b>	<b>3,390</b>	<b>3,203</b>	<b>5.8</b>
<b>Interest credited:</b>								
Group retirement products (3)	291	288	1.0	290	0.3	581	570	1.9
Individual fixed annuities (3)	488	492	(0.8)	486	0.4	974	977	(0.3)
Individual variable annuities (3)	29	28	3.6	26	11.5	55	58	(5.2)
Individual annuities - runoff	67	74	(9.5)	67	0.0	134	149	(10.1)
<b>Total interest credited</b>	<b>875</b>	<b>882</b>	<b>(0.8)</b>	<b>869</b>	<b>0.7</b>	<b>1,744</b>	<b>1,754</b>	<b>(0.6)</b>
<b>Net investment spread:</b>								
Group retirement products	350	251	39.4	280	25.0	630	541	16.5
Individual fixed annuities	493	369	33.6	428	15.2	921	801	15.0
Individual variable annuities	14	22	(36.4)	16	(12.5)	30	44	(31.8)
Individual annuities - runoff	33	33	0.0	32	3.1	65	63	3.2
<b>Total net investment spread</b>	<b>890</b>	<b>675</b>	<b>31.9</b>	<b>756</b>	<b>17.7</b>	<b>1,646</b>	<b>1,449</b>	<b>13.6</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	104	87	19.5	99	5.1	203	172	18.0
Individual fixed annuities	151	133	13.5	136	11.0	287	255	12.5
Individual variable annuities	113	107	5.6	112	0.9	225	215	4.7
Individual annuities - runoff	16	13	23.1	21	(23.8)	37	36	2.8
<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>\$ 384</b>	<b>\$ 340</b>	<b>12.9 %</b>	<b>\$ 368</b>	<b>4.3 %</b>	<b>\$ 752</b>	<b>\$ 678</b>	<b>10.9 %</b>

(See Accompanying Notes on Page 49)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 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	\$ 358	\$ 260	37.7 %	\$ 286	25.2 %	\$ 644	\$ 559	15.2 %
Individual fixed annuities	368	271	35.8	317	16.1	685	609	12.5
Individual variable annuities	56	45	24.4	50	12.0	106	87	21.8
Individual annuities - runoff	22	22	0.0	19	15.8	41	36	13.9
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b>804</b>	<b>598</b>	<b>34.4</b>	<b>672</b>	<b>19.6</b>	<b>1,476</b>	<b>1,291</b>	<b>14.3</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Group retirement products	(10)	(8)	NM	-	NM	(10)	(11)	NM
Individual fixed annuities	(51)	(41)	NM	3	NM	(48)	(62)	NM
Individual variable annuities	(14)	(3)	NM	8	NM	(6)	(5)	NM
Individual annuities - runoff	-	(3)	NM	-	NM	-	(6)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(75)</b>	<b>(55)</b>	<b>NM</b>	<b>11</b>	<b>NM</b>	<b>(64)</b>	<b>(84)</b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Group retirement products	368	268	37.3	286	28.7	654	570	14.7
Individual fixed annuities	419	312	34.3	314	33.4	733	671	9.2
Individual variable annuities	70	48	45.8	42	66.7	112	92	21.7
Individual annuities - runoff	22	25	(12.0)	19	15.8	41	42	(2.4)
<b>Total operating income before net realized capital gains (losses)</b>	<b>879</b>	<b>653</b>	<b>34.6</b>	<b>661</b>	<b>33.0</b>	<b>1,540</b>	<b>1,375</b>	<b>12.0</b>
<b>Net realized capital gains (losses):</b>								
Group retirement products	(103)	(76)	NM	(10)	NM	(113)	(113)	NM
Individual fixed annuities	(158)	(152)	NM	(11)	NM	(169)	(252)	NM
Individual variable annuities	(17)	(7)	NM	10	NM	(7)	(5)	NM
Individual annuities - runoff	(3)	(11)	NM	2	NM	(1)	(20)	NM
<b>Total net realized capital gains (losses) (4)</b>	<b>(281)</b>	<b>(246)</b>	<b>NM</b>	<b>(9)</b>	<b>NM</b>	<b>(290)</b>	<b>(390)</b>	<b>NM</b>
<b>Operating income:</b>								
Group retirement products	265	192	38.0	276	(4.0)	541	457	18.4
Individual fixed annuities	261	160	63.1	303	(13.9)	564	419	34.6
Individual variable annuities	53	41	29.3	52	1.9	105	87	20.7
Individual annuities - runoff	19	14	35.7	21	(9.5)	40	22	81.8
<b>Total operating income</b>	<b>\$ 598</b>	<b>\$ 407</b>	<b>46.9 %</b>	<b>\$ 652</b>	<b>(8.3) %</b>	<b>\$ 1,250</b>	<b>\$ 985</b>	<b>26.9 %</b>

(See Accompanying Notes on Page 49)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Group retirement products (5)</b>								
Balance at beginning of period (5)	\$ 65,216	\$ 61,498	6.0 %	\$ 64,357	1.3 %	\$ 64,357	\$ 59,312	8.5 %
Deposits - annuities (6)	1,463	1,352	8.2	1,418	3.2	2,881	2,748	4.8
Deposits - mutual funds (6)	330	256	28.9	465	(29.0)	795	801	(0.7)
Surrenders and other withdrawals (6)	(1,487)	(1,354)	9.8	(1,925)	(22.8)	(3,412)	(2,788)	22.4
Death benefits	(70)	(60)	16.7	(60)	16.7	(130)	(126)	3.2
Net flows	236	194	21.6	(102)	NM	134	635	(78.9)
Change in market value, interest credited, net of fees	2,234	(542)	NM	961	132.5	3,195	1,203	165.6
Other	1	-	NM	-	NM	1	-	NM
Balance at end of period (5)	<u>67,687</u>	<u>61,150</u>	10.7	<u>65,216</u>	3.8	<u>67,687</u>	<u>61,150</u>	10.7
<b>Individual fixed annuities</b>								
Balance at beginning of period	52,339	53,706	(2.5)	52,685	(0.7)	52,685	53,331	(1.2)
Deposits (6)	1,633	1,194	36.8	1,231	32.7	2,864	2,735	4.7
Surrenders and other withdrawals (6)	(1,859)	(1,656)	12.3	(1,660)	12.0	(3,519)	(2,894)	21.6
Death benefits	(449)	(411)	9.2	(408)	10.0	(857)	(860)	(0.3)
Net flows	(675)	(873)	NM	(837)	NM	(1,512)	(1,019)	NM
Change in market value, interest credited, net of fees	506	499	1.4	491	3.1	997	1,020	(2.3)
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>52,170</u>	<u>53,332</u>	(2.2)	<u>52,339</u>	(0.3)	<u>52,170</u>	<u>53,332</u>	(2.2)
<b>Individual variable annuities</b>								
Balance at beginning of period	31,432	29,104	8.0	31,093	1.1	31,093	28,267	10.0
Deposits	1,204	1,148	4.9	1,008	19.4	2,212	2,175	1.7
Surrenders and other withdrawals	(1,057)	(943)	12.1	(990)	6.8	(2,047)	(1,972)	3.8
Death benefits	(129)	(117)	10.3	(121)	6.6	(250)	(248)	0.8
Net flows	18	88	(79.5)	(103)	NM	(85)	(45)	NM
Change in market value, interest credited, net of fees	1,601	(466)	NM	442	262.2	2,043	504	305.4
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>33,051</u>	<u>28,726</u>	15.1	<u>31,432</u>	5.2	<u>33,051</u>	<u>28,726</u>	15.1
<b>Total</b>								
Balance at beginning of period	148,987	144,308	3.2	148,135	0.6	148,135	140,910	5.1
Deposits	4,630	3,950	17.2	4,122	12.3	8,752	8,459	3.5
Surrenders and other withdrawals	(4,403)	(3,953)	11.4	(4,575)	(3.8)	(8,978)	(7,654)	17.3
Death benefits	(648)	(588)	10.2	(589)	10.0	(1,237)	(1,234)	0.2
Net flows	(421)	(591)	NM	(1,042)	NM	(1,463)	(429)	NM
Change in market value, interest credited, net of fees	4,341	(509)	NM	1,894	129.2	6,235	2,727	128.6
Other	1	-	NM	-	NM	1	-	NM
Balance at end of period, excluding runoff	152,908	143,208	6.8	148,987	2.6	152,908	143,208	6.8
Individual annuities runoff	5,977	6,710	(10.9)	6,135	(2.6)	5,977	6,710	(10.9)
Balance at end of period	<u>158,885</u>	<u>149,918</u>	6.0	<u>155,122</u>	2.4	<u>158,885</u>	<u>149,918</u>	6.0
<b>Total general and separate account reserves and mutual funds</b>								
General account reserve	90,729	93,419	(2.9)	91,145	(0.5)	90,729	93,419	(2.9)
Separate account reserve	60,554	50,767	19.3	57,106	6.0	60,554	50,767	19.3
Total general and separate account reserves	151,283	144,186	4.9	148,251	2.0	151,283	144,186	4.9
Group retirement mutual funds	7,602	5,732	32.6	6,871	10.6	7,602	5,732	32.6
<b>Total reserves and mutual funds</b>	<u>\$ 158,885</u>	<u>\$ 149,918</u>	6.0 %	<u>\$ 155,122</u>	2.4 %	<u>\$ 158,885</u>	<u>\$ 149,918</u>	6.0 %
<b>Surrender rates (7)</b>								
Group retirement products (5)	8.9%	8.8%		11.9%		10.4%	9.2%	
Individual fixed annuities	14.2%	12.4%		12.7%		13.4%	10.8%	
Individual variable annuities	13.0%	13.1%		12.6%		12.8%	13.7%	

(See Accompanying Notes on Page 49)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Spread information</b>								
<b>Group retirement products</b>								
Base investment income (8)	\$ 500	\$ 503	(0.6) %	\$ 492	1.6 %	\$ 992	\$ 1,010	(1.8) %
Partnerships (9)	105	35	200.0	49	114.3	154	77	100.0
Other enhancements (10)	36	1	NM	29	24.1	65	24	170.8
<b>Total net investment income</b>	<u>\$ 641</u>	<u>\$ 539</u>	18.9 %	<u>\$ 570</u>	12.5 %	<u>\$ 1,211</u>	<u>\$ 1,111</u>	9.0 %
Base yield (8)	6.26%	6.20%		6.09%		6.18%	6.22%	
Partnerships (9)	0.80%	0.13%		0.20%		0.50%	0.19%	
Other enhancements (10)	0.46%	0.01%		0.36%		0.41%	0.14%	
<b>Total</b>	<u>7.52%</u>	<u>6.34%</u>		<u>6.65%</u>		<u>7.09%</u>	<u>6.55%</u>	
Cost of funds (11)	3.83%	3.76%		3.79%		3.81%	3.73%	
Net spread rate, as reported (11)	3.68%	2.59%		2.86%		3.27%	2.83%	
Net spread rate excluding partnerships and other enhancements	2.42%	2.44%		2.30%		2.37%	2.49%	
<b>Individual fixed annuities</b>								
Base investment income (8)	\$ 797	\$ 801	(0.5) %	\$ 794	0.4 %	\$ 1,591	\$ 1,598	(0.4) %
Partnerships (9)	145	35	314.3	81	79.0	226	124	82.3
Other enhancements (10)	39	25	56.0	39	0.0	78	56	39.3
<b>Total net investment income</b>	<u>\$ 981</u>	<u>\$ 861</u>	13.9 %	<u>\$ 914</u>	7.3 %	<u>\$ 1,895</u>	<u>\$ 1,778</u>	6.6 %
Base yield (8)	5.98%	5.88%		5.94%		5.96%	5.87%	
Partnerships (9)	0.76%	0.05%		0.31%		0.53%	0.26%	
Other enhancements (10)	0.29%	0.19%		0.30%		0.29%	0.21%	
<b>Total</b>	<u>7.03%</u>	<u>6.12%</u>		<u>6.55%</u>		<u>6.78%</u>	<u>6.34%</u>	
Cost of funds (11)	3.53%	3.48%		3.49%		3.51%	3.48%	
Net spread rate, as reported (11)	3.50%	2.64%		3.06%		3.28%	2.86%	
Net spread rate excluding partnerships and other enhancements	2.45%	2.40%		2.45%		2.45%	2.39%	
<b>Individual variable annuities</b>								
Base investment income (8)	\$ 39	\$ 48	(18.8) %	\$ 40	(2.5) %	\$ 79	\$ 98	(19.4) %
Partnerships (9)	3	-	NM	-	NM	3	-	NM
Other enhancements (10)	1	2	(50.0)	2	(50.0)	3	4	(25.0)
<b>Total net investment income</b>	<u>\$ 43</u>	<u>\$ 50</u>	(14.0) %	<u>\$ 42</u>	2.4 %	<u>\$ 85</u>	<u>\$ 102</u>	(16.7) %
Base yield (8)	5.59%	5.60%		5.62%		5.60%	5.59%	
Partnerships (9)	0.22%	0.00%		0.00%		0.11%	0.00%	
Other enhancements (10)	0.16%	0.26%		0.25%		0.20%	0.26%	
<b>Total</b>	<u>5.97%</u>	<u>5.86%</u>		<u>5.87%</u>		<u>5.91%</u>	<u>5.85%</u>	
Cost of funds (11)	3.06%	3.06%		3.01%		3.03%	3.04%	
Net spread rate, as reported (11)	2.91%	2.80%		2.86%		2.89%	2.81%	
Net spread rate excluding other enhancements	2.53%	2.55%		2.61%		2.57%	2.55%	

(See Accompanying Notes on Page 49)

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

(dollars in millions)

	DAC and VOBA			Sales Inducements		
	Six Months Ended			Six Months Ended		
	June 30, 2007	June 30, 2006	% chg	June 30, 2007	June 30, 2006	% chg
<b>Group retirement products</b>						
Balance at beginning of year	\$ 1,851	\$ 1,738	6.5 %	\$ 46	\$ 21	NM %
Acquisition costs deferred	87	78	11.5	19	9	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	10	11	(9.1)	-	-	NM
Related to unlocking future assumptions	2	2	0.0	-	-	NM
All other amortization	(80)	(64)	NM	(1)	(1)	NM
Change in unrealized gains (losses) on securities	107	268	(60.1)	3	-	NM
<b>Balance at end of period</b>	<u>1,977</u>	<u>2,033</u>	(2.8)	<u>67</u>	<u>29</u>	NM
<b>Individual fixed annuities</b>						
Balance at beginning of year	2,201	1,987	10.8	613	650	(5.7)
Acquisition costs deferred	166	169	(1.8)	64	86	(25.6)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	37	50	(26.0)	11	12	(8.3)
Related to unlocking future assumptions	-	(3)	NM	-	-	NM
All other amortization	(242)	(215)	NM	(61)	(53)	NM
Change in unrealized gains (losses) on securities	185	705	(73.8)	57	181	(68.5)
<b>Balance at end of period</b>	<u>2,347</u>	<u>2,693</u>	(12.8)	<u>684</u>	<u>876</u>	(21.9)
<b>Individual variable annuities</b>						
Balance at beginning of year	1,455	1,381	5.4	228	200	14.0
Acquisition costs deferred	123	113	8.8	18	22	(18.2)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	5	5	0.0	1	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(104)	(89)	NM	(17)	(10)	NM
Change in unrealized gains (losses) on securities	17	93	(81.7)	4	9	(55.6)
<b>Balance at end of period</b>	<u>1,496</u>	<u>1,503</u>	(0.5)	<u>234</u>	<u>221</u>	5.9
<b>Individual annuities - runoff</b>						
Balance at beginning of year	144	172	(16.3)	-	-	NM
Acquisition costs deferred	-	-	NM	-	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	6	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	-	NM
All other amortization	(19)	(23)	NM	-	-	NM
Change in unrealized gains (losses) on securities	9	33	(72.7)	-	-	NM
<b>Balance at end of period</b>	<u>134</u>	<u>188</u>	(28.7)	<u>-</u>	<u>-</u>	NM
<b>Total</b>						
Balance at beginning of year (12)	5,651	5,278	7.1	887	871	1.8
Acquisition costs deferred	376	360	4.4	101	117	(13.7)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	52	72	(27.8)	12	12	0.0
Related to unlocking future assumptions	2	(1)	NM	-	-	NM
All other amortization	(445)	(391)	NM	(79)	(64)	NM
Change in unrealized gains (losses) on securities	318	1,099	(71.1)	64	190	(66.3)
<b>Balance at end of period (12)</b>	<u>\$ 5,954</u>	<u>\$ 6,417</u>	(7.2) %	<u>\$ 985</u>	<u>\$ 1,126</u>	(12.5) %

(See Accompanying Notes on Page 49)

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

(dollars in millions)

	June 30, 2007		
	Account Value	Net Amount at Risk	Retained NAR
<b>Guaranteed Minimum Death Benefit ("GMDB") Type (including Earnings Enhancement Benefit) (13):</b>			
Return of premium (14)	\$ 3,905	\$ 4	\$ 4
Reset (15)	1,152	-	-
Ratchet (16)	15,207	386	379
Roll-up (17)	9,260	496	479
Combination (18)	313	30	30
Return of premium, with earnings enhancement (19)	3	-	-
Ratchet, with earnings enhancement (20)	1,990	166	36
Roll-up, with earnings enhancement (21)	857	68	14
Combination with earnings enhancement (22)	77	10	10
	<u>32,764</u>	<u>1,160</u>	<u>952</u>
<b>Guaranteed Minimum Income Benefit ("GMIB") Type (23):</b>			
Roll-up (17)	666	27	10
No roll-up (24)	7,160	9	4
	<u>7,826</u>	<u>36</u>	<u>14</u>
<b>Guaranteed Minimum Account Value ("GMAV") Type (25):</b>			
Ten year waiting period	<u>2,364</u>	<u>-</u>	<u>-</u>
<b>Guaranteed Minimum Withdrawal Benefit ("GMWB") Type (26):</b>			
Minimum amount guarantees (27)	1,282	-	-
Lifetime guarantees (28)	3,676	-	-
	<u>\$ 4,958</u>	<u>\$ -</u>	<u>\$ -</u>

	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
<b>Other Data</b>					
S&P 500 Index value	1,504	1,421	1,418	1,336	1,270
Total Account Value	\$ 33,051	\$ 31,432	\$ 31,093	\$ 29,545	\$ 28,726
Account value by benefit type:					
Guaranteed Minimum Death Benefits	32,764	31,164	30,823	29,288	28,472
Guaranteed Minimum Income Benefits	7,826	7,701	7,802	7,697	7,693
Guaranteed Minimum Account Value	2,364	2,281	2,257	2,132	2,056
Guaranteed Minimum Withdrawal Benefits	4,958	4,038	3,431	2,707	2,039
Net amount at risk:					
Guaranteed Minimum Death Benefits	1,160	1,299	1,338	1,573	1,776
Guaranteed Minimum Income Benefits	36	43	49	57	54
Guaranteed Minimum Account Value	-	-	-	-	1
Guaranteed Minimum Withdrawal Benefits	-	6	2	3	9
Retained net amount at risk:					
Guaranteed Minimum Death Benefits	952	1,115	1,164	1,413	1,603
Guaranteed Minimum Income Benefits	14	16	21	24	22
Guaranteed Minimum Account Value	-	-	-	-	1
Guaranteed Minimum Withdrawal Benefits	-	6	2	3	9
Liability for guaranteed benefits (GMDB & GMIB)	\$ 81	\$ 81	\$ 77	\$ 84	\$ 78

(See Accompanying Notes on Page 49)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30,	June 30,	% Chg	March 31,	Sequential	June 30,	June 30,	% Chg
	2007	2006		2007		% Chg	2007	
<b>Premiums, deposits and other considerations (1)</b>	\$ <u>15,437</u>	\$ <u>13,745</u>	12.3 %	\$ <u>15,250</u>	1.2 %	\$ <u>30,687</u>	\$ <u>27,280</u>	12.5 %
<b>Revenues:</b>								
Premiums and other considerations (2)	\$ 6,503	\$ 5,981	8.7 %	\$ 6,613	(1.7) %	\$ 13,116	\$ 12,098	8.4 %
Net investment income:								
Interest and dividends	2,314	2,037	13.6	2,286	1.2	4,600	3,871	18.8
Partnership income	38	23	65.2	48	(20.8)	86	40	115.0
Unit investment trusts (3) (4)	235	184	27.7	86	173.3	321	184	74.5
Other	78	114	(31.6)	64	21.9	142	183	(22.4)
Investment expense	(88)	(67)	31.3	(76)	15.8	(164)	(122)	34.4
Net investment income before policyholder trading gains (losses)	2,577	2,291	12.5	2,408	7.0	4,985	4,156	19.9
Policyholder trading gains (losses) (5)	784	(321)	NM	475	65.1	1,259	69	NM
Total net investment income	3,361	1,970	70.6	2,883	16.6	6,244	4,225	47.8
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>9,864</b>	<b>7,951</b>	<b>24.1</b>	<b>9,496</b>	<b>3.9</b>	<b>19,360</b>	<b>16,323</b>	<b>18.6</b>
<b>Benefits and expenses:</b>								
Incurred policy losses and benefits	6,573	4,883	34.6	6,377	3.1	12,950	10,555	22.7
Insurance acquisition and other operating expenses (2)	1,655	1,493	10.9	1,600	3.4	3,255	2,859	13.9
<b>Total benefits and expenses</b>	<b>8,228</b>	<b>6,376</b>	<b>29.0</b>	<b>7,977</b>	<b>3.1</b>	<b>16,205</b>	<b>13,414</b>	<b>20.8</b>
<b>Operating income excluding net realized capital gains (losses) (3) (6)</b>	<b>1,636</b>	<b>1,575</b>	<b>3.9</b>	<b>1,519</b>	<b>7.7</b>	<b>3,155</b>	<b>2,909</b>	<b>8.5</b>
Net realized capital gains (losses) (7)	18	164	(89.0)	(235)	NM	(217)	516	NM
<b>Operating income (3) (6)</b>	<b>\$ <u>1,654</u></b>	<b>\$ <u>1,739</u></b>	<b>(4.9) %</b>	<b>\$ <u>1,284</u></b>	<b>28.8 %</b>	<b>\$ <u>2,938</u></b>	<b>\$ <u>3,425</u></b>	<b>(14.2) %</b>
<b>Foreign exchange effect on foreign growth:</b>								
<b>Premiums, deposits and other considerations (1)</b>								
Growth in original currency (8)	8.2 %					7.9 %		
Foreign exchange impact	4.1					4.6		
Growth as reported in U.S. \$	12.3					12.5		
<b>Premiums and other considerations</b>								
Growth in original currency (8)	7.8					6.5		
Foreign exchange impact	0.9					1.9		
Growth as reported in U.S. \$	8.7 %					8.4 %		
<b>Life insurance in-force (at period end)</b>				\$ 1,158,107	3.2 %	\$ 1,195,315	\$ 1,097,362	8.9 %

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30,	June 30,	% Chg	March 31,	Sequential	June 30,	June 30,	% Chg
	2007	2006		2007		2007	2006	
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 8,514	\$ 6,458	31.8 %	\$ 8,454	0.7 %	\$ 16,968	\$ 12,778	32.8 %
Personal accident & health	1,518	1,406	8.0	1,481	2.5	2,999	2,724	10.1
Group products	1,024	822	24.6	1,113	(8.0)	2,137	1,755	21.8
Subtotal life insurance	<u>11,056</u>	<u>8,686</u>	27.3	<u>11,048</u>	0.1	<u>22,104</u>	<u>17,257</u>	28.1
Individual fixed annuities	1,258	1,881	(33.1)	1,117	12.6	2,375	3,173	(25.1)
Individual variable annuities	3,123	3,178	(1.7)	3,085	1.2	6,208	6,850	(9.4)
Subtotal retirement services	<u>4,381</u>	<u>5,059</u>	(13.4)	<u>4,202</u>	4.3	<u>8,583</u>	<u>10,023</u>	(14.4)
<b>Total premiums, deposits and other considerations</b>	<b><u>15,437</u></b>	<b><u>13,745</u></b>	<b>12.3</b>	<b><u>15,250</u></b>	<b>1.2</b>	<b><u>30,687</u></b>	<b><u>27,280</u></b>	<b>12.5</b>
<b>Premiums and other considerations:</b>								
Life insurance	4,105	3,938	4.2	4,167	(1.5)	8,272	8,020	3.1
Personal accident & health	1,487	1,380	7.8	1,473	1.0	2,960	2,686	10.2
Group products	690	507	36.1	753	(8.4)	1,443	1,080	33.6
Subtotal life insurance	<u>6,282</u>	<u>5,825</u>	7.8	<u>6,393</u>	(1.7)	<u>12,675</u>	<u>11,786</u>	7.5
Individual fixed annuities	118	94	25.5	128	(7.8)	246	189	30.2
Individual variable annuities	103	62	66.1	92	12.0	195	123	58.5
Subtotal retirement services	<u>221</u>	<u>156</u>	41.7	<u>220</u>	0.5	<u>441</u>	<u>312</u>	41.3
<b>Total premiums and other considerations (2)</b>	<b><u>6,503</u></b>	<b><u>5,981</u></b>	<b>8.7</b>	<b><u>6,613</u></b>	<b>(1.7)</b>	<b><u>13,116</u></b>	<b><u>12,098</u></b>	<b>8.4</b>
<b>Net investment income:</b>								
Life insurance	1,609	1,421	13.2	1,343	19.8	2,952	2,507	17.8
Personal accident & health	87	71	22.5	83	4.8	170	135	25.9
Group products	91	136	(33.1)	160	(43.1)	251	292	(14.0)
Subtotal life insurance	<u>1,787</u>	<u>1,628</u>	9.8	<u>1,586</u>	12.7	<u>3,373</u>	<u>2,934</u>	15.0
Individual fixed annuities	574	505	13.7	574	0.0	1,148	954	20.3
Individual variable annuities	216	158	36.7	248	(12.9)	464	268	73.1
Subtotal retirement services	<u>790</u>	<u>663</u>	19.2	<u>822</u>	(3.9)	<u>1,612</u>	<u>1,222</u>	31.9
<b>Net investment income before policyholder trading gains (losses)</b>	<b>2,577</b>	<b>2,291</b>	<b>12.5</b>	<b>2,408</b>	<b>7.0</b>	<b>4,985</b>	<b>4,156</b>	<b>19.9</b>
Policyholder trading gains (losses) (5)	784	(321)	NM	475	65.1	1,259	69	NM
<b>Total net investment income</b>	<b><u>3,361</u></b>	<b><u>1,970</u></b>	<b>70.6</b>	<b><u>2,883</u></b>	<b>16.6</b>	<b><u>6,244</u></b>	<b><u>4,225</u></b>	<b>47.8</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	4,372	3,530	23.9	4,090	6.9	8,462	7,358	15.0
Personal accident & health	804	731	10.0	789	1.9	1,593	1,421	12.1
Group products	534	353	51.3	577	(7.5)	1,111	827	34.3
Subtotal life insurance	<u>5,710</u>	<u>4,614</u>	23.8	<u>5,456</u>	4.7	<u>11,166</u>	<u>9,606</u>	16.2
Individual fixed annuities	452	334	35.3	427	5.9	879	707	24.3
Individual variable annuities	410	(65)	NM	496	(17.3)	906	242	274.4
Subtotal retirement services	<u>862</u>	<u>269</u>	220.4	<u>923</u>	(6.6)	<u>1,785</u>	<u>949</u>	88.1
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b><u>6,572</u></b>	<b><u>4,883</u></b>	<b>34.6</b>	<b><u>6,379</u></b>	<b>3.0</b>	<b><u>12,951</u></b>	<b><u>10,555</u></b>	<b>22.7</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	810	786	3.1	814	(0.5)	1,624	1,523	6.6
Personal accident & health	447	390	14.6	391	14.3	838	734	14.2
Group products	283	185	53.0	266	6.4	549	360	52.5
Subtotal life insurance	<u>1,540</u>	<u>1,361</u>	13.2	<u>1,471</u>	4.7	<u>3,011</u>	<u>2,617</u>	15.1
Individual fixed annuities	94	92	2.2	110	(14.5)	204	172	18.6
Individual variable annuities	47	40	17.5	38	23.7	85	71	19.7
Subtotal retirement services	<u>141</u>	<u>132</u>	6.8	<u>148</u>	(4.7)	<u>289</u>	<u>243</u>	18.9
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (2)</b>	<b><u>\$ 1,681</u></b>	<b><u>\$ 1,493</u></b>	<b>12.6 %</b>	<b><u>\$ 1,619</u></b>	<b>3.8 %</b>	<b><u>\$ 3,300</u></b>	<b><u>\$ 2,860</u></b>	<b>15.4 %</b>

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 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	\$ 1,015	\$ 1,003	1.2 %	\$ 820	23.8 %	\$ 1,835	\$ 1,732	5.9 %
Personal accident & health	323	330	(2.1)	376	(14.1)	699	666	5.0
Group products	95	84	13.1	84	13.1	179	185	(3.2)
Subtotal life insurance	<u>1,433</u>	<u>1,417</u>	1.1	<u>1,280</u>	12.0	<u>2,713</u>	<u>2,583</u>	5.0
Individual fixed annuities	146	126	15.9	165	(11.5)	311	264	17.8
Individual variable annuities	32	32	0.0	53	(39.6)	85	61	39.3
Subtotal retirement services	<u>178</u>	<u>158</u>	12.7	<u>218</u>	(18.3)	<u>396</u>	<u>325</u>	21.8
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<u><b>1,611</b></u>	<u><b>1,575</b></u>	<b>2.3</b>	<u><b>1,498</b></u>	<b>7.5</b>	<u><b>3,109</b></u>	<u><b>2,908</b></u>	<b>6.9</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	-	NM	1	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>1</u>	<u>-</u>	NM	<u>-</u>	NM	<u>1</u>	<u>-</u>	NM
Individual fixed annuities	(26)	-	NM	(21)	NM	(47)	(1)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(26)</u>	<u>-</u>	NM	<u>(21)</u>	NM	<u>(47)</u>	<u>(1)</u>	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<u><b>(25)</b></u>	<u><b>-</b></u>	<b>NM</b>	<u><b>(21)</b></u>	<b>NM</b>	<u><b>(46)</b></u>	<u><b>(1)</b></u>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance	1,014	1,003	1.1	820	23.7	1,834	1,732	5.9
Personal accident & health	323	330	(2.1)	376	(14.1)	699	666	5.0
Group products	95	84	13.1	84	13.1	179	185	(3.2)
Subtotal life insurance	<u>1,432</u>	<u>1,417</u>	1.1	<u>1,280</u>	11.9	<u>2,712</u>	<u>2,583</u>	5.0
Individual fixed annuities	172	126	36.5	186	(7.5)	358	265	35.1
Individual variable annuities	32	32	0.0	53	(39.6)	85	61	39.3
Subtotal retirement services	<u>204</u>	<u>158</u>	29.1	<u>239</u>	(14.6)	<u>443</u>	<u>326</u>	35.9
<b>Total operating income before net realized capital gains (losses) (3) (6)</b>	<u><b>1,636</b></u>	<u><b>1,575</b></u>	<b>3.9</b>	<u><b>1,519</b></u>	<b>7.7</b>	<u><b>3,155</b></u>	<u><b>2,909</b></u>	<b>8.5</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	141	139	1.4	(168)	NM	(27)	420	NM
Personal accident & health	2	25	(92.0)	(8)	NM	(6)	52	NM
Group products	(6)	(28)	NM	(21)	NM	(27)	12	NM
Subtotal life insurance	<u>137</u>	<u>136</u>	0.7	<u>(197)</u>	NM	<u>(60)</u>	<u>484</u>	NM
Individual fixed annuities	(120)	28	NM	(37)	NM	(157)	32	NM
Individual variable annuities	1	-	NM	(1)	NM	-	-	NM
Subtotal retirement services	<u>(119)</u>	<u>28</u>	NM	<u>(38)</u>	NM	<u>(157)</u>	<u>32</u>	NM
<b>Total net realized capital gains (losses) (7)</b>	<u><b>18</b></u>	<u><b>164</b></u>	<b>(89.0)</b>	<u><b>(235)</b></u>	<b>NM</b>	<u><b>(217)</b></u>	<u><b>516</b></u>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	1,155	1,142	1.1	652	77.1	1,807	2,152	(16.0)
Personal accident & health	325	355	(8.5)	368	(11.7)	693	718	(3.5)
Group products	89	56	58.9	63	41.3	152	197	(22.8)
Subtotal life insurance	<u>1,569</u>	<u>1,553</u>	1.0	<u>1,083</u>	44.9	<u>2,652</u>	<u>3,067</u>	(13.5)
Individual fixed annuities	52	154	(66.2)	149	(65.1)	201	297	(32.3)
Individual variable annuities	33	32	3.1	52	(36.5)	85	61	39.3
Subtotal retirement services	<u>85</u>	<u>186</u>	(54.3)	<u>201</u>	(57.7)	<u>286</u>	<u>358</u>	(20.1)
<b>Operating income (3) (6)</b>	<u><b>\$ 1,654</b></u>	<u><b>\$ 1,739</b></u>	<b>(4.9) %</b>	<u><b>\$ 1,284</b></u>	<b>28.8 %</b>	<u><b>\$ 2,938</b></u>	<u><b>\$ 3,425</b></u>	<b>(14.2) %</b>

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30,	June 30,	% Chg	March 31,	Sequential	June 30,	June 30,	% Chg
	2007	2006		2007		% Chg	2007	
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 3,806	\$ 2,132	78.5 %	\$ 3,516	8.2 %	\$ 7,322	\$ 4,101	78.5 %
Personal accident & health	1,060	1,019	4.0	1,021	3.8	2,081	1,977	5.3
Group products	866	710	22.0	935	(7.4)	1,801	1,486	21.2
Subtotal life insurance	5,732	3,861	48.5	5,472	4.8	11,204	7,564	48.1
Individual fixed annuities	1,044	1,700	(38.6)	990	5.5	2,034	2,769	(26.5)
Individual variable annuities	3,098	3,179	(2.5)	3,080	0.6	6,178	6,850	(9.8)
Subtotal retirement services	4,142	4,879	(15.1)	4,070	1.8	8,212	9,619	(14.6)
<b>Total premiums, deposits and other considerations</b>	<b>9,874</b>	<b>8,740</b>	<b>13.0</b>	<b>9,542</b>	<b>3.5</b>	<b>19,416</b>	<b>17,183</b>	<b>13.0</b>
<b>Premiums and other considerations:</b>								
Life insurance	1,350	1,238	9.0	1,216	11.0	2,566	2,409	6.5
Personal accident & health	1,041	1,006	3.5	1,028	1.3	2,069	1,950	6.1
Group products	539	410	31.5	575	(6.3)	1,114	840	32.6
Subtotal life insurance	2,930	2,654	10.4	2,819	3.9	5,749	5,199	10.6
Individual fixed annuities	101	78	29.5	116	(12.9)	217	157	38.2
Individual variable annuities	102	62	64.5	91	12.1	193	123	56.9
Subtotal retirement services	203	140	45.0	207	(1.9)	410	280	46.4
<b>Total premiums and other considerations</b>	<b>3,133</b>	<b>2,794</b>	<b>12.1</b>	<b>3,026</b>	<b>3.5</b>	<b>6,159</b>	<b>5,479</b>	<b>12.4</b>
<b>Net investment income:</b>								
Life insurance	486	383	26.9	378	28.6	864	713	21.2
Personal accident & health	52	42	23.8	50	4.0	102	80	27.5
Group products	60	114	(47.4)	131	(54.2)	191	246	(22.4)
Subtotal life insurance	598	539	10.9	559	7.0	1,157	1,039	11.4
Individual fixed annuities	546	479	14.0	546	0.0	1,092	908	20.3
Individual variable annuities	214	157	36.3	248	(13.7)	462	266	73.7
Subtotal retirement services	760	636	19.5	794	(4.3)	1,554	1,174	32.4
<b>Net investment income before policyholder trading gains (losses)</b>	<b>1,358</b>	<b>1,175</b>	<b>15.6</b>	<b>1,353</b>	<b>0.4</b>	<b>2,711</b>	<b>2,213</b>	<b>22.5</b>
Policyholder trading gains (losses)	467	(321)	NM	437	6.9	904	69	NM
<b>Total net investment income</b>	<b>1,825</b>	<b>854</b>	<b>113.7</b>	<b>1,790</b>	<b>2.0</b>	<b>3,615</b>	<b>2,282</b>	<b>58.4</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	1,245	924	34.7	1,069	16.5	2,314	1,940	19.3
Personal accident & health	515	493	4.5	508	1.4	1,023	946	8.1
Group products	438	282	55.3	430	1.9	868	643	35.0
Subtotal life insurance	2,198	1,699	29.4	2,007	9.5	4,205	3,529	19.2
Individual fixed annuities	416	303	37.3	398	4.5	814	651	25.0
Individual variable annuities	410	(65)	NM	495	(17.2)	905	242	274.0
Subtotal retirement services	826	238	247.1	893	(7.5)	1,719	893	92.5
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b>3,024</b>	<b>1,937</b>	<b>56.1</b>	<b>2,900</b>	<b>4.3</b>	<b>5,924</b>	<b>4,422</b>	<b>34.0</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	340	316	7.6	327	4.0	667	600	11.2
Personal accident & health	335	298	12.4	283	18.4	618	558	10.8
Group products	240	160	50.0	227	5.7	467	314	48.7
Subtotal life insurance	915	774	18.2	837	9.3	1,752	1,472	19.0
Individual fixed annuities	89	86	3.5	103	(13.6)	192	159	20.8
Individual variable annuities	45	40	12.5	38	18.4	83	71	16.9
Subtotal retirement services	134	126	6.3	141	(5.0)	275	230	19.6
<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>\$ 1,049</b>	<b>\$ 900</b>	<b>16.6 %</b>	<b>\$ 978</b>	<b>7.3 %</b>	<b>\$ 2,027</b>	<b>\$ 1,702</b>	<b>19.1 %</b>

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 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	\$ 406	\$ 341	19.1 %	\$ 370	9.7 %	\$ 776	\$ 668	16.2 %
Personal accident & health	243	257	(5.4)	287	(15.3)	530	526	0.8
Group products	62	61	1.6	68	(8.8)	130	129	0.8
Subtotal life insurance	711	659	7.9	725	(1.9)	1,436	1,323	8.5
Individual fixed annuities	142	121	17.4	161	(11.8)	303	255	18.8
Individual variable annuities	32	31	3.2	52	(38.5)	84	59	42.4
Subtotal retirement services	174	152	14.5	213	(18.3)	387	314	23.2
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b>885</b>	<b>811</b>	<b>9.1</b>	<b>938</b>	<b>(5.7)</b>	<b>1,823</b>	<b>1,637</b>	<b>11.4</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	-	NM	1	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	1	-	NM	-	NM	1	-	NM
Individual fixed annuities	(21)	-	NM	(21)	NM	(42)	(1)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	(21)	-	NM	(21)	NM	(42)	(1)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(20)</b>	<b>-</b>	<b>NM</b>	<b>(21)</b>	<b>NM</b>	<b>(41)</b>	<b>(1)</b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance	405	341	18.8	370	9.5	775	668	16.0
Personal accident & health	243	257	(5.4)	287	(15.3)	530	526	0.8
Group products	62	61	1.6	68	(8.8)	130	129	0.8
Subtotal life insurance	710	659	7.7	725	(2.1)	1,435	1,323	8.5
Individual fixed annuities	163	121	34.7	182	(10.4)	345	256	34.8
Individual variable annuities	32	31	3.2	52	(38.5)	84	59	42.4
Subtotal retirement services	195	152	28.3	234	(16.7)	429	315	36.2
<b>Total operating income before net realized capital gains (losses)</b>	<b>905</b>	<b>811</b>	<b>11.6</b>	<b>959</b>	<b>(5.6)</b>	<b>1,864</b>	<b>1,638</b>	<b>13.8</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	33	113	(70.8)	(18)	NM	15	234	(93.6)
Personal accident & health	-	22	NM	2	NM	2	40	(95.0)
Group products	1	2	(50.0)	5	(80.0)	6	11	(45.5)
Subtotal life insurance	34	137	(75.2)	(11)	NM	23	285	(91.9)
Individual fixed annuities	(129)	27	NM	(35)	NM	(164)	30	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	(129)	27	NM	(35)	NM	(164)	30	NM
<b>Total net realized capital gains (losses)</b>	<b>(95)</b>	<b>164</b>	<b>NM</b>	<b>(46)</b>	<b>NM</b>	<b>(141)</b>	<b>315</b>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	438	454	(3.5)	352	24.4	790	902	(12.4)
Personal accident & health	243	279	(12.9)	289	(15.9)	532	566	(6.0)
Group products	63	63	0.0	73	(13.7)	136	140	(2.9)
Subtotal life insurance	744	796	(6.5)	714	4.2	1,458	1,608	(9.3)
Individual fixed annuities	34	148	(77.0)	147	(76.9)	181	286	(36.7)
Individual variable annuities	32	31	3.2	52	(38.5)	84	59	42.4
Subtotal retirement services	66	179	(63.1)	199	(66.8)	265	345	(23.2)
<b>Operating income</b>	<b>\$ 810</b>	<b>\$ 975</b>	<b>(16.9) %</b>	<b>\$ 913</b>	<b>(11.3) %</b>	<b>\$ 1,723</b>	<b>\$ 1,953</b>	<b>(11.8) %</b>

(See Accompanying Notes on Page 50)

## American International Group, Inc.

### Asia Product Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2007	% Chg
<b>Premiums, deposits and other considerations (1):</b>								
Life insurance	\$ 4,708	\$ 4,326	8.8 %	\$ 4,938	(4.7) %	\$ 9,646	\$ 8,677	11.2 %
Personal accident & health	458	387	18.3	460	(0.4)	918	747	22.9
Group products	158	112	41.1	178	(11.2)	336	269	24.9
Subtotal life insurance	<u>5,324</u>	<u>4,825</u>	10.3	<u>5,576</u>	(4.5)	<u>10,900</u>	<u>9,693</u>	12.5
Individual fixed annuities	214	181	18.2	127	68.5	341	404	(15.6)
Individual variable annuities	25	(1)	NM	5	NM	30	-	NM
Subtotal retirement services	<u>239</u>	<u>180</u>	32.8	<u>132</u>	81.1	<u>371</u>	<u>404</u>	(8.2)
<b>Total premiums, deposits and other considerations</b>	<b><u>5,563</u></b>	<b><u>5,005</u></b>	<b>11.1</b>	<b><u>5,708</u></b>	<b>(2.5)</b>	<b><u>11,271</u></b>	<b><u>10,097</u></b>	<b>11.6</b>
<b>Premiums and other considerations:</b>								
Life insurance	2,755	2,700	2.0	2,951	(6.6)	5,706	5,611	1.7
Personal accident & health	446	374	19.3	445	0.2	891	736	21.1
Group products	151	97	55.7	178	(15.2)	329	240	37.1
Subtotal life insurance	<u>3,352</u>	<u>3,171</u>	5.7	<u>3,574</u>	(6.2)	<u>6,926</u>	<u>6,587</u>	5.1
Individual fixed annuities	17	16	6.3	12	41.7	29	32	(9.4)
Individual variable annuities	1	-	NM	1	0.0	2	-	NM
Subtotal retirement services	<u>18</u>	<u>16</u>	12.5	<u>13</u>	38.5	<u>31</u>	<u>32</u>	(3.1)
<b>Total premiums and other considerations</b>	<b><u>3,370</u></b>	<b><u>3,187</u></b>	<b>5.7</b>	<b><u>3,587</u></b>	<b>(6.0)</b>	<b><u>6,957</u></b>	<b><u>6,619</u></b>	<b>5.1</b>
<b>Net investment income:</b>								
Life insurance	1,123	1,038	8.2	965	16.4	2,088	1,794	16.4
Personal accident & health	35	29	20.7	33	6.1	68	55	23.6
Group products	31	22	40.9	29	6.9	60	46	30.4
Subtotal life insurance	<u>1,189</u>	<u>1,089</u>	9.2	<u>1,027</u>	15.8	<u>2,216</u>	<u>1,895</u>	16.9
Individual fixed annuities	28	26	7.7	28	0.0	56	46	21.7
Individual variable annuities	2	1	NM	-	NM	2	2	0.0
Subtotal retirement services	<u>30</u>	<u>27</u>	11.1	<u>28</u>	7.1	<u>58</u>	<u>48</u>	20.8
<b>Net investment income before policyholder trading gains (losses)</b>	<b><u>1,219</u></b>	<b><u>1,116</u></b>	<b>9.2</b>	<b><u>1,055</u></b>	<b>15.5</b>	<b><u>2,274</u></b>	<b><u>1,943</u></b>	<b>17.0</b>
Policyholder trading gains (losses)	317	-	NM	38	NM	355	-	NM
<b>Total net investment income</b>	<b><u>1,536</u></b>	<b><u>1,116</u></b>	<b>37.6</b>	<b><u>1,093</u></b>	<b>40.5</b>	<b><u>2,629</u></b>	<b><u>1,943</u></b>	<b>35.3</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>								
Life insurance	3,127	2,606	20.0	3,021	3.5	6,148	5,418	13.5
Personal accident & health	289	238	21.4	281	2.8	570	475	20.0
Group products	96	71	35.2	147	(34.7)	243	184	32.1
Subtotal life insurance	<u>3,512</u>	<u>2,915</u>	20.5	<u>3,449</u>	1.8	<u>6,961</u>	<u>6,077</u>	14.5
Individual fixed annuities	36	31	16.1	29	24.1	65	56	16.1
Individual variable annuities	-	-	NM	1	NM	1	-	NM
Subtotal retirement services	<u>36</u>	<u>31</u>	16.1	<u>30</u>	20.0	<u>66</u>	<u>56</u>	17.9
<b>Total incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses)</b>	<b><u>3,548</u></b>	<b><u>2,946</u></b>	<b>20.4</b>	<b><u>3,479</u></b>	<b>2.0</b>	<b><u>7,027</u></b>	<b><u>6,133</u></b>	<b>14.6</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	470	470	0.0	487	(3.5)	957	923	3.7
Personal accident & health	112	92	21.7	108	3.7	220	176	25.0
Group products	43	25	72.0	39	10.3	82	46	78.3
Subtotal life insurance	<u>625</u>	<u>587</u>	6.5	<u>634</u>	(1.4)	<u>1,259</u>	<u>1,145</u>	10.0
Individual fixed annuities	5	6	(16.7)	7	(28.6)	12	13	(7.7)
Individual variable annuities	2	-	NM	-	NM	2	-	NM
Subtotal retirement services	<u>7</u>	<u>6</u>	16.7	<u>7</u>	0.0	<u>14</u>	<u>13</u>	7.7
<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><u>\$ 632</u></b>	<b><u>\$ 593</u></b>	<b>6.6 %</b>	<b><u>\$ 641</u></b>	<b>(1.4) %</b>	<b><u>\$ 1,273</u></b>	<b><u>\$ 1,158</u></b>	<b>9.9 %</b>

(See Accompanying Notes on Page 50)

## American International Group, Inc.

### Asia Product Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2007	% Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>								
Life insurance	\$ 609	\$ 662	(8.0) %	\$ 450	35.3 %	\$ 1,059	\$ 1,064	(0.5) %
Personal accident & health	80	73	9.6	89	(10.1)	169	140	20.7
Group products	33	23	43.5	16	NM	49	56	(12.5)
Subtotal life insurance	<u>722</u>	<u>758</u>	(4.7)	<u>555</u>	30.1	<u>1,277</u>	<u>1,260</u>	1.3
Individual fixed annuities	4	5	(20.0)	4	0.0	8	9	(11.1)
Individual variable annuities	-	1	NM	1	NM	1	2	(50.0)
Subtotal retirement services	<u>4</u>	<u>6</u>	(33.3)	<u>5</u>	(20.0)	<u>9</u>	<u>11</u>	(18.2)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>726</u></b>	<b><u>764</u></b>	<b>(5.0)</b>	<b><u>560</u></b>	<b>29.6</b>	<b><u>1,286</u></b>	<b><u>1,271</u></b>	<b>1.2</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>								
Life insurance	-	-	NM	-	NM	-	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>-</u>	<u>-</u>	NM	<u>-</u>	NM	<u>-</u>	<u>-</u>	NM
Individual fixed annuities	(5)	-	NM	-	NM	(5)	-	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(5)</u>	<u>-</u>	NM	<u>-</u>	NM	<u>(5)</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>(5)</u></b>	<b><u>-</u></b>	<b>NM</b>	<b><u>-</u></b>	<b>NM</b>	<b><u>(5)</u></b>	<b><u>-</u></b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>								
Life insurance	609	662	(8.0)	450	35.3	1,059	1,064	(0.5)
Personal accident & health	80	73	9.6	89	(10.1)	169	140	20.7
Group products	33	23	43.5	16	106.3	49	56	(12.5)
Subtotal life insurance	<u>722</u>	<u>758</u>	(4.7)	<u>555</u>	30.1	<u>1,277</u>	<u>1,260</u>	1.3
Individual fixed annuities	9	5	80.0	4	125.0	13	9	44.4
Individual variable annuities	-	1	NM	1	NM	1	2	(50.0)
Subtotal retirement services	<u>9</u>	<u>6</u>	50.0	<u>5</u>	80.0	<u>14</u>	<u>11</u>	27.3
<b>Total operating income before net realized capital gains (losses)</b>	<b><u>731</u></b>	<b><u>764</u></b>	<b>(4.3)</b>	<b><u>560</u></b>	<b>30.5</b>	<b><u>1,291</u></b>	<b><u>1,271</u></b>	<b>1.6</b>
<b>Net realized capital gains (losses):</b>								
Life insurance	108	26	315.4	(150)	NM	(42)	186	NM
Personal accident & health	2	3	(33.3)	(10)	NM	(8)	12	NM
Group products	(7)	(30)	NM	(26)	NM	(33)	1	NM
Subtotal life insurance	<u>103</u>	<u>(1)</u>	NM	<u>(186)</u>	NM	<u>(83)</u>	<u>199</u>	NM
Individual fixed annuities	9	1	NM	(2)	NM	7	2	250.0
Individual variable annuities	1	-	NM	(1)	NM	-	-	NM
Subtotal retirement services	<u>10</u>	<u>1</u>	NM	<u>(3)</u>	NM	<u>7</u>	<u>2</u>	250.0
<b>Total net realized capital gains (losses)</b>	<b><u>113</u></b>	<b><u>-</u></b>	<b>NM</b>	<b><u>(189)</u></b>	<b>NM</b>	<b><u>(76)</u></b>	<b><u>201</u></b>	<b>NM</b>
<b>Operating income:</b>								
Life insurance	717	688	4.2	300	139.0	1,017	1,250	(18.6)
Personal accident & health	82	76	7.9	79	3.8	161	152	5.9
Group products	26	(7)	NM	(10)	NM	16	57	(71.9)
Subtotal life insurance	<u>825</u>	<u>757</u>	9.0	<u>369</u>	123.6	<u>1,194</u>	<u>1,459</u>	(18.2)
Individual fixed annuities	18	6	200.0	2	NM	20	11	81.8
Individual variable annuities	1	1	0.0	-	NM	1	2	(50.0)
Subtotal retirement services	<u>19</u>	<u>7</u>	171.4	<u>2</u>	NM	<u>21</u>	<u>13</u>	61.5
<b>Operating income</b>	<b><u>\$ 844</u></b>	<b><u>\$ 764</u></b>	<b>10.5 %</b>	<b><u>\$ 371</u></b>	<b>127.5 %</b>	<b><u>\$ 1,215</u></b>	<b><u>\$ 1,472</u></b>	<b>(17.5) %</b>

(See Accompanying Notes on Page 50)

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

	First Year Premiums (9)					Single Premiums				
	Three Months Ended					Three Months Ended				
	June 30, 2007	June 30, 2006 (12)	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006 (12)	% Chg	March 31, 2007	Sequential % Chg
<b>Life insurance</b>										
Japan	\$ 275	\$ 231	19.0 %	\$ 211	30.3 %	\$ 347	\$ 197	76.1 %	\$ 345	0.6 %
China	22	25	(12.0)	27	(18.5)	119	49	142.9	66	80.3
Taiwan	226	152	48.7	179	26.3	270	229	17.9	194	39.2
Other Asia	350	295	18.6	313	11.8	515	527	(2.3)	370	39.2
All other regions	76	58	31.0	70	8.6	1,560	167	NM	1,445	8.0
<b>Total</b>	<u>949</u>	<u>761</u>	24.7	<u>800</u>	18.6	<u>2,811</u>	<u>1,169</u>	140.5	<u>2,420</u>	16.2
<b>Personal accident &amp; health</b>										
Japan	156	189	(17.5)	153	2.0	2	2	0.0	2	0.0
China	11	9	22.2	8	37.5	1	2	(50.0)	-	NM
Taiwan	24	23	4.3	27	(11.1)	-	-	NM	-	NM
Other Asia	86	89	(3.4)	92	(6.5)	-	-	NM	-	NM
All other regions	33	29	13.8	32	3.1	7	5	40.0	8	(12.5)
<b>Total</b>	<u>310</u>	<u>339</u>	(8.6)	<u>312</u>	(0.6)	<u>10</u>	<u>9</u>	11.1	<u>10</u>	0.0
<b>Group products</b>										
Japan	4	6	(33.3)	3	33.3	-	-	NM	-	NM
China	4	-	NM	3	33.3	-	-	NM	-	NM
Taiwan	4	5	(20.0)	3	33.3	1	3	(66.7)	1	0.0
Other Asia	16	20	(20.0)	19	(15.8)	17	15	13.3	16	6.3
All other regions	126	189	(33.3)	154	(18.2)	204	82	148.8	198	3.0
<b>Total</b>	<u>154</u>	<u>220</u>	(30.0)	<u>182</u>	(15.4)	<u>222</u>	<u>100</u>	122.0	<u>215</u>	3.3
<b>Total premiums</b>										
Japan	435	426	2.1	367	18.5	349	199	75.4	347	0.6
China	37	34	8.8	38	(2.6)	120	51	135.3	66	81.8
Taiwan	254	180	41.1	209	21.5	271	232	16.8	195	39.0
Other Asia	452	404	11.9	424	6.6	532	542	(1.8)	386	37.8
All other regions	235	276	(14.9)	256	(8.2)	1,771	254	NM	1,651	7.3
<b>Total</b>	<u>\$ 1,413</u>	<u>\$ 1,320</u>	7.0 %	<u>\$ 1,294</u>	9.2 %	<u>\$ 3,043</u>	<u>\$ 1,278</u>	138.1 %	<u>\$ 2,645</u>	15.0 %

(See Accompanying Notes on Page 50)

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

	First Year Premiums (9)			Single Premiums		
	Six Months Ended			Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	June 30, 2007	June 30, 2006	% Chg
<b>Life insurance</b>						
Japan	\$ 486	\$ 433	12.2 %	\$ 692	\$ 347	99.4 %
China	49	48	2.1	185	110	68.2
Taiwan	405	370	9.5	464	433	7.2
Other Asia	663	535	23.9	885	836	5.9
All other regions	146	107	36.4	3,005	333	NM
<b>Total</b>	1,749	1,493	17.1	5,231	2,059	154.1
<b>Personal accident &amp; health</b>						
Japan	309	374	(17.4)	4	3	33.3
China	19	17	11.8	1	3	(66.7)
Taiwan	51	47	8.5	-	-	NM
Other Asia	178	163	9.2	-	-	NM
All other regions	65	56	16.1	15	9	66.7
<b>Total</b>	622	657	(5.3)	20	15	33.3
<b>Group products</b>						
Japan	7	11	(36.4)	-	-	NM
China	7	-	NM	-	-	NM
Taiwan	7	10	(30.0)	2	7	(71.4)
Other Asia	35	39	(10.3)	33	29	13.8
All other regions	280	429	(34.7)	402	148	171.6
<b>Total</b>	336	489	(31.3)	437	184	137.5
<b>Total premiums</b>						
Japan	802	818	(2.0)	696	350	98.9
China	75	65	15.4	186	113	64.6
Taiwan	463	427	8.4	466	440	5.9
Other Asia	876	737	18.9	918	865	6.1
All other regions	491	592	(17.1)	3,422	490	NM
<b>Total</b>	\$ 2,707	\$ 2,639	2.6 %	\$ 5,688	\$ 2,258	151.9 %

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Life insurance</b>								
<b>Life insurance</b>								
Japan	\$ 1,804	\$ 1,566	15.2	\$ 1,661	8.6	\$ 3,465	\$ 2,985	16.1
China	264	177	49.2	201	31.3	465	349	33.2
Taiwan	1,865	1,840	1.4	2,399	(22.3)	4,264	4,050	5.3
Other Asia	2,623	2,353	11.5	2,375	10.4	4,998	4,353	14.8
All Other Regions	1,958	522	275.1	1,818	7.7	3,776	1,041	262.7
<b>Total</b>	<u>8,514</u>	<u>6,458</u>	31.8	<u>8,454</u>	0.7	<u>16,968</u>	<u>12,778</u>	32.8
<b>Personal accident &amp; health</b>								
Japan	918	908	1.1	889	3.3	1,807	1,760	2.7
China	33	26	26.9	27	22.2	60	49	22.4
Taiwan	146	143	2.1	175	(16.6)	321	299	7.4
Other Asia	283	220	28.6	261	8.4	544	404	34.7
All Other Regions	138	109	26.6	129	7.0	267	212	25.9
<b>Total</b>	<u>1,518</u>	<u>1,406</u>	8.0	<u>1,481</u>	2.5	<u>2,999</u>	<u>2,724</u>	10.1
<b>Group products</b>								
Japan	118	130	(9.2)	123	(4.1)	241	269	(10.4)
China	5	-	NM	3	66.7	8	-	NM
Taiwan	28	30	(6.7)	26	7.7	54	58	(6.9)
Other Asia	127	82	54.9	147	(13.6)	274	211	29.9
All Other Regions	746	580	28.6	814	(8.4)	1,560	1,217	28.2
<b>Total</b>	<u>1,024</u>	<u>822</u>	24.6	<u>1,113</u>	(8.0)	<u>2,137</u>	<u>1,755</u>	21.8
<b>Total life insurance</b>								
Japan	2,840	2,604	9.1	2,673	6.2	5,513	5,014	10.0
China	302	203	48.8	231	30.7	533	398	33.9
Taiwan	2,039	2,013	1.3	2,600	(21.6)	4,639	4,407	5.3
Other Asia	3,033	2,655	14.2	2,783	9.0	5,816	4,968	17.1
All Other Regions	2,842	1,211	134.7	2,761	2.9	5,603	2,470	126.8
<b>Total</b>	<u>11,056</u>	<u>8,686</u>	27.3	<u>11,048</u>	0.1	<u>22,104</u>	<u>17,257</u>	28.1
<b>Retirement services</b>								
<b>Individual fixed annuity</b>								
Japan	954	1,649	(42.1)	919	3.8	1,873	2,671	(29.9)
Korea	195	153	27.5	114	71.1	309	330	(6.4)
Other Asia	19	28	(32.1)	13	46.2	32	74	(56.8)
All Other Regions	90	51	76.5	71	26.8	161	98	64.3
<b>Total</b>	<u>1,258</u>	<u>1,881</u>	(33.1)	<u>1,117</u>	12.6	<u>2,375</u>	<u>3,173</u>	(25.1)
<b>Individual variable annuity</b>								
Japan	251	444	(43.5)	274	(8.4)	525	1,027	(48.9)
Korea	-	-	NM	-	NM	-	-	NM
Other Asia	25	(1)	NM	5	400.0	30	-	NM
All Other Regions	2,847	2,735	4.1	2,806	1.5	5,653	5,823	(2.9)
<b>Total</b>	<u>3,123</u>	<u>3,178</u>	(1.7)	<u>3,085</u>	1.2	<u>6,208</u>	<u>6,850</u>	(9.4)
<b>Total retirement services</b>								
Japan	1,205	2,093	(42.4)	1,193	1.0	2,398	3,698	(35.2)
Korea	195	153	27.5	114	71.1	309	330	(6.4)
Other Asia	44	27	63.0	18	144.4	62	74	(16.2)
All Other Regions	2,937	2,786	5.4	2,877	2.1	5,814	5,921	(1.8)
<b>Total</b>	<u>4,381</u>	<u>5,059</u>	(13.4)	<u>4,202</u>	4.3	<u>8,583</u>	<u>10,023</u>	(14.4)
<b>Total premiums, deposits and other considerations</b>	<u>\$ 15,437</u>	<u>\$ 13,745</u>	12.3	<u>\$ 15,250</u>	1.2	<u>\$ 30,687</u>	<u>\$ 27,280</u>	12.5

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

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>% Chg</u>		<u>March 31, 2007</u>	<u>Sequential % Chg</u>
<b>Life Insurance Reserves</b>						
<b>Life insurance</b>						
Japan	\$ 30,914	\$ 30,076	2.8 %		\$ 30,584	1.1 %
China	3,079	2,182	41.1		2,796	10.1
Taiwan	34,652	30,828	12.4		33,475	3.5
Other Asia	44,984	34,733	29.5		42,062	6.9
All other regions	11,499	7,511	53.1		10,034	14.6
<b>Total</b>	<u>125,128</u>	<u>105,330</u>	18.8		<u>118,951</u>	5.2
<b>Personal accident &amp; health</b>						
Japan	4,514	4,297	5.1		4,501	0.3
China	69	55	25.5		59	16.9
Taiwan	1,716	1,512	13.5		1,668	2.9
Other Asia	998	631	58.2		920	8.5
All other regions	466	362	28.7		442	5.4
<b>Total</b>	<u>7,763</u>	<u>6,857</u>	13.2		<u>7,590</u>	2.3
<b>Group products</b>						
Japan	2,753	3,138	(12.3)		2,873	(4.2)
China	4	-	NM		3	33.3
Taiwan	43	43	0.0		42	2.4
Other Asia	1,333	1,094	21.8		1,308	1.9
All other regions	5,457	4,119	32.5		4,945	10.4
<b>Total</b>	<u>9,590</u>	<u>8,394</u>	14.2		<u>9,171</u>	4.6
<b>Total life insurance reserves</b>						
Japan	38,181	37,511	1.8		37,958	0.6
China	3,152	2,237	40.9		2,858	10.3
Taiwan	36,411	32,383	12.4		35,185	3.5
Other Asia	47,315	36,458	29.8		44,290	6.8
All other regions	17,422	11,992	45.3		15,421	13.0
<b>Total</b>	<u>\$ 142,481</u>	<u>\$ 120,581</u>	18.2 %		<u>\$ 135,712</u>	5.0 %

(See Accompanying Notes on Page 50)

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

	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>	<u>% Chg</u>	<u>March 31,</u> <u>2007</u>	<u>Sequential</u> <u>% Chg</u>
<b>Retirement Services Reserves</b>					
<b>Individual fixed annuities</b>					
Japan	\$ 42,046	\$ 38,903	8.1 %	\$ 41,688	0.9 %
Korea	1,997	1,507	32.5	1,760	13.5
Other Asia	379	371	2.2	366	3.6
All other regions	<u>2,409</u>	<u>1,785</u>	35.0	<u>2,287</u>	5.3
<b>Total</b>	46,831	42,566	10.0	46,101	1.6
<b>Individual variable annuities</b>					
Japan	5,527	4,728	16.9	5,370	2.9
Other Asia	85	63	34.9	78	9.0
All other regions	<u>20,405</u>	<u>15,559</u>	31.1	<u>19,957</u>	2.2
<b>Total</b>	26,017	20,350	27.8	25,405	2.4
<b>Policy and Contract Claims Reserves</b>					
<b>Personal accident &amp; health</b>					
Japan	264	231	14.3	239	10.5
China	6	12	(50.0)	5	20.0
Taiwan	57	52	9.6	54	5.6
Other Asia	109	78	39.7	98	11.2
All other regions	<u>109</u>	<u>103</u>	5.8	<u>117</u>	(6.8)
<b>Total</b>	545	476	14.5	513	6.2
<b>Group accident &amp; health</b>					
Japan	-	-	NM	-	NM
Taiwan	4	5	(20.0)	4	0.0
Other Asia	18	24	(25.0)	17	5.9
All other regions	<u>83</u>	<u>76</u>	9.2	<u>82</u>	1.2
<b>Total</b>	\$ 105	\$ 105	0.0 %	\$ 103	1.9 %

(See Accompanying Notes on Page 50)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Spread information</b>								
<b>Individual fixed annuities</b>								
<b>Japan (10)</b>								
Base investment income	\$ 434	\$ 345	25.8 %	\$ 428	1.4 %	\$ 862	\$ 708	21.8 %
Partnerships/other enhancements	-	-	NM	-	NM	-	-	NM
<b>Total net investment income (11)</b>	<b>\$ 434</b>	<b>\$ 345</b>	<b>25.8 %</b>	<b>\$ 428</b>	<b>1.4 %</b>	<b>\$ 862</b>	<b>\$ 708</b>	<b>21.8 %</b>
Base yield (10)	5.02%	4.78%		5.02%		5.02%	4.75%	
Partnerships/other enhancements	0.00%	0.00%		0.00%		0.00%	0.00%	
<b>Total</b>	<b>5.02%</b>	<b>4.78%</b>		<b>5.02%</b>		<b>5.02%</b>	<b>4.75%</b>	
Cost of funds (11) (12)	3.43%	3.22%		3.44%		3.44%	3.15%	
Net spread rate, as reported (12)	1.59%	1.56%		1.58%		1.58%	1.60%	
Net spread rate excluding partnerships and other enhancements	1.59%	1.56%		1.58%		1.58%	1.60%	
<b>Korea</b>								
Base investment income	\$ 24	\$ 19	26.3 %	\$ 23	4.3 %	\$ 47	\$ 35	34.3 %
Partnerships/other enhancements	(1)	-	NM	-	NM	(1)	-	NM
<b>Total net investment income (11)</b>	<b>\$ 23</b>	<b>\$ 19</b>	<b>21.1 %</b>	<b>\$ 23</b>	<b>0.0 %</b>	<b>\$ 46</b>	<b>\$ 35</b>	<b>31.4 %</b>
Base yield (12)	5.40%	5.45%		5.36%		5.36%	5.23%	
Partnerships/other enhancements	-0.19%	0.00%		0.00%		-0.10%	0.00%	
<b>Total</b>	<b>5.21%</b>	<b>5.45%</b>		<b>5.36%</b>		<b>5.26%</b>	<b>5.23%</b>	
Cost of funds (11) (12)	4.59%	4.45%		4.55%		4.56%	4.41%	
Net spread rate, as reported (12)	0.62%	1.00%		0.81%		0.70%	0.82%	
Net spread rate excluding partnerships and other enhancements	0.82%	1.00%		0.81%		0.80%	0.82%	
<b>Net flows (13)</b>								
<b>Individual fixed annuities</b>								
Japan	\$ 165	\$ 1,067	(84.5) %	\$ (109)	NM %	\$ 56	\$ 1,491	(96.2) %
Korea	163	141	15.6	79	106.3	242	305	(20.7)
<b>Individual variable annuities</b>								
Japan	\$ 172	\$ 371	(53.6) %	\$ 165	4.2 %	\$ 337	\$ 846	(60.2) %

(See Accompanying Notes on Page 50)

**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		
	June 30, 2007	June 30, 2006	% chg	June 30, 2007	June 30, 2006	% chg
<b>Life insurance</b>						
Balance at beginning of year	\$ 14,353	\$ 12,048	19.1 %	\$ 166	\$ -	NM %
Acquisition costs deferred	1,545	1,395	10.8	41	-	NM
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	-	-	NM	(1)	-	NM
Related to unlocking future assumptions	19	17	11.8	-	-	NM
All other amortization	(717)	(753)	NM	16	-	NM
Change in unrealized gains (losses) on securities	45	80	(43.8)	6	-	NM
Increase (decrease) due to foreign exchange	(24)	605	NM	-	1	NM
Other	(24)	-	NM	-	(1)	NM
<b>Balance at end of period</b>	15,197	13,392	13.5	228	-	NM
<b>Personal accident &amp; health</b>						
Balance at beginning of year	4,769	3,773	26.4	-	-	NM
Acquisition costs deferred	735	796	(7.7)	-	-	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	(406)	(371)	NM	-	-	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	(195)	276	NM	-	-	NM
Other	-	-	NM	-	-	NM
<b>Balance at end of period</b>	4,903	4,474	9.6	-	-	NM
<b>Group products</b>						
Balance at beginning of year	194	160	21.3	6	5	20.0
Acquisition costs deferred	34	20	70.0	1	-	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	(42)	(12)	NM	(1)	(1)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	2	7	(71.4)	-	-	NM
Other	(54)	3	NM	-	-	NM
<b>Balance at end of period</b>	\$ 134	\$ 178	(24.7) %	\$ 6	\$ 4	50.0 %

(See Accompanying Notes on Page 50)

**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		
	June 30, 2007	June 30, 2006	% chg	June 30, 2007	June 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	130	151	(13.9)	5	13	(61.5)
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	45	1	NM	2	-	NM
Related to unlocking future assumptions	11	10	10.0	2	-	NM
All other amortization	(152)	(127)	NM	(10)	(9)	NM
Change in unrealized gains (losses) on securities	486	1	NM	1	-	NM
Increase (decrease) due to foreign exchange	-	20	NM	-	3	NM
Other	-	(3)	NM	-	-	NM
<b>Balance at end of period</b>	1,922	1,430	34.4	161	160	0.6
<b>Individual variable annuities</b>						
Balance at beginning of year	435	280	55.4	71	34	108.8
Acquisition costs deferred	66	117	(43.6)	13	21	(38.1)
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	(27)	(29)	NM	(3)	(4)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	(13)	28	NM	1	5	(80.0)
Other	-	-	NM	-	1	NM
<b>Balance at end of period</b>	461	397	16.1	82	57	43.9
<b>Total</b>						
Balance at beginning of year	21,153	17,638	19.9	404	192	110.4
Acquisition costs deferred	2,510	2,479	1.3	60	34	76.5
Amortization (charged) or credited to operating income:						
Related to net realized capital gains (losses)	45	1	NM	1	-	NM
Related to unlocking future assumptions	30	28	7.1	2	-	NM
All other amortization	(1,344)	(1,292)	NM	2	(14)	NM
Change in unrealized gains (losses) on securities	531	81	NM	7	-	NM
Increase (decrease) due to foreign exchange	(230)	936	NM	1	9	(88.9)
Other (14)	(78)	-	NM	-	-	NM
<b>Balance at end of period</b>	\$ 22,617	\$ 19,871	13.8 %	\$ 477	\$ 221	115.8 %

(See Accompanying Notes on Page 50)

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% chg	March 31, 2007	Sequential % chg	June 30, 2007	June 30, 2006	% chg
<b>Foreign life insurance &amp; retirement services:</b>								
Life insurance	\$ 29	\$ 17	70.6 %	\$ 37	(21.6) %	\$ 66	\$ 31	112.9 %
Personal accident & health	3	2	50.0	7	(57.1)	10	3	233.3
Group Products	1	-	NM	-	NM	1	-	NM
Individual fixed annuities	5	4	25.0	4	25.0	9	6	50.0
<b>Total</b>	<u>38</u>	<u>23</u>	65.2	<u>48</u>	(20.8)	<u>86</u>	<u>40</u>	115.0
<b>Domestic life insurance:</b>								
Excluding Synfuels:								
Life insurance	55	2	NM	23	139.1	78	10	NM
Home service	5	-	NM	4	25.0	9	2	NM
Subtotal excluding Synfuels	<u>60</u>	<u>2</u>	NM	<u>27</u>	122.2	<u>87</u>	<u>12</u>	NM
Synfuels (1):								
Life insurance	(28)	(16)	NM	(22)	NM	(50)	(41)	NM
Home service	(14)	(6)	NM	(11)	NM	(25)	(18)	NM
Subtotal Synfuels	<u>(42)</u>	<u>(22)</u>	NM	<u>(33)</u>	NM	<u>(75)</u>	<u>(59)</u>	NM
<b>Total</b>	18	(20)	NM	(6)	NM	12	(47)	NM
<b>Domestic retirement services:</b>								
Group retirement products	105	35	200.0	49	114.3	154	77	100.0
Individual fixed annuities	145	35	314.3	81	79.0	226	124	82.3
Individual variable annuities	3	-	NM	-	NM	3	-	NM
<b>Total</b>	<u>253</u>	<u>70</u>	261.4	<u>130</u>	94.6	<u>383</u>	<u>201</u>	90.5
<b>Total life insurance &amp; retirement services</b>	<u>\$ 309</u>	<u>\$ 73</u>	323.3 %	<u>\$ 172</u>	79.7 %	<u>\$ 481</u>	<u>\$ 194</u>	147.9 %

(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 \$59 million, \$21 million, \$80 million, \$139 million and \$56 million for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 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) For the three months ended June 30, 2007 and March 31, 2007 and the six months ended June 30, 2007, Domestic Life was affected by the adoption of SOP 05-1. The effect of this is shown in the following table:

(in millions) gain (loss)	Life Insurance	Home Service	Group Life / Health
<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>Three months ended March 31, 2007:</b>			
Operating income before net realized capital gains (losses)	\$190	\$84	\$4
Effect of SOP 05-1	(3)	(3)	(16)
<b>Six months ended June 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$409	\$161	\$9
Effect of SOP 05-1	(7)	(4)	(28)

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

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
Transaction gains (losses)	\$(54)	\$(35)	\$20	\$(34)	\$(55)
Foreign exchange transactions	-	1	2	2	-
Derivative instruments	41	28	(11)	30	115
Other-than-temporary decline	(49)	(61)	(19)	(68)	(115)
Other	46	(8)	(4)	42	(12)
<b>Total</b>	<b>\$(16)</b>	<b>\$(75)</b>	<b>\$(12)</b>	<b>\$(28)</b>	<b>\$(67)</b>

- (6) Periodic premium represents premium from new business expected to be collected over a one-year period.
- (7) 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 \$84 million, \$34 million, \$75 million, \$159 million and \$94 million for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 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 \$0, \$1 million, \$1 million, \$1 million and \$1 million, respectively, for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006. The effect for individual fixed annuities is \$30 million, \$29 million, \$31 million, \$61 million and \$53 million, respectively, for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006. The effect for individual variable annuities is \$10 million, \$4 million, \$7 million, \$17 million and \$10 million, respectively, for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006, respectively.
- (4) Net realized capital gains (losses) consist of the following:

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
Transaction gains (losses)	\$(74)	\$(24)	\$30	\$(44)	\$(57)
Foreign exchange transactions	1	-	6	7	-
Derivative instruments	(52)	(42)	5	(47)	(36)
Other-than-temporary decline	(144)	(169)	(42)	(186)	(261)
Other	(12)	(11)	(8)	(20)	(36)
<b>Total</b>	<b>\$(281)</b>	<b>\$(246)</b>	<b>\$(9)</b>	<b>\$(290)</b>	<b>\$(390)</b>

- (5) Includes group retirement annuities and group mutual funds. The balance at the beginning of period for the three months ended June 30, 2007 and 2006 and the six months ended June 30, 2007 and 2006 includes group mutual funds of \$6,870 million, \$5,650 million, \$6,403 million and \$4,693 million, respectively. The balance at the end of period for June 30, 2007 and 2006 includes group mutual funds of \$7,602 million and \$5,732 million, respectively.
- (6) Excludes internal replacements from one contract into a new contract. If included, deposits and surrenders for group retirement products would increase \$455 million, \$319 million, \$340 million, \$795 million and \$578 million, respectively, for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006, while net deposits and surrenders for individual fixed annuities would increase \$173 million, \$97 million, \$99 million, \$272 million and \$137 million, respectively, for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006.
- (7) 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.
- (8) Includes the investment return on surplus other than partnership or yield enhancements activities.
- (9) Includes incremental effect to base yield of investments in hedge funds and private equity funds.
- (10) Includes incremental effect to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (11) Excludes the amortization of sales inducement assets.
- (12) Excludes DAC related to business reported in other AIG segment.
- (13) 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.
- (14) Premium deposited into the contract.
- (15) An amount that is reset to the account value, if greater, at a specified contract anniversary.
- (16) An amount equal to the highest account value achieved on any contract anniversary.
- (17) An amount equal to premiums deposited accumulated at a set interest rate.
- (18) An amount equal to the greater of a ratchet or roll-up.
- (19) A return of premium benefit which also pays a percent of the earnings in the contract, if any.
- (20) A ratchet benefit which also pays a percent of earnings in the contract, if any.
- (21) A roll-up benefit which also pays a percent of earnings in the contract, if any.
- (22) A combination benefit which also pays a percent of earnings in the contract, if any.
- (23) 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.
- (24) An amount based on premiums deposited or other set amount.
- (25) 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.
- (26) 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.
- (27) Amount is available over a fixed period.
- (28) 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 June 30, 2007 and March 31, 2007 and the six months ended June 30, 2007, premiums and other considerations include \$32 million, \$26 million and \$58 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 and the six months ended June 30, 2006, the effect was an increase of \$221 million and \$203 million, respectively, in net investment income and an increase of \$144 million and \$132 million, respectively, in operating income.
- (4) For the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006, \$148 million, \$64 million, \$41 million, \$189 million and \$64 million were allocated to policyholder accounts through incurred policy losses and benefits, respectively.
- (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			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
Life insurance	\$483	\$(40)	\$214	\$697	\$86
Group products	131	(21)	14	145	-
Subtotal life insurance	614	(61)	228	842	86
Individual fixed annuities	-	(47)	-	-	-
Individual variable annuities	170	(213)	247	417	(17)
Subtotal retirement services	170	(260)	247	417	(17)
Total policyholder trading gains (losses)	\$784	\$(321)	\$475	\$1,259	\$69

- (6) For the three months ended June 30, 2007 and March 31, 2007 and the six months ended June 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)	Personal		
	Life Insurance	Accident & Health	Group Life / Health
<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>Three months ended March 31, 2007:</b>			
Operating income before net realized capital gains (losses)	\$820	\$376	\$84
Effect of SOP 05-1	4	(5)	(9)
<b>Six months ended June 30, 2007:</b>			
Operating income before net realized capital gains (losses)	\$1,834	\$699	\$179
Effect of SOP 05-1	14	(7)	(16)

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

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
Transaction gains (losses)	\$155	\$125	\$12	\$167	\$255
Foreign exchange transactions	(25)	(95)	115	90	(90)
Derivative instruments	52	87	(117)	(65)	346
Other-than-temporary decline	(131)	(4)	(331)	(462)	(45)
Other	(33)	51	86	53	50
Total	\$18	\$164	\$(235)	\$(217)	\$516

- (8) Computed using a constant exchange rate for each period.
- (9) Represents premium recorded within the first policy year from new sales other than single premiums.
- (10) Excludes acquired block of Yen annuities no longer being sold.
- (11) 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.
- (12) 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).
- (13) 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.
- (14) Represents primarily the cumulative effect of implementing SOP 05-1.

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Revenues:</b>								
Aircraft Leasing	\$ 1,156	\$ 1,042	10.9 %	\$ 1,087	6.3 %	\$ 2,243	\$ 2,007	11.8 %
Capital Markets (1)	461	375	22.9	313	47.3	774	753	2.8
Consumer Finance (2)	932	939	(0.7)	921	1.2	1,853	1,863	(0.5)
Other, including intercompany adjustments	39	33	18.2	32	21.9	71	58	22.4
Total revenues excluding FAS 133 and net realized capital gains (losses)	<u>2,588</u>	<u>2,389</u>	8.3	<u>2,353</u>	10.0	<u>4,941</u>	<u>4,681</u>	5.6
FAS 133:								
Capital Markets (3) (4)	(528)	(1,163)	NM	(85)	NM	(613)	(1,841)	NM
Net realized capital gains (losses) (5)	<u>63</u>	<u>20</u>	215.0	<u>(67)</u>	NM	<u>(4)</u>	<u>72</u>	NM
<b>Total revenues</b>	<u>\$ 2,123</u>	<u>\$ 1,246</u>	70.4 %	<u>\$ 2,201</u>	(3.5) %	<u>\$ 4,324</u>	<u>\$ 2,912</u>	48.5 %
<b>Operating income (loss):</b>								
Aircraft Leasing (6)	\$ 190	\$ 189	0.5 %	\$ 193	(1.6) %	\$ 383	\$ 318	20.4 %
Capital Markets (1)	273	211	29.4	153	78.4	426	419	1.7
Consumer Finance (2) (7)	58	199	(70.9)	74	(21.6)	132	374	(64.7)
Other, including intercompany adjustments	(9)	14	NM	24	NM	15	20	(25.0)
Total operating income excluding FAS 133 and net realized capital gains (losses)	<u>512</u>	<u>613</u>	(16.5)	<u>444</u>	15.3	<u>956</u>	<u>1,131</u>	(15.5)
FAS 133:								
Capital Markets (3) (4)	(528)	(1,163)	NM	(85)	NM	(613)	(1,841)	NM
Net realized capital gains (losses) (5)	<u>63</u>	<u>20</u>	215.0	<u>(67)</u>	NM	<u>(4)</u>	<u>72</u>	NM
<b>Total operating income (loss)</b>	<u>\$ 47</u>	<u>\$ (530)</u>	NM %	<u>\$ 292</u>	(83.9) %	<u>\$ 339</u>	<u>\$ (638)</u>	NM %

- Note: (1) Certain transactions entered into by AIGFP generate tax credits and benefits which are included in income taxes on the consolidated statement of income. The amounts of tax credits and benefits for the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006 were \$18 million, \$8 million, \$17 million, \$35 million and \$26 million, respectively.
- (2) The three months ended June 30, 2007 and March 31, 2007 and the six months ended June 30, 2007 include pre-tax charges of \$50 million, \$128 million and \$178 million, respectively, in connection with domestic consumer finance's mortgage banking activities.
- (3) 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. In 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.
- (4) The three months and the six months ended June 30, 2007 include out of period charges of \$431 million and \$326 million, respectively, including a \$380 million charge in both periods to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in both the first three months of 2007 and the first six months of 2007 includes a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, certain structured transactions potentially affected by proposed guidance by the U.S. Treasury Department. The six months ended June 30, 2006 include an out of period charge of \$300 million related to the remediation of the material weakness in accounting for certain derivative transactions under FAS 133.
- (5) Includes \$17 million, \$9 million, \$(29) million, \$(12) million and \$56 million, respectively, for Aircraft Leasing; \$17 million, \$3 million, \$(38) million, \$(21) million and \$4 million, respectively, for Consumer Finance; \$29 million, \$8 million, \$0, \$29 million and \$12 million, respectively, for Other, in the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 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.
- (6) Includes adjustments relating to a tax settlement in Australia, increased credit reserves and lease accruals totaling \$37 million in the six months ended June 30, 2006.
- (7) Includes \$44 million in additional allowance for losses in AIG Credit Card Company (Taiwan) in the six months ended June 30, 2006.

**American International Group, Inc.**  
**International Lease Finance Corporation (ILFC)**

**Aircraft Leases and Orders**

June 30, 2007

<u>Aircraft Type:</u>	<u>Number of Aircraft</u>		<u>Year of Delivery</u>				
	<u>In Fleet (1)</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 (2)	0	10	10	0	0	0	10
<b><u>Boeing:</u></b>							
737-300/400/500	56	0	0	0	0	0	0
737-600/700/800	183	40	40	3	21	6	10
747-300	2	0	0	0	0	0	0
747-400	13	0	0	0	0	0	0
747-400ERF	4	0	0	0	0	0	0
757-200	64	0	0	0	0	0	0
767-200	3	0	0	0	0	0	0
767-300	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
<b><u>McDonnell Douglas:</u></b>							
MD-11	8	0	0	0	0	0	0
MD-83	1	0	0	0	0	0	0
<b>Total</b>	<b>903</b>	<b>246</b>	<b>246</b>	<b>12</b>	<b>73</b>	<b>42</b>	<b>119</b>
<b>Orders Placed</b>				<b>100%</b>	<b>96%</b>	<b>29%</b>	

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

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

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Revenues:</b>								
American General Finance (1)	\$ 696	\$ 748	(7.0) %	\$ 703	(1.0) %	\$ 1,399	\$ 1,476	(5.2) %
AIG Consumer Finance Group, Inc.	220	175	25.7	203	8.4	423	348	21.6
AIG Federal Savings Bank	16	16	0.0	15	6.7	31	39	(20.5)
Total revenues excluding net realized capital gains (losses)	932	939	(0.7)	921	1.2	1,853	1,863	(0.5)
Net realized capital gains (losses) (2)	17	3	NM	(38)	NM	(21)	4	NM
<b>Total revenues</b>	<b>\$ 949</b>	<b>\$ 942</b>	<b>0.7 %</b>	<b>\$ 883</b>	<b>7.5 %</b>	<b>\$ 1,832</b>	<b>\$ 1,867</b>	<b>(1.9) %</b>
<b>Operating income:</b>								
American General Finance (1)	\$ 43	\$ 180	(76.1) %	\$ 50	(14.0) %	\$ 93	\$ 371	(74.9) %
AIG Consumer Finance Group, Inc.	12	15	(20.0)	21	(42.9)	33	(9)	NM
AIG Federal Savings Bank	3	4	(25.0)	3	0.0	6	12	(50.0)
Total operating income excluding net realized capital gains (losses)	58	199	(70.9)	74	(21.6)	132	374	(64.7)
Net realized capital gains (losses) (2)	17	3	NM	(38)	NM	(21)	4	NM
<b>Total operating income</b>	<b>\$ 75</b>	<b>\$ 202</b>	<b>(62.9) %</b>	<b>\$ 36</b>	<b>108.3 %</b>	<b>\$ 111</b>	<b>\$ 378</b>	<b>(70.6) %</b>

- Note: (1) The three months ended June 30, 2007 and March 31, 2007 and the six months ended June 30, 2007 include pre-tax charges of \$50 million, \$128 million and \$178 million, respectively, in connection with American General Finance's mortgage banking activities.
- (2) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. For the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006, the effect was \$20 million, \$5 million, \$(36) million, \$(16) million and \$8 million, respectively. The amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings.

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

	Three Months Ended / As of				Six Months Ended / As of		
	June 30, 2007	June 30, 2006	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>American General Finance</b>							
Receivables:							
Real Estate	\$ 19,176	\$ 19,226	\$ 18,942	1.2 %	\$ 19,176	\$ 19,226	(0.3) %
Non Real Estate	3,729	3,330	3,580	4.2	3,729	3,330	12.0
Retail Sales Finance	1,989	1,633	1,893	5.1	1,989	1,633	21.8
Total receivables	24,894	24,189	24,415	2.0	24,894	24,189	2.9
Allowance for loan losses	(508)	(501)	(486)	4.5	(508)	(501)	1.4
<b>Net Receivables</b>	<b>\$ 24,386</b>	<b>\$ 23,688</b>	<b>\$ 23,929</b>	<b>1.9 %</b>	<b>\$ 24,386</b>	<b>\$ 23,688</b>	<b>2.9 %</b>
Credit Ratios:							
Delinquencies - 60+:							
Real Estate	1.95 %	1.46 %	1.83 %		1.95 %	1.46 %	
Non Real Estate	3.52	3.41	3.34		3.52	3.41	
Retail Sales Finance	1.70	1.55	1.66		1.70	1.55	
Total Delinquencies - 60+	2.18	1.75	2.05		2.18	1.75	
Net Charge-off:							
Real Estate	0.41	0.32	0.33		0.37	0.28	
Non Real Estate	3.68	3.61	3.93		3.80	3.86	
Retail Sales Finance	2.11	1.82	1.90		2.00	1.95	
Total Net Charge-off	1.02	0.86	0.97		1.00	0.87	
Allowance for loan losses	2.04 %	2.07 %	1.99 %		2.04 %	2.07 %	
<b>AIG Consumer Finance Group, Inc.</b>							
Total receivables	\$ 4,023	\$ 3,347	\$ 3,733	7.8 %	\$ 4,023	\$ 3,347	20.2 %
Allowance for loan losses	(204)	(206)	(198)	3.0	(204)	(206)	(1.0)
<b>Net Receivables</b>	<b>\$ 3,819</b>	<b>\$ 3,141</b>	<b>\$ 3,535</b>	<b>8.0 %</b>	<b>\$ 3,819</b>	<b>\$ 3,141</b>	<b>21.6 %</b>
<b>AIG Federal Savings Bank</b>							
Total receivables	\$ 136	\$ 167	\$ 150	(9.3) %	\$ 136	\$ 167	(18.6) %
Allowance for loan losses	(1)	(1)	(1)	0.0	(1)	(1)	0.0
<b>Net Receivables</b>	<b>135</b>	<b>166</b>	<b>149</b>	<b>(9.4)</b>	<b>135</b>	<b>166</b>	<b>(18.7)</b>
<b>Total Net Receivables (1)</b>	<b>\$ 28,340</b>	<b>\$ 26,995</b>	<b>\$ 27,613</b>	<b>2.6 %</b>	<b>\$ 28,340</b>	<b>\$ 26,995</b>	<b>5.0 %</b>

Note: (1) Total net receivables exclude finance receivables held for sale of \$608 million, \$925 million and \$983 million at June 30, 2007 and 2006 and March 31, 2007, respectively.

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

	Three Months Ended					Six Months Ended		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Revenues:</b>								
Guaranteed investment contracts (2) (3)	\$ 672	\$ 695	(3.3) %	\$ 917	(26.7) %	\$ 1,589	\$ 1,364	16.5 %
Matched investment program	129	10	NM	118	9.3	247	10	NM
Institutional asset management (4)	424	405	4.7	437	(3.0)	861	629	36.9
Brokerage service and mutual funds	82	73	12.3	78	5.1	160	146	9.6
Other (5)	96	79	21.5	147	(34.7)	243	144	68.8
<b>Total excluding consolidated investments and net realized capital gains (losses)</b>	<b>1,403</b>	<b>1,262</b>	<b>11.2</b>	<b>1,697</b>	<b>(17.3)</b>	<b>3,100</b>	<b>2,293</b>	<b>35.2</b>
Consolidated investments (6):								
Institutional asset management	234	261	NM	231	NM	465	364	NM
Net realized capital gains (losses) (7)	352	(8)	NM	(20)	NM	332	(3)	NM
<b>Total revenues</b>	<b>\$ 1,989</b>	<b>\$ 1,515</b>	<b>31.3 %</b>	<b>\$ 1,908</b>	<b>4.2 %</b>	<b>\$ 3,897</b>	<b>\$ 2,654</b>	<b>46.8 %</b>
<b>Operating income:</b>								
Guaranteed investment contracts (2) (3)	\$ 276	\$ 220	25.5 %	\$ 485	(43.1) %	\$ 761	\$ 421	80.8 %
Matched investment program	35	4	NM	26	34.6	61	4	NM
Institutional asset management (4)	124	203	(38.9)	105	18.1	229	266	(13.9)
Brokerage service and mutual funds	21	21	0.0	26	(19.2)	47	44	6.8
Other (5)	93	75	24.0	144	(35.4)	237	136	74.3
<b>Total excluding consolidated investments and net realized capital gains (losses)</b>	<b>549</b>	<b>523</b>	<b>5.0</b>	<b>786</b>	<b>(30.2)</b>	<b>1,335</b>	<b>871</b>	<b>53.3</b>
Consolidated investments (6):								
Institutional asset management	227	270	NM	228	NM	455	366	NM
Net realized capital gains (losses) (7)	352	(8)	NM	(20)	NM	332	(3)	NM
<b>Total operating income</b>	<b>\$ 1,128</b>	<b>\$ 785</b>	<b>43.7 %</b>	<b>\$ 994</b>	<b>13.5 %</b>	<b>\$ 2,122</b>	<b>\$ 1,234</b>	<b>72.0 %</b>

- Note: (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$86.5 billion, \$66.0 billion and \$76.5 billion at June 30, 2007 and 2006 and March 31 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 three months ended March 31, 2007 and the six months ended June 30, 2007 both include 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 \$(12) million, \$(10) million, \$(30) million, \$(42) million and \$(4) million, respectively, for Guaranteed Investment Contracts; \$(55) million, \$2 million, \$10 million, \$(45) million and \$2 million, respectively, for Matched Investment Program and \$419 million, \$0, \$0, \$419 million and \$(1) million, respectively, for Institutional Asset Management, in the three months ended June 30, 2007 and 2006 and March 31, 2007 and the six months ended June 30, 2007 and 2006, respectively. The increase in the Institutional Asset Management realized capital gains (losses) is due to 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.**  
**Asset Management Other Data**  
(dollars in millions)

	Three Months Ended / As of					Six Months Ended / As of		
	June 30, 2007	June 30, 2006	% Chg	March 31, 2007	Sequential % Chg	June 30, 2007	June 30, 2006	% Chg
<b>Guaranteed Investment Contracts:</b>								
<b>Deposits</b>	\$ -	\$ 17	NM %	\$ -	NM %	\$ -	\$ 17	NM %
<b>Reserves</b>				29,190	(10.2)	26,207	35,278	(25.7)
<b>Spread Information</b>								
Base investment income	389	491	(20.8)	430	(9.5)	819	999	(18.0)
Partnerships (1)	236	169	39.6	462	(48.9)	698	319	118.8
Other enhancements	47	35	34.3	25	88.0	72	46	56.5
<b>Total net investment income</b>	\$ 672	\$ 695	(3.3) %	\$ 917	(26.7) %	\$ 1,589	\$ 1,364	16.5 %
Base yield	5.88%	5.65%		5.85%		5.87%	5.60%	
Partnerships (2)	2.17%	1.11%		4.74%		3.52%	1.03%	
Other enhancements (3)	0.72%	0.41%		0.33%		0.51%	0.26%	
<b>Total</b>	8.77%	7.17%		10.92%		9.90%	6.89%	
<b>Spread Data Without Hedge Accounting (4)</b>								
Cost of funds (4)	5.49%	5.20%		5.50%		5.49%	5.05%	
Net spread rate, as reported (4)	3.28%	1.96%		5.43%		4.40%	1.83%	
Net spread rate excluding partnerships and other enhancements (4)	0.39%	0.45%		0.35%		0.37%	0.55%	
<b>Spread Data Assuming Hedge Accounting (5)</b>								
Cost of funds with effect of economic hedges (5)	4.99%	4.89%		4.99%		4.99%	4.79%	
Net spread rate with effect of economic hedges (5)	3.78%	2.28%		5.93%		4.90%	2.10%	
Net economic spread rate excluding partnerships and other enhancements (5)	0.89%	0.76%		0.85%		0.87%	0.81%	
<b>Matched Investment Program</b>								
Securities issuance	\$ 4,164	\$ 1,697	145.4 %	\$ 2,147	93.9 %	\$ 6,311	\$ 1,697	271.9 %
Notes and bonds payable				\$ 7,672	53.2 %	\$ 11,756	\$ 1,716	NM %

- Note: (1) The three months ended March 31, 2007 and the six months ended June 30, 2007 both include a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (2) Includes incremental effect to base yield of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (3) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (4) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in net realized capital gains (losses).
- (5) Represents cost of funds on an economic basis including the effects of derivative transactions assuming hedge accounting treatment under FAS 133 is applied.

## American International Group, Inc.

### Other (in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
<b>Other income (deductions) - net:</b>					
Equity earnings in unconsolidated entities	\$ 50	\$ 111	\$ 41	\$ 91	\$ 130
Interest expense	(302)	(223)	(252)	(554)	(406)
Unallocated corporate expenses	(200)	(64)	(162)	(362)	(248)
Compensation expense - SICO Plans (1)	(10)	(14)	(10)	(20)	(90)
Compensation expense - Starr tender offer (2)	-	-	-	-	(54)
Other miscellaneous, net	(20)	(19)	(38)	(58)	(45)
Consolidation and elimination adjustments (3)	122	-	8	130	-
Subtotal other income (deductions) - net excluding FAS 133	(360)	(209)	(413)	(773)	(713)
FAS 133 (4)	18	(105)	(230)	(212)	62
<b>Total other income (deductions) - net</b>	<u>(342)</u>	<u>(314)</u>	<u>(643)</u>	<u>(985)</u>	<u>(651)</u>
<b>Other net realized capital gains (losses):</b>					
Other net realized capital gains (losses)	22	(49)	(49)	(27)	(54)
Reclassification of FAS 133 to other income (deductions) - net (5)	(121)	105	230	109	(62)
Other eliminations	(2)	-	(29)	(31)	-
<b>Total other net realized capital gains (losses)</b>	<u>(101)</u>	<u>56</u>	<u>152</u>	<u>51</u>	<u>(116)</u>
<b>Total Other</b>	<u>\$ (443)</u>	<u>\$ (258)</u>	<u>\$ (491)</u>	<u>\$ (934)</u>	<u>\$ (767)</u>

- Note: (1) Includes various adjustments totaling \$61 million primarily relating to stock splits and other miscellaneous items in the six months ended June 30, 2006.
- (2) In January 2006, C.V. Starr & Co., Inc. (Starr) completed its tender offer to purchase Starr's interest from AIG employees.
- (3) Includes other income of \$42 million, \$10 million and \$52 million in the three months ended June 30, 2007 and March 31, 2007 and the six months ended June 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".
- (4) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of foreign exchange rates on economically hedged exposures.
- (5) Represents the elimination of net realized capital gains (losses) reported in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Managements segments and in AIG's Other category from intercompany hedging activities and the reclassification of foreign exchange rates on economically hedged exposures.

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

(dollars in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2007	June 30, 2006	March 31, 2007	June 30, 2007	June 30, 2006
<b>General Insurance</b>					
Sales of fixed maturities	\$ (54)	\$ (143)	\$ (1)	\$ (55)	\$ (141)
Sales of equity securities	89	37	105	194	122
Foreign exchange transactions	12	15	21	33	21
Derivative instruments	(5)	(16)	(3)	(8)	(24)
Other-than-temporary decline	(84)	(47)	(46)	(130)	(36)
Other	(21)	29	45	24	1
<b>Total General Insurance</b>	<u>(63)</u>	<u>(125)</u>	<u>121</u>	<u>58</u>	<u>(57)</u>
<b>Life Insurance &amp; Retirement Services</b>					
Sales of fixed maturities	(162)	(205)	18	(144)	(295)
Sales of equity securities	189	271	44	233	438
Foreign exchange transactions	(24)	(94)	123	99	(90)
Derivative instruments	41	73	(123)	(82)	425
Other-than-temporary decline	(324)	(234)	(392)	(716)	(421)
Other	1	32	74	75	2
<b>Total Life Insurance &amp; Retirement Services</b>	<u>(279)</u>	<u>(157)</u>	<u>(256)</u>	<u>(535)</u>	<u>59</u>
<b>Financial Services</b>					
Sales of fixed maturities	-	(1)	(1)	(1)	(1)
Sales of equity securities	-	-	-	-	-
Foreign exchange transactions	(99)	(427)	(99)	(198)	(603)
Derivative instruments	182	451	26	208	687
Other-than-temporary decline	(2)	-	-	(2)	(1)
Other	(18)	(3)	7	(11)	(10)
<b>Total Financial Services</b>	<u>63</u>	<u>20</u>	<u>(67)</u>	<u>(4)</u>	<u>72</u>
<b>Asset Management</b>					
Sales of fixed maturities	3	17	24	27	(8)
Sales of equity securities	7	(2)	9	16	3
Foreign exchange transactions	(24)	(309)	(63)	(87)	(394)
Derivative instruments	(27)	356	18	(9)	515
Other-than-temporary decline	(1)	(89)	(29)	(30)	(138)
Other (1)	394	19	21	415	19
<b>Total Asset Management</b>	<u>352</u>	<u>(8)</u>	<u>(20)</u>	<u>332</u>	<u>(3)</u>
<b>Other</b>					
Sales of fixed maturities	4	-	-	4	-
Sales of equity securities	-	-	-	-	-
Foreign exchange transactions	(23)	(67)	(75)	(98)	(68)
Derivative instruments	39	4	8	47	(20)
Other-than-temporary decline	(6)	-	-	(6)	-
Other, including eliminations and reclassifications (2)	(115)	119	219	104	(28)
<b>Total Other</b>	<u>(101)</u>	<u>56</u>	<u>152</u>	<u>51</u>	<u>(116)</u>
<b>Total Net Realized Capital Gains (Losses)</b>	<u>\$ (28)</u>	<u>\$ (214)</u>	<u>\$ (70)</u>	<u>\$ (98)</u>	<u>\$ (45)</u>

Note : (1) The three months and the six months ended June 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.

(2) Includes the elimination of net realized capital gains (losses) reported in General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management segments and in AIG's Other category from intercompany hedging activities and the reclassification of foreign exchange rates on hedged exposures.

# American International Group, Inc.

## Cash and Invested Assets

June 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	\$ 70,036	\$ 286,825	\$ 1,341	\$ 30,515	\$ 0	\$ 388,717	46.4 %
Bonds held to maturity, at amortized cost	21,388	1	0	0	0	21,389	2.6
Bond trading securities, at fair value	0	9,261	0	0	0	9,261	1.1
Equity securities:							
Common stocks available for sale, at fair value	4,776	11,800	0	690	106	17,372	2.1
Common and preferred stocks trading, at fair value	425	17,054	0	0	0	17,479	2.1
Preferred stocks available for sale, at fair value	1,853	748	8	0	0	2,609	0.3
Mortgage loans on real estate, net of allowance	12	14,513	113	4,063	0	18,701	2.2
Policy loans	2	7,564	2	48	(9)	7,607	0.9
Collateral and guaranteed loans, net of allowance	3	771	3,382	824	74	5,054	0.6
Investment income due and accrued	1,369	4,419	22	308	0	6,118	0.7
Real estate, net of accumulated depreciation	524	898	25	76	30	1,553	0.2
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	42,232	0	0	42,232	5.0
Securities available for sale, at fair value	0	0	48,166	0	0	48,166	5.7
Trading securities, at fair value	0	0	4,567	0	0	4,567	0.5
Spot commodities	0	0	93	0	0	93	0.0
Unrealized gain on swaps, options and forward transactions	0	0	18,439	0	(319)	18,120	2.2
Trade receivables	0	0	7,138	0	0	7,138	0.8
Securities purchased under agreements to resell, at contract value	0	0	31,595	0	0	31,595	3.8
Finance receivables, net of allowance	0	5	30,022	0	0	30,027	3.6
Securities lending collateral, at fair value	5,912	58,444	113	16,610	0	81,079	9.7
Other invested assets	10,687	17,008	3,843	17,473	876	49,887	6.0
Short-term investments, at cost	3,780	17,742	2,030	4,241	(57)	27,736	3.3
Cash	413	630	442	143	7	1,635	0.2
<b>Total cash and invested assets</b>	<b>\$ 121,180</b>	<b>\$ 447,683</b>	<b>\$ 193,573</b>	<b>\$ 74,991</b>	<b>\$ 708</b>	<b>\$ 838,135</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>14.5%</b>	<b>53.4%</b>	<b>23.1%</b>	<b>8.9%</b>	<b>0.1%</b>	<b>100.0%</b>	

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

(dollars in millions)

	June 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	\$ 49,810	\$ 20,226	\$ 70,036	57.8 %	\$ 48,657	\$ 19,337	\$ 67,994	58.6 %
Bonds held to maturity, at amortized cost	21,231	157	21,388	17.7	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	3,795	981	4,776	4.0	3,395	850	4,245	3.7
Common and preferred stocks trading, at fair value	425	0	425	0.4	350	0	350	0.3
Preferred stocks available for sale, at fair value	1,851	2	1,853	1.5	1,882	2	1,884	1.6
Mortgage loans on real estate, net of allowance	8	4	12	0.0	8	5	13	0.0
Policy loans	0	2	2	0.0	0	1	1	0.0
Collateral and guaranteed loans, net of allowance	0	3	3	0.0	0	3	3	0.0
Investment income due and accrued	1,043	326	1,369	1.1	980	383	1,363	1.2
Real estate, net of accumulated depreciation	250	274	524	0.4	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	2,261	3,651	5,912	4.9	2,060	3,316	5,376	4.6
Other invested assets	8,737	1,950	10,687	8.8	7,483	1,724	9,207	7.9
Short-term investments, at cost	1,625	2,155	3,780	3.1	1,679	1,602	3,281	2.9
Cash	242	171	413	0.3	219	115	334	0.3
<b>Total cash and invested assets</b>	<b>\$ 91,278</b>	<b>\$ 29,902</b>	<b>\$ 121,180</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>	<b>10.9%</b>	<b>3.6%</b>	<b>14.5%</b>		<b>11.0%</b>	<b>3.5%</b>	<b>14.5%</b>	
<b>Return on average invested assets</b>			<b>5.4%</b>				<b>5.4%</b>	
<b>Return on average invested assets excluding securities lending collateral</b>			<b>5.6%</b>				<b>5.7%</b>	

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

(dollars in millions)

	June 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	\$ 131,764	\$ 155,061	\$ 286,825	64.1 %	\$ 137,462	\$ 151,078	\$ 288,540	67.6 %
Bonds held to maturity, at amortized cost	0	1	1	0.0	0	0	0	0.0
Bond trading securities, at fair value	178	9,083	9,261	2.1	187	8,849	9,036	2.1
Equity securities:								
Common stocks available for sale, at fair value	201	11,599	11,800	2.6	226	8,485	8,711	2.0
Common and preferred stocks trading, at fair value	1	17,053	17,054	3.8	1	14,070	14,071	3.3
Preferred stocks available for sale, at fair value	264	484	748	0.2	175	475	650	0.2
Mortgage loans on real estate, net of allowance	11,657	2,856	14,513	3.2	10,078	2,774	12,852	3.0
Policy loans	2,984	4,580	7,564	1.7	2,978	4,480	7,458	1.7
Collateral and guaranteed loans, net of allowance	204	567	771	0.2	113	620	733	0.2
Investment income due and accrued	1,801	2,618	4,419	1.0	1,882	2,482	4,364	1.0
Real estate, net of accumulated depreciation	62	836	898	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	52,324	6,120	58,444	13.0	44,723	5,376	50,099	11.8
Other invested assets	8,605	8,403	17,008	3.8	6,970	7,293	14,263	3.3
Short-term investments, at cost	2,242	15,500	17,742	4.0	1,445	13,075	14,520	3.4
Cash	128	502	630	0.1	56	684	740	0.2
<b>Total cash and invested assets</b>	<b>\$ 212,415</b>	<b>\$ 235,268</b>	<b>\$ 447,683</b>	<b>100.0 %</b>	<b>\$ 206,366</b>	<b>\$ 220,369</b>	<b>\$ 426,735</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>25.3%</b>	<b>28.1%</b>	<b>53.4%</b>		<b>25.8%</b>	<b>27.6%</b>	<b>53.4%</b>	
<b>Return on average invested assets</b>			<b>5.3%</b>				<b>5.0%</b>	
<b>Return on average invested assets excluding securities lending collateral</b>			<b>6.1%</b>				<b>5.6%</b>	

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

(dollars in millions)

	June 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	\$ 1,341	\$ 0	\$ 1,341	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	8	0	8	0.0
Mortgage loans on real estate, net of allowance	0	0	106	7	113	0.1
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans, net of allowance	127	3,255	0	0	3,382	1.7
Investment income due and accrued	4	0	18	0	22	0.0
Real estate, net of accumulated depreciation	0	0	25	0	25	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	42,232	0	0	0	42,232	21.9
Securities available for sale, at fair value	0	48,166	0	0	48,166	24.9
Trading securities, at fair value	0	4,567	0	0	4,567	2.4
Spot commodities	0	93	0	0	93	0.0
Unrealized gain on swaps, options and forward transactions	0	18,439	0	0	18,439	9.5
Trade receivables	0	7,138	0	0	7,138	3.7
Securities purchased under agreements to resell, at contract value	0	31,595	0	0	31,595	16.3
Finance receivables, net of allowance	268	0	28,947	807	30,022	15.5
Securities lending collateral, at fair value	0	0	113	0	113	0.1
Other invested assets	6	2,678	768	391	3,843	2.0
Short-term investments, at cost	146	1,061	708	115	2,030	1.0
Cash	6	34	329	73	442	0.2
<b>Total cash and invested assets</b>	<b>\$ 42,789</b>	<b>\$ 117,026</b>	<b>\$ 32,365</b>	<b>\$ 1,393</b>	<b>\$ 193,573</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>5.1%</b>	<b>14.0%</b>	<b>3.9%</b>	<b>0.1%</b>	<b>23.1%</b>	

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

	<u>June 30,</u> <u>2007</u>	<u>Dec. 31,</u> <u>2006</u>	<u>% chg</u>
<b>Domestic General Insurance</b>			
Partnerships (1)	\$ 6,269	\$ 5,294	18.4 %
Mutual Funds	484	356	36.0
Real Estate	-	-	NM
All Other	1,984	1,833	8.2
Total Domestic General Insurance	<u>8,737</u>	<u>7,483</u>	16.8
<b>Foreign General Insurance</b>			
Partnerships (1)	632	786	(19.6)
Mutual Funds	1,126	802	40.4
Real Estate	147	107	37.4
All Other	45	29	55.2
Total Foreign General Insurance	<u>1,950</u>	<u>1,724</u>	13.1
<b>Domestic Life Insurance</b>			
Partnerships (1)	683	431	58.5
Mutual Funds	84	80	5.0
Real Estate	167	265	(37.0)
All Other	717	694	3.3
Total Domestic Life Insurance	<u>1,651</u>	<u>1,470</u>	12.3
<b>Domestic Retirement Services</b>			
Partnerships (1)	5,531	4,240	30.4
Mutual Funds	23	21	9.5
Real Estate	85	-	NM
All Other	1,315	1,239	6.1
Total Domestic Retirement Services	<u>6,954</u>	<u>5,500</u>	26.4
<b>Foreign Life Insurance &amp; Retirement Services</b>			
Partnerships (1)	1,393	1,137	22.5
Mutual Funds	4,114	2,877	43.0
Real Estate	1,623	1,863	(12.9)
All Other	961	1,118	(14.0)
Total Foreign Life Insurance & Retirement Services	<u>8,091</u>	<u>6,995</u>	15.7
Consolidated Investments (2)	312	298	NM
<b>Asset Management</b>			
Partnerships (1)	9,249	9,039	2.3
Mutual Funds	66	-	NM
Real Estate	4,129	3,442	20.0
All Other	1,018	686	48.4
Total Asset Management	<u>14,462</u>	<u>13,167</u>	9.8
Consolidated Investments (2)	3,011	2,656	NM
<b>Financial Services and Other</b>			
Partnerships (1)	1,760	699	151.8
Mutual Funds	1,111	759	46.4
Real Estate	7	17	(58.8)
All Other	1,796	1,346	33.4
Total Financial Services and Other	<u>4,674</u>	<u>2,821</u>	65.7
Consolidated Investments (2)	45	-	NM
<b>Total AIG other invested assets</b>			
Partnerships (1)	25,517	21,626	18.0
Mutual Funds	7,008	4,895	43.2
Real Estate	6,158	5,694	8.1
All Other (3)	7,836	6,945	12.8
Consolidated Investments (2)	<u>3,368</u>	<u>2,954</u>	NM
Total AIG other invested assets	<u>\$ 49,887</u>	<u>\$ 42,114</u>	18.5 %

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

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

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

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

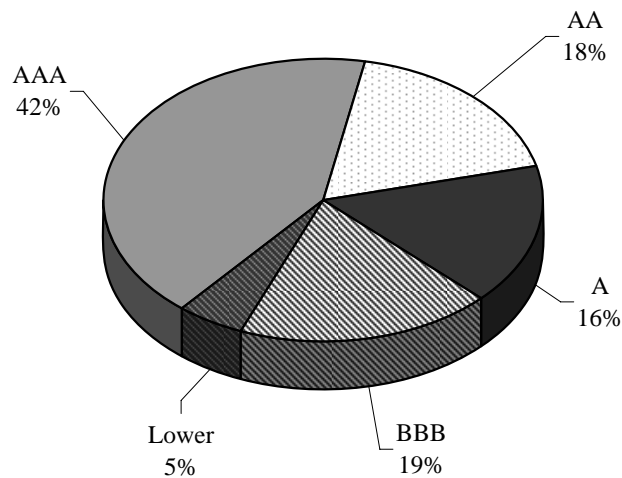
(dollars in millions)

	Three Months Ended						Six Months Ended / As of					
	June 30, 2007		June 30, 2006		March 31, 2007		June 30, 2007			June 30, 2006		
	Partnership Income	Return on Average Assets (1)	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	\$ 224	14.8 %	\$ 173	14.4 %	\$ 345	24.8 %	\$ 569	\$ 6,269	19.6 %	\$ 361	\$ 4,785	15.1 %
Foreign General Insurance	90	56.7	21	10.8	30	16.9	120	632	35.0	26	797	6.7
Total General Insurance	314	18.8	194	13.9	375	23.9	689	6,901	21.2	387	5,582	13.9
<b>Life Insurance &amp; Retirement Services</b>												
Domestic Life Insurance	18	11.7	(20)	(18.4)	(6)	(4.9)	12	683	4.3	(47)	269	(18.9)
Domestic Retirement Services	253	19.7	70	7.7	130	11.6	383	5,531	15.8	201	3,947	12.0
Foreign Life Insurance & Retirement Services	38	11.9	23	12.4	48	16.7	86	1,393	14.0	40	796	12.5
Total Life Insurance & Retirement Services	309	17.6	73	6.1	172	11.2	481	7,607	14.5	194	5,012	8.6
<b>Asset Management</b>	397	17.1	322	15.8	627	27.3	1,024	9,249	22.2	541	8,236	13.5
<b>Financial Services and Other</b>	4	1.1	(12)	(5.4)	12	5.3	16	1,760	2.7	9	294	1.7
<b>Total excluding Consolidated Investments</b>	<b>1,024</b>	<b>16.8 %</b>	<b>577</b>	<b>11.9 %</b>	<b>1,186</b>	<b>21.1 %</b>	<b>2,210</b>	<b>25,517</b>	<b>18.8 %</b>	<b>1,131</b>	<b>19,124</b>	<b>11.8 %</b>
<b>Consolidated Investments (3)</b>	51		240		185		236	3,368		276	2,618	
<b>Total</b>	<b>\$ 1,075</b>		<b>\$ 817</b>		<b>\$ 1,371</b>		<b>\$ 2,446</b>	<b>\$ 28,885</b>		<b>\$ 1,407</b>	<b>\$ 21,742</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 certain AIG managed partnerships that are consolidated.

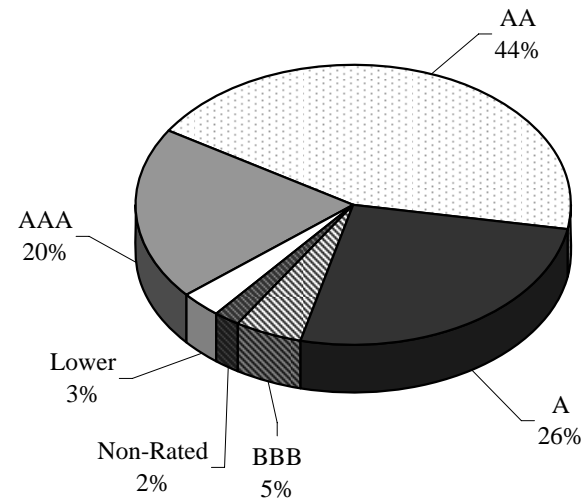
**American International Group, Inc.**  
**Worldwide Insurance and Asset Management**  
**Bond Portfolio**  
 June 30, 2007

**Total Domestic Bond Portfolio Ratings**



Domestic Bonds  
\$233.5 billion

**Total Foreign Bond Portfolio Ratings \***



Foreign Bonds  
\$184.5 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**  
 June 30, 2007

**Domestic General Insurance**

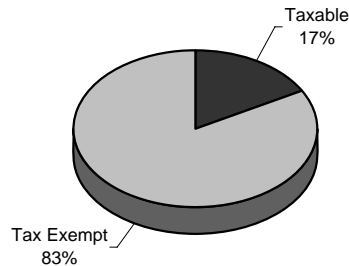
**Bond Ratings**

AAA.....	77.8%
AA.....	18.1%
A.....	3.4%
BBB.....	0.4%
Non-Rated.....	0.1%
Lower.....	0.2%

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

**Bond Ratings**

AAA.....	25.9%
AA.....	17.6%
A.....	21.8%
BBB.....	27.1%
Non-Rated.....	0.1%
Lower.....	7.5%



Domestic Life Insurance &  
 Retirement Services and  
 Asset Management Bonds  
 \$162.5 billion

Domestic General Insurance Bonds  
 \$71.0 billion

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

	Aaa	Aa	A	Baa	Ba or lower	Amortized Cost June 30, 2007	Percent
Mortgage-backed securities:							
US Agencies	100.0%	0.0%	0.0%	0.0%	0.0%	\$ 16,088	16.3%
Non Agencies Prime	89.3%	7.7%	2.0%	0.7%	0.3%	26,131	26.5%
Non Agencies Alt-A	92.1%	5.3%	2.1%	0.5%	0.0%	20,976	21.3%
2nd Liens	89.8%	2.5%	5.9%	1.8%	0.0%	2,658	2.7%
Total non-subprime mortgage-backed securities	92.9%	4.8%	1.7%	0.5%	0.1%	\$ 65,853	66.8%
Asset-backed securities collateralized by subprime residential mortgage loans:							
Subprime residential mortgage-backed securities	86.1%	11.5%	2.3%	0.1%	0.0%	\$ 28,743	29.2%
Asset-backed collateralized debt obligations	93.6%	3.2%	1.9%	1.3%	0.0%	3,906	4.0%
Total asset-backed securities collateralized by subprime residential mortgage loans	87.1%	10.5%	2.2%	0.2%	0.0%	32,649	33.2%
<b>Total</b>	<b>90.9%</b>	<b>6.7%</b>	<b>1.9%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>\$ 98,502</b>	<b>100.0%</b>

## 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.