



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

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### **Financial Supplement**

### **First Quarter 2008**

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 filed with the Securities and Exchange Commission.

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

**Consolidated**

Consolidated Statement of Income (Loss).....	1
Consolidated Statement of Segment Operations.....	2 - 3
Consolidated Statement of Segment Operations Revenues and Income Graphs.....	4
Summary of FAS 133 Effect.....	5 - 6
Consolidated Balance Sheet.....	7
Book Value per Share.....	8

**General Insurance**

General Insurance Operating Statistics.....	9
Reconciliation of Net Loss Reserves.....	10
AIG Commercial Insurance Operating Statistics.....	11
AIG Commercial Insurance Gross Premiums Written by Line of Business.....	12
Personal Lines Insurance Operating Statistics.....	13
Mortgage Guaranty (UGC) Insurance Operating Statistics.....	14
Mortgage Guaranty (UGC) Insurance Product Statistics.....	15
Transatlantic Holdings, Inc. Insurance Operating Statistics.....	16
Foreign General Insurance Operating Statistics.....	17
Foreign General Insurance Gross Premiums Written.....	18
General Insurance Notes.....	19

**Life Insurance & Retirement Services**

Life Insurance & Retirement Services Operating Statistics.....	20
Domestic Life Insurance & Retirement Services Operating Statistics.....	21
Domestic Life Insurance Product Statistics.....	22 - 23
Domestic Life Insurance Other Data.....	24
Domestic Life Insurance Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired.....	25 - 26
Domestic Life Insurance Notes.....	27
Domestic Retirement Services Product Statistics.....	28 - 29
Domestic Retirement Services Account Value Rollforward.....	30
Domestic Retirement Services Spread Information.....	31 - 32
Domestic Retirement Services Deferred Policy Acquisition Costs, Sales Inducements and Value of Business Acquired.....	33
Domestic Retirement Services – Individual Variable Annuities Guaranteed Benefits.....	34 - 35
Domestic Retirement Services Notes.....	36
Foreign Life Insurance & Retirement Services Operating Statistics.....	37
Foreign Life Insurance & Retirement Services Product Statistics.....	38 - 39

Japan and Other Product Statistics.....	40 - 41
Asia Product Statistics.....	42 - 43
Foreign Life Insurance & Retirement Services Premium Statistics.....	44
Foreign Life Insurance & Retirement Services Premiums, Deposits and Other Considerations.....	45
Foreign Life Insurance & Retirement Services Reserves.....	46 - 47
Foreign Retirement Services Spread Information.....	48
Foreign Life Insurance & Retirement Services Deferred Policy Acquisition	

Costs, Sales Inducements and Value of Business Acquired.....	49 - 50
Foreign Life Insurance & Retirement Services Notes.....	51 - 52
Life Insurance & Retirement Services Partnership Income.....	53
Life Insurance & Retirement Services Net Realized Capital Gains (Losses).....	54
Life Insurance & Retirement Services Statutory Surplus and Net Income.....	55

**Financial Services**

Financial Services Operating Statistics.....	56
International Lease Finance Corporation Aircraft Leases and Orders.....	57
Consumer Finance Operating Statistics.....	58
Consumer Finance Other Data.....	59
Financial Services Notes.....	60

**Asset Management**

Asset Management Operating Statistics.....	61
Asset Management Other Data.....	62
Asset Management Notes.....	63

**Other**

.....	64
-------	----

**Consolidated Net Realized Capital Gains (Losses)**

.....	65
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**Investments**

Cash and Invested Assets by Segment.....	66 - 69
Other Invested Assets by Segment.....	70
Return on Average Partnership Assets by Segment.....	71
Worldwide Insurance and Asset Management Bond Portfolio Ratings.....	72
Domestic Insurance and Asset Management Bond Portfolio Ratings.....	73
Asset-Backed Securities and Collateralized Debt Obligations that Include Residential Mortgages.....	74
Commercial Mortgage-Backed Securities.....	75

**Comment on Regulation G**

.....	76
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# American International Group, Inc.

## Consolidated Statement of Income (Loss)

(in millions, except per share data)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Revenues:</b>					
Premiums and other considerations	\$ 20,672	\$ 19,642	5.2 %	\$ 20,394	1.4 %
Net investment income	4,954	7,124	(30.5)	7,470	(33.7)
Net realized capital gains (losses) (1) (2)	(6,089)	(70)	NM	(2,630)	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio (3)	(9,107)	-	NM	(11,120)	NM
Other income (1) (4)	3,601	3,949	(8.8)	4,319	(16.6)
Total revenues (1)	<u>14,031</u>	<u>30,645</u>	(54.2)	<u>18,433</u>	(23.9)
<b>Benefits and expenses:</b>					
Incurred policy losses and benefits	15,882	16,146	(1.6)	18,153	(12.5)
Insurance acquisition and other operating expenses	9,413	8,327	13.0	8,716	8.0
Total benefits and expenses	<u>25,295</u>	<u>24,473</u>	3.4	<u>26,869</u>	(5.9)
<b>Income (loss) before income taxes (benefits) and minority interest</b>	<u>(11,264)</u>	<u>6,172</u>	NM	<u>(8,436)</u>	NM
Income taxes (benefits) (5)	(3,537)	1,726	NM	(3,413)	NM
<b>Income (loss) before minority interest</b>	<u>(7,727)</u>	<u>4,446</u>	NM	<u>(5,023)</u>	NM
Minority interest	(78)	(316)	NM	(269)	NM
<b>Net income (loss)</b>	<u>\$ (7,805)</u>	<u>\$ 4,130</u>	NM %	<u>\$ (5,292)</u>	NM %
<b>Earnings (loss) per common share:</b>					
Basic	\$ (3.09)	\$ 1.58	NM %	\$ (2.08)	NM %
Diluted	\$ (3.09)	\$ 1.58	NM %	\$ (2.08)	NM %
<b>Dividends declared per common share</b>	\$ 0.200	\$ 0.165	21.2 %	\$ 0.200	0.0 %
<b>Average shares outstanding:</b>					
Basic	2,528	2,612		2,550	
Diluted	2,528	2,621		2,550	

- 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 March 31, 2008 and 2007 and December 31, 2007, **net realized capital gains (losses)** includes a loss of \$316 million, a loss of \$137 million and a loss of \$431 million, respectively; **other income** includes a loss of \$432 million, a loss of \$315 million and a gain of \$56 million, respectively; and **total revenues** includes a loss of \$748 million, a loss of \$452 million and a loss of \$375 million, respectively.
- (2) Includes other-than-temporary impairment charges of \$5.59 billion, \$467 million and \$2.64 billion in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively.
- (3) Represents unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio.
- (4) Includes other-than-temporary impairment charges of \$643 million on Capital Markets' available for sale investment securities in the three months ended December 31, 2007.
- (5) Includes increased reserves of \$703 million for uncertain tax positions and discrete period items in the three months ended March 31, 2008.

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

(in millions, except per share data)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>General insurance</b>					
Net premiums written	\$ 12,080	\$ 12,106	(0.2) %	\$ 10,999	9.8 %
Net premiums earned	11,357	11,219	1.2	11,667	(2.7)
Losses and loss expenses incurred	7,998	7,200	11.1	8,132	(1.6)
Underwriting expenses	2,954	2,607	13.3	2,972	(0.6)
Underwriting profit (1)	405	1,412	(71.3)	563	(28.1)
Net investment income	1,205	1,563	(22.9)	1,547	(22.1)
Income before net realized capital gains (losses)	1,610	2,975	(45.9)	2,110	(23.7)
Net realized capital gains (losses) (2)	(273)	121	NM	(95)	NM
Operating income	<u>1,337</u>	<u>3,096</u>	<u>(56.8)</u>	<u>2,015</u>	<u>(33.6)</u>
<b>Life insurance &amp; retirement services</b>					
Premiums and other considerations	9,318	8,425	10.6	8,732	6.7
Deposits and other considerations not included in revenues under GAAP	16,775	12,949	29.5	16,400	2.3
Premiums, deposits and other considerations	26,093	21,374	22.1	25,132	3.8
Net investment income	3,803	5,513	(31.0)	5,873	(35.2)
Income before net realized capital gains (losses)	2,538	2,537	0.0	2,658	(4.5)
Net realized capital gains (losses) (2)	(4,369)	(256)	NM	(1,372)	NM
Operating income (loss)	<u>(1,831)</u>	<u>2,281</u>	<u>NM</u>	<u>1,286</u>	<u>NM</u>
<b>Financial services</b>					
Operating income (loss) excluding FAS 133, net realized capital gains (losses) and Capital Markets other-than-temporary impairments (3)	(8,545)	444	NM	(10,246)	NM
FAS 133 (2)	(76)	(85)	NM	396	NM
Net realized capital gains (losses) and Capital Markets other-than-temporary impairments (2) (4)	(151)	(67)	NM	(673)	NM
Operating income (loss)	<u>(8,772)</u>	<u>292</u>	<u>NM</u>	<u>(10,523)</u>	<u>NM</u>
<b>Asset management</b>					
Operating income before net realized capital gains (losses)	154	778	(80.2)	458	(66.4)
Net realized capital gains (losses) (2)	(1,405)	(20)	NM	(1,100)	NM
Operating income (loss)	<u>(1,251)</u>	<u>758</u>	<u>NM</u>	<u>(642)</u>	<u>NM</u>
Other before net realized capital gains (losses)	(503)	(421)	NM	(400)	NM
Other net realized capital gains (losses) (2)	(265)	(49)	NM	(183)	NM
Consolidation and elimination adjustments (2) (5) (6) (7)	21	215	(90.2)	11	90.9
<b>Income (loss) before income taxes (benefits) and minority interest</b>	<u>(11,264)</u>	<u>6,172</u>	<u>NM</u>	<u>(8,436)</u>	<u>NM</u>
Income taxes (benefits) (8)	<u>(3,537)</u>	<u>1,726</u>	<u>NM</u>	<u>(3,413)</u>	<u>NM</u>
<b>Income (loss) before minority interest</b>	<u>(7,727)</u>	<u>4,446</u>	<u>NM</u>	<u>(5,023)</u>	<u>NM</u>
Minority interest, after tax:					
Income (loss) before net realized capital gains (losses)	(81)	(323)	NM	(267)	NM
Net realized capital gains (losses)	3	7	(57.1)	(2)	NM
<b>Net income (loss) (9)</b>	<u>(7,805)</u>	<u>4,130</u>	<u>NM</u>	<u>(5,292)</u>	<u>NM</u>
Net realized capital gains (losses) and Capital Markets other-than-temporary impairments (10)	(3,963)	(56)	NM	(2,131)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	(281)	(205)	NM	37	NM
<b>Adjusted net income (loss) (9) (11)</b>	<u>\$ (3,561)</u>	<u>\$ 4,391</u>	<u>NM %</u>	<u>\$ (3,198)</u>	<u>NM %</u>
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax (3)	\$ (5,920)	\$ -	NM %	\$ (7,228)	NM %
<b>Earnings per share - diluted:</b>					
Net income (loss)	(3.09)	1.58	NM	(2.08)	NM
Adjusted net income (loss) (9) (11)	(1.41)	1.68	NM	(1.25)	NM
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax (3)	\$ (2.34)	\$ -	NM %	\$ (2.83)	NM %
<b>Average shares outstanding - diluted</b>	2,528	2,621		2,550	
<b>Effective tax rates (8) (12):</b>					
Income (loss) before income taxes (benefits) and minority interest	31.4%	28.0%		40.5%	
Net income (loss)	31.3%	29.0%		39.6%	
Adjusted net income (loss) (9) (11)	26.5%	29.0%		42.2%	
<b>Return on equity (13)</b>	(35.6)%	16.1%		(20.8)%	

(See Accompanying Notes on Page 3)

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

- (1) Underwriting profit is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (2) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.
- (3) Includes \$9.11 billion and \$11.12 billion of net unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio in the three months ended March 31, 2008 and December 31, 2007, respectively.
- (4) Includes an other-than-temporary impairment charge of \$643 million on Capital Markets' available for sale investment securities in the three months ended December 31, 2007. These amounts are reported in other income on AIG's consolidated statement of income (loss) and are excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.
- (5) Includes the income from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income is offset in minority interest expense, which is not a component of operating income, on the consolidated statement of income (loss). In order to better align financial reporting with the manner in which AIG's chief operating decision makers manage their businesses, beginning in fourth quarter 2007, the effect of consolidating managed partnerships and funds, which were historically reported in the Asset Management segment are now being reported in Consolidation and elimination adjustments. Prior periods have been revised to conform to the current presentation.
- (6) Includes a loss of \$356 million, a loss of \$230 million and a loss of \$340 million, in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively, attributable to the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (7) Includes a gain of \$366 million, a gain of \$230 million and a gain of \$185 million, in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively, attributable to the elimination of net realized capital gains (losses) reported in the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management segments and the Other category from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (8) Includes increased reserves of \$703 million for uncertain tax positions and discrete period items in the three months ended March 31, 2008.
- (9) Net income (loss) for the three months ended March 31, 2008 and 2007 includes out of period after-tax charges of \$102 million and \$254 million, respectively. The effect on adjusted net income (loss) of all out of period adjustments are summarized below:

(dollars in millions)	<b>Three Months Ended March 31,</b>		
	2008	2007	% Change
<b>Net income (loss) as reported</b>	\$(7,805)	\$4,130	NM
Net realized capital gains (losses)	(3,963)	(56)	
FAS 133 gains (losses)	(281)	(205)	
<b>Adjusted net income (loss) as reported</b>	\$(3,561)	\$4,391	NM
Out of period adjustments affecting adjusted net income (loss) - increase / (decrease)	(100)	(285)	
<b>Adjusted net income (loss) excluding out of period adjustments</b>	\$(3,461)	\$4,676	NM

- (10) Includes a loss of \$205 million, a loss of \$89 million and a loss of \$281 million, net of tax, in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively, attributable to FAS 133.
- (11) Adjusted net income (loss) excludes net realized capital gains (losses) and Capital Markets other-than-temporary impairments and FAS 133, net of tax.
- (12) The calculation of the effective tax rates is as follows:

(dollars in millions)	<b>Three Months Ended March 31, 2008</b>			
	Pre-tax Loss	Income Tax Benefits	Net Loss	Effective Tax Rate
<b>Loss before income tax benefits and minority interest</b>	\$(11,264)	\$(3,537)	\$(7,727)	31.4%
Minority interest	(97)	(19)	(78)	
<b>Net loss</b>	(11,361)	(3,556)	(7,805)	31.3%
Net realized capital gains (losses)	(6,086)	(2,123)	(3,963)	
FAS 133 gains (losses)	(432)	(151)	(281)	
<b>Adjusted net loss</b>	\$(4,843)	\$(1,282)	\$(3,561)	26.5%

- (13) Return on equity is annualized net income (loss), expressed as a percentage of average shareholders' equity. Return on equity, as adjusted, is annualized adjusted net income (loss) expressed as a percentage of average shareholders' equity, adjusted to exclude the effects of FAS 133 of \$877 million and accumulated other comprehensive income of \$1.69 billion.

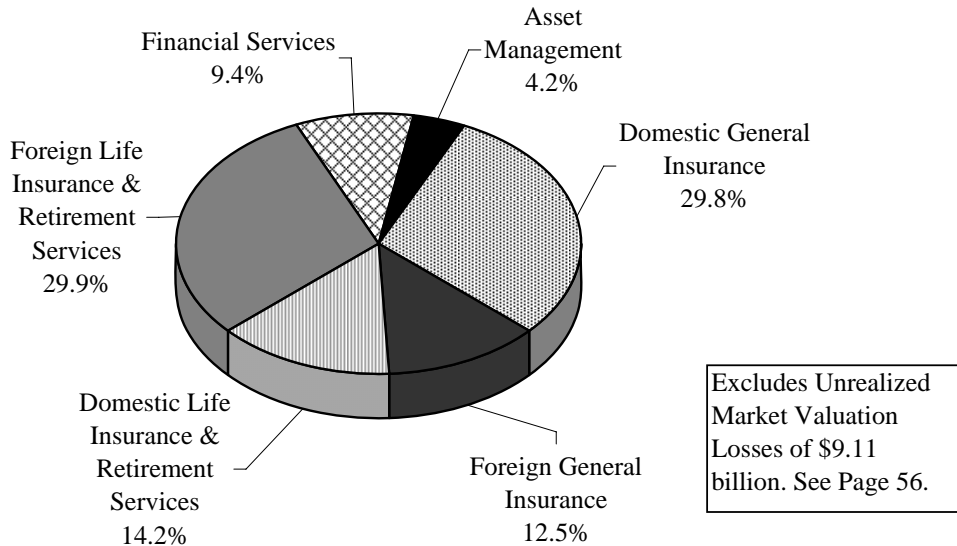
<b>Three Months Ended March 31, 2008</b>	
Return on equity, GAAP basis	(35.6)%
Adjustments related to:	
FAS 133 and net realized capital gains (losses)	19.5%
Accumulated other comprehensive income	(0.3)%
<b>Return on equity, as adjusted</b>	<b>(16.4)%</b>

# American International Group, Inc.

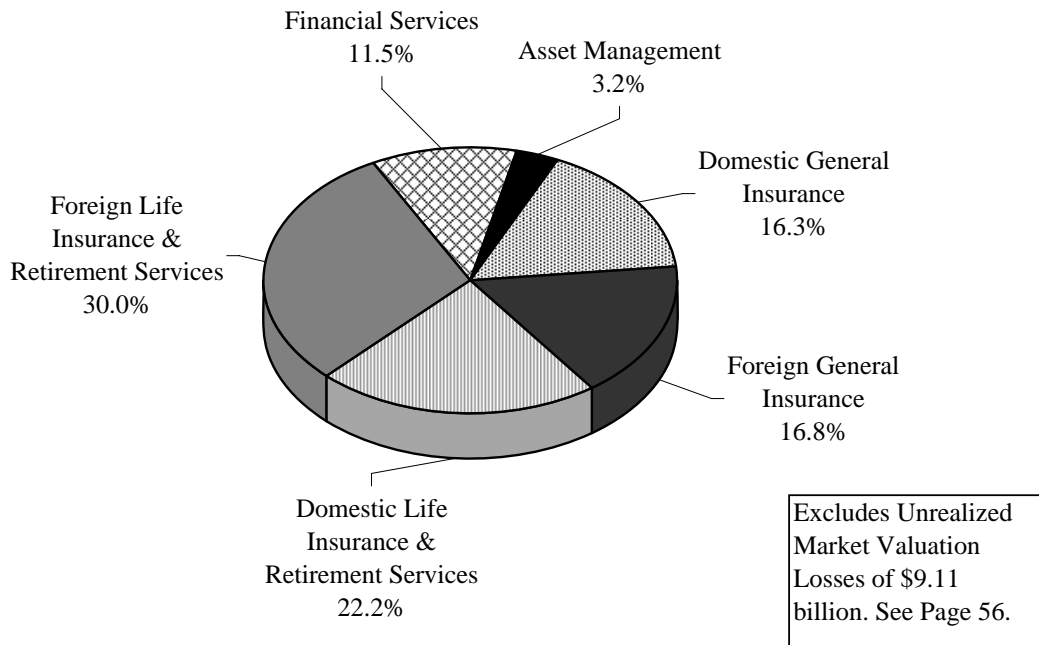
## Revenues and Income Graphs

Three Months Ended March 31, 2008

### Revenues



### Income Before Income Taxes and Minority Interest



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

# American International Group, Inc.

## Summary of FAS 133 Effect (1)

(in millions)

	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>FAS 133 effect on operating income (loss) before net realized capital gains (losses):</b>			
Financial Services (2)	\$ (76)	\$ (85)	\$ 396
Intercompany Eliminations (3)	46	1	(206)
Foreign Exchange Rates on Economically Hedged Debt Exposures:			
Financial Services	(402)	(102)	(134)
Asset Management	-	(23)	-
Other	-	(106)	-
Total Foreign Exchange Rates on Economically Hedged Debt Exposures (3)	(402)	(231)	(134)
Total pre-tax effect	(432)	(315)	56
Total after-tax effect	(281)	(205)	37
<b>FAS 133 effect on net realized capital gains (losses):</b>			
Financial Services (4)	(128)	(75)	(42)
Asset Management	(444)	(71)	(457)
General Insurance	(22)	(3)	(7)
Life Insurance & Retirement Services	90	(123)	(14)
Other	(178)	(95)	(96)
Eliminations and Reclassifications (5)	366	230	185
Total pre-tax effect	(316)	(137)	(431)
Total after-tax effect	(205)	(89)	(281)
<b>FAS 133 effect on total income:</b>			
Total pre-tax effect	(748)	(452)	(375)
Total after tax-effect	\$ (486)	\$ (294)	\$ (244)

(See Accompanying Notes on Page 6)

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

- (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of investments and borrowings that did not qualify for hedge accounting treatment under FAS 133. In cases where hedge accounting has not been applied to these derivative transactions during the periods presented, an offsetting gain or loss on the hedged exposure has not been recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
- (2) The net loss in the three months ended March 31, 2007 include a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, the structured transactions potentially affected by the proposed guidance by the U.S. Treasury Department affecting the ability to claim foreign tax credits. The three months ended December 31, 2007 include out of period charges of \$51 million.
- (3) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (4) In the second quarter of 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.
- (5) Represents the elimination of net realized capital gains (losses) from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.



# American International Group, Inc.

## Consolidated Balance Sheet

(in millions)

	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
<b>Assets:</b>		
<b>Investments and financial services assets:</b>		
Fixed maturities	\$ 426,428	\$ 428,935
Equity securities	40,244	41,646
Mortgage and other loans receivable, net of allowance	34,373	33,727
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	42,832	41,984
Securities available for sale, at fair value	1,096	40,305
Trading securities, at fair value	35,998	4,197
Spot commodities	728	238
Unrealized gain on swaps, options and forward transactions	20,598	16,442
Trade receivables	8,896	6,467
Securities purchased under agreements to resell	19,708	20,950
Finance receivables, net of allowance	32,601	31,234
Securities lending invested collateral, at fair value	64,261	75,662
Other invested assets	61,191	58,823
Short-term investments	52,298	51,351
<b>Total investments and financial services assets</b>	<u>841,252</u>	<u>851,961</u>
Cash	2,489	2,284
Investment income due and accrued	6,696	6,587
Premiums and insurance balances receivable, net of allowance	20,437	18,395
Reinsurance assets, net of allowance	22,895	23,103
Deferred policy acquisition costs	44,066	43,150
Investments in partially owned companies	710	654
Real estate and other fixed assets, net of accumulated depreciation	5,635	5,518
Separate and variable accounts	72,973	78,684
Goodwill	10,182	9,414
Income taxes receivable	2,762	-
Other assets	20,989	20,755
<b>Total assets</b>	<u>\$ 1,051,086</u>	<u>\$ 1,060,505</u>
<b>Liabilities:</b>		
Reserve for losses and loss expenses	\$ 86,860	\$ 85,500
Unearned premiums	28,889	28,022
Future policy benefits for life and accident and health insurance contracts	143,425	136,068
Policyholders' contract deposits	261,264	258,459
Other policyholders' funds	13,191	12,599
Commissions, expenses and taxes payable	5,523	6,310
Insurance balances payable	5,504	4,878
Funds held by companies under reinsurance treaties	2,505	2,501
Income taxes payable	-	3,823
Financial services liabilities:		
Securities sold under agreements to repurchase, at fair value	9,674	8,331
Trade payables	9,494	10,568
Securities and spot commodities sold but not yet purchased	3,806	4,709
Unrealized loss on swaps, options and forward transactions	30,376	20,613
Trust deposits and deposits due to banks and other depositors	5,662	4,903
Commercial paper and extendible commercial notes	13,261	13,114
Long-term borrowings	158,909	162,935
Separate and variable accounts	72,973	78,684
Securities lending payable	77,775	81,965
Minority interest	10,834	10,422
Other liabilities	31,358	30,200
<b>Total liabilities</b>	<u>971,283</u>	<u>964,604</u>
<b>Preferred shareholders' equity in subsidiary companies</b>	<u>100</u>	<u>100</u>
<b>Shareholders' equity:</b>		
Common stock	6,878	6,878
Additional paid-in capital	2,938	2,848
Payments advanced to purchase shares	(179)	(912)
Unrealized appreciation (depreciation) of investments, net of taxes *	(2,554)	4,375
Cash flow hedging activities, net of taxes	(175)	(87)
Foreign currency translation adjustments, net of taxes	1,975	880
Retirement plan liabilities adjustment, net of taxes	(517)	(525)
Retained earnings *	79,732	89,029
Treasury stock, at cost	(8,395)	(6,685)
<b>Total shareholders' equity</b>	<u>79,703</u>	<u>95,801</u>
<b>Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity</b>	<u>\$ 1,051,086</u>	<u>\$ 1,060,505</u>

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

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

	<u>Book Value Per Share</u>	<u>Book Value Per Share excluding URA (1)</u>	<u>Shareholders' Equity (in millions)</u>	<u>Shareholders' Equity excluding URA (1) (in millions)</u>
December 31, 2000	\$ 17.25	\$ 17.28	\$ 45,239	\$ 45,320
December 31, 2001	19.07	18.27	49,881	47,790
December 31, 2002	22.34	19.99	58,303	52,154
March 31, 2003	23.56	20.61	61,462	53,750
June 30, 2003	25.98	21.44	67,774	55,933
September 30, 2003	25.54	22.17	66,612	57,807
December 31, 2003	26.54	23.06	69,230	60,159
March 31, 2004	28.73	24.05	74,921	62,739
June 30, 2004	27.08	25.07	70,544	65,304
September 30, 2004	29.34	26.01	76,427	67,747
December 31, 2004	30.69	26.71	79,673	69,347
March 31, 2005	31.45	27.96	81,608	72,561
June 30, 2005	34.15	29.48	88,613	76,509
September 30, 2005	34.03	29.95	88,333	77,729
December 31, 2005	33.24	30.03	86,317	77,969
March 31, 2006	34.03	31.39	88,390	81,541
June 30, 2006	33.76	32.66	87,709	84,851
September 30, 2006	36.99	34.11	96,154	88,658
December 31, 2006	39.09	35.21	101,677	91,594
March 31, 2007	39.64	35.43	103,055	92,121
June 30, 2007	40.44	36.81	104,330	94,959
September 30, 2007	40.81	38.10	104,067	97,148
December 31, 2007	37.87	36.14	95,801	91,426
March 31, 2008 (2)	\$ 31.93 (3)	\$ 32.96	\$ 79,703	\$ 82,257

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

(2) Includes a reduction of \$1.11 billion to opening shareholders' equity due to the cumulative effect of adopting FAS 157 and 159.

(3) Total shareholders' equity

Total common shares issued - treasury shares

\$79,703,226,602

2,751,327,476 - 255,499,218 = \$31.93

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
Gross premiums written	\$ 16,038	\$ 16,012	0.2 %	\$ 13,044	23.0 %
Ceded premiums written	<u>3,958</u>	<u>3,906</u>	1.3	<u>2,045</u>	93.5
Net premiums written	12,080	12,106	(0.2)	10,999	9.8
Net premiums earned	11,357	11,219	1.2	11,667	(2.7)
Paid losses	6,737	5,661	19.0	6,618	1.8
Change in net loss reserves	1,331	1,501	(11.3)	2,031	(34.5)
Less foreign exchange effect	<u>70</u>	<u>(38)</u>	NM	<u>517</u>	(86.5)
Losses and loss expenses incurred (1) (2)	7,998	7,200	11.1	8,132	(1.6)
Statutory underwriting expenses	3,193	2,826	13.0	2,962	7.8
Statutory underwriting profit	166	1,193	(86.1)	573	(71.0)
Change in deferred acquisition costs	239	219	9.1	(10)	NM
Underwriting profit	405	1,412	(71.3)	563	(28.1)
Net investment income (3)					
Interest and dividends	1,266	1,157	9.4	1,274	(0.6)
Partnership income	66	375	(82.4)	307	(78.5)
Mutual funds	(92)	123	NM	41	NM
Other investment income (4)	74	67	10.4	75	(1.3)
Investment expense	<u>(109)</u>	<u>(159)</u>	(31.4)	<u>(150)</u>	(27.3)
Total	1,205	1,563	(22.9)	1,547	(22.1)
<b>Operating income before net realized capital gains (losses)</b>	1,610	2,975	(45.9)	2,110	(23.7)
Net realized capital gains (losses) (3)	<u>(273)</u>	<u>121</u>	NM	<u>(95)</u>	NM
<b>Operating income</b>	<u>\$ 1,337</u>	<u>\$ 3,096</u>	(56.8) %	<u>\$ 2,015</u>	(33.6) %
<b>Net loss and loss expense reserve (at period end)</b>	<u>\$ 70,836</u>	<u>\$ 64,131</u>	10.5 %	<u>\$ 69,505</u>	1.9 %
<b>Underwriting ratios:</b>					
Loss ratio	70.43	64.18		69.70	
Expense ratio	26.43	23.34		26.93	
Combined ratio	96.86	87.52		96.63	
Combined ratio excluding significant current year catastrophe-related losses	96.13	87.52		95.12	
<b>Foreign exchange effect on worldwide growth:</b>					
<b>Net premiums written</b>					
Growth in original currency (5)			(3.3) %		
Foreign exchange effect			3.1		
Growth as reported in U.S. \$			(0.2) %		

(See Accompanying Notes on Page 19)

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

(in millions)

	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
Net reserve for losses and loss expenses			
at beginning of period - Consolidated *	\$ 69,288	\$ 62,630	\$ 66,937
Foreign exchange effect	70	(38)	517
Acquisition (6)	-	-	317
Losses and loss expenses incurred:			
Current year	8,021	7,215	8,076
Prior years:			
Other than the accretion of loss reserve discount and Transatlantic's general insurance operations	(130)	(149)	(92)
Transatlantic general insurance operations including prior year catastrophe development	3	18	41
Asbestos settlements *	(37)	(17)	-
Accretion of loss reserve discount	104	116	107
Total prior years *	(60)	(32)	56
 Total losses and loss expenses incurred	 7,961	 7,183	 8,132
 Losses and loss expenses paid *	 6,812	 5,741	 6,615
Net reserve for losses and loss expenses			
at end of period - Consolidated *	\$ <u>70,507</u>	\$ <u>64,034</u>	\$ <u>69,288</u>

\*Includes certain favorable asbestos settlements that are not included in the General Insurance segment, but which are included in the consolidated results. The effects of such settlements on losses and loss expenses incurred are shown above.

(See Accompanying Notes on Page 19)

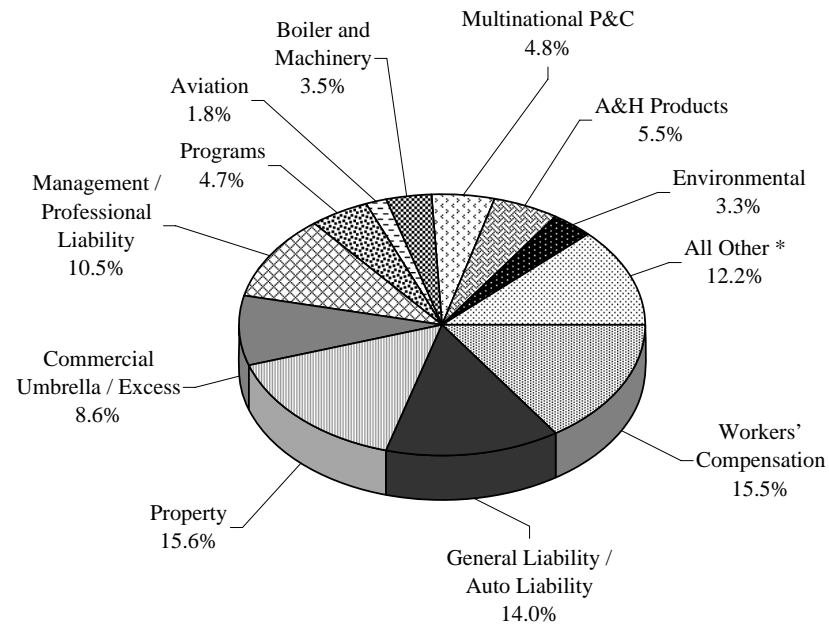
**American International Group, Inc.**  
**AIG Commercial Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
Net premiums written	\$ 5,113	\$ 6,009	(14.9) %	\$ 5,652	(9.5) %
Net premiums earned	5,417	5,981	(9.4)	5,930	(8.7)
Losses and loss expenses incurred (1) (2)	3,975	4,041	(1.6)	4,207	(5.5)
Statutory underwriting expenses	1,224	1,156	5.9	1,063	15.1
Statutory underwriting profit	218	784	(72.2)	660	(67.0)
Change in deferred acquisition costs	(3)	35	NM	(9)	NM
Underwriting profit	215	819	(73.7)	651	(67.0)
Net investment income					
Interest and dividends	775	715	8.4	785	(1.3)
Partnership income	38	337	(88.7)	269	(85.9)
Mutual funds	(39)	71	NM	1	NM
Other investment income (4)	46	43	7.0	42	9.5
Investment expense	(77)	(133)	(42.1)	(89)	(13.5)
Total	743	1,033	(28.1)	1,008	(26.3)
<b>Operating income before net realized capital gains (losses)</b>	958	1,852	(48.3)	1,659	(42.3)
Net realized capital gains (losses)	(173)	77	NM	(16)	NM
<b>Operating income</b>	<u>\$ 785</u>	<u>\$ 1,929</u>	(59.3) %	<u>\$ 1,643</u>	(52.2) %
<b>Underwriting ratios:</b>					
Loss ratio	73.38	67.59		70.93	
Expense ratio	23.94	19.22		18.79	
Combined ratio	97.32	86.81		89.72	
Combined ratio excluding significant current year catastrophe-related losses	95.78	86.81		88.01	

(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**AIG Commercial Insurance**  
**Three Months Ended March 31, 2008**

**Gross Premiums Written by Line of Business**



**Gross Premiums Written**  
**\$6.8 billion**

\* All Other includes \$418 million of Personal Lines premiums.

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
Net premiums written:					
aigdirect.com	\$ 773	\$ 768	0.7 %	\$ 701	10.3 %
Agency Auto	300	304	(1.3)	244	23.0
Private Client Group	215	157	36.9	184	16.8
Other	-	-	NM	(6)	NM
Subtotal	1,288	1,229	4.8	1,123	14.7
Net premiums earned	1,199	1,155	3.8	1,179	1.7
Losses and loss expenses incurred (1) (2)	950	817	16.3	1,107	(14.2)
Statutory underwriting expenses (7)	312	305	2.3	312	0.0
Statutory underwriting profit (loss)	(63)	33	NM	(240)	NM
Change in deferred acquisition costs	13	15	(13.3)	(2)	NM
Underwriting profit (loss)	(50)	48	NM	(242)	NM
Net investment income					
Interest and dividends	59	59	0.0	59	0.0
Partnership income	-	-	NM	1	NM
Mutual funds	-	-	NM	-	NM
Other investment income	-	-	NM	-	NM
Investment expense	(2)	(2)	0.0	(2)	0.0
Total	57	57	0.0	58	(1.7)
<b>Operating income (loss) before net realized capital gains (losses)</b>	7	105	(93.3)	(184)	NM
Net realized capital gains (losses)	(4)	1	NM	(1)	NM
<b>Operating income (loss)</b>	<u>\$ 3</u>	<u>\$ 106</u>	(97.2) %	<u>\$ (185)</u>	NM %
<b>Underwriting ratios:</b>					
Loss ratio	79.20	70.67		93.85	
Expense ratio	24.23	24.84		27.85	
Combined ratio	103.43	95.51		121.70	
Combined ratio excluding significant current year catastrophe-related losses	103.43	95.51		115.11	

(See Accompanying Notes on Page 19)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
Net premiums written	\$ 304	\$ 266	14.3 %	\$ 302	0.7 %
Net premiums earned	256	210	21.9	229	11.8
Losses and loss expenses incurred (2)	603	194	210.8	568	6.2
Statutory underwriting expenses	60	58	3.4	72	(16.7)
Statutory underwriting loss	(407)	(42)	NM	(411)	NM
Change in deferred acquisition costs	11	12	(8.3)	23	(52.2)
Underwriting loss	(396)	(30)	NM	(388)	NM
Net investment income					
Interest and dividends	45	37	21.6	41	9.8
Partnership income	-	-	NM	-	NM
Mutual funds	-	-	NM	-	NM
Other investment income	-	-	NM	-	NM
Investment expense	(1)	-	NM	(1)	NM
Total	44	37	18.9	40	10.0
<b>Operating income (loss) before net realized capital gains (losses)</b>	(352)	7	NM	(348)	NM
Net realized capital gains (losses)	(2)	1	NM	-	NM
<b>Operating income (loss)</b>	<u>\$ (354)</u>	<u>\$ 8</u>	NM %	<u>\$ (348)</u>	NM %
<b>Underwriting ratios:</b>					
Loss ratio	235.57	92.17		248.22	
Expense ratio	19.84	21.70		23.97	
Combined ratio	255.41	113.87		272.19	

(See Accompanying Notes on Page 19)



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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Net premiums written:</b>					
Domestic first-lien	\$ 174	\$ 129	34.9 %	\$ 163	6.7 %
Domestic second-lien	55	52	5.8	55	0.0
Student loan	15	26	(42.3)	9	66.7
International	56	52	7.7	70	(20.0)
Other	4	7	(42.9)	5	(20.0)
<b>Total</b>	<b>304</b>	<b>266</b>	<b>14.3</b>	<b>302</b>	<b>0.7</b>
<b>Statutory underwriting profit (loss):</b>					
Domestic first-lien	(196)	31	NM	(208)	NM
Domestic second-lien	(197)	(63)	NM	(165)	NM
Student loan	4	(1)	NM	(17)	NM
International	(18)	(6)	NM	(21)	NM
Other	-	(3)	NM	-	NM
<b>Total</b>	<b>(407)</b>	<b>(42)</b>	<b>NM %</b>	<b>(411)</b>	<b>NM %</b>
<b>Loss ratio:</b>					
Domestic first-lien	203.64	56.02		211.79	
Domestic second-lien	442.41	208.72		394.99	
Student loan	41.96	80.40		NM	
International	85.06	24.76		65.41	
Other	NM	NM		NM	
<b>Total</b>	<b>235.57</b>	<b>92.17</b>		<b>248.22</b>	

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
Net premiums written:					
Domestic	\$ 548	\$ 516	6.2 %	\$ 466	17.6 %
International	488	468	4.3	535	(8.8)
Subtotal	1,036	984	5.3	1,001	3.5
Net premiums earned	1,017	965	5.4	1,030	(1.3)
Losses and loss expenses incurred (2) (8)	675	676	(0.1)	690	(2.2)
Statutory underwriting expenses	288	273	5.5	281	2.5
Statutory underwriting profit	54	16	237.5	59	(8.5)
Change in deferred acquisition costs	6	4	50.0	(5)	NM
Underwriting profit	60	20	200.0	54	11.1
Net investment income					
Interest and dividends	116	105	10.5	113	2.7
Partnership income	1	8	(87.5)	7	(85.7)
Mutual funds	-	-	NM	-	NM
Other investment income (4)	2	5	(60.0)	4	(50.0)
Investment expense	(2)	(2)	0.0	(2)	0.0
Total	117	116	0.9	122	(4.1)
<b>Operating income before net realized capital gains (losses)</b>	177	136	30.1	176	0.6
Net realized capital gains (losses)	(15)	15	NM	(23)	NM
<b>Operating income</b>	<b>\$ 162</b>	<b>\$ 151</b>	<b>7.3 %</b>	<b>\$ 153</b>	<b>5.9 %</b>
<b>Underwriting ratios:</b>					
Loss ratio	66.40	70.01		67.05	
Expense ratio	27.82	27.79		28.08	
Combined ratio	94.22	97.80		95.13	
Combined ratio excluding significant current year catastrophe-related losses	94.22	97.80		95.12	
<b>Foreign exchange effect on Transatlantic's growth:</b>					
<b>Net premiums written</b>					
Growth in original currency (5)	1.4 %				
Foreign exchange effect	3.9				
Growth as reported in U.S. \$	5.3 %				

(See Accompanying Notes on Page 19)

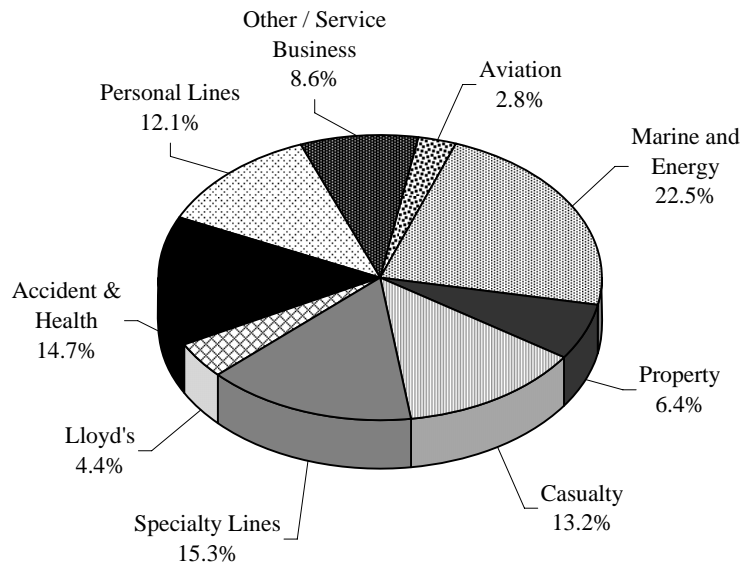
**American International Group, Inc.**  
**Foreign General Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
Net premiums written	\$ 4,339	\$ 3,618	19.9 %	\$ 2,921	48.5 %
Net premiums earned	3,468	2,908	19.3	3,299	5.1
Losses and loss expenses incurred (2) (8)	1,795	1,472	21.9	1,560	15.1
Statutory underwriting expenses (9)	1,309	1,034	26.6	1,234	6.1
Statutory underwriting profit	364	402	(9.5)	505	(27.9)
Change in deferred acquisition costs	212	153	38.6	(17)	NM
Underwriting profit	576	555	3.8	488	18.0
Net investment income					
Interest and dividends	269	240	12.1	274	(1.8)
Partnership income	27	30	(10.0)	30	(10.0)
Mutual funds	(53)	52	NM	40	NM
Other investment income (4)	26	19	36.8	29	(10.3)
Investment expense	(27)	(22)	22.7	(56)	(51.8)
Total	242	319	(24.1)	317	(23.7)
<b>Operating income before net realized capital gains (losses)</b>	818	874	(6.4)	805	1.6
Net realized capital gains (losses)	(82)	35	NM	(51)	NM
<b>Operating income (10)</b>	<u>\$ 736</u>	<u>\$ 909</u>	(19.0) %	<u>\$ 754</u>	(2.4) %
<b>Underwriting ratios:</b>					
Loss ratio	51.78	50.64		47.31	
Expense ratio	30.16	28.58		42.25	
Combined ratio	81.94	79.22		89.56	
<b>Foreign exchange effect on Foreign General's growth:</b>					
<b>Net premiums written</b>					
Growth in original currency (5)	10.5		%		
Foreign exchange effect	9.4				
Growth as reported in U.S. \$	19.9		%		

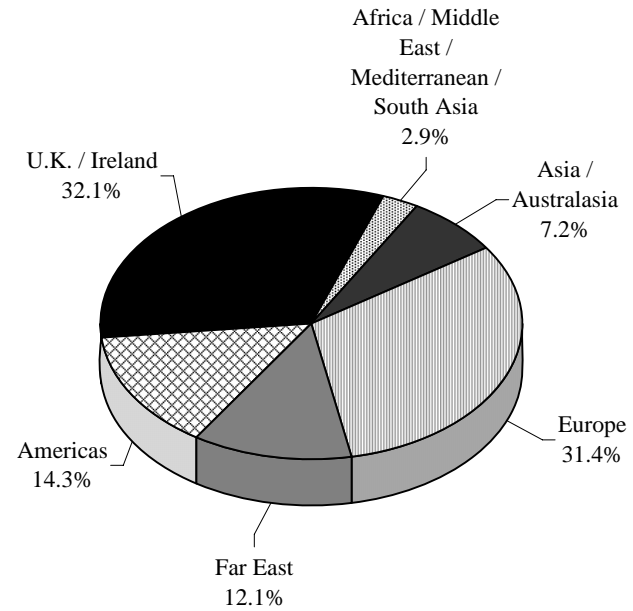
(See Accompanying Notes on Page 19)

**American International Group, Inc.**  
**Foreign General Insurance Gross Premiums Written**  
**Three Months Ended March 31, 2008**

**Gross Premiums Written by Division**



**Gross Premiums Written by Region**



**Gross Premiums Written**  
**\$7.3 billion**

# American International Group, Inc.

## General Insurance

### Notes

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

(in millions)	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
AIG Commercial Insurance	\$83	\$-	\$100
Personal Lines	-	-	75
General Insurance	\$83	\$-	\$175

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

(in millions)	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
AIG Commercial Insurance	\$(217)	\$(87)	\$75
Personal Lines	36	(29)	36
Mortgage Guaranty	68	31	(25)
Foreign General	(17)	(64)	(178)
Subtotal	(130)	(149)	(92)
Transatlantic	3	18	41
Asbestos settlement	(37)	(17)	-
Total	\$(164)	\$(148)	\$(51)

- (3) Total may not equal the sum of the individual group totals due to consolidating eliminations.
- (4) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (5) Computed using a constant exchange rate for each period.
- (6) Reflects the opening balances with respect to the acquisition of WüBA in fourth quarter 2007.
- (7) Includes \$6 million, \$1 million and \$31 million of transaction and integration costs in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively, associated with the 21<sup>st</sup> Century acquisition. Statutory underwriting expenses include the results of wholly owned Personal Lines agencies and the amortization of advertising costs.
- (8) Includes severe but non-catastrophic losses of \$36 million in the three months ended March 31, 2007 for Transatlantic and \$61 million, \$25 million and \$47 million in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively, for Foreign General.
- (9) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.
- (10) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations</b>	\$ 26,093	\$ 21,374	22.1 %	\$ 25,132	3.8 %
<b>Revenues:</b>					
Premiums and other considerations	\$ 9,318	\$ 8,425	10.6 %	\$ 8,732	6.7 %
Net investment income					
Interest and dividends	4,648	4,543	2.3	4,386	6.0
Partnership income excluding synfuels	44	205	(78.5)	235	(81.3)
Partnership loss - synfuels	(4)	(33)	NM	-	NM
Unit investment trusts	(101)	37	NM	333	NM
Other	146	70	108.6	150	(2.7)
Investment expenses	(145)	(106)	36.8	(108)	34.3
Net investment income before policyholder investment income and trading gains (losses)	4,588	4,716	(2.7)	4,996	(8.2)
Net investment income related to policyholder investment income and trading gains (losses)	(785)	797	NM	877	NM
Total net investment income	3,803	5,513	(31.0)	5,873	(35.2)
<b>Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)</b>	<b>13,906</b>	<b>13,141</b>	<b>5.8</b>	<b>13,728</b>	<b>1.3</b>
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>13,121</b>	<b>13,938</b>	<b>(5.9)</b>	<b>14,605</b>	<b>(10.2)</b>
<b>Benefits and expenses:</b>					
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	8,710	8,163	6.7	9,154	(4.9)
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(785)	797	NM	877	NM
Incurred policy losses and benefits	7,925	8,960	(11.6)	10,031	(21.0)
Insurance acquisition and other operating expenses	2,658	2,441	8.9	1,916	38.7
<b>Total benefits and expenses</b>	<b>10,583</b>	<b>11,401</b>	<b>(7.2)</b>	<b>11,947</b>	<b>(11.4)</b>
<b>Operating income excluding net realized capital gains (losses)</b>	<b>2,538</b>	<b>2,537</b>	<b>0.0</b>	<b>2,658</b>	<b>(4.5)</b>
Net realized capital gains (losses)	(4,369)	(256)	NM	(1,372)	NM
<b>Operating income (loss)</b>	<b>\$ (1,831)</b>	<b>\$ 2,281</b>	<b>NM %</b>	<b>\$ 1,286</b>	<b>NM %</b>
<b>Foreign exchange effect on worldwide growth:</b>					
<b>Premiums, deposits and other considerations</b>					
Growth in original currency*			19.0 %		
Foreign exchange effect			3.1		
Growth as reported in U.S. \$			22.1		
<b>Premiums and other considerations</b>					
Growth in original currency*			6.0		
Foreign exchange effect			4.6		
Growth as reported in U.S. \$			10.6 %		
<b>Gross life insurance in force (at period end)</b>	\$ 2,410,145	\$ 2,082,547	15.7 %	\$ 2,312,045	4.2 %

\* Computed using a constant exchange rate for each period.

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations</b>	\$ <b>7,561</b>	\$ <b>6,124</b>	<b>23.5</b> %	\$ <b>6,129</b>	<b>23.4</b> %
<b>Revenues:</b>					
Premiums and other considerations	\$ 1,871	\$ 1,812	3.3 %	\$ 1,752	6.8 %
Net investment income:					
Interest and dividends	2,340	2,534	(7.7)	2,414	(3.1)
Partnership income excluding synfuels	42	157	(73.2)	193	(78.2)
Partnership loss - synfuels	(4)	(33)	NM	-	NM
Unit investment trusts	(2)	2	NM	1	NM
Other	34	2	NM	67	(49.3)
Investment expenses	(32)	(32)	0.0	(35)	(8.6)
Net investment income before policyholder investment income and trading gains (losses)	2,378	2,630	(9.6)	2,640	(9.9)
Net investment income related to policyholder investment income and trading gains (losses)	(23)	-	NM	(5)	NM
Total net investment income	2,355	2,630	(10.5)	2,635	(10.6)
<b>Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)</b>	<b>4,249</b>	<b>4,442</b>	<b>(4.3)</b>	<b>4,392</b>	<b>(3.3)</b>
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>4,226</b>	<b>4,442</b>	<b>(4.9)</b>	<b>4,387</b>	<b>(3.7)</b>
<b>Benefits and expenses:</b>					
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	2,591	2,583	0.3	2,511	3.2
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(23)	-	NM	(5)	NM
Incurred policy losses and benefits	2,568	2,583	(0.6)	2,506	2.5
Insurance acquisition and other operating expenses	577	841	(31.4)	854	(32.4)
<b>Total benefits and expenses</b>	<b>3,145</b>	<b>3,424</b>	<b>(8.1)</b>	<b>3,360</b>	<b>(6.4)</b>
<b>Operating income before net realized capital gains (losses)</b>	<b>1,081</b>	<b>1,018</b>	<b>6.2</b>	<b>1,027</b>	<b>5.3</b>
Net realized capital gains (losses)	(3,647)	(21)	NM	(1,264)	NM
<b>Operating income (loss)</b>	<b>\$ (2,566)</b>	<b>\$ 997</b>	<b>NM</b> %	<b>\$ (237)</b>	<b>NM</b> %
<b>Gross life insurance in force (at period end)</b>	<b>\$ 998,771</b>	<b>\$ 924,440</b>	<b>8.0</b> %	<b>\$ 984,794</b>	<b>1.4</b> %

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations (1):</b>					
Life insurance	\$ 799	\$ 757	5.5 %	\$ 848	(5.8) %
Home service	233	228	2.2	246	(5.3)
Group life/health	208	231	(10.0)	209	(0.5)
Payout annuities	799	685	16.6	616	29.7
Individual fixed and runoff annuities	84	87	(3.4)	69	21.7
<b>Total premiums, deposits and other considerations</b>	<b>2,123</b>	<b>1,988</b>	<b>6.8</b>	<b>1,988</b>	<b>6.8</b>
<b>Premiums and other considerations:</b>					
Life insurance	589	578	1.9	585	0.7
Home service	188	195	(3.6)	191	(1.6)
Group life/health	204	229	(10.9)	205	(0.5)
Payout annuities (2)	594	512	16.0	450	32.0
Individual fixed and runoff annuities	12	14	(14.3)	13	(7.7)
<b>Total premiums and other considerations</b>	<b>1,587</b>	<b>1,528</b>	<b>3.9</b>	<b>1,444</b>	<b>9.9</b>
<b>Net investment income (3):</b>					
Life insurance	396	372	6.5	384	3.1
Home service	153	161	(5.0)	161	(5.0)
Group life/health	47	53	(11.3)	48	(2.1)
Payout annuities	303	289	4.8	301	0.7
Individual fixed and runoff annuities	108	130	(16.9)	110	(1.8)
<b>Net investment income before policyholder investment income and trading gains (losses)</b>	<b>1,007</b>	<b>1,005</b>	<b>0.2</b>	<b>1,004</b>	<b>0.3</b>
Net investment income related to policyholder investment income and trading gains (losses) (4)	(23)	-	NM	(5)	NM
<b>Total net investment income</b>	<b>984</b>	<b>1,005</b>	<b>(2.1)</b>	<b>999</b>	<b>(1.5)</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>					
Life insurance	559	550	1.6	590	(5.3)
Home service	171	174	(1.7)	169	1.2
Group life/health	151	178	(15.2)	138	9.4
Payout annuities	809	720	12.4	685	18.1
Individual fixed and runoff annuities	64	84	(23.8)	80	(20.0)
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>1,754</b>	<b>1,706</b>	<b>2.8</b>	<b>1,662</b>	<b>5.5</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	(23)	-	NM	(5)	NM
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b>1,731</b>	<b>1,706</b>	<b>1.5</b>	<b>1,657</b>	<b>4.5</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	213	210	1.4	177	20.3
Home service	95	99	(4.0)	110	(13.6)
Group life/health	84	101	(16.8)	99	(15.2)
Payout annuities	28	24	16.7	31	(9.7)
Individual fixed and runoff annuities	22	37	(40.5)	26	(15.4)
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)</b>	<b>\$ 442</b>	<b>\$ 471</b>	<b>(6.2) %</b>	<b>\$ 443</b>	<b>(0.2) %</b>

(See Accompanying Notes on Page 27)



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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>					
Life insurance	\$ 213	\$ 190	12.1 %	\$ 202	5.4 %
Home service	75	83	(9.6)	73	2.7
Group life/health	16	3	433.3	16	0.0
Payout annuities	60	57	5.3	35	71.4
Individual fixed and runoff annuities	34	23	47.8	17	100.0
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b>398</b>	<b>356</b>	<b>11.8</b>	<b>343</b>	<b>16.0</b>
<b>Amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>					
Life insurance	(3)	-	NM	(2)	NM
Home service	(3)	(1)	NM	(1)	NM
Group life/health	-	(1)	NM	-	NM
Payout annuities	-	-	NM	-	NM
Individual fixed and runoff annuities	(14)	1	NM	(2)	NM
<b>Total amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(20)</b>	<b>(1)</b>	<b>NM</b>	<b>(5)</b>	<b>NM</b>
<b>Operating income before net realized capital gains (losses):</b>					
Life insurance	216	190	13.7	204	5.9
Home service	78	84	(7.1)	74	5.4
Group life/health	16	4	300.0	16	0.0
Payout annuities	60	57	5.3	35	71.4
Individual fixed and runoff annuities	48	22	118.2	19	152.6
<b>Total operating income before net realized capital gains (losses) (5)</b>	<b>418</b>	<b>357</b>	<b>17.1</b>	<b>348</b>	<b>20.1</b>
<b>Net realized capital gains (losses):</b>					
Life insurance	(1,055)	(3)	NM	(371)	NM
Home service	(140)	(2)	NM	(58)	NM
Group life/health	(14)	(1)	NM	(6)	NM
Payout annuities	(22)	(6)	NM	(16)	NM
Individual fixed and runoff annuities	(57)	-	NM	(29)	NM
<b>Total net realized capital gains (losses)</b>	<b>(1,288)</b>	<b>(12)</b>	<b>NM</b>	<b>(480)</b>	<b>NM</b>
<b>Operating income (loss):</b>					
Life insurance	(839)	187	NM	(167)	NM
Home service	(62)	82	NM	16	NM
Group life/health	2	3	(33.3)	10	(80.0)
Payout annuities	38	51	(25.5)	19	100.0
Individual fixed and runoff annuities	(9)	22	NM	(10)	NM
<b>Total operating income (loss)</b>	<b>\$ (870)</b>	<b>\$ 345</b>	<b>NM %</b>	<b>\$ (132)</b>	<b>NM %</b>

(See Accompanying Notes on Page 27)

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

	Three Months Ended / As of				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Life insurance</b>					
Periodic premium sales (6):					
Individual/retail	\$ 110	\$ 118	(6.8) %	\$ 143	(23.1) %
Institutional markets	19	3	NM	4	375.0
<b>Total periodic premium sales</b>	<b>129</b>	<b>121</b>	<b>6.6</b>	<b>147</b>	<b>(12.2)</b>
Periodic premium sales by product:					
Universal life	47	51	(7.8)	80	(41.3)
Variable universal life	27	13	107.7	11	145.5
Term life	52	55	(5.5)	54	(3.7)
Whole life/other	3	2	50.0	2	50.0
<b>Total periodic premium sales</b>	<b>129</b>	<b>121</b>	<b>6.6</b>	<b>147</b>	<b>(12.2)</b>
Unscheduled and single deposits	60	66	(9.1)	111	(45.9)
Life insurance reserves	24,863	23,431	6.1	24,879	(0.1)
Gross life insurance in force	813,690	739,139	10.1	799,972	1.7
<b>Home service</b>					
Life/Accident & Health sales (6)	20	24	(16.7)	25	(20.0)
Fixed annuity sales	29	20	45.0	43	(32.6)
Unscheduled and single deposits	5	3	66.7	6	(16.7)
Total insurance reserves	7,450	7,389	0.8	7,431	0.3
Gross life insurance in force	65,508	64,415	1.7	65,443	0.1
<b>Group life/health</b>					
Annualized earned premium	897	942	(4.8)	912	(1.6)
Gross life insurance in force	99,144	99,528	(0.4)	98,970	0.2
<b>Payout annuities</b>					
Insurance reserves	17,022	15,055	13.1	16,452	3.5
<b>Individual fixed annuities (including runoff)</b>					
Insurance reserves	\$ 8,909	\$ 10,793	(17.5) %	\$ 9,424	(5.5) %

(See Accompanying Notes on Page 27)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% chg	Dec. 31, 2007	Sequential % chg
<b>Life insurance</b>					
Balance at beginning of period	\$ 4,447	\$ 3,919	13.5 %	\$ 4,320	2.9 %
Acquisition costs deferred	164	176	(6.8)	169	(3.0)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	3	-	NM	2	50.0
Related to unlocking future assumptions	-	1	NM	25	NM
All other amortization	(86)	(88)	NM	(67)	NM
Change in unrealized gains (losses) on securities	38	33	15.2	(7)	NM
Increase (decrease) due to foreign exchange (7)	(22)	5	NM	5	NM
Other	-	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>4,544</u></b>	<b><u>4,046</u></b>	<b>12.3</b>	<b><u>4,447</u></b>	<b>2.2</b>
<b>Home service</b>					
Balance at beginning of period	1,499	1,517	(1.2)	1,529	(2.0)
Acquisition costs deferred	40	44	(9.1)	46	(13.0)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	3	1	200.0	1	200.0
Related to unlocking future assumptions	-	-	NM	(22)	NM
All other amortization	(43)	(44)	NM	(36)	NM
Change in unrealized gains (losses) on securities	33	(14)	NM	(19)	NM
Increase due to foreign exchange	-	-	NM	-	NM
Other (8)	-	(8)	NM	-	NM
<b>Balance at end of period</b>	<b><u>1,532</u></b>	<b><u>1,496</u></b>	<b>2.4</b>	<b><u>1,499</u></b>	<b>2.2</b>
<b>Group life/health</b>					
Balance at beginning of period	106	193	(45.1)	104	1.9
Acquisition costs deferred	5	5	0.0	10	(50.0)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	-	-	NM	-	NM
Related to unlocking future assumptions	-	-	NM	7	NM
All other amortization	(8)	(19)	NM	(17)	NM
Change in unrealized gains (losses) on securities	1	(1)	NM	2	(50.0)
Increase due to foreign exchange	-	-	NM	-	NM
Other (8)	-	(56)	NM	-	NM
<b>Balance at end of period</b>	<b><u>\$ 104</u></b>	<b><u>\$ 122</u></b>	<b>(14.8) %</b>	<b><u>\$ 106</u></b>	<b>(1.9) %</b>

(See Accompanying Notes on Page 27)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% chg	Dec. 31, 2007	Sequential % chg
<b>Payout annuities</b>					
Balance at beginning of period	\$ 75	\$ 62	21.0 %	\$ 72	4.2 %
Acquisition costs deferred	4	4	0.0	4	0.0
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	-	-	NM	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM
All other amortization	(1)	(1)	NM	(1)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM
Increase due to foreign exchange	-	-	NM	-	NM
Other	-	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>78</u></b>	<b><u>65</u></b>	<b>20.0</b>	<b><u>75</u></b>	<b>4.0</b>
<b>Individual fixed and runoff annuities</b>					
Balance at beginning of period	358	361	(0.8)	386	(7.3)
Acquisition costs deferred	11	9	22.2	8	37.5
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	14	(1)	NM	2	NM
Related to unlocking future assumptions	-	-	NM	(5)	NM
All other amortization	(16)	(27)	NM	(22)	NM
Change in unrealized gains (losses) on securities	22	3	NM	(11)	NM
Decrease due to foreign exchange	(1)	-	NM	-	NM
Other	-	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>388</u></b>	<b><u>345</u></b>	<b>12.5</b>	<b><u>358</u></b>	<b>8.4</b>
<b>Total</b>					
Balance at beginning of period	6,485	6,052	7.2	6,411	1.2
Acquisition costs deferred	224	238	(5.9)	237	(5.5)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	20	-	NM	5	300.0
Related to unlocking future assumptions	-	1	NM	5	NM
All other amortization	(154)	(179)	NM	(143)	NM
Change in unrealized gains (losses) on securities	94	21	347.6	(35)	NM
Increase (decrease) due to foreign exchange (7)	(23)	5	NM	5	NM
Other (8)	-	(64)	NM	-	NM
<b>Balance at end of period</b>	<b><u>\$ 6,646</u></b>	<b><u>\$ 6,074</u></b>	<b>9.4 %</b>	<b><u>\$ 6,485</u></b>	<b>2.5 %</b>

(See Accompanying Notes on Page 27)

**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 \$39 million, \$80 million and \$44 million for the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively. Enhancements include gains on calls, prepayment fees and trading gains (losses) not associated with SOP 03-1.
- (4) Relates principally to assets held in various trading securities accounts that did not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal amount included in incurred policy losses and benefits.
- (5) Operating income before net realized capital losses did not include any significant infrequent or unusual items, including changes in actuarial estimates, for the three months ended March 31, 2008 and 2007. Operating income for the three months ended December 31, 2007 included charges of \$55 million for changes in actuarial estimates. Excluding these charges, the operating income before net realized capital losses for the first three months of 2008 grew 3.7% over the three months ended December 31, 2007.
- (6) Periodic premium sales represents premium from new business expected to be collected over a one-year period.
- (7) Relates to business in Canada.
- (8) For the first three months of 2007, the amount primarily represents the cumulative effect of implementing SOP 05-1 effective January 1, 2007.

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations (1):</b>					
Group retirement products (1)	\$ 1,877	\$ 1,883	(0.3) %	\$ 1,821	3.1 %
Individual fixed annuities	2,531	1,231	105.6	1,228	106.1
Individual variable annuities	1,017	1,008	0.9	1,079	(5.7)
Individual annuities - runoff	13	14	(7.1)	13	0.0
<b>Total premiums, deposits and other considerations</b>	<b>5,438</b>	<b>4,136</b>	<b>31.5</b>	<b>4,141</b>	<b>31.3</b>
<b>Fee and other income:</b>					
Group retirement products	107	105	1.9	115	(7.0)
Individual fixed annuities	23	25	(8.0)	21	9.5
Individual variable annuities	152	146	4.1	167	(9.0)
Individual annuities - runoff	2	8	(75.0)	5	(60.0)
<b>Total fee and other income</b>	<b>284</b>	<b>284</b>	<b>0.0</b>	<b>308</b>	<b>(7.8)</b>
<b>Investment spread:</b>					
<b>Net investment income:</b>					
Group retirement products	494	570	(13.3)	559	(11.6)
Individual fixed annuities	759	914	(17.0)	941	(19.3)
Individual variable annuities	35	42	(16.7)	43	(18.6)
Individual annuities - runoff	83	99	(16.2)	93	(10.8)
<b>Total net investment income</b>	<b>1,371</b>	<b>1,625</b>	<b>(15.6)</b>	<b>1,636</b>	<b>(16.2)</b>
<b>Interest credited:</b>					
Group retirement products	301	290	3.8	301	0.0
Individual fixed annuities	479	486	(1.4)	493	(2.8)
Individual variable annuities	27	26	3.8	31	(12.9)
Individual annuities - runoff	61	67	(9.0)	63	(3.2)
<b>Total interest credited</b>	<b>868</b>	<b>869</b>	<b>(0.1)</b>	<b>888</b>	<b>(2.3)</b>
<b>Net investment spread:</b>					
Group retirement products	193	280	(31.1)	258	(25.2)
Individual fixed annuities	280	428	(34.6)	448	(37.5)
Individual variable annuities	8	16	(50.0)	12	(33.3)
Individual annuities - runoff	22	32	(31.3)	30	(26.7)
<b>Total net investment spread</b>	<b>503</b>	<b>756</b>	<b>(33.5)</b>	<b>748</b>	<b>(32.8)</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>					
Group retirement products (2)	96	99	(3.0)	131	(26.7)
Individual fixed annuities	135	136	(0.7)	135	0.0
Individual variable annuities (2)	114	112	1.8	182	(37.4)
Individual annuities - runoff	13	23	(43.5)	13	0.0
<b>Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)</b>	<b>\$ 358</b>	<b>\$ 370</b>	<b>(3.2) %</b>	<b>\$ 461</b>	<b>(22.3) %</b>

(See Accompanying Notes on Pages 36)

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>					
Group retirement products	\$ 204	\$ 286	(28.7) %	\$ 242	(15.7) %
Individual fixed annuities	168	317	(47.0)	334	(49.7)
Individual variable annuities	46	50	(8.0)	(3)	NM
Individual annuities - runoff	11	17	(35.3)	22	(50.0)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b>429</b>	<b>670</b>	<b>(36.0)</b>	<b>595</b>	<b>(27.9)</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>					
Group retirement products	(43)	-	NM	(15)	NM
Individual fixed annuities	(122)	3	NM	(73)	NM
Individual variable annuities	(69)	8	NM	5	NM
Individual annuities - runoff	-	(2)	NM	(1)	NM
<b>Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)</b>	<b>(234)</b>	<b>9</b>	<b>NM</b>	<b>(84)</b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>					
Group retirement products	247	286	(13.6)	257	(3.9)
Individual fixed annuities	290	314	(7.6)	407	(28.7)
Individual variable annuities	115	42	173.8	(8)	NM
Individual annuities - runoff	11	19	(42.1)	23	(52.2)
<b>Total operating income before net realized capital gains (losses) (3)</b>	<b>663</b>	<b>661</b>	<b>0.3</b>	<b>679</b>	<b>(2.4)</b>
<b>Net realized capital gains (losses):</b>					
Group retirement products	(740)	(10)	NM	(222)	NM
Individual fixed annuities	(1,246)	(11)	NM	(483)	NM
Individual variable annuities	(252)	10	NM	(16)	NM
Individual annuities - runoff	(121)	2	NM	(63)	NM
<b>Total net realized capital gains (losses)</b>	<b>(2,359)</b>	<b>(9)</b>	<b>NM</b>	<b>(784)</b>	<b>NM</b>
<b>Operating income (loss):</b>					
Group retirement products	(493)	276	NM	35	NM
Individual fixed annuities	(956)	303	NM	(76)	NM
Individual variable annuities	(137)	52	NM	(24)	NM
Individual annuities - runoff	(110)	21	NM	(40)	NM
<b>Total operating income (loss)</b>	<b>\$ (1,696)</b>	<b>\$ 652</b>	<b>NM %</b>	<b>\$ (105)</b>	<b>NM %</b>

(See Accompanying Notes on Pages 36)

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Group retirement products (4)</b>					
Balance at beginning of period (4)	\$ 68,109	\$ 64,357	5.8 %	\$ 68,699	(0.9) %
Deposits - annuities (5)	1,453	1,418	2.5	1,484	(2.1)
Deposits - mutual funds (5)	424	465	(8.8)	337	25.8
Deposits - subtotal	1,877	1,883	(0.3)	1,821	3.1
Surrenders and other withdrawals (5)	(1,490)	(1,925)	(22.6)	(1,490)	0.0
Death benefits	(59)	(60)	(1.7)	(66)	(10.6)
Net flows	328	(102)	NM	265	23.8
Change in fair value of underlying investments, interest credited, net of fees	(2,797)	961	NM	(855)	NM
<b>Balance at end of period (4)</b>	<b>65,640</b>	<b>65,216</b>	<b>0.7</b>	<b>68,109</b>	<b>(3.6)</b>
<b>Individual fixed annuities</b>					
Balance at beginning of period	50,508	52,685	(4.1)	51,137	(1.2)
Deposits (5)	2,531	1,231	105.6	1,228	106.1
Surrenders and other withdrawals (5)	(1,579)	(1,660)	(4.9)	(1,954)	(19.2)
Death benefits	(382)	(408)	(6.4)	(374)	2.1
Net flows	570	(837)	NM	(1,100)	NM
Change in fair value of underlying investments, interest credited, net of fees	462	491	(5.9)	471	(1.9)
<b>Balance at end of period</b>	<b>51,540</b>	<b>52,339</b>	<b>(1.5)</b>	<b>50,508</b>	<b>2.0</b>
<b>Individual variable annuities</b>					
Balance at beginning of period	33,108	31,093	6.5	33,777	(2.0)
Deposits	1,017	1,008	0.9	1,079	(5.7)
Surrenders and other withdrawals	(909)	(990)	(8.2)	(1,080)	(15.8)
Death benefits	(127)	(121)	5.0	(123)	3.3
Net flows	(19)	(103)	81.6	(124)	84.7
Change in fair value of underlying investments, interest credited, net of fees	(2,259)	442	NM	(545)	NM
<b>Balance at end of period</b>	<b>30,830</b>	<b>31,432</b>	<b>(1.9)</b>	<b>33,108</b>	<b>(6.9)</b>
<b>Total</b>					
Balance at beginning of period	151,725	148,135	2.4	153,613	(1.2)
Deposits	5,425	4,122	31.6	4,128	31.4
Surrenders and other withdrawals	(3,978)	(4,575)	(13.0)	(4,524)	(12.1)
Death benefits	(568)	(589)	(3.6)	(563)	0.9
Net flows	879	(1,042)	NM	(959)	NM
Change in fair value of underlying investments, interest credited, net of fees	(4,594)	1,894	NM	(929)	NM
Balance at end of period, excluding runoff	148,010	148,987	(0.7)	151,725	(2.4)
Individual annuities runoff	5,580	6,135	(9.0)	5,690	(1.9)
<b>Balance at end of period</b>	<b>153,590</b>	<b>155,122</b>	<b>(1.0)</b>	<b>157,415</b>	<b>(2.4)</b>
<b>Total general and separate account reserves and mutual funds</b>					
General account reserve	90,576	91,145	(0.6)	88,801	2.0
Separate account reserve	54,952	57,106	(3.8)	60,461	(9.1)
Total general and separate account reserves	145,528	148,251	(1.8)	149,262	(2.5)
Group retirement mutual funds	8,062	6,871	17.3	8,153	(1.1)
<b>Total reserves and mutual funds</b>	<b>\$ 153,590</b>	<b>\$ 155,122</b>	<b>(1.0) %</b>	<b>\$ 157,415</b>	<b>(2.4) %</b>
<b>Surrender rates (6)</b>					
Group retirement products (4)	9.1%	11.9%		8.7%	
Individual fixed annuities	12.5%	12.7%		15.4%	
Individual variable annuities	11.7%	12.6%		12.9%	

(See Accompanying Notes on Pages 36)



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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Spread information</b>					
<b>Group retirement products</b>					
Base investment income (a)	\$ 487	\$ 492	(1.0) %	\$ 498	(2.2) %
Partnerships (b)	13	49	(73.5)	40	(67.5)
Other enhancements (c)	(6)	29	NM	22	NM
<b>Total net investment income</b>	<b>\$ 494</b>	<b>\$ 570</b>	<b>(13.3) %</b>	<b>\$ 560</b>	<b>(11.8) %</b>
Base yield (a)	6.14 %	6.09 %		6.33 %	
Partnerships (b)	(0.29) %	0.20 %		(0.03) %	
Other enhancements (c)	(0.07) %	0.36 %		0.27 %	
<b>Total</b>	<b>5.78 %</b>	<b>6.65 %</b>		<b>6.57 %</b>	
Cost of funds (d)	3.91 %	3.79 %		3.94 %	
Net spread rate, as reported (d)	1.87 %	2.86 %		2.63 %	
Net spread rate excluding partnerships and other enhancements	2.23 %	2.30 %		2.39 %	
<b>Individual fixed annuities</b>					
Base investment income (a)	\$ 753	\$ 794	(5.2) %	\$ 778	(3.2) %
Partnerships (b)	1	81	(98.8)	137	(99.3)
Other enhancements (c)	5	39	(87.2)	26	(80.8)
<b>Total net investment income</b>	<b>\$ 759</b>	<b>\$ 914</b>	<b>(17.0) %</b>	<b>\$ 941</b>	<b>(19.3) %</b>
Base yield (a)	5.83 %	5.94 %		6.04 %	
Partnerships (b)	(0.33) %	0.31 %		0.66 %	
Other enhancements (c)	0.04 %	0.30 %		0.20 %	
<b>Total</b>	<b>5.54 %</b>	<b>6.55 %</b>		<b>6.90 %</b>	
Cost of funds (d)	3.53 %	3.49 %		3.58 %	
Net spread rate, as reported (d)	2.01 %	3.06 %		3.32 %	
Net spread rate excluding partnerships and other enhancements	2.31 %	2.45 %		2.46 %	

**American International Group, Inc.**  
**Domestic Retirement Services Spread Information (continued)**

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Spread information</b>					
<b>Individual variable annuities</b>					
Base investment income (a)	\$ 37	\$ 40	(7.5) %	\$ 36	2.8 %
Partnerships (b)	(3)	-	NM	6	NM
Other enhancements (c)	1	2	(50.0)	1	0.0
<b>Total net investment income</b>	<b>\$ 35</b>	<b>\$ 42</b>	<b>(16.7) %</b>	<b>\$ 43</b>	<b>(18.6) %</b>
Base yield (a)	5.46 %	5.62 %		5.62 %	
Partnerships (b)	(0.86) %	0.00 %		0.33 %	
Other enhancements (c)	0.11 %	0.25 %		0.23 %	
<b>Total</b>	<b>4.71 %</b>	<b>5.87 %</b>		<b>6.18 %</b>	
Cost of funds (d)	3.10 %	3.01 %		3.11 %	
Net spread rate, as reported (d)	1.61 %	2.86 %		3.07 %	
Net spread rate excluding partnerships and other enhancements	2.36 %	2.61 %		2.51 %	

- (a) Includes the investment return on surplus other than partnership or yield enhancements activities.  
(b) Includes incremental effect to base yield of investments in hedge funds and private equity funds.  
(c) Includes incremental effect to base yield of gains on calls, prepayment fees and trading gains (losses).  
(d) Excludes the amortization of sales inducement assets.

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% chg	Dec. 31, 2007	Sequential % chg
<b>Group retirement products</b>					
Balance at beginning of period	\$ 2,074	\$ 1,897	9.3 %	\$ 2,058	0.8 %
Acquisition costs deferred	54	50	8.0	60	(10.0)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	43	-	NM	15	186.7
Related to unlocking future assumptions	-	2	NM	-	NM
All other amortization (7)	(33)	(41)	NM	(66)	NM
Change in unrealized gains (losses) on securities	(10)	(13)	NM	7	NM
Increase due to foreign exchange	1	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>2,129</u></b>	<b><u>1,895</u></b>	<b>12.3</b>	<b><u>2,074</u></b>	<b>2.7</b>
<b>Individual fixed annuities</b>					
Balance at beginning of period	2,980	2,835	5.1	2,994	(0.5)
Acquisition costs deferred	163	104	56.7	100	63.0
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	122	(3)	NM	73	67.1
Related to unlocking future assumptions	-	-	NM	1	NM
All other amortization	(143)	(147)	NM	(160)	NM
Change in unrealized gains (losses) on securities	105	(102)	NM	(28)	NM
<b>Balance at end of period</b>	<b><u>3,227</u></b>	<b><u>2,687</u></b>	<b>20.1</b>	<b><u>2,980</u></b>	<b>8.3</b>
<b>Individual variable annuities</b>					
Balance at beginning of period	1,666	1,679	(0.8)	1,745	(4.5)
Acquisition costs deferred	75	66	13.6	79	(5.1)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	69	(8)	NM	(5)	NM
Related to unlocking future assumptions	-	-	NM	(13)	NM
All other amortization (7)	(50)	(59)	NM	(132)	NM
Change in unrealized gains (losses) on securities	5	21	(76.2)	(8)	NM
<b>Balance at end of period</b>	<b><u>1,765</u></b>	<b><u>1,699</u></b>	<b>3.9</b>	<b><u>1,666</u></b>	<b>5.9</b>
<b>Individual annuities - runoff</b>					
Balance at beginning of period	109	\$ 127	(14.2)	128	(14.8)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	-	2	NM	1	NM
Related to unlocking future assumptions	-	-	NM	-	NM
All other amortization	(8)	(13)	NM	(9)	NM
Change in unrealized losses on securities	(2)	(2)	NM	(11)	NM
<b>Balance at end of period</b>	<b><u>99</u></b>	<b><u>114</u></b>	<b>(13.2)</b>	<b><u>109</u></b>	<b>(9.2)</b>
<b>Total</b>					
Balance at beginning of period	6,829	6,538	4.5	6,925	(1.4)
Acquisition costs deferred	292	220	32.7	239	22.2
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	234	(9)	NM	84	178.6
Related to unlocking future assumptions	-	2	NM	(12)	NM
All other amortization (7)	(234)	(260)	NM	(367)	NM
Change in unrealized gains (losses) on securities	98	(96)	NM	(40)	NM
Increase due to foreign exchange	1	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>\$ 7,220</u></b>	<b><u>\$ 6,395</u></b>	<b>12.9 %</b>	<b><u>\$ 6,829</u></b>	<b>5.7 %</b>

(See Accompanying Notes on Pages 36)

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

(dollars in millions)

	March 31, 2008		
	Account Value	Net Amount at Risk	Retained NAR
<b>Guaranteed Minimum Death Benefit ("GMDB") Type (including Earnings Enhancement Benefit) (a):</b>			
Return of premium (b)	\$ 4,071	\$ 75	\$ 75
Reset (c)	961	72	72
Ratchet (d)	14,636	1,359	1,133
Roll-up (e)	7,749	667	652
Combination (f)	247	49	49
Return of premium, with earnings enhancement (g)	3	-	-
Ratchet, with earnings enhancement (h)	1,775	242	70
Roll-up, with earnings enhancement (i)	737	73	11
Combination with earnings enhancement (j)	54	11	11
	<u>30,233</u>	<u>2,548</u>	<u>2,073</u>
<b>Guaranteed Minimum Income Benefit ("GMIB") Type (k):</b>			
Roll-up (e)	553	60	21
No roll-up (l)	5,820	24	13
	<u>6,373</u>	<u>84</u>	<u>34</u>
<b>Guaranteed Minimum Account Value ("GMAV") Type (m):</b>			
Ten year waiting period	<u>2,027</u>	<u>9</u>	<u>9</u>
<b>Guaranteed Minimum Withdrawal Benefit ("GMWB") Type (n):</b>			
Minimum amount guarantees (o)	1,080	4	4
Lifetime guarantees (p)	5,301	353	353
	<u>6,381</u>	<u>357</u>	<u>357</u>

- (a) A guaranteed minimum death benefit is an amount paid from a variable annuity at death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar amount.
- (b) Premium deposited into the contract.
- (c) An amount that is reset to the account value, if greater, at a specified contract anniversary.
- (d) An amount equal to the highest account value achieved on any contract anniversary.
- (e) An amount equal to premiums deposited accumulated at a set interest rate.
- (f) An amount equal to the greater of a ratchet or a roll-up.
- (g) A return of premium benefit which also pays a percent of the earnings in the contract, if any.
- (h) A ratchet benefit which also pays a percent of earnings in the contract, if any.
- (i) A roll-up benefit which also pays a percent of earnings in the contract, if any.
- (j) A combination benefit which also pays a percent of earnings in the contract, if any.
- (k) A guaranteed minimum income benefit establishes a minimum amount available to be annuitized regardless of actual performance in the product. The benefit is not available until a set number of years after contract issue.
- (l) An amount based on premiums deposited or other set amount.
- (m) A guaranteed minimum account value ensures a return of premium invested at the end of 10 years. The amount is based on premium in a defined period.
- (n) A guaranteed minimum withdrawal benefit establishes an amount that can be taken as withdrawals which can be taken over a fixed period or for life, regardless of market performance, even if the account value drops to zero.
- (o) Amount is available over a fixed period.
- (p) Amount is available over the life of the owner (and spouse, if elected).

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

(dollars in millions)

	<u>March 31,</u> <u>2008</u>	<u>Dec. 31,</u> <u>2007</u>	<u>Sept. 30,</u> <u>2007</u>	<u>June 30,</u> <u>2007</u>	<u>March 31,</u> <u>2007</u>
<b>Other Data</b>					
S&P 500 Index value	1,323	1,469	1,527	1,504	1,421
Total Account Value	\$ 30,830	\$ 33,108	\$ 33,777	\$ 33,051	\$ 31,432
Account value by benefit type:					
Guaranteed Minimum Death Benefits	30,233	32,812	33,484	32,764	31,164
Guaranteed Minimum Income Benefits	6,373	7,226	7,685	7,826	7,701
Guaranteed Minimum Account Value	2,027	2,272	2,365	2,364	2,281
Guaranteed Minimum Withdrawal Benefits	6,381	6,248	5,751	4,958	4,038
Net amount at risk:					
Guaranteed Minimum Death Benefits	2,548	1,250	1,098	1,160	1,299
Guaranteed Minimum Income Benefits	84	39	28	36	43
Guaranteed Minimum Account Value	9	1	-	-	-
Guaranteed Minimum Withdrawal Benefits	357	45	6	6	6
Retained net amount at risk:					
Guaranteed Minimum Death Benefits	2,073	1,005	879	952	1,115
Guaranteed Minimum Income Benefits	34	15	11	14	16
Guaranteed Minimum Account Value	9	1	-	-	-
Guaranteed Minimum Withdrawal Benefits	357	45	6	6	6
Liability for guaranteed benefits (GMDB & GMIB)	\$ 82	\$ 77	\$ 89	\$ 81	\$ 81

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

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis. Group retirement products include mutual funds of \$424 million, \$465 million and \$337 million for the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively.
- (2) Group Retirement Products and Individual Variable Annuities include an increase of \$18 million and \$55 million, respectively, related to change in actuarial estimates for the three months ended December 31, 2007.
- (3) Operating income before net realized capital losses did not include any significant infrequent or unusual items, including changes in actuarial estimates, for the three months ended March 31, 2008 and 2007. Operating income for the three months ended December 31, 2007 included charges of \$83 million for changes in actuarial estimates. Excluding these charges, the operating income before net realized capital losses for the first three months of 2008 declined 13.0% from the three months ended December 31, 2007.
- (4) Includes group retirement annuities and group mutual funds. The balance at the beginning of period for the three months ended March 31, 2008 and 2007 and December 31, 2007 includes group mutual funds of \$8.2 billion, \$6.4 billion and \$8.2 billion, respectively. The balance at the end of period for March 31, 2008 and 2007 and December 31, 2007 includes group mutual funds of \$8.1 billion, \$6.9 billion and \$8.2 billion, respectively.
- (5) Excludes internal replacements from one contract into a new contract. If included, deposits and surrenders for group retirement products and individual fixed annuities would increase.
- (6) Surrender rates are based upon all benefits, surrenders and withdrawals except for death benefits and excluding internal replacements from one contract into a new contract.
- (7) For the three months ended December 31, 2007, all other amortization for DAC, VOBA and Sales Inducements includes \$(20) million and \$(64) million related to change in actuarial estimates for Group Retirement Products and Individual Variable Annuities, respectively.

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations (1)</b>	\$ <b>18,532</b>	\$ <b>15,250</b>	<b>21.5</b> %	\$ <b>19,003</b>	<b>(2.5)</b> %
<b>Revenues:</b>					
Premiums and other considerations	\$ 7,447	\$ 6,613	12.6 %	\$ 6,980	6.7 %
Net investment income:					
Interest and dividends	2,308	2,009	14.9	1,972	17.0
Partnership income	2	48	(95.8)	42	(95.2)
Unit investment trusts (2)	(99)	35	NM	332	NM
Other	112	68	64.7	83	34.9
Investment expenses	(113)	(74)	52.7	(73)	54.8
Net investment income before policyholder investment income and trading gains (losses)	2,210	2,086	5.9	2,356	(6.2)
Net investment income related to policyholder investment income and trading gains (losses) (3)	(762)	797	NM	882	NM
Total net investment income	1,448	2,883	(49.8)	3,238	(55.3)
<b>Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)</b>	<b>9,657</b>	<b>8,699</b>	<b>11.0</b>	<b>9,336</b>	<b>3.4</b>
<b>Total revenues excluding net realized capital gains (losses)</b>	<b>8,895</b>	<b>9,496</b>	<b>(6.3)</b>	<b>10,218</b>	<b>(12.9)</b>
<b>Benefits and expenses:</b>					
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	6,119	5,580	9.7	6,643	(7.9)
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (3)	(762)	797	NM	882	NM
Incurred policy losses and benefits	5,357	6,377	(16.0)	7,525	(28.8)
Insurance acquisition and other operating expenses	2,081	1,600	30.1	1,062	96.0
<b>Total benefits and expenses</b>	<b>7,438</b>	<b>7,977</b>	<b>(6.8)</b>	<b>8,587</b>	<b>(13.4)</b>
<b>Operating income excluding net realized capital gains (losses)</b>	<b>1,457</b>	<b>1,519</b>	<b>(4.1)</b>	<b>1,631</b>	<b>(10.7)</b>
Net realized capital gains (losses)	(722)	(235)	NM	(108)	NM
<b>Operating income</b>	<b>\$ 735</b>	<b>\$ 1,284</b>	<b>(42.8)</b> %	<b>\$ 1,523</b>	<b>(51.7)</b> %
<b>Foreign exchange effect on foreign growth:</b>					
<b>Premiums, deposits and other considerations (1)</b>					
Growth in original currency *	17.1		%		
Foreign exchange impact	4.4				
Growth as reported in U.S. \$	21.5				
<b>Premiums and other considerations</b>					
Growth in original currency *	6.8				
Foreign exchange impact	5.8				
Growth as reported in U.S. \$	12.6		%		
<b>Gross life insurance in force (at period end)</b>	\$ 1,411,374	\$ 1,158,107	21.9 %	\$ 1,327,251	6.3 %

(See Accompanying Notes on Pages 51 - 52)

\* Computed using a constant exchange rate for each period.

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations (1):</b>					
Life insurance	\$ 9,452	\$ 8,454	11.8 %	\$ 11,188	(15.5) %
Personal accident & health	1,728	1,481	16.7	1,632	5.9
Group products	1,513	1,113	35.9	1,103	37.2
Subtotal life insurance	<u>12,693</u>	<u>11,048</u>	14.9	<u>13,923</u>	(8.8)
Individual fixed annuities	1,541	1,117	38.0	1,482	4.0
Individual variable annuities	4,298	3,085	39.3	3,598	19.5
Subtotal retirement services	<u>5,839</u>	<u>4,202</u>	39.0	<u>5,080</u>	14.9
<b>Total premiums, deposits and other considerations</b>	<b><u>18,532</u></b>	<b><u>15,250</u></b>	<b>21.5</b>	<b><u>19,003</u></b>	<b>(2.5)</b>
<b>Premiums and other considerations:</b>					
Life insurance	4,512	4,167	8.3	4,366	3.3
Personal accident & health	1,691	1,473	14.8	1,615	4.7
Group products	996	753	32.3	792	25.8
Subtotal life insurance	<u>7,199</u>	<u>6,393</u>	12.6	<u>6,773</u>	6.3
Individual fixed annuities	129	128	0.8	51	152.9
Individual variable annuities	119	92	29.3	156	(23.7)
Subtotal retirement services	<u>248</u>	<u>220</u>	12.7	<u>207</u>	19.8
<b>Total premiums and other considerations</b>	<b><u>7,447</u></b>	<b><u>6,613</u></b>	<b>12.6</b>	<b><u>6,980</u></b>	<b>6.7</b>
<b>Net investment income:</b>					
Life insurance	1,479	1,385	6.8	1,613	(8.3)
Personal accident & health	92	83	10.8	93	(1.1)
Group products	130	84	54.8	102	27.5
Subtotal life insurance	<u>1,701</u>	<u>1,552</u>	9.6	<u>1,808</u>	(5.9)
Individual fixed annuities	599	533	12.4	594	0.8
Individual variable annuities (4)	(90)	1	NM	(46)	NM
Subtotal retirement services	<u>509</u>	<u>534</u>	(4.7)	<u>548</u>	(7.1)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>2,210</b>	<b>2,086</b>	<b>5.9</b>	<b>2,356</b>	<b>(6.2)</b>
Net investment income related to policyholder investment income and trading gains (losses) (3)	(762)	797	NM	882	NM
<b>Total net investment income</b>	<b><u>1,448</u></b>	<b><u>2,883</u></b>	<b>(49.8)</b>	<b><u>3,238</u></b>	<b>(55.3)</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>					
Life insurance (5) (6)	4,081	3,918	4.2	4,841	(15.7)
Personal accident & health	892	789	13.1	818	9.0
Group products (5)	679	487	39.4	479	41.8
Subtotal life insurance	<u>5,652</u>	<u>5,194</u>	8.8	<u>6,138</u>	(7.9)
Individual fixed annuities	463	386	19.9	453	2.2
Individual variable annuities	2	2	0.0	53	(96.2)
Subtotal retirement services	<u>465</u>	<u>388</u>	19.8	<u>506</u>	(8.1)
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>6,117</b>	<b>5,582</b>	<b>9.6</b>	<b>6,644</b>	<b>(7.9)</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (3)	(762)	797	NM	882	NM
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b><u>5,355</u></b>	<b><u>6,379</u></b>	<b>(16.1)</b>	<b><u>7,526</u></b>	<b>(28.8)</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>					
Life insurance (5)	1,118	814	37.3	130	NM
Personal accident & health	474	391	21.2	470	0.9
Group products (5)	328	266	23.3	373	(12.1)
Subtotal life insurance	<u>1,920</u>	<u>1,471</u>	30.5	<u>973</u>	97.3
Individual fixed annuities	101	110	(8.2)	105	(3.8)
Individual variable annuities	75	38	97.4	57	31.6
Subtotal retirement services	<u>176</u>	<u>148</u>	18.9	<u>162</u>	8.6
<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><u>\$ 2,096</u></b>	<b><u>\$ 1,619</u></b>	<b>29.5 %</b>	<b><u>\$ 1,135</u></b>	<b>84.7 %</b>

(See Accompanying Notes on Pages 51 - 52)



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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>					
Life insurance	\$ 792	\$ 820	(3.4) %	\$ 1,008	(21.4) %
Personal accident & health	417	376	10.9	420	(0.7)
Group products	119	84	41.7	42	183.3
Subtotal life insurance	<u>1,328</u>	<u>1,280</u>	3.8	<u>1,470</u>	(9.7)
Individual fixed annuities	164	165	(0.6)	87	88.5
Individual variable annuities	(48)	53	NM	-	NM
Subtotal retirement services	<u>116</u>	<u>218</u>	(46.8)	<u>87</u>	33.3
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>1,444</u></b>	<b><u>1,498</u></b>	<b>(3.6)</b>	<b><u>1,557</u></b>	<b>(7.3)</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>					
Life insurance	(6)	-	NM	3	NM
Personal accident & health	-	-	NM	-	NM
Group products	-	-	NM	-	NM
Subtotal life insurance	<u>(6)</u>	<u>-</u>	NM	<u>3</u>	NM
Individual fixed annuities	(7)	(21)	NM	(77)	NM
Individual variable annuities	-	-	NM	-	NM
Subtotal retirement services	<u>(7)</u>	<u>(21)</u>	NM	<u>(77)</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>(13)</u></b>	<b><u>(21)</u></b>	<b>NM</b>	<b><u>(74)</u></b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>					
Life insurance	798	820	(2.7)	1,005	(20.6)
Personal accident & health	417	376	10.9	420	(0.7)
Group products	119	84	41.7	42	183.3
Subtotal life insurance	<u>1,334</u>	<u>1,280</u>	4.2	<u>1,467</u>	(9.1)
Individual fixed annuities	171	186	(8.1)	164	4.3
Individual variable annuities	(48)	53	NM	-	NM
Subtotal retirement services	<u>123</u>	<u>239</u>	(48.5)	<u>164</u>	(25.0)
<b>Total operating income before net realized capital gains (losses) (7)</b>	<b><u>1,457</u></b>	<b><u>1,519</u></b>	<b>(4.1)</b>	<b><u>1,631</u></b>	<b>(10.7)</b>
<b>Net realized capital gains (losses):</b>					
Life insurance	(567)	(168)	NM	38	NM
Personal accident & health	(40)	(8)	NM	(9)	NM
Group products	(30)	(21)	NM	(12)	NM
Subtotal life insurance	<u>(637)</u>	<u>(197)</u>	NM	<u>17</u>	NM
Individual fixed annuities	(113)	(37)	NM	(103)	NM
Individual variable annuities	28	(1)	NM	(22)	NM
Subtotal retirement services	<u>(85)</u>	<u>(38)</u>	NM	<u>(125)</u>	NM
<b>Total net realized capital gains (losses)</b>	<b><u>(722)</u></b>	<b><u>(235)</u></b>	<b>NM</b>	<b><u>(108)</u></b>	<b>NM</b>
<b>Operating income (loss):</b>					
Life insurance	231	652	(64.6)	1,043	(77.9)
Personal accident & health	377	368	2.4	411	(8.3)
Group products	89	63	41.3	30	196.7
Subtotal life insurance	<u>697</u>	<u>1,083</u>	(35.6)	<u>1,484</u>	(53.0)
Individual fixed annuities	58	149	(61.1)	61	(4.9)
Individual variable annuities	(20)	52	NM	(22)	NM
Subtotal retirement services	<u>38</u>	<u>201</u>	(81.1)	<u>39</u>	(2.6)
<b>Total operating income</b>	<b><u>\$ 735</u></b>	<b><u>\$ 1,284</u></b>	<b>(42.8) %</b>	<b><u>\$ 1,523</u></b>	<b>(51.7) %</b>

(See Accompanying Notes on Pages 51 - 52)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations (1):</b>					
Life insurance	\$ 4,475	\$ 3,516	27.3 %	\$ 6,025	(25.7) %
Personal accident & health	1,195	1,021	17.0	1,130	5.8
Group products	1,274	935	36.3	950	34.1
Subtotal life insurance	<u>6,944</u>	<u>5,472</u>	26.9	<u>8,105</u>	(14.3)
Individual fixed annuities	1,351	990	36.5	1,375	(1.7)
Individual variable annuities	4,155	3,080	34.9	3,582	16.0
Subtotal retirement services	<u>5,506</u>	<u>4,070</u>	35.3	<u>4,957</u>	11.1
<b>Total premiums, deposits and other considerations</b>	<b><u>12,450</u></b>	<b><u>9,542</u></b>	<b>30.5</b>	<b><u>13,062</u></b>	<b>(4.7)</b>
<b>Premiums and other considerations:</b>					
Life insurance	1,328	1,216	9.2	1,214	9.4
Personal accident & health	1,177	1,028	14.5	1,107	6.3
Group products	750	575	30.4	641	17.0
Subtotal life insurance	<u>3,255</u>	<u>2,819</u>	15.5	<u>2,962</u>	9.9
Individual fixed annuities	117	116	0.9	32	265.6
Individual variable annuities	117	91	28.6	157	(25.5)
Subtotal retirement services	<u>234</u>	<u>207</u>	13.0	<u>189</u>	23.8
<b>Total premiums and other considerations</b>	<b><u>3,489</u></b>	<b><u>3,026</u></b>	<b>15.3</b>	<b><u>3,151</u></b>	<b>10.7</b>
<b>Net investment income:</b>					
Life insurance	561	455	23.3	588	(4.6)
Personal accident & health	52	50	4.0	54	(3.7)
Group products	99	62	59.7	71	39.4
Subtotal life insurance	<u>712</u>	<u>567</u>	25.6	<u>713</u>	(0.1)
Individual fixed annuities	566	505	12.1	561	0.9
Individual variable annuities (4)	(91)	-	NM	(49)	NM
Subtotal retirement services	<u>475</u>	<u>505</u>	(5.9)	<u>512</u>	(7.2)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b><u>1,187</u></b>	<b><u>1,072</u></b>	<b>10.7</b>	<b><u>1,225</u></b>	<b>(3.1)</b>
Net investment income related to policyholder investment income and trading gains (losses)	(437)	718	NM	190	NM
<b>Total net investment income</b>	<b><u>750</u></b>	<b><u>1,790</u></b>	<b>(58.1)</b>	<b><u>1,415</u></b>	<b>(47.0)</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>					
Life insurance (5)	1,176	974	20.7	1,239	(5.1)
Personal accident & health	561	508	10.4	534	5.1
Group products (5)	496	342	45.0	378	31.2
Subtotal life insurance	<u>2,233</u>	<u>1,824</u>	22.4	<u>2,151</u>	3.8
Individual fixed annuities	437	357	22.4	429	1.9
Individual variable annuities	1	1	0.0	52	(98.1)
Subtotal retirement services	<u>438</u>	<u>358</u>	22.3	<u>481</u>	(8.9)
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b><u>2,671</u></b>	<b><u>2,182</u></b>	<b>22.4</b>	<b><u>2,632</u></b>	<b>1.5</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(437)	718	NM	190	NM
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b><u>2,234</u></b>	<b><u>2,900</u></b>	<b>(23.0)</b>	<b><u>2,822</u></b>	<b>(20.8)</b>
<b>Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):</b>					
Life insurance	415	327	26.9	401	3.5
Personal accident & health	339	283	19.8	347	(2.3)
Group products	275	227	21.1	293	(6.1)
Subtotal life insurance	<u>1,029</u>	<u>837</u>	22.9	<u>1,041</u>	(1.2)
Individual fixed annuities	96	103	(6.8)	90	6.7
Individual variable annuities	67	38	76.3	57	17.5
Subtotal retirement services	<u>163</u>	<u>141</u>	15.6	<u>147</u>	10.9
<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>\$ 1,192</u></b>	<b><u>\$ 978</u></b>	<b>21.9 %</b>	<b><u>\$ 1,188</u></b>	<b>0.3 %</b>

(See Accompanying Notes on Pages 51 - 52)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>					
Life insurance	\$ 298	\$ 370	(19.5) %	\$ 162	84.0 %
Personal accident & health	329	287	14.6	280	17.5
Group products	78	68	14.7	41	90.2
Subtotal life insurance	<u>705</u>	<u>725</u>	(2.8)	<u>483</u>	46.0
Individual fixed annuities	150	161	(6.8)	74	102.7
Individual variable annuities	(42)	52	NM	(1)	NM
Subtotal retirement services	<u>108</u>	<u>213</u>	(49.3)	<u>73</u>	47.9
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>813</u></b>	<b><u>938</u></b>	<b>(13.3)</b>	<b><u>556</u></b>	<b>46.2</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>					
Life insurance	(6)	-	NM	-	NM
Personal accident & health	-	-	NM	-	NM
Group products	-	-	NM	-	NM
Subtotal life insurance	<u>(6)</u>	<u>-</u>	NM	<u>-</u>	NM
Individual fixed annuities	(7)	(21)	NM	(73)	NM
Individual variable annuities	-	-	NM	-	NM
Subtotal retirement services	<u>(7)</u>	<u>(21)</u>	NM	<u>(73)</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>(13)</u></b>	<b><u>(21)</u></b>	<b>NM</b>	<b><u>(73)</u></b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>					
Life insurance	304	370	(17.8)	162	87.7
Personal accident & health	329	287	14.6	280	17.5
Group products	78	68	14.7	41	90.2
Subtotal life insurance	<u>711</u>	<u>725</u>	(1.9)	<u>483</u>	47.2
Individual fixed annuities	157	182	(13.7)	147	6.8
Individual variable annuities	(42)	52	NM	(1)	NM
Subtotal retirement services	<u>115</u>	<u>234</u>	(50.9)	<u>146</u>	(21.2)
<b>Total operating income before net realized capital gains (losses) (7)</b>	<b><u>826</u></b>	<b><u>959</u></b>	<b>(13.9)</b>	<b><u>629</u></b>	<b>31.3</b>
<b>Net realized capital gains (losses):</b>					
Life insurance	(247)	(18)	NM	(188)	NM
Personal accident & health	(28)	2	NM	(8)	NM
Group products	(7)	5	NM	(3)	NM
Subtotal life insurance	<u>(282)</u>	<u>(11)</u>	NM	<u>(199)</u>	NM
Individual fixed annuities	(89)	(35)	NM	(118)	NM
Individual variable annuities	28	-	NM	(21)	NM
Subtotal retirement services	<u>(61)</u>	<u>(35)</u>	NM	<u>(139)</u>	NM
<b>Total net realized capital gains (losses)</b>	<b><u>(343)</u></b>	<b><u>(46)</u></b>	<b>NM</b>	<b><u>(338)</u></b>	<b>NM</b>
<b>Operating income (loss):</b>					
Life insurance	57	352	(83.8)	(26)	NM
Personal accident & health	301	289	4.2	272	10.7
Group products	71	73	(2.7)	38	86.8
Subtotal life insurance	<u>429</u>	<u>714</u>	(39.9)	<u>284</u>	51.1
Individual fixed annuities	68	147	(53.7)	29	134.5
Individual variable annuities	(14)	52	NM	(22)	NM
Subtotal retirement services	<u>54</u>	<u>199</u>	(72.9)	<u>7</u>	NM
<b>Total operating income</b>	<b><u>\$ 483</u></b>	<b><u>\$ 913</u></b>	<b>(47.1) %</b>	<b><u>\$ 291</u></b>	<b>66.0 %</b>

(See Accompanying Notes on Pages 51 - 52)

## American International Group, Inc.

### Asia Product Statistics

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Premiums, deposits and other considerations (1):</b>					
Life insurance	\$ 4,977	\$ 4,938	0.8 %	\$ 5,163	(3.6) %
Personal accident & health	533	460	15.9	502	6.2
Group products	239	178	34.3	153	56.2
Subtotal life insurance	<u>5,749</u>	<u>5,576</u>	3.1	<u>5,818</u>	(1.2)
Individual fixed annuities	190	127	49.6	107	77.6
Individual variable annuities	143	5	NM	16	NM
Subtotal retirement services	<u>333</u>	<u>132</u>	152.3	<u>123</u>	170.7
<b>Total premiums, deposits and other considerations</b>	<b><u>6,082</u></b>	<b><u>5,708</u></b>	<b>6.6</b>	<b><u>5,941</u></b>	<b>2.4</b>
<b>Premiums and other considerations:</b>					
Life insurance	3,184	2,951	7.9	3,152	1.0
Personal accident & health	514	445	15.5	508	1.2
Group products	246	178	38.2	151	62.9
Subtotal life insurance	<u>3,944</u>	<u>3,574</u>	10.4	<u>3,811</u>	3.5
Individual fixed annuities	12	12	0.0	19	(36.8)
Individual variable annuities	2	1	100.0	(1)	NM
Subtotal retirement services	<u>14</u>	<u>13</u>	7.7	<u>18</u>	(22.2)
<b>Total premiums and other considerations</b>	<b><u>3,958</u></b>	<b><u>3,587</u></b>	<b>10.3</b>	<b><u>3,829</u></b>	<b>3.4</b>
<b>Net investment income:</b>					
Life insurance	918	930	(1.3)	1,025	(10.4)
Personal accident & health	40	33	21.2	39	2.6
Group products	31	22	40.9	31	0.0
Subtotal life insurance	<u>989</u>	<u>985</u>	0.4	<u>1,095</u>	(9.7)
Individual fixed annuities	33	28	17.9	33	0.0
Individual variable annuities	1	1	0.0	3	(66.7)
Subtotal retirement services	<u>34</u>	<u>29</u>	17.2	<u>36</u>	(5.6)
<b>Net investment income before policyholder income and trading gains (losses)</b>	<b>1,023</b>	<b>1,014</b>	<b>0.9</b>	<b>1,131</b>	<b>(9.5)</b>
Net investment income related to policyholder investment income and trading gains (losses)	(325)	79	NM	692	NM
<b>Total net investment income</b>	<b><u>698</u></b>	<b><u>1,093</u></b>	<b>(36.1)</b>	<b><u>1,823</u></b>	<b>(61.7)</b>
<b>Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):</b>					
Life insurance (5)	2,905	2,944	(1.3)	3,602	(19.4)
Personal accident & health	331	281	17.8	284	16.5
Group products (5)	183	145	26.2	101	81.2
Subtotal life insurance	<u>3,419</u>	<u>3,370</u>	1.5	<u>3,987</u>	(14.2)
Individual fixed annuities	26	29	(10.3)	24	8.3
Individual variable annuities	1	1	0.0	1	0.0
Subtotal retirement services	<u>27</u>	<u>30</u>	(10.0)	<u>25</u>	8.0
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses) before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)</b>	<b>3,446</b>	<b>3,400</b>	<b>1.4</b>	<b>4,012</b>	<b>(14.1)</b>
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(325)	79	NM	692	NM
<b>Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)</b>	<b><u>3,121</u></b>	<b><u>3,479</u></b>	<b>(10.3)</b>	<b><u>4,704</u></b>	<b>(33.7)</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 (5) (6)	703	487	44.4	(271)	NM
Personal accident & health	135	108	25.0	123	9.8
Group products (5)	53	39	35.9	80	(33.8)
Subtotal life insurance	<u>891</u>	<u>634</u>	40.5	<u>(68)</u>	NM
Individual fixed annuities	5	7	(28.6)	15	(66.7)
Individual variable annuities	8	-	NM	-	NM
Subtotal retirement services	<u>13</u>	<u>7</u>	85.7	<u>15</u>	(13.3)
<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>\$ 904</u></b>	<b><u>\$ 641</u></b>	<b>41.0 %</b>	<b><u>\$ (53)</u></b>	<b>NM %</b>

(See Accompanying Notes on Pages 51 - 52)

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:</b>					
Life insurance	\$ 494	\$ 450	9.8 %	\$ 846	(41.6) %
Personal accident & health	88	89	(1.1)	140	(37.1)
Group products	41	16	156.3	1	NM
Subtotal life insurance	<u>623</u>	<u>555</u>	12.3	<u>987</u>	(36.9)
Individual fixed annuities	14	4	250.0	13	7.7
Individual variable annuities	(6)	1	NM	1	NM
Subtotal retirement services	<u>8</u>	<u>5</u>	60.0	<u>14</u>	(42.9)
<b>Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements</b>	<b><u>631</u></b>	<b><u>560</u></b>	<b>12.7</b>	<b><u>1,001</u></b>	<b>(37.0)</b>
<b>Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):</b>					
Life insurance	-	-	NM	3	NM
Personal accident & health	-	-	NM	-	NM
Group products	-	-	NM	-	NM
Subtotal life insurance	<u>-</u>	<u>-</u>	NM	<u>3</u>	NM
Individual fixed annuities	-	-	NM	(4)	NM
Individual variable annuities	-	-	NM	-	NM
Subtotal retirement services	<u>-</u>	<u>-</u>	NM	<u>(4)</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>-</u></b>	<b><u>-</u></b>	<b>NM</b>	<b><u>(1)</u></b>	<b>NM</b>
<b>Operating income (loss) before net realized capital gains (losses):</b>					
Life insurance	494	450	9.8	843	(41.4)
Personal accident & health	88	89	(1.1)	140	(37.1)
Group products	41	16	156.3	1	NM
Subtotal life insurance	<u>623</u>	<u>555</u>	12.3	<u>984</u>	(36.7)
Individual fixed annuities	14	4	250.0	17	(17.6)
Individual variable annuities	(6)	1	NM	1	NM
Subtotal retirement services	<u>8</u>	<u>5</u>	60.0	<u>18</u>	(55.6)
<b>Total operating income before net realized capital gains (losses) (7)</b>	<b><u>631</u></b>	<b><u>560</u></b>	<b>12.7</b>	<b><u>1,002</u></b>	<b>(37.0)</b>
<b>Net realized capital gains (losses):</b>					
Life insurance	(320)	(150)	NM	226	NM
Personal accident & health	(12)	(10)	NM	(1)	NM
Group products	(23)	(26)	NM	(9)	NM
Subtotal life insurance	<u>(355)</u>	<u>(186)</u>	NM	<u>216</u>	NM
Individual fixed annuities	(24)	(2)	NM	15	NM
Individual variable annuities	-	(1)	NM	(1)	NM
Subtotal retirement services	<u>(24)</u>	<u>(3)</u>	NM	<u>14</u>	NM
<b>Total net realized capital gains (losses)</b>	<b><u>(379)</u></b>	<b><u>(189)</u></b>	<b>NM</b>	<b><u>230</u></b>	<b>NM</b>
<b>Operating income (loss):</b>					
Life insurance	174	300	(42.0)	1,069	(83.7)
Personal accident & health	76	79	(3.8)	139	(45.3)
Group products	18	(10)	NM	(8)	NM
Subtotal life insurance	<u>268</u>	<u>369</u>	(27.4)	<u>1,200</u>	(77.7)
Individual fixed annuities	(10)	2	NM	32	NM
Individual variable annuities	(6)	-	NM	-	NM
Subtotal retirement services	<u>(16)</u>	<u>2</u>	NM	<u>32</u>	NM
<b>Total operating income</b>	<b><u>\$ 252</u></b>	<b><u>\$ 371</u></b>	<b>(32.1) %</b>	<b><u>\$ 1,232</u></b>	<b>(79.5) %</b>

(See Accompanying Notes on Pages 51 - 52)

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

	First Year Premiums (8)					Single Premiums				
	Three Months Ended					Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Life insurance</b>										
Japan	\$ 158	\$ 211	(25.1) %	\$ 162	(2.5) %	\$ 368	\$ 345	6.7 %	\$ 469	(21.5) %
China	25	27	(7.4)	31	(19.4)	100	66	51.5	106	(5.7)
Taiwan	157	179	(12.3)	157	0.0	182	194	(6.2)	207	(12.1)
Other Asia	383	313	22.4	454	(15.6)	652	370	76.2	955	(31.7)
Europe (9)	43	34	26.5	43	0.0	2,180	1,415	54.1	3,709	(41.2)
All other regions	41	36	13.9	45	(8.9)	40	30	33.3	70	(42.9)
<b>Total</b>	<b>807</b>	<b>800</b>	<b>0.9</b>	<b>892</b>	<b>(9.5)</b>	<b>3,522</b>	<b>2,420</b>	<b>45.5</b>	<b>5,516</b>	<b>(36.1)</b>
<b>Personal accident &amp; health</b>										
Japan	146	153	(4.6)	148	(1.4)	26	2	NM	2	NM
China	9	8	12.5	12	(25.0)	1	-	NM	1	0.0
Taiwan	26	27	(3.7)	25	4.0	-	-	NM	-	NM
Other Asia	77	92	(16.3)	83	(7.2)	-	-	NM	-	NM
Europe	24	21	14.3	28	(14.3)	5	4	25.0	5	0.0
All other regions	12	11	9.1	13	(7.7)	4	4	0.0	6	(33.3)
<b>Total</b>	<b>294</b>	<b>312</b>	<b>(5.8)</b>	<b>309</b>	<b>(4.9)</b>	<b>36</b>	<b>10</b>	<b>260.0</b>	<b>14</b>	<b>157.1</b>
<b>Group products</b>										
Japan	6	3	100.0	4	50.0	-	-	NM	-	NM
China	6	3	100.0	3	100.0	-	-	NM	-	NM
Taiwan	5	3	66.7	4	25.0	2	1	100.0	1	100.0
Other Asia	32	19	68.4	23	39.1	20	16	25.0	23	(13.0)
Europe	27	20	35.0	23	17.4	242	161	50.3	154	57.1
All other regions	183	134	36.6	148	23.6	91	37	145.9	78	16.7
<b>Total</b>	<b>259</b>	<b>182</b>	<b>42.3</b>	<b>205</b>	<b>26.3</b>	<b>355</b>	<b>215</b>	<b>65.1</b>	<b>256</b>	<b>38.7</b>
<b>Total premiums</b>										
Japan	310	367	(15.5)	314	(1.3)	394	347	13.5	471	(16.3)
China	40	38	5.3	46	(13.0)	101	66	53.0	107	(5.6)
Taiwan	188	209	(10.0)	186	1.1	184	195	(5.6)	208	(11.5)
Other Asia	492	424	16.0	560	(12.1)	672	386	74.1	978	(31.3)
Europe	94	75	25.3	94	0.0	2,427	1,580	53.6	3,868	(37.3)
All other regions	236	181	30.4	206	14.6	135	71	90.1	154	(12.3)
<b>Total (10)</b>	<b>\$ 1,360</b>	<b>\$ 1,294</b>	<b>5.1 %</b>	<b>\$ 1,406</b>	<b>(3.3) %</b>	<b>\$ 3,913</b>	<b>\$ 2,645</b>	<b>47.9 %</b>	<b>\$ 5,786</b>	<b>(32.4) %</b>

(See Accompanying Notes on Pages 51 - 52)

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Life insurance</b>					
<b>Life insurance</b>					
Japan	\$ 1,765	\$ 1,661	6.3 %	\$ 1,779	(0.8) %
China	261	201	29.9	300	(13.0)
Taiwan	1,929	2,399	(19.6)	1,449	33.1
Other Asia	2,826	2,375	19.0	3,441	(17.9)
Europe	2,460	1,641	49.9	3,976	(38.1)
All other regions	211	177	19.2	243	(13.2)
<b>Total</b>	<b>9,452</b>	<b>8,454</b>	<b>11.8</b>	<b>11,188</b>	<b>(15.5)</b>
<b>Personal accident &amp; health</b>					
Japan	1,033	889	16.2	967	6.8
China	34	27	25.9	34	0.0
Taiwan	194	175	10.9	157	23.6
Other Asia	311	261	19.2	316	(1.6)
Europe	108	91	18.7	108	0.0
All other regions	48	38	26.3	50	(4.0)
<b>Total</b>	<b>1,728</b>	<b>1,481</b>	<b>16.7</b>	<b>1,632</b>	<b>5.9</b>
<b>Group products</b>					
Japan	134	123	8.9	117	14.5
China	11	3	266.7	4	175.0
Taiwan	27	26	3.8	26	3.8
Other Asia	201	147	36.7	123	63.4
Europe	529	389	36.0	371	42.6
All other regions	611	425	43.8	462	32.3
<b>Total</b>	<b>1,513</b>	<b>1,113</b>	<b>35.9</b>	<b>1,103</b>	<b>37.2</b>
<b>Total life insurance</b>					
Japan	2,932	2,673	9.7	2,863	2.4
China	306	231	32.5	338	(9.5)
Taiwan	2,150	2,600	(17.3)	1,632	31.7
Other Asia	3,338	2,783	19.9	3,880	(14.0)
Europe	3,097	2,121	46.0	4,455	(30.5)
All other regions	870	640	35.9	755	15.2
<b>Total</b>	<b>12,693</b>	<b>11,048</b>	<b>14.9</b>	<b>13,923</b>	<b>(8.8)</b>
<b>Retirement services</b>					
<b>Individual fixed annuities</b>					
Japan	1,239	919	34.8	1,271	(2.5)
Korea	166	114	45.6	78	112.8
Other Asia	24	13	84.6	29	(17.2)
Europe	98	64	53.1	89	10.1
All other regions	14	7	100.0	15	(6.7)
<b>Total</b>	<b>1,541</b>	<b>1,117</b>	<b>38.0</b>	<b>1,482</b>	<b>4.0</b>
<b>Individual variable annuities</b>					
Japan	244	274	(10.9)	257	(5.1)
Korea	-	-	NM	-	NM
Other Asia	142	5	NM	16	NM
Europe	3,912	2,806	39.4	3,325	17.7
All other regions	-	-	NM	-	NM
<b>Total</b>	<b>4,298</b>	<b>3,085</b>	<b>39.3</b>	<b>3,598</b>	<b>19.5</b>
<b>Total retirement services</b>					
Japan	1,483	1,193	24.3	1,528	(2.9)
Korea	166	114	45.6	78	112.8
Other Asia	166	18	NM	45	268.9
Europe	4,010	2,870	39.7	3,414	17.5
All other regions	14	7	100.0	15	(6.7)
<b>Total (10)</b>	<b>5,839</b>	<b>4,202</b>	<b>39.0</b>	<b>5,080</b>	<b>14.9</b>
<b>Total premiums, deposits and other considerations</b>					
	<b>\$ 18,532</b>	<b>\$ 15,250</b>	<b>21.5 %</b>	<b>\$ 19,003</b>	<b>(2.5) %</b>

(See Accompanying Notes on Pages 51 - 52)

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

	<u>March 31, 2008</u>	<u>March 31, 2007</u>	<u>% Chg</u>		<u>Dec. 31, 2007</u>	<u>Sequential % Chg</u>
<b>Life Insurance Reserves</b>						
<b>Life insurance</b>						
Japan	\$ 38,347	\$ 30,711	24.9 %		\$ 35,048	9.4 %
China	4,042	2,796	44.6		3,685	9.7
Taiwan	40,346	33,476	20.5		37,641	7.2
Other Asia	51,752	42,062	23.0		51,168	1.1
Europe	12,054	7,644	57.7		13,155	(8.4)
All other regions	2,956	2,307	28.1		2,847	3.8
<b>Total</b>	<b>149,497</b>	<b>118,996</b>	<b>25.6</b>		<b>143,544</b>	<b>4.1</b>
<b>Personal accident &amp; health</b>						
Japan	5,969	4,501	32.6		5,405	10.4
China	91	59	54.2		83	9.6
Taiwan	2,022	1,668	21.2		1,842	9.8
Other Asia	1,306	920	42.0		1,229	6.3
Europe	263	197	33.5		251	4.8
All other regions	64	49	30.6		59	8.5
<b>Total</b>	<b>9,715</b>	<b>7,394</b>	<b>31.4</b>		<b>8,869</b>	<b>9.5</b>
<b>Group products</b>						
Japan	3,073	2,873	7.0		2,932	4.8
China	7	4	75.0		5	40.0
Taiwan	47	42	11.9		42	11.9
Other Asia	1,589	1,308	21.5		1,518	4.7
Europe	2,284	1,507	51.6		2,095	9.0
All other regions	5,052	3,749	34.8		4,802	5.2
<b>Total</b>	<b>12,052</b>	<b>9,483</b>	<b>27.1</b>		<b>11,394</b>	<b>5.8</b>
<b>Total life insurance reserves</b>						
Japan	47,389	38,085	24.4		43,385	9.2
China	4,140	2,859	44.8		3,773	9.7
Taiwan	42,415	35,186	20.5		39,525	7.3
Other Asia	54,647	44,290	23.4		53,915	1.4
Europe	14,601	9,348	56.2		15,501	(5.8)
All other regions	8,072	6,105	32.2		7,708	4.7
<b>Total</b>	<b>\$ 171,264</b>	<b>\$ 135,873</b>	<b>26.0 %</b>		<b>\$ 163,807</b>	<b>4.6 %</b>

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



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

	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Retirement Services Reserves</b>					
<b>Individual fixed annuities</b>					
Japan	\$ 46,338	\$ 41,560	11.5 %	\$ 44,666	3.7 %
Korea	2,127	1,761	20.8	2,079	2.3
Other Asia	449	366	22.7	428	4.9
Europe	2,023	1,765	14.6	2,015	0.4
All other regions	679	342	98.5	388	75.0
<b>Total</b>	<b>51,616</b>	<b>45,794</b>	<b>12.7</b>	<b>49,576</b>	<b>4.1</b>
<b>Individual variable annuities</b>					
Japan	6,235	5,370	16.1	6,149	1.4
Other Asia	295	77	283.1	131	125.2
Europe	22,210	20,106	10.5	21,938	1.2
All other regions	-	-	NM	-	NM
<b>Total</b>	<b>28,740</b>	<b>25,553</b>	<b>12.5</b>	<b>28,218</b>	<b>1.8</b>
<b>Policy and Contract Claims Reserves</b>					
<b>Personal accident &amp; health</b>					
Japan	290	239	21.3	279	3.9
China	7	5	40.0	7	0.0
Taiwan	69	54	27.8	64	7.8
Other Asia	115	98	17.3	99	16.2
Europe	86	79	8.9	89	(3.4)
All other regions	40	39	2.6	32	25.0
<b>Total</b>	<b>607</b>	<b>514</b>	<b>18.1</b>	<b>570</b>	<b>6.5</b>
<b>Group accident &amp; health</b>					
Japan	-	1	NM	-	NM
Taiwan	4	4	0.0	5	(20.0)
Other Asia	22	17	29.4	20	10.0
Europe	10	5	100.0	7	42.9
All other regions	92	76	21.1	87	5.7
<b>Total</b>	<b>\$ 128</b>	<b>\$ 103</b>	<b>24.3 %</b>	<b>\$ 119</b>	<b>7.6 %</b>

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

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Spread information</b>					
<b>Individual fixed annuities</b>					
<b>Japan (a)</b>					
Base investment income	\$ 489	\$ 428	14.3 %	\$ 471	3.8 %
Partnerships/other enhancements	-	-	NM	-	NM
<b>Total net investment income (b)</b>	<b>\$ 489</b>	<b>\$ 428</b>	<b>14.3 %</b>	<b>\$ 471</b>	<b>3.8 %</b>
Base yield (a)	5.24 %	5.02 %		5.25 %	
Partnerships/other enhancements	0.00 %	0.00 %		0.00 %	
<b>Total</b>	<b>5.24 %</b>	<b>5.02 %</b>		<b>5.25 %</b>	
Cost of funds (b) (c)	3.58 %	3.44 %		3.60 %	
Net spread rate, as reported (c)	1.66 %	1.58 %		1.65 %	
Net spread rate excluding partnerships and other enhancements	1.66 %	1.58 %		1.65 %	
<b>Korea</b>					
Base investment income	\$ 28	\$ 23	21.7 %	\$ 27	3.7 %
Partnerships/other enhancements	-	-	NM	-	NM
<b>Total net investment income (b)</b>	<b>\$ 28</b>	<b>\$ 23</b>	<b>21.7 %</b>	<b>\$ 27</b>	<b>3.7 %</b>
Base yield (c)	5.41 %	5.36 %		5.38 %	
Partnerships/other enhancements	0.00 %	0.00 %		0.00 %	
<b>Total</b>	<b>5.41 %</b>	<b>5.36 %</b>		<b>5.38 %</b>	
Cost of funds (b) (c)	4.75 %	4.55 %		4.67 %	
Net spread rate, as reported (c)	0.66 %	0.81 %		0.71 %	
Net spread rate excluding partnerships and other enhancements	0.66 %	0.81 %		0.71 %	
<b>Net flows (d)</b>					
<b>Individual fixed annuities</b>					
Japan	\$ 553	\$ (109)	NM %	\$ 601	(8.0) %
Korea	112	79	41.8	(45)	NM
<b>Individual variable annuities</b>					
Japan	\$ 144	\$ 165	(12.7) %	\$ 164	(12.2) %
<b>Surrender rates</b>					
<b>Japan</b>					
Individual fixed annuities	2.8 %	8.0 %		2.7 %	
Individual variable annuities	4.6 %	7.2 %		4.9 %	
<b>Korea</b>					
Individual fixed annuities	9.9 %	7.9 %		23.1 %	

(a) Excludes acquired block of Yen annuities no longer being sold.

(b) For Japan and Korea, the net investment income and cost of funds are translated into U.S. dollars at the average exchange rates for the quarter while the denominator is translated at the quarter ending exchange rate. This can cause fluctuations of a few basis points from quarter to quarter if there is a sharp change in the appreciation/depreciation during a quarter.

(c) For Japan and Korea, the calculation methodology for spread information takes the month-end assets/liabilities that are then averaged. Quarterly figures use two point averages (beginning of quarter and end of quarter) while annual figures use five point averages (beginning of year plus each of the quarter ends)

(d) Net flows are defined as deposits received less benefits, surrenders, withdrawals and death benefits. For Japan and Korea, net flows are calculated at the average exchange rate for the quarter and include the acquired block of Yen annuities no longer being sold.

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% chg	Dec. 31, 2007	Sequential % chg
<b>Life insurance</b>					
Balance at beginning of period	\$ 18,198	\$ 14,519	25.3 %	\$ 16,041	13.4 %
Acquisition costs deferred	781	746	4.7	1,132	(31.0)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	7	(1)	NM	(3)	NM
Related to unlocking future assumptions	(8)	11	NM	(85)	NM
All other amortization (11)	(525)	(363)	NM	605	NM
Change in unrealized gains (losses) on securities	(42)	(5)	NM	28	NM
Increase due to foreign exchange	640	(99)	NM	416	53.8
Other (12)	(1,461)	(6)	NM	64	NM
<b>Balance at end of period</b>	<b><u>17,590</u></b>	<b><u>14,802</u></b>	<b>18.8</b>	<b><u>18,198</u></b>	<b>(3.3)</b>
<b>Personal accident &amp; health</b>					
Balance at beginning of period	5,601	4,769	17.4	5,272	6.2
Acquisition costs deferred	341	385	(11.4)	330	3.3
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	(228)	(176)	NM	(211)	NM
Increase (decrease) due to foreign exchange	279	(102)	NM	210	32.9
Other (12)	17	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>6,010</u></b>	<b><u>4,876</u></b>	<b>23.3</b>	<b><u>5,601</u></b>	<b>7.3</b>
<b>Group products</b>					
Balance at beginning of period	474	200	137.0	393	20.6
Acquisition costs deferred	107	13	NM	145	(26.2)
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 (11)	(54)	(18)	NM	(102)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM
Increase due to foreign exchange	26	(2)	NM	40	(35.0)
Other (12)	-	(54)	NM	(2)	NM
<b>Balance at end of period</b>	<b><u>\$ 553</u></b>	<b><u>\$ 139</u></b>	<b>297.8 %</b>	<b><u>\$ 474</u></b>	<b>16.7 %</b>

(See Accompanying Notes on Pages 51 - 52)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% chg	Dec. 31, 2007	Sequential % chg
<b>Individual fixed annuities</b>					
Balance at beginning of period	\$ 1,954	\$ 1,564	24.9 %	\$ 2,124	(8.0) %
Acquisition costs deferred	87	60	45.0	88	(1.1)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	6	21	(71.4)	77	(92.2)
Related to unlocking future assumptions	2	-	NM	9	(77.8)
All other amortization	(89)	(84)	NM	(79)	NM
Change in unrealized gains (losses) on securities	(45)	(7)	NM	(282)	NM
Increase due to foreign exchange	12	25	(52.0)	18	(33.3)
Other (12)	-	-	NM	(1)	NM
<b>Balance at end of period</b>	<b><u>1,927</u></b>	<b><u>1,579</u></b>	<b>22.0</b>	<b><u>1,954</u></b>	<b>(1.4)</b>
<b>Individual variable annuities</b>					
Balance at beginning of period	629	505	24.6	589	6.8
Acquisition costs deferred	61	45	35.6	40	52.5
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	(37)	(16)	NM	(28)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM
Increase due to foreign exchange	23	(7)	NM	28	(17.9)
Other	-	-	NM	-	NM
<b>Balance at end of period</b>	<b><u>676</u></b>	<b><u>527</u></b>	<b>28.3</b>	<b><u>629</u></b>	<b>7.5</b>
<b>Total</b>					
Balance at beginning of period	26,856	21,557	24.6	24,419	10.0
Acquisition costs deferred	1,377	1,249	10.2	1,735	(20.6)
Amortization (charged) or credited to operating income:					
Related to net realized capital gains (losses)	13	20	(35.0)	74	(82.4)
Related to unlocking future assumptions	(6)	11	NM	(76)	NM
All other amortization	(933)	(657)	NM	185	NM
Change in unrealized gains (losses) on securities	(87)	(12)	NM	(254)	NM
Increase due to foreign exchange	980	(185)	NM	712	37.6
Other (12)	(1,444)	(60)	NM	61	NM
<b>Balance at end of period</b>	<b><u>\$ 26,756</u></b>	<b><u>\$ 21,923</u></b>	<b>22.0 %</b>	<b><u>\$ 26,856</u></b>	<b>(0.4) %</b>

(See Accompanying Notes on Pages 51 - 52)

**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 March 31, 2008 and 2007 and December 31, 2007, \$(27) million, \$5 million and \$8 million, respectively, were allocated to policyholder accounts through incurred policy losses and benefits.
- (3) 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.
- (4) Includes trading account losses of \$(88) million and \$(57) million for the three months ended March 31, 2008 and December 31, 2007, respectively, associated with certain investment-linked products in the UK.
- (5) Life insurance and group products includes change in actuarial estimates that affected incurred policy losses and benefits and insurance, acquisition and other expenses as follows for the three months ended December 31, 2007:

(in millions) increase (decrease)	Total Foreign	Japan & Other	Asia
<b>Life insurance:</b>			
Incurring policy losses and benefits	\$642	\$182	\$460
Insurance, acquisition and other expenses	(781)	-	(781)
<b>Group products:</b>			
Incurring policy losses and benefits	\$(37)	\$5	\$(42)
Insurance, acquisition and other expenses	47	-	47

- (6) Three months ended March 31, 2007 includes a \$50 million charge related to balance sheet reconciliation remediation activity.
- (7) The following tables summarize the effect of infrequent or unusual items on operating income before net realized capital gains (losses):

<b>Foreign Life Insurance &amp; Retirement Services</b>		<b>Three Months Ended</b>			
(in millions)	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	% Chg
Operating income before net realized capital gains (losses)	\$ 1,457	\$ 1,519	(4.1) %	\$ 1,631	(10.7) %
Trading account losses (UK)	(88)	-		(57)	
Japan regulatory claim review	3	(37)		(4)	
Change in actuarial estimate	8	(2)		173	
Effect of remediation activities	-	(50)		(89)	
<b>Adjusted operating income</b>	<b>\$ 1,534</b>	<b>\$ 1,608</b>	<b>(4.6) %</b>	<b>\$ 1,608</b>	<b>(4.6) %</b>

<b>Japan and Other</b>		<b>Three Months Ended</b>			
(in millions)	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	% Chg
Operating income before net realized capital gains (losses)	\$ 826	\$ 959	(13.9) %	\$ 629	31.3 %
Trading account losses (UK)	(88)	-		(57)	
Japan regulatory claim review	3	(37)		(4)	
Change in actuarial estimate	2	(3)		(195)	
Effect of remediation activities	-	-		(21)	
<b>Adjusted operating income</b>	<b>\$ 909</b>	<b>\$ 999</b>	<b>(9.0) %</b>	<b>\$ 906</b>	<b>0.3 %</b>

<b>Asia</b>		<b>Three Months Ended</b>			
(in millions)	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	% Chg
Operating income before net realized capital gains (losses)	\$ 631	\$ 560	12.7 %	\$ 1,002	(37.0) %
Change in actuarial estimate	6	1		368	
Effect of remediation activities	-	(50)		(68)	
<b>Adjusted operating income</b>	<b>\$ 625</b>	<b>\$ 609</b>	<b>2.6 %</b>	<b>\$ 702</b>	<b>(11.0) %</b>

- (8) Represents premium recorded within the first policy year from new sales other than single premiums.
- (9) Includes Guaranteed Income Bonds (GIBs) sales of \$2.1 billion, \$1.3 billion and \$3.7 billion for the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively.

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

- (10) The following tables reflect first year premiums, single premiums and annuity deposits by reporting segment with growth rates presented in US dollars and original currency.

Foreign Life Insurance & Retirement Services (in millions)	Three Months Ended March 31,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency
	First year premiums	\$1,360	\$1,294	5%
Single premiums	3,913	2,645	48	44
Annuity deposits	5,839	4,202	39	37

Japan & Other (in millions)	Three Months Ended March 31,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency
	First year premiums	\$642	\$620	4%
Single premiums	2,956	1,997	48	44
Annuity deposits	5,507	4,071	35	33

Asia (in millions)	Three Months Ended March 31,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency
	First year premiums	\$718	\$674	7%
Single premiums	957	648	48	42
Annuity deposits	332	131	153	150

- (11) For the three months ended December 31, 2007, all other amortization for DAC and VOBA includes \$864 million and \$(47) million related to changes in actuarial estimates for Life Insurance and Group Products, respectively.
- (12) For the three months ended March 31, 2008, Other represents the cumulative effect of adoption of FAS 159. For the three months ended March 31, 2007, Other primarily represents the cumulative effect of adoption of SOP 05-1. For the three months ended December 31, 2007, Other is primarily related to balance sheet reclassifications.

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% chg	Dec. 31, 2007	Sequential % chg
<b>Foreign life insurance &amp; retirement services:</b>					
Life insurance	\$ 2	\$ 37	(94.6) %	\$ 32	(93.8) %
Personal accident & health	(2)	7	NM	3	NM
Group Products	-	-	NM	-	NM
Individual fixed annuities	2	4	(50.0)	7	(71.4)
<b>Total</b>	<b>2</b>	<b>48</b>	<b>(95.8)</b>	<b>42</b>	<b>(95.2)</b>
<b>Domestic life insurance:</b>					
Excluding Synfuels:					
Life insurance	28	23	21.7	9	211.1
Home service	3	4	(25.0)	1	200.0
Subtotal excluding Synfuels	31	27	14.8	10	210.0
Synfuels*:					
Life insurance	(2)	(22)	NM	1	NM
Home service	(2)	(11)	NM	(1)	NM
Subtotal Synfuels	(4)	(33)	NM	-	NM
<b>Total</b>	<b>27</b>	<b>(6)</b>	<b>NM</b>	<b>10</b>	<b>170.0</b>
<b>Domestic retirement services:</b>					
Group retirement products	13	49	(73.5)	40	(67.5)
Individual fixed annuities	1	81	(98.8)	137	(99.3)
Individual variable annuities	(3)	-	NM	6	NM
<b>Total</b>	<b>11</b>	<b>130</b>	<b>(91.5)</b>	<b>183</b>	<b>(94.0)</b>
<b>Total life insurance &amp; retirement services</b>	<b>\$ 40</b>	<b>\$ 172</b>	<b>(76.7) %</b>	<b>\$ 235</b>	<b>(83.0) %</b>

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

**American International Group, Inc.**  
**Life Insurance & Retirement Services Net Realized Capital Gains (Losses)**  
(dollars in millions)

	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>Foreign life insurance &amp; retirement services:</b>			
Transaction gains	\$ 76	\$ 12	\$ 260
Other-than-temporary impairments:			
Severity	(333)	-	(154)
Lack of intent to hold to recovery	(264)	(61)	(141)
Foreign currency declines	(401)	(212)	(166)
Issuer-specific credit events	(13)	(58)	(10)
Adverse projected cash flows on structured securities	(5)	-	(3)
Total other-than-temporary impairments	<u>(1,016)</u>	<u>(331)</u>	<u>(474)</u>
Foreign exchange transactions	(23)	115	98
Derivative instruments	115	(117)	59
Other	126	86	(51)
<b>Total</b>	<b><u>(722)</u></b>	<b><u>(235)</u></b>	<b><u>(108)</u></b>
<b>Domestic life insurance:</b>			
Transaction gains	9	20	8
Other-than-temporary impairments:			
Severity	(1,004)	-	(253)
Lack of intent to hold to recovery	(179)	(17)	(115)
Foreign currency declines	-	-	-
Issuer-specific credit events	(32)	(2)	(12)
Adverse projected cash flows on structured securities	(4)	-	(35)
Total other-than-temporary impairments	<u>(1,219)</u>	<u>(19)</u>	<u>(415)</u>
Foreign exchange transactions	(2)	2	3
Derivative instruments	(125)	(11)	(95)
Other	49	(4)	19
<b>Total</b>	<b><u>(1,288)</u></b>	<b><u>(12)</u></b>	<b><u>(480)</u></b>
<b>Domestic retirement services:</b>			
Transaction gains	12	30	18
Other-than-temporary impairments:			
Severity	(1,819)	-	(641)
Lack of intent to hold to recovery	(248)	(9)	(123)
Foreign currency declines	-	-	-
Issuer-specific credit events	(67)	(32)	(5)
Adverse projected cash flows on structured securities	(23)	(1)	(75)
Total other-than-temporary impairments	<u>(2,157)</u>	<u>(42)</u>	<u>(844)</u>
Foreign exchange transactions	(15)	6	14
Derivative instruments	100	5	21
Other	(299)	(8)	7
<b>Total</b>	<b><u>(2,359)</u></b>	<b><u>(9)</u></b>	<b><u>(784)</u></b>
<b>Total life insurance &amp; retirement services</b>	<b><u>\$ (4,369)</u></b>	<b><u>\$ (256)</u></b>	<b><u>\$ (1,372)</u></b>



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

	<u>Japan and Other (a) (b) (c)</u>	<u>Asia (c) (d)</u>	<u>Domestic Life Insurance (e) (f)</u>	<u>Domestic Retirement Services (e) (g)</u>	<u>Intercompany Consolidations/ Eliminations</u>	<u>Total</u>
<b>2007</b>						
Statutory Surplus	\$ 10,655	\$ 10,968	\$ 6,102	\$ 11,078	\$ (5,591)	33,212
Statutory Net Income	1,502	1,864	517	545	37	4,465
<b>2006</b>						
Statutory Surplus	8,648	13,332	5,390	11,916	(4,228)	35,058
Statutory Net Income	1,483	1,093	902	1,569	41	5,088
<b>2005</b>						
Statutory Surplus	7,390	10,266	5,301	11,101	(3,319)	30,739
Statutory Net Income	\$ 1,200	\$ 1,212	\$ 943	\$ 1,416	\$ (9)	4,762

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

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Revenues:</b>					
Aircraft Leasing	\$ 1,216	\$ 1,087	11.9 %	\$ 1,226	(0.8) %
Capital Markets:					
Excluding Unrealized Market Valuation Losses (1)	440	313	40.6	687	(36.0)
Unrealized Market Valuation Losses - Capital Markets (2)	(9,107)	-	NM	(11,120)	NM
Subtotal	(8,667)	313	NM	(10,433)	NM
Consumer Finance (3)	1,007	883	14.0	961	4.8
Other, including intercompany adjustments	111	70	58.6	105	5.7
Total revenues excluding FAS 133, Capital Markets other-than-temporary impairments and net realized capital gains (losses)	(6,333)	2,353	NM	(8,141)	NM
FAS 133 - Capital Markets (4) (5)	(76)	(85)	NM	396	NM
Capital Markets other-than-temporary impairments (6)	-	-	NM	(643)	NM
Net realized capital gains (losses) (7)	(151)	(67)	NM	(30)	NM
<b>Total revenues</b>	<b>\$ (6,560)</b>	<b>\$ 2,201</b>	<b>NM %</b>	<b>\$ (8,418)</b>	<b>NM %</b>
<b>Operating income (loss):</b>					
Aircraft Leasing	\$ 272	\$ 193	40.9 %	\$ 248	9.7 %
Capital Markets:					
Excluding Unrealized Market Valuation Losses (1)	256	153	67.3	627	(59.2)
Unrealized Market Valuation Losses (2)	(9,107)	-	NM	(11,120)	NM
Subtotal	(8,851)	153	NM	(10,493)	NM
Consumer Finance (3)	24	74	(67.6)	(7)	NM
Other, including intercompany adjustments	10	24	(58.3)	6	66.7
Total operating income (loss) excluding FAS 133, Capital Markets other-than-temporary impairments and net realized capital gains (losses)	(8,545)	444	NM	(10,246)	NM
FAS 133 - Capital Markets (4) (5)	(76)	(85)	NM	396	NM
Capital Markets other-than-temporary impairments (6)	-	-	NM	(643)	NM
Net realized capital gains (losses) (7)	(151)	(67)	NM	(30)	NM
<b>Total operating income (loss)</b>	<b>\$ (8,772)</b>	<b>\$ 292</b>	<b>NM %</b>	<b>\$ (10,523)</b>	<b>NM %</b>

(See Accompanying Notes on Page 60)

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

**Aircraft Leases and Orders**

March 31, 2008

<u>Aircraft Type:</u>	<u>Number of Aircraft</u>		<u>Year of Delivery</u>				
	<u>In Fleet</u> (8)	<u>Orders</u>	<u>Orders</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011-2017</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	121	16	16	7	8	1	0
A320-200	153	31	31	15	13	3	0
A321-100	12	0	0	0	0	0	0
A321-200	62	12	12	4	7	1	0
A330-200	58	6	6	1	5	0	0
A330-300	26	3	3	3	0	0	0
A340-300	15	0	0	0	0	0	0
A340-600	13	0	0	0	0	0	0
A350-800	0	12	12	0	0	0	12
A350-900	0	8	8	0	0	0	8
A380 (9)	0	10	10	0	0	0	10
	473	98	98	30	33	5	30
<b><u>Boeing:</u></b>							
737-300/400/500	56	0	0	0	0	0	0
737-600/700/800	185	34	34	18	6	0	10
747-200F	1	0	0	0	0	0	0
747-300	2	0	0	0	0	0	0
747-400	13	0	0	0	0	0	0
747-400ERF	4	0	0	0	0	0	0
757-200	64	0	0	0	0	0	0
767-200	3	0	0	0	0	0	0
767-300	51	0	0	0	0	0	0
777-200B	39	0	0	0	0	0	0
777-300	30	5	5	2	3	0	0
787-800 (10)	0	67	67	0	0	10	57
787-900	0	7	7	0	0	0	7
	448	113	113	20	9	10	74
<b><u>McDonnell Douglas:</u></b>							
MD-11	8	0	0	0	0	0	0
MD-83	1	0	0	0	0	0	0
	9	0	0	0	0	0	0
<b>Total</b>	<b>930</b>	<b>211</b>	<b>211</b>	<b>50</b>	<b>42</b>	<b>15</b>	<b>104</b>
<b>Orders Placed</b>				<b>100%</b>	<b>88%</b>	<b>80%</b>	

(See Accompanying Notes on Page 60)

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

(dollars in millions)

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Revenues:</b>					
American General Finance (3)	\$ 757	\$ 703	7.7 %	\$ 732	3.4 %
AIG Consumer Finance Group, Inc.	236	165	43.0	214	10.3
AIG Federal Savings Bank	14	15	(6.7)	15	(6.7)
Total revenues excluding net realized capital gains (losses)	1,007	883	14.0	961	4.8
Net realized capital gains (losses) (11)	(76)	(38)	NM	(2)	NM
<b>Total revenues</b>	<b>\$ 931</b>	<b>\$ 845</b>	<b>10.2 %</b>	<b>\$ 959</b>	<b>(2.9) %</b>
<b>Operating income (loss):</b>					
American General Finance (3)	\$ 11	\$ 50	(78.0) %	\$ 9	22.2 %
AIG Consumer Finance Group, Inc.	11	21	(47.6)	(18)	NM
AIG Federal Savings Bank	2	3	(33.3)	2	0.0
Total operating income (loss) excluding net realized capital gains (losses)	24	74	(67.6)	(7)	NM
Net realized capital gains (losses) (11)	(76)	(38)	NM	(2)	NM
<b>Total operating income (loss)</b>	<b>\$ (52)</b>	<b>\$ 36</b>	<b>NM %</b>	<b>\$ (9)</b>	<b>NM %</b>

(See Accompanying Notes on Page 60)

## American International Group, Inc.

### Consumer Finance Other Data

(dollars in millions)

	Three Months Ended / As of				
	March 31, 2008	March 31, 2007	Sequential % Chg	Dec. 31, 2007	Sequential % Chg
<b>American General Finance</b>					
Receivables(12):					
Real Estate	\$ 20,270	\$ 18,942	7.0 %	\$ 19,452	4.2 %
Non Real Estate	4,169	3,580	16.5	3,895	7.0
Retail Sales Finance	2,223	1,893	17.4	2,166	2.6
Total receivables	<u>26,662</u>	<u>24,415</u>	9.2	<u>25,513</u>	4.5
Allowance for loan losses	<u>(680)</u>	<u>(486)</u>	39.9	<u>(602)</u>	13.0
<b>Net Receivables</b>	<u>\$ 25,982</u>	<u>\$ 23,929</u>	8.6 %	<u>\$ 24,911</u>	4.3 %
Credit Ratios:					
Delinquencies - 60+:					
Real Estate	2.99 %	1.83 %		2.64 %	
Non Real Estate	4.09	3.34		4.12	
Retail Sales Finance	2.29	1.66		2.23	
Total Delinquencies - 60+	3.11	2.05		2.84	
Net Charge-off:					
Real Estate	0.68	0.33		0.67	
Non Real Estate	5.04	3.93		4.94	
Retail Sales Finance	2.89	1.90		2.63	
Total Net Charge-off	1.53	0.97		1.47	
Allowance for loan losses	2.55 %	1.99 %		2.36 %	
<b>AIG Consumer Finance Group, Inc.</b>					
Total receivables	\$ 5,166	\$ 3,733	38.4 %	\$ 4,819	7.2 %
Allowance for loan losses	<u>(289)</u>	<u>(198)</u>	46.0	<u>(264)</u>	9.5
<b>Net Receivables</b>	<u>\$ 4,877</u>	<u>\$ 3,535</u>	38.0 %	<u>\$ 4,555</u>	7.1 %
<b>AIG Federal Savings Bank</b>					
Total receivables	\$ 143	\$ 150	(4.7) %	\$ 137	4.4 %
Allowance for loan losses	<u>(2)</u>	<u>(1)</u>	100.0	<u>(1)</u>	100.0
<b>Net Receivables</b>	<u>141</u>	<u>149</u>	(5.4)	<u>136</u>	3.7
<b>Total Net Receivables (13)</b>	<u>\$ 31,000</u>	<u>\$ 27,613</u>	12.3 %	<u>\$ 29,602</u>	4.7 %

(See Accompanying Notes on Page 60)

# American International Group, Inc.

## Financial Services

### Notes

- (1) Includes net unrealized market valuation gains of \$130 million and \$270 million for the three months ended March 31, 2008 and December 31, 2007, respectively, related to certain credit default swaps and embedded credit derivatives in credit-linked notes.
- (2) Includes unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio.
- (3) The three months ended March 31, 2007 includes a pre-tax charge of \$128 million in connection with domestic consumer finance's mortgage banking activities and a recovery of \$65 million from a favorable out of court settlement.
- (4) Includes the gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. These amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings.
- (5) The three months ended December 31, 2007 includes an out of period charge of \$51 million.
- (6) Represents an other-than-temporary impairment charge on Capital Markets' available for sale investment securities. These amounts are reported in other income on AIG's consolidated statement of income and are excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.
- (7) Net realized capital gains (losses) are as follows;

(in millions)	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
Aircraft Leasing	\$(51)	\$(29)	\$-
Consumer Finance	(76)	(38)	(2)
Other	(24)	-	(28)
<b>Total</b>	<b>\$(151)</b>	<b>\$(67)</b>	<b>\$(30)</b>

These amounts result primarily from the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. In second quarter 2007, AGF and ILFC began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated with their floating rate and foreign currency denominated borrowings.

- (8) In fleet includes 9 finance leases.
- (9) ILFC has a cancellation option in 2010 on the 10 A380 firm orders.
- (10) Subsequent to March 31, 2008, Boeing informed ILFC that the original 787 deliveries running from 2010 – 2017 would be delayed by an average in excess of 27 months per aircraft.
- (11) Includes the effect of hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. For the three months ended March 31, 2008 and 2007 and December 31, 2007, the effect was \$(46) million, \$(36) million and \$1 million, respectively. The amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of borrowings. In second quarter 2007, AGF began applying hedge accounting to most of their derivatives hedging interest rate and foreign exchange risks associated their floating rate and foreign currency denominated borrowings.
- (12) Effective February 29, 2008, AGF purchased a portion of Equity One, Inc.'s consumer finance receivable portfolio consisting of \$1.0 billion of real estate loans, \$290 million of non-real estate loans and \$156 million of retail sales finance receivables.
- (13) Total net receivables exclude finance receivables held for sale of \$80 million, \$983 million and \$233 million at March 31, 2008 and 2007 and December 31, 2007, respectively.

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

	Three Months Ended				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Revenues:</b>					
Guaranteed investment contracts (3) (4)	\$ 371	\$ 917	(59.5) %	\$ 515	(28.0) %
Matched investment program	142	118	20.3	196	(27.6)
Institutional asset management (5)	607	429	41.5	895	(32.2)
Brokerage service and mutual funds	74	78	(5.1)	79	(6.3)
Other asset management (6)	62	147	(57.8)	71	(12.7)
<b>Total excluding net realized capital gains (losses)</b>	<u>1,256</u>	<u>1,689</u>	(25.6)	<u>1,756</u>	(28.5)
Net realized capital gains (losses) (7) (8)	(1,405)	(20)	NM	(1,100)	NM
<b>Total revenues</b>	<u>\$ (149)</u>	<u>\$ 1,669</u>	NM %	<u>\$ 656</u>	NM %
<b>Operating income (loss):</b>					
Guaranteed investment contracts (3) (4)	\$ 51	\$ 485	(89.5) %	\$ 143	(64.3) %
Matched investment program (9)	20	26	(23.1)	1	NM
Institutional asset management (5) (10)	5	97	(94.8)	221	(97.7)
Brokerage service and mutual funds	19	26	(26.9)	26	(26.9)
Other asset management (6)	59	144	(59.0)	67	(11.9)
<b>Total excluding net realized capital gains (losses)</b>	<u>154</u>	<u>778</u>	(80.2)	<u>458</u>	(66.4)
Net realized capital gains (losses) (7) (8)	(1,405)	(20)	NM	(1,100)	NM
<b>Total operating income (loss)</b>	<u>\$ (1,251)</u>	<u>\$ 758</u>	NM %	<u>\$ (642)</u>	NM %

(See Accompanying Notes on Page 63)

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

	Three Months Ended / As of				
	March 31, 2008	March 31, 2007	% Chg	Dec. 31, 2007	Sequential % Chg
<b>Guaranteed Investment Contracts:</b>					
<b>Reserves</b>	\$ <u>23,621</u>	\$ <u>29,190</u>	(19.1) %	\$ <u>25,294</u>	(6.6) %
<b>Spread Information</b>					
Base investment income	\$ 320	\$ 430	(25.6) %	\$ 348	(8.0) %
Partnerships (4)	45	462	(90.3)	143	(68.5)
Other enhancements	<u>6</u>	<u>25</u>	(76.0)	<u>24</u>	(75.0)
<b>Total net investment income</b>	<u>\$ 371</u>	<u>\$ 917</u>	(59.5) %	<u>\$ 515</u>	(28.0) %
Base yield	5.56%	5.85%		5.74%	
Partnerships (11)	-0.27%	4.74%		1.09%	
Other enhancements (12)	<u>0.11%</u>	<u>0.33%</u>		<u>0.39%</u>	
<b>Total</b>	5.40%	10.92%		7.22%	
<b>Spread Data Without Hedge Accounting (13)</b>					
Cost of funds (13)	5.01%	5.50%		5.56%	
Net spread rate, as reported (13)	0.39%	5.42%		1.66%	
Net spread rate excluding partnerships and other enhancements (13)	0.55%	0.35%		0.18%	
<b>Spread Data Assuming Hedge Accounting (14)</b>					
Cost of funds with effect of economic hedges (14)	4.67%	4.99%		5.11%	
Net spread rate with effect of economic hedges (14)	0.73%	5.93%		2.11%	
Net economic spread rate excluding partnerships and other enhancements (14)	0.89%	0.86%		0.63%	
<hr/>					
<b>Matched Investment Program</b>					
Securities issuance	\$ 0	\$ 2,147	NM %	\$ 1,257	NM %
Notes and bonds payable	\$ 15,080	\$ 7,672	96.6 %	\$ 14,267	5.7 %

(See Accompanying Notes on Page 63)



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

- (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$91.4 billion, \$76.5 billion and \$94.2 billion at March 31, 2008 and 2007 and December 31 2007, respectively.
- (2) In order to better align financial reporting with the manner in which AIG's chief operating decision makers manage their businesses, beginning in fourth quarter 2007, the effect of consolidating managed partnerships and funds, which were historically reported in the Asset Management segment, are now being reported in the Consolidation and elimination adjustments category. Prior period amounts have been revised to conform to the current presentation.
- (3) The Matched Investment Program has replaced the GIC program, which is in runoff, as AIG's principal spread-based investment activity.
- (4) The three months ended March 31, 2007 includes a distribution from a single partnership of \$164 million, which became available after a five-year restriction on capital withdrawal.
- (5) Includes AIG Investments and certain smaller asset management operations.
- (6) Consists primarily of SunAmerica Inc. partnerships.
- (7) Net realized capital gains (losses) are as follows;

(in millions)	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
Spread Based Investment Business - GIC	\$(372)	\$(30)	\$(464)
Spread Based Investment Business - MIP	(950)	10	(528)
Institutional Asset Management	(83)	-	(108)
Total	\$(1,405)	\$(20)	\$(1,100)

The net realized capital losses for the Guaranteed Investment Contracts and the Matched Investment Program in both the three month periods ending March 31, 2008 and December 31, 2007, were primarily due to (a) other-than-temporary impairments on fixed income investments (b) foreign exchange, interest rate and credit related mark to market losses on derivative instruments that while economically hedged did not qualify for hedge accounting treatment and (c) the impact of foreign exchange movements on foreign denominated GIC reserves. For the three month periods ending March 31, 2008 and December 31, 2007, other-than-temporary impairments on fixed income investments were \$(539) million and \$(321) million for the GIC business and \$(494) million and \$(346) million for the MIP, respectively.

- (8) Includes \$(74) million, \$0 and \$(108) million of net realized capital gains (losses) on derivatives for Institutional Asset Management in the three months ended March 31, 2008 and 2007 and December 31, 2007. These net realized capital gains (losses) relate to interest rate hedges on warehoused investment financing that are not eligible for hedge accounting treatment.
- (9) The three months ended March 31, 2008 and December 31, 2007 include \$16 million and \$23 million, respectively, of lower of cost or market adjustments on bank loans held for sale.
- (10) Includes \$8 million in distribution expenses related to the launch of several new investment products in the three months ended December 31, 2007, and \$(18) million, \$(12) million and \$22 million in gains (losses) in the three months ended March 31, 2008 and 2007 and December 31, 2007, respectively, due to carrying warehoused investments. These gains (losses) include operating income or losses as well as the costs of funding these investments.
- (11) Includes incremental effect to base yields of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (12) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (13) 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).
- (14) 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		
	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>Other before net realized capital gains (losses):</b>			
Equity earnings in partially owned companies	\$ 8	\$ 41	\$ 29
Interest expense	(368)	(252)	(354)
Unallocated corporate expenses (1)	(93)	(172)	(51)
Other miscellaneous, net	(50)	(38)	(24)
Subtotal (2)	(503)	(421)	(400)
<b>Other net realized capital gains (losses)</b>	(265)	(49)	(183)
<b>Total other - net</b>	\$ (768)	\$ (470)	\$ (583)
<b>Consolidation and elimination adjustments:</b>			
<b>Before net realized capital gains (losses)</b>			
FAS 133 (3)	\$ (356)	\$ (230)	\$ (340)
Income from consolidated managed partnerships & funds (2) (4)	41	246	189
All other (2)	(38)	(2)	12
Subtotal	(353)	14	(139)
<b>Net realized capital gains (losses)</b>			
Reclassification of FAS 133 to other (5)	366	230	185
All other eliminations	8	(29)	(35)
Subtotal	374	201	150
<b>Total consolidation and elimination adjustments</b>	\$ 21	\$ 215	\$ 11

- Note: (1) Includes expenses of corporate staff not attributable to specific business segments, expenses related to efforts to improve internal controls, corporate initiatives and certain compensation plan expenses.
- (2) Components of adjusted net income (loss).
- (3) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.
- (4) Includes the income from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income is offset in minority interest expense, which is not a component of operating income, on the consolidated statement of income (loss). In order to better align financial reporting with the manner in which AIG's chief operating decision makers manage their businesses, beginning in fourth quarter 2007, the effect of consolidating managed partnerships and funds, which were historically reported as a component of the Asset Management segment, are now being reported in Other. Prior period amounts have been revised to conform to the current presentation.
- (5) Represents the elimination of net realized capital gains (losses) reported in the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Managements segments and in AIG's Other category from intercompany hedging activities and the reclassification of the related foreign exchange rates on economically hedged exposures.

# American International Group, Inc.

## Consolidated Net Realized Capital Gains (Losses)

(dollars in millions)

	Three Months Ended		
	March 31, 2008	March 31, 2007	Dec. 31 2007
<b>General Insurance</b>			
Sales of fixed maturities	\$ (7)	\$ (1)	\$ 13
Sales of equity securities	(36)	105	66
Sales of real estate and other assets	6	45	-
Foreign exchange transactions (1)	(59)	21	(56)
Derivative instruments	(22)	(3)	(7)
Other-than-temporary impairments	(155)	(46)	(111)
<b>Total General Insurance</b>	<u>(273)</u>	<u>121</u>	<u>(95)</u>
<b>Life Insurance &amp; Retirement Services</b>			
Sales of fixed maturities	(3)	18	(4)
Sales of equity securities	100	44	290
Sales of real estate and other assets	(124)	74	(25)
Foreign exchange transactions (1)	(40)	123	115
Derivative instruments	90	(123)	(15)
Other-than-temporary impairments	(4,392)	(392)	(1,733)
<b>Total Life Insurance &amp; Retirement Services</b>	<u>(4,369)</u>	<u>(256)</u>	<u>(1,372)</u>
<b>Financial Services</b>			
Sales of fixed maturities	-	(1)	-
Sales of equity securities	-	-	-
Sales of real estate and other assets	(8)	7	(5)
Foreign exchange transactions (1)	7	(99)	2
Derivative instruments	(138)	26	(23)
Other-than-temporary impairments (2)	(12)	-	(647)
<b>Total Financial Services</b>	<u>(151)</u>	<u>(67)</u>	<u>(673)</u>
<b>Asset Management</b>			
Sales of fixed maturities	32	24	(18)
Sales of equity securities	16	9	22
Sales of real estate and other assets	(8)	21	17
Foreign exchange transactions (1)	(340)	(63)	(153)
Derivative instruments	(72)	18	(301)
Other-than-temporary impairments	(1,033)	(29)	(667)
<b>Total Asset Management</b>	<u>(1,405)</u>	<u>(20)</u>	<u>(1,100)</u>
<b>Other</b>			
Sales of fixed maturities	-	1	(4)
Sales of equity securities	-	-	1
Sales of real estate and other assets	5	(2)	69
Foreign exchange transactions (1)	(94)	(36)	(31)
Derivative instruments	(175)	(12)	(89)
Other-than-temporary impairments	(1)	-	(129)
<b>Total Other</b>	<u>(265)</u>	<u>(49)</u>	<u>(183)</u>
<b>Reclassifications and Eliminations</b>			
Sales of fixed maturities	(3)	-	117
Sales of equity securities	-	-	-
Sales of real estate and other assets	(18)	(10)	(144)
Foreign exchange transactions (1)	(138)	190	(52)
Derivative instruments	533	21	229
Capital Markets other-than-temporary impairments (2)	-	-	643
<b>Total Reclassifications and Eliminations</b>	<u>374</u>	<u>201</u>	<u>793</u>
<b>Net Realized Capital Gains (Losses)</b>			
Sales of fixed maturities	19	41	104
Sales of equity securities	80	158	379
Sales of real estate and other assets	(147)	135	(88)
Foreign exchange transactions (1)	(664)	136	(175)
Derivative instruments	216	(73)	(206)
Other-than-temporary impairments	(5,593)	(467)	(2,644)
<b>Total Net Realized Capital Gains (Losses)</b>	<u>\$ (6,089)</u>	<u>\$ (70)</u>	<u>\$ (2,630)</u>

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

(2) The three months ended December 31, 2007 include an other-than temporary impairment charge of \$643 million on Capital Markets' available for sale investment securities. These amounts are reported in other income on AIG's consolidated statement of income (loss) and are excluded from adjusted net income (loss) on AIG's consolidated statement of segment operations.

# American International Group, Inc.

## Cash and Invested Assets

March 31, 2008

(dollars in millions)

	<u>General Insurance</u>	<u>Life Insurance &amp; Retirement Services</u>	<u>Financial Services</u>	<u>Asset Management</u>	<u>Other</u>	<u>Total Company</u>	<u>Percent of Total</u>
Fixed maturities:							
Bonds available for sale, at fair value	\$ 73,110	\$ 296,442	\$ 1,386	\$ 24,549	\$ 0	\$ 395,487	46.4 %
Bonds held to maturity, at amortized cost	21,344	1	0	221	0	21,566	2.5
Bond trading securities, at fair value	0	9,340	0	35	0	9,375	1.1
Equity securities:							
Common stocks available for sale, at fair value	4,669	10,896	0	483	74	16,122	1.9
Common and preferred stocks trading, at fair value	301	21,341	0	29	0	21,671	2.6
Preferred stocks available for sale, at fair value	1,952	491	8	0	0	2,451	0.3
Mortgage loans on real estate, net of allowance	11	15,043	145	4,290	0	19,489	2.3
Policy loans	1	8,397	2	48	(9)	8,439	1.0
Collateral and guaranteed loans, net of allowance	1	871	963	1,255	49	3,139	0.4
Other loans receivable, net of allowance	3	1,559	0	1,739	5	3,306	0.4
Investment income due and accrued	1,337	5,036	27	298	(2)	6,696	0.8
Real estate, net of accumulated depreciation	348	1,013	20	94	226	1,701	0.2
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	42,832	0	0	42,832	5.0
Securities available for sale, at fair value	0	0	1,096	0	0	1,096	0.1
Trading securities, at fair value	0	0	35,998	0	0	35,998	4.2
Spot commodities, at fair value	0	0	728	0	0	728	0.1
Unrealized gain on swaps, options and forward transactions, at fair value	0	0	21,376	0	(778)	20,598	2.4
Trade receivables	0	0	8,896	0	0	8,896	1.0
Securities purchased under agreements to resell, at fair value,	0	0	19,708	0	0	19,708	2.3
Finance receivables, net of allowance	0	5	32,596	0	0	32,601	3.8
Securities lending invested collateral, at fair value	5,381	50,201	146	8,533	0	64,261	7.6
Other invested assets	12,196	19,599	3,843	18,028	7,525	61,191	7.2
Short-term investments	8,552	30,902	5,878	5,435	1,531	52,298	6.1
Cash	478	1,062	378	293	278	2,489	0.3
<b>Total cash and invested assets</b>	<b>\$ 129,684</b>	<b>\$ 472,199</b>	<b>\$ 176,026</b>	<b>\$ 65,330</b>	<b>\$ 8,899</b>	<b>\$ 852,138</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>15.2%</b>	<b>55.4%</b>	<b>20.7%</b>	<b>7.7%</b>	<b>1.0%</b>	<b>100.0%</b>	

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

(dollars in millions)

	March 31, 2008			Percent of Total	December 31, 2007			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at fair value	\$ 53,421	\$ 19,689	\$ 73,110	56.4 %	\$ 54,583	\$ 19,474	\$ 74,057	57.1 %
Bonds held to maturity, at amortized cost	21,161	183	21,344	16.5	21,176	179	21,355	16.5
Bond trading securities, at fair value	0	0	0	0.0	0	0	0	0.0
Equity securities:								
Common stocks available for sale, at fair value	3,751	918	4,669	3.6	4,509	1,090	5,599	4.3
Common and preferred stocks trading, at fair value	301	0	301	0.2	321	0	321	0.2
Preferred stocks available for sale, at fair value	1,950	2	1,952	1.5	1,883	2	1,885	1.5
Mortgage loans on real estate, net of allowance	8	3	11	0.0	8	3	11	0.0
Policy loans	0	1	1	0.0	0	1	1	0.0
Collateral and guaranteed loans, net of allowance	0	1	1	0.0	0	1	1	0.0
Other loans receivable, net of allowance	3	0	3	0.0	0	0	0	0.0
Investment income due and accrued	995	342	1,337	1.0	1,042	389	1,431	1.1
Real estate, net of accumulated depreciation	45	303	348	0.3	46	303	349	0.3
Financial services assets:								
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0	0	0	0	0.0
Securities available for sale, at fair value	0	0	0	0.0	0	0	0	0.0
Trading securities, at fair value	0	0	0	0.0	0	0	0	0.0
Spot commodities, at fair value	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps, options and forward transactions, at fair value	0	0	0	0.0	0	0	0	0.0
Trade receivables	0	0	0	0.0	0	0	0	0.0
Securities purchased under agreements to resell, at fair value	0	0	0	0.0	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0	0	0	0	0.0
Securities lending invested collateral, at fair value	2,605	2,776	5,381	4.1	2,552	2,479	5,031	3.9
Other invested assets	10,219	1,977	12,196	9.4	9,996	1,899	11,895	9.2
Short-term investments	3,255	5,297	8,552	6.6	2,405	4,951	7,356	5.7
Cash	291	187	478	0.4	281	216	497	0.2
<b>Total cash and invested assets</b>	<b>\$ 98,005</b>	<b>\$ 31,679</b>	<b>\$ 129,684</b>	<b>100.0 %</b>	<b>\$ 98,802</b>	<b>\$ 30,987</b>	<b>\$ 129,789</b>	<b>100.0 %</b>
<b>Percent of total company</b>	11.5%	3.7%	<b>15.2%</b>		11.5%	3.6%	<b>15.1%</b>	
<b>Return on average invested assets</b>			<b>3.7%</b>				<b>5.0%</b>	
<b>Return on average invested assets excluding securities lending collateral</b>			<b>3.9%</b>				<b>5.2%</b>	

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

(dollars in millions)

	March 31, 2008			Percent of Total	December 31, 2007			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at fair value	\$ 122,066	\$ 174,376	\$ 296,442	62.8 %	\$ 127,839	\$ 166,323	\$ 294,162	62.5 %
Bonds held to maturity, at amortized cost	0	1	1	0.0	0	1	1	0.0
Bond trading securities, at fair value	325	9,015	9,340	2.0	423	9,525	9,948	2.1
Equity securities:								
Common stocks available for sale, at fair value	137	10,759	10,896	2.3	170	11,446	11,616	2.5
Common and preferred stocks trading, at fair value	547	20,794	21,341	4.5	594	20,432	21,026	4.5
Preferred stocks available for sale, at fair value	251	240	491	0.1	250	227	477	0.1
Mortgage loans on real estate, net of allowance	11,460	3,583	15,043	3.2	11,447	3,261	14,708	3.1
Policy loans	3,002	5,395	8,397	1.8	3,012	5,045	8,057	1.7
Collateral and guaranteed loans, net of allowance	291	580	871	0.2	289	492	781	0.2
Other loans receivable, net of allowance	996	563	1,559	0.3	770	535	1,305	0.3
Investment income due and accrued	1,855	3,181	5,036	1.1	1,762	2,966	4,728	1.0
Real estate, net of accumulated depreciation	113	900	1,013	0.2	114	862	976	0.2
Financial services assets:								
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0	0	0	0	0.0
Securities available for sale, at fair value	0	0	0	0.0	0	0	0	0.0
Trading securities, at fair value	0	0	0	0.0	0	0	0	0.0
Spot commodities, at fair value	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps, options and 1 forward transactions, at fair value	0	0	0	0.0	0	0	0	0.0
Trade receivables	0	0	0	0.0	0	0	0	0.0
Securities purchased under agreements to resell, at fair value	0	0	0	0.0	0	0	0	0.0
Finance receivables, net of allowance	0	5	5	0.0	0	5	5	0.0
Securities lending invested collateral, at fair value	43,008	7,193	50,201	10.6	49,527	7,944	57,471	12.2
Other invested assets	9,597	10,002	19,599	4.2	9,877	9,138	19,015	4.0
Short-term investments	9,027	21,875	30,902	6.5	3,329	21,907	25,236	5.4
Cash	71	991	1,062	0.2	70	930	1,000	0.2
<b>Total cash and invested assets</b>	<b>\$ 202,746</b>	<b>\$ 269,453</b>	<b>\$ 472,199</b>	<b>100.0 %</b>	<b>\$ 209,473</b>	<b>\$ 261,039</b>	<b>\$ 470,512</b>	<b>100.0 %</b>
<b>Percent of total company</b>	23.8%	31.6%	<b>55.4%</b>		24.3%	30.3%	<b>54.6%</b>	
<b>Return on average invested assets</b>			<b>3.2%</b>				<b>5.0%</b>	
<b>Return on average invested assets excluding securities lending collateral</b>			<b>3.6%</b>				<b>5.6%</b>	

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

(dollars in millions)

	March 31, 2008					Percent of Total
	Aircraft Leasing	Capital Markets	Consumer Finance	Other Financial Services	Total	
Fixed maturities:						
Bonds available for sale, at fair value	\$ 0	\$ 0	\$ 1,386	\$ 0	\$ 1,386	0.8 %
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	138	7	145	0.1
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans, net of allowance	153	810	0	0	963	0.5
Other loans receivable, net of allowance	0	0	0	0	0	0.0
Investment income due and accrued	3	0	19	5	27	0.0
Real estate, net of accumulated depreciation	0	0	20	0	20	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	42,832	0	0	0	42,832	24.4
Securities available for sale, at fair value	1	0	583	512	1,096	0.6
Trading securities, at fair value	0	35,998	0	0	35,998	20.5
Spot commodities, at fair value	0	728	0	0	728	0.4
Unrealized gain on swaps, options and forward transactions, at fair value	0	21,376	0	0	21,376	12.1
Trade receivables	0	8,896	0	0	8,896	5.1
Securities purchased under agreements to resell, at fair value	0	19,708	0	0	19,708	11.2
Finance receivables, net of allowance	303	0	31,079	1,214	32,596	18.5
Securities lending invested collateral, at fair value	0	0	146	0	146	0.1
Other invested assets	0	3,552	285	6	3,843	2.2
Short-term investments	120	4,436	1,161	161	5,878	3.3
Cash	17	37	257	67	378	0.2
<b>Total cash and invested assets</b>	<b>\$ 43,429</b>	<b>\$ 95,541</b>	<b>\$ 35,084</b>	<b>\$ 1,972</b>	<b>\$ 176,026</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>5.1%</b>	<b>11.3%</b>	<b>4.1%</b>	<b>0.2%</b>	<b>20.7%</b>	

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

	<u>March 31,</u> <u>2008</u>	<u>Dec. 31,</u> <u>2007</u>	<u>% chg</u>	
<b>Domestic General Insurance</b>				
Partnerships (1)	\$ 7,476	\$ 7,416	0.8	%
Mutual Funds	259	294	(12.1)	
Real Estate	-	-	NM	
All Other	2,484	2,286	8.7	
Total Domestic General Insurance	<u>10,219</u>	<u>9,996</u>	2.2	
<b>Foreign General Insurance</b>				
Partnerships (1)	954	877	8.7	
Mutual Funds	808	857	(5.7)	
Real Estate	153	150	2.2	
All Other	62	15	313.0	
Total Foreign General Insurance	<u>1,977</u>	<u>1,899</u>	4.1	
<b>Domestic Life Insurance</b>				
Partnerships (1)	1,094	976	12.1	
Mutual Funds	82	83	(1.6)	
Real Estate	103	115	(10.5)	
All Other	705	727	(3.0)	
Total Domestic Life Insurance	<u>1,984</u>	<u>1,901</u>	4.4	
<b>Domestic Retirement Services</b>				
Partnerships (1)	6,170	6,482	(4.8)	
Mutual Funds	21	12	73.9	
Real Estate	87	86	1.0	
All Other	1,335	1,396	(4.4)	
Total Domestic Retirement Services	<u>7,613</u>	<u>7,976</u>	(4.6)	
<b>Foreign Life Insurance &amp; Retirement Services</b>				
Partnerships (1)	1,747	1,589	9.9	
Mutual Funds	3,152	3,027	4.1	
Real Estate	2,717	2,566	5.9	
All Other	2,386	1,956	22.0	
Total Foreign Life Insurance & Retirement Services	<u>10,002</u>	<u>9,138</u>	9.5	
<b>Asset Management</b>				
Partnerships (1)	9,943	9,669	2.8	
Mutual Funds	-	-	NM	
Real Estate	7,437	6,960	6.9	
All Other	648	632	2.5	
Total Asset Management	<u>18,028</u>	<u>17,261</u>	4.4	
<b>Financial Services and Other</b>				
Partnerships (1)	2,058	1,929	6.7	
Mutual Funds	735	618	18.9	
Real Estate	-	-	NM	
All Other	1,531	1,491	2.7	
Total Financial Services and Other	<u>4,324</u>	<u>4,038</u>	7.1	
Consolidated Managed Partnerships & Funds (2)	7,044	6,614	6.5	
<b>Total AIG Other Invested Assets</b>				
Partnerships (1)	29,442	28,938	1.7	
Mutual Funds	5,057	4,891	3.4	
Real Estate	10,497	9,877	6.3	
All Other (3)	9,151	8,503	7.6	
Consolidated Managed Partnerships & Funds (2)	<u>7,044</u>	<u>6,614</u>	6.5	
Total AIG Other Invested Assets	<u>\$ 61,191</u>	<u>\$ 58,823</u>	4.0	%

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

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

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



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

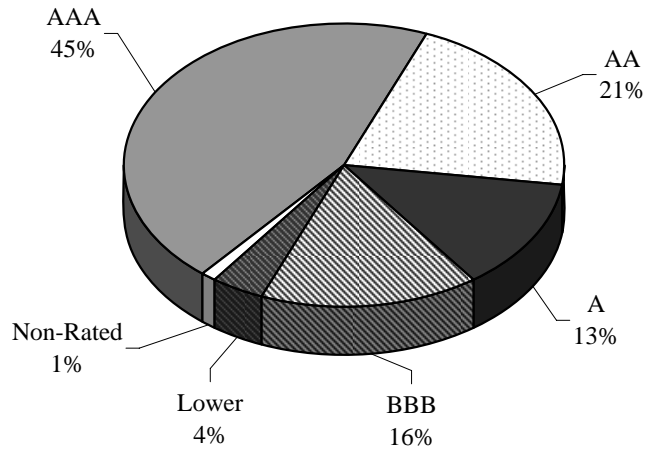
(dollars in millions)

	Three Months Ended								
	March 31, 2008			March 31, 2007			December 31, 2007		
	Partnership Income	Partnership Assets (1)	Return on Average Assets (2)	Partnership Income	Partnership Assets (1)	Return on Average Assets (2)	Partnership Income	Partnership Assets (1)	Return on Average Assets (2)
<b>General Insurance</b>									
Domestic General Insurance	\$ 39	\$ 7,476	2.1 %	\$ 345	\$ 5,854	24.8 %	\$ 277	\$ 7,416	15.6 %
Foreign General Insurance	27	954	11.8	30	637	16.9	30	877	13.9
Total General Insurance	66	8,430	3.2	375	6,491	23.9	307	8,293	15.5
<b>Life Insurance &amp; Retirement Services</b>									
Domestic Life Insurance	27	1,094	10.4	(6)	546	(4.9)	10	976	4.5
Domestic Retirement Services	11	6,170	0.7	130	4,751	11.6	183	6,482	11.7
Foreign Life Insurance & Retirement Services	2	1,747	0.5	48	1,158	16.7	42	1,589	11.1
Total Life Insurance & Retirement Services	40	9,011	1.8	172	6,455	11.2	235	9,047	10.9
<b>Asset Management</b>	94	9,943	3.8	656	9,440	28.4	360	9,669	15.1
<b>Financial Services and Other</b>	(3)	2,058	(0.6)	12	1,117	5.3	31	1,929	6.5
<b>Total excluding Consolidated Managed Partnerships and Funds</b>	<b>197</b>	<b>29,442</b>	<b>2.7 %</b>	<b>1,215</b>	<b>23,503</b>	<b>21.5 %</b>	<b>933</b>	<b>28,938</b>	<b>13.3 %</b>
<b>Consolidated Managed Partnerships and Funds (3)</b>	127	7,044		156	3,053		494	6,614	
<b>Total</b>	<b>\$ 324</b>	<b>\$ 36,486</b>		<b>\$ 1,371</b>	<b>\$ 26,556</b>		<b>\$ 1,427</b>	<b>\$ 35,552</b>	

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

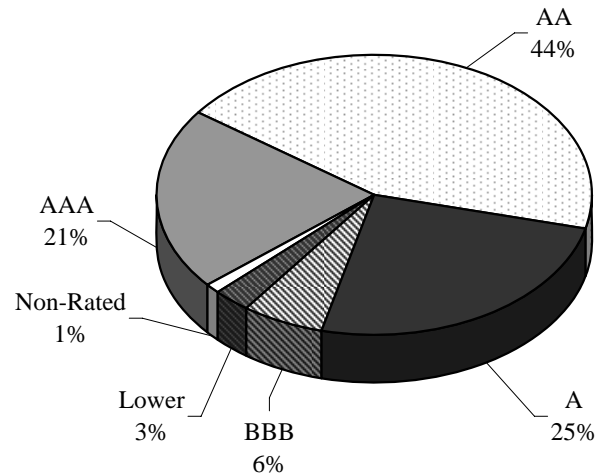
**American International Group, Inc.**  
**Worldwide Insurance and Asset Management**  
**Bond Portfolio**  
 March 31, 2008

**Total Domestic Bond Portfolio Ratings**



**Domestic Bonds (2)**  
**\$270.2 billion**

**Total Foreign Bond Portfolio Ratings (1)**



**Foreign Bonds (2)**  
**\$211.6 billion**

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

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

March 31, 2008

**Domestic General Insurance**

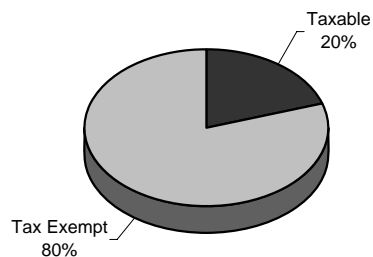
**Bond Ratings**

AAA.....	68.2%
AA.....	26.3%
A.....	4.6%
BBB.....	0.6%
Non-Rated.....	0.1%
Lower.....	0.2%

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

**Bond Ratings**

AAA.....	36.8%
AA.....	18.5%
A.....	17.0%
BBB.....	21.7%
Non-Rated.....	0.1%
Lower.....	5.9%



Domestic Life Insurance &  
Retirement Services and  
Asset Management Bonds \*  
\$193.1 billion

Domestic General Insurance Bonds \*  
\$77.1 billion

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

**American International Group, Inc. (Excludes AIGFP)**  
**Asset-Backed Securities and Collateralized Debt Obligations that Include Residential Mortgages**  
**March 31, 2008**  
(dollars in millions)

	Asset Class			Total Amortized Cost
	RMBS	CMBS	CDO/ABS	
<b>Rating</b>				
AAA	\$ 74,352	\$ 17,963	\$ 5,617	\$ 97,932
AA	4,727	2,923	1,351	9,001
A	1,512	1,870	3,026	6,408
BBB and below	1,734	278	1,547	3,559
<b>Total</b>	<u>\$ 82,325</u>	<u>\$ 23,034</u>	<u>\$ 11,541</u>	<u>\$ 116,900</u>

Collateral Type	
U.S. agencies	\$ 14,541
Prime non-agency	18,671
Alt-A	23,701
Other housing related	3,769
Subprime	21,643
<b>Total</b>	<u>\$ 82,325</u>

	Year of Vintage						Total Amortized Cost
	Prior	2004	2005	2006	2007	2008	
<b>Subprime Mortgages</b>							
<b>Rating</b>							
AAA	\$ 511	\$ 463	\$ 5,242	\$ 8,129	\$ 4,555	-	\$ 18,900
AA	41	101	280	899	334	-	1,655
A	86	98	92	165	19	-	460
BBB and below	3	80	28	512	5	-	628
<b>Total</b>	<u>\$ 641</u>	<u>\$ 742</u>	<u>\$ 5,642</u>	<u>\$ 9,705</u>	<u>\$ 4,913</u>	<u>\$ -</u>	<u>\$ 21,643</u>

**American International Group, Inc. (Excludes AIGFP)**  
**Commercial Mortgage-Backed Securities**

March 31, 2008  
(dollars in millions)

<b>CMBS Portfolio</b>		
<b>Description</b>	<b>Amortized Cost</b>	<b>Percentage</b>
CMBS (traditional)	\$ 20,358	89%
ReRemic / CRE CDO	1,940	8%
Agency	256	1%
Other	480	2%
Total	\$ 23,034	100%

<b>CMBS by Rating</b>	
<b>Rating</b>	<b>Percentage</b>
AAA	78%
AA	13%
A	8%
BBB and below	1%
Total	100%

<b>CMBS by Vintage</b>	
<b>Year of Vintage</b>	<b>Percentage</b>
2007	23%
2006	14%
2005	19%
2004	16%
Prior	28%
Total	100%

<b>CMBS by Geographic Region</b>	
<b>Geographic Region</b>	<b>Percentage</b>
New York	17%
California	15%
Texas	7%
Florida	6%
Virginia	4%
Illinois	4%
New Jersey	3%
Pennsylvania	3%
Georgia	3%
Massachusetts	3%
All Other	35%
Total	100%

## 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), the effect of FIN 46(R), the effect of EITF 04-5, the effect of FAS 133, the effect of trading account losses, the effect of remediation activities, the effect of change in actuarial estimate, the effect of expenses of industry wide reviews and the effect of catastrophe-related losses.

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

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

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

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

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