



American International Group, Inc.

Financial Supplement

Second Quarter 2008

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 filed with the Securities and Exchange Commission.

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Revenues:								
Premiums and other considerations	\$ 21,735	\$ 19,533	11.3 %	\$ 20,672	5.1 %	\$ 42,407	\$ 39,175	8.3 %
Net investment income	6,728	7,853	(14.3)	4,954	35.8	11,682	14,977	(22.0)
Net realized capital gains (losses) (1) (2)	(6,081)	(28)	NM	(6,089)	NM	(12,170)	(98)	NM
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(5,565)	-	NM	(9,107)	NM	(14,672)	-	NM
Other income (1)	3,116	3,792	(17.8)	3,601	(13.5)	6,717	7,741	(13.2)
Total revenues (1)	<u>19,933</u>	<u>31,150</u>	(36.0)	<u>14,031</u>	42.1	<u>33,964</u>	<u>61,795</u>	(45.0)
Benefits and expenses:								
Incurred policy losses and benefits	18,450	16,221	13.7	15,882	16.2	34,332	32,367	6.1
Insurance acquisition and other operating expenses	10,239	8,601	19.0	9,413	8.8	19,652	16,928	16.1
Total benefits and expenses	<u>28,689</u>	<u>24,822</u>	15.6	<u>25,295</u>	13.4	<u>53,984</u>	<u>49,295</u>	9.5
Income (loss) before income taxes (benefits) and minority interest	(8,756)	6,328	NM	(11,264)	NM	(20,020)	12,500	NM
Income taxes (benefits) (3)	(3,357)	1,679	NM	(3,537)	NM	(6,894)	3,405	NM
Income (loss) before minority interest	(5,399)	4,649	NM	(7,727)	NM	(13,126)	9,095	NM
Minority interest	42	(372)	NM	(78)	NM	(36)	(688)	NM
Net income (loss)	<u>\$ (5,357)</u>	<u>\$ 4,277</u>	NM %	<u>\$ (7,805)</u>	NM %	<u>\$ (13,162)</u>	<u>\$ 8,407</u>	NM %
Earnings (loss) per common share:								
Basic	\$ (2.06)	\$ 1.64	NM %	\$ (3.09)	NM %	\$ (5.11)	\$ 3.22	NM %
Diluted	(2.06)	1.64	NM	(3.09)	NM	(5.11)	3.21	NM
Dividends declared per common share	\$ 0.220	\$ 0.200	10.0 %	\$ 0.200	10.0 %	\$ 0.420	\$ 0.365	15.1 %
Average shares outstanding:								
Basic	2,605	2,602		2,528		2,575	2,607	
Diluted	2,605	2,613		2,528		2,575	2,621	

- Note: (1) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses. For the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 2007, **net realized capital gains (losses)** includes a gain of \$298 million, a gain of \$80 million, a loss of \$316 million, a loss of \$18 million and a loss of \$57 million, respectively; **other income** includes a loss of \$26 million, a loss of \$510 million, a loss of \$432 million, a loss of \$458 million and a loss of \$825 million, respectively; and **total revenues** includes a gain of \$272 million, a loss of \$430 million, a loss of \$748 million, a loss of \$476 million and a loss of \$882 million, respectively.
- (2) Includes other-than-temporary impairment charges of \$6.78 billion, \$417 million, \$5.59 billion, \$12.37 billion and \$884 million in the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 2007, respectively.
- (3) Includes increased reserves of \$703 million for uncertain tax positions and other discrete period items in first quarter of 2008.

American International Group, Inc.
Consolidated Statement of Segment Operations

(in millions, except per share data)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
General insurance								
Net premiums written	\$ 12,220	\$ 12,139	0.7	\$ 12,080	1.2	\$ 24,300	\$ 24,245	0.2
Net premiums earned	12,153	11,363	7.0	11,357	7.0	23,510	22,582	4.1
Incurred policy losses and benefits	8,787	7,259	21.0	7,998	9.9	16,785	14,459	16.1
Underwriting expenses	3,143	2,693	16.7	2,954	6.4	6,097	5,300	15.0
Underwriting profit (1)	223	1,411	(84.2)	405	(44.9)	628	2,823	(77.8)
Net investment income	1,167	1,628	(28.3)	1,205	(3.2)	2,372	3,191	(25.7)
Income before net realized capital gains (losses)	1,390	3,039	(54.3)	1,610	(13.7)	3,000	6,014	(50.1)
Net realized capital gains (losses) (2)	(563)	(63)	NM	(273)	NM	(836)	58	NM
Operating income	827	2,976	(72.2)	1,337	(38.1)	2,164	6,072	(64.4)
Life insurance & retirement services								
Premiums and other considerations	9,585	8,170	17.3	9,318	2.9	18,903	16,595	13.9
Deposits and other considerations not included in revenues under GAAP	16,077	13,877	15.9	16,775	(4.2)	32,852	26,826	22.5
Premiums, deposits and other considerations	25,662	22,047	16.4	26,093	(1.7)	51,755	43,421	19.2
Net investment income	5,586	6,132	(8.9)	3,803	46.9	9,389	11,645	(19.4)
Income before net realized capital gains (losses)	2,609	2,899	(10.0)	2,538	2.8	5,147	5,436	(5.3)
Net realized capital gains (losses) (2)	(5,010)	(279)	NM	(4,369)	NM	(9,379)	(535)	NM
Operating income (loss)	(2,401)	2,620	NM	(1,831)	NM	(4,232)	4,901	NM
Financial services								
Operating income (loss) excluding FAS 133 and net realized capital gains (losses) (3) (4)	(5,880)	512	NM	(8,545)	NM	(14,425)	956	NM
FAS 133 (2)	(40)	(528)	NM	(76)	NM	(116)	(613)	NM
Net realized capital gains (losses) (2)	15	63	(76.2)	(151)	NM	(136)	(4)	NM
Operating income (loss)	(5,905)	47	NM	(8,772)	NM	(14,677)	339	NM
Asset management								
Operating income before net realized capital gains (losses)	150	575	(73.9)	154	(2.6)	304	1,353	(77.5)
Net realized capital gains (losses) (2)	(464)	352	NM	(1,405)	NM	(1,869)	332	NM
Operating income (loss)	(314)	927	NM	(1,251)	NM	(1,565)	1,685	NM
Other before net realized capital gains (losses)	(745)	(482)	NM	(503)	NM	(1,248)	(903)	NM
Other net realized capital gains (losses) (2)	30	22	36.4	(265)	NM	(235)	(27)	NM
Consolidation and elimination adjustments (2) (5) (6) (7)	(248)	218	NM	21	NM	(227)	433	NM
Income (loss) before income taxes (benefits) and minority interest	(8,756)	6,328	NM	(11,264)	NM	(20,020)	12,500	NM
Income taxes (benefits) (8)	(3,357)	1,679	NM	(3,537)	NM	(6,894)	3,405	NM
Income (loss) before minority interest	(5,399)	4,649	NM	(7,727)	NM	(13,126)	9,095	NM
Minority interest, after tax:								
Income (loss) before net realized capital gains (losses)	38	(359)	NM	(81)	NM	(43)	(682)	NM
Net realized capital gains (losses)	4	(13)	NM	3	33.3	7	(6)	NM
Net income (loss) (9)	(5,357)	4,277	NM	(7,805)	NM	(13,162)	8,407	NM
Net realized capital gains (losses) (10)	(4,019)	(17)	NM	(3,963)	NM	(7,982)	(73)	NM
FAS 133 gains (losses), excluding net realized capital gains (losses), net of tax	(17)	(332)	NM	(281)	NM	(298)	(537)	NM
Adjusted net income (loss) (9) (11)	\$ (1,321)	\$ 4,626	NM %	\$ (3,561)	NM %	\$ (4,882)	\$ 9,017	NM %
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax, included in adjusted net loss above	\$ (3,617)	\$ -	NM %	\$ (5,920)	NM %	\$ (9,537)	\$ -	NM %
Effect of Capital Markets credit valuation adjustment, net of tax, included in adjusted net loss above	(337)	-	NM	(24)	NM	(361)	-	NM
Earnings per share - diluted:								
Net income (loss)	(2.06)	1.64	NM	(3.09)	NM	(5.11)	3.21	NM
Adjusted net income (loss) (9) (11)	(0.51)	1.77	NM	(1.41)	NM	(1.90)	3.44	NM
Effect of Capital Markets unrealized market valuation (losses) on super senior credit default swaps, net of tax, included in adjusted net loss above	(1.39)	-	NM	(2.34)	NM	(3.70)	-	NM
Effect of Capital Markets credit valuation adjustment, net of tax, included in adjusted net loss above	\$ (0.13)	\$ -	NM %	\$ (0.01)	NM %	\$ (0.14)	\$ -	NM %
Average shares outstanding - diluted	2,605	2,613		2,528		2,575	2,621	
Effective tax rates (8) (12):								
Income (loss) before income taxes (benefits) and minority interest	38.4%	26.5%		31.4%		34.4%	27.2%	
Net income (loss)	39.0%	27.5%		31.3%		34.6%	28.2%	
Adjusted net income (loss) (9) (11)	50.6%	28.3%		26.5%		35.1%	28.7%	
Return on equity (13)	(27.2)%	16.6%		(35.6)%		(31.1)%	16.3%	

(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 \$5.56 billion, \$9.11 billion and \$14.67 billion of pre-tax net unrealized market valuation losses on Capital Markets' super senior credit default swap portfolio in the three months ended June 30, 2008 and March 31, 2008 and the six months ended June 30, 2008, respectively.
- (4) Includes the effect of changes in pre-tax credit spreads on the valuation of Capital Markets' assets of \$(362) million and \$(3.0) billion and liabilities of \$(156) million and \$2.5 billion, (but excludes \$44 million and \$109 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the three and six months ended June 30, 2008, respectively. The losses on the assets were primarily driven by continued significant widening of credit spreads on collateralized debt obligations (CDOs) and asset-backed securities (ABS) products, which represent a significant portion of Capital Markets' investment portfolio. While historically AIG's credit spreads and those on its assets moved in a similar fashion, that relationship did not exist in the second quarter of 2008. Credit spreads on ABS and CDO investments widened significantly more than the widening in AIG's credit spreads. Furthermore, while AIG's credit spreads increased during the second quarter of 2008, the credit valuation adjustment on its liabilities decreased due to a decline in Capital Markets' outstanding debt obligation and the shortened maturity of its liabilities resulting in a further loss to earnings.
- (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 gain of \$14 million, a gain of \$18 million, a loss of \$356 million, a loss of \$342 million and a loss of \$212 million, in the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 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 loss of \$58 million, a loss of \$121 million, a gain of \$366 million, a gain of \$308 million and a gain of \$109 million, in the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 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 other discrete period items in first quarter of 2008.
- (9) Net income (loss) for the three and six months ended June 30, 2008 includes out of period after-tax charges of \$120 million and \$187 million, respectively. The effect on adjusted net income (loss) of all out of period adjustments are summarized below:

(dollars in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Net income (loss) as reported	\$ (5,357)	\$ 4,277	NM	\$ (13,162)	\$ 8,407	NM
Net realized capital gains (losses)	(4,019)	(17)		(7,982)	(73)	
FAS 133 gains (losses)	(17)	(332)		(298)	(537)	
Adjusted net income (loss) as reported	\$ (1,321)	\$ 4,626	NM	\$ (4,882)	\$ 9,017	NM
Out of period adjustments affecting adjusted net income (loss) - increase / (decrease)	(127)	123		(187)	(170)	
Adjusted net income (loss) excluding out of period adjustments	\$ (1,194)	\$ 4,503	NM	\$ (4,695)	\$ 9,187	NM

- (10) Includes a gain of \$193 million, a gain of \$52 million, a loss of \$205 million, a loss of \$12 million and a loss of \$37 million, net of tax, in the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 2007, respectively, attributable to FAS 133.
- (11) Adjusted net income (loss) excludes net realized capital gains (losses) and FAS 133, net of tax.
- (12) The calculation of the effective tax rates is as follows:

(dollars in millions)	Three Months Ended June 30, 2008				Six Months Ended June 30, 2008			
	Pre-tax Loss	Income Tax Benefits	Net Loss	Effective Tax Rate	Pre-tax Loss	Income Tax Benefits	Net Loss	Effective Tax Rate
Loss before income tax benefits and minority interest	\$ (8,756)	\$ (3,357)	\$ (5,399)	38.4%	\$ (20,020)	\$ (6,894)	\$ (13,126)	34.4%
Minority interest	(18)	(60)	42		(115)	(79)	(36)	
Net loss	(8,774)	(3,417)	(5,357)	39.0%	(20,135)	(6,973)	(13,162)	34.6%
Net realized capital gains (losses)	(6,074)	(2,055)	(4,019)		(12,160)	(4,178)	(7,982)	
FAS 133 gains (losses)	(26)	(9)	(17)		(458)	(160)	(298)	
Adjusted net loss	\$ (2,674)	\$ (1,353)	\$ (1,321)	50.6%	\$ (7,517)	\$ (2,635)	\$ (4,882)	35.1%

- (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 \$853 million and \$821 million, respectively; and accumulated other comprehensive income of \$2.59 billion and \$177 million, respectively, in the three and six months ended June 30, 2008.

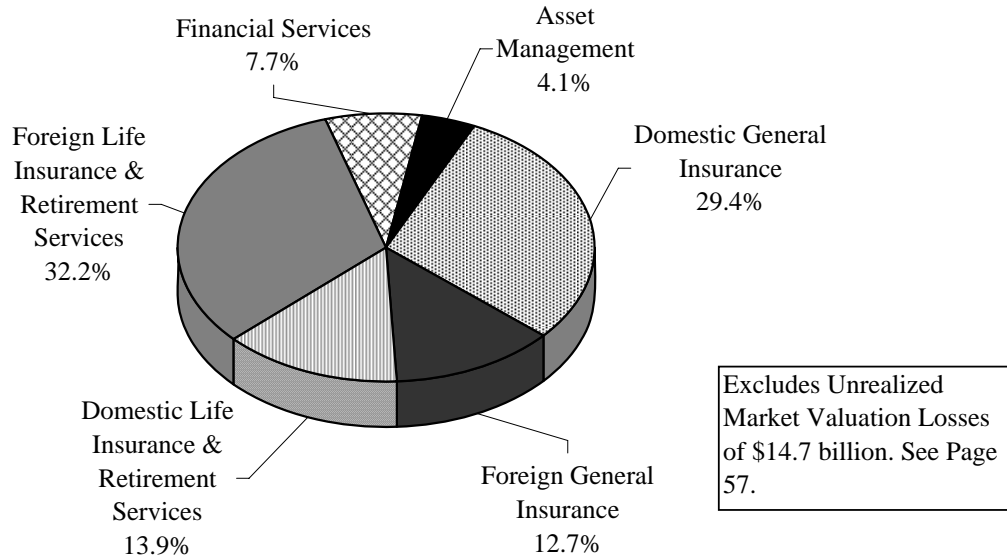
	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Return on equity, GAAP basis	(27.2)%	(31.1)%
Adjustments related to:		
FAS 133 and net realized capital gains (losses)	20.6%	19.7%
Accumulated other comprehensive income	0.2%	0.0%
Return on equity, as adjusted	(6.4)%	(11.4)%

American International Group, Inc.

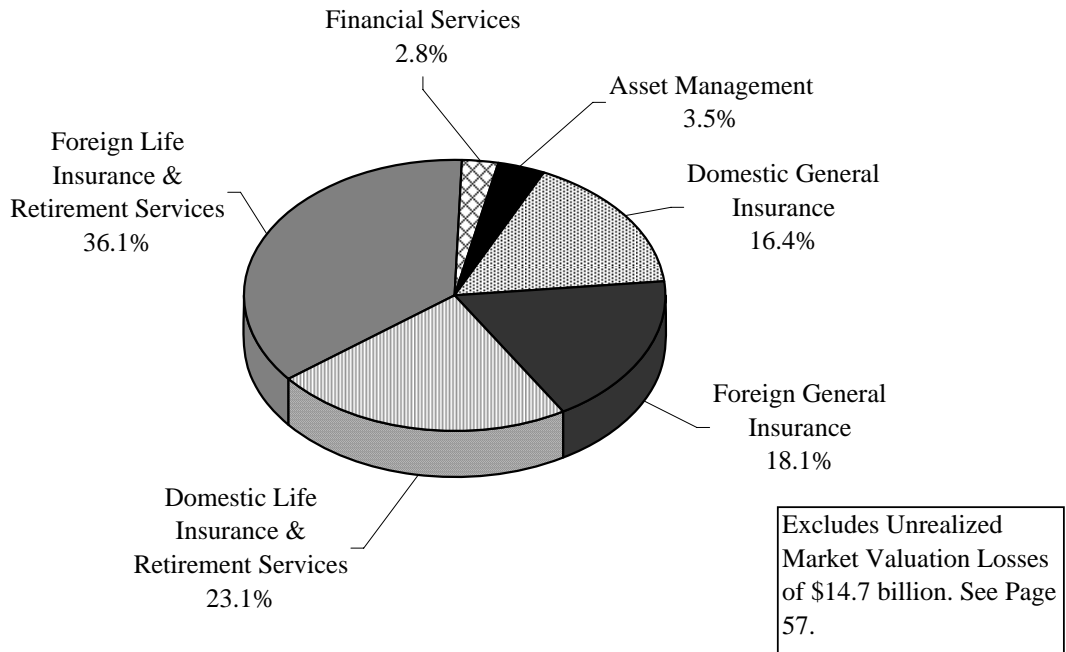
Revenues and Income Graphs

Six Months Ended June 30, 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			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
FAS 133 effect on operating income (loss) before net realized capital gains (losses):					
Financial Services (2)	\$ (40)	\$ (528)	\$ (76)	\$ (116)	\$ (613)
Intercompany Eliminations (3)	(4)	(22)	46	42	(21)
Foreign Exchange Rates on Economically Hedged Debt Exposures:					
Financial Services	18	(89)	(402)	(384)	(191)
Asset Management	-	23	-	-	-
Other	-	106	-	-	-
Total Foreign Exchange Rates on Economically Hedged Debt Exposures (3)	<u>18</u>	<u>40</u>	<u>(402)</u>	<u>(384)</u>	<u>(191)</u>
Total pre-tax effect	<u>(26)</u>	<u>(510)</u>	<u>(432)</u>	<u>(458)</u>	<u>(825)</u>
Total after-tax effect	<u>(17)</u>	<u>(332)</u>	<u>(281)</u>	<u>(298)</u>	<u>(537)</u>
FAS 133 effect on net realized capital gains (losses):					
Financial Services (4)	45	85	(128)	(83)	10
Asset Management	381	(59)	(444)	(63)	(130)
General Insurance	(7)	(5)	(22)	(29)	(8)
Life Insurance & Retirement Services	(83)	41	90	7	(82)
Other	20	139	(178)	(158)	44
Eliminations and Reclassifications (5)	<u>(58)</u>	<u>(121)</u>	<u>366</u>	<u>308</u>	<u>109</u>
Total pre-tax effect	<u>298</u>	<u>80</u>	<u>(316)</u>	<u>(18)</u>	<u>(57)</u>
Total after-tax effect	<u>193</u>	<u>52</u>	<u>(205)</u>	<u>(12)</u>	<u>(37)</u>
FAS 133 effect on total income:					
Total pre-tax effect	<u>272</u>	<u>(430)</u>	<u>(748)</u>	<u>(476)</u>	<u>(882)</u>
Total after tax-effect	<u>\$ 176</u>	<u>\$ (280)</u>	<u>\$ (486)</u>	<u>\$ (310)</u>	<u>\$ (574)</u>

(See Accompanying Notes on Page 6)

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

- (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of investments and borrowings that did not qualify for hedge accounting treatment under FAS 133. In cases where hedge accounting has not been applied to these derivative transactions during the periods presented, an offsetting gain or loss on the hedged exposure has not been recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
- (2) The three and six months ended June 30, 2007 include out of period charges of \$431 million and \$326 million, respectively, including a \$380 million charge in both periods to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in both the three and six months ended June 30, 2007, includes 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 proposed guidance by the U.S. Treasury Department affecting the ability to claim foreign tax credits.
- (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>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Assets:		
Investments and financial services assets:		
Fixed maturity securities	\$ 423,749	\$ 428,935
Equity securities	42,316	41,646
Mortgage and other loans receivable, net of allowance	34,384	33,727
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	43,887	41,984
Securities available for sale, at fair value	1,205	40,305
Trading securities, at fair value	35,170	4,197
Spot commodities	90	238
Unrealized gain on swaps, options and forward transactions	11,548	12,318
Trade receivables	2,294	672
Securities purchased under agreements to resell	16,597	20,950
Finance receivables, net of allowance	33,311	31,234
Securities lending invested collateral, at fair value	59,530	75,662
Other invested assets	62,029	58,823
Short-term investments	69,492	51,351
Total investments and financial services assets	<u>835,602</u>	<u>842,042</u>
Cash	2,229	2,284
Investment income due and accrued	6,614	6,587
Premiums and insurance balances receivable, net of allowance	20,050	18,395
Reinsurance assets, net of allowance	22,940	23,103
Current and deferred income taxes	8,211	-
Deferred policy acquisition costs	46,733	43,914
Investments in partially owned companies	628	654
Real estate and other fixed assets, net of accumulated depreciation	5,692	5,518
Separate and variable accounts	73,401	78,684
Goodwill	10,661	9,414
Other assets	17,115	17,766
Total assets	<u>\$ 1,049,876</u>	<u>\$ 1,048,361</u>
Liabilities:		
Reserve for losses and loss expenses	\$ 88,747	\$ 85,500
Unearned premiums	28,738	27,703
Future policy benefits for life and accident and health insurance contracts	147,232	136,387
Policyholders' contract deposits	265,411	258,459
Other policyholders' funds	13,773	12,599
Commissions, expenses and taxes payable	5,597	6,310
Insurance balances payable	5,569	4,878
Funds held by companies under reinsurance treaties	2,498	2,501
Current income taxes payable	-	3,823
Financial services liabilities:		
Securities sold under agreements to repurchase, at fair value	9,659	8,331
Trade payables	1,622	6,445
Securities and spot commodities sold but not yet purchased	3,189	4,709
Unrealized loss on swaps, options and forward transactions	24,232	14,817
Trust deposits and deposits due to banks and other depositories	6,165	4,903
Commercial paper and extendible commercial notes	15,061	13,114
Long-term borrowings	163,577	162,935
Separate and variable accounts	73,401	78,684
Securities lending payable	75,056	81,965
Minority interest	11,149	10,422
Other liabilities	31,012	27,975
Total liabilities	<u>971,688</u>	<u>952,460</u>
Preferred shareholders' equity in subsidiary companies	<u>100</u>	<u>100</u>
Shareholders' equity:		
Common stock	7,370	6,878
Additional paid-in capital	9,446	2,848
Payments advanced to purchase shares	-	(912)
Unrealized appreciation (depreciation) of investments, net of taxes *	(5,171)	4,375
Cash flow hedging activities, net of taxes	(81)	(87)
Foreign currency translation adjustments, net of taxes	1,864	880
Retirement plan liabilities adjustment, net of taxes	(515)	(525)
Retained earnings *	73,743	89,029
Treasury stock, at cost	(8,568)	(6,685)
Total shareholders' equity	<u>78,088</u>	<u>95,801</u>
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	<u>\$ 1,049,876</u>	<u>\$ 1,048,361</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. Debt and Capital Structure

(dollars in millions)

	June 30, 2008	March 31, 2008	Sequential % Chg	December 31, 2007	% Chg
Financial debt:					
AIG notes and bonds payable	\$ 12,960	\$ 14,800	(12.4) %	\$ 14,588	(11.2) %
AIG loans and mortgage payable	893	584	52.9	729	22.5
AIG LH notes and bonds payable	797	797	0.0	797	0.0
Liabilities connected to trust preferred stock	1,415	1,424	(0.6)	1,435	(1.4)
AIG loans to financial services subsidiaries	(1,172)	(848)	38.2	-	NM
Net (deposit) / loan with AIG Funding	497	279	78.1	(1,143)	NM
Total	15,390	17,036	(9.7)	16,406	(6.2)
Operating debt:					
AIG Funding commercial paper	5,765	5,008	15.1	4,222	36.5
MIP matched notes and bonds payable	14,621	15,080	(3.0)	14,267	2.5
Series AIGFP matched notes and bonds payable	998	1,071	(6.8)	874	14.2
AIGFP borrowings	53,839	59,254	(9.1)	65,447	(17.7)
ILFC borrowings	32,425	32,036	1.2	31,219	3.9
AGF borrowings	25,465	25,672	(0.8)	26,519	(4.0)
AIGCFG borrowings	2,530	2,214	14.3	2,126	19.0
AIG Finance Taiwan Limited commercial paper	3	-	NM	-	NM
Other subsidiaries	709	783	(9.5)	775	(8.5)
Borrowings of consolidated investments	7,472	7,549	(1.0)	7,242	3.2
AIG loans to financial services subsidiaries	1,172	848	38.2	-	NM
Net (deposit) / loan with AIG Funding	(497)	(279)	78.1	1,143	NM
Total	144,502	149,236	(3.2)	153,834	(6.1)
Hybrid - debt securities:					
Junior subordinated debt	12,866	5,898	118.1	5,809	121.5
Hybrid - mandatorily convertible units:					
Junior subordinated debt attributable to equity units	5,880	-	NM	-	NM
Total debt and hybrid capital	\$ 178,638	\$ 172,170	3.8 %	\$ 176,049	1.5 %
AIG capitalization:					
Shareholders' equity *	\$ 78,088	\$ 79,703	(2.0) %	\$ 95,801	(18.5) %
Hybrid - debt securities	12,866	5,898	118.1	5,809	121.5
Hybrid - mandatorily convertible units	5,880	-	NM	-	NM
Total equity and hybrid capital	96,834	85,601	13.1	101,610	(4.7)
Financial debt	15,390	17,036	(9.7)	16,406	(6.2)
Total capital	\$ 112,224	\$ 102,637	9.3 %	\$ 118,016	(4.9) %
Ratios:					
Shareholders' equity / Total capital	69.6%	77.7%		81.2%	
Hybrid - debt securities / Total capital	11.5%	5.7%		4.9%	
Hybrid - mandatorily convertible units / Total capital	5.2%	-		-	
Financial debt / Total capital	13.7%	16.6%		13.9%	

* Includes unrealized appreciation / depreciation of investments.

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	32.96	79,703	82,257
June 30, 2008 (2)	\$ 29.04 (3)	\$ 30.97	\$ 78,088	\$ 83,259

Note: (1) Unrealized appreciation / depreciation 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	
\$78,087,978,858	
2,948,038,001 - 259,225,244	= \$29.04

American International Group, Inc.
General Insurance Operating Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Gross premiums written	\$ 14,710	\$ 15,105	(2.6) %	\$ 16,038	(8.3) %	\$ 30,748	\$ 31,117	(1.2) %
Ceded premiums written	2,490	2,966	(16.0)	3,958	(37.1)	6,448	6,872	(6.2)
Net premiums written	12,220	12,139	0.7	12,080	1.2	24,300	24,245	0.2
Net premiums earned	12,153	11,363	7.0	11,357	7.0	23,510	22,582	4.1
Paid losses	7,160	6,223	15.1	6,737	6.3	13,897	11,884	16.9
Change in net loss reserves	1,820	1,288	41.3	1,331	36.7	3,151	2,789	13.0
Less foreign exchange effect	193	252	(23.4)	70	175.7	263	214	22.9
Losses and loss expenses incurred (1) (2) (3)	8,787	7,259	21.0	7,998	9.9	16,785	14,459	16.1
Statutory underwriting expenses	3,106	2,820	10.1	3,193	(2.7)	6,299	5,646	11.6
Statutory underwriting profit	260	1,284	(79.8)	166	56.6	426	2,477	(82.8)
Change in deferred acquisition costs	(37)	127	NM	239	NM	202	346	(41.6)
Underwriting profit	223	1,411	(84.2)	405	(44.9)	628	2,823	(77.8)
Net investment income (4)								
Interest and dividends	1,212	1,152	5.2	1,266	(4.3)	2,478	2,309	7.3
Partnership income	(14)	314	NM	66	NM	52	689	(92.5)
Mutual funds	56	141	(60.3)	(92)	NM	(36)	264	NM
Securities lending	2	2	0.0	1	100.0	3	3	0.0
Other investment income (5)	68	181	(62.4)	73	(6.8)	141	247	(42.9)
Investment expense	(157)	(162)	(3.1)	(109)	44.0	(266)	(321)	(17.1)
Total	1,167	1,628	(28.3)	1,205	(3.2)	2,372	3,191	(25.7)
Operating income before net realized capital gains (losses)	1,390	3,039	(54.3)	1,610	(13.7)	3,000	6,014	(50.1)
Net realized capital gains (losses) (4)	(563)	(63)	NM	(273)	NM	(836)	58	NM
Operating income	\$ 827	\$ 2,976	(72.2) %	\$ 1,337	(38.1) %	\$ 2,164	\$ 6,072	(64.4) %
Net loss and loss expense reserve (at period end)				\$ 70,836	2.6 %	\$ 72,654	\$ 65,419	11.1 %
Underwriting ratios:								
Loss ratio (3)	72.30	63.88		70.43		71.40	64.03	
Expense ratio	25.41	23.24		26.43		25.92	23.29	
Combined ratio	97.71	87.12		96.86		97.32	87.32	
Combined ratio excluding significant current year catastrophe-related losses	97.05	86.44		96.13		96.62	86.98	
Foreign exchange effect on worldwide growth:								
Net premiums written								
Growth in original currency (6)	(2.2) %					(2.8) %		
Foreign exchange effect	2.9					3.0		
Growth as reported in U.S. \$	0.7 %					0.2 %		

(See Accompanying Notes on Page 20)

American International Group, Inc.
Reconciliation of Net Loss Reserves

(in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Net reserve for losses and loss expenses					
at beginning of period - Consolidated *	\$ 70,507	\$ 64,034	\$ 69,288	\$ 69,288	\$ 62,630
Foreign exchange effect	193	252	70	263	214
Losses and loss expenses incurred:					
Current year	8,620	7,334	8,021	16,641	14,549
Prior years:					
Other than the accretion of loss reserve discount and Transatlantic's general insurance operations	95	(105)	(130)	(35)	(254)
Transatlantic general insurance operations including prior year catastrophe development	(2)	18	3	1	36
Asbestos settlements *	-	(33)	(37)	(37)	(50)
Accretion of loss reserve discount	72	12	104	176	128
Total prior years *	165	(108)	(60)	105	(140)
Total losses and loss expenses incurred	8,785	7,226	7,961	16,746	14,409
Losses and loss expenses paid *	7,154	6,315	6,812	13,966	12,056
Net reserve for losses and loss expenses					
at end of period - Consolidated *	\$ 72,331	\$ 65,197	\$ 70,507	\$ 72,331	\$ 65,197

*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 20)

American International Group, Inc.
AIG Commercial Insurance Operating Statistics

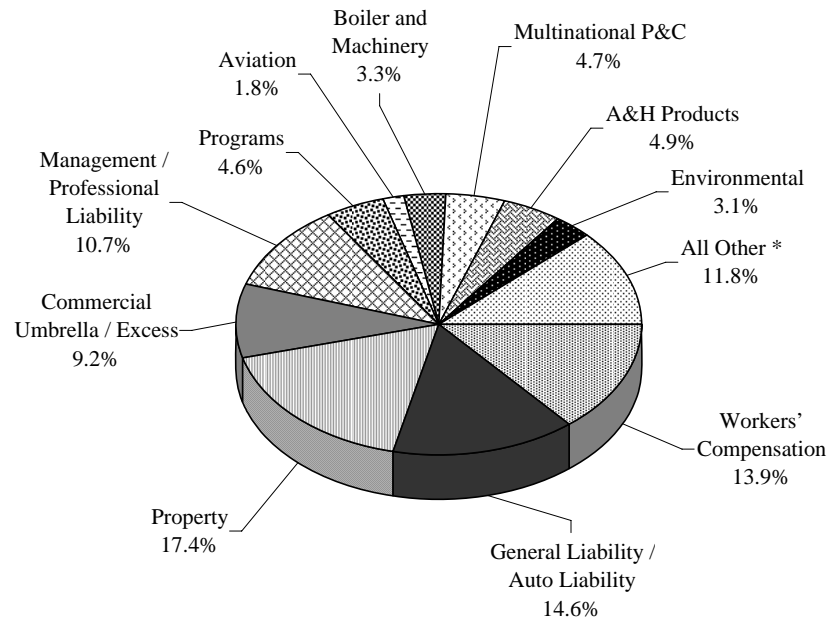
(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Net premiums written	\$ 5,988	\$ 6,439	(7.0) %	\$ 5,113	17.1 %	\$ 11,101	\$ 12,448	(10.8) %
Net premiums earned	5,912	5,996	(1.4)	5,417	9.1	11,329	11,977	(5.4)
Losses and loss expenses incurred (1) (2)	4,383	3,928	11.6	3,975	10.3	8,358	7,969	4.9
Statutory underwriting expenses	1,172	1,122	4.5	1,224	(4.2)	2,396	2,278	5.2
Statutory underwriting profit	357	946	(62.3)	218	63.8	575	1,730	(66.8)
Change in deferred acquisition costs	(1)	50	NM	(3)	NM	(4)	85	NM
Underwriting profit	356	996	(64.3)	215	65.6	571	1,815	(68.5)
Net investment income								
Interest and dividends	712	707	0.7	775	(8.1)	1,487	1,422	4.6
Partnership income	(61)	211	NM	38	NM	(23)	548	NM
Mutual funds	19	37	(48.6)	(39)	NM	(20)	108	NM
Securities lending	1	-	NM	-	NM	1	-	NM
Other investment income (5)	32	163	(80.4)	46	(30.4)	78	206	(62.1)
Investment expense	(116)	(134)	(13.4)	(77)	50.6	(193)	(267)	(27.7)
Total	587	984	(40.3)	743	(21.0)	1,330	2,017	(34.1)
Operating income before net realized capital gains (losses)	943	1,980	(52.4)	958	(1.6)	1,901	3,832	(50.4)
Net realized capital gains (losses)	(562)	(76)	NM	(173)	NM	(735)	1	NM
Operating income	<u>\$ 381</u>	<u>\$ 1,904</u>	(80.0) %	<u>\$ 785</u>	(51.5) %	<u>\$ 1,166</u>	<u>\$ 3,833</u>	(69.6) %
Underwriting ratios:								
Loss ratio	74.14	65.50		73.38		73.78	66.54	
Expense ratio	19.60	17.45		23.94		21.60	18.30	
Combined ratio	93.74	82.95		97.32		95.38	84.84	
Combined ratio excluding significant current year catastrophe-related losses	92.50	82.95		95.78		93.99	84.84	

(See Accompanying Notes on Page 20)

American International Group, Inc.
AIG Commercial Insurance
Six Months Ended June 30, 2008

Gross Premiums Written by Line of Business



Gross Premiums Written
\$14.8 billion

* All Other includes \$817 million of Personal Lines premiums.

American International Group, Inc.
Personal Lines Insurance Operating Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Net premiums written:								
aigdirect.com	\$ 674	\$ 710	(5.1) %	\$ 773	(12.8) %	\$ 1,447	\$ 1,478	(2.1) %
Agency Auto	250	280	(10.7)	300	(16.7)	550	584	(5.8)
Private Client Group	305	214	42.5	215	41.9	520	371	40.2
Other	<u>1</u>	<u>(1)</u>	NM	<u>-</u>	NM	<u>1</u>	<u>(1)</u>	NM
Subtotal	1,230	1,203	2.2	1,288	(4.5)	2,518	2,432	3.5
Net premiums earned	1,209	1,168	3.5	1,199	0.8	2,408	2,323	3.7
Losses and loss expenses incurred (1) (2)	931	823	13.1	950	(2.0)	1,881	1,640	14.7
Statutory underwriting expenses (7)	320	289	10.7	312	2.6	632	594	6.4
Statutory underwriting profit (loss)	(42)	56	NM	(63)	NM	(105)	89	NM
Change in deferred acquisition costs	13	7	85.7	13	0.0	26	22	18.2
Underwriting profit (loss)	(29)	63	NM	(50)	NM	(79)	111	NM
Net investment income								
Interest and dividends	58	59	(1.7)	59	(1.7)	117	118	(0.8)
Partnership income	1	-	NM	-	NM	1	-	NM
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	-	-	NM	-	NM	-	-	NM
Other investment income	-	1	NM	-	NM	-	1	NM
Investment expense	<u>(3)</u>	<u>(3)</u>	0.0	<u>(2)</u>	50.0	<u>(5)</u>	<u>(5)</u>	0.0
Total	56	57	(1.8)	57	(1.8)	113	114	(0.9)
Operating income before net realized capital gains (losses)	27	120	(77.5)	7	285.7	34	225	(84.9)
Net realized capital gains (losses)	<u>(6)</u>	<u>(2)</u>	NM	<u>(4)</u>	NM	<u>(10)</u>	<u>(1)</u>	NM
Operating income	<u>\$ 21</u>	<u>\$ 118</u>	(82.2) %	<u>\$ 3</u>	NM %	<u>\$ 24</u>	<u>\$ 224</u>	(89.3) %
Underwriting ratios:								
Loss ratio	77.05	70.52		79.20		78.12	70.60	
Expense ratio	25.96	23.98		24.23		25.07	24.41	
Combined ratio	103.01	94.50		103.43		103.19	95.01	
Combined ratio excluding significant current year catastrophe-related losses	102.85	94.50		103.43		103.11	95.01	

(See Accompanying Notes on Page 20)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Net premiums written	\$ 288	\$ 272	5.9 %	\$ 304	(5.3) %	\$ 592	\$ 538	10.0 %
Net premiums earned	269	221	21.7	256	5.1	525	431	21.8
Losses and loss expenses incurred (2)	785	286	174.5	603	30.2	1,388	480	189.2
Statutory underwriting expenses	48	61	(21.3)	60	(20.0)	108	119	(9.2)
Statutory underwriting loss	(564)	(126)	NM	(407)	NM	(971)	(168)	NM
Change in deferred acquisition costs	2	9	(77.8)	11	(81.8)	13	21	(38.1)
Underwriting loss	(562)	(117)	NM	(396)	NM	(958)	(147)	NM
Net investment income								
Interest and dividends	43	39	10.3	45	(4.4)	88	76	15.8
Partnership income	-	-	NM	-	NM	-	-	NM
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	-	-	NM	-	NM	-	-	NM
Other investment income	1	1	-	-	NM	1	1	0.0
Investment expense	-	(1)	NM	(1)	NM	(1)	(1)	0.0
Total	44	39	12.8	44	0.0	88	76	15.8
Operating loss before net realized capital gains (losses)	(518)	(78)	NM	(352)	NM	(870)	(71)	NM
Net realized capital gains (losses)	-	(3)	NM	(2)	NM	(2)	(2)	NM
Operating loss	<u>\$ (518)</u>	<u>\$ (81)</u>	NM %	<u>\$ (354)</u>	NM %	<u>\$ (872)</u>	<u>\$ (73)</u>	NM %
Underwriting ratios:								
Loss ratio	291.99	129.91		235.57		264.47	111.48	
Expense ratio	16.47	22.42		19.84		18.20	22.07	
Combined ratio	308.46	152.33		255.41		282.67	133.55	

(See Accompanying Notes on Page 20)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Net premiums written:								
Domestic first-lien	\$ 173	\$ 140	23.6 %	\$ 174	(0.6) %	\$ 347	\$ 269	29.0 %
Domestic second-lien	63	50	26.0	55	14.5	118	102	15.7
Student loan	-	7	NM	15	NM	15	33	(54.5)
International	48	67	(28.4)	56	(14.3)	104	119	(12.6)
Other	4	8	(50.0)	4	0.0	8	15	(46.7)
Total	288	272	5.9	304	(5.3)	592	538	10.0
Statutory underwriting profit (loss):								
Domestic first-lien	(279)	(6)	NM	(196)	NM	(475)	25	NM
Domestic second-lien	(275)	(114)	NM	(197)	NM	(472)	(177)	NM
Student loan	3	1	200.0	4	(25.0)	7	-	NM
International	(14)	(5)	NM	(18)	NM	(32)	(11)	NM
Other	1	(2)	NM	-	NM	1	(5)	NM
Total	(564)	(126)	NM %	(407)	NM %	(971)	(168)	NM %
Loss ratio:								
Domestic first-lien	253.86	84.08		203.64		228.99	70.57	
Domestic second-lien	556.02	317.96		442.41		500.71	261.60	
Student loan	69.37	72.79		41.96		58.48	76.63	
International	97.07	30.77		85.06		91.38	28.03	
Other	NM	NM		NM		NM	NM	
Total	291.99	129.91		235.57		264.47	111.48	

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Net premiums written:								
Domestic	\$ 455	\$ 494	(7.9) %	\$ 548	(17.0) %	\$ 1,003	\$ 1,010	(0.7) %
International	533	489	9.0	488	9.2	1,021	957	6.7
Subtotal	988	983	0.5	1,036	(4.6)	2,024	1,967	2.9
Net premiums earned	1,023	948	7.9	1,017	0.6	2,040	1,913	6.6
Losses and loss expenses incurred (1) (2) (8)	681	642	6.1	675	0.9	1,356	1,318	2.9
Statutory underwriting expenses	276	269	2.6	288	(4.2)	564	542	4.1
Statutory underwriting profit	66	37	78.4	54	22.2	120	53	126.4
Change in deferred acquisition costs	(5)	10	NM	6	NM	1	14	(92.9)
Underwriting profit	61	47	29.8	60	1.7	121	67	80.6
Net investment income								
Interest and dividends	118	108	9.3	116	1.7	234	213	9.9
Partnership income	1	13	(92.3)	1	0.0	2	21	(90.5)
Mutual funds	-	-	NM	-	NM	-	-	NM
Securities lending	1	-	NM	1	0.0	2	1	100.0
Other investment income (5)	3	-	NM	1	200.0	4	4	0.0
Investment expense	(3)	(2)	50.0	(2)	50.0	(5)	(4)	25.0
Total	120	119	0.8	117	2.6	237	235	0.9
Operating income before net realized capital gains (losses)	181	166	9.0	177	2.3	358	302	18.5
Net realized capital gains (losses)	(40)	2	NM	(15)	NM	(55)	17	NM
Operating income	<u>\$ 141</u>	<u>\$ 168</u>	(16.1) %	<u>\$ 162</u>	(13.0) %	<u>\$ 303</u>	<u>\$ 319</u>	(5.0) %
Underwriting ratios:								
Loss ratio	66.55	67.71		66.40		66.48	68.87	
Expense ratio	27.85	27.32		27.82		27.83	27.56	
Combined ratio	94.40	95.03		94.22		94.31	96.43	
Combined ratio excluding significant current year catastrophe-related losses	94.40	94.05		94.22		94.31	95.95	
Foreign exchange effect on Transatlantic's growth:								
Net premiums written								
Growth in original currency (6)	(3.2) %					(0.9) %		
Foreign exchange effect	3.7					3.8		
Growth as reported in U.S. \$	0.5 %					2.9 %		

(See Accompanying Notes on Page 20)

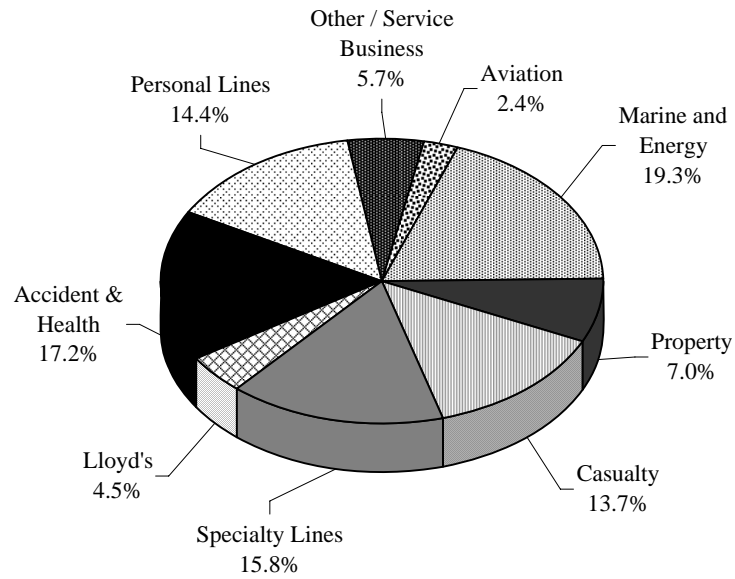
American International Group, Inc.
Foreign General Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Net premiums written	\$ 3,726	\$ 3,242	14.9 %	\$ 4,339	(14.1) %	\$ 8,065	\$ 6,860	17.6 %
Net premiums earned	3,740	3,030	23.4	3,468	7.8	7,208	5,938	21.4
Losses and loss expenses incurred (1) (2) (3) (8)	2,007	1,580	27.0	1,795	11.8	3,802	3,052	24.6
Statutory underwriting expenses (9)	1,290	1,079	19.6	1,309	(1.5)	2,599	2,113	23.0
Statutory underwriting profit	443	371	19.4	364	21.7	807	773	4.4
Change in deferred acquisition costs	(46)	51	NM	212	NM	166	204	(18.6)
Underwriting profit	397	422	(5.9)	576	(31.1)	973	977	(0.4)
Net investment income								
Interest and dividends	278	237	17.3	269	3.3	547	477	14.7
Partnership income	45	90	(50.0)	27	66.7	72	120	(40.0)
Mutual funds	37	104	(64.4)	(53)	NM	(16)	156	NM
Securities lending	-	2	NM	-	NM	-	2	NM
Other investment income (5)	32	16	100.0	26	23.1	58	35	65.7
Investment expense	(35)	(22)	59.1	(27)	29.6	(62)	(44)	40.9
Total	357	427	(16.4)	242	47.5	599	746	(19.7)
Operating income before net realized capital gains (losses)	754	849	(11.2)	818	(7.8)	1,572	1,723	(8.8)
Net realized capital gains (losses)	42	18	133.3	(82)	NM	(40)	53	NM
Operating income (10)	\$ 796	\$ 867	(8.2) %	\$ 736	8.2 %	\$ 1,532	\$ 1,776	(13.7) %
Underwriting ratios:								
Loss ratio (3)	53.65	52.13		51.78		52.75	51.40	
Expense ratio	34.62	33.28		30.16		32.22	30.80	
Combined ratio	88.27	85.41		81.94		84.97	82.20	
Combined ratio excluding significant current year catastrophe-related losses	88.13	83.18		81.94		84.90	81.07	
Foreign exchange effect on Foreign General's growth:								
Net premiums written								
Growth in original currency (6)	5.2 %					8.1 %		
Foreign exchange effect	9.7					9.5		
Growth as reported in U.S. \$	14.9 %					17.6 %		

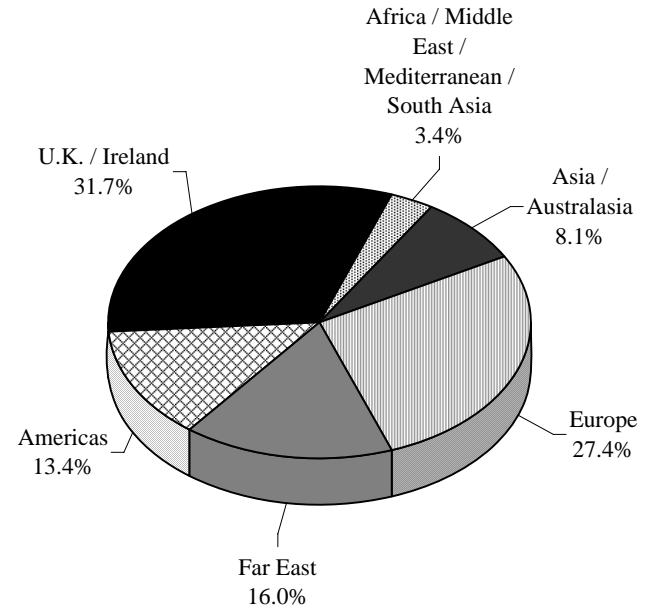
(See Accompanying Notes on Page 20)

American International Group, Inc.
Foreign General Insurance Gross Premiums Written
Six Months Ended June 30, 2008

Gross Premiums Written by Division



Gross Premiums Written by Region



Gross Premiums Written
\$12.4 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			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
AIG Commercial Insurance	\$74	\$-	\$83	\$157	\$-
Personal Lines	2	-	-	2	-
Transatlantic	-	9	-	-	9
Foreign General	5	68	-	5	68
Total	\$81	\$77	\$83	\$164	\$77

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

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
AIG Commercial Insurance	\$75	\$(65)	\$(217)	\$(142)	\$(152)
Personal Lines	29	(32)	36	65	(61)
Mortgage Guaranty	(10)	(4)	68	58	27
Foreign General	1	(4)	(17)	(16)	(68)
Subtotal	95	(105)	(130)	(35)	(254)
Transatlantic	(2)	18	3	1	36
Asbestos settlement	-	(33)	(37)	(37)	(50)
Total	\$93	\$(120)	\$(164)	\$(71)	\$(268)

- (3) Total General Insurance and Foreign General both include changes in future policy benefits for certain accident and health insurance contracts.
(4) Total may not equal the sum of the individual group totals due to consolidating eliminations.
(5) Other investment income is comprised principally of real estate income and changes in market value associated with trading portfolios.
(6) Computed using a constant exchange rate for each period.
(7) 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 as follows:

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
AIG Commercial Insurance	\$11	\$-	\$-	\$11	\$-
Transatlantic	-	4	-	-	40
Foreign General	49	14	61	110	39
Total	\$60	\$18	\$61	\$121	\$79

- (9) Statutory underwriting expenses include the results of wholly owned Foreign General agencies and the amortization of advertising costs.
(10) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations	\$ 25,662	\$ 22,047	16.4 %	\$ 26,093	(1.7) %	\$ 51,755	\$ 43,421	19.2 %
Revenues:								
Premiums and other considerations	\$ 9,585	\$ 8,170	17.3 %	\$ 9,318	2.9 %	\$ 18,903	\$ 16,595	13.9 %
Net investment income								
Interest and dividends	4,824	4,670	3.3	4,717	2.3	9,541	9,188	3.8
Partnership income excluding synfuels	86	351	(75.5)	44	95.5	130	556	(76.6)
Partnership loss - synfuels	(4)	(42)	NM	(4)	NM	(8)	(75)	NM
Mutual funds	79	106	(25.5)	(82)	NM	(3)	168	NM
Trading account losses	(133)	(14)	NM	(88)	NM	(221)	(14)	NM
Securities lending	61	19	221.1	17	258.8	78	35	122.9
Other	173	71	143.7	129	34.1	302	125	141.6
Investment expenses	(117)	(108)	8.3	(145)	(19.3)	(262)	(214)	22.4
Net investment income before policyholder investment income and trading gains (losses)	4,969	5,053	(1.7)	4,588	8.3	9,557	9,769	(2.2)
Net investment income related to policyholder investment income and trading gains (losses)	617	1,079	(42.8)	(785)	NM	(168)	1,876	NM
Total net investment income	5,586	6,132	(8.9)	3,803	46.9	9,389	11,645	(19.4)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	14,554	13,223	10.1	13,906	4.7	28,460	26,364	8.0
Total revenues excluding net realized capital gains (losses)	15,171	14,302	6.1	13,121	15.6	28,292	28,240	0.2
Benefits and expenses:								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	9,059	7,914	14.5	8,710	4.0	17,769	16,077	10.5
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	617	1,079	(42.8)	(785)	NM	(168)	1,876	NM
Incurred policy losses and benefits	9,676	8,993	7.6	7,925	22.1	17,601	17,953	(2.0)
Insurance acquisition and other operating expenses	2,886	2,410	19.8	2,658	8.6	5,544	4,851	14.3
Total benefits and expenses	12,562	11,403	10.2	10,583	18.7	23,145	22,804	1.5
Operating income excluding net realized capital gains (losses)	2,609	2,899	(10.0)	2,538	2.8	5,147	5,436	(5.3)
Net realized capital gains (losses)	(5,010)	(279)	NM	(4,369)	NM	(9,379)	(535)	NM
Operating income (loss)	\$ (2,401)	\$ 2,620	NM %	\$ (1,831)	NM %	\$ (4,232)	\$ 4,901	NM %
Foreign exchange effect on worldwide growth:								
Premiums, deposits and other considerations								
Growth in original currency*	11.6 %					15.2 %		
Foreign exchange effect	4.8					4.0		
Growth as reported in U.S. \$	16.4					19.2		
Premiums and other considerations								
Growth in original currency*	8.8					7.4		
Foreign exchange effect	8.5					6.5		
Growth as reported in U.S. \$	17.3 %					13.9 %		
Gross life insurance in force (at period end)				\$ 2,410,145	1.8 %	\$ 2,453,094	\$ 2,141,913	14.5 %

* 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					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations	\$ <u>7,274</u>	\$ <u>6,610</u>	10.0 %	\$ <u>7,561</u>	(3.8) %	\$ <u>14,835</u>	\$ <u>12,734</u>	16.5 %
Revenues:								
Premiums and other considerations	\$ 1,894	\$ 1,667	13.6 %	\$ 1,871	1.2 %	\$ 3,765	\$ 3,479	8.2 %
Net investment income:								
Interest and dividends	2,268	2,490	(8.9)	2,340	(3.1)	4,608	5,024	(8.3)
Partnership income excluding synfuels	77	313	(75.4)	42	83.3	119	470	(74.7)
Partnership loss - synfuels	(4)	(42)	NM	(4)	NM	(8)	(75)	NM
Mutual funds	3	3	0.0	(2)	NM	1	5	(80.0)
Securities lending	56	16	250.0	15	273.3	71	30	136.7
Other	44	14	214.3	19	131.6	63	2	NM
Investment expenses	(31)	(23)	34.8	(32)	(3.1)	(63)	(55)	14.5
Net investment income before policyholder investment income and trading gains (losses)	2,413	2,771	(12.9)	2,378	1.5	4,791	5,401	(11.3)
Net investment income related to policyholder investment income and trading gains (losses)	11	-	NM	(23)	NM	(12)	-	NM
Total net investment income	2,424	2,771	(12.5)	2,355	2.9	4,779	5,401	(11.5)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	4,307	4,438	(3.0)	4,249	1.4	8,556	8,880	(3.6)
Total revenues excluding net realized capital gains (losses)	4,318	4,438	(2.7)	4,226	2.2	8,544	8,880	(3.8)
Benefits and expenses:								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	2,714	2,420	12.1	2,591	4.7	5,305	5,003	6.0
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	11	-	NM	(23)	NM	(12)	-	NM
Incurred policy losses and benefits	2,725	2,420	12.6	2,568	6.1	5,293	5,003	5.8
Insurance acquisition and other operating expenses	666	755	(11.8)	577	15.4	1,243	1,596	(22.1)
Total benefits and expenses	3,391	3,175	6.8	3,145	7.8	6,536	6,599	(1.0)
Operating income before net realized capital gains (losses)	927	1,263	(26.6)	1,081	(14.2)	2,008	2,281	(12.0)
Net realized capital gains (losses)	(4,101)	(297)	NM	(3,647)	NM	(7,748)	(318)	NM
Operating income (loss)	\$ (3,174)	\$ 966	NM %	\$ (2,566)	NM %	\$ (5,740)	\$ 1,963	NM %
Gross life insurance in force (at period end)				\$ 998,771	1.6 %	\$ 1,014,785	\$ 946,598	7.2 %

American International Group, Inc.
Domestic Life Insurance Product Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 878	\$ 831	5.7 %	\$ 799	9.9 %	\$ 1,677	\$ 1,588	5.6 %
Home service	244	232	5.2	233	4.7	477	460	3.7
Group life/health	221	203	8.9	208	6.3	429	434	(1.2)
Payout annuities	751	600	25.2	799	(6.0)	1,550	1,285	20.6
Individual fixed and runoff annuities	256	101	153.5	84	204.8	340	188	80.9
Total premiums, deposits and other considerations:	2,350	1,967	19.5	2,123	10.7	4,473	3,955	13.1
Premiums and other considerations:								
Life insurance	621	603	3.0	589	5.4	1,210	1,181	2.5
Home service	186	192	(3.1)	188	(1.1)	374	387	(3.4)
Group life/health	218	197	10.7	204	6.9	422	426	(0.9)
Payout annuities (2)	564	364	54.9	594	(5.1)	1,158	876	32.2
Individual fixed and runoff annuities	15	13	15.4	12	25.0	27	27	0.0
Total premiums and other considerations:	1,604	1,369	17.2	1,587	1.1	3,191	2,897	10.1
Net investment income (3):								
Life insurance	354	402	(11.9)	396	(10.6)	750	774	(3.1)
Home service	163	158	3.2	153	6.5	316	319	(0.9)
Group life/health	48	51	(5.9)	47	2.1	95	104	(8.7)
Payout annuities	320	276	15.9	303	5.6	623	565	10.3
Individual fixed and runoff annuities	110	119	(7.6)	108	1.9	218	249	(12.4)
Net investment income before policyholder investment income and trading gains (losses)	995	1,006	(1.1)	1,007	(1.2)	2,002	2,011	(0.4)
Net investment income related to policyholder investment income and trading gains (losses) (4)	11	-	NM	(23)	NM	(12)	-	NM
Total net investment income	1,006	1,006	0.0	984	2.2	1,990	2,011	(1.0)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance	603	597	1.0	559	7.9	1,162	1,147	1.3
Home service	169	176	(4.0)	171	(1.2)	340	350	(2.9)
Group life/health	163	146	11.6	151	7.9	314	324	(3.1)
Payout annuities	809	565	43.2	809	0.0	1,618	1,285	25.9
Individual fixed and runoff annuities	75	69	8.7	64	17.2	139	153	(9.2)
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)	1,819	1,553	17.1	1,754	3.7	3,573	3,259	9.6
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	11	-	NM	(23)	NM	(12)	-	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	1,830	1,553	17.8	1,731	5.7	3,561	3,259	9.3
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	193	194	(0.5)	213	(9.4)	406	404	0.5
Home service	95	95	0.0	95	0.0	190	194	(2.1)
Group life/health	86	97	(11.3)	84	2.4	170	197	(13.7)
Payout annuities	25	23	8.7	28	(10.7)	53	47	12.8
Individual fixed and runoff annuities	27	33	(18.2)	22	22.7	49	70	(30.0)
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)	\$ 426	\$ 442	(3.6) %	\$ 442	(3.6) %	\$ 868	\$ 912	(4.8) %

(See Accompanying Notes on Page 28)

American International Group, Inc.
Domestic Life Insurance Product Statistics (continued)

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 179	\$ 214	(16.4) %	\$ 213	(16.0) %	\$ 392	\$ 404	(3.0) %
Home service	85	79	7.6	75	13.3	160	162	(1.2)
Group life/health	17	5	240.0	16	6.3	33	9	266.7
Payout annuities	50	52	(3.8)	60	(16.7)	110	109	0.9
Individual fixed and runoff annuities	23	30	(23.3)	34	(32.4)	57	53	7.5
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	354	380	(6.8)	398	(11.1)	752	737	2.0
Amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	(13)	(5)	NM	(3)	NM	(16)	(5)	NM
Home service	(1)	2	NM	(3)	NM	(4)	1	NM
Group life/health	-	-	NM	-	NM	-	-	NM
Payout annuities	-	-	NM	-	NM	-	-	NM
Individual fixed and runoff annuities	(3)	(1)	NM	(14)	NM	(17)	-	NM
Total amortization (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	(17)	(4)	NM	(20)	NM	(37)	(4)	NM
Operating income before net realized capital gains (losses):								
Life insurance	192	219	(12.3)	216	(11.1)	408	409	(0.2)
Home service	86	77	11.7	78	10.3	164	161	1.9
Group life/health	17	5	240.0	16	6.3	33	9	266.7
Payout annuities	50	52	(3.8)	60	(16.7)	110	109	0.9
Individual fixed and runoff annuities	26	31	(16.1)	48	(45.8)	74	53	39.6
Total operating income before net realized capital gains (losses)	371	384	(3.4)	418	(11.2)	789	741	6.5
Net realized capital gains (losses):								
Life insurance	(1,110)	43	NM	(1,055)	NM	(2,165)	40	NM
Home service	(198)	(11)	NM	(140)	NM	(338)	(13)	NM
Group life/health	(13)	(4)	NM	(14)	NM	(27)	(5)	NM
Payout annuities	(33)	(35)	NM	(22)	NM	(55)	(41)	NM
Individual fixed and runoff annuities	(22)	(9)	NM	(57)	NM	(79)	(9)	NM
Total net realized capital gains (losses)	(1,376)	(16)	NM	(1,288)	NM	(2,664)	(28)	NM
Operating income (loss):								
Life insurance	(918)	262	NM	(839)	NM	(1,757)	449	NM
Home service	(112)	66	NM	(62)	NM	(174)	148	NM
Group life/health	4	1	300.0	2	100.0	6	4	50.0
Payout annuities	17	17	0.0	38	(55.3)	55	68	(19.1)
Individual fixed and runoff annuities	4	22	(81.8)	(9)	NM	(5)	44	NM
Total operating income (loss)	\$ (1,005)	\$ 368	NM %	\$ (870)	NM %	\$ (1,875)	\$ 713	NM %

(See Accompanying Notes on Page 28)

American International Group, Inc.
Domestic Life Insurance Other Data

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Life insurance								
Periodic premium sales (5):								
Individual/retail	\$ 115	\$ 116	(0.9) %	\$ 110	4.5 %	\$ 225	\$ 234	(3.8) %
Institutional markets	10	3	233.3	19	(47.4)	29	6	383.3
Total periodic premium sales	125	119	5.0	129	(3.1)	254	240	5.8
Periodic premium sales and deposits by product:								
Universal life	46	47	(2.1)	47	(2.1)	93	98	(5.1)
Variable universal life	15	12	25.0	27	(44.4)	42	25	68.0
Term life	61	57	7.0	52	17.3	113	112	0.9
Whole life/other	3	3	0.0	3	0.0	6	5	20.0
Total periodic premium sales	125	119	5.0	129	(3.1)	254	240	5.8
Unscheduled and single deposits	113	115	(1.7)	60	88.3	173	181	(4.4)
Total sales and deposits (5)	238	234	1.7	189	25.9	427	421	1.4
Life insurance reserves:								
General account				18,764	1.8	19,104	17,563	8.8
Separate accounts				5,160	0.3	5,175	5,775	(10.4)
Gross life insurance in force				813,690	2.6	834,593	761,907	9.5
Home service								
Life/Accident & Health sales	24	25	(4.0)	20	20.0	44	49	(10.2)
Fixed annuity sales	40	25	60.0	29	37.9	69	45	53.3
Unscheduled and single deposits	5	5	0.0	5	0.0	10	8	25.0
Total sales and deposits (5)	69	55	25.5	54	27.8	123	102	20.6
Total insurance reserves				7,450	0.4	7,479	7,397	1.1
Gross life insurance in force				65,508	0.9	66,077	64,809	2.0
Group life/health								
Sales and deposits (5)	31	22	40.9	41	(24.4)	72	60	20.0
Annualized earned premium				897	1.6	911	933	(2.4)
Gross life insurance in force				99,144	(2.2)	96,962	98,733	(1.8)
Payout annuities								
Sales and deposits (5)	751	600	25.2	799	(6.0)	1,550	1,285	20.6
Insurance reserves				17,022	3.3	17,580	15,332	14.7
Individual fixed annuities (including runoff)								
Sales and deposits (5)	\$ 256	\$ 101	153.5 %	84	204.8	340	188	80.9
Insurance reserves				\$ 8,909	(1.6) %	\$ 8,770	\$ 10,301	(14.9) %

(See Accompanying Notes on Page 28)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Life insurance								
Balance at beginning of period	\$ 4,544	\$ 4,046	12.3 %	\$ 4,447	2.2 %	\$ 4,447	\$ 3,919	13.5 %
Acquisition costs deferred	162	137	18.2	164	(1.2)	326	313	4.2
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	13	5	160.0	3	333.3	16	5	220.0
Related to unlocking future assumptions	-	(1)	NM	-	NM	-	-	NM
All other amortization	(78)	(64)	NM	(86)	NM	(164)	(152)	NM
Change in unrealized gains (losses) on securities	55	72	(23.6)	38	44.7	93	105	(11.4)
Increase (decrease) due to foreign exchange (6)	5	39	(87.2)	(22)	NM	(17)	44	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>4,701</u>	<u>4,234</u>	11.0	<u>4,544</u>	3.5	<u>4,701</u>	<u>4,234</u>	11.0
Home service								
Balance at beginning of period	1,532	1,496	2.4	1,499	2.2	1,499	1,517	(1.2)
Acquisition costs deferred	40	43	(7.0)	40	0.0	80	87	(8.0)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	1	(2)	NM	3	(66.7)	4	(1)	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(44)	(44)	NM	(43)	NM	(87)	(88)	NM
Change in unrealized gains (losses) on securities	40	55	(27.3)	33	21.2	73	41	78.0
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	(8)	NM
Balance at end of period	<u>1,569</u>	<u>1,548</u>	1.4	<u>1,532</u>	2.4	<u>1,569</u>	<u>1,548</u>	1.4
Group life/health								
Balance at beginning of period	104	122	(14.8)	106	(1.9)	106	193	(45.1)
Acquisition costs deferred	4	18	(77.8)	5	(20.0)	9	23	(60.9)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(6)	(30)	NM	(8)	NM	(14)	(49)	NM
Change in unrealized gains (losses) on securities	2	3	(33.3)	1	100.0	3	2	50.0
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	(56)	NM
Balance at end of period	<u>\$ 104</u>	<u>\$ 113</u>	(8.0) %	<u>\$ 104</u>	0.0 %	<u>\$ 104</u>	<u>\$ 113</u>	(8.0) %

(See Accompanying Notes on Page 28)

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					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Payout annuities								
Balance at beginning of period	\$ 78	\$ 65	20.0 %	\$ 75	4.0 %	\$ 75	\$ 62	21.0 %
Acquisition costs deferred	4	5	(20.0)	4	0.0	8	9	(11.1)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(1)	(2)	NM	(1)	NM	(2)	(3)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	-	-	NM	-	NM	-	-	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>81</u>	<u>68</u>	19.1	<u>78</u>	3.8	<u>81</u>	<u>68</u>	19.1
Individual fixed and runoff annuities								
Balance at beginning of period	388	345	12.5	358	8.4	358	361	(0.8)
Acquisition costs deferred	15	11	36.4	11	36.4	26	20	30.0
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	3	1	200.0	14	(78.6)	17	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(24)	(28)	NM	(16)	NM	(40)	(55)	NM
Change in unrealized gains (losses) on securities	19	79	(75.9)	22	(13.6)	41	82	(50.0)
Increase (decrease) due to foreign exchange	1	1	0.0	(1)	NM	-	1	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>402</u>	<u>409</u>	(1.7)	<u>388</u>	3.6	<u>402</u>	<u>409</u>	(1.7)
Total								
Balance at beginning of period	6,646	6,074	9.4	6,485	2.5	6,485	6,052	7.2
Acquisition costs deferred	225	214	5.1	224	0.4	449	452	(0.7)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	17	4	325.0	20	(15.0)	37	4	NM
Related to unlocking future assumptions	-	(1)	NM	-	NM	-	-	NM
All other amortization	(153)	(168)	NM	(154)	NM	(307)	(347)	NM
Change in unrealized gains (losses) on securities	116	209	(44.5)	94	23.4	210	230	(8.7)
Increase due to foreign exchange (6)	6	40	(85.0)	(23)	NM	(17)	45	NM
Other	-	-	NM	-	NM	-	(64)	NM
Balance at end of period	<u>\$ 6,857</u>	<u>\$ 6,372</u>	7.6 %	<u>\$ 6,646</u>	3.2 %	<u>\$ 6,857</u>	<u>\$ 6,372</u>	7.6 %

(See Accompanying Notes on Page 28)

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) The components of net investment income were as follows:

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Base investment income	\$946	\$929	1.8%	\$1,887	\$1,861	1.4%
Partnership income – excluding Synfuels	(6)	60	NM	25	87	(71.3)
Partnership loss - Synfuels	(4)	(42)	(90.5)	(8)	(75)	(89.3)
Other enhancements (a)	59	59	0.0	98	138	(29.0)
Net investment income before policyholder investment income and trading gains (losses)	995	1,006	(1.1)	2,002	2,011	(0.4)
Net investment income related to policyholder investment income and trading gains (losses)	11	-	NM	(12)	-	NM
Total net investment income	\$1,006	\$1,006	0.0%	\$1,990	\$2,011	(1.0)%

(a) Enhancements include gains on calls, prepayments fees and trading gains (losses) not associated with SOP 03-1. Both the three months and six months ended June 30, 2008 include a reduction of \$21 million as result of a change in the projected cash flows relating to income taxes with respect to certain leveraged lease investments.

- (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) Life insurance sales include periodic premium from new business expected to be collected over a one-year period and unscheduled and single premiums from new and existing policyholders. Sales of group accident and health insurance represent annualized first year premium from new policies. Annuity sales represent deposits from new and existing policyholders.
(6) Relates to business in Canada.

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Group retirement products (1)	\$ 1,843	\$ 1,793	2.8 %	\$ 1,877	(1.8) %	\$ 3,720	\$ 3,676	1.2 %
Individual fixed annuities	1,944	1,633	19.0	2,531	(23.2)	4,475	2,864	56.3
Individual variable annuities	1,122	1,204	(6.8)	1,017	10.3	2,139	2,212	(3.3)
Individual annuities - runoff	15	13	15.4	13	15.4	28	27	3.7
Total premiums, deposits and other considerations	4,924	4,643	6.1	5,438	(9.5)	10,362	8,779	18.0
Fee and other income:								
Group retirement products	111	112	(0.9)	107	3.7	218	217	0.5
Individual fixed annuities	17	26	(34.6)	23	(26.1)	40	51	(21.6)
Individual variable annuities	157	155	1.3	152	3.3	309	301	2.7
Individual annuities - runoff	5	5	0.0	2	150.0	7	13	(46.2)
Total fee and other income	290	298	(2.7)	284	2.1	574	582	(1.4)
Investment spread:								
Net investment income:								
Group retirement products	488	641	(23.9)	494	(1.2)	982	1,211	(18.9)
Individual fixed annuities	817	981	(16.7)	759	7.6	1,576	1,895	(16.8)
Individual variable annuities	34	43	(20.9)	35	(2.9)	69	85	(18.8)
Individual annuities - runoff	79	100	(21.0)	83	(4.8)	162	199	(18.6)
Total net investment income	1,418	1,765	(19.7)	1,371	3.4	2,789	3,390	(17.7)
Interest credited:								
Group retirement products	306	291	5.2	301	1.7	607	581	4.5
Individual fixed annuities	503	488	3.1	479	5.0	982	974	0.8
Individual variable annuities	29	29	0.0	27	7.4	56	55	1.8
Individual annuities - runoff	61	67	(9.0)	61	0.0	122	134	(9.0)
Total interest credited	899	875	2.7	868	3.6	1,767	1,744	1.3
Net investment spread:								
Group retirement products	182	350	(48.0)	193	(5.7)	375	630	(40.5)
Individual fixed annuities	314	493	(36.3)	280	12.1	594	921	(35.5)
Individual variable annuities	5	14	(64.3)	8	(37.5)	13	30	(56.7)
Individual annuities - runoff	18	33	(45.5)	22	(18.2)	40	65	(38.5)
Total net investment spread	519	890	(41.7)	503	3.2	1,022	1,646	(37.9)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Group retirement products	98	104	(5.8)	96	2.1	194	203	(4.4)
Individual fixed annuities	132	148	(10.8)	135	(2.2)	267	284	(6.0)
Individual variable annuities	156	113	38.1	114	36.8	270	225	20.0
Individual annuities - runoff	18	17	5.9	13	38.5	31	40	(22.5)
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)	\$ 404	\$ 382	5.8 %	\$ 358	12.8 %	\$ 762	\$ 752	1.3 %

(See Accompanying Notes on Pages 37)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Group retirement products	\$ 195	\$ 358	(45.5) %	\$ 204	(4.4) %	\$ 399	\$ 644	(38.0) %
Individual fixed annuities	199	371	(46.4)	168	18.5	367	688	(46.7)
Individual variable annuities	6	56	(89.3)	46	(87.0)	52	106	(50.9)
Individual annuities - runoff	5	21	(76.2)	11	(54.5)	16	38	(57.9)
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	405	806	(49.8)	429	(5.6)	834	1,476	(43.5)
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Group retirement products	(46)	(10)	NM	(43)	NM	(89)	(10)	NM
Individual fixed annuities	(118)	(48)	NM	(122)	NM	(240)	(45)	NM
Individual variable annuities	13	(14)	NM	(69)	NM	(56)	(6)	NM
Individual annuities - runoff	-	(1)	NM	-	NM	-	(3)	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	(151)	(73)	NM	(234)	NM	(385)	(64)	NM
Operating income (loss) before net realized capital gains (losses):								
Group retirement products	241	368	(34.5)	247	(2.4)	488	654	(25.4)
Individual fixed annuities	317	419	(24.3)	290	9.3	607	733	(17.2)
Individual variable annuities	(7)	70	NM	115	NM	108	112	(3.6)
Individual annuities - runoff	5	22	(77.3)	11	(54.5)	16	41	(61.0)
Total operating income before net realized capital gains (losses) (2)	556	879	(36.7)	663	(16.1)	1,219	1,540	(20.8)
Net realized capital gains (losses):								
Group retirement products	(940)	(103)	NM	(740)	NM	(1,680)	(113)	NM
Individual fixed annuities	(1,591)	(158)	NM	(1,246)	NM	(2,837)	(169)	NM
Individual variable annuities	(43)	(17)	NM	(252)	NM	(295)	(7)	NM
Individual annuities - runoff	(151)	(3)	NM	(121)	NM	(272)	(1)	NM
Total net realized capital gains (losses)	(2,725)	(281)	NM	(2,359)	NM	(5,084)	(290)	NM
Operating income (loss):								
Group retirement products	(699)	265	NM	(493)	NM	(1,192)	541	NM
Individual fixed annuities	(1,274)	261	NM	(956)	NM	(2,230)	564	NM
Individual variable annuities	(50)	53	NM	(137)	NM	(187)	105	NM
Individual annuities - runoff	(146)	19	NM	(110)	NM	(256)	40	NM
Total operating income (loss)	\$ (2,169)	\$ 598	NM %	\$ (1,696)	NM %	\$ (3,865)	\$ 1,250	NM %

(See Accompanying Notes on Pages 37)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Group retirement products (3)								
Balance at beginning of period (3)	\$ 65,640	\$ 65,216	0.7 %	\$ 68,109	(3.6) %	\$ 68,109	\$ 64,357	5.8 %
Deposits - annuities (4)	1,472	1,463	0.6	1,453	1.3	2,925	2,881	1.5
Deposits - mutual funds (4)	371	330	12.4	424	(12.5)	795	795	0.0
Deposits - subtotal	1,843	1,793	2.8	1,877	(1.8)	3,720	3,676	1.2
Surrenders and other withdrawals (4)	(1,282)	(1,487)	(13.8)	(1,490)	(14.0)	(2,772)	(3,412)	(18.8)
Death benefits	(64)	(70)	(8.6)	(59)	8.5	(123)	(130)	(5.4)
Net flows	497	236	110.6	328	51.5	825	134	NM
Change in fair value of underlying investments, interest credited, net of fees	52	2,234	(97.7)	(2,797)	NM	(2,745)	3,195	NM
Other	-	1	NM	-	NM	-	1	NM
Balance at end of period (3)	66,189	67,687	(2.2)	65,640	0.8	66,189	67,687	(2.2)
Individual fixed annuities								
Balance at beginning of period	51,540	52,339	(1.5)	50,508	2.0	50,508	52,685	(4.1)
Deposits (4)	1,944	1,633	19.0	2,531	(23.2)	4,475	2,864	56.3
Surrenders and other withdrawals (4)	(1,461)	(1,859)	(21.4)	(1,579)	(7.5)	(3,040)	(3,519)	(13.6)
Death benefits	(442)	(449)	(1.6)	(382)	15.7	(824)	(857)	(3.9)
Net flows	41	(675)	NM	570	(92.8)	611	(1,512)	NM
Change in fair value of underlying investments, interest credited, net of fees	496	506	(2.0)	462	7.4	958	997	(3.9)
Balance at end of period	52,077	52,170	(0.2)	51,540	1.0	52,077	52,170	(0.2)
Individual variable annuities								
Balance at beginning of period	30,830	31,432	(1.9)	33,108	(6.9)	33,108	31,093	6.5
Deposits	1,122	1,204	(6.8)	1,017	10.3	2,139	2,212	(3.3)
Surrenders and other withdrawals	(964)	(1,057)	(8.8)	(909)	6.1	(1,873)	(2,047)	(8.5)
Death benefits	(123)	(129)	(4.7)	(127)	(3.1)	(250)	(250)	0.0
Net flows	35	18	94.4	(19)	NM	16	(85)	NM
Change in fair value of underlying investments, interest credited, net of fees	(198)	1,601	NM	(2,259)	NM	(2,457)	2,043	NM
Balance at end of period	30,667	33,051	(7.2)	30,830	(0.5)	30,667	33,051	(7.2)
Total								
Balance at beginning of period	148,010	148,987	(0.7)	151,725	(2.4)	151,725	148,135	2.4
Deposits	4,909	4,630	6.0	5,425	(9.5)	10,334	8,752	18.1
Surrenders and other withdrawals	(3,707)	(4,403)	(15.8)	(3,978)	(6.8)	(7,685)	(8,978)	(14.4)
Death benefits	(629)	(648)	(2.9)	(568)	10.7	(1,197)	(1,237)	(3.2)
Net flows	573	(421)	NM	879	(34.8)	1,452	(1,463)	NM
Change in fair value of underlying investments, interest credited, net of fees	350	4,341	(91.9)	(4,594)	NM	(4,244)	6,235	NM
Other	-	1	NM	-	NM	-	1	NM
Balance at end of period, excluding runoff	148,933	152,908	(2.6)	148,010	0.6	148,933	152,908	(2.6)
Individual annuities runoff	5,476	5,977	(8.4)	5,580	(1.9)	5,476	5,977	(8.4)
Balance at end of period	\$ 154,409	\$ 158,885	(2.8) %	\$ 153,590	0.5 %	\$ 154,409	\$ 158,885	(2.8) %
Total general and separate account reserves and mutual funds								
General account reserve	\$ 91,467	\$ 90,729	0.8 %	\$ 90,576	1.0 %	\$ 91,467	\$ 90,729	0.8 %
Separate account reserve	54,629	60,554	(9.8)	54,952	(0.6)	54,629	60,554	(9.8)
Total general and separate account reserves	146,096	151,283	(3.4)	145,528	0.4	146,096	151,283	(3.4)
Group retirement mutual funds	8,313	7,602	9.4	8,062	3.1	8,313	7,602	9.4
Total reserves and mutual funds	\$ 154,409	\$ 158,885	(2.8) %	\$ 153,590	0.5 %	\$ 154,409	\$ 158,885	(2.8) %
Surrender rates (5)								
Group retirement products (3)	7.7 %	8.9 %		9.1 %		8.4 %	10.4 %	
Individual fixed annuities	11.2 %	14.2 %		12.5 %		11.8 %	13.4 %	
Individual variable annuities	12.2 %	13.0 %		11.7 %		12.0 %	12.8 %	

(See Accompanying Notes on Pages 37)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Spread information								
Group retirement products								
Base investment income (a)	\$ 487	\$ 500	(2.6) %	\$ 487	0.0 %	\$ 974	\$ 992	(1.8) %
Partnerships (b)	31	105	(70.5)	13	138.5	44	154	(71.4)
Other enhancements (c)	(30)	36	NM	(6)	NM	(36)	65	NM
Total net investment income	\$ 488	\$ 641	(23.9) %	\$ 494	(1.2) %	\$ 982	\$ 1,211	(18.9) %
Base yield (a)	6.09 %	6.26 %		6.14 %		6.12 %	6.18 %	
Partnerships (b)	(0.05) %	0.80 %		(0.29) %		(0.17) %	0.50 %	
Other enhancements (c)	(0.38) %	0.46 %		(0.07) %		(0.23) %	0.41 %	
Total	5.66 %	7.52 %		5.78 %		5.72 %	7.09 %	
Cost of funds (d)	3.91 %	3.83 %		3.91 %		3.91 %	3.81 %	
Net spread rate, as reported (d)	1.75 %	3.69 %		1.87 %		1.81 %	3.28 %	
Net spread rate excluding partnerships and other enhancements	2.18 %	2.43 %	(10.3) %	2.23 %	(2.2) %	2.21 %	2.37 %	(6.8) %
Individual fixed annuities								
Base investment income (a)	\$ 730	\$ 797	(8.4) %	\$ 753	(3.1) %	\$ 1,483	\$ 1,591	(6.8) %
Partnerships (b)	54	145	(62.8)	1	NM	55	226	(75.7)
Other enhancements (c)	33	39	(15.4)	5	NM	38	78	(51.3)
Total net investment income	\$ 817	\$ 981	(16.7) %	\$ 759	7.6 %	\$ 1,576	\$ 1,895	(16.8) %
Base yield (a)	5.56 %	5.98 %		5.83 %		5.70 %	5.96 %	
Partnerships (b)	0.04 %	0.76 %		(0.33) %		(0.14) %	0.53 %	
Other enhancements (c)	0.25 %	0.29 %		0.04 %		0.15 %	0.29 %	
Total	5.85 %	7.03 %		5.54 %		5.71 %	6.78 %	
Cost of funds (d)	3.60 %	3.53 %		3.53 %		3.57 %	3.51 %	
Net spread rate, as reported (d)	2.25 %	3.50 %		2.01 %		2.14 %	3.27 %	
Net spread rate excluding partnerships and other enhancements	1.96 %	2.45 %	(20.0) %	2.30 %	(14.8) %	2.13 %	2.45 %	(13.1) %

(See Accompanying Notes on Pages 33)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Spread information								
Individual variable annuities								
Base investment income (a)	\$ 35	\$ 39	(10.3) %	\$ 37	(5.4) %	\$ 72	\$ 79	(8.9) %
Partnerships (b)	(2)	3	NM	(3)	NM	(5)	3	NM
Other enhancements (c)	1	1	0.0	1	0.0	2	3	(33.3)
Total net investment income	\$ 34	\$ 43	(20.9) %	\$ 35	(2.9) %	\$ 69	\$ 85	(18.8) %
Base yield (a)	5.22 %	5.59 %		5.46 %		5.34 %	5.60 %	
Partnerships (b)	(0.67) %	0.22 %		(0.86) %		(0.76) %	0.11 %	
Other enhancements (c)	0.23 %	0.16 %		0.11 %		0.17 %	0.20 %	
Total	4.78 %	5.97 %		4.71 %		4.75 %	5.91 %	
Cost of funds (d)	3.11 %	3.06 %		3.10 %		3.10 %	3.03 %	
Net spread rate, as reported (d)	1.67 %	2.91 %		1.61 %		1.65 %	2.88 %	
Net spread rate excluding partnerships and other enhancements	2.11 %	2.53 %	(16.6) %	2.36 %	(10.6) %	2.24 %	2.57 %	(12.8) %

(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, dollar roll income, prepayment fees and trading gains (losses). The three months and six months periods of 2008 include a reduction in net investment income of \$57 million as a result of a change in the projected cash flows relating to income taxes with respect to certain leveraged lease investments.

(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					Six Months Ended		
	June 30, 2008	June 30, 2007	% chg	March 31, 2008	Sequential % chg	June 30, 2008	June 30, 2007	% chg
Group retirement products								
Balance at beginning of period	\$ 2,129	\$ 1,895	12.3 %	\$ 2,074	2.7 %	\$ 2,074	\$ 1,897	9.3 %
Acquisition costs deferred	58	56	3.6	54	7.4	112	106	5.7
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	46	10	360.0	43	7.0	89	10	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	2	NM
All other amortization	(34)	(40)	NM	(33)	NM	(67)	(81)	NM
Change in unrealized gains (losses) on securities	195	123	58.5	(10)	NM	185	110	68.2
Increase due to foreign exchange	-	-	NM	1	NM	1	-	NM
Balance at end of period	<u>2,394</u>	<u>2,044</u>	17.1	<u>2,129</u>	12.4	<u>2,394</u>	<u>2,044</u>	17.1
Individual fixed annuities								
Balance at beginning of period	3,227	2,687	20.1	2,980	8.3	2,980	2,835	5.1
Acquisition costs deferred	137	126	8.7	163	(16.0)	300	230	30.4
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	118	48	145.8	122	(3.3)	240	45	433.3
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(146)	(153)	NM	(143)	NM	(289)	(300)	NM
Change in unrealized gains (losses) on securities	213	346	(38.4)	105	102.9	318	244	30.3
Balance at end of period	<u>3,549</u>	<u>3,054</u>	16.2	<u>3,227</u>	10.0	<u>3,549</u>	<u>3,054</u>	16.2
Individual variable annuities								
Balance at beginning of period	1,765	1,699	3.9	1,666	5.9	1,666	1,679	(0.8)
Acquisition costs deferred	83	75	10.7	75	10.7	158	141	12.1
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	(13)	14	NM	69	NM	56	6	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(79)	(62)	NM	(50)	NM	(129)	(121)	NM
Change in unrealized gains (losses) on securities	29	-	NM	5	480.0	34	21	61.9
Balance at end of period	<u>1,785</u>	<u>1,726</u>	3.4	<u>1,765</u>	1.1	<u>1,785</u>	<u>1,726</u>	3.4
Individual annuities - runoff								
Balance at beginning of period	99	114	(13.2)	109	(9.2)	109	127	(14.2)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	1	NM	-	NM	-	3	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(8)	(9)	NM	(8)	NM	(16)	(22)	NM
Change in unrealized gains (losses) on securities	-	9	NM	(2)	NM	(2)	7	NM
Balance at end of period	<u>91</u>	<u>115</u>	(20.9)	<u>99</u>	(8.1)	<u>91</u>	<u>115</u>	(20.9)
Total								
Balance at beginning of period	7,220	6,395	12.9	6,829	5.7	6,829	6,538	4.5
Acquisition costs deferred	278	257	8.2	292	(4.8)	570	477	19.5
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	151	73	106.8	234	(35.5)	385	64	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	2	NM
All other amortization	(267)	(264)	NM	(234)	NM	(501)	(524)	NM
Change in unrealized gains (losses) on securities	437	478	(8.6)	98	345.9	535	382	40.1
Increase due to foreign exchange	-	-	NM	1	NM	1	-	NM
Balance at end of period	<u>\$ 7,819</u>	<u>\$ 6,939</u>	12.7 %	<u>\$ 7,220</u>	8.3 %	<u>\$ 7,819</u>	<u>\$ 6,939</u>	12.7 %

(See Accompanying Notes on Pages 37)

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

(dollars in millions)

	June 30, 2008		
	Account Value	Net Amount at Risk	Retained NAR
Guaranteed Minimum Death Benefit ("GMDB") Type (including Earnings Enhancement Benefit) (a):			
Return of premium (b)	\$ 4,251	\$ 97	\$ 97
Reset (c)	920	65	65
Ratchet (d)	14,777	1,440	1,205
Roll-up (e)	7,480	678	660
Combination (f)	237	49	49
Return of premium, with earnings enhancement (g)	2	-	-
Ratchet, with earnings enhancement (h)	1,729	243	73
Roll-up, with earnings enhancement (i)	711	74	12
Combination with earnings enhancement (j)	52	11	11
	30,159	2,657	2,172
Guaranteed Minimum Income Benefit ("GMIB") Type (k):			
Roll-up (e)	532	51	18
No roll-up (l)	5,551	18	10
	6,083	69	28
Guaranteed Minimum Account Value ("GMAV") Type (m):			
Ten year waiting period	1,968	10	10
Guaranteed Minimum Withdrawal Benefit ("GMWB") Type (n):			
Minimum amount guarantees (o)	1,018	5	5
Lifetime guarantees (p)	6,008	437	437
	7,026	442	442

- (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 that also pays a percent of the earnings in the contract, if any.
- (h) A ratchet benefit that also pays a percent of earnings in the contract, if any.
- (i) A roll-up benefit that also pays a percent of earnings in the contract, if any.
- (j) A combination benefit that 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>June 30, 2008</u>	<u>March 31, 2008</u>	<u>Dec. 31, 2007</u>	<u>Sept. 30, 2007</u>	<u>June 30, 2007</u>
Other Data					
S&P 500 Index value	1,280	1,323	1,469	1,527	1,504
Total Account Value	\$ 30,668	\$ 30,830	\$ 33,108	\$ 33,777	\$ 33,051
Account value by benefit type:					
Guaranteed Minimum Death Benefits	30,159	30,233	32,812	33,484	32,764
Guaranteed Minimum Income Benefits	6,083	6,373	7,226	7,685	7,826
Guaranteed Minimum Account Value	1,968	2,027	2,272	2,365	2,364
Guaranteed Minimum Withdrawal Benefits	7,026	6,381	6,248	5,751	4,958
Net amount at risk:					
Guaranteed Minimum Death Benefits	2,657	2,548	1,250	1,098	1,160
Guaranteed Minimum Income Benefits	69	84	39	28	36
Guaranteed Minimum Account Value	10	9	1	-	-
Guaranteed Minimum Withdrawal Benefits	442	357	45	6	6
Retained net amount at risk:					
Guaranteed Minimum Death Benefits	2,172	2,073	1,005	879	952
Guaranteed Minimum Income Benefits	28	34	15	11	14
Guaranteed Minimum Account Value	10	9	1	-	-
Guaranteed Minimum Withdrawal Benefits	442	357	45	6	6
Liability for guaranteed benefits (GMDB & GMIB)	\$ 105	\$ 82	\$ 77	\$ 89	\$ 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 \$371 million, \$330 million, \$424 million, \$795 million and \$795 million for the three months ended June 30, 2008 and 2007 and March 31, 2008, and the six months ended June 30, 2008 and 2007, respectively.
- (2) Both the three months and six months ended June 30, 2008 include a \$31 million change in actuarial estimate which increased benefit reserves and related DAC amortization.
- (3) Includes group retirement annuities and group mutual funds. The balance at the beginning and end of the period for Group Mutual Funds are as follows:

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Beginning Balance	\$8,062	\$6,870	\$8,154	\$8,154	\$6,403
Ending Balance	8,313	7,602	8,062	8,313	7,602

- (4) 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.
- (5) 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.

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations (1)	\$ <u>18,388</u>	\$ <u>15,437</u>	19.1 %	\$ <u>18,532</u>	(0.8) %	\$ <u>36,920</u>	\$ <u>30,687</u>	20.3 %
Revenues:								
Premiums and other considerations	\$ 7,691	\$ 6,503	18.3 %	\$ 7,447	3.3 %	\$ 15,138	\$ 13,116	15.4 %
Net investment income:								
Interest and dividends	2,556	2,180	17.2	2,377	7.5	4,933	4,164	18.5
Partnership income	9	38	(76.3)	2	350.0	11	86	(87.2)
Mutual funds (2)	76	103	(26.2)	(80)	NM	(4)	163	NM
Trading account losses (3)	(133)	(14)	NM	(88)	NM	(221)	(14)	NM
Securities lending	5	3	66.7	2	150.0	7	5	40.0
Other	129	57	126.3	110	17.3	239	123	94.3
Investment expenses	(86)	(85)	1.2	(113)	(23.9)	(199)	(159)	25.2
Net investment income before policyholder investment income and trading gains (losses)	2,556	2,282	12.0	2,210	15.7	4,766	4,368	9.1
Net investment income related to policyholder investment income and trading gains (losses) (4)	606	1,079	(43.8)	(762)	NM	(156)	1,876	NM
Total net investment income	3,162	3,361	(5.9)	1,448	118.4	4,610	6,244	(26.2)
Total revenues excluding net realized capital gains (losses) and policyholder investment income and trading gains (losses)	10,247	8,785	16.6	9,657	6.1	19,904	17,484	13.8
Total revenues excluding net realized capital gains (losses)	10,853	9,864	10.0	8,895	22.0	19,748	19,360	2.0
Benefits and expenses:								
Incurred policy losses and benefits before the effect of incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	6,345	5,494	15.5	6,119	3.7	12,464	11,074	12.6
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	606	1,079	(43.8)	(762)	NM	(156)	1,876	NM
Incurred policy losses and benefits	6,951	6,573	5.8	5,357	29.8	12,308	12,950	(5.0)
Insurance acquisition and other operating expenses (5)	2,220	1,655	34.1	2,081	6.7	4,301	3,255	32.1
Total benefits and expenses	9,171	8,228	11.5	7,438	23.3	16,609	16,205	2.5
Operating income excluding net realized capital gains (losses)	1,682	1,636	2.8	1,457	15.4	3,139	3,155	(0.5)
Net realized capital gains (losses)	(909)	18	NM	(722)	NM	(1,631)	(217)	NM
Operating income	\$ <u>773</u>	\$ <u>1,654</u>	(53.3) %	\$ <u>735</u>	5.2 %	\$ <u>1,508</u>	\$ <u>2,938</u>	(48.7) %
Foreign exchange effect on foreign growth:								
Premiums, deposits and other considerations (1)								
Growth in original currency *	12.3 %					14.7 %		
Foreign exchange impact	6.8					5.6		
Growth as reported in U.S. \$	19.1					20.3		
Premiums and other considerations								
Growth in original currency *	7.5					7.1		
Foreign exchange impact	10.8					8.3		
Growth as reported in U.S. \$	18.3 %					15.4 %		
Gross life insurance in force (at period end)				\$ 1,411,374	1.9 %	\$ 1,438,309	\$ 1,195,315	20.3 %

(See Accompanying Notes on Pages 53 - 54)

* 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					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 8,693	\$ 8,514	2.1 %	\$ 9,452	(8.0) %	\$ 18,145	\$ 16,968	6.9 %
Personal accident & health	1,879	1,518	23.8	1,728	8.7	3,607	2,999	20.3
Group products	1,464	1,024	43.0	1,513	(3.2)	2,977	2,137	39.3
Subtotal life insurance	12,036	11,056	8.9	12,693	(5.2)	24,729	22,104	11.9
Individual fixed annuities	2,311	1,258	83.7	1,541	50.0	3,852	2,375	62.2
Individual variable annuities	4,041	3,123	29.4	4,298	(6.0)	8,339	6,208	34.3
Subtotal retirement services	6,352	4,381	45.0	5,839	8.8	12,191	8,583	42.0
Total premiums, deposits and other considerations	18,388	15,437	19.1	18,532	(0.8)	36,920	30,687	20.3
Premiums and other considerations:								
Life insurance	4,634	4,105	12.9	4,512	2.7	9,146	8,272	10.6
Personal accident & health	1,855	1,487	24.7	1,691	9.7	3,546	2,960	19.8
Group products	1,002	690	45.2	996	0.6	1,998	1,443	38.5
Subtotal life insurance	7,491	6,282	19.2	7,199	4.1	14,690	12,675	15.9
Individual fixed annuities (6)	79	118	(33.1)	129	(38.8)	208	246	(15.4)
Individual variable annuities	121	103	17.5	119	1.7	240	195	23.1
Subtotal retirement services	200	221	(9.5)	248	(19.4)	448	441	1.6
Total premiums and other considerations	7,691	6,503	18.3	7,447	3.3	15,138	13,116	15.4
Net investment income:								
Life insurance (3)	1,721	1,534	12.2	1,479	16.4	3,200	2,919	9.6
Personal accident & health	109	87	25.3	92	18.5	201	170	18.2
Group products	149	118	26.3	130	14.6	280	202	38.6
Subtotal life insurance	1,979	1,739	13.8	1,701	16.3	3,681	3,291	11.9
Individual fixed annuities	640	557	14.9	599	6.8	1,239	1,090	13.7
Individual variable annuities (3)	(63)	(14)	NM	(90)	NM	(154)	(13)	NM
Subtotal retirement services	577	543	6.3	509	13.4	1,085	1,077	0.7
Net investment income before policyholder income and trading gains (losses)	2,556	2,282	12.0	2,210	15.7	4,766	4,368	9.1
Net investment income related to policyholder investment income and trading gains (losses) (4)	606	1,079	(43.8)	(762)	NM	(156)	1,876	NM
Total net investment income	3,162	3,361	(5.9)	1,448	118.4	4,610	6,244	(26.2)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance (7)	4,142	3,814	8.6	4,081	1.5	8,223	7,732	6.4
Personal accident & health	1,028	804	27.9	892	15.2	1,920	1,593	20.5
Group products	643	430	49.5	679	(5.3)	1,322	917	44.2
Subtotal life insurance	5,813	5,048	15.2	5,652	2.8	11,465	10,242	11.9
Individual fixed annuities	511	435	17.5	463	10.4	974	821	18.6
Individual variable annuities	20	10	100.0	2	NM	22	12	83.3
Subtotal retirement services	531	445	19.3	465	14.2	996	833	19.6
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)	6,344	5,493	15.5	6,117	3.7	12,461	11,075	12.5
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses) (4)	606	1,079	(43.8)	(762)	NM	(156)	1,876	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	6,950	6,572	5.8	5,355	29.8	12,305	12,951	(5.0)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	1,206	811	48.7	1,118	7.9	2,324	1,624	43.1
Personal accident & health	524	447	17.2	474	10.5	998	838	19.1
Group products	381	283	34.6	328	16.2	709	549	29.1
Subtotal life insurance	2,111	1,541	37.0	1,920	9.9	4,031	3,011	33.9
Individual fixed annuities	98	94	4.3	101	(3.0)	199	204	(2.5)
Individual variable annuities	56	47	19.1	75	(25.3)	131	85	54.1
Subtotal retirement services	154	141	9.2	176	(12.5)	330	289	14.2
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (5)	\$ 2,265	\$ 1,682	34.7 %	\$ 2,096	8.1 %	\$ 4,361	\$ 3,300	32.2 %

(See Accompanying Notes on Pages 53 - 54)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 1,007	\$ 1,014	(0.7) %	\$ 792	27.1 %	\$ 1,799	\$ 1,835	(2.0) %
Personal accident & health	412	323	27.6	417	(1.2)	829	699	18.6
Group products	127	95	33.7	119	6.7	247	179	38.0
Subtotal life insurance	<u>1,546</u>	<u>1,432</u>	8.0	<u>1,328</u>	16.4	<u>2,875</u>	<u>2,713</u>	6.0
Individual fixed annuities (6)	110	146	(24.7)	164	(32.9)	274	311	(11.9)
Individual variable annuities	(18)	32	NM	(48)	NM	(67)	85	NM
Subtotal retirement services	<u>92</u>	<u>178</u>	(48.3)	<u>116</u>	(20.7)	<u>207</u>	<u>396</u>	(47.7)
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	<u>1,638</u>	<u>1,610</u>	1.7	<u>1,444</u>	13.4	<u>3,082</u>	<u>3,109</u>	(0.9)
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	5	-	NM	(6)	NM	(1)	1	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>5</u>	<u>-</u>	NM	<u>(6)</u>	NM	<u>(1)</u>	<u>1</u>	NM
Individual fixed annuities	(49)	(26)	NM	(7)	NM	(56)	(47)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(49)</u>	<u>(26)</u>	NM	<u>(7)</u>	NM	<u>(56)</u>	<u>(47)</u>	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	<u>(44)</u>	<u>(26)</u>	NM	<u>(13)</u>	NM	<u>(57)</u>	<u>(46)</u>	NM
Operating income (loss) before net realized capital gains (losses):								
Life insurance	1,002	1,014	(1.2)	798	25.6	1,800	1,834	(1.9)
Personal accident & health	412	323	27.6	417	(1.2)	829	699	18.6
Group products	127	95	33.7	119	6.7	247	179	38.0
Subtotal life insurance	<u>1,541</u>	<u>1,432</u>	7.6	<u>1,334</u>	15.5	<u>2,876</u>	<u>2,712</u>	6.0
Individual fixed annuities	159	172	(7.6)	171	(7.0)	330	358	(7.8)
Individual variable annuities	(18)	32	NM	(48)	NM	(67)	85	NM
Subtotal retirement services	<u>141</u>	<u>204</u>	(30.9)	<u>123</u>	14.6	<u>263</u>	<u>443</u>	(40.6)
Total operating income before net realized capital gains (losses) (8)	<u>1,682</u>	<u>1,636</u>	2.8	<u>1,457</u>	15.4	<u>3,139</u>	<u>3,155</u>	(0.5)
Net realized capital gains (losses):								
Life insurance	(750)	141	NM	(567)	NM	(1,317)	(27)	NM
Personal accident & health	(26)	2	NM	(40)	NM	(66)	(6)	NM
Group products	(11)	(6)	NM	(30)	NM	(41)	(27)	NM
Subtotal life insurance	<u>(787)</u>	<u>137</u>	NM	<u>(637)</u>	NM	<u>(1,424)</u>	<u>(60)</u>	NM
Individual fixed annuities	(115)	(120)	NM	(113)	NM	(228)	(157)	NM
Individual variable annuities	(7)	1	NM	28	NM	21	-	NM
Subtotal retirement services	<u>(122)</u>	<u>(119)</u>	NM	<u>(85)</u>	NM	<u>(207)</u>	<u>(157)</u>	NM
Total net realized capital gains (losses)	<u>(909)</u>	<u>18</u>	NM	<u>(722)</u>	NM	<u>(1,631)</u>	<u>(217)</u>	NM
Operating income (loss):								
Life insurance	252	1,155	(78.2)	231	9.1	483	1,807	(73.3)
Personal accident & health	386	325	18.8	377	2.4	763	693	10.1
Group products	116	89	30.3	89	30.3	206	152	35.5
Subtotal life insurance	<u>754</u>	<u>1,569</u>	(51.9)	<u>697</u>	8.2	<u>1,452</u>	<u>2,652</u>	(45.2)
Individual fixed annuities	44	52	(15.4)	58	(24.1)	102	201	(49.3)
Individual variable annuities	(25)	33	NM	(20)	NM	(46)	85	NM
Subtotal retirement services	<u>19</u>	<u>85</u>	(77.6)	<u>38</u>	(50.0)	<u>56</u>	<u>286</u>	(80.4)
Total operating income	<u>\$ 773</u>	<u>\$ 1,654</u>	(53.3) %	<u>\$ 735</u>	5.2 %	<u>\$ 1,508</u>	<u>\$ 2,938</u>	(48.7) %

(See Accompanying Notes on Pages 53 - 54)

American International Group, Inc.
Japan and Other Product Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 3,924	\$ 3,806	3.1 %	\$ 4,475	(12.3) %	\$ 8,399	\$ 7,322	14.7 %
Personal accident & health	1,358	1,060	28.1	1,195	13.6	2,553	2,081	22.7
Group products	1,250	866	44.3	1,274	(1.9)	2,524	1,801	40.1
Subtotal life insurance	6,532	5,732	14.0	6,944	(5.9)	13,476	11,204	20.3
Individual fixed annuities	2,174	1,044	108.2	1,351	60.9	3,525	2,034	73.3
Individual variable annuities	3,845	3,098	24.1	4,155	(7.5)	8,000	6,178	29.5
Subtotal retirement services	6,019	4,142	45.3	5,506	9.3	11,525	8,212	40.3
Total premiums, deposits and other considerations	12,551	9,874	27.1	12,450	0.8	25,001	19,416	28.8
Premiums and other considerations:								
Life insurance	1,568	1,350	16.1	1,328	18.1	2,896	2,566	12.9
Personal accident & health	1,336	1,041	28.3	1,177	13.5	2,513	2,069	21.5
Group products	802	539	48.8	750	6.9	1,552	1,114	39.3
Subtotal life insurance	3,706	2,930	26.5	3,255	13.9	6,961	5,749	21.1
Individual fixed annuities (6)	70	101	(30.7)	117	(40.2)	187	217	(13.8)
Individual variable annuities	120	102	17.6	117	2.6	237	193	22.8
Subtotal retirement services	190	203	(6.4)	234	(18.8)	424	410	3.4
Total premiums and other considerations	3,896	3,133	24.4	3,489	11.7	7,385	6,159	19.9
Net investment income:								
Life insurance (3)	562	500	12.4	561	0.2	1,123	955	17.6
Personal accident & health	69	52	32.7	52	32.7	121	102	18.6
Group products	116	96	20.8	99	17.2	216	158	36.7
Subtotal life insurance	747	648	15.3	712	4.9	1,460	1,215	20.2
Individual fixed annuities	606	528	14.8	566	7.1	1,172	1,033	13.5
Individual variable annuities (3)	(64)	(15)	NM	(91)	NM	(156)	(15)	NM
Subtotal retirement services	542	513	5.7	475	14.1	1,016	1,018	(0.2)
Net investment income before policyholder income and trading gains (losses)	1,289	1,161	11.0	1,187	8.6	2,476	2,233	10.9
Net investment income related to policyholder investment income and trading gains (losses)	613	664	(7.7)	(437)	NM	176	1,382	(87.3)
Total net investment income	1,902	1,825	4.2	750	153.6	2,652	3,615	(26.6)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance	1,211	1,104	9.7	1,176	3.0	2,387	2,078	14.9
Personal accident & health	683	515	32.6	561	21.7	1,244	1,023	21.6
Group products	497	333	49.2	496	0.2	993	675	47.1
Subtotal life insurance	2,391	1,952	22.5	2,233	7.1	4,624	3,776	22.5
Individual fixed annuities	486	398	22.1	437	11.2	923	755	22.3
Individual variable annuities	18	10	80.0	1	NM	19	11	72.7
Subtotal retirement services	504	408	23.5	438	15.1	942	766	23.0
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)	2,895	2,360	22.7	2,671	8.4	5,566	4,542	22.5
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	613	664	(7.7)	(437)	NM	176	1,382	(87.3)
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	3,508	3,024	16.0	2,234	57.0	5,742	5,924	(3.1)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	472	341	38.4	415	13.7	887	667	33.0
Personal accident & health	377	335	12.5	339	11.2	716	618	15.9
Group products	327	240	36.3	275	18.9	602	467	28.9
Subtotal life insurance	1,176	916	28.4	1,029	14.3	2,205	1,752	25.9
Individual fixed annuities	90	89	1.1	96	(6.3)	186	192	(3.1)
Individual variable annuities	63	45	40.0	67	(6.0)	130	83	56.6
Subtotal retirement services	153	134	14.2	163	(6.1)	316	275	14.9
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses) (5)	\$ 1,329	\$ 1,050	26.6 %	\$ 1,192	11.5 %	\$ 2,521	\$ 2,027	24.4 %

(See Accompanying Notes on Pages 53 - 54)

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

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 447	\$ 405	10.4 %	\$ 298	50.0 %	\$ 745	\$ 776	(4.0) %
Personal accident & health	345	243	42.0	329	4.9	674	530	27.2
Group products	94	62	51.6	78	20.5	173	130	33.1
Subtotal life insurance	886	710	24.8	705	25.7	1,592	1,436	10.9
Individual fixed annuities (6)	100	142	(29.6)	150	(33.3)	250	303	(17.5)
Individual variable annuities	(25)	32	NM	(42)	NM	(68)	84	NM
Subtotal retirement services	75	174	(56.9)	108	(30.6)	182	387	(53.0)
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	961	884	8.7	813	18.2	1,774	1,823	(2.7)
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	5	-	NM	(6)	NM	(1)	1	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	5	-	NM	(6)	NM	(1)	1	NM
Individual fixed annuities	(50)	(21)	NM	(7)	NM	(57)	(42)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	(50)	(21)	NM	(7)	NM	(57)	(42)	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	(45)	(21)	NM	(13)	NM	(58)	(41)	NM
Operating income (loss) before net realized capital gains (losses):								
Life insurance	442	405	9.1	304	45.4	746	775	(3.7)
Personal accident & health	345	243	42.0	329	4.9	674	530	27.2
Group products	94	62	51.6	78	20.5	173	130	33.1
Subtotal life insurance	881	710	24.1	711	23.9	1,593	1,435	11.0
Individual fixed annuities	150	163	(8.0)	157	(4.5)	307	345	(11.0)
Individual variable annuities	(25)	32	NM	(42)	NM	(68)	84	NM
Subtotal retirement services	125	195	(35.9)	115	8.7	239	429	(44.3)
Total operating income before net realized capital gains (losses) (8)	1,006	905	11.2	826	21.8	1,832	1,864	(1.7)
Net realized capital gains (losses):								
Life insurance	(298)	33	NM	(247)	NM	(545)	15	NM
Personal accident & health	(7)	-	NM	(28)	NM	(35)	2	NM
Group products	(10)	1	NM	(7)	NM	(17)	6	NM
Subtotal life insurance	(315)	34	NM	(282)	NM	(597)	23	NM
Individual fixed annuities	(107)	(129)	NM	(89)	NM	(196)	(164)	NM
Individual variable annuities	(7)	-	NM	28	NM	21	-	NM
Subtotal retirement services	(114)	(129)	NM	(61)	NM	(175)	(164)	NM
Total net realized capital gains (losses)	(429)	(95)	NM	(343)	NM	(772)	(141)	NM
Operating income (loss):								
Life insurance	144	438	(67.1)	57	152.6	201	790	(74.6)
Personal accident & health	338	243	39.1	301	12.3	639	532	20.1
Group products	84	63	33.3	71	18.3	156	136	14.7
Subtotal life insurance	566	744	(23.9)	429	31.9	996	1,458	(31.7)
Individual fixed annuities	43	34	26.5	68	(36.8)	111	181	(38.7)
Individual variable annuities	(32)	32	NM	(14)	NM	(47)	84	NM
Subtotal retirement services	11	66	(83.3)	54	(79.6)	64	265	(75.8)
Total operating income	\$ 577	\$ 810	(28.8) %	\$ 483	19.5 %	\$ 1,060	\$ 1,723	(38.5) %

(See Accompanying Notes on Pages 53 - 54)

American International Group, Inc.

Asia Product Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Premiums, deposits and other considerations (1):								
Life insurance	\$ 4,769	\$ 4,708	1.3 %	\$ 4,977	(4.2) %	\$ 9,746	\$ 9,646	1.0 %
Personal accident & health	521	458	13.8	533	(2.3)	1,054	918	14.8
Group products	214	158	35.4	239	(10.5)	453	336	34.8
Subtotal life insurance	5,504	5,324	3.4	5,749	(4.3)	11,253	10,900	3.2
Individual fixed annuities	137	214	(36.0)	190	(27.9)	327	341	(4.1)
Individual variable annuities	196	25	NM	143	37.1	339	30	NM
Subtotal retirement services	333	239	39.3	333	0.0	666	371	79.5
Total premiums, deposits and other considerations	5,837	5,563	4.9	6,082	(4.0)	11,919	11,271	5.7
Premiums and other considerations:								
Life insurance	3,066	2,755	11.3	3,184	(3.7)	6,250	5,706	9.5
Personal accident & health	519	446	16.4	514	1.0	1,033	891	15.9
Group products	200	151	32.5	246	(18.7)	446	329	35.6
Subtotal life insurance	3,785	3,352	12.9	3,944	(4.0)	7,729	6,926	11.6
Individual fixed annuities	9	17	(47.1)	12	(25.0)	21	29	(27.6)
Individual variable annuities	1	1	0.0	2	(50.0)	3	2	50.0
Subtotal retirement services	10	18	(44.4)	14	(28.6)	24	31	(22.6)
Total premiums and other considerations	3,795	3,370	12.6	3,958	(4.1)	7,753	6,957	11.4
Net investment income:								
Life insurance	1,159	1,034	12.1	918	26.3	2,077	1,964	5.8
Personal accident & health	40	35	14.3	40	0.0	80	68	17.6
Group products	33	22	50.0	31	6.5	64	44	45.5
Subtotal life insurance	1,232	1,091	12.9	989	24.6	2,221	2,076	7.0
Individual fixed annuities	34	29	17.2	33	3.0	67	57	17.5
Individual variable annuities	1	1	0.0	1	0.0	2	2	0.0
Subtotal retirement services	35	30	16.7	34	2.9	69	59	16.9
Net investment income before policyholder income and trading gains (losses)	1,267	1,121	13.0	1,023	23.9	2,290	2,135	7.3
Net investment income related to policyholder investment income and trading gains (losses)	(7)	415	NM	(325)	NM	(332)	494	NM
Total net investment income	1,260	1,536	(18.0)	698	80.5	1,958	2,629	(25.5)
Incurred policy losses and benefits excluding amortization of sales inducement related to net realized capital gains (losses):								
Life insurance (7)	2,931	2,710	8.2	2,905	0.9	5,836	5,654	3.2
Personal accident & health	345	289	19.4	331	4.2	676	570	18.6
Group products	146	97	50.5	183	(20.2)	329	242	36.0
Subtotal life insurance	3,422	3,096	10.5	3,419	0.1	6,841	6,466	5.8
Individual fixed annuities	25	37	(32.4)	26	(3.8)	51	66	(22.7)
Individual variable annuities	2	-	NM	1	100.0	3	1	200.0
Subtotal retirement services	27	37	(27.0)	27	0.0	54	67	(19.4)
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)	3,449	3,133	10.1	3,446	0.1	6,895	6,533	5.5
Incurred policy losses and benefits related to policyholder investment income and trading gains (losses)	(7)	415	NM	(325)	NM	(332)	494	NM
Total incurred policy losses and benefits excluding amortization of sales inducements related to net realized capital gains (losses)	3,442	3,548	(3.0)	3,121	10.3	6,563	7,027	(6.6)
Insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses):								
Life insurance	734	470	56.2	703	4.4	1,437	957	50.2
Personal accident & health	147	112	31.3	135	8.9	282	220	28.2
Group products	54	43	25.6	53	1.9	107	82	30.5
Subtotal life insurance	935	625	49.6	891	4.9	1,826	1,259	45.0
Individual fixed annuities	8	5	60.0	5	60.0	13	12	8.3
Individual variable annuities	(7)	2	NM	8	NM	1	2	(50.0)
Subtotal retirement services	1	7	(85.7)	13	(92.3)	14	14	0.0
Total insurance acquisition and other operating expenses excluding amortization of deferred acquisition costs and VOBA related to net realized capital gains (losses)	\$ 936	\$ 632	48.1 %	\$ 904	3.5 %	\$ 1,840	\$ 1,273	44.5 %

(See Accompanying Notes on Pages 53 - 54)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Operating income (loss) excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements:								
Life insurance	\$ 560	\$ 609	(8.0) %	\$ 494	13.4 %	\$ 1,054	\$ 1,059	(0.5) %
Personal accident & health	67	80	(16.3)	88	(23.9)	155	169	(8.3)
Group products	33	33	0.0	41	(19.5)	74	49	51.0
Subtotal life insurance	<u>660</u>	<u>722</u>	(8.6)	<u>623</u>	5.9	<u>1,283</u>	<u>1,277</u>	0.5
Individual fixed annuities	10	4	150.0	14	(28.6)	24	8	200.0
Individual variable annuities	7	-	NM	(6)	NM	1	1	0.0
Subtotal retirement services	<u>17</u>	<u>4</u>	325.0	<u>8</u>	112.5	<u>25</u>	<u>9</u>	177.8
Total operating income excluding net realized capital gains (losses) and related amortization of acquisition costs, VOBA and sales inducements	<u>677</u>	<u>726</u>	(6.7)	<u>631</u>	7.3	<u>1,308</u>	<u>1,286</u>	1.7
Amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses):								
Life insurance	-	-	NM	-	NM	-	-	NM
Personal accident & health	-	-	NM	-	NM	-	-	NM
Group products	-	-	NM	-	NM	-	-	NM
Subtotal life insurance	<u>-</u>	<u>-</u>	NM	<u>-</u>	NM	<u>-</u>	<u>-</u>	NM
Individual fixed annuities	1	(5)	NM	-	NM	1	(5)	NM
Individual variable annuities	-	-	NM	-	NM	-	-	NM
Subtotal retirement services	<u>1</u>	<u>(5)</u>	NM	<u>-</u>	NM	<u>1</u>	<u>(5)</u>	NM
Total amortization expense (benefit) of deferred acquisition costs, VOBA and sales inducements related to net realized capital gains (losses)	<u>1</u>	<u>(5)</u>	NM	<u>-</u>	NM	<u>1</u>	<u>(5)</u>	NM
Operating income (loss) before net realized capital gains (losses):								
Life insurance	560	609	(8.0)	494	13.4	1,054	1,059	(0.5)
Personal accident & health	67	80	(16.3)	88	(23.9)	155	169	(8.3)
Group products	33	33	0.0	41	(19.5)	74	49	51.0
Subtotal life insurance	<u>660</u>	<u>722</u>	(8.6)	<u>623</u>	5.9	<u>1,283</u>	<u>1,277</u>	0.5
Individual fixed annuities	9	9	0.0	14	(35.7)	23	13	76.9
Individual variable annuities	7	-	NM	(6)	NM	1	1	0.0
Subtotal retirement services	<u>16</u>	<u>9</u>	77.8	<u>8</u>	100.0	<u>24</u>	<u>14</u>	71.4
Total operating income before net realized capital gains (losses) (8)	<u>676</u>	<u>731</u>	(7.5)	<u>631</u>	7.1	<u>1,307</u>	<u>1,291</u>	1.2
Net realized capital gains (losses):								
Life insurance	(452)	108	NM	(320)	NM	(772)	(42)	NM
Personal accident & health	(19)	2	NM	(12)	NM	(31)	(8)	NM
Group products	(1)	(7)	NM	(23)	NM	(24)	(33)	NM
Subtotal life insurance	<u>(472)</u>	<u>103</u>	NM	<u>(355)</u>	NM	<u>(827)</u>	<u>(83)</u>	NM
Individual fixed annuities	(8)	9	NM	(24)	NM	(32)	7	NM
Individual variable annuities	-	1	NM	-	NM	-	-	NM
Subtotal retirement services	<u>(8)</u>	<u>10</u>	NM	<u>(24)</u>	NM	<u>(32)</u>	<u>7</u>	NM
Total net realized capital gains (losses)	<u>(480)</u>	<u>113</u>	NM	<u>(379)</u>	NM	<u>(859)</u>	<u>(76)</u>	NM
Operating income (loss):								
Life insurance	108	717	(84.9)	174	(37.9)	282	1,017	(72.3)
Personal accident & health	48	82	(41.5)	76	(36.8)	124	161	(23.0)
Group products	32	26	23.1	18	77.8	50	16	212.5
Subtotal life insurance	<u>188</u>	<u>825</u>	(77.2)	<u>268</u>	(29.9)	<u>456</u>	<u>1,194</u>	(61.8)
Individual fixed annuities	1	18	(94.4)	(10)	NM	(9)	20	NM
Individual variable annuities	7	1	NM	(6)	NM	1	1	0.0
Subtotal retirement services	<u>8</u>	<u>19</u>	(57.9)	<u>(16)</u>	NM	<u>(8)</u>	<u>21</u>	NM
Total operating income	\$ <u>196</u>	\$ <u>844</u>	(76.8) %	\$ <u>252</u>	(22.2) %	\$ <u>448</u>	\$ <u>1,215</u>	(63.1) %

(See Accompanying Notes on Pages 53 - 54)

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

	First Year Premiums (9)					Single Premiums				
	Three Months Ended					Three Months Ended				
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg
Life insurance										
Japan	\$ 205	\$ 275	(25.5) %	\$ 158	29.7 %	\$ 463	\$ 347	33.4 %	\$ 368	25.8 %
China	25	22	13.6	25	0.0	53	119	(55.5)	100	(47.0)
Taiwan	156	226	(31.0)	157	(0.6)	60	270	(77.8)	182	(67.0)
Other Asia	420	350	20.0	383	9.7	749	515	45.4	652	14.9
Europe (10)	44	34	29.4	43	2.3	1,293	1,528	(15.4)	2,180	(40.7)
All other regions	43	42	2.4	41	4.9	23	32	(28.1)	40	(42.5)
Total	893	949	(5.9)	807	10.7	2,641	2,811	(6.0)	3,522	(25.0)
Personal accident & health										
Japan	157	156	0.6	146	7.5	67	2	NM	26	157.7
China	13	11	18.2	9	44.4	1	1	0.0	1	0.0
Taiwan	25	24	4.2	26	(3.8)	-	-	NM	-	NM
Other Asia	79	86	(8.1)	77	2.6	1	-	NM	-	NM
Europe	23	22	4.5	24	(4.2)	5	4	25.0	5	0.0
All other regions	14	11	27.3	12	16.7	4	3	33.3	4	0.0
Total	311	310	0.3	294	5.8	78	10	NM	36	116.7
Group products										
Japan	12	4	200.0	6	100.0	-	-	NM	-	NM
China	6	4	50.0	6	0.0	-	-	NM	-	NM
Taiwan	4	4	0.0	5	(20.0)	4	1	300.0	2	100.0
Other Asia	32	16	100.0	32	0.0	25	17	47.1	20	25.0
Europe	30	17	76.5	27	11.1	200	135	48.1	242	(17.4)
All other regions	208	109	90.8	183	13.7	123	69	78.3	91	35.2
Total	292	154	89.6	259	12.7	352	222	58.6	355	(0.8)
Total premiums										
Japan	374	435	(14.0)	310	20.6	530	349	51.9	394	34.5
China	44	37	18.9	40	10.0	54	120	(55.0)	101	(46.5)
Taiwan	185	254	(27.2)	188	(1.6)	64	271	(76.4)	184	(65.2)
Other Asia	531	452	17.5	492	7.9	775	532	45.7	672	15.3
Europe	97	73	32.9	94	3.2	1,498	1,667	(10.1)	2,427	(38.3)
All other regions	265	162	63.6	236	12.3	150	104	44.2	135	11.1
Total (11)	\$ 1,496	\$ 1,413	5.9 %	\$ 1,360	10.0 %	\$ 3,071	\$ 3,043	0.9 %	\$ 3,913	(21.5) %

(See Accompanying Notes on Pages 53 - 54)

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

	First Year Premiums (9)			Single Premiums		
	Six Months Ended			Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	June 30, 2008	June 30, 2007	% Chg
Life insurance						
Japan	\$ 363	\$ 486	(25.3) %	\$ 831	\$ 692	20.1 %
China	50	49	2.0	153	185	(17.3)
Taiwan	313	405	(22.7)	242	464	(47.8)
Other Asia	803	663	21.1	1,401	885	58.3
Europe (10)	87	68	27.9	3,473	2,943	18.0
All other regions	84	78	7.7	63	62	1.6
Total	1,700	1,749	(2.8)	6,163	5,231	17.8
Personal accident & health						
Japan	303	309	(1.9)	93	4	NM
China	22	19	15.8	2	1	100.0
Taiwan	51	51	0.0	-	-	NM
Other Asia	156	178	(12.4)	1	-	NM
Europe	47	43	9.3	10	8	25.0
All other regions	26	22	18.2	8	7	14.3
Total	605	622	(2.7)	114	20	470.0
Group products						
Japan	18	7	157.1	-	-	NM
China	12	7	71.4	-	-	NM
Taiwan	9	7	28.6	6	2	200.0
Other Asia	64	35	82.9	45	33	36.4
Europe	57	37	54.1	442	296	49.3
All other regions	391	243	60.9	214	106	101.9
Total	551	336	64.0	707	437	61.8
Total premiums						
Japan	684	802	(14.7)	924	696	32.8
China	84	75	12.0	155	186	(16.7)
Taiwan	373	463	(19.4)	248	466	(46.8)
Other Asia	1,023	876	16.8	1,447	918	57.6
Europe	191	148	29.1	3,925	3,247	20.9
All other regions	501	343	46.1	285	175	62.9
Total (11)	\$ 2,856	\$ 2,707	5.5 %	\$ 6,984	\$ 5,688	22.8 %

(See Accompanying Notes on Pages 53 - 54)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Life insurance								
Life insurance								
Japan	\$ 2,085	\$ 1,804	15.6 %	\$ 1,765	18.1 %	\$ 3,850	\$ 3,465	11.1 %
China	226	264	(14.4)	261	(13.4)	487	465	4.7
Taiwan	1,546	1,865	(17.1)	1,929	(19.9)	3,475	4,264	(18.5)
Other Asia	3,040	2,623	15.9	2,826	7.6	5,866	4,998	17.4
Europe	1,583	1,760	(10.1)	2,460	(35.7)	4,043	3,401	18.9
All other regions	213	198	7.6	211	0.9	424	375	13.1
Total	8,693	8,514	2.1	9,452	(8.0)	18,145	16,968	6.9
Personal accident & health								
Japan	1,181	918	28.6	1,033	14.3	2,214	1,807	22.5
China	39	33	18.2	34	14.7	73	60	21.7
Taiwan	164	146	12.3	194	(15.5)	358	321	11.5
Other Asia	325	283	14.8	311	4.5	636	544	16.9
Europe	114	94	21.3	108	5.6	222	185	20.0
All other regions	56	44	27.3	48	16.7	104	82	26.8
Total	1,879	1,518	23.8	1,728	8.7	3,607	2,999	20.3
Group products								
Japan	138	118	16.9	134	3.0	272	241	12.9
China	8	5	60.0	11	(27.3)	19	8	137.5
Taiwan	33	28	17.9	27	22.2	60	54	11.1
Other Asia	173	127	36.2	201	(13.9)	374	274	36.5
Europe	488	345	41.4	529	(7.8)	1,017	734	38.6
All other regions	624	401	55.6	611	2.1	1,235	826	49.5
Total	1,464	1,024	43.0	1,513	(3.2)	2,977	2,137	39.3
Total life insurance								
Japan	3,404	2,840	19.9	2,932	16.1	6,336	5,513	14.9
China	273	302	(9.6)	306	(10.8)	579	533	8.6
Taiwan	1,743	2,039	(14.5)	2,150	(18.9)	3,893	4,639	(16.1)
Other Asia	3,538	3,033	16.7	3,338	6.0	6,876	5,816	18.2
Europe	2,185	2,199	(0.6)	3,097	(29.4)	5,282	4,320	22.3
All other regions	893	643	38.9	870	2.6	1,763	1,283	37.4
Total	12,036	11,056	8.9	12,693	(5.2)	24,729	22,104	11.9
Retirement services								
Individual fixed annuities								
Japan	2,050	954	114.9	1,239	65.5	3,289	1,873	75.6
Korea	103	195	(47.2)	166	(38.0)	269	309	(12.9)
Other Asia	34	19	78.9	24	41.7	58	32	81.3
Europe	108	78	38.5	98	10.2	206	142	45.1
All other regions	16	12	33.3	14	14.3	30	19	57.9
Total	2,311	1,258	83.7	1,541	50.0	3,852	2,375	62.2
Individual variable annuities								
Japan	242	251	(3.6)	244	(0.8)	486	525	(7.4)
Taiwan	196	25	NM	142	38.0	338	30	NM
Other Asia	1	-	NM	-	NM	1	-	NM
Europe	3,602	2,847	26.5	3,912	(7.9)	7,514	5,653	32.9
Total	4,041	3,123	29.4	4,298	(6.0)	8,339	6,208	34.3
Total retirement services								
Japan	2,292	1,205	90.2	1,483	54.6	3,775	2,398	57.4
Korea	103	195	(47.2)	166	(38.0)	269	309	(12.9)
Taiwan	196	25	NM	142	38.0	338	30	NM
Other Asia	35	19	84.2	24	45.8	59	32	84.4
Europe	3,710	2,925	26.8	4,010	(7.5)	7,720	5,795	33.2
All other regions	16	12	33.3	14	14.3	30	19	57.9
Total (11)	6,352	4,381	45.0	5,839	8.8	12,191	8,583	42.0
Total premiums, deposits and other considerations	\$ 18,388	\$ 15,437	19.1 %	\$ 18,532	(0.8) %	\$ 36,920	\$ 30,687	20.3 %

(See Accompanying Notes on Pages 53 - 54)

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

	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg
Life Insurance Reserves					
Life insurance					
Japan	\$ 38,464	\$ 30,733	25.2 %	\$ 38,062	1.1 %
China	4,130	2,981	38.5	3,915	5.5
Taiwan	41,139	34,095	20.7	39,588	3.9
Other Asia	51,794	44,182	17.2	50,899	1.8
Europe	11,740	8,690	35.1	11,897	(1.3)
All other regions	2,930	2,654	10.4	2,906	0.8
Total	150,197	123,335	21.8	147,267	2.0
Personal accident & health					
Japan	6,188	4,514	37.1	5,969	3.7
China	104	69	50.7	91	14.3
Taiwan	2,129	1,716	24.1	2,022	5.3
Other Asia	1,315	998	31.8	1,306	0.7
Europe	278	213	30.5	263	5.7
All other regions	64	53	20.8	64	0.0
Total	10,078	7,563	33.3	9,715	3.7
Group products					
Japan	2,958	2,753	7.4	3,073	(3.7)
China	7	4	75.0	7	0.0
Taiwan	50	43	16.3	47	6.4
Other Asia	1,606	1,333	20.5	1,588	1.1
Europe	2,429	1,724	40.9	2,281	6.5
All other regions	5,820	4,129	41.0	4,892	19.0
Total	12,870	9,986	28.9	11,888	8.3
Total life insurance reserves					
Japan	47,610	38,000	25.3	47,104	1.1
China	4,241	3,054	38.9	4,013	5.7
Taiwan	43,318	35,854	20.8	41,657	4.0
Other Asia	54,715	46,513	17.6	53,793	1.7
Europe	14,447	10,627	35.9	14,441	0.0
All other regions	8,814	6,836	28.9	7,862	12.1
Total	\$ 173,145	\$ 140,884	22.9 %	\$ 168,870	2.5 %

*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)

	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg
Retirement Services Reserves					
Individual fixed annuities					
Japan	\$ 47,624	\$ 41,467	14.8 %	\$ 45,551	4.6 %
Korea	1,923	1,939	(0.8)	2,051	(6.2)
Other Asia	452	378	19.6	449	0.7
Europe	2,045	1,802	13.5	1,988	2.9
All other regions	426	360	18.3	679	(37.3)
Total	52,470	45,946	14.2	50,718	3.5
Individual variable annuities					
Japan	6,433	5,527	16.4	6,231	3.2
Taiwan	413	21	NM	214	93.0
Other Asia	70	64	9.4	78	(10.3)
Europe	23,097	20,337	13.6	22,118	4.4
All other regions	-	-	NM	-	NM
Total	30,013	25,949	15.7	28,641	4.8
Policy and Contract Claims Reserves					
Personal accident & health					
Japan	283	264	7.2	290	(2.4)
China	8	6	33.3	7	14.3
Taiwan	64	57	12.3	69	(7.2)
Other Asia	136	109	24.8	115	18.3
Europe	88	82	7.3	86	2.3
All other regions	38	27	40.7	40	(5.0)
Total	617	545	13.2	607	1.6
Group accident & health					
Japan	-	-	NM	-	NM
Taiwan	4	4	0.0	4	0.0
Other Asia	27	18	50.0	22	22.7
Europe	9	6	50.0	10	(10.0)
All other regions	60	77	(22.1)	92	(34.8)
Total	\$ 100	\$ 105	(4.8) %	\$ 128	(21.9) %

*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					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Spread information								
Individual fixed annuities								
Japan (a)								
Base investment income	\$ 513	\$ 434	18.2 %	\$ 489	4.9 %	\$ 1,002	\$ 862	16.2 %
Partnerships/other enhancements	-	-	NM	-	NM	-	-	NM
Total net investment income (b)	\$ 513	\$ 434	18.2 %	\$ 489	4.9 %	\$ 1,002	\$ 862	16.2 %
Base yield (a)	5.20 %	5.02 %		5.24 %		5.22 %	5.02 %	
Partnerships/other enhancements	0.00 %	0.00 %		0.00 %		0.00 %	0.00 %	
Total	5.20 %	5.02 %		5.24 %		5.22 %	5.02 %	
Cost of funds (b) (c)	3.66 %	3.43 %		3.58 %		3.61 %	3.44 %	
Net spread rate, as reported (c)	1.54 %	1.59 %		1.66 %		1.61 %	1.58 %	
Net spread rate excluding partnerships and other enhancements	1.54 %	1.59 %	(3.1) %	1.66 %	(7.2) %	1.61 %	1.58 %	1.9 %
Korea								
Base investment income	\$ 28	\$ 24	16.7 %	\$ 28	0.0 %	\$ 56	\$ 47	19.1 %
Partnerships/other enhancements	-	(1)	NM	-	NM	-	(1)	NM
Total net investment income (b)	\$ 28	\$ 23	21.7 %	\$ 28	0.0 %	\$ 56	\$ 46	21.7 %
Base yield (c)	5.54 %	5.40 %		5.41 %		5.49 %	5.36 %	
Partnerships/other enhancements	0.00 %	(0.19) %		0.00 %		0.00 %	(0.10) %	
Total	5.54 %	5.21 %		5.41 %		5.49 %	5.26 %	
Cost of funds (b) (c)	4.78 %	4.59 %		4.75 %		4.76 %	4.56 %	
Net spread rate, as reported (c)	0.76 %	0.62 %		0.66 %		0.73 %	0.70 %	
Net spread rate excluding partnerships and other enhancements	0.76 %	0.81 %	(6.2) %	0.66 %	15.2 %	0.73 %	0.80 %	(8.8) %
Net flows (d)								
Individual fixed annuities								
Japan	\$ 1,237	\$ 165	NM %	\$ 553	123.7 %	\$ 1,790	\$ 56	NM %
Korea	(72)	163	NM	112	NM	40	242	(83.5)
Individual variable annuities								
Japan	\$ 154	\$ 172	(10.5) %	\$ 144	6.9 %	\$ 298	\$ 337	(11.6) %
Surrender rates								
Japan								
Individual fixed annuities	2.4 %	5.0 %		2.8 %		2.6 %	6.5 %	
Individual variable annuities	3.8 %	4.6 %		4.6 %		4.2 %	5.9 %	
Korea								
Individual fixed annuities	33.7 %	7.1 %		9.9 %		21.9 %	7.4 %	

(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 six months figures use three 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					Six Months Ended		
	June 30, 2008	June 30, 2007	% chg	March 31, 2008	Sequential % chg	June 30, 2008	June 30, 2007	% chg
Life insurance								
Balance at beginning of period	\$ 17,590	\$ 14,802	18.8 %	\$ 18,198	(3.3) %	\$ 18,198	\$ 14,519	25.3 %
Acquisition costs deferred	781	840	(7.0)	781	0.0	1,562	1,586	(1.5)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	(5)	-	NM	6	NM	1	(1)	NM
Related to unlocking future assumptions	-	8	NM	(8)	NM	(8)	19	NM
All other amortization	(527)	(338)	NM	(524)	NM	(1,051)	(701)	NM
Change in unrealized gains (losses) on securities	275	56	391.1	(42)	NM	233	51	356.9
Increase (decrease) due to foreign exchange	(102)	75	NM	640	NM	538	(24)	NM
Other (12)	57	(18)	NM	(1,461)	NM	(1,404)	(24)	NM
Balance at end of period	<u>18,069</u>	<u>15,425</u>	17.1	<u>17,590</u>	2.7	<u>18,069</u>	<u>15,425</u>	17.1
Personal accident & health								
Balance at beginning of period	6,010	4,876	23.3	5,601	7.3	5,601	4,769	17.4
Acquisition costs deferred	376	350	7.4	341	10.3	717	735	(2.4)
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(258)	(230)	NM	(228)	NM	(486)	(406)	NM
Increase (decrease) due to foreign exchange	(106)	(93)	NM	279	NM	173	(195)	NM
Other (12)	-	-	NM	17	NM	17	-	NM
Balance at end of period	<u>6,022</u>	<u>4,903</u>	22.8	<u>6,010</u>	0.2	<u>6,022</u>	<u>4,903</u>	22.8
Group products								
Balance at beginning of period	553	139	297.8	474	16.7	474	200	137.0
Acquisition costs deferred	71	22	222.7	107	(33.6)	178	35	408.6
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	1	-	NM	-	NM	1	-	NM
All other amortization	(30)	(25)	NM	(54)	NM	(84)	(43)	NM
Change in unrealized gains (losses) on securities	(1)	-	NM	-	NM	(1)	-	NM
Increase due to foreign exchange	21	4	425.0	26	(19.2)	47	2	NM
Other (12)	(2)	-	NM	-	NM	(2)	(54)	NM
Balance at end of period	<u>\$ 613</u>	<u>\$ 140</u>	337.9 %	<u>\$ 553</u>	10.8 %	<u>\$ 613</u>	<u>\$ 140</u>	337.9 %

(See Accompanying Notes on Pages 53 - 54)

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					Six Months Ended		
	June 30, 2008	June 30, 2007	% chg	March 31, 2008	Sequential % chg	June 30, 2008	June 30, 2007	% chg
Individual fixed annuities								
Balance at beginning of period	\$ 1,927	\$ 1,579	22.0 %	\$ 1,954	(1.4) %	\$ 1,954	\$ 1,564	24.9 %
Acquisition costs deferred	101	75	34.7	87	16.1	188	135	39.3
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	49	26	88.5	7	NM	56	47	19.1
Related to unlocking future assumptions	(1)	13	NM	2	NM	1	13	(92.3)
All other amortization	(44)	(79)	NM	(90)	NM	(134)	(163)	NM
Change in unrealized gains (losses) on securities	510	494	3.2	(45)	NM	465	487	(4.5)
Increase (decrease) due to foreign exchange	(11)	(25)	NM	12	NM	1	-	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>2,531</u>	<u>2,083</u>	21.5	<u>1,927</u>	31.3	<u>2,531</u>	<u>2,083</u>	21.5
Individual variable annuities								
Balance at beginning of period	676	527	28.3	629	7.5	629	505	24.6
Acquisition costs deferred	54	34	58.8	61	(11.5)	115	79	45.6
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	-	-	NM	-	NM	-	-	NM
Related to unlocking future assumptions	-	-	NM	-	NM	-	-	NM
All other amortization	(19)	(13)	NM	(37)	NM	(56)	(29)	NM
Change in unrealized gains (losses) on securities	-	-	NM	-	NM	-	-	NM
Increase (decrease) due to foreign exchange	1	(5)	NM	23	(95.7)	24	(12)	NM
Other	-	-	NM	-	NM	-	-	NM
Balance at end of period	<u>712</u>	<u>543</u>	31.1	<u>676</u>	5.3	<u>712</u>	<u>543</u>	31.1
Total								
Balance at beginning of period	26,756	21,923	22.0	26,856	(0.4)	26,856	21,557	24.6
Acquisition costs deferred	1,383	1,321	4.7	1,377	0.4	2,760	2,570	7.4
Amortization (charged) or credited to operating income:								
Related to net realized capital gains (losses)	44	26	69.2	13	238.5	57	46	23.9
Related to unlocking future assumptions	-	21	NM	(6)	NM	(6)	32	NM
All other amortization	(878)	(685)	NM	(933)	NM	(1,811)	(1,342)	NM
Change in unrealized gains (losses) on securities	784	550	42.5	(87)	NM	697	538	29.6
Increase (decrease) due to foreign exchange	(197)	(44)	NM	980	NM	783	(229)	NM
Other (12)	55	(18)	NM	(1,444)	NM	(1,389)	(78)	NM
Balance at end of period	<u>\$ 27,947</u>	<u>\$ 23,094</u>	21.0 %	<u>\$ 26,756</u>	4.5 %	<u>\$ 27,947</u>	<u>\$ 23,094</u>	21.0 %

(See Accompanying Notes on Pages 53 - 54)

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

- (1) Premiums, deposits and other considerations represent aggregate business activity presented on a non-GAAP basis.
- (2) For the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 2007, \$10 million, \$20 million, \$(27) million, \$(16) million and \$26 million, respectively, were allocated to policyholder accounts through incurred policy losses and benefits.
- (3) Consists of trading account losses associated with certain investment-link products in the UK. Life insurance includes \$(56) million, \$(3) million and \$(59) million for the three months ended June 30, 2008 and March 31, 2008 and the six months ended June 30, 2008, respectively. Individual variable annuities includes \$(77) million, \$(14) million, \$(85) million, \$(162) million and \$(14) million for the three months ended June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 2007, respectively.
- (4) Relates principally to assets held in various trading securities accounts that did not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal change included in incurred policy losses and benefits.
- (5) AIG elected on January 1, 2008 to apply fair value accounting to a closed block of business in Japan and an investment-linked product sold primarily in Asia. Effectively, the adoption of fair value accounting changed the classification of the deferral and amortization of acquisition costs (change in DAC) from an expense to a component of the change in fair value liabilities. Insurance acquisition and operating expenses in 2008 therefore excludes the change in DAC component, while in 2007 includes the change in DAC component. In order to compute expense growth between periods on a comparable basis, the change in DAC was added back in the tables below to reported expenses in the prior year periods as a proxy for fair value basis reporting. Expense growth excluding the effect of foreign exchange, amortization of deferred acquisition costs and VOBA related to realized capital gains (losses) and the effect of adopting FAS159 is:

	2008 % Change	
	Three months	Six months
Foreign Life Insurance & Retirement Services	14%	16%
Japan and Other	12%	12%
Asia	17%	21%

- (6) For the three months ended June 30, 2008 and 2007 and March 31, 2008 and six months ended June 30, 2008 and 2007, Japan individual fixed annuities premiums and other considerations include a charge of \$(43) million, \$(10) million, \$(10) million, \$(53) million and \$(28) million, respectively, for amortization of unearned revenue liability associated with net realized capital losses. The charges are partially offset by a benefit to deferred acquisition costs, VOBA and sales inducements related to net realized capital losses.
- (7) Both the three months and six months ended June 30, 2008 include a benefit of \$6 million and the six months ended June 30, 2007 includes a charge of \$50 million related to balance sheet reconciliation remediation activities.
- (8) The following tables summarize the effect of infrequent or unusual items on operating income before net realized capital gains (losses):

Foreign Life Insurance & Retirement Services (in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$1,682	\$1,636	2.8%	\$3,139	\$3,155	(0.5)%
Trading account losses (UK)	(133)	(14)		(221)	(14)	
Effect of remediation activities	(25)	-		(25)	(50)	
Change in actuarial estimate	-	13		8	11	
Japan regulatory claim review	-	(26)		-	(63)	
Operating income excluding unusual items	\$1,840	\$1,663	10.6%	\$3,377	\$3,271	3.2%

Japan and Other (in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$1,006	\$905	11.2%	\$1,832	\$1,864	(1.7)%
Trading account losses (UK)	(133)	(14)		(221)	(14)	
Effect of remediation activities	(10)	-		(10)	-	
Change in actuarial estimate	-	19		2	16	
Japan regulatory claim review	-	(26)		-	(63)	
Operating income excluding unusual items	\$1,149	\$926	24.1%	\$2,061	\$1,925	7.1%

Asia (in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Operating income before net realized capital gains (losses)	\$676	\$731	(7.5)%	\$1,307	\$1,291	1.2%
Effect of remediation activities	(15)	-		(15)	(50)	
Change in actuarial estimate	-	(6)		6	(5)	
Operating income excluding unusual items	\$691	\$737	(6.2)%	\$1,316	\$1,346	(2.2)%

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

- (9) Represents premium recorded within the first policy year from new sales other than single premiums.
- (10) Includes Guaranteed Income Bonds (GIBs) sales of \$1.3 billion, \$1.5 billion, \$2.1 billion, \$3.4 billion and \$2.8 billion for the three months ended June 30, 2008 and 2007 and March 31, 2007, and the six months ended June 30, 2008 and 2007, respectively.
- (11) 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 June 30,		Percentage Increase/(Decrease)		Six Months Ended June 30,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
	First year premiums	\$1,496	\$1,413	6%	(2)%	\$2,856	\$2,707	1%
Single premiums	3,071	3,043	1	(4)	6,984	5,688	22	18
Annuity deposits	6,352	4,381	45	42	12,191	8,583	20	40

Japan and Other (in millions)	Three Months Ended June 30,		Percentage Increase/(Decrease)		Six Months Ended June 30,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
	First year premiums	\$734	\$673	9%	(4)%	\$1,376	\$1,293	6%
Single premiums	2,178	2,121	3	(1)	5,134	4,118	25	21
Annuity deposits	6,018	4,141	45	43	11,525	8,212	40	38

Asia (in millions)	Three Months Ended June 30,		Percentage Increase/(Decrease)		Six Months Ended June 30,		Percentage Increase/(Decrease)	
	2008	2007	US\$	Original Currency	2008	2007	US\$	Original Currency
	First year premiums	\$762	\$740	3%	-%	\$1,480	\$1,414	5%
Single premiums	893	922	(3)	(9)	1,850	1,570	18	12
Annuity deposits	334	240	39	34	666	371	80	76

- (12) For the three months ended March 31, 2008, Other represents the cumulative effect of adoption of FAS 159.

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Foreign life insurance & retirement services:								
Life insurance	\$ 6	\$ 29	(79.3) %	\$ 2	200.0 %	\$ 8	\$ 66	(87.9) %
Personal accident & health	2	3	(33.3)	(2)	NM	-	10	NM
Group Products	-	1	NM	-	NM	-	1	NM
Individual fixed annuities	1	5	(80.0)	2	(50.0)	3	9	(66.7)
Total	9	38	(76.3)	2	350.0	11	86	(87.2)
Domestic life insurance:								
Excluding Synfuels:								
Life insurance	(12)	55	NM	24	NM	12	78	(84.6)
Home service	2	5	(60.0)	3	(33.3)	5	9	(44.4)
Payout annuities	4	-	NM	4	0.0	8	-	NM
Subtotal excluding Synfuels	(6)	60	NM	31	NM	25	87	(71.3)
Synfuels *:								
Life insurance	(3)	(28)	NM	(2)	NM	(5)	(50)	NM
Home service	(1)	(14)	NM	(2)	NM	(3)	(25)	NM
Subtotal Synfuels	(4)	(42)	NM	(4)	NM	(8)	(75)	NM
Total	(10)	18	NM	27	NM	17	12	41.7
Domestic retirement services:								
Group retirement products	31	105	(70.5)	13	138.5	44	154	(71.4)
Individual fixed annuities	54	145	(62.8)	1	NM	55	226	(75.7)
Individual variable annuities	(2)	3	NM	(3)	NM	(5)	3	NM
Total	83	253	(67.2)	11	NM	94	383	(75.5)
Total life insurance & retirement services	\$ 82	\$ 309	(73.5) %	\$ 40	105.0 %	\$ 122	\$ 481	(74.6) %

* 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 Realized Capital Gains (Losses)
(dollars in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Foreign life insurance & retirement services:					
Transactions gains (losses)	\$ 211	\$ 155	\$ 76	\$ 287	\$ 167
Other-than-temporary impairments:					
Severity	(323)	-	(333)	(656)	-
Lack of intent to hold to recovery	(51)	(35)	(264)	(315)	(96)
Foreign currency declines	(633)	(92)	(401)	(1,034)	(304)
Issuer-specific credit events	(51)	(4)	(13)	(64)	(62)
Adverse projected cash flows on structured securities	(13)	-	(5)	(18)	-
Total other-than-temporary impairments	(1,071)	(131)	(1,016)	(2,087)	(462)
Foreign exchange transactions	(170)	(25)	(23)	(193)	90
Derivative instruments	(32)	52	115	83	(65)
Other	153	(33)	126	279	53
Total	(909)	18	(722)	(1,631)	(217)
Domestic life insurance:					
Transactions gains (losses)	(16)	(54)	9	(7)	(34)
Other-than-temporary impairments:					
Severity	(1,155)	-	(1,004)	(2,159)	-
Lack of intent to hold to recovery	(89)	(45)	(179)	(268)	(62)
Foreign currency declines	-	-	-	-	-
Issuer-specific credit events	(51)	(4)	(32)	(83)	(6)
Adverse projected cash flows on structured securities	(145)	-	(4)	(149)	-
Total other-than-temporary impairments	(1,440)	(49)	(1,219)	(2,659)	(68)
Foreign exchange transactions	6	-	(2)	4	2
Derivative instruments	58	41	(125)	(67)	30
Other	16	46	49	65	42
Total	(1,376)	(16)	(1,288)	(2,664)	(28)
Domestic retirement services:					
Transactions gains (losses)	(52)	(74)	12	(40)	(44)
Other-than-temporary impairments:					
Severity	(1,896)	-	(1,819)	(3,715)	-
Lack of intent to hold to recovery	(97)	(131)	(248)	(345)	(140)
Foreign currency declines	-	-	-	-	-
Issuer-specific credit events	(174)	(7)	(67)	(241)	(39)
Adverse projected cash flows on structured securities	(515)	(6)	(23)	(538)	(7)
Total other-than-temporary impairments	(2,682)	(144)	(2,157)	(4,839)	(186)
Foreign exchange transactions	14	1	(15)	(1)	7
Derivative instruments	15	(52)	(200)	(185)	(47)
Other	(20)	(12)	1	(19)	(20)
Total	(2,725)	(281)	(2,359)	(5,084)	(290)
Total life insurance & retirement services	\$ (5,010)	\$ (279)	\$ (4,369)	\$ (9,379)	\$ (535)

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Revenues:								
Aircraft Leasing	\$ 1,316	\$ 1,156	13.8 %	\$ 1,216	8.2 %	\$ 2,532	\$ 2,243	12.9 %
Capital Markets:								
Excluding unrealized market valuation losses, credit valuation adjustment and FAS 133 (1)	35	461	(92.4)	477	(92.7)	512	774	(33.9)
Unrealized market valuation losses (2)	(5,565)	-	NM	(9,107)	NM	(14,672)	-	NM
Credit valuation adjustment (3)	(518)	-	NM	(37)	NM	(555)	-	NM
Subtotal	(6,048)	461	NM	(8,667)	NM	(14,715)	774	NM
Consumer Finance (4)	1,039	894	16.2	1,007	3.2	2,046	1,777	15.1
Other, including intercompany adjustments	113	77	46.8	111	1.8	224	147	52.4
Total revenues excluding FAS 133 and net realized capital gains (losses)	(3,580)	2,588	NM	(6,333)	NM	(9,913)	4,941	NM
FAS 133 - Capital Markets (5) (6)	(40)	(528)	NM	(76)	NM	(116)	(613)	NM
Net realized capital gains (losses) (7)	15	63	(76.2)	(151)	NM	(136)	(4)	NM
Total revenues	\$ (3,605)	\$ 2,123	NM %	\$ (6,560)	NM %	\$ (10,165)	\$ 4,324	NM %
Operating income (loss):								
Aircraft Leasing	\$ 352	\$ 190	85.3 %	\$ 272	29.4 %	\$ 624	\$ 383	62.9 %
Capital Markets:								
Excluding unrealized market valuation losses, credit valuation adjustment and FAS 133 (1)	(161)	273	NM	293	NM	132	426	(69.0)
Unrealized market valuation losses (2)	(5,565)	-	NM	(9,107)	NM	(14,672)	-	NM
Credit valuation adjustment (3)	(518)	-	NM	(37)	NM	(555)	-	NM
Subtotal	(6,244)	273	NM	(8,851)	NM	(15,095)	426	NM
Consumer Finance (4)	(22)	58	NM	24	NM	2	132	(98.5)
Other, including intercompany adjustments	34	(9)	NM	10	240.0	44	15	193.3
Total operating income (loss) excluding FAS 133 and net realized capital gains (losses)	(5,880)	512	NM	(8,545)	NM	(14,425)	956	NM
FAS 133 - Capital Markets (5) (6)	(40)	(528)	NM	(76)	NM	(116)	(613)	NM
Net realized capital gains (losses) (7)	15	63	(76.2)	(151)	NM	(136)	(4)	NM
Total operating income (loss)	\$ (5,905)	\$ 47	NM %	\$ (8,772)	NM %	\$ (14,677)	\$ 339	NM %

(See Accompanying Notes on Page 61)

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

June 30, 2008

<u>Aircraft Type:</u>	<u>Number of Aircraft</u>		<u>Year of Delivery</u>					
	<u>In Fleet</u>	<u>(8)</u>	<u>Orders</u>	<u>Orders</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011-2017</u>
<u>Airbus:</u>								
A300-600R	6		0	0	0	0	0	0
A310-300	7		0	0	0	0	0	0
A319	121	13	13	4	8	1	0	0
A320-200	164	17	17	3	11	3	0	0
A321-100	12	0	0	0	0	0	0	0
A321-200	66	10	10	0	9	1	0	0
A330-200	58	5	5	0	5	0	0	0
A330-300	28	1	1	1	0	0	0	0
A340-300	15	0	0	0	0	0	0	0
A340-600	13	0	0	0	0	0	0	0
A350-800	0	12	12	0	0	0	0	12
A350-900	0	8	8	0	0	0	0	8
A380 (9)	0	10	10	0	0	0	0	10
	<u>490</u>	<u>76</u>	<u>76</u>	<u>8</u>	<u>33</u>	<u>5</u>	<u>30</u>	
<u>Boeing:</u>								
737-300/400/500	56	0	0	0	0	0	0	0
737-600/700/800	193	25	25	9	6	0	10	
747-200F	1	0	0	0	0	0	0	0
747-300	2	0	0	0	0	0	0	0
747-400	13	0	0	0	0	0	0	0
747-400ERF	4	0	0	0	0	0	0	0
757-200	64	0	0	0	0	0	0	0
767-200	3	0	0	0	0	0	0	0
767-300	51	0	0	0	0	0	0	0
777-200B	39	0	0	0	0	0	0	0
777-300	31	4	4	1	3	0	0	0
787-800	0	67	67	0	0	0	0	67
787-900	0	7	7	0	0	0	0	7
	<u>457</u>	<u>103</u>	<u>103</u>	<u>10</u>	<u>9</u>	<u>0</u>	<u>84</u>	
<u>McDonnell Douglas:</u>								
MD-11	8	0	0	0	0	0	0	0
MD-83	1	0	0	0	0	0	0	0
	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>956</u>	<u>179</u>	<u>179</u>	<u>18</u>	<u>42</u>	<u>5</u>	<u>114</u>	
Orders Placed (10)				<u>100%</u>	<u>98%</u>	<u>40%</u>		

(See Accompanying Notes on Page 61)

American International Group, Inc.
Consumer Finance Operating Statistics

(dollars in millions)

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Revenues:								
American General Finance (4)	\$ 758	\$ 696	8.9 %	\$ 757	0.1 %	\$ 1,515	\$ 1,399	8.3 %
AIG Consumer Finance Group, Inc.	269	182	47.8	236	14.0	505	347	45.5
AIG Federal Savings Bank	12	16	(25.0)	14	(14.3)	26	31	(16.1)
Total revenues excluding net realized capital gains (losses)	1,039	894	16.2	1,007	3.2	2,046	1,777	15.1
Net realized capital gains (losses) (11)	(11)	17	NM	(76)	NM	(87)	(21)	NM
Total revenues	\$ 1,028	\$ 911	12.8 %	\$ 931	10.4 %	\$ 1,959	\$ 1,756	11.6 %
Operating income (loss):								
American General Finance (4)	\$ (40)	\$ 43	NM %	\$ 11	NM %	\$ (29)	\$ 93	NM %
AIG Consumer Finance Group, Inc.	15	12	25.0	11	36.4	26	33	(21.2)
AIG Federal Savings Bank	3	3	0.0	2	50.0	5	6	(16.7)
Total operating income (loss) excluding net realized capital gains (losses)	(22)	58	NM	24	NM	2	132	(98.5)
Net realized capital gains (losses) (11)	(11)	17	NM	(76)	NM	(87)	(21)	NM
Total operating income (loss)	\$ (33)	\$ 75	NM %	\$ (52)	NM %	\$ (85)	\$ 111	NM %

(See Accompanying Notes on Page 61)

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

	Three Months Ended / As of				Six Months Ended / As of		
	June 30, 2008	June 30, 2007	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
American General Finance							
Receivables (12):							
Real Estate	\$ 20,092	\$ 19,176	\$ 20,270	(0.9) %	\$ 20,092	\$ 19,176	4.8 %
Non Real Estate	4,207	3,729	4,169	0.9	4,207	3,729	12.8
Retail Sales Finance	2,240	1,989	2,223	0.8	2,240	1,989	12.6
Total receivables	26,539	24,894	26,662	(0.5)	26,539	24,894	6.6
Allowance for loan losses	(803)	(508)	(680)	18.1	(803)	(508)	58.1
Net Receivables	\$ 25,736	\$ 24,386	\$ 25,982	(0.9) %	\$ 25,736	\$ 24,386	5.5 %
Credit Ratios:							
Delinquencies - 60+:							
Real Estate	3.50 %	1.95 %	2.99 %		3.50 %	1.95 %	
Non Real Estate	4.42	3.52	4.09		4.42	3.52	
Retail Sales Finance	2.48	1.70	2.29		2.48	1.70	
Total Delinquencies - 60+	3.56	2.18	3.11		3.56	2.18	
Net Charge-off:							
Real Estate	0.93	0.41	0.68		0.81	0.37	
Non Real Estate	4.95	3.68	5.04		4.99	3.80	
Retail Sales Finance	3.02	2.11	2.89		2.96	2.00	
Total Net Charge-off	1.73	1.02	1.53		1.64	1.00	
Allowance for loan losses	3.02 %	2.04 %	2.55 %		3.02 %	2.04 %	
AIG Consumer Finance Group, Inc.							
Total receivables	\$ 6,013	\$ 4,023	\$ 5,166	16.4 %	\$ 6,013	\$ 4,023	49.5 %
Allowance for loan losses	(313)	(204)	(289)	8.3	(313)	(204)	53.4
Net Receivables	\$ 5,700	\$ 3,819	\$ 4,877	16.9 %	\$ 5,700	\$ 3,819	49.3 %
AIG Federal Savings Bank							
Total receivables	\$ 172	\$ 136	\$ 143	20.3 %	\$ 172	\$ 136	26.5 %
Allowance for loan losses	(2)	(1)	(2)	0.0	(2)	(1)	100.0
Net Receivables	170	135	141	20.6	170	135	25.9
Total Net Receivables (13)	\$ 31,606	\$ 28,340	\$ 31,000	2.0 %	\$ 31,606	\$ 28,340	11.5 %

(See Accompanying Notes on Page 61)

American International Group, Inc.
Financial Services
Notes

- (1) Includes net unrealized market valuation gains of \$130 million in both the three months ended March 31, 2008 and the six months ended June 30, 2008 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) Represents the effect of changes in credit spreads on the valuation of Capital Markets' assets of \$(362) million and \$(3.0) billion and liabilities of \$(156) million and \$2.5 billion, (but excludes \$44 million and \$109 million of gains on the super senior credit default portfolio reported with the unrealized market valuation loss), in the three and six months ended June 30, 2008, respectively. The losses on the assets were primarily driven by continued significant widening of credit spreads on collateralized debt obligations (CDOs) and asset-backed securities (ABS) products, which represent a significant portion of Capital Markets' investment portfolio. While historically AIG's credit spreads and those on its assets moved in a similar fashion, that relationship did not exist in the second quarter of 2008. Credit spreads on ABS and CDO investments widened significantly more than the widening in AIG's credit spreads. Furthermore, while AIG's credit spreads increased during the second quarter of 2008, the credit valuation adjustment on its liabilities decreased due to a decline in Capital Markets' outstanding debt obligation and the shortened maturity of its liabilities resulting in a further loss to earnings.
- (4) The three and six months ended June 30, 2007 includes pre-tax charges of \$50 million and \$178 million, respectively, in connection with domestic consumer finance's mortgage banking activities. Based on current evaluation of the estimated cost of implementing the Supervisory Agreement entered into with the Office of Thrift Supervision, partial reversals of these prior year charges of \$18 million, \$25 million and \$43 million, respectively, are included in the three-month period ended March 31, 2008 and the three- and six-month periods ended June 30, 2008. The six months ended June 30, 2007 also include a recovery of \$65 million from a favorable out of court settlement. In addition operating income for the three and six months ended June 30, 2008 includes a pre-tax charge of \$27 million resulting from consumer finance decision to cease its wholesale mortgage originations.
- (5) 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.
- (6) The three and six months ended June 30, 2007 include out of period charges of \$431 million and \$326 million, respectively, including a \$380 million charge in both periods, to reverse net gains recognized on transfers of available for sale securities among legal entities consolidated within AIGFP. The net loss in the first six months of 2007 includes a \$166 million reduction in the fair value of certain derivatives that are an integral part of, and economically hedge, certain structured transactions potentially affected by proposed guidance by the U.S. Treasury Department affecting the ability to claim foreign tax credits.
- (7) Net realized capital gains (losses) are as follows;

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Aircraft Leasing	\$(18)	\$17	\$(51)	\$(69)	\$(12)
Consumer Finance	(11)	17	(76)	(87)	(21)
Other	44	29	(24)	20	29
Total	\$15	\$63	\$(151)	\$(136)	\$(4)

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 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 June 30, 2008, all of the new aircraft scheduled for delivery in 2009 have been leased.
- (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 June 30, 2008 and 2007 and March 31, 2008 and the six months ended June 30, 2008 and 2007, the effect was \$15 million, \$21 million, \$(46) million, \$(31) million and \$(15) 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 its derivatives hedging interest rate and foreign exchange risks associated with its 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 \$36 million, \$608 million and \$80 million at June 30, 2008 and 2007 and March 31, 2008, respectively.

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

	Three Months Ended					Six Months Ended		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Revenues:								
Guaranteed investment contracts (3) (4)	\$ 290	\$ 672	(56.8) %	\$ 371	(21.8) %	\$ 661	\$ 1,589	(58.4) %
Matched investment program	261	129	102.3	142	83.8	403	247	63.2
Institutional asset management (5) (6)	602	450	33.8	607	(0.8)	1,209	879	37.5
Brokerage service and mutual funds	74	82	(9.8)	74	0.0	148	160	(7.5)
Other asset management (7)	34	96	(64.6)	62	(45.2)	96	243	(60.5)
Total excluding net realized capital gains (losses)	<u>1,261</u>	<u>1,429</u>	(11.8)	<u>1,256</u>	0.4	<u>2,517</u>	<u>3,118</u>	(19.3)
Net realized capital gains (losses) (6) (8)	(464)	352	NM	(1,405)	NM	(1,869)	332	NM
Total revenues	<u>\$ 797</u>	<u>\$ 1,781</u>	(55.2) %	<u>\$ (149)</u>	NM %	<u>\$ 648</u>	<u>\$ 3,450</u>	(81.2) %
Operating income (loss):								
Guaranteed investment contracts (3) (4)	\$ 27	\$ 276	(90.2) %	\$ 51	(47.1) %	\$ 78	\$ 761	(89.8) %
Matched investment program (9)	102	35	191.4	20	410.0	122	61	100.0
Institutional asset management (5) (6)	(27)	150	NM	5	NM	(22)	247	NM
Brokerage service and mutual funds	17	21	(19.0)	19	(10.5)	36	47	(23.4)
Other asset management (7)	31	93	(66.7)	59	(47.5)	90	237	(62.0)
Total excluding net realized capital gains (losses)	<u>150</u>	<u>575</u>	(73.9)	<u>154</u>	(2.6)	<u>304</u>	<u>1,353</u>	(77.5)
Net realized capital gains (losses) (6) (8)	(464)	352	NM	(1,405)	NM	(1,869)	332	NM
Total operating income (loss)	<u>\$ (314)</u>	<u>\$ 927</u>	NM %	<u>\$ (1,251)</u>	NM %	<u>\$ (1,565)</u>	<u>\$ 1,685</u>	NM %

(See Accompanying Notes on Page 64)

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

	Three Months Ended / As of					Six Months Ended / As of		
	June 30, 2008	June 30, 2007	% Chg	March 31, 2008	Sequential % Chg	June 30, 2008	June 30, 2007	% Chg
Guaranteed Investment Contracts:								
Reserves	\$ 22,958	\$ 26,207	(12.4) %	\$ 23,621	(2.8) %	\$ 22,958	\$ 26,207	(12.4) %
Spread Information								
Base investment income	\$ 288	\$ 389	(26.0) %	\$ 320	(10.0) %	\$ 608	\$ 819	(25.8) %
Partnerships (4)	(1)	236	NM	45	NM	44	698	(93.7)
Other enhancements	3	47	(93.6)	6	(50.0)	9	72	(87.5)
Total net investment income	<u>\$ 290</u>	<u>\$ 672</u>	(56.8) %	<u>\$ 371</u>	(21.8) %	<u>\$ 661</u>	<u>\$ 1,589</u>	(58.4) %
Base yield	5.37%	5.88%		5.56%		5.47%	5.87%	
Partnerships (10)	(0.95)%	2.17%		(0.27)%		(0.60)%	3.52%	
Other enhancements (11)	0.06%	0.72%		0.11%		0.09%	0.51%	
Total	4.48%	8.77%		5.40%		4.96%	9.90%	
Spread Data Without Hedge Accounting (12)								
Cost of funds	4.48%	5.49%		5.01%		4.76%	5.49%	
Net spread rate, as reported	0.00%	3.28%		0.39%		0.20%	4.41%	
Net spread rate excluding partnerships and other enhancements	0.89%	0.39%		0.55%		0.71%	0.38%	
Spread Data Assuming Hedge Accounting (13)								
Cost of funds with effect of economic hedges	4.72%	4.99%		4.67%		4.69%	4.99%	
Net spread rate with effect of economic hedges	(0.23)%	3.78%		0.73%		0.26%	4.90%	
Net economic spread rate excluding partnerships and other enhancements	0.66%	0.89%		0.89%		0.77%	0.87%	
Matched Investment Program								
Securities issuance	\$ -	\$ 4,164	NM %	\$ -	NM %	\$ -	\$ 6,311	NM %
Notes and bonds payable	\$ 14,621	\$ 11,756	24.4 %	\$ 15,080	(3.0) %	\$ 14,621	\$ 11,756	24.4 %

(See Accompanying Notes on Page 64)

American International Group, Inc.

Asset Management

Notes

- (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$96.4 billion, \$92.1 billion and \$98.1 billion at June 30, 2008 and 2007 and March 31, 2008, 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 (MIP) has replaced the Guaranteed Investment Contracts (GIC) program, which is in runoff, as AIG's principal spread-based investment activity.
- (4) The six months ended June 30, 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) Institutional Asset Management operating income includes \$14 million, \$(27) million and \$(91) million for the three-month periods ended June 30, 2008 and 2007 and March 31, 2008, respectively, related to warehoused investments. The operating income from warehoused investments includes \$63 million, \$16 million and \$(74) million of net realized capital gains (losses) on derivative positions, primarily used to hedge financing related to warehoused investments in the three-month periods ended June 30, 2008 and 2007 and March 31, 2008, respectively. Institutional Asset Management operating income includes \$(77) million and \$(39) million for the six-month periods ended June 30, 2008 and 2007, respectively, related to warehoused investments. The operating income from warehoused investments also includes \$(11) million and \$16 million of net realized capital gains (losses) on derivative positions, primarily used to hedge financing related to warehoused investments in the six-month periods ended June 30, 2008 and 2007, respectively.
- (7) Consists primarily of SunAmerica Inc. partnership investments.
- (8) Net realized capital gains (losses) are as follows:

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Spread-Based Investment business - GIC	\$(473)	\$(12)	\$(372)	\$(845)	\$(42)
Spread-Based Investment business - MIP	(76)	(55)	(950)	(1,026)	(45)
Institutional Asset Management	85	419	(83)	2	419
Total	\$(464)	\$352	\$(1,405)	\$(1,869)	\$332

The net realized capital losses for the GIC and MIP for the quarter ended June 30, 2008 were primarily due to other-than-temporary impairments on fixed maturity investments off-set partially by interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment. For the quarter ended March 31, 2008, net realized capital losses for the GIC and MIP were primarily due to other-than-temporary impairments on fixed maturity investments, foreign exchange, interest rate and credit related net mark to market losses on derivative instruments that while economically hedged did not qualify for hedge accounting treatment, and the impact of foreign exchange movements on foreign denominated GIC reserves. For the quarter ended June 30, 2007, net realized capital losses were comprised primarily of net mark to market losses on interest rate and foreign exchange derivative instruments that while economically hedged did not qualify for hedge accounting treatment. The net realized capital losses for the GIC and MIP for the six-month period ended June 30, 2008 were primarily due to other-than-temporary impairments on fixed maturity investments, interest rate and foreign exchange net mark to market gains on derivative instruments that while economically hedged did not qualify for hedge accounting treatment, and the impact of foreign exchange movements on foreign denominated GIC reserves. Also in the 2008 period was net mark to market losses on short credit default swap investments. For the six-month period ended June 30, 2007, net realized capital losses were comprised primarily of net mark to market losses on interest rate and foreign exchange derivative instruments that did not qualify for hedge accounting treatment and the impact of foreign exchange movements on foreign denominated GIC reserves.

Other-than-temporary impairments on fixed maturity securities were as follows:

(in millions)	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Spread-Based Investment business - GIC	\$(522)	\$-	\$(539)	\$(1,061)	\$(29)
Spread-Based Investment business - MIP	(358)	(1)	(494)	(852)	(1)
Institutional Asset Management	(2)	-	-	(2)	-
Total	\$(882)	\$(1)	\$(1,033)	\$(1,915)	\$(30)

Net realized capital gains for the Institutional Asset Management business for the three- and six-month periods ended June 30, 2008 consisted primarily of net mark to market gains on interest rate swaps associated with financing of warehoused investments and foreign exchange transaction gains resulting from the weakening U.S. Dollar. For the quarter ended March 31, 2008, net realized capital losses consisted primarily of mark to market losses on interest rate swap positions associated with financing warehoused investments. For the three- and six-month periods ended June 30, 2007, the net mark to market gain was primarily the result of a \$398 million gain on the sale of a portion of AIG's investment in The Blackstone Group, L.P.

- (9) The three months ended June 30, 2008 and March 31, 2008 and the six months ended June 30, 2008 include \$9 million, \$16 million and \$25 million, respectively, of lower of cost or market adjustments on bank loans held for sale.
- (10) Includes incremental effect to base yields of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
- (11) Includes incremental effect to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (12) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in net realized capital gains (losses) as reflected in the reported operating income for the Guaranteed Investment Contracts on page 62.
- (13) Represents cost of funds on an economic basis including the effects of derivative transactions assuming hedge accounting treatment under FAS 133 is applied.

American International Group, Inc.

Other

(in millions)

	Three Months Ended			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
Other before net realized capital gains (losses):					
Equity earnings in partially owned companies	\$ 8	\$ 50	\$ 8	\$ 16	\$ 91
Interest expense	(452)	(302)	(368)	(820)	(554)
Unallocated corporate expenses (1)	(282)	(210)	(93)	(375)	(382)
Other miscellaneous, net	(19)	(20)	(50)	(69)	(58)
Subtotal (2)	(745)	(482)	(503)	(1,248)	(903)
Other net realized capital gains (losses)	30	22	(265)	(235)	(27)
Total other - net	<u>\$ (715)</u>	<u>\$ (460)</u>	<u>\$ (768)</u>	<u>\$ (1,483)</u>	<u>\$ (930)</u>
Consolidation and elimination adjustments:					
Before net realized capital gains (losses)					
FAS 133 (3)	\$ 14	\$ 18	\$ (356)	\$ (342)	\$ (212)
Income from consolidated managed partnerships & funds (2) (4)	(152)	243	41	(111)	489
All other (2)	(21)	80	(38)	(59)	78
Subtotal	(159)	341	(353)	(512)	355
Net realized capital gains (losses)					
Reclassification of FAS 133 to other (5)	(58)	(121)	366	308	109
All other eliminations	(31)	(2)	8	(23)	(31)
Subtotal	(89)	(123)	374	285	78
Total consolidation and elimination adjustments	<u>\$ (248)</u>	<u>\$ 218</u>	<u>\$ 21</u>	<u>\$ (227)</u>	<u>\$ 433</u>

- Note: (1) Includes a charge for settlement of a dispute, 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			Six Months Ended	
	June 30, 2008	June 30, 2007	March 31, 2008	June 30, 2008	June 30, 2007
General Insurance					
Sales of fixed maturities	\$ 28	\$ (54)	\$ (7)	\$ 21	\$ (55)
Sales of equity securities	45	89	(36)	9	194
Sales of real estate and other assets	3	(21)	6	9	24
Foreign exchange transactions (1)	53	12	(59)	(6)	33
Derivative instruments	(7)	(5)	(22)	(29)	(8)
Other-than-temporary impairments	(685)	(84)	(155)	(840)	(130)
Total General Insurance	<u>(563)</u>	<u>(63)</u>	<u>(273)</u>	<u>(836)</u>	<u>58</u>
Life Insurance & Retirement Services					
Sales of fixed maturities	(54)	(162)	(3)	(57)	(144)
Sales of equity securities	197	189	100	297	233
Sales of real estate and other assets	149	1	176	325	75
Foreign exchange transactions (1)	(150)	(24)	(40)	(190)	99
Derivative instruments	41	41	(210)	(169)	(82)
Other-than-temporary impairments	(5,193)	(324)	(4,392)	(9,585)	(716)
Total Life Insurance & Retirement Services	<u>(5,010)</u>	<u>(279)</u>	<u>(4,369)</u>	<u>(9,379)</u>	<u>(535)</u>
Financial Services					
Sales of fixed maturities	-	-	-	-	(1)
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	10	(18)	(8)	2	(11)
Foreign exchange transactions (1)	(3)	(99)	7	4	(198)
Derivative instruments	25	182	(138)	(113)	208
Other-than-temporary impairments	(17)	(2)	(12)	(29)	(2)
Total Financial Services	<u>15</u>	<u>63</u>	<u>(151)</u>	<u>(136)</u>	<u>(4)</u>
Asset Management					
Sales of fixed maturities	11	3	32	43	27
Sales of equity securities	(2)	7	16	14	16
Sales of real estate and other assets (2)	18	394	(8)	10	415
Foreign exchange transactions (1)	47	(24)	(340)	(293)	(87)
Derivative instruments	344	(27)	(72)	272	(9)
Other-than-temporary impairments	(882)	(1)	(1,033)	(1,915)	(30)
Total Asset Management	<u>(464)</u>	<u>352</u>	<u>(1,405)</u>	<u>(1,869)</u>	<u>332</u>
Other					
Sales of fixed maturities	-	3	-	-	4
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	9	30	5	14	28
Foreign exchange transactions (1)	(31)	(63)	(94)	(125)	(99)
Derivative instruments	52	58	(175)	(123)	46
Other-than-temporary impairments	-	(6)	(1)	(1)	(6)
Total Other	<u>30</u>	<u>22</u>	<u>(265)</u>	<u>(235)</u>	<u>(27)</u>
Reclassifications and Eliminations					
Sales of fixed maturities	(14)	-	(3)	(17)	-
Sales of equity securities	-	-	-	-	-
Sales of real estate and other assets	(17)	(22)	(18)	(35)	(32)
Foreign exchange transactions (1)	10	(46)	(138)	(128)	144
Derivative instruments	(68)	(55)	533	465	(34)
Total Reclassifications and Eliminations	<u>(89)</u>	<u>(123)</u>	<u>374</u>	<u>285</u>	<u>78</u>
Net Realized Capital Gains (Losses)					
Sales of fixed maturities	(29)	(210)	19	(10)	(169)
Sales of equity securities	240	285	80	320	443
Sales of real estate and other assets	172	364	153	325	499
Foreign exchange transactions (1)	(74)	(244)	(664)	(738)	(108)
Derivative instruments	387	194	(84)	303	121
Other-than-temporary impairments	(6,777)	(417)	(5,593)	(12,370)	(884)
Total Net Realized Capital Gains (Losses)	<u>\$ (6,081)</u>	<u>\$ (28)</u>	<u>\$ (6,089)</u>	<u>\$ (12,170)</u>	<u>\$ (98)</u>
Total Net Realized Capital Gains (Losses), net of tax	<u>\$ (4,019)</u>	<u>\$ (17)</u>	<u>\$ (3,963)</u>	<u>\$ (7,982)</u>	<u>\$ (73)</u>

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

(2) The three months and the six months ended June 30, 2007 both include a gain of \$398 million on the sale of a portion of AIG's investment in The Blackstone Group, L.P. in connection with its initial public offering.

American International Group, Inc.

Cash and Invested Assets

June 30, 2008
(dollars in millions)

	<u>General Insurance</u>	<u>Life Insurance & Retirement Services</u>	<u>Financial Services</u>	<u>Asset Management</u>	<u>Other</u>	<u>Total Company</u>	<u>Percent of Total</u>
Fixed maturities:							
Bonds available for sale, at fair value	\$ 72,981	\$ 297,095	\$ 1,370	\$ 21,870	\$ 0	\$ 393,316	46.5 %
Bonds held to maturity, at amortized cost	21,346	1	0	285	0	21,632	2.6
Bond trading securities, at fair value	0	8,764	0	37	0	8,801	1.0
Equity securities:							
Common stocks available for sale, at fair value *	4,522	12,018	0	787	(21)	17,306	2.0
Common and preferred stocks trading, at fair value	285	22,200	0	29	0	22,514	2.7
Preferred stocks available for sale, at fair value	1,943	543	10	0	0	2,496	0.3
Mortgage loans on real estate, net of allowance	10	15,073	147	4,221	0	19,451	2.3
Policy loans	2	8,552	2	48	(9)	8,595	1.0
Collateral and guaranteed loans, net of allowance	1	833	889	1,254	49	3,026	0.4
Other loans receivable, net of allowance	3	1,552	0	1,752	5	3,312	0.4
Investment income due and accrued	1,380	4,952	29	255	(2)	6,614	0.8
Real estate, net of accumulated depreciation	342	965	28	95	224	1,654	0.2
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	43,887	0	0	43,887	5.2
Securities available for sale, at fair value	0	0	1,205	0	0	1,205	0.1
Trading securities, at fair value	0	0	35,170	0	0	35,170	4.2
Spot commodities, at fair value	0	0	90	0	0	90	0.0
Unrealized gain on swaps, options and forward transactions, at fair value	0	0	12,720	0	(1,172)	11,548	1.4
Trade receivables	0	0	2,294	0	0	2,294	0.3
Securities purchased under agreements to resell, at fair value,	0	0	16,597	0	0	16,597	2.0
Finance receivables, net of allowance	0	5	33,306	0	0	33,311	3.9
Securities lending invested collateral, at fair value	4,951	48,312	141	6,126	0	59,530	7.0
Other invested assets	12,616	20,810	3,670	17,840	7,093	62,029	7.3
Short-term investments	9,967	32,724	3,974	7,125	15,702	69,492	8.2
Cash	499	979	476	269	6	2,229	0.2
Total cash and invested assets	\$ 130,848	\$ 475,378	\$ 156,005	\$ 61,993	\$ 21,875	\$ 846,099	100.0 %
Percent of total company	15.5%	56.2%	18.4%	7.3%	2.6%	100.0%	

* Relates principally to common stock within the Life Insurance & Retirement Services segment that did not qualify for separate account treatment under SOP 03 -1.

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

(dollars in millions)

	June 30, 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	\$ 53,420	\$ 19,561	\$ 72,981	55.8 %	\$ 54,583	\$ 19,474	\$ 74,057	57.1 %
Bonds held to maturity, at amortized cost	21,206	140	21,346	16.3	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	3,476	1,046	4,522	3.5	4,509	1,090	5,599	4.3
Common and preferred stocks trading, at fair value	285	0	285	0.2	321	0	321	0.2
Preferred stocks available for sale, at fair value	1,941	2	1,943	1.5	1,883	2	1,885	1.5
Mortgage loans on real estate, net of allowance	8	2	10	0.0	8	3	11	0.0
Policy loans	0	2	2	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	1,060	320	1,380	1.1	1,042	389	1,431	1.1
Real estate, net of accumulated depreciation	44	298	342	0.2	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	2,196	2,755	4,951	3.8	2,552	2,479	5,031	3.9
Other invested assets	10,547	2,069	12,616	9.6	9,996	1,899	11,895	9.2
Short-term investments	3,734	6,233	9,967	7.6	2,405	4,951	7,356	5.7
Cash	305	194	499	0.4	281	216	497	0.2
Total cash and invested assets	\$ 98,225	\$ 32,623	\$ 130,848	100.0 %	\$ 98,802	\$ 30,987	\$ 129,789	100.0 %
Percent of total company	11.6%	3.9%	15.5%		11.5%	3.6%	15.1%	
Return on average invested assets			3.6%				5.0%	
Return on average invested assets excluding securities lending collateral			3.8%				5.2%	

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

(dollars in millions)

	June 30, 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	\$ 122,549	\$ 174,546	\$ 297,095	62.5 %	\$ 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	263	8,501	8,764	1.8	423	9,525	9,948	2.1
Equity securities:								
Common stocks available for sale, at fair value	189	11,829	12,018	2.5	170	11,446	11,616	2.5
Common and preferred stocks trading, at fair value	581	21,619	22,200	4.7	594	20,432	21,026	4.5
Preferred stocks available for sale, at fair value	316	227	543	0.1	250	227	477	0.1
Mortgage loans on real estate, net of allowance	11,408	3,665	15,073	3.2	11,447	3,261	14,708	3.1
Policy loans	3,061	5,491	8,552	1.8	3,012	5,045	8,057	1.7
Collateral and guaranteed loans, net of allowance	300	533	833	0.2	289	492	781	0.2
Other loans receivable, net of allowance	990	562	1,552	0.3	770	535	1,305	0.3
Investment income due and accrued	1,740	3,212	4,952	1.0	1,762	2,966	4,728	1.0
Real estate, net of accumulated depreciation	63	902	965	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 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	41,553	6,759	48,312	10.2	49,527	7,944	57,471	12.2
Other invested assets	10,176	10,634	20,810	4.4	9,877	9,138	19,015	4.0
Short-term investments	9,379	23,345	32,724	6.9	3,329	21,907	25,236	5.4
Cash	61	918	979	0.2	70	930	1,000	0.2
Total cash and invested assets	\$ 202,629	\$ 272,749	\$ 475,378	100.0 %	\$ 209,473	\$ 261,039	\$ 470,512	100.0 %
Percent of total company	24.0%	32.2%	56.2%		24.3%	30.3%	54.6%	
Return on average invested assets			4.0%				5.0%	
Return on average invested assets excluding securities lending collateral			4.5%				5.6%	

American International Group, Inc.
Cash and Invested Assets
Financial Services
(dollars in millions)

	June 30, 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	\$ 1,370	\$ 0	\$ 1,370	0.9 %
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	10	0	10	0.0
Mortgage loans on real estate, net of allowance	0	0	140	7	147	0.1
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans, net of allowance	144	745	0	0	889	0.6
Other loans receivable, net of allowance	0	0	0	0	0	0.0
Investment income due and accrued	3	0	19	7	29	0.0
Real estate, net of accumulated depreciation	0	0	28	0	28	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	43,887	0	0	0	43,887	28.1
Securities available for sale, at fair value	1	0	619	585	1,205	0.8
Trading securities, at fair value	0	35,170	0	0	35,170	22.5
Spot commodities, at fair value	0	90	0	0	90	0.1
Unrealized gain on swaps, options and forward transactions, at fair value	0	12,720	0	0	12,720	8.2
Trade receivables	0	2,294	0	0	2,294	1.5
Securities purchased under agreements to resell, at fair value	0	16,597	0	0	16,597	10.6
Finance receivables, net of allowance	298	0	31,642	1,366	33,306	21.3
Securities lending invested collateral, at fair value	0	0	141	0	141	0.1
Other invested assets	0	3,322	343	5	3,670	2.4
Short-term investments	87	2,522	1,135	230	3,974	2.5
Cash	23	23	368	62	476	0.3
Total cash and invested assets	\$ 44,443	\$ 73,483	\$ 35,817	\$ 2,262	\$ 156,005	100.0 %
Percent of total company	5.3%	8.7%	4.2%	0.2%	18.4%	

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

	<u>June 30,</u> <u>2008</u>	<u>Dec. 31,</u> <u>2007</u>	<u>% chg</u>	
Domestic General Insurance				
Partnerships (1)	\$ 7,499	\$ 7,416	1.1	%
Mutual Funds	265	294	(9.9)	
Real Estate	-	-	NM	
All Other	<u>2,783</u>	<u>2,286</u>	21.7	
Total Domestic General Insurance	10,547	9,996	5.5	
Foreign General Insurance				
Partnerships (1)	984	877	12.2	
Mutual Funds	844	857	(1.5)	
Real Estate	153	150	2.0	
All Other	<u>88</u>	<u>15</u>	486.7	
Total Foreign General Insurance	2,069	1,899	9.0	
Domestic Life Insurance				
Partnerships (1)	1,210	976	24.0	
Mutual Funds	84	83	1.2	
Real Estate	150	115	30.4	
All Other	<u>707</u>	<u>727</u>	(2.8)	
Total Domestic Life Insurance	2,151	1,901	13.2	
Domestic Retirement Services				
Partnerships (1)	6,569	6,482	1.3	
Mutual Funds	21	12	75.0	
Real Estate	88	86	2.3	
All Other	<u>1,347</u>	<u>1,396</u>	(3.5)	
Total Domestic Retirement Services	8,025	7,976	0.6	
Foreign Life Insurance & Retirement Services				
Partnerships (1)	1,774	1,589	11.6	
Mutual Funds	3,273	3,027	8.1	
Real Estate	2,684	2,566	4.6	
All Other	<u>2,903</u>	<u>1,956</u>	48.4	
Total Foreign Life Insurance & Retirement Services	10,634	9,138	16.4	
Asset Management				
Partnerships (1)	9,968	9,669	3.1	
Mutual Funds	-	-	NM	
Real Estate	7,196	6,960	3.4	
All Other	<u>676</u>	<u>632</u>	7.0	
Total Asset Management	17,840	17,261	3.4	
Financial Services and Other				
Partnerships (1)	1,938	1,929	0.5	
Mutual Funds	619	618	0.2	
Real Estate	-	-	NM	
All Other	<u>1,648</u>	<u>1,491</u>	10.5	
Total Financial Services and Other	4,205	4,038	4.1	
Consolidated Managed Partnerships & Funds (2)	6,558	6,614	(0.8)	
Total AIG Other Invested Assets				
Partnerships (1)	29,942	28,938	3.5	
Mutual Funds	5,106	4,891	4.4	
Real Estate	10,271	9,877	4.0	
All Other (3)	10,152	8,503	19.4	
Consolidated Managed Partnerships & Funds (2)	<u>6,558</u>	<u>6,614</u>	(0.8)	
Total AIG Other Invested Assets	<u>\$ 62,029</u>	<u>\$ 58,823</u>	5.5	%

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 Partnerships and Mutual Funds Assets (1)

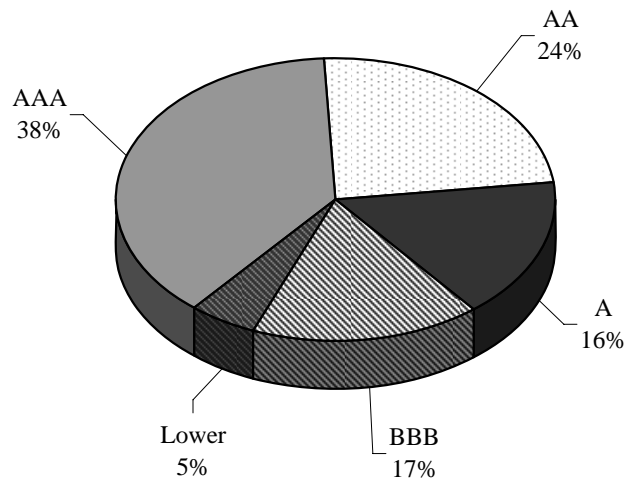
(dollars in millions)

	Three Months Ended						Six Months Ended						
	June 30, 2008		June 30, 2007		March 31, 2008		June 30, 2008		June 30, 2007		Return on Average Assets		
	Income	Return on Average Assets	Income	Return on Average Assets	Income	Assets	Income	Assets	Income	Assets	Income	Return on Average Assets	
Partnerships (2) (3):													
General Insurance													
Domestic General Insurance	\$ (59)	(3.2) %	\$ 224	14.8 %	\$ 39	\$ 7,476	2.1 %	\$ (20)	\$ 7,499	(0.5) %	\$ 569	\$ 6,269	19.6 %
Foreign General Insurance	45	18.6	90	56.7	27	954	11.8	72	984	15.3	120	632	35.0
Total General Insurance	(14)	(0.7)	314	18.8	66	8,430	3.2	52	8,483	1.2	689	6,901	21.2
Life Insurance & Retirement Services													
Domestic Life Insurance	(10)	(3.5)	18	11.7	27	1,094	10.4	17	1,210	3.1	12	683	4.3
Domestic Retirement Services	83	5.2	253	19.7	11	6,170	0.7	94	6,569	2.9	383	5,531	15.8
Foreign Life Insurance & Retirement Services	9	2.0	38	11.9	2	1,747	0.5	11	1,774	1.3	86	1,393	14.0
Total Life Insurance & Retirement Services	82	3.5	309	17.6	40	9,011	1.8	122	9,553	2.7	481	7,607	14.5
Asset Management													
	74	3.0	365	15.5	94	9,943	3.8	168	9,968	3.4	1,021	9,340	22.0
Financial Services and Other													
	(51)	(10.2)	4	1.1	(3)	2,058	(0.6)	(54)	1,938	(5.5)	16	1,805	2.7
Total excluding Consolidated Managed Partnerships and Funds	<u>91</u>	<u>1.2 %</u>	<u>992</u>	<u>16.1 %</u>	<u>197</u>	<u>29,442</u>	<u>2.7 %</u>	<u>288</u>	<u>29,942</u>	<u>2.0 %</u>	<u>2,207</u>	<u>25,653</u>	<u>18.7 %</u>
Consolidated Managed Partnerships and Funds (4)	(151)		83		127	7,044		(24)	6,558		239	3,232	
Total	<u>\$ (60)</u>		<u>\$ 1,075</u>		<u>\$ 324</u>	<u>\$ 36,486</u>		<u>\$ 264</u>	<u>\$ 36,500</u>		<u>\$ 2,446</u>	<u>\$ 28,885</u>	
Partnership Type:													
Private Equity	\$ (116)	(2.6) %	\$ 549	14.8 %	\$ 302	\$ 17,930	7.0 %	\$ 186	\$ 18,129	2.1 %	\$ 1,302	\$ 15,670	18.4 %
Hedge Funds	207	7.1	443	18.2	(105)	11,512	(3.5)	102	11,813	1.7	905	9,983	19.2
Total excluding Consolidated Managed Partnerships and Funds	<u>\$ 91</u>	<u>1.2 %</u>	<u>\$ 992</u>	<u>16.1 %</u>	<u>\$ 197</u>	<u>\$ 29,442</u>	<u>2.7 %</u>	<u>\$ 288</u>	<u>\$ 29,942</u>	<u>2.0 %</u>	<u>\$ 2,207</u>	<u>\$ 25,653</u>	<u>18.7 %</u>
Mutual Funds (5):													
General Insurance													
Domestic General Insurance	\$ 19	29.0 %	\$ 37	31.5 %	\$ (39)	\$ 259	(56.4) %	\$ (20)	\$ 265	(14.7) %	\$ 108	\$ 484	50.0 %
Foreign General Insurance	37	17.9	104	39.2	(53)	808	(25.5)	(16)	844	(3.8)	156	1,126	32.0
Total General Insurance	56	20.6	141	36.8	(92)	1,067	(33.2)	(36)	1,109	(6.5)	264	1,610	37.5
Life Insurance & Retirement Services													
Domestic Life Insurance	3	14.5	2	9.6	(2)	82	(9.7)	1	84	2.4	4	84	9.8
Domestic Retirement Services	-	-	-	-	-	21	-	-	21	-	-	23	-
Foreign Life Insurance & Retirement Services	40	9.4	148	32.9	(97)	1,908	(24.9)	(57)	1,499	(7.4)	199	2,056	23.7
Total Life Insurance & Retirement Services	43	9.5	150	31.5	(99)	2,011	(23.9)	(56)	1,604	(6.8)	203	2,163	22.8
Total	<u>\$ 99</u>	<u>13.7 %</u>	<u>\$ 291</u>	<u>33.9 %</u>	<u>\$ (191)</u>	<u>\$ 3,078</u>	<u>(27.6) %</u>	<u>\$ (92)</u>	<u>\$ 2,713</u>	<u>(6.7) %</u>	<u>\$ 467</u>	<u>\$ 3,773</u>	<u>29.3 %</u>
Total Partnerships and Mutual Funds	<u>\$ 190</u>		<u>\$ 1,283</u>		<u>\$ 6</u>			<u>\$ 196</u>			<u>\$ 2,674</u>		

- Note: (1) Annualized income (loss) expressed as a percentage of average assets.
(2) Represents private equity partnerships and hedge funds.
(3) Partnership income is on a lag basis. Hedge Funds are on a one month lag (second quarter represents March - May period) while Private Equity are generally on a one quarter lag.
(4) Represents AIG managed partnerships and funds that are consolidated.
(5) Comprised of equity-method mutual fund investments. Excludes mutual funds accounted for as equity securities and mutual funds supporting SOP 03 -1 products.

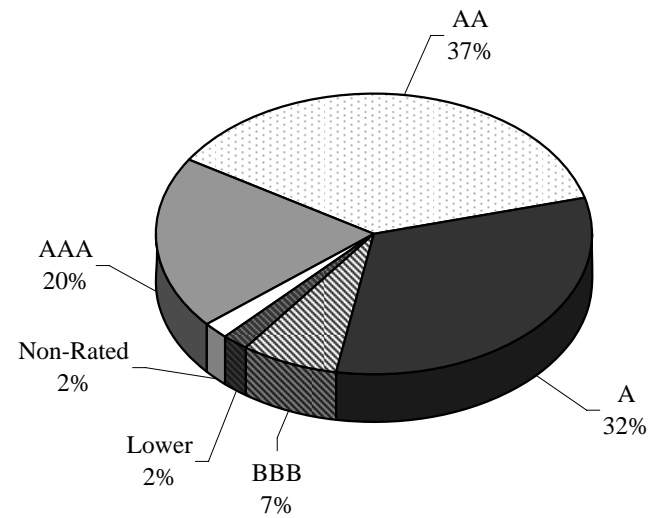
American International Group, Inc.
Worldwide Insurance and Asset Management
Bond Portfolio
 June 30, 2008

Total Domestic Bond Portfolio Ratings



Domestic Bonds (2)
\$261.8 billion

Total Foreign Bond Portfolio Ratings (1)



Foreign Bonds (2)
\$211.2 billion

(1) Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the 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

June 30, 2008

Domestic General Insurance

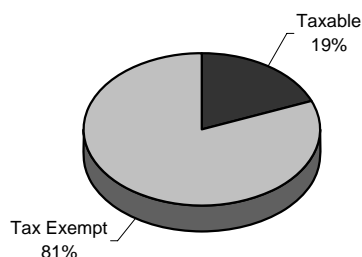
Bond Ratings

AAA.....	45.8%
AA.....	45.9%
A.....	7.0%
BBB.....	0.8%
Non-Rated.....	0.2%
Lower.....	0.3%

Domestic Life Insurance & Retirement Services and Asset Management

Bond Ratings

AAA.....	34.9%
AA.....	15.1%
A.....	19.2%
BBB.....	23.6%
Non-Rated.....	0.2%
Lower.....	7.0%



Domestic Life Insurance &
Retirement Services and
Asset Management Bonds *
\$185.3 billion

Domestic General Insurance Bonds *
\$76.5 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
June 30, 2008
(dollars in millions)

	Asset Class			Total Amortized Cost
	RMBS	CMBS	CDO/ABS	
Rating				
AAA	\$ 67,231	\$ 18,240	\$ 4,333	\$ 89,804
AA	6,407	2,805	2,473	11,685
A	1,154	1,535	2,813	5,502
BBB and below	<u>2,739</u>	<u>355</u>	<u>1,593</u>	<u>4,687</u>
Total	<u>\$ 77,531</u>	<u>\$ 22,935</u>	<u>\$ 11,212</u>	<u>\$ 111,678</u>

Collateral Type

U.S. agencies	\$ 16,642
Prime non-agency	17,575
Alt-A	20,236
Other housing related	3,090
Subprime	<u>19,988</u>
Total	<u>\$ 77,531</u>

	Year of Vintage						Total Amortized Cost
	Prior	2004	2005	2006	2007	2008	
Subprime Mortgages							
Rating							
AAA	\$ 398	\$ 423	\$ 4,403	\$ 7,760	\$ 3,884	\$ -	\$ 16,868
AA	129	102	398	785	276	-	1,690
A	77	62	68	126	103	-	436
BBB and below	<u>1</u>	<u>66</u>	<u>65</u>	<u>475</u>	<u>387</u>	<u>-</u>	<u>994</u>
Total	<u>\$ 605</u>	<u>\$ 653</u>	<u>\$ 4,934</u>	<u>\$ 9,146</u>	<u>\$ 4,650</u>	<u>\$ -</u>	<u>\$ 19,988</u>

American International Group, Inc. (Excludes AIGFP)
Commercial Mortgage-Backed Securities
 June 30, 2008
 (dollars in millions)

CMBS Portfolio		
Description	Amortized Cost	Percentage
CMBS (traditional)	\$ 20,819	91%
ReRemic / CRE CDO	1,465	6%
Agency	246	1%
Other	405	2%
Total	\$ 22,935	100%

CMBS by Rating	
Rating	Percentage
AAA	79%
AA	12%
A	7%
BBB and below	2%
Total	100%

CMBS by Vintage	
Year of Vintage	Percentage
2008	1%
2007	24%
2006	14%
2005	18%
2004	15%
Prior	28%
Total	100%

CMBS by Geographic Region	
Geographic Region	Percentage
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, the effect of catastrophe-related losses, the effect of sales inducements and the effect of credit valuation adjustment.

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.