

AIG Second Quarter 2008 Results
AIG American General Talking Points

Q: What was announced in AIG's second quarter 2008 earnings report?

A: AIG reported a net loss for the second quarter of 2008 of \$5.36 billion or \$2.06 per diluted share. The second quarter 2008 adjusted net loss was \$1.32 billion or \$0.51 per diluted share, compared to adjusted net income of \$4.63 billion or \$1.77 per diluted share for the second quarter of 2007.

AIG continues to rank among the largest and strongest insurance and financial services companies in the world with ample resources to meet its obligations.

The complete earnings release and related information are available in the "Investor Information" section of www.aigcorporate.com

Q: What is a diluted share?

A: In this context, "dilution" refers to the effect of adding more shares to the pool of stock that is already trading in the open market. For example, if you own stock in a company with 1 million shares trading at \$10 each, and the company decides to issue another 1 million shares, you're holdings would be "diluted" by those new shares. Since the company hasn't done anything to increase its value, the stock would drop to \$5.

Reporting earnings (losses) per diluted share provides a more accurate characterization of the company's true earning power.

Q: What contributed to these results?

A: The continuation of the weak U.S. housing market and disruption in the credit markets, as well as global equity market volatility had a substantial adverse effect on AIG's results in the second quarter.

AIG's exposures to the mortgage-related credit markets will continue to be negatively affected by the worsening economy and the consequent increases in mortgage delinquencies and loss severity.

AIG does not believe that these results reflect the earnings power and potential of AIG's businesses.

Q: Do these results affect my insurance products?

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A: Insurance is a highly regulated industry. All insurance companies doing business in the United States are regulated by state law, and required to maintain enough capital and surplus to satisfy their obligations to their policy holders. The type and quantity of investments in which insurance companies may invest surplus capital is also limited by state law.

Q. What are the financial strength ratings of AIG American General’s insurance companies?

A. Following are the current financial strength ratings for the underwriting companies of AIG American General, as of August 7th, 2008:

	Standard & Poor’s	Moody’s Investors Service	FitchRatings	A.M. Best Company
American General Life Insurance Co.	AA+ Very Strong ¹	Aa2 Excellent ²	AA+ Very Strong ¹	A+ Superior ¹
American General Life and Accident Insurance Co.	AA+ Very Strong ¹	Aa2 Excellent ²	AA+ Very Strong ¹	A+ Superior ¹
The United States Life Insurance Co. in the City of New York	AA+ Very Strong ¹	Aa2 Excellent ²	AA+ Very Strong ¹	A+ Superior ¹
AIG Life Insurance Co.	AA+ Very Strong ¹	Aa2 Excellent ²	AA+ Very Strong ¹	A+ Superior ¹
American International Life Assurance Co. of New York	AA+ Very Strong ¹	Aa2 Excellent ²	AA+ Very Strong ¹	A+ Superior ¹
AIG Life Insurance Co. of Canada	AA+ Very Strong ¹	n/r	n/r	A+ Superior ¹
American General Assurance Co.	n/r	n/r	n/r	A+ Superior ¹

You can always find our most current ratings at www.aigag.com/ratings.

Q. Define financial strength ratings:

A. Independent ratings agencies, such as A.M. Best, Fitch, Moody’s, and Standard & Poor’s, provide **financial strength ratings to evaluate an insurer’s ability to meet its obligations to its policyholders.**

Q. What can you tell me about AIG?

A: AIG is a leading, global insurance and financial services organization operating in more than 130 countries and jurisdictions.

- 116,000 employees and 74 million customers
- AIG had \$78.09 billion in shareholders equity at June 30, 2008

¹ Outlook Negative

² Outlook Stable

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- In 2007 AIG had revenues of \$110 billion

AIG is ranked among the FORTUNE 500 (5/8/2008)

- AIG ranked 13th by Revenues
- AIG ranked 5th by Assets
- AIG ranked 2nd by Revenues in the Insurance: Property and Casualty (Stock) category.

AIG is also ranked among the FORBES GLOBAL 2000 (4/2/2008)

- AIG ranked 18th, based on profits, assets and market value

Q: What can you tell me about AIG American General?

A: The AIG American General life insurance companies, which are wholly owned subsidiaries of AIG, collectively rank among the largest life insurance providers in the country. With origins going back more than 100 years, AIG American General insurers are currently collectively ranked number one in issued insurance, with more than 9 million customers, 4,000 employees, 4,000 career agents and 57,500 independent agent relationships. In addition, the companies adhere to the strict guidelines of the various state regulatory bodies in which they operate, as well as the regulatory requirements of the Financial Industry Regulatory Authority (FINRA). AIG American General life companies have helped fulfill promises and been there in times of need paying \$17.5 billion in benefits to 1.6 million families and businesses over the last five years.³ AIG American General is one of the largest life insurance organizations in the U.S.

In addition, AIG American General life insurance companies are the first in the United States with respect to the face amount of insurance issued, and the largest provider of structured settlements in the United States. AIG American General life insurance companies have over 11.6 million in-force policies as of 12/31/2007.⁴

³ Source: Statutory Annual Statements for the Domestic Life Companies, 2003-2007.

⁴ Source: AIG 2007 Annual Report.

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