

**Presentation
Materials**

**AMERICAN
GENERAL
FINANCE**

A Member of American International Group, Inc.



**2008 Finance Industry Conference
Paris - April 2008**

Forward-Looking Statements

This presentation may include projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. These projections and statements are not historical facts but instead represent only AGFC's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AGFC's control. It is possible that AGFC's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AGFC's actual results to differ, possibly materially, from those in the specific projections and statements are discussed throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in "Risk Factors" in AGFC's Annual Report on Form 10K for the year ended 31 December, 2007. AGFC is not under any obligation (and expressly disclaims any such obligations) to update or alter any projection or other statement, whether as a result of new information, future events or otherwise.

- **Overview**
- **Results & Funding**
- **Supplemental**

For more information on American General Finance, please visit our website, AGFinance.com. There, under “About Us”, you can find links to our most recent financial filings with the U.S. Securities and Exchange Commission.

Overview

Company Description

- 1920 – Founded in Evansville, Indiana
- 1982 – Acquired by American General
- *2001 – AIG acquired American General*
- 1,567 branches in 44 states, Puerto Rico and the U.S. Virgin Islands
- Two million customers
- 2007 – Acquired Ocean Finance and Mortgages Limited in U.K.

Market Focus

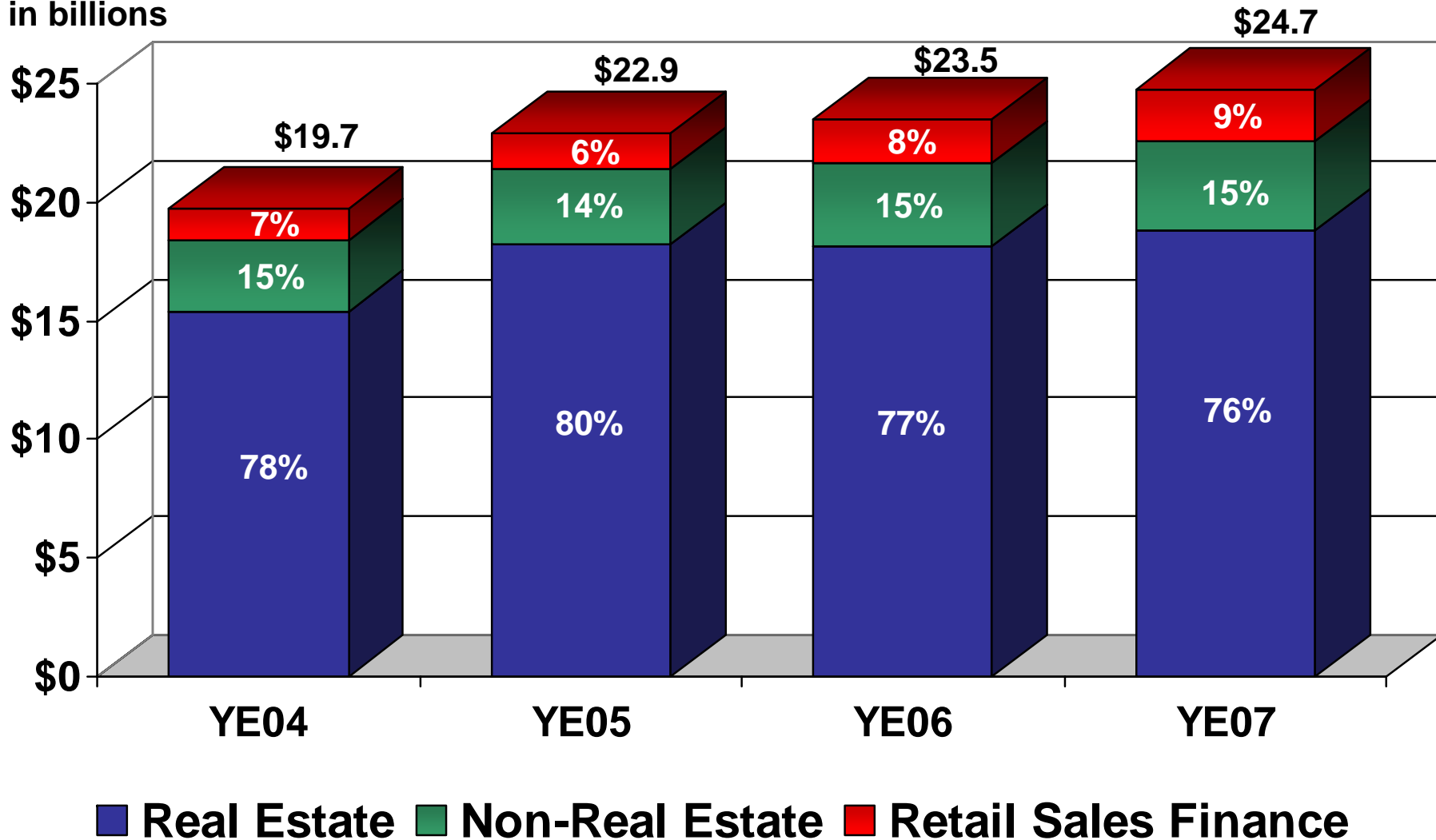
- Consumer lending
- Mortgages, retail sales finance and non-real estate loans
- Credit insurance



Conservative Portfolio Mix

Overview

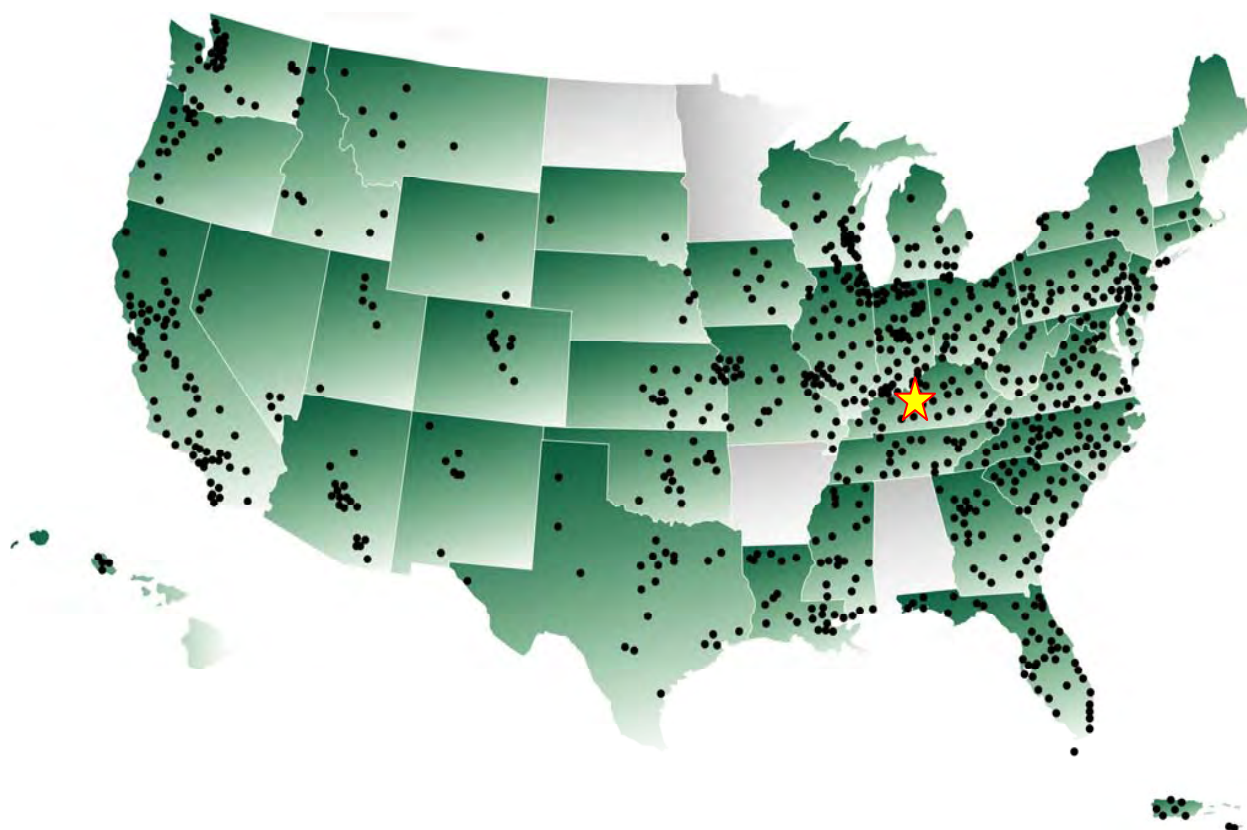
\$ in billions



Geographically Dispersed Branch Network

Overview

1,550+ branch offices in 44 states and national wholesale mortgage operations



Receivables at YE07

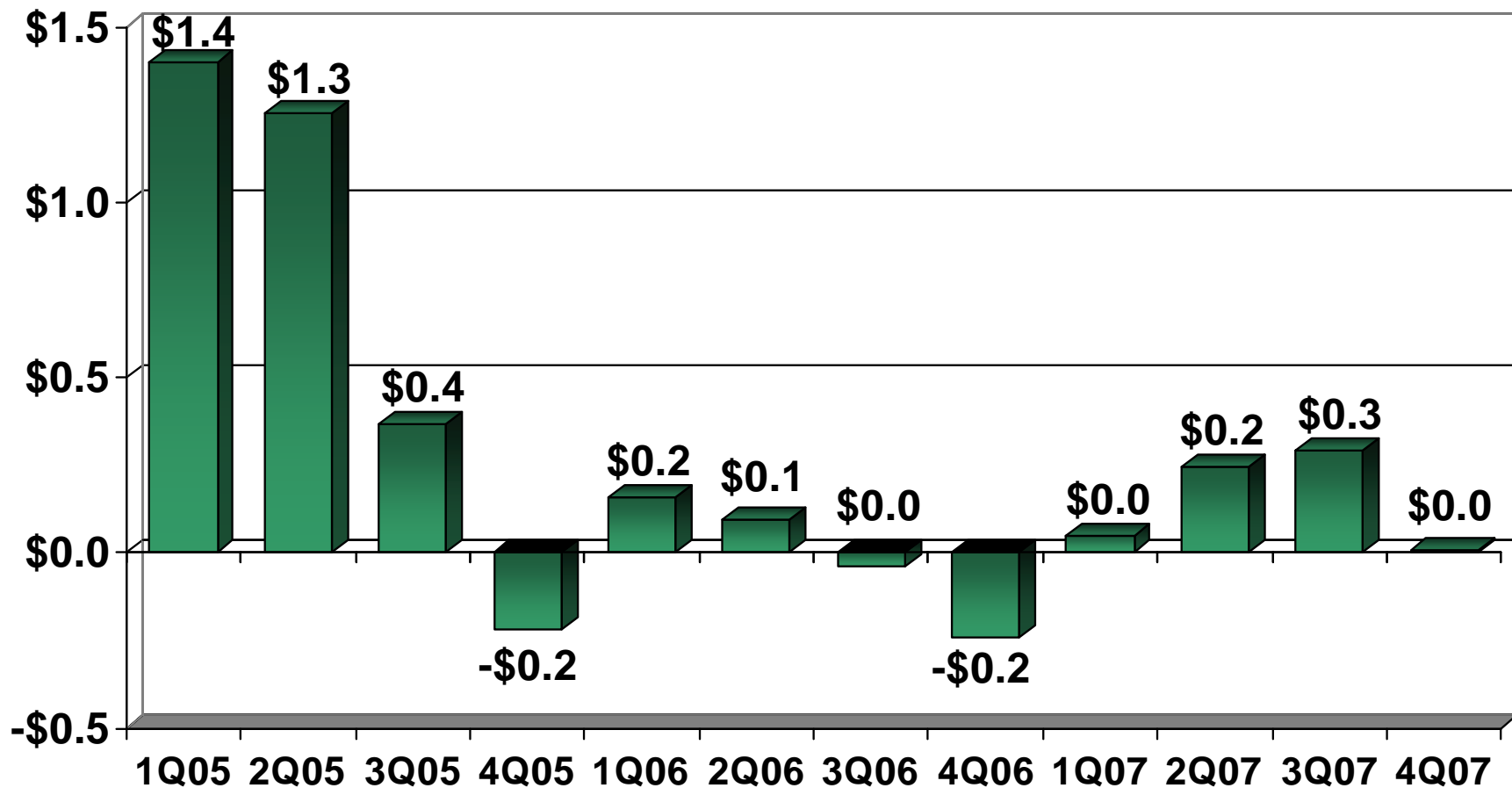
California	14%
Florida	6%
Illinois	5%
Ohio	5%
Colorado	4%
North Carolina	4%
Pennsylvania	4%
Virginia	4%
Other	54%

During 2005 and 2006, AGFC maintained underwriting and loan concentrations in CA and FL while many securitizers aggressively pursued growth in those states.

- **Portfolio Composition**
 - AGFC's mortgage portfolio is predominantly: first lien, fixed rate, full income documentation, 30-year amortization, owner occupied, single family residence, less-than-market maximum loan-to-value
- **Underwriting Controls**
 - AGFC originated loans underwritten by AGFC employees to company guidelines
 - AGFC personnel re-underwrite each purchased loan unless large portfolio of smaller, branch-based loans justifies sampling
- **Sub-prime Industry Experience**
 - 87 years lending in cities, towns, countryside to Middle America
- **Not dependent on securitization for funding**
- **Did not chase market down in credit quality**

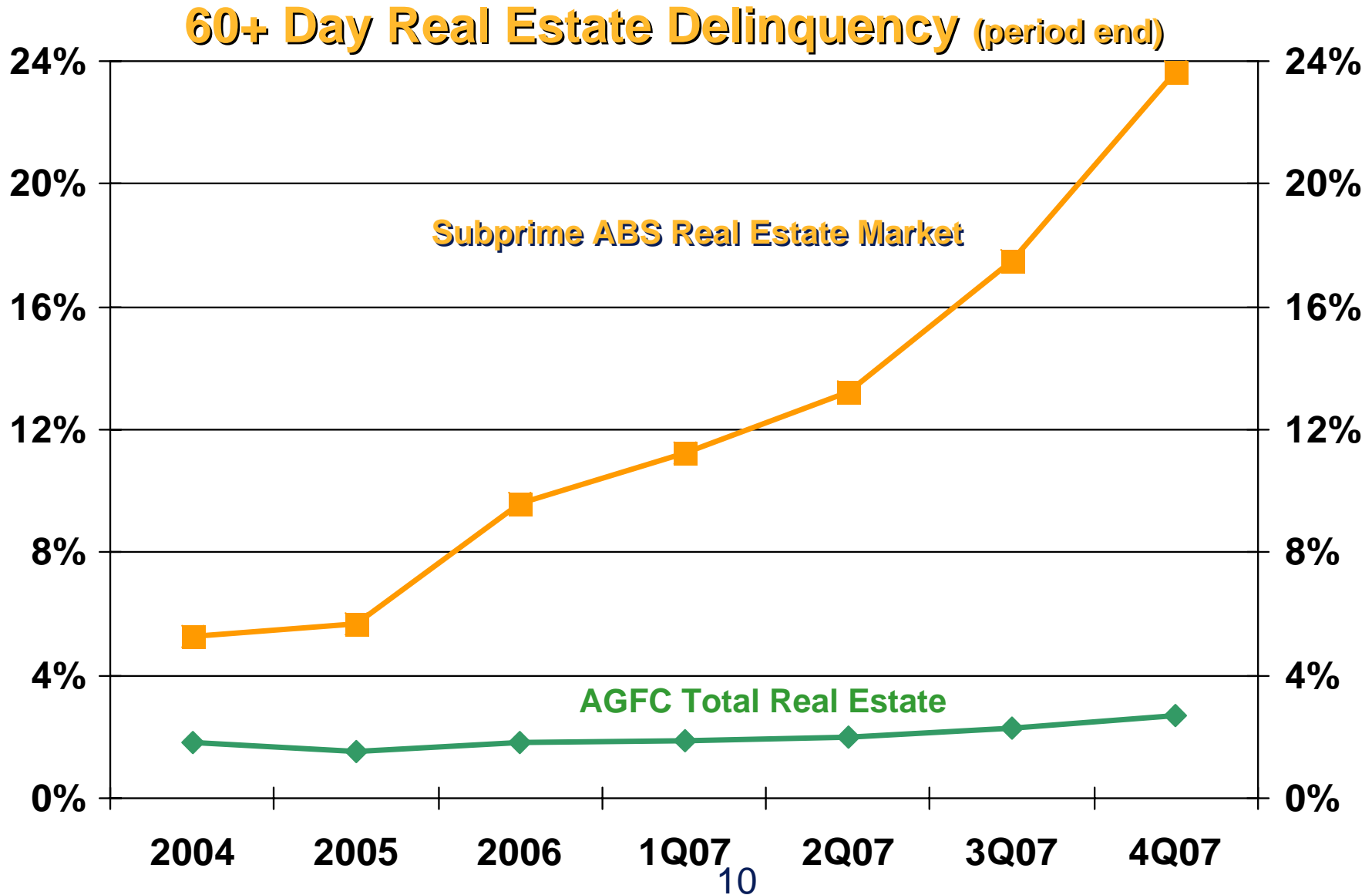
AGFC Real Estate Loan Growth

As the real estate market softened, AGFC maintained its underwriting discipline despite experiencing lower volume.



AGFC Real Estate vs. Subprime ABS Market

Overview



- **97% of mortgages are underwritten with full income verification**
- **88% are fixed-rate mortgages; only about 8% of the total mortgage portfolio resets interest rates by YE08; about 9% by YE09**
- **Adjustable rate mortgages (ARM) borrowers are qualified on fully-indexed and fully-amortizing basis at origination**
- **No delegation of underwriting to unrelated parties**
- **No Option ARMs or negatively amortizing products**
- **Substantially all loans are:**
 - **First mortgages (92%)**
 - **Owner occupied borrowers (94%)**
- **Geographically diverse portfolio**

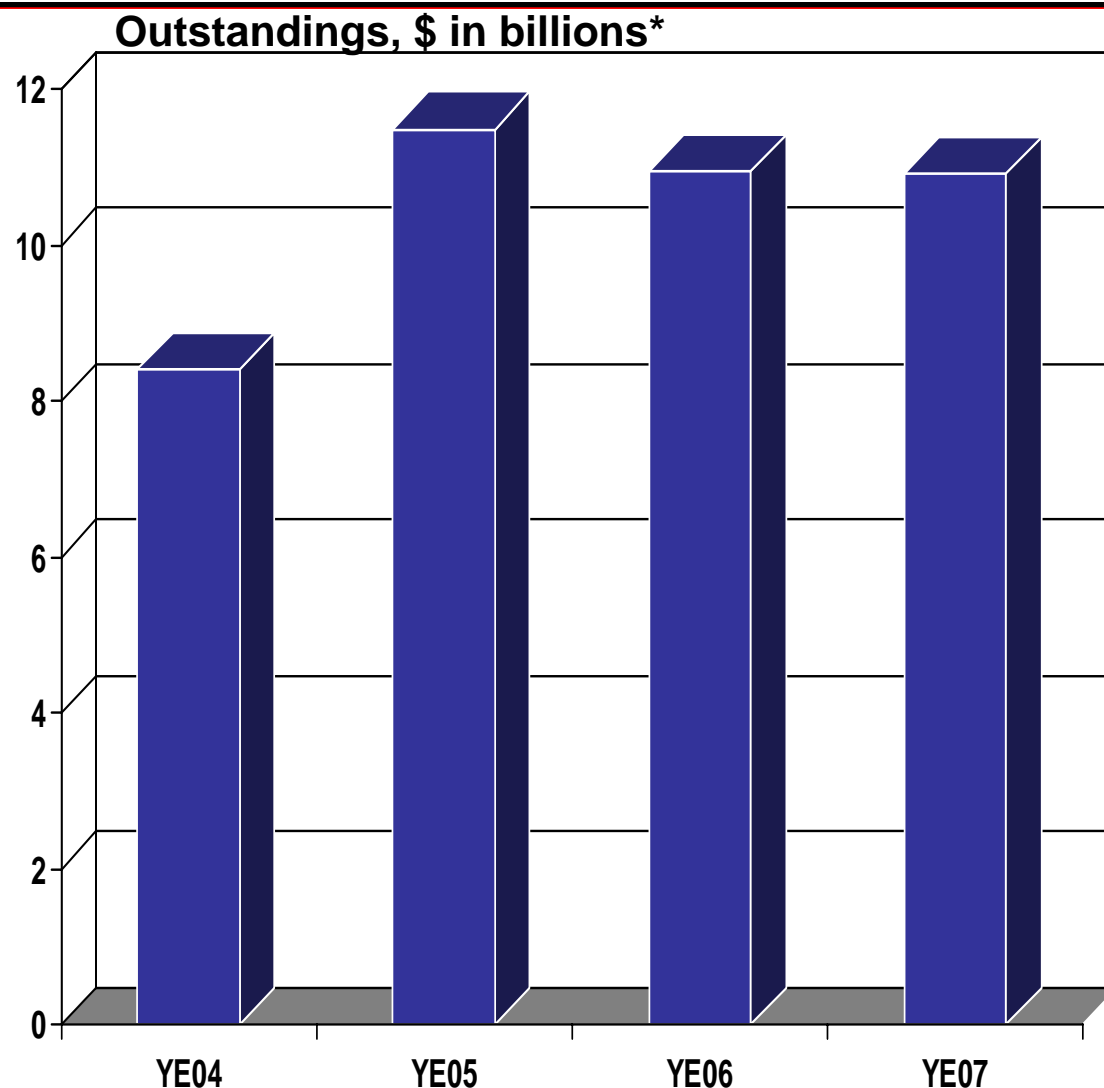
- **Continue to provide loans to sub-prime borrowers through our branch network**
- **Originate, purchase and sell/retain non-conforming loans through channels other than our branches (those purchased and retained by us are re-underwritten by AGFC personnel to our specifications)**
 - **At YE07, Wilmington Finance had a network of wholesale, retail, and correspondent production and sales offices**
 - **MorEquity serviced approximately 56,000 real estate loans totaling \$10.9 billion at YE07**
- **Track trends in over 350 markets and continually adjust underwriting standards**

Centralized Real Estate

Overview

At or YTD 31 Dec 2007	Centralized Real Estate	
Description	<ul style="list-style-type: none"> • Mortgage loans • 44% of total portfolio 	
Terms	<ul style="list-style-type: none"> • 99% first liens (\$) • Closed-end and revolving • Generally 30 year loans 	
Average Account	<ul style="list-style-type: none"> • Balance of \$194,000 • Higher credit quality borrower compared to branch operations 	
Risk Adjusted Yield	<ul style="list-style-type: none"> • Yield 6.21% • Charge-off 0.19% • RAY 6.02% 	
Additional Information	<ul style="list-style-type: none"> • Wholesale and acquired portfolios • Individually reunderwritten • Centrally serviced 	

*Segment balances as reported



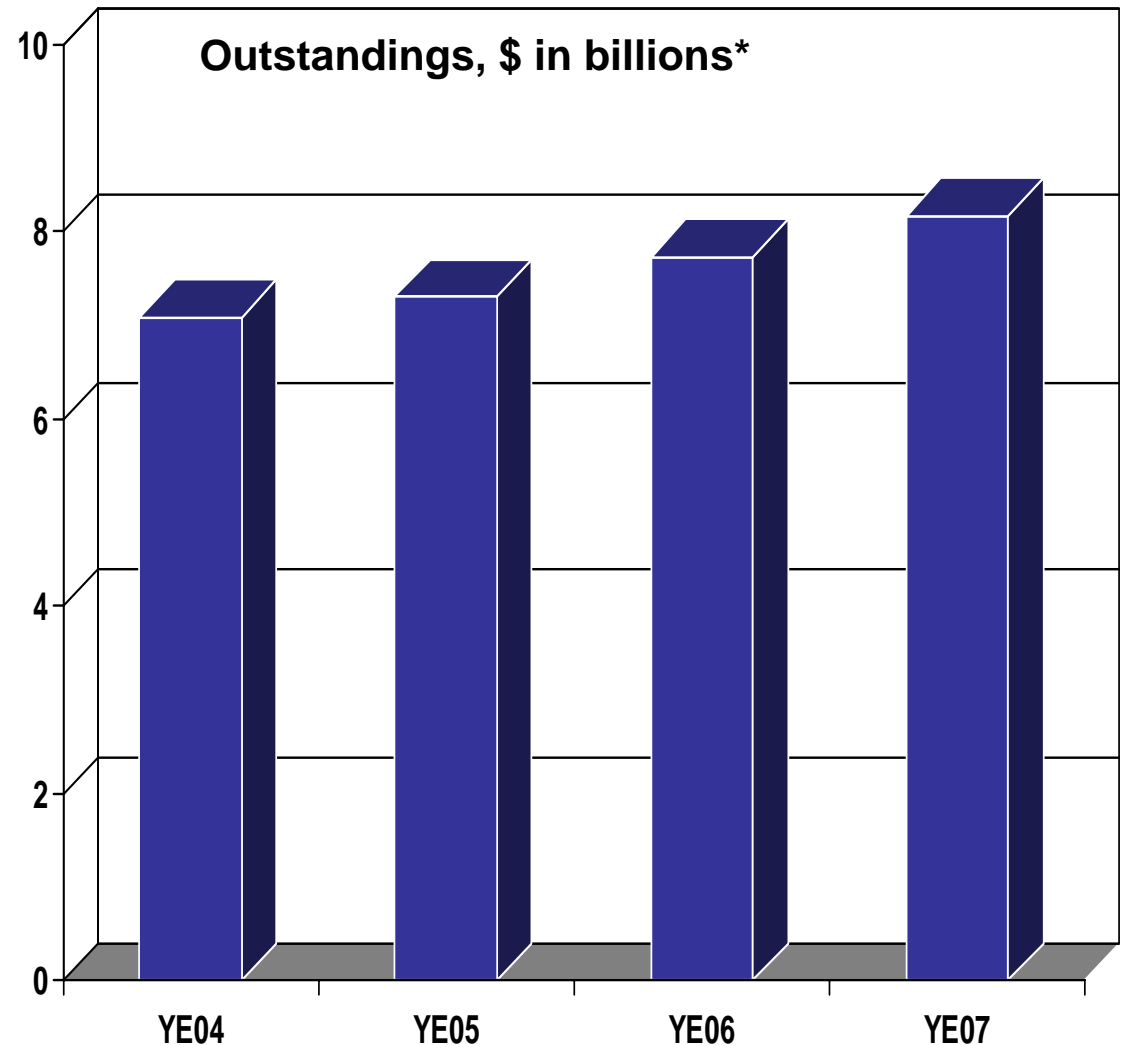
- Each branch originates and services loans based upon a “high touch,” relationship approach to lending
- Local, well-trained personnel and management with many years of experience
- Centrally supported and controlled through a state-of-the-art underwriting system
- Branch management incentive compensation conditional upon credit quality performance

Branch Real Estate

Overview

At or YTD 31 Dec 2007	Branch Real Estate	
Description	<ul style="list-style-type: none"> • Mortgage loans • 33% of total portfolio 	
Terms	<ul style="list-style-type: none"> • Firsts and Seconds • Closed-end and revolving • 15 to 30 year loans 	
Average Account	<ul style="list-style-type: none"> • Balance of \$53,000 • Higher yield compared to centralized real estate operations 	
Risk Adjusted Yield	<ul style="list-style-type: none"> • Yield • Charge-off • RAY 	<p>11.07%</p> <hr/> <p>0.81%</p> <hr/> <p>10.26%</p>

*Segment balances as reported

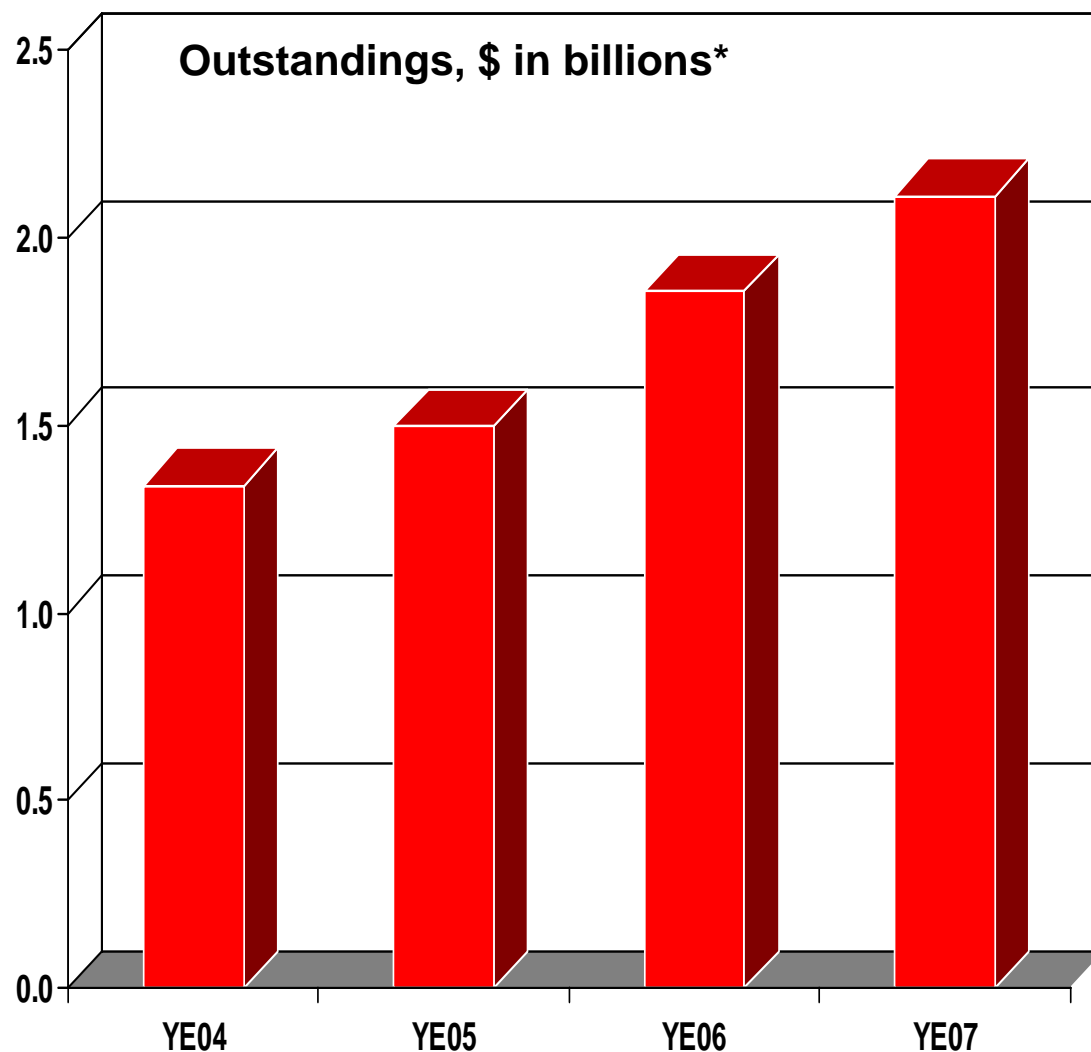


Retail Sales Finance

Overview

At or YTD 31 Dec 2007	Retail Sales Finance
Description	<ul style="list-style-type: none"> • Retail contracts and private label merchant credit cards • 8% of total portfolio
Terms	<ul style="list-style-type: none"> • Closed-end and revolving • Purchase money security interest
Average Account	<ul style="list-style-type: none"> • 11 month life • Balance of \$2,300
Risk Adjusted Yield	<ul style="list-style-type: none"> • Yield 11.5% • Charge-off 2.2% • RAY 9.3%
Additional Information	<ul style="list-style-type: none"> • 31,000 merchant relationships • Significant source of new loan customers

*Segment balances as reported

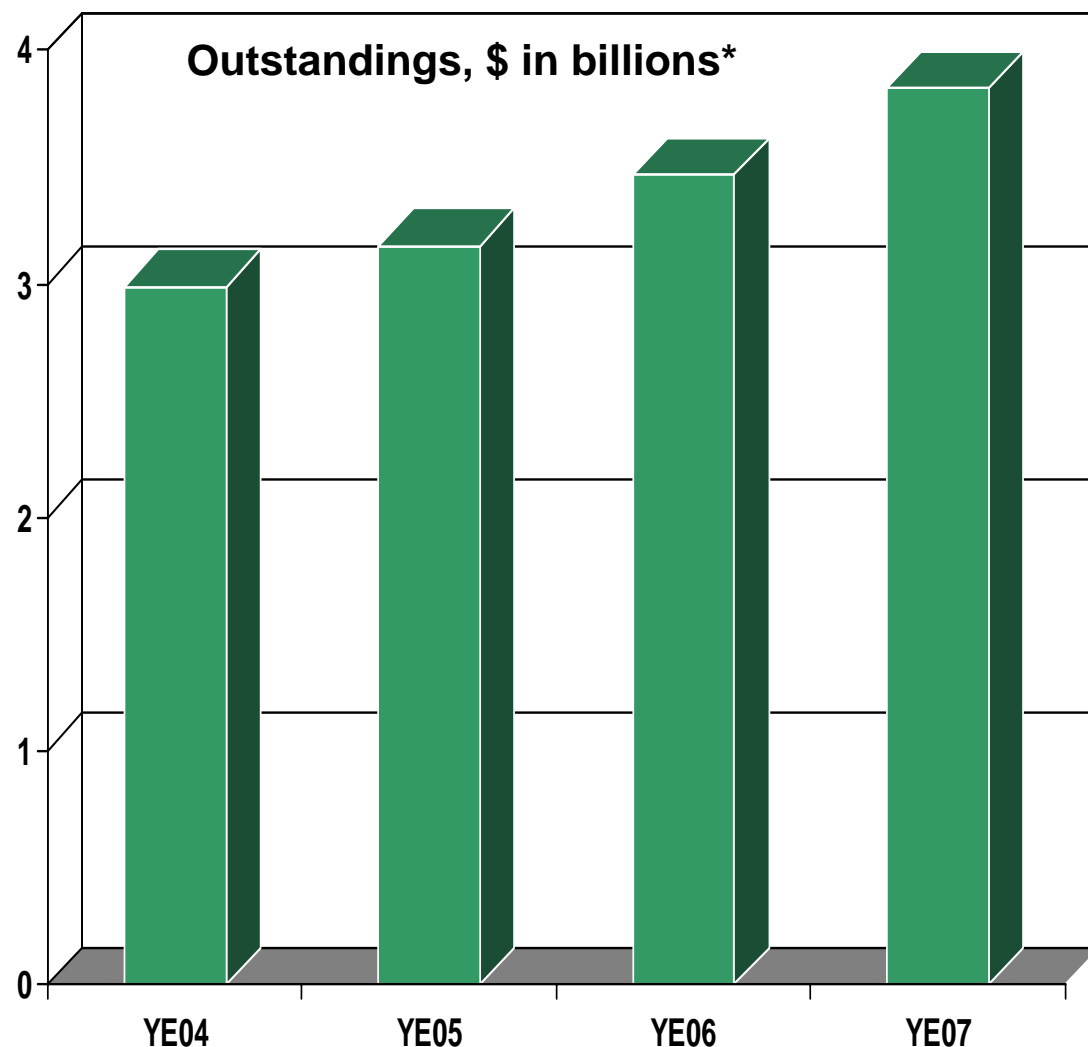


Non-Real Estate

Overview

At or YTD 31 Dec 2007	Non-Real Estate	
Description	<ul style="list-style-type: none"> • Traditional consumer loans • 15% of portfolio 	
Terms	<ul style="list-style-type: none"> • Primarily closed-end • Typically 3 to 5 years 	
Average Account	<ul style="list-style-type: none"> • 20 month life • Balance of \$4,200 	
Risk Adjusted Yield	<ul style="list-style-type: none"> • Yield 20.6% • Charge-off 4.2% • RAY 16.4% 	
Additional Information	<ul style="list-style-type: none"> • Branch originated and serviced • Primary source of insurance sales 	

*Segment balances as reported



Equity One Portfolio Purchase

Overview

- During 1Q08, AGFC acquired more than 125,000 accounts totaling \$1.4B in branch-based consumer receivables of Equity One, Inc.
- Products
 - Highly comparable to AGFC Branch Operations
 - 1st and 2nd fixed-rate mortgages (67%), consumer loans (20%), retail sales (13%)
 - Credit quality is also very similar to AGFC branches
 - AGFC reviewed underwriting processes and performed a carefully sampled re-underwriting
- Benefits
 - Strengthen AGFC's competitive position in the Northeast and Southeast regions
 - Immediate increase in branch receivables by 12%, for increased earnings

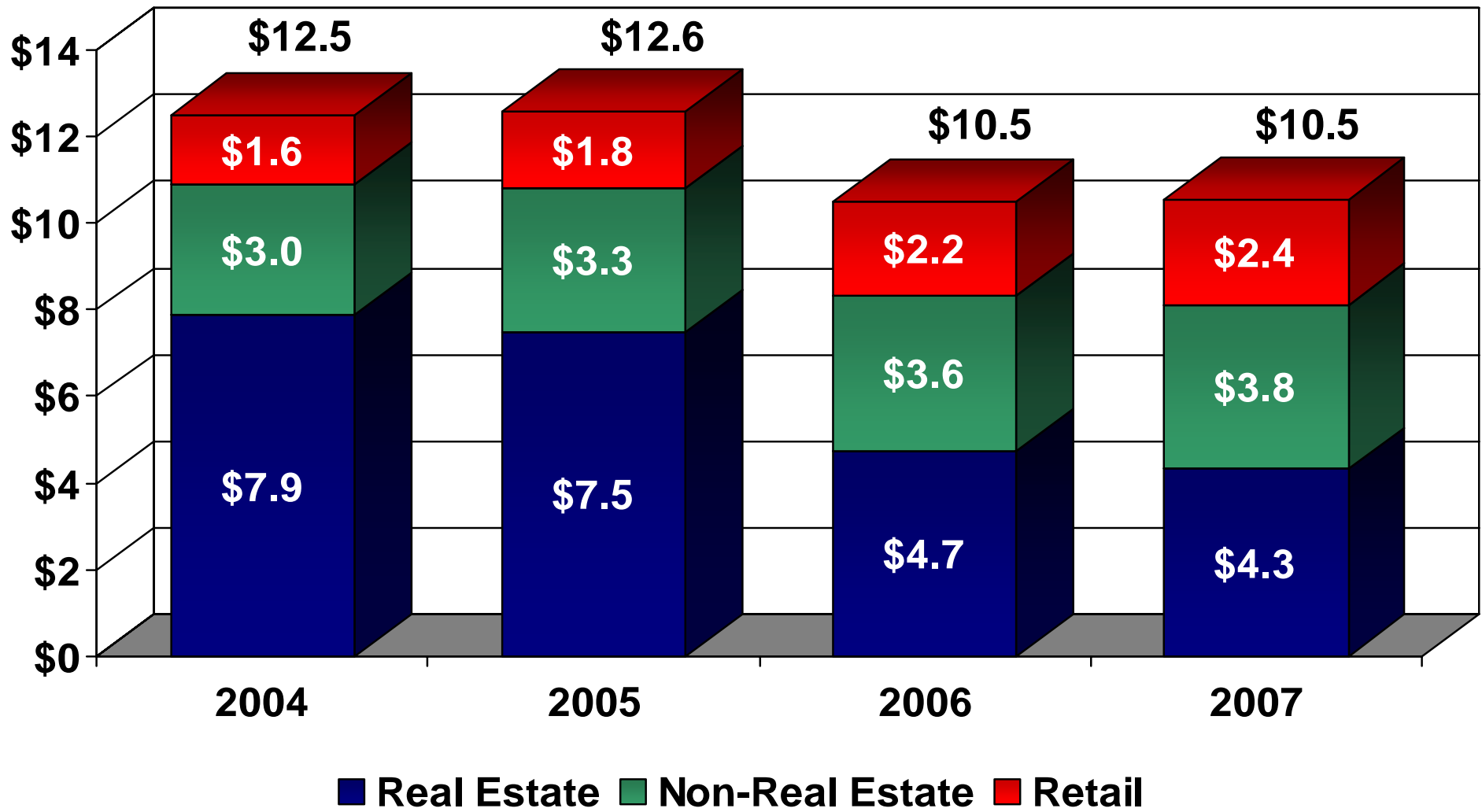
Results & Funding

- **Net income for 2007 was \$90 million, down \$340 million from 2006**
 - **Mortgage banking related revenues down \$390 million, including accruals for reimbursements of terminated mortgage service agreements of \$178 million and increased warranty provisioning**
 - **Other revenues up \$55 million largely due to inclusion of loan brokerage fee revenues for Ocean operations in 2007**
- **Margin**
 - **Overall yield of 10.46%, a 2 bp increase from 2006**
 - **Interest expense rate increased to 5.22% from 5.06%**
- **Provision**
 - **Charge-offs increased by 20 bp to 1.17%**
 - **Allowance increased by \$114 million, compared to a \$34 million reduction for 2006**

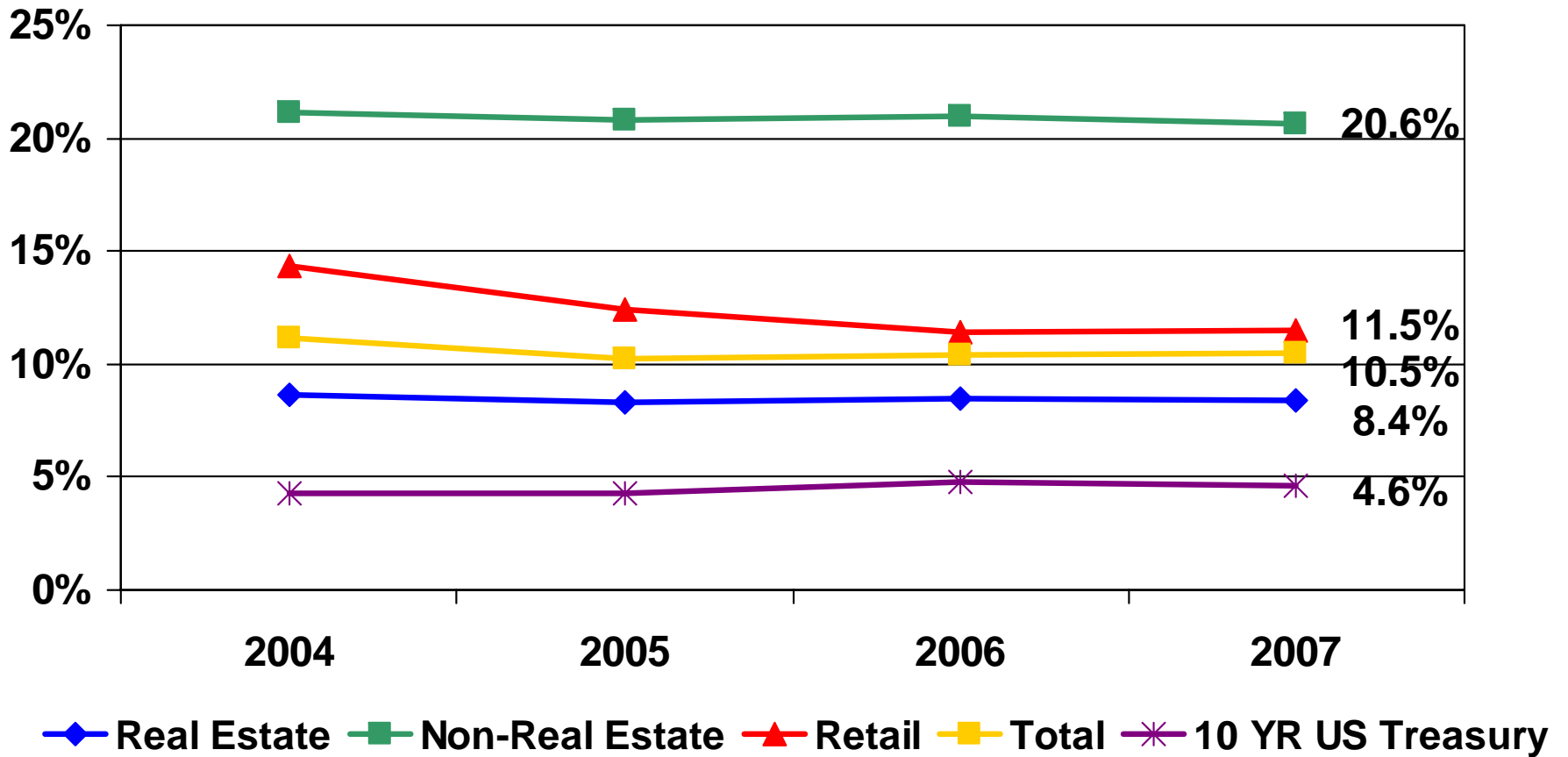
Receivable Volume (excludes acquisitions)

Results & Funding

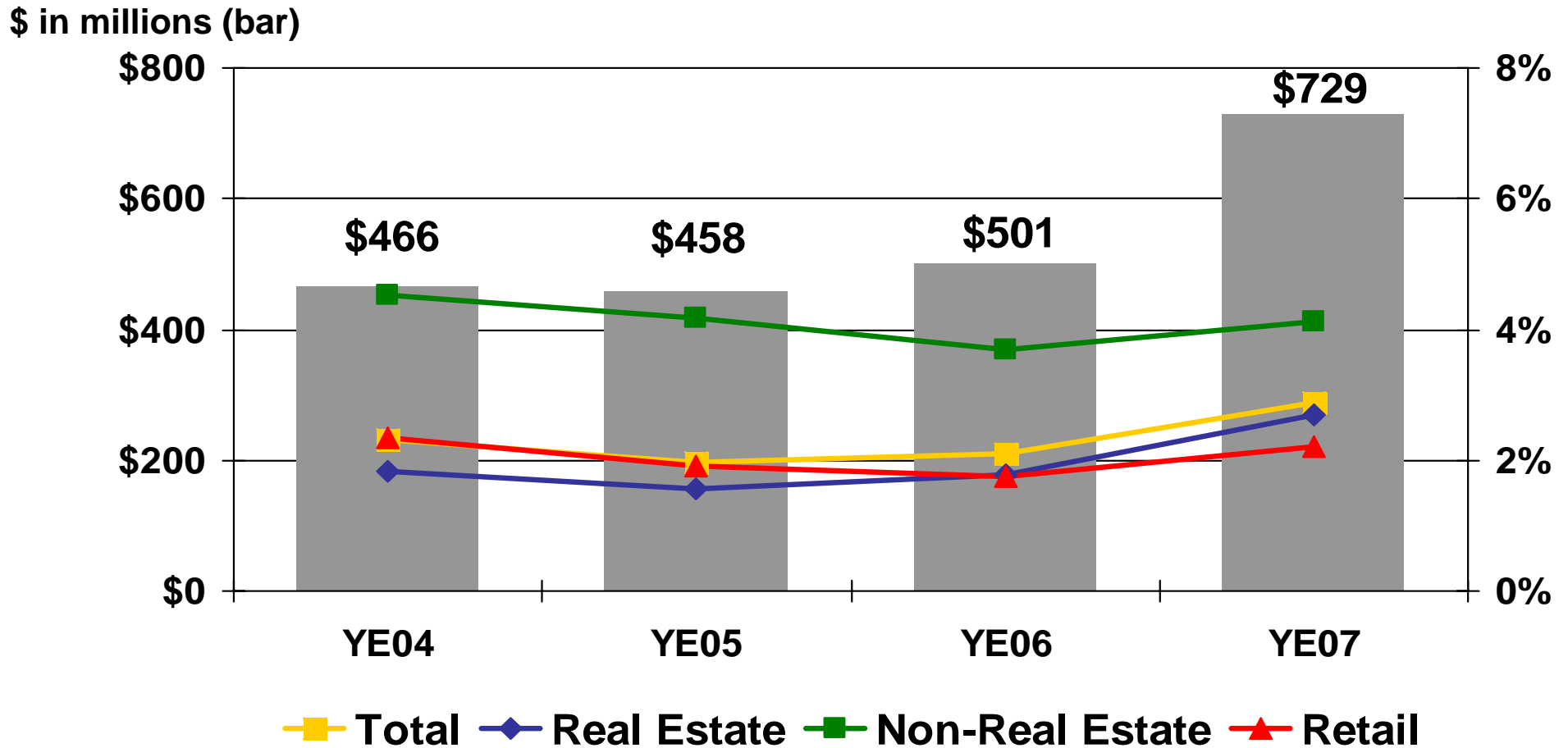
\$ in billions



Yields by Product

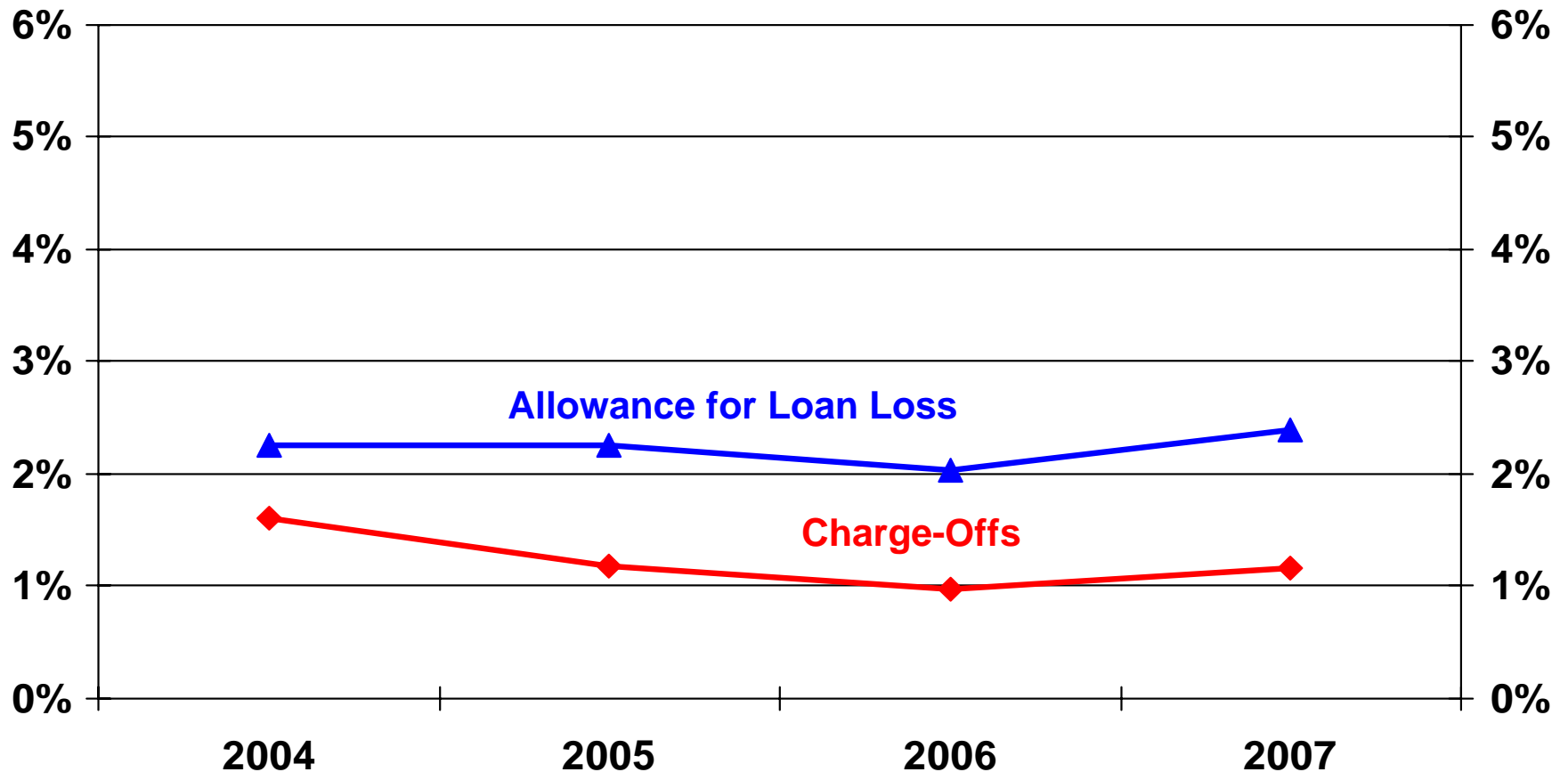


60+ Day Delinquency by Product



Total Portfolio Credit Quality

Results & Funding



Coverage Ratio
(\$ Allowance /
\$ Charge-offs)

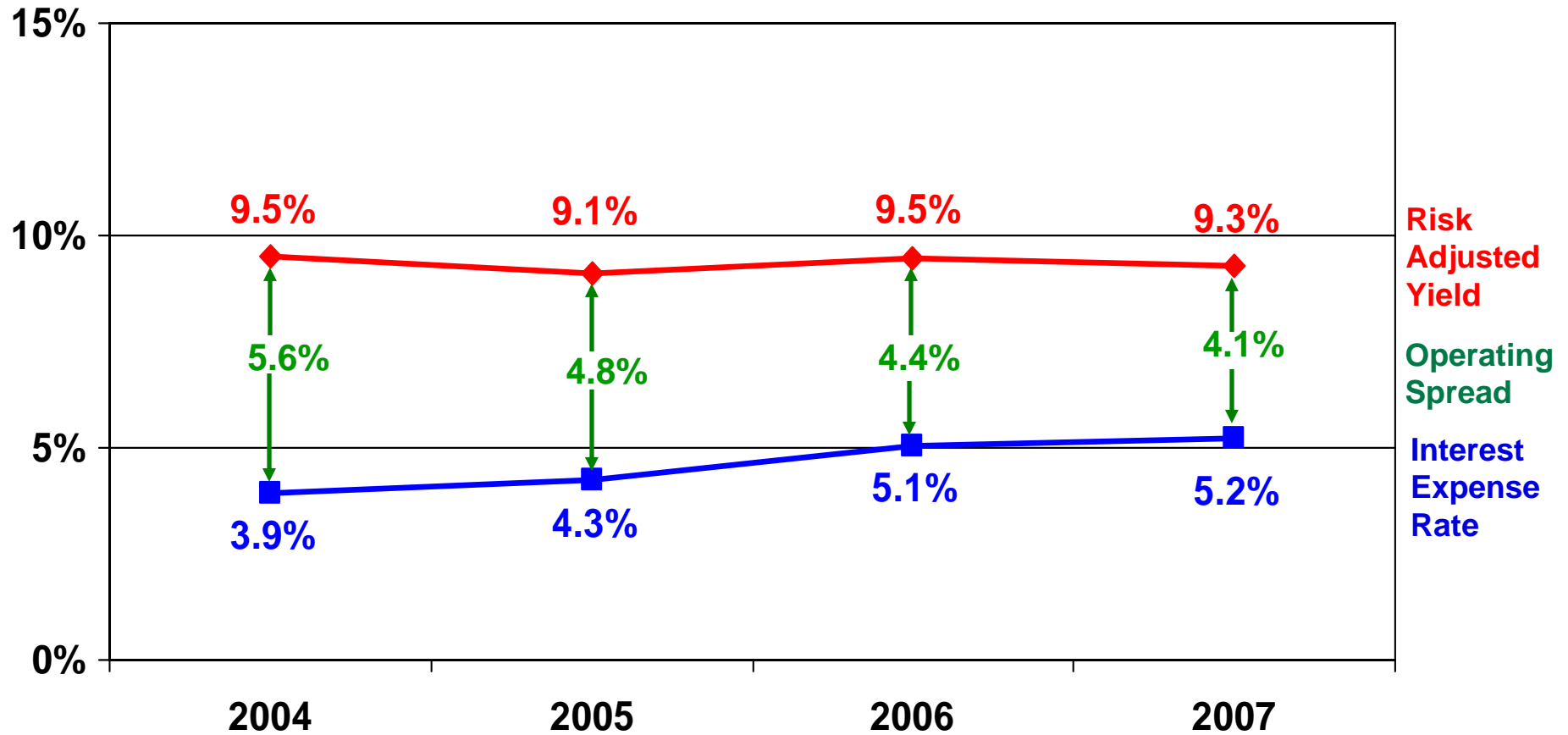
1.6X

2.0X

2.1X

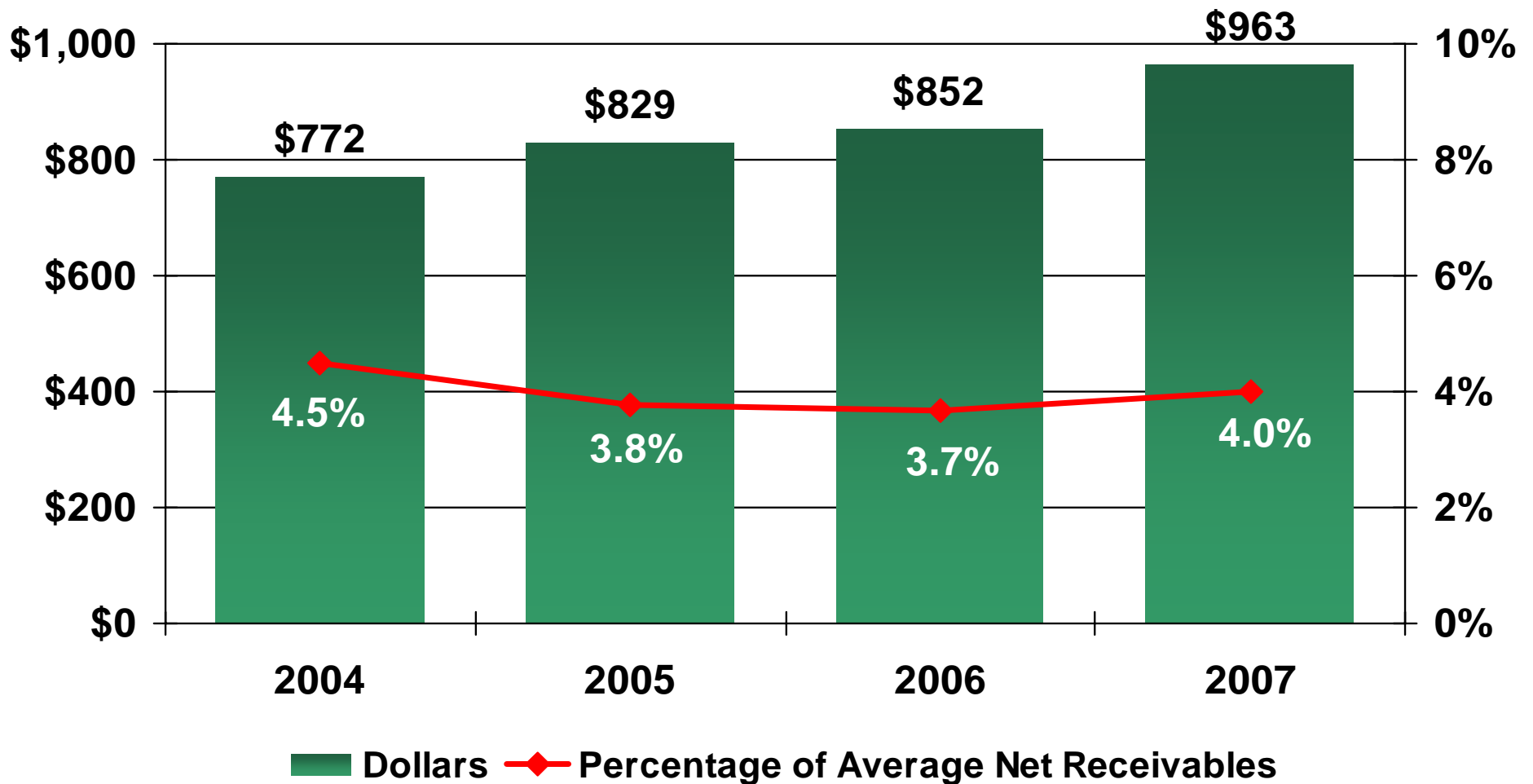
2.1X

Operating Spread



Operating Expenses

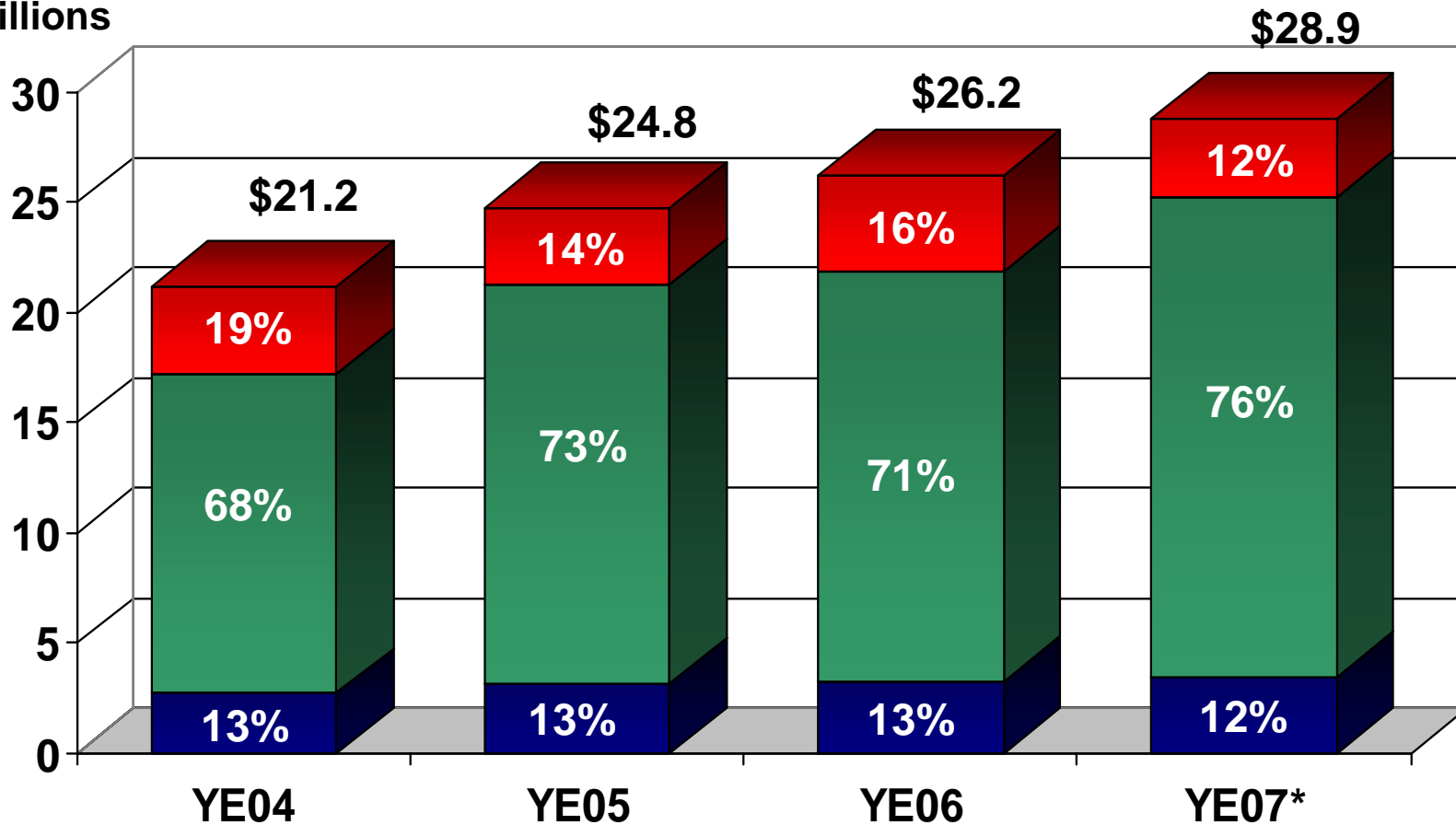
\$ in millions (bar)



	<u>Year ending or at YE07</u>	<u>Year ending or at YE06</u>	<u>Year ending or at YE05</u>
Total receivables	\$24,720M	\$23,507M	\$22,870M
Yield	10.5%	10.4%	10.3%
Interest expense rate	5.2%	5.1%	4.3%
Operating exp./receivables	4.0%	3.7%	3.8%
Charge-off ratio	1.2%	1.0%	1.2%
Delinquency ratio	2.9%	2.1%	2.0%
Allowance ratio	2.4%	2.0%	2.3%
Net income	\$90M	\$431M	\$515M
Return on average assets	0.3%	1.6%	2.1%
Return on average equity	2.8%	13.3%	17.0%

AGFC Sources of Capital

\$ in billions



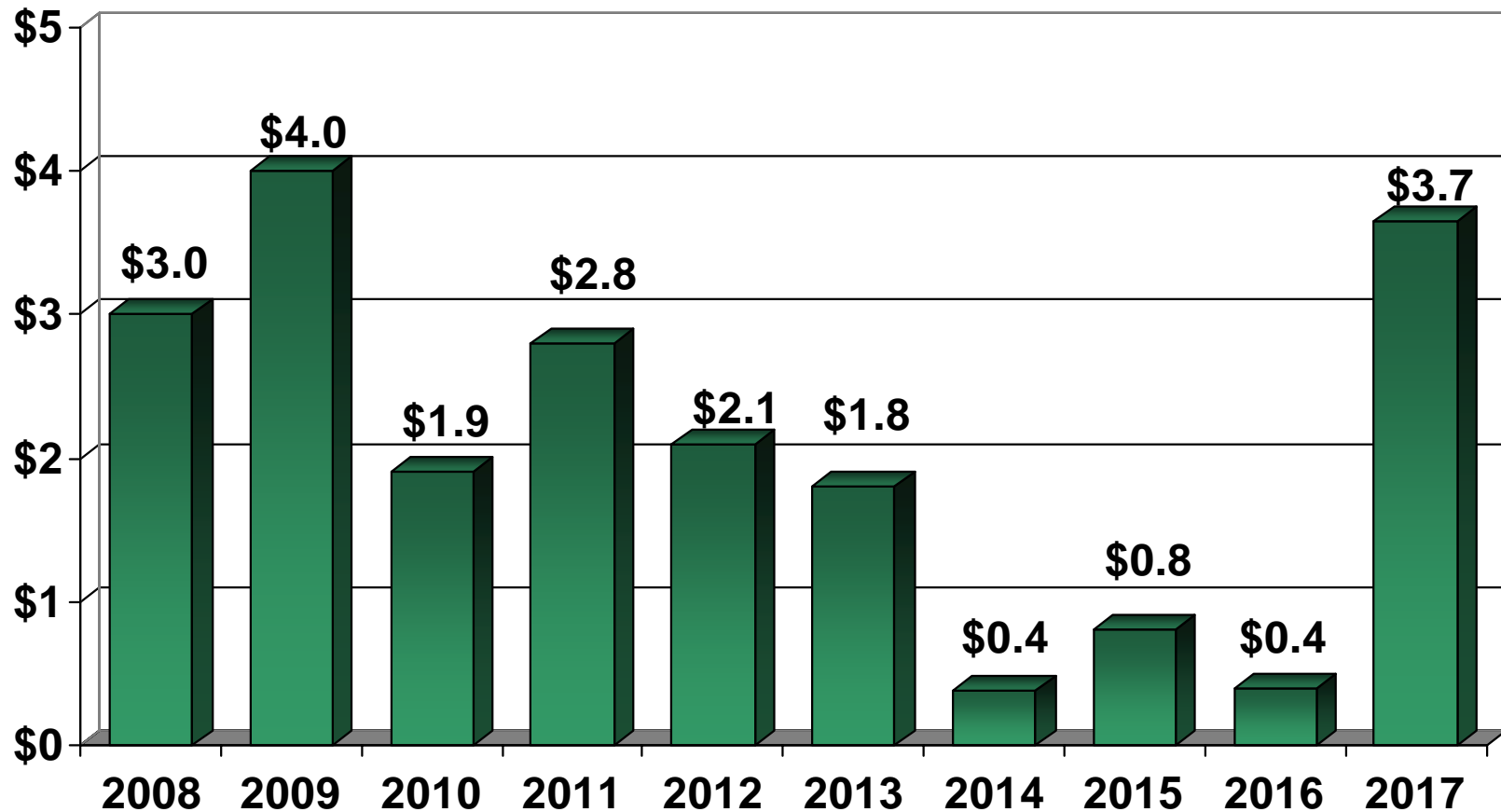
■ Equity ■ Long-Term Debt ■ Commercial Paper/Short-Term Debt

*: 75% of \$350 million in hybrid debt included as equity

- **Direct issuer through AIG commercial paper operations supported by committed credit facilities totaling \$4.75B:**
 - **Term: \$2.125B maturing July 2010**
 - **364-Day: \$2.625B to July 2008 with a 1-year term out**
- **CP liquidity guidelines:**
 - **5% maximum position for any one investor**
 - **Minimum 100% backstop for next 30 days of maturities, but have been operating at higher level - - 135% at year-end 2007**

Term Debt Maturities

\$ in billions **No more than 25% of term debt matures in any one year**

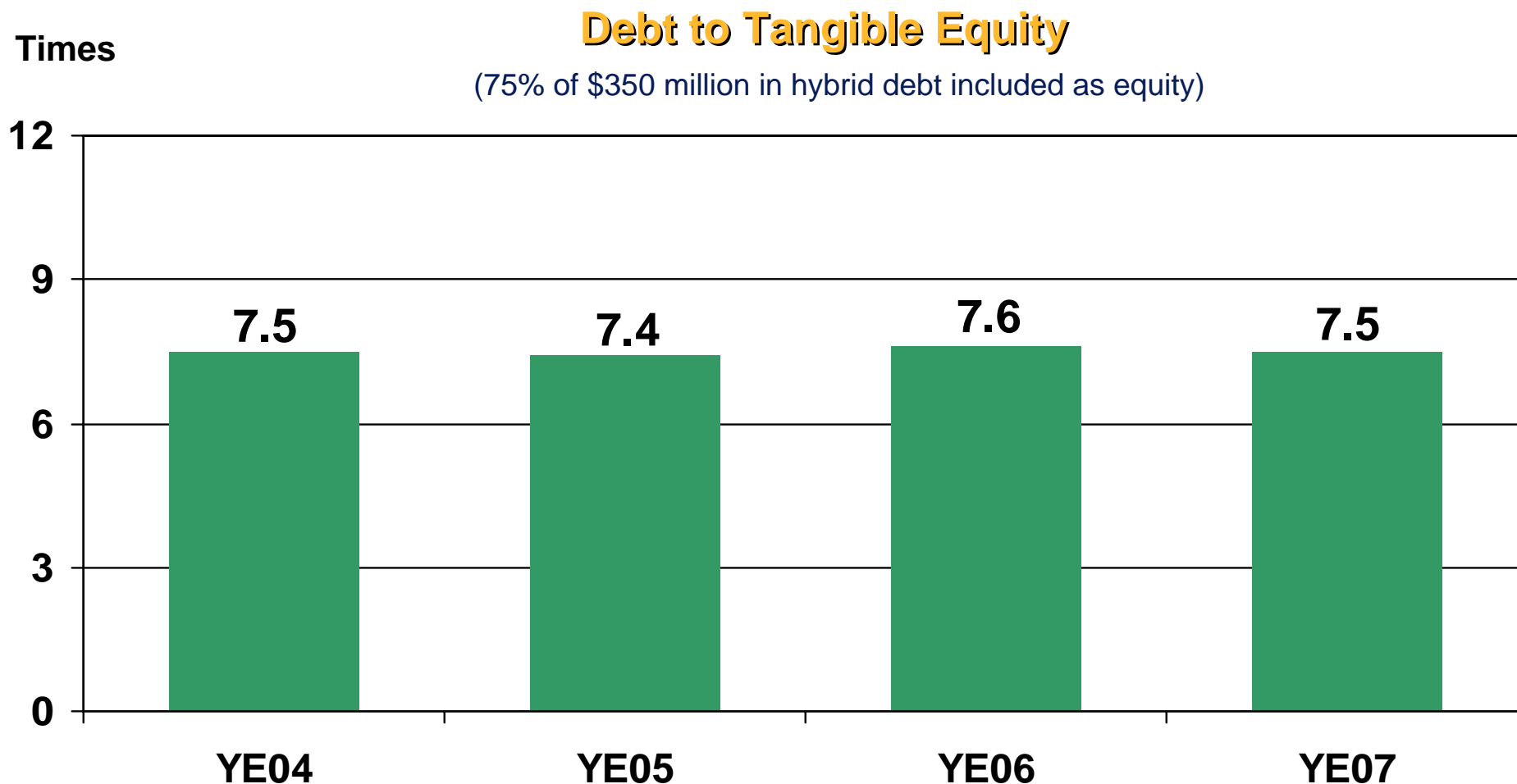


■ 2007

- Largest year ever for total term debt issuance
- Largest single debt issuance ever - - \$3B 10-year with 170 investors
- Largest year for retail note issuance

<u>2006</u>	<u>2007</u>	
\$ 2,500M	\$ 6,200M	USD MTNs including Globals
\$ 644M	-	Euro and Sterling Markets
-	\$ 350M	Hybrid Debt
\$ 31M	\$ 560M	Retail Notes
<u>\$ 3,175M</u>	<u>\$ 7,110M</u>	
\$ 475M	-	Securitization Sale

- **“Well-Known Seasoned Issuer” under July 2006 S-3 filing**
 - SEC review completed in 4Q07 with no significant issues
 - US MTNs and retail notes
- **Euro, Sterling, and other non-USD market issuances**
 - On 26 March, commenced an EMTN program to further facilitate access to our current and new non-USD debt markets
- **Securitization of real estate finance receivables**
 - Systems in place to perform public or private transactions
 - Transactions
 - ❖ Branch Real Estate 2003
 - ❖ Centralized Real Estate 2006
 - More costly than unsecured financing



Since 2001, AIG has contributed \$254 million to maintain target leverage, while receiving more than \$1.3 billion in American General Finance dividends.

	<u>Long-Term Debt</u>	<u>Commercial Paper</u>
Moody's	A1	P-1
Standard & Poor's	A+	A-1
Fitch	A+	F-1

Supplemental Information

Income Statements - AGFC

Supplemental Information

\$ in millions

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Finance charges	\$2,524	\$2,427	\$2,264
Mortgage banking	60	219	12
Net service fees from affiliates	(174)	57	314
Net investment and other	327	188	309
Total Revenues	<u>2,737</u>	<u>2,891</u>	<u>2,899</u>
Interest expense	1,206	1,125	866
Operating expense	963	852	830
Provision for finance receivable losses	396	191	327
Insurance benefits and losses	66	60	66
Total Expenses	<u>2,631</u>	<u>2,228</u>	<u>2,089</u>
Pretax earnings	106	663	810
Income tax expense	16	232	295
Net income	<u>\$90</u>	<u>\$431</u>	<u>\$515</u>

Balance Sheets - AGFC

Supplemental Information

\$ in millions

	YE07	YE06	YE05
Assets			
Net finance receivables	\$24,720	\$23,507	\$22,870
Allowance for finance receivable losses	(594)	(480)	(514)
Net finance receivables, less allowance for finance receivable losses	24,126	23,027	22,356
Other assets	5,998	4,185	3,304
Total Assets	\$30,124	\$27,212	\$25,660
Liabilities and Shareholder's Equity			
Long-term debt	\$22,037	\$18,586	\$18,093
Short-term debt	3,583	4,373	3,492
Other liabilities	1,273	965	894
Total Liabilities	26,893	23,924	22,479
Shareholder's Equity	3,231	3,288	3,181
Total Liabilities and Shareholder's Equity	\$30,124	\$27,212	\$25,660

Mortgage Risk Factor Continuum

Supplemental Information

CREDIT RISK: **LOWER** ←————→ **HIGHER**

<i>Customer Credit Type</i>	Prime ↔ Non-Prime ↔ Subprime
<i>Principal Amortization</i>	Fully Amortize ↔ Interest Only ↔ Option ARMs
<i>Interest Rate</i>	Fixed ↔ Floating ↔ Basis Resetting, including Hybrids ↔ Front-End Teaser
<i>Loan to Value</i>	< 80% ↔ 80% ↔ 100% ↔ "Piggybacks" and >100%
<i>Property Type & Occupancy</i>	Single Family Primary Residence ↔ Non-Owner Occupied Condominium

AGFC avoided the significant “risk layering” that many other U.S. mortgage lenders engaged in during the past few years.

Real Estate Portfolio*	Total Portfolio	FICO (≥ 660)	FICO (620 - 659)	FICO (< 620)
Outstanding Loans	\$19.5 Billion	\$9.7 Billion	\$3.3 Billion	\$6.2 Billion
LTV	80%	84%	80%	75%
60+%	2.64%	1.29%	3.05%	4.48%
2007 Vintage	\$4.0 Billion	\$1.3 Billion	\$831 Million	\$1.9 Billion
LTV	77%	82%	79%	74%
60+%	0.99%	0.44%	1.01%	1.33%
2006 Vintage	\$3.4 Billion	\$1.2 Billion	\$648 Million	\$1.5 Billion
LTV	80%	87%	81%	75%
60+%	3.57%	1.70%	3.02%	5.26%
2005 Vintage	\$4.8 Billion	\$2.9 Billion	\$856 Million	\$1.1 Billion
LTV	82%	85%	82%	76%
60+%	3.03%	1.65%	4.49%	5.60%
2004 Vintage	\$4.5 Billion	\$3.5 Billion	\$554 Million	\$503 Million
LTV	82%	83%	80%	75%
60+%	1.98%	1.12%	3.71%	6.06%
LTV Greater than 95.5%	\$3.5 Billion	\$3.0 Billion	\$386 Million	\$169 Million
LTV	99%	99%	99%	98%
60+%	2.36%	1.81%	5.10%	5.69%
Low Documentation	\$532 Million	\$284 Million	\$165 Million	\$83 Million
LTV	76%	78%	76%	71%
60+%	4.30%	3.86%	4.22%	5.97%
Interest-Only	\$1.7 Billion	\$1.4 Billion	\$284 Million	\$24 Million
LTV	89%	89%	88%	79%
60+%	3.12%	2.55%	5.12%	11.90%

*: As disclosed during AIG's 2007 earnings call on February 29, 2008 for AGFI, the immediate parent of AGFC. Note that AGFC real estate secured loans represent \$18.8B of AGFI's \$19.5B of real estate loans at December 31, 2007. This table is for informational purposes only. Our loan underwriting process does not use FICO scores as a primary determinant for credit decisions. We use proprietary risk scoring models in making credit decisions. Delinquency figures are shown as a percentage of outstanding loan balances, consistent with mortgage lending practice.

Charge-Off

Product

Policy

Non-real estate

Little or no collection made in prior six months.

Retail sales

Six installments contractually past due.

Real estate

Foreclosure begins when four monthly installments are contractually past due. However, a Notice of Default and the steps to cure are sent to the customer when two payments are past due. Establish real estate as asset valued at fair value. Charge-off any loan amount in excess of that value to allowance.

Delinquency

Delinquency, for all product types, is determined contractually.

Don Breivogel

Senior Vice President and Chief Financial Officer

Don Breivogel was promoted to Senior Vice President in February 2002 in addition to the Chief Financial Officer title he assumed in March of 2001. Prior to becoming CFO, Don was Vice President and Treasurer since August 2000 when he was promoted from the position of Director, Planning and Financial Analysis. Don began his career with American General Finance in 1988 as the Accounting Manager of the credit card division. Prior to American General, Don was with Gaither, Rutherford & Company, a public accounting firm, with primary focus in the tax area. Don received his BS from the University of Southern Indiana and holds a CPA license from the state of Indiana.

Bryan Binyon (812) 468-5795

Vice President and Treasurer

Bryan Binyon is Treasurer of American General Finance, a position he assumed in October 1993. He was named Vice President of American General Finance in April 1999 and returned to this position in September 2001 after spending one year as Vice President and Treasurer of KBHome. Prior to joining American General Finance, Bryan spent seven years in American General Corporation's Treasury Department where he last served as Assistant Treasurer-Corporate Finance. He joined American General after six years of treasury and corporate planning experience with Texas Eastern Corporation in Houston. Bryan graduated from the University of the Pacific with a BS in business and economics, and received his MBA from the University of Pennsylvania-Wharton School.