

**Presentation
Materials**

AMERICAN GENERAL
**AMERICAN
GENERAL**
FINANCE

A Member of American International Group, Inc.



**2008 Finance Industry Conference
Boston - May 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

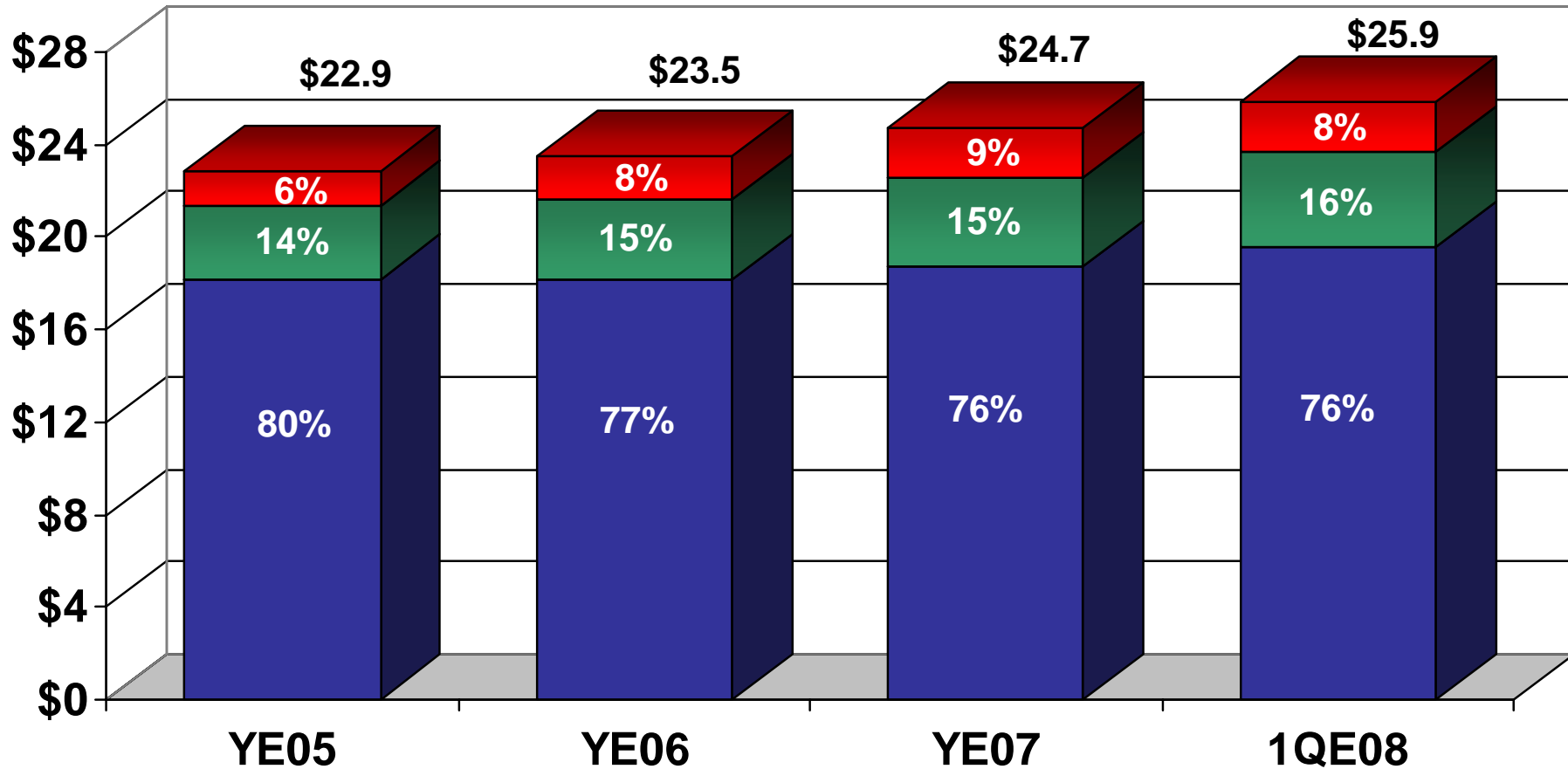
- Consumer lending
- Mortgages, retail sales finance and non-real estate loans
- Credit insurance



Conservative Portfolio Mix

Overview

\$ in billions



■ Real Estate ■ Non-Real Estate ■ Retail Sales Finance

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%

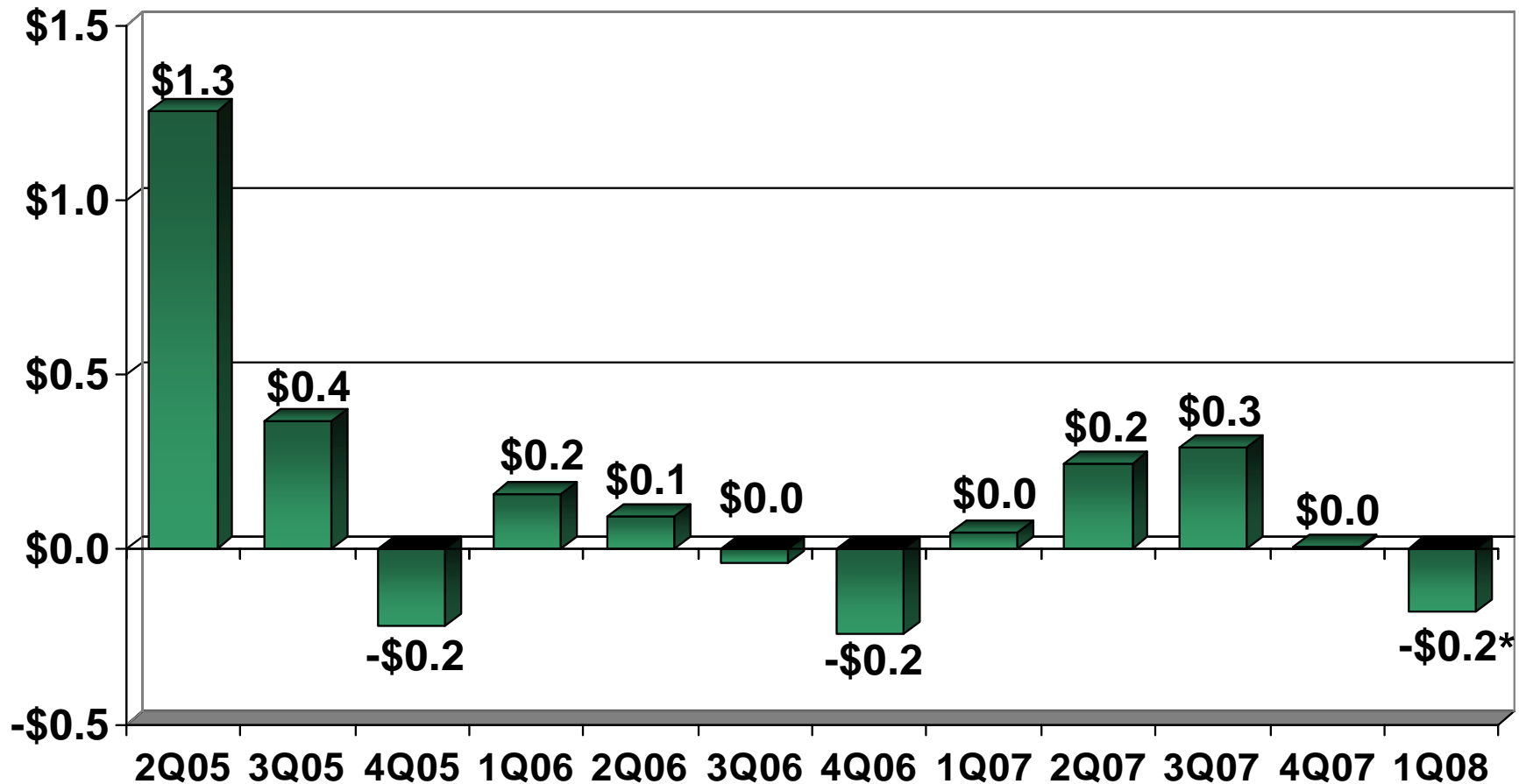
During 2005 and 2006, AGFC maintained underwriting and loan concentrations in CA and FL while many securitizers aggressively pursued growth in those states.

- **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

Overview

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

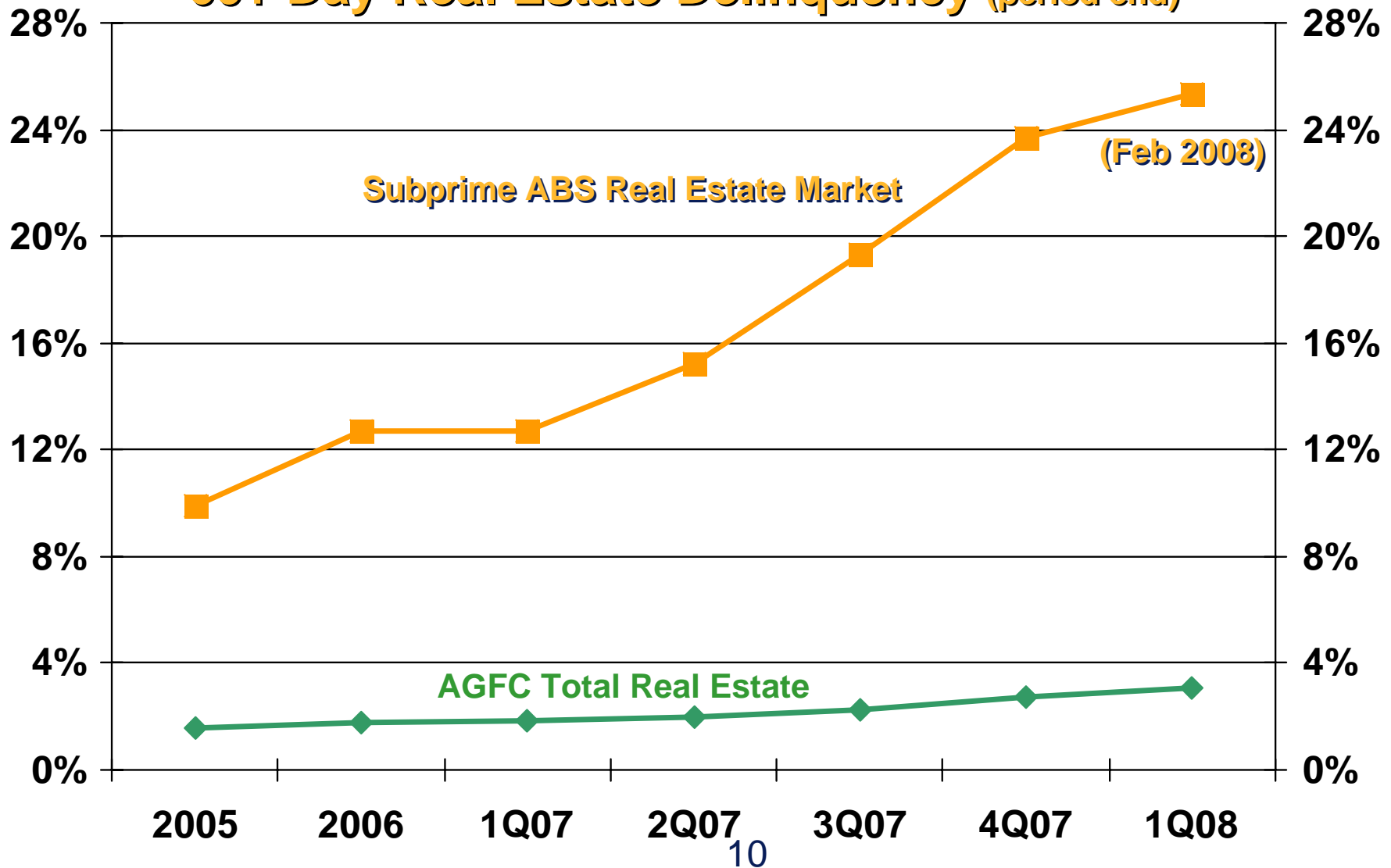


*Excludes Equity One portfolio acquisition. 1Q08 net growth including Equity One is \$0.8 billion.

AGFC Real Estate vs. Subprime ABS Market

Overview

60+ Day Real Estate Delinquency (period end)



- **97% of mortgages are underwritten with full income verification**
- **89% are fixed-rate mortgages; only about 7% of the total mortgage portfolio resets interest rates by YE08; another 1% by the end of 2009**
- **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 (91%)**
 - **Owner occupied borrowers (92%)**
- **Geographically diverse portfolio**

*Above percentages are for AGFI. AGFC real estate secured loans represent \$19.6 B of AGFI's \$20.3B at March 31, 2008.

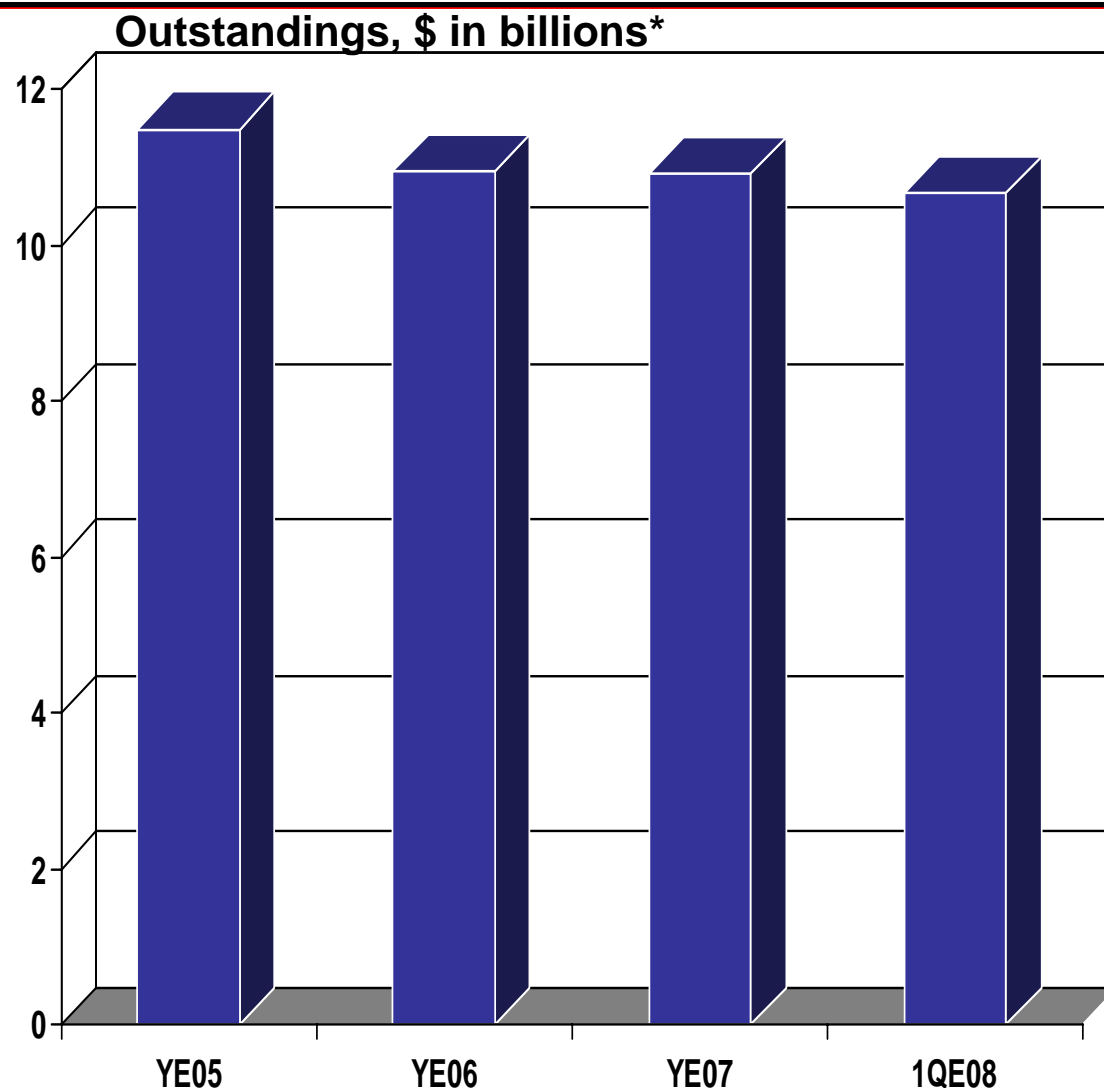
- **Continue to provide loans to sub-prime borrowers through our branch network**
- **Originate, purchase and sell/retain non-conforming loans through channels other than our branches (those purchased and retained by us are re-underwritten by AGFC personnel to our specifications)**
 - **At YE07, Wilmington 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 Mar 31 2008	Centralized Real Estate
Description	<ul style="list-style-type: none"> • Mortgage loans • 41% of total portfolio
Terms	<ul style="list-style-type: none"> • 99% first liens (\$) • Closed-end and revolving • Generally 30 year loans
Average Account (YE07)	<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 6.24% • Charge-off 0.32% • RAY 5.92%
Additional Information	<ul style="list-style-type: none"> • Wholesale and acquired portfolios • Individually reunderwritten • Centrally serviced

*Segment reporting basis



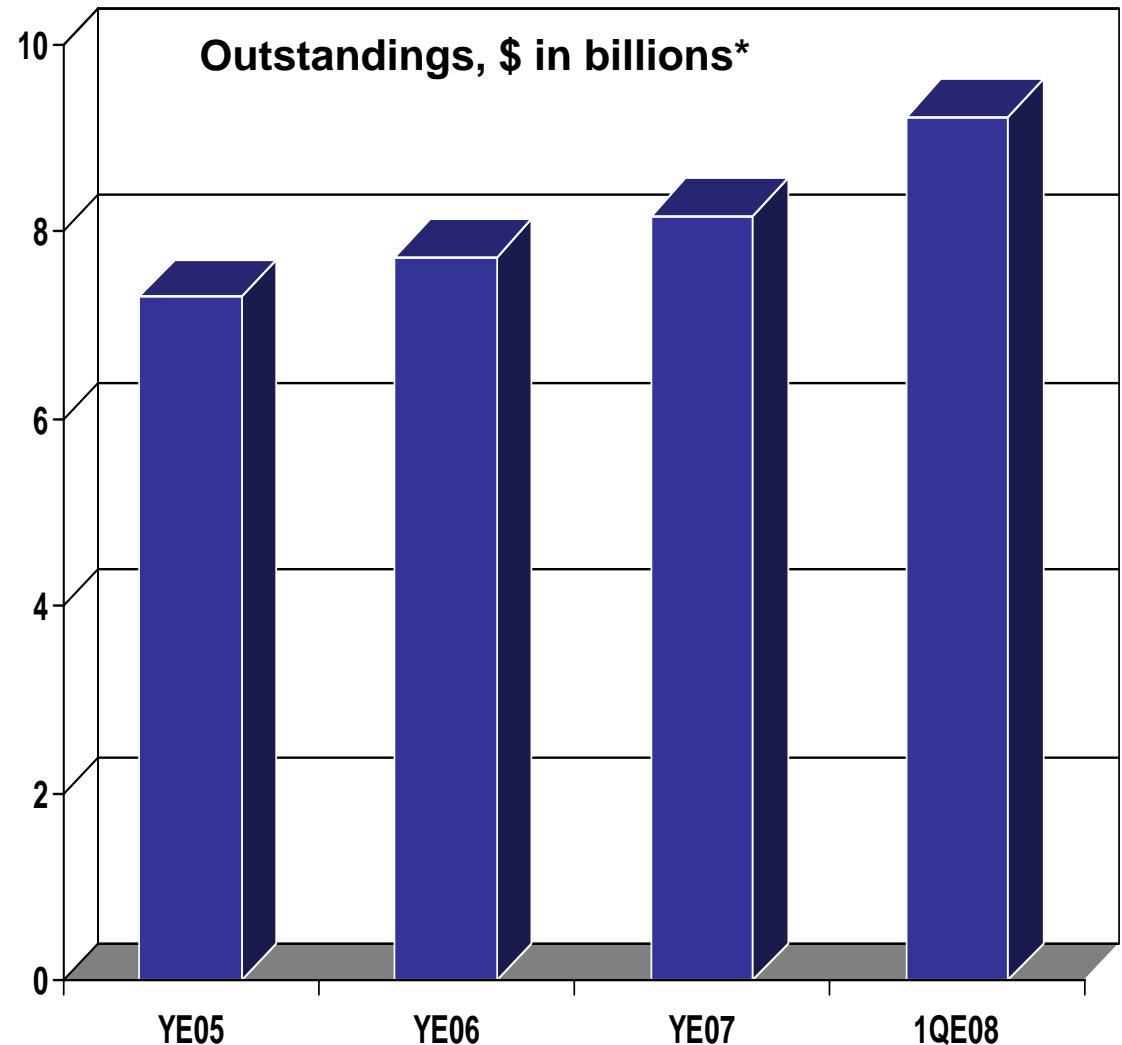
- Each branch originates and services loans based upon a “high touch,” relationship approach to lending
- Local, well-trained personnel and management with many years of experience
- Centrally supported and controlled through a state-of-the-art underwriting system
- Branch management incentive compensation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

Branch Real Estate

Overview

At or YTD Mar 31 2008	Branch Real Estate	
Description	<ul style="list-style-type: none"> • Mortgage loans • 35% of total portfolio 	
Terms	<ul style="list-style-type: none"> • Firsts and Seconds • Closed-end and revolving • 15 to 30 year loans 	
Average Account (YE07)	<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 	10.74%
	<ul style="list-style-type: none"> • Charge-off 	1.18%
	<ul style="list-style-type: none"> • RAY 	<u>9.56%</u>

*Segment reporting basis

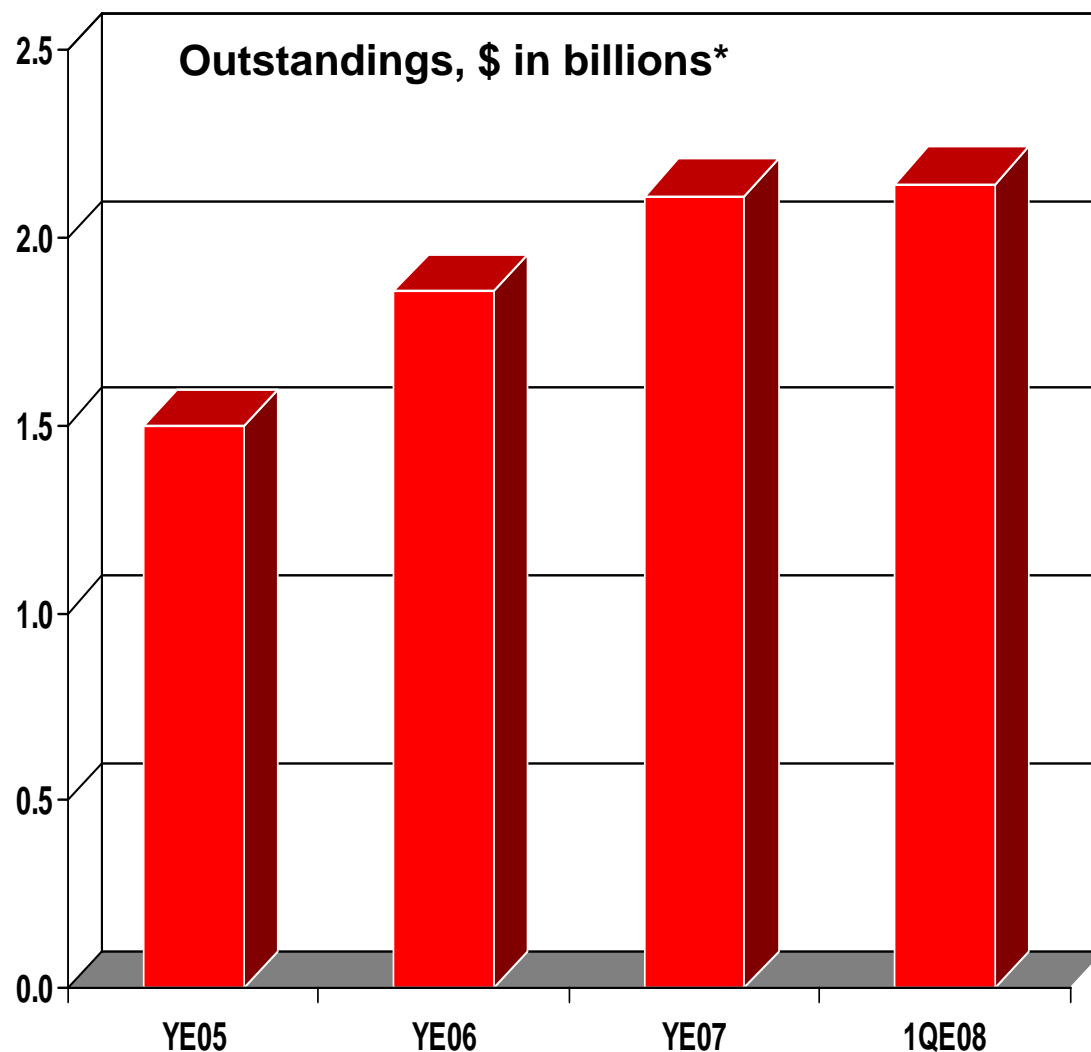


Retail Sales Finance

Overview

At or YTD Mar 31 2008	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 (YE07)	<ul style="list-style-type: none"> • 11 month life • Balance of \$2,300
Risk Adjusted Yield	<ul style="list-style-type: none"> • Yield 11.42% • Charge-off 2.91% • RAY 8.51%
Additional Information	<ul style="list-style-type: none"> • 31,000 merchant relationships at YE07 • Significant source of new loan customers

*Segment reporting basis

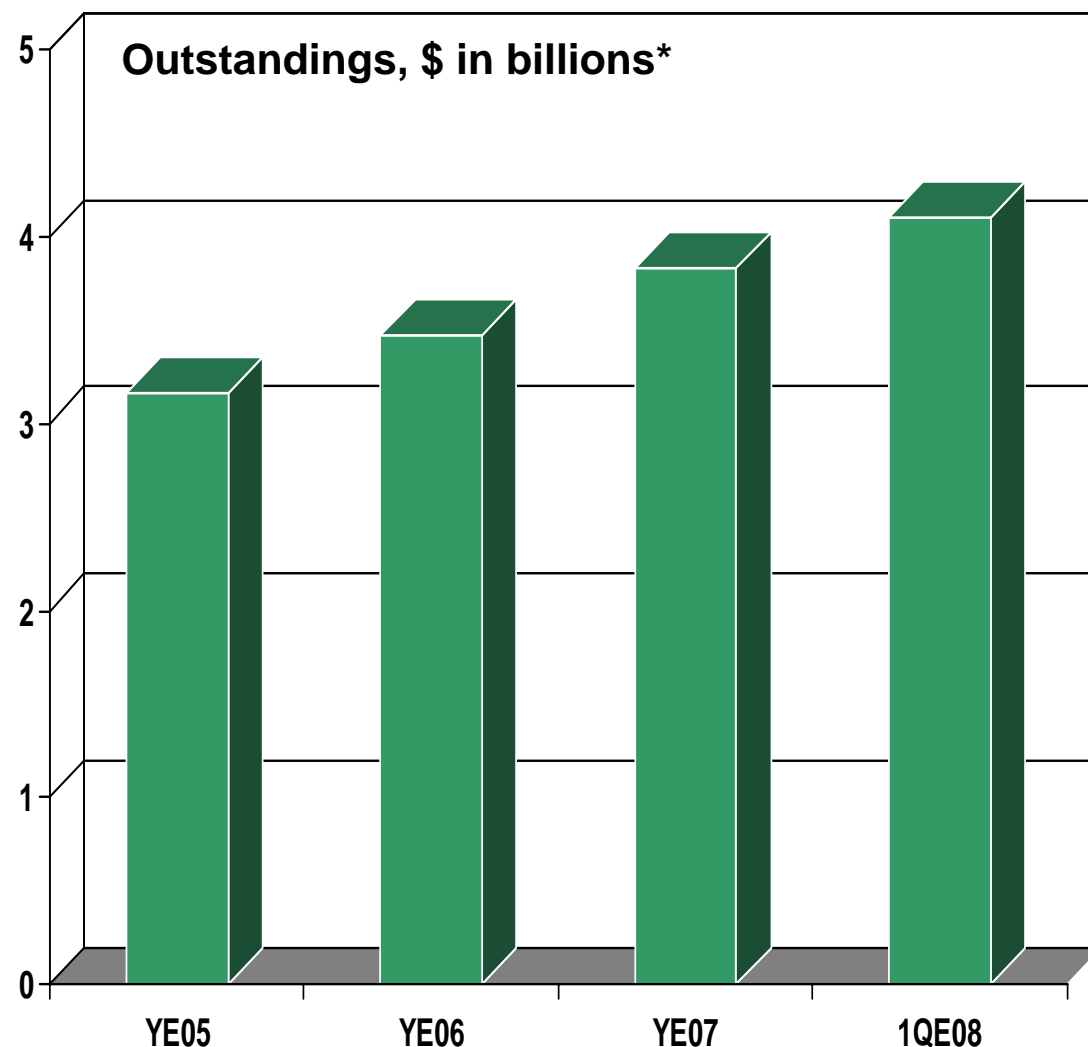


Non-Real Estate

Overview

At or YTD Mar 31 2008	Non-Real Estate	
Description	<ul style="list-style-type: none"> • Traditional consumer loans • 16% of portfolio 	
Terms	<ul style="list-style-type: none"> • Primarily closed-end • Typically 3 to 5 years 	
Average Account (YE07)	<ul style="list-style-type: none"> • 20 month life • Balance of \$4,200 	
Risk Adjusted Yield	<ul style="list-style-type: none"> • Yield 20.73% • Charge-off 5.03% • RAY 15.70% 	
Additional Information	<ul style="list-style-type: none"> • Branch originated and serviced • Primary source of insurance sales 	

*Segment reporting basis



Equity One Portfolio Purchase

Overview

- During 1Q08, AGFC acquired more than 125,000 accounts totaling \$1.5B in branch-based consumer receivables of Equity One, Inc.
- Products
 - Highly comparable to AGFC Branch Operations
 - 1st and 2nd fixed-rate mortgages (69%), consumer loans (20%), retail sales (11%)
 - 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

AGFC Quarterly Operating Performance

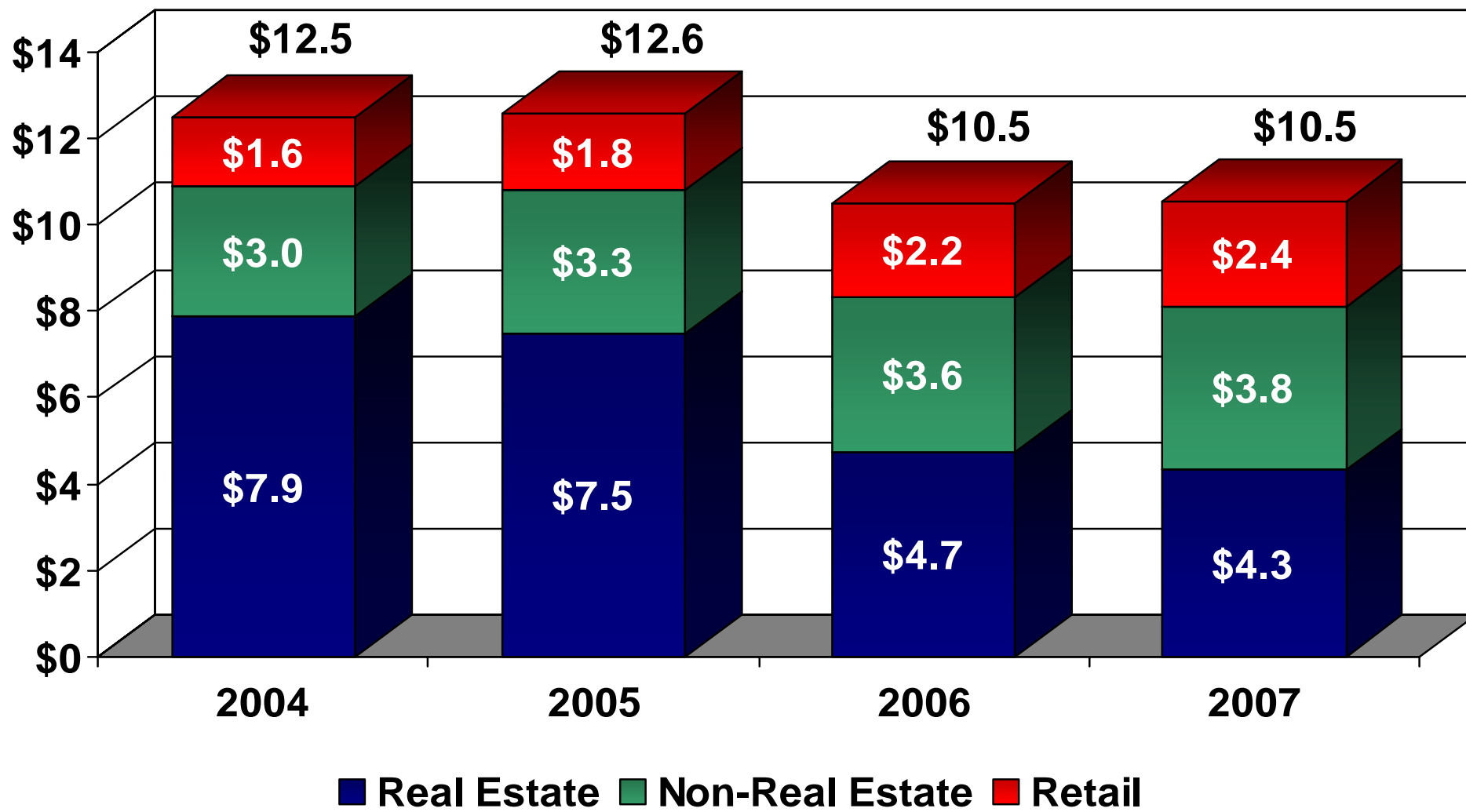
Results & Funding

- Net income for 1Q08 was \$(31) million, down \$9 million from \$(22) million for 1Q07
- Mortgage banking related revenues up \$110 million, primarily due to 1Q07 accruals of \$128 million for reimbursements of terminated mortgage service agreements
- Provision: \$175 million compared to \$56 million for 1Q07
 - Charge-offs increased to 1.56% from 0.99% for 1Q07
 - Allowance increased by \$79 million, compared to a \$2 million reduction for 1Q07
- Non-economic derivative accounting
 - FAS 157: \$39 million hit on mark-to-market
 - \$15 million of hedge ineffectiveness on effective hedges
- Margin
 - Overall yield of 10.48%, a 14 bp decrease from 1Q07
 - Interest expense rate declined to 5.17% from 5.21%

Receivable Volume (excludes acquisitions)

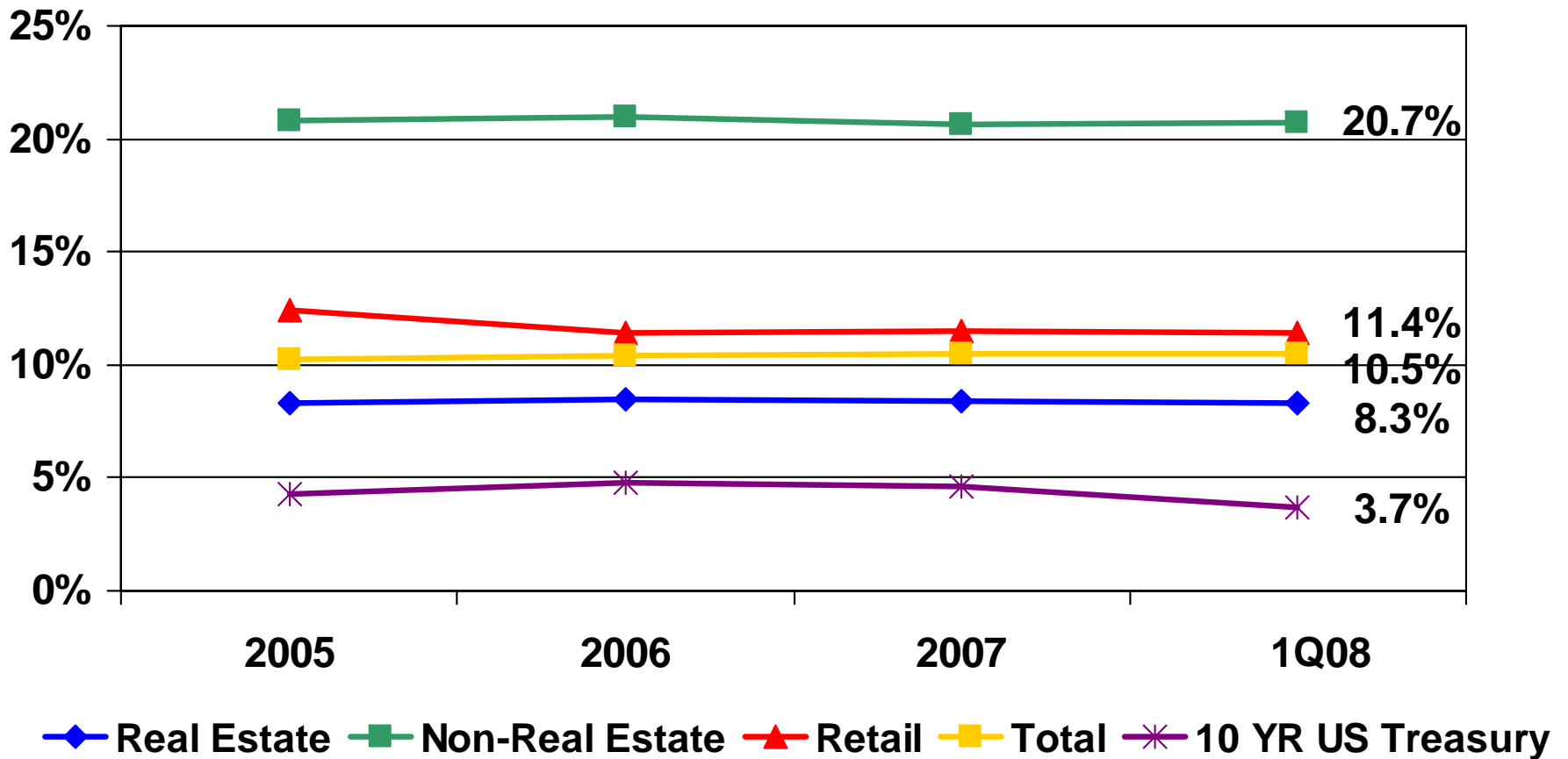
Results & Funding

\$ in billions

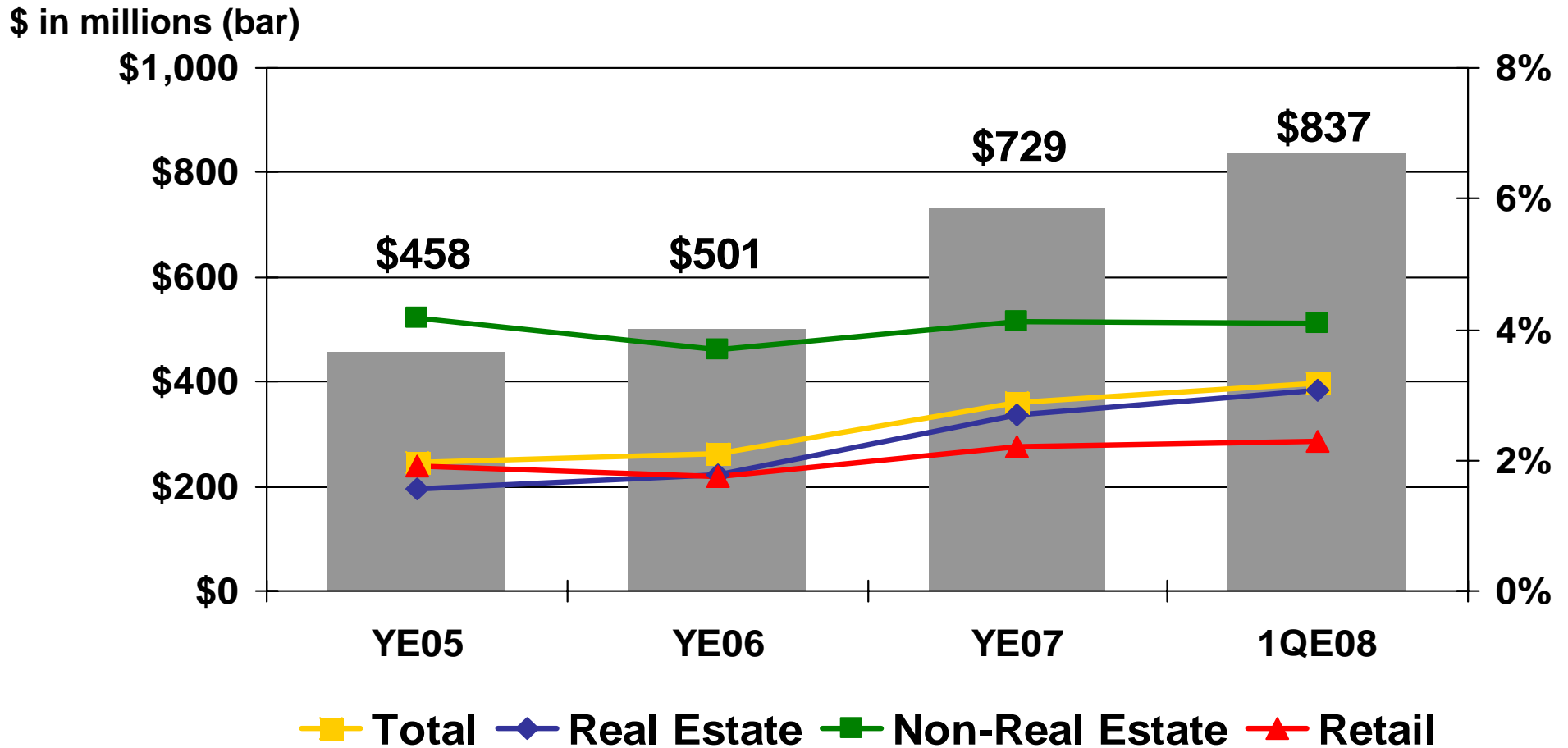


Yields by Product

Results & Funding

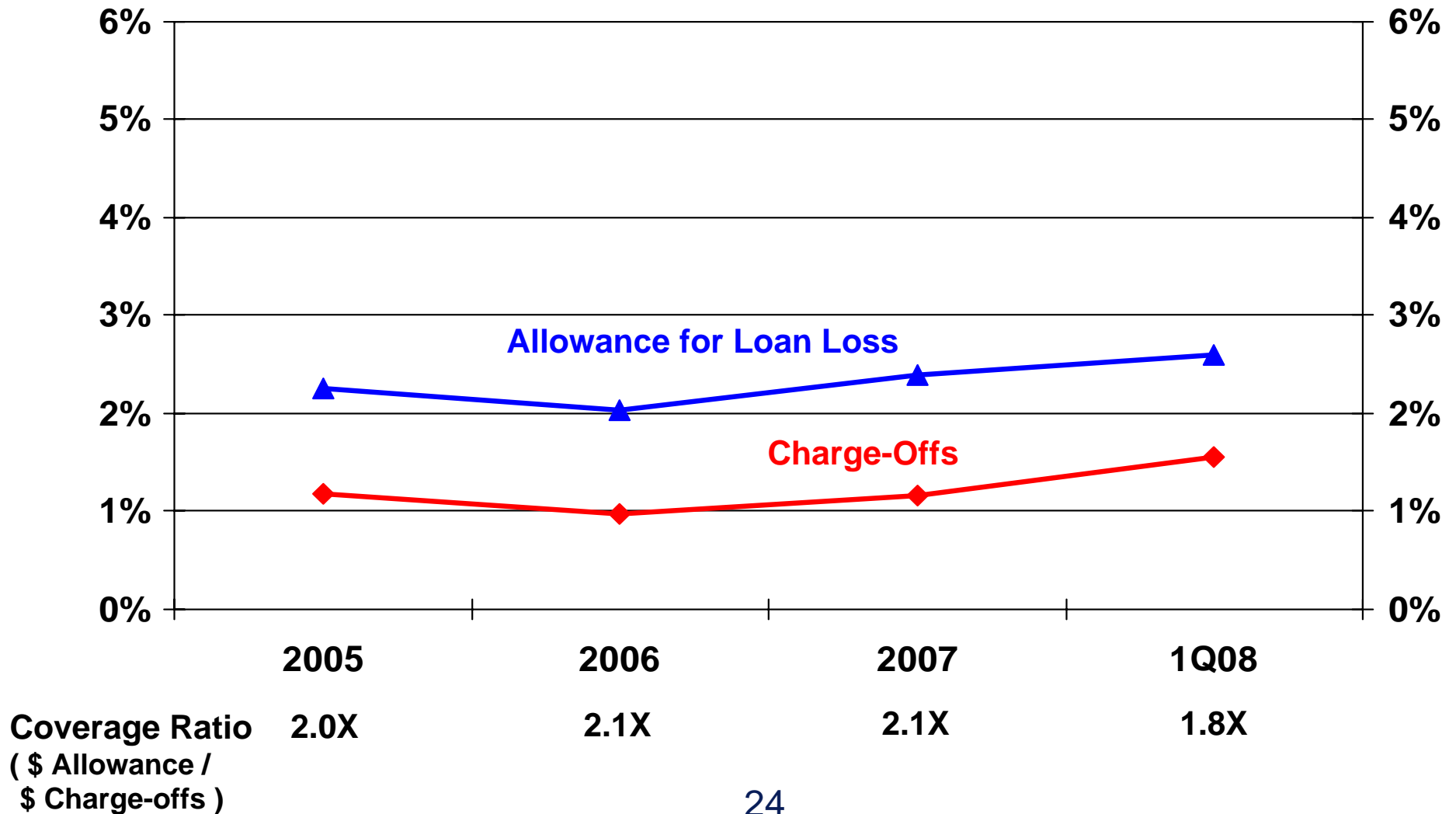


60+ Day Delinquency by Product

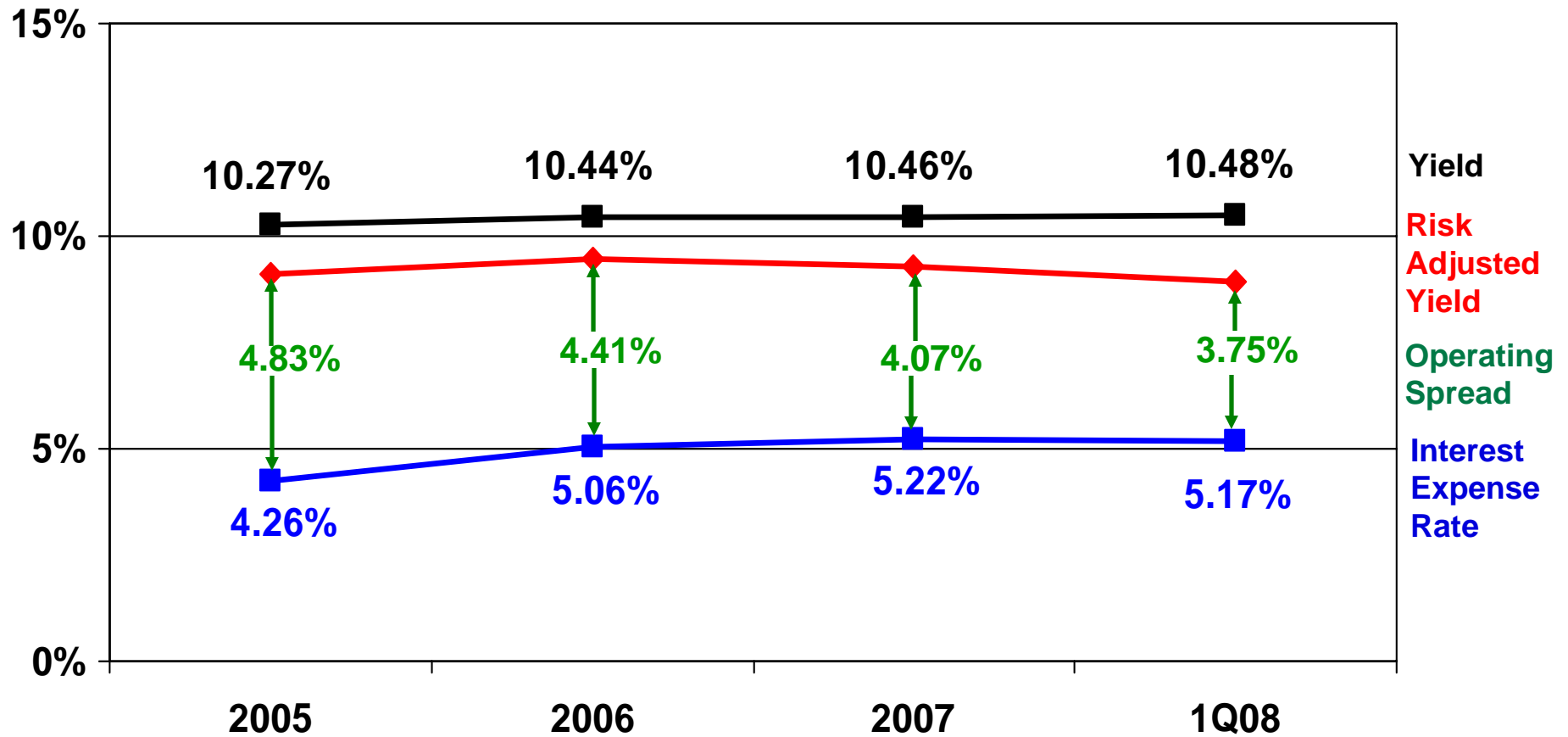


Total Portfolio Credit Quality

Results & Funding

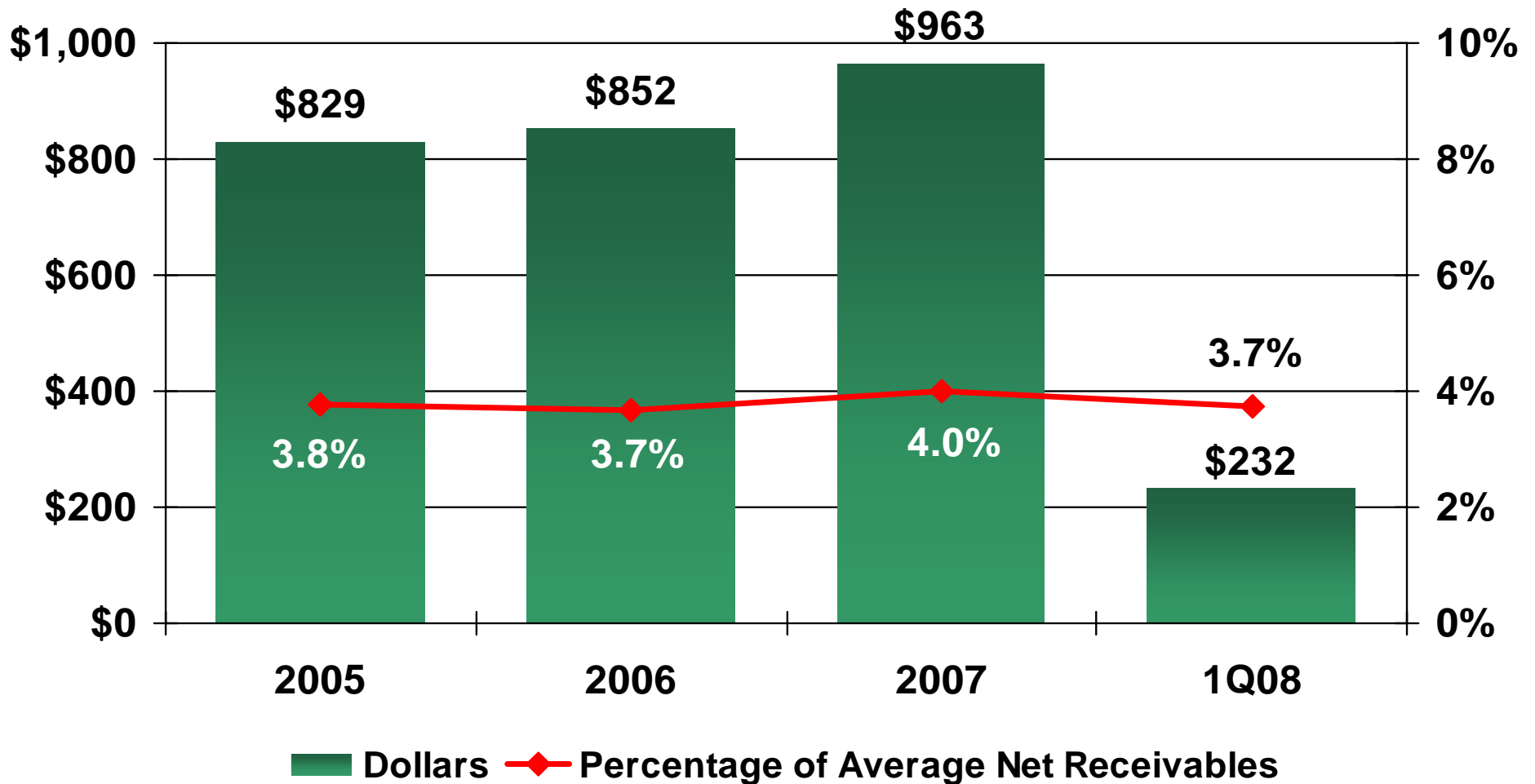


Operating Spread



Operating Expenses

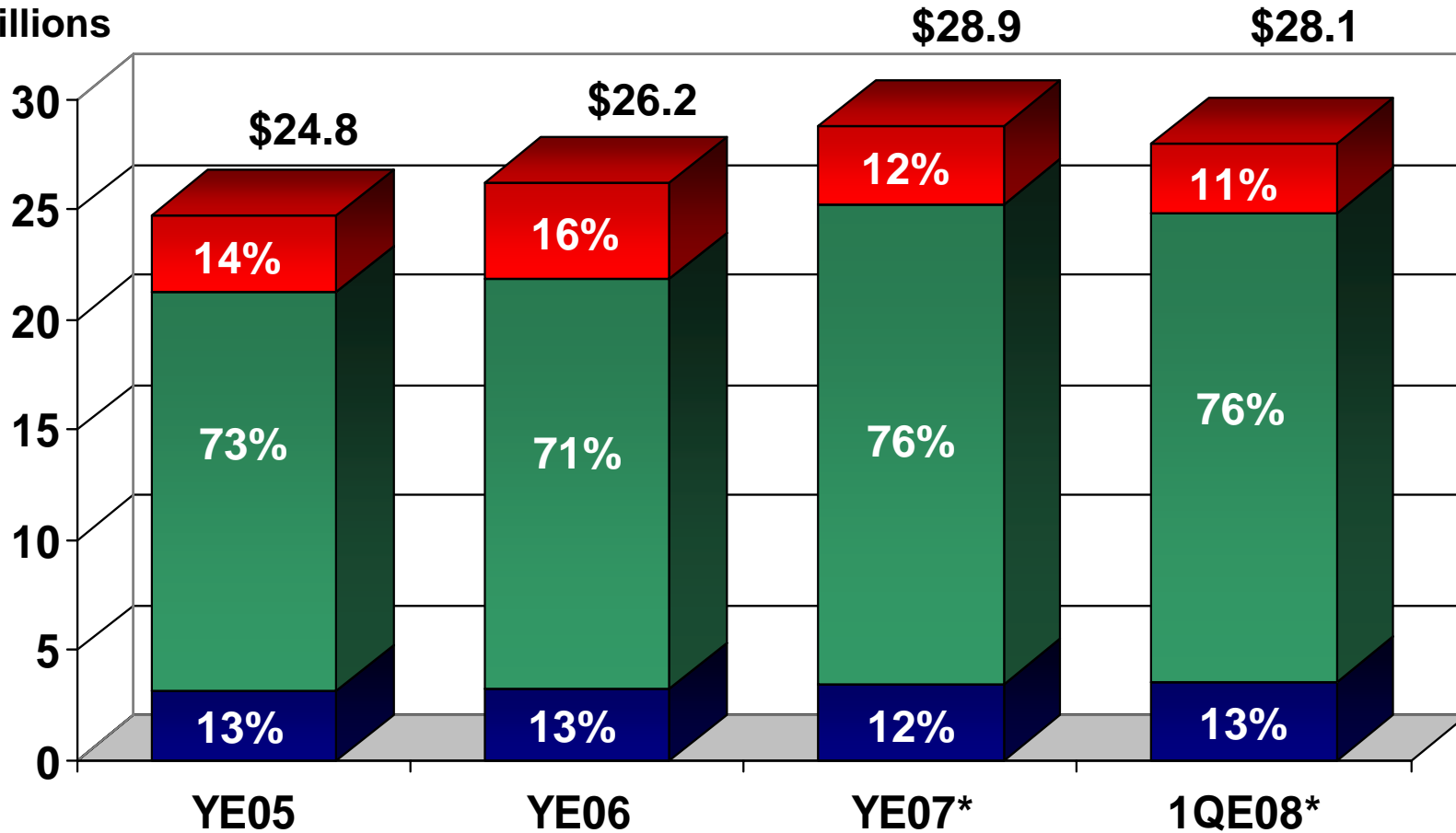
\$ in millions (bar)



	<u>Quarter ending or at 1QE08</u>	<u>Year ending or at YE07</u>	<u>Year ending or at YE06</u>
Total receivables	\$25,878M	\$24,720M	\$23,507M
Yield	10.5%	10.5%	10.4%
Interest expense rate	5.2%	5.2%	5.1%
Operating exp./receivables	3.7%	4.0%	3.7%
Charge-off ratio	1.6%	1.2%	1.0%
Delinquency ratio	3.2%	2.9%	2.1%
Allowance ratio	2.6%	2.4%	2.0%
Net income	(\$31M)	\$90M	\$431M
Return on average assets	(0.4%)	0.3%	1.6%
Return on average equity	(3.8%)	2.8%	13.3%

AGFC Sources of Capital

\$ in billions



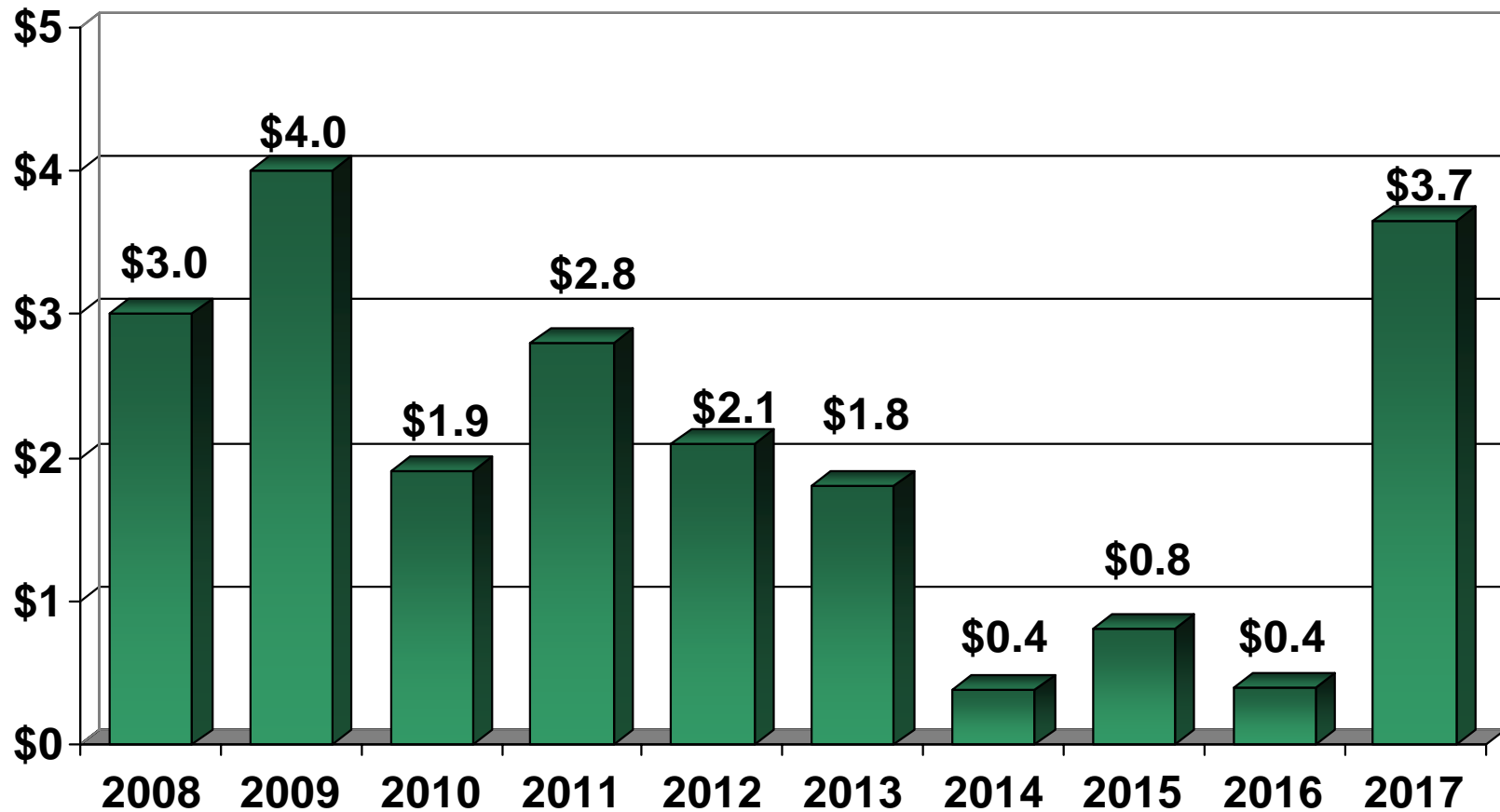
■ Equity ■ Long-Term Debt ■ Commercial Paper/Short-Term Debt

*: 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**
- **Actual committed credit backstop**
 - **135% at year-end 2007**
 - **149% at March 31, 2008**

Term Debt Maturities

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

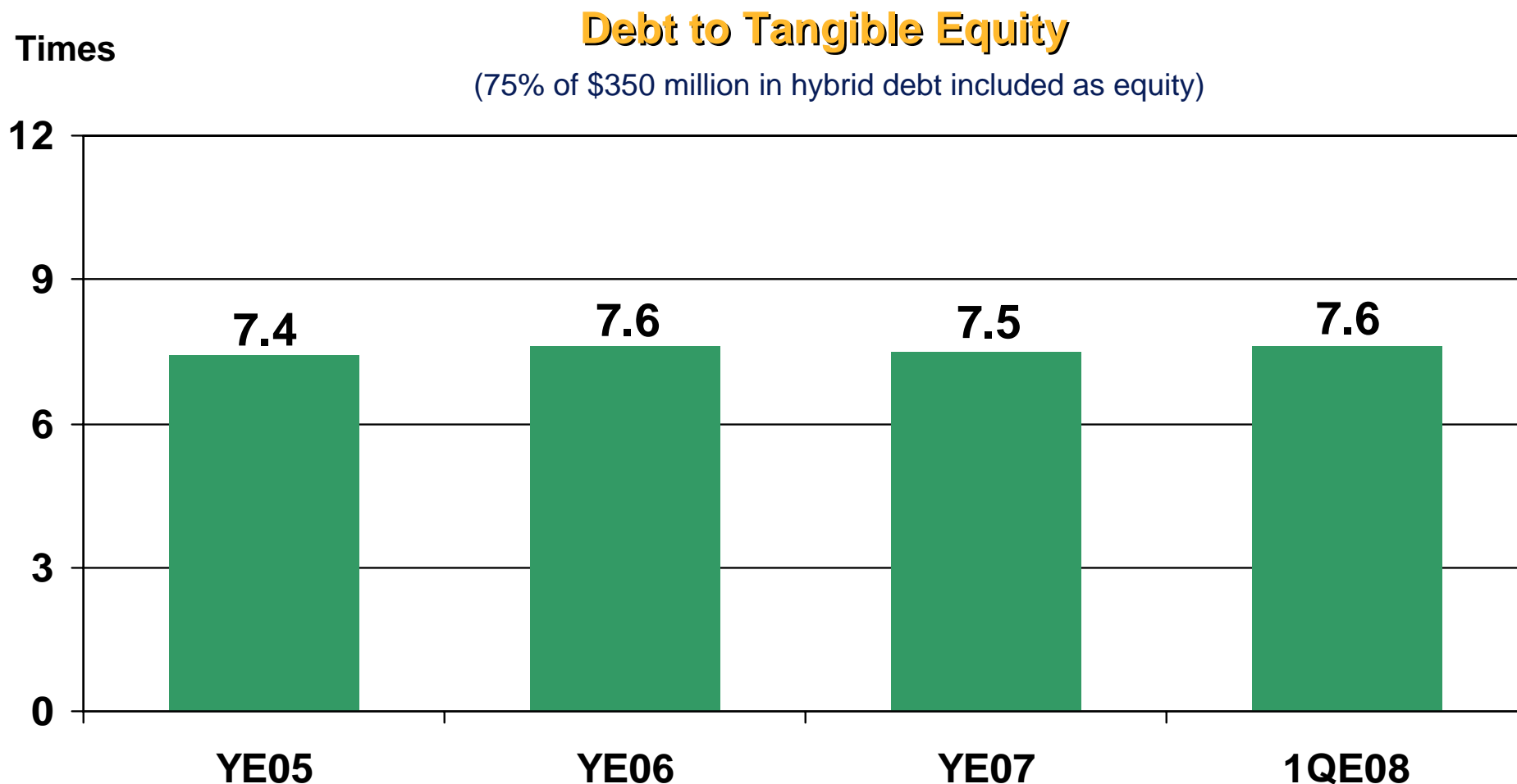


- **2007**
 - Largest year ever for total term debt issuance
 - Largest single debt issuance ever - - \$3B 10-year with 170 investors
 - Largest year for retail note issuance

<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

- **2008 YTD: \$215M of Retail Notes**

- **“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 March 26th, 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 to date
 - ❖ Branch Real Estate 2003
 - ❖ Centralized Real Estate 2006
 - More costly than unsecured financing



Since 2001, AIG has contributed \$364 million (including \$110 million in 1Q08) to maintain target leverage, while receiving more than \$1.3 billion in American General Finance dividends.

Supplemental Information

Income Statements - AGFC

Supplemental Information

\$ in millions	First Quarter		Annual	
	1Q08	1Q07	2007	2006
Finance charges	\$648	\$619	\$2,524	\$2,427
Mortgage banking	6	42	60	219
Net service fees from affiliates	19	(127)	(174)	57
Net investment and other	9	56	327	188
Total Revenues	682	590	2,737	2,891
Interest expense	306	298	1,206	1,125
Operating expense	232	266	963	852
Provision for finance receivable losses	175	56	396	191
Insurance benefits and losses	17	17	66	60
Total Expenses	730	637	2,631	2,228
Pretax earnings	(48)	(47)	106	663
Income tax expense	(17)	(25)	16	232
Net Income	(\$31)	(\$22)	\$90	\$431

Balance Sheets - AGFC

Supplemental Information

\$ in millions

	<u>1QE08</u>	<u>YE07</u>	<u>YE06</u>
Assets			
Net finance receivables	\$25,878	\$24,720	\$23,507
Allowance for finance receivable losses	(672)	(594)	(480)
Net finance receivables, less allowance for finance receivable losses	25,206	24,126	23,027
Other assets	4,042	5,998	4,185
Total Assets	<u>\$29,248</u>	<u>\$30,124</u>	<u>\$27,212</u>
Liabilities and Shareholder's Equity			
Long-term debt	\$21,624	\$22,037	\$18,586
Short-term debt	3,155	3,583	4,373
Other liabilities	1,202	1,273	965
Total Liabilities	<u>25,981</u>	<u>26,893</u>	<u>23,924</u>
Shareholder's Equity	<u>3,267</u>	<u>3,231</u>	<u>3,288</u>
Total Liabilities and Shareholder's Equity	<u>\$29,248</u>	<u>\$30,124</u>	<u>\$27,212</u>

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.

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.