

[Note: this file contains only the first 14 pages of AIG's 11/8/07
Residential Mortgage Presentation with information on AGF]



Residential Mortgage Presentation

(Financial Figures are as of September 30, 2007)

**For the full AIG 11/8/07 Residential Mortgage
Presentation, please go to www.aigcorporate.com**

November 8, 2007

It should be noted that this presentation and the remarks made by AIG representatives may contain 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. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended September 30, 2007 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

This presentation may also contain certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Third Quarter 2007 Financial Supplement available in the Investor Information Section of AIG's corporate website, www.aigcorporate.com.

The consumer finance industry uses the Fair Isaac & Co. credit score, known as a FICO score, as a standard indicator of a borrower's credit quality.

While the current concern in the mortgage market is sub-prime lending, there is no standard definition of sub-prime. The banking regulators have provided some guidance and view sub-prime borrowers as those who may have a number of credit characteristics, including previous records of delinquency, bankruptcy or foreclosure; a low credit score; and/or a high debt to income ratio.

The rating agencies and market participants, such as lenders, mortgage insurers, dealers and investors, also have different definitions of sub-prime. For this presentation, AIG has segmented the consumer finance portfolios of American General Finance and United Guaranty into three categories: Prime, as FICO greater than or equal to 660; Non-Prime, as FICO between 659 and 620; and Sub-Prime as FICO less than 620.

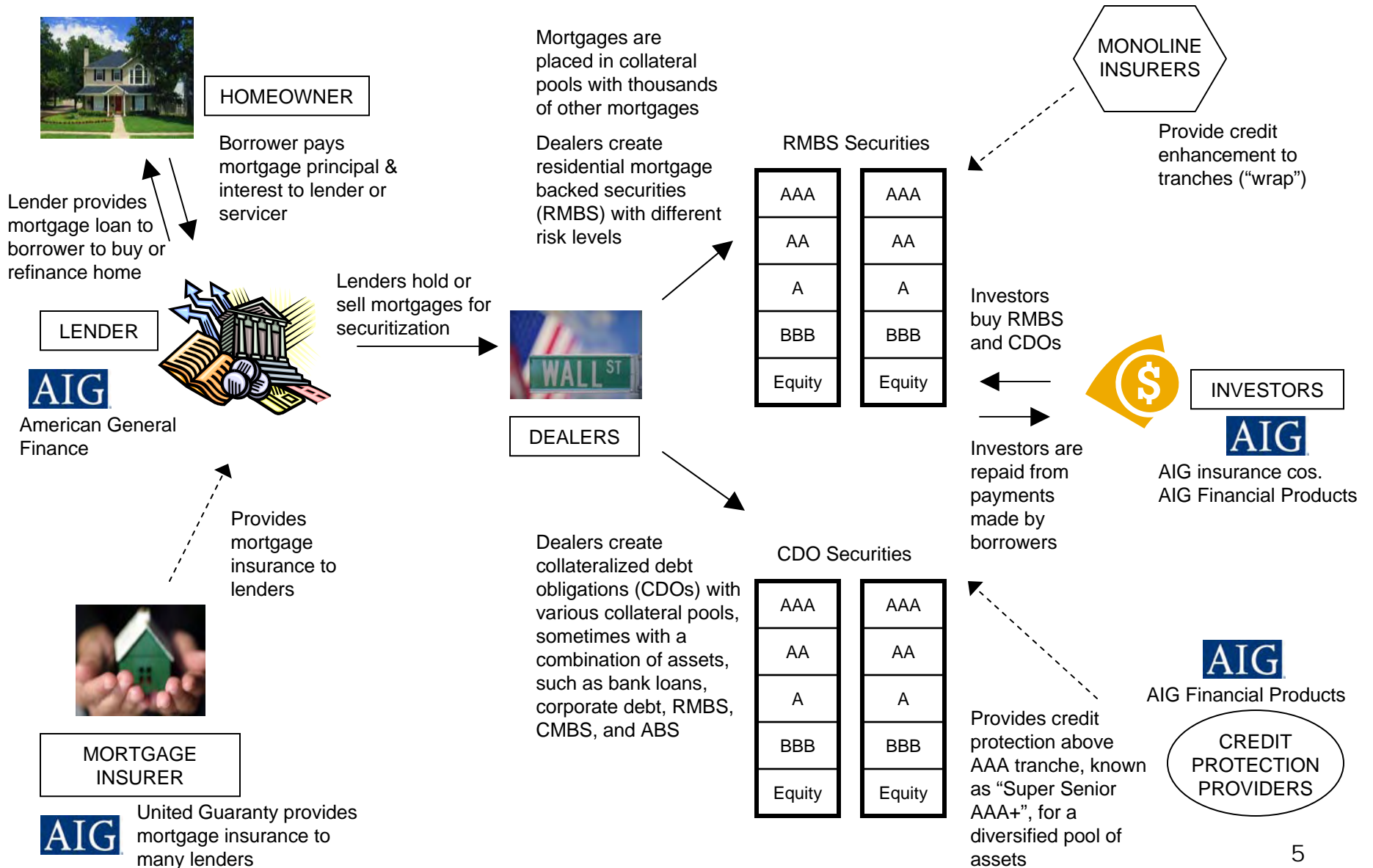
For the investment portfolios of AIG insurance companies and AIG Financial Products, the presentation will use the securitization market's sub-prime convention of under 660, representing an average FICO score of the underlying mortgage collateral.

AIG and the U.S. Residential Mortgage Market

AIG and the US Residential Mortgage Market

- AIG is active in various segments of the residential mortgage market
- Certain segments of the market have experienced credit deterioration which is adversely affecting current results in AIG's mortgage guaranty insurance business
- Credit deterioration and reduction in liquidity have resulted in negative actions by rating agencies and market value losses on many securities issued against residential mortgage collateral. These outcomes are affecting current results in AIG's capital markets business and have caused market value adjustments to AIG's investment portfolios
- AIG is not active in the securitization of residential mortgage related assets and does not expect to liquidate investment securities in a chaotic market due to its strong cash flow and superior financial position
- AIGFP writes "Super Senior" protection through credit default swaps (CDS) on CDO structures containing U.S. residential mortgage securities. AIGFP holds very low exposure to the 2006 and 2007 vintages. Although a valuation loss has been taken in the quarter to reflect credit spread widening of CDOs on ABS, AIGFP does not expect to make any payments on its portfolio of CDS
- AIG has a strong enterprise risk management process where risks are identified, assessed, analyzed, monitored and managed at all levels of the organization
- AIG remains comfortable with the size and quality of its investment portfolios and its operations
- AIG has the financial wherewithal and expertise to take advantage of opportunities emanating from this market turmoil

What is **AIG**'s role in the Residential Mortgage Market?



AIG's Residential Mortgage Market Activities



Originates Mortgages: **American General Finance** extends first- and second-lien mortgages to borrowers

Provides Mortgage Insurance: **United Guaranty** provides first loss mortgage guaranty insurance for high loan-to-value (LTV) first- and second-lien mortgages that protects lenders against credit losses

Invests in Mortgage Backed Securities (MBS) & Collateralized Debt Obligations (CDOs): **AIG** insurance companies and **AIG Financial Products** invest in Residential Mortgage-Backed Securities (RMBS), in which the underlying collateral are pools of mortgages that are repaid from mortgage payments, and CDOs and Asset-Backed Securities (ABS). CDOs are similar in structure to RMBS, but the collateral can be composed of bank loans, corporate debt, and asset-backed securities (such as RMBS)

Provides Credit Default Protection: **AIG Financial Products** provides credit protection through credit default swaps on the “Super Senior (AAA+)” tranche of CDOs

American General Finance

American General Finance (AGF)

Overview of AGF Mortgage Business

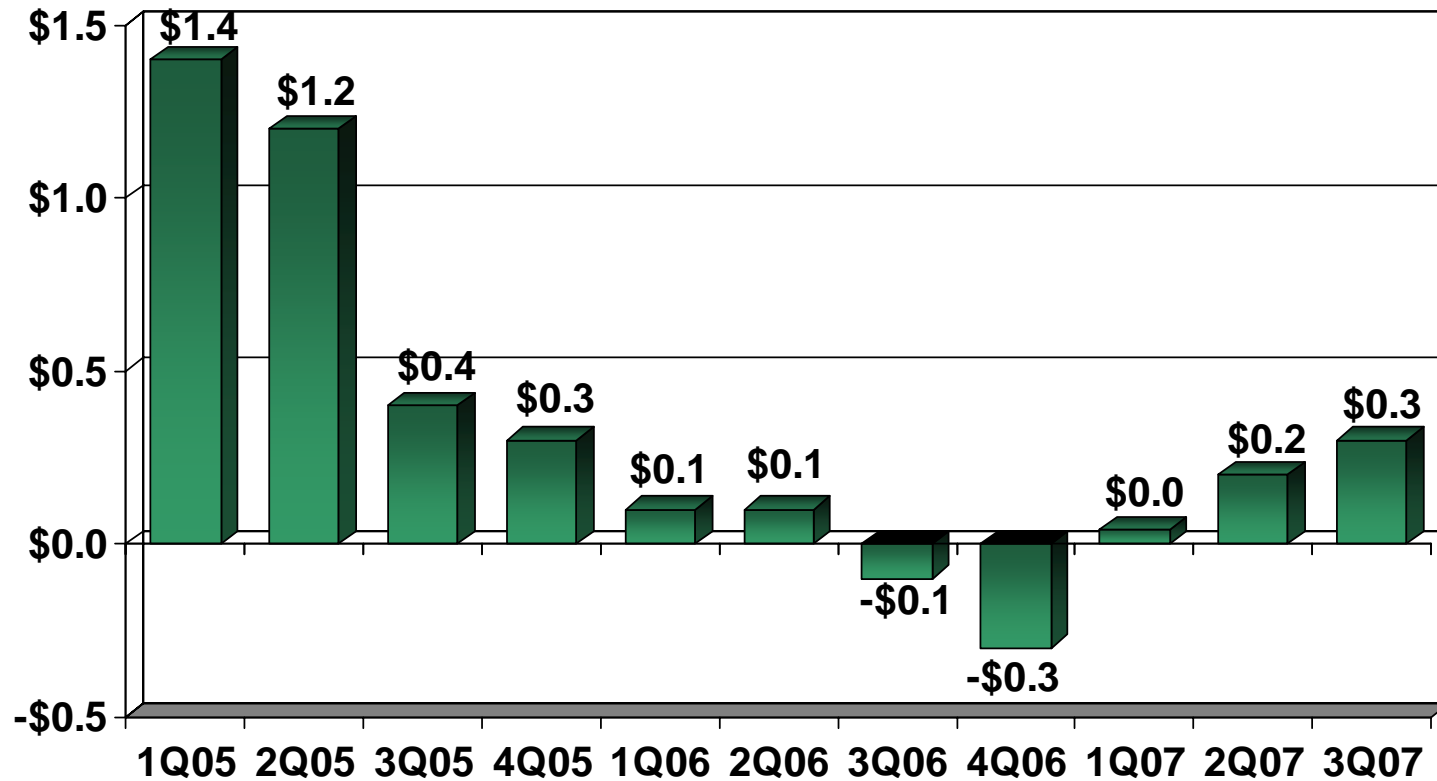
- AGF provides loans to borrowers through a network of over 1,500 branches in the U.S. that has been servicing such customers for more than 50 years
- AGF also originates and acquires loans through its centralized real estate operations
 - Higher credit quality borrowers than through branches
- Disciplined underwriting and real estate loan growth over the past few years has been focused on:
 - Higher quality loans
 - First-lien positions and fixed interest rates
 - No negative amortization payment options
- AGF tracks more than 350 markets and has adjusted underwriting standards
- All purchased loans are re-underwritten to AGF's standards by AGF personnel
- AGF's mortgage banking operation also originates and sells whole loans to third party investors on a servicing-released basis, but does not retain a residual interest

American General Finance

Net Real Estate Loan Growth

As the real estate market softened, AGF maintained its underwriting discipline despite experiencing lower volume and growth

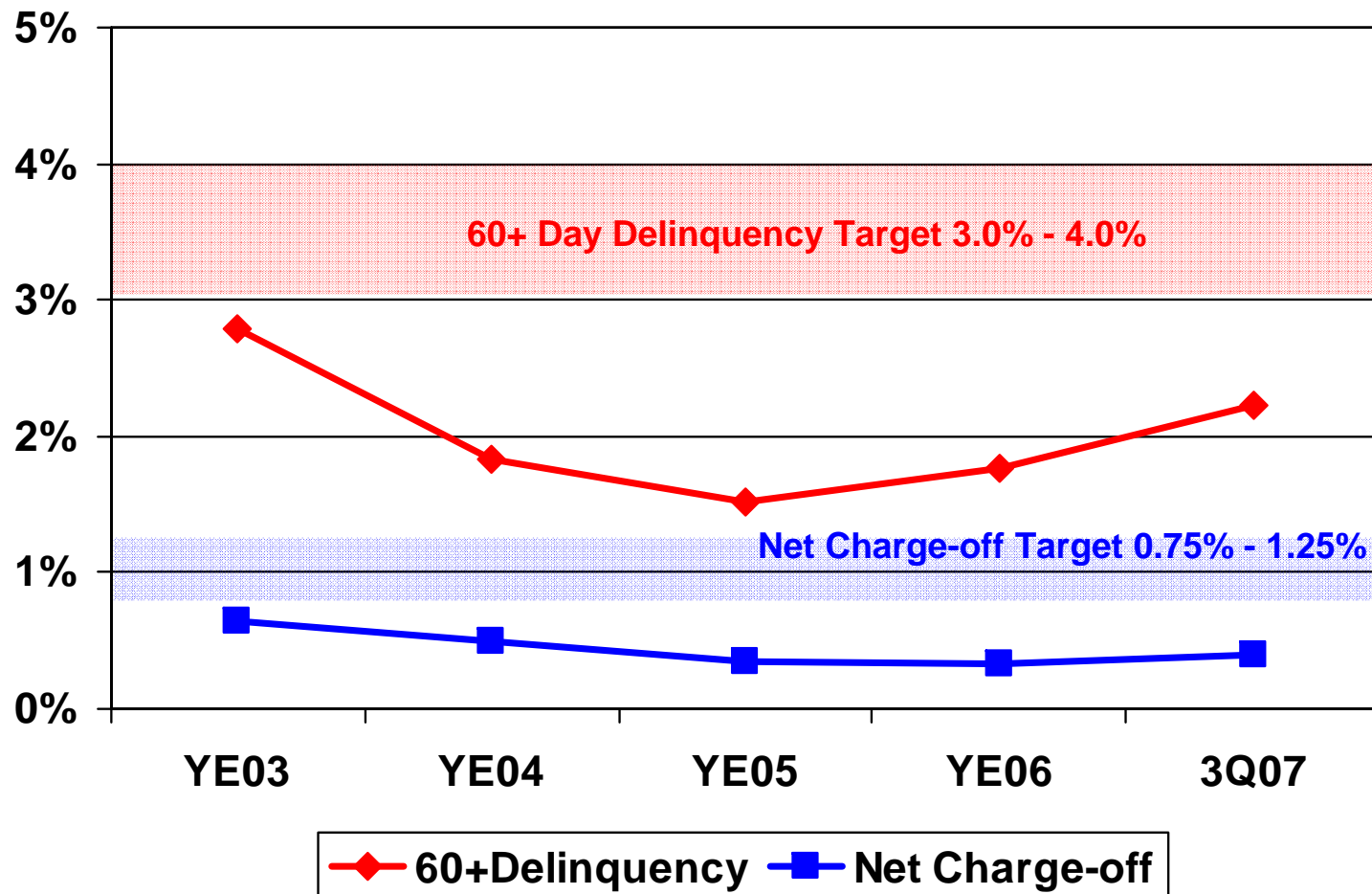
\$ Billions



American General Finance

Real Estate Credit Quality

AGF's portfolio has performed better than its targeted ranges which were established years ago to denote sound credit quality parameters



American General Finance

September 30, 2007

Real Estate Portfolio	Total Portfolio	FICO (≥ 660)	FICO (620 - 659)	FICO (< 620)
Outstanding Loans	\$19.5 Billion	\$9.8 Billion	\$3.3 Billion	\$6.1 Billion
LTV	80%	84%	80%	75%
60+%	2.22%	0.94%	2.53%	4.07%
2007 Vintage	\$3.2 Billion	\$1.0 Billion	\$665.1 Million	\$1.5 Billion
LTV	78%	83%	79%	74%
60+%	0.43%	0.11%	0.36%	0.68%
2006 Vintage	\$3.6 Billion	\$1.2 Billion	\$682.8 Million	\$1.7 Billion
LTV	80%	86%	80%	75%
60+%	2.61%	1.15%	2.17%	3.89%
2005 Vintage	\$5.0 Billion	\$3.0 Billion	\$894.9 Million	\$1.1 Billion
LTV	82%	85%	82%	76%
60+%	2.49%	1.16%	3.55%	5.06%
2004 Vintage	\$4.7 Billion	\$3.6 Billion	\$590.2 Million	\$538.1 Million
LTV	82%	83%	80%	75%
60+%	1.68%	0.83%	3.27%	5.62%
LTV Greater than 95.5%	\$3.6 Billion	\$3.0 Billion	\$390.9 Million	\$172.4 Million
LTV	99%	99%	99%	98%
60+%	1.93%	1.42%	3.96%	6.12%
Low Documentation	\$512.1 Million	\$283.5 Million	\$152.2 Million	\$76.4 Million
LTV	76%	78%	75%	70%
60+%	2.73%	1.93%	3.55%	4.07%
Interest-Only	\$1.7 Billion	\$1.4 Billion	\$290.0 Million	\$21.7 Million
LTV	89%	89%	88%	79%
60+%	2.09%	1.49%	4.36%	10.23%

This table is for informational purposes only. AGF's loan underwriting process does not use FICO scores as a primary determinant for credit decisions. AGF uses proprietary risk scoring models in making credit decisions. Delinquency figures are shown as a percentage of outstanding loan balances, consistent with mortgage lending practice. Differences in totals by columns and rows are due to rounding.

American General Finance

Risk Mitigating Practices - Real Estate Portfolio

- 97% of mortgages are underwritten with full income verification
- 87% are fixed-rate mortgages; only about 10% of the total mortgage portfolio re-sets interest rates by the end of 2008
- Adjustable rate mortgages (ARMs): borrowers are qualified on a fully-indexed and fully-amortizing basis at origination
- No delegation of underwriting to unrelated parties
- No Option ARMs
- Substantially all loans are:
 - First mortgages (91%)
 - Owner occupant borrowers (94%)
- Geographically diverse portfolio

American General Finance

Allowance Methodology

- AGF's allowance for loan losses is maintained at a level considered adequate to absorb management's best estimate of credit losses in the existing portfolio
- AGF's Credit Strategy and Policy Committee is responsible for determining the appropriate level for the allowance
 - Membership consists of AGF's senior management, including, among others, AGF's CEO, the Executive Vice President of AGF's Branch Operations, AGF's CFO and AGF's Chief Risk Officer
 - The Committee evaluates both internal and external factors including:
 - The composition of AGF's finance receivable portfolio
 - Prior finance receivables losses and delinquency experience
 - Results of migration analyses
 - Current economic environment
- AGF calculates three different migration scenarios based on varying assumptions to evaluate a range of possible outcomes for the quantitative component of the allowance for residential real estate
- Conclusions reached by the Committee are reviewed on a quarterly basis and approved by AIG's Chief Credit Officer and the CFO of AIG's Financial Services Division

American General Finance (AGF)

Summary

- At the end of the third quarter, AGF's real estate loan portfolio reached \$19.5 Billion, compared to \$19.2 Billion at the end of the second quarter
 - The increase in the 2007 vintage production is the result of balanced growth from both its centralized real estate and branch operations which met both strict underwriting guidelines and return hurdles
- AGF maintained its time-tested, disciplined underwriting approach throughout the residential real estate boom, continually re-evaluating guidelines and adjusting as appropriate, resulting in:
 - Lower volume
 - Better than targeted delinquency and charge-off
 - Better than industry-experienced delinquency and charge-off
- AGF believes that the housing market will likely continue to deteriorate for the remainder of 2007 and 2008, but the company's business model and strict underwriting approach are sound, allowing the company to pursue opportunities