

## Q&A

### 2008 First Quarter Earnings and Related Ratings Agency Activity

**Q. What did AIG report regarding its 2008 first quarter earnings?**

- A. AIG reported its 2008 first quarter earnings including a net loss of \$7.81 billion or \$3.09 per diluted share. The first quarter 2008 adjusted net loss was \$3.56 billion or \$1.41 per diluted share, compared to adjusted net income of \$4.39 billion or \$1.68 per diluted share for the first quarter of 2007.

The first quarter loss is primarily due to the continuation of the weak U.S. housing market, the related disruption in the credit markets and equity market volatility. AIG's core insurance businesses continue to perform satisfactorily. AIG is confident that, although present economic conditions are difficult, AIG's competitive advantages, strong brand, and unmatched global franchise position it extremely well for the future.

The complete earnings release and related information is available in the "Investor Relations" section of the [www.aig.com](http://www.aig.com) Web site under "Financial Reports." We continue to believe that the unrealized losses that have been recorded are not indicative of the losses we may realize over time.

**Q. Has this affected AIG's ratings?**

- A. Independent ratings agencies, such as A.M. Best and Standard & Poor's, provide opinions on an organization's ability to meet its financial obligations to its policyholders, creditors and shareholders. Generally there are two components to ratings – a credit rating and a financial strength rating.

Credit ratings, or long-term debt ratings, are an evaluation by the ratings agencies of the creditworthiness of an organization and its ability to pay its short- and long-term debt. Financial strength ratings are an evaluation by the ratings agencies of an insurer's ability to meet its obligations to its policyholders.

On May 8, 2008, Standard & Poor's lowered its credit ratings on AIG one notch to AA- from AA. On May 21, this rating was affirmed with a negative outlook.

On May 8, 2008, Fitch Ratings downgraded AIG's credit ratings one notch to AA- from AA. On May 21, this rating was affirmed with a negative outlook.

On May 22, 2008, Moody's Investors Service downgraded its credit ratings one notch to Aa3 from Aa2 with a stable outlook.

On May 28, 2008, A.M. Best downgraded AIG's credit ratings one notch to aa- from aa. The rating has been removed from "under review with negative implications" and assigned a negative outlook.

These ratings actions were taken primarily due to additional unrealized losses stemming from the effects of continued weakness in the U.S. housing market and persistent uncertainty in credit markets.

**Q. What has happened to AIG American General's ratings?**

A. On May 8, 2008, Standard & Poor's placed AIG American General insurance companies on "Negative Credit Watch." On May 21, Standard & Poor's affirmed AIG American General insurance companies' ratings of AA+ (second highest) and removed them from "Negative Credit Watch." Outlook remains negative due to continued uncertainty in the investment markets.

On May 8, 2008, Fitch Ratings placed AIG American General insurance companies on "Ratings Watch Negative" pending the completion of a capital-raising initiative. On May 22, Fitch affirmed AIG American General companies' ratings of AA+ (second highest) and removed them from "Ratings Watch Negative." Outlook remains negative due to continued uncertainty in the investment markets.

On May 9, 2008, Moody's Investors Service placed AIG American General life insurance companies "on review for possible downgrade." On May 23, Moody's Investors Service downgraded AIG American General life insurance companies one notch to Aa2 (third highest). Outlook is stable.

On February 14, 2008, A.M. Best placed AIG American General insurance companies "under review with negative implications." On May 28, 2008, A.M. Best affirmed the financial strength ratings of A++ (highest) for the AIG American General life insurance companies. The ratings have been removed from "under review with negative implications" and assigned a negative outlook. According to A.M. Best, the affirmation of the AIG American General insurance companies' ratings "was based on the enviable franchise value and sustainable competitive advantages of these operating segments, the ability to generate significant earnings, product proliferation, overall diversification and considerable intellectual capital." (A.M. Best Company news release, May 28, 2008)

The AIG American General life insurance companies continue to maintain strong financial strength ratings, and our customers should remain confident that AIG American General's insurance companies have ample resources to meet their financial commitments.

**Q. What are AIG’s current credit ratings?**

A. As of May 28, 2008, AIG is rated:

	<b>Standard &amp; Poor’s</b>	<b>Moody’s Investors Service</b>	<b>FitchRatings</b>	<b>A.M. Best Company</b>
<b>American International Group, Inc. (AIG)</b>	AA <sup>-1</sup> (Very Strong)	Aa3 <sup>2</sup> (High Quality)	AA <sup>-1</sup> (Very Strong)	aa <sup>-1</sup> (Very Strong)

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

A. Following are the current financial strength ratings for AIG and the underwriting companies of AIG American General, as of May 28, 2008:

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

You can always find our most current ratings at [www.aigag.com/ratings](http://www.aigag.com/ratings).

**Q. What else should I know about AIG?**

A. With operations in more than 130 countries and jurisdictions, and market-leading positions in many of those places, AIG has an unmatched global franchise, more than \$1 trillion in assets and \$79.7 billion in shareholders’ equity. As for size, AIG employs 116,000 people, serves 74 million customers and had revenues of \$110 billion in 2007.

With a diverse portfolio of global businesses, a good balance of foreign and domestic revenues, and outstanding talent, AIG has the ability to absorb the current volatility while committing the resources to grow and take advantage of opportunities. Furthermore, AIG has the global franchise and financial strength to meet performance goals and build long-term shareholder value.

<sup>1</sup> Outlook negative

<sup>2</sup> Outlook stable

**Q. What else should I know about AIG American General life insurance companies?**

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. The AIG American General companies' total assets at 2007 year end are in excess of \$100 billion. 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). Over the last five years, AIG American General life companies have paid \$16.5 billion in benefits to 1.5 million families and businesses – fulfilling our promise to be there in times of need.