

**Presentation  
Materials**

AMERICAN GENERAL

**AMERICAN  
GENERAL  
FINANCE**

**2010 Finance Industry Conference**

**New York City - May 2010**

# 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 December 31, 2009 and Quarterly Report on Form 10Q for the quarter ended March 31, 2010. 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.

# Agenda

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- **Company Overview**
- **Branch Operations**
- **Liquidity**

## **Supplemental Information**

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

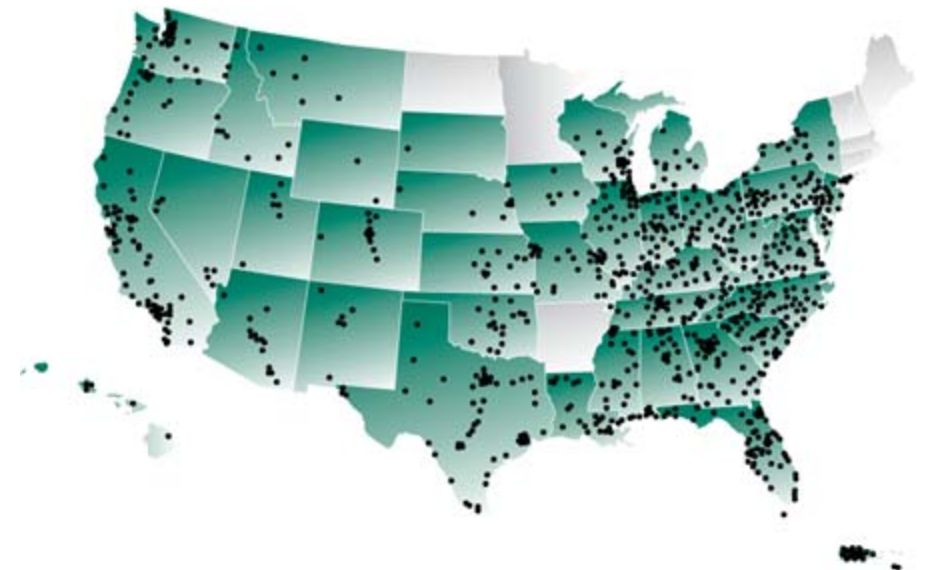
# Company Overview

### Company Description

- 1920 – Founded in Evansville, Indiana
- 1982 – Acquired by American General
- 2001 – AIG acquired American General
- Approximately 1,200 branches in 40 states, Puerto Rico and the U.S. Virgin Islands
- 1.3 million customers

### Market Focus

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



**As with other AIG subsidiaries, the events of September 2008 greatly impacted AGF's capital markets access**

- **Severe general market liquidity squeeze, parent company issues, and ratings downgrades prohibited access to traditional funding sources**

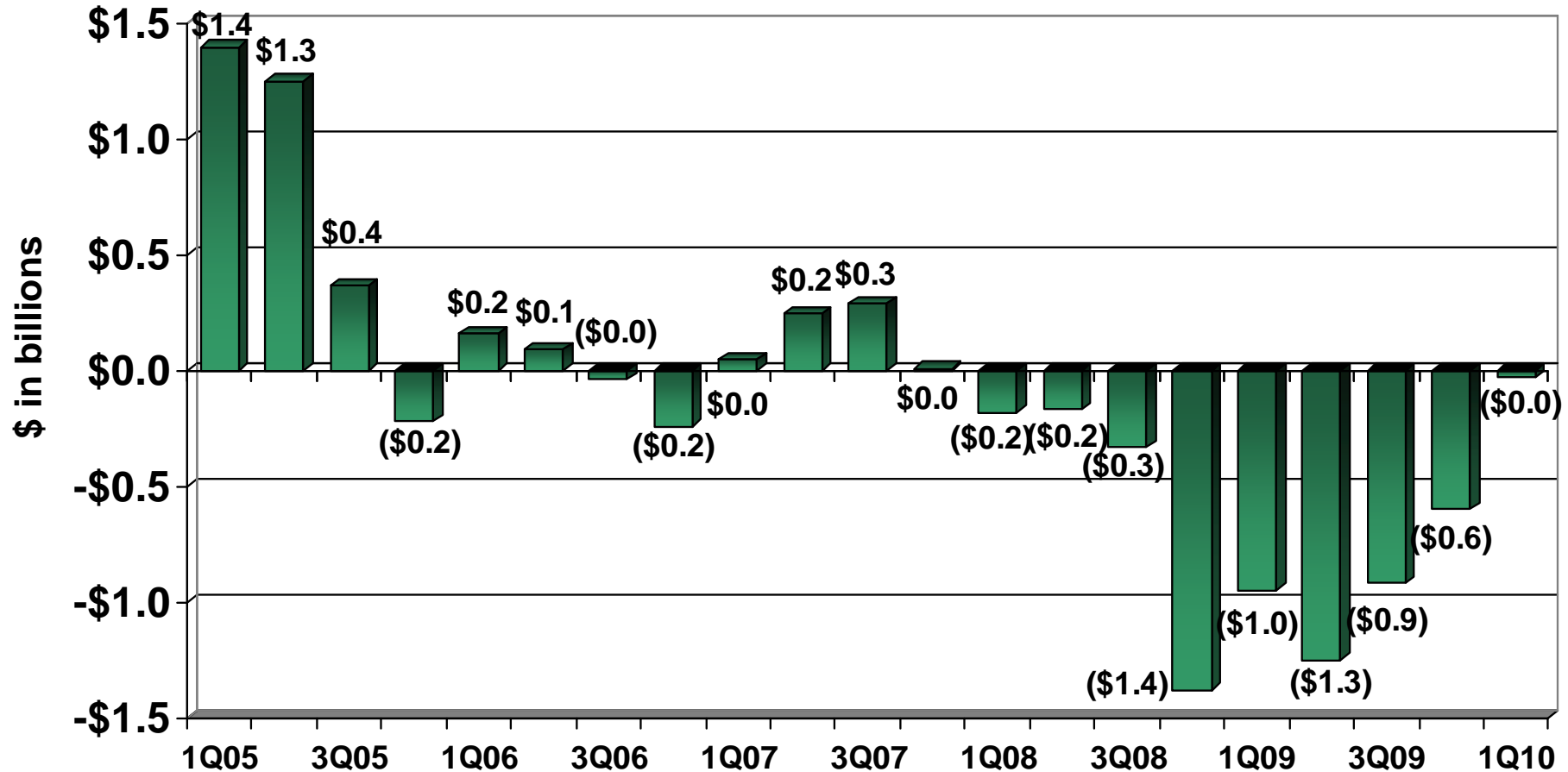
**Management has taken significant steps to manage liquidity through the unprecedented financial environment AGF has faced since 2008**

- **Drew down more than \$4B of committed bank lines - - all repaid by 2Q10**
- **Commenced careful coordination with AIG on funding positions and operating plans**
- **Instituted further limits on lending to manage liquidity and focus on high quality, higher yielding non-real estate loans**
- **Successfully accessed several alternative market sources**

- Continue to provide loans to “Main Street” borrowers through our branch network
- AGFC has remained faithful to its core business
  - Selling traditional products under disciplined lending standards
  - Reduced origination volumes much earlier in the cycle (2006) than competitors
  - Branch “originate and hold” business model fostered a culture of high credit standards
- Deep knowledge of customer base driven by frequent personal contact with customers. This high-touch approach has been key to AGFC’s superior asset performance and servicing capabilities
  - As a result, AGFC’s delinquency levels have been significantly lower than the market overall
  - Branch management incentive compensation conditional on credit quality performance
- AGFC tracks housing trends in over 350 markets and continually adjusts collateral standards for market conditions

# AGFC Real Estate Loan Growth

- Ahead of the housing bubble, management actively tightened lending in overheated markets <sup>(1)</sup>



Company SEC filings.

(1) Excludes Equity One portfolio acquisition. 1Q08 net growth including Equity One is \$0.8 billion. Includes transfers to loans held for sale of \$1.0B in 4Q08, \$0.5B in 1Q09, \$0.8B in 2Q09, \$0.4B in 3Q09 and \$0.1B in 4Q09.

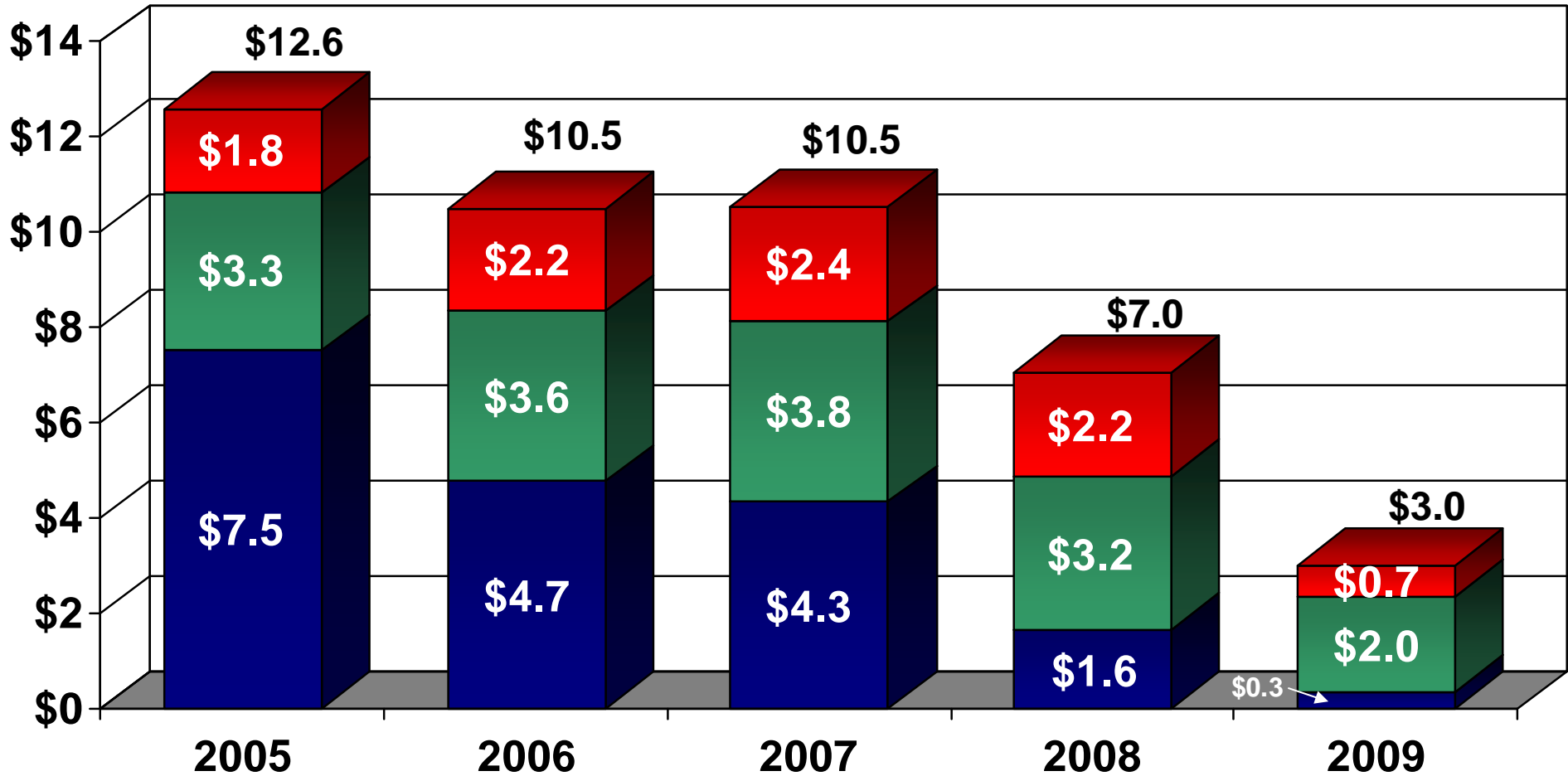
- **Management actions implemented to reduce lending volume and preserve cash while maintaining franchise value**
  - **Branch Lending – tightened underwriting, and cut off bottom credit grades**
  - **Branch Network Rationalization – total of 241 closings in 2008, including 178 in 4Q08; additional 196 closings in 2009; currently ~1,200 locations**
  - **Retail Sales Finance – significant reduction in retail sales finance lending, from more than 20,000 merchants at YE08 to approximately 300 during 3Q09**
  - **Centralized Real Estate – no new lending since mid-2008**
- **Impact of management-designed loan volume reduction actions**
  - **Lending volume in 2009 was down by more than 57% (\$4.0B) compared to 2008, in the face of strong loan demand**
  - **Since 2008, total portfolio has been shrinking as loan repayments have significantly exceeded originations**

# Receivable Volume

(Originated and Renewed, excluding Acquisitions)

Company Overview

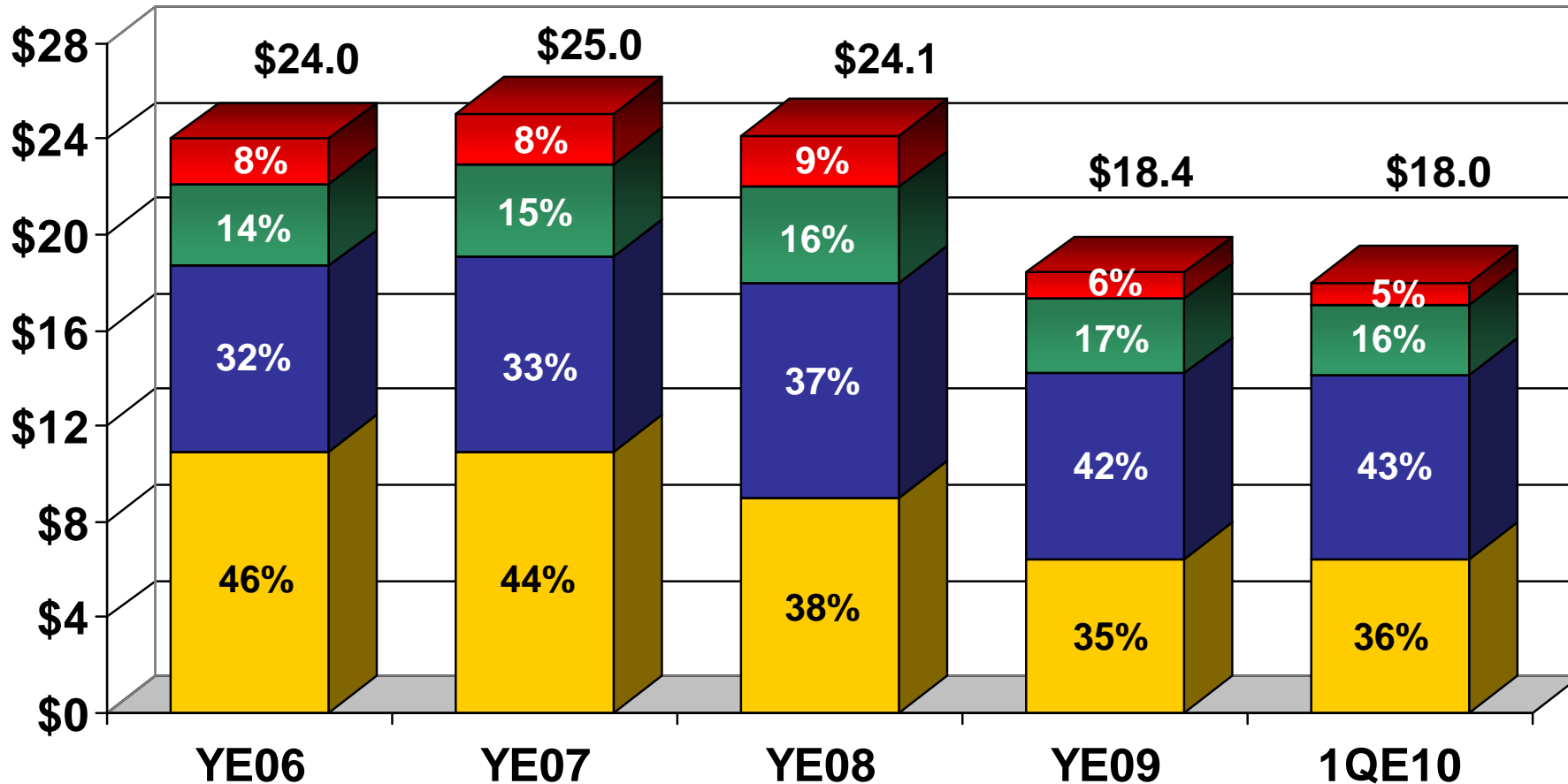
\$ in billions



■ Real Estate ■ Non-Real Estate ■ Retail

# AGFC Portfolio Mix

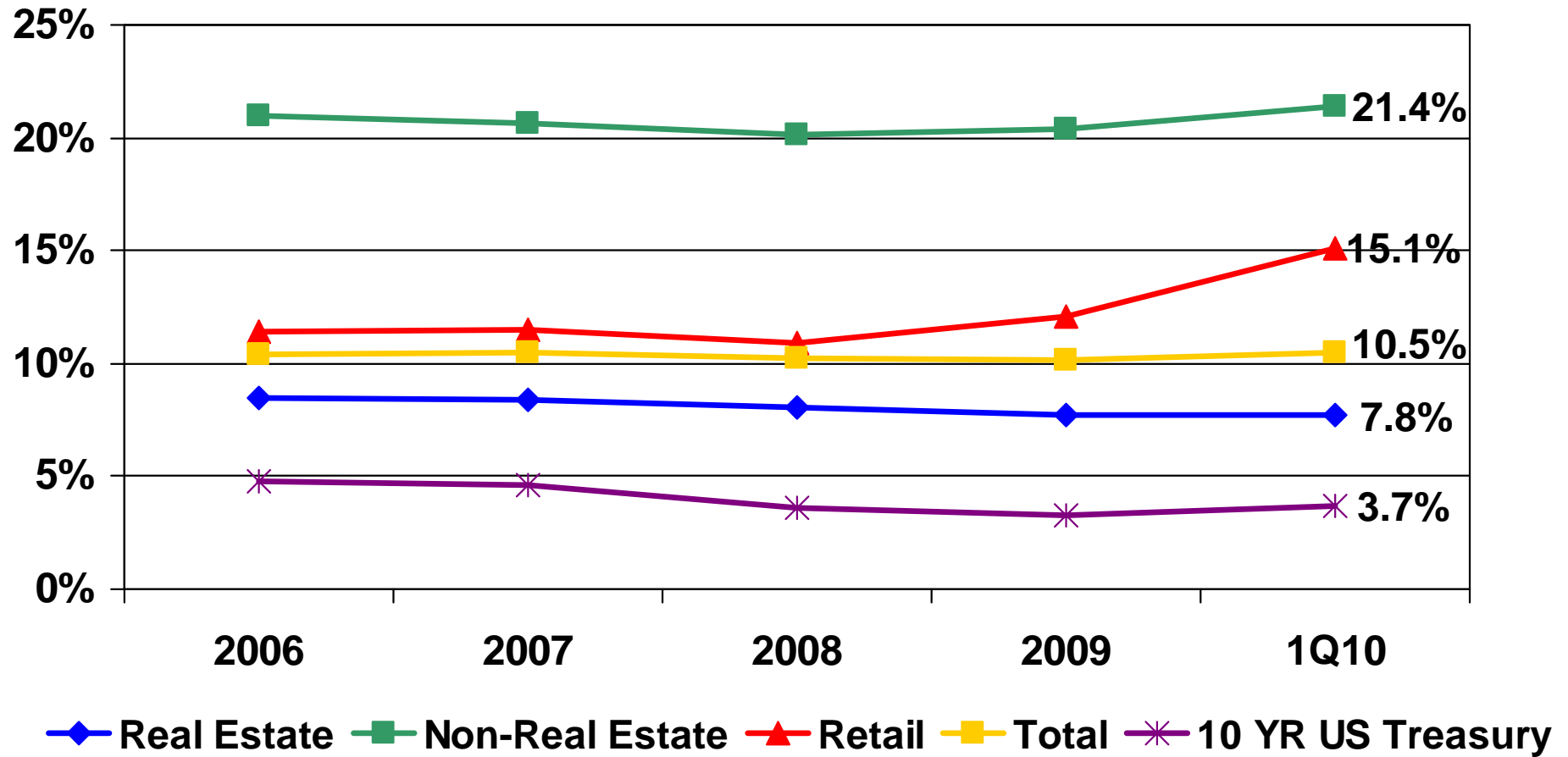
\$ in billions



■ Centralized RE ■ Branch RE ■ Non-Real Estate ■ Retail Finance

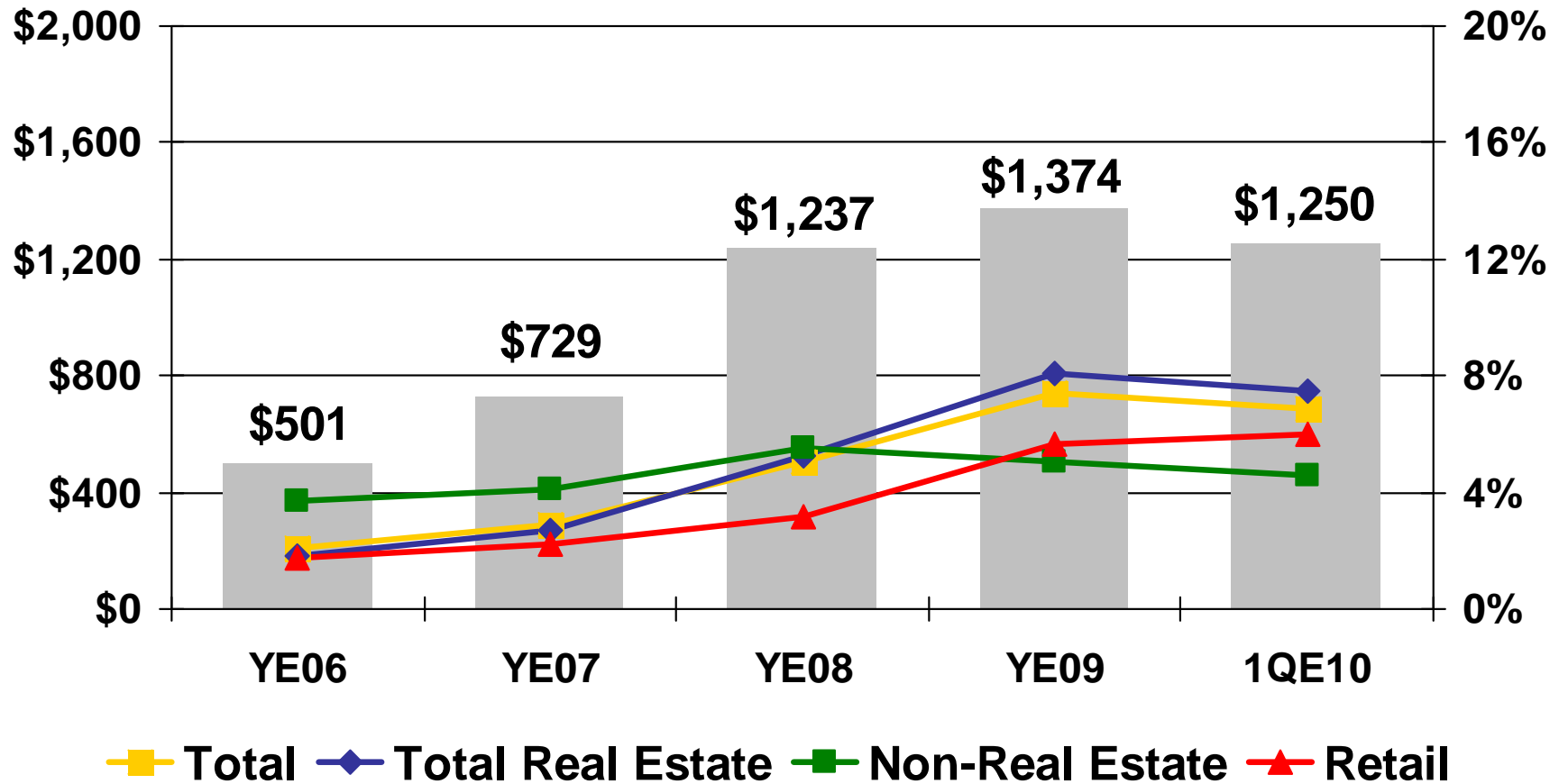
Segment balances as reported

# Yields by Product



# 60+ Day Delinquency by Product

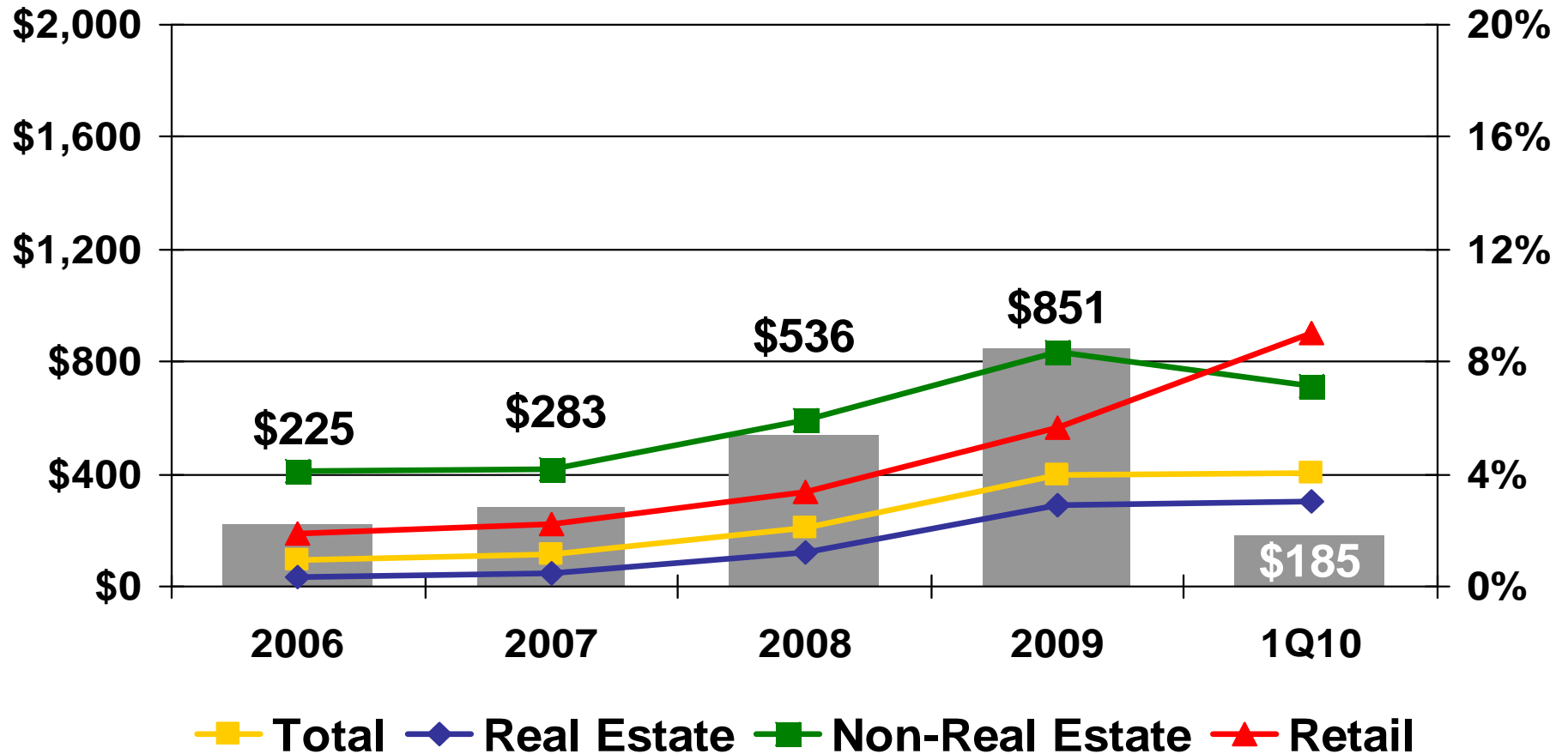
\$ in millions (bar)



# Net Charge-off by Product

\$ in millions (bar)

As an annualized percentage of net receivables (lines)

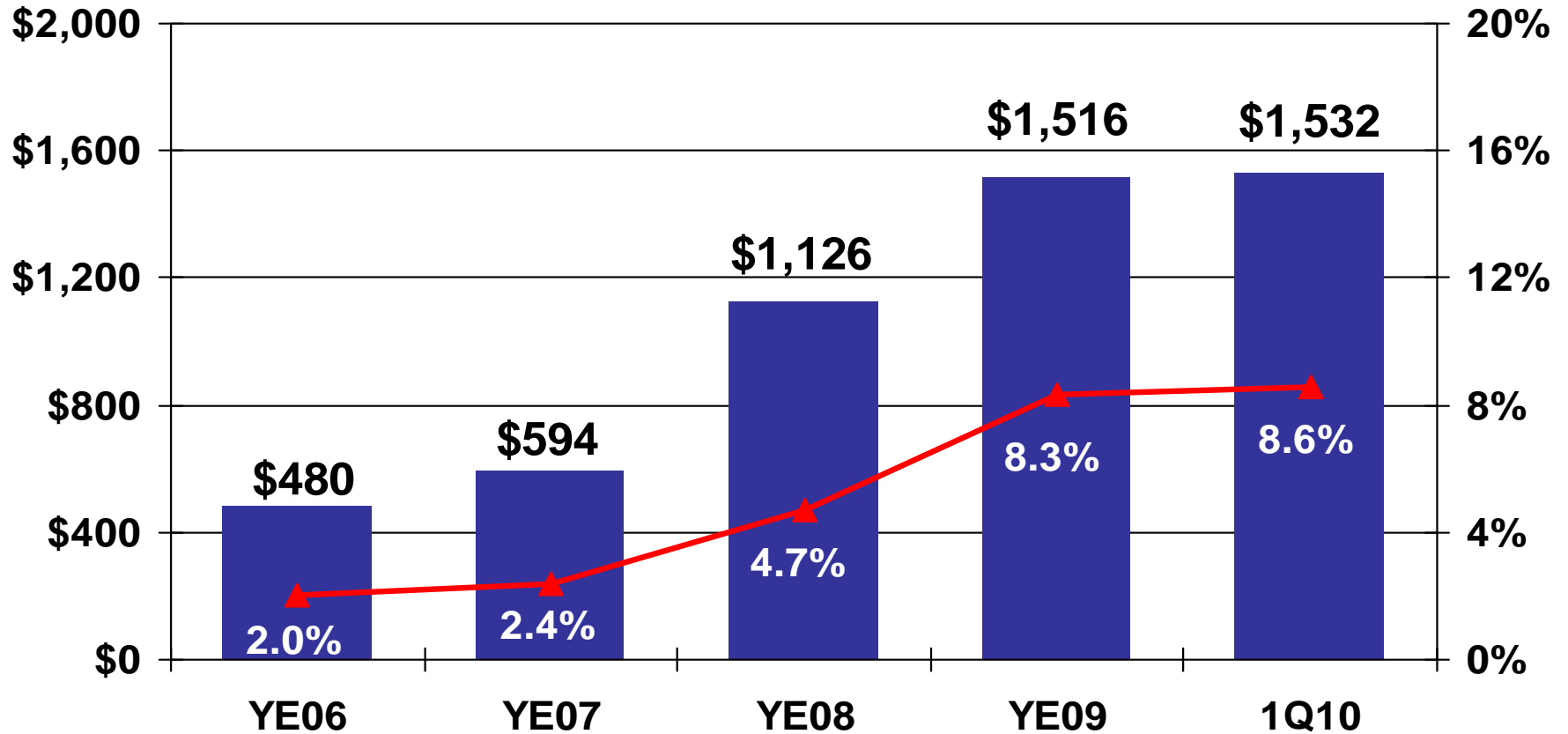


# Allowance for Losses

## Company Overview

\$ in millions (bar)

As a percentage of net receivables (line)



**Coverage Ratio**

2.1 x

2.1 x

2.1 x

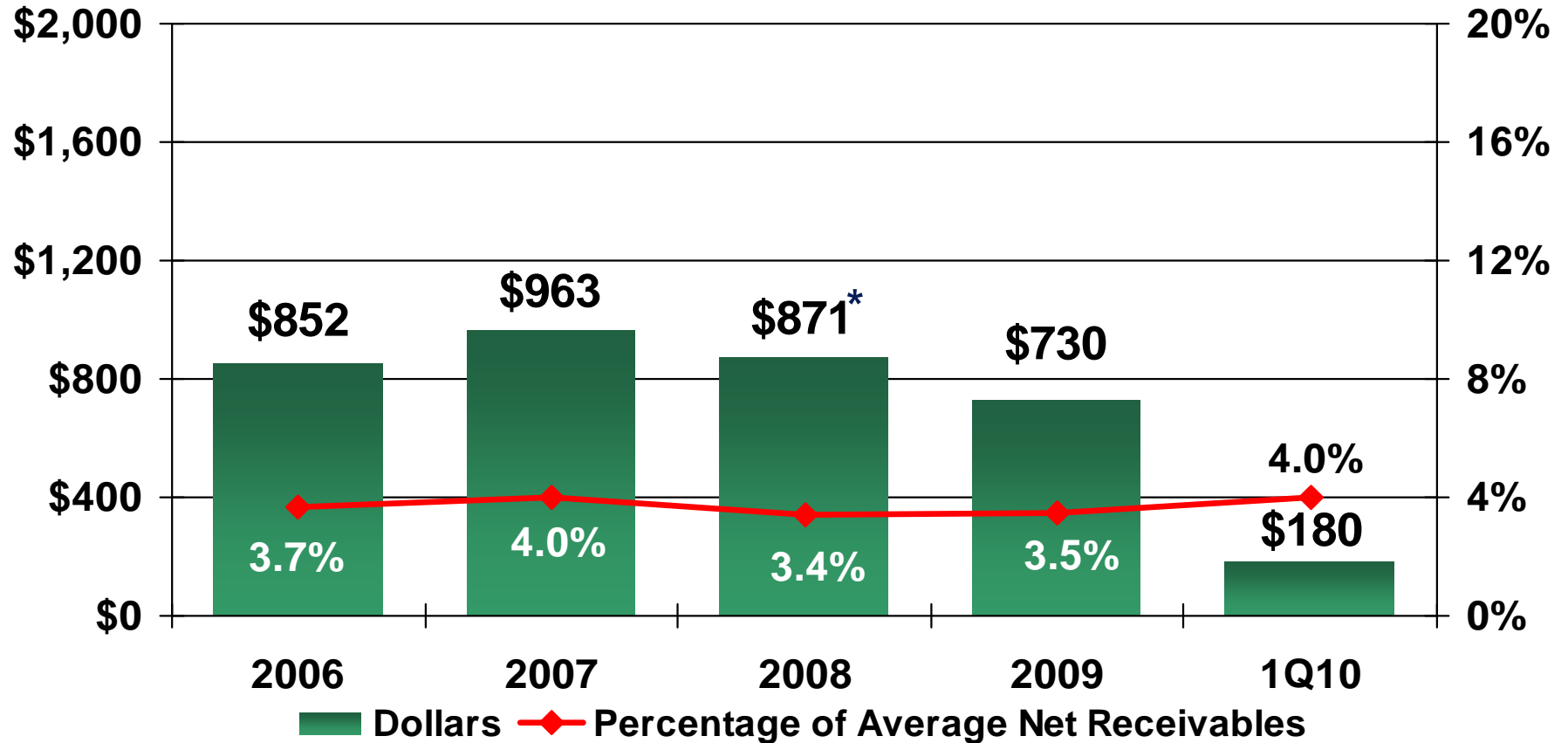
1.8 x

2.1 x

(\$ Allowance /  
\$ Charge-offs )

# Operating Expenses

\$ in millions (bar)



\*Before goodwill and intangibles write-downs of \$439 million

- **Net income for 1Q10 was \$12 million, improving \$253 million from 1Q09**
- **Margin: declined by \$107 million**
  - **Average net receivables declined by \$5.2 billion**
  - **Overall yield of 10.47%, a 27 bp improvement from 1Q09**
  - **Interest expense rate increased to 5.42% from 4.85%**
- **Provision: improved by decreasing \$166 million compared to 1Q09**
  - **Charge-offs increased by 78 bp to 4.06%**
  - **Allowance increased by \$16 million during first quarter 2010**

# Branch Operations

- **Subprime Industry Experience**
  - Decades of lending in cities, towns, countryside to Middle America
- **Portfolio Composition**
  - AGF's mortgage portfolio is principally comprised of:
    - ❖ First mortgage, fixed rate, full income documentation, 30-year amortization, owner occupant, single family residence, less than market maximum LTV
- **Underwriting Controls**
  - AGF originated loans underwritten by AGF employees to company guidelines – cash budgeting
  - Did not delegate underwriting to third parties
- **Did not chase market down in credit quality**

- **Branch business segment is the core of AGFC's operations**
- **Services approximately 1.3 million real estate loans, non-real estate loans and retail sales finance accounts (\$11.6 billion total)**
  - **Solicits new customers through a variety of channels including mail, e-commerce, telephone and retail merchant relationship**
- **Each branch originates and services loans with a relationship-based approach ideally suited for credit sensitive assets**
- **Branch managers have an average of 10 years of lending experience at AGFC**
- **Employees receive incentive compensation conditional upon the credit quality of the loan portfolio performance**
- **Centrally supported and controlled through a state-of-the-art credit risk management system**
- **Management tracks housing trends in over 350 markets and continually adjusts collateral standards for market conditions**

# Branch Portfolio Overview

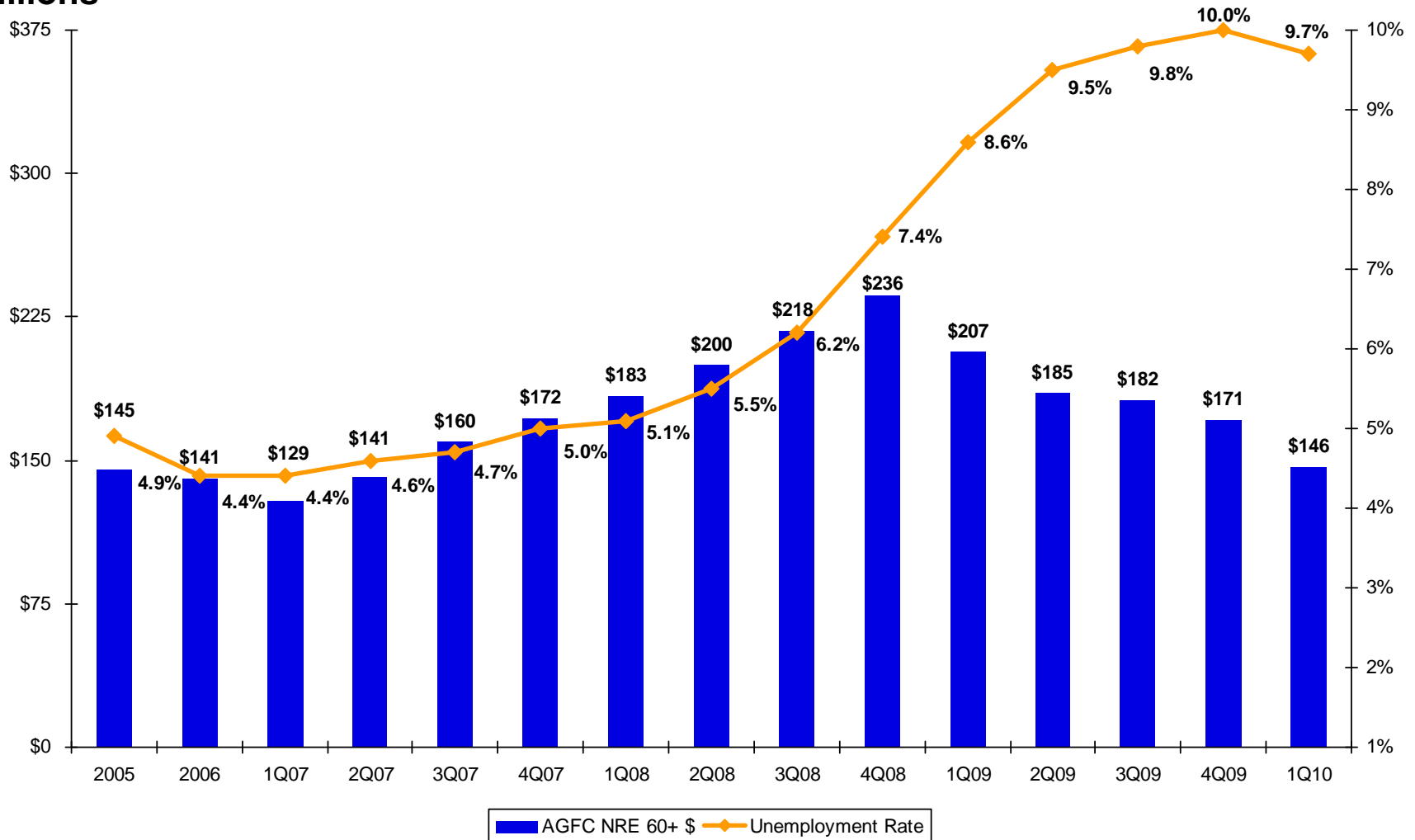
## Branch Operations

	Branch Real Estate	Non-Real Estate	Retail Sales Finance
Description	<ul style="list-style-type: none"> <li>■ Mortgage loans</li> <li>■ 65% of branch assets</li> </ul>	<ul style="list-style-type: none"> <li>■ Traditional consumer loans</li> <li>■ 26% of branch assets</li> </ul>	<ul style="list-style-type: none"> <li>■ Retail contracts and private label merchant credit cards</li> <li>■ 9% of branch assets</li> </ul>
Terms	<ul style="list-style-type: none"> <li>■ First and second liens</li> <li>■ Primarily closed-end</li> <li>■ 15 to 30 year loans</li> </ul>	<ul style="list-style-type: none"> <li>■ Primarily closed-end</li> <li>■ Typically 3 to 5 years</li> </ul>	<ul style="list-style-type: none"> <li>■ Closed-end and revolving</li> <li>■ Purchase money security interest</li> </ul>
Average Account (YE09)	<ul style="list-style-type: none"> <li>■ 57 month life</li> <li>■ Balance of \$54,000                             <ul style="list-style-type: none"> <li>■ \$67,000 for first liens</li> <li>■ \$24,000 for second liens</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ 22 month life</li> <li>■ Balance of \$3,800</li> </ul>	<ul style="list-style-type: none"> <li>■ 12 month life</li> <li>■ Balance of \$2,500</li> </ul>
Risk Adjusted Yield (1Q10)	<ul style="list-style-type: none"> <li>■ Yield 9.08%</li> <li>■ Charge-off 3.32%</li> <li>■ RAY 5.76%</li> </ul>	<ul style="list-style-type: none"> <li>■ Yield 21.38%</li> <li>■ Charge-off 7.14%</li> <li>■ RAY 14.24%</li> </ul>	<ul style="list-style-type: none"> <li>■ Yield 15.06%</li> <li>■ Charge-off 9.04%</li> <li>■ RAY 6.02%</li> </ul>
Additional Information	<ul style="list-style-type: none"> <li>■ Branch originated and serviced with centralized support operations</li> <li>■ Mortgages primarily fixed rate; only 7% of loans in segment have adjustable rate feature</li> </ul>	<ul style="list-style-type: none"> <li>■ Branch originated and serviced</li> <li>■ Primary source of insurance sales</li> </ul>	<ul style="list-style-type: none"> <li>■ 300 merchant relationships</li> <li>■ Traditionally was a source of new loan customers</li> </ul>

- **97% of mortgages underwritten with full income verification**
- **93% fixed-rate mortgages; only about 4% of the total mortgage portfolio re-sets interest rates by the end of 2010**
- **Adjustable rate mortgages (ARMs): borrowers qualified on fully-indexed and fully-amortizing basis at origination**
- **Weighted-average original Loan-to-Value of 80%**
- **No delegation of underwriting to third parties**
- **No Option ARMs or negative amortizing loans**
- **Substantially all loans are:**
  - **First mortgages (91%)**
  - **Owner occupied borrowers (94%)**
- **Geographically diverse portfolio**

# AGFC 60+ Non-Real Estate Delinquency Branch Operations

\$ in millions



Company SEC filings and Bureau of Labor Statistics.

# Specialized Servicing Expertise

## Branch Operations

- Branch-based servicing model supports frequent customer contact, improving quality of information on borrowers, which has been key to strong portfolio performance
- AGF's servicing model has resulted in stronger credit quality with lower default rates than the industry as a whole



	General Industry Practices	AMERICAN GENERAL FINANCE
<b>Servicing Strategy</b>	<ul style="list-style-type: none"> <li>■ Centralized / off-shore</li> </ul>	<ul style="list-style-type: none"> <li>■ Branch offices</li> </ul>
<b>0-29 Days Delinquent</b>	<ul style="list-style-type: none"> <li>■ Letters</li> </ul>	<ul style="list-style-type: none"> <li>■ Letters and branch-based calls</li> </ul>
<b>30-59 Days Delinquent</b>	<ul style="list-style-type: none"> <li>■ Call center calls</li> <li>■ 1,500 accounts per servicer</li> </ul>	<ul style="list-style-type: none"> <li>■ Branch-based calls from employees</li> </ul>
<b>60+ Days Delinquent</b>	<ul style="list-style-type: none"> <li>■ Call center calls</li> </ul>	<ul style="list-style-type: none"> <li>■ Branch based calls and home site visits</li> <li>■ May refer to counseling services</li> </ul>
<b>No Contact</b>	<ul style="list-style-type: none"> <li>■ Skip tracing</li> </ul>	<ul style="list-style-type: none"> <li>■ Skip tracing</li> <li>■ Home site visits as appropriate</li> </ul>
<b>Collateral Inspection</b>	<ul style="list-style-type: none"> <li>■ Third party</li> </ul>	<ul style="list-style-type: none"> <li>■ Internal representatives</li> </ul>
<b>Collection Strategy</b>	<ul style="list-style-type: none"> <li>■ Standardized approach with limited flexibility to reduce loss severity</li> </ul>	<ul style="list-style-type: none"> <li>■ Local branch offices where representatives are assigned to accounts until collection or charge-off</li> <li>■ Employees empowered to make certain credit decisions which results in higher recoveries and reduced loss severity</li> </ul>

# Liquidity

- Significant disruption in the U.S. residential mortgage and credit markets, parent company issues, and ratings downgrades prohibited AGF from accessing traditional market sources
- Management actions implemented to meet financial and operating obligations
  - Significantly limited lending activities
  - Expense reductions
  - Asset sales
  - On-balance sheet securitizations
  - Secured term loan

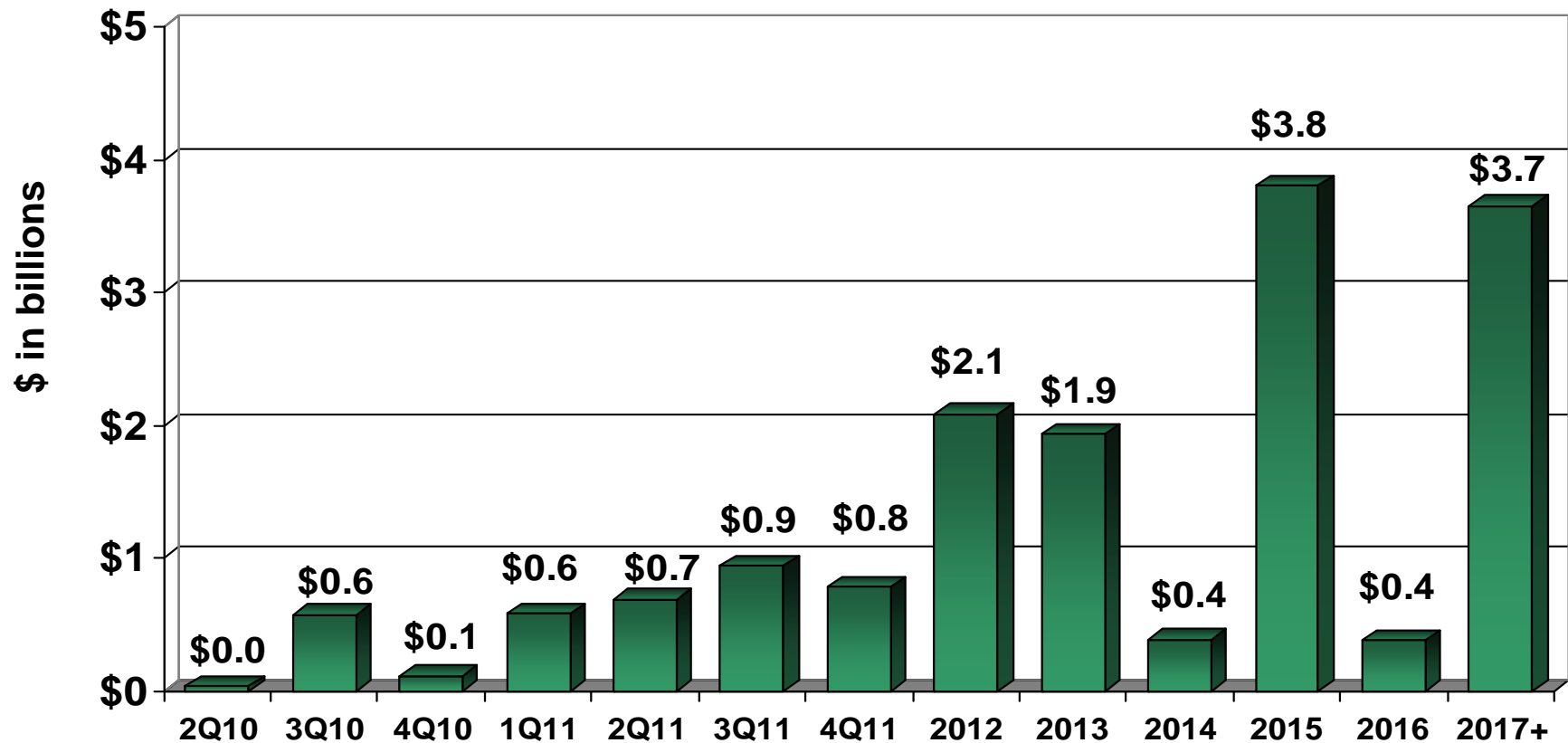
# Alternative Funding Sources Accessed

Liquidity

- **Insurance Subsidiary Dividends to AGFC**
  - \$116M in ordinary dividends during 3Q08
  - In December 2008, received Indiana Department of Insurance approval for extraordinary dividends; total of \$550M of dividends made to AGFC -- \$350M in December 2008 and \$200M in 1Q09
- **Portfolio Sales and Securitization Proceeds of Centralized Real Estate**
  - 1Q09: \$931M at ~97% of unpaid principal balance
  - 2Q09: \$463M at ~95% of unpaid principal balance
  - 3Q09: \$967M from an on-balance sheet securitization
  - 3Q09: \$314M proceeds at ~90% of unpaid principal balance
  - 1Q10: \$501M from an on-balance sheet securitization
- **Secured Term Loan**
  - \$3B five year term loan issued by limited purpose subsidiary and guaranteed by AGFC and most operating subsidiaries

# Remaining Debt Maturities

- With continued cash from operations and the recent \$3 billion secured term loan, AGFC is building its liquidity position while monitoring the markets for further funding sources



# Going Forward

- **Near Term**
  - **Manage operations to maintain franchise**
  - **Focus on liquidity and lowering operating expenses**
  - **Continue pursuing funding sources**
- **Long Term**
  - **Significant market opportunities for a firm with demonstrated success in lending to consumers with less than prime credit histories**

# Supplemental Information

# Income Statements - AGFC

Supplemental

\$ in millions	First Quarter		Annual	
	1Q10	1Q09	2009	2008
Finance charges	\$469	\$587	\$2,141	\$2,587
Insurance	31	35	137	159
Finance receivables held for sale, originated as held for investment	11	(15)	(72)	(27)
Investment	8	9	49	(7)
Other	80	(31)	(38)	22
<b>Total Revenues</b>	<b>599</b>	<b>585</b>	<b>2,217</b>	<b>2,734</b>
Interest expense	257	268	1,050	1,210
Operating expense	180	186	730	1,310
Provision for finance receivable losses	185	351	1,264	1,069
Insurance benefits and losses	16	17	62	70
<b>Total Expenses</b>	<b>638</b>	<b>822</b>	<b>3,106</b>	<b>3,659</b>
Pretax earnings	(39)	(237)	(889)	(925)
Income tax expense	(51)	4	(415)	382
<b>Net Income</b>	<b>\$12</b>	<b>(\$241)</b>	<b>(\$474)</b>	<b>(\$1,307)</b>

# Balance Sheets - AGFC

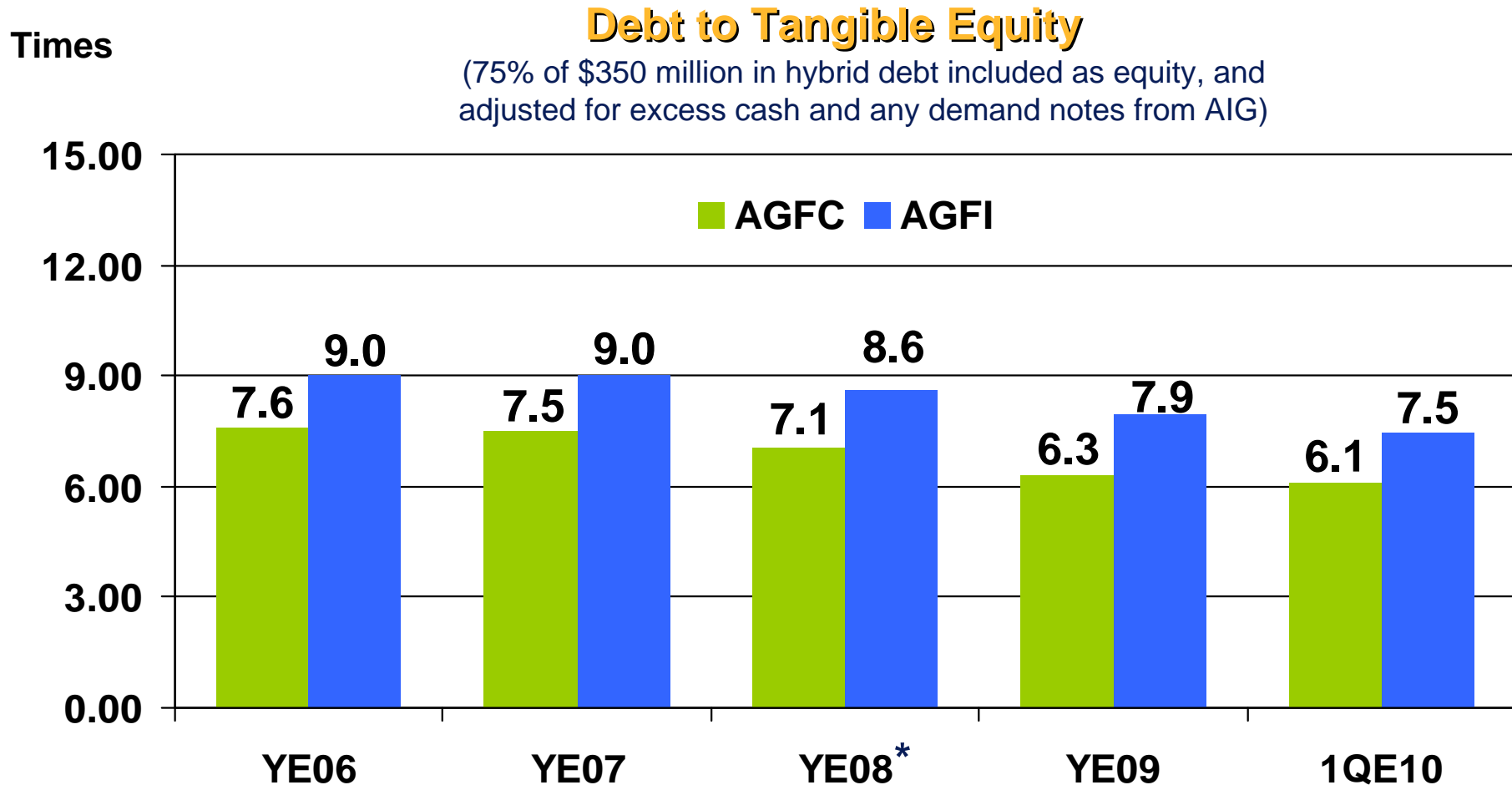
Supplemental

\$ in millions

	<u>1QE10</u>	<u>YE09</u>	<u>YE08</u>
<b>Assets</b>			
Net finance receivables	\$17,837	\$18,215	\$23,844
Allowance for finance receivable losses	(1,532)	(1,516)	(1,126)
Net finance receivables, less allowance for finance receivable losses	16,305	16,699	22,718
Other assets	3,847	5,889	3,360
<b>Total Assets</b>	<u>\$20,152</u>	<u>\$22,588</u>	<u>\$26,078</u>
<b>Liabilities and Shareholder's Equity</b>			
Long-term debt	\$17,099	\$17,475	\$20,482
Short-term debt	0	2,050	2,716
Other liabilities	683	687	786
<b>Total Liabilities</b>	<u>17,782</u>	<u>20,212</u>	<u>23,984</u>
Shareholder's Equity	2,370	2,376	2,094
<b>Total Liabilities and Shareholder's Equity</b>	<u>\$20,152</u>	<u>\$22,588</u>	<u>\$26,078</u>

# Adjusted Tangible Leverage

Supplemental



\*: Includes impact of \$600M capital contribution received in 1Q09 to support capitalization following more than \$600M of deferred tax valuation reserves established at YE08.

### AGFC 60+ Day Delinquency \$ in Millions

	3/31/09		6/30/09		9/30/09		12/31/09		3/31/10	
	%	\$	%	\$	%	\$	%	\$	%	\$
Centralized Real Estate	5.76%	-	6.39%	-	7.21%	-	8.40%	-	8.07%	-
Branch Real Estate	5.62%	-	5.98%	-	7.14%	-	7.62%	-	6.74%	-
Total Real Estate	5.78%	970.6	6.27%	973.3	7.27%	1,062.3	8.09%	1,134.9	7.45%	1,044.3
Non-Real Estate	5.16%	206.7	4.88%	184.9	5.09%	181.6	5.06%	171.4	4.57%	146.4
Retail Sales Finance	3.34%	69.5	3.57%	66.2	4.59%	69.1	5.69%	68.1	6.02%	59.3
Total Company	5.45%	1,246.8	5.78%	1,224.4	6.67%	1,313.0	7.39%	1,374.4	6.86%	1,250.0

### AGFC Chargeoff \$ in Millions

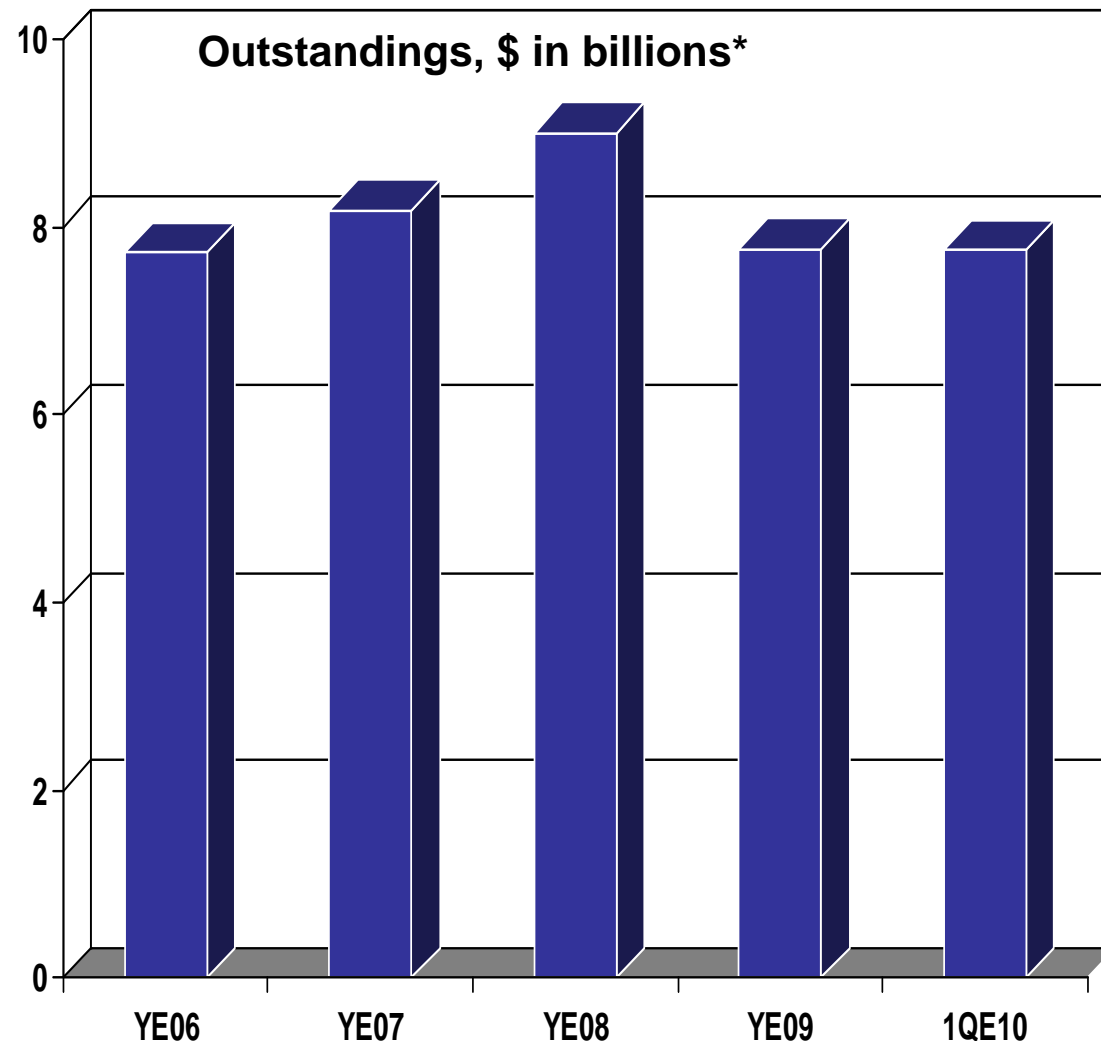
	1Q09		2Q09		3Q09		Full Year 2009		1Q10	
	%	\$	%	\$	%	\$	%	\$	%	\$
Centralized Real Estate	1.36%	30.5	2.00%	-	2.64%	77.0	2.16%	167.1	2.56%	41.1
Branch Real Estate	2.72%	61.5	3.18%	-	3.63%	46.7	3.40%	291.4	3.32%	65.1
Total Real Estate	2.10%	92.2	2.67%	110.9	3.23%	124.1	2.87%	459.9	3.01%	106.0
Non-Real Estate	7.96%	77.2	8.26%	75.2	8.45%	72.7	8.32%	295.3	7.14%	55.1
Retail Sales Finance	4.52%	23.4	5.16%	23.6	6.04%	23.7	5.67%	95.4	9.05%	23.5
Total Company	3.28%	192.8	3.79%	209.7	4.33%	220.5	4.00%	850.6	4.06%	184.6

# Branch Real Estate

Supplemental

At or YTD Mar 31 2010	Branch Real Estate	
<b>Description</b>	<ul style="list-style-type: none"> <li>• Mortgage loans</li> <li>• 43% of total portfolio</li> </ul>	
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Firsts and Seconds</li> <li>• Closed-end and revolving</li> <li>• 15 to 30 year loans</li> </ul>	
<b>Average Account (YE09)</b>	<ul style="list-style-type: none"> <li>• Balance of \$54,000</li> <li>- \$67,000 for Firsts</li> <li>- \$24,000 for Seconds</li> </ul>	
<b>Risk Adjusted Yield</b>	<ul style="list-style-type: none"> <li>• Yield</li> <li>• Charge-off</li> <li>• RAY</li> </ul>	<p>9.08%</p> <hr/> <p>3.32%</p> <hr/> <p>5.76%</p>

\*Segment balances as reported

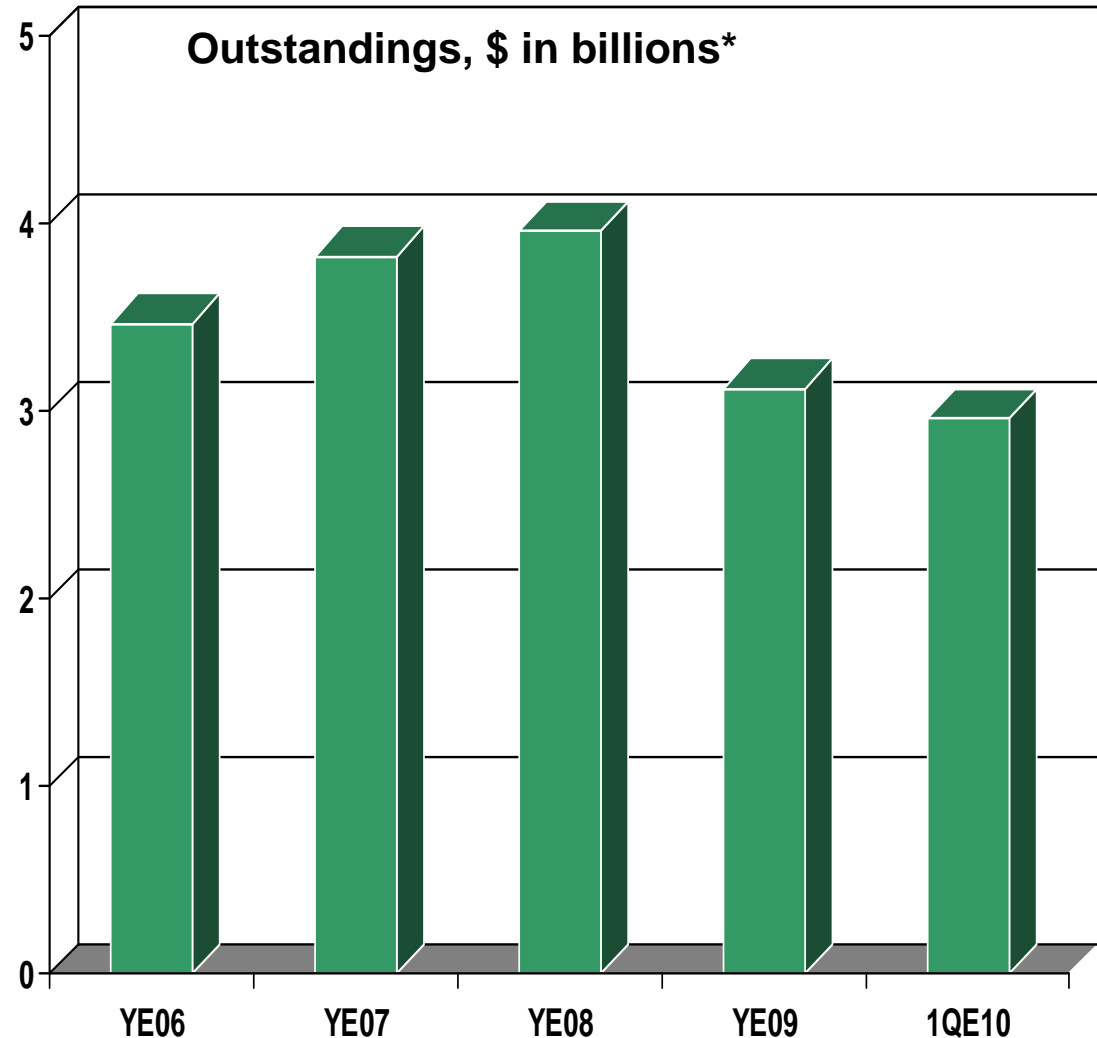


# Non-Real Estate

Supplemental

At or YTD Mar 31 2010	Non-Real Estate	
<b>Description</b>	<ul style="list-style-type: none"> <li>• Traditional consumer loans</li> <li>• 16% of portfolio</li> </ul>	
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Primarily closed-end</li> <li>• Typically 3 to 5 years</li> </ul>	
<b>Average Account (YE09)</b>	<ul style="list-style-type: none"> <li>• 22 month life</li> <li>• Balance of \$3,800</li> </ul>	
<b>Risk Adjusted Yield</b>	<ul style="list-style-type: none"> <li>• Yield 21.38%</li> <li>• Charge-off 7.14%</li> <li>• RAY 14.24%</li> </ul>	
<b>Additional Information</b>	<ul style="list-style-type: none"> <li>• Branch originated and serviced</li> <li>• Primary source of insurance sales</li> </ul>	

\*Segment balances as reported

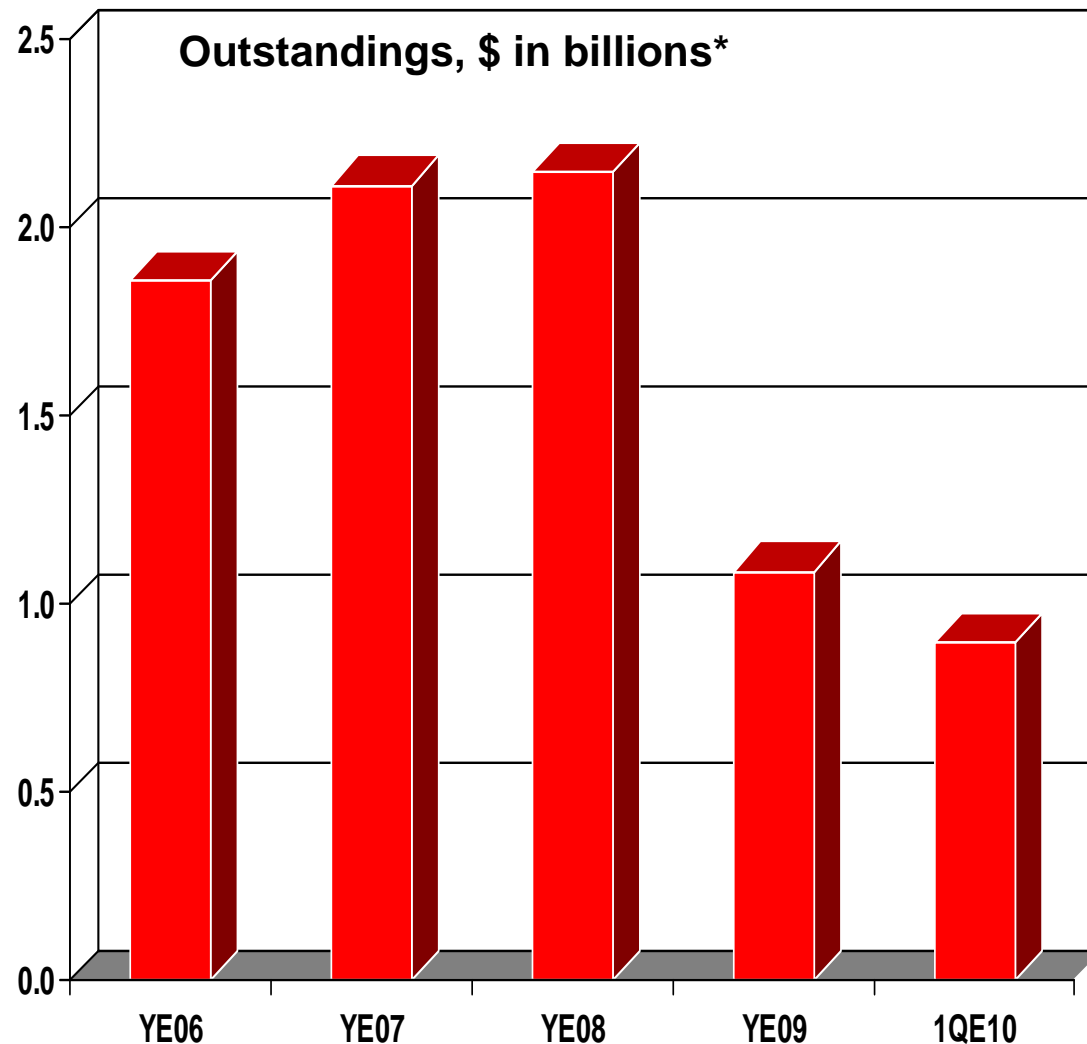


# Retail Sales Finance

Supplemental

At or YTD Mar 31 2010	Retail Sales Finance
<b>Description</b>	<ul style="list-style-type: none"> <li>• Retail contracts and private label merchant credit cards</li> <li>• 5% of total portfolio</li> </ul>
<b>Terms</b>	<ul style="list-style-type: none"> <li>• Closed-end and revolving</li> <li>• Purchase money security interest</li> </ul>
<b>Average Account (YE09)</b>	<ul style="list-style-type: none"> <li>• 12 month life</li> <li>• Balance of \$2,500</li> </ul>
<b>Risk Adjusted Yield</b>	<ul style="list-style-type: none"> <li>• Yield 15.06%</li> <li>• Charge-off 9.04%</li> <li>• RAY 6.02%</li> </ul>
<b>Additional Information</b>	<ul style="list-style-type: none"> <li>• 300 merchant relationships</li> <li>• Significant source of new loan customers</li> </ul>

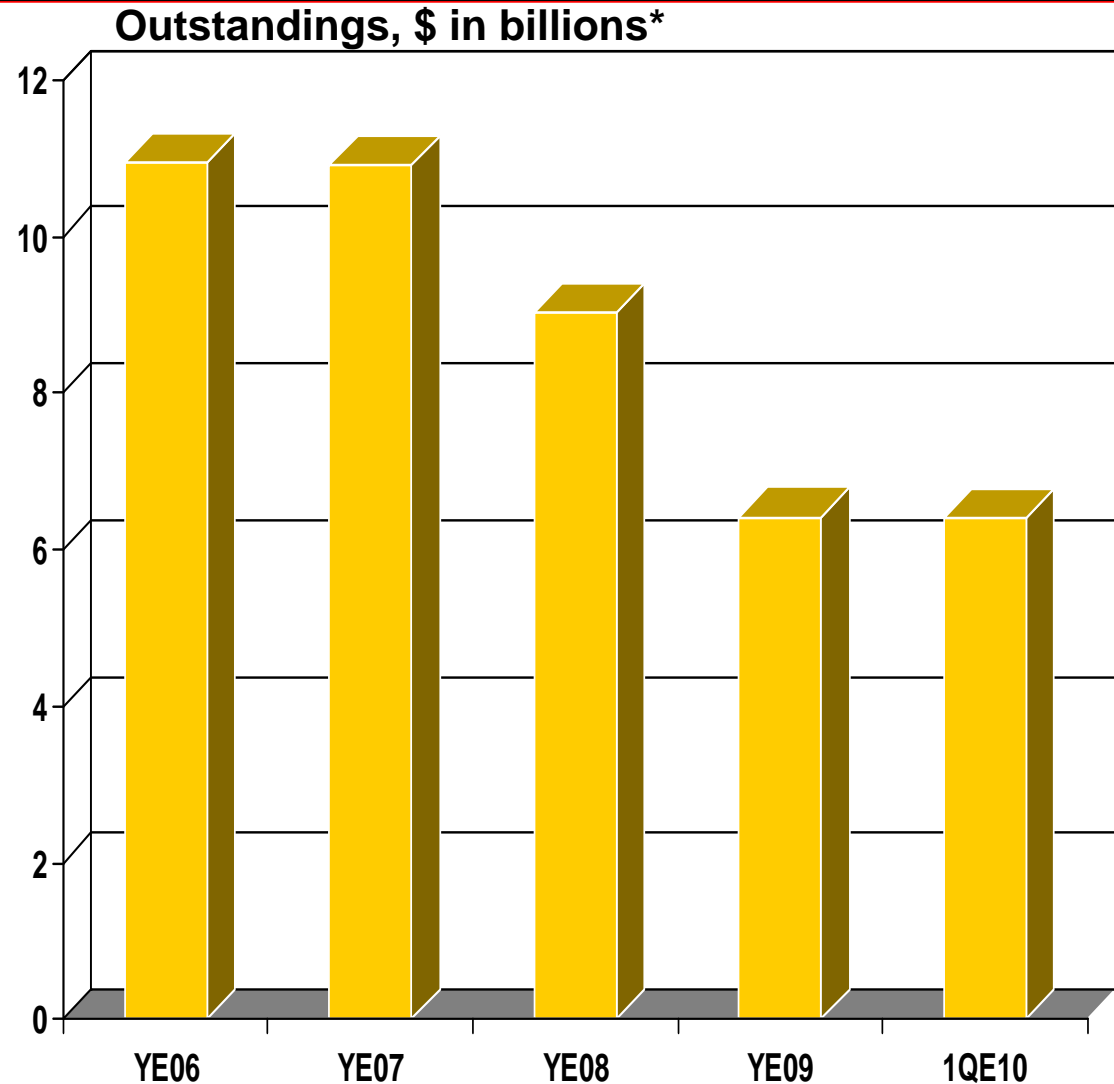
\*Segment balances as reported



# Centralized Real Estate

Supplemental

At or YTD Mar 31 2010	Centralized Real Estate
<b>Description</b>	<ul style="list-style-type: none"> <li>• Mortgage loans</li> <li>• 36% of total portfolio</li> </ul>
<b>Terms</b>	<ul style="list-style-type: none"> <li>• 99% first liens (\$)</li> <li>• Closed-end and revolving</li> <li>• Generally 30 year loans</li> </ul>
<b>Average Account (YE09)</b>	<ul style="list-style-type: none"> <li>• Balance of \$191,000</li> <li>- \$197,000 for Firsts</li> <li>- \$36,000 for Seconds</li> </ul>
<b>Risk Adjusted Yield</b>	<ul style="list-style-type: none"> <li>• Yield 6.00%</li> <li>• Charge-off <u>2.56%</u></li> <li>• RAY 3.44%</li> </ul>
<b>Additional Information</b>	<ul style="list-style-type: none"> <li>• Wholesale and acquired portfolios</li> <li>• Individually reunderwritten</li> <li>• Centrally serviced</li> </ul>



\*Segment balances as reported

- On March 4, 2009, the United States Department of the Treasury issued uniform guidance for loan modifications to be utilized by the mortgage industry in connection with the Home Affordable Modification Program (HAMP) to assist certain eligible homeowners who are at risk of foreclosure
  - Program applies loan modification requirements in a stated order of succession until monthly payments are lowered to a specified percentage target of monthly gross income
- On April 17, 2009, AGFC agreed to join HAMP and comply with HAMP guidelines
- MorEquity entered into the agreement as the servicer with respect to AGFC's centralized real estate finance receivables, with an effective date of September 1, 2009, in order for MorEquity to prepare its systems to implement the HAMP
- AGFC branch operations currently are planning to join HAMP during 2010 after systems changes necessary to accommodate the HAMP modifications are implemented
- AGFC classifies a loan as a Troubled Debt Restructured ("TDR") when it modifies a real estate loan's contractual terms for economic or other reasons related to the borrower's financial difficulties and grants a concession that AGFC would not otherwise approve
  - AGFC assesses finance charges for TDRs based on the performance of a credit evaluation of the modified loan, the certainty of collecting all amounts contractually due on the modified loan and the period of satisfactory payment performance by the borrower

### **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**

#### **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.