



American International Group, Inc.

Financial Supplement

Fourth Quarter 2005

This report should be read in conjunction with AIG's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Securities and Exchange Commission.

American International Group, Inc.
Financial Supplement

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Notice – Restatement. American International Group, Inc. (AIG) has restated its financial statements for the years ended December 31, 2004, 2003 and 2002, along with 2001 and 2000 for purposes of preparation of the Selected Consolidated Financial Data for 2001 and 2000, and quarterly financial information for 2004 and 2003 and the first three quarters of 2005. AIG, however, did not amend its quarterly report on Form 10-Q for the quarter ended September 30, 2005 because the adjustments were not material to those financial statements. Please see Restated Financial Supplement for details.

American International Group, Inc.

Consolidated Statement of Income

(in millions, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004 (Restated)	2005	2004 (Restated)
Revenues:				
Premiums and other considerations	\$ 17,750	\$ 17,190	\$ 70,209	\$ 66,625
Net investment income	5,952	4,815	22,165	18,465
Realized capital gains (losses)	252	119	341	44
Other revenues (1)	3,438	2,917	16,190	12,532
Total revenues	27,392	25,041	108,905	97,666
Benefits and expenses:				
Incurred policy losses and benefits	18,054	16,073	63,711	58,360
Insurance acquisition and other operating expenses	9,022	6,670	29,981	24,461
Total benefits and expenses	27,076	22,743	93,692	82,821
Income before income taxes, minority interest and cumulative effect of an accounting change (2)	316	2,298	15,213	14,845
Income taxes (benefits):				
Current	214	(45)	2,569	2,593
Deferred	(493)	593	1,689	1,814
Total income tax	(279)	548	4,258	4,407
Income before minority interest and cumulative effect of an accounting change	595	1,750	10,955	10,438
Minority interest	(151)	(138)	(478)	(455)
Income before cumulative effect of an accounting change	444	1,612	10,477	9,983
Cumulative effect of an accounting change, net of tax (3)	-	-	-	(144)
Net income	\$ 444	\$ 1,612	\$ 10,477	\$ 9,839
Earnings per common share:				
Basic	\$ 0.17	\$ 0.62	\$ 4.03	\$ 3.77
Diluted (4)	\$ 0.17	\$ 0.62	\$ 3.99	\$ 3.73
Average outstanding shares:				
Basic	2,597	2,601	2,597	2,606
Diluted (4)	2,626	2,632	2,627	2,637

- Note: (1) Includes the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities", including the related foreign exchange gains and losses.
- (2) Includes catastrophe losses of \$841 million and \$3.280 billion for the three months and twelve months ended December 31, 2005, respectively; and \$341 million and \$1.155 billion for the three months and twelve months ended December 31, 2004, respectively.
- (3) Represents the cumulative effect of an accounting change, net of tax, related to SOP 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts".
- (4) Assumes conversion of contingently convertible bonds due to the adoption of EITF Issue No. 04-8 "Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings per share."

American International Group, Inc.

Consolidated Statement of Segment Operations

(in millions, except per share data)

	Three Months Ended December 31,		
	2005	2004	%
		(Restated)	Chg
General insurance			
Net premiums written (1)	\$ 10,126	\$ 10,078	0.5 %
Net premiums earned (1)	10,303	10,165	1.4
Losses and loss expenses incurred (1) (2)	9,729	8,794	10.6
Underwriting expenses (1)	2,704	2,500	8.2
Underwriting loss (1) (2) (3)	(2,130)	(1,129)	NM
Net investment income	969	753	28.7
Loss before realized capital gains (losses) (1) (2)	(1,161)	(376)	NM
Realized capital gains (losses)	86	46	87.0
Operating loss (1) (2)	(1,075)	(330)	NM
Life insurance & retirement services			
GAAP premiums	7,447	7,025	6.0
Deposits and other considerations not included in revenues under GAAP	8,014	9,266	(13.5)
Premiums, deposits and other considerations	15,461	16,291	(5.1)
Net investment income	4,983	4,062	22.7
Pricing net investment gains (4)	75	49	53.1
Income before realized capital gains (losses)	2,332	1,946	19.8
Realized capital gains (losses) (4)	(169)	290	NM
Operating income	2,163	2,236	(3.3)
Financial services			
Operating income excluding FAS 133	553	650	(14.9)
FAS 133 (6)	240	(740)	NM
Operating income (loss) (7)	793	(90)	NM
Asset management			
Operating income excluding FIN46R and FAS 133	477	480	(0.6)
FIN46R	72	48	NM
FAS 133 (6)	22	72	NM
Operating income	571	600	(4.8)
Other realized capital gains (losses)	260	(266)	NM
Other income (deductions) - net (9)	(2,396)	148	NM
Income before income taxes and minority interest			
	316	2,298	(86.2)
Income taxes (benefits)	(279)	548	NM
Income before minority interest			
	595	1,750	(66.0)
Minority interest, after tax:			
Income before realized capital gains (losses)	(152)	(130)	NM
Realized capital gains (losses)	1	(8)	NM
Net income			
	444	1,612	(72.5)
Realized capital gains (losses), net of tax (11)	182	123	NM
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	(114)	(240)	NM
Adjusted net income (12)			
	376	1,729	(78.3)
Effect of settlement charge, net of tax (13)	1,147	53	
Effect of General Insurance reserve charge, net of tax (2)	1,186	553	
Effect of catastrophe related losses, net of tax	540	217	
Per share - diluted (14):			
Net income	0.17	0.62	(72.6)
Adjusted net income (12)	0.14	0.66	(78.8) %
Effect of settlement charge, net of tax	0.44	0.02	
Effect of General Insurance reserve charge, net of tax	0.45	0.21	
Effect of catastrophe related losses, net of tax	\$ 0.20	\$ 0.08	
Average outstanding shares - diluted (14)			
	2,626	2,632	
Effective tax rate:			
Net income	-	23.8%	
Adjusted net income (12)	-	25.7%	

(See Accompanying Notes on Page 4)

American International Group, Inc.

Consolidated Statement of Segment Operations

(in millions, except per share data)

	Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg
General insurance			
Net premiums written (1)	\$ 41,872	\$ 40,623	3.1 %
Net premiums earned (1)	40,809	38,537	5.9
Losses and loss expenses incurred (1) (2)	33,091	30,357	9.0
Underwriting expenses (1)	9,768	8,427	15.9
Underwriting loss (1) (2) (3)	(2,050)	(247)	NM
Net investment income	4,031	3,196	26.1
Income before realized capital gains (losses) (1) (2)	1,981	2,949	(32.8)
Realized capital gains (losses)	334	228	46.5
Operating income (1) (2)	<u>2,315</u>	<u>3,177</u>	<u>(27.1)</u>
Life insurance & retirement services			
GAAP premiums	29,400	28,088	4.7
Deposits and other considerations not included in revenues under GAAP	37,048	38,756	(4.4)
Premiums, deposits and other considerations	66,448	66,844	(0.6)
Net investment income	18,134	15,269	18.8
Pricing net investment gains (4)	344	225	52.9
Income before realized capital gains (losses) (5)	9,406	8,105	16.1
Realized capital gains (losses) (4)	(562)	(182)	NM
Operating income (5)	<u>8,844</u>	<u>7,923</u>	<u>11.6</u>
Financial services			
Operating income excluding FAS 133	2,296	2,329	(1.4)
FAS 133 (6)	1,980	(149)	NM
Operating income (7)	<u>4,276</u>	<u>2,180</u>	<u>96.1</u>
Asset management			
Operating income excluding FIN46R and FAS 133	1,843	1,617	14.0
FIN46R	261	195	NM
FAS 133 (6)	149	313	NM
Operating income (8)	<u>2,253</u>	<u>2,125</u>	<u>6.0</u>
Other realized capital gains (losses)	225	(227)	NM
Other income (deductions) - net (9)	<u>(2,700)</u>	<u>(333)</u>	<u>NM</u>
Income before income taxes, minority interest and cumulative effect of an accounting change	<u>15,213</u>	<u>14,845</u>	<u>2.5</u>
Income taxes	<u>4,258</u>	<u>4,407</u>	<u>NM</u>
Income before minority interest and cumulative effect of an accounting change	10,955	10,438	5.0
Minority interest, after tax:			
Income before realized capital gains (losses)	(465)	(440)	NM
Realized capital gains (losses)	(13)	(15)	NM
Income before cumulative effect of an accounting change	10,477	9,983	4.9
Cumulative effect of an accounting change, net of tax (10)	-	(144)	NM
Net income	<u>10,477</u>	<u>9,839</u>	<u>6.5</u>
Realized capital gains (losses), net of tax (11)	201	85	NM
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	1,530	315	NM
Cumulative effect of an accounting change, net of tax (10)	-	(144)	NM
Adjusted net income (12)	<u>8,746</u>	<u>9,583</u>	<u>(8.7)</u>
Effect of settlement charge, net of tax (13)	1,147	53	
Effect of General Insurance reserve charge, net of tax (2)	1,186	553	
Effect of catastrophe related losses, net of tax	2,109	729	
Per share - diluted (14):			
Net income	3.99	3.73	7.0
Adjusted net income (12)	3.33	3.64	(8.5) %
Effect of settlement charge, net of tax	0.44	0.02	
Effect of General Insurance reserve charge, net of tax	0.45	0.21	
Effect of catastrophe related losses, net of tax	\$ 0.80	\$ 0.27	
Average outstanding shares - diluted (14)	2,627	2,637	
Effective tax rate:			
Net income	28.0%	29.7%	
Adjusted net income (12)	26.8%	29.2%	
Return on Equity (15)	12.3%	13.3%	

(See Accompanying Notes on Page 4)

American International Group, Inc.

Consolidated Statement of Segment Operations

Notes

- (1) Net premiums written includes net reinstatement premium cost of \$5 million and \$263 million for the three months and twelve months ended December 31, 2005, respectively.
Losses and loss expenses incurred includes catastrophe losses of \$770 million and \$2.618 billion for the three months and twelve months ended December 31, 2005, respectively, and \$318 million and \$1.054 billion for the three months and twelve months ended December 31, 2004, respectively.
Underwriting expenses includes catastrophe related losses of \$7 million for the twelve months ended December 31, 2005.
- (2) Three months and twelve months ended December 31, 2005 include an after-tax charge of \$1.186 billion related to an increase of \$1.824 billion to net reserve for losses and loss expenses.
Three months and twelve months ended December 31, 2004 includes an after-tax charge of \$553 million related to an increase of \$850 million to net loss reserves reflecting a change in estimates for asbestos and environmental exposures.
- (3) Underwriting loss, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (4) For purposes of this presentation, pricing net investment gains are segregated out of total realized gains (losses). They represent certain amounts of realized capital gains where gains are an inherent element in pricing certain life products in some foreign countries.
- (5) Includes catastrophe related losses of \$12 million and \$5 million for the twelve months ended December 31, 2005 and 2004, respectively.
- (6) Includes the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities", including the related foreign exchange gains and losses.
- (7) Includes catastrophe related losses of \$62 million for the twelve months ended December 31, 2005.
- (8) Includes catastrophe related losses of \$6 million for the twelve months ended December 31, 2005.
- (9) Includes catastrophe related losses of \$66 million and \$312 million for the three months and twelve months ended December 31, 2005, respectively, and \$22 million and \$96 million for the three months and twelve months ended December 31, 2004, respectively.
- (10) Represents the cumulative effect of an accounting change, net of tax, related to SOP 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts".
- (11) Includes a loss of \$50 million, net of tax and \$215 million, net of tax for the three months and twelve months ended December 31, 2005; respectively, and a gain of \$149 million, net of tax and \$121 million, net of tax for the three months and twelve months ended December 31, 2004, respectively, attributable to FAS 133.
- (12) Adjusted net income excludes realized capital gains (losses) which includes pricing net investment gains, cumulative effect of an accounting change and FAS 133 "Accounting for Derivative Instruments and Hedging Activities".
- (13) Three months and twelve months ended December 31, 2005 includes an after-tax charge related to a settlement with the SEC, DOJ, NYAG and the New York State Department of Insurance in connection with the accounting, financial reporting and insurance brokerage practices of AIG and its subsidiaries, as well as claims relating to the underpayment of certain workers compensation premium taxes and other assessments. Three months and twelve months ended December 31, 2004 includes the after-tax charge related to a settlement with the SEC, DOJ, and the U.S. Attorney for the Southern District of Indiana with respect to issues arising from certain transactions with Brightpoint, Inc. the PNC Financial Services Group, Inc. and related matters.
- (14) Assumes conversion of contingently convertible bonds due to the adoption of EITF Issue No. 04-8 "Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings per Share" of \$3 million, net of tax, for each of the three months ended December 31, 2005 and 2004, respectively, and \$11 million, net of tax, for each of the twelve months ended December 31, 2005 and 2004, respectively.
- (15) Return on equity is net income, expressed as a percentage of average shareholders' equity.

American International Group, Inc.

Consolidated Balance Sheet

(in millions)

	December 31, 2005	December 31, 2004
		(Restated)
Assets:		
Investments and financial services assets:		
Fixed maturities	\$ 385,680	\$ 365,677
Equity securities	23,588	17,706
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	24,909	23,484
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	36,245	32,130
Securities available for sale, at market value	37,511	31,225
Trading securities, at market value	6,499	2,746
Spot commodities	92	534
Unrealized gain on swaps, options and forward transactions	18,695	22,670
Trading assets	1,204	3,433
Securities purchased under agreements to resell, at contract value	14,547	26,272
Finance receivables, net of allowance	27,995	23,574
Securities lending collateral, at market (which approximates cost)	59,471	49,169
Other invested assets	27,267	23,559
Short-term investments, at cost (approximates market value)	15,342	16,102
Total investments and financial services assets	679,045	638,281
Cash	1,897	2,009
Investment income due and accrued	5,727	5,556
Premiums and insurance balances receivable, net of allowance	15,333	15,622
Reinsurance assets, net of allowance	24,978	19,613
Deferred policy acquisition costs	33,248	29,817
Investments in partially owned companies	1,158	1,495
Real estate and other fixed assets, net of accumulated depreciation	7,446	6,192
Separate and variable accounts	63,797	57,741
Goodwill	8,093	8,556
Income taxes receivable - current	319	138
Other assets	12,329	16,125
Total assets	\$ 853,370	\$ 801,145
Liabilities:		
Reserve for losses and loss expenses	\$ 77,169	\$ 61,878
Reserve for unearned premiums	24,243	23,400
Future policy benefits for life and accident and health insurance contracts	108,807	104,740
Policyholders' contract deposits	227,027	216,474
Other policyholders' funds	10,870	10,280
Reserve for commissions, expenses and taxes	4,769	4,629
Insurance balances payable	3,564	3,661
Funds held by companies under reinsurance treaties	4,174	3,404
Income taxes payable - deferred	6,607	6,588
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	20,811	18,919
Securities sold under agreements to repurchase, at contract value	11,047	23,581
Trading liabilities	2,546	2,503
Securities and spot commodities sold but not yet purchased, at market value	5,975	5,404
Unrealized loss on swaps, options and forward transactions	12,740	15,985
Trust deposits and deposits due to banks and other depositors	4,877	4,248
Commercial paper	6,514	6,724
Notes, bonds, loans and mortgages payable	71,313	61,296
Commercial paper	2,694	2,969
Notes, bonds, loans and mortgages payable	7,126	5,502
Liabilities connected to trust preferred stock	1,391	1,489
Separate and variable accounts	63,797	57,741
Minority interest	5,124	4,831
Securities lending payable	60,409	49,972
Other liabilities	23,273	25,055
Total liabilities	766,867	721,273
Preferred shareholders' equity in subsidiary companies	186	199
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	2,339	2,094
Unrealized appreciation of investments, net of taxes	8,348	10,326
Cash flow hedging activities, net of taxes	(25)	(53)
Foreign currency translation adjustments, net of taxes	(1,242)	(683)
Foreign currency translation adjustments hedging, net of taxes	1	(18)
Retirement plan liabilities adjustment, net of taxes	(115)	(128)
Retained earnings	72,330	63,468
Treasury stock, at cost	(2,197)	(2,211)
Total shareholders' equity	86,317	79,673
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	\$ 853,370	\$ 801,145

American International Group, Inc.

Book Value per Share

	<u>Book Value Per Share (1)</u>	<u>Book Value excluding URA Per Share (2)</u>	<u>Shareholders' Equity (1) (in millions)</u>	<u>Shareholders' Equity excluding URA (2) (in millions)</u>
December 31, 2000	\$ 17.25	\$ 17.28	\$ 45,239	\$ 45,320
December 31, 2001	19.07	18.27	49,881	47,790
December 31, 2002	22.34	19.99	58,303	52,154
March 31, 2003	23.56	20.61	61,462	53,750
June 30, 2003	25.98	21.44	67,774	55,933
September 30, 2003	25.54	22.17	66,612	57,807
December 31, 2003	26.54	23.06	69,230	60,159
March 31, 2004	28.73	24.05	74,921	62,739
June 30, 2004	27.08	25.07	70,544	65,304
September 30, 2004	29.34	26.01	76,427	67,747
December 31, 2004	30.69	26.71	79,673	69,347
March 31, 2005	31.45	27.96	81,608	72,561
June 30, 2005	34.15	29.48	88,613	76,509
September 30, 2005	34.03	29.95	88,333	77,729
December 31, 2005	\$ 33.24 (3)	\$ 30.03	\$ 86,317	\$ 77,969

Note: (1) Book values and shareholders' equity prior to December 31, 2005 have been restated.

(2) Unrealized appreciation of investments (URA), net of taxes.

(3)
$$\frac{\text{Total shareholders' equity}}{\text{Total common shares issued - treasury shares}} = \frac{\$86,316,906,958}{2,751,327,476 - 154,680,704} = \$33.24$$

American International Group, Inc. General Insurance Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Gross premiums written	\$ 11,743	\$ 12,087	(2.8) %	\$ 52,725	\$ 52,046	1.3 %
Ceded premiums written	1,617	2,009	(19.5)	10,853	11,423	(5.0)
Net premiums written (1)	10,126	10,078	0.5	41,872	40,623	3.1
Net premiums earned (1)	10,303	10,165	1.4	40,809	38,537	5.9
Paid losses	6,038	5,427	11.3	22,241	19,855	12.0
Change in net loss reserves	3,417	3,800	(10.1)	10,222	11,026	(7.3)
Less foreign exchange effect	(274)	433	NM	(628)	524	NM
Losses and loss expenses incurred (1)(2)(3)(4)	9,72	8,79	10.	33,09	30,35	9.0
Statutory underwriting expenses (1) (5)	2,730	2,373	15.0	9,883	8,744	13.0
Underwriting loss (1)(2)(3)(4)(5)(6)	(2,130)	(1,129)	NM	(2,050)	(247)	NM
Net investment income (7)						
Interest and dividends	924	727	27.1	3,388	2,651	27.8
Partnership income	88	108	(18.5)	784	708	10.7
Other investment income (8)	113	79	43.0	349	305	14.4
Investment expense	(156)	(161)	NM	(490)	(468)	NM
Total	969	753	28.7	4,031	3,196	26.1
Operating income (loss) before realized capital gains (losses) (1) (2) (3) (4) (5) (7)	(1,161)	(376)	NM	1,981	2,949	(32.8)
Realized capital gains (losses) (7)	86	46	87.0	334	228	46.5
Operating income (loss) (1)(2)(3)(4)(5)(7)	\$ (1,075)	\$ (330)	NM %	\$ 2,315	\$ 3,177	(27.1)
Net loss and loss expense reserve				\$ 57,476	\$ 47,254	21.6 %
Underwriting ratios:						
As reported						
Loss ratio (1) (2) (3) (4)	94.43	86.52		81.09	78.78	
Expense ratio (1) (5)	26.96	23.54		23.60	21.52	
Combined ratio	121.39	110.06		104.69	100.30	
Excluding catastrophe losses						
Loss ratio (1) (2) (3) (4)	86.91	83.39		74.19	76.04	
Expense ratio (1) (5)	26.95	23.54		23.44	21.52	
Combined ratio	113.86	106.93		97.63	97.56	
Excluding catastrophe losses and reserve charge						
Loss ratio (1) (2) (3) (4)	69.21	75.03		69.75	73.83	
Expense ratio (1) (5)	26.95	23.54		23.44	21.52	
Combined ratio	96.16	98.57		93.19	95.35	
Foreign exchange impact on growth of worldwide net premiums written:						
Growth in original currency	1.2 %			2.6 %		
Foreign exchange impact	(0.7)			0.5		
Growth as reported in U.S. \$	0.5 %			3.1 %		

Note: (1) Net premiums written includes net reinstatement premium cost of \$5 million and \$263 million for the three months and twelve months ended December 31, 2005, respectively. Losses and loss expenses incurred includes catastrophe losses of \$770 million and \$2.618 billion for the three months and twelve months ended December 31, 2005, respectively, and \$318 million and \$1.054 billion for the three months and twelve months ended December 31, 2004, respectively. Statutory underwriting expenses includes catastrophe related losses of \$7 million for the twelve months ended December 31, 2005.

(2) Includes \$1.824 billion reserve charge increase for both the three months and twelve months ended December 31, 2005. Losses and loss expenses incurred includes a charge of \$850 million reflecting the change in estimate for asbestos and environmental exposures for both the three months and twelve months ended December 31, 2004.

(3) Includes an increase of \$232 million reflecting a change in estimate for salvage and subrogation recoveries for both the three months and twelve months ended December 31, 2004.

(4) Includes \$40 million and \$197 million of additional Domestic Brokerage Group losses incurred resulting from increased labor and material costs related to the 2004 Florida hurricanes in the three months and twelve months ended December 31, 2005, respectively.

(5) Includes \$291 million of Domestic Brokerage Group expenses related to changes in estimates for uncollectible reinsurance and other premium balances for both the three months and twelve months ended December 31, 2005, and \$100 million of accrued expenses in connection with certain workers compensation insurance policies written between 1985 and 1996 for the twelve months ended December 31, 2005. These expenses increased the expense and combined ratios by 2.87 and 0.93 in the three months and twelve months ended December 31, 2005, respectively.

(6) Underwriting loss, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.

(7) Total may not equal the sum of the individual group totals due to consolidating eliminations.

(8) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.
General Insurance Operating Statistics
Excluding Catastrophe Losses

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Gross premiums written	\$ 11,743	\$ 12,087	(2.8) %	\$ 52,725	\$ 52,046	1.3 %
Ceded premiums written	1,612	2,009	(19.8)	10,590	11,423	(7.3)
Net premiums written (1)	10,131	10,078	0.5	42,135	40,623	3.7
Net premiums earned (1)	10,308	10,165	1.4	41,072	38,537	6.6
Losses and loss expenses incurred (1)(2)(3)(4)	8,959	8,476	5.7	30,473	29,303	4.0
Statutory underwriting expenses (1) (5)	2,730	2,373	15.0	9,876	8,744	12.9
Underwriting profit (loss) (1)(2)(3)(4)(5)(6)	(1,355)	(811)	NM	838	807	3.8
Net investment income						
Interest and dividends	924	727	27.1	3,388	2,651	27.8
Partnership income	88	108	(18.5)	784	708	10.7
Other investment income (7)	113	79	43.0	349	305	14.4
Investment expense	(156)	(161)	NM	(490)	(468)	NM
Total	969	753	28.7	4,031	3,196	26.1
Operating income (loss) before realized capital gains (losses) (1) (2) (3) (4) (5)	(386)	(58)	NM	4,869	4,003	21.6
Realized capital gains (losses)	86	46	87.0	334	228	46.5
Operating income (loss) (1) (2) (3) (4) (5)	\$ (300)	\$ (12)	NM %	\$ 5,203	\$ 4,231	23.0
Net loss and loss expense reserve				\$ 54,858	\$ 46,200	18.7 %
Underwriting ratios:						
Excluding catastrophe losses						
Loss ratio (1) (2) (3) (4)	86.91	83.39		74.19	76.04	
Expense ratio (1) (5)	26.95	23.54		23.44	21.52	
Combined ratio	113.86	106.93		97.63	97.56	
Excluding catastrophe losses and reserve charge						
Loss ratio (1) (2) (3) (4)	69.21	75.03		69.75	73.83	
Expense ratio (1) (5)	26.95	23.54		23.44	21.52	
Combined ratio	96.16	98.57		93.19	95.35	
Foreign exchange impact on growth of worldwide net premiums written:						
Growth in original currency	1.2 %			3.2 %		
Foreign exchange impact	(0.7)			0.5		
Growth as reported in U.S. \$	0.5 %			3.7 %		

- Note: (1) Net premiums written excludes net reinstatement premium cost of \$5 million and \$263 million for the three months and twelve months ended December 31, 2005, respectively. Losses and loss expenses incurred excludes catastrophe losses of \$770 million and \$2.618 billion for the three months and twelve months ended December 31, 2005, respectively, and \$318 million and \$1.054 billion for the three months and twelve months ended December 31, 2004, respectively. Statutory underwriting expenses excludes catastrophe related losses of \$7 million for the twelve months ended December 31, 2005.
- (2) Includes \$1.824 billion reserve charge increase for both the three months and twelve months ended December 31, 2005. Losses and loss expenses incurred includes a charge of \$850 million reflecting the change in estimate for asbestos and environmental exposures for both the three months and twelve months ended December 31, 2004.
- (3) Includes an increase of \$232 million reflecting a change in estimate for salvage and subrogation recoveries for both the three months and twelve months ended December 31, 2004.
- (4) Includes \$40 million and \$197 million of additional Domestic Brokerage Group losses incurred resulting from increased labor and material costs related to the 2004 Florida hurricanes in the three months and twelve months ended December 31, 2005, respectively.
- (5) Includes \$291 million of Domestic Brokerage Group expenses related to changes in estimates for uncollectible reinsurance and other premium balances for both the three months and twelve months ended December 31, 2005, and \$100 million of accrued expenses in connection with certain workers compensation insurance policies written between 1985 and 1996 for the twelve months ended December 31, 2005. These expenses increased the expense and combined ratios by 2.87 and 0.93 in the three months and twelve months ended December 31, 2005, respectively.
- (6) Underwriting profit (loss), a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (7) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.
General Insurance Operating Statistics
Excluding Catastrophe Losses and Reserve Charge

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Gross premiums written	\$ 11,743	\$ 12,087	(2.8) %	\$ 52,725	\$ 52,046	1.3 %
Ceded premiums written	1,612	2,009	(19.8)	10,590	11,423	(7.3)
Net premiums written (1)	10,131	10,078	0.5	42,135	40,623	3.7
Net premiums earned (1)	10,308	10,165	1.4	41,072	38,537	6.6
Losses and loss expenses incurred (1)(2)(3)(4)	7,135	7,626	(6.4)	28,649	28,453	0.7
Statutory underwriting expenses (1) (5)	2,730	2,373	15.0	9,876	8,744	12.9
Underwriting loss (1)(2)(3)(4)(5)(6)	469	39	NM	2,662	1,657	60.7
Net investment income						
Interest and dividends	924	727	27.1	3,388	2,651	27.8
Partnership income	88	108	(18.5)	784	708	10.7
Other investment income (7)	113	79	43.0	349	305	14.4
Investment expense	(156)	(161)	NM	(490)	(468)	NM
Total	969	753	28.7	4,031	3,196	26.1
Operating income before realized capital gains (losses) (1) (2) (3) (4) (5)	1,438	792	81.6	6,693	4,853	37.9
Realized capital gains (losses)	86	46	87.0	334	228	46.5
Operating income (1) (2) (3) (4) (5)	\$ 1,524	\$ 838	81.9 %	\$ 7,027	\$ 5,081	38.3
Net loss and loss expense reserve				\$ 53,034	\$ 45,350	16.9 %
Underwriting ratios:						
Excluding catastrophe losses and reserve charge						
Loss ratio (1) (2) (3) (4)	69.21	75.03		69.75	73.83	
Expense ratio (1) (5)	26.95	23.54		23.44	21.52	
Combined ratio	96.16	98.57		93.19	95.35	
Foreign exchange impact on growth of worldwide net premiums written:						
Growth in original currency	1.2 %			3.2 %		
Foreign exchange impact	(0.7)			0.5		
Growth as reported in U.S. \$	0.5 %			3.7 %		

- Note: (1) Net premiums written excludes net reinstatement premium cost of \$5 million and \$263 million for the three months and twelve months ended December 31, 2005, respectively. Losses and loss expenses incurred excludes catastrophe losses of \$770 million and \$2.618 billion for the three months and twelve months ended December 31, 2005, respectively, and \$318 million and \$1.054 billion for the three months and twelve months ended December 31, 2004, respectively. Statutory underwriting expenses excludes catastrophe related losses of \$7 million for the twelve months ended December 31, 2005.
- (2) Excludes \$1.824 billion reserve charge increase for both the three months and twelve months ended December 31, 2005. Losses and loss expenses incurred excludes a charge of \$850 million reflecting the change in estimate for asbestos and environmental exposures for both the three months and twelve months ended December 31, 2004.
- (3) Includes an increase of \$232 million reflecting a change in estimate for salvage and subrogation recoveries for both the three months and twelve months ended December 31, 2004.
- (4) Includes \$40 million and \$197 million of additional Domestic Brokerage Group losses incurred resulting from increased labor and material costs related to the 2004 Florida hurricanes in the three months and twelve months ended December 31, 2005, respectively.
- (5) Includes \$291 million of Domestic Brokerage Group expenses related to changes in estimates for uncollectible reinsurance and other premium balances for both the three months and twelve months ended December 31, 2005, and \$100 million of accrued expenses in connection with certain workers compensation insurance policies written between 1985 and 1996 for the twelve months ended December 31, 2005. These expenses increased the expense and combined ratios by 2.87 and 0.93 in the three months and twelve months ended December 31, 2005, respectively.
- (6) Underwriting profit, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (7) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.
General Insurance
Reconciliation of Net Loss Reserves

(dollars in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004 (Restated)	2005	2004 (Restated)
Net reserve for losses and loss expenses at beginning of period	\$ 54,059	\$ 43,454	\$ 47,254	\$ 36,228
Foreign exchange effect	(274)	433	(628)	524
Losses and loss expenses incurred:				
Current year:				
Excluding catastrophe losses	4,959	6,065	25,808	25,739
Catastrophe losses	770	318	2,618	1,054
Total current year	5,729	6,383	28,426	26,793
Prior years:				
Accretion of loss reserve discount	(306)	95	(15)	377
Reserve charge	1,824	850	1,824	850
Transatlantic general insurance operations	149	152	269	317
Prior year development	2,293	1,314	2,390	2,020
Adverse development attributable to increased labor and material costs related to the 2004 Florida hurricanes	40	-	197	-
Total prior years	4,000	2,411	4,665	3,564
Total losses and loss expenses incurred	9,729	8,794	33,091	30,357
Losses and loss expenses paid	6,038	5,427	22,241	19,855
Net reserve for losses and loss expenses at end of period	\$ <u>57,476</u>	\$ <u>47,254</u>	\$ <u>57,476</u>	\$ <u>47,254</u>

American International Group, Inc.

Domestic Brokerage Group Insurance Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004	% Chg	2005	2004	% Chg
		(Restated)			(Restated)	
Net premiums written (1)(2)	\$ 6,057	\$ 5,754	5.3 %	\$ 23,128	\$ 22,506	2.8 %
Net premiums earned (1)	5,829	5,672	2.8	22,602	21,215	6.5
Losses and loss expenses incurred (1)(3)(4)	6,948	5,598	24.1	21,328	18,808	13.4
Statutory underwriting expenses (5)	1,353	1,089	24.2	4,501	3,907	15.2
Underwriting loss (1)(3)(4)(5)(6)	(2,446)	(1,116)	NM	(3,250)	(1,340)	NM
Net investment income						
Interest and dividends	580	420	38.1	2,055	1,495	37.5
Partnership income	75	75	0.0	500	583	(14.2)
Other investment income (7)	89	78	14.1	276	267	3.4
Investment expense	(144)	(129)	NM	(428)	(380)	NM
Total	600	444	35.1	2,403	1,965	22.3
Operating income (loss) before realized capital gains (losses) (1)(3)(4)(5)	(1,846)	(672)	NM	(847)	625	NM
Realized capital gains (losses)	(35)	63	NM	201	152	32.2
Operating income (loss) (1)(3)(4)(5)	<u>\$ (1,881)</u>	<u>\$ (609)</u>	NM %	<u>\$ (646)</u>	<u>\$ 777</u>	NM %
Underwriting ratios:						
As reported						
Loss ratio (1)(3)(4)	119.20	98.73		94.37	88.66	
Expense ratio (1)(2)(5)	22.33	18.94		19.46	17.36	
Combined ratio	141.53	117.67		113.83	106.02	
Excluding catastrophe losses						
Loss ratio (1)(3)(4)	110.67	95.61		86.18	85.91	
Expense ratio (1)(2)(5)	22.33	18.94		19.36	17.36	
Combined ratio	133.00	114.55		105.54	103.27	
Excluding catastrophe losses and reserve charge						
Loss ratio (1)(3)(4)	73.96	83.27		76.76	82.61	
Expense ratio (1)(2)(5)	22.33	18.94		19.36	17.36	
Combined ratio	96.29	102.21		96.12	99.97	

- Note: (1) Net premiums written and net premiums earned include net reinstatement premium cost of \$122 million for the twelve months ended December 31, 2005. Losses and loss expenses incurred includes catastrophe losses of \$497 million and \$1.747 billion for the three months and twelve months ended December 31, 2005, respectively, and \$176 million and \$582 million for the three months and twelve months ended December 31, 2004, respectively.
- (2) Includes an increase of approximately \$300 million for both the three months and twelve months ended December 31, 2005, resulting from a portfolio transfer of Richmond unearned premiums reserves from Foreign General.
- (3) Includes \$2.140 billion reserve charge increase for both the three months and twelve months ended December 31, 2005. Losses and loss expenses incurred includes charge of \$700 million attributable to the change in estimate for asbestos and environmental exposures for both the three months and twelve months ended December 31, 2004.
- (4) Includes \$40 million and \$197 million of additional losses incurred resulting from increased labor and material costs related to the 2004 Florida hurricanes for the three months and twelve months ended December 31, 2005, respectively.
- (5) Includes \$291 million of expenses related to changes in estimates for uncollectible reinsurance and other premium balances for both the three months and twelve months ended December 31, 2005, and \$100 million of accrued expenses in connection with certain workers compensation insurance policies written between 1985 and 1996 for the twelve months ended December 31, 2005. These expenses increased the expense and combined ratios by 4.80 and 1.69 in the three months and twelve months ended December 31, 2005, respectively.
- (6) Underwriting loss, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (7) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.

Personal Lines Insurance Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Net premiums written (1)	\$ 1,103	\$ 1,046	5.4 %	\$ 4,653	\$ 4,354	6.9 %
Net premiums earned (1)	1,175	1,097	7.1	4,634	4,291	8.0
Losses and loss expenses incurred (1) (2)	964	814	18.4	3,566	3,211	11.1
Statutory underwriting expenses (1) (3)	294	250	17.6	1,106	944	17.2
Underwriting profit (loss) (1) (2) (3) (4)	(92)	28	NM	(19)	160	NM
Net investment income						
Interest and dividends	57	51	11.8	220	190	15.8
Partnership income	-	-	NM	-	-	NM
Other investment income (5)	1	-	NM	3	3	0.0
Investment expense	(1)	(2)	NM	(6)	(7)	NM
Total	57	49	16.3	217	186	16.7
Operating income before realized capital gains (losses) (1) (2) (3)	(35)	77	NM	198	346	(42.8)
Realized capital gains (losses)	1	8	(87.5)	(3)	11	NM
Operating income (1) (2) (3)	\$ (34)	\$ 85	NM %	\$ 195	\$ 357	(45.4) %
Underwriting ratios:						
As reported						
Loss ratio (1) (2)	81.97	74.27		76.94	74.84	
Expense ratio (1) (3)	26.58	23.82		23.76	21.67	
Combined ratio	108.55	98.09		100.70	96.51	
Excluding catastrophe losses						
Loss ratio (1) (2)	78.14	74.27		74.64	74.27	
Expense ratio (1) (3)	26.58	23.82		23.61	21.67	
Combined ratio	104.72	98.09		98.25	95.94	

Note: (1) Net premiums written and net premiums earned include net reinstatement premium cost of \$2 million for the twelve months ended December 31, 2005. Losses and loss expenses incurred includes catastrophe losses of \$45 million and \$105 million for the three months and twelve months ended December 31, 2005, respectively, and \$25 million for the twelve months ended December 31, 2004. Statutory underwriting expenses includes catastrophe related losses of \$7 million for the twelve months ended December 31, 2005.

(2) Includes adverse loss development and a change in estimate of \$55 million in the three months and twelve months ended December 31, 2005.

(3) Includes an additional \$20 million of legal and transition costs associated with exiting the assigned risk business for the three months and twelve months ended December 31, 2005.

(4) Underwriting profit (loss), a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.

(5) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.

Mortgage Guaranty (UGC) Insurance Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Net premiums written	\$ 169	\$ 154	9.7 %	\$ 628	\$ 607	3.5 %
Net premiums earned	136	141	(3.5)	533	539	(1.1)
Losses and loss expenses incurred (1) (2)	43	50	(14.0)	139	142	(2.1)
Statutory underwriting expenses	39	45	(13.3)	145	163	(11.0)
Underwriting profit (1) (2) (3)	47	62	(24.2)	241	278	(13.3)
Net investment income						
Interest and dividends	32	31	3.2	123	120	2.5
Partnership income	-	-	NM	-	-	NM
Other investment income (4)	-	-	NM	1	1	0.0
Investment expense	-	-	NM	(1)	(1)	NM
Total	32	31	3.2	123	120	2.5
Operating income before realized capital gains (losses) (1) (2)	79	93	(15.1)	364	398	(8.5)
Realized capital gains (losses)	(1)	3	NM	(1)	1	NM
Operating income (1) (2)	<u>\$ 78</u>	<u>\$ 96</u>	(18.8) %	<u>\$ 363</u>	<u>\$ 399</u>	(9.0) %
Underwriting ratios:						
As reported						
Loss ratio (1) (2)	31.68	36.07		26.01	26.39	
Expense ratio	22.90	29.59		23.07	26.92	
Combined ratio	54.58	65.66		49.08	53.31	
Excluding catastrophe losses						
Loss ratio (1) (2)	31.68	36.07		24.10	26.39	
Expense ratio	22.90	29.59		23.07	26.92	
Combined ratio	54.58	65.66		47.17	53.31	
Excluding catastrophe losses and reserve charge						
Loss ratio (1) (2)	52.97	36.07		29.54	26.39	
Expense ratio	22.90	29.59		23.07	26.92	
Combined ratio	75.87	65.66		52.61	53.31	

Note: (1) Includes catastrophe losses of \$10 million for the twelve months ended December 31, 2005.

(2) Includes \$29 million reserve charge decrease for both the three months and twelve months ended December 31, 2005.

(3) Underwriting profit, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.

(4) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.
Transatlantic Holdings, Inc. Insurance Operating Statistics
(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004	% Chg	2005	2004	% Chg
Net premiums written (1)	\$ 839	\$ 927	(9.5) %	\$ 3,466	\$ 3,749	(7.5) %
Net premiums earned (1)	791	932	(15.1)	3,385	3,661	(7.5)
Losses and loss expenses incurred (1)	645	706	(8.6)	2,877	2,755	4.4
Statutory underwriting expenses	232	232	0.0	942	983	(4.2)
Underwriting loss (1)(2)	(78)	(1)	NM	(420)	(47)	NM
Net investment income						
Interest and dividends	84	77	9.1	322	289	11.4
Partnership income	2	8	(75.0)	12	14	(14.3)
Other investment income (3)	3	4	(25.0)	18	13	38.5
Investment expense	(2)	(2)	NM	(9)	(9)	NM
Total	87	87	0.0	343	307	11.7
Operating income (loss) before realized capital gains (losses) (1)	9	86	(89.5)	(77)	260	NM
Realized capital gains (losses)	14	8	75.0	38	22	72.7
Operating income (loss) (1)	<u>\$ 23</u>	<u>\$ 94</u>	(75.5) %	<u>\$ (39)</u>	<u>\$ 282</u>	NM %
Underwriting ratios:						
As reported						
Loss ratio (1)	81.53	75.67		84.99	75.24	
Expense ratio (1)	27.76	25.02		27.18	26.22	
Combined ratio	109.29	100.69		112.17	101.46	
Excluding catastrophe losses						
Loss ratio (1)	67.45	70.30		70.38	69.37	
Expense ratio (1)	27.59	25.02		26.83	26.22	
Combined ratio	95.04	95.32		97.21	95.59	

Note: (1) Net premiums written and net premiums earned include net reinstatement premium cost of \$5 million and \$45 million for and the three months and twelve months ended December 31, 2005, respectively. Losses and loss expenses incurred includes catastrophe losses of \$108 million and \$463 million for the three months and twelve months ended December 31, 2005, respectively, and \$50 million and \$215 million for the three months and twelve months ended December 31, 2004, respectively.

(2) Underwriting loss, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.

(3) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

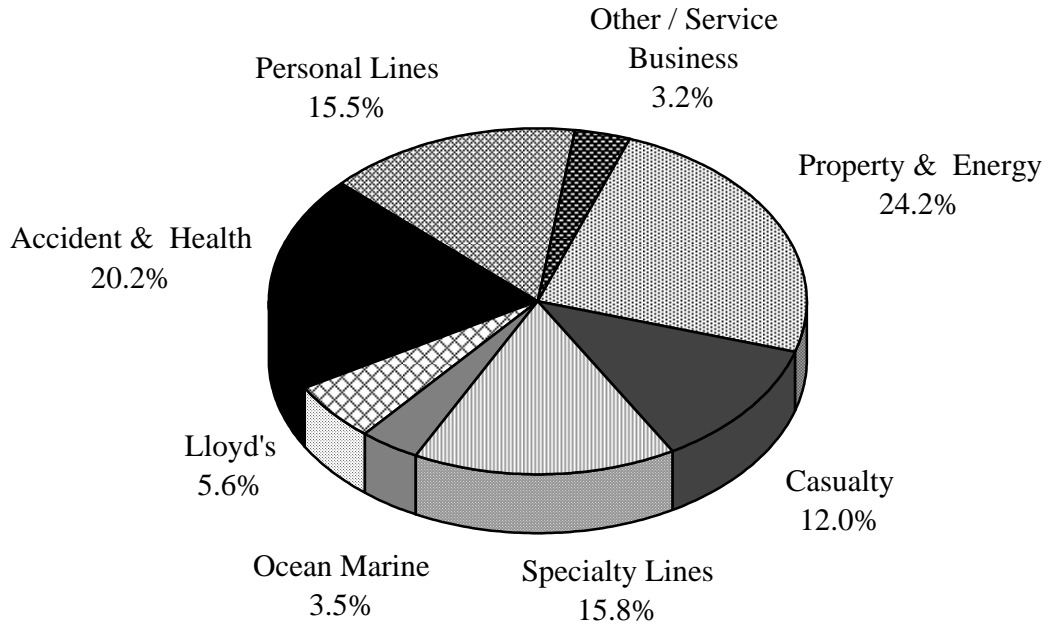
American International Group, Inc.
Foreign General Insurance Operating Statistics
(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004	% Chg	2005	2004	% Chg
		(Restated)			(Restated)	
Net premiums written (1) (2)	\$ 1,958	\$ 2,197	(10.9) %	\$ 9,997	\$ 9,407	6.3 %
Net premiums earned (1) (3)	2,372	2,323	2.1	9,655	8,831	9.3
Losses and loss expenses incurred (1) (4)	1,129	1,626	(30.6)	5,181	5,441	(4.8)
Statutory underwriting expenses (5)	812	757	7.3	3,189	2,747	16.1
Underwriting profit (loss) (1) (3) (4) (5) (6)	439	(102)	NM	1,398	702	99.1
Net investment income						
Interest and dividends	171	148	15.5	668	557	19.9
Partnership income	11	25	(56.0)	272	110	147.3
Other investment income (7)	20	(3)	NM	50	22	127.3
Investment expense	(9)	(28)	NM	(46)	(71)	NM
Total	193	142	35.9	944	618	52.8
Operating income before realized capital gains (losses) (1) (4)	632	40	NM	2,342	1,320	77.4
Realized capital gains (losses)	102	(32)	NM	85	24	NM
Operating income (1) (4)	<u>\$ 734</u>	<u>\$ 8</u>	NM %	<u>\$ 2,427</u>	<u>\$ 1,344</u>	80.6 %
Underwriting ratios:						
As reported						
Loss ratio (1) (3) (4)	47.62	69.93		53.66	61.61	
Expense ratio (1) (2) (5)	41.49	34.38		31.90	29.20	
Combined ratio	89.11	104.31		85.56	90.81	
Excluding catastrophe losses						
Loss ratio (1) (3) (4)	42.56	65.98		50.14	58.98	
Expense ratio (1) (2) (5)	41.49	34.38		31.61	29.20	
Combined ratio	84.05	100.36		81.75	88.18	
Excluding catastrophe losses and reserve charge						
Loss ratio (1) (3) (4)	54.66	59.52		53.08	57.28	
Expense ratio (1) (2) (5)	41.49	34.38		31.61	29.20	
Combined ratio	96.15	93.90		84.69	86.48	
Foreign exchange impact on growth of Foreign General net premiums written:						
Growth in original currency	(8.6) %			4.3 %		
Foreign exchange impact	(2.3)			2.0		
Growth as reported in U.S. \$	(10.9) %			6.3 %		

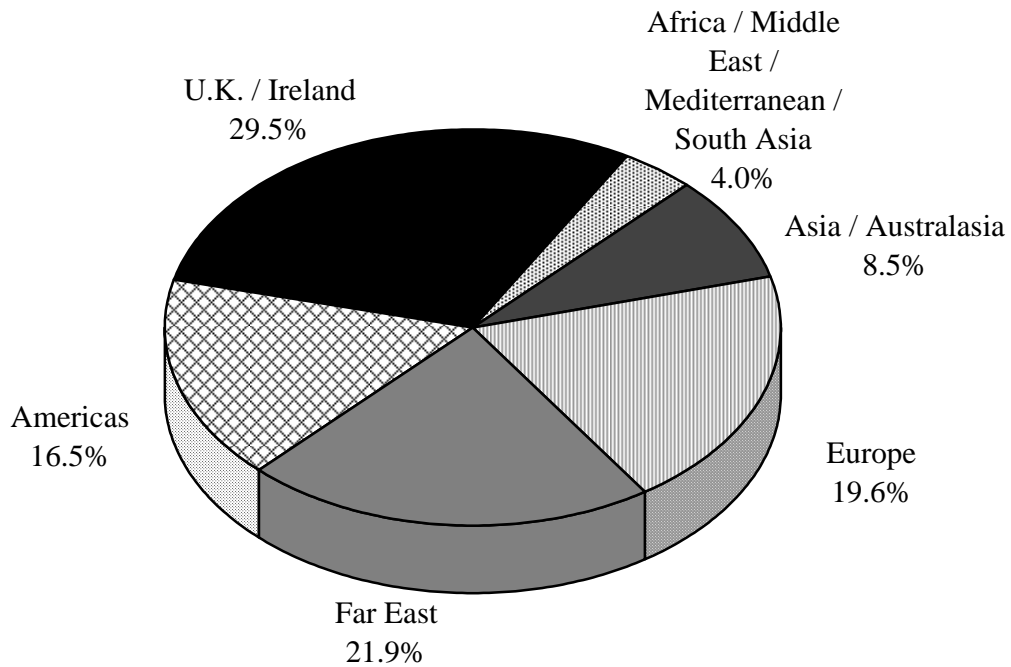
- Note: (1) Net premiums written and net premiums earned include catastrophe related net reinstatement premium cost of \$94 million for the twelve months ended December 31, 2005. Losses and loss expenses incurred includes catastrophe losses of \$120 million and \$293 million for the three months and twelve months ended December 31, 2005, respectively, and \$92 million and \$232 million for the three months and twelve months ended December 31, 2004, respectively.
- (2) Includes a decrease of approximately \$300 million for both the three months and twelve months ended December 31, 2005, resulting from a portfolio transfer of Richmond unearned premium reserves to the Domestic Brokerage Group.
- (3) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.
- (4) Includes \$287 million reserve charge decrease for both the three months and twelve months ended December 31, 2005. Losses and loss expenses includes a charge attributable to the change in estimate for asbestos and environmental exposures of \$150 million for both the three months and twelve months ended December 31, 2004.
- (5) Includes the results of wholly owned AIU agencies.
- (6) Underwriting profit, a GAAP measure, is statutory underwriting profit (loss) adjusted primarily for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (7) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.

American International Group, Inc.
Foreign General Insurance
 Twelve Months Ended December 31, 2005

Gross Premiums Written by Division



Gross Premiums Written by Region



Gross Premiums Written
\$15.8 billion

American International Group, Inc.
Life Insurance & Retirement Services Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Premiums, deposits and other considerations (1)	\$ <u>15,461</u>	\$ <u>16,291</u>	(5.1) %	\$ <u>66,448</u>	\$ <u>66,844</u>	(0.6) %
Revenues:						
GAAP premiums (2)	\$ 7,447	\$ 7,025	6.0 %	\$ 29,400	\$ 28,088	4.7 %
Net investment income						
Interest and dividends	4,323	3,837	12.7	16,557	14,824	11.7
Partnership income:						
Partnership excluding synfuels	56	126	(55.6)	416	313	32.9
Synfuels (3)	(28)	(21)	NM	(143)	(121)	NM
Total partnership income	28	105	(73.3)	273	192	42.2
Other (4)	642	125	NM	1,340	271	NM
Intercompany adjustments	(10)	(5)	NM	(36)	(18)	NM
Total net investment income	4,983	4,062	22.7	18,134	15,269	18.8
Pricing net investment gains (5)	75	49	53.1	344	225	52.9
Total revenues including pricing net investment gains and excluding realized capital gains (losses)	12,505	11,136	12.3	47,878	43,582	9.9
Benefits and expenses:						
Death and other benefits	3,589	3,665	(2.1)	13,963	13,522	3.3
Increase in future policy benefits	4,736	3,614	31.0	16,657	14,481	15.0
Acquisition and insurance expenses	1,848	1,911	(3.3)	7,852	7,474	5.1
Total benefits and expenses (6)(7)(8)	10,173	9,190	10.7	38,472	35,477	8.4
Operating income including pricing net investment gains and excluding realized capital gains (losses) (6)(7)(8)	2,332	1,946	19.8	9,406	8,105	16.1
Realized capital gains (losses) (5) (9)	(169)	290	NM	(562)	(182)	NM
Operating income (6)(7)(8)	\$ <u>2,163</u>	\$ <u>2,236</u>	(3.3) %	\$ <u>8,844</u>	\$ <u>7,923</u>	11.6 %
Foreign exchange impact on worldwide growth:						
GAAP premiums (2)						
Growth in original currency	6.3 %			2.7 %		
Foreign exchange impact	(0.3)			2.0		
Growth as reported in U.S. \$	6.0			4.7		
Premiums, deposits and other considerations (1)						
Growth in original currency	(4.6)			(1.8)		
Foreign exchange impact	(0.5)			1.2		
Growth as reported in U.S. \$	(5.1) %			(0.6) %		
Life insurance in-force (10)				\$ 1,852,833	\$ 1,858,094	

- Note: (1) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
- (2) Includes approximately \$640 million of a single premium from a reinsurance transaction involving terminal funding pension business, which is offset by a similar increase in benefit reserves, in the twelve months ended December 31, 2004.
- (3) Investment in certain limited liability companies that invest in synthetic fuel production facilities as a means of generating income tax credits.
- (4) Relates principally to trading and investment activity for certain variable life and annuity accounts in accordance with SOP 03-1. These amounts are offset by a similar change in increase in future policy benefits.
- (5) For purposes of this presentation, pricing net investment gains are segregated out of total realized capital gains (losses). They represent certain amounts of realized capital gains where gains are an inherent element in pricing certain life products in some foreign countries.
- (6) Incurred higher policyholder benefits of \$137 million for both the fourth quarter and full year 2005 related to contributions to the participating policyholder fund in Singapore related to settlement of a long disputed tax issue.
- (7) Includes a \$178 million charge related to a workers' compensation quota share reinsurance agreement with Superior National Insurance Company in the fourth quarter and full year 2004. In addition, as part of the business review of Group life/health, approximately \$68 million was incurred for reserve strengthening and allowances for receivables in 2004.
- (8) Includes \$12 million and \$5 million of catastrophe related losses for the twelve months ended December 31, 2005 and 2004, respectively.
- (9) Includes loss of \$85 million and \$437 million for the three months and twelve months ended December 31, 2005, respectively, and gain of \$298 million and a loss of \$140 million for the three months and twelve months ended December 31, 2004, respectively, relating to the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 and the application of FAS 52.
- (10) 2005 includes the effect of the non-renewal of a single large group life case of \$36 billion. 2005 and 2004 includes the in-force of Tata AIG Life Insurance Company, Ltd. and foreign in-force is translated to U.S. dollars at the appropriate balance sheet exchange rate.

American International Group, Inc.
Domestic Life Insurance & Retirement Services Operating Statistics
(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Premiums, deposits and other considerations (1)	\$ <u>5,555</u>	\$ <u>6,062</u>	(8.4) %	\$ <u>23,736</u>	\$ <u>26,978</u>	(12.0) %
Revenues:						
GAAP premiums	\$ 1,613	\$ 1,530	5.4 %	\$ 6,384	\$ 6,171	3.5 %
Net investment income:						
Interest and dividends	2,568	2,357	9.0	9,743	9,263	5.2
Partnership income:						
Partnership excluding synfuels	48	119	(59.7)	359	293	22.5
Synfuels (2)	(28)	(21)	NM	(143)	(121)	NM
Total partnership income	<u>20</u>	<u>98</u>	(79.6)	<u>216</u>	<u>172</u>	25.6
Total net investment income	2,588	2,455	5.4	9,959	9,435	5.6
Total revenues excluding realized capital gains (losses)	4,201	3,985	5.4	16,343	15,606	4.7
Benefits and expenses:						
Death and other benefits	967	1,180	(18.1)	3,861	4,057	(4.8)
Increase in future policy benefits	1,426	1,314	8.5	5,614	5,423	3.5
Acquisition and insurance expenses	<u>753</u>	<u>751</u>	0.3	<u>2,967</u>	<u>2,722</u>	9.0
Total benefits and expenses (3) (4)	3,146	3,245	(3.1)	12,442	12,202	2.0
Operating income before realized capital gains (losses) (3) (4)	1,055	740	42.6	3,901	3,404	14.6
Realized capital gains (losses) (5)	<u>(103)</u>	<u>(168)</u>	NM	<u>(302)</u>	<u>(329)</u>	NM
Operating income (3) (4)	\$ <u>952</u>	\$ <u>572</u>	66.4 %	\$ <u>3,599</u>	\$ <u>3,075</u>	17.0 %
Life insurance in-force (6)				\$ 825,151	\$ 772,251	

- Note: (1) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
- (2) Investment in certain limited liability companies that invest in synthetic fuel production facilities as a means of generating income tax credits.
- (3) Includes \$12 million and \$5 million of catastrophe related losses for the twelve months ended December 31, 2005 and 2004, respectively.
- (4) Includes a \$178 million charge related to a workers' compensation quota share reinsurance agreement with Superior National Insurance Company in the three months and twelve months ended December 31, 2004.
- (5) Includes gain of \$13 million and \$63 million for the three months and twelve months ended December 31, 2005, respectively, and loss of \$61 million and \$6 million for the three months and twelve months ended December 31, 2004, respectively, relating to the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 and the application of FAS 52.
- (6) Includes the effect of the non-renewal of a single large group life case of \$36 billion as of December 31, 2005.

American International Group, Inc.
Domestic Life Insurance & Retirement Services Product Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
GAAP premiums:						
Life insurance	\$ 552	\$ 475	16.2 %	\$ 2,108	\$ 1,888	11.7 %
Home service	195	200	(2.5)	801	812	(1.4)
Group life/health	257	270	(4.8)	1,012	1,128	(10.3)
Payout annuities (1)	355	358	(0.8)	1,473	1,484	(0.7)
Subtotal life insurance	<u>1,359</u>	<u>1,303</u>	4.3	<u>5,394</u>	<u>5,312</u>	1.5
Group retirement products	90	82	9.8	351	313	12.1
Individual fixed annuities	28	16	75.0	100	59	69.5
Individual variable annuities	122	108	13.0	467	407	14.7
Individual annuities - runoff (2)	14	21	(33.3)	72	80	(10.0)
Subtotal retirement services	<u>254</u>	<u>227</u>	11.9	<u>990</u>	<u>859</u>	15.3
Total GAAP premiums	<u>1,613</u>	<u>1,530</u>	5.4	<u>6,384</u>	<u>6,171</u>	3.5
Premiums, deposits and other considerations (3):						
Life insurance	808	700	15.4	3,208	2,842	12.9
Home service	240	235	2.1	956	965	(0.9)
Group life/health	257	270	(4.8)	1,012	1,118	(9.5)
Payout annuities	547	534	2.4	2,172	2,172	-
Subtotal life insurance	<u>1,852</u>	<u>1,739</u>	6.5	<u>7,348</u>	<u>7,097</u>	3.5
Group retirement products	1,371	1,414	(3.0)	5,532	5,555	(0.4)
Individual fixed annuities	1,425	1,981	(28.1)	7,337	9,947	(26.2)
Individual variable annuities	862	869	(0.8)	3,319	4,126	(19.6)
Individual annuities - runoff (2)	45	59	(23.7)	200	253	(20.9)
Subtotal retirement services	<u>3,703</u>	<u>4,323</u>	(14.3)	<u>16,388</u>	<u>19,881</u>	(17.6)
Total premiums, deposits and other considerations	<u>5,555</u>	<u>6,062</u>	(8.4)	<u>23,736</u>	<u>26,978</u>	(12.0)
Net investment income:						
Life insurance	357	322	10.9	1,411	1,287	9.6
Home service	154	157	(1.9)	605	608	(0.5)
Group life/health	38	30	26.7	142	123	15.4
Payout annuities	233	201	15.9	912	801	13.9
Subtotal life insurance	<u>782</u>	<u>710</u>	10.1	<u>3,070</u>	<u>2,819</u>	8.9
Group retirement products	568	584	(2.7)	2,233	2,201	1.5
Individual fixed annuities	884	833	6.1	3,393	3,100	9.5
Individual variable annuities	52	59	(11.9)	217	239	(9.2)
Individual annuities - runoff (2)	302	269	12.3	1,046	1,076	(2.8)
Subtotal retirement services	<u>1,806</u>	<u>1,745</u>	3.5	<u>6,889</u>	<u>6,616</u>	4.1
Total net investment income	<u>2,588</u>	<u>2,455</u>	5.4	<u>9,959</u>	<u>9,435</u>	5.6
Operating income before realized capital gains (losses):						
Life insurance	182	182	0.0	782	726	7.7
Home service	68	85	(20.0)	284	308	(7.8)
Group life/health (4)	4	(188)	NM	64	(151)	NM
Payout annuities	44	31	41.9	162	132	22.7
Subtotal life insurance	<u>298</u>	<u>110</u>	NM	<u>1,292</u>	<u>1,015</u>	27.3
Group retirement products	288	292	(1.4)	1,122	1,098	2.2
Individual fixed annuities	315	264	19.3	1,078	927	16.3
Individual variable annuities	57	41	39.0	185	193	(4.1)
Individual annuities - runoff (2)	97	33	NM	224	171	31.0
Subtotal retirement services	<u>757</u>	<u>630</u>	20.2	<u>2,609</u>	<u>2,389</u>	9.2
Total operating income before realized capital gains (losses) (4) (5)	<u>1,055</u>	<u>740</u>	42.6	<u>3,901</u>	<u>3,404</u>	14.6
Realized capital gains (losses)	(103)	(168)	NM	(302)	(329)	NM
Domestic operating income (4) (5)	<u>\$ 952</u>	<u>\$ 572</u>	66.4 %	<u>\$ 3,599</u>	<u>\$ 3,075</u>	17.0 %

- Note: (1) Includes structured settlements, single premium immediate annuities and terminal funding annuities.
(2) Primarily represents runoff annuity business sold through discontinued distribution relationships.
(3) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
(4) Includes a \$178 million charge related to a workers' compensation quota share reinsurance agreement with Superior National Insurance Company in the three months and twelve months ended December 31, 2004. In addition, as part of the business review of Group life/health, approximately \$68 million was incurred for reserve strengthening and allowances for receivables in 2004.
(5) Includes \$12 million and \$5 million of catastrophe related losses for the twelve months ended December 31, 2005 and 2004, respectively.

American International Group, Inc.
Domestic Life Insurance & Retirement Services Other Data
(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Life insurance						
Periodic premium sales (1):						
Individual/retail	\$ 151	\$ 129	17.1 %	\$ 552	\$ 481	14.8 %
Institutional markets	-	8	NM	4	33	(87.9)
Total periodic sales	<u>151</u>	<u>137</u>	10.2	<u>556</u>	<u>514</u>	8.2
Unscheduled and single deposits	86	63	36.5	499	365	36.7
Life insurance reserves				21,755	20,269	7.3
Home service						
Life/Accident & Health sales (1)	27	28	(3.6)	107	111	(3.6)
Fixed annuity sales	27	22	22.7	104	105	(1.0)
Total insurance reserves				7,278	7,173	1.5
Group life/health						
Annualized earned premium				1,100	1,266	(13.1)
Payout annuities						
Insurance reserves				12,712	11,161	13.9
Group retirement products						
Deposits (2)	1,598	1,572	1.7	6,436	6,502	(1.0)
Net flows (3)						
Group retirement products (2)	108	462	(76.6)	628	1,706	(63.2)
Individual fixed annuities	(87)	949	NM	1,759	6,169	(71.5)
Individual variable annuities	(127)	63	NM	(336)	1,145	NM
Subtotal	<u>(106)</u>	<u>1,474</u>	NM	<u>2,051</u>	<u>9,020</u>	(77.3)
Individual annuities - runoff	(651)	(528)	NM	(2,508)	(2,084)	NM
Total	<u>\$ (757)</u>	<u>\$ 946</u>	NM %	<u>\$ (457)</u>	<u>\$ 6,936</u>	NM %
Surrender rates (4)						
Group retirement products (2)	9.8%	7.7%		9.8%	8.8%	
Individual fixed annuities	9.0%	6.4%		8.0%	5.9%	
Individual variable annuities	12.7%	10.9%		12.0%	10.4%	

Note: (1) Life insurance sales represent premiums from new sales that are expected to be collected over a one year period.
(2) Includes group retirement annuities and group mutual funds.
(3) Net flows are defined as deposits received, less benefits, surrenders, withdrawals and death benefits.
(4) Surrender rates are based upon all benefits, surrenders and withdrawals except for death benefits.

American International Group, Inc.
Domestic Life Insurance & Retirement Services Other Data

(dollars in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Spread information				
Group Retirement Products				
Base investment income	\$ 507	\$ 505	\$ 2,037	\$ 1,995
Partnerships	15	43	89	95
Other enhancements	46	36	107	111
Total net investment income	\$ 568	\$ 584	\$ 2,233	\$ 2,201
Base Yield	6.22%	6.23%	6.24%	6.33%
Partnerships (1)	-0.06%	0.39%	0.07%	0.16%
Other enhancements (2)	0.54%	0.44%	0.32%	0.35%
Total	6.70%	7.06%	6.63%	6.84%
Cost of funds	3.77%	3.82%	3.75%	3.83%
Net spread rate, as reported	2.93%	3.24%	2.89%	3.01%
Net spread rate excluding partnerships and other enhancements	2.45%	2.41%	2.50%	2.50%
Individual Fixed Annuities				
Base investment income	\$ 811	\$ 743	\$ 3,162	\$ 2,853
Partnerships	21	64	135	147
Other enhancements	52	26	96	100
Total net investment income	\$ 884	\$ 833	\$ 3,393	\$ 3,100
Base Yield	5.89%	5.90%	5.88%	6.01%
Partnerships (1)	-0.02%	0.36%	0.10%	0.16%
Other enhancements (2)	0.38%	0.20%	0.18%	0.21%
Total	6.25%	6.46%	6.16%	6.38%
Cost of funds	3.55%	3.67%	3.55%	3.73%
Net spread rate, as reported	2.70%	2.79%	2.60%	2.65%
Net spread rate excluding partnerships and other enhancements	2.34%	2.23%	2.32%	2.28%
Individual Variable Annuities				
Base investment income	\$ 50	\$ 55	\$ 207	\$ 226
Other enhancements	2	4	10	13
Total net investment income	\$ 52	\$ 59	\$ 217	\$ 239
Base Yield	5.47%	5.48%	5.46%	5.49%
Other enhancements (2)	0.19%	0.38%	0.25%	0.30%
Total	5.66%	5.86%	5.71%	5.79%
Cost of funds	3.11%	3.18%	3.10%	3.18%
Net spread rate, as reported	2.55%	2.69%	2.61%	2.62%
Net spread rate excluding other enhancements	2.36%	2.31%	2.36%	2.32%
General and separate account reserves				
Group retirement products (3)			\$ 59,312	\$ 56,118
Individual fixed annuities			54,470	50,547
Individual variable annuities			28,267	26,846
Individual annuities - runoff			19,072	20,812
Total			\$ 161,121	\$ 154,323

Note: (1) Includes incremental impact to base yield of investments in hedge funds and private equity funds.

(2) Includes incremental impact to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).

(3) Includes group retirement annuities and group mutual funds.

American International Group, Inc.

Foreign Life Insurance & Retirement Services Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Premiums, deposits and other considerations (1)	\$ 9,906	\$ 10,229	(3.2) %	\$ 42,712	\$ 39,866	7.1 %
Revenues:						
GAAP premiums (2)	\$ 5,834	\$ 5,495	6.2 %	\$ 23,016	\$ 21,917	5.0 %
Net investment income:						
Interest and dividends	1,755	1,480	18.6	6,814	5,561	22.5
Partnership income	8	7	14.3	57	20	NM
Other (3)	642	125	NM	1,340	271	NM
Intercompany adjustments	(10)	(5)	NM	(36)	(18)	NM
Total net investment income	2,395	1,607	49.0	8,175	5,834	40.1
Pricing net investment gains (4)	75	49	53.1	344	225	52.9
Total revenues including pricing net investment gains and excluding realized	8,304	7,151	16.1	31,535	27,976	12.7
Benefits and expenses:						
Death and other benefits	2,622	2,485	5.5	10,102	9,465	6.7
Increase in future policy benefits	3,310	2,300	43.9	11,043	9,058	21.9
Acquisition and insurance expenses	1,095	1,160	(5.6)	4,885	4,752	2.8
Total benefits and expenses (5)	7,027	5,945	18.2	26,030	23,275	11.8
Operating income including pricing net investment gains and excluding realized capital gains (losses) (5)	1,277	1,206	5.9	5,505	4,701	17.1
Realized capital gains (losses) (4) (6)	(66)	458	NM	(260)	147	NM
Operating income (5)	\$ 1,211	\$ 1,664	(27.2) %	\$ 5,245	\$ 4,848	8.2 %
Foreign exchange impact on foreign growth:						
GAAP premiums (2)						
Growth in original currency	6.6 %			2.5 %		
Foreign exchange impact	(0.4)			2.5		
Growth as reported in U.S. \$	6.2			5.0		
Premiums, deposits and other considerations (1)						
Growth in original currency	(2.4)			5.1		
Foreign exchange impact	(0.8)			2.0		
Growth as reported in U.S. \$	(3.2) %			7.1 %		
Life insurance in-force (7)				\$ 1,027,682	\$ 1,085,843	

Note: (1) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.

(2) Includes approximately \$640 million of a single premium from a reinsurance transaction involving terminal funding pension business, which is offset by a similar increase in benefit reserves, in the twelve months ended December 31, 2004.

(3) Relates principally to trading and investment activity for certain variable life and annuity accounts in accordance with SOP 03-1. These amounts are offset by a similar change in increase in future policy benefits.

(4) For purposes of this presentation, pricing net investment gains are segregated out of total realized capital gains (losses). They represent certain amounts of realized capital gains where gains are an inherent element in pricing certain life products in some foreign countries.

(5) Incurred higher policyholder benefits of \$137 million for both the three months and twelve months ended December 31, 2005 related to increases in participating policyholders' dividends in Singapore as a result of a settlement of a long disputed tax issue.

(6) Includes loss of \$98 million and \$500 million for the three months and twelve months ended December 31, 2005, respectively, and gain of \$359 million and loss of \$134 million for the three months and twelve months ended December 31, 2004, respectively, relating to the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 and the application of FAS 52.

(7) In-force includes Tata AIG Life Insurance Company, Ltd. and is translated to U.S. dollars at the appropriate balance sheet exchange rate.

American International Group, Inc.
Foreign Life Insurance & Retirement Services Product Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
GAAP premiums:						
Life insurance	\$ 3,967	\$ 3,842	3.3 %	\$ 15,631	\$ 14,938	4.6 %
Personal accident & health	1,256	1,130	11.2	5,002	4,301	16.3
Group products (1)	478	387	23.5	1,925	2,215	(13.1)
Subtotal life insurance	<u>5,701</u>	<u>5,359</u>	6.4	<u>22,558</u>	<u>21,454</u>	5.1
Individual fixed annuities	105	113	(7.1)	361	395	(8.6)
Individual variable annuities	28	23	21.7	97	68	42.6
Subtotal retirement services	<u>133</u>	<u>136</u>	(2.2)	<u>458</u>	<u>463</u>	(1.1)
Total GAAP premiums	<u>5,834</u>	<u>5,495</u>	6.2	<u>23,016</u>	<u>21,917</u>	5.0
Premiums, deposits and other considerations (2):						
Life insurance	5,372	4,999	7.5	21,331	18,609	14.6
Personal accident & health	1,270	1,124	13.0	5,050	4,328	16.7
Group products	720	616	16.9	3,120	3,319	(6.0)
Subtotal life insurance	<u>7,362</u>	<u>6,739</u>	9.2	<u>29,501</u>	<u>26,256</u>	12.4
Individual fixed annuities	1,746	3,089	(43.5)	10,833	11,981	(9.6)
Individual variable annuities	798	401	99.0	2,378	1,629	46.0
Subtotal retirement services	<u>2,544</u>	<u>3,490</u>	(27.1)	<u>13,211</u>	<u>13,610</u>	(2.9)
Total premiums, deposits and other considerations	<u>9,906</u>	<u>10,229</u>	(3.2)	<u>42,712</u>	<u>39,866</u>	7.1
Net investment income:						
Life insurance	1,261	1,024	23.1	4,844	4,065	19.2
Personal accident & health	79	46	71.7	255	179	42.5
Group products	188	123	52.8	613	431	42.2
Subtotal life insurance	<u>1,528</u>	<u>1,193</u>	28.1	<u>5,712</u>	<u>4,675</u>	22.2
Individual fixed annuities	488	354	37.9	1,728	1,034	67.1
Individual variable annuities	389	65	NM	771	143	NM
Subtotal retirement services	<u>877</u>	<u>419</u>	109.3	<u>2,499</u>	<u>1,177</u>	112.3
Intercompany adjustments	(10)	(5)	NM	(36)	(18)	NM
Total net investment income	<u>2,395</u>	<u>1,607</u>	49.0	<u>8,175</u>	<u>5,834</u>	40.1
Pricing net investment gains (3)	75	49	53.1	344	225	52.9
Operating income excluding pricing net investment gains and realized capital gains (losses):						
Life insurance (4)	653	719	(9.2)	3,129	2,832	10.5
Personal accident & health	332	302	9.9	1,322	1,159	14.1
Group products	95	55	72.7	331	251	31.9
Subtotal life insurance	<u>1,080</u>	<u>1,076</u>	0.4	<u>4,782</u>	<u>4,242</u>	12.7
Individual fixed annuities	112	79	41.8	369	239	54.4
Individual variable annuities	20	7	185.7	46	13	253.8
Subtotal retirement services	<u>132</u>	<u>86</u>	53.5	<u>415</u>	<u>252</u>	64.7
Intercompany adjustments	(10)	(5)	NM	(36)	(18)	NM
Total operating income including pricing net investments gains and excluding realized capital gains (losses)	1,277	1,206	5.9	5,505	4,701	17.1
Realized capital gains (losses) (3)	(66)	458	NM	(260)	147	NM
Foreign operating income	\$ <u>1,211</u>	\$ <u>1,664</u>	(27.2) %	\$ <u>5,245</u>	\$ <u>4,848</u>	8.2 %

- Note: (1) Includes approximately \$640 million of a single premium from a reinsurance transaction involving terminal funding pension business, which is offset by a similar increase in benefit reserves, in the twelve months ended December 31, 2004.
- (2) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
- (3) For purposes of this presentation, pricing net investment gains are segregated out of total realized capital gains (losses). They represent certain amounts of realized capital gains where gains are an inherent element in pricing certain life products in some foreign countries.
- (4) Incurred higher policyholder benefits of \$137 million for both the three months and twelve months ended December 31, 2005 related to increases in participating policyholders' dividends in Singapore as a result of a settlement of a long disputed tax issue.

American International Group, Inc.
Foreign Life Insurance & Retirement Services Other Data

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
First year premiums (1)						
Life insurance						
Japan	\$ 220	\$ 201	9.5 %	\$ 986	\$ 714	38.1 %
China	35	33	6.1	123	115	7.0
Asia excluding Japan and China (2)	447	516	(13.4)	1,966	1,686	16.6
All other regions	55	50	10.0	202	194	4.1
Total	<u>757</u>	<u>800</u>	(5.4)	<u>3,277</u>	<u>2,709</u>	21.0
Personal accident & health						
Japan	195	175	11.4	759	709	7.1
China	8	8	-	32	30	6.7
Asia excluding Japan and China	83	66	25.8	302	246	22.8
All other regions	27	26	3.8	109	103	5.8
Total	<u>313</u>	<u>275</u>	13.8	<u>1,202</u>	<u>1,088</u>	10.5
Group products						
Japan	3	3	0.0	13	20	(35.0)
Asia excluding Japan and China	24	20	20.0	126	79	59.5
All other regions	158	122	29.5	661	607	8.9
Total	<u>185</u>	<u>145</u>	27.6	<u>800</u>	<u>706</u>	13.3
Total first year premiums						
Japan	418	379	10.3	1,758	1,443	21.8
China	43	41	4.9	155	145	6.9
Asia excluding Japan and China	554	602	(8.0)	2,394	2,011	19.0
All other regions	240	198	21.2	972	904	7.5
Total	<u>1,255</u>	<u>1,220</u>	2.9	<u>5,279</u>	<u>4,503</u>	17.2
Total annuity production						
Japan	2,008	2,884	(30.4)	11,329	12,076	(6.2)
China	2	19	(89.5)	68	19	257.9
Asia excluding Japan and China	154	358	(57.0)	416	710	(41.4)
All other regions	380	229	65.9	1,398	805	73.7
Total	<u>\$ 2,544</u>	<u>\$ 3,490</u>	(27.1) %	<u>13,211</u>	<u>13,610</u>	(2.9)
Life insurance reserves as of December 31,						
Life insurance				92,393	87,085	6.1
Personal accident & health				5,804	5,123	13.3
Group products				7,855	7,587	3.5
Retirement services reserves as of December 31,						
Individual fixed annuities				40,260	31,442	28.0
Individual variable annuities				5,979	4,024	48.6
Policy and contract claims reserves as of December 31,						
Personal accident & health				413	438	(5.7)
Group medical				\$ 94	\$ 83	13.3 %

Note: (1) Represents premium recorded within the first policy year from new sales and generally includes 10 percent of single premium receipts for Life Insurance products and an equivalent amount for limited pay, short duration products.

(2) The majority of the increase is attributable to significant new sales generated by limited pay, short duration endowments written in Nan Shan for the twelve months ended December 31, 2005.

American International Group, Inc.
Life Insurance & Retirement Services Statutory Surplus and Net Income
(dollars in millions)

<u>Years Ended December 31,</u>	<u>AG Life and</u> <u>AGLA (1) (2)</u>	<u>VALIC/ AIG Annuity/ AIG SunAmerica</u> <u>(1) (3)</u>	<u>ALICO/ AIG Star/ AIG Edison (4)(6)</u>	<u>AIA/ Nan Shan/ AIRCO (4)(5)</u>	<u>Philamlife and All Other (4)</u>	<u>Intercompany Eliminations</u>	<u>Total</u>
2005							
Statutory Surplus	\$ 5,301	\$ 11,101	\$ 7,317	\$ 9,565	\$ 774	\$ (3,319)	\$ 30,739
Statutory Net Income	943	1,416	1,193	1,138	81	(9)	4,762
2004							
Statutory Surplus	5,058	11,223	5,592	8,328	642	(2,234)	28,609
Statutory Net Income	805	1,700	718	1,203	54	(6)	4,474
2003							
Statutory Surplus	4,322	9,652	4,966	7,134	654	(1,227)	25,501
Statutory Net Income	\$ 761	\$ 1,075	\$ 624	\$ 964	\$ 34	\$ (5)	\$ 3,453

- Note: (1) For U.S. domestic entities, fiscal period ends December 31st.
(2) Includes the life operations of AIG Life Insurance Company, American International Life Assurance Company of New York, Delaware American Life Insurance Company and Pacific Union Assurance Company and excludes AIG Annuity and VALIC.
(3) AIG SunAmerica represents the annuity operations of AIG SunAmerica Life Assurance Company, as well as those of First SunAmerica Life Insurance Company and SunAmerica Life Insurance Company.
(4) Estimated regulatory surplus and net income as of November 30th.
(5) AIRCO includes Life Division only. Net Income includes subsidiaries presented on a consolidated basis excluding AIG Edison Life.
(6) Net income for ALICO includes subsidiaries presented on a consolidated basis.

American International Group, Inc.
Financial Services Operating Statistics

(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Revenues:						
Aircraft Finance	\$ 917	\$ 816	12.4 %	\$ 3,578	\$ 3,136	14.1 %
Capital Markets (1)	291	371	(21.6)	1,246	1,400	(11.0)
Consumer Finance	949	800	18.6	3,613	2,978	21.3
Other	13	24	(45.8)	74	103	(28.2)
Total revenues before FAS 133	2,170	2,011	7.9	8,511	7,617	11.7
FAS 133 (2):						
AIGFP	215	(744)	NM	2,014	(122)	NM
Total revenues	\$ 2,385	\$ 1,267	88.2 %	\$ 10,525	\$ 7,495	40.4 %
Operating income:						
Aircraft Finance	\$ 178	\$ 172	3.5 %	\$ 713	\$ 669	6.6 %
Capital Markets (1)	140	247	(43.3)	647	784	(17.5)
Consumer Finance (3) (4)	224	215	4.2	901	808	11.5
Other	11	16	(31.3)	35	68	(48.5)
Operating income before FAS 133 (3)(4)	553	650	(14.9)	2,296	2,329	(1.4)
FAS 133 (2):						
ILFC	25	4	NM	(34)	(27)	NM
AIGFP	215	(744)	NM	2,014	(122)	NM
Total FAS 133	240	(740)	NM	1,980	(149)	NM
Total operating income (loss) (3)(4)	\$ 793	\$ (90)	NM %	\$ 4,276	\$ 2,180	96.1 %

Note (1) Certain transactions entered into by AIGFP generate tax credits and benefits which are included in income taxes on the consolidated statement of income. The amount of tax credits and benefits for the three months ended December 31, 2005 and 2004 are \$4 million and \$19 million respectively, and \$67 million and \$107 million for the twelve months ended December 31, 2005 and 2004, respectively.

(2) Includes the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.

(3) Includes \$62 million of catastrophe related losses for the twelve months ended December 31, 2005.

(4) Includes \$14 million in additional loan loss provision in the fourth quarter 2005 for credit related losses in Taiwan.

American International Group, Inc.
International Lease Finance Corporation (ILFC)
Aircraft Leases, Orders and Options
December 31, 2005

	Number of Aircraft		
<u>Aircraft Type:</u>	<u>In Fleet</u>	<u>Orders</u>	<u>Options</u>
<u>Airbus:</u>			
A300-600R	6	0	0
A310-300	7	0	0
A319	86	61	0
A320-200	113	71	0
A321-100	12	0	0
A321-200	42	31	0
A330-200	47	21	0
A330-300	18	7	0
A340-300	15	0	0
A340-600	9	6	0
A350-800	0	16	0
A380	0	5	0
A380F	0	5	0
<u>Boeing:</u>			
737-300/400/500	58	0	0
737-600/700/800	144	69	9
747-300	2	0	0
747-400	13	2	0
747-400ERF	4	0	0
757-200	64	0	0
767-200	4	0	0
767-300	53	0	0
777-200B	33	9	0
777-300	17	15	3
787-800	0	20	4
<u>McDonnell Douglas:</u>			
MD-11	8	0	0
MD-82/MD-83	8	0	0
Total	763	338	16

In fleet includes 17 finance leases.

Orders include 2 used aircraft commitments.

American International Group, Inc.
Asset Management Operating Statistics (1)
(dollars in millions)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2005	2004 (Restated)	% Chg	2005	2004 (Restated)	% Chg
Revenues:						
Guaranteed investment contracts						
Domestic	\$ 684	\$ 749	(8.7) %	\$ 2,903	\$ 2,728	6.4 %
Foreign	156	170	(8.2)	644	464	38.8
Institutional asset management (2)	419	320	30.9	1,195	1,049	13.9
Brokerage service and mutual funds	65	64	1.6	257	249	3.2
Other	50	46	8.7	326	224	45.5
Total	<u>\$ 1,374</u>	<u>\$ 1,349</u>	1.9 %	<u>\$ 5,325</u>	<u>\$ 4,714</u>	13.0 %
Operating income (3):						
Guaranteed investment contracts						
Domestic	\$ 211	\$ 287	(26.5) %	\$ 975	\$ 972	0.3 %
Foreign	13	12	8.3	61	43	41.9
Institutional asset management (2)	190	123	54.5	425	320	32.8
Brokerage service and mutual funds	16	16	0.0	66	70	(5.7)
Other	47	42	11.9	316	212	49.1
Total excluding FIN46R and FAS 133	477	480	(0.6)	1,843	1,617	14.0
FIN46R (4):						
Institutional asset management	72	48	NM	261	195	NM
FAS 133 (5):						
Guaranteed investment contracts	22	72	NM	149	313	NM
Total including FIN46R and FAS 133	<u>\$ 571</u>	<u>\$ 600</u>	(4.8) %	<u>\$ 2,253</u>	<u>\$ 2,125</u>	6.0 %

Note: (1) AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$62 billion at December 31, 2005, and over \$51 billion at December 31, 2004.

(2) Includes AIG Global Investment Group and certain smaller asset management operations.

(3) Includes \$6 million of catastrophe related losses for the twelve months ended December 31, 2005.

(4) Includes the results of certain AIG managed private equity and real estate funds that are consolidated effective December 31, 2003 pursuant to FIN46R, "Consolidation of Variable Interest Entities".

(5) Includes the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.

American International Group, Inc.

Asset Management Other Data

(dollars in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Guaranteed investment contracts:				
Deposits				
Domestic	\$ -	\$ 1,952	\$ 2,255	\$ 10,722
Foreign	2,772	1,316	8,370	5,312
Total	<u>2,772</u>	<u>3,268</u>	<u>10,625</u>	<u>16,034</u>
Reserves				
Domestic			38,629	44,558
Foreign			10,153	9,239
Total			<u>48,782</u>	<u>53,797</u>
Domestic Spread Information				
Base investment income	529	563	2,211	2,212
Partnerships	109	149	565	398
Other enhancements	46	37	127	118
Total net investment income	<u>\$ 684</u>	<u>\$ 749</u>	<u>\$ 2,903</u>	<u>\$ 2,728</u>
Base Yield	5.41%	5.19%	5.31%	5.33%
Partnerships (1)	0.49%	0.89%	0.80%	0.53%
Other enhancements (2)	0.48%	0.35%	0.30%	0.28%
Total	<u>6.38%</u>	<u>6.43%</u>	<u>6.41%</u>	<u>6.14%</u>
Spread Data Without Hedge Accounting (3)				
Cost of funds (3)	4.63%	3.51%	4.20%	3.33%
Net spread rate, as reported (3)	1.74%	2.92%	2.21%	2.81%
Net spread rate excluding partnerships and other enhancements (3)	0.78%	1.69%	1.11%	2.01%
Spread Data Assuming Hedge Accounting (4)				
Cost of funds with effect of economic hedges (4)	4.73%	4.17%	4.49%	4.07%
Net spread rate with effect of economic hedges (4)	1.64%	2.26%	1.93%	2.07%
Net economic spread rate excluding partnerships and other enhancements (4)	0.69%	1.03%	0.82%	1.27%

Note: (1) Includes incremental impact to base yield of investments in hedge funds, private equity funds and affordable multi-housing partnerships.

(2) Includes incremental impact to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).

(3) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in realized capital gains (losses).

(4) Represents cost of funds on an economic basis including the effects of derivative transactions not accounted for under FAS 133.

American International Group, Inc.
Other Income (Deductions) - net
(dollars in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004 (Restated)	2005	2004 (Restated)
Equity (loss) in unconsolidated subsidiaries	\$ (15)	\$ 73	\$ (124)	\$ 157
Compensation expense with respect to the SICO Plans	(75)	(20)	(205)	(62)
Interest expense, including distributions on the liabilities connected to trust preferred stock	(150)	(114)	(509)	(435)
Unallocated corporate expenses and related	(118)	(76)	(412)	(299)
FAS 133 adjustment	(321)	301	340	322
Regulatory settlement costs	(1,644)	(16)	(1,644)	(16)
Other	(73)	-	(146)	-
Total other income (deductions) - net	\$ <u>(2,396)</u>	\$ <u>148</u>	\$ <u>(2,700)</u>	\$ <u>(333)</u>

American International Group, Inc.

Cash and Invested Assets

December 31, 2005

(dollars in millions)

	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total Company	Percent of Total
Bonds held to maturity, at amortized cost	\$ 21,528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,528	3.1 %
Bonds available for sale, at market value	50,870	273,165	1,307	34,174	0	359,516	52.1
Bonds trading securities, at market value	0	1,073	0	3,563	0	4,636	0.7
Preferred stocks, at market value	1,632	760	10	0	0	2,402	0.3
Common stocks available for sale, at market value	4,505	7,436	0	227	59	12,227	1.8
Common stocks trading, at market value	425	8,122	0	412	0	8,959	1.3
Policy loans	2	6,987	2	48	0	7,039	1.0
Collateral and guaranteed loans - net	3	1,172	1,719	578	98	3,570	0.5
Mortgage loans on real estate - net	14	10,247	71	3,968	0	14,300	2.1
Investment income due and accrued	1,232	4,073	18	402	2	5,727	0.8
Real estate	603	2,729	24	1,710	32	5,098	0.7
Flight equipment under operating leases, net of accumulated depreciation	0	0	36,245	0	0	36,245	5.2
Finance receivables, net of allowance	0	0	27,995	0	0	27,995	4.0
Securities purchased under agreements to resell	0	28	14,519	0	0	14,547	2.1
Unrealized gain on swaps	0	0	18,695	0	0	18,695	2.7
Spot commodities, at market value	0	0	92	0	0	92	0.0
Trading assets	0	0	1,204	0	0	1,204	0.2
Trading securities, at market value	0	0	6,499	0	0	6,499	0.9
Securities available for sale, at market value	0	0	37,511	0	0	37,511	5.4
Securities lending collateral	4,931	42,991	0	11,549	0	59,471	8.6
Other invested assets	6,272	7,777	2,751	10,459	8	27,267	3.9
Short-term investments	1,004	2,717	656	5,357	3	9,737	1.4
Time deposits	487	837	417	111	0	1,852	0.3
Cash-interest bearing	991	2,301	309	151	1	3,753	0.6
Operating cash	305	989	331	196	76	1,897	0.3
Total cash and invested assets	\$ 94,804	\$ 373,404	\$ 150,375	\$ 72,905	\$ 279	\$ 691,767	100.0 %
Percent of total company	13.7%	54.0%	21.7%	10.5%	0.1%	100.0%	
Rate of return on invested assets (1)	4.5%	5.1%					

Note: (1) Net investment income divided by the average sum of cash and invested assets at the beginning and end of the year.

American International Group, Inc.

Cash and Invested Assets

December 31, 2005

(dollars in millions)

	General Insurance			Percent of Total
	Domestic	Foreign	Total	
Bonds held to maturity, at amortized cost	\$ 21,528	\$ 0	\$ 21,528	22.7 %
Bonds available for sale, at market value	34,688	16,182	50,870	53.7
Bonds trading securities, at market value	0	0	0	0.0
Preferred stocks, at market value	1,631	1	1,632	1.7
Common stocks available for sale, at market value	3,137	1,368	4,505	4.8
Common stocks trading, at market value	425	0	425	0.4
Policy loans	0	2	2	0.0
Collateral and guaranteed loans - net	0	3	3	0.0
Mortgage loans on real estate - net	9	5	14	0.0
Investment income due and accrued	927	305	1,232	1.3
Real estate	230	373	603	0.6
Flight equipment under operating leases, net of accumulated depreciation	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0
Securities purchased under agreements to resell	0	0	0	0.0
Unrealized gain on swaps	0	0	0	0.0
Spot commodities, at market value	0	0	0	0.0
Trading assets	0	0	0	0.0
Trading securities, at market value	0	0	0	0.0
Securities available for sale, at market value	0	0	0	0.0
Securities lending collateral	1,267	3,664	4,931	5.2
Other invested assets	5,402	870	6,272	6.6
Short-term investments	599	405	1,004	1.2
Time deposits	9	478	487	0.5
Cash-interest bearing	231	760	991	1.0
Operating cash	146	159	305	0.3
Total cash and invested assets	\$ 70,229	\$ 24,575	\$ 94,804	100.0 %
Percent of total company	10.1%	3.6%	13.7%	

American International Group, Inc.

Cash and Invested Assets

December 31, 2005

(dollars in millions)

	Life Insurance & Retirement Services			Percent of Total
	Domestic	Foreign	Total	
Bonds held to maturity, at amortized cost	\$ 0	\$ 0	\$ 0	0.0 %
Bonds available for sale, at market value	144,225	128,940	273,165	73.2
Bonds trading securities, at market value	154	919	1,073	0.3
Preferred stocks, at market value	494	266	760	0.2
Common stocks available for sale, at market value	132	7,304	7,436	2.0
Common stocks trading, at market value	1	8,121	8,122	2.2
Policy loans	2,963	4,024	6,987	1.9
Collateral and guaranteed loans - net	0	1,172	1,172	0.3
Mortgage loans on real estate - net	8,114	2,133	10,247	2.7
Investment income due and accrued	1,924	2,149	4,073	1.1
Real estate	375	2,354	2,729	0.7
Flight equipment under operating leases, net of accumulated depreciation	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0
Securities purchased under agreements to resell	0	28	28	0.0
Unrealized gain on swaps	0	0	0	0.0
Spot commodities, at market value	0	0	0	0.0
Trading assets	0	0	0	0.0
Trading securities, at market value	0	0	0	0.0
Securities available for sale, at market value	0	0	0	0.0
Securities lending collateral	39,094	3,897	42,991	11.5
Other invested assets	5,421	2,356	7,777	2.1
Short-term investments	528	2,189	2,717	0.7
Time deposits	0	837	837	0.2
Cash-interest bearing	774	1,527	2,301	0.6
Operating cash	53	936	989	0.3
Total cash and invested assets	\$ 204,252	\$ 169,152	\$ 373,404	100.0 %
Percent of total company	29.5%	24.5%	54.0%	

American International Group, Inc.

Cash and Invested Assets

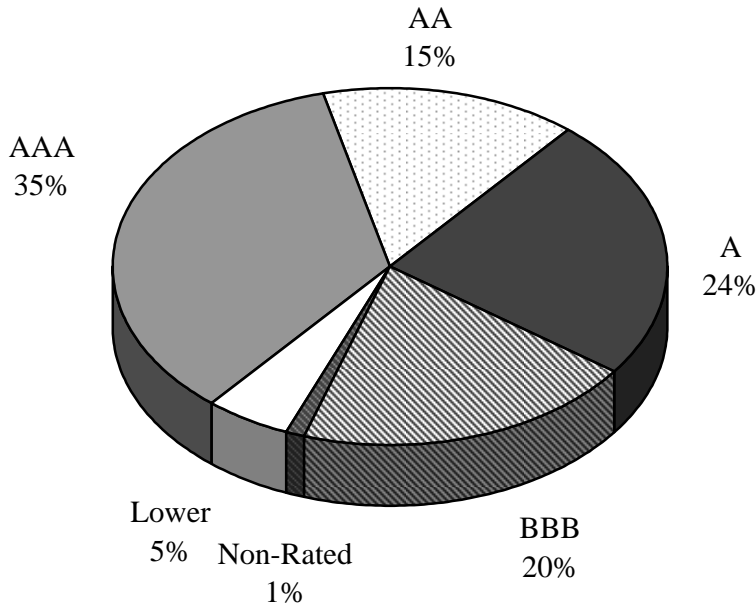
December 31, 2005

(dollars in millions)

	Financial Services				Total	Percent of Total
	Aircraft Finance	Capital Markets	Consumer Finance	Other Financial Services		
Bonds held to maturity, at amortized cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0 %
Bonds available for sale, at market value	0	0	1,307	0	1,307	0.9
Bonds trading securities, at market value	0	0	0	0	0	0.0
Preferred stocks, at market value	0	0	10	0	10	0.0
Common stocks available for sale, at market value	0	0	0	0	0	0.0
Common stocks trading, at market value	0	0	0	0	0	0.0
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans - net	191	1,528	0	0	1,719	1.1
Mortgage loans on real estate - net	0	0	61	10	71	0.0
Investment income due and accrued	0	0	18	0	18	0.0
Real estate	0	0	24	0	24	0.0
Flight equipment under operating leases, net of accumulated depreciation	36,245	0	0	0	36,245	24.1
Finance receivables, net of allowance	0	0	27,613	382	27,995	18.6
Securities purchased under agreements to resell	0	14,519	0	0	14,519	9.7
Unrealized gain on swaps	0	18,695	0	0	18,695	12.4
Spot commodities, at market value	0	92	0	0	92	0.1
Trading assets	0	1,204	0	0	1,204	0.8
Trading securities, at market value	0	6,499	0	0	6,499	4.3
Securities available for sale, at market value	0	37,511	0	0	37,511	24.9
Securities lending collateral	0	0	0	0	0	0.0
Other invested assets	325	1,846	501	79	2,751	1.9
Short-term investments	68	0	378	210	656	0.5
Time deposits	0	401	16	0	417	0.3
Cash-interest bearing	88	74	147	0	309	0.2
Operating cash	2	3	247	79	331	0.2
Total cash and invested assets	\$ 36,919	\$ 82,372	\$ 30,324	\$ 760	\$ 150,375	100.0 %
Percent of total company	5.3%	11.9%	4.4%	0.1%	21.7%	

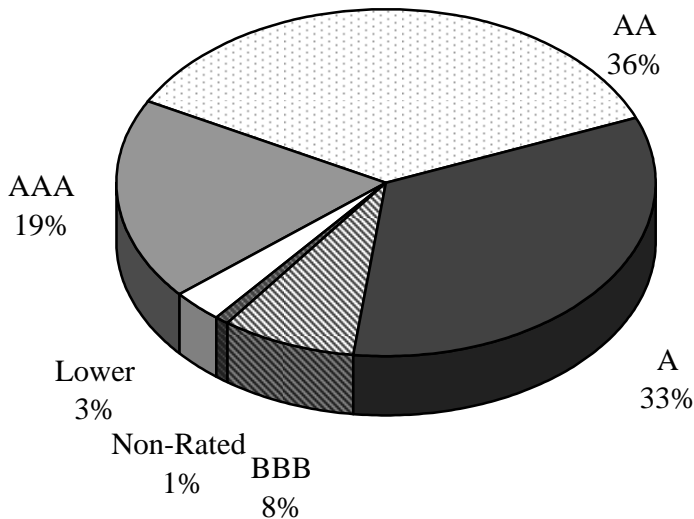
American International Group, Inc.
Worldwide Insurance and Asset Management
Bond Portfolio
December 31, 2005

Total Domestic Bond Portfolio Ratings



Domestic Bonds
\$233.6 billion

Total Foreign Bond Portfolio Ratings *



Foreign Bonds
\$150.8 billion

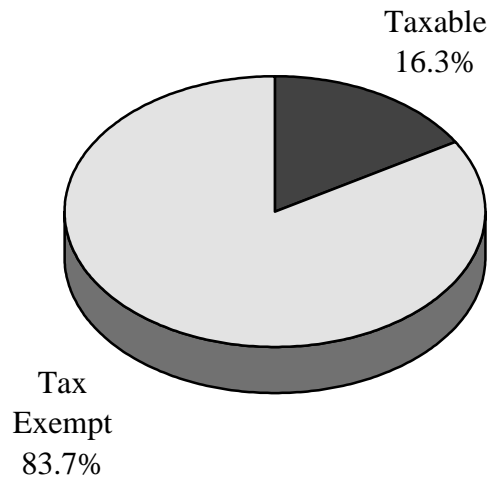
* Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the foreign portfolio non-rated fixed income investments.

American International Group, Inc.
Domestic Insurance and Asset Management
Bond Portfolio
 December 31, 2005

Domestic General Insurance

Bond Ratings

AAA.....	74.8%
AA.....	17.3%
A.....	6.5%
BBB.....	0.7%
Non-Rated.....	0.2%
Lower.....	0.5%



Domestic General Insurance Bonds
\$56.2 billion

**Domestic Life Insurance & Retirement Services
and Asset Management**

Bond Ratings

AAA.....	22.7%
AA.....	13.8%
A.....	29.5%
BBB.....	26.7%
Non-Rated.....	0.2%
Lower.....	7.1%

Domestic Life Insurance &
Retirement Services and
Asset Management Bonds
\$177.4 billion

Comment on Regulation G

This financial supplement includes certain non-GAAP financial measures. The reconciliations of such measures to the most comparable GAAP figures in accordance with Regulation G are included within the relevant tables.

Throughout this financial supplement, AIG presents its operations in the way it believes will be most meaningful and useful, as well as most transparent, to the investing public and others who use AIG's financial information in evaluating the performance of AIG. That presentation includes the use of certain non-GAAP measures. In addition to the GAAP presentations, in some cases revenues, net income, operating income and related rates of performance are shown exclusive of realized capital gains (losses), cumulative effect of an accounting change in 2004, the effect of FIN46R, the effect of FAS 133 and the effect of the catastrophe related losses, settlement charges and the general insurance reserve charge.

Although the investment of premiums to generate investment income (or loss) and realized capital gains or losses is an integral part of both life and general insurance operations, the determination to realize capital gains or losses is independent of the insurance underwriting process. Moreover, under applicable GAAP accounting requirements, losses can be created as the result of other than temporary declines in value without actual realization. In sum, investment income and realized capital gains or losses for any particular period are not indicative of business performance for such period.

AIG believes that a major part of the discipline of a successful general insurance company is to produce an underwriting profit, and it evaluates the performance of and manages its operations on that basis. Providing only a GAAP presentation of net income and operating income makes it much more difficult for users of AIG's financial information to evaluate AIG's success or failure in its basic business, that of insurance underwriting, and may, in AIG's opinion, lead to a less meaningful presentation of AIG's operations. The equity analysts who follow AIG exclude the realized capital transactions in their analyses for the same reason, and consistently request that AIG provide the non-GAAP information.

Life and retirement services production (premiums, deposits and other considerations), gross premiums written, net premiums written and combined ratios are presented in accordance with accounting principles prescribed or permitted by insurance regulatory authorities because these are standard measures of performance used in the insurance industry and thus allow for more meaningful comparisons with AIG's insurance competitors.