

American International Group, Inc.

Consolidated Statement of Income

(in millions, except per share data)

	Years Ended December 31,											
	2005	%	2004	%	2003	%	2002	%	2001	%	2000	
	Chg		(Restated)	Chg	(Restated)	Chg	(Restated)	Chg	(Restated)	Chg	(Restated)	
Revenues:												
Premiums and other considerations	\$ 70,209	5.4 %	\$ 66,625	21.6 %	\$ 54,802	23.7 %	\$ 44,289	15.8 %	\$ 38,261	12.4 %	\$ 34,047	
Net investment income	22,165	20.0	18,465	19.1	15,508	14.1	13,593	4.5	13,002	2.2	12,719	
Realized capital gains (losses)	341	NM	44	NM	(442)	NM	(1,653)	NM	(910)	NM	(240)	
Other revenues (1)	16,190	29.2	12,532	31.2	9,553	(3.9)	9,942	3.5	9,605	(5.6)	10,174	
Total revenues	<u>108,905</u>	11.5	<u>97,666</u>	23.0	<u>79,421</u>	20.0	<u>66,171</u>	10.4	<u>59,958</u>	5.7	<u>56,700</u>	
Benefits and expenses:												
Incurred policy losses and benefits	63,711	9.2	58,360	26.8	46,034	15.1	40,005	17.7	33,984	11.0	30,627	
Insurance acquisition and other operating expenses	29,981	22.6	24,461	13.9	21,480	17.0	18,358	1.8	18,040	7.3	16,819	
Acquisition, restructuring and related charges	-	NM	-	NM	-	NM	-	NM	2,017	NM	315	
Total benefits and expenses	<u>93,692</u>	13.1	<u>82,821</u>	22.7	<u>67,514</u>	15.7	<u>58,363</u>	8.0	<u>54,041</u>	13.1	<u>47,761</u>	
Income before income taxes, minority interest and cumulative effect of accounting changes (2)	<u>15,213</u>	2.5	<u>14,845</u>	24.7	<u>11,907</u>	52.5	<u>7,808</u>	32.0	<u>5,917</u>	(33.8)	<u>8,939</u>	
Income taxes (benefits):												
Current	2,569	NM	2,593	NM	2,741	NM	1,808	NM	1,591	NM	1,550	
Deferred	1,689	NM	1,814	NM	815	NM	111	NM	3	NM	1,150	
Total income tax	<u>4,258</u>	NM	<u>4,407</u>	NM	<u>3,556</u>	NM	<u>1,919</u>	NM	<u>1,594</u>	NM	<u>2,700</u>	
Income before minority interest and cumulative effect of accounting changes	10,955	5.0	10,438	25.0	8,351	41.8	5,889	36.2	4,323	(30.7)	6,239	
Minority interest	(478)	NM	(455)	NM	(252)	NM	(160)	NM	(101)	NM	(195)	
Income before cumulative effect of accounting changes	10,477	4.9	9,983	23.3	8,099	41.4	5,729	35.7	4,222	(30.1)	6,044	
Cumulative effect of accounting changes, net of tax (3)	-	NM	(144)	NM	9	NM	-	NM	(136)	NM	-	
Net income	<u>\$ 10,477</u>	6.5 %	<u>\$ 9,839</u>	21.3 %	<u>\$ 8,108</u>	41.5 %	<u>\$ 5,729</u>	40.2 %	<u>\$ 4,086</u>	(32.4) %	<u>\$ 6,044</u>	
Earnings per common share:												
Basic	\$ 4.03	6.9 %	\$ 3.77	21.6 %	\$ 3.10	40.9 %	\$ 2.20	41.0 %	\$ 1.56	(32.8) %	\$ 2.32	
Diluted (4)	\$ 3.99	7.0 %	\$ 3.73	21.5 %	\$ 3.07	41.5 %	\$ 2.17	40.9 %	\$ 1.54	(32.8) %	\$ 2.29	
Average outstanding shares:												
Basic	2,597		2,606		2,610		2,612		2,621		2,607	
Diluted (4)	2,627		2,637		2,637		2,643		2,659		2,638	

- 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 \$3.280 billion in 2005, \$1.155 billion in 2004, \$83 million in 2003, \$61 million in 2002, \$998 million (includes \$900 million in World Trade Center losses) in 2001 and \$44 million in 2000.
- (3) Represents the cumulative effect of accounting changes, net of tax, related to SOP 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" in 2004; FIN46R "Consolidation of Variable Interest Entities" in 2003; FAS 133, "Accounting for Derivative Instruments and Hedging Activities" and EITF 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" in 2001.
- (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 Income

(in millions, except per share data)

	First	Second	Third	Fourth	Full
	Quarter	Quarter	Quarter	Quarter	Year
	2005	2005	2005	2005	2005
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Revenues:					
Premiums and other considerations	\$ 17,680	\$ 17,536	\$ 17,243	\$ 17,750	\$ 70,209
Net investment income	5,332	5,227	5,654	5,952	22,165
Realized capital gains (losses)	137	(125)	77	252	341
Other revenues (1)	4,053	5,265	3,434	3,438	16,190
Total revenues	27,202	27,903	26,408	27,392	108,905
Benefits and expenses:					
Incurred policy losses and benefits	14,873	14,283	16,501	18,054	63,711
Insurance acquisition and other operating expenses	6,680	6,919	7,360	9,022	29,981
Total benefits and expenses	21,553	21,202	23,861	27,076	93,692
Income before income taxes and minority interest (2)	5,649	6,701	2,547	316	15,213
Income taxes (benefits):					
Current	968	1,015	372	214	2,569
Deferred	738	1,068	376	(493)	1,689
Total income tax	1,706	2,083	748	(279)	4,258
Income before minority interest	3,943	4,618	1,799	595	10,955
Minority interest	(144)	(129)	(54)	(151)	(478)
Net income	\$ 3,799	\$ 4,489	\$ 1,745	444	10,477
Earnings per common share:					
Basic	\$ 1.46	\$ 1.73	\$ 0.67	\$ 0.17	\$ 4.03
Diluted (3)	\$ 1.45	\$ 1.71	\$ 0.66	\$ 0.17	\$ 3.99
Average outstanding shares:					
Basic	2,597	2,596	2,597	2,597	2,597
Diluted (3)	2,624	2,623	2,624	2,626	2,627

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 \$2.439 billion, \$841 million and \$3.280 billion for third quarter, fourth quarter and full year 2005, respectively.

(3) 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 Income

(in millions, except per share data)

	First Quarter 2004 <u>(Restated)</u>	Second Quarter 2004 <u>(Restated)</u>	Third Quarter 2004 <u>(Restated)</u>	Fourth Quarter 2004 <u>(Restated)</u>	Full Year 2004 <u>(Restated)</u>
Revenues:					
Premiums and other considerations	\$ 15,979	\$ 16,175	\$ 17,281	\$ 17,190	\$ 66,625
Net investment income	4,600	4,541	4,509	4,815	18,465
Realized capital gains (losses)	(86)	89	(78)	119	44
Other revenues (1)	<u>2,729</u>	<u>3,284</u>	<u>3,602</u>	<u>2,917</u>	<u>12,532</u>
Total revenues	<u>23,222</u>	<u>24,089</u>	<u>25,314</u>	<u>25,041</u>	<u>97,666</u>
Benefits and expenses:					
Incurred policy losses and benefits	13,590	13,480	15,217	16,073	58,360
Insurance acquisition and other operating expenses	<u>5,790</u>	<u>5,960</u>	<u>6,041</u>	<u>6,670</u>	<u>24,461</u>
Total benefits and expenses	<u>19,380</u>	<u>19,440</u>	<u>21,258</u>	<u>22,743</u>	<u>82,821</u>
Income before income taxes, minority interest and cumulative effect of an accounting change (2)					
	<u>3,842</u>	<u>4,649</u>	<u>4,056</u>	<u>2,298</u>	<u>14,845</u>
Income taxes (benefits):					
Current	1,345	1,092	201	(45)	2,593
Deferred	<u>(215)</u>	<u>372</u>	<u>1,064</u>	<u>593</u>	<u>1,814</u>
Total income tax	<u>1,130</u>	<u>1,464</u>	<u>1,265</u>	<u>548</u>	<u>4,407</u>
Income before minority interest and cumulative effect of an accounting change					
	2,712	3,185	2,791	1,750	10,438
Minority interest	<u>(70)</u>	<u>(105)</u>	<u>(142)</u>	<u>(138)</u>	<u>(455)</u>
Income before cumulative effect of an accounting change					
	2,642	3,080	2,649	1,612	9,983
Cumulative effect of an accounting change, net of tax (3)					
	<u>(144)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144)</u>
Net income	<u>\$ 2,498</u>	<u>\$ 3,080</u>	<u>\$ 2,649</u>	<u>\$ 1,612</u>	<u>\$ 9,839</u>
Earnings per common share:					
Basic	\$ 0.95	\$ 1.19	\$ 1.01	\$ 0.62	\$ 3.77
Diluted (4)	\$ 0.94	\$ 1.17	\$ 1.00	\$ 0.62	\$ 3.73
Average outstanding shares:					
Basic	2,610	2,608	2,606	2,601	2,606
Diluted (4)	2,642	2,640	2,638	2,632	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 \$814 million, \$341 million and \$1.155 billion for third quarter, fourth quarter and full year 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 Income

(in millions, except per share data)

	First	Second	Third	Fourth	Full
	Quarter	Quarter	Quarter	Quarter	Year
	2003	2003	2003	2003	2003
	<u>(Restated)</u>	<u>(Restated)</u>	<u>(Restated)</u>	<u>(Restated)</u>	<u>(Restated)</u>
Revenues:					
Premiums and other considerations	\$ 12,851	\$ 13,177	\$ 13,832	\$ 14,942	\$ 54,802
Net investment income	3,516	3,929	3,909	4,154	15,508
Realized capital gains (losses)	142	(198)	(294)	(92)	(442)
Other revenues (1)	1,880	2,346	2,790	2,537	9,553
Total revenues	<u>18,389</u>	<u>19,254</u>	<u>20,237</u>	<u>21,541</u>	<u>79,421</u>
Benefits and expenses:					
Incurred policy losses and benefits	10,906	11,190	11,593	12,345	46,034
Insurance acquisition and other operating expenses	5,018	5,220	5,388	5,854	21,480
Total benefits and expenses	<u>15,924</u>	<u>16,410</u>	<u>16,981</u>	<u>18,199</u>	<u>67,514</u>
Income before income taxes, minority interest and cumulative effect of an accounting change (2)					
	<u>2,465</u>	<u>2,844</u>	<u>3,256</u>	<u>3,342</u>	<u>11,907</u>
Income taxes (benefits):					
Current	622	721	576	822	2,741
Deferred	90	110	402	213	815
Total income tax	<u>712</u>	<u>831</u>	<u>978</u>	<u>1,035</u>	<u>3,556</u>
Income before minority interest and cumulative effect of an accounting change					
	1,753	2,013	2,278	2,307	8,351
Minority interest	<u>(61)</u>	<u>(63)</u>	<u>(66)</u>	<u>(62)</u>	<u>(252)</u>
Income before cumulative effect of an accounting change					
	1,692	1,950	2,212	2,245	8,099
Cumulative effect of an accounting change, net of tax (3)					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Net income	<u>\$ 1,692</u>	<u>\$ 1,950</u>	<u>\$ 2,212</u>	<u>\$ 2,254</u>	<u>\$ 8,108</u>
Earnings per common share:					
Basic	\$ 0.65	\$ 0.75	\$ 0.84	\$ 0.86	\$ 3.10
Diluted (4)	\$ 0.64	\$ 0.75	\$ 0.83	\$ 0.85	\$ 3.07
Average outstanding shares:					
Basic	2,610	2,610	2,610	2,609	2,610
Diluted (4)	2,637	2,637	2,637	2,636	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 \$83 million for third quarter and full year 2003.

(3) Represents the cumulative effect of an accounting change, net of tax, related to FIN46R "Consolidation of Variable Interest Entities".

(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)

	2005		2004		2003		2002		2001		2000	
		% Chg	(Restated)	% Chg	(Restated)	% Chg	(Restated)	% Chg	(Restated)	% Chg	(Restated)	
General insurance												
Net premiums written (1)	\$ 41,872	3.1 %	\$ 40,623	16.0 %	\$ 35,031	31.1 %	\$ 26,718	35.0 %	\$ 19,793	12.5 %	\$ 17,588	
Net premiums earned (1)	40,809	5.9	38,537	23.1	31,306	32.7	23,595	26.4	18,661	14.2	16,345	
Losses and loss expenses incurred (1) (2) (3) (4)	33,091	9.0	30,357	32.7	22,872	16.6	19,612	32.5	14,804	14.5	12,931	
Underwriting expenses (1)	9,768	15.9	8,427	30.5	6,459	27.5	5,065	9.3	4,634	17.2	3,954	
Underwriting profit (loss) (1) (2) (3) (4) (5)	(2,050)	NM	(247)	NM	1,975	NM	(1,082)	NM	(777)	NM	(540)	
Net investment income	4,031	26.1	3,196	24.6	2,566	9.2	2,350	(7.9)	2,551	(5.4)	2,697	
Income before realized capital gains (losses) (1)(2)(3)(4)	1,981	(32.8)	2,949	(35.1)	4,541	NM	1,268	(28.5)	1,774	(17.8)	2,157	
Realized capital gains (losses)	334	46.5	228	NM	(39)	NM	(345)	NM	(189)	NM	(26)	
Operating income (1) (2) (3) (4)	<u>2,315</u>	<u>(27.1)</u>	<u>3,177</u>	<u>(29.4)</u>	<u>4,502</u>	<u>NM</u>	<u>923</u>	<u>(41.8)</u>	<u>1,585</u>	<u>(25.6)</u>	<u>2,131</u>	
Life insurance & retirement services												
GAAP premiums	29,400	4.7	28,088	19.5	23,496	13.5	20,694	5.6	19,600	10.7	17,702	
Deposits and other considerations not included in revenues under GAAP	37,048	(4.4)	38,756	30.9	29,617	33.1	22,256	6.7	20,850	27.1	16,399	
Premiums, deposits and other considerations	66,448	(0.6)	66,844	25.9	53,113	23.7	42,950	6.2	40,450	18.6	34,101	
Net investment income	18,134	18.8	15,269	18.0	12,942	15.1	11,243	7.6	10,451	4.3	10,022	
Pricing net investment gains (6)	344	52.9	225	44.2	156	77.3	88	NM	35	(27.1)	48	
Income before realized capital gains (losses) (7) (8)	9,406	16.1	8,105	20.6	6,723	19.2	5,641	11.3	5,068	8.8	4,656	
Realized capital gains (losses) (6)	(562)	NM	(182)	NM	84	NM	(460)	NM	(435)	NM	(15)	
Operating income (7) (8)	<u>8,844</u>	<u>11.6</u>	<u>7,923</u>	<u>16.4</u>	<u>6,807</u>	<u>31.4</u>	<u>5,181</u>	<u>11.8</u>	<u>4,633</u>	<u>(0.2)</u>	<u>4,641</u>	
Financial services												
Operating income excluding FAS 133	2,296	(1.4)	2,329	8.5	2,146	13.8	1,885	11.3	1,694	5.1	1,612	
FAS 133 (9)	1,980	NM	(149)	NM	(964)	NM	240	NM	75	NM	1,165	
Operating income (10)	<u>4,276</u>	<u>96.1</u>	<u>2,180</u>	<u>84.4</u>	<u>1,182</u>	<u>(44.4)</u>	<u>2,125</u>	<u>20.1</u>	<u>1,769</u>	<u>(36.3)</u>	<u>2,777</u>	
Asset management												
Operating income excluding FIN46R and FAS 133	1,843	14.0	1,617	48.9	1,086	10.0	987	(0.6)	993	7.1	927	
FIN46R	261	NM	195	NM	-	NM	-	NM	-	NM	-	
FAS 133 (9)	149	NM	313	NM	230	NM	138	NM	26	NM	2	
Operating income (11)	<u>2,253</u>	<u>6.0</u>	<u>2,125</u>	<u>61.5</u>	<u>1,316</u>	<u>17.0</u>	<u>1,125</u>	<u>10.4</u>	<u>1,019</u>	<u>9.7</u>	<u>929</u>	
Other realized capital gains (losses)	225	NM	(227)	NM	(643)	NM	(936)	NM	(321)	NM	(247)	
Other income (deductions) - net (12)	(2,700)	NM	(333)	NM	(1,257)	NM	(610)	NM	(751)	NM	(977)	
Acquisition, restructuring and related charges	-	NM	-	NM	-	NM	-	NM	(2,017)	NM	(315)	
Income before income taxes, minority interest and cumulative effect of accounting changes	<u>15,213</u>	<u>2.5</u>	<u>14,845</u>	<u>24.7</u>	<u>11,907</u>	<u>52.5</u>	<u>7,808</u>	<u>32.0</u>	<u>5,917</u>	<u>(33.8)</u>	<u>8,939</u>	
Income taxes	4,258	NM	4,407	NM	3,556	NM	1,919	NM	1,594	NM	2,700	
Income before minority interest and cumulative effect of accounting changes	<u>10,955</u>	<u>5.0</u>	<u>10,438</u>	<u>25.0</u>	<u>8,351</u>	<u>41.8</u>	<u>5,889</u>	<u>36.2</u>	<u>4,323</u>	<u>(30.7)</u>	<u>6,239</u>	
Minority interest, after tax:												
Income before realized capital gains (losses)	(465)	NM	(440)	NM	(252)	NM	(150)	NM	(99)	NM	(184)	
Realized capital gains (losses)	(13)	NM	(15)	NM	-	NM	(10)	NM	(2)	NM	(11)	
Income before cumulative effect of accounting changes	<u>10,477</u>	<u>4.9</u>	<u>9,983</u>	<u>23.3</u>	<u>8,099</u>	<u>41.4</u>	<u>5,729</u>	<u>35.7</u>	<u>4,222</u>	<u>(30.1)</u>	<u>6,044</u>	
Cumulative effect of accounting changes, net of tax (13)	-	NM	(144)	NM	9	NM	-	NM	(136)	NM	-	
Net income	<u>10,477</u>	<u>6.5</u>	<u>9,839</u>	<u>21.3</u>	<u>8,108</u>	<u>41.5</u>	<u>5,729</u>	<u>40.2</u>	<u>4,086</u>	<u>(32.4)</u>	<u>6,044</u>	
Realized capital gains (losses), net of tax (14)	201	NM	85	NM	(342)	NM	(1,003)	NM	(631)	NM	(92)	
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	1,530	NM	315	NM	(697)	NM	20	NM	(115)	NM	759	
Cumulative effect of accounting changes, net of tax (13)	-	NM	(144)	NM	9	NM	-	NM	(136)	NM	-	
Acquisition, restructuring and related charges, net of tax	-	NM	-	NM	-	NM	-	NM	(1,385)	NM	(207)	
Adjusted net income (15)	<u>8,746</u>	<u>(8.7)</u>	<u>9,583</u>	<u>4.9</u>	<u>9,138</u>	<u>36.1</u>	<u>6,712</u>	<u>5.7</u>	<u>6,353</u>	<u>13.8</u>	<u>5,584</u>	
Effect of settlement charge, net of tax (16) (17)	1,147	NM	53	NM	-	NM	-	NM	-	NM	-	
Effect of General Insurance reserve charge, net of tax (2)(3)(4)	1,186	NM	553	NM	-	NM	1,339	NM	-	NM	-	
Effect of catastrophe related losses, net of tax	2,109	NM	729	NM	53	NM	36	NM	581	NM	29	
Per share - diluted (18):												
Net income	3.99	7.0	3.73	21.5	3.07	41.5	2.17	40.9	1.54	(32.8)	2.29	
Adjusted net income (15)	3.33	(8.5)	3.64	4.9	3.47	36.6	2.54	6.3	2.39	12.7	2.12	
Effect of settlement charge, net of tax (16) (17)	0.44	NM	0.02	NM	-	NM	-	NM	-	NM	-	
Effect of General Insurance reserve charge, net of tax (2)(3)(4)	0.45	NM	0.21	NM	-	NM	0.51	NM	-	NM	-	
Effect of catastrophe related losses, net of tax	\$ 0.80	NM %	\$ 0.27	NM %	\$ 0.02	NM %	\$ 0.01	NM %	\$ 0.22	NM %	\$ 0.01	
Average outstanding shares - diluted (18)	<u>2,627</u>		<u>2,637</u>		<u>2,637</u>		<u>2,643</u>		<u>2,659</u>		<u>2,638</u>	
Effective tax rate:												
Net income	28.0%		29.7%		29.9%		24.6%		26.9%		30.2%	
Adjusted net income (15)	26.8%		29.2%		29.9%		27.1%		29.3%		30.6%	

(See Accompanying Notes on Page 9)

American International Group, Inc.

Consolidated Statement of Segment Operations

(in millions, except per share data)

	First Quarter 2005 (Restated)	Second Quarter 2005 (Restated)	Third Quarter 2005 (Restated)	Fourth Quarter 2005	Full Year 2005
General insurance					
Net premiums written (1)	\$ 10,790	\$ 10,644	\$ 10,312	\$ 10,126	\$ 41,872
Net premiums earned (1)	10,140	10,232	10,134	10,303	40,809
Losses and loss expenses incurred (1) (2)	7,279	7,116	8,967	9,729	33,091
Underwriting expenses (1)	2,298	2,404	2,362	2,704	9,768
Underwriting profit (loss) (1) (2) (5)	563	712	(1,195)	(2,130)	(2,050)
Net investment income	1,015	1,060	987	969	4,031
Income (loss) before realized capital gains (losses) (1) (2)	1,578	1,772	(208)	(1,161)	1,981
Realized capital gains (losses)	64	113	71	86	334
Operating income (loss) (1) (2)	<u>1,642</u>	<u>1,885</u>	<u>(137)</u>	<u>(1,075)</u>	<u>2,315</u>
Life insurance & retirement services					
GAAP premiums	7,540	7,304	7,109	7,447	29,400
Deposits and other considerations not included in revenues under GAAP	10,894	9,827	8,313	8,014	37,048
Premiums, deposits and other considerations	18,434	17,131	15,422	15,461	66,448
Net investment income	4,317	4,167	4,667	4,983	18,134
Pricing net investment gains (6)	81	100	88	75	344
Income before realized capital gains (losses) (7)	2,344	2,378	2,352	2,332	9,406
Realized capital gains (losses) (6)	(163)	(54)	(176)	(169)	(562)
Operating income (7)	<u>2,181</u>	<u>2,324</u>	<u>2,176</u>	<u>2,163</u>	<u>8,844</u>
Financial services					
Operating income excluding FAS 133	562	582	599	553	2,296
FAS 133 (9)	483	1,632	(375)	240	1,980
Operating income (10)	<u>1,045</u>	<u>2,214</u>	<u>224</u>	<u>793</u>	<u>4,276</u>
Asset management					
Operating income excluding FIN46R and FAS 133	453	440	473	477	1,843
FIN46R	75	37	77	72	261
FAS 133 (9)	62	47	18	22	149
Operating income (11)	<u>590</u>	<u>524</u>	<u>568</u>	<u>571</u>	<u>2,253</u>
Other realized capital gains (losses)	155	(284)	94	260	225
Other income (deductions) - net (12)	36	38	(378)	(2,396)	(2,700)
Income before income taxes and minority interest	<u>5,649</u>	<u>6,701</u>	<u>2,547</u>	<u>316</u>	<u>15,213</u>
Income taxes (benefits)	1,706	2,083	748	(279)	4,258
Income before minority interest	3,943	4,618	1,799	595	10,955
Minority interest, after tax:					
Income before realized capital gains (losses)	(138)	(127)	(48)	(152)	(465)
Realized capital gains (losses)	(6)	(2)	(6)	1	(13)
Net income	<u>3,799</u>	<u>4,489</u>	<u>1,745</u>	<u>444</u>	<u>10,477</u>
Realized capital gains (losses), net of tax (14)	61	(56)	14	182	201
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	511	1,266	(133)	(114)	1,530
Adjusted net income (15)	<u>3,227</u>	<u>3,279</u>	<u>1,864</u>	<u>376</u>	<u>8,746</u>
Effect of settlement charge, net of tax (16)	-	-	-	1,147	1,147
Effect of General Insurance reserve charge, net of tax (2)	-	-	-	1,186	1,186
Effect of catastrophe related losses, net of tax	-	-	1,569	540	2,109
Per share - diluted (18):					
Net income	1.45	1.71	0.66	0.17	3.99
Adjusted net income (15)	1.23	1.25	0.71	0.14	3.33
Effect of settlement charge, net of tax (16)	-	-	-	0.44	0.44
Effect of General Insurance reserve charge, net of tax (2)	-	-	-	0.45	0.45
Effect of catastrophe related losses, net of tax	\$ -	\$ -	\$ 0.60	\$ 0.20	\$ 0.80
Average outstanding shares - diluted (18)	2,624	2,623	2,624	2,626	2,627
Effective tax rate:					
Net income	30.2%	31.1%	29.4%	-	28.0%
Adjusted net income (15)	29.0%	30.2%	29.5%	-	26.8%

(See Accompanying Notes on Page 9)

American International Group, Inc.

Consolidated Statement of Segment Operations

(in millions, except per share data)

	First Quarter 2004 (Restated)	Second Quarter 2004 (Restated)	Third Quarter 2004 (Restated)	Fourth Quarter 2004 (Restated)	Full Year 2004 (Restated)
General insurance					
Net premiums written	\$ 10,038	\$ 10,211	\$ 10,296	\$ 10,078	\$ 40,623
Net premiums earned	9,088	9,354	9,930	10,165	38,537
Losses and loss expenses incurred (1) (3)	6,701	6,854	8,008	8,794	30,357
Underwriting expenses	1,954	1,908	2,065	2,500	8,427
Underwriting profit (loss) (1) (3) (5)	433	592	(143)	(1,129)	(247)
Net investment income	821	874	748	753	3,196
Income (loss) before realized capital gains (losses) (1) (3)	1,254	1,466	605	(376)	2,949
Realized capital gains (losses)	188	6	(12)	46	228
Operating income (loss) (1) (3)	1,442	1,472	593	(330)	3,177
Life insurance & retirement services					
GAAP premiums	6,891	6,821	7,351	7,025	28,088
Deposits and other considerations not included in revenues under GAAP	10,169	9,442	9,879	9,266	38,756
Premiums, deposits and other considerations	17,060	16,263	17,230	16,291	66,844
Net investment income	3,779	3,667	3,761	4,062	15,269
Pricing net investment gains (6)	78	67	31	49	225
Income before realized capital gains (losses) (7)	2,012	2,079	2,068	1,946	8,105
Realized capital gains (losses) (6)	(263)	240	(449)	290	(182)
Operating income (7)	1,749	2,319	1,619	2,236	7,923
Financial services					
Operating income excluding FAS 133	481	580	618	650	2,329
FAS 133 (9)	103	(265)	753	(740)	(149)
Operating income (loss)	584	315	1,371	(90)	2,180
Asset management					
Operating income excluding FIN46R and FAS 133	368	414	355	480	1,617
FIN46R	4	28	115	48	195
FAS 133 (9)	64	87	90	72	313
Operating income	436	529	560	600	2,125
Other realized capital gains (losses)	(89)	(224)	352	(266)	(227)
Other income (deductions) - net (12)	(280)	238	(439)	148	(333)
Income before income taxes, minority interest and cumulative effect of an accounting change	3,842	4,649	4,056	2,298	14,845
Income taxes	1,130	1,464	1,265	548	4,407
Income before minority interest and cumulative effect of an accounting change	2,712	3,185	2,791	1,750	10,438
Minority interest, after tax:					
Income before realized capital gains (losses)	(66)	(104)	(140)	(130)	(440)
Realized capital gains (losses)	(4)	(1)	(2)	(8)	(15)
Income before cumulative effect of an accounting change	2,642	3,080	2,649	1,612	9,983
Cumulative effect of an accounting change, net of tax (13)	(144)	-	-	-	(144)
Net income	2,498	3,080	2,649	1,612	9,839
Realized capital gains (losses), net of tax (14)	(23)	28	(43)	123	85
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	21	158	376	(240)	315
Cumulative effect of an accounting change, net of tax (13)	(144)	-	-	-	(144)
Adjusted net income (15)	2,644	2,894	2,316	1,729	9,583
Effect of settlement charge, net of tax (17)	-	-	-	53	53
Effect of General Insurance reserve charge, net of tax (3)	-	-	-	553	553
Effect of catastrophe related losses, net of tax	-	-	512	217	729
Per share - diluted (18):					
Net income	0.94	1.17	1.00	0.62	3.73
Adjusted net income (15)	1.00	1.10	0.88	0.66	3.64
Effect of settlement charge, net of tax (17)	-	-	-	0.02	0.02
Effect of General Insurance reserve charge, net of tax (3)	-	-	-	0.21	0.21
Effect of catastrophe related losses, net of tax	\$ -	\$ -	\$ 0.19	\$ 0.08	\$ 0.27
Average outstanding shares - diluted (18)	2,642	2,640	2,638	2,632	2,637
Effective tax rate:					
Net income	29.4%	31.5%	31.2%	23.8%	29.7%
Adjusted net income (15)	30.4%	30.6%	29.3%	25.7%	29.2%

(See Accompanying Notes on Page 9)

American International Group, Inc.

Consolidated Statement of Segment Operations

(in millions, except per share data)

	First Quarter 2003 (Restated)	Second Quarter 2003 (Restated)	Third Quarter 2003 (Restated)	Fourth Quarter 2003 (Restated)	Full Year 2003 (Restated)
General insurance					
Net premiums written	\$ 8,121	\$ 8,631	\$ 8,891	\$ 9,388	\$ 35,031
Net premiums earned	7,063	7,554	8,253	8,436	31,306
Losses and loss expenses incurred (1)	5,194	5,591	6,118	5,969	22,872
Underwriting expenses	1,445	1,493	1,651	1,870	6,459
Underwriting profit (1) (5)	424	470	484	597	1,975
Net investment income	549	695	727	595	2,566
Income before realized capital gains (losses) (1)	973	1,165	1,211	1,192	4,541
Realized capital gains (losses)	(13)	7	(45)	12	(39)
Operating income (1)	<u>960</u>	<u>1,172</u>	<u>1,166</u>	<u>1,204</u>	<u>4,502</u>
Life insurance & retirement services					
GAAP premiums	5,788	5,623	5,579	6,506	23,496
Deposits and other considerations not included in revenues under GAAP	6,092	5,994	7,908	9,623	29,617
Premiums, deposits and other considerations	11,880	11,617	13,487	16,129	53,113
Net investment income	2,967	3,234	3,182	3,559	12,942
Pricing net investment gains (6)	51	52	53	-	156
Income before realized capital gains (losses)	1,483	1,708	1,649	1,883	6,723
Realized capital gains (losses) (6)	292	(238)	(52)	82	84
Operating income	<u>1,775</u>	<u>1,470</u>	<u>1,597</u>	<u>1,965</u>	<u>6,807</u>
Financial services					
Operating income excluding FAS 133	454	546	538	608	2,146
FAS 133 (9)	(574)	(206)	57	(241)	(964)
Operating income (loss)	<u>(120)</u>	<u>340</u>	<u>595</u>	<u>367</u>	<u>1,182</u>
Asset management					
Operating income excluding FAS 133	203	217	280	386	1,086
FAS 133 (9)	47	54	60	69	230
Operating income	<u>250</u>	<u>271</u>	<u>340</u>	<u>455</u>	<u>1,316</u>
Other realized capital gains (losses)	(188)	(19)	(250)	(186)	(643)
Other income (deductions) - net	(212)	(390)	(192)	(463)	(1,257)
Income before income taxes, minority interest and cumulative effect of an accounting change					
	<u>2,465</u>	<u>2,844</u>	<u>3,256</u>	<u>3,342</u>	<u>11,907</u>
Income taxes	712	831	978	1,035	3,556
Income before minority interest and cumulative effect of an accounting change					
	1,753	2,013	2,278	2,307	8,351
Minority interest, after tax:					
Income before realized capital gains (losses)	(59)	(67)	(62)	(64)	(252)
Realized capital gains (losses)	(2)	4	(4)	2	-
Income before cumulative effect of an accounting change					
	1,692	1,950	2,212	2,245	8,099
Cumulative effect of an accounting change, net of tax (13)	-	-	-	9	9
Net income	<u>1,692</u>	<u>1,950</u>	<u>2,212</u>	<u>2,254</u>	<u>8,108</u>
Realized capital gains (losses), net of tax (14)	96	(131)	(223)	(84)	(342)
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	(352)	(188)	89	(246)	(697)
Cumulative effect of an accounting change, net of tax (13)	-	-	-	9	9
Adjusted net income (15)	<u>1,948</u>	<u>2,269</u>	<u>2,346</u>	<u>2,575</u>	<u>9,138</u>
Effect of catastrophe related losses, net of tax	-	-	53	-	53
Per share - diluted (18):					
Net income	0.64	0.75	0.83	0.85	3.07
Adjusted net income (15)	0.74	0.86	0.89	0.98	3.47
Effect of catastrophe related losses, net of tax	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.02
Average outstanding shares - diluted (18)	2,637	2,637	2,637	2,636	2,637
Effective tax rate:					
Net income	28.9%	29.2%	30.0%	31.0%	29.9%
Adjusted net income (15)	29.8%	29.7%	29.3%	30.7%	29.9%

(See Accompanying Notes on Page 9)

