



American International Group, Inc.

Financial Supplement

Third Quarter 2006

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 filed with the Securities and Exchange Commission.

American International Group, Inc.

Financial Supplement

Table of Contents

Consolidated

Consolidated Statement of Income	1
Consolidated Statement of Segment Operations.....	2 – 3
Consolidated Statement of Segment Operations Revenues and Income Graphs	4
Summary of FAS 133 Effect	5
Consolidated Balance Sheet	6
Book Value.....	7

General Insurance

General Insurance Operating Statistics.....	8 - 9
General Insurance Reconciliation of Net Loss Reserves	10
Domestic Brokerage Group Insurance Operating Statistics.....	11
Domestic Brokerage Group Insurance Gross Premiums Written	12
Personal Lines Insurance Operating Statistics.....	13
Mortgage Guaranty (UGC) Insurance Operating Statistics	14
Transatlantic Holdings, Inc. Insurance Operating Statistics	15
Foreign General Insurance Operating Statistics	16
Foreign General Insurance Gross Premiums Written	17

Life Insurance & Retirement Services

Life Insurance & Retirement Services Operating Statistics.....	18
Domestic Life Insurance & Retirement Services Operating Statistics.....	19
Domestic Life Insurance & Retirement Services Product Statistics	20
Domestic Life Insurance & Retirement Services Other Data	21 – 22
Foreign Life Insurance & Retirement Services Operating Statistics	23
Foreign Life Insurance & Retirement Services Product Statistics.....	24

Foreign Life Insurance & Retirement Services Other Data	25 – 27
---	---------

Life Insurance & Retirement Services Notes.....	28
---	----

Financial Services

Financial Services Operating Statistics.....	29
International Lease Finance Corporation Aircraft Leases, Orders and Options.....	30

Asset Management

Asset Management Operating Statistics.....	31
Asset Management Other Data	32

Other

Other	33
-------------	----

Investments

Cash and Invested Assets by Segment	34 – 37
Worldwide Insurance and Asset Management Bond Portfolio Ratings	38
Domestic Insurance and Asset Management Bond Portfolio Ratings.....	39

Comment on Regulation G	40
--------------------------------------	----

American International Group, Inc.

Investor Relations

Charlene M. Hamrah, Vice President and Director
(212)770-6293

American International Group, Inc.
Consolidated Statement of Income
(in millions, except per share data)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Revenues:								
Premiums and other considerations	\$ 18,856	\$ 17,243	9.4 %	\$ 18,303	3.0 %	\$ 55,401	\$ 52,459	5.6 %
Net investment income	6,263	5,654	10.8	5,912	5.9	18,002	16,213	11.0
Realized capital gains (losses) (1)	(87)	77	NM	(214)	NM	(132)	89	NM
Other income (1)	4,167	3,434	21.3	2,742	52.0	9,930	12,752	(22.1)
Total revenues (1)	<u>29,199</u>	<u>26,408</u>	10.6	<u>26,743</u>	9.2	<u>83,201</u>	<u>81,513</u>	2.1
Benefits and expenses:								
Incurred policy losses and benefits	14,737	16,501	(10.7)	13,988	5.4	43,725	45,657	(4.2)
Insurance acquisition and other operating expenses	8,161	7,360	10.9	7,514	8.6	23,141	20,959	10.4
Total benefits and expenses	<u>22,898</u>	<u>23,861</u>	(4.0)	<u>21,502</u>	6.5	<u>66,866</u>	<u>66,616</u>	0.4
Income before income taxes, minority interest and cumulative effect of an accounting change								
	<u>6,301</u>	<u>2,547</u>	147.4	<u>5,241</u>	20.2	<u>16,335</u>	<u>14,897</u>	9.7
Income taxes	<u>1,943</u>	<u>748</u>	NM	<u>1,688</u>	NM	<u>5,066</u>	<u>4,537</u>	NM
Income before minority interest and cumulative effect of an accounting change								
	4,358	1,799	142.2	3,553	22.7	11,269	10,360	8.8
Minority interest	<u>(134)</u>	<u>(54)</u>	NM	<u>(363)</u>	NM	<u>(694)</u>	<u>(327)</u>	NM
Income before cumulative effect of an accounting change								
	4,224	1,745	142.1	3,190	32.4	10,575	10,033	5.4
Cumulative effect of an accounting change, net of tax (2)	<u>-</u>	<u>-</u>	NM	<u>-</u>	NM	<u>34</u>	<u>-</u>	NM
Net income								
	<u>4,224</u>	<u>1,745</u>	142.1	<u>3,190</u>	32.4	<u>10,609</u>	<u>10,033</u>	5.7
Earnings per common share:								
Basic								
Income before cumulative effect of an accounting change	1.62	0.67	141.8	1.23	31.7	4.06	3.86	5.2
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	0.01	-	NM
Net income	1.62	0.67	141.8	1.23	31.7	4.07	3.86	5.4
Diluted								
Income before cumulative effect of an accounting change	1.61	0.66	143.9	1.21	33.1	4.03	3.82	5.5
Cumulative effect of an accounting change, net of tax (2)	-	-	NM	-	NM	0.01	-	NM
Net income	1.61	0.66	143.9	1.21	33.1	4.04	3.82	5.8
Dividends declared per common share								
	\$ 0.165	\$ 0.175	(5.7) %	\$ 0.165	(0.0) %	\$ 0.480	\$ 0.475	1.1 %
Average shares outstanding:								
Basic	2,607	2,597		2,606		2,607	2,597	
Diluted	2,626	2,624		2,625		2,625	2,624	

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. For the three months ended September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005, respectively; **realized capital gains (losses)** includes a loss of \$360 million, a loss of \$141 million, a gain of \$184 million, a gain of \$123 million and a loss of \$253 million, respectively; **other income** includes a gain of \$525 million, a loss of \$212 million, a loss of \$1,268 million, a loss of \$1,254 million and a gain of \$2,460 million, respectively; and **total revenues** includes a gain of \$165 million, a loss of \$353 million, a loss of \$1,084 million, a loss of \$1,131 million and a gain of \$2,207 million, respectively.

(2) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".

American International Group, Inc. Consolidated Statement of Segment Operations

(in millions, except per share data)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
General insurance								
Net premiums written (1)	\$ 11,224	\$ 10,312	8.8	\$ 11,634	(3.5)	\$ 34,113	\$ 31,746	7.5
Net premiums earned (1)	11,217	10,134	10.7	10,678	5.0	32,365	30,506	6.1
Losses and loss expenses incurred (1)	7,017	8,967	(21.7)	6,764	3.7	20,758	23,362	(11.1)
Underwriting expenses (1)	2,973	2,362	25.9	2,540	17.0	7,861	7,064	11.3
Underwriting profit (loss) (1) (2)	1,227	(1,195)	NM	1,374	(10.7)	3,746	80	NM
Net investment income	1,370	987	38.8	1,614	(15.1)	4,102	3,062	34.0
Income (loss) before realized capital gains (losses) (1)	2,597	(208)	NM	2,988	(13.1)	7,848	3,142	149.8
Realized capital gains (losses) (3)	28	71	(60.6)	(125)	NM	(29)	248	NM
Operating income (loss) (1)	2,625	(137)	NM	2,863	(8.3)	7,819	3,390	130.6
Life insurance & retirement services								
GAAP premiums	7,639	7,109	7.5	7,625	0.2	23,036	21,953	4.9
Deposits and other considerations not included in revenues under GAAP	8,477	8,313	2.0	9,548	(11.2)	27,034	29,034	(6.9)
Premiums, deposits and other considerations	16,116	15,422	4.5	17,173	(6.2)	50,070	50,987	(1.8)
Net investment income	4,893	4,667	4.8	4,298	13.8	13,900	13,151	5.7
Pricing net investment gains (4)	74	88	(15.9)	88	(15.9)	286	269	6.3
Income before realized capital gains (losses) (5)	2,698	2,352	14.7	2,608	3.5	7,827	7,074	10.6
Realized capital gains (losses) (3) (4)	(250)	(104)	NM	(245)	NM	(403)	(287)	NM
Operating income (5)	2,448	2,248	8.9	2,363	3.6	7,424	6,787	9.4
Financial services								
Operating income excluding FAS 133 (5)	574	599	(4.2)	615	(6.7)	1,708	1,743	(2.0)
FAS 133 (3)	783	(375)	NM	(1,163)	NM	(1,058)	1,740	NM
Operating income (loss) (5)	1,357	224	NM	(548)	NM	650	3,483	(81.3)
Asset management								
Operating income excluding FIN46(R), EITF 04-5 and FAS 133 (5)	297	473	(37.2)	541	(45.1)	1,203	1,366	(11.9)
FIN46(R) and EITF 04-5	44	77	NM	270	NM	410	189	NM
FAS 133 (3)	-	18	NM	-	NM	-	127	NM
Operating income (5)	341	568	(40.0)	811	(58.0)	1,613	1,682	(4.1)
Other income (deductions) - net (5) (6)	(531)	(378)	NM	(316)	NM	(1,185)	(304)	NM
Other realized capital gains (losses) (3) (7)	61	22	177.3	68	(10.3)	14	(141)	NM
Income before income taxes, minority interest and cumulative effect of an accounting change	6,301	2,547	147.4	5,241	20.2	16,335	14,897	9.7
Income taxes	1,943	748	NM	1,688	NM	5,066	4,537	NM
Income before minority interest and cumulative effect of an accounting change	4,358	1,799	142.2	3,553	22.7	11,269	10,360	8.8
Minority interest, after tax:								
Income before realized capital gains (losses)	(137)	(48)	NM	(360)	NM	(678)	(313)	NM
Realized capital gains (losses)	3	(6)	NM	(3)	NM	(16)	(14)	NM
Income before cumulative effect of an accounting change	4,224	1,745	142.1	3,190	32.4	10,575	10,033	5.4
Cumulative effect of an accounting change, net of tax (8)	-	-	NM	-	NM	34	-	NM
Net income	4,224	1,745	142.1	3,190	32.4	10,609	10,033	5.7
Realized capital gains (losses), net of tax (9)	(62)	14	NM	(144)	NM	(88)	19	NM
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	267	(133)	NM	(824)	NM	(890)	1,644	NM
Cumulative effect of an accounting change, net of tax (8)	-	-	NM	-	NM	34	-	NM
Adjusted net income (10)	4,019	1,864	115.6	4,158	(3.3)	11,553	8,370	38.0
Effect of significant current year catastrophe related losses, net of tax	-	1,569	NM	-	NM	-	1,569	NM
Per share - diluted:								
Net income	1.61	0.66	143.9	1.21	33.1	4.04	3.82	5.8
Adjusted net income (10)	1.53	0.71	115.5	1.58	(3.2)	4.40	3.19	37.9
Effect of significant current year catastrophe related losses, net of tax	\$ -	\$ 0.60	NM	\$ -	NM	\$ -	\$ 0.60	NM
Average shares outstanding - diluted	2,626	2,624		2,625		2,625	2,624	
Effective tax rate (11):								
Net income	30.8%	29.4%		32.2%		31.0%	30.5%	
Adjusted net income (10)	29.2%	29.5%		33.7%		31.6%	29.7%	
Return on equity (12)	18.8%	8.3%		14.6%		15.8%	15.8%	

(See Accompanying Notes on Page 3)

American International Group, Inc.
Consolidated Statement of Segment Operations
Notes

- (1) Net premiums written and net premiums earned include significant current year catastrophe related net reinstatement premiums of \$258 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred includes significant current year catastrophe losses of \$1,848 million in both the three months and the nine months ended September 30, 2005. Underwriting expenses include significant current year catastrophe related losses of \$7 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Underwriting profit (loss) is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (3) Includes the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), including the related foreign exchange gains and losses.
- (4) For purposes of this presentation, pricing net investment gains are segregated as a component 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 significant current year catastrophe related losses of \$12 million for **Life insurance & retirement services**, \$62 million for **Financial services**, \$6 million for **Asset management** and \$246 million for **Other income (deductions) – net**, respectively, in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (6) Includes a loss of \$258 million, a gain of \$153 million and a loss of \$105 million for the three months ended September 30, 2006, September 30, 2005 and June 30, 2006, respectively; and a loss of \$196 million and a gain of \$661 million for the nine months ended September 30, 2006 and 2005, respectively, attributable to the elimination of revenues reported in the Financial Services segment from intercompany hedging activities.
- (7) Includes a gain of \$258 million, a loss of \$153 million and a gain of \$105 million for the three months ended September 30, 2006, September 30, 2005 and June 30, 2006, respectively; and a gain of \$196 million and a loss of \$661 million for the nine months ended September 30, 2006 and 2005, respectively, attributable to the elimination of realized capital gains (losses) reported in General Insurance, Life Insurance & Retirement Services and Other category from intercompany hedging activities.
- (8) Represents the cumulative effect of an accounting change, net of tax, related to FAS 123R "Share-Based Payment".
- (9) Includes losses of \$234 million and \$92 million and a gain of \$120 million, net of tax for the three months ended September 30, 2006, September 30, 2005 and June 30, 2006, respectively; a gain of \$80 million and a loss of \$164 million, net of tax for the nine months ended September 30, 2006 and 2005, respectively, attributable to FAS 133.
- (10) Adjusted net income excludes realized capital gains (losses) which include pricing net investment gains, cumulative effect of an accounting change and FAS 133, net of tax.
- (11) Calculation of the effective tax rate is as follows:

	Three Months Ended Sept. 30, 2006				Nine Months Ended Sept. 30, 2006			
	Pretax Income	Income Tax	Net Income	Effective Tax Rate	Pretax Income	Income Tax	Net Income	Effective Tax Rate
(dollars in millions)								
Income before minority interest and cumulative effect of an accounting change	\$6,301	\$1,943	\$4,358	30.8%	\$16,335	\$5,066	\$11,269	31.0%
Realized capital gains (losses)	(82)	(20)	(62)		(157)	(69)	(88)	
FAS 133 gains (losses)	525	258	267		(1,254)	(364)	(890)	
Minority interest	(182)	(48)	(134)		(847)	(153)	(694)	
Adjusted net income	\$5,676	\$1,657	\$4,019	29.2%	\$16,899	\$5,346	\$11,553	31.6%

- (12) Return on equity is annualized net income, expressed as a percentage of average shareholders' equity. This computation does not exclude the effect of FAS 133.

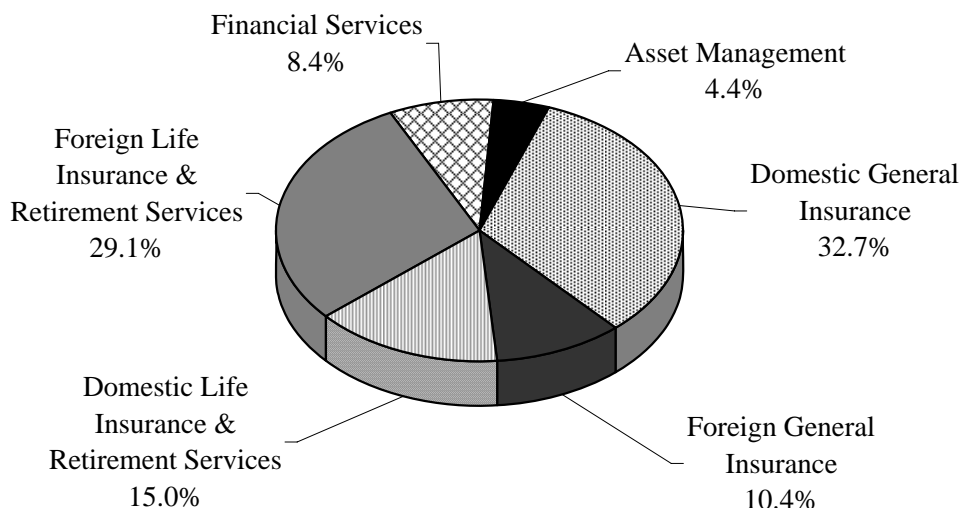
Note: Reconciliation of out of period adjustments for the three months ended September 30, 2006:

	(in millions)
Effect of out of period adjustments on net income	\$ 73
Out of period adjustments in realized capital gains relating to foreign exchange	23
Effect of out of period adjustments on adjusted net income	<u>\$ 50</u>

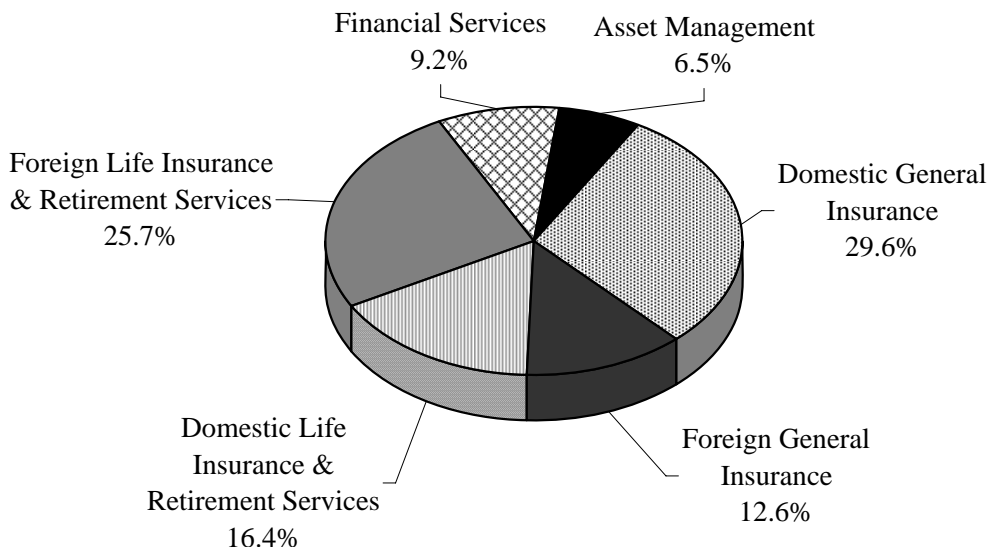
American International Group, Inc. Revenues and Income Graphs

Nine Months Ended September 30, 2006

Revenues



Income Before Income Taxes, Minority Interest and Cumulative Effect of an Accounting Change



Note: Realized capital gains (losses), other income (deductions), FIN46(R), EITF 04-5 and FAS 133 are excluded. Pricing net investment gains are included in Foreign Life Insurance & Retirement Services.

American International Group, Inc. Summary of FAS 133 Effect (1)

(in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2006	Sept. 30, 2005	June 30, 2006	Sept. 30, 2006	Sept. 30, 2005
FAS 133 effect on operating income before realized capital gains (losses):					
Financial Services (2) (3)	\$ 783	\$ (375)	\$ (1,163)	\$ (1,058)	\$ 1,740
Asset Management (2)	-	18	-	-	127
Other (4)	<u>(258)</u>	<u>153</u>	<u>(105)</u>	<u>(196)</u>	<u>661</u>
Total pretax effect	<u>\$ 525</u>	<u>\$ (204)</u>	<u>\$ (1,268)</u>	<u>\$ (1,254)</u>	<u>\$ 2,528</u>
Total after tax effect	<u>\$ 267</u>	<u>\$ (133)</u>	<u>\$ (824)</u>	<u>\$ (890)</u>	<u>\$ 1,644</u>
FAS 133 effect on realized capital gains (losses):					
General Insurance	\$ 22	\$ (48)	\$ (11)	\$ (2)	\$ (56)
Life Insurance and Retirement Services	(304)	(238)	73	121	(245)
Other (2) (5)	<u>(78)</u>	<u>145</u>	<u>122</u>	<u>4</u>	<u>48</u>
Total pretax effect	<u>\$ (360)</u>	<u>\$ (141)</u>	<u>\$ 184</u>	<u>\$ 123</u>	<u>\$ (253)</u>
Total after tax effect	<u>\$ (234)</u>	<u>\$ (92)</u>	<u>\$ 120</u>	<u>\$ 80</u>	<u>\$ (164)</u>
FAS 133 effect on total income:					
Total pretax effect	<u>\$ 165</u>	<u>\$ (345)</u>	<u>\$ (1,084)</u>	<u>\$ (1,131)</u>	<u>\$ 2,275</u>
Total after tax effect	<u>\$ 33</u>	<u>\$ (225)</u>	<u>\$ (704)</u>	<u>\$ (810)</u>	<u>\$ 1,480</u>

- Note:** (1) This schedule summarizes the effect of derivative gains and losses on operating income that are effective economic hedges of assets and liabilities and do not qualify for hedge accounting treatment under FAS 133. Since hedge accounting is not applied, an offsetting gain or loss on the hedged exposure is not recognized in operating income. The mismatch in the earnings recognition on the derivatives and the hedged exposures has resulted in increased volatility in the operating results that does not reflect properly the effectiveness of these hedging activities.
- (2) During 2006, all gains and losses on derivatives in Financial Services (excluding Capital Markets) and Asset Management were reported as part of realized capital gains (losses) in the Other category. During 2005, certain of these balances were reported in operating income before realized capital gains (losses) in Financial Services and Asset Management. In all periods, the total derivatives gains and losses were excluded in the determination of adjusted net income.
- (3) A large part of the net gain of \$783 million and net loss of \$(375) million for the three months ended September 30, 2006 and 2005, respectively, were due to the decrease (increase) in long term U.S. interest rates which increased (decreased) the fair value of derivatives hedging assets and liabilities. For the nine months ended September 30, 2006 and 2005, respectively, a large part of the net loss of \$(1,058) million and net gain of \$1,740 million were due to the (weakening) strengthening of the U.S. dollar, primarily against the British Pound and Euro, which (decreased) increased the fair value of the foreign currency derivatives hedging available for sale securities.
- (4) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities.
- (5) Includes a gain of \$258 million, a loss of \$153 million and a gain of \$105 million for the three months ended September 30, 2006, September 30, 2005 and June 30, 2006, respectively; and a gain of \$196 million and a loss of \$661 million for the nine months ended September 30, 2006 and 2005, respectively, attributable to the elimination of realized capital gains (losses) reported in General Insurance, Life Insurance & Retirement Services and Other category from intercompany hedging activities.

American International Group, Inc.

Consolidated Balance Sheet

(in millions)

	September 30, 2006	December 31, 2005
Assets:		
Investments and financial services assets:		
Fixed maturities	\$ 404,758	\$ 385,680
Equity securities	25,863	23,588
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	27,824	24,909
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	39,460	36,245
Securities available for sale, at market value	41,232	37,511
Trading securities, at market value	5,822	6,499
Spot commodities	118	92
Unrealized gain on swaps, options and forward transactions	20,235	18,695
Trading assets	2,194	1,204
Securities purchased under agreements to resell, at contract value	27,041	14,547
Finance receivables, net of allowance	28,634	27,995
Securities lending collateral, at market (which approximates cost)	71,388	59,471
Other invested assets	32,777	27,267
Short-term investments, at cost (which approximates market value)	22,716	15,342
	750,062	679,045
Total investments and financial services assets		
Cash	1,425	1,897
Investment income due and accrued	6,202	5,727
Premiums and insurance balances receivable, net of allowance	17,540	15,333
Reinsurance assets, net of allowance	24,364	24,978
Deferred policy acquisition costs	36,342	33,248
Investments in partially owned companies	1,031	1,158
Real estate and other fixed assets, net of accumulated depreciation	9,141	7,446
Separate and variable accounts	70,652	63,797
Goodwill	8,576	8,093
Other assets	16,209	12,329
	\$ 941,544	\$ 853,051
Liabilities:		
Reserve for losses and loss expenses	\$ 79,863	\$ 77,169
Unearned premiums	26,068	24,243
Future policy benefits for life and accident and health insurance contracts	118,273	108,807
Policyholders' contract deposits	236,342	227,027
Other policyholders' funds	10,534	10,870
Commissions, expenses and taxes payable	5,125	4,769
Insurance balances payable	4,722	3,564
Funds held by companies under reinsurance treaties	2,442	4,174
Income taxes payable	8,497	6,288
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	21,091	20,811
Securities sold under agreements to repurchase, at contract value	15,071	11,047
Trading liabilities	2,914	2,546
Hybrid financial instrument liabilities, at fair value	8,150	-
Securities and spot commodities sold but not yet purchased, at market value	5,645	5,975
Unrealized loss on swaps, options and forward transactions	12,764	12,740
Trust deposits and deposits due to banks and other depositors	4,813	4,877
Commercial paper	8,814	6,514
Notes, bonds, loans and mortgages payable	79,834	71,313
Commercial paper	4,484	2,694
Notes, bonds, loans and mortgages payable	13,350	7,126
Liabilities connected to trust preferred stock	1,399	1,391
Separate and variable accounts	70,652	63,797
Securities lending payable	72,264	60,409
Minority interest	6,290	5,124
Other liabilities (includes hybrid financial instruments)	25,800	23,273
	845,201	766,548
Total liabilities		
Preferred shareholders' equity in subsidiary companies	189	186
Shareholders' equity:		
Common stock	6,878	6,878
Additional paid-in capital	2,572	2,339
Unrealized appreciation of investments, net of taxes	7,496	8,348
Cash flow hedging activities, net of taxes	(17)	(25)
Foreign currency translation adjustments, net of taxes	(616)	(1,242)
Foreign currency translation adjustments hedging, net of taxes	(2)	1
Retirement plan liabilities adjustment, net of taxes	(117)	(115)
Retained earnings	81,987	72,330
Treasury stock, at cost	(2,027)	(2,197)
	96,154	86,317
Total shareholders' equity		
Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity	\$ 941,544	\$ 853,051

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	30.03	86,317	77,969
March 31, 2006	34.03	31.39	88,390	81,541
June 30, 2006	33.76	32.66	87,709	84,851
September 30, 2006	\$ 36.99 (3)	\$ 34.11	\$ 96,154	\$ 88,658

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) Total shareholders' equity

Total common shares issued - treasury shares

\$96,153,778,702

2,751,327,476 - 152,107,902 = \$36.99

American International Group, Inc.
General Insurance Operating Statistics

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Gross premiums written	\$ 14,066	\$ 13,283	5.9 %	\$ 14,450	(2.7) %	\$ 43,108	\$ 40,982	5.2 %
Ceded premiums written	2,842	2,971	(4.3)	2,816	0.9	8,995	9,236	(2.6)
Net premiums written (1) (2)	11,224	10,312	8.8	11,634	(3.5)	34,113	31,746	7.5
Net premiums earned (1) (2) (3)	11,217	10,134	10.7	10,678	5.0	32,365	30,506	6.1
Paid losses	5,807	5,439	6.8	5,812	(0.1)	17,297	16,203	6.8
Change in net loss reserves	1,189	3,495	(66.0)	1,322	(10.1)	3,927	6,805	(42.3)
Acquisition	55	-	NM	-	NM	55	-	NM
Less foreign exchange effect	34	(33)	NM	370	(90.8)	521	(354)	NM
Losses and loss expenses incurred (1) (2)	7,017	8,967	(21.7)	6,764	3.7	20,758	23,362	(11.1)
Statutory underwriting expenses (1) (3)	2,978	2,432	22.5	2,691	10.7	8,205	7,153	14.7
Statutory underwriting profit (loss) (1) (2) (3)	1,222	(1,265)	NM	1,223	(0.1)	3,402	(9)	NM
Change in deferred acquisition costs	5	70	(92.9)	151	(96.7)	344	89	286.5
Underwriting profit (loss) (1) (2) (3) (4)	1,227	(1,195)	NM	1,374	(10.7)	3,746	80	NM
Net investment income (5)								
Interest and dividends	1,002	870	15.2	1,014	(1.2)	2,978	2,464	20.9
Partnership income (6)	258	181	42.5	194	33.0	645	696	(7.3)
Other investment income (6) (7)	301	35	NM	574	(47.6)	969	236	310.6
Investment expense (8)	(191)	(99)	NM	(168)	NM	(490)	(334)	NM
Total	1,370	987	38.8	1,614	(15.1)	4,102	3,062	34.0
Operating income (loss) before realized capital gains (losses) (1) (2) (3) (5) (6)	2,597	(208)	NM	2,988	(13.1)	7,848	3,142	149.8
Realized capital gains (losses) (5)	28	71	(60.6)	(125)	NM	(29)	248	NM
Operating income (loss) (1) (2) (3) (5) (6)	\$ 2,625	\$ (137)	NM %	2,863	(8.3)	7,819	3,390	130.6
Net loss and loss expense reserve				\$ 60,214	2.2 %	\$ 61,513	\$ 54,059	13.8 %
Underwriting ratios:								
Loss ratio (1) (2) (3)	62.56	88.48		63.34		64.14	76.58	
Expense ratio (1) (2) (3)	26.54	23.58		23.13		24.05	22.53	
Combined ratio	89.10	112.06		86.47		88.19	99.11	
Combined ratio excluding significant current year catastrophe related losses	89.10	91.44		86.47		88.19	92.26	
Foreign exchange effect on worldwide growth:								
Net premiums written								
Growth in original currency	8.5 %					8.1 %		
Foreign exchange effect	0.3					(0.6)		
Growth as reported in U.S. \$	8.8 %					7.5 %		

- Note: (1) Net premiums written and net premiums earned include significant current year catastrophe related net reinstatement premiums of \$258 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred includes significant current year catastrophe losses of \$1,848 million in both the three months and the nine months ended September 30, 2005. Statutory underwriting expenses include significant current year catastrophe related losses of \$7 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Includes \$50 million, \$39 million, \$(53) million, \$108 million and \$237 million additional (reduction in) losses incurred and net reinstatement premiums related to significant prior year catastrophes in the three months ended September 30, 2006 and 2005 and the three months ended June 30, 2006 and the nine months ended September 30, 2006 and 2005, respectively.
- (3) Net premiums earned and statutory underwriting expenses include increases from out of period adjustments of \$99 million and \$225 million, respectively, relating to AIG's continuing remediation efforts, for the three months and the nine months ended September 30, 2006, respectively.
- (4) Underwriting profit is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (5) Total may not equal the sum of the individual group totals due to consolidating eliminations.
- (6) Includes the effect of out of period adjustments related to the accounting for certain interests in unit investment trusts and partnerships. For the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006 the effect was an increase of \$213 million, \$432 million and \$645 million, respectively.
- (7) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (8) Increases in 2006 include the effects from higher interest expense.

American International Group, Inc.
General Insurance Operating Statistics
Excluding Significant Current Year Catastrophe Related Losses
(dollars in millions)

	Three Months Ended				Nine Months Ended			
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Gross premiums written	\$ 14,066	\$ 13,283	5.9 %	\$ 14,450	(2.7) %	\$ 43,108	\$ 40,982	5.2 %
Ceded premiums written	2,842	2,713	4.8	2,816	0.9	8,995	8,978	0.2
Net premiums written (1) (2)	11,224	10,570	6.2	11,634	(3.5)	34,113	32,004	6.6
Net premiums earned (1) (2) (3)	11,217	10,392	7.9	10,678	5.0	32,365	30,764	5.2
Losses and loss expenses incurred (1) (2)	7,017	7,119	(1.4)	6,764	3.7	20,758	21,514	(3.5)
Statutory underwriting expenses (1) (2) (3)	2,978	2,425	22.8	2,691	10.7	8,205	7,146	14.8
Statutory underwriting profit (1) (2) (3)	1,222	848	44.1	1,223	(0.1)	3,402	2,104	61.7
Change in deferred acquisition costs	5	70	(92.9)	151	(96.7)	344	89	286.5
Underwriting profit (1) (2) (3) (4)	1,227	918	33.7	1,374	(10.7)	3,746	2,193	70.8
Net investment income (5)								
Interest and dividends	1,002	870	15.2	1,014	(1.2)	2,978	2,464	20.9
Partnership income (6)	258	181	42.5	194	33.0	645	696	(7.3)
Other investment income (6) (7)	301	35	NM	574	(47.6)	969	236	310.6
Investment expense (8)	(191)	(99)	NM	(168)	NM	(490)	(334)	NM
Total	1,370	987	38.8	1,614	(15.1)	4,102	3,062	34.0
Operating income before realized capital gains (losses) (1) (2) (3) (5) (6)	2,597	1,905	36.3	2,988	(13.1)	7,848	5,255	49.3
Realized capital gains (losses) (5)	28	71	(60.6)	(125)	NM	(29)	248	NM
Operating income (1) (2) (3) (5) (6)	\$ 2,625	\$ 1,976	32.8 %	\$ 2,863	(8.3)	\$ 7,819	\$ 5,503	42.1
Net loss and loss expense reserve				\$ 60,214	2.2 %	\$ 61,513	\$ 52,211	17.8 %
Underwriting ratios:								
Loss ratio (1) (2) (3)	62.56	68.50		63.34		64.14	69.93	
Expense ratio (1) (2) (3)	26.54	22.94		23.13		24.05	22.33	
Combined ratio	89.10	91.44		86.47		88.19	92.26	
Foreign exchange effect on worldwide growth:								
Net premiums written								
Growth in original currency	5.9 %					7.2 %		
Foreign exchange effect	0.3					(0.6)		
Growth as reported in U.S. \$	6.2 %					6.6 %		

- Note: (1) Net premiums written and net premiums earned exclude significant current year catastrophe related net reinstatement premiums of \$258 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred exclude significant current year catastrophe losses of \$1,848 million in both the three months and the nine months ended September 30, 2005. Statutory underwriting expenses exclude significant current year catastrophe related losses of \$7 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Includes \$50 million, \$39 million, \$(53) million, \$108 million and \$237 million additional (reduction in) losses incurred and net reinstatement premiums related to significant prior year catastrophes in the three months ended September 30, 2006 and 2005 and the three months ended June 30, 2006 and the nine months ended September 30, 2006 and 2005, respectively.
- (3) Net premiums earned and statutory underwriting expenses include increases from out of period adjustments of \$99 million and \$225 million, respectively, relating to AIG's continuing remediation efforts, for the three months and the nine months ended September 30, 2006, respectively.
- (4) Underwriting profit is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (5) Total may not equal the sum of the individual group totals due to consolidating eliminations.
- (6) Includes the effect of out of period adjustments related to the accounting for certain interests in unit investment trusts and partnerships. For the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006 the effect was an increase of \$213 million, \$432 million and \$645 million, respectively.
- (7) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (8) Increases in 2006 include the effects from higher interest expense.

American International Group, Inc.
General Insurance
Reconciliation of Net Loss Reserves
(in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2006	Sept. 30, 2005	June 30, 2006	Sept. 30, 2006	Sept. 30, 2005
Net reserve for losses and loss expenses at beginning of period	\$ 60,214	\$ 50,564	\$ 58,892	\$ 57,476	\$ 47,254
Foreign exchange effect	34	(33)	370	521	(354)
Acquisition (1)	55	-	-	55	-
Losses and loss expenses incurred:					
Current year:					
Excluding catastrophe losses	6,957	6,778	6,911	20,710	20,849
Catastrophe losses	-	1,848	-	-	1,848
Total current year	6,957	8,626	6,911	20,710	22,697
Prior years:					
Other than the accretion of loss reserve discount, Transatlantic general insurance operations and prior year catastrophe development	(108)	175	(215)	(424)	97
Transatlantic general insurance operations including prior year catastrophe development (2)	24	30	30	89	120
(Favorable) adverse development attributable to (decreased) increased costs related to catastrophes	43	39	(63)	80	157
Accretion of loss reserve discount	101	97	101	303	291
Total prior years	60	341	(147)	48	665
Total losses and loss expenses incurred	7,017	8,967	6,764	20,758	23,362
Losses and loss expenses paid	5,807	5,439	5,812	17,297	16,203
Net reserve for losses and loss expenses at end of period	\$ 61,513	\$ 54,059	\$ 60,214	\$ 61,513	\$ 54,059

(1) Reflects the opening balance with respect to the Central Insurance Co., Ltd. acquired in third quarter 2006.

(2) Includes \$4 million, \$10 million and \$24 million of prior year adverse catastrophe development in the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006, respectively.

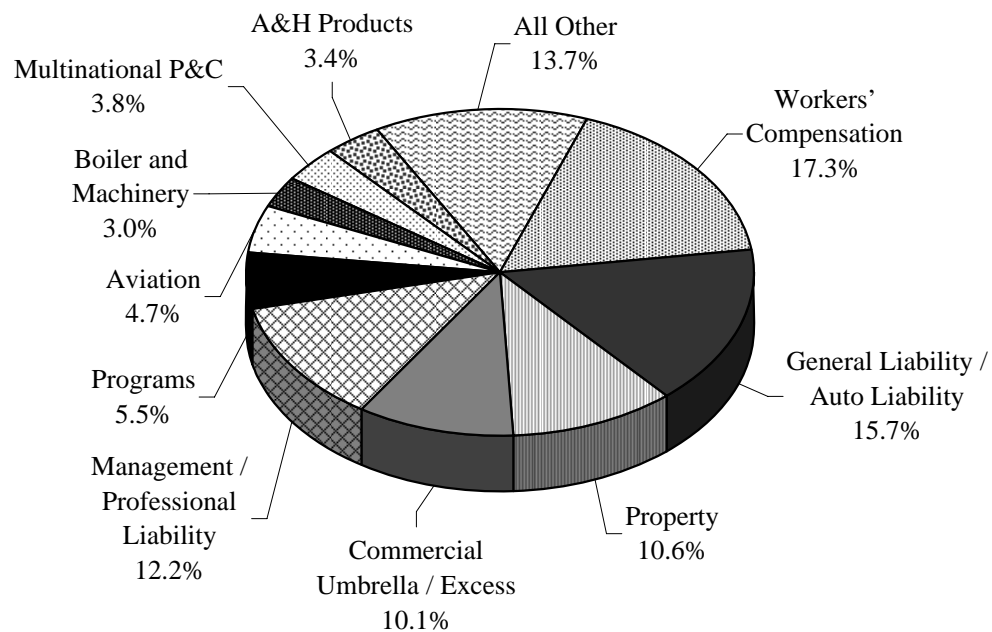
American International Group, Inc.
Domestic Brokerage Group Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Net premiums written (1)	\$ 6,074	\$ 5,505	10.3 %	\$ 6,480	(6.3) %	\$ 18,454	\$ 17,071	8.1 %
Net premiums earned (1) (2)	6,290	5,613	12.1	5,836	7.8	17,889	16,773	6.7
Losses and loss expenses incurred (1) (3)	4,208	5,580	(24.6)	3,980	5.7	12,338	14,380	(14.2)
Statutory underwriting expenses (1) (2)	1,401	1,034	35.5	1,160	20.8	3,647	3,148	15.9
Statutory underwriting profit (loss) (1) (2) (3)	681	(1,001)	NM	696	(2.2)	1,904	(755)	NM
Change in deferred acquisition costs	(30)	49	NM	69	NM	77	(49)	NM
Underwriting profit (loss) (1) (2) (3) (4)	651	(952)	NM	765	(14.9)	1,981	(804)	NM
Net investment income								
Interest and dividends	605	523	15.7	632	(4.3)	1,832	1,475	24.2
Partnership income (5)	208	131	58.8	167	24.6	557	425	31.1
Other investment income (5) (6)	232	13	NM	150	54.7	454	187	142.8
Investment expense (7)	(165)	(78)	NM	(136)	NM	(405)	(284)	NM
Total	880	589	49.4	813	8.2	2,438	1,803	35.2
Operating income (loss) before realized capital gains (losses) (1) (2) (3) (6)	1,531	(363)	NM	1,578	(3.0)	4,419	999	342.3
Realized capital gains (losses)	26	80	(67.5)	(44)	NM	29	236	(87.7)
Operating income (loss) (1) (2) (3) (6)	\$ 1,557	\$ (283)	NM %	\$ 1,534	1.5 %	\$ 4,448	\$ 1,235	260.2 %
Underwriting ratios:								
Loss ratio (1) (2) (3)	66.92	99.43		68.17		68.98	85.74	
Expense ratio (1) (2) (3)	23.07	18.79		17.90		19.76	18.44	
Combined ratio	89.99	118.22		86.07		88.74	104.18	
Combined ratio excluding significant current year catastrophe related losses	89.99	93.91		86.07		88.74	96.03	

- Note: (1) Net premiums written and net premiums earned include significant current year catastrophe related net reinstatement premiums of \$122 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred includes significant current year catastrophe losses of \$1,250 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Net premiums earned and statutory underwriting expenses include increases from out of period adjustments of \$155 million and \$225 million, respectively, relating to DBG's continuing remediation efforts, for the three months and the nine months ended September 30, 2006, respectively.
- (3) Includes \$21 million, \$39 million, \$(53) million, \$(4) million and \$157 million additional (reduction in) losses incurred related to significant prior year catastrophes in the three months ended September 30, 2006 and 2005 and the three months ended June 30, 2006 and the nine months ended September 30, 2006 and 2005, respectively.
- (4) Underwriting profit (loss) is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (5) Includes the effect of out of period adjustments related to the accounting for certain interests in unit investment trusts and partnerships. For the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006 the effect was an increase of \$191 million, \$20 million and \$211 million, respectively.
- (6) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (7) Increases in 2006 include the effects from higher interest expense.

American International Group, Inc.
Domestic Brokerage Group Insurance
Nine Months Ended September 30, 2006

Gross Premiums Written by Line of Business



Gross Premiums Written
\$23.7 billion

American International Group, Inc.
Personal Lines Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Net premiums written (1)	\$ 1,162	\$ 1,191	(2.4) %	\$ 1,180	(1.5) %	\$ 3,540	\$ 3,550	(0.3) %
Net premiums earned (1)	1,158	1,182	(2.0)	1,167	(0.8)	3,484	3,459	0.7
Losses and loss expenses incurred (1) (2)	797	940	(15.2)	828	(3.7)	2,463	2,602	(5.3)
Statutory underwriting expenses (1)	278	282	(1.4)	286	(2.8)	845	812	4.1
Statutory underwriting profit (1) (2)	83	(40)	NM	53	56.6	176	45	291.1
Change in deferred acquisition costs	(6)	5	NM	9	NM	8	28	(71.4)
Underwriting profit (loss) (1) (2) (3)	77	(35)	NM	62	24.2	184	73	152.1
Net investment income								
Interest and dividends	58	55	5.5	57	1.8	173	163	6.1
Partnership income	-	-	NM	1	NM	1	-	NM
Other investment income (4)	-	1	NM	1	NM	1	2	(50.0)
Investment expense	(2)	(2)	NM	(4)	NM	(7)	(5)	NM
Total	56	54	3.7	55	1.8	168	160	5.0
Operating income before realized capital gains (losses) (1) (2)	133	19	NM	117	13.7	352	233	51.1
Realized capital gains (losses)	-	(1)	NM	1	NM	-	(4)	NM
Operating income (1) (2)	\$ 133	\$ 18	NM %	\$ 118	12.7 %	\$ 352	\$ 229	53.7 %
Underwriting ratios:								
Loss ratio (1) (2)	68.82	79.51		70.99		70.69	75.23	
Expense ratio (1) (2)	23.90	23.68		24.24		23.87	22.88	
Combined ratio	92.72	103.19		95.23		94.56	98.11	
Combined ratio excluding significant current year catastrophe related losses	92.72	97.38		95.23		94.56	96.14	

- Note: (1) Net premiums written and net premiums earned include significant current year catastrophe related net reinstatement premiums of \$2 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred includes significant current year catastrophe losses of \$60 million in both the three months and the nine months ended September 30, 2005. Statutory underwriting expenses include significant current year catastrophe related losses of \$7 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Includes \$(2) million and \$(6) million reduction in losses incurred related to significant prior year catastrophes in the three months ended June 30, 2006 and the nine months ended September 30, 2006, respectively.
- (3) Underwriting profit (loss) is statutory underwriting profit (loss) adjusted 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.
Mortgage Guaranty (UGC) Insurance Operating Statistics
(dollars in millions)

	Three Months Ended						Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg	
Net premiums written	\$ 232	\$ 149	55.7 %	\$ 193	20.2 %	\$ 622	\$ 459	35.5 %	
Net premiums earned	191	114	67.5	179	6.7	536	397	35.0	
Losses and loss expenses incurred (1)	91	36	152.8	59	54.2	201	96	109.4	
Statutory underwriting expenses	52	35	48.6	47	10.6	144	106	35.8	
Statutory underwriting profit (1)	48	43	11.6	73	(34.2)	191	195	(2.1)	
Change in deferred acquisition costs	2	(3)	NM	1	100.0	10	(1)	NM	
Underwriting profit (1) (2)	50	40	25.0	74	(32.4)	201	194	3.6	
Net investment income									
Interest and dividends	36	32	12.5	37	(2.7)	105	91	15.4	
Partnership income	-	-	NM	-	NM	-	-	NM	
Other investment income (3)	(1)	-	NM	-	NM	(1)	1	NM	
Investment expense	-	-	NM	(1)	NM	(1)	(1)	NM	
Total	35	32	9.4	36	(2.8)	103	91	13.2	
Operating income before realized capital gains (losses) (1)	85	72	18.1	110	(22.7)	304	285	6.7	
Realized capital gains (losses)	-	-	NM	(3)	NM	(3)	-	NM	
Operating income (1)	<u>\$ 85</u>	<u>\$ 72</u>	18.1 %	<u>\$ 107</u>	(20.6) %	<u>\$ 301</u>	<u>\$ 285</u>	5.6 %	
Underwriting ratios:									
Loss ratio (1)	47.50	31.22		33.13		37.42	24.06		
Expense ratio	22.49	23.35		24.71		23.25	23.13		
Combined ratio	69.99	54.57		57.84		60.67	47.19		
Combined ratio excluding significant current year catastrophe related losses	69.99	45.64		57.84		60.67	44.63		

Note: (1) Includes significant current year catastrophe losses of \$10 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe losses in 2006.
(2) Underwriting profit is statutory underwriting profit (loss) adjusted 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.
Transatlantic Holdings, Inc. Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Net premiums written (1) (2)	\$ 895	\$ 858	4.3 %	\$ 914	(2.1) %	\$ 2,723	\$ 2,627	3.7 %
Net premiums earned (1) (2)	895	844	6.0	909	(1.5)	2,712	2,594	4.5
Losses and loss expenses incurred (1) (2)	608	975	(37.6)	619	(1.8)	1,860	2,232	(16.7)
Statutory underwriting expenses	253	249	1.6	257	(1.6)	755	710	6.3
Statutory underwriting profit (loss) (1) (2)	34	(380)	NM	33	3.0	97	(348)	NM
Change in deferred acquisition costs	-	5	NM	4	NM	7	6	16.7
Underwriting profit (loss) (1) (2) (3)	34	(375)	NM	37	(8.1)	104	(342)	NM
Net investment income								
Interest and dividends	99	81	22.2	97	2.1	289	238	21.4
Partnership income	11	5	120.0	5	120.0	22	10	120.0
Other investment income (4)	(1)	3	NM	9	NM	14	15	(6.7)
Investment expense	(2)	(2)	NM	(3)	NM	(8)	(7)	NM
Total	107	87	23.0	108	(0.9)	317	256	23.8
Operating income (loss) before realized capital gains (losses) (1) (2)	141	(288)	NM	145	(2.8)	421	(86)	NM
Realized capital gains (losses)	2	13	(84.6)	(2)	NM	6	24	(75.0)
Operating income (loss) (1) (2)	\$ 143	\$ (275)	NM %	\$ 143	0.0 %	\$ 427	\$ (62)	NM %
Underwriting ratios:								
Loss ratio (1) (2)	67.96	115.42		68.06		68.58	86.05	
Expense ratio (1) (2)	28.23	28.94		28.13		27.73	27.00	
Combined ratio	96.19	144.36		96.19		96.31	113.05	
Combined ratio excluding significant current year catastrophe related losses	96.19	97.70		96.19		96.31	97.86	

- Note: (1) Net premiums written and net premiums earned include significant current year catastrophe related net reinstatement premiums of \$40 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred includes significant current year catastrophe losses of \$355 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Includes \$4 million, \$10 million and \$24 million of additional losses incurred related to significant prior year catastrophes in the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006, respectively. The nine months ended September 30, 2005 include \$50 million of additional losses incurred and net reinstatement premiums related to prior year catastrophes as well as a January 2005 European storm.
- (3) Underwriting profit (loss) is statutory underwriting profit (loss) adjusted 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.

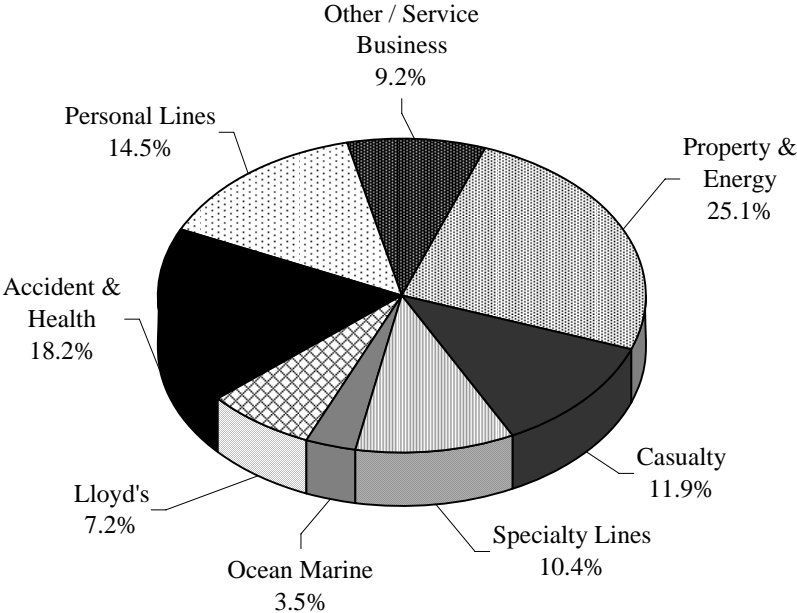
American International Group, Inc.
Foreign General Insurance Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Net premiums written (1) (2) (3)	\$ 2,861	\$ 2,609	9.7 %	\$ 2,867	(0.2) %	\$ 8,774	\$ 8,039	9.1 %
Net premiums earned (1) (2) (3) (4)	2,683	2,381	12.7	2,587	3.7	7,744	7,283	6.3
Losses and loss expenses incurred (1) (2) (5)	1,313	1,436	(8.6)	1,278	2.7	3,896	4,052	(3.8)
Statutory underwriting expenses (6) (7)	994	832	19.5	941	5.6	2,814	2,377	18.4
Statutory underwriting profit (1) (2) (4) (5) (6) (7)	376	113	232.7	368	2.2	1,034	854	21.1
Change in deferred acquisition costs	39	14	178.6	68	(42.6)	242	105	130.5
Underwriting profit (1) (2) (4) (5) (6) (7) (8)	415	127	226.8	436	(4.8)	1,276	959	33.1
Net investment income								
Interest and dividends	204	179	14.0	191	6.8	579	497	16.5
Partnership income	39	45	(13.3)	21	85.7	65	261	(75.1)
Other investment income (9) (10)	70	17	311.8	414	(83.1)	500	30	NM
Investment expense	(22)	(17)	NM	(24)	NM	(69)	(37)	NM
Total	291	224	29.9	602	(51.7)	1,075	751	43.1
Operating income before realized capital gains (losses) (1) (2) (5) (6) (10)	706	351	101.1	1,038	(32.0)	2,351	1,710	37.5
Realized capital gains (losses)	1	(25)	NM	(77)	NM	(62)	(17)	NM
Operating income (1) (2) (5) (6) (10)	\$ 707	\$ 326	116.9 %	\$ 961	(26.4) %	\$ 2,289	\$ 1,693	35.2 %
Underwriting ratios:								
Loss ratio (1) (2) (4)	48.91	60.31		49.43		50.30	55.63	
Expense ratio (1) (2) (4) (6) (11)	34.76	31.91		32.82		32.07	29.57	
Combined ratio	83.67	92.22		82.25		82.37	85.20	
Combined ratio excluding significant current year catastrophe related losses	83.67	81.83		82.25		82.37	81.80	
Foreign exchange effect on Foreign General growth:								
Net premiums written								
Growth in original currency	8.8 %					11.5 %		
Foreign exchange effect	0.9					(2.4)		
Growth as reported in U.S. \$	9.7 %					9.1 %		

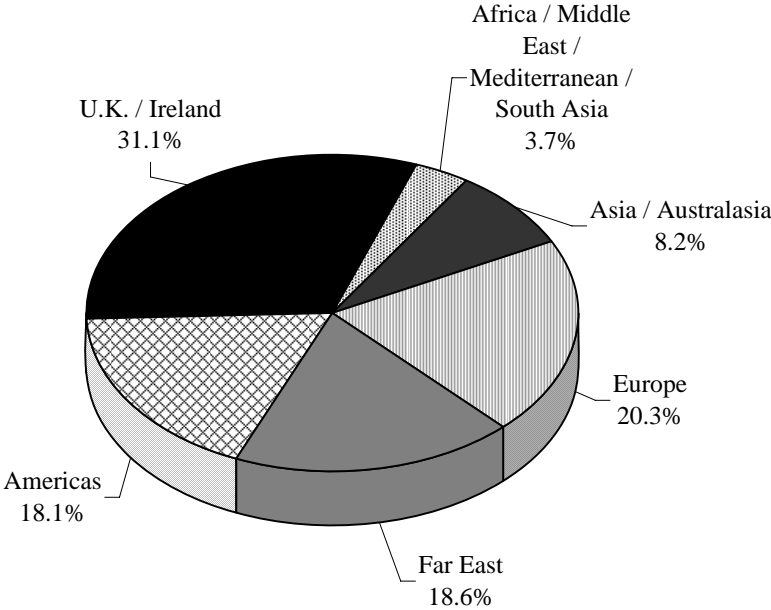
- Note: (1) Net premiums written and net premiums earned include significant current year catastrophe related net reinstatement premiums of \$94 million in both the three months and the nine months ended September 30, 2005. Losses and loss expenses incurred includes significant current year catastrophe losses \$173 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Includes \$25 million, \$(8) million and \$92 million of additional losses incurred and net reinstatement premiums related to significant prior year catastrophes in the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006, respectively. The nine months ended September 30, 2005 includes \$26 million of additional losses incurred and net reinstatement premiums related to a January 2005 European Storm.
- (3) Net premiums written and net premiums earned include a reduction of \$56 million related to reconciliation remediation activities in both the three months and the nine months ended September 30, 2006.
- (4) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.
- (5) Includes \$22 million of losses incurred in both the three months and the nine months ended September 30, 2006 related to a typhoon in Japan.
- (6) Includes the results of wholly owned Foreign General agencies.
- (7) Includes amortization of advertising costs.
- (8) Underwriting profit is statutory underwriting profit (loss) adjusted for changes in the deferral of policy acquisition costs that are necessary to present the financial statements in accordance with GAAP.
- (9) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (10) Includes the effect of out of period adjustments related to the accounting for certain interests in unit investment trusts. For the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006 the effect was an increase of \$22 million, \$412 million and \$434 million, respectively.
- (11) The expense ratio increased in the three months and the nine months ended September 30, 2006 from the same periods of 2005 due to higher than expected profit commission payments related to prior underwriting years, employee compensation costs, higher commission costs related to increased consumer products and lines of business, which have higher acquisition costs, accelerated amortization of advertising costs and reconciliation remediation activities affecting premiums.

American International Group, Inc.
Foreign General Insurance
Nine Months Ended September 30, 2006

Gross Premiums Written by Division



Gross Premiums Written by Region



Gross Premiums Written
\$14.0 billion

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Premiums, deposits and other considerations (1)	\$ <u>16,116</u>	\$ <u>15,422</u>	4.5 %	\$ <u>17,173</u>	(6.2) %	\$ <u>50,070</u>	\$ <u>50,987</u>	(1.8) %
Revenues:								
GAAP premiums	\$ 7,639	\$ 7,109	7.5 %	\$ 7,625	0.2 %	\$ 23,036	\$ 21,953	4.9 %
Net investment income								
Interest and dividends	4,445	4,143	7.3	4,339	2.4	12,996	12,273	5.9
Partnership income excluding synfuels	139	161	(13.7)	95	46.3	392	360	8.9
Partnership income - synfuels (2)	(20)	(36)	NM	(22)	NM	(79)	(115)	NM
Other (3) (4)	189	127	48.8	306	(38.2)	565	295	91.5
Investment expense	(81)	(87)	NM	(96)	NM	(256)	(245)	NM
Net investment income before policyholder trading gains (losses) (5)	4,672	4,308	8.4	4,622	1.1	13,618	12,568	8.4
Policyholder trading gains (losses) (6)	221	359	(38.4)	(324)	NM	282	583	(51.6)
Total net investment income (5)	4,893	4,667	4.8	4,298	13.8	13,900	13,151	5.7
Pricing net investment gains (7)	74	88	(15.9)	88	(15.9)	286	269	6.3
Total revenues including pricing net investment gains and excluding realized capital gains (losses)	12,606	11,864	6.3	12,011	5.0	37,222	35,373	5.2
Benefits and expenses:								
Death and other benefits	3,723	3,494	6.6	3,745	(0.6)	11,081	10,374	6.8
Increase in future policy benefits	3,997	4,040	(1.1)	3,479	14.9	11,886	11,921	(0.3)
Acquisition and insurance expenses	2,188	1,978	10.6	2,179	0.4	6,428	6,004	7.1
Total benefits and expenses (8)	9,908	9,512	4.2	9,403	5.4	29,395	28,299	3.9
Operating income including pricing net investment gains and excluding realized capital gains (losses) (3) (4) (8)	2,698	2,352	14.7	2,608	3.5	7,827	7,074	10.6
Realized capital gains (losses) (7) (9)	(250)	(104)	NM	(245)	NM	(403)	(287)	NM
Operating income (3) (4) (8)	\$ <u>2,448</u>	\$ <u>2,248</u>	8.9 %	\$ <u>2,363</u>	3.6 %	\$ <u>7,424</u>	\$ <u>6,787</u>	9.4 %
Foreign exchange impact on worldwide growth:								
GAAP premiums								
Growth in original currency	7.9 %					7.3 %		
Foreign exchange effect	(0.4)					(2.4)		
Growth as reported in U.S. \$	7.5					4.9		
Premiums, deposits and other considerations (1)								
Growth in original currency	4.5					(0.3)		
Foreign exchange effect	-					(1.5)		
Growth as reported in U.S. \$	4.5 %					(1.8) %		
Life insurance in-force				\$ 1,976,543	1.9 %	\$ 2,014,594	\$ 1,866,343	7.9 %

(See Accompanying Notes on Page 28)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Premiums, deposits and other considerations (1)	\$ <u>5,463</u>	\$ <u>5,547</u>	(1.5) %	\$ <u>5,818</u>	(6.1) %	\$ <u>17,371</u>	\$ <u>18,181</u>	(4.5) %
Revenues:								
GAAP premiums	\$ 1,686	\$ 1,606	5.0 %	\$ 1,667	1.1 %	\$ 5,036	\$ 4,771	5.6 %
Net investment income:								
Interest and dividends	2,475	2,364	4.7	2,416	2.4	7,393	7,263	1.8
Partnership income excluding synfuels	103	132	(22.0)	72	43.1	316	311	1.6
Partnership income - synfuels (2)	(20)	(36)	NM	(22)	NM	(79)	(115)	NM
Other	25	35	(28.6)	13	92.3	35	-	NM
Investment expense	(28)	(27)	NM	(29)	NM	(81)	(88)	NM
Total net investment income (5)	2,555	2,468	3.5	2,450	4.3	7,584	7,371	2.9
Total revenues excluding realized capital gains (losses)	4,241	4,074	4.1	4,117	3.0	12,620	12,142	3.9
Benefits and expenses:								
Death and other benefits	986	1,006	(2.0)	1,043	(5.5)	3,031	2,894	4.7
Increase in future policy benefits	1,384	1,408	(1.7)	1,412	(2.0)	4,271	4,188	2.0
Acquisition and insurance expenses	860	740	16.2	699	23.0	2,264	2,214	2.3
Total benefits and expenses (8)	3,230	3,154	2.4	3,154	2.4	9,566	9,296	2.9
Operating income before realized capital gains (losses) (8)	1,011	920	9.9	963	5.0	3,054	2,846	7.3
Realized capital gains (losses) (9)	(147)	(42)	NM	(321)	NM	(604)	(93)	NM
Operating income (8)	\$ <u>864</u>	\$ <u>878</u>	(1.6) %	\$ <u>642</u>	34.6 %	\$ <u>2,450</u>	\$ <u>2,753</u>	(11.0) %
Life insurance in-force				\$ 879,181	2.6 %	\$ 902,202	\$ 803,445	12.3 %

(See Accompanying Notes on Page 28)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
GAAP premiums:								
Life insurance (10) (11)	\$ 546	\$ 506	7.9 %	\$ 557	(2.0) %	\$ 1,619	\$ 1,506	7.5 %
Home service	196	201	(2.5)	197	(0.5)	593	606	(2.1)
Group life/health (10)	256	272	(5.9)	241	6.2	743	805	(7.7)
Payout annuities (12)	414	375	10.4	397	4.3	1,261	1,118	12.8
Subtotal life insurance	1,412	1,354	4.3	1,392	1.4	4,216	4,035	4.5
Group retirement products	94	91	3.3	96	(2.1)	284	261	8.8
Individual fixed annuities	32	25	28.0	35	(8.6)	96	72	33.3
Individual variable annuities	132	119	10.9	130	1.5	390	345	13.0
Individual annuities - runoff (13)	16	17	(5.9)	14	14.3	50	58	(13.8)
Subtotal retirement services	274	252	8.7	275	(0.4)	820	736	11.4
Total GAAP premiums	1,686	1,606	5.0	1,667	1.1	5,036	4,771	5.6
Premiums, deposits and other considerations (1):								
Life insurance (10)	721	780	(7.6)	816	(11.6)	2,320	2,347	(1.2)
Home service	244	232	5.2	243	0.4	723	716	1.0
Group life/health (10)	258	274	(5.8)	240	7.5	746	808	(7.7)
Payout annuities	615	550	11.8	646	(4.8)	1,931	1,625	18.8
Subtotal life insurance	1,838	1,836	0.1	1,945	(5.5)	5,720	5,496	4.1
Group retirement products	1,335	1,384	(3.5)	1,352	(1.3)	4,083	4,161	(1.9)
Individual fixed annuities	1,194	1,498	(20.3)	1,331	(10.3)	4,212	5,912	(28.8)
Individual variable annuities	1,059	781	35.6	1,148	(7.8)	3,234	2,457	31.6
Individual annuities - runoff (13)	37	48	(22.9)	42	(11.9)	122	155	(21.3)
Subtotal retirement services	3,625	3,711	(2.3)	3,873	(6.4)	11,651	12,685	(8.2)
Total premiums, deposits and other considerations	5,463	5,547	(1.5)	5,818	(6.1)	17,371	18,181	(4.5)
Net investment income:								
Life insurance (10)	347	314	10.5	313	10.9	998	1,010	(1.2)
Home service	167	147	13.6	145	15.2	470	451	4.2
Group life/health (10)	55	51	7.8	52	5.8	161	148	8.8
Payout annuities	253	230	10.0	244	3.7	734	679	8.1
Subtotal life insurance	822	742	10.8	754	9.0	2,363	2,288	3.3
Group retirement products	563	569	(1.1)	539	4.5	1,674	1,665	0.5
Individual fixed annuities	893	863	3.5	880	1.5	2,705	2,509	7.8
Individual variable annuities	51	54	(5.6)	50	2.0	153	165	(7.3)
Individual annuities - runoff (13)	226	240	(5.8)	227	(0.4)	689	744	(7.4)
Subtotal retirement services	1,733	1,726	0.4	1,696	2.2	5,221	5,083	2.7
Total net investment income	2,555	2,468	3.5	2,450	4.3	7,584	7,371	2.9
Operating income before realized capital gains (losses):								
Life insurance (10)	207	190	8.9	177	16.9	562	593	(5.2)
Home service	86	63	36.5	76	13.2	244	216	13.0
Group life/health (10)	20	21	(4.8)	(5)	NM	35	67	(47.8)
Payout annuities	34	20	70.0	30	13.3	104	118	(11.9)
Subtotal life insurance	347	294	18.0	278	24.8	945	994	(4.9)
Group retirement products	270	284	(4.9)	268	0.7	840	834	0.7
Individual fixed annuities	295	270	9.3	321	(8.1)	975	763	27.8
Individual variable annuities	48	41	17.1	48	0.0	140	128	9.4
Individual annuities - runoff (13)	51	31	64.5	48	6.3	154	127	21.3
Subtotal retirement services	664	626	6.1	685	(3.1)	2,109	1,852	13.9
Total operating income before realized capital gains (losses)	1,011	920	9.9	963	5.0	3,054	2,846	7.3
Realized capital gains (losses) (9)	(147)	(42)	NM	(321)	NM	(604)	(93)	NM
Domestic operating income	\$ 864	\$ 878	(1.6) %	\$ 642	34.6 %	\$ 2,450	\$ 2,753	(11.0) %

(See Accompanying Notes on Page 28)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Life insurance								
Periodic premium sales (14):								
Individual/retail (10)	\$ 118	\$ 148	(20.3) %	\$ 183	(35.5) %	\$ 508	\$ 401	26.7 %
Institutional markets	5	2	150.0	8	(37.5)	14	4	250.0
Total periodic sales	<u>123</u>	<u>150</u>	(18.0)	<u>191</u>	(35.6)	<u>522</u>	<u>405</u>	28.9
Unscheduled and single deposits	42	59	(28.8)	83	(49.4)	201	413	(51.3)
Life insurance reserves				22,035	2.0	22,469	20,684	8.6
Home service								
Life/Accident & Health sales (14)	29	25	16.0	29	0.0	83	80	3.8
Fixed annuity sales	30	20	50.0	30	0.0	82	77	6.5
Total insurance reserves				7,328	0.3	7,347	7,248	1.4
Group life/health								
Annualized earned premium (10)				1,151	(2.4)	1,123	1,189	(5.6)
Payout annuities								
Insurance reserves				13,629	3.4	14,091	12,321	14.4
Group retirement products deposits								
Annuities	1,335	1,384	(3.5)	1,352	(1.3)	4,083	4,161	(1.9)
Mutual funds	284	215	32.1	256	10.9	1,085	677	60.3
Total	<u>1,619</u>	<u>1,599</u>	1.3	<u>1,608</u>	0.7	<u>5,168</u>	<u>4,838</u>	6.8
Net flows (16)								
Group retirement products (15)	158	(58)	NM	194	(18.6)	793	520	52.5
Individual fixed annuities	(1,021)	13	NM	(736)	NM	(1,758)	1,846	NM
Individual variable annuities	11	(155)	NM	88	(87.5)	(34)	(209)	NM
Subtotal	(852)	(200)	NM	(454)	NM	(999)	2,157	NM
Individual annuities - runoff	(1,042)	(607)	NM	(1,253)	NM	(3,121)	(1,857)	NM
Total	<u>\$ (1,894)</u>	<u>\$ (807)</u>	NM %	<u>\$ (1,707)</u>	NM %	<u>\$ (4,120)</u>	<u>\$ 300</u>	NM %
Surrender rates (17)								
Group retirement products (15)	9.1%	11.0%		8.8%		9.1%	9.8%	
Individual fixed annuities	13.5%	8.5%		12.4%		11.7%	7.7%	
Individual variable annuities	12.9%	12.2%		13.1%		13.4%	11.7%	

(See Accompanying Notes on Page 28)

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

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Spread information								
Group Retirement Products								
Base investment income	\$ 506	\$ 513	(1.4) %	\$ 503	0.6 %	\$ 1,516	\$ 1,530	(0.9) %
Partnerships	35	49	(28.6)	35	0.0	112	74	51.4
Other enhancements	22	7	214.3	1	NM	46	61	(24.6)
Total net investment income	\$ 563	\$ 569	(1.1) %	\$ 539	4.5 %	\$ 1,674	\$ 1,665	0.5 %
Base Yield	6.21%	6.20%		6.20%		6.21%	6.24%	
Partnerships (18)	0.10%	0.37%		0.13%		0.16%	0.11%	
Other enhancements (19)	0.27%	0.10%		0.01%		0.19%	0.26%	
Total	6.58%	6.67%		6.34%		6.56%	6.61%	
Cost of funds	3.83%	3.80%		3.76%		3.76%	3.74%	
Net spread rate, as reported	2.75%	2.87%		2.59%		2.80%	2.87%	
Net spread rate excluding partnerships and other enhancements	2.39%	2.40%		2.44%		2.45%	2.50%	
Individual Fixed Annuities								
Base investment income	\$ 822	\$ 796	3.3 %	\$ 820	0.2 %	\$ 2,454	\$ 2,351	4.4 %
Partnerships	43	66	(34.8)	35	22.9	167	114	46.5
Other enhancements	28	1	NM	25	12.0	84	44	90.9
Total net investment income	\$ 893	\$ 863	3.5 %	\$ 880	1.5 %	\$ 2,705	\$ 2,509	7.8 %
Base Yield	5.93%	5.85%		5.87%		5.88%	5.88%	
Partnerships (18)	0.10%	0.33%		0.05%		0.20%	0.14%	
Other enhancements (19)	0.20%	0.01%		0.18%		0.20%	0.11%	
Total	6.23%	6.19%		6.10%		6.28%	6.13%	
Cost of funds	3.53%	3.56%		3.51%		3.50%	3.56%	
Net spread rate, as reported	2.70%	2.63%		2.59%		2.78%	2.57%	
Net spread rate excluding partnerships and other enhancements	2.40%	2.29%		2.36%		2.38%	2.32%	
Individual Variable Annuities								
Base investment income	\$ 46	\$ 53	(13.2) %	\$ 48	(4.2) %	\$ 144	\$ 157	(8.3) %
Other enhancements	5	1	400.0	2	150.0	9	8	12.5
Total net investment income	\$ 51	\$ 54	(5.6) %	\$ 50	2.0 %	\$ 153	\$ 165	(7.3) %
Base Yield	5.59%	5.51%		5.60%		5.59%	5.45%	
Other enhancements (19)	0.58%	0.15%		0.26%		0.36%	0.27%	
Total	6.17%	5.66%		5.86%		5.95%	5.72%	
Cost of funds	3.10%	3.11%		3.06%		3.06%	3.09%	
Net spread rate, as reported	3.06%	2.55%		2.80%		2.89%	2.63%	
Net spread rate excluding other enhancements	2.49%	2.40%		2.55%		2.53%	2.36%	
General and separate account reserves								
Group retirement products (15)				\$ 61,150	2.2 %	\$ 62,468	\$ 58,414	6.9 %
Individual fixed annuities				54,760	(0.9)	54,261	54,028	0.4
Individual variable annuities				28,726	2.9	29,545	27,686	6.7
Individual annuities - runoff				17,438	(4.4)	16,664	19,488	(14.5)
Total				\$ 162,074	0.5 %	\$ 162,938	\$ 159,616	2.1 %

(See Accompanying Notes on Page 28)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Premiums, deposits and other considerations (1)	\$ <u>10,653</u>	\$ <u>9,875</u>	7.9 %	\$ <u>11,355</u>	(6.2) %	\$ <u>32,699</u>	\$ <u>32,806</u>	(0.3) %
Revenues:								
GAAP premiums	\$ 5,953	\$ 5,503	8.2 %	\$ 5,958	(0.1) %	\$ 18,000	\$ 17,182	4.8 %
Net investment income:								
Interest and dividends	1,970	1,779	10.7	1,923	2.4	5,603	5,010	11.8
Partnership income	36	29	24.1	23	56.5	76	49	55.1
Other (3) (4)	164	92	78.3	293	(44.0)	530	295	79.7
Investment expense	(53)	(60)	NM	(67)	NM	(175)	(157)	NM
Net investment income before policyholder trading gains (losses)	2,117	1,840	15.1	2,172	(2.5)	6,034	5,197	16.1
Policyholder trading gains (losses) (6)	221	359	(38.4)	(324)	NM	282	583	(51.6)
Total net investment income	2,338	2,199	6.3	1,848	26.5	6,316	5,780	9.3
Pricing net investment gains (7)	74	88	(15.9)	88	(15.9)	286	269	6.3
Total revenues including pricing net investment gains and excluding realized capital gains (losses)	8,365	7,790	7.4	7,894	6.0	24,602	23,231	5.9
Benefits and expenses:								
Death and other benefits	2,737	2,488	10.0	2,702	1.3	8,050	7,480	7.6
Increase in future policy benefits	2,613	2,632	(0.7)	2,067	26.4	7,615	7,733	(1.5)
Acquisition and insurance expenses	1,328	1,238	7.3	1,480	(10.3)	4,164	3,790	9.9
Total benefits and expenses	6,678	6,358	5.0	6,249	6.9	19,829	19,003	4.3
Operating income including pricing net investment gains and excluding realized capital gains (losses) (3) (4)	1,687	1,432	17.8	1,645	2.6	4,773	4,228	12.9
Realized capital gains (losses) (7) (9)	(103)	(62)	NM	76	NM	201	(194)	NM
Operating income (3) (4)	\$ 1,584	\$ 1,370	15.6 %	\$ 1,721	(8.0) %	\$ 4,974	\$ 4,034	23.3 %
Foreign exchange impact on foreign growth:								
GAAP premiums								
Growth in original currency	8.8 %					7.8 %		
Foreign exchange impact	(0.6)					(3.0)		
Growth as reported in U.S. \$	8.2					4.8		
Premiums, deposits and other considerations (1)								
Growth in original currency	7.9					2.0		
Foreign exchange impact	-					(2.3)		
Growth as reported in U.S. \$	7.9 %					(0.3) %		
Life insurance in-force				\$ 1,097,362	1.4 %	\$ 1,112,392	\$ 1,062,898	4.7 %

(See Accompanying Notes on Page 28)

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
GAAP premiums:								
Life insurance	\$ 3,834	\$ 3,671	4.4 %	\$ 3,936	(2.6) %	\$ 11,851	\$ 11,664	1.6 %
Personal accident & health	1,398	1,258	11.1	1,380	1.3	4,084	3,746	9.0
Group products	588	469	25.4	507	16.0	1,668	1,447	15.3
Subtotal life insurance	<u>5,820</u>	<u>5,398</u>	7.8	<u>5,823</u>	(0.1)	<u>17,603</u>	<u>16,857</u>	4.4
Individual fixed annuities	85	80	6.3	94	(9.6)	274	256	7.0
Individual variable annuities	48	25	92.0	41	17.1	123	69	78.3
Subtotal retirement services	<u>133</u>	<u>105</u>	26.7	<u>135</u>	(1.5)	<u>397</u>	<u>325</u>	22.2
Total GAAP premiums	<u>5,953</u>	<u>5,503</u>	8.2	<u>5,958</u>	(0.1)	<u>18,000</u>	<u>17,182</u>	4.8
Premiums, deposits and other considerations (1):								
Life insurance	5,416	4,844	11.8	6,334	(14.5)	17,949	15,959	12.5
Personal accident & health	1,427	1,274	12.0	1,406	1.5	4,151	3,780	9.8
Group products	913	763	19.7	822	11.1	2,668	2,400	11.2
Subtotal life insurance	<u>7,756</u>	<u>6,881</u>	12.7	<u>8,562</u>	(9.4)	<u>24,768</u>	<u>22,139</u>	11.9
Individual fixed annuities	2,187	2,406	(9.1)	1,881	16.3	5,360	9,087	(41.0)
Individual variable annuities	710	588	20.7	912	(22.1)	2,571	1,580	62.7
Subtotal retirement services	<u>2,897</u>	<u>2,994</u>	(3.2)	<u>2,793</u>	3.7	<u>7,931</u>	<u>10,667</u>	(25.6)
Total premiums, deposits and other considerations	<u>10,653</u>	<u>9,875</u>	7.9	<u>11,355</u>	(6.2)	<u>32,699</u>	<u>32,806</u>	(0.3)
Net investment income:								
Life insurance (3) (4)	1,401	1,270	10.3	1,380	1.5	3,991	3,583	11.4
Personal accident & health	78	66	18.2	71	9.9	213	176	21.0
Group products	171	158	8.2	115	48.7	463	425	8.9
Subtotal life insurance	<u>1,650</u>	<u>1,494</u>	10.4	<u>1,566</u>	5.4	<u>4,667</u>	<u>4,184</u>	11.5
Individual fixed annuities	516	486	6.2	458	12.7	1,470	1,240	18.5
Individual variable annuities	182	229	(20.5)	(166)	NM	209	382	(45.3)
Subtotal retirement services	<u>698</u>	<u>715</u>	(2.4)	<u>292</u>	139.0	<u>1,679</u>	<u>1,622</u>	3.5
Intercompany adjustments	<u>(10)</u>	<u>(10)</u>	NM	<u>(10)</u>	NM	<u>(30)</u>	<u>(26)</u>	NM
Total net investment income	<u>2,338</u>	<u>2,199</u>	6.3	<u>1,848</u>	26.5	<u>6,316</u>	<u>5,780</u>	9.3
Pricing net investment gains (7)	74	88	(15.9)	88	(15.9)	286	269	6.3
Operating income excluding pricing net investment gains and realized capital gains (losses):								
Life insurance (3) (4)	954	836	14.1	1,011	(5.6)	2,703	2,476	9.2
Personal accident & health	378	327	15.6	330	14.5	1,044	990	5.5
Group products	98	81	21.0	84	16.7	283	236	19.9
Subtotal life insurance	<u>1,430</u>	<u>1,244</u>	15.0	<u>1,425</u>	0.4	<u>4,030</u>	<u>3,702</u>	8.9
Individual fixed annuities	174	99	75.8	126	38.1	439	257	70.8
Individual variable annuities	19	11	72.7	16	18.8	48	26	84.6
Subtotal retirement services	<u>193</u>	<u>110</u>	75.5	<u>142</u>	35.9	<u>487</u>	<u>283</u>	72.1
Intercompany adjustments	<u>(10)</u>	<u>(10)</u>	NM	<u>(10)</u>	NM	<u>(30)</u>	<u>(26)</u>	NM
Total operating income including pricing net investment gains and excluding realized capital gains (losses) (4)	<u>1,687</u>	<u>1,432</u>	17.8	<u>1,645</u>	2.6	<u>4,773</u>	<u>4,228</u>	12.9
Realized capital gains (losses) (7) (9)	<u>(103)</u>	<u>(62)</u>	NM	<u>76</u>	NM	<u>201</u>	<u>(194)</u>	NM
Foreign operating income (4)	\$ <u>1,584</u>	\$ <u>1,370</u>	15.6 %	\$ <u>1,721</u>	(8.0) %	\$ <u>4,974</u>	\$ <u>4,034</u>	23.3 %

(See Accompanying Notes on Page 28)

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

	First Year Premiums (20)					Single Premiums				
	Three Months Ended					Three Months Ended				
	Sept. 30, 2006	Sept. 30, 2005 (10)	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005 (10)	% Chg	June 30, 2006	Sequential % Chg
Life insurance										
Japan	\$ 222	\$ 240	(7.5) %	\$ 231	(3.9) %	\$ 325	\$ 63	415.9 %	\$ 197	65.0 %
China	24	27	(11.1)	25	(4.0)	46	48	(4.2)	49	(6.1)
Taiwan	87	86	1.2	152	(42.8)	75	46	63.0	229	(67.2)
Other Asia	279	272	2.6	295	(5.4)	275	242	13.6	527	(47.8)
All other regions	52	51	2.0	58	(10.3)	41	30	36.7	43	(4.7)
Total	<u>664</u>	<u>676</u>	(1.8)	<u>761</u>	(12.7)	<u>762</u>	<u>429</u>	77.6	<u>1,045</u>	(27.1)
Personal accident & health										
Japan	172	196	(12.2)	189	(9.0)	1	0	NM	2	(50.0)
China	9	9	0.0	9	0.0	1	2	(50.0)	2	(50.0)
Taiwan	23	20	15.0	23	0.0	-	-	NM	-	NM
Other Asia	95	60	58.3	89	6.7	-	1	NM	-	NM
All other regions	30	26	15.4	29	3.4	6	2	200.0	5	20.0
Total	<u>329</u>	<u>311</u>	5.8	<u>339</u>	(2.9)	<u>8</u>	<u>5</u>	60.0	<u>9</u>	(11.1)
Group products										
Japan	8	4	100.0	6	33.3	-	-	NM	-	NM
China	1	-	NM	6	(83.3)	-	-	NM	-	NM
Taiwan	3	5	(40.0)	5	(40.0)	3	2	50.0	3	0.0
Other Asia	20	26	(23.1)	20	0.0	17	14	21.4	15	13.3
All other regions	203	166	22.3	189	7.4	105	45	133.3	82	28.0
Total	<u>235</u>	<u>201</u>	16.9	<u>226</u>	4.0	<u>125</u>	<u>61</u>	104.9	<u>100</u>	25.0
Total premiums										
Japan	402	440	(8.6)	426	(5.6)	326	63	417.5	199	63.8
China	33	36	(8.3)	34	(2.9)	47	50	(6.0)	51	(7.8)
Taiwan	113	111	1.8	180	(37.2)	78	48	62.5	232	(66.4)
Other Asia	394	358	10.1	404	(2.5)	292	257	13.6	542	(46.1)
All other regions	285	243	17.3	276	3.3	152	77	97.4	130	16.9
Total	<u>1,227</u>	<u>1,188</u>	3.3	<u>1,320</u>	(7.0)	<u>\$ 895</u>	<u>\$ 495</u>	80.8 %	<u>\$ 1,154</u>	(22.4) %
Annuity Production:										
Individual fixed annuity										
Japan	2,016	2,191	(8.0)	1,649	22.3					
Korea	93	127	(26.8)	153	(39.2)					
Other Asia	15	24	(37.5)	28	(46.4)					
All other regions	63	64	(1.6)	50	26.0					
Total	<u>2,187</u>	<u>2,406</u>	(9.1)	<u>1,880</u>	16.3					
Individual variable annuity										
Japan	258	221	16.7	444	(41.9)					
Other Asia	4	2	100.0	(1)	NM					
All other regions	448	366	22.4	469	(4.5)					
Total	<u>710</u>	<u>589</u>	20.5	<u>912</u>	(22.1)					
Total Annuity Production	<u>\$ 2,897</u>	<u>\$ 2,995</u>	(3.3) %	<u>\$ 2,792</u>	3.8 %					

(See Accompanying Notes on Page 28)

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

	First Year Premiums (20)			Single Premiums		
	Nine Months Ended			Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005 (10)	% Chg	Sept. 30, 2006	Sept. 30, 2005 (10)	% Chg
Life insurance						
Japan	\$ 655	\$ 746	(12.2) %	\$ 672	\$ 205	227.8 %
China	72	79	(8.9)	156	95	64.2
Taiwan	457	1,161	(60.6)	508	203	150.2
Other Asia	814	771	5.6	1,111	687	61.7
All other regions	159	148	7.4	128	113	13.3
Total	<u>2,157</u>	<u>2,905</u>	<u>(25.7)</u>	<u>2,575</u>	<u>1,303</u>	<u>97.6</u>
Personal accident & health						
Japan	546	564	(3.2)	4	4	0.0
China	26	24	8.3	4	4	0.0
Taiwan	70	59	18.6	-	-	NM
Other Asia	258	160	61.3	-	2	NM
All other regions	86	81	6.2	15	5	200.0
Total	<u>986</u>	<u>888</u>	<u>11.0</u>	<u>23</u>	<u>15</u>	<u>53.3</u>
Group products						
Japan	19	11	72.7	-	-	NM
China	1	-	NM	-	-	NM
Taiwan	13	17	(23.5)	10	5	100.0
Other Asia	59	85	(30.6)	46	42	9.5
All other regions	632	502	25.9	253	206	22.8
Total	<u>724</u>	<u>615</u>	<u>17.7</u>	<u>309</u>	<u>253</u>	<u>22.1</u>
Total premiums						
Japan	1,220	1,321	(7.6)	676	209	223.4
China	98	103	(4.9)	160	99	61.6
Taiwan	540	1,237	(56.3)	518	208	149.0
Other Asia	1,131	1,016	11.3	1,157	731	58.3
All other regions	877	731	20.0	396	324	22.2
Total	<u>3,866</u>	<u>4,408</u>	<u>(12.3)</u>	<u>\$ 2,907</u>	<u>\$ 1,571</u>	<u>85.0 %</u>
Annuity Production:						
Individual fixed annuity						
Japan	4,686	8,580	(45.4)			
Korea	424	210	101.9			
Other Asia	89	106	(16.0)			
All other regions	161	191	(15.7)			
Total	<u>5,360</u>	<u>9,087</u>	<u>(41.0)</u>			
Individual variable annuity						
Japan	1,285	741	73.4			
Other Asia	4	13	(69.2)			
All other regions	1,282	827	55.0			
Total	<u>2,571</u>	<u>1,581</u>	<u>62.6</u>			
Total Annuity Production	<u>\$ 7,931</u>	<u>\$ 10,668</u>	<u>(25.7) %</u>			

(See Accompanying Notes on Page 28)

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

(dollars in millions)

	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg
Life Insurance Reserves					
Life insurance					
Japan	\$ 29,584	\$ 28,943	2.2 %	\$ 30,076	(1.6) %
China	2,363	1,719	37.5	2,182	8.3
Taiwan	30,845	26,590	16.0	30,828	0.1
Other Asia	36,815	28,753	28.0	34,733	6.0
All other regions	6,790	6,022	12.8	6,615	2.6
Total	<u>106,397</u>	<u>92,027</u>	15.6	<u>104,434</u>	1.9
Personal accident & health					
Japan	4,239	3,765	12.6	4,297	(1.3)
China	58	45	28.9	55	5.5
Taiwan	1,527	1,284	18.9	1,512	1.0
Other Asia	708	424	67.0	631	12.2
All other regions	373	219	70.3	362	3.0
Total	<u>6,905</u>	<u>5,737</u>	20.4	<u>6,857</u>	0.7
Group products					
Japan	2,938	3,297	(10.9)	3,138	(6.4)
Taiwan	44	38	15.8	43	2.3
Other Asia	1,139	1,025	11.1	1,094	4.1
All other regions	4,506	3,618	24.5	4,119	9.4
Total	<u>8,627</u>	<u>7,978</u>	8.1	<u>8,394</u>	2.8
Total life insurance reserves					
Japan	36,761	36,005	2.1	37,511	(2.0)
China	2,421	1,764	37.2	2,237	8.2
Taiwan	32,416	27,912	16.1	32,383	0.1
Other Asia	38,662	30,202	28.0	36,458	6.0
All other regions	11,669	9,859	18.4	11,096	5.2
Total	<u>121,929</u>	<u>105,742</u>	15.3	<u>119,685</u>	1.9
Retirement Services Reserves					
Individual fixed annuities					
Japan	40,219	35,753	12.5	38,903	3.4
Korea	1,560	986	58.2	1,507	3.5
Other Asia	356	256	39.1	371	(4.0)
All other regions (21)	1,834	2,545	(27.9)	1,785	2.7
Total	<u>43,969</u>	<u>39,540</u>	11.2	<u>42,566</u>	3.3
Individual variable annuities					
Japan	4,848	3,258	48.8	4,728	2.5
Other Asia	66	63	4.8	63	4.8
All other regions	3,592	2,047	75.5	3,185	12.8
Total	<u>8,506</u>	<u>5,368</u>	58.5	<u>7,976</u>	6.6
Policy and Contract Claims Reserves					
Personal accident & health					
Japan	231	225	2.7	231	0.0
China	13	9	44.4	12	8.3
Taiwan	54	44	22.7	52	3.8
Other Asia	82	46	78.3	78	5.1
All other regions	101	90	12.2	103	(1.9)
Total	<u>481</u>	<u>414</u>	16.2	<u>476</u>	1.1
Group accident & health					
Taiwan	4	4	0.0	5	(20.0)
Other Asia	15	11	36.4	24	(37.5)
All other regions	75	76	(1.3)	76	(1.3)
Total	<u>\$ 94</u>	<u>\$ 91</u>	3.3 %	<u>\$ 105</u>	(10.5) %

(See Accompanying Notes on Page 28)

American International Group, Inc.

Life Insurance & Retirement Services

Notes

- (1) Premiums, deposits and other considerations represent aggregate business activity 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 a loss of \$1 million, a gain of \$8 million, a gain of \$4 million, a loss of \$38 million and a gain of \$29 million for the three months ended September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005, respectively, for Foreign Life's share of the results of AIG's consumer finance operations in Taiwan.
- (4) Includes the effect of out of period adjustment related to the accounting for certain interests in unit investment trusts. For the three months ended September 30, 2006 and June 30, 2006 and the nine months ended September 30, 2006 the effect was an increase of \$24 million, \$221 million and \$245 million, respectively, in net investment income, and \$24 million, \$144 million and \$168 million, respectively, in operating income.
- (5) **Life Insurance & Retirement Services:** Includes enhancements of \$93 million, \$30 million, \$55 million, \$243 million and \$249 million for the three months ended September 30, 2006 and 2005 and June 30, 2006, and the nine months ended September 30, 2006 and 2005, respectively. Enhancements include gains on calls, dollar roll income, prepayment fees and trading gains (losses) not associated with SOP 03-1.
Domestic Life Insurance & Retirement Services: Includes enhancements of \$93 million, \$30 million, \$55 million, \$243 million and \$249 million for the three months ended September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005, respectively. Enhancements include gains on calls, dollar roll income, prepayment fees and trading gains (losses) not associated with SOP 03-1.
- (6) Relates principally to assets held in various trading securities accounts that do not qualify for separate account treatment under SOP 03-1. These amounts are offset by an equal change included in incurred policy losses and benefits.
- (7) For purposes of this presentation, pricing net investment gains are segregated as a component 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.
- (8) **Life Insurance & Retirement Services** and **Domestic Life Insurance & Retirement Services** include \$12 million of significant current year catastrophe related losses in both the three months and nine months ended September 30, 2005.
- (9) **Life Insurance & Retirement Services:** Includes a loss of \$14 million, a loss of \$264 million, a loss of \$21 million, a gain of \$321 million and a loss of \$447 million for the three months ended September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005, 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.
Domestic Life Insurance & Retirement Services: Includes a loss of \$104 million, a gain of \$12 million, a loss of \$13 million, a loss of \$25 million and a gain of \$31 million for the three months ended September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005, 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.
Foreign Life Insurance & Retirement Services: Includes a gain of \$90 million, a loss of \$276 million, a loss of \$8 million, a gain of \$346 million and a loss of \$478 million for the three months ended September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005, 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) Certain accounts have been reclassified in 2005 to conform to the 2006 presentation.
- (11) Effective January 1, 2006, the Broker/Dealer operations of the Domestic Life Insurance companies are being reported and managed within the Asset Management segment. Included in GAAP premiums were revenues of \$15 million and \$79 million for the three months and the nine months ended September 30, 2005, respectively.
- (12) Includes structured settlements, single premium immediate annuities and terminal funding annuities.
- (13) Primarily represents runoff annuity business sold through discontinued distribution relationships.
- (14) Life insurance sales represent premiums from new sales that are expected to be collected over a one year period.
- (15) Includes group retirement annuities and group mutual funds.
- (16) Net flows are defined as deposits received less benefits, surrenders, withdrawals and death benefits.
- (17) Surrender rates are based upon all benefits, surrenders and withdrawals except for death benefits.
- (18) Includes incremental effect to base yield of investments in hedge funds and private equity funds.
- (19) Includes incremental effect to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (20) Represents premium recorded within the first policy year from new sales other than single premiums.
- (21) September 30, 2005 includes \$855 million of reserves related to operations in Chile that were sold in second quarter 2006.

American International Group, Inc.
Financial Services Operating Statistics
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Revenues:								
Aircraft Finance	\$ 1,060	\$ 943	12.4 %	\$ 1,042	1.7 %	\$ 3,067	\$ 2,661	15.3 %
Capital Markets (1)	335	388	(13.7)	375	(10.7)	1,088	955	13.9
Consumer Finance	970	940	3.2	939	3.3	2,833	2,664	6.3
Other	39	20	95.0	33	18.2	98	61	60.7
Total revenues excluding FAS 133	2,404	2,291	4.9	2,389	0.6	7,086	6,341	11.7
FAS 133:								
AIGFP (2)	783	(365)	NM	(1,163)	NM	(1,058)	1,799	NM
Total revenues	\$ 3,187	\$ 1,926	65.5 %	\$ 1,226	160.0 %	\$ 6,028	\$ 8,140	(25.9) %
Operating income:								
Aircraft Finance (3)	\$ 157	\$ 175	(10.3) %	\$ 189	(16.9) %	\$ 475	\$ 535	(11.2) %
Capital Markets (1)	182	215	(15.3)	211	(13.7)	601	507	18.5
Consumer Finance (4) (5) (6)	220	190	15.8	199	10.6	594	649	(8.5)
Other	15	19	(21.1)	16	(6.3)	38	52	(26.9)
Total operating income excluding FAS 133	574	599	(4.2)	615	(6.7)	1,708	1,743	(2.0)
FAS 133:								
ILFC (7)	-	(10)	NM	-	NM	-	(59)	NM
AIGFP (2)	783	(365)	NM	(1,163)	NM	(1,058)	1,799	NM
Total FAS 133	783	(375)	NM	(1,163)	NM	(1,058)	1,740	NM
Total operating income (loss)	\$ 1,357	\$ 224	NM %	\$ (548)	NM %	\$ 650	\$ 3,483	(81.3) %

- 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 September 30, 2006 and 2005 and June 30, 2006 and the nine months ended September 30, 2006 and 2005 were \$3 million, \$23 million, \$8 million, \$29 million and \$63 million, 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. These amounts result primarily from interest rate and foreign currency derivatives hedging available for sale securities and borrowings.
 - (3) Includes adjustments relating to a tax settlement in Australia, increased credit reserves and lease accruals totaling \$37 million for the nine months ended September 30, 2006.
 - (4) Includes \$44 million in additional allowance for losses in AIG Credit Card Company (Taiwan) for the nine months ended September 30, 2006.
 - (5) Includes \$62 million of significant current year catastrophe related losses in both the three months and the nine months ended September 30, 2005.
 - (6) Includes a reduction in the finance receivables reserve of \$22 million on significant prior year catastrophe related losses in both the three months and the nine months ended September 30, 2006.
 - (7) During 2006, all gains and losses on derivatives relating to ILFC were reported as part of realized capital gains (losses) in the Other category. During 2005, ILFC's derivatives gains and losses were reported in operating income before realized capital gains (losses) in Financial Services. In all periods, the total derivatives gains and losses were excluded in the determination of adjusted net income.

American International Group, Inc.
International Lease Finance Corporation (ILFC)
Aircraft Leases, Orders and Options
September 30, 2006

<u>Aircraft Type:</u>	<u>Number of Aircraft</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	103	44	0
A320-200	126	56	0
A321-100	12	0	0
A321-200	50	23	0
A330-200	48	21	0
A330-300	22	3	0
A340-300	15	0	0
A340-600	12	1	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	163	55	0
747-300	2	0	0
747-400	13	0	0
747-400ERF	4	0	0
757-200	64	0	0
767-200	4	0	0
767-300	53	0	0
777-200B	36	4	0
777-300	21	13	1
787-800	0	22	2
<u>McDonnell Douglas:</u>			
MD-11	8	0	0
MD-83	1	0	0
Total	<u>828</u>	<u>268</u>	<u>3</u>

In fleet includes 10 finance leases.

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

(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Revenues:								
Guaranteed investment contracts								
Domestic (2)	\$ 624	\$ 737	(15.3) %	\$ 695	(10.2) %	\$ 1,988	\$ 2,219	(10.4) %
Foreign	186	171	8.8	145	28.3	484	488	(0.8)
Matched investment program	35	-	NM	10	250.0	45	-	NM
Institutional asset management (3)	208	186	11.8	358	(41.9)	742	541	37.2
Brokerage service and mutual funds	71	67	6.0	73	(2.7)	217	192	13.0
Other	57	101	(43.6)	79	(27.8)	201	276	(27.2)
Total excluding FIN46(R) and EITF 04-5	<u>1,181</u>	<u>1,262</u>	(6.4)	<u>1,360</u>	(13.2)	<u>3,677</u>	<u>3,716</u>	(1.0)
FIN46(R) and EITF 04-5 (4):								
Institutional asset management	57	93	NM	261	NM	421	235	NM
Total including FIN46(R) and EITF 04-5	<u>\$ 1,238</u>	<u>\$ 1,355</u>	(8.6) %	<u>\$ 1,621</u>	(23.6) %	<u>\$ 4,098</u>	<u>\$ 3,951</u>	3.7 %
Operating income:								
Guaranteed investment contracts								
Domestic (2) (5)	\$ 140	\$ 258	(45.7) %	\$ 220	(36.4) %	\$ 561	\$ 764	(26.6) %
Foreign	24	18	33.3	18	33.3	59	48	22.9
Matched investment program	11	-	NM	4	175.0	15	-	NM
Institutional asset management (3)	45	78	(42.3)	203	(77.8)	311	235	32.3
Brokerage service and mutual funds	23	20	15.0	21	9.5	67	50	34.0
Other	54	99	(45.5)	75	(28.0)	190	269	(29.4)
Total excluding FIN46(R), EITF 04-5 and FAS 133	<u>297</u>	<u>473</u>	(37.2)	<u>541</u>	(45.1)	<u>1,203</u>	<u>1,366</u>	(11.9)
FIN46(R) and EITF 04-5 (4):								
Institutional asset management	44	77	NM	270	NM	410	189	NM
FAS 133 (6) (7):								
Guaranteed investment contracts	-	18	NM	-	NM	-	127	NM
Total including FIN46(R), EITF 04-5 and FAS 133	<u>\$ 341</u>	<u>\$ 568</u>	(40.0) %	<u>\$ 811</u>	(58.0) %	<u>\$ 1,613</u>	<u>\$ 1,682</u>	(4.1) %

Note: (1) AIG's non-affiliated client assets under management, including mutual funds and institutional accounts, approximated \$70 billion, \$59 billion and \$66 billion at September 30, 2006 and 2005, and June 30, 2006, respectively.

(2) The Matched Investment Program has replaced AIG's principal spread-based investment activity, the GIC program, which continues in runoff.

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

(4) Includes the full results of certain AIG managed private equity and real estate funds that are consolidated pursuant to FIN46(R), "Consolidation of Variable Interest Entities" and certain AIG managed partnerships consolidated effective January 1, 2006 pursuant to EITF 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights".

(5) Includes \$6 million of significant current year catastrophe related losses in both the three months and the nine months ended September 30, 2005.

(6) 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.

(7) During 2006, all gains and losses on derivatives relating to GICs were reported as part of realized capital gains (losses) in the Other category. During 2005, derivatives gains and losses were reported in operating income before realized capital gains (losses) in Asset Management. In all periods, the total derivatives gains and losses were excluded in the determination of adjusted net income.

American International Group, Inc.
Asset Management Other Data
(dollars in millions)

	Three Months Ended					Nine Months Ended		
	Sept. 30, 2006	Sept. 30, 2005	% Chg	June 30, 2006	Sequential % Chg	Sept. 30, 2006	Sept. 30, 2005	% Chg
Guaranteed Investment Contracts:								
Deposits								
Domestic	\$ -	\$ 4	NM %	\$ 17	NM %	\$ 17	\$ 2,255	(99.2) %
Foreign	3,723	1,823	104.2	2,389	55.8	8,956	5,598	60.0
Total	<u>3,723</u>	<u>1,827</u>	103.8	<u>2,406</u>	54.7	<u>8,973</u>	<u>7,853</u>	14.3
Reserves								
Domestic				35,278	(4.6)	33,672	40,424	(16.7)
Foreign				13,270	17.0	15,532	9,262	67.7
Total				<u>48,548</u>	1.4	<u>49,204</u>	<u>49,686</u>	(1.0)
Domestic Spread Information								
Base investment income	481	550	(12.5)	491	(2.0)	1,480	1,682	(12.0)
Partnerships	83	160	(48.1)	169	(50.9)	402	456	(11.8)
Other enhancements	60	27	122.2	35	71.4	106	81	30.9
Total net investment income	<u>\$ 624</u>	<u>\$ 737</u>	(15.3) %	<u>\$ 695</u>	(10.2) %	<u>\$ 1,988</u>	<u>\$ 2,219</u>	(10.4) %
Base yield	5.85%	5.34%		5.65%		5.68%	5.28%	
Partnerships (1)	0.20%	0.97%		1.11%		0.77%	0.90%	
Other enhancements (2)	<u>0.73%</u>	<u>0.25%</u>		<u>0.41%</u>		<u>0.41%</u>	<u>0.25%</u>	
Total	6.78%	6.56%		7.17%		6.86%	6.43%	
Spread Data Without Hedge Accounting (3)								
Cost of funds (3)	5.48%	4.33%		5.20%		5.19%	4.07%	
Net spread rate, as reported (3)	1.30%	2.24%		1.96%		1.66%	2.36%	
Net spread rate excluding partnerships and other enhancements (3)	0.36%	1.02%		0.45%		0.49%	1.21%	
Spread Data Assuming Hedge Accounting (4)								
Cost of funds with effect of economic hedges (4)	4.95%	4.50%		4.89%		4.84%	4.41%	
Net spread rate with effect of economic hedges (4)	1.82%	2.06%		2.28%		2.01%	2.01%	
Net economic spread rate excluding partnerships and other enhancements (4)	0.89%	0.85%		0.76%		0.84%	0.87%	
Matched Investment Program								
Securities issuance	\$ 1,632	\$ -	NM %	\$ 1,697	(3.8) %	\$ 3,329	\$ -	NM %
Notes and bonds payable				\$ 1,716	94.2 %	\$ 3,333	\$ -	NM %

- Note: (1) Includes incremental effect to base yield of investments in hedge funds, private equity funds and affordable multi-housing partnerships.
(2) Includes incremental effect 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 assuming hedge accounting treatment under FAS 133 is applied.

American International Group, Inc.

Other (in millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2006	Sept. 30, 2005	June 30, 2006	Sept. 30, 2006	Sept. 30, 2005
Other income (deductions) - net:					
Equity earnings in unconsolidated subsidiaries (1) (2)	\$ 48	\$ (205)	\$ 111	\$ 178	\$ (109)
Compensation expense with respect to the SICO Plans (3)	(14)	(63)	(14)	(104)	(130)
Compensation expense with respect to the C.V. Starr tender offer (4)	-	-	-	(54)	-
Interest expense, including distributions on the liabilities connected to trust preferred stock	(227)	(131) (5)	(223)	(633)	(382) (5)
Unallocated corporate expenses and related	(95)	(92) (5)	(71)	(356)	(287) (5)
Other miscellaneous, net	15	(40) (5)	(14)	(20)	(57) (5)
Sub-total other income (deductions) - net excluding FAS 133	(273)	(531)	(211)	(989)	(965)
FAS 133 (6)	(258)	153	(105)	(196)	661
Total other income (deductions) - net	<u>(531)</u>	<u>(378)</u>	<u>(316)</u>	<u>(1,185)</u>	<u>(304)</u>
Other realized capital gains (losses):					
Other realized capital gains (losses)	(197)	175 (5)	(37) (5)	(182) (5)	520 (5)
FAS 133 (7)	258	(153)	105	196	(661)
Total other realized capital gains (losses)	<u>61</u>	<u>22</u>	<u>68</u>	<u>14</u>	<u>(141)</u>
Total Other	<u>\$ (470)</u>	<u>\$ (356)</u>	<u>\$ (248)</u>	<u>\$ (1,171)</u>	<u>\$ (445)</u>

- Note: (1) Includes significant current year catastrophe related losses of \$246 million in both the three months and the nine months ended September 30, 2005. There were no significant catastrophe related losses in 2006.
- (2) Includes adverse development on significant prior year catastrophe related losses of \$1 million in both the three months ended June 30, 2006 and the nine months ended September 30, 2006 and \$15 million in the nine months ended September 30, 2005.
- (3) Includes various adjustments totaling \$61 million primarily relating to stock splits and other miscellaneous items in the nine months ended September 30, 2006.
- (4) In January 2006, C.V. Starr & Co., Inc. (Starr) completed its tender offer to purchase Starr interest from AIG employees.
- (5) Certain amounts have been reclassified to conform to the current period presentation.
- (6) Represents the elimination of revenues reported in the Financial Services segment from intercompany hedging activities.
- (7) Represents the elimination of realized capital gains (losses) reported in General Insurance and Life Insurance & Retirement Services segments and in the Other category from intercompany hedging activities.

American International Group, Inc.

Cash and Invested Assets

September 30, 2006

(dollars in millions)

	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total Company	Percent of Total
Fixed maturities:							
Bonds available for sale, at market value	\$ 63,651	\$ 279,230	\$ 1,336	\$ 31,819	\$ 0	\$ 376,036	49.2 %
Bonds held to maturity, at amortized cost	21,484	0	0	0	0	21,484	2.8
Bond trading securities, at market value	4	1,326	0	5,908	0	7,238	1.0
Equity securities:							
Common stocks available for sale, at market value	3,921	7,625	0	225	64	11,835	1.6
Common and preferred stocks trading, at market value	372	10,792	0	364	0	11,528	1.5
Preferred stocks available for sale, at market value	1,840	655	5	0	0	2,500	0.3
Mortgage loans on real estate - net	13	12,471	92	4,266	0	16,842	2.2
Policy loans	2	7,333	2	48	0	7,385	1.0
Collateral and guaranteed loans - net	3	665	2,152	693	84	3,597	0.5
Investment income due and accrued	1,262	4,549	22	369	0	6,202	0.8
Real estate, net of accumulated depreciation	667	2,903	24	2,748	37	6,379	0.8
Financial services assets:							
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	39,460	0	0	39,460	5.2
Securities available for sale, at market value	0	0	41,232	0	0	41,232	5.4
Trading securities, at market value	0	0	5,822	0	0	5,822	0.8
Spot commodities	0	0	118	0	0	118	0.0
Unrealized gain on swaps	0	0	20,235	0	0	20,235	2.6
Trading assets	0	0	2,194	0	0	2,194	0.3
Securities purchased under agreements to resell, at contract value	0	0	27,041	0	0	27,041	3.5
Finance receivables, net of allowance	0	0	28,634	0	0	28,634	3.7
Securities lending collateral, at market value	5,435	52,426	76	13,451	0	71,388	9.3
Other invested assets	8,482	10,490	1,934	11,861	10	32,777	4.3
Short-term investments, at cost	3,622	8,117	1,306	9,670	1	22,716	3.0
Cash	488	523	279	133	2	1,425	0.2
Total cash and invested assets	\$ 111,246	\$ 399,105	\$ 171,964	\$ 81,555	\$ 198	\$ 764,068	100.0 %
Percent of total company	14.6%	52.2%	22.5%	10.7%	0.0%	100.0%	
Return on invested assets (1)	5.3%	4.8%					
Return on invested assets excluding Securities lending collateral	5.6%	5.5%					

Note: (1) Annualized net investment income expressed as a percentage of average cash and invested assets.

American International Group, Inc.
Cash and Invested Assets
General Insurance

(dollars in millions)

	September 30, 2006			Percent of Total	December 31, 2005			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at market value	\$ 45,395	\$ 18,256	\$ 63,651	57.2 %	\$ 34,688	\$ 16,182	\$ 50,870	53.7 %
Bonds held to maturity, at amortized cost	21,484	0	21,484	19.3	21,528	0	21,528	22.7
Bond trading securities, at market value	0	4	4	0.0	0	0	0	0.0
Equity securities:								
Common stocks available for sale, at market value	3,025	896	3,921	3.5	3,137	1,368	4,505	4.8
Common and preferred stocks trading, at market value	372	0	372	0.3	425	0	425	0.4
Preferred stocks available for sale, at market value	1,837	3	1,840	1.7	1,631	1	1,632	1.7
Mortgage loans on real estate - net	9	4	13	0.0	9	5	14	0.0
Policy loans	0	2	2	0.0	0	2	2	0.0
Collateral and guaranteed loans - net	0	3	3	0.0	0	3	3	0.0
Investment income due and accrued	911	351	1,262	1.1	927	305	1,232	1.3
Real estate, net of accumulated depreciation	231	436	667	0.6	230	373	603	0.6
Financial services assets:								
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0	0	0	0	0.0
Securities available for sale, at market value	0	0	0	0.0	0	0	0	0.0
Trading securities, at market value	0	0	0	0.0	0	0	0	0.0
Spot commodities	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps	0	0	0	0.0	0	0	0	0.0
Trading assets	0	0	0	0.0	0	0	0	0.0
Securities purchased under agreements to resell, at contract value	0	0	0	0.0	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0	0	0	0	0.0
Securities lending collateral, at market value	2,196	3,239	5,435	4.9	1,267	3,664	4,931	5.2
Other invested assets	6,868	1,614	8,482	7.6	5,402	870	6,272	6.6
Short-term investments, at cost	1,825	1,797	3,622	3.3	839	1,643	2,482	2.7
Cash	345	143	488	0.5	146	159	305	0.3
Total cash and invested assets	\$ 84,498	\$ 26,748	\$ 111,246	100.0 %	\$ 70,229	\$ 24,575	\$ 94,804	100.0 %
Percent of total company	11.1%	3.5%	14.6%		10.1%	3.6%	13.7%	

American International Group, Inc.
Cash and Invested Assets
Life Insurance & Retirement Services

(dollars in millions)

	September 30, 2006			Percent of Total	December 31, 2005			Percent of Total
	Domestic	Foreign	Total		Domestic	Foreign	Total	
Fixed maturities:								
Bonds available for sale, at market value	\$ 137,783	\$ 141,447	\$ 279,230	70.0 %	\$ 144,225	\$ 128,940	\$ 273,165	73.2 %
Bonds held to maturity, at amortized cost	0	0	0	0.0	0	0	0	0.0
Bond trading securities, at market value	187	1,139	1,326	0.3	154	919	1,073	0.3
Equity securities:								
Common stocks available for sale, at market value	155	7,470	7,625	1.9	132	7,304	7,436	2.0
Common and preferred stocks trading, at market value	1	10,791	10,792	2.7	1	8,121	8,122	2.2
Preferred stocks available for sale, at market value	193	462	655	0.2	494	266	760	0.2
Mortgage loans on real estate - net	9,760	2,711	12,471	3.1	8,114	2,133	10,247	2.7
Policy loans	2,990	4,343	7,333	1.8	2,963	4,024	6,987	1.9
Collateral and guaranteed loans - net	0	665	665	0.2	0	1,172	1,172	0.3
Investment income due and accrued	2,012	2,537	4,549	1.1	1,924	2,149	4,073	1.1
Real estate, net of accumulated depreciation	349	2,554	2,903	0.7	375	2,354	2,729	0.7
Financial services assets:								
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0	0	0	0	0.0
Securities available for sale, at market value	0	0	0	0.0	0	0	0	0.0
Trading securities, at market value	0	0	0	0.0	0	0	0	0.0
Spot commodities	0	0	0	0.0	0	0	0	0.0
Unrealized gain on swaps	0	0	0	0.0	0	0	0	0.0
Trading assets	0	0	0	0.0	0	0	0	0.0
Securities purchased under agreements to resell, at contract value	0	0	0	0.0	0	28	28	0.0
Finance receivables, net of allowance	0	0	0	0.0	0	0	0	0.0
Securities lending collateral, at market value	46,573	5,853	52,426	13.1	39,094	3,897	42,991	11.5
Other invested assets	6,036	4,454	10,490	2.6	5,421	2,356	7,777	2.1
Short-term investments, at cost	2,046	6,071	8,117	2.1	1,302	4,553	5,855	1.5
Cash	71	452	523	0.2	53	936	989	0.3
Total cash and invested assets	<u>\$ 208,156</u>	<u>\$ 190,949</u>	<u>\$ 399,105</u>	<u>100.0 %</u>	<u>\$ 204,252</u>	<u>\$ 169,152</u>	<u>\$ 373,404</u>	<u>100.0 %</u>
Percent of total company	27.2%	25.0%	52.2%		29.5%	24.5%	54.0%	

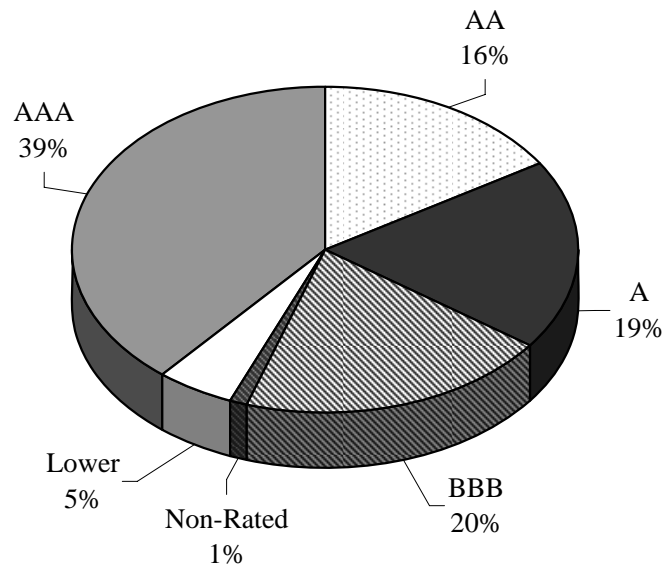
American International Group, Inc.
Cash and Invested Assets
Financial Services

(dollars in millions)

	September 30, 2006					Percent of Total
	Aircraft Finance	Capital Markets	Consumer Finance	Other Financial Services	Total	
Fixed maturities:						
Bonds available for sale, at market value	\$ 0	\$ 0	\$ 1,336	\$ 0	\$ 1,336	0.8 %
Bonds held to maturity, at amortized cost	0	0	0	0	0	0.0
Bond trading securities, at market value	0	0	0	0	0	0.0
Equity securities:						
Common stocks available for sale, at market value	0	0	0	0	0	0.0
Common and preferred stocks trading, at market value	0	0	0	0	0	0.0
Preferred stocks available for sale, at market value	0	0	5	0	5	0.0
Mortgage loans on real estate - net	0	0	84	8	92	0.0
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans - net	188	1,964	0	0	2,152	1.3
Investment income due and accrued	5	0	17	0	22	0.0
Real estate, net of accumulated depreciation	0	0	24	0	24	0.0
Financial services assets:						
Flight equipment primarily under operating leases, net of accumulated depreciation	39,460	0	0	0	39,460	22.9
Securities available for sale, at market value	0	41,232	0	0	41,232	24.0
Trading securities, at market value	0	5,822	0	0	5,822	3.4
Spot commodities	0	118	0	0	118	0.1
Unrealized gain on swaps	0	20,235	0	0	20,235	11.8
Trading assets	0	2,194	0	0	2,194	1.3
Securities purchased under agreements to resell, at contract value	0	27,041	0	0	27,041	15.7
Finance receivables, net of allowance	0	0	28,054	580	28,634	16.7
Securities lending collateral, at market value	0	0	76	0	76	0.0
Other invested assets	301	862	616	155	1,934	1.1
Short-term investments, at cost	126	313	841	26	1,306	0.7
Cash	0	24	184	71	279	0.2
Total cash and invested assets	\$ 40,080	\$ 99,805	\$ 31,239	\$ 840	\$ 171,964	100.0 %
Percent of total company	5.2%	13.1%	4.1%	0.1%	22.5%	

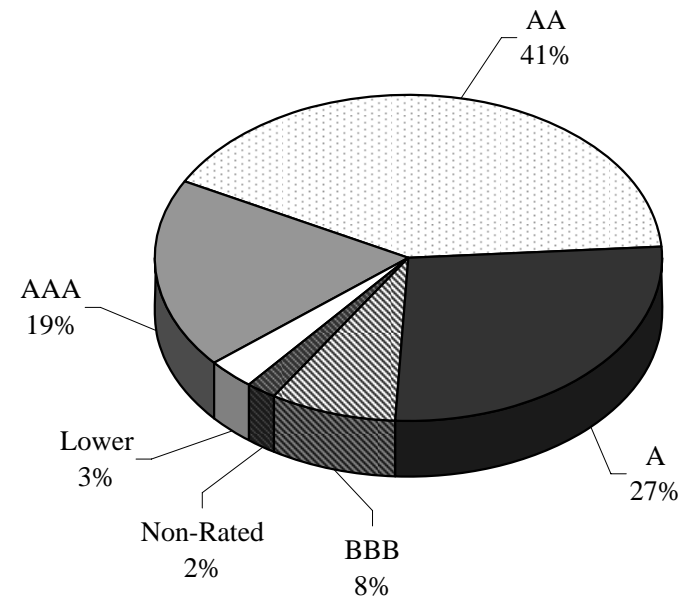
American International Group, Inc.
Worldwide Insurance and Asset Management
Bond Portfolio
 September 30, 2006

Total Domestic Bond Portfolio Ratings



Domestic Bonds
\$235.6 billion

Total Foreign Bond Portfolio Ratings *



Foreign Bonds
\$167.8 billion

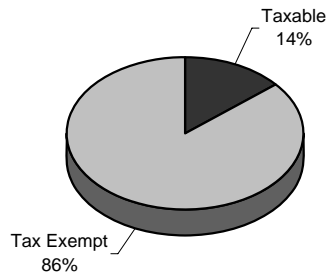
* Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the foreign portfolio non-rated fixed income investments.

American International Group, Inc.
Domestic Insurance and Asset Management
Bond Portfolio
 September 30, 2006

Domestic General Insurance

Bond Ratings

AAA.....	78.1%
AA.....	17.1%
A.....	3.8%
BBB.....	0.4%
Non-Rated.....	0.3%
Lower.....	0.3%



Domestic General Insurance Bonds
 \$66.9 billion

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

Bond Ratings

AAA.....	22.9%
AA.....	16.2%
A.....	25.8%
BBB.....	27.4%
Non-Rated.....	0.4%
Lower.....	7.3%

Domestic Life Insurance &
 Retirement Services and
 Asset Management Bonds
 \$168.7 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, and out of period adjustments are shown exclusive of realized capital gains (losses), cumulative effect of an accounting change in 2006, the effect of FIN46(R), the effect of EITF 04-5, the effect of FAS 133 and the effect of catastrophe related losses.

AIG excludes the effects of FIN46(R), EITF 04-5 and FAS 133 because AIG believes that excluding these items permits investors to better assess the performance of the underlying businesses. For example, AIG's derivatives are economically effective hedges, even though they do not qualify for hedge accounting. Likewise, AIG believes that a presentation excluding entities consolidated pursuant to FIN46(R) or EITF 04-5 is more meaningful than the GAAP presentation where AIG does not in fact have the economic interest that is presumed to be held.

AIG excludes catastrophe related losses in order to permit investors to better assess the performance of the underlying underwriting business.

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 recorded 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 underlying business performance for such period.

AIG believes that underwriting profit (loss) provides investors with financial information that is not only meaningful but critically important to understanding the results of property and casualty insurance operations. Operating income of a property and casualty insurance company includes three components: underwriting profit (loss), net investment income and realized capital gains (losses). Without disclosure of underwriting profit (loss), it is impossible to determine how successful an insurance company is in its core business activity of assessing and underwriting risk. Including investment income and realized capital gains (losses) in operating income without disclosing underwriting profit (loss) can mask underwriting losses. The amount of net investment income may be driven by changes in interest rates and other factors that are totally unrelated to underwriting performance. Underwriting profit (loss) is an important measurement used by AIG senior management to judge the performance of its property and casualty insurance operations. AIG includes the measurement required in statutory financial statements filed with state insurance departments and adjusts for changes in deferred acquisition costs in order to make the measure more consistent with the information provided in AIG's consolidated financial statements. Further, 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 loss, expense 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. AIG also presents net investment income for the Life Insurance & Retirement Services segment before policyholder trading gains and operating income excluding pricing net investment gains. Policyholder trading gains have been excluded because they principally relate to assets held in trading securities accounts that are offset by an equal change in incurred policy losses and benefits. Pricing net investment gains have been excluded in certain presentations because they represent amounts of realized capital gains where the gains are an inherent element in pricing certain life products in some foreign countries.