



# **American International Group, Inc.**

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## **Financial Supplement**

### **First Quarter 2006**

This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 filed with the Securities and Exchange Commission.











# American International Group, Inc.

## Consolidated Balance Sheet

(in millions)

	March 31, 2006	December 31, 2005
<b>Assets:</b>		
<b>Investments and financial services assets:</b>		
Fixed maturities	\$ 391,259	\$ 385,680
Equity securities	26,295	23,588
Mortgage loans on real estate, policy, collateral and guaranteed loans - net of allowance	26,300	24,909
Financial services assets:		
Flight equipment primarily under operating leases, net of accumulated depreciation	37,580	36,245
Securities available for sale, at market value	38,225	37,511
Trading securities, at market value	6,350	6,499
Spot commodities	230	92
Unrealized gain on swaps, options and forward transactions	17,792	18,695
Trading assets	1,411	1,204
Securities purchased under agreements to resell, at contract value	12,297	14,547
Finance receivables, net of allowance	27,219	27,995
Securities lending collateral, at market (which approximates cost)	62,967	59,471
Other invested assets	29,296	27,267
Short-term investments, at cost (approximates market value)	17,343	15,342
<b>Total investments and financial services assets</b>	694,564	679,045
Cash	1,248	1,897
Investment income due and accrued	5,733	5,727
Premiums and insurance balances receivable, net of allowance	18,001	15,333
Reinsurance assets, net of allowance	24,857	24,978
Deferred policy acquisition costs	35,988	33,248
Investments in partially owned companies	1,167	1,158
Real estate and other fixed assets, net of accumulated depreciation	8,059	7,446
Separate and variable accounts	67,597	63,797
Goodwill	8,208	8,093
Other assets	14,376	12,329
<b>Total assets</b>	\$ 879,798	\$ 853,051
<b>Liabilities:</b>		
Reserve for losses and loss expenses	\$ 78,100	\$ 77,169
Reserve for unearned premiums	25,044	24,243
Future policy benefits for life and accident and health insurance contracts	114,606	108,807
Policyholders' contract deposits	231,045	227,027
Other policyholders' funds	10,684	10,870
Reserve for commissions, expenses and taxes	4,939	4,769
Insurance balances payable	3,987	3,564
Funds held by companies under reinsurance treaties	4,195	4,174
Income taxes payable	6,615	6,288
Financial services liabilities:		
Borrowings under obligations of guaranteed investment agreements	21,600	20,811
Securities sold under agreements to repurchase, at contract value	9,691	11,047
Trading liabilities	2,389	2,546
Hybrid financial instrument liabilities, at fair value	6,109	-
Securities and spot commodities sold but not yet purchased, at market value	6,429	5,975
Unrealized loss on swaps, options and forward transactions	11,267	12,740
Trust deposits and deposits due to banks and other depositors	4,384	4,877
Commercial paper	7,500	6,514
Notes, bonds, loans and mortgages payable	68,790	71,313
Commercial paper	5,965	2,694
Notes, bonds, loans and mortgages payable	7,427	7,126
Liabilities connected to trust preferred stock	1,390	1,391
Separate and variable accounts	67,597	63,797
Securities lending payable	63,959	60,409
Minority interest	5,872	5,124
Other liabilities	21,635	23,273
<b>Total liabilities</b>	791,219	766,548
<b>Preferred shareholders' equity in subsidiary companies</b>	189	186
<b>Shareholders' equity:</b>		
Common stock	6,878	6,878
Additional paid-in capital	2,513	2,339
Unrealized appreciation of investments, net of taxes	6,849	8,348
Cash flow hedging activities, net of taxes	(8)	(25)
Foreign currency translation adjustments, net of taxes	(970)	(1,242)
Foreign currency translation adjustments hedging, net of taxes	(11)	1
Retirement plan liabilities adjustment, net of taxes	(151)	(115)
Retained earnings	75,433	72,330
Treasury stock, at cost	(2,143)	(2,197)
<b>Total shareholders' equity</b>	88,390	86,317
<b>Total liabilities, preferred shareholders' equity in subsidiary companies and shareholders' equity</b>	\$ 879,798	\$ 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 (3)	\$ 31.39	\$ 88,390	\$ 81,541

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  
\$88,389,669,246  
2,751,327,476 - 153,858,339 = \$34.03

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

	Three Months Ended March 31,		
	2006	2005	% Chg
Gross premiums written	\$ 14,592	\$ 14,325	1.9 %
Ceded premiums written	3,337	3,535	(5.6)
Net premiums written (1)	11,255	10,790	4.3
Net premiums earned (1)	10,470	10,140	3.3
Paid losses	5,678	5,227	8.6
Change in net loss reserves	1,416	2,080	(31.9)
Less foreign exchange effect	117	28	NM
Losses and loss expenses incurred (1)	6,977	7,279	(4.1)
Statutory underwriting expenses	2,536	2,345	8.1
Statutory underwriting profit (1)	957	516	85.5
Change in deferred acquisition costs	188	47	NM
Underwriting profit (1) (2)	1,145	563	103.4
Net investment income (3)			
Interest and dividends	962	784	22.7
Partnership income	193	248	(22.2)
Other investment income (4)	94	73	28.8
Investment expense	(131)	(90)	NM
Total	1,118	1,015	10.1
<b>Operating income before realized capital gains (losses) (1) (3)</b>	2,263	1,578	43.4
Realized capital gains (losses) (3)	68	64	6.3
<b>Operating income (1) (3)</b>	\$ 2,331	\$ 1,642	42.0 %
<b>Net loss and loss expense reserve</b>	\$ 58,892	\$ 49,334	

**Underwriting ratios:**

Loss ratio (1)	66.64	71.79
Expense ratio	22.53	21.73
Combined ratio	89.17	93.52

**Foreign exchange impact on growth of worldwide net premiums written:**

Growth in original currency	6.0 %
Foreign exchange impact	(1.7)
Growth as reported in U.S. \$	4.3 %

Note: (1) Includes \$103 million and \$171 million of additional losses incurred and net reinstatement premium costs related primarily to prior year catastrophes in the three months ended March 31, 2006 and 2005, respectively, resulting in increases of 0.97 points and 1.66 points, respectively, in the loss ratio. The \$103 million of losses and net reinstatement premium costs incurred in the first three months of 2006 includes \$78 million attributable to 2005 hurricanes and \$25 million attributable to 2004 hurricanes. The \$171 million of losses and net reinstatement premium costs incurred in the three months ended March 31, 2005 is primarily attributable to 2004 hurricanes as well as \$44 million from a January 2005 European storm.

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

(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.**  
**General Insurance**  
**Reconciliation of Net Loss Reserves**  
(in millions)

	<b>Three Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
	<u>          </u>	<u>          </u>
Net reserve for losses and loss expenses at beginning of period	\$ 57,476	\$ 47,254
Foreign exchange effect	117	28
Losses and loss expenses incurred:		
Current year	6,841	7,039
Prior years:		
Other than the accretion of loss reserve discount, Transatlantic general insurance operations and prior year catastrophe development	(98)	(30)
Transatlantic general insurance operations	35	55
Adverse development attributable to increased costs related to catastrophes	98	118
Accretion of loss reserve discount	<u>101</u>	<u>97</u>
Total prior years	136	240
Total losses and loss expenses incurred	6,977	7,279
Losses and loss expenses paid	<u>5,678</u>	<u>5,227</u>
Net reserve for losses and loss expenses at end of period	\$ <u><u>58,892</u></u>	\$ <u><u>49,334</u></u>

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

	<b>Three Months Ended March 31,</b>		
	<b>2006</b>	<b>2005</b>	<b>% Chg</b>
Net premiums written	\$ 5,900	\$ 5,720	3.1 %
Net premiums earned	5,763	5,573	3.4
Losses and loss expenses incurred (1)	4,150	4,462	(7.0)
Statutory underwriting expenses	1,086	1,055	2.9
Statutory underwriting profit (1)	527	56	NM
Change in deferred acquisition costs	38	(59)	NM
Underwriting profit (loss) (1) (2)	565	(3)	NM
Net investment income			
Interest and dividends	595	471	26.3
Partnership income	182	201	(9.5)
Other investment income (3)	72	54	33.3
Investment expense	(104)	(67)	NM
Total	745	659	13.1
<b>Operating income before realized capital gains (losses) (1)</b>	<b>1,310</b>	<b>656</b>	<b>99.7</b>
Realized capital gains (losses)	47	57	(17.5)
<b>Operating income (1)</b>	<b>\$ 1,357</b>	<b>\$ 713</b>	<b>90.3 %</b>
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<b>Underwriting ratios:</b>			
Loss ratio (1)	72.04	80.09	
Expense ratio	18.40	18.43	
Combined ratio	90.44	98.52	

Note: (1) Includes \$28 million and \$118 million of additional losses incurred related to the 2005 and 2004 catastrophes in the three months ended March 31, 2006 and 2005, respectively.

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

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

	<b>Three Months Ended March 31,</b>		
	<u>2006</u>	<u>2005</u>	<u>% Chg</u>
Net premiums written	\$ 1,198	\$ 1,186	1.0 %
Net premiums earned	1,159	1,120	3.5
Losses and loss expenses incurred	838	819	2.3
Statutory underwriting expenses	281	260	8.1
Statutory underwriting profit	40	41	(2.4)
Change in deferred acquisition costs	5	17	(70.6)
Underwriting profit (1)	45	58	(22.4)
Net investment income			
Interest and dividends	58	53	9.4
Partnership income	-	-	NM
Other investment income (2)	-	1	NM
Investment expense	<u>(1)</u>	<u>(2)</u>	NM
Total	57	52	9.6
<b>Operating income before realized capital gains (losses)</b>	102	110	(7.3)
Realized capital gains (losses)	<u>(1)</u>	<u>(1)</u>	NM
<b>Operating income</b>	<u>\$ 101</u>	<u>\$ 109</u>	(7.3) %
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<b>Underwriting ratios:</b>			
Loss ratio	72.25	73.10	
Expense ratio	23.48	21.97	
Combined ratio	95.73	95.07	

Note: (1) 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.

(2) 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 March 31,		
	2006	2005	% Chg
Net premiums written	\$ 197	\$ 165	19.4 %
Net premiums earned	166	140	18.6
Losses and loss expenses incurred	51	35	45.7
Statutory underwriting expenses	45	36	25.0
Statutory underwriting profit	70	69	1.4
Change in deferred acquisition costs	7	6	16.7
Underwriting profit (1)	77	75	2.7
Net investment income			
Interest and dividends	32	28	14.3
Partnership income	-	-	NM
Other investment income (2)	-	-	NM
Investment expense	-	-	NM
Total	32	28	14.3
<b>Operating income before realized capital gains (losses)</b>	109	103	5.8
Realized capital gains (losses)	-	1	NM
<b>Operating income</b>	<u>\$ 109</u>	<u>\$ 104</u>	4.8 %
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<b>Underwriting ratios:</b>			
Loss ratio	30.40	25.03	
Expense ratio	22.69	21.70	
Combined ratio	53.09	46.73	
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Note: (1) 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.

(2) 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)

	<b>Three Months Ended March 31,</b>			
	<b>2006</b>	<b>2005</b>	<b>% Chg</b>	
Net premiums written	\$ 914	\$ 885	3.3	%
Net premiums earned	908	888	2.3	
Losses and loss expenses incurred (1)	633	646	(2.0)	
Statutory underwriting expenses	245	222	10.4	
Statutory underwriting profit (1)	30	20	50.0	
Change in deferred acquisition costs	3	-	NM	
Underwriting profit (1) (2)	33	20	65.0	
Net investment income				
Interest and dividends	93	78	19.2	
Partnership income	6	5	20.0	
Other investment income (3)	6	5	20.0	
Investment expense	(3)	(3)	NM	
Total	102	85	20.0	
<b>Operating income before realized capital gains (losses) (1)</b>	135	105	28.6	
Realized capital gains (losses)	6	9	(33.3)	
<b>Operating income (1)</b>	<b>\$ 141</b>	<b>\$ 114</b>	23.7	%
<hr/>				
<b>Underwriting ratios:</b>				
Loss ratio (1)	69.73	72.73		
Expense ratio	26.83	25.09		
Combined ratio	96.56	97.82		

Note: (1) Includes \$0 and \$25 million of additional losses incurred related to 2004 catastrophes and a January 2005 European storm, in the three months ended March 31, 2006 and 2005, respectively.

(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.**  
**Foreign General Insurance Operating Statistics**  
(dollars in millions)

	Three Months Ended March 31,		
	2006	2005	% Chg
Net premiums written	\$ 3,046	\$ 2,834	7.5 %
Net premiums earned (1)	2,474	2,419	2.3
Losses and loss expenses incurred (2)	1,305	1,317	(0.9)
Statutory underwriting expenses (3)	879	772	13.9
Statutory underwriting profit (1) (2) (3)	290	330	(12.1)
Change in deferred acquisition costs	135	83	62.7
Underwriting profit (1) (2) (3) (4)	425	413	2.9
Net investment income			
Interest and dividends	184	154	19.5
Partnership income	5	42	(88.1)
Other investment income (5)	16	12	33.3
Investment expense	(23)	(18)	NM
Total	182	190	(4.2)
<b>Operating income before realized capital gains (losses) (2)</b>	607	603	0.7
Realized capital gains (losses)	14	(7)	NM
<b>Operating income (2)</b>	<u>\$ 621</u>	<u>\$ 596</u>	4.2 %
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<b>Underwriting ratios:</b>			
Loss ratio (1) (2)	52.74	54.43	
Expense ratio (3) (6)	28.85	27.25	
Combined ratio	81.59	81.68	
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<b>Foreign exchange impact on growth of Foreign General net premiums written:</b>			
Growth in original currency	13.1 %		
Foreign exchange impact	(5.6) %		
Growth as reported in U.S. \$	7.5 %		
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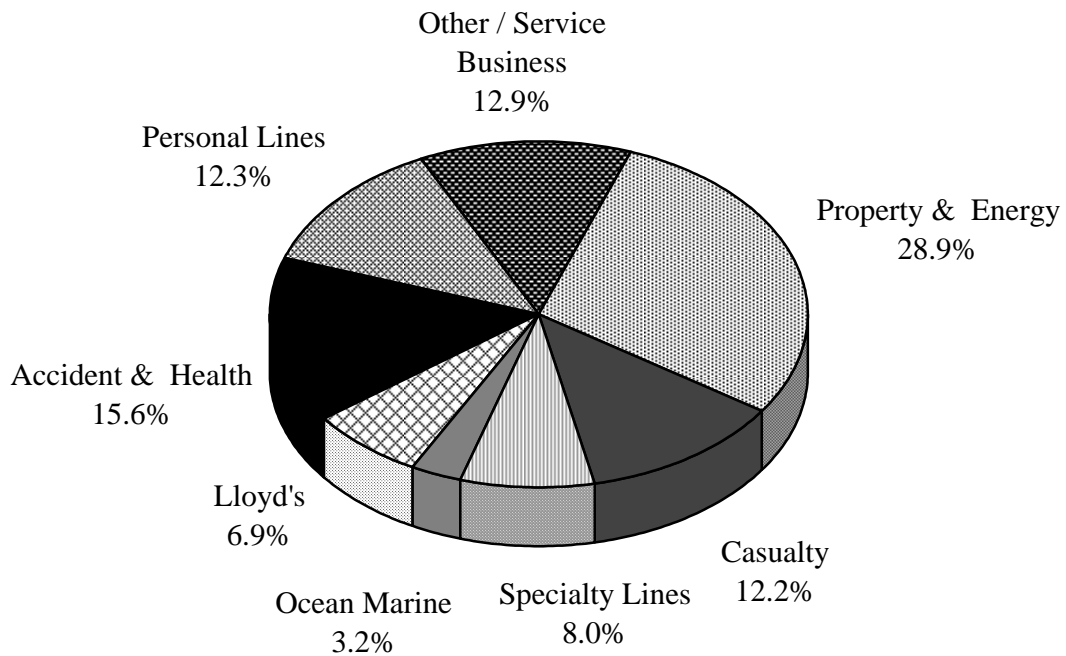
- Note: (1) Income statement accounts expressed in non-functional currencies are translated into U.S. dollars using average exchange rates.
- (2) Includes \$75 million of additional losses incurred and net reinstatement premium costs related to the 2005 catastrophes in the three months ended March 31, 2006, and \$26 million of additional losses incurred and net reinstatement premium costs related to a January 2005 European storm in the three months ended March 31, 2005.
- (3) Includes the results of wholly owned AIU agencies.
- (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) Other investment income is comprised principally of real estate income, changes in market value associated with trading portfolios and income from securities lending.
- (6) The expense ratio increased in the three months ended March 31, 2006 from the same period of 2005 principally due to the \$53 million write-off of deferred advertising costs.

# American International Group, Inc.

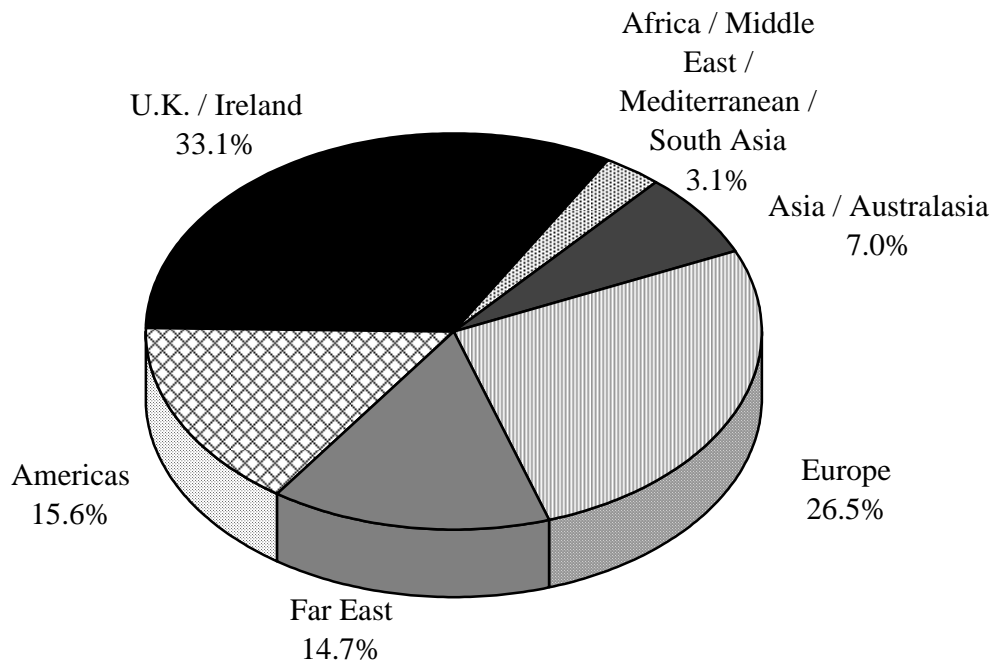
## Foreign General Insurance

Three Months Ended March 31, 2006

### Gross Premiums Written by Division



### Gross Premiums Written by Region



**Gross Premiums Written**  
**\$5.2 billion**

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

(dollars in millions)

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>Premiums, deposits and other considerations (1)</b>	\$ <b>16,781</b>	\$ <b>18,434</b>	(9.0) %
<b>Revenues:</b>			
GAAP premiums	\$ 7,772	\$ 7,540	3.1 %
Net investment income			
Interest and dividends	4,212	3,927	7.3
Partnership income excluding synfuels	158	166	(4.8)
Partnership income - synfuels (2)	(37)	(36)	NM
Policyholder trading gains (3)	385	278	38.5
Other (4)	70	56	25.0
Investment expense	(79)	(74)	NM
Total net investment income (5)	4,709	4,317	9.1
Pricing net investment gains (6)	124	81	53.1
<b>Total revenues including pricing net investment gains and excluding realized capital gains (losses)</b>	<b>12,605</b>	<b>11,938</b>	<b>5.6</b>
<b>Benefits and expenses:</b>			
Death and other benefits	3,613	3,395	6.4
Increase in future policy benefits	4,410	4,199	5.0
Acquisition and insurance expenses	2,061	2,000	3.1
<b>Total benefits and expenses</b>	<b>10,084</b>	<b>9,594</b>	<b>5.1</b>
<b>Operating income including pricing net investment gains and excluding realized capital gains (losses) (4)</b>	<b>2,521</b>	<b>2,344</b>	<b>7.6</b>
Realized capital gains (losses) (6) (7)	34	(163)	NM
<b>Operating income (4)</b>	<b>\$ 2,555</b>	<b>\$ 2,181</b>	<b>17.1 %</b>
<b>Foreign exchange impact on worldwide growth:</b>			
<b>GAAP premiums</b>			
Growth in original currency	7.1 %		
Foreign exchange impact	(4.0)		
Growth as reported in U.S. \$	3.1		
<b>Premiums, deposits and other considerations (1)</b>			
Growth in original currency	(6.3)		
Foreign exchange impact	(2.7)		
Growth as reported in U.S. \$	(9.0) %		

	March 31, 2006	December 31, 2005
<b>Life insurance in-force</b>	\$ 1,904,680	\$ 1,852,833

- Note: (1) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
- (2) Investment in certain limited liability companies that invest in synthetic fuel production facilities as a means of generating income tax credits.
- (3) Relates primarily to trading and investment activity in accordance with SOP 03-1. These amounts are offset by a similar change in increase in future policy benefits.
- (4) Includes a \$40 million loss on Foreign Life's share of the results of AIG's consumer finance operations in Taiwan, primarily related to the increase in loan loss reserves.
- (5) Includes enhancements of \$95 million and \$52 million for the three months ended March 31, 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) For purposes of this presentation, pricing net investment gains are segregated out of total realized capital gains (losses). They represent certain amounts of realized capital gains where gains are an inherent element in pricing certain life products in some foreign countries.
- (7) Includes a gain of \$278 million and a loss of \$79 million for the three months ended March 31, 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.

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

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>Premiums, deposits and other considerations (1)</b>	\$ <b><u>6,090</u></b>	\$ <b><u>6,718</u></b>	<b>(9.3) %</b>
<b>Revenues:</b>			
GAAP premiums	\$ 1,683	\$ 1,604	4.9 %
Net investment income:			
Interest and dividends	2,502	2,399	4.3
Partnership income excluding synfuels	141	154	(8.4)
Partnership income - synfuels (2)	(37)	(36)	NM
Other	(3)	(27)	NM
Investment expense	<u>(24)</u>	<u>(27)</u>	NM
Total net investment income (3)	2,579	2,463	4.7
<b>Total revenues excluding realized capital gains (losses)</b>	<b>4,262</b>	<b>4,067</b>	<b>4.8</b>
<b>Benefits and expenses:</b>			
Death and other benefits	1,002	925	8.3
Increase in future policy benefits	1,475	1,428	3.3
Acquisition and insurance expenses	<u>705</u>	<u>726</u>	(2.9)
<b>Total benefits and expenses</b>	<b>3,182</b>	<b>3,079</b>	<b>3.3</b>
<b>Operating income before realized capital gains (losses)</b>	<b>1,080</b>	<b>988</b>	<b>9.3</b>
Realized capital gains (losses) (4)	<u>(194)</u>	<u>(7)</u>	NM
<b>Operating income</b>	\$ <b><u>886</u></b>	\$ <b><u>981</u></b>	<b>(9.7) %</b>
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	March 31, 2006	December 31, 2005	
<b>Life insurance in-force</b>	\$ 847,211	\$ 825,151	

- Note: (1) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
- (2) Investment in certain limited liability companies that invest in synthetic fuel production facilities as a means of generating income tax credits.
- (3) Includes enhancements of \$95 million and \$52 million for the three months ended March 31, 2006 and 2005, respectively. Enhancements include gains on calls, dollar roll income, prepayment fees and trading gains (losses) not associated with SOP 03-1.
- (4) Includes gains of \$89 million and \$124 million for the three months ended March 31, 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.

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

(dollars in millions)

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>GAAP premiums:</b>			
Life insurance (1) (2)	\$ 516	\$ 497	3.8 %
Home service	200	203	(1.5)
Group life/health (1)	246	268	(8.2)
Payout annuities (3)	450	397	13.4
Subtotal life insurance	<u>1,412</u>	<u>1,365</u>	3.4
Group retirement products	94	84	11.9
Individual fixed annuities	29	20	45.0
Individual variable annuities	128	112	14.3
Individual annuities - runoff (4)	20	23	(13.0)
Subtotal retirement services	<u>271</u>	<u>239</u>	13.4
<b>Total GAAP premiums</b>	<b><u>1,683</u></b>	<b><u>1,604</u></b>	<b>4.9</b>
<b>Premiums, deposits and other considerations (5):</b>			
Life insurance (1)	783	829	(5.5)
Home service	236	237	(0.4)
Group life/health (1)	248	269	(7.8)
Payout annuities	670	572	17.1
Subtotal life insurance	<u>1,937</u>	<u>1,907</u>	1.6
Group retirement products	1,396	1,408	(0.9)
Individual fixed annuities	1,687	2,463	(31.5)
Individual variable annuities	1,027	891	15.3
Individual annuities - runoff (4)	43	49	(12.2)
Subtotal retirement services	<u>4,153</u>	<u>4,811</u>	(13.7)
<b>Total premiums, deposits and other considerations</b>	<b><u>6,090</u></b>	<b><u>6,718</u></b>	<b>(9.3)</b>
<b>Net investment income:</b>			
Life insurance (1)	338	372	(9.1)
Home service	158	147	7.5
Group life/health (1)	54	46	17.4
Payout annuities	237	210	12.9
Subtotal life insurance	<u>787</u>	<u>775</u>	1.5
Group retirement products	572	549	4.2
Individual fixed annuities	932	827	12.7
Individual variable annuities	52	58	(10.3)
Individual annuities - runoff (4)	236	254	(7.1)
Subtotal retirement services	<u>1,792</u>	<u>1,688</u>	6.2
<b>Total net investment income</b>	<b><u>2,579</u></b>	<b><u>2,463</u></b>	<b>4.7</b>
<b>Operating income before realized capital gains (losses):</b>			
Life insurance (1)	178	222	(19.8)
Home service	82	73	12.3
Group life/health (1)	20	27	(25.9)
Payout annuities	40	38	5.3
Subtotal life insurance	<u>320</u>	<u>360</u>	(11.1)
Group retirement products	302	281	7.5
Individual fixed annuities	359	260	38.1
Individual variable annuities	44	42	4.8
Individual annuities - runoff (4)	55	45	22.2
Subtotal retirement services	<u>760</u>	<u>628</u>	21.0
<b>Total operating income before realized capital gains (losses)</b>	<b><u>1,080</u></b>	<b><u>988</u></b>	<b>9.3</b>
Realized capital gains (losses)	(194)	(7)	NM
<b>Domestic operating income</b>	<b><u>\$ 886</u></b>	<b><u>\$ 981</u></b>	<b>(9.7) %</b>

- Note: (1) Certain accounts have been reclassified in 2005 to conform to the 2006 presentation.  
(2) Effective January 1, 2006, the Broker/Dealer operations of the Domestic Life Insurance companies are being reported and managed within AIG Capital Advisors in Asset Management. Included in GAAP premiums were revenues of \$24 million for the three months ended March 31, 2005.  
(3) Includes structured settlements, single premium immediate annuities and terminal funding annuities.  
(4) Primarily represents runoff annuity business sold through discontinued distribution relationships.  
(5) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.

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

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>Life insurance</b>			
Periodic premium sales (1):			
Individual/retail (2)	\$ 207	\$ 126	64.3 %
Institutional markets	1	2	(50.0)
<b>Total periodic sales</b>	<u>208</u>	<u>128</u>	62.5
Unscheduled and single deposits	76	222	(65.8)
Life insurance reserves	21,650	19,894	8.8
<b>Home service</b>			
Life/Accident & Health sales (1)	25	25	-
Fixed annuity sales	22	22	-
Total insurance reserves	7,301	7,186	1.6
<b>Group life/health</b>			
Annualized earned premium (2)	1,174	1,199	(2.1)
<b>Payout annuities</b>			
Insurance reserves	13,230	11,577	14.3
<b>Group retirement products</b>			
Deposits (3)	1,941	1,631	19.0
<b>Net flows (4)</b>			
Group retirement products (3)	441	279	58.1
Individual fixed annuities	(1)	1,385	NM
Individual variable annuities	(133)	72	NM
Subtotal	<u>307</u>	<u>1,736</u>	(82.3)
Individual annuities - runoff	(826)	(566)	NM
<b>Total</b>	<u>\$ (519)</u>	<u>\$ 1,170</u>	NM %
<b>Surrender rates (5)</b>			
Group retirement products (3)	9.5%	9.3%	
Individual fixed annuities	9.3%	6.2%	
Individual variable annuities	14.3%	10.8%	

Note: (1) Life insurance sales represent premiums from new sales that are expected to be collected over a one year period.

(2) Certain accounts have been reclassified in 2005 to conform to the 2006 presentation.

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

(4) Net flows are defined as deposits received, less benefits, surrenders, withdrawals and death benefits.

(5) Surrender rates are based upon all benefits, surrenders and withdrawals except for death benefits.

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

(dollars in millions)

	<b>Three Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
	<hr/>	<hr/>
<b>Spread information</b>		
<b>Group Retirement Products</b>		
Base investment income	\$ 507	\$ 505
Partnerships	42	25
Other enhancements	23	19
<b>Total net investment income</b>	<b>\$ <u>572</u></b>	<b>\$ <u>549</u></b>
Base Yield	6.24%	6.25%
Partnerships (1)	0.24%	0.16%
Other enhancements (2)	0.28%	0.23%
<b>Total</b>	<b><u>6.76%</u></b>	<b><u>6.64%</u></b>
Cost of funds	3.70%	3.69%
Net spread rate, as reported	3.06%	2.95%
Net spread rate excluding partnerships and other enhancements	2.54%	2.56%
<b>Individual Fixed Annuities</b>		
Base investment income	\$ 812	\$ 766
Partnerships	89	49
Other enhancements	31	12
<b>Total net investment income</b>	<b>\$ <u>932</u></b>	<b>\$ <u>827</u></b>
Base Yield	5.84%	5.89%
Partnerships (1)	0.45%	0.23%
Other enhancements (2)	0.23%	0.09%
<b>Total</b>	<b><u>6.52%</u></b>	<b><u>6.21%</u></b>
Cost of funds	3.46%	3.55%
Net spread rate, as reported	3.06%	2.66%
Net spread rate excluding partnerships and other enhancements	2.38%	2.34%
<b>Individual Variable Annuities</b>		
Base investment income	\$ 50	\$ 52
Other enhancements	2	6
<b>Total net investment income</b>	<b>\$ <u>52</u></b>	<b>\$ <u>58</u></b>
Base Yield	5.58%	5.36%
Other enhancements (2)	0.26%	0.58%
<b>Total</b>	<b><u>5.84%</u></b>	<b><u>5.94%</u></b>
Cost of funds	3.03%	3.08%
Net spread rate, as reported	2.81%	2.86%
Net spread rate excluding other enhancements	2.54%	2.28%
<b>General and separate account reserves</b>		
Group retirement products (3)	\$ 61,498	\$ 56,079
Individual fixed annuities	54,991	52,474
Individual variable annuities	29,104	26,433
Individual annuities - runoff	18,527	20,270
<b>Total</b>	<b>\$ <u>164,120</u></b>	<b>\$ <u>155,256</u></b>

- Note: (1) Includes incremental impact to base yield of investments in hedge funds and private equity funds.
- (2) Includes incremental impact to base yield of gains on calls, dollar roll income, prepayment fees and trading gains (losses).
- (3) Includes group retirement annuities and group mutual funds.

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

(dollars in millions)

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>Premiums, deposits and other considerations (1)</b>	\$ <b>10,691</b>	\$ <b>11,716</b>	<b>(8.7) %</b>
<b>Revenues:</b>			
GAAP premiums	\$ 6,089	\$ 5,936	2.6 %
Net investment income:			
Interest and dividends	1,710	1,528	11.9
Partnership income	17	12	41.7
Policyholder trading gains (2)	385	278	38.5
Other (3)	73	83	(12.0)
Investment Expense	(55)	(47)	NM
Total net investment income	2,130	1,854	14.9
Pricing net investment gains (4)	124	81	53.1
<b>Total revenues including pricing net investment gains and excluding realized</b>	<b>8,343</b>	<b>7,871</b>	<b>6.0</b>
<b>Benefits and expenses:</b>			
Death and other benefits	2,611	2,470	5.7
Increase in future policy benefits	2,935	2,771	5.9
Acquisition and insurance expenses	1,356	1,274	6.4
<b>Total benefits and expenses</b>	<b>6,902</b>	<b>6,515</b>	<b>5.9</b>
<b>Operating income including pricing net investment gains and excluding realized capital gains (losses) (3)</b>	<b>1,441</b>	<b>1,356</b>	<b>6.3</b>
Realized capital gains (losses) (4) (5)	228	(156)	NM
<b>Operating income (3)</b>	\$ <b>1,669</b>	\$ <b>1,200</b>	<b>39.1 %</b>
<b>Foreign exchange impact on foreign growth:</b>			
<b>GAAP premiums</b>			
Growth in original currency	7.7 %		
Foreign exchange impact	(5.1)		
Growth as reported in U.S. \$	2.6		
<b>Premiums, deposits and other considerations (1)</b>			
Growth in original currency	(4.6)		
Foreign exchange impact	(4.1)		
Growth as reported in U.S. \$	(8.7) %		
	<b>March 31, 2006</b>	<b>December 31, 2005</b>	
<b>Life insurance in-force</b>	\$ 1,057,469	\$ 1,027,682	

- Note: (1) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.
- (2) Relates primarily to trading and investment activity in accordance with SOP 03-1. These amounts are offset by a similar change in increase in future policy benefits.
- (3) Includes a \$40 million loss on Foreign Life's share of the results of AIG's consumer finance operations in Taiwan, primarily related to the increase in loan loss reserves.
- (4) For purposes of this presentation, pricing net investment gains are segregated out of total realized capital gains (losses). They represent certain amounts of realized capital gains where gains are an inherent element in pricing certain life products in some foreign countries.
- (5) Includes gain of \$189 million and a loss of \$203 million for the three months ended March 31, 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.

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

(dollars in millions)

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>GAAP premiums:</b>			
Life insurance	\$ 4,081	\$ 4,089	(0.2) %
Personal accident & health	1,306	1,221	7.0
Group products	573	517	10.8
Subtotal life insurance	<u>5,960</u>	<u>5,827</u>	2.3
Individual fixed annuities	95	84	13.1
Individual variable annuities	34	25	36.0
Subtotal retirement services	<u>129</u>	<u>109</u>	18.3
<b>Total GAAP premiums</b>	<b><u>6,089</u></b>	<b><u>5,936</u></b>	<b>2.6</b>
<b>Premiums, deposits and other considerations (1):</b>			
Life insurance	6,199	5,698	8.8
Personal accident & health	1,318	1,224	7.7
Group products	933	923	1.1
Subtotal life insurance	<u>8,450</u>	<u>7,845</u>	7.7
Individual fixed annuities	1,292	3,422	(62.2)
Individual variable annuities	949	449	111.4
Subtotal retirement services	<u>2,241</u>	<u>3,871</u>	(42.1)
<b>Total premiums, deposits and other considerations</b>	<b><u>10,691</u></b>	<b><u>11,716</u></b>	<b>(8.7)</b>
<b>Net investment income:</b>			
Life insurance (2)	1,210	1,164	4.0
Personal accident & health	64	54	18.5
Group products	177	131	35.1
Subtotal life insurance	<u>1,451</u>	<u>1,349</u>	7.6
Individual fixed annuities	496	377	31.6
Individual variable annuities	193	136	41.9
Subtotal retirement services	<u>689</u>	<u>513</u>	34.3
Intercompany adjustments	(10)	(8)	NM
<b>Total net investment income</b>	<b><u>2,130</u></b>	<b><u>1,854</u></b>	<b>14.9</b>
<b>Pricing net investment gains (3)</b>	<b>124</b>	<b>81</b>	<b>53.1</b>
<b>Operating income excluding pricing net investment gains and realized capital gains (losses):</b>			
Life insurance (2)	738	799	(7.6)
Personal accident & health	336	334	0.6
Group products	101	66	53.0
Subtotal life insurance	<u>1,175</u>	<u>1,199</u>	(2.0)
Individual fixed annuities	139	77	80.5
Individual variable annuities	13	7	85.7
Subtotal retirement services	<u>152</u>	<u>84</u>	81.0
Intercompany adjustments	(10)	(8)	NM
<b>Total operating income including pricing net investments gains and excluding realized capital gains (losses)</b>	<b><u>1,441</u></b>	<b><u>1,356</u></b>	<b>6.3</b>
Realized capital gains (losses) (3)	<u>228</u>	<u>(156)</u>	NM
<b>Foreign operating income</b>	<b><u>\$ 1,669</u></b>	<b><u>\$ 1,200</u></b>	<b>39.1 %</b>

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

(2) Includes a \$40 million loss on Foreign Life's share of the results of AIG's consumer finance operations in Taiwan, primarily related to the increase in loan loss reserves.

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

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

	Three Months Ended March 31,					
	First Year Premiums (1)			Single Premiums		
	2006	2005 (2)	% Chg	2006	2005	% Chg
<b>Life insurance</b>						
Japan	\$ 202	\$ 225	(10.2) %	\$ 150	\$ 56	167.9 %
China	23	22	4.5	61	15	306.7
Taiwan	218	761	(71.4)	204	67	204.5
Other Asia	240	240	0.0	309	197	56.9
All other regions	49	46	6.5	44	48	(8.3)
<b>Total</b>	<u>732</u>	<u>1,294</u>	(43.4)	<u>768</u>	<u>383</u>	100.5
<b>Personal accident &amp; health</b>						
Japan	185	182	1.6	1	2	(50.0)
China	8	6	33.3	1	1	0.0
Taiwan	24	19	26.3	-	-	NM
Other Asia	74	47	57.4	-	-	NM
All other regions	27	27	0.0	4	2	100.0
<b>Total</b>	<u>318</u>	<u>281</u>	13.2	<u>6</u>	<u>5</u>	20.0
<b>Group products</b>						
Japan	5	3	66.7	-	-	NM
Taiwan	5	6	(16.7)	4	1	300.0
Other Asia	19	30	(36.7)	14	13	7.7
All other regions	240	228	5.3	66	85	(22.4)
<b>Total</b>	<u>269</u>	<u>267</u>	0.7	<u>84</u>	<u>99</u>	(15.2)
<b>Total premiums</b>						
Japan	392	410	(4.4)	151	58	160.3
China	31	28	10.7	62	16	287.5
Taiwan	247	786	(68.6)	208	68	205.9
Other Asia	333	317	5.0	323	210	53.8
All other regions	316	301	5.0	114	135	(15.6)
<b>Total</b>	<u>1,319</u>	<u>1,842</u>	(28.4)	<u>\$ 858</u>	<u>\$ 487</u>	76.2 %
<b>Annuity Production:</b>						
<b>Individual fixed annuity</b>						
Japan	1,022	3,299	(69.0)			
China	-	32	(100.0)			
Taiwan	3	3	0.0			
Other Asia	220	23	856.5			
All other regions	48	65	(26.2)			
<b>Total</b>	<u>1,293</u>	<u>3,422</u>	(62.2)			
<b>Individual variable annuity</b>						
Japan	583	224	160.3			
China	-	2	(100.0)			
Other Asia	1	5	(80.0)			
All other regions	365	218	67.4			
<b>Total</b>	<u>949</u>	<u>449</u>	111.4			
<b>Total Annuity Production</b>	<u>\$ 2,242</u>	<u>\$ 3,871</u>	(42.1) %			

Note: (1) Represents premium recorded within the first policy year from new sales other than single premiums.

(2) Certain accounts have been reclassified in 2005 to conform to the 2006 presentation.

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

(dollars in millions)

	<u>2006</u>	<u>2005</u>	<u>% Chg</u>
<b>Life Insurance Reserves as of March 31,</b>			
<b>Life insurance</b>			
Japan	\$ 28,707	\$ 29,826	(3.8) %
China	2,027	1,441	40.7
Taiwan	29,359	25,986	13.0
Other Asia	33,508	27,598	21.4
All other regions	<u>6,292</u>	<u>6,301</u>	(0.1)
<b>Total</b>	<b>99,893</b>	<b>91,152</b>	<b>9.6</b>
<b>Personal accident &amp; health</b>			
Japan	3,962	3,586	10.5
China	50	36	38.9
Taiwan	1,438	1,251	14.9
Other Asia	553	350	58.0
All other regions	<u>346</u>	<u>221</u>	56.6
<b>Total</b>	<b>6,349</b>	<b>5,444</b>	<b>16.6</b>
<b>Group products</b>			
Japan	3,117	3,555	(12.3)
Taiwan	41	37	10.8
Other Asia	1,061	1,010	5.0
All other regions	<u>4,227</u>	<u>3,427</u>	23.3
<b>Total</b>	<b>8,446</b>	<b>8,029</b>	<b>5.2</b>
<b>Total life insurance reserves</b>			
Japan	35,786	36,967	(3.2)
China	2,077	1,477	40.6
Taiwan	30,838	27,274	13.1
Other Asia	35,122	28,958	21.3
All other regions	<u>10,865</u>	<u>9,949</u>	9.2
<b>Total</b>	<b>114,688</b>	<b>104,625</b>	<b>9.6</b>
<b>Retirement Services Reserves as of March 31,</b>			
<b>Individual fixed annuities</b>			
Japan	37,242	31,480	18.3
China	85	51	66.7
Taiwan	66	68	(2.9)
Other Asia	1,600	912	75.4
All other regions	<u>2,690</u>	<u>2,285</u>	17.7
<b>Total</b>	<b>41,683</b>	<b>34,796</b>	<b>19.8</b>
<b>Individual variable annuities</b>			
Japan	4,379	2,849	53.7
China	1	2	(50.0)
Other Asia	62	54	14.8
All other regions	<u>2,642</u>	<u>1,581</u>	67.1
<b>Total</b>	<b>7,084</b>	<b>4,486</b>	<b>57.9</b>
<b>Policy and Contract Claims Reserves as of March 31,</b>			
<b>Personal accident &amp; health</b>			
Japan	219	215	1.9
China	12	8	50.0
Taiwan	49	43	14.0
Other Asia	64	48	33.3
All other regions	<u>97</u>	<u>94</u>	3.2
<b>Total</b>	<b>441</b>	<b>408</b>	<b>8.1</b>
<b>Group accident &amp; health</b>			
Taiwan	4	5	(20.0)
Other Asia	23	11	109.1
All other regions	<u>79</u>	<u>72</u>	9.7
<b>Total</b>	<b>\$ 106</b>	<b>\$ 88</b>	<b>20.5 %</b>

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

	<b>Three Months Ended March 31,</b>		
	<u>2006</u>	<u>2005</u>	<u>% Chg</u>
<b>Revenues:</b>			
Aircraft Finance	\$ 965	\$ 827	16.7 %
Capital Markets (1)	378	288	31.3
Consumer Finance	924	833	10.9
Other	<u>26</u>	<u>20</u>	30.0
Total revenues before FAS 133	2,293	1,968	16.5
FAS 133 (2):			
AIGFP	<u>(678)</u>	<u>468</u>	NM
<b>Total revenues</b>	<u>\$ 1,615</u>	<u>\$ 2,436</u>	(33.7) %
<b>Operating income:</b>			
Aircraft Finance (3)	\$ 129	\$ 172	(25.0) %
Capital Markets (1)	208	152	36.8
Consumer Finance (4)	175	221	(20.8)
Other	<u>7</u>	<u>17</u>	(58.8)
Operating income before FAS 133	519	562	(7.7)
FAS 133 (2):			
ILFC	-	15	NM
AIGFP	<u>(678)</u>	<u>468</u>	NM
Total FAS 133	<u>(678)</u>	<u>483</u>	NM
<b>Total operating income (loss)</b>	<u>\$ (159)</u>	<u>\$ 1,045</u>	NM %

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 March 31, 2006 and 2005 are \$18 million and \$19 million, respectively.

(2) Includes the 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 three months ended March 31, 2006.

(4) Includes \$44 million in additional allowance for losses in AIG Credit Card Company (Taiwan) for the three months ended March 31, 2006.

**American International Group, Inc.**  
**International Lease Finance Corporation (ILFC)**  
**Aircraft Leases, Orders and Options**  
**March 31, 2006**

	<b>Number of Aircraft</b>		
<b><u>Aircraft Type:</u></b>	<b><u>In Fleet</u></b>	<b><u>Orders</u></b>	<b><u>Options</u></b>
<b><u>Airbus:</u></b>			
A300-600R	6	0	0
A310-300	7	0	0
A319	95	52	0
A320-200	118	66	0
A321-100	12	0	0
A321-200	43	30	0
A330-200	48	20	0
A330-300	20	5	0
A340-300	15	0	0
A340-600	11	4	0
A350-800	0	16	0
A380	0	5	0
A380F	0	5	0
<b><u>Boeing:</u></b>			
737-300/400/500	58	0	0
737-600/700/800	150	63	9
747-300	2	0	0
747-400	13	1	0
747-400ERF	4	0	0
757-200	64	0	0
767-200	4	0	0
767-300	53	0	0
777-200B	33	7	0
777-300	18	14	3
787-800	0	20	4
<b><u>McDonnell Douglas:</u></b>			
MD-11	8	0	0
MD-82/MD-83	1	0	0
<b>Total</b>	<b>783</b>	<b>308</b>	<b>16</b>

In fleet includes 10 finance leases.

Orders include 1 used aircraft commitment.

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

	Three Months Ended March 31,		
	2006	2005	% Chg
<b>Revenues:</b>			
Guaranteed investment contracts			
Domestic	\$ 669	\$ 724	(7.6) %
Foreign	153	172	(11.0)
Institutional asset management (2)	279	319	(12.5)
Brokerage service and mutual funds	73	63	15.9
Other	65	99	(34.3)
<b>Total</b>	<u>\$ 1,239</u>	<u>\$ 1,377</u>	(10.0) %
<b>Operating income:</b>			
Guaranteed investment contracts			
Domestic	\$ 201	\$ 242	(16.9) %
Foreign	17	15	13.3
Institutional asset management (2)	63	86	(26.7)
Brokerage service and mutual funds	23	13	76.9
Other	61	97	(37.1)
<b>Total excluding FIN46R, EITF 04-5 and FAS 133</b>	365	453	(19.4)
FIN46R (3):			
Institutional asset management	27	75	NM
EITF 04-5 (4):			
Institutional asset management	69	-	NM
FAS 133 (5):			
Guaranteed investment contracts	-	62	NM
<b>Total including FIN46R, EITF 04-5 and FAS 133</b>	<u>\$ 461</u>	<u>\$ 590</u>	(21.9) %

Note: (1) AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$65 billion at March 31, 2006, and over \$55 billion at March 31, 2005.

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

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

(4) Includes the results of certain AIG managed partnerships that are 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 the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.

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

	Three Months Ended March 31,	
	2006	2005
<b>Guaranteed investment contracts:</b>		
<b>Deposits</b>		
Domestic	\$ -	\$ 2,250
Foreign	2,844	2,310
<b>Total</b>	<u>2,844</u>	<u>4,560</u>
<b>Reserves</b>		
Domestic	36,487	45,241
Foreign	11,660	10,593
<b>Total</b>	<u>48,147</u>	<u>55,834</u>
<hr/>		
<b>Domestic Spread Information</b>		
Base investment income	508	564
Partnerships	150	137
Other enhancements	11	23
<b>Total net investment income</b>	<u>\$ 669</u>	<u>\$ 724</u>
Base Yield	5.55%	5.22%
Partnerships (1)	0.95%	0.78%
Other enhancements (2)	0.12%	0.22%
<b>Total</b>	6.62%	6.22%
<b>Spread Data Without Hedge Accounting (3)</b>		
Cost of funds (3)	4.90%	3.82%
Net spread rate, as reported (3)	1.71%	2.40%
Net spread rate excluding partnerships and other enhancements (3)	0.64%	1.40%
<b>Spread Data Assuming Hedge Accounting (4)</b>		
Cost of funds with effect of economic hedges (4)	4.69%	4.32%
Net spread rate with effect of economic hedges (4)	1.92%	1.89%
Net economic spread rate excluding partnerships and other enhancements (4)	0.87%	0.89%

- Note: (1) Includes incremental impact to base yield of investments in hedge funds, private equity funds and affordable multi-housing partnerships.  
(2) Includes incremental impact to base yields of gains on calls, dollar roll income, prepayment fees and trading gains (losses).  
(3) Represents cost of funds without FAS 133 accounting for economic hedges where the effects of derivative transactions are recorded in realized capital gains (losses).  
(4) Represents cost of funds on an economic basis including the effects of derivative transactions not accounted for under FAS 133.

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

	<b>Three Months Ended March 31, 2006</b>	<b>2005</b>
Equity in unconsolidated subsidiaries	\$ 19	\$ 60
Compensation expense with respect to the SICO Plans (1)	(76)	(7)
Compensation expense with respect to the C.V. Starr tender offer (2)	(54)	-
Interest expense, including distributions on the liabilities connected to trust preferred stock	(163)	(116)
Unallocated corporate expenses and related	(199)	(78)
FAS 133 adjustment	166	240
Other	(31)	(63)
Total other income (deductions) - net	\$ (338)	\$ 36

Note: (1) Includes various adjustments totaling \$61 million primarily relating to stock splits and other miscellaneous items for the three months ended March 31, 2006.  
(2) In January 2006, C.V. Starr & Co., Inc. (Starr) completed its tender offer to purchase Starr interest from AIG employees.

# American International Group, Inc.

## Cash and Invested Assets

March 31, 2006

(dollars in millions)

	<u>General</u> <u>Insurance</u>	<u>Life</u> <u>Insurance &amp;</u> <u>Retirement</u> <u>Services</u>	<u>Financial</u> <u>Services</u>	<u>Asset</u> <u>Management</u>	<u>Other</u>	<u>Total</u> <u>Company</u>	<u>Percent</u> <u>of</u> <u>Total</u>
Bonds held to maturity, at amortized cost	\$ 21,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,520	3.1 %
Bonds available for sale, at market value	55,348	275,955	1,313	31,894	0	364,510	51.6
Bond trading securities, at market value	0	1,226	0	4,003	0	5,229	0.7
Preferred stocks available for sale, at market value	1,690	757	9	0	0	2,456	0.3
Common stocks available for sale, at market value	4,753	8,510	0	243	63	13,569	1.9
Common stocks trading, at market value	434	9,435	0	401	0	10,270	1.5
Policy loans	2	7,166	2	48	0	7,218	1.0
Collateral and guaranteed loans - net	3	1,202	2,202	609	98	4,114	0.6
Mortgage loans on real estate - net	14	10,830	65	4,059	0	14,968	2.1
Investment income due and accrued	1,141	4,163	19	406	4	5,733	0.8
Real estate	610	2,786	24	2,229	29	5,678	0.8
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	37,580	0	0	37,580	5.3
Finance receivables, net of allowance	0	0	27,219	0	0	27,219	3.9
Securities purchased under agreements to resell, at contract value	0	0	12,297	0	0	12,297	1.7
Unrealized gain on swaps	0	0	17,792	0	0	17,792	2.5
Spot commodities	0	0	230	0	0	230	0.0
Trading assets	0	0	1,411	0	0	1,411	0.2
Trading securities, at market value	0	0	6,350	0	0	6,350	0.9
Securities available for sale, at market value	0	0	38,225	0	0	38,225	5.4
Securities lending collateral, at market value	5,082	45,791	60	12,034	0	62,967	8.9
Other invested assets	6,828	8,422	2,953	11,083	10	29,296	4.1
Short-term investments, at cost	1,482	3,373	542	6,268	0	11,665	1.7
Time deposits	556	970	302	128	1	1,957	0.3
Cash-interest bearing	772	2,307	449	193	0	3,721	0.5
Operating cash	243	652	282	68	3	1,248	0.2
<b>Total cash and invested assets</b>	<b>\$ 100,478</b>	<b>\$ 383,545</b>	<b>\$ 149,326</b>	<b>\$ 73,666</b>	<b>\$ 208</b>	<b>\$ 707,223</b>	<b>100.0 %</b>
<b>Percent of total company</b>	14.2%	54.2%	21.1%	10.4%	0.1%	<b>100.0%</b>	
<b>Rate of return on invested assets (1)</b>	4.6%	5.0%					

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

# American International Group, Inc.

## Cash and Invested Assets

March 31, 2006

(dollars in millions)

	General Insurance			Percent of Total
	Domestic	Foreign	Total	
Bonds held to maturity, at amortized cost	\$ 21,520	\$ 0	\$ 21,520	21.4 %
Bonds available for sale, at market value	38,762	16,586	55,348	55.1
Bond trading securities, at market value	0	0	0	0.0
Preferred stocks available for sale, at market value	1,690	0	1,690	1.7
Common stocks available for sale, at market value	3,231	1,522	4,753	4.7
Common stocks trading, at market value	434	0	434	0.4
Policy loans	0	2	2	0.0
Collateral and guaranteed loans - net	0	3	3	0.0
Mortgage loans on real estate - net	9	5	14	0.0
Investment income due and accrued	861	280	1,141	1.1
Real estate	228	382	610	0.6
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0
Securities purchased under agreements to resell, at contract value	0	0	0	0.0
Unrealized gain on swaps	0	0	0	0.0
Spot commodities	0	0	0	0.0
Trading assets	0	0	0	0.0
Trading securities, at market value	0	0	0	0.0
Securities available for sale, at market value	0	0	0	0.0
Securities lending collateral, at market value	1,331	3,751	5,082	5.1
Other invested assets	5,973	855	6,828	6.8
Short-term investments, at cost	860	622	1,482	1.5
Time deposits	11	545	556	0.6
Cash-interest bearing	188	584	772	0.8
Operating cash	122	121	243	0.2
<b>Total cash and invested assets</b>	<b>\$ 75,220</b>	<b>\$ 25,258</b>	<b>\$ 100,478</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>10.6%</b>	<b>3.6%</b>	<b>14.2%</b>	

# American International Group, Inc.

## Cash and Invested Assets

March 31, 2006

(dollars in millions)

	Life Insurance & Retirement Services			Percent of Total
	Domestic	Foreign	Total	
Bonds held to maturity, at amortized cost	\$ 0	\$ 0	\$ 0	0.0 %
Bonds available for sale, at market value	140,867	135,088	275,955	71.9
Bond trading securities, at market value	204	1,022	1,226	0.3
Preferred stocks available for sale, at market value	436	321	757	0.2
Common stocks available for sale, at market value	248	8,262	8,510	2.2
Common stocks trading, at market value	1	9,434	9,435	2.5
Policy loans	2,954	4,212	7,166	1.9
Collateral and guaranteed loans - net	0	1,202	1,202	0.3
Mortgage loans on real estate - net	8,582	2,248	10,830	2.8
Investment income due and accrued	2,019	2,144	4,163	1.1
Real estate	430	2,356	2,786	0.7
Flight equipment primarily under operating leases, net of accumulated depreciation	0	0	0	0.0
Finance receivables, net of allowance	0	0	0	0.0
Securities purchased under agreements to resell, at contract value	0	0	0	0.0
Unrealized gain on swaps	0	0	0	0.0
Spot commodities	0	0	0	0.0
Trading assets	0	0	0	0.0
Trading securities, at market value	0	0	0	0.0
Securities available for sale, at market value	0	0	0	0.0
Securities lending collateral, at market value	40,609	5,182	45,791	11.9
Other invested assets	5,827	2,595	8,422	2.2
Short-term investments, at cost	674	2,699	3,373	0.9
Time deposits	0	970	970	0.3
Cash-interest bearing	851	1,456	2,307	0.6
Operating cash	35	617	652	0.2
<b>Total cash and invested assets</b>	<b>\$ 203,737</b>	<b>\$ 179,808</b>	<b>\$ 383,545</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>28.8%</b>	<b>25.4%</b>	<b>54.2%</b>	

# American International Group, Inc.

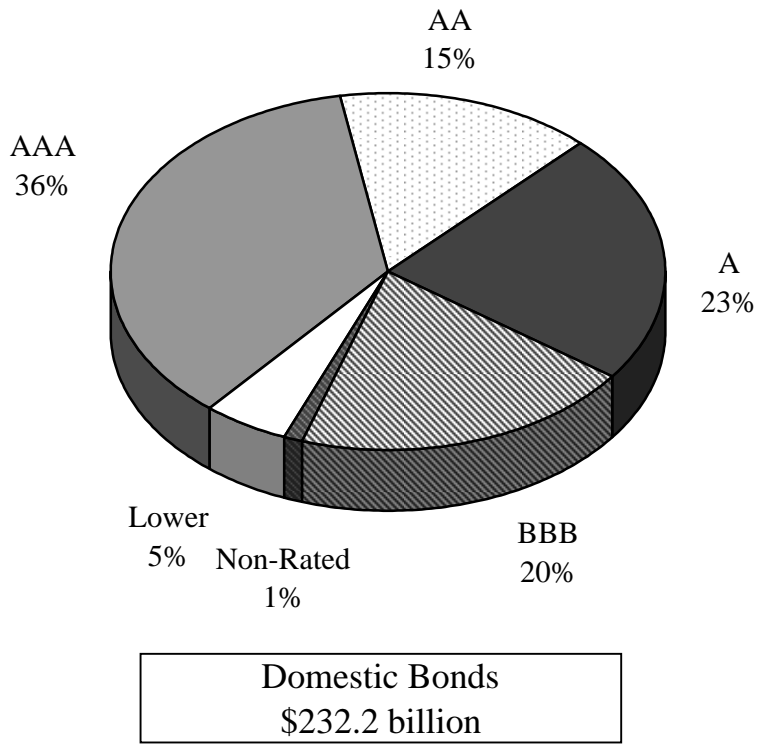
## Cash and Invested Assets

March 31, 2006  
(dollars in millions)

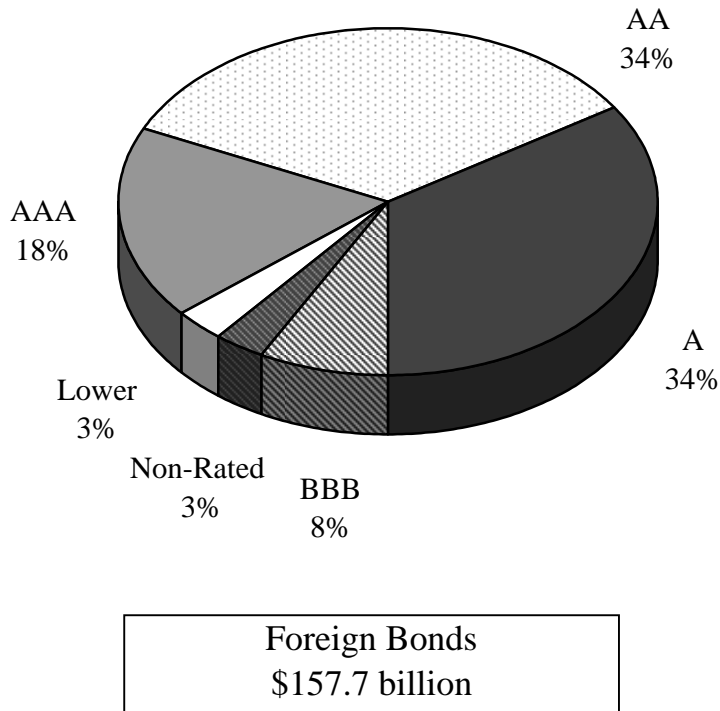
	Financial Services				Total	Percent of Total
	Aircraft Finance	Capital Markets	Consumer Finance	Other Financial Services		
Bonds held to maturity, at amortized cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0 %
Bonds available for sale, at market value	0	0	1,313	0	1,313	0.9
Bond trading securities, at market value	0	0	0	0	0	0.0
Preferred stocks available for sale, at market value	0	0	9	0	9	0.0
Common stocks available for sale, at market value	0	0	0	0	0	0.0
Common stocks trading, at market value	0	0	0	0	0	0.0
Policy loans	0	0	2	0	2	0.0
Collateral and guaranteed loans - net	213	1,989	0	0	2,202	1.5
Mortgage loans on real estate - net	0	0	57	8	65	0.0
Investment income due and accrued	2	0	17	0	19	0.0
Real estate	0	0	24	0	24	0.0
Flight equipment primarily under operating leases, net of accumulated depreciation	37,580	0	0	0	37,580	25.2
Finance receivables, net of allowance	0	0	26,764	455	27,219	18.2
Securities purchased under agreements to resell, at contract value	0	12,297	0	0	12,297	8.2
Unrealized gain on swaps	0	17,792	0	0	17,792	11.9
Spot commodities	0	230	0	0	230	0.2
Trading assets	0	1,411	0	0	1,411	0.9
Trading securities, at market value	0	6,350	0	0	6,350	4.3
Securities available for sale, at market value	0	38,225	0	0	38,225	25.6
Securities lending collateral, at market value	0	0	60	0	60	0.0
Other invested assets	312	2,111	436	94	2,953	2.0
Short-term investments, at cost	68	0	473	1	542	0.4
Time deposits	0	291	11	0	302	0.2
Cash-interest bearing	102	58	284	5	449	0.3
Operating cash	4	5	191	82	282	0.2
<b>Total cash and invested assets</b>	<b>\$ 38,281</b>	<b>\$ 80,759</b>	<b>\$ 29,641</b>	<b>\$ 645</b>	<b>\$ 149,326</b>	<b>100.0 %</b>
<b>Percent of total company</b>	<b>5.4%</b>	<b>11.4%</b>	<b>4.2%</b>	<b>0.1%</b>	<b>21.1%</b>	

**American International Group, Inc.**  
**Worldwide Insurance and Asset Management**  
**Bond Portfolio**  
**March 31, 2006**

**Total Domestic Bond Portfolio Ratings**



**Total Foreign Bond Portfolio Ratings \***



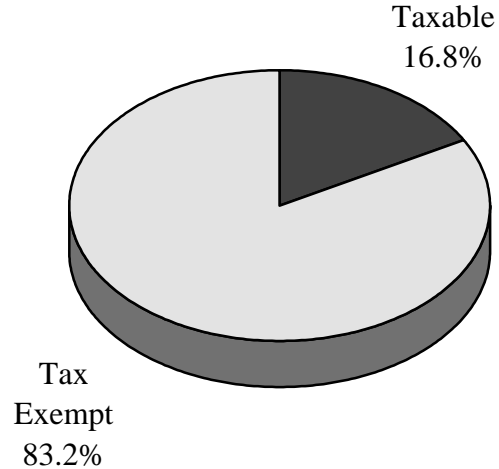
\* Ratings by nationally recognized rating agencies or similar foreign services. AIG reviews the credit quality of the foreign portfolio non-rated fixed income investments.

**American International Group, Inc.**  
**Domestic Insurance and Asset Management**  
**Bond Portfolio**  
 March 31, 2006

**Domestic General Insurance**

**Bond Ratings**

AAA.....	75.9%
AA.....	16.3%
A.....	6.4%
BBB.....	0.8%
Non-Rated.....	0.6%
Lower.....	<0.1%



Domestic General Insurance Bonds  
\$60.3 billion

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

**Bond Ratings**

AAA.....	22.3%
AA.....	14.3%
A.....	29.3%
BBB.....	26.1%
Non-Rated.....	1.0%
Lower.....	7.0%

Domestic Life Insurance &  
Retirement Services and  
Asset Management Bonds  
\$171.9 billion

## Comment on Regulation G

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

Throughout this financial supplement, AIG presents its operations in the way it believes will be most meaningful and useful, as well as most transparent, to the investing public and others who use AIG's financial information in evaluating the performance of AIG. That presentation includes the use of certain non-GAAP measures. In addition to the GAAP presentations, in some cases revenues, net income, operating income and related rates of performance are shown exclusive of realized capital gains (losses), cumulative effect of an accounting change in 2006, the effect of FIN46R, the effect of EITF 04-5, the effect of FAS 133 and the effect of catastrophe related losses.

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.