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AIG FILES THIRD QUARTER 2005 REPORT ON FORM 10-Q

AND REPORTS THIRD QUARTER 2005 NET INCOME OF \$1.72 BILLION

NEW YORK, NY, November 14, 2005 – American International Group, Inc. (AIG) announced today that it has filed its Quarterly Report on Form 10-Q for the period ended September 30, 2005 with the Securities and Exchange Commission. Information from prior periods included in the Form 10-Q has been restated.

Third quarter 2005 net income was \$1.72 billion or \$0.65 per diluted share, compared to \$2.69 billion or \$1.02 per diluted share in the third quarter of 2004. These results include after tax net catastrophe related losses of \$1.57 billion or \$0.60 per diluted share in third quarter 2005 compared to \$512 million or \$0.19 per diluted share last year.

Net income for the first nine months of 2005 was \$10.02 billion or \$3.82 per diluted share, compared to \$8.29 billion or \$3.14 per diluted share in the first nine months of 2004. These results include after tax net catastrophe related losses per diluted share in 2005 and 2004 of \$0.60 and \$0.19, respectively.

	THIRD QUARTER					
	(in millions, except per share amounts)					
	2005	2004	Change	<u>Per Diluted Share (a)</u>		
	(Restated)	2005		2004	Change	
Net income	\$1,717	\$2,685	(36.1)%	\$0.65	\$1.02	(36.3)%
Realized capital gains (losses), net of tax	54	(45)	-	0.02	(0.01)	-
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax (b)	(134)	390	-	(0.05)	0.14	-
Adjusted net income (c)	1,797	2,340	(23.2)%	0.68	0.89	(23.6)%
Effect of catastrophe related losses, net of tax, on income	\$1,569	\$512	-	\$0.60	\$0.19	-
Average shares outstanding				2,624	2,638	

NINE MONTHS
(in millions, except per share amounts)

				Per Diluted Share (a)		
	2005	2004 (Restated)	Change	2005	2004 (Restated)	Change
Net income	\$10,023	\$8,290	20.9%	\$3.82	\$3.14	21.7%
Realized capital gains (losses), net of tax	132	(49)	-	0.05	(0.01)	-
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax (b)	1,599	617	-	0.61	0.23	-
Cumulative effect of an accounting change, net of tax (d)	-	(144)	-	-	(0.06)	-
Adjusted net income (c)	8,292	7,866	5.4%	3.16	2.98	6.0%
Effect of catastrophe related losses, net of tax, on income	\$1,569	\$512	-	\$0.60	\$0.19	-
Average shares outstanding				2,624	2,639	

- (a) Assumes conversion of contingently convertible bonds due to the adoption of EITF Issue No. 04-8 "Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings per Share" of \$3 million and \$8 million, net of tax, for the third quarter and nine months 2005, respectively, compared to \$2 million and \$8 million, net of tax, for the third quarter and nine months 2004, respectively.
- (b) Includes the unrealized gain (loss) attributable to the effect of hedging activities that do not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses.
- (c) Excludes realized capital gains (losses) which includes pricing net investment gains, cumulative effect of an accounting change and FAS 133, net of tax.
- (d) Represents the cumulative effect of an accounting change, net of tax, related to SOP 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts".

Commenting on third quarter results, AIG President and CEO Martin J. Sullivan said "AIG has achieved profitable results even as we sustained \$1.57 billion in after tax net catastrophe related losses during the third quarter, which is the most costly quarter for catastrophes ever recorded to date by the property-casualty industry. AIG's net income of \$1.72 billion for the third quarter and \$10.02 billion for the first nine months is a true reflection of the size, scope, diversity and financial strength of our business. At September 30, 2005, consolidated assets were \$843.40 billion and shareholders' equity was \$89.28 billion.

"I am very proud of AIG's employees throughout the world who have been assisting customers, colleagues and others who are in need in the aftermath of hurricanes Katrina, Rita and Wilma as well as the tragic earthquake in India and Pakistan last month.

“AIG’s ability and commitment to continue as the leader in the property-casualty business is unwavering. We are working to provide insurance coverage to those involved in the rebuilding and recovery efforts, and we have the capacity to do so. Although reinsurance capacity could be constrained in the near future, AIG has the capital and financial resources to respond to our customers’ needs.

“Catastrophes reduced AIG’s General Insurance results domestically as well as in our foreign operations. Overall, General Insurance had a pretax operating loss in the third quarter of \$232 million before realized gains (losses), compared to pretax operating income of \$622 million last year. Excluding catastrophe losses, the General Insurance combined ratio in third quarter 2005 improved to 91.61 compared to 93.87 in third quarter 2004. Foreign General had a very strong quarter, with a combined ratio of 92.21, inclusive of 10.41 points for catastrophe related losses. General Insurance cash flow, although somewhat lower than last year, was still strong at \$3.17 billion in the quarter and \$9.38 billion for the first nine months of 2005. Fourth quarter 2005 after tax net losses arising from Hurricane Wilma, including net reinstatement premium costs, are estimated to be approximately \$400 million.

“Life Insurance & Retirement Services third quarter 2005 operating income before realized capital gains (losses) and including pricing net investment gains increased 12.9 percent. Our Foreign Life Insurance & Retirement Services businesses again produced excellent results. Japan and China had strong first year premium growth in the quarter. Domestically, term and universal life insurance had solid growth with good performance through the independent distribution channels. Although Domestic Retirement Services sales continue to be adversely affected by the interest rate environment and lackluster equity markets, operating income in the group retirement and individual fixed annuity businesses improved as a result of stronger investment income.

“Third quarter 2005 Financial Services operating income before the effect of FAS 133 declined 3.1 percent compared to third quarter 2004. Excluding the \$62 million third quarter 2005 pretax catastrophe related losses in the domestic Consumer Finance operations, Financial Services operating income increased 6.9 percent before the effect of FAS 133. The global Consumer Finance business continued its strong receivables growth, with operating income increasing 25.0 percent excluding the catastrophe losses. Capital Markets operating income before the effect of FAS 133 increased 2.8 percent. Capital Markets experienced improved transaction flow in its credit, commodities and energy products with results reflecting a more favorable customer sentiment during the quarter than earlier in the year. ILFC is continuing to experience strong demand and an overall strengthening of lease rates. These positive factors were offset by a \$15 million charge related to receivables from restructured leases and increased borrowing costs.

“Asset Management results in the third quarter 2005, before the effect of FIN46R and FAS 133, increased 26.2 percent compared to third quarter 2004, primarily the result of partnership income.

“In addition to the progress we are making in our businesses, we have taken further steps to enhance our financial controls, disclosure and corporate governance processes. The AIG Board of Directors has adopted majority voting and mandatory retirement age guidelines and Michael H. Sutton, former Chief Accountant of the United States Securities and Exchange Commission, was elected a Director and is now serving on the Audit Committee of the Board. These recent actions are a continuation of our commitment to implement best practices in these areas.”

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Additional supplementary financial data is available in the Investor Information section of www.aigcorporate.com.

A conference call for the investment community will be held tomorrow, Tuesday, November 15, 2005 at 8:30 a.m. EST. The call will be broadcast live on the Internet at www.aigwebcast.com. A replay will be archived at the same URL through Wednesday, November 23, 2005.

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This press release contains forward-looking statements. Please refer to the AIG Quarterly Report on Form 10-Q for the period ended September 30, 2005 and AIG's past and future filings with and reports to the Securities and Exchange Commission for a description of the business environment in which AIG operates and the important factors that may affect its business. AIG is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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American International Group, Inc. (AIG), world leaders in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed in the U.S. on the New York Stock Exchange and ArcaEx, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

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Comment on Regulation G

This press release, including the financial highlights, 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 or in the Third Quarter 2005 Supplementary Financial Data available in the Investor Information section of AIG's corporate website, www.aigcorporate.com.

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

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 business performance for such period.

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

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

American International Group, Inc.

Financial Highlights*

(in millions, except per share amounts)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004 (a)	Change	2005	2004 (a)	Change
	<u> </u>	<u>(Restated)</u>	<u> </u>	<u> </u>	<u>(Restated)</u>	<u> </u>
General Insurance Operations:						
Net Premiums Written	\$ 10,307	\$ 10,292	0.1 %	\$ 31,740	\$ 30,534	3.9 %
Net Premiums Earned	10,130	9,886	2.5	30,502	28,356	7.6
Underwriting Profit (Loss)	(1,212)	(121)	-	77	953	(91.9)
Net Investment Income	980	743	31.9 %	3,067	2,361	29.9
Income before Realized Capital Gains (Losses)	(232)	622	-	3,144	3,314	(5.1)
Realized Capital Gains (Losses)	106	(13)	-	337	176	-
Operating Income (Loss)	\$ (126)	\$ 609	-	\$ 3,481	\$ 3,490	(0.3) %
Loss Ratio	88.49	80.53		76.60	76.01	
Expense Ratio	23.75	20.78		22.53	20.61	
Combined Ratio	112.24	101.31		99.13	96.62	
Combined Ratio excluding Catastrophe Related Losses	91.61	93.87		92.28	94.02	
Life Insurance & Retirement Services Operations :						
GAAP Premiums	\$ 7,114	\$ 7,351	(3.2) %	\$ 21,968	\$ 21,062	4.3 %
Net Investment Income	4,649	3,758	23.7	13,129	11,202	17.2
Pricing Net Investment Gains (b)	88	31	183.9	269	176	52.8
Income before Realized Capital Gains (Losses)	2,335	2,068	12.9	7,057	6,152	14.7
Realized Capital Gains (Losses) (b)	(210)	(441)	-	(358)	(459)	-
Operating Income	2,125	1,627	30.6	6,699	5,693	17.7
Financial Services Operations:						
Operating Income excluding FAS 133	601	620	(3.1)	1,744	1,678	3.9
FAS 133 (c)	(369)	785	-	1,691	699	141.9
Operating Income	232	1,405	(83.5)	3,435	2,377	44.5
Asset Management Operating Income:						
Operating Income excluding FIN46R and FAS 133	448	355	26.2	1,341	1,114	20.4
FIN46R (d)	77	115	(33.0)	189	147	28.6
FAS 133 (c)	18	90	(80.0)	127	241	(47.3)
Operating Income	543	560	(3.0)	1,657	1,502	10.3
Other Realized Capital Gains (Losses)	95	340	-	(32)	19	-
Other Income (Deductions) - net	(392)	(450)	-	(329)	(495)	-
Income before Income Taxes, Minority Interest and Cumulative Effect of an Accounting Change	2,477	4,091	(39.5)	14,911	12,586	18.5
Income Taxes	706	1,264	-	4,559	3,835	-
Income before Minority Interest and Cumulative Effect of an Accounting Change	1,771	2,827	(37.4)	10,352	8,751	18.3
Minority Interest, after-tax:						
Income before Realized Capital Gains (Losses)	(48)	(140)	-	(313)	(309)	-
Realized Capital Gains (Losses)	(6)	(2)	-	(16)	(8)	-
Income before Cumulative Effect of an Accounting Change	1,717	2,685	(36.1)	10,023	8,434	18.8
Cumulative Effect of an Accounting Change, net of tax (e)	-	-	-	-	(144)	-
Net Income	\$ 1,717	\$ 2,685	(36.1) %	\$ 10,023	\$ 8,290	20.9 %

Financial Highlights

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004 (a)	Change	2005	2004 (a)	Change
		(Restated)			(Restated)	
Net Income	\$ 1,717	\$ 2,685	(36.1) %	\$ 10,023	\$ 8,290	20.9 %
Realized Capital Gains (Losses), including						
Pricing Gains (Losses), net of tax	54	(45)	-	132	(49)	-
FAS 133 Gains (Losses), excluding Realized						
Capital Gains (Losses), net of tax	(134)	390	-	1,599	617	-
Cumulative Effect of an Accounting Change,						
net of tax (e)	-	-	-	-	(144)	-
Adjusted Net Income (f)	1,797	2,340	(23.2) %	8,292	7,866	5.4 %
Effect of Catastrophe Related Losses, net of tax						
included in results	\$ 1,569	\$ 512	-	\$ 1,569	\$ 512	-
<i>Per Share - Diluted (g):</i>						
Net Income	\$ 0.65	\$ 1.02	(36.3) %	\$ 3.82	\$ 3.14	21.7 %
Realized Capital Gains (Losses), including						
Pricing Gains (Losses), net of tax	0.02	(0.01)	-	0.05	(0.01)	-
FAS 133 Gains (Losses), excluding Realized						
Capital Gains (Losses), net of tax	(0.05)	0.14	-	0.61	0.23	-
Cumulative Effect of an Accounting Change,						
net of tax (e)	-	-	-	-	(0.06)	-
Adjusted Net Income (f)	0.68	0.89	(23.6) %	3.16	2.98	6.0 %
Effect of Catastrophe Related Losses, net of tax						
included in results	\$ 0.60	\$ 0.19	-	\$ 0.60	\$ 0.19	-
Average Diluted Common						
Shares Outstanding (g)	2,624	2,638		2,624	2,639	

* Including reconciliation in accordance with Regulation G.

(a) Certain accounts have been reclassified in 2004 to conform to the 2005 presentation.

(b) 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.

(c) Includes the unrealized gain (loss) attributable to 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.

(d) 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".

(e) Represents the cumulative effect of an accounting change, net of tax, related to SOP 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts".

(f) Adjusted net income excludes realized capital gains (losses) which includes pricing net investment gains, cumulative effect of an accounting change and FAS 133 "Accounting for Derivative Instruments and Hedging Activities", net of tax.

(g) Assumes conversion of contingently convertible bonds due to the adoption of EITF Issue No. 04-8 "Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings per Share" of \$3 million and \$8 million, net of tax, for the third quarter and nine months 2005, respectively, compared to \$2 million and \$8 million, net of tax, for the third quarter and nine months 2004, respectively.