



**American  
International  
Group, Inc.**



## At a Glance

**World leaders in insurance and financial services, AIG has four principal business segments:**

### **General Insurance**

The largest U.S. underwriters of commercial and industrial insurance and the most extensive international property-casualty network, including personal lines business and mortgage guaranty insurance.

### **Life Insurance & Retirement Services**

The most extensive global network of any life insurer, a leading U.S. life insurance organization and a retirement services franchise that includes leadership positions in the U.S. fixed and variable annuity markets and a growing international network.

### **Financial Services**

A major presence in aircraft finance, capital markets, consumer finance and insurance premium finance.

### **Asset Management**

Institutional, retail and private fund management through a growing global network.

# AIG at a Glance

## General Insurance

AIG's General Insurance operations include the largest U.S. underwriters of commercial and industrial insurance, the most extensive international property-casualty network, a personal lines business with an emphasis on auto insurance and high-net-worth clients, a mortgage guaranty insurance operation and a leading international reinsurer. AIG's leadership is a result of its underwriting skill, innovative insurance solutions, financial strength, superior service and responsive claims handling. The AIG claims operation gives clients access to a vast worldwide network of dedicated experts and top legal firms.

### Domestic Brokerage Group

The principal units of the Domestic Brokerage Group (DBG) provide the widest available range of commercial and industrial coverages.

- National Union Fire Insurance Company of Pittsburgh, Pa. is the leading provider of directors and officers, employment practices liability, network security insurance, fidelity/crime coverage and a premier underwriter of professional liability and fiduciary coverages.

- American Home Assurance Company is the leading provider of excess casualty liability insurance and a market-leading workers' compensation insurer for medium and small businesses.
- Lexington Insurance Company is the largest excess and surplus lines carrier, specializing in property, casualty, healthcare and program risks.
- AIG Risk Management, Inc. provides casualty risk management products and services to large commercial customers.
- AIG Environmental is the leading provider of environmental coverages and services.
- AIG Worldsource is a leading provider of global insurance programs for U.S.-based multinationals, as well as foreign companies with operations in the United States.
- DBG also includes many specialty business units that draw on the worldwide resources of AIG companies to meet client needs in aviation, transportation, the construction, energy and marine industries, the small business sector and accident and health coverages, as well as engineering services through AIG Consultants, Inc.
- HSB Group, Inc., the parent company of The Hartford Steam Boiler Inspection and Insurance Company, HSB Engineering Insurance Limited and The Boiler Inspection and Insurance Company of Canada, is a leading worldwide provider of equipment breakdown and engineered lines of insurance.

## Domestic Personal Lines

AIG's growing Domestic Personal Lines operations provide automobile insurance through AIG Direct, AIG Agency Auto and 21st Century Insurance Group, as well as a broad range of coverages for high-net-worth individuals through the AIG Private Client Group. AIG is among the top 10 writers of automobile insurance with historical growth rates exceeding industry averages.

## United Guaranty Corporation

United Guaranty Corporation subsidiaries provide default protection insurance for first and second lien mortgages and private education loans, as well as other financial services, to financial institutions and mortgage investors.

## Transatlantic Holdings, Inc.

Transatlantic Holdings, Inc. (TRH) is a majority-owned subsidiary of AIG. TRH's subsidiaries offer reinsurance capacity on both a treaty and facultative basis worldwide—structuring programs for a full range of property and casualty products, with an emphasis on specialty risks.

## Foreign General Insurance Group

The Foreign General Insurance Group comprises AIG's international property-casualty operations.

- American International Underwriters (AIU) is the marketing unit for AIG's overseas property-casualty operations, the most extensive foreign network of any insurance organization. Stretching across Asia and the Pacific to Latin America, Europe, Africa and the Middle East, AIU markets a full range of property-casualty products to both commercial and consumer clients.

## Financial Services

AIG's Financial Services businesses specialize in aircraft and equipment leasing, capital markets, consumer finance and insurance premium finance. These businesses complement AIG's core insurance operations and achieve a competitive advantage by capitalizing on opportunities throughout the AIG global network.

The businesses in AIG's Financial Services group are leaders in the markets they serve.

- International Lease Finance Corporation (ILFC) is AIG's aircraft leasing business. ILFC is a market leader in the leasing and remarketing of new advanced technology commercial jet aircraft worldwide.
- Capital Markets operations are conducted through AIG Financial Products Corp., which engages in transactions, as principal, to provide clients with risk management solutions and sophisticated hedging and investment products in standard and customized transactions involving commodities, credit, currencies, energy, equities and rates. Clients include top-tier corporations, financial institutions, governments, agencies, institutional investors and high-net-worth individuals throughout the world.

- AIG's consumer finance business consists of American General Finance, Inc., one of the largest consumer finance organizations in the United States, and AIG Consumer Finance Group, Inc., which, through its subsidiaries, offers a broad range of consumer finance products, principally in emerging markets.
- Imperial A.I. Credit is the largest insurance premium finance provider in the United States.

## Life Insurance & Retirement Services

Serving millions of customers around the world, AIG's growing global Life Insurance businesses make up the most extensive network of any life insurer. Strategies for enhancing growth focus on developing new markets, expanding distribution channels and broadening product offerings. AIG has one of the premier Retirement Services businesses in the United States. It also has an extensive international retirement services network to meet the growing needs of groups and individuals in countries worldwide.

### Foreign Life Insurance & Retirement Services

AIG's Foreign Life Insurance & Retirement Services operations are conducted principally through the following market-leading companies:

- American International Assurance Company, Limited is AIG's flagship life insurance company for Southeast Asia and the leading life insurer in the region. Its extensive network of branches, subsidiaries and affiliates spans Australia, Brunei, China, Guam, Hong Kong, India,

Indonesia, Macau, Malaysia, New Zealand, Singapore, South Korea, Thailand and Vietnam.

- American Life Insurance Company (ALICO) is among the largest international life insurance companies in the world, with operations in more than 50 countries. ALICO's operations stretch from Japan to Europe, the Middle East, Latin America, South Asia and the Caribbean.
- AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company contribute to AIG's growing life insurance presence in Japan through the sale of life, accident and health, and retirement services products via agents, brokers and bank partners.
- Nan Shan Life Insurance Company, Ltd. is Taiwan's second-largest life insurer.
- The Philippine American Life and General Insurance Company is the largest and most profitable life insurance company in the Philippines.

### Domestic Life Insurance & Retirement Services

In the United States, AIG's Domestic Life Insurance & Retirement Services businesses offer a comprehensive range of life insurance, annuity, and accident and health products for financial and estate planning, and wealth transfer. They use a full complement of distribution channels, including banks, national and regional brokerage firms, independent financial planning firms, independent and national marketing organizations, brokerage general agencies, independent insurance producers and general agents, and worksite specialists. The principal

Domestic Life Insurance & Retirement Services operations include the following:

- AIG American General, one of the fastest growing major life insurance organizations in the United States, distributes a broad range of life insurance, annuity, and accident and health products.
- AIG Annuity Insurance Company is the largest issuer of fixed annuities in the United States and the leading provider of annuities sold through banks.
- AIG VALIC is the nation's leading provider of group retirement plans to primary and secondary educational organizations, the third largest to healthcare groups and the third largest to institutions of higher education.
- AIG SunAmerica Retirement Markets, Inc. is one of the nation's leading distributors of individual variable annuities.

## Asset Management

AIG's Asset Management businesses include institutional and retail asset management, broker-dealer services, private banking, and institutional spread-based investments, as well as the management of AIG insurance invested assets. Businesses in the group leverage AIG's deep knowledge of markets around the world and expertise in a wide range of asset classes.

- AIG Global Investment Group (AIGGIG) manages equities, fixed income, private equity, hedge funds of funds and real estate investments for institutional, individual and high-net-worth investors around the world. AIGGIG ranks among the top six institutional asset managers in the world.
- AIG Private Bank Ltd., AIG's Zurich-based private banking subsidiary, specializes in providing asset management and private banking services to a worldwide clientele.

- AIG SunAmerica Asset Management Corp. manages and/or administers retail mutual funds, as well as the underlying assets of AIG SunAmerica and AIG VALIC variable annuities sold to individuals and institutional investors throughout the United States.
- AIG Advisor Group, Inc. broker-dealers provide a broad range of financial products and support services to independent financial advisors serving the retirement planning needs of clients in the United States.

## About AIG

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.

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AIG presents its operations and financial information in the way it believes will be the most meaningful and useful, as well as most transparent, to the investing public and others who evaluate the performance of AIG. AIG shows net income and ratios derived from it exclusive of realized capital gains (losses). For a reconciliation of such measures to the most comparable GAAP figures in accordance with SEC Regulation G, visit the Investor Information section of the AIG corporate Web site at [www.aigcorporate.com](http://www.aigcorporate.com). Combined ratios are presented in accordance with accounting principles prescribed by insurance regulatory authorities.

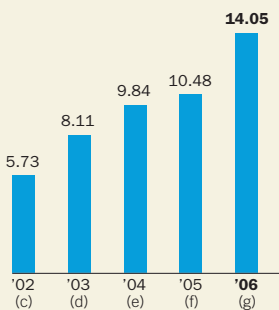
## Financial Highlights

(in millions, except per share data and ratios)	2006	2005	% Change
<b>Net income</b>	<b>\$ 14,048</b>	\$ 10,477	34.1
Realized capital gains, net of tax	<b>33</b>	201	—
FAS 133 gains (losses), excluding realized capital gains (losses), net of tax	<b>(1,424)</b>	1,530	—
Cumulative effect of an accounting change, net of tax	<b>34</b>	—	—
<b>Adjusted net income<sup>(a)</sup></b>	<b>15,405</b>	8,746	76.1
Net income, per common share—diluted	<b>5.36</b>	3.99	34.3
Adjusted net income, per common share—diluted <sup>(a)</sup>	<b>5.88</b>	3.33	76.6
Book value per common share	<b>39.09</b>	33.24	17.6
Revenues <sup>(b)</sup>	<b>\$ 113,194</b>	\$ 108,905	3.9
Assets	<b>979,414</b>	853,051	14.8
Shareholders' equity	<b>101,677</b>	86,317	17.8
General Insurance combined loss and expense ratio	<b>89.06</b>	104.69	
General Insurance combined loss and expense ratio, excluding current year catastrophe-related losses	<b>89.06</b>	97.63	

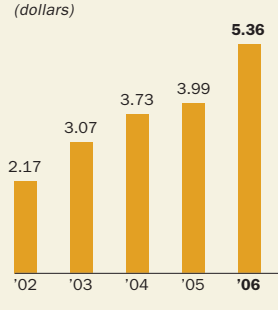
(a) Excludes realized capital gains, the cumulative effect of an accounting change and FAS 133 gains (losses).

(b) Represents the sum of General Insurance net premiums earned, Life Insurance & Retirement Services GAAP premiums, net investment income, Financial Services interest, lease and finance charges, Asset Management net investment income from spread-based products and advisory and management fees, and realized capital gains (losses).

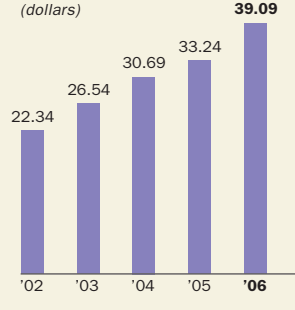
**Net Income**  
(billions of dollars)



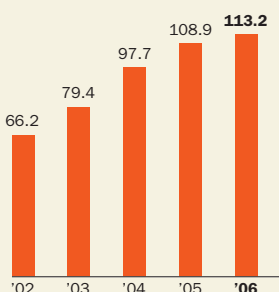
**Net Income per Common Share—Diluted**  
(dollars)



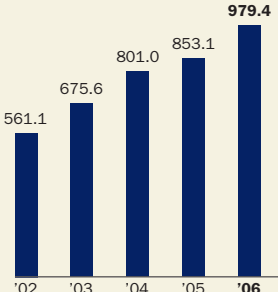
**Book Value per Common Share**  
(dollars)



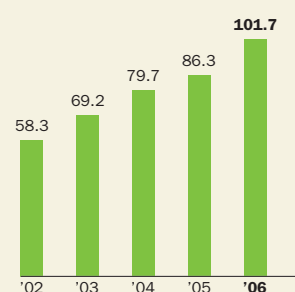
**Revenues**  
(billions of dollars)



**Assets**  
(billions of dollars)



**Shareholders' Equity**  
(billions of dollars)



(c) 2002 included General Insurance loss reserve charge of \$1.34 billion and FAS 133 gains of \$20 million.

(d) 2003 included FAS 133 losses of \$697 million.

(e) 2004 included \$729 million in current year catastrophe-related losses, \$144 million loss related to the cumulative effect of an accounting change, \$553 million charge for a change in estimate for asbestos and environmental reserves, and \$315 million of FAS 133 gains.

(f) 2005 included \$2.11 billion in current year catastrophe-related losses, \$1.19 billion for General Insurance fourth quarter reserve charge, \$1.15 billion of settlement charges, and \$1.53 billion of FAS 133 gains.

(g) 2006 included a \$34 million gain related to the cumulative effect of an accounting change and \$1.42 billion of FAS 133 losses.