

2010 年 12 月期 年 次 決 算 短 信

会社名 アメリカン・インターナショナル・グループ・インク
 本店所在地 アメリカ合衆国 ニューヨーク州 10038 ニューヨーク
 メイデン・レーン 180
 決算期 本決算：年 1 回 (12 月)
 中間決算：四半期毎
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1. 本国における決算発表日 2011 年 2 月 24 日

2. 定時株主総会開催日 2011 年 5 月 11 日

3. 業績 (注 1：下記の数字は 2010 年 12 月 31 日現在の会計方法に従い算出したものである。)

	年 次 決 算		
	当年度 (2010 年)	前年度 (2009 年)	増減率 (%)
売上高又は営業収入	77,301 百万ドル	75,352 百万ドル	2.59
純利益 (税引後)	7,786 百万ドル	△10,949 百万ドル	-
1 株当たり純利益 (注 2)	11.60 ドル	△90.48 ドル	-

	第 4 四半期 (10 月～12 月の 3 ヶ月間)		
	当期	前年同期	増減率 (%)
売上高又は営業収入	21,083 百万ドル	18,784 百万ドル	12.24
純利益 (税引後)	11,176 百万ドル	△8,873 百万ドル	-
1 株当たり純利益 (注 2)	16.60 ドル	△65.51 ドル	-

	配当金の推移 (注 3)		
	当年度 (2010 年)	前年度 (2009 年)	備考
第 1 四半期			
第 2 四半期			
第 3 四半期			
第 4 四半期			
合計			

(注 2) 1 株当たり純利益は、希薄化後である。

(注 3) 2008 年 9 月 23 日に普通株式の配当停止を発表。

4. 概況・特記事項・その他

上記 3. の各数値は、会社の 2011 年 2 月 24 日付けプレス・リリースならびに 2010 年度の Form 10-K "Part IV-Financial Information" 中の Consolidated Financial Statements および注記の一部から抜粋したものである。当該プレス・リリースおよび Form 10-K の該当箇所を添付する。



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AIG REPORTS FOURTH QUARTER NET INCOME OF \$11.2 BILLION

NEW YORK, February 24, 2011 – American International Group, Inc. (NYSE: AIG) today reported net income of \$11.2 billion for the quarter ended December 31, 2010, and \$7.8 billion for the full year 2010. Diluted earnings per share were \$16.60 for the fourth quarter and \$11.60 for the full year, compared with a loss of \$18.53 for the third quarter of 2010, and losses of \$65.51 and \$90.48 for the fourth quarter and full year of 2009, respectively.

Included in the 2010 fourth quarter results is a previously announced \$4.2 billion net charge to strengthen Chertis loss reserves and gains of \$17.6 billion from the sale of divested businesses, primarily from the proceeds of the AIA Group Limited (AIA) initial public offering and a gain of \$4.1 billion from the sale of American Life Insurance Company (ALICO), included in discontinued operations. After-tax operating loss attributable to AIG was \$2.2 billion for the quarter and \$898 million for the full year.

“We completed several key restructuring milestones in the quarter and we remain focused on long-term growth and building value at our ongoing insurance operations and other businesses,” said Robert H. Benmosche, AIG President and Chief Executive Officer. “In 2010, we said we would realign AIG to grow our businesses and to ultimately repay the U.S. taxpayer. We remain extremely grateful to the taxpayers and have made significant progress since January 2010 towards independence from this support.

“At Chertis, net premiums written remained healthy as we maintained price discipline. In the SunAmerica Financial Group businesses, profitability has held steady and investment performance was solid. SunAmerica’s new business production, customer retention rates, and revitalized distribution relationships speak to the resiliency of this franchise. At International Lease Finance Corporation, we are appropriately managing the fleet and the balance sheet, and United Guaranty Corporation saw first-lien delinquencies decline.

“Our results for the quarter reflected the effects of our comprehensive review of Chertis reserves. As we disclosed earlier this month, we strengthened reserves related to AIG-specific and emerging industry loss trends, primarily in asbestos and workers’ compensation, among other lines. Our reserve review updated our estimated losses for all years, including the more recent accident years 2006 to 2009 – years to which approximately 50 percent of the reserve strengthening, excluding asbestos, applied. At Chertis, we continue to hold more statutory surplus than any commercial property-casualty insurance competitor in the U.S. market.

Mr. Benmosche concluded, “In 2011, as we emerge from our restructuring, AIG will focus on growing our already strong businesses domestically and around the world, risk and capital management, strategic asset management, and cost savings throughout the organization.”

Fourth Quarter Highlights

- Chertis operating loss of \$4.0 billion for the quarter compares to a loss of \$1.8 billion in the fourth quarter last year, reflecting reserve strengthening of \$4.2 billion, net of \$435 million in discount and loss sensitive business premium adjustments, or 6.2 percent of

Chartis' total carried loss reserves of \$68.1 billion at December 31, 2010. Approximately 80 percent of the total reserve charges were for asbestos, excess casualty, excess workers' compensation, and primary workers' compensation, four long-tail lines of business. Fourth quarter net premiums written increased 9.4 percent, reflecting the consolidation of Fuji Fire & Marine Insurance Company (Fuji). Excluding Fuji, worldwide net premiums written declined 3.3 percent due to challenging economic conditions impacting ratable exposures such as payrolls and cargo shipments, and a competitive property-casualty market.

- SunAmerica Financial Group (SunAmerica) operating income of \$1.0 billion was \$43 million lower than the fourth quarter of 2009. Premiums, deposits, and other considerations totaled \$4.9 billion, a six percent decrease from last year, primarily driven by lower sales of individual fixed annuities due to the low interest rate environment experienced in 2010. However, fourth quarter individual fixed annuity sales increased 21 percent over the third quarter.
- Financial Services operating loss of \$326 million before net realized gains (losses) compared to operating income of \$468 million in the fourth quarter of 2009, resulting primarily from \$742 million of impairment charges on certain aircraft at International Lease Finance Corporation (ILFC). Capital Markets reported operating income of \$292 million in 2010, up from \$154 million in the fourth quarter of 2009 as it continued de-risking initiatives.
- AIG's Other Operations saw operating income of \$470 million for AIG's Direct Investment business, reflecting significantly lower impairments on real estate investments, and operating income of \$154 million at United Guaranty Corporation (UGC), reflecting continued improvement in market conditions, lower reported new delinquencies on first-lien products, a decline in claims and claim adjustment expenses, and the commutation of certain blocks of business, resulting in favorable prior year development.
- AIG sold ALICO for \$16.2 billion (including \$7.2 billion in cash) and, in an initial public offering, sold 67 percent of its shares of AIA for approximately \$20.5 billion. The net cash proceeds from these transactions have been used to repay the Federal Reserve Bank of New York (FRBNY). AIG recognized a \$15.5 billion gain (net of tax) on these transactions.
- AIG raised more than \$5.5 billion of new, non-government debt through a debt offering, a contingent capital facility, and new bank facilities.
- On January 14, 2011, AIG completed its recapitalization, which included repaying the FRBNY Credit Facility in full utilizing a portion of the proceeds from the AIA and ALICO transactions, partially repaying the government's ownership interests in special purpose vehicles that hold interests in AIA and ALICO, and exchanging preferred stock held by the U.S. Department of the Treasury and the AIG Credit Facility Trust for AIG common stock.
- AIG recorded a \$1.1 billion expense for amortization of the prepaid commitment fee asset in the fourth quarter, including \$705 million of accelerated amortization resulting from a \$4.7 billion repayment and reduction in the maximum credit available under the FRBNY Credit Facility. AIG expects to record a net \$3.3 billion pre-tax charge from extinguishment of debt in the first quarter of 2011, primarily representing the accelerated amortization of the remaining prepaid commitment fee asset related to the full repayment and termination of the FRBNY Credit Facility.
- AIG incurred a tax expense of \$4.8 billion in the quarter, primarily resulting from the gains related to ALICO, AIA, and the sale of the Otemachi Building in Japan.

- Total equity was \$113.2 billion at December 31, 2010, a \$15.1 billion increase from \$98.1 billion at December 31, 2009.

After-Tax Operating Income (Loss)

During the fourth quarter of 2010, in light of the company's significant divestiture and restructuring related activities, AIG revised its definition of after-tax operating income (loss) (formerly adjusted net income). AIG revised the definition in order to present and discuss its financial information in a manner most meaningful to financial statement users. AIG's definition of after-tax operating income (loss) was revised to exclude income (loss) from divested businesses that did not qualify for discontinued operations accounting treatment, amortization of the FRBNY prepaid commitment fee asset, goodwill impairment charges arising from divestiture-related activities, the DAC offset associated with net realized capital gains (losses) for SunAmerica, and deferred income tax valuation allowance charges and releases.

AIG believes that this revised measure of after-tax operating income (loss) permits a better assessment and enhanced understanding of the operating performance of its businesses by highlighting the results from ongoing operations and the underlying profitability of its businesses, without the distortive effects of the highly unusual events that have affected AIG since 2008. In addition, the DAC offset adjustment is a common adjustment for non-GAAP operating financial measures in the life insurance industry, and is a better measure of how AIG assesses the operating performance of SunAmerica's operations. A reconciliation of fourth quarter net income (loss) attributable to AIG prepared in accordance with GAAP to after-tax operating income (loss) is as follows:

Fourth Quarter Results <i>(in millions, except per share data)</i>	Per Diluted Share ⁽¹⁾			
	2010	2009	2010	2009
Net income (loss) attributable to AIG	\$ 11,176	\$ (8,873)	\$ 16.60	\$ (65.51)
<i>To compute after-tax operating income (loss), add losses and deduct gains (amounts are net of tax):</i>				
Net realized capital gains (losses)	317	(488)		
SunAmerica DAC offset related to net realized capital gains (losses)	(152)	(34)		
Net gain (loss) on sale of divested businesses ⁽²⁾	13,506	(335)		
Non-qualifying derivative hedging gains	52	181		
FRBNY total amortization	(708)	(3,830)		
Net income from divested businesses	259	298		
Deferred income tax valuation allowance charge ⁽³⁾	(1,902)	(2,376)		
Net income (loss) from discontinued operations ⁽⁴⁾	2,018	(952)		
After-tax operating income (loss) attributable to AIG	\$ (2,214)	\$ (1,337)	\$ (16.20)	\$ (9.88)

(1) Computed based on net income (loss) available to common shareholders after attribution of net income (loss) to Series C preferred shareholder in periods with net income.

(2) Primarily represents gain from shares sold in the initial public offering of AIA.

(3) Excludes the tax valuation allowance included in discontinued operations.

(4) Discontinued operations consist of ALICO, Nan Shan, AIG Star, AIG Edison, and AGF.

Full Year 2010 Results			Per Diluted Share ⁽¹⁾	
<i>(in millions, except per share data)</i>	2010	2009	2010	2009
Net income (loss) attributable to AIG	\$ 7,786	\$ (10,949)	\$ 11.60	\$ (90.48)
To compute after-tax operating income (loss), add losses and deduct gains (amounts are net of tax):				
Net realized capital gains (losses)	(860)	(4,082)		
SunAmerica DAC offset related to net realized capital gains (losses)	(55)	70		
Net gain (loss) on sale of divested businesses ⁽²⁾	13,527	(1,263)		
Non-qualifying derivative hedging gains	(27)	1,114		
FRBNY total amortization	(2,255)	(5,433)		
Net income from divested businesses	1,657	1,484		
Deferred income tax valuation allowance charge ⁽³⁾	(1,517)	(2,227)		
Goodwill impairments	-	(264)		
Bargain purchase gain	332	-		
Net income (loss) from discontinued operations ⁽⁴⁾	(2,118)	433		
After-tax operating income (loss) attributable to AIG	\$ (898)	\$ (781)	\$ (6.57)	\$ (15.30)

⁽¹⁾Computed based on net income (loss) available to common shareholders after attribution of net income (loss) to Series C preferred shareholder in periods with net income.

⁽²⁾Primarily represents gain from shares sold in the initial public offering of AIA.

⁽³⁾Excludes the tax valuation allowance included in discontinued operations.

⁽⁴⁾Discontinued operations consist of ALICO, Nan Shan, AIG Star, AIG Edison, and AGF.

CHARTIS

Chartis reported a fourth quarter operating loss of \$4.0 billion, due to reserve additions net of discount and loss sensitive premium adjustments of \$4.2 billion, compared to a loss of \$1.8 billion in the fourth quarter of 2009. Excluding reserve strengthening, fourth quarter 2010 operating income was relatively flat year over year. Partially offsetting the reserve action was a \$346 million improvement in net investment income driven by higher partnership returns.

Fourth quarter 2010 worldwide net premiums written of \$7.6 billion increased 9.4 percent compared to the same period last year. Excluding Fuji, worldwide net premiums written declined 3.3 percent due to challenging economic conditions impacting ratable exposures and a competitive property casualty market. Over the past several years, Chartis has strategically sought to reduce writings in the more capital-intensive classes of its commercial business while increasing writings in higher-margin, less volatile segments such as its specialty commercial and consumer businesses, and remains price-disciplined where market rates are unsatisfactory.

The fourth quarter 2010 combined ratio was 160.5, including 49.2 points from reserve strengthening, compared to 132.5 in the fourth quarter of 2009. The full year 2010 current accident year combined ratio, excluding catastrophe losses, was 100.3, compared to 99.3 in the prior year period.

SUNAMERICA FINANCIAL GROUP

SunAmerica reported fourth quarter operating income of \$1.0 billion, compared to operating income of \$1.1 billion in 2009.

Assets under management of \$248.5 billion at the end of the fourth quarter increased eight percent compared to \$231.0 billion at the end of 2009. Unrealized gains totaled \$3.3 billion at year-end 2010 compared to a loss position at the end of last year.

Premiums, deposits, and other considerations totaled \$4.9 billion, a six percent decrease from last year, primarily driven by lower sales of individual fixed annuities due to the low interest rate environment experienced in 2010. However, fourth quarter individual fixed annuity sales increased 21 percent over the third quarter. Individual variable annuity sales showed dramatic improvement, increasing by 164 percent over the fourth quarter of last year, due to competitive product enhancements, reinstatements at a number of key broker-dealers, and increased wholesaler productivity. Life insurance sales grew 19 percent over the fourth quarter of last year as efforts to re-engage independent distribution and improve productivity of the career agency force are producing results. Surrender and lapse rates have generally returned to normal levels.

FINANCIAL SERVICES

Financial Services reported a fourth quarter operating loss of \$326 million, compared to operating income of \$468 million in the fourth quarter of 2009.

ILFC reported a fourth quarter operating loss of \$606 million, compared to operating income of \$344 million in the fourth quarter of 2009. During the fourth quarter of 2010, new engine options were announced by one of the aircraft manufacturers that promise significant improvements in fuel economy and/or payload capacity. ILFC management expects that this announcement may reduce the demand for certain aircraft in its fleet, and, as a result, recorded impairment charges of \$602 million to its leased fleet. Additionally, ILFC recorded asset impairment charges of \$83 million on certain aircraft in its fleet, reflecting management's outlook related to lower future estimated lease rates for these aircraft, \$7 million related to aircraft sales, and \$50 million related to potential aircraft sales. ILFC also incurred increased interest expense driven by higher composite borrowing rates, and an increase in the provision for overhauls to reflect an increase in future reimbursements and an increase in the number of leases with overhaul provisions. At December 31, 2010, ILFC had committed to purchase 115 new aircraft deliverable from 2011 through 2019, at an estimated aggregate purchase price of \$13.5 billion.

Capital Markets, which continues to wind down its portfolios, reported fourth quarter operating income of \$292 million, compared to operating income of \$154 million in the fourth quarter of 2009. The favorable results were driven primarily by the net effect of changes in credit spreads on the valuation of derivatives. Capital Markets also reported unrealized market valuation gains related to its super senior credit default swap portfolio of \$166 million and \$275 million in the fourth quarter of 2010 and 2009, respectively.

Status of unwinding AIGFP portfolios:

- The notional amount of the AIGFP derivative portfolio fell 62 percent from \$940.7 billion at December 31, 2009, to \$352.8 billion at December 31, 2010, including \$11.5 billion of intercompany derivatives and \$59.9 billion of super senior credit default swap contracts at December 31, 2010.
- The number of outstanding trade positions fell by approximately 12,200, or 76 percent, from approximately 16,100 at December 31, 2009, to approximately 3,900 at December 31, 2010. The December 31, 2010, trade count excludes approximately 4,800 trade

positions that are non-derivative asset and liability positions whose management was transferred to the Direct Investment business of AIG.

- Net collateral posted in connection with the AIGFP portfolio and the Direct Investment business declined from \$15.9 billion at December 31, 2009, to \$10.8 billion at December 31, 2010.

OTHER OPERATIONS

United Guaranty Corporation, AIG's mortgage guaranty insurer, reported operating income of \$154 million for the fourth quarter of 2010, compared to a loss of \$241 million in the same period in 2009. The improvement reflects continued improvement in market conditions, lower levels of newly reported delinquencies in first-lien products, a decline in claims and claim adjustment expenses, and commutations of certain blocks of business, resulting in favorable prior year loss development.

UGC has implemented innovative pricing and risk management tools to evaluate residential mortgage risk and is focused on insuring high credit quality, high ROE first-lien residential mortgages in the United States. UGC also maintains an international presence in Asia and has ceased accepting new risk in the second-lien and private student loan businesses.

AIG's Direct Investment business had fourth quarter operating income of \$470 million before net realized capital gains (losses) compared to an operating loss of \$18 million in the fourth quarter of 2009, primarily driven by significantly lower impairments on real estate investments, representing a stabilization in the investment portfolio as management executes its divestment plan. Partially offsetting these improvements were net mark-to-market losses on the non-derivative assets and liabilities due to the effect of the narrowing of AIG's credit spread and liability values that are accounted for under the fair value option.

Interest expense and amortization on the FRBNY Credit Facility was \$1.2 billion in the fourth quarter, reflecting lower amortization of the prepaid commitment asset compared to the same period in 2009.

The fair value of AIG's interest in Maiden Lane III increased \$382 million during the fourth quarter compared to an increase of \$196 million in the fourth quarter of 2009.

Unallocated corporate expenses of \$181 million in the quarter were down from \$602 million in the fourth quarter of 2009, primarily reflecting lower litigation reserves and other operating expenses.

PROGRESS ON AIG STABILIZATION AND REPAYMENT OF OBLIGATIONS

Since September 2008, AIG has been working to protect and enhance the value of its key businesses, execute an orderly asset disposition plan, and position itself for the future. AIG completed or initiated the following:

- **Recapitalization** – On January 14, 2011, AIG completed the series of recapitalization transactions described earlier in this press release. AIG expects to take a \$3.3 billion charge in the first quarter of 2011, primarily representing the accelerated amortization of the prepaid commitment fee asset.
- **Nan Shan** – On January 12, 2011, AIG announced an agreement to sell its 97.57 percent interest in Nan Shan Life Insurance Company, Ltd. to Taiwan-based Ruen Chen Investment Holding Co., Ltd. for \$2.16 billion in cash.
- **AIG and Chartis Credit Facilities** – On December 23, 2010, AIG announced it had entered into 364-day and three-year bank credit facilities totaling \$3 billion split evenly

between the two, and that Chartis had entered into a 364-day \$1.3 billion letter of credit facility.

- **ILFC capital raise** – On December 7, 2010, ILFC raised \$1 billion of senior debt. On January 31, 2011, ILFC entered into an unsecured \$2 billion three-year revolving credit facility.
- **AIG debt offering** – On November 30, 2010, AIG issued \$2.0 billion in senior debt in its first bond sale since the summer of 2008, and, on December 8, 2010, AIG established a \$500 million contingent liquidity facility.
- **American General Finance** – On November 30, 2010, Fortress acquired 80 percent of American General Finance Inc. (AGF) from AIG. AIG retained a 20 percent interest in the AGF business.
- **Exchange of Equity Units** – On November 24, 2010, AIG exchanged 49,474,600 of its Equity Units, representing \$3.7 billion of junior subordinated debt outstanding, for 4,881,667 shares of AIG common stock plus \$162 million in cash.
- **ALICO sale** – On November 1, 2010, the sale of ALICO to MetLife was completed for total consideration of approximately \$16.2 billion (\$7.2 billion in cash and the remainder in securities of MetLife).
- **AIA IPO** – On October 29, 2010, AIG sold, in an initial public offering, 8.08 billion ordinary shares (or 67 percent) of AIA for approximately \$20.5 billion.
- **Star and Edison Life Companies Sale Agreement** – On September 30, 2010, AIG announced its agreement to sell its Japan-based life insurance subsidiaries, AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company, to Prudential Financial, Inc., for \$4.8 billion, consisting of \$4.2 billion in cash and \$0.6 billion in the assumption of third-party debt. AIG completed the sale on February 1, 2011.

Conference Call

AIG will host a conference call tomorrow, February 25, 2011, at 8:00 a.m. ET to review these results. The call is open to the public and can be accessed via a live listen-only webcast at <http://www.aig.com>. A replay will be available after the call at the same location.

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Additional supplementary financial data is available in the Investor Information section at www.aig.com.

It should be noted that the conference call, the earnings release and the financial supplement may include projections and statements which may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections and statements are not historical facts but instead represent only AIG’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG’s control. These projections and statements may address, among other things: the timing of the disposition of the ownership position of the Treasury Department in AIG; the timing and method of repayment of the preferred interests held by the Treasury Department; AIG’s exposures to subprime mortgages, monoline insurers and the residential and commercial real estate markets; AIG’s credit exposures to state and municipal bond issuers; AIG’s strategy for risk management; AIG’s ability to retain and motivate its employees; and AIG’s strategy for customer retention, growth, product development, market position, financial results and reserves. It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements.

Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements include: actions by credit rating agencies, changes in market conditions, the occurrence of catastrophic events, significant legal proceedings, concentrations in AIG's investment portfolios, including its municipal bond portfolio, judgments concerning casualty insurance underwriting and reserves, judgments concerning the recognition of deferred tax assets; and such other factors as discussed throughout Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Part I, Item 1A. Risk Factors in AIG's Annual Report on Form 10-K for the year ended December 31, 2010. AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projection or other statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

American International Group, Inc. (AIG) is a leading international insurance organization serving customers in more than 130 countries. AIG companies serve commercial, institutional and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland 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 measures in accordance with Regulation G are included within the relevant tables or in the fourth quarter 2010 Financial Supplement available in the Investor Information section of AIG's website, www.aig.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 the effect of tax benefits not obtained for losses incurred, results from divested businesses, discontinued operations, amortization of the FRBNY commitment fee asset, the recognition of other-than-temporary impairments, restructuring-related activities, conversion of the Series C, E and F Preferred Stock, realized capital gains (losses), net of SunAmerica DAC offset, partnership income, other enhancements to income, the effect of non-qualifying derivative hedging activities, the effect of goodwill impairments, credit valuation adjustments, unrealized market valuation gains (losses), the effect of catastrophe-related losses and prior year loss development, asbestos losses, foreign exchange rates, deferred income tax valuation allowance charges, and the bargain purchase gain on the Fuji acquisition.

In all such instances, AIG believes that excluding these items permits investors to better assess the performance of AIG's underlying businesses. AIG believes that providing information in a non-GAAP manner is more useful to investors and analysts and more meaningful than the GAAP presentation.

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 it should present and discuss its financial information in a manner most meaningful to its financial statement users. Underwriting profit (loss) is utilized to report results for Chartis operations. Operating income (loss), which is before net realized capital gains (losses) and related DAC and sales inducement asset (SIA) amortization and goodwill impairment charges, is utilized to report results for SunAmerica Financial Group (SunAmerica) operations. Results from discontinued operations and net gains (losses) on sales of divested businesses are excluded from these measures. AIG believes that these measures allow for a better assessment and enhanced understanding of the operating performance of each business by highlighting the results from ongoing operations and the underlying profitability of its businesses. When such measures are disclosed, reconciliations to GAAP pre-tax income are provided.

Life and retirement services production (premiums, deposits and other considerations) is a non-GAAP measure which includes life insurance premiums, deposits on annuity contracts and mutual funds. AIG uses this measure because it is a standard measure of performance used in the insurance industry and thus allow for more meaningful comparisons with AIG's insurance competitors.

During the fourth quarter of 2010, in light of the company's significant divestiture and restructuring related activities, AIG revised its definition of after-tax operating income (loss) (formerly adjusted net income). AIG revised the definition in order to present and discuss its financial information in a manner most meaningful to financial statement users. AIG's definition of after-tax operating income (loss) was revised to exclude income (loss) from divested businesses that did not qualify for discontinued operations accounting treatment, amortization of the FRBNY prepaid commitment fee asset, goodwill impairment charges arising from divestiture-related activities, the DAC offset associated with net realized capital gains (losses) for SunAmerica, and deferred income tax valuation allowance charges and releases.

AIG believes that this revised measure of after-tax operating income (loss) permits a better assessment and enhanced understanding of the operating performance of its businesses by highlighting the results from ongoing operations and the underlying profitability of its businesses, without the distortive effects of the highly unusual events that have affected AIG since 2008. In addition, the DAC offset adjustment is a common adjustment for non-GAAP operating financial measures in the life insurance industry, and is a better measure of how AIG assesses the operating performance of SunAmerica's operations.

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American International Group, Inc.
Financial Highlights*
(in millions, except share data)

	Three Months Ended Dec. 31,			Twelve Months Ended Dec. 31,		
			% Inc.			% Inc.
	2010	2009 (a)	(Dec.)	2010	2009 (a)	(Dec.)
Chartis Insurance Operations:						
Net Premiums Written	\$ 7,578	\$ 6,929	9.4 %	\$ 31,612	\$ 30,653	3.1 %
Net Premiums Earned	8,550	8,030	6.5	32,521	32,261	0.8
Claims and claims adjustment expenses incurred	10,724	7,940	35.1	27,867	25,362	9.9
Underwriting expenses	3,001	2,696	11.3	10,114	9,497	6.5
Underwriting profit (loss)	(5,175)	(2,606)	-	(5,460)	(2,598)	-
Net Investment Income	1,201	855	40.5	4,392	3,292	33.4
Income (loss) before Net Realized Capital Gains (Losses) and Bargain Purchase						
Gain and Gain on sale of properties	(3,974)	(1,751)	-	(1,068)	694	-
Net Realized Capital Gains (Losses) (b)	(37)	152	-	(49)	(530)	-
Bargain Purchase Gain (c)	-	-	-	332	-	-
Gain on sale of properties (c)	669	-	-	669	-	-
Pre-tax Income (Loss)	(3,342)	(1,599)	-	(116)	164	-
Loss Ratio	125.4	98.9		85.7	78.6	
Expense Ratio	35.1	33.6		31.1	29.4	
Combined Ratio	160.5	132.5		116.8	108.0	
SunAmerica Financial Group Operations:						
Premiums and Other Considerations	1,332	1,279	4.1	5,230	5,327	(1.8)
Deposits and other considerations not included in revenues under GAAP	3,611	3,996	(9.6)	13,856	13,388	3.5
Premiums, deposits and other considerations	4,943	5,275	(6.3)	19,086	18,715	2.0
Net Investment Income	2,777	2,663	4.3	10,768	9,553	12.7
Income before Net Realized Capital Gains (Losses) and related Amortization	1,043	1,086	(4.0)	4,048	2,308	75.4
Amortization (benefit) of DAC, VOBA, and SIA related to net realized capital gains (losses)	(235)	(52)	-	(85)	108	-
Goodwill	-	-	-	-	(81)	-
Net Realized Capital Gains (Losses) (b)	491	(364)	-	(1,251)	(3,514)	-
Pre-tax Income (Loss)	1,299	670	93.9	2,712	(1,179)	-
Financial Services Operations:						
Pre-tax Operating Income (Loss) excluding Non-qualifying Derivative						
Hedging Activities and Net Realized Capital Gains (Losses)	(326)	468	-	(553)	1,907	-
Non-qualifying Derivative Hedging Activities (b)	-	-	-	-	3	-
Net Realized Capital Gains (Losses) (b)	(43)	6	-	(83)	96	-
Pre-tax Income (Loss)	(369)	474	-	(636)	2,006	-
Other before Net Realized Capital Gains (Losses), and Net Gain on Sale of						
Divested Businesses and Consolidation and Elimination Adjustments	16,301	(7,010)	-	14,854	(14,373)	-
Other Net Realized Capital Gains (Losses) (b)	757	264	-	856	(81)	-
Consolidation and Elimination Adjustments (b) (d)	(158)	(864)	-	266	(844)	-
Income (Loss) from Continuing Operations before Income Tax Expense (Benefit)	14,488	(8,065)	-	17,936	(14,307)	-
Income Tax Expense (Benefit)	4,815	21	-	5,859	(1,489)	-
Net Income (Loss) from Continuing Operations	9,673	(8,086)	-	12,077	(12,818)	-
Net Income (Loss) from Discontinued Operations, net of tax	2,037	(924)	-	(2,064)	505	-
Net Income (Loss)	11,710	(9,010)	-	10,013	(12,313)	-
Less:						
Net Income (Loss) from Continuing Operations Attributable to Noncontrolling Interests:						
Noncontrolling Nonvoting, Callable, Junior and Senior Preferred						
Interests Held by Federal Reserve Bank of New York	403	140	-	1,818	140	-
Other	112	(305)	-	355	(1,576)	-
Total Income (Loss) from Continuing Operations Attributable to Noncontrolling Interests:	515	(165)	-	2,173	(1,436)	-
Income from Discontinued Operations Attributable to Noncontrolling interests	19	28	(32.1)	54	72	(25.0)
Total net income (loss) attributable to noncontrolling interests	534	(137)	-	2,227	(1,364)	-
Net Income (Loss) Attributable to AIG	11,176	(8,873)	-	7,786	(10,949)	-
Net Income (Loss) Attributable to AIG Common Shareholders	\$ 2,297	\$ (8,874)	-	\$ 1,583	\$ (12,244)	-

Financial Highlights -continued

	Three Months Ended Dec. 31,			Twelve Months Ended Dec. 31,		
			% Inc.			% Inc.
	2010	2009 (a)	(Dec.)	2010	2009 (a)	(Dec.)
Net Income (Loss) Attributable to AIG	\$ 11,176	\$ (8,873)	-	\$ 7,786	\$ (10,949)	-
Income (Loss) from Discontinued Operations Attributable to AIG, net of tax	2,018	(952)	-	(2,118)	433	-
Net Gain (Loss) on Sale of Divested Businesses, net of tax	13,506	(335)	-	13,527	(1,263)	-
Net Income from Divested Businesses, net of tax	259	298	(13.1)	1,657	1,484	11.7
Deferred Income Tax Valuation allowance (charge) / release	(1,902)	(2,376)	-	(1,517)	(2,227)	-
Amortization of FRBNY prepaid commitment fee asset, net of tax	(708)	(3,830)	-	(2,255)	(5,433)	-
Net Realized Capital Gains (Losses)	317	(488)	-	(860)	(4,082)	-
SunAmerica DAC offset related to Net Realized Capital Gains(Losses)	(152)	(34)	-	(55)	70	-
Goodwill impairments	-	-	-	-	(264)	-
Non-qualifying Derivative Hedging Gains (Losses) , net of tax	52	181	(71.3)	(27)	1,114	-
Bargain Purchase Gain	-	-	-	332	-	-
After-Tax Operating Income (Loss) Attributable to AIG	<u>\$ (2,214)</u>	<u>\$ (1,337)</u>	-	<u>\$ (898)</u>	<u>\$ (781)</u>	-
Income (Loss) Per Common Share - Diluted:						
Net Income (Loss) Attributable to AIG Common Shareholders	<u>\$ 16.60</u>	<u>\$ (65.51)</u>	-	<u>\$ 11.60</u>	<u>\$ (90.48)</u>	-
Adjusted Net Loss Attributable to AIG Common Shareholders	<u>\$ (16.20)</u>	<u>\$ (9.88)</u>	-	<u>\$ (6.57)</u>	<u>\$ (15.30)</u>	-
Book Value Per Common Share on AIG Shareholders' Equity (e)				\$ 607.41	\$ 516.94	17.5
Pro forma Book Value Per Common Share on AIG Shareholders' Equity (f)				\$ 46.80	\$ 42.11	11.1
Weighted Average Common Shares Outstanding - Diluted	138.4	135.4		136.6	135.3	

Financial Highlights - Notes

* Including reconciliation in accordance with Regulation G.

(a) Certain amounts have been reclassified in 2009 to conform to the 2010 presentation.

(b) Includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment, including the related foreign exchange gains and losses.

(c) Represents a bargain purchase gain related to the purchase of additional voting shares of Fuji and the gain on sale of divested assets realized on the sale of an office building in Japan.

(d) Includes income (loss) from certain AIG managed partnerships, private equity and real estate funds that are consolidated. Such income (loss) is offset in net income (loss) from continuing operations attributable to noncontrolling interests, which is not a component of income (loss) from continuing operations.

(e) Represents total AIG shareholders' equity divided by common shares issued and outstanding.

(f) Pro-forma book value per common share computed giving effect to the Recapitalization.

Consolidated Balance Sheet

<i>(in millions)</i>	December 31, 2010	December 31, 2009
Assets:		
Investments:		
Fixed maturity securities:		
Bonds available for sale, at fair value (amortized cost: 2010 – \$220,669; 2009 – \$364,491)	\$ 228,302	\$ 365,551
Bond trading securities, at fair value	26,182	31,243
Equity securities:		
Common and preferred stock available for sale, at fair value (cost: 2010 – \$2,571; 2009 – \$6,464)	4,581	9,522
Common and preferred stock trading, at fair value	6,652	8,318
Mortgage and other loans receivable, net of allowance (portion measured at fair value: 2010 – \$143; 2009 – \$119)	19,367	27,461
Finance receivables, net of allowance	870	20,327
Flight equipment primarily under operating leases, net of accumulated depreciation	38,510	44,091
Other invested assets (portion measured at fair value: 2010 – \$21,356; 2009 – \$18,888)	42,210	45,235
Securities purchased under agreements to resell, at fair value	1,553	2,154
Short-term investments (portion measured at fair value: 2010 – \$22,307; 2009 – \$23,975)	42,185	47,263
Total investments	410,412	601,165
Cash	1,558	4,400
Accrued investment income	2,960	5,152
Premiums and other receivables, net of allowance	15,713	16,549
Reinsurance assets, net of allowance	25,810	22,425
Current and deferred income taxes	-	4,108
Deferred policy acquisition costs	14,668	40,814
Real estate and other fixed assets, net of accumulated depreciation	2,845	4,142
Unrealized gain on swaps, options and forward transactions, at fair value	5,917	9,130
Goodwill	1,333	6,195
Other assets, including restricted cash of \$30,232 in 2010 and \$2,907 in 2009 and prepaid commitment asset of \$3,628 in 2010 and \$7,099 in 2009 (portion measured at fair value: 2010 – \$14; 2009 – \$288)	40,342	18,976
Separate account assets, at fair value	54,432	58,150
Assets held for sale	107,453	56,379
Total assets	\$ 683,443	\$ 847,585

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *(Continued)*

<i>(in millions, except share data)</i>	December 31, 2010	December 31, 2009
Liabilities:		
Liability for unpaid claims and claims adjustment expense	\$ 91,151	\$ 85,386
Unearned premiums	23,803	21,363
Future policy benefits for life and accident and health insurance contracts	31,268	116,001
Policyholder contract deposits (portion measured at fair value: 2010 – \$445; 2009 – \$5,214)	121,373	220,128
Other policyholder funds	6,758	13,252
Commissions, expenses and taxes payable	2,820	4,950
Insurance balances payable	2,829	4,393
Funds held by companies under reinsurance treaties	610	774
Current and deferred income taxes	2,369	-
Securities sold under agreements to repurchase (portion measured at fair value: 2010 – \$2,119; 2009 – \$3,221)	2,119	3,505
Securities and spot commodities sold but not yet purchased, at fair value	485	1,030
Unrealized loss on swaps, options and forward transactions, at fair value	5,735	5,403
Trust deposits and deposits due to banks and other depositors (portion measured at fair value: 2010 – \$15; 2009 – \$15)	892	1,641
Other liabilities	19,353	22,503
Federal Reserve Bank of New York Commercial Paper Funding Facility (portion measured at fair value: 2009 – \$2,742)	-	4,739
Federal Reserve Bank of New York credit facility (see Notes 1 and 26)	20,985	23,435
Other long-term debt (portion measured at fair value: 2010 – \$12,143; 2009 – \$13,195)	85,476	113,298
Separate account liabilities	54,432	58,150
Liabilities held for sale	97,312	48,599
Total liabilities	569,770	748,550
Commitments, contingencies and guarantees (see Note 16)		
Redeemable noncontrolling interests in partially owned consolidated subsidiaries (including \$12 and \$211 associated with businesses held for sale in 2010 and 2009, respectively)	434	959
AIG shareholders' equity (see Notes 1 and 26):		
Preferred stock		
Series E; \$5.00 par value; shares issued: 2010 and 2009 – 400,000, at aggregate liquidation value	41,605	41,605
Series F; \$5.00 par value; shares issued: 2010 and 2009 – 300,000, aggregate liquidation value: 2010 – 7,543; 2009 – 5,344	7,378	5,179
Series C; \$5.00 par value; shares issued: 2010 and 2009 – 100,000, aggregate liquidation value: 2010 and 2009 – \$0.5	23,000	23,000
Common stock, \$2.50 par value; 5,000,000,000 shares authorized; shares issued: 2010 – 147,124,067; 2009 – 141,732,263	368	354
Treasury stock, at cost; 2010 – 6,660,908; 2009 – 6,661,356 shares of common stock	(873)	(874)
Additional paid-in capital	9,683	6,358
Accumulated deficit	(3,466)	(11,491)
Accumulated other comprehensive income	7,624	5,693
Total AIG shareholders' equity	85,319	69,824
Noncontrolling interests (see Notes 1 and 26):		
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	26,358	24,540
Other (including \$204 and \$2,234 associated with businesses held for sale in 2010 and 2009, respectively)	1,562	3,712
Total noncontrolling interests	27,920	28,252
Total equity	113,239	98,076
Total liabilities and equity	\$ 683,443	\$ 847,585

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income (Loss)

<i>(dollars in millions, except per share data)</i>	Years Ended December 31,		
	2010	2009	2008
Revenues:			
Premiums and other considerations	\$ 48,029	\$ 51,239	\$ 63,137
Net investment income	20,930	18,987	10,453
Net realized capital losses:			
Total other-than-temporary impairments on available for sale securities	(1,712)	(6,096)	(41,409)
Portion of other-than-temporary impairments on available for sale fixed maturity securities recognized in Accumulated other comprehensive income	(812)	316	-
Net other-than-temporary impairments on available for sale securities recognized in net income (loss)	(2,524)	(5,780)	(41,409)
Other realized capital gains (losses)	2,245	570	(5,385)
Total net realized capital losses	(279)	(5,210)	(46,794)
Unrealized market valuation gains (losses) on Capital Markets super senior credit default swap portfolio	598	1,418	(28,602)
Other income	8,023	8,918	(5,034)
Total revenues	77,301	75,352	(6,840)
Benefits, claims and expenses:			
Policyholder benefits and claims incurred	45,874	50,015	51,036
Policy acquisition and other insurance expenses	15,820	15,864	20,833
Interest expense	7,859	14,238	15,713
Restructuring expenses and related asset impairment and other expenses	574	1,149	771
Net (gain) loss on sale of properties and divested businesses	(17,767)	1,271	-
Other expenses	7,005	7,122	7,836
Total benefits, claims and expenses	59,365	89,659	96,189
Income (loss) from continuing operations before income tax expense (benefit)	17,936	(14,307)	(103,029)
Income tax expense (benefit):			
Current	644	2,802	1,049
Deferred	5,215	(4,291)	(10,732)
Total income tax expense (benefit)	5,859	(1,489)	(9,683)
Income (loss) from continuing operations	12,077	(12,818)	(93,346)
Income (loss) from discontinued operations, net of income tax expense (benefit) (See Note 4)	(2,064)	505	(7,041)
Net income (loss)	10,013	(12,313)	(100,387)
Less:			
Net income (loss) from continuing operations attributable to noncontrolling interests:			
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	1,818	140	-
Other	355	(1,576)	(984)
Total net income (loss) from continuing operations attributable to noncontrolling interests	2,173	(1,436)	(984)
Net income (loss) from discontinued operations attributable to noncontrolling interests	54	72	(114)
Total net income (loss) attributable to noncontrolling interests	2,227	(1,364)	(1,098)
Net income (loss) attributable to AIG	\$ 7,786	\$ (10,949)	\$ (99,289)
Net income (loss) attributable to AIG common shareholders	\$ 1,583	\$ (12,244)	\$ (99,689)
Income (loss) per common share attributable to AIG:			
Basic:			
Income (loss) from continuing operations	\$ 14.75	\$ (93.69)	\$ (704.26)
Income (loss) from discontinued operations	\$ (3.15)	\$ 3.21	\$ (52.59)
Diluted:			
Income (loss) from continuing operations	\$ 14.75	\$ (93.69)	\$ (704.26)
Income (loss) from discontinued operations	\$ (3.15)	\$ 3.21	\$ (52.59)
Weighted average shares outstanding:			
Basic	136,585,844	135,324,896	131,714,245
Diluted	136,649,280	135,324,896	131,714,245

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income (Loss)

<i>(in millions)</i>	Years Ended December 31,		
	2010	2009	2008
Net income (loss)	\$10,013	\$(12,313)	\$(100,387)
Other comprehensive income (loss):			
Cumulative effect of change in accounting principle	-	-	(162)
Income tax benefit (expense) on above change in accounting principle	-	-	57
Unrealized appreciation (depreciation) of fixed maturity investments on which other-than-temporary credit impairments were taken	2,522	2,048	-
Income tax benefit (expense) on above changes	(1,293)	(724)	-
Unrealized appreciation (depreciation) of all other investments – net of reclassification adjustments	3,640	27,891	(13,966)
Income tax benefit (expense) on above changes	(1,529)	(9,802)	4,948
Foreign currency translation adjustments	(1,873)	2,932	(1,398)
Income tax benefit (expense) on above changes	621	(1,005)	356
Net derivative gains (losses) arising from cash flow hedging activities – net of reclassification adjustments	111	95	(156)
Income tax benefit (expense) on above changes	(17)	(32)	52
Change in retirement plan liabilities adjustment	299	370	(1,325)
Income tax benefit (expense) on above changes	(24)	(16)	352
Other comprehensive income (loss)	2,457	21,757	(11,242)
Comprehensive income (loss)	12,470	9,444	(111,629)
Comprehensive income (loss) attributable to noncontrolling interests	590	(1,116)	(1,369)
Comprehensive income (loss) attributable to noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	1,818	140	-
Comprehensive income (loss) attributable to AIG	\$10,062	\$ 10,420	\$(110,260)

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Equity

<i>(in millions)</i>	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	Payments Advanced to Purchase Shares	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total AIG Shareholders' Equity	Non-controlling Interests	Total Equity
Balance, January 1, 2008	\$ -	\$ 344	\$(6,685)	\$ 9,382	\$ (912)	\$ 89,029	\$ 4,643	\$ 95,801	\$ 8,472	\$104,273
Consideration received for Series C preferred stock not yet issued	-	-	-	23,000	-	-	-	23,000	-	23,000
Series D issuance	40,000	-	-	-	-	-	-	40,000	-	40,000
Common stock issued	-	24	-	7,319	-	-	-	7,343	-	7,343
Common stock issued under stock plans	-	-	146	(120)	-	-	-	26	-	26
Shares purchased	-	-	(1,912)	-	1,912	-	-	-	-	-
Present value of future contract adjustment payments related to issuance of equity units	-	-	-	(431)	-	-	-	(431)	-	(431)
Payments advanced	-	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Cumulative effect of change in accounting principle, net of tax	-	-	-	-	-	(1,003)	-	(1,003)	-	(1,003)
Net loss attributable to AIG or other noncontrolling interests ^(a)	-	-	-	-	-	(99,289)	-	(99,289)	(574)	(99,863)
Dividends	-	-	-	-	-	(1,105)	-	(1,105)	-	(1,105)
Other comprehensive loss	-	-	-	-	-	-	(10,971)	(10,971)	(271)	(11,242)
Net decrease due to deconsolidation	-	-	-	-	-	-	-	-	(648)	(648)
Contributions from noncontrolling interests	-	-	-	-	-	-	-	-	1,651	1,651
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(738)	(738)
Other	-	-	1	338	-	-	-	339	203	542
Balance, December 31, 2008	\$40,000	\$ 368	\$(8,450)	\$ 39,488	\$ -	\$(12,368)	\$ (6,328)	\$ 52,710	\$ 8,095	\$ 60,805
Series C issuance	23,000	-	-	(23,000)	-	-	-	-	-	-
Series D exchange for Series E	1,605	-	-	(1,605)	-	-	-	-	-	-
Series F drawdowns	5,344	-	-	-	-	-	-	5,344	-	5,344
Series F commitment fee	(165)	-	-	-	-	-	-	(165)	-	(165)
Common stock issued under stock plans	-	1	176	(177)	-	-	-	-	-	-
Retirement of treasury stock	-	(15)	7,400	(7,385)	-	-	-	-	-	-
Cumulative effect of change in accounting principle, net of tax	-	-	-	-	-	11,826	(9,348)	2,478	-	2,478
Net loss attributable to AIG or other noncontrolling interests ^(a)	-	-	-	-	-	(10,949)	-	(10,949)	(1,784)	(12,733)
Other comprehensive income	-	-	-	-	-	-	21,369	21,369	388	21,757
Net decrease due to deconsolidation	-	-	-	(97)	-	-	-	(97)	(3,405)	(3,502)
Contributions from noncontrolling interests	-	-	-	-	-	-	-	-	677	677
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(368)	(368)
Issuance of noncontrolling, nonvoting, callable, junior and senior preferred interests to the Federal Reserve Bank of New York	-	-	-	-	-	-	-	-	24,400	24,400
Net income (loss) attributable to noncontrolling nonvoting, callable, junior and senior preferred interests held by the Federal Reserve Bank of New York	-	-	-	-	-	-	-	-	140	140
Deferred taxes	-	-	-	(818)	-	-	-	(818)	-	(818)
Other	-	-	-	(48)	-	-	-	(48)	109	61
Balance, December 31, 2009	\$69,784	\$ 354	\$(874)	\$ 6,358	\$ -	\$(11,491)	\$ 5,693	\$ 69,824	\$ 28,252	\$ 98,076

Consolidated Statement of Equity *(Continued)*

<i>(in millions)</i>	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	Payments Advanced to Purchase Shares	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total AIG Shareholders' Equity	Non-controlling Interests	Total Equity
Series F drawdowns	2,199	-	-	-	-	-	-	2,199	-	2,199
Common stock issued under stock plans	-	2	-	(20)	-	-	-	(18)	-	(18)
Equity unit exchange	-	12	-	3,645	-	-	-	3,657	-	3,657
Cumulative effect of change in accounting principle, net of tax	-	-	-	-	-	239	(345)	(106)	-	(106)
Net income attributable to AIG or other noncontrolling interests ^(a)	-	-	-	-	-	7,786	-	7,786	336	8,122
Net income attributable to noncontrolling nonvoting, callable, junior and senior preferred interests held by the Federal Reserve Bank of New York	-	-	-	-	-	-	-	-	1,818	1,818
Other comprehensive income ^(b)	-	-	-	-	-	-	2,276	2,276	176	2,452
Net decrease due to deconsolidation	-	-	-	-	-	-	-	-	(2,740)	(2,740)
Contributions from noncontrolling interests	-	-	-	-	-	-	-	-	253	253
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(175)	(175)
Deferred taxes	-	-	-	(332)	-	-	-	(332)	-	(332)
Other	-	-	1	32	-	-	-	33	-	33
Balance, December 31, 2010	\$71,983	\$ 368	\$ (873)	\$ 9,683	\$ -	\$ (3,466)	\$ 7,624	\$ 85,319	\$ 27,920	\$113,239

(a) Excludes gains (losses) of \$73 million, \$280 million, and \$(524) million in 2010, 2009, and 2008, respectively, attributable to redeemable noncontrolling interests and net income attributable to noncontrolling nonvoting, callable, junior and senior preferred interests held by the Federal Reserve Bank of New York of \$1.8 billion and \$140 million in 2010 and 2009, respectively.

(b) Excludes \$5 million attributable to redeemable noncontrolling interests.

See Accompanying Notes to Consolidated Financial Statements, including Notes 1 and 26 which summarize the pro forma effect of the Recapitalization that closed on January 14, 2011.

Consolidated Statement of Cash Flows

Years Ended December 31, <i>(in millions)</i>	2010	2009	2008
Summary:			
Net cash provided by (used in) operating activities	\$ 16,910	\$ 18,584	\$ (122)
Net cash provided by (used in) investing activities	(10,225)	5,778	47,176
Net cash used in financing activities	(9,261)	(28,997)	(40,734)
Effect of exchange rate changes on cash	39	533	38
Change in cash	(2,537)	(4,102)	6,358
Cash at beginning of period	4,400	8,642	2,284
Reclassification of assets held for sale	(305)	(140)	-
Cash at end of period	1,558	4,400	8,642
Cash flows from operating activities:			
Net income (loss)	\$ 10,013	\$(12,313)	\$(100,387)
(Income) loss from discontinued operations	2,064	(505)	7,041
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Noncash revenues, expenses, gains and losses included in income (loss):			
Net (gains) losses on sales of securities available for sale and other assets	(2,842)	(1,305)	5,020
Net (gains) losses on sales of divested businesses	(17,767)	1,271	-
Unrealized (gains) losses in earnings – net	(1,361)	(4,249)	3,435
Equity in (income) loss from equity method investments, net of dividends or distributions	(1,268)	1,633	7,407
Depreciation and other amortization	11,320	12,074	12,875
Provision for mortgage, other loans and finance receivables	429	1,011	368
Impairments of assets	5,372	9,260	46,158
Amortization of costs and accrued interest and fees related to FRBNY Credit Facility	4,223	10,175	11,163
Changes in operating assets and liabilities:			
General and life insurance reserves	8,705	5,991	8,098
Premiums and other receivables and payables – net	595	2,282	(5,885)
Reinsurance assets and funds held under reinsurance treaties	(3,510)	(246)	(718)
Capitalization of deferred policy acquisition costs	(9,321)	(8,938)	(11,030)
Other policyholder funds	572	689	400
Current and deferred income taxes – net	4,856	(2,397)	(9,815)
Trading securities	354	993	2,816
Securities sold under agreements to repurchase, net of securities purchased under agreements to resell	(281)	(18)	13,951
Securities and spot commodities sold but not yet purchased	(545)	(1,663)	(2,027)
Other, net	(1,905)	(1,462)	(959)
Total adjustments	(2,374)	25,101	81,257
Net cash provided by (used in) operating activities – continuing operations	9,703	12,283	(12,089)
Net cash provided by operating activities – discontinued operations	7,207	6,301	11,967
Net cash provided by (used in) operating activities	\$ 16,910	\$ 18,584	\$ (122)

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows (Continued)

Years Ended December 31, (in millions)	2010	2009	2008
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales of available for sale investments	\$ 56,213	\$ 39,969	\$ 91,741
Maturities of fixed maturity securities available for sale and hybrid investments	14,657	15,778	14,744
Sales of trading securities	6,313	12,493	22,418
Sales or distributions of other invested assets (including flight equipment)	10,495	10,745	16,354
Sales of divested businesses, net	21,760	5,278	-
Principal payments received on mortgage and other loans receivable	4,276	4,282	4,357
Principal payments received on and sales of finance receivables held for investment	1,134	4,913	5,786
Funding to establish Maiden Lane III LLC	-	-	(5,000)
Purchases of available for sale investments	(79,263)	(58,859)	(94,981)
Purchases of trading securities	(3,003)	(4,854)	(19,717)
Purchases of other invested assets (including flight equipment)	(7,850)	(10,270)	(21,569)
Mortgage and other loans receivable issued	(2,509)	(2,763)	(3,422)
Finance receivables held for investment – originations and purchases	(486)	(3,520)	(6,420)
Net additions to real estate, fixed assets, and other assets	(267)	(341)	(1,023)
Net change in restricted cash	(27,115)	(250)	(2,362)
Net change in short-term investments	(5,233)	(9,021)	(4,421)
Net change in derivative assets and liabilities other than Capital Markets	267	(127)	(1,289)
Other, net	(332)	2,953	48,205*
Net cash provided by (used in) investing activities – continuing operations	(10,943)	6,406	43,401
Net cash provided by (used in) investing activities – discontinued operations	718	(628)	3,775
Net cash provided by (used in) investing activities	\$(10,225)	\$ 5,778	\$ 47,176
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholder contract deposits	\$ 19,570	\$ 21,546	\$ 23,713
Policyholder contract withdrawals	(14,897)	(26,258)	(36,875)
Change in commercial paper and other short-term debt	225	(425)	(8,912)
Change in Federal Reserve Bank of New York Commercial Paper Funding Facility borrowings	(5,855)	(10,647)	15,061
Federal Reserve Bank of New York credit facility borrowings	19,900	32,526	96,650
Federal Reserve Bank of New York credit facility repayments	(23,178)	(26,426)	(59,850)
Issuance of other long-term debt	13,046	3,452	107,324
Repayments on other long-term debt	(15,976)	(19,451)	(134,219)
Proceeds from issuance of Series D preferred stock	-	-	40,000
Drawdown on the Department of the Treasury Commitment	2,199	5,344	-
Issuance of common stock	-	-	7,343
Payments advanced to purchase shares	-	-	(1,000)
Cash dividends paid to shareholders	-	-	(1,628)
Other, net	(579)	(671)	(72,800)*
Net cash used in financing activities – continuing operations	(5,545)	(21,010)	(25,193)
Net cash used in financing activities – discontinued operations	(3,716)	(7,987)	(15,541)
Net cash used in financing activities	\$ (9,261)	\$(28,997)	\$ (40,734)
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	\$ (5,166)	\$ (5,777)	\$ (7,437)
Taxes	\$ (1,002)	\$ (226)	\$ (617)
Non-cash financing/investing activities:			
Noncontrolling nonvoting callable, junior and senior preferred interests held by Federal Reserve Bank of New York	\$ -	\$ 25,000	\$ -
Consideration received for preferred stock not yet issued	\$ -	\$ -	\$ 23,000
Interest credited to policyholder contract deposits included in financing activities	\$ 9,294	\$ 12,615	\$ 2,566
Treasury stock acquired using payments advanced to purchase shares	\$ -	\$ -	\$ 1,912
Present value of future contract adjustment payments related to issuance of equity units	\$ -	\$ -	\$ 431
Long-term debt reduction due to deconsolidations	\$ -	\$ 775	\$ -
Exchange of equity units and extinguishment of junior subordinated debentures	\$ 3,657	\$ -	\$ -
Non-cash consideration received from sale of ALICO	\$ 9,041	\$ -	\$ -
Debt assumed on consolidation of variable interest entities	\$ 2,591	\$ -	\$ -
Debt assumed on acquisition	\$ 164	\$ -	\$ 153

* Includes \$48.5 billion related to change in securities lending invested collateral in investing activities and \$72.8 billion related to change in securities lending payable in financing activities.

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**24. Quarterly Financial Information (Unaudited)****Consolidated Statements of Income (Loss)**

(dollars in millions, except per share data)	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2010	2009	2010	2009	2010	2009	2010	2009
Total revenues	\$ 18,520	\$ 14,550	\$ 18,278	\$ 22,505	\$ 19,420	\$ 19,513	\$ 21,083	\$ 18,784
Income (loss) from continuing operations before income tax expense (benefit)*	1,641	(6,128)	1,501	526	306	(640)	14,488	(8,065)
Income (loss) from discontinued operations, net of income tax expense (benefit)*	343	115	(2,611)	1,097	(1,833)	217	2,037	(924)
Net income (loss)	2,431	(5,133)	(2,115)	1,845	(2,013)	(15)	11,710	(9,010)
Net income (loss) from continuing operations attributable to noncontrolling interests:								
Noncontrolling nonvoting, callable, junior and senior preferred interests held by Federal Reserve Bank of New York	519	-	508	-	388	-	403	140
Other	119	(768)	20	(7)	104	(496)	112	(305)
Total net income (loss) from continuing operations attributable to noncontrolling interests	638	(768)	528	(7)	492	(496)	515	(165)
Net income (loss) attributable to AIG*	\$ 1,783	\$ (4,353)	\$ (2,656)	\$ 1,822	\$ (2,517)	\$ 455	\$ 11,176	\$ (8,873)
Earnings (loss) per common share attributable to AIG:								
Basic:								
Income (loss) from continuing operations	\$ 2.16	\$ (40.60)	\$ (0.25)	\$ 0.70	\$ (4.95)	\$ 0.39	\$ 13.60	\$ (58.51)
Income (loss) from discontinued operations	\$ 0.50	\$ 0.93	\$ (19.32)	\$ 1.60	\$ (13.58)	\$ 0.29	\$ 3.00	\$ (7.00)
Diluted:								
Income (loss) from continuing operations	\$ 2.16	\$ (40.60)	\$ (0.25)	\$ 0.70	\$ (4.95)	\$ 0.39	\$ 13.60	\$ (58.51)
Income (loss) from discontinued operations	\$ 0.50	\$ 0.93	\$ (19.32)	\$ 1.60	\$ (13.58)	\$ 0.29	\$ 3.00	\$ (7.00)
Weighted average shares outstanding:								
Basic	135,658,680	135,252,869	135,813,034	135,281,740	135,879,125	135,293,841	138,395,856	135,446,727
Diluted	135,724,939	135,252,869	135,869,594	135,336,440	135,879,125	135,456,372	138,447,775	135,446,727
Noteworthy quarterly items – income (expense):								
Credit valuation adjustment	\$ (49)	\$ 1,787	\$ 368	\$ (37)	\$ (155)	\$ 645	\$ 456	\$ 393
Other-than-temporary impairments	(864)	(3,451)	(583)	(799)	(824)	(1,519)	(768)	(927)
Net (gain) loss on sale of divested businesses	76	(259)	(198)	566	(4)	885	(17,641)	79
Adjustment to federal and foreign deferred tax valuation allowance	750	(1,575)	(539)	1,544	110	(450)	(1,807)	(2,656)
Accelerated amortization of prepaid commitment asset	627	810	531	810	1,187	810	1,079	5,881
Reserve strengthening charge	-	-	-	-	-	-	4,203	2,151

* During 2010, AIG reclassified aircraft asset impairment charges and operating lease-related charges from Other income to Other expenses and reclassified the provision for overhauls from Other expenses to Other income. Prior periods have been revised to conform to the current period presentation.

For the three months ended December 31, 2010, AIG recorded out of period adjustments related to prior periods that decreased AIG's income from continuing operations and increased AIG's income from discontinued operations, before income taxes, by \$415 million and \$295 million, respectively, and decreased Net income attributable to AIG by \$116 million. The amounts were primarily due to impairments on certain partnership investments held by SunAmerica and adjustments related to deferred acquisition costs. For the three months ended December 31, 2009, AIG recorded out of period adjustments related to prior periods which increased AIG's losses from continuing operations and AIG's losses from discontinued operations, before income tax benefit, by \$649 million and \$98 million, respectively, and increased Net loss attributable to AIG by \$390 million. The amounts were primarily due to an intercompany elimination to Other income reported in the Other operations category. These entries primarily affected previously reported 2010 and 2009 quarterly results.

Had all adjustments been recorded in their appropriate periods, Net income (loss) attributable to AIG for the three-month periods ended September 30, 2010, June 30, 2010 and March 31, 2010 would have increased by \$139 million, decreased by \$187 million and increased by \$76 million, respectively. Net income (loss) attributable to AIG for the three-month periods ended September 30, 2009, June 30, 2009 and March 31, 2009 would have decreased by \$88 million, decreased by \$484 million and increased by \$298 million, respectively.

While these adjustments were noteworthy for the periods, after evaluating the quantitative and qualitative aspects of these corrections, AIG concluded that its prior period financial statements were not materially misstated and, therefore, no restatement was required.