
ANNUAL REPORT
'05
American National Insurance Company

2005 KEY RESULTS

Assets reached $17,516,881,000, an increase of 5.7% over year-end 2004.

Stockholders' equity reached $3,378,047,000 or $127.57 per share.

Net income for 2005 totaled $235,879,000 or $8.91 per share.

Life insurance in force totaled $64,050,872,000, an increase of 4.3% over year-end 2004.

Dividends are currently paid by American National at a rate of $3.00 per share. The year 2005 was the 95th consecutive year that dividends have been paid to stockholders.

While other feathered creatures need the comfort and security of the crowd, the eagle soars above the flock of conformity. American National is proud to have an American eagle serve as the company symbol. For over a century, American National has proudly followed an independent path. It's an attitude that has enabled the company to become one of the most respected, financially sound insurers in the United States.

Robert L. Moody

Chairman of the Board
Chief Executive Officer

MANAGEMENT MESSAGE

G. Richard Ferdinandtsen

President and Chief Operating Officer

"Preparation is key to managing a large and complex financial institution. It requires a vigilant look at the big picture."

Preparation is the key to financial security. Thousands of people every year trust American National by purchasing our products to provide for their future financial security.

Preparation is likewise key to managing a large and complex financial institution. It requires a vigilant look at the big picture.

In spite of unprecedented natural catastrophes, 2005 was a remarkably successful year for American National and its subsidiaries. In the year the company celebrated its founding a century ago, consolidated net income was $235.9 million, or $8.91 per share. The after-tax net gain from operations was $180.6 million, or $6.82 per share. The company paid a dividend to its stockholders for the 95th consecutive year. This dividend was increased in October to a rate of $3 per share, the 29th increase in the last 32 years.

Life insurance is the foundation of American National, and continues to be one of our most important product lines. In keeping with this objective, the company continued to achieve sustained growth of life insurance in force, reaching an all-time high of more than $64 billion in 2005.

To better serve the needs of the approaching retirement of the Baby Boomers, American National has expanded its annuity product offerings. During 2005, new equity indexed annuity products were introduced. These products have achieved significant sales growth. Our carefully managed annuity line, represented by $6.2 billion in statutory reserves, produced a 25% increase in profits over 2004.

American National's strategy for health insurance operations is to focus on profitable niche markets. Prudent planning and implementation of our strategy produced a profit in 2005.

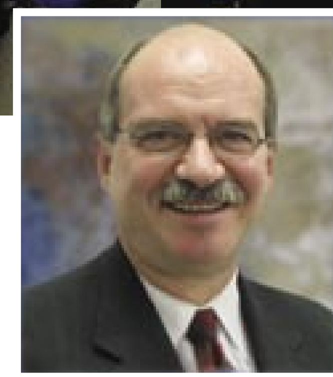
Hurricane Katrina, the costliest single catastrophe in American history, dealt a devastating blow to the nation and the insurance industry. The impact on insurers was one of three scenarios: 1) it reduced profits for 2005; 2) it caused an overall loss for 2005; or 3) it left the affected company impaired. American National, through careful advance preparation that included a Risk Mitigation Program, was successful in being among the insurers that still produced a profit in the year that included this worst of worst catastrophes. Preparedness is a continuing process, and additional steps have been taken to reduce exposure and increase reinsurance for 2006 and future years.

The company's credit insurance product line rebounded in 2005 from its unusual losses in 2004. Continued expansion into additional market segments with new

"Life insurance is the foundation of American National, and continues to be one of our most important product lines."

In celebration of American National's 100th anniversary, Richard Ferdinandtsen, accompanied by other company leaders, traveled to New York City to ring the opening bell at the NASDAQ Stock Market on March 18, 2005.

"Preparation will continue to be our watchword in 2006 and beyond, as we anticipate the challenges that lie ahead."

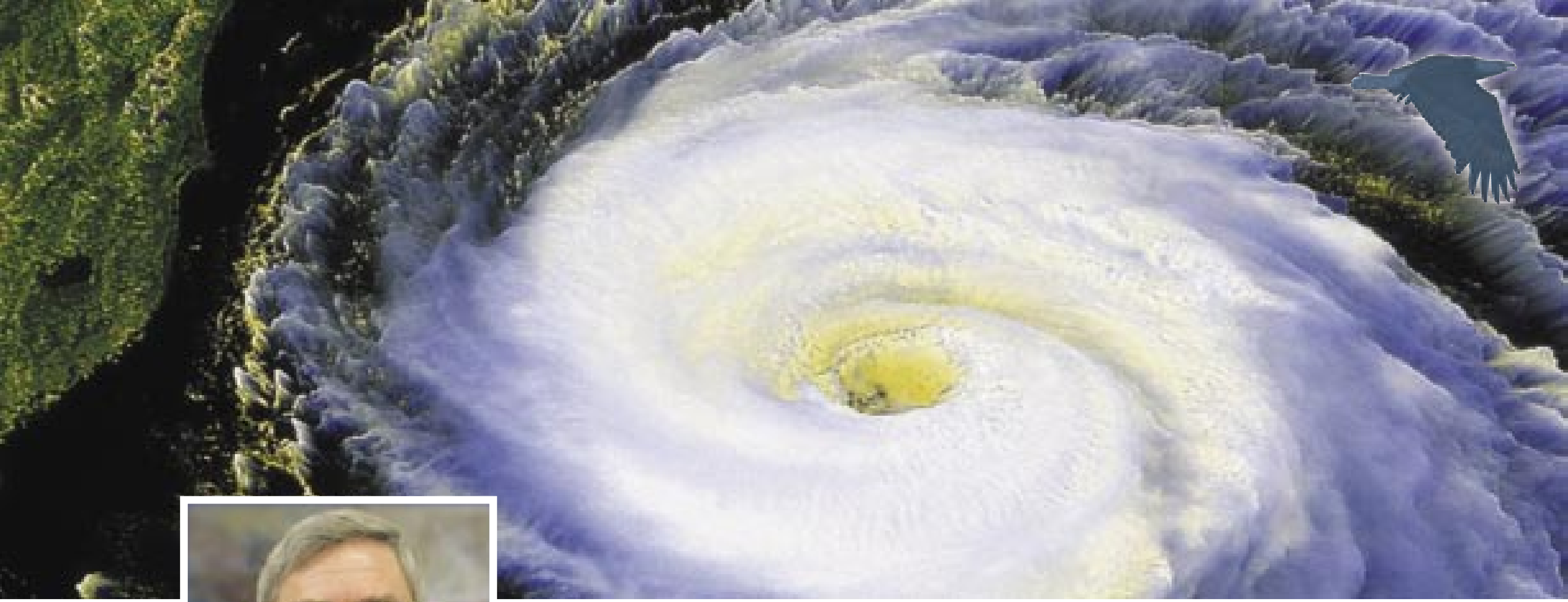


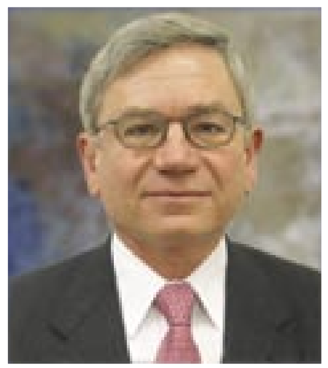
James E. Pozzi
Senior Executive Vice President
Corporate Planning, Systems
and Life Administration

product offerings is expected to enable our Credit Insurance Division to remain a market leader.

In the midst of historically low interest rates, the company's overall yield on its investment portfolio dropped from 6.07% in 2004 to 5.90% in 2005. American National works diligently to find the highest yields on fixed-income securities without sacrificing credit quality. In addition, we have been successful in increasing our mortgage loan portfolio with an improved yield over bonds and with collateral to provide protection against future defaults. Our substantial capital and surplus base has enabled us to invest in equity securities, real estate and other invested assets that have the potential for better returns over time.

Preparation will continue to be our watchword in 2006 and beyond, as we anticipate the challenges that lie ahead. Risk mitigation remains a major focus of attention at the highest levels of management. In March 2005, we moved our computer information center to a remote facility specially constructed to withstand a Category 5 hurricane. In September 2005, we were provided an opportunity to





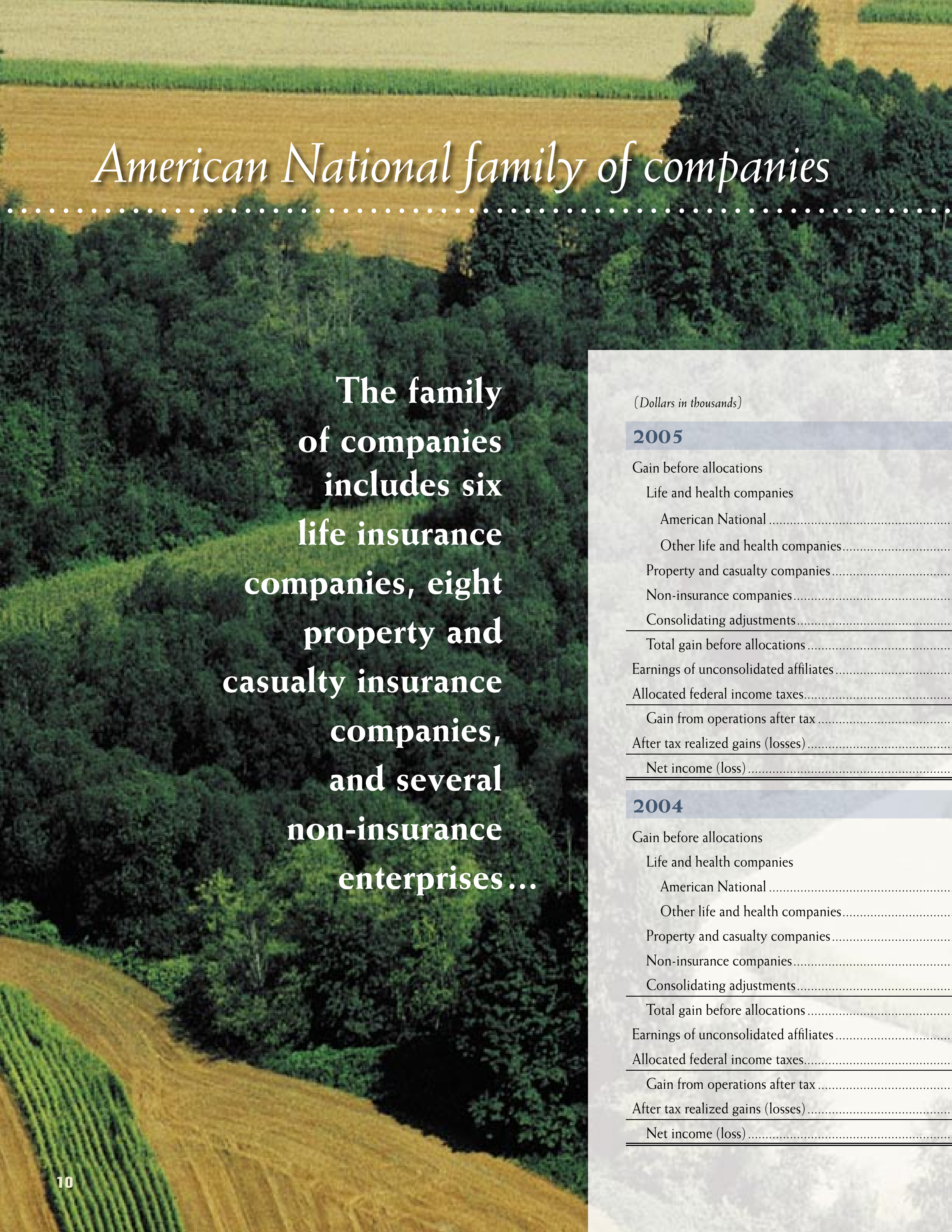
Ronald J. Welch
Senior Executive Vice President, Chief Actuary, Chief Corporate Risk Management Officer

test our preparedness for future operational disruptions as Hurricane Rita threatened the upper Texas coast as a Category 5 hurricane. The new facility performed as planned. Needed improvements in our overall preparedness plans were identified and are being addressed.

In recent months, the company has completed the implementation of several ambitious technology and infrastructure initiatives, all of which are harnessing gains in efficiency and productivity. With the bulk of that investment behind us, we are now set to go forward with a leaner, more stable expense posture.

We remain concerned about the increasingly hostile legal environment in which we operate, especially the expense of defending against unwarranted class action lawsuits. We also remain fully committed to the highest standards of compliance and ethical business conduct, having placed heavy emphasis on those areas throughout our entire organization.

Our resolute commitment is to remain vigilantly prepared for changes and opportunities as they arise, ever mindful of our responsibility to serve the best long-term interests of our policyholders and stockholders.



American National family of companies

The family of companies includes six life insurance companies, eight property and casualty insurance companies, and several non-insurance enterprises…

(Dollars in thousands)

2005

Gain before allocations	
Life and health companies	
American National	
Other life and health companies	
Property and casualty companies	
Non-insurance companies	
Consolidating adjustments	
Total gain before allocations	
Earnings of unconsolidated affiliates	
Allocated federal income taxes	
Gain from operations after tax	
After tax realized gains (losses)	
Net income (loss)	

2004

Gain before allocations	
Life and health companies	
American National	
Other life and health companies	
Property and casualty companies	
Non-insurance companies	
Consolidating adjustments	
Total gain before allocations	
Earnings of unconsolidated affiliates	
Allocated federal income taxes	
Gain from operations after tax	
After tax realized gains (losses)	
Net income (loss)	

American National CONSOLIDATED OPERATIONS

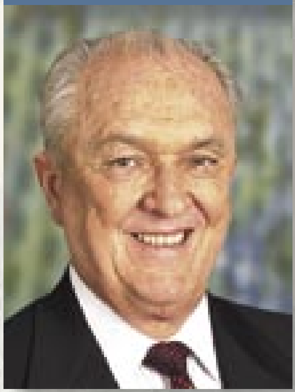
TOTAL	Capital and Surplus	Multiple Line Marketing	Home Service Division	Independent Marketing Group	Senior Age Marketing	Direct Marketing	Credit Insurance Division	Health Division	All Other
$ 193,508	$ 94,055	$ 20,289	$ 25,655	$ 35,430	$ —	$ —	$ 12,112	$ 875	$ 5,092
32,281	16,692	101	(7,250)	—	18,904	2,908	(188)	(823)	1,937
80,329	12,921	67,408	—	—	—	—	—	—	—
(40,043)	(31,214)	—	—	—	—	—	—	—	(8,829)
(14,045)	(12,394)	(705)	—	—	(807)	(95)	—	—	(44)
252,030	80,060	87,093	18,405	35,430	18,097	2,813	11,924	52	(1,844)
5,762	5,551	—	—	—	—	—	—	—	211
(77,213)	(20,393)	(28,741)	(6,074)	(11,692)	(5,972)	(928)	(3,935)	(17)	539
180,579	65,218	58,352	12,331	23,738	12,125	1,885	7,989	35	(1,094)
55,300	55,300	—	—	—	—	—	—	—	—
$ 235,879	$ 120,518	$ 58,352	$ 12,331	$ 23,738	$ 12,125	$ 1,885	$ 7,989	$ 35	$ (1,094)
$ 171,832	$ 78,929	$ 23,146	$ 31,968	$ 25,068	$ —	$ —	$ (883)	$ 5,162	$ 8,442
30,742	15,531	5,014	(6,905)	—	21,459	3,589	(517)	(5,669)	(1,760)
157,104	8,162	148,942	—	—	—	—	—	—	—
(31,501)	(25,691)	—	—	—	—	—	—	—	(5,810)
(13,914)	(12,239)	(589)	—	—	(673)	(79)	—	—	(334)
314,263	64,692	176,513	25,063	25,068	20,786	3,510	(1,400)	(507)	538
6,339	6,143	—	—	—	—	—	—	—	196
(100,372)	(17,950)	(58,249)	(8,271)	(8,272)	(6,859)	(1,158)	462	167	(242)
220,230	52,885	118,264	16,792	16,796	13,927	2,352	(938)	(340)	492
35,363	35,363	—	—	—	—	—	—	—	—
$ 255,593	$ 88,248	$ 118,264	$ 16,792	$ 16,796	$ 13,927	$ 2,352	$ (938)	$ (340)	$ 492

MULTIPLE LINE MARKETING

Gregory V. Ostergren

Executive Vice President, Director
MULTIPLE LINE MARKETING

HOME SERVICE DIVISION



Bill J. Garrison

Executive Vice President, Director
HOME SERVICE DIVISION

INDEPENDENT MARKETING GROUP

David A. Behrens

Executive Vice President
INDEPENDENT MARKETING GROUP

SENIOR AGE MARKETING

E. Harrison Martin

President and Chief Marketing Officer
STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

"American National and its subsidiaries are organized into seven separate marketing distribution channels..."

The American National family of companies offers a broad line of financial products, including life insurance, annuities, property and casualty insurance and health insurance.

The family of companies includes six life insurance companies, eight property and casualty insurance companies, and several non-insurance enterprises.

The American National family of companies conducts business in all 50 states, the District of Columbia, Puerto Rico, Guam, Mexico and America Samoa.

American National and its subsidiaries are organized into seven separate marketing distribution channels, each of which has independent but coordinated management personnel and marketing strategies. The distribution channels, products they market and companies that underwrite their products are as shown at right.

DIRECT MARKETING

Scott K. Luchesi
President and Chief Executive Officer
GARDEN STATE LIFE INSURANCE COMPANY

CREDIT INSURANCE DIVISION

James W. Pangburn
Senior Vice President
CREDIT INSURANCE DIVISION

HEALTH DIVISION

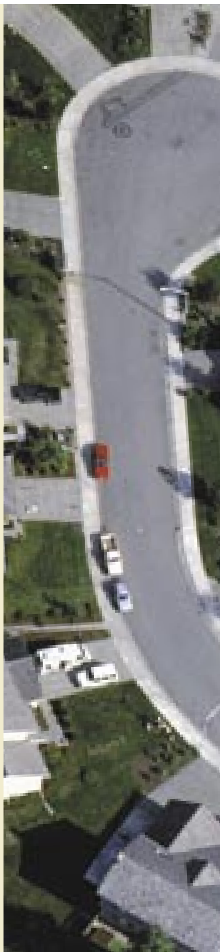
Steven H. Schouweiler
Senior Vice President
HEALTH DIVISION

MULTIPLE LINE MARKETING	Life, annuities, health, property and casualty	American National Insurance Company The American National Property and Casualty Companies The Farm Family Companies
HOME SERVICE DIVISION	Life, annuities, health	American National Insurance Company American National de México Compañía de Seguros de Vida
INDEPENDENT MARKETING GROUP	Life, annuities	American National Insurance Company
SENIOR AGE MARKETING	Life, annuities, health (particularly Medicare Supplement)	Standard Life and Accident Insurance Company American National Life Insurance Company of Texas
DIRECT MARKETING	Life	Garden State Life Insurance Company
CREDIT INSURANCE DIVISION	Credit life, credit disability, credit-related property and casualty	American National Insurance Company The American National Property and Casualty Companies
HEALTH DIVISION	Group life, group health	American National Insurance Company American National Life Insurance Company of Texas Standard Life and Accident Insurance Company

"Marketing channels are aligned to satisfy specific target markets . . ."

American National's primary emphasis is on life insurance and annuities. Marketing channels are aligned to satisfy specific target markets in such a way that channel conflict is minimized, while maintaining key brand identities. Products are cross-sold by channels whenever possible to maximize product offerings and minimize duplication of effort.

Multiple Line Marketing offers a combination of life insurance, annuities, property and casualty insurance for personal lines, agribusiness, targeted commercial exposures and



Multiple Line Marketing

(Dollars in thousands)	Life	Annuity	Accident and Health	Property and Casualty	Total
2005					
Life insurance in force	$ 31,797,011	$ —	$ —	$ —	$ 31,797,011
Paid annualized premium from new sales	22,472	5,494	902	—	28,868
Net written premiums	—	—	—	1,134,954	1,134,954
Policy account deposits	109,906	72,603	—	—	182,509
Earned premium income	56,968	4,799	13,513	1,140,437	1,215,717
Pre-tax gain from operations	20,272	(527)	645	66,703	87,093
2004					
Life insurance in force	29,335,731	—	—	—	29,335,731
Paid annualized premium from new sales	22,756	3,995	826	—	27,577
Net written premiums	—	—	—	1,091,326	1,091,326
Policy account deposits	107,444	56,411	—	—	163,855
Earned premium income	57,956	1,432	14,421	1,092,815	1,166,624
Pre-tax gain from operations	26,519	2,956	(1,315)	148,353	176,513

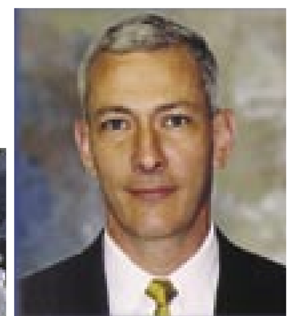
other financial services. Multiple Line agents serve individuals, families and business owners.

Multiple Line's 2005 operating results were dominated by the impact of hurricanes Katrina and Rita, the two costliest catastrophes in the history of the division. Gross catastrophe losses in 2005 exceeded all combined catastrophe losses in the prior 31 years of the division's property and casualty operations. Despite the claims these catastrophes generated, Multiple Line's property and casualty operations had a $66.7 million net gain from operations in 2005. The year's positive operating gain is a testament to the division's Risk Management Plan.

An improvement in the automobile loss ratio – to 57.3% in 2005, down from 62.4% in 2004 – helped net gain from operations related to automobile coverage reach $87.9 million. This compares with the $67.7 million in net gain from operations in 2004.

Life insurance operations experienced a net operating gain of $20.2 million in 2005, down from the $26.5 million achieved the previous

Timothy A. Walsh
President and Chief Executive Officer
The Farm Family Companies

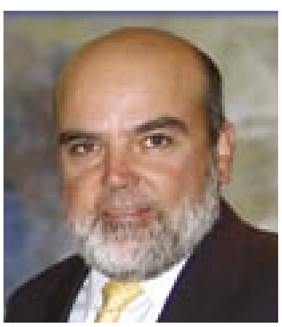


"The Home Service Division continued its 100-year tradition of serving the lower to middle income markets…"

year. Unusual expenses related to agency operations in 2005 adversely affected the operating gain.

The **Home Service Division** continued its 100-year tradition of serving the lower- to middle-income markets through employee-agents of American National. Home Service agents market life insurance, annuities and limited benefit health insurance products in the United States. More recently, operations have been established to serve a growing market of individuals seeking life insurance protection in Mexico.

The Home Service Division had a net gain from operations of $18.4 million in 2005, compared with a $25.0 million net gain from operations the previous year. Among the factors adversely affecting operations



Reynelle Cornish González
Director General
American National de México,
Compañía de Seguros de Vida,
S.A. de C.V.

in 2005 were increased employee health benefits, decreased net investment income, and costs related to the upgrading of computer infrastructure to improve agent efficiencies.

Premium income in Mexico rose 8% over the previous year. In a continuing effort to improve agent productivity and lapse rates in Mexico, a change in that market's product mix is occurring with an emphasis on monthly, rather than weekly, premium collection products.

Independent Marketing Group (IMG) distributes innovative life insurance and annuities through independent agents. It focuses on an ever-increasing affluent marketplace as well as targeted niche markets, including the small Pension Plan arena. IMG provides excellent service and protection to clients in need of wealth protection, distribution and transfer. This segment markets through financial institutions, large marketing organizations, employee benefit firms, broker-dealers and independent insurance agents and brokers.

Independent Marketing Group attained record profitability during 2005. Net gain from operations for the year increased 41% to $35.4 million versus $25.1 million during 2004. All of the increase in gain was in the annuity line, attributable to a larger volume of annuity business in force. Life profitability was slightly lower for the year.

Independent Marketing Group continues to grow. While new life and annuity sales were down from the previous year, the division's success with pension plans resulted in a substantial increase in renewal annuity premium. The number of plans under

Home Service Division

(Dollars in thousands)	Life	Annuity	Accident and Health	Total
2005				
Life insurance in force	$ 14,498,488	$ —	$ —	$ 14,498,488
Paid annualized premium from new sales	30,628	493	1,822	32,943
Policy account deposits	21,045	5,658	—	26,703
Earned premium income	181,506	707	9,826	192,039
Pre-tax gain from operations	17,995	(534)	944	18,405
2004				
Life insurance in force	14,541,026	—	—	14,541,026
Paid annualized premium from new sales	34,816	422	2,057	37,295
Policy account deposits	22,049	5,803	—	27,852
Earned premium income	183,171	205	9,926	193,302
Pre-tax gain from operations	25,191	(389)	261	25,063

"... pension plans under administration increased 29%..."

administration increased 29% during 2005. Both life insurance and annuity reserves showed sizable increases for the year. The division reached $6.3 billion in combined life and annuity statutory reserves by the end of 2005, a 7.5% increase over 2004. Additionally, life insurance in force grew almost 12% to $4.4 billion at year-end 2005.

Senior Age Marketing utilizes independent agents to provide an array of products for individuals in pre-retirement and beyond, a growing segment of the population. Senior Age Marketing maintains the expertise and reputation needed to continue a strong presence in the Medicare Supplement market.

In 2005, Senior Age Marketing made progress in diversifying its product line utilizing an expanded array of annuities, including a new equity indexed annuity. The division recently introduced a more competitive Medicare Supplement product to enable it to maintain its market position. Additionally, the division entered into a strategic alliance to market Medicare Part D benefits.

Direct Marketing focuses on a segment of the population that prefers to do business

Independent Marketing Group

(Dollars in thousands)	Life	Annuity	Total
2005			
Life insurance in force	$ 4,403,215	$ —	$ 4,403,215
Paid annualized premium from new sales	12,864	91,467	104,331
Policy account deposits	81,631	882,835	964,466
Earned premium income	4,486	58,108	62,594
Pre-tax gain from operations	4,359	31,071	35,430
2004			
Life insurance in force	3,936,453	—	3,936,453
Paid annualized premium from new sales	22,337	120,233	142,570
Policy account deposits	130,709	1,215,987	1,346,696
Earned premium income	5,932	32,708	38,640
Pre-tax gain from operations	4,790	20,278	25,068

directly with insurance companies. This marketing segment uses mail, print, broadcast and the Internet to market its products. An Internet point-of-sale process allows the application and approval process as well as payment of the first premium to be handled completely through the Internet. Continued expansion of this segment is expected, as more individuals become comfortable with online commerce.

For the last five years, Direct Marketing has been concentrating on expanding its sales. As a result, earned premiums have increased more than 43% since 2000, while life insurance in force has increased more than 17%. In 2005, earned premiums increased 4.9% from the amount earned in 2004.

The **Credit Insurance Division** provides life, disability and property and casualty insurance protection specifically for the repayment of debt in the event of individual loss. This division primarily distributes its products through general agents who market to financial institutions, auto dealers and furniture dealers.

The Credit Insurance Division had a solid year and returned to profitability in 2005, with a net gain from operations of $11.9

million. Continuing its history of being among the top providers of credit insurance in the nation, the Credit Insurance Division's earned premium income was up more than 10% from the previous year. Property and casualty net written premiums increased 22.9% from the previous year as this line continues to become more important to the success of the division.

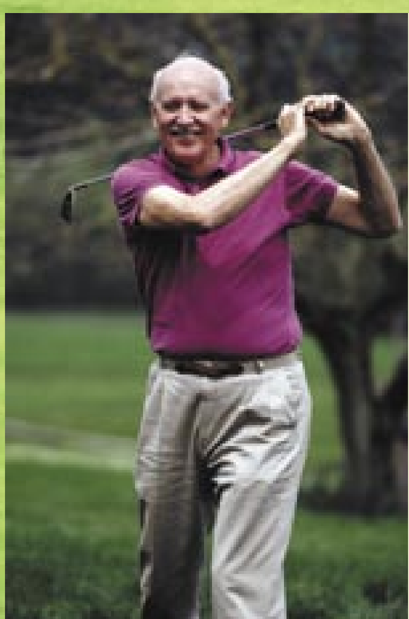
The **Health Division** focuses on providing limited benefit health products to associations serving middle-income individuals. The division minimizes exposure by sharing risks with reinsurers. Additionally, the division manages and administers all of American National's health insurance policies, including those sold by other segments.

Improved loss ratios and gains in efficiency enabled the Health Division to return to profitability in 2005, and also to contribute to the profitability of the other segments it serves.

Senior Age Marketing

(Dollars in thousands)	Life	Annuity	Accident and Health	Total
2005				
Life insurance in force	$ 451,583	$ —	$ —	$ 451,583
Paid annualized premium from new sales	1,006	3,288	6,436	10,730
Policy account deposits	879	32,994	—	33,873
Earned premium income	18,225	85	164,619	182,929
Pre-tax gain from operations	256	(102)	17,943	18,097
2004				
Life insurance in force	475,549	—	—	475,549
Paid annualized premium from new sales	899	1,028	12,023	13,950
Policy account deposits	1,263	10,496	—	11,759
Earned premium income	19,548	154	179,649	199,351
Pre-tax gain from operations	1,231	195	19,360	20,786

"American National stands well prepared for sustained growth and success in 2006 and beyond."



Direct Marketing

(Dollars in thousands)	2005	2004
Life insurance in force	$ 6,155,712	$ 6,106,482
Paid annualized premium from new sales	11,711	12,241
Earned premium income	39,030	37,202
Pre-tax gain from operations	2,813	3,510

Credit Insurance Division

(Dollars in thousands)	2005	2004
Life insurance in force	$ 5,412,849	$ 5,675,347
Sales of life insurance (face amount)	2,759,318	2,950,282
Written premium	294,367	250,969
Earned premium income	155,975	138,138
Pre-tax gain from operations	11,924	(1,400)

Health Division

(Dollars in thousands)	2005	2004
Life insurance in force	$ 553,548	$ 524,860
Earned premium income	127,444	123,373
Pre-tax gain from operations	52	(507)

LOOKING FORWARD

As American National closes out a record year in the proud history of our company, we look toward our promising future with great anticipation. Our potential will be achieved by staying focused on providing superior products and services to our policyholders and agents, while providing an excellent return to our stockholders.

For 2006 and beyond, we will not waver in our commitment to continue our 100-year history of sustainable, profitable growth. Our planning process will enable us to be prepared for success in an ever-changing environment. Our preparedness includes a diversified mix of products, markets and distribution channels.

The company's strategic plan clearly articulates important performance objectives. The planning process thoroughly measures progress toward those objectives. American National's senior management team meets monthly to analyze detailed performance reports, and takes prompt action where appropriate.

In accordance with the strategic plan, American National is implementing a number of bold and promising initiatives in 2006.

Multiple Line Marketing is intensifying its emphasis on life insurance sales. A new life marketing thrust called "Career Life Marketing" will focus on the development of career life-only agencies. An important tool that we have available to assist life-only agencies in achieving success is "Designed Benefits." Designed Benefits is an approach to prospecting, financial planning and funding of the insurance needs of employers and their employees. Multiple Line focuses on the cultivation of a Million Dollar Round Table culture among agents who sell both life and property and casualty insurance. The Career Life Marketing division of Multiple Line will

"In accordance with the strategic plan, American National is implementing a number of bold and promising initiatives in 2006."

continue to expand its Million Dollar Round Table culture.

Multiple Line's property and casualty operations will continue to enhance their risk management programs, especially in the wake of the disastrous 2005 hurricane season. Part of these changes will involve reducing homeowner exposure and adjusting rates in locations along the Gulf and Atlantic coasts. Further integration of the Farm Family operations will enhance the product portfolio for all agents in this division, as well as provide further diversification of risk exposures.

Independent Marketing Group will continue to build distribution by recruiting additional agents and marketing organizations. While the emphasis will continue to be increasing life insurance sales with an expansion of the life portfolio, new annuity products will also be developed to maintain and further grow the company's presence in the annuity marketplace. Already recognized for the excellent support it provides to the field, Independent Marketing will further leverage that support to provide additional reasons for independent agents and brokers to do business with American National.

The Home Service Division will improve on what it arguably does better than any other company in the industry: provide personal, face-to-face service to life insurance markets that have largely been underserved, or abandoned altogether, by many financial services companies. The division will also continue to refine its business model in Mexico in order to be successful in a market that is essentially untouched by other life insurers.

Senior Age Marketing will continue to provide the excellent, personalized customer service that makes it "the senior company of choice," not only for older clients, but also for the agents who serve them. By providing an array of attractively priced Medicare Supplement products and a larger portfolio of life and annuity products, the division will be in a position to sell growing volumes of life insurance and annuities.

Direct Marketing is strategically positioned to take full advantage of a growing preference of the U.S. population to purchase life insurance via the Internet. This same Internet sales software will be utilized in other distribution arenas to enhance the service we provide to agents and policyholders. The division has installed new technology tools that enable them to process higher volumes of business without the need to add staff.

Health Marketing will remain deliberate and selective in the niche-market products it chooses to develop and offer. Likewise, it will continue providing service and support to health products that are marketed by other divisions.

The Credit Insurance Division will continue to be an industry leader, not only as a provider of credit life and disability insurance, but also as a provider of credit-related property and casualty insurance products.

The future success of American National is ensured through the diligent work and preparation of its people. This diligence and preparation will maintain and enhance the value to our policyholders and stockholders.

FINANCIAL STATEMENTS

'05

American National Insurance Company and subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except for per share data)

	2005	2004	2003
PREMIUMS AND OTHER REVENUE			
Premiums:			
Life	$ 333,496	$ 337,498	$ 336,747
Annuity	64,660	35,429	24,520
Accident and health	338,437	350,939	405,039
Property and casualty	1,248,153	1,182,310	1,030,899
Other policy revenues	131,309	123,253	112,787
Net investment income	788,523	739,321	631,385
Realized gains on investments	85,077	54,404	32,866
Other income	55,819	56,182	54,473
Total revenues	**3,045,474**	**2,879,336**	**2,628,716**
BENEFITS AND EXPENSES			
Death and other benefits:			
Life	247,557	242,866	248,686
Annuity	112,523	92,340	57,224
Accident and health	249,877	253,877	288,902
Property and casualty	947,438	817,606	778,127
Increase (decrease) in liability for future policy benefits:			
Life	22,683	33,867	31,693
Annuity	(25,269)	(32,617)	(18,596)
Accident and health	(7,307)	(2,062)	3,088
Interest credited to policy account balances	292,074	296,319	257,510
Commissions for acquiring and servicing policies	437,614	450,451	489,839
Other operating costs and expenses	373,299	356,163	355,971
Taxes, licenses and fees	59,798	59,470	55,913
Increase in deferred policy acquisition costs	(25,066)	(71,135)	(197,559)
Minority interest and participating policyholders share of operations	23,146	13,524	10,520
Total benefits and expenses	**2,708,367**	**2,510,669**	**2,361,318**
Income from operations before equity in earnings of unconsolidated affiliates and federal income taxes	**337,107**	**368,667**	**267,398**
Equity in earnings of unconsolidated affiliates	5,762	6,339	4,327
Income from operations before federal income taxes	342,869	375,006	271,725
Provision (benefit) for federal income taxes:			
Current	114,772	138,074	94,792
Deferred	(7,782)	(18,661)	(5,232)
Net income	**$ 235,879**	**$ 255,593**	**$ 182,165**
Net income per common share - basic	**$ 8.91**	**$ 9.65**	**$ 6.88**
Net income per common share - diluted	**$ 8.87**	**$ 9.63**	**$ 6.87**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands, except for per share data)

	December 31, 2005	December 31, 2004
ASSETS		
Investments, other than investments in unconsolidated affiliates		
Debt securities:		
Bonds held-to-maturity, at amortized cost	$ 7,215,825	$ 7,770,976
Bonds available-for-sale, at market	3,479,761	2,314,395
Marketable equity securities, at market:		
Preferred stocks	52,062	42,464
Common stocks	1,067,059	1,052,436
Mortgage loans on real estate	1,243,543	1,139,014
Policy loans	333,967	335,865
Investment real estate, net of accumulated depreciation of $134,763 and $143,112	548,960	562,370
Short-term investments	155,622	48,836
Other invested assets	159,804	99,011
Total investments	**14,256,603**	**13,365,367**
Cash	59,427	112,558
Investments in unconsolidated affiliates	69,998	69,319
Accrued investment income	185,810	182,825
Reinsurance ceded receivables	493,935	489,474
Prepaid reinsurance premiums	76,515	119,247
Premiums due and other receivables	279,070	250,886
Deferred policy acquisition costs	1,182,713	1,133,031
Property and equipment, net	90,790	88,087
Other assets	278,827	296,002
Separate account assets	543,193	464,031
Total assets	**$ 17,516,881**	**$ 16,570,827**
LIABILITIES		
Policyholder funds		
Future policy benefits:		
Life	$ 2,303,375	$ 2,281,050
Annuity	469,822	388,783
Accident and health	108,282	115,771
Policy account balances	7,457,057	7,009,002
Policy and contract claims	1,390,178	1,305,218
Participating policyholder share	157,762	150,810
Other policyholder funds	989,229	960,941
Total policyholder liabilities	**12,875,705**	**12,211,575**
Current federal income taxes	20,276	(6,795)
Deferred federal income taxes	52,584	101,521
Notes payable	139,034	128,503
Other liabilities	505,810	380,164
Minority interests in subsidiaries	2,232	(3,930)
Separate account liabilities	543,193	464,031
Total liabilities	**14,138,834**	**13,275,069**
STOCKHOLDERS' EQUITY		
Capital stock	30,832	30,832
Additional paid-in capital	17,658	9,974
Accumulated other comprehensive income	139,024	214,755
Retained earnings	3,305,523	3,149,156
Treasury stock, at cost	(99,544)	(100,683)
Unamortized restricted stock	(15,446)	(8,276)
Total stockholders' equity	**3,378,047**	**3,295,758**
Total liabilities and stockholders' equity	**$ 17,516,881**	**$ 16,570,827**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands, except for per share data)

	2005	2004	2003
COMMON STOCK			
Balance at beginning and end of year	**$ 30,832**	**$ 30,832**	**$ 30,832**
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year	9,974	7,841	7,841
Issuance of treasury shares as restricted stock	7,684	2,133	—
Balance at end of year	**17,658**	**9,974**	**7,841**
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance at beginning of year	214,755	208,712	74,668
Change in unrealized gains on marketable securities, net	(66,956)	6,612	133,500
Foreign exchange adjustments	87	(33)	(248)
Change in fair value of interest rate swap	—	—	1,221
Minimum pension liability adjustment	(8,862)	(536)	(429)
Balance at end of year	**139,024**	**214,755**	**208,712**
RETAINED EARNINGS			
Balance at beginning of year	3,149,156	2,972,498	2,869,259
Net income	235,879	255,593	182,165
Cash dividends to common stockholders ($2.97, $2.96, $2.96 per share)	(79,315)	(78,848)	(78,839)
Cash dividends to minority stockholders of subsidiaries	(37)	(87)	(87)
Redemption premium on subsidiary preferred stock	(160)	—	—
Balance at end of year	**3,305,523**	**3,149,156**	**2,972,498**
TREASURY STOCK			
Balance at beginning of year	(100,683)	(99,097)	(99,097)
Net issuance of restricted stock	1,139	(1,586)	—
Balance at end of year	**(99,544)**	**(100,683)**	**(99,097)**
RESTRICTED STOCK			
Balance at beginning of year	(8,276)	(8,764)	(9,774)
Net issuance of restricted stock	(8,823)	(546)	—
Amortization of restrictions	1,653	1,034	1,010
Balance at end of year	**(15,446)**	**(8,276)**	**(8,764)**
STOCKHOLDERS' EQUITY			
Balance at end of year	**$ 3,378,047**	**$ 3,295,758**	**$ 3,112,022**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	2005	2004	2003
Net income	$ 235,879	$ 255,593	$ 182,165
Other comprehensive income			
Change in unrealized gains on marketable securities, net	(66,956)	6,612	133,500
Foreign exchange adjustments	87	(33)	(248)
Change in fair value of interest rate swap	—	—	1,221
Minimum pension liability adjustment	(8,862)	(536)	(429)
Total	**(75,731)**	**6,043**	**134,044**
Comprehensive income	**$ 160,148**	**$ 261,636**	**$ 316,209**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands)

	2005	2004	2003
OPERATING ACTIVITIES			
Net income	$ 235,879	$ 255,593	$ 182,165
Adjustments to reconcile net income to net cash provided by operating activities:			
Increase in liabilities for policyholders' funds	216,075	155,738	151,566
Decrease in reinsurance ceded receivable	4,461	68,192	88,577
Charges to policy account balances	(130,219)	(108,643)	(137,821)
Interest credited to policy account balances	292,074	296,319	257,510
Deferral of policy acquisition costs	(424,550)	(421,352)	(459,964)
Amortization of deferred policy acquisition costs	399,481	354,279	257,498
Deferred federal income tax benefit	(7,782)	(16,792)	(5,232)
Depreciation	15,046	34,969	25,842
Accrual and amortization of discounts and premiums	6,063	6,777	(6,177)
Gain from sale or disposal of investments, net	(85,077)	(54,404)	(35,375)
Equity in earnings of unconsolidated affiliates	(5,762)	(6,339)	(4,327)
Decrease (increase) in premiums receivable	(28,184)	6,142	6,472
Increase in accrued investment income	(2,985)	(14,694)	(32,163)
Capitalization of interest on policy and mortgage loans	8,253	6,594	(17,084)
Other changes, net	(45,713)	105,868	105,047
Net cash provided by operating activities	**447,060**	**668,247**	**376,534**
INVESTING ACTIVITIES			
Proceeds from sale or maturity of investments:			
Bonds	1,317,935	813,248	824,372
Stocks	242,015	229,203	263,032
Real estate	67,155	17,306	22,655
Other invested assets	69,266	144,424	64,157
Principal payments received on:			
Mortgage loans	207,065	226,087	192,422
Policy loans	11,039	8,059	38,965
Purchases of investments:			
Bonds	(1,843,744)	(2,074,345)	(3,619,592)
Stocks	(215,231)	(297,687)	(228,178)
Real estate	(15,686)	(11,788)	(186,280)
Mortgage loans	(311,768)	(360,958)	(168,941)
Policy loans	(19,278)	(19,254)	(28,706)
Other invested assets	(101,180)	(117,399)	(9,071)
Increase (decrease) in short-term investments, net	(106,786)	61,859	324,768
Increase (decrease) in investment in unconsolidated affiliates, net	(679)	7,787	(9,937)
Increase in property and equipment, net	(17,730)	(22,961)	(14,391)
Net cash used in investing activities	**(717,607)**	**(1,396,419)**	**(2,534,725)**
FINANCING ACTIVITES			
Policyholders' deposits to policy account balances	1,211,864	1,553,930	2,638,617
Policyholders' withdrawals from policy account balances	(925,664)	(747,339)	(315,515)
Increase (decrease) in notes payable	10,531	9,459	(182,896)
Dividends to stockholders	(79,315)	(78,935)	(78,926)
Net cash provided by financing activities	**217,416**	**737,115**	**2,061,280**
NET INCREASE (DECREASE) IN CASH	(53,131)	8,943	(96,911)
Cash:			
Beginning of the year	112,558	103,615	200,526
End of the year	**$ 59,427**	**$ 112,558**	**$ 103,615**

See accompanying notes to consolidated financial statements.

1 NATURE OF OPERATIONS

American National Insurance Company and its consolidated subsidiaries (collectively "American National") operate primarily in the insurance industry. Operating on a multiple product line basis, American National offers a broad line of
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insurance. In addition, through non-insurance subsidiaries, American National offers mutual funds and invests in real estate. The majority (96%) of revenues is generated by the insurance business. Business is conducted in all states and the District of Columbia, as well as Puerto Rico, Guam and American Samoa. Through a subsidiary, American National also conducts business in Mexico. Various distribution systems are utilized, including home service, multiple line, group brokerage, credit, independent third party marketing organizations and direct sales to the public.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The consolidated financial statements include the accounts of American National Insurance Company and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation. Investments in unconsolidated affiliates are shown at cost plus equity in undistributed earnings since the dates of acquisition.

The consolidated financial statements have been prepared on the basis of Generally Accepted Accounting Principles as defined in the United States of America (GAAP). GAAP for insurance companies differs from the basis of accounting followed in reporting to insurance regulatory authorities. (See Note 15.)

Certain reclassifications have been made to the 2004 and 2003 financial information to conform to the 2005 presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from reported results using those estimates.

ACCOUNTING CHANGES

Accounting and reporting for nontraditional insurance products

In July of 2003, the Accounting Standards Executive Committee issued Statement of Position (SOP) No. 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts." This SOP provides guidance for insurance companies in the accounting and reporting of interest-sensitive insurance products and separate accounts. The new guidance is effective for financial statements for fiscal years beginning after December 15, 2003. American National adopted SOP 03-1 on January 1, 2004. The adoption of this statement did not have a material effect on American National's financial statements.

Consolidation of variable interest entities

In December of 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This interpretation addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. American National determined that it has no significant variable interest entities to which this interpretation would apply.

Pension disclosures

FAS No. 132 (revised), "Employers' Disclosures about Pensions and Other Postretirement Benefits" was issued in December of 2003. This statement revises employers' disclosures about pension plans and other postretirement benefits, but does not change the measurement or recognition of those plans. The statement retains the existing disclosures and requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. The new disclosure requirements are effective for financial statements for periods ending after December 15, 2003, and are included in the notes to these consolidated financial statements.

Additional disclosures on securities

At its meeting on November 12-13, 2003, the Emerging Issues Task Force of the FASB adopted new disclosure requirements regarding debt and marketable equity securities with unrealized losses that have not been recognized as other-than-temporary impairments. On Novermber 3, 2005 FASB Staff Position 115-1 provided further guidance on the application of the unrealized loss disclosures. The new disclosures require tabular information as to the length of time securities have had unrealized losses, and a narrative description of why the company has not recorded an other-than-temporary impairment. These disclosures are included in Note 3 to these consolidated financial statements.

Stock-based compensation

FAS No. 123 (revised), "Share-Based Payment" was issued in December of 2004. This statement revises the original requirements of FAS No. 123, "Accounting for Stock Based Compensation" to require the recognition of an expense for the cost of services received in exchange for the award of equity based instruments. The expense is to be recognized over the period during which the service must be provided in exchange for the award. This statement is effective as of the beginning of the first fiscal year after June 15, 2005. American National adopted the expensing of share-based payments when the original FAS No. 123 was issued in 1995, and the adoption of the revision did not have a material impact on American National's financial statements.

INVESTMENTS

Marketable securities

Debt securities: Bonds that are intended to be held-to-maturity are carried at amortized cost. The carrying value of these debt securities is expected to be realized, due to American National's ability and intent to hold these securities until maturity. Bonds held as available-for-sale are carried at market.

Preferred stocks: All preferred stocks are classified as available-for-sale and are carried at market.

Common stocks: All common stocks are classified as available-for-sale and are carried at market.

Unrealized gains: For all investments carried at market, the unrealized gains or losses (differences between amortized cost and market value), net of applicable federal income taxes, are reflected in stockholders' equity as a component of accumulated other comprehensive income.

Impairments: All marketable securities are regularly reviewed for impairment based on criteria that include the extent to which cost exceeds market value, the duration of the market decline and the financial health of and specific prospects for the issuer. Losses that are determined to be other than temporary are recognized in current period income as a realized loss.

Mortgage loans

Mortgage loans on real estate are carried at amortized cost, less allowance for valuation impairments. The mortgage loan portfolio is closely monitored through the review of loan and property information, such as debt service coverage, annual operating statements and property inspection reports. This information is evaluated in light of current economic conditions and other factors, such as geographic location and property type. As a result of this review, impaired loans are identified and valuation allowances are established. Impaired loans are those which, based on current information and events, it is probable that American National will be unable to collect all amounts due, according to the contractual terms of the loan agreement.

Policy loans

Policy loans are carried at cost.

Investment real estate

Investment real estate is carried at cost, less allowance for depreciation and valuation impairments. Depreciation is provided over the estimated useful lives of the properties (15 to 50 years) using straight-line and accelerated methods.

American National's real estate portfolio is closely monitored through the review of operating information and periodic inspections. This information is evaluated in light of current economic conditions and other factors, such as geographic location and property type. As a result of this review, if there is any indication of an adverse change in the economic condition of a property, a complete cash flow analysis is performed to determine whether or not an impairment allowance is necessary. If a possible impairment is indicated, the fair market value of the property is estimated using a variety of techniques, including cash flow analysis, appraisals and comparison to the values of similar properties. If the book value is greater than the estimated fair market value, an impairment allowance is established.

Short-term investments

Short-term investments (primarily commercial paper) are carried at amortized cost.

Other invested assets

Other invested assets are carried at cost, less allowance for valuation impairments. Valuation allowances for other invested assets are considered on an individual basis in accordance with the same procedures used for investment real estate.

Investment valuation allowances

Investment valuation allowances are established for impairments of mortgage loans, real estate and other assets in accordance with the policies established for each class of asset. The increase in the valuation allowances is reflected in current period income as a realized loss.

Management believes that the valuation allowances are adequate. However, it is possible that a significant change in economic conditions in the near term could result in losses exceeding the amounts established.

Derivative instruments and hedging activities

American National purchases derivative instruments only as hedges of the fair value of a recognized asset or liability. All derivatives are carried at fair value. The amount of derivatives at December 31, 2005 and 2004, was immaterial.

CASH AND CASH EQUIVALENTS

American National considers cash on-hand and in-banks plus amounts invested in money market funds as cash for purposes of the consolidated statements of cash flows.

INVESTMENTS IN UNCONSOLIDATED AFFILIATES

These assets are primarily investments in real estate and equity fund joint ventures, and are accounted for under the equity method of accounting.

PROPERTY AND EQUIPMENT

These assets consist of buildings occupied by the companies, electronic data processing equipment and furniture and equipment. These assets are carried at cost, less accumulated depreciation. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the assets (3 to 50 years).

FOREIGN CURRENCIES

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are charged or credited to other accumulated comprehensive income.

INSURANCE SPECIFIC ASSETS AND LIABILITIES

Deferred policy acquisition costs

Certain costs of acquiring new insurance business have been deferred. For life, annuity and accident and health business, such costs consist of inspection report and medical examination fees, commissions, related fringe benefit costs and the cost of insurance in force gained through acquisitions. The amount of commissions deferred includes first-year commissions and certain subsequent year commissions that are in excess of ultimate level commission rates.

The deferred policy acquisition costs on traditional life and health products are amortized with interest over the anticipated premium-paying period of the related policies, in proportion to the ratio of annual premium revenue to be received over the life of the policies. Expected premium revenue is estimated by using the same mortality and withdrawal assumptions used in computing liabilities for future policy benefits. The amount of deferred policy acquisition costs is reduced by a provision for possible inflation of maintenance and settlement expenses in the determination of such amounts by means of grading interest rates.

Costs deferred on universal life, limited pay and investment type contracts are amortized as a level percentage of the present value of anticipated gross profits from investment yields, mortality and surrender charges. The effect on the deferred policy acquisition costs that would result from realization of unrealized gains (losses) is recognized with an offset to accumulated other comprehensive income in consolidated stockholders' equity as of the balance sheet date. It is possible that a change in interest rates could have a significant impact on the deferred policy acquisition costs calculated for these contracts.

Deferred policy acquisition costs associated with property and casualty insurance business consist principally of commissions, underwriting and issue costs. These costs are amortized over the coverage period of the related policies, in relation to premium revenue recognized.

Future policy benefits

For traditional products, liabilities for future policy benefits have been provided on a net level premium method based on estimated investment yields, withdrawals, mortality, and other assumptions that were appropriate at the time that the policies were issued. Estimates used are based on the companies' experience, as adjusted to provide for possible adverse deviation. These estimates are periodically reviewed and compared with actual experience. When it is determined that future expected experience differs significantly from existing assumptions, the estimates are revised for current and future issues.

Future policy benefits for universal life and investment-type contracts reflect the current account value before applicable surrender charges.

RECOGNITION OF PREMIUM REVENUE AND POLICY BENEFITS

Traditional ordinary life and health

Life and accident and health premiums are recognized as revenue when due. Benefits and expenses are associated with earned premiums to result in recognition of profits over the life of the policy contracts. This association is accomplished by means of the provision for liabilities for future policy benefits and the amortization of deferred policy acquisition costs.

Annuities

Revenues from annuity contracts represent amounts assessed against contract holders. Such assessments are principally surrender charges and, in the case of variable annuities, administrative fees. Policy account balances for annuities represent the deposits received plus accumulated interest less applicable accumulated administrative fees.

Universal life and single premium whole life

Revenues from universal life policies and single premium whole life policies represent amounts assessed against policyholders. Included in such assessments are mortality charges, surrender charges actually paid and earned policy service fees. Policyholder account balances consist of the premiums received plus credited interest, less accumulated policyholder assessments. Amounts included in expense represent benefits in excess of account balances returned to policyholders.

Property and casualty

Property and casualty premiums are recognized as revenue proportionately over the contract period. Policy benefits consist of actual claims and the change in reserves for losses and loss adjustment expenses. The reserves for losses and loss adjustment expenses are estimates of future payments of reported and unreported claims and the related expenses with respect to insured events that have occurred. These reserves are calculated using case-basis estimates for reported losses and experience for claims incurred but not reported. These loss reserves are reported net of an allowance for salvage and subrogation. Management believes that American National's reserves have been appropriately calculated, based on available information as of December 31, 2005. However, it is possible that the ultimate liabilities may vary significantly from these estimated amounts.

PARTICIPATING INSURANCE POLICIES

A portion of the life insurance portfolio is written on a participating basis. Participating business comprised approximately 7.6% of the life insurance in force at December 31, 2005 and 5.0% of life premiums in 2005. Of the total participating business, 65.9% was written by Farm Family Life Insurance Company (Farm Family Life). For the participating business excluding Farm Family Life, the allocation of dividends to participating policyowners is based upon a comparison of experienced rates of mortality, interest and expenses, as determined periodically for representative plans of insurance, issue ages and policy durations, with the corresponding rates assumed in the calculation of premiums.

For the Farm Family Life participating business, profits earned on participating business are reserved for the payment of dividends to policyholders except for the stockholders' share of profits on participating policies, which is limited to the greater of 10% of the profit on participating business, or 50 cents per thousand dollars of the face amount of participating life insurance in force. Participating policyholders' interest includes the accumulated net income from participating policies reserved for payment to such policyholders in the form of dividends (less net income allocated to stockholders as indicated above) as well as a pro rata portion of unrealized investment gains (losses), net of tax.

FEDERAL INCOME TAXES

American National and its eligible subsidiaries will file a consolidated life/non-life federal income tax return for 2005. Certain subsidiaries that are consolidated for financial reporting are not eligible to be included in the consolidated federal income tax return. Separate provisions for income taxes have been determined for these entities.

Deferred federal income tax assets and liabilities have been recognized to reflect the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

STOCK-BASED COMPENSATION

American National uses the fair value method to account for stock-based compensation.

SEPARATE ACCOUNT ASSETS AND LIABILITIES

The separate account assets and liabilities represent funds maintained to meet the investment objectives of contract holders who bear the investment risk. The investment income and investment gains and losses from these separate funds accrue directly to the contract holders of the policies supported by the separate accounts. The assets of each separate account are legally segregated and are not subject to claims that arise out of any other business of American National. The assets of these accounts are carried at market value. Deposits, net investment income and realized investment gains and losses for these accounts are excluded from revenues, and related liability increases are excluded from benefits and expenses in these consolidated financial statements.

3 INVESTMENTS

The amortized cost and estimated market values of investments in held-to-maturity and available-for-sale securities are shown below (in thousands):

December 31, 2005:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
DEBT SECURITIES:				
Bonds held-to-maturity:				
U. S. Government and agencies	$ 243,968	$ 296	$ (5,569)	$ 238,695
States and political subdivisions	221,764	5,031	(1,634)	225,161
Foreign governments	5,952	772	—	6,724
Public utilities	567,666	12,118	(4,128)	575,656
All other corporate bonds	5,415,436	116,662	(71,231)	5,460,867
Mortgage-backed securities	761,039	4,454	(11,467)	754,026
Total bonds held-to-maturity	**7,215,825**	**139,333**	**(94,029)**	**7,261,129**
Bonds available-for-sale:				
U. S. Government and agencies	64,337	389	(499)	64,227
States and political subdivisions	244,637	2,349	(2,567)	244,419
Foreign governments	821	—	(30)	791
Public utilities	344,729	14,064	(1,087)	357,706
All other corporate bonds	2,390,053	27,798	(34,368)	2,383,483
Mortgage-backed securities	437,973	918	(9,756)	429,135
Total bonds available-for-sale	**3,482,550**	**45,518**	**(48,307)**	**3,479,761**
Total debt securities	**10,698,375**	**184,851**	**(142,336)**	**10,740,890**
MARKETABLE EQUITY SECURITIES:				
Preferred stock	51,205	2,173	(1,316)	52,062
Common stock	820,130	274,644	(27,715)	1,067,059
Total marketable equity securities	**871,335**	**276,817**	**(29,031)**	**1,119,121**
Total investments in securities	**$ 11,569,710**	**$ 461,668**	**$ (171,367)**	**$ 11,860,011**
December 31, 2004:				
DEBT SECURITIES:				
Bonds held-to-maturity:				
U. S. Government and agencies	$ 242,260	$ 2,440	$ (4,037)	$ 240,663
States and political subdivisions	240,399	9,428	(786)	249,041
Foreign governments	11,727	89	—	11,816
Public utilities	772,998	32,791	(960)	804,829
All other corporate bonds	5,683,381	247,858	(31,666)	5,899,573
Mortgage-backed securities	820,211	9,002	(5,188)	824,025
Total bonds held-to-maturity	**7,770,976**	**301,608**	**(42,637)**	**8,029,947**
Bonds available-for-sale:				
U. S. Government and agencies	12,588	424	(27)	12,985
States and political subdivisions	91,650	4,309	(98)	95,861
Foreign governments	4,679	—	(10)	4,669
Public utilities	380,190	25,619	(226)	405,583
All other corporate bonds	1,649,971	51,323	(7,352)	1,693,942
Mortgage-backed securities	98,798	3,030	(473)	101,355
Total bonds available-for-sale	**2,237,876**	**84,705**	**(8,186)**	**2,314,395**
Total debt securities	**10,008,852**	**386,313**	**(50,823)**	**10,344,342**
MARKETABLE EQUITY SECURITIES:				
Preferred stock	43,355	1,372	(2,263)	42,464
Common stock	752,754	316,254	(16,572)	1,052,436
Total marketable equity securities	**796,109**	**317,626**	**(18,835)**	**1,094,900**
Total investments in securities	**$ 10,804,961**	**$ 703,939**	**$ (69,658)**	**$ 11,439,242**

DEBT SECURITIES

The amortized cost and estimated market value, by contractual maturity, of debt securities at December 31, 2005, are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Bonds Held-to-Maturity		Bonds Available-for-Sale	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
Due in one year or less	$ 385,804	$ 388,109	$ 221,971	$ 230,342
Due after one year through five years	1,048,114	1,077,167	585,663	592,144
Due after five years through ten years	4,248,062	4,271,695	1,973,680	1,954,324
Due after ten years	766,482	763,994	253,300	263,677
	6,448,462	**6,500,965**	**3,034,614**	**3,040,487**
Without single maturity date	767,363	760,164	447,936	439,274
	$ 7,215,825	**$ 7,261,129**	**$ 3,482,550**	**$ 3,479,761**

Available-for-sale securities are sold throughout the year for various reasons. Additionally, both available-for-sale securities and held-to-maturity securities are called or otherwise redeemed by the issuer. Proceeds from the disposals of these securities, with the gains and losses realized, are shown below (in thousands).

	2005	2004	2003
Proceeds from sales of available-for-sale securities	$ 308,763	$ 221,520	$ 227,140
Gross gains realized	67,384	62,474	60,499
Gross losses realized	4,408	2,795	1,167
Proceeds from bonds called or otherwise redeemed by the issuer	$ 1,251,187	$ 696,082	$ 632,642
Gross gains realized	7,255	3,982	4,622
Gross losses realized	420	640	678

In 2005, securities with an amortized cost of $28,014,000 were transferred from held-to-maturity to available-for-sale due to evidence of a significant deterioration in the issuers' creditworthiness. At the time of the transfer, no unrealized gain or loss was recognized.

In 2004, securities with an amortized cost of $11,673,000 were transferred from held-to-maturity to available-for-sale due to evidence of a significant deterioration in the issuers' creditworthiness. An unrealized loss of $349,000 was established at the time of the transfer. Additionally in 2004, held-to-maturity securities with an amortized cost of $11,751,000 were sold to maintain American National's credit risk policy. Proceeds from sales of these bonds totaled $11,766,000, with net realized gains of $15,000.

In 2003, securities with an amortized cost of $25,313,000 were transferred from held-to-maturity to available-for-sale due to evidence of a significant deterioration in the issuers' creditworthiness. An unrealized gain of $1,520,000 was established at the time of the transfer. Additionally in 2003, held-to-maturity securities with an amortized cost of $81,861,000 were sold to maintain American National's credit risk policy. Proceeds from sales of these bonds totaled $88,097,000, with net realized gains of $6,236,000.

All gains and losses were determined using specific identification of the securities sold.

UNREALIZED GAINS ON SECURITIES

Unrealized gains on marketable equity securities and bonds available-for-sale, presented in the stockholder's equity section of the consolidated statements of financial position, are net of deferred tax liabilities of $87,714,000, $121,817,000 and $116,971,000 for 2005, 2004 and 2003, respectively.

The change in the net unrealized gains on investments for the years ended December 31 are summarized as follows (in thousands):

	2005	2004	2003
Bonds available-for-sale	$ (79,308)	$ (7,616)	$ 30,290
Preferred stocks	1,748	(1,358)	483
Common stocks	(52,753)	30,898	192,369
Index options	75	(38)	(37)
Amortization of deferred policy acquisition costs	24,546	(7,171)	(11,008)
	(105,692)	**14,715**	**212,097**
Provision for federal income taxes	36,892	(4,846)	(74,228)
	$(68,800)	**$ 9,869**	**$137,869**
Change in unrealized gains of investments attributable to participating policyholders' interest	1,844	(3,257)	(4,369)
Total	**$(66,956)**	**$ 6,612**	**$133,500**

Gross unrealized losses on investment securities and the market value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, for the year ended December 31, 2005, are summarized as follows (in thousands):

	Less than 12 months		12 Months or more		Total	
	Unrealized Losses	Market Value	Unrealized Losses	Market Value	Unrealized Losses	Market Value
Bonds held-to-maturity:						
U. S. Government and agencies	$ 300	$ 40,737	$ 5,269	$ 177,598	$ 5,569	$ 218,335
States and political subdivisions	273	32,511	1,361	28,078	1,634	60,589
Public utilities	1,831	132,605	2,297	48,128	4,128	180,733
All other corporate bonds	19,800	1,146,808	51,431	1,310,487	71,231	2,457,295
Mortgage-backed securities	4,596	314,045	6,871	233,827	11,467	547,872
Total held-to-maturity	**26,800**	**1,666,706**	**67,229**	**1,798,118**	**94,029**	**3,464,824**
Bonds available-for-sale:						
U. S. Government and agencies	496	57,060	3	197	499	57,257
States and political subdivisions	2,399	153,814	168	9,600	2,567	163,414
Foreign governments	—	—	30	791	30	791
Public utilities	796	66,893	291	28,215	1,087	95,108
All other corporate bonds	22,016	1,174,471	12,352	406,994	34,368	1,581,465
Mortgage-backed securities	9,118	362,019	638	28,802	9,756	390,821
Total avalable-for-sale	**34,825**	**1,814,257**	**13,482**	**474,599**	**48,307**	**2,288,856**
Total debt securities	**61,625**	**3,480,963**	**80,711**	**2,272,717**	**142,336**	**5,753,680**
Marketable equity securities:						
Preferred stock	1,316	19,933	—	—	1,316	19,933
Common stock	27,020	220,304	695	2,355	27,715	222,659
Total marketable equity securities	**28,336**	**240,237**	**695**	**2,355**	**29,031**	**242,592**
Total investments in securities	**$ 89,961**	**$ 3,721,200**	**$ 81,406**	**$ 2,275,072**	**$ 171,367**	**$ 5,996,272**

Bonds

American National evaluates all bonds that have unrealized losses on a quarterly basis to determine if the creditworthiness of any of the bonds has deteriorated to a point that would prevent American National from realizing the full amount at maturity. For those bonds where management believes that the full amount will not be realized, an other-than-temporary impairment is recorded. On all other bonds where management does not believe there is a credit problem, American National has the ability and intent to hold these bonds until a market price recovery or maturity and, therefore, these bonds are not considered to be other-than-temporarily impaired.

Marketable equity securities

American National evaluates all marketable equity securities on a quarterly basis and recognizes an other-than-temporary impairment on all of those where market value is less than 80% of book value for nine consecutive months or more. All securities that have an unrealized loss are also evaluated for credit quality, and impairments are recognized for any securities, regardless of the length of time that they have had an unrealized loss, where management believes the carrying value will not be realized. For the remaining securities with unrealized losses, management believes the losses are temporary, and American National has the ability and intent to hold these securities until a market price recovery.

MORTGAGE LOANS

In general, mortgage loans are secured by first liens on income-producing real estate. The loans are expected to be repaid from the cash flows or proceeds from the sale of real estate. American National generally allows a maximum loan-to collateral-value ratio of 75% to 90% on newly funded mortgage loans. As of December 31, 2005, mortgage loans have fixed rates from 5.15% to 10.375% and variable rates from 5.21% to 9.03%. The majority of the mortgage loan contracts require periodic payments of both principal and interest, and have amortization periods of 3 months to 33 years.

American National has investments in first lien mortgage loans on real estate with carried values of $1,243,543,000 and $1,139,014,000 at December 31, 2005 and 2004, respectively. Problem loans, on which valuation allowances were established, totaled $9,877,000 and $9,855,000 at December 31, 2005 and 2004, respectively. The valuation allowances on those loans totaled $1,053,000 at both December 31, 2005 and 2004.

POLICY LOANS

All of American National's policy loans carried interest rates ranging from 4.50% to 8.00% at December 31, 2005.

INVESTMENT INCOME AND REALIZED GAINS (LOSSES)

Investment income and realized gains (losses) on investments, before federal income taxes, for the years ended December 31 are summarized as follows (in thousands):

	Investment Income			Gains (Losses) on Investments		
	2005	**2004**	**2003**	**2005**	**2004**	**2003**
Bonds	$ 590,117	$ 562,287	$ 455,590	$ (8,737)	$ 227	$ 21,345
Preferred stocks	3,107	2,879	2,971	110	100	531
Common stocks	23,457	25,909	22,270	64,805	56,031	15,562
Mortgage loans	91,245	72,609	86,297	0	(1,016)	(2,720)
Real estate	107,725	113,429	96,533	9,510	6,156	1,657
Other invested assets	72,868	57,974	53,948	17,480	471	(10,206)
Investment in unconsolidated affiliates	—	—	—	—	37	—
	888,519	**835,087**	**717,609**	**83,168**	**62,006**	**26,169**
Investment expenses	(99,996)	(95,766)	(86,224)	—	—	—
Decrease (increase) in valuation allowances	—	—	—	1,909	(7,602)	6,697
	$788,523	**$739,321**	**$631,385**	**$ 85,077**	**$ 54,404**	**$ 32,866**

Included in the realized losses are markdowns of available-for-sale securities due to other-than-temporary declines in the value of the securities. The markdowns totaled $13,633,000 in 2005, $6,678,000 in 2004 and $32,074,000 in 2003.

4 CONCENTRATIONS OF CREDIT RISK ON INVESTMENTS

American National employs a strategy to invest funds at the highest return possible commensurate with sound and prudent underwriting practices to ensure a well-diversified investment portfolio.

BONDS:

Management believes American National's bond portfolio is diversified and of investment grade. The bond portfolio distributed by quality rating at December 31 is summarized as follows:

	2005	2004
AAA	18%	15%
AA	6%	5%
A	43%	45%
BBB	28%	31%
BB	2%	2%
Below BB	3%	2%
	100%	**100%**

COMMON STOCK:

American National's stock portfolio by market sector distribution at December 31 is summarized as follows:

	2005	2004
Materials	3%	3%
Industrials	10%	10%
Consumer goods	19%	19%
Energy and utilities	11%	10%
Financials	26%	28%
Information technology	11%	11%
Health care	10%	9%
Communications	4%	4%
Mutual funds	6%	6%
	100%	**100%**

MORTGAGE LOANS AND INVESTMENT REAL ESTATE:

American National invests primarily in the commercial sector in areas that offer the potential for property value appreciation. Generally, mortgage loans are secured by first liens on income-producing real estate.

Mortgage loans and investment real estate by property type distribution at December 31 are summarized as follows:

	Mortgage Loans		Investment Real Estate	
	2005	2004	2005	2004
Office buildings	27%	24%	22%	17%
Shopping centers	34%	39%	24%	24%
Commercial	3%	3%	2%	5%
Hotels/Motels	15%	13%	3%	4%
Industrial	15%	14%	47%	46%
Other	6%	7%	2%	4%
	100%	**100%**	**100%**	**100%**

American National has a diversified portfolio of mortgage loans and real estate properties. Mortgage loans and real estate investments by geographic distribution at December 31 are as follows:

	Mortgage Loans		Investment Real Estate	
	2005	**2004**	**2005**	**2004**
New England	8%	7%	1%	1%
Middle Atlantic	11%	12%	0%	0%
East North Central	12%	12%	9%	11%
West North Central	2%	2%	5%	5%
South Atlantic	13%	16%	22%	22%
East South Central	4%	4%	12%	11%
West South Central	29%	30%	46%	45%
Mountain	6%	5%	3%	3%
Pacific	15%	12%	2%	2%
	100%	**100%**	**100%**	**100%**

5 FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair values of financial instruments have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in developing the estimates of fair value. Accordingly, these estimates are not necessarily indicative of the amounts that could be realized in a current market exchange, or the amounts that may ultimately be realized. The use of different market assumptions or estimating methodologies could have a material effect on the estimated fair values.

DEBT SECURITIES:

The estimated fair values for bonds represent quoted market values from published sources or bid prices obtained from securities dealers.

MARKETABLE EQUITY SECURITIES:

Fair values for preferred and common stocks represent quoted market prices obtained from independent pricing services.

MORTGAGE LOANS:

The fair value for mortgage loans is estimated using discounted cash flow analyses based on interest rates currently being offered for comparable loans. Loans with similar characteristics are aggregated for purposes of the analyses.

POLICY LOANS:

The carrying amount for policy loans approximates their fair value, because the policy loans cannot be separated from the policy contract.

SHORT-TERM INVESTMENTS:

The carrying amount for short-term investments approximates their fair value.

INVESTMENT CONTRACTS:

The fair value of investment contract liabilities is estimated using a discounted cash flow model, assuming the companies' current interest rates on new products. The carrying value for these contracts approximates their fair value.

NOTES PAYABLE:

The carrying amount for notes payable approximates their fair value.

INVESTMENT COMMITMENTS:

American National's investment commitments are all short-term in duration, and the fair value was not significant at December 31, 2005 or 2004.

VALUES:

The carrying amounts and estimated fair values of financial instruments at December 31 are as follows (in thousands):

	2005		2004	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
FINANCIAL ASSETS:				
Bonds:				
Held-to-maturity	$ 7,215,825	$ 7,261,129	$ 7,770,976	$ 8,029,947
Available-for-sale	3,479,761	3,479,761	2,314,395	2,314,395
Preferred stock	52,062	52,062	42,464	42,464
Common stock	1,067,059	1,067,059	1,052,436	1,052,436
Mortgage loans on real estate	1,243,543	1,268,875	1,139,014	1,212,127
Policy loans	333,967	333,967	335,865	335,865
Short-term investments	155,622	155,622	48,836	48,836
FINANCIAL LIABILITIES:				
Investment contracts	5,750,391	5,750,391	5,368,147	5,368,147
Notes payable	139,034	139,034	128,503	128,503

6 DEFERRED POLICY ACQUISITION COSTS

Deferred policy acquisition costs and premiums for the years ended December 31, 2005, 2004 and 2003 are summarized as follows (in thousands):

	Life and Annuity	Accident and Health	Property and Casualty	Total
Balance at December 31, 2002	**$ 718,277**	**$ 101,501**	**$ 54,717**	**$ 874,495**
Additions	282,945	10,823	161,289	455,057
Amortization	(113,526)	(17,522)	(126,450)	(257,498)
Effect of change in unrealized gains on available-for-sale securities	(11,003)	—	—	(11,003)
Net change	158,416	(6,699)	34,839	186,556
Acquisitions	2,215	2,809	—	5,024
Foreign exchange effect	(117)	—	—	(117)
Balance at December 31, 2003	**878,791**	**97,611**	**89,556**	**1,065,958**
Additions	198,639	14,097	212,678	425,414
Amortization	(138,151)	(19,182)	(196,946)	(354,279)
Effect of change in unrealized gains on available-for-sale securities	(7,173)	—	—	(7,173)
Net change	53,315	(5,085)	15,732	63,962
Acquisitions	2,755	357	—	3,112
Foreign exchange effect	(1)	—	—	(1)
Balance at December 31, 2004	**$ 934,860**	**$ 92,883**	**$ 105,288**	**$ 1,133,031**
Additions	170,016	17,830	236,704	424,550
Amortization	(154,296)	(18,917)	(226,268)	(399,481)
Effect of change in unrealized gains on available-for-sale securities	24,544	—	—	24,544
Net change	40,264	(1,087)	10,436	49,613
Acquisitions	—	—	—	—
Foreign exchange effect	69	—	—	69
Balance at December 31, 2005	**$ 975,193**	**$ 91,796**	**$ 115,724**	**$ 1,182,713**
2005 Premiums	**$ 398,156**	**$ 338,437**	**$ 1,248,153**	**$ 1,984,746**
2004 Premiums	**$ 372,927**	**$ 350,939**	**$ 1,182,310**	**$ 1,906,176**
2003 Premiums	**$ 361,267**	**$ 405,039**	**$ 1,030,899**	**$ 1,797,205**

Commissions comprise the majority of the additions to deferred policy acquisition costs for each year.

Acquisitions relate to the purchase of various insurance portfolios under assumption reinsurance agreements.

Acquisition costs for American National's Mexican subsidiaries are maintained in their functional currency of Mexican pesos, and translated into U.S. dollars for reporting purposes. Part of the change in deferred acquisition cost balance is due to differences in the exchange rate applied to the balance from period to period. The entire amount of this difference is reported in the shareholders' equity section of the balance sheet.

7 FUTURE POLICY BENEFITS AND POLICY ACCOUNT BALANCES

LIFE INSURANCE:

Assumptions used in the calculation of future policy benefits or policy account balances for individual life policies are as follows:

Policy Issue Year	Interest Rate	Percentage of Future Policy Benefits So Valued
Ordinary		
1996-2006	7.5% for years 1 through 5, graded to 5.5% at the end of year 25, and level thereafter	7%
1981-1995	8% for years 1 through 5, graded to 6% at the end of year 25, and level thereafter	16%
1976-1980	7% for years 1 through 5, graded to 5% at the end of year 25, and level thereafter	9%
1972-1975	6% for years 1 through 5, graded to 4% at the end of year 25, and level thereafter	4%
1969-1971	6% for years 1 through 5, graded to 3.5% at the end of year 30, and level thereafter	3%
1962-1968	4.5% for years 1 through 5, graded to 3.5% at the end of year 15, and level thereafter	6%
1948-1961	4% for years 1 through 5, graded to 3.5% at the end of year 10, and level thereafter	4%
1947 and prior	Statutory rates of 3% or 3.5%	1%
Participating business acquired	Level rates of 3% to 5.5%	8%
Industrial		
1948-1967	4% for years 1 through 5, graded to 3.5% at the end of year 10, and level thereafter	2%
1947 and prior	Statutory rates of 3%	2%
Universal Life		
	Future policy benefits for universal life are equal to the current account value	38%
		100%

Future policy benefits for group life policies have been calculated using a level interest rate of 4%. Mortality and withdrawal assumptions are based on American National's experience.

ANNUITIES:

Fixed annuities included in future policy benefits are calculated using a level interest rate of 5%. Mortality and withdrawal assumptions are based on American National's experience. Policy account balances for interest-sensitive annuities are equal to the current gross account balance.

HEALTH INSURANCE:

Interest assumptions used for future policy benefits on health policies are calculated using graded interest rates ranging from 3.5% to 8%. Morbidity and termination assumptions are based on American National's experience.

8 LIABILITY FOR UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Activity in the liability for accident and health and property and casualty unpaid claims and claim adjustment expenses is summarized as shown below (in thousands):

	2005	2004	2003
Balance at January 1	$ 1,275,405	$ 1,245,350	$ 1,220,678
Less reinsurance recoverables	455,395	500,583	567,114
Net beginning balance	**820,010**	**744,767**	**653,564**
Incurred related to:			
Current year	1,191,939	1,085,422	1,072,097
Prior years	(70,435)	(29,546)	(25,517)
Total incurred	**1,121,504**	**1,055,876**	**1,046,580**
Paid related to:			
Current year	706,105	648,984	651,639
Prior years	330,829	331,649	303,738
Total paid	**1,036,934**	**980,633**	**955,377**
Net balance at December 31	904,580	820,010	744,767
Plus reinsurance recoverables	454,872	455,395	500,583
Balance at December 31	**$ 1,359,452**	**$ 1,275,405**	**$ 1,245,350**

The balances at December 31 are included in policy and contract claims in the consolidated statements of financial position.

9 REINSURANCE

As is customary in the insurance industry, the companies reinsure portions of certain insurance policies they write, thereby providing a greater diversification of risk and managing exposure on larger risks. The maximum amount that would be retained by one company (American National) would be $700,000 individual life, $250,000 individual accidental death, $100,000 group life and $125,000 credit life (total $1,175,000). If individual, group and credit were in force in all companies at the same time, the maximum risk on any one life could be $2,378,000.

American National remains primarily liable with respect to any reinsurance ceded, and would bear the entire loss if the assuming companies were to be unable to meet their obligations under any reinsurance treaties.

To minimize its exposure to significant losses from reinsurer insolvencies, American National evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers. At December 31, 2005, amounts recoverable from reinsurers with a carrying value of $59,122,799 were associated with various auto dealer credit insurance program reinsurers domiciled in the Caribbean islands of Nevis or the Turks and Caicos Islands. American National holds collateral related to these credit reinsurers totaling $47,556,862. This collateral is in the form of custodial accounts controlled by the company, which can be drawn on for amounts that remain unpaid for more than 90 days. American National believes that the failure of any single reinsurer to meet its obligations would not have a significant effect on its financial position or results of operations.

American National has amounts receivable from reinsurers totaling $493,935,000 at December 31, 2005. Of this total, $33,090,000 represents amounts that are the subject of litigation or are in dispute with the reinsurers involved. Management believes these disputes will not have a significant effect on American National's financial position.

As a result of the September 11, 2001 terrorist attack on the United States, American National accrued losses (primarily on reinsurance assumed) as of December 31, 2001 totaling $239,406,000, with reinsurance in place providing coverage of $218,606,000 on those claims. During subsequent years, claims were paid and reinsurance recovered, reducing the amount accrued to $211,295,000, with $187,965,000 of reinsurance in place as of December 31, 2005. American National has evaluated the reinsurers providing the coverage for these claims, and management believes that all the ceded amounts are recoverable. The failure of any single reinsurer to meet its obligations for these claims would not have a significant effect on American National's financial position.

Premiums, premium-related reinsurance amounts and reinsurance recoveries for the years ended December 31 are summarized as follows (in thousands):

	2005	2004	2003
Direct premiums	$ 2,123,294	$ 2,010,400	$ 1,844,723
Reinsurance premiums assumed from other companies	199,835	262,786	395,549
Reinsurance premiums ceded to other companies	(338,383)	(367,010)	(443,067)
Net premiums	$ 1,984,746	$ 1,906,176	$ 1,797,205
Reinsurance recoveries	$ 373,579	$ 229,816	$ 236,469

Life insurance in force and related reinsurance amounts at December 31 are summarized as follows (in thousands):

	2005	2004	2003
Direct life insurance in force	$ 63,194,458	$ 60,676,603	$ 58,301,547
Reinsurance risks assumed from other companies	856,414	726,927	434,863
Total life insurance in force	64,050,872	61,403,530	58,736,410
Reinsurance risks ceded to other companies	(23,903,319)	(21,539,440)	(18,767,137)
Net life insurance in force	$ 40,147,553	$ 39,864,090	$ 39,969,273

10 NOTES PAYABLE

At December 31, 2005, American National's subsidiaries had notes payable to third-party lenders totaling $139,034,000. Of this balance, $3,951,000 represents the balance of one note owed by a subsidiary. This note has an interest rate of 7%, and does not require payment of principle or interest until maturity in 2006. The remaining notes payable balance totaling $135,083,000 is made up of eight notes owed by various joint ventures, in which American National's real estate holding companies are partners, and which are consolidated in these financial statements. These joint venture notes have interest rates ranging from 5.00% to 8.07% and maturities from 2008 to 2027. All of these notes are secured by the joint ventures, and American National's liability for these notes is limited to the amount of its investment in the joint ventures, which totaled $38,682,000 at December 31, 2005.

11 FEDERAL INCOME TAXES

The federal income tax provisions vary from the amounts computed when applying the statutory federal income tax rate. A reconciliation of the effective tax rate of the companies to the statutory federal income tax rate follows (in thousands, except percentages):

	2005		2004		2003	
	Amount	Rate	Amount	Rate	Amount	Rate
Income tax on pre-tax income	$ 120,004	35.00 %	$ 131,252	35.00 %	$ 95,104	35.00 %
Tax-exempt investment income	(4,652)	(1.36)	(4,027)	(1.07)	(3,883)	(1.43)
Dividend exclusion	(5,797)	(1.69)	(5,908)	(1.58)	(5,701)	(2.10)
Miscellaneous tax credits, net	(1,099)	(0.32)	(1,435)	(0.38)	(1,837)	(0.68)
Losses on foreign operations	2,526	0.74	2,373	0.63	2,649	0.97
Other items, net	(3,992)	(1.16)	(2,842)	(0.76)	3,228	1.19
	$ 106,990	**31.21 %**	**$ 119,413**	**31.84 %**	**$ 89,560**	**32.95 %**

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2005 and December 31, 2004 are as follows (in thousands):

	2005	2004
DEFERRED TAX ASSETS:		
Marketable securities, principally due to impairment losses	$ 31,223	$ 35,835
Investment in real estate and other invested assets, principally due to investment valuation allowances	11,539	13,230
Policyholder funds, principally due to policy reserve discount	217,612	209,897
Policyholder funds, principally due to unearned premium reserve	37,434	37,222
Interest expense on note	10,891	10,891
Non-qualified pension	25,671	19,406
Participating policyholders' surplus	27,500	24,522
Other assets	13,781	3,352
Net deferred tax assets	**$ 375,651**	**$ 354,355**
DEFERRED TAX LIABILITIES:		
Marketable securities, principally due to net unrealized gains	$ (93,604)	$ (140,099)
Investment in bonds, principally due to accrual of discount on bonds	(13,430)	(9,359)
Deferred policy acquisition costs, due to difference between GAAP and tax amortization methods	(309,810)	(290,632)
Property, plant and equipment, principally due to difference between GAAP and tax depreciation method	(8,437)	(9,965)
Non-taxable pension	(2,954)	(5,821)
Net deferred tax liabilities	**(428,235)**	**(455,876)**
Total deferred tax	**$ (52,584)**	**$ (101,521)**

Management believes that a sufficient level of taxable income will be achieved to utilize the net deferred tax assets.

Through 1983, under the provision of the Life Insurance Company Income Tax Act of 1959, life insurance companies were permitted to defer from taxation a portion of their income (within certain limitations) until and unless it is distributed to stockholders, at which time it was taxed at regular corporate tax rates. In 2004, tax law was changed to allow distribution of this deferred income (designated by federal law as "policyholders' surplus") without taxation so long as it is distributed by December 31, 2006. During 2005, approximately $56,909,000 of "policyholders' surplus" was distributed to stockholders. The cumulative balance of "policyholders' surplus" was approximately $5,721,000 and $63,000,000 at December 31, 2005 and December 31, 2004, respectively. No provision for deferred federal income taxes applicable to such untaxed income has been made, because management intends to distribute the remaining deferred amount to stockholders before the December, 2006 deadline.

Federal income taxes totaling approximately $81,921,000, $112,853,000 and $44,564,000 were paid to the Internal Revenue Service in 2005, 2004 and 2003, respectively. The statute of limitations for the examination of federal income tax returns through 1998 for American National and its subsidiaries by the Internal Revenue Service has expired. All prior year deficiencies have been paid or provided for, and American National has filed appropriate claims for refunds through 1998. In the opinion of management, adequate provision has been made for any tax deficiencies that may be sustained.

12 COMPONENTS OF COMPREHENSIVE INCOME

The items included in comprehensive income, other than net income, are unrealized gains on available-for-sale securities (net of deferred acquisition costs), foreign exchange adjustments, the change in fair value of an interest rate swap and minimum pension liability adjustment. The details on the unrealized gains included in comprehensive income, and the related tax effects thereon, are as follows (in thousands):

	Before Federal Income Tax	Federal Income Tax Expense	Net of Federal Income Tax
December 31, 2005			
Unrealized losses	$ (159,187)	$ (55,715)	$ (103,472)
Less: reclassification adjustment for net gains realized in net income	56,178	19,662	36,516
Net unrealized loss component of comprehensive income	**$ (103,009)**	**$ (36,053)**	**$ (66,956)**
December 31, 2004			
Unrealized losses	$ (46,171)	$ (16,160)	$ (30,011)
Less: reclassification adjustment for net gains realized in net income	56,343	19,720	36,623
Net unrealized gain component of comprehensive income	**$ 10,172**	**$ 3,560**	**$ 6,612**
December 31, 2003			
Unrealized gains	$ 174,183	$ 60,964	$ 113,219
Less: reclassification adjustment for net gains realized in net income	31,202	10,921	20,281
Net unrealized gain component of comprehensive income	**$ 205,385**	**$ 71,885**	**$ 133,500**

13 STOCKHOLDERS' EQUITY AND MINORITY INTERESTS

COMMON STOCK

American National has only one class of common stock with a par value of $1.00 per share and 50,000,000 authorized shares. The amounts outstanding at December 31, were as follows:

Common stock:	2005	2004	2003
Shares issued	30,832,449	30,832,449	30,832,449
Treasury shares	4,105,617	4,191,617	4,197,617
Restricted shares	247,000	161,000	155,000
Outstanding shares	**26,479,832**	**26,479,832**	**26,479,832**

STOCK-BASED COMPENSATION

American National has one stock-based compensation plan. Under this plan, American National can grant Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Performance Rewards, Incentive Awards and any combination of these. The number of shares available for grants under the plan cannot exceed 900,000 shares, and no more than 50,000 shares may be granted to any one individual in any calendar year.

The plan provides for the award of Restricted Stock. Restricted Stock Awards entitle the participant to full dividend and voting rights. Unvested shares are restricted as to disposition, and are subject to forfeiture under certain circumstances. Compensation expense is recognized over the vesting period. The restrictions on these awards lapse after 10 years, and feature a graded vesting schedule in the case of the retirement of an award holder. Four awards of restricted stock have been granted, with a total of 228,000 shares granted at an exercise price of zero. These awards result in compensation expense to American National over the vesting period. The amount of compensation expense recorded was $1,654,000 in 2005, $1,034,000 in 2004 and $1,011,000 in 2003.

The plan provides for the award of Stock Appreciation Rights (SAR). The SAR give the holder the right to compensation based on the difference between the price of a share of stock on the grant date and the price on the exercise date. The SARs vest at a rate of 20% per year for 5 years and expire 5 years after the vesting period. American National uses the average of the high and low price on the last trading day of the period to calculate the fair value and compensation expense for SARs. The fair value of the SARs was $2,151,000 and $1,424,000 at December 31, 2005 and 2004, respectively. Compensation expense was recorded totaling $1,600,000, $1,655,000 and $346,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

SAR and Restricted Stock (RS) information for 2005, 2004 and 2003 follows:

	SAR Shares	SAR Weighted-Average Price per Share	RS Shares	RS Weighted-Average Price per Share
Outstanding at December 31, 2002	**138,550**	**$ 76.16**	**155,000**	**$ 7.18**
Granted	15,000	88.35	—	—
Exercised	(7,425)	57.00	—	—
Canceled	—	—	—	—
Outstanding at December 31, 2003	**146,125**	**$ 78.39**	**155,000**	**$ 7.18**
Granted	—	—	6,000	—
Exercised	(48,591)	66.84	—	—
Canceled	(3,184)	86.59	—	—
Outstanding at December 31, 2004	**94,350**	**$ 84.06**	**161,000**	**$ 6.92**
Granted	92,500	100.46	86,000	—
Exercised	(26,109)	81.27	—	—
Canceled	(3,366)	89.85	—	—
Outstanding at December 31, 2005	**157,375**	**$ 94.04**	**247,000**	**$ 4.51**

The weighted-average contractual remaining life for the 157,375 SAR shares outstanding as of December 31, 2005, is 6.2 years. The weighted-average exercise price for these shares is $94.04 per share. Of the shares outstanding, 27,317 are exercisable at a weighted-average exercise price of $79.68 per share.

The weighted-average contractual remaining life for the 247,000 Restricted Stock shares outstanding as of December 31, 2005, is 7.0 years. The weighted-average exercise price for these shares is $4.51 per share. None of the shares outstanding was exercisable.

EARNINGS PER SHARE

Basic earnings per share was calculated using a weighted average number of shares outstanding of 26,479,832. The Restricted Stock resulted in diluted earnings per share as follows:

	2005	2004	2003
Unrestricted shares outstanding	26,479,832	26,479,832	26,479,832
Incremental shares from restricted stock	109,379	72,762	50,525
Total shares for diluted calculations	**26,589,211**	**26,552,594**	**26,530,357**
Diluted earnings per share	**$ 8.87**	**$ 9.63**	**$ 6.87**

DIVIDENDS

American National's payment of dividends to stockholders is restricted by statutory regulations. Generally, the restrictions require life insurance companies to maintain minimum amounts of capital and surplus, and in the absence of special approval, limit the payment of dividends to statutory net gain from operations on an annual, non-cumulative basis. Additionally, insurance companies are not permitted to distribute the excess of stockholders' equity, as determined on a GAAP basis over that determined on a statutory basis.

Generally, the same restrictions on amounts that can transfer in the form of dividends, loans, or advances to the parent company apply to American National's insurance subsidiaries.

At December 31, 2005, approximately $1,174,080,000 of American National's consolidated stockholders' equity represents net assets of its insurance subsidiaries. Any transfer of these net assets to American National would be subject to statutory restrictions and approval.

MINORITY INTERESTS

At December 31, 2004, two of American National's subsidiaries had preferred stock outstanding to unrelated third parties with a total value of $1,085,000. These preferred stock issues were purchased by American National in 2005 for a total price of $1,412,000, and subsequently retired.

In 2001, American National formed TMNY Investments, LLC (TMNY). Subsequently, TMNY purchased five percent of the common stock of Farm Family Holdings, Inc. from another subsidiary of American National. The purpose of TMNY is to provide certain officers with additional incentive to enhance the profitable growth of the Farm Family companies. Accordingly, shares of

TMNY preferred stock representing 66% of the value of the company were granted to various officers of American National and its subsidiaries. The preferred shares cannot be sold or otherwise traded by the officers for a period of eight years. The total value of these preferred shares was $3,372,000 and $2,378,000 at December 31, 2005 and 2004, respectively.

American National County Mutual Insurance Company (County Mutual) is a mutual insurance company that is owned by its policyholders. However, the company has a management agreement, which effectively gives complete control of County Mutual to American National. As a result, County Mutual is included in the consolidated financial statements. The interest that the policyholders of County Mutual have in the financial position of County Mutual is reflected as a minority interest totaling $6,750,000 at December 31, 2005 and 2004.

American National's subsidiary, ANTAC, Inc., is a partner in various joint ventures. ANTAC exercises significant control or ownership of these joint ventures, resulting in their consolidation into the American National consolidated financial statements. As a result of the consolidation, the interest of the other partners of the joint ventures is shown as a minority interest. The joint ventures had receivable balances from the other partners totaling $7,888,000 and $14,143,000 at December 31, 2005 and 2004, respectively.

14 SEGMENT INFORMATION

American National and its subsidiaries are engaged principally in the insurance business. Management organizes the business around its marketing distribution channels. Separate management of each segment is required because each business unit is subject to different marketing strategies. There are eight operating segments based on the company's marketing distribution channels.

The operating segments are as follows:

MULTIPLE LINE MARKETING

This segment derives its revenues from the sale of individual life, annuity, accident and health and property and casualty products marketed through American National, American National Life Insurance Company of Texas, the American National Property and Casualty Companies and the Farm Family Companies.

HOME SERVICE DIVISION

This segment derives its revenues from the sale of individual life, annuity and accident and health insurance. In this segment, the agent collects the premiums. This segment includes business in the United States and Mexico.

INDEPENDENT MARKETING GROUP

This segment derives its revenues mainly from the sale of life and annuity lines marketed through independent marketing organizations.

HEALTH DIVISION

This segment derives its revenues primarily from the sale of accident and health insurance plus group life insurance marketed through group brokers and third-party marketing organizations.

SENIOR AGE MARKETING

This segment derives its revenues primarily from the sale of Medicare Supplement plans, individual life, annuities and accident and health insurance marketed through Standard Life and Accident Insurance Company.

DIRECT MARKETING

This segment derives its revenues principally from the sale of individual life insurance, marketed through Garden State Life Insurance Company, using direct selling methods.

CREDIT INSURANCE DIVISION

This segment derives its revenues principally from the sale of credit insurance products.

CAPITAL AND SURPLUS

This segment derives its revenues principally from investment instruments.

ALL OTHER

This category comprises segments that are too small to show individually. This category includes non-insurance, reinsurance assumed and retirement benefits.

All income and expense amounts specifically attributable to policy transactions are recorded directly to the appropriate line of business within each segment. Income and expenses not specifically attributable to policy transactions are allocated to the lines within each segment as follows:

- Net investment income from fixed income assets (bonds and mortgage loans on real estate) is allocated based on the funds generated by each line at the average yield available from these fixed income assets at the time such funds become available.
- Net investment income from all other assets is allocated to the marketing segments in accordance with the amount of equity invested in each segment, with the remainder going to capital and surplus.
- Expenses are allocated to the lines based upon various factors, including premium and commission ratios within the respective operating segments.
- Gain or loss on the sale of investments is allocated to capital and surplus.
- Equity in earnings of unconsolidated affiliates is allocated to the segment that provided the funds to invest in the affiliate.
- Federal income taxes have been applied to the net earnings of each segment based on a fixed tax rate. Any difference between the amount allocated to the segments and the total federal income tax amount is allocated to capital and surplus.

The following tables summarize net income and various components of net income by operating segment for the years ended December 31, 2005, 2004 and 2003 (in thousands):

	Premiums and Other Policy Revenue	Net Investment Income and Realized Gains	Expenses and Benefits	Equity in Unconsolidated Affiliates	Gain From Operations before Federal Income Taxes	Federal Income Tax Expense (Benefit)	Net Income
2005							
Multiple Line Marketing	$ 1,297,013	$ 173,010	$ 1,382,930	$ —	$ 87,093	$ 28,741	$ 58,352
Home Service Division	208,162	105,477	295,234	—	18,405	6,074	12,331
Independent Marketing Group	97,212	330,997	392,779	—	35,430	11,692	23,738
Senior Age Marketing	183,425	17,939	183,267	—	18,097	5,972	12,125
Direct Marketing	39,706	3,343	40,236	—	2,813	928	1,885
Credit Insurance Division	163,929	18,778	170,783	—	11,924	3,935	7,989
Health Division	141,008	3,823	144,779	—	52	17	35
Capital and Surplus	993	186,775	22,631	5,551	170,688	50,170	120,518
All Other	40,426	33,458	75,728	211	(1,633)	(539)	(1,094)
	$ 2,171,874	**$ 873,600**	**$ 2,708,367**	**$ 5,762**	**$ 342,869**	**$ 106,990**	**$ 235,879**
2004							
Multiple Line Marketing	$ 1,244,260	$ 173,602	$ 1,241,349	$ —	$ 176,513	$ 58,249	$ 118,264
Home Service Division	210,407	107,072	292,416	—	25,063	8,271	16,792
Independent Marketing Group	67,070	302,601	344,603	—	25,068	8,272	16,796
Senior Age Marketing	199,657	18,652	197,523	—	20,786	6,859	13,927
Direct Marketing	37,817	3,308	37,615	—	3,510	1,158	2,352
Credit Insurance Division	144,495	19,747	165,642	—	(1,400)	(462)	(938)
Health Division	139,132	4,125	143,764	—	(507)	(167)	(340)
Capital and Surplus	900	131,081	12,885	6,143	125,239	36,991	88,248
All Other	41,873	33,537	74,872	196	734	242	492
	$ 2,085,611	**$ 793,725**	**$ 2,510,669**	**$ 6,339**	**$ 375,006**	**$ 119,413**	**$ 255,593**
2003							
Multiple Line Marketing	$ 1,136,960	$ 171,878	$ 1,188,507	$ —	$ 120,331	$ 39,709	$ 80,622
Home Service Division	212,631	112,098	298,655	—	26,074	8,604	17,470
Independent Marketing Group	45,421	215,305	250,101	—	10,625	3,506	7,119
Senior Age Marketing	206,766	19,145	211,854	—	14,057	4,639	9,418
Direct Marketing	35,256	3,823	39,590	—	(511)	(169)	(342)
Credit Insurance Division	99,167	17,553	101,562	—	15,158	5,002	10,156
Health Division	192,749	9,123	192,449	—	9,423	3,110	6,313
Capital and Surplus	975	81,565	13,277	4,017	73,280	24,074	49,206
All Other	34,540	33,761	65,323	310	3,288	1,085	2,203
	$ 1,964,465	**$ 664,251**	**$ 2,361,318**	**$ 4,327**	**$ 271,725**	**$ 89,560**	**$ 182,165**

There were no significant non-cash items to report. Substantially all of the consolidated revenues were derived in the United States.

Most of the operating segments provide essentially the same types of products. The following table provides revenues within each segment by line of business for the years ended December 31, 2005, 2004 and 2003 (in thousands):

	Life	Annuity	Accident and Health	Property and Casualty	Credit	All Other	Total Revenues
2005							
Multiple Line Marketing	$ 204,862	$ 37,326	$ 15,578	$ 1,212,257	$ —	$ —	$ 1,470,023
Home Service Division	298,627	4,094	10,918	—	—	—	313,639
Independent Marketing Group	57,831	370,378	—	—	—	—	428,209
Senior Age Marketing	25,403	3,556	172,405	—	—	—	201,364
Direct Marketing	42,683	103	263	—	—	—	43,049
Credit Insurance Division	—	—	—	—	182,707	—	182,707
Health Division	1,954	0	142,877	—	—	—	144,831
Capital and Surplus	—	—	—	—	—	187,768	187,768
All Other	26,624	12,941	2,835	—	—	31,484	73,884
	$ 657,984	**$ 428,398**	**$ 344,876**	**$ 1,212,257**	**$ 182,707**	**$ 219,252**	**$ 3,045,474**
2004							
Multiple Line Marketing	$ 204,560	$ 33,657	$ 16,728	$ 1,162,917	$ —	$ —	$ 1,417,862
Home Service Division	302,838	3,652	10,989	—	—	—	317,479
Independent Marketing Group	52,182	317,489	—	—	—	—	369,671
Senior Age Marketing	26,912	3,003	188,394	—	—	—	218,309
Direct Marketing	40,739	92	294	—	—	—	41,125
Credit Insurance Division	—	—	—	—	164,242	—	164,242
Health Division	2,585	—	140,672	—	—	—	143,257
Capital and Surplus	—	—	—	—	—	131,981	131,981
All Other	28,180	19,323	3,340	—	—	24,567	75,410
	$ 657,996	**$ 377,216**	**$ 360,417**	**$ 1,162,917**	**$ 164,242**	**$ 156,548**	**$ 2,879,336**
2003							
Multiple Line Marketing	$ 206,948	$ 35,923	$ 17,888	$ 1,048,079	$ —	$ —	$ 1,308,838
Home Service Division	309,811	3,898	11,020	—	—	—	324,729
Independent Marketing Group	43,406	217,320	—	—	—	—	260,726
Senior Age Marketing	28,819	2,966	194,126	—	—	—	225,911
Direct Marketing	38,613	111	355	—	—	—	39,079
Credit Insurance Division	—	—	—	—	116,720	—	116,720
Health Division	2,628	—	199,245	—	—	—	201,873
Capital and Surplus	—	—	—	—	—	82,539	82,539
All Other	28,683	16,323	3,894	—	—	19,401	68,301
	$ 658,908	**$ 276,541**	**$ 426,528**	**$ 1,048,079**	**$ 116,720**	**$ 101,940**	**$ 2,628,716**

The operating segments are supported by the fixed income assets and policy loans. Equity-type assets, such as stocks, real estate and other invested assets, are investments of the Capital and Surplus segment. Assets of the non-insurance companies are specifically associated with those companies in the "All other" segment. Any assets not used in support of the operating segments are assigned to Capital and Surplus.

The following table summarizes assets by operating segment for the years ended December 31, 2005 and 2004 (in thousands):

	2005	2004
Multiple Line Marketing	$ 4,097,643	$ 3,852,370
Home Service Division	1,906,420	1,895,931
Independent Marketing Group	6,826,403	6,350,877
Senior Age Marketing	417,385	399,464
Direct Marketing	119,553	113,890
Credit Insurance Division	490,652	483,328
Health Division	451,407	485,662
Capital and Surplus	2,320,250	2,138,249
All Other	887,168	851,056
	$ 17,516,881	**$ 16,570,827**

The net assets of the Capital and Surplus and All Other segments include investments in unconsolidated affiliates. Almost all of American National's assets are located in the United States of America.

The amount of each segment item reported is the measure reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations are made when preparing the financial statements, and allocations of revenues, expenses and gains or losses have been included when determining reported segment profit or loss.

The reported measures are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the consolidated financial statements.

The results of the operating segments of the business are affected by economic conditions and customer demands. A portion of American National's insurance business is written through three third-party marketing organizations. Of the total net premium revenue and policy account deposits during 2005, approximately 8% was written through these organizations, which are included in the Independent Marketing Group and Credit Insurance operating segments. This compares with 8% and 23% in 2004 and 2003, respectively. Of the total business written by these organizations, the majority was policy account deposits for annuities.

15 RECONCILIATION TO STATUTORY ACCOUNTING

American National and its insurance subsidiaries are required to file statutory financial statements with state insurance regulatory authorities. Accounting principles used to prepare these statutory financial statements differ from those used to prepare financial statements on a GAAP basis.

Reconciliation of statutory net income and capital and surplus, as determined using statutory accounting principles, to the amounts included in the accompanying consolidated financial statements, as of and for the years ended December 31, are as follows (in thousands):

	2005	2004	2003
Statutory net income of insurance companies	$ 217,819	$ 271,043	$ 71,386
Net gain (loss) of non-insurance companies	38,660	37,099	(14,479)
Combined net income	$ 256,479	$ 308,142	$ 56,907
Increases (decreases):			
Deferred policy acquisition costs	27,156	71,135	197,559
Policyholder funds	(13,678)	(104,653)	(56,044)
Deferred federal income tax benefit	12,727	16,792	4,751
Premiums deferred and other receivables	7,055	75	(2,764)
Gain on sale of investments	387	(5,785)	(3,244)
Change in interest maintenance reserve	(2,455)	(3,047)	1,817
Asset valuation allowances	(3,040)	(1,991)	5,100
Investment income	(9,287)	(1,954)	(3,037)
Other adjustments, net	15	(5,323)	(19,066)
Consolidating eliminations and adjustments	(39,480)	(17,798)	186
Net income reported herein	**$ 235,879**	**$ 255,593**	**$ 182,165**

	2005	2004	2003
Statutory capital and surplus of insurance companies	$ 3,165,093	$ 2,948,000	$ 2,631,329
Stockholders' equity of non-insurance companies	374,410	310,285	286,264
Combined capital and surplus	$ 3,539,503	$ 3,258,285	$ 2,917,593
Increases (decreases):			
Deferred policy acquisition costs	1,146,714	1,133,031	1,065,958
Policyholder funds	32,436	36,259	121,050
Deferred federal income taxes	(158,571)	(184,956)	(222,070)
Premiums deferred and other receivables	(90,697)	(90,974)	(90,456)
Reinsurance in "unauthorized companies"	30,876	42,566	50,697
Statutory asset valuation reserve	353,597	398,725	360,410
Statutory interest maintenance reserve	13,832	15,858	17,231
Asset valuation allowances	(20,637)	(15,759)	(8,398)
Investment market value adjustments	(9,902)	79,844	91,376
Non-admitted assets and other adjustments, net	33,627	61,630	93,141
Consolidating eliminations and adjustments	(1,492,731)	(1,438,751)	(1,284,510)
Stockholders' equity reported herein	**$ 3,378,047**	**$ 3,295,758**	**$ 3,112,022**

In accordance with various government and state regulations, American National and its insurance subsidiaries had bonds with an amortized value of $83,301,000 at December 31, 2005, on deposit with appropriate regulatory authorities.

16 RETIREMENT BENEFITS

PENSION BENEFITS

American National and its subsidiaries have one active, tax-qualified, defined-benefit pension plan and one inactive plan. The active plan has three separate programs. One of the programs is contributory and covers Home Service agents and managers. The other two programs are noncontributory, with one covering salaried and management employees and the other covering home office clerical employees subject to a collective bargaining agreement. The program covering salaried and management employees provides pension benefits that are based on years of service and the employee's compensation during the five years before retirement. The programs covering hourly employees and agents generally provide benefits that are based on the employee's career average earnings and years of service.

The inactive tax-qualified defined-benefit pension plan covers employees of the Farm Family companies hired prior to January 1, 1997. Effective January 1, 1997, benefits through this plan were frozen, and no new participants have been added.

American National also sponsors for key executives three non-tax-qualified pension plans that restore benefits that would otherwise be curtailed by statutory limits on qualified plan benefits.

Actuarial computations of pension expense (before income taxes) produced a pension cost of $20,451,000 for 2005, $21,789,000 for 2004 and $15,346,000 for 2003.

The pension cost for the years ended December 31 is made up of the following (in thousands):

	2005	2004	2003
Service cost-benefits earned during period	$ 9,035	$ 8,753	$ 8,029
Interest cost on projected benefit obligation	14,737	13,705	13,248
Expected return on plan assets	(11,425)	(10,319)	(10,780)
Amortization of past service cost	4,613	3,630	3,715
Amortization of transition asset	10	93	5
Amortization of actuarial loss	3,481	5,927	1,129
Total pension cost	**$ 20,451**	**$ 21,789**	**$ 15,346**

The following table sets forth the actuarial present value of benefit obligations, the funded status, and the amounts recognized in the consolidated statements of financial position at December 31 for the companies' pension plans (in thousands).

	2005		2004	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Vested benefit obligation	$ —	$ (229,777)	$ (120,663)	$ (86,011)
Accumulated benefit obligation	$ —	$ (232,932)	$ (123,556)	$ (86,011)
Projected benefit obligation	$ —	$ (277,821)	$ (146,146)	$ (105,227)
Plan assets at fair value (long-term securities)	—	158,141	136,720	20,365
Funded status:				
Plan assets in excess of projected benefit obligation	—	(119,680)	(9,426)	(84,862)
Unrecognized net loss	—	54,169	26,883	11,704
Prior service cost not yet recognized in periodic pension cost	—	17,586	—	22,199
Adjustment required to recognize minimum liability	—	(26,833)	—	(14,662)
Offset for intangible asset	—	8,320	—	9,783
Prepaid pension cost included in other assets or other liabilities	$ —	$ (66,438)	$ 17,457	$ (55,838)

Assumptions used at December 31 to determine benefit obligations:	**2005**	**2004**	**2003**
Weighted-average discount rate on benefit obligation	5.50%	5.84%	6.00%
Rate of increase in compensation levels	3.75%	3.76%	3.69%
Assumptions used at December 31 to determine benefit costs:	**2005**	**2004**	**2003**
Weighted-average discount rate on benefit obligation	5.84%	6.00%	6.72%
Rate of increase in compensation levels	3.76%	3.69%	3.86%
Expected long-term rate of return on plan assets	7.65%	7.00%	7.06%

American National Employees Retirement Plan weighted-average asset allocations at December 31, 2005 and 2004, by asset category, are as follows:

	Plan Assets at December 31,	
	2005	2004
Asset Category		
Equity securities	43.1%	31.9%
Debt securities	46.7%	57.4%
Other	10.2%	10.7%
Total	**100.0%**	**100.0%**

The investment policy for the qualified Retirement Plan's assets is designed to provide the highest return possible commensurate with sound and prudent underwriting practices. The investment diversification goals are to have investments in cash from zero to 15%, debt securities from 40% to 80% and equity securities from 20% to 60% of the total invested plan assets. Any particular investment is limited based on credit quality, and no single investment is allowed to be more than 5% of the total invested assets.

The overall expected long-term rate-of-return-on-assets assumption is based upon a building-block method, whereby the expected rate of return on each asset class is broken down into three components: (1) inflation, (2) the real risk-free rate of return (i.e., the long-term estimate of future returns on default-free U.S. government securities), and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate). All three components are based primarily on historical data.

While the precise expected return derived using the above approach will fluctuate somewhat from year to year, American National's policy is to hold this long-term assumption constant as long as it remains within a reasonable tolerance from the derived rate.

American Nationals' funding policy for the pension plans is to make annual contributions in accordance with the minimum funding standards of the Employee Retirement Income Security Act of 1974. The unfunded plans will be funded out of general corporate assets when necessary.

American National did not contribute to the qualified Retirement Plan in 2005, because the plan was over-funded. The over-funded status is dependent on investment market conditions. If the investment market conditions result in the plan no longer being over-funded, American National may contribute to the qualified Retirement Plan in 2006.

The benefit payments, which reflect expected future service, as appropriate, are expected to be as follows:

Year	Pension Benefits
2006	$ 12,890,000
2007	13,641,000
2008	14,786,000
2009	16,404,000
2010	19,340,000
2011-2015	129,701,000

HEALTH BENEFITS

American National and its subsidiaries provide certain health and/or dental benefits to retirees. Participation in these plans is limited to current retirees and their dependents who met certain age and length of service requirements. No new participants will be added to these plans in the future.

The primary retiree health benefit plan provides major medical benefits for participants under the age of 65 and Medicare Supplemental benefits for those over 65. Prescription drug benefits are provided to both age groups. The plan is contributory, with the company's contribution limited to $80 per month for retirees and spouses under the age of 65 and $40 per month for retirees and spouses over the age of 65. All additional contributions necessary, over the amount to be contributed by American National, are to be contributed by the retirees.

The accrued post-retirement benefit obligation, included in other liabilities, was $6,420,695 and $7,252,853 at December 31, 2005 and 2004, respectively. These amounts were approximately equal to the unfunded accumulated post-retirement benefit obligation. Since American National's contributions to the cost of the retiree benefit plans are fixed, the health care cost trend rate will have no effect on the future expense or the accumulated post-retirement benefit obligation.

OTHER BENEFITS

Under American National and its subsidiaries' various group benefit plans for active employees, life insurance benefits are provided upon retirement for eligible participants who meet certain age and length of service requirements.

In addition to the defined benefit pension plans, American National sponsors one defined contribution plan for all employees excluding, those of the Farm Family companies, and an incentive savings plan for employees of the Farm Family companies. The defined contribution plan (also known as a 401K plan) allows employees to contribute up to the maximum allowable amount, as determined by the Internal Revenue Service. American National does not contribute to the defined contribution plan. Company contributions are made under the incentive savings plan for the Farm Family companies, with a discretionary portion based on the profits earned by the Farm Family companies. The expense associated with this plan was $2,600,000 for 2005, $2,444,270 for 2004 and $2,205,000 for 2003.

17 COMMITMENTS AND CONTINGENCIES

COMMITMENTS

American National and its subsidiaries lease insurance sales office space in various cities. The remaining long-term lease commitments at December 31, 2005, were approximately $3,858,000.

In the ordinary course of their operations, the companies also had commitments outstanding at December 31, 2005, to purchase, expand or improve real estate, to fund mortgage loans and to purchase other invested assets aggregating $161,803,000, all of which are expected to be funded in 2006. As of December 31, 2005, all of the mortgage loan commitments have interest rates that are fixed.

GUARANTEES

In the normal course of business, American National has guaranteed bank loans for customers of a third-party marketing operation. The bank loans are used to fund premium payments on life insurance policies issued by American National. The

National would be obligated to pay off the loan. However, since the cash value of the life insurance policies always equals or exceeds the balance of the loans, management does not foresee any loss on the guarantees. The total amount of the guarantees outstanding as of December 31, 2005, was approximately $374,996,000, while the total cash values of the related life insurance policies was approximately $381,348,000.

LITIGATION

American National and its subsidiary American National Life Insurance Company of Texas are defendants in several lawsuits alleging, among other things, improper calculation and/or cancellation of benefits under certain group health contracts. Management believes that the companies have meritorious legal defenses against these lawsuits. Therefore, no provision for possible losses on these cases has been recorded in the consolidated financial statements.

American National and its subsidiary American National Life Insurance Company of Texas are defendants in a lawsuit alleging fraud in the sale and pricing of a health insurance policy in Mississippi. Management believes that the companies ha

the consolidated financial statements.

American National is a defendant in a lawsuit alleging misleading sales practices and alleged improper policy surcharges in the sale and pricing of universal life policies. This lawsuit was filed in California as a putative class action. Management b

not material to the consolidated financial statements.

American National is a defendant in a lawsuit alleging failure to refund credit life and disability insurance premiums to persons who paid the underlying indebtedness prior to the insured loan's maturity. This lawsuit was filed in Georgia as a putative class action. Management believes that the company has meritorious legal defenses against this lawsuit. The provision for possible losses on this case is not material to the consolidated financial statements.

Based on information currently available, management also believes that amounts ultimately paid, if any, arising from these cases would not have a material effect on the company's results of operations and financial position. However, it should be noted that the frequency of large damage awards, which bear little or no relation to the economic damages incurred by plaintiffs in some jurisdictions, continue to create the potential for an unpredictable judgment in any given lawsuit. It is possible that, if the defenses in these lawsuits are not successful, and the judgments are greater than management can anticipate, the resulting liability could have a material impact on the consolidated financial results.

The companies are also defendants in various other lawsuits concerning alleged failure to honor certain loan commitments, alleged breach of certain agency and real estate contracts, various employment matters, allegedly deceptive insurance sales and marketing practices and other litigation arising in the ordinary course of operations. Certain of these lawsuits include claims for compensatory and punitive damages. After reviewing these matters with legal counsel, management is of the opinion that the ultimate resultant liability, if any, would not have a material adverse effect on the companies' consolidated financial position or results of operations. However, these lawsuits are in various stages of development, and future facts and circumstances could result in management's changing its conclusions.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of American National Insurance Company:

We have audited the accompanying consolidated statements of financial position of American National Insurance Company and subsidiaries (The Company) as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American National Insurance Company and subsidiaries as of December 31, 2005 and 2004, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2005 in conformity with U.S. generally accepted accounting principles.

KPMG LLP
March 13, 2006
Houston, Texas

TEN-YEAR FINANCIAL HIGHLIGHTS

(In millions, except per share data and ratios)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Operating Results										
Revenues	$ 3,045	$ 2,879	$ 2,629	$ 2,221	$ 2,138	$ 1,834	$ 1,890	$ 1,745	$ 1,740	$ 1,550
Operating earnings (a)	181	220	161	102	61	125	166	155	182	178
Realized capital gains (b)	55	36	21	(85)	4	15	101	42	66	37
Net income	236	256	182	17	65	140	267	197	248	216
Operating earnings per share (a)	6.82	8.32	6.07	3.87	2.29	4.73	6.26	5.86	6.88	6.74
Realized capital gains per share (b)	2.09	1.33	0.81	(3.23)	0.16	0.56	3.81	1.59	2.50	1.40
Net income per share	8.91	9.65	6.88	0.64	2.45	5.29	10.07	7.45	9.38	8.14
Financial Position										
Assets	$ 17,517	$ 16,571	$ 15,140	$ 12,237	$ 11,258	$ 9,270	$ 9,090	$ 8,816	$ 8,483	$ 7,989
Investments	14,257	13,365	11,962	9,173	8,280	6,990	7,254	7,143	6,982	6,566
Liabilities	14,139	13,275	12,028	9,363	8,322	6,247	6,027	5,901	5,778	5,515
Policyholder liabilities	12,876	12,212	11,062	8,467	7,516	5,590	5,368	5,283	5,261	5,046
Total equity	3,378	3,296	3,112	2,874	2,936	3,023	3,063	2,915	2,705	2,474
Total equity, excluding SFAS 115	3,379	3,246	3,057	2,839	2,926	3,062	3,075	2,884	2,681	2,458
Insurance Production Information										
Life insurance sales	$ 12,077	$ 13,021	$ 12,373	$ 12,874	$ 11,821	$ 11,487	$ 11,224	$ 10,208	$ 10,091	$ 10,134
Life insurance in force (c)	64,051	61,404	58,736	56,504	54,414	48,777	46,953	44,848	43,805	42,529
Policy account deposits	1,212	1,554	2,695	936	588	325	310	290	392	757
Common Stock Statistics										
Market close	$ 116.99	$ 104.16	$ 84.48	$ 82.02	$ 84.10	$ 73.00	$ 63.75	$ 82.75	$ 93.00	$ 73.75
Book value per share	127.57	124.46	117.52	108.52	110.89	114.19	115.68	110.07	102.17	93.43
Dividends per share	2.97	2.96	2.96	2.96	2.92	2.86	2.78	2.70	2.62	2.54
Shares outstanding (000's) (d)	26,480	26,480	26,480	26,480	26,480	26,479	26,479	26,479	26,479	26,479
Financial Ratios										
Return on equity (e)	4.7%	8.4%	11.0%	0.5%	(0.3)%	1.2%	7.6%	10.4%	12.2%	9.5%
Operating return on equity (f)	5.6%	7.2%	5.7%	3.5%	2.0%	4.1%	5.7%	5.8%	7.4%	7.8%
Dividend payout (g)	43.9%	35.8%	49.0%	76.8%	127.8%	60.5%	44.5%	46.1%	38.1%	37.7%
Assets per $100 of liabilities	$ 124	$ 125	$ 126	$ 131	$ 135	$ 148	$ 151	$ 149	$ 147	$ 145

(a) After tax and excluding gains from sale of investments
(b) After-tax gains from sale of investments
(c) Includes insurance acquired of $4,125 million in 2001
(d) Number of unrestricted shares outstanding at year end
(e) Change in total equity before dividends to stockholders divided by total equity at the beginning of the year
(f) Operating earnings per share divided by book value per share at the beginning of the year, adjusted to exclude the effect of SFAS 115
(g) Total dividends paid to stockholders divided by operating earnings

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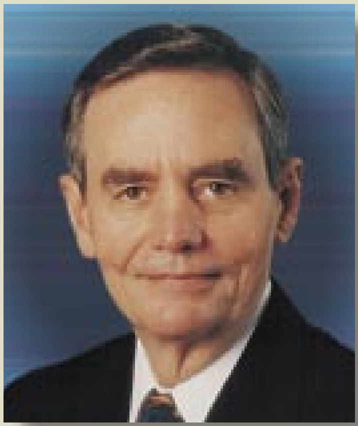

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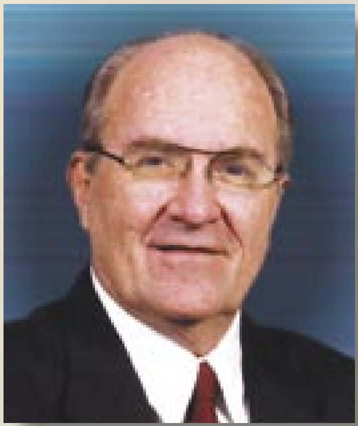

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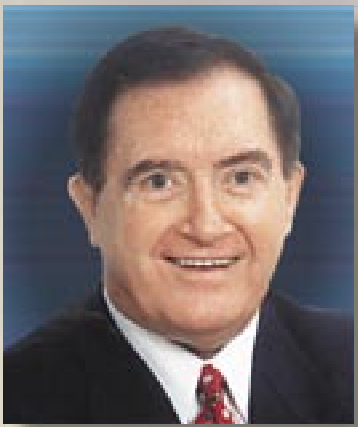

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Steven D. Geib
Assistant Vice President

Sally F. Praker
Assistant Vice President

Michele S. Lord
Assistant Secretary

Farm Family Casualty Insurance Company
NEW YORK

DIRECTORS

G. Richard Ferdinandtsen
Stephen J. George
Irwin M. Herz
Clark W. Hinsdale III
John W. Lincoln
A. Ingrid Moody
Ross R. Moody
Edward J. Muhl
Gregory V. Ostergren
James E. Pozzi
Victoria M. Stanton
Timothy A. Walsh
Ronald J. Welch

OFFICERS

Gregory V. Ostergren
Chairman of the Board

G. Richard Ferdinandtsen
Vice Chairman of the Board

Timothy A. Walsh
President, Chief Executive Officer

James J. Bettini
Executive Vice President
Operations

Victoria M. Stanton
Executive Vice President
General Counsel and Secretary

Barry L. Bablin
Senior Vice President
Casualty Actuarial Services

Michele M. Bartkowski
Senior Vice President
Chief Financial Officer and Treasurer

William T. Conine
Senior Vice President
Marketing Services

Lewis E. Dufort
Senior Vice President
Marketing

Richard E. Long
Senior Vice President
Casualty Claims

Patrick A. Wejrowski
Senior Vice President
Information Services

Roy S. Davies
Vice President
Accounting

Gordon D. Dixon
Vice President
Investments

Thomas E. Kelley
Vice President
Casualty Claims

Michael W. McCroskey
Vice President
Investments

Melissa G. McGrath
Vice President
Legal

Margaret A. Paris
Vice President
Casualty Compliance

Farm Family Life Insurance Company
NEW YORK

DIRECTORS

G. Richard Ferdinandtsen
Stephen J. George
Irwin M. Herz
Clark W. Hinsdale III
John W. Lincoln
A. Ingrid Moody
Ross R. Moody
Edward J. Muhl
Gregory V. Ostergren
James E. Pozzi
Victoria M. Stanton
Timothy A. Walsh
Ronald J. Welch

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Chief Executive Officer

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Executive Vice President
Operations

Victoria M. Stanton
Executive Vice President
General Counsel and Secretary

Michele M. Bartkowski
Senior Vice President
Chief Financial Officer and Treasurer

Lewis E. Dufort
Senior Vice President
Marketing

Patrick A. Wejrowski
Senior Vice President
Information Services

John A. Cole
Vice President
Life Operations

Roy S. Davies
Vice President
Accounting

Gordon D. Dixon
Vice President
Investments

Kathryn Lentivech
Vice President
Life Actuarial Services

Michael W. McCroskey
Vice President
Investments

Melissa G. McGrath
Vice President
Legal

American National de México, Compañía de Seguros de Vida, S.A. de C.V.
MÉXICO

DIRECTORS

Bill J. Garrison
Robert L. Moody Jr.
(Alternate)

G. Richard Ferdinandtsen
Carlos Zambrano Plant
Alberto Elizondo Treviño
David Noel Ramírez Padilla
(Alternate)

Ronald J. Welch
(Alternate)

Reynelle Cornish González
(Alternate)

Sergio Flores Ramos
Luis Santos Theriot
(Alternate Secretary)

Enrique Yturría García
(Advisor)

Salvador Llarena Arriola
(Commissary)

Salvador Llarena Menart
(Alternate Commissary)

OFFICERS

Reynelle Cornish González
Director General

Francisco García Pérez
Director,
Administration Department

(Vacant)
Director,
Sales Department

(Vacant)
Director,
Human Resources

Francisco Quintanilla De La Garza
Normative Controller

FAMILY OF COMPANIES

AMERICAN

American National Insurance Company

A stock life insurance company that offers a broad range of insurance coverages, including individual and group life, health and annuities and credit insurance

American National Life Insurance Company of Texas

An insurer that markets life and health insurance products through alternative distribution systems

Standard Life and Accident Insurance Company

A life insurer specializing in the marketing of Medicare Supplement and other products for the senior market

Garden State Life Insurance Company

A direct response company with sales of life insurance generated through broadcast and print media, as well as through sponsoring organizations

American National de México, Compañía de Seguros de Vida, S.A. de C.V.

A Mexican life insurance company specializing in Home Service life products

The American National Property and Casualty Companies

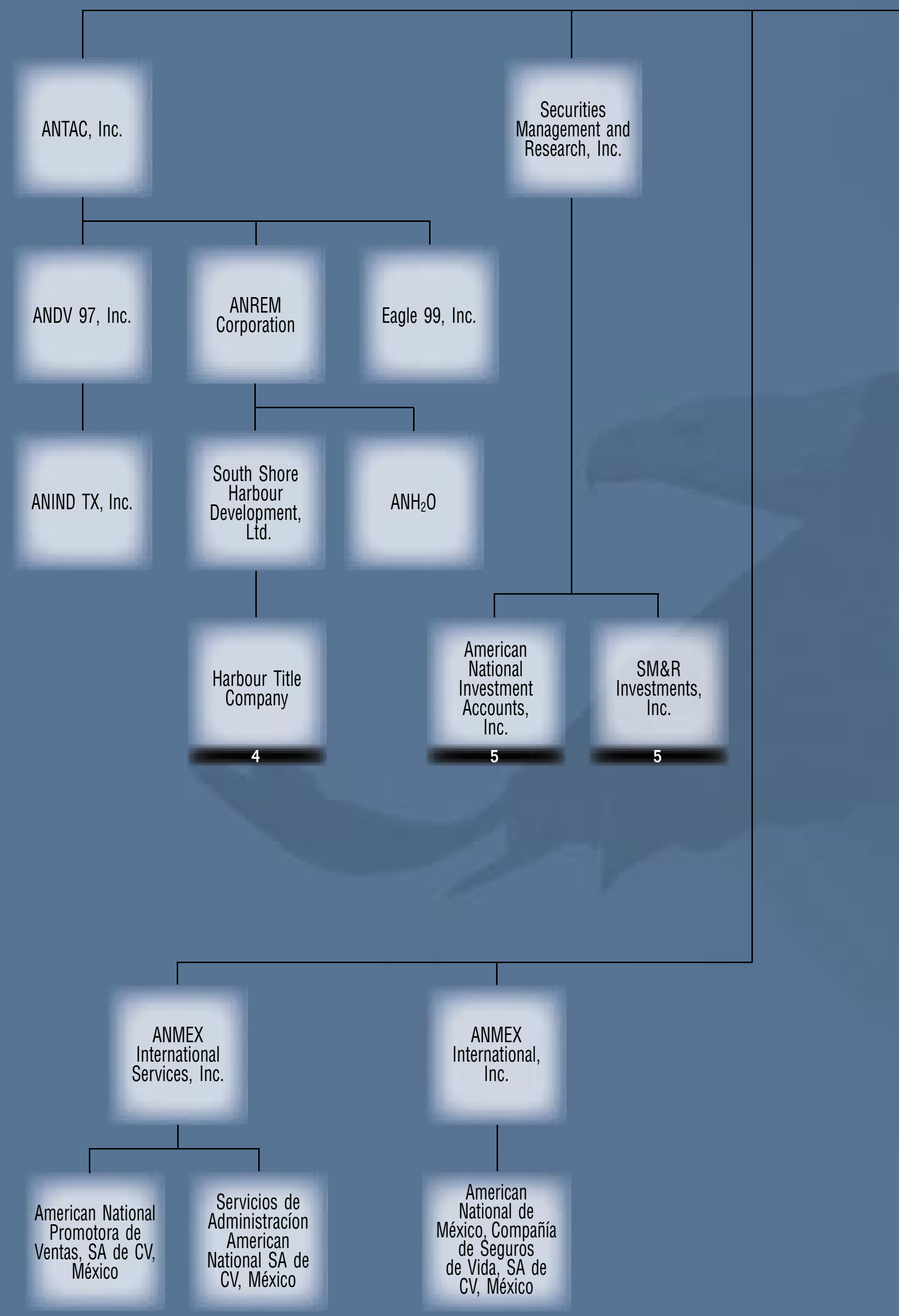
Property and casualty insurers that write primarily auto and homeowners insurance

The Farm Family Companies

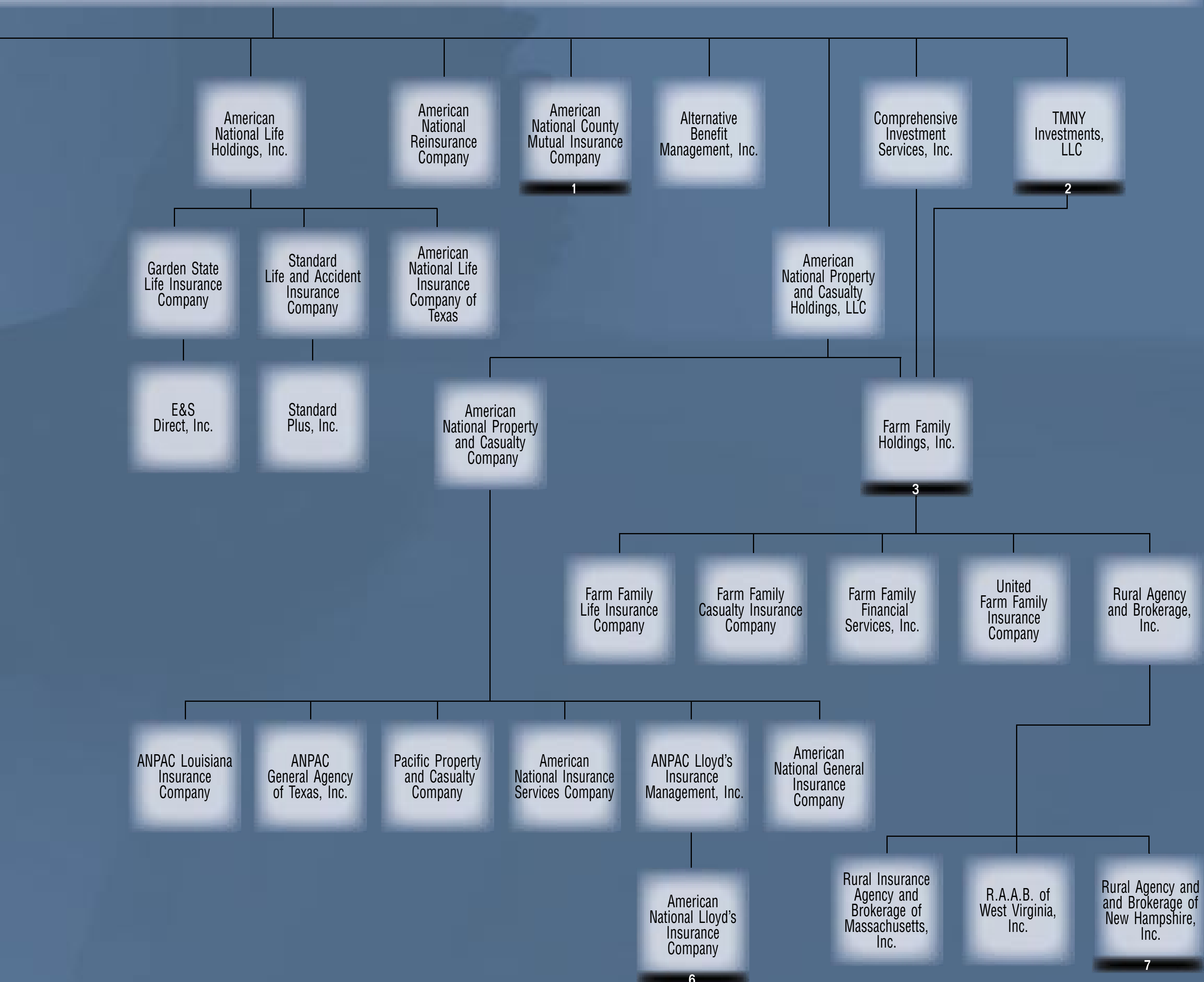
Property and casualty and life insurers concentrating on the New York and Northeast U.S. market

Securities Management and Research, Inc.

A broker-dealer, member NASD, SIPC, investment advisor



NATIONAL INSURANCE COMPANY



All subsidiaries are 100% owned by indicated parent except as otherwise noted.

1 Not a subsidiary company, but managed by American National Insurance Company

2 17% owned by American National Insurance Company, 17% owned by ANPAC and 66% owned by employees

3 94.3% owned by American National Property and Casualty Holding Company, LLC., 5% owned by TMNY Investments, LLC, and 0.7% owned by Comprehensive Investment Services, Inc.

4 50% owned by South Shore Harbour Development Ltd. and 50% owned by Lawyers Title Company

5 Not subsidiaries, but mutual funds managed by Securities Management and Research, Inc. (SM&R) in which SM&R and/or American National Insurance Company may have investments from time to time

6 Not a subsidiary company, but managed by ANPAC Lloyd's Insurance Management, Inc.

7 75% owned by New Hampshire Farm Bureau, and 25% owned by Rural Agency and Brokerage, Inc.

American National Insurance Company ("American National") has been evaluated and assigned the following ratings by nationally recognized, independent rating agencies. The ratings are current as of March 1, 2006.

A.M. Best: A+ (Superior)

Second highest of 13 active company ratings[1]

"A superior ability to meet their ongoing obligations to policyholders."

Standard & Poor's: AA (Very Strong)

Third highest of 20 active company ratings[2]

"Very strong financial security characteristics, differing only slightly from those rated higher."

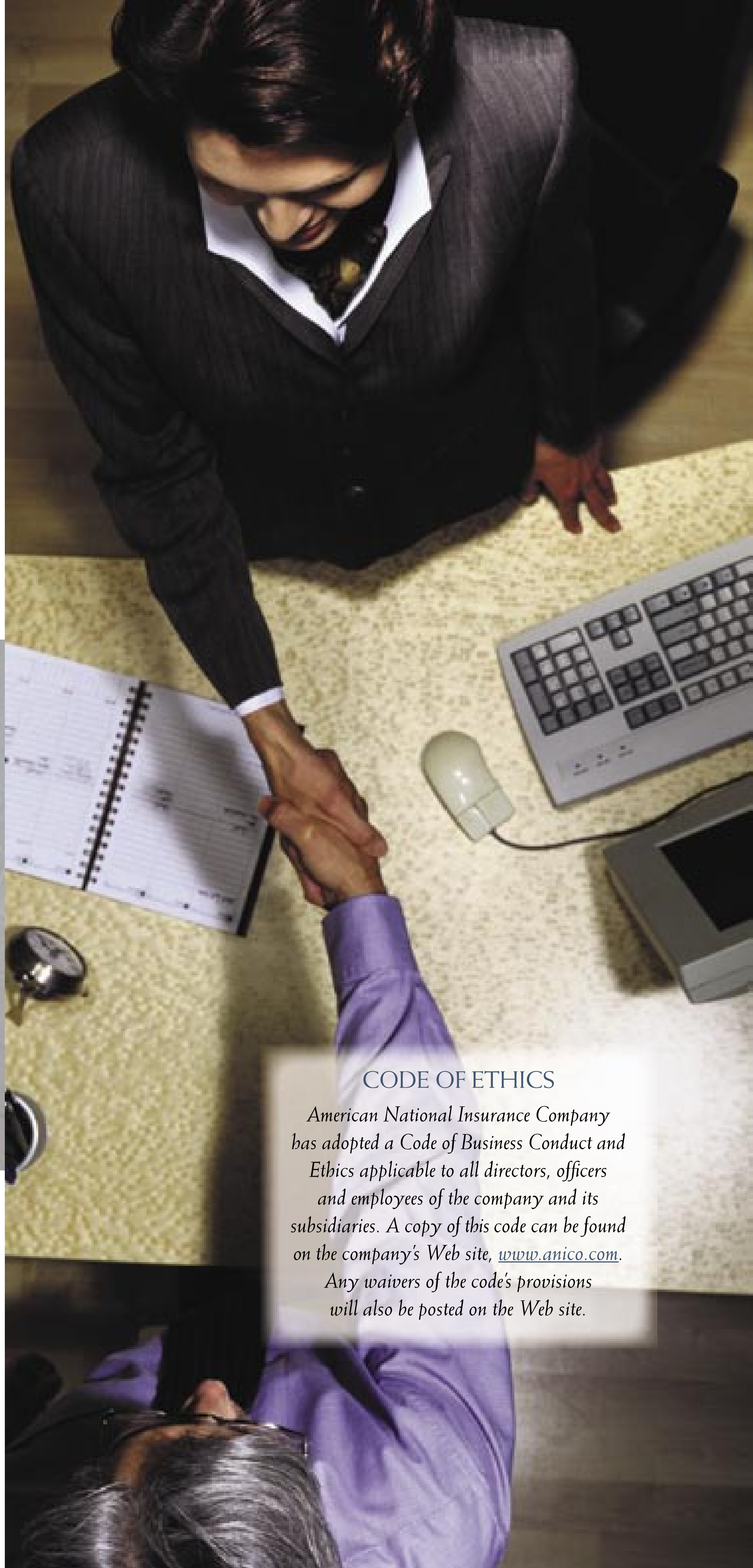
Ratings reflect current independent opinions of the financial capacity of an insurance organization to meet the obligations of its insurance policies and contracts in accordance with their terms. They are based on comprehensive quantitative and qualitative evaluations of the company and its management strategy. They are not provided as a recommendation by the ratings companies to purchase insurance or annuities. These ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.

Ratings may be changed, suspended, or withdrawn at any time. For the most current ratings, view the full rating reports on American National's Internet site at www.anico.com.

1. A.M. Best's active company rating scale is: A++ (Superior), A+ (Superior), A (Excellent), A- (Excellent), B++ (Very Good), B+ (Very Good), B (Adequate), B- (Adequate), C++ (Fair), C+ (Fair), C (Marginal), C- (Marginal) and D (Poor).
2. Standard & Poor's active company rating scale is: AAA (Extremely Strong), AA (Very Strong), A (Strong), BBB (Good), BB (Marginal), B (Weak), CCC (Very Weak), and CC (Extremely Weak). Plus (+) or Minus (-) modifiers show the relative standing within the categories from AA to CCC.

"... superior ability to meet their ongoing obligations to policyholders."

FINANCIAL STRENGTH RATINGS



CODE OF ETHICS

American National Insurance Company has adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the company and its subsidiaries. A copy of this code can be found on the company's Web site, www.anico.com. Any waivers of the code's provisions will also be posted on the Web site.

FORWARD-LOOKING STATEMENT

Safe Harbor Statement under The Private Securities Litigation Reform Act of 1995: This Annual Report contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on American National management's current knowledge, expectations, estimates, beliefs and assumptions. The forward-looking statements in this Annual Report include, but are not limited to, statements describing the marketing plans of American National. Such forward-looking statements generally include the words "may," "could," "should," "would," "believe," "anticipate," "expect," "intend," "plan," or a similar expression or statement regarding future periods. Readers are hereby cautioned that certain events or circumstances could cause actual results to differ materially from those estimated, projected, or predicted. The forward-looking statements in this Annual Report are not guarantees of future events or performance and are subject to a number of important risks and uncertainties, many of which are outside of American National's control, that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to: (1) adverse decisions from regulatory authorities; (2) changes in regulatory requirements; (3) the potential occurrence of major disasters; (4) adverse litigation results; (5) competition from existing insurance companies; (6) the volatility of the securities markets; and (7) general economic conditions. Forward-looking statements may also be made in American National's press releases, as well as by American National's management in oral statements. American National undertakes no obligation to update or revise any forward-looking statements for events or circumstances after the date on which such statement is made.

VISION

To be a leading provider of financial products and services for current and future generations

MISSION

To be the company of choice for insurance and other financial products and services while maintaining superior financial strength

Corporate office

One Moody Plaza
Galveston, Texas 77550
www.anico.com

Legal counsel

Greer, Herz & Adams LLP
Galveston, Texas

Independent auditors

KPMG LLP
700 Louisiana
Houston, Texas 77002

Stock transfer agent and registrar

(Shareholder Information)

Communications regarding stock transfer, dividends, lost certificates or changes of address may be directed to:

Mellon Investor Services, LLC
480 Washington Boulevard
Jersey City, NJ 07310-1900

P.O. Box 3315
South Hackensack, NJ 07606
1-888-213-0965

International Shareholders
1-201-680-6578

TDD
1-800-231-5469

TDD International Shareholders
1-201-680-6610

www.melloninvestor.com/isd

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