

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 22, 2004

AMERICAN INTERNATIONAL GROUP, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

1-8787
(Commission File Number)

13-2592361
(IRS Employer
Identification No.)

70 Pine Street
New York, New York 10270
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (212) 770-7000

(Former name or Former Address, if Changed Since Last Report)

Item 12. Results of Operations and Financial Condition.

On July 22, 2004, American International Group, Inc. issued a press release announcing its results for the quarter ended June 30, 2004. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: July 22, 2004

By /s/ KATHLEEN E. SHANNON

Name: Kathleen E. Shannon
Title: Senior Vice President
and Secretary

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press Release of American International Group, Inc. dated July 22, 2004.

NEWS

[AIG LOGO]

AMERICAN INTERNATIONAL GROUP, INC.
70 PINE STREET NEW YORK, NY 10270

Contact: Charlene M. Hamrah (Investment Community)
(212)770-7074

Joe Norton (News Media)
(212)770-3144

AIG REPORTS SECOND QUARTER 2004 NET INCOME OF \$2.86 BILLION

(\$1.09 PER SHARE), AN INCREASE OF 25.7 PERCENT OVER 2003;

NET INCOME EXCLUDING REALIZED CAPITAL GAINS AND LOSSES

INCREASED 19.2 PERCENT TO \$3.00 BILLION (\$1.14 PER SHARE)

NEW YORK, NY, July 22, 2004 - American International Group, Inc. (AIG) today reported that its second quarter 2004 net income rose 25.7 percent to a record \$2.86 billion or \$1.09 per share, compared to \$2.28 billion or \$0.87 per share in the second quarter of 2003. Second quarter 2004 net income excluding realized capital gains (losses), increased 19.2 percent to a record \$3.00 billion or \$1.14 per share, compared to \$2.52 billion or \$0.96 per share in the same period of 2003.

Net income for the first six months of 2004 rose 30.4 percent to \$5.52 billion or \$2.10 per share, compared to \$4.23 billion or \$1.61 per share in the first six months of 2003. For the first six months of 2004 net income excluding realized capital gains (losses) and the cumulative effect of an accounting change, increased 19.5 percent to \$5.84 billion or \$2.22 per share, compared to \$4.89 billion or \$1.86 per share in the same period of 2003.

Income before income taxes and minority interest for the second quarter of 2004 was a record \$4.39 billion, a 27.9 percent increase over \$3.43 billion in the second quarter of 2003. Income before income taxes, minority interest and the cumulative effect of an accounting change for the first six months of 2004 was \$8.68 billion, a 36.6 percent increase over \$6.35 billion in the same period of 2003. These results include realized capital losses of \$209.0 million and \$204.1 million in the second quarter and six months of 2004, respectively, compared to realized capital losses of \$356.9 million and \$988.4 million in the second quarter and six months of 2003, respectively.

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Following is a summary table of second quarter and six months information (in millions, except per share amounts):

SECOND QUARTER

	2004 ----	2003 ----	Change -----	PER SHARE -----		
				2004 ----	2003 ----	Change -----
Net income	\$ 2,862.3	\$ 2,276.9	25.7%	\$ 1.09	\$ 0.87	25.3%
Realized capital gains (losses), net of tax	(141.4)	(243.4)	--	(0.05)	(0.09)	--
Net income, excluding realized capital gains (losses), net of tax	\$ 3,003.7	\$ 2,520.3	19.2%	\$ 1.14	\$ 0.96	18.8%
Average shares outstanding				2,630.9	2,627.4	

SIX MONTHS

	2004 ----	2003 ----	Change -----	PER SHARE -----		
				2004 ----	2003 ----	Change -----
Net income	\$ 5,517.9	\$ 4,230.4	30.4%	\$ 2.10	\$ 1.61	30.4%
Realized capital gains (losses), net of tax	(141.9)	(656.3)	--	(0.05)	(0.25)	--
Cumulative effect of an accounting change, net of tax*	(181.4)	--	--	(0.07)	--	--
Net income, excluding realized capital gains (losses) and cumulative effect of an accounting change, net of tax	\$ 5,841.2	\$ 4,886.7	19.5%	\$ 2.22	\$ 1.86	19.4%
Average shares outstanding				2,631.6	2,627.8	

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

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HIGHLIGHTS OF THE SECOND QUARTER 2004 INCLUDE:

	2004 -----	2003 -----	Change -----
CONSOLIDATED			
Net Income, excluding realized capital gains (losses)	\$3.00 BILLION	\$2.52 billion	19.2%
Shareholders' Equity At June 30 and December 31	\$73.6 BILLION	\$71.3 billion	3.2%
Retained Earnings At June 30 and December 31	\$66.1 BILLION	\$61.0 billion	8.4%
Return on Equity (a) At June 30 and December 31	17.4%	17.2%	
Consolidated Assets At June 30 and December 31	\$736 BILLION	\$678 billion	8.6%
Revenues (b)	\$23.81 BILLION	\$19.89 billion	19.7%
Insurance Cash Flow (c)	\$14.75 BILLION	\$8.71 billion	69.3%
GENERAL INSURANCE			
Net Premiums Written	\$10.38 BILLION	\$8.84 billion	17.4%
Operating Income (ex. realized capital gains (losses))	\$1.59 BILLION	\$1.30 billion	22.8%
Net Investment Income	\$892.7 MILLION	\$731.5 million	22.0%
Loss and Loss Adjustment Reserves At June 30 and December 31	\$40.78 BILLION	\$36.65 billion	11.3%
Combined Ratio	92.35	92.27	
Cash Flow	\$3.17 BILLION	\$2.67 billion	18.7%
LIFE INSURANCE & RETIREMENT SERVICES (d)			
GAAP Premiums	\$6.84 BILLION	\$5.62 billion	21.6%
Premiums, Deposits and Other Considerations	\$16.28 BILLION	\$11.62 billion	40.2%
Operating Income (ex. realized capital gains (losses))	\$2.17 BILLION	\$1.84 billion	18.2%

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	2004 ----	2003 ----	Change -----
FINANCIAL SERVICES			
Operating Income	\$609.2 MILLION	\$622.9 million	(2.2)%
ASSET MANAGEMENT (d)			
Operating Income	\$276.5 MILLION	\$195.6 million	41.4%

- (a) See reconciliation to GAAP ROE in the supplementary earnings data.
- (b) Represents the sum of General Insurance net premiums earned, GAAP Life Insurance & Retirement Services premiums, net investment income, Financial Services commissions, transactions and other fees, Asset Management commissions and other fees and fee income and net investment income with respect to Guaranteed Investment Contracts (GICs), and realized capital gains (losses).
- (c) In addition to General Insurance cash flow, includes Life Insurance & Retirement Services cash flow for investment, which generates the investment income necessary to meet policyholder obligations and to provide a profit margin to shareholders, as well as net cash flow from GICs.
- (d) 2003 is restated to conform to 2004 presentation.

Commenting on second quarter results, AIG Chairman M. R. Greenberg said, "AIG had a very good quarter overall, with especially strong results from Worldwide General Insurance operations and Foreign Life & Retirement Services. Second quarter net income was a record \$2.86 billion, up 25.7 percent over the second quarter of 2003. Excluding realized capital gains and losses, net income increased 19.2 percent to \$3.00 billion. Shareholders' equity at June 30, 2004 was \$73.6 billion, and assets increased to a record \$736 billion.

GENERAL INSURANCE

"General Insurance results were very strong both in the U.S. and worldwide. General Insurance operating income excluding realized capital gains (losses) in the second quarter of 2004 increased 22.8 percent over a year ago to a record \$1.59 billion. Net premiums written were a record \$10.38 billion, up 17.4 percent over a year ago. The General Insurance combined ratio was 92.35 compared to 92.27 a year ago.

"Worldwide General Insurance net investment income was \$892.7 million, an increase of 22.0 percent benefiting from strong cash flow resulting from good growth in our business, higher interest rates, dividend income and good private equity results. General Insurance cash flow totaled \$3.17 billion and \$6.71 billion in the second quarter and six months of 2004, respectively, compared to \$2.67 billion and \$5.91 billion a year earlier.

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"At June 30, 2004, General Insurance net loss and loss adjustment reserves totaled \$40.78 billion, an increase of \$2.03 billion and \$4.13 billion for the second quarter and six months, respectively.

"In the United States, the Domestic Brokerage Group had a very good quarter. Net premiums written in the second quarter of 2004 increased 14.8 percent over a year ago to a record \$5.81 billion. The combined ratio was 95.00 compared to 94.43 in the second quarter of 2003. The Domestic Brokerage Group is benefiting from the flight to quality - since a Triple A balance sheet is important for many classes of long tail business - a strong profit center focus and vast and growing distribution channels.

"We have maintained a disciplined approach to pricing and risk selection. Where pricing, terms and conditions or loss experience did not meet our standards, we chose to non-renew approximately \$275 million in premiums in the Domestic Brokerage Group as well as nearly \$50 million in our Foreign General operations in the second quarter. While the market generally has taken a rational approach to pricing, a few foreign and domestic companies have under-priced certain more difficult classes of long tail lines of business. These companies often lack the specialized knowledge, underwriting skills and claim management expertise that these lines require. Such pricing practices unsettle the market and add to long term volatility.

"Reforming the U.S. tort system is more than an insurance industry issue. It is critical to the economy and the country. Necessary class action reforms had significant support in Congress, and it is unfortunate that debate over the number of non-germane amendments attached to the bill led to what we hope is a temporary setback. Efforts are underway to reconcile these differences, and the bill could be reintroduced at a later date. We will continue to work for its passage.

"The Domestic Personal Lines business had good premium growth and solid underwriting performance in the second quarter. Operating income was \$91.7 million in the second quarter compared to \$28.8 million a year ago. Net premiums written were \$1.08 billion, up 20.4 percent over a year ago. The combined ratio was 95.68.

"HSB Group, Inc. had outstanding underwriting results. Losses have declined as a result of HSB's leading engineering, inspection and loss mitigation capabilities. The recent integration of AIG Consultants into HSB enhances our cross-sell opportunities and our capabilities for providing engineering and loss control services to a global client base.

"United Guaranty Corporation had a good quarter. Premiums grew and refinancings declined as interest rates rose. UGC's delinquency ratio, always well below the industry average, was up modestly over a year ago, but has been declining over the past two quarters consistent with the improving job market. UGC's foreign operations, which we have been nurturing, are profitable, and we are planning to enter several new markets around the world.

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"Transatlantic Holdings, Inc. had good growth and underwriting results. Net premiums written increased 15.5 percent to \$927.2 million led by significant growth in international business. Operating income was up 15.7 percent to \$111.6 million. The combined ratio was 95.69 compared to 96.30 in the second quarter of 2003.

"Foreign General Insurance had excellent results from all regions of the world. Net premiums written were \$2.42 billion, an increase of 23.8 percent over the second quarter of 2003. The combined ratio continues to be outstanding at 86.24, compared to 86.53 a year ago.

"In Japan, the improving economy has contributed to our growth, especially in the growing commercial lines business and personal accident operations. The U. K., European and Australasian regions had excellent results. Latin America has had another good quarter, too.

"In China, our landmark venture with PICC Property and Casualty Company Limited to develop the market for accident and health products is up and running. Also, we expect, by the end of 2004, to extend our general insurance operations to more cities in China as the market opens up in compliance with WTO rules.

LIFE INSURANCE & RETIREMENT SERVICES

"Worldwide Life Insurance & Retirement Services had excellent top and bottom line growth. Operating income before realized capital gains (losses) was a record \$2.17 billion, an increase of 18.2 percent, compared to \$1.84 billion in the second quarter of 2003. Worldwide Life Insurance & Retirement Services GAAP premiums were \$6.84 billion, an increase of 21.6 percent over the second quarter of 2003. Premiums, deposits and other considerations totaled \$16.28 billion, up 40.2 percent compared to the second quarter of 2003. Cash flow continues to be outstanding.

"AIG's extensive Foreign Life Insurance & Retirement Services operations had excellent results. Operating income excluding realized capital gains (losses) was \$1.22 billion in the second quarter compared to \$990.2 million a year ago. GAAP premiums were \$5.28 billion, up 24.0 percent. Premiums, deposits and other considerations were \$8.99 billion, compared to \$5.74 billion in the second quarter of 2003. Japan and Southeast Asia, our two largest regions, had strong growth.

"In Japan, AIG Edison Life is being integrated successfully into our life operations. AIG Star is growing first year premiums as a result of new product introductions and an expanded agency force, and is benefiting from more successful conservation of in-force business. The annuity business in Japan is growing rapidly through product innovation and packaging skills and the confidence engendered by the financial strength of AIG companies. In addition, our deep and diverse distribution, which includes bancassurance, worksite marketing, direct marketing and strong agency organizations, provides us with a powerful platform for growth.

"In China, our life insurance business continues to grow very rapidly. Total first year premiums were up 43.4 percent in the second quarter over the prior year. By comparison, the overall industry has experienced modest growth, with some companies showing decreases in first year premiums. The skill and training of our agency force, financial strength and excellent management are the primary contributors to our success.

"In India, the new government has proposed to Parliament legislation that would allow foreign companies to increase their ownership in life as well as general insurance companies to 49 percent from the current 26 percent. Passage of this legislation would present a significant opportunity for us to enhance our presence in this attractive market, where our life and general insurance joint ventures have had rapid growth throughout the country.

"Domestic Life Insurance & Retirement Services operating income excluding realized capital gains (losses) totaled \$953.5 million in the second quarter of 2004, an increase of 12.4 percent compared to \$848.1 million in the second quarter of 2003. GAAP premiums were \$1.56 billion, up 14.2 percent. Premiums, deposits and other considerations were \$7.29 billion, a 24.1 percent increase compared to \$5.87 billion in the second quarter of 2003.

"AIG's domestic life operations had strong universal and term life sales and good performance from the independent distribution segment. Structured settlements also had strong growth. The group business domestically fell below our growth standards. We chose not to renew several accounts where pricing was unacceptable and we are reviewing our growth strategies for this business. At AGLA, the home services business, a number of the initiatives we have taken in recent months to accelerate growth, such as introducing new products, hiring new agents and retraining existing agents, will take some time before the results are evident. However, the business is solidly profitable with strong cash flow.

"Domestic Retirement Services had a solid quarter. The businesses most correlated to the equity markets performed well, with the strongest sales growth in the individual variable annuity segment. AIG VALIC, the group retirement services business, which has approximately half of client assets in equities, also benefited from improved equity market performance. AIG VALIC has had a successful start cross-selling individual variable annuities, fixed annuities and mutual funds. AIG Annuity, the individual fixed annuity business, had very good performance with increased deposits, stable spreads and growth in operating income, even as consumers shifted assets to equity-based products.

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FINANCIAL SERVICES

"Financial Services had operating income of \$609.2 million in the second quarter of 2004, a decline of 2.2 percent compared to \$622.9 million a year ago.

"International Lease Finance Corporation reported operating income of \$182.6 million in the quarter, compared to \$183.6 million in the second quarter of 2003. Excluding the impact of the securitization of approximately \$2 billion in aircraft in late 2003 and early 2004, these results would have increased approximately 5 percent from second quarter 2003. ILFC sold five aircraft during the second quarter, and lease rates continue to rise. The turnaround in the global aviation business is increasingly evident.

"Capital Markets operating income was \$233.6 million, down 15.6 percent compared to a very strong second quarter of 2003. This transaction-oriented business continues to be very profitable. We have a diverse product portfolio, which we continue to expand, and we see opportunity in each of the major regions around the world where we do business. The consolidation of AIG Trading into AIG Financial Products Corp. is delivering expected synergies as clients are recognizing the benefits of working with a platform that can readily deliver multi-disciplined opportunities.

"Consumer Finance had excellent results in both domestic and foreign operations. Operating income increased 15.3 percent to \$192.3 million. In the United States, credit quality continues to be strong and receivables grew substantially. Foreign consumer finance operations performed very well and we see new opportunities in several additional international markets.

ASSET MANAGEMENT

"Asset Management operating income increased 41.4 percent in the second quarter of 2004 to \$276.5 million. Improved equity markets and a strong and diverse global product portfolio contributed to these results as well as a \$1 billion increase in assets under management, bringing the total to over \$49 billion. In July, we received approval to prepare for the establishment of a joint venture fund management company in China.

"Guaranteed Investment Contract (GIC) operating income totaled \$178.0 million in the second quarter of 2004, compared to \$139.2 million a year ago. GICs are an opportunistic business, which we write when interest rate spreads are attractive. Market conditions in the second quarter were very favorable.

"In the Other Income/Deductions - net category, AIG reported a loss of \$51.1 million in the second quarter of 2004, compared to a loss of \$164.7 million a year earlier. The improvement is primarily attributable to increased income related to SunAmerica partnership investments."

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AIG is the world's leading international insurance and financial services organization, with operations in more than 130 countries and jurisdictions. AIG member companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In the United States, AIG companies are the largest underwriters of commercial and industrial insurance and AIG American General is a top-ranked life insurer. AIG's global businesses also include financial services, retirement services and asset management. AIG's financial services businesses include aircraft leasing, financial products, trading and market making. AIG's growing global consumer finance business is led in the United States by American General Finance. AIG also has one of the largest U.S. retirement services businesses through AIG SunAmerica and AIG VALIC, and is a leader in asset management for the individual and institutional markets, with specialized investment management capabilities in equities, fixed income, alternative investments and real estate. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

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A conference call for the investment community will be held today at 9:00 a.m. EDT. The call will be broadcast live on the Internet at:

www.aigwebcast.com

The call will be archived at the same URL through Friday, July 30, 2004.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. Please refer to the AIG Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 and its past and future filings and reports filed with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the important factors that may affect its business. AIG is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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COMMENT ON REGULATION G

This press release, including the financial highlights and supplementary earnings data, includes certain non-GAAP financial measures. The reconciliations of such measures to the most comparable GAAP figures in accordance with Regulation G are included herein.

Throughout this press release, AIG presents its operations in the way it believes will be most meaningful and useful, as well as most transparent, to the investing public and others who use AIG's financial information in evaluating the performance of AIG. That presentation includes the use of certain non-GAAP measures. In addition to the GAAP presentations of net income and operating income, AIG shows both net income and operating income exclusive of realized capital gains (losses).

Although the investment of premiums to generate investment income (or loss) and realized capital gains or losses is an integral part of both life and general insurance operations, the determination to realize capital gains or losses is independent of the insurance underwriting process. Moreover, under applicable GAAP accounting requirements, losses can be created as the result of other than temporary declines in value without actual realization. In sum, investment income and realized capital gains or losses for any particular period are not indicative of quarterly business performance.

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

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

AMERICAN INTERNATIONAL GROUP, INC.
FINANCIAL HIGHLIGHTS*
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003	CHANGE	2004	2003	CHANGE
	----	----	-----	----	----	-----
GENERAL INSURANCE OPERATIONS:						
Net Premiums Written	\$ 20,593,331	\$ 17,087,134	20.5%	\$10,380,387	\$ 8,844,050	17.4%
Net Premiums Earned	18,725,264	15,041,107	24.5	9,485,835	7,754,344	22.3
Underwriting Profit	1,341,575	1,096,386	22.4	698,024	563,847	23.8
Net Investment Income	1,749,480	1,515,341	15.5	892,664	731,467	22.0
Income before Realized Capital Gains (Losses)	3,091,055	2,611,727	18.4	1,590,688	1,295,314	22.8
Realized Capital Gains (Losses)	58,290	(255,977)	--	(8,722)	(83,470)	--
OPERATING INCOME	\$ 3,149,345	\$ 2,355,750	33.7%	\$ 1,581,966	\$ 1,211,844	30.5%
	-----	-----	-----	-----	-----	-----
Loss Ratio	73.25	73.99		72.80	73.83	
Expense Ratio	19.53	18.70		19.55	18.44	
Combined Ratio	92.78	92.69		92.35	92.27	
	-----	-----	-----	-----	-----	-----
LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS (a):						
GAAP Premiums	\$ 13,734,971	\$ 11,405,858	20.4%	\$ 6,835,360	\$ 5,621,100	21.6%
Net Investment Income	7,770,528	6,600,502	17.7	3,829,171	3,418,259	12.0
Income before Realized Capital Gains (Losses)	4,216,358	3,486,717	20.9	2,172,783	1,838,257	18.2
Realized Capital Gains (Losses)	(81,037)	(532,909)	--	(129,712)	(194,737)	--
OPERATING INCOME	4,135,321	2,953,808	40.0	2,043,071	1,643,520	24.3
FINANCIAL SERVICES OPERATING INCOME	1,132,211	1,153,371	(1.8)	609,174	622,910	(2.2)
ASSET MANAGEMENT OPERATING INCOME (a)	515,639	369,948	39.4	276,464	195,557	41.4
Other Realized Capital Gains (Losses) (a)	(181,335)	(199,529)	--	(70,569)	(78,708)	--
Other Income (Deductions) - net	(70,891)	(279,025)	--	(51,148)	(164,670)	--
INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	8,680,290	6,354,323	36.6	4,388,958	3,430,453	27.9
Income Taxes	2,756,598	1,936,116	--	1,400,432	1,059,754	--
INCOME BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	5,923,692	4,418,207	34.1	2,988,526	2,370,699	26.1
Minority Interest, after-tax	--	--		--	--	
Income before Realized Capital Gains (Losses)	(219,221)	(189,754)	--	(124,863)	(97,826)	--
Realized Capital Gains (Losses)	(5,142)	1,957	--	(1,375)	4,012	--
INCOME BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	5,699,329	4,230,410	34.7	2,862,288	2,276,885	25.7
Cumulative Effect of an Accounting Change, net of tax (b)	(181,431)	0	--	0	0	--
NET INCOME	5,517,898	4,230,410	30.4	2,862,288	2,276,885	25.7
REALIZED CAPITAL GAINS (LOSSES), NET OF TAX CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE, NET OF TAX (b)	(141,910)	(656,253)	--	(141,366)	(243,407)	--
NET INCOME, EXCLUDING REALIZED CAPITAL GAINS (LOSSES) AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE, NET OF TAX	\$ 5,841,239	\$ 4,886,663	19.5%	\$ 3,003,654	\$ 2,520,292	19.2%

AMERICAN INTERNATIONAL GROUP, INC.
 FINANCIAL HIGHLIGHTS*
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003	CHANGE	2004	2003	CHANGE
	----	----	-----	----	----	-----
PER SHARE - DILUTED:						
NET INCOME	\$ 2.10	\$ 1.61	30.4%	\$ 1.09	\$ 0.87	25.3%
REALIZED CAPITAL GAINS (LOSSES), NET OF TAX	(0.05)	(0.25)	--	(0.05)	(0.09)	--
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE, NET OF TAX (b)	(0.07)	0.00	--	0.00	0.00	--
NET INCOME, EXCLUDING REALIZED CAPITAL GAINS (LOSSES) AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE, NET OF TAX	\$ 2.22	\$ 1.86	19.4%	\$ 1.14	\$ 0.96	18.8%
AVERAGE DILUTED COMMON SHARES OUTSTANDING	2,631,597	2,627,789		2,630,887	2,627,407	

* Including reconciliation in accordance with Regulation G.

(a) 2003 is restated to conform to 2004 presentation.

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

AMERICAN INTERNATIONAL GROUP, INC.
OPERATING INCOME
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004 ----	2003 ----	CHANGE -----	2004 ----	2003 ----	CHANGE -----
GENERAL INSURANCE:						
Domestic Brokerage Group	\$ 1,619,542	\$ 1,387,503	16.7%	\$ 818,890	\$ 678,656	20.7%
Personal Lines	177,466	98,052	81.0	91,675	28,752	218.8
Mortgage Guaranty	201,520	218,577	(7.8)	101,768	108,582	(6.3)
Transatlantic Holdings	221,131	175,826	25.8	111,593	96,426	15.7
Foreign General (a)	871,159	728,335	19.6	466,643	381,181	22.4
Intercompany Adjustments	237	3,434	--	119	1,717	--
Realized Capital Gains (Losses)	58,290	(255,977)	--	(8,722)	(83,470)	--
LIFE INSURANCE & RETIREMENT SERVICES (b):						
Domestic						
Life Insurance	440,537	390,242	12.9	237,123	210,601	12.6
Home Service	208,096	202,167	2.9	103,845	101,949	1.9
Group Life/Health	44,782	57,972	(22.8)	19,201	29,490	(34.9)
Payout Annuities (c)	70,680	60,677	16.5	34,153	29,609	15.3
Retirement Services						
Group Retirement Products	534,255	445,241	20.0	253,967	226,644	12.1
Individual Fixed Annuities	450,922	332,385	35.7	217,981	189,962	14.7
Individual Variable Annuities	80,135	13,108	511.3	40,620	10,166	299.6
Individual Annuities - Runoff (d)	96,238	105,306	(8.6)	46,649	49,736	(6.2)
Intercompany Adjustments	(175)	(127)	--	(87)	(64)	--
Realized Capital Gains (Losses)	(152,610)	(203,034)	--	(186,867)	(183,928)	--
Foreign						
Life Insurance	1,501,790	1,345,327	11.6	797,876	719,334	10.9
Personal Accident & Health	551,035	397,137	38.8	289,610	199,645	45.1
Group Products	136,303	94,825	43.7	70,170	47,016	49.2
Retirement Services						
Individual Fixed Annuities	107,416	49,066	118.9	65,359	25,247	158.9
Individual Variable Annuities	2,879	(438)	--	584	2,007	(70.9)
Intercompany Adjustments	(8,535)	(6,171)	--	(4,268)	(3,085)	--
Realized Capital Gains (Losses)	71,573	(329,875)	--	57,155	(10,809)	--
FINANCIAL SERVICES:						
Aircraft Finance	342,595	357,885	(4.3)	182,553	183,614	(0.6)
Capital Markets	416,106	488,021	(14.7)	233,602	276,780	(15.6)
Consumer Finance	375,494	314,961	19.2	192,326	166,858	15.3
Other (e)	(1,984)	(7,496)	--	693	(4,342)	--
ASSET MANAGEMENT (b)(f):						
Guaranteed Investment Contracts						
Domestic	314,497	238,323	32.0	166,824	127,646	30.7
Foreign	20,487	19,679	4.1	11,132	11,553	(3.6)
Institutional Asset Management (g)	143,449	87,896	63.2	81,469	44,238	84.2
Brokerage Services and Mutual Funds	37,206	24,050	54.7	17,039	12,120	40.6
Other Realized Capital Gains (Losses) (b)	(181,335)	(199,529)	--	(70,569)	(78,708)	--
Other Income (Deductions) - net	(70,891)	(279,025)	--	(51,148)	(164,670)	--
INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE						
	8,680,290	6,354,323	36.6	4,388,958	3,430,453	27.9
INCOME BEFORE INCOME TAXES, MINORITY INTEREST, REALIZED CAPITAL GAINS (LOSSES) AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE						
	\$ 8,884,372	\$ 7,342,738	21.0%	\$ 4,597,961	\$ 3,787,368	21.4%

(a) Foreign General insurance excludes the foreign operations of Transatlantic Holdings, Inc.

(b) 2003 is restated to conform to 2004 presentation.

(c) Includes Structured Settlements, Single Premium Immediate Annuities and Terminal Funding Annuities.

(d) Represents runoff annuity business sold through merger related discontinued distribution relationships.

(e) Includes Other Financial Services Companies and Intercompany Reclassifications.

(f) At June 30, 2004, AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$49 billion.

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

AMERICAN INTERNATIONAL GROUP, INC.
SUPPLEMENTARY EARNINGS DATA*
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003	CHANGE	2004	2003	CHANGE
	----	----	-----	----	----	-----
GENERAL INSURANCE OPERATIONS:						
NET PREMIUMS WRITTEN						
Domestic Brokerage Group	\$ 11,360,564	\$ 9,603,342	18.3%	\$ 5,810,145	\$ 5,063,200	14.8%
Personal Lines	2,196,963	1,784,612	23.1	1,084,209	900,414	20.4
Mortgage Guaranty	289,809	241,487	20.0	136,135	120,299	13.2
Transatlantic Holdings	1,834,667	1,570,931	16.8	927,197	802,850	15.5
Foreign General (a)	4,911,328	3,886,762	26.4	2,422,701	1,957,287	23.8
	-----	-----		-----	-----	
TOTAL	20,593,331	17,087,134	20.5	10,380,387	8,844,050	17.4
OPERATING INCOME						
Domestic Brokerage Group	1,619,542	1,387,503	16.7	818,890	678,656	20.7
Personal Lines	177,466	98,052	81.0	91,675	28,752	218.8
Mortgage Guaranty	201,520	218,577	(7.8)	101,768	108,582	(6.3)
Transatlantic Holdings	221,131	175,826	25.8	111,593	96,426	15.7
Foreign General (a)	871,159	728,335	19.6	466,643	381,181	22.4
Intercompany Adjustments	237	3,434	--	119	1,717	--
	-----	-----		-----	-----	
TOTAL BEFORE REALIZED CAPITAL GAINS (LOSSES)	3,091,055	2,611,727	18.4	1,590,688	1,295,314	22.8
Realized Capital Gains (Losses)	58,290	(255,977)	--	(8,722)	(83,470)	--
OPERATING INCOME	\$ 3,149,345	\$ 2,355,750	33.7%	\$ 1,581,966	\$ 1,211,844	30.5%
	-----	-----		-----	-----	
COMBINED RATIO:						
Domestic Brokerage Group	95.36	94.61		95.00	94.43	
Personal Lines	95.56	98.28		95.68	100.07	
Mortgage Guaranty	49.29	41.07		48.84	35.80	
Transatlantic Holdings	95.75	96.85		95.69	96.30	
Foreign General (a)	86.62	87.63		86.24	86.53	
	-----	-----		-----	-----	
TOTAL	92.78	92.69		92.35	92.27	
	-----	-----		-----	-----	
Losses and Loss Expenses Paid (b)	\$ 9,583,053	\$ 8,390,322	14.2%	\$ 4,879,985	\$ 4,156,667	17.4%
Change in Loss and Loss Expense Reserve	4,132,789	2,737,961	50.9	2,026,060	1,568,196	29.2
	-----	-----		-----	-----	
Losses and Loss Expenses Incurred	13,715,842	11,128,283	23.3	6,906,045	5,724,863	20.6
Net Loss and Loss Expense Reserve	40,779,877	33,087,900	23.2			
UNDERWRITING PROFIT	\$ 1,341,575	\$ 1,096,386	22.4%	\$ 698,024	\$ 563,847	23.8%
	-----	-----		-----	-----	
FOREIGN EXCHANGE IMPACT ON GROWTH OF NET PREMIUMS WRITTEN WORLDWIDE						
Growth in Original Currency	17.8%			15.4%		
Foreign Exchange Impact	2.7			2.0		
Growth as Reported in U.S.	\$ 20.5			17.4		
FOREIGN GENERAL (a)						
Growth in Original Currency	16.1			15.7		
Foreign Exchange Impact	10.3			8.1		
Growth as Reported in U.S.	\$ 26.4%			23.8%		

* Including reconciliation in accordance with Regulation G.

(a) Foreign General insurance excludes the foreign operations of Transatlantic Holdings, Inc.

(b) The paid loss ratios for the six months ended June 30, 2004 and 2003 were 51.18 and 55.79, respectively. The paid loss ratios for the three months ended June 30, 2004 and 2003 were 51.44 and 53.61, respectively. Additionally, 2004 paid losses were impacted by the inclusion of GE personal lines business.

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003 (a)	CHANGE	2004	2003 (a)	CHANGE
	----	-----	-----	----	-----	-----
LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS:						
GAAP PREMIUMS						
DOMESTIC						
Life Insurance	\$ 905,783	\$ 837,781	8.1%	\$ 475,794	\$ 410,178	16.0%
Home Service	410,064	417,962	(1.9)	204,078	209,217	(2.5)
Group Life/Health	554,879	511,884	8.4	287,408	279,636	2.8
Payout Annuities (b)	753,920	717,377	5.1	379,807	296,723	28.0
Retirement Services						
Group Retirement Products	154,438	113,161	36.5	78,013	59,711	30.7
Individual Fixed Annuities	27,542	19,935	38.2	14,975	13,163	13.8
Individual Variable Annuities	199,325	152,992	30.3	99,133	79,692	24.4
Individual Annuities - Runoff (c)	39,600	39,568	0.1	19,629	17,117	14.7
TOTAL	3,045,551	2,810,660	8.4	1,558,837	1,365,437	14.2
FOREIGN						
Life Insurance	7,594,028	6,384,087	19.0	3,724,332	3,148,962	18.3
Personal Accident & Health	2,087,289	1,439,187	45.0	1,057,867	748,019	41.4
Group Products	802,954	633,029	26.8	386,783	283,525	36.4
Retirement Services						
Individual Fixed Annuities	176,474	130,995	34.7	91,253	70,176	30.0
Individual Variable Annuities	28,675	7,900	263.0	16,288	4,981	227.0
TOTAL	10,689,420	8,595,198	24.4	5,276,523	4,255,663	24.0
TOTAL GAAP PREMIUMS	13,734,971	11,405,858	20.4	6,835,360	5,621,100	21.6
PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS (d)						
DOMESTIC						
Life Insurance	1,375,524	1,300,488	5.8	720,666	661,283	9.0
Home Service	489,805	484,559	1.1	244,048	249,943	(2.4)
Group Life/Health	542,427	507,835	6.8	282,292	271,076	4.1
Payout Annuities	1,119,525	871,976	28.4	542,863	320,260	69.5
Retirement Services						
Group Retirement Products	2,691,521	2,499,832	7.7	1,372,230	1,260,760	8.8
Individual Fixed Annuities	5,618,144	4,917,455	14.2	2,860,277	2,214,885	29.1
Individual Variable Annuities	2,340,612	1,569,532	49.1	1,197,950	803,994	49.0
Individual Annuities - Runoff	137,277	191,670	(28.4)	69,031	92,339	(25.2)
TOTAL	14,314,835	12,343,347	16.0	7,289,357	5,874,540	24.1
FOREIGN						
Life Insurance	9,322,332	7,295,380	27.8	4,583,073	3,628,142	26.3
Personal Accident & Health	2,121,697	1,441,204	47.2	1,091,948	748,795	45.8
Group Products	1,414,208	1,082,827	30.6	662,538	513,004	29.1
Retirement Services						
Individual Fixed Annuities	5,364,105	750,186	615.0	2,215,201	501,971	341.3
Individual Variable Annuities	812,142	580,137	40.0	437,973	349,175	25.4
TOTAL	19,034,484	11,149,734	70.7	8,990,733	5,741,087	56.6
TOTAL PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS	\$33,349,319	\$23,493,081	42.0%	\$16,280,090	\$11,615,627	40.2%

(a) Restated to conform to 2004 presentation.

(b) Includes Structured Settlements, Single Premium Immediate Annuities and Terminal Funding Annuities.

(c) Represents runoff annuity business sold through merger related discontinued distribution relationships.

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

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003 (a)	CHANGE	2004	2003 (a)	CHANGE
LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS:						
NET INVESTMENT INCOME						
DOMESTIC						
Life Insurance	\$ 731,847	\$ 617,899	18.4%	\$ 351,598	\$ 333,937	5.3%
Home Service	351,336	339,315	3.5	176,596	170,738	3.4
Group Life/Health	61,250	56,823	7.8	30,090	28,892	4.1
Payout Annuities	400,331	319,994	25.1	201,600	151,373	33.2
Retirement Services						
Group Retirement Products	1,066,531	998,676	6.8	524,683	507,944	3.3
Individual Fixed Annuities	1,494,697	1,193,899	25.2	736,968	625,287	17.9
Individual Variable Annuities	121,775	108,283	12.5	66,395	54,523	21.8
Individual Annuities - Runoff	544,517	691,818	(21.3)	267,937	360,534	(25.7)
Intercompany Adjustments	(175)	(127)	--	(87)	(64)	--
TOTAL	4,772,109	4,326,580	10.3	2,355,780	2,233,164	5.5
FOREIGN						
Life Insurance	2,181,796	1,883,897	15.8	1,088,058	981,442	10.9
Personal Accident & Health	86,815	76,411	13.6	45,031	39,883	12.9
Group Products	202,792	169,104	19.9	96,124	86,963	10.5
Retirement Services						
Individual Fixed Annuities	445,399	149,606	197.7	236,914	79,289	198.8
Individual Variable Annuities	90,152	1,075	--	11,532	603	--
Intercompany Adjustments	(8,535)	(6,171)	--	(4,268)	(3,085)	--
TOTAL	2,998,419	2,273,922	31.9	1,473,391	1,185,095	24.3
TOTAL NET INVESTMENT INCOME	\$ 7,770,528	\$ 6,600,502	17.7%	\$ 3,829,171	\$ 3,418,259	12.0%

(a) Restated to conform to 2004 presentation.

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003 (a)	CHANGE	2004	2003 (a)	CHANGE
LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS:						
OPERATING INCOME						
DOMESTIC						
Life Insurance	\$ 440,537	\$ 390,242	12.9%	\$ 237,123	\$ 210,601	12.6%
Home Service	208,096	202,167	2.9	103,845	101,949	1.9
Group Life/Health	44,782	57,972	(22.8)	19,201	29,490	(34.9)
Payout Annuities	70,680	60,677	16.5	34,153	29,609	15.3
Retirement Services						
Group Retirement Products	534,255	445,241	20.0	253,967	226,644	12.1
Individual Fixed Annuities	450,922	332,385	35.7	217,981	189,962	14.7
Individual Variable Annuities	80,135	13,108	511.3	40,620	10,166	299.6
Individual Annuities - Runoff	96,238	105,306	(8.6)	46,649	49,736	(6.2)
Intercompany Adjustments	(175)	(127)	--	(87)	(64)	--
TOTAL DOMESTIC BEFORE REALIZED						
CAPITAL GAINS (LOSSES)	1,925,470	1,606,971	19.8	953,452	848,093	12.4
Realized Capital Gains (Losses)	(152,610)	(203,034)	--	(186,867)	(183,928)	--
DOMESTIC OPERATING INCOME						
	1,772,860	1,403,937	26.3	766,585	664,165	15.4
FOREIGN						
Life Insurance	1,501,790	1,345,327	11.6	797,876	719,334	10.9
Personal Accident & Health	551,035	397,137	38.8	289,610	199,645	45.1
Group Products	136,303	94,825	43.7	70,170	47,016	49.2
Retirement Services						
Individual Fixed Annuities	107,416	49,066	118.9	65,359	25,247	158.9
Individual Variable Annuities	2,879	(438)	--	584	2,007	(70.9)
Intercompany Adjustments	(8,535)	(6,171)	--	(4,268)	(3,085)	--
TOTAL FOREIGN BEFORE REALIZED						
CAPITAL GAINS (LOSSES)	2,290,888	1,879,746	21.9	1,219,331	990,164	23.1
Realized Capital Gains (Losses)	71,573	(329,875)	--	57,155	(10,809)	--
FOREIGN OPERATING INCOME						
	2,362,461	1,549,871	52.4	1,276,486	979,355	30.3
WORLDWIDE LIFE INSURANCE & RETIREMENT						
SERVICES BEFORE REALIZED CAPITAL						
GAINS (LOSSES)	4,216,358	3,486,717	20.9	2,172,783	1,838,257	18.2
Realized Capital Gains (Losses)	(81,037)	(532,909)	--	(129,712)	(194,737)	--
WORLDWIDE OPERATING INCOME						
	\$ 4,135,321	\$ 2,953,808	40.0%	\$ 2,043,071	\$ 1,643,520	24.3%

(a) Restated to conform to 2004 presentation.

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003 (a)	CHANGE	2004	2003 (a)	CHANGE
LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS:						
DOMESTIC - OTHER DATA						
LIFE INSURANCE						
Periodic Premium Sales (b):						
Individual/Retail	\$ 234,540	\$ 170,670	37.4%	\$ 119,190	\$ 91,880	29.7 %
Institutional Markets	20,260	36,740	(44.9)	7,210	6,530	10.4
Total Periodic Sales	254,800	207,410	22.8	126,400	98,410	28.4
Unscheduled & Single Deposits	220,480	169,340	30.2	122,280	88,740	37.8
Life Insurance Reserves	19,877,895	18,563,143	7.1			
HOME SERVICE						
Product Sales						
Life/Accident & Health (b)	58,696	54,550	7.6	32,570	28,550	14.1
Fixed Annuity	55,698	59,000	(5.6)	27,725	34,100	(18.7)
Total Insurance Reserves	7,129,504	6,974,000	2.2			
GROUP LIFE/HEALTH						
Annualized Earned Premium	1,246,000	1,188,485	4.8			
PAYOUT ANNUITIES						
Insurance Reserves	10,357,570	8,976,556	15.4			
GROUP RETIREMENT PRODUCTS						
Deposits (c)	3,155,595	2,729,261	15.6	1,548,158	1,370,153	13.0
NET FLOWS						
Group Retirement Products (c)	793,621	1,553,537	(48.9)	738,416	769,982	(4.1)
Individual Fixed Annuities	4,485,170	4,165,462	7.7	2,260,965	1,831,731	23.4
Individual Variable Annuities	1,080,900	495,146	118.3	569,972	289,944	96.6
Individual Annuities - Runoff	(603,875)	(583,300)	--	(292,826)	(287,165)	--
TOTAL	\$ 5,755,816	\$ 5,630,845	2.2%	\$ 3,276,527	\$ 2,604,492	25.8 %
SURRENDER RATES						
Group Retirement Products (c)	9.3%(d)	5.5%		6.4%	5.5%	
Individual Fixed Annuities	5.6%	5.0%		5.8%	4.8%	
Individual Variable Annuities	10.3%	11.0%		10.2%	10.2%	
GENERAL AND SEPARATE ACCOUNT RESERVES						
Group Retirement Products (c)	\$ 52,656,708	\$ 46,253,287	13.8%			
Individual Fixed Annuities	47,112,896	36,709,085	28.3			
Individual Variable Annuities	25,107,281	20,973,516	19.7			
Individual Annuities - Runoff	21,334,856	22,071,651	(3.3)			
TOTAL	\$ 146,211,741	\$ 126,007,539	16.0%			

(a) Restated to conform to 2004 presentation.

(b) Life Insurance sales represent premiums from new sales that are expected to be collected over a one year period.

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

(d) Excluding the loss of a single account declined to be written at an inadequate profit level in first quarter 2004, the surrender rate was 6.9 percent.

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003 (a)	CHANGE	2004	2003 (a)	CHANGE
LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS:						
FOREIGN - OTHER DATA						
FIRST YEAR PREMIUMS						
LIFE INSURANCE						
Japan	\$ 345,984	\$ 279,492	23.8%	\$ 176,403	\$ 141,342	24.8%
China	55,915	33,527	66.8	31,543	18,466	70.8
Asia excluding Japan and China	803,513	893,738	(10.1)	366,304	334,342	9.6
All Other Regions	122,957	91,219	34.8	67,250	48,761	37.9
TOTAL	1,328,369	1,297,976	2.3	641,500	542,911	18.2
PERSONAL ACCIDENT & HEALTH						
Japan	355,395	201,066	76.8	185,327	112,119	65.3
China	14,752	14,246	3.6	7,182	8,544	(15.9)
Asia excluding Japan and China	117,136	96,321	21.6	56,184	45,708	22.9
All Other Regions	53,205	45,448	17.1	26,077	23,783	9.6
TOTAL	540,488	357,081	51.4	274,770	190,154	44.5
GROUP PRODUCTS						
Japan	12,518	12,036	4.0	3,930	5,058	(22.3)
Asia excluding Japan and China	27,956	23,835	17.3	14,072	12,833	9.7
All Other Regions	336,125	301,980	11.3	173,057	175,002	(1.1)
TOTAL	376,599	337,851	11.5	191,059	192,893	(1.0)
TOTAL FIRST YEAR PREMIUMS						
Japan	713,897	492,594	44.9	365,660	258,519	41.4
China	70,667	47,773	47.9	38,725	27,010	43.4
Asia excluding Japan and China	948,605	1,013,894	(6.4)	436,560	392,883	11.1
All Other Regions	512,287	438,647	16.8	266,384	247,546	7.6
TOTAL	2,245,456	1,992,908	12.7	\$ 1,107,329	\$ 925,958	19.6%
RETIREMENT SERVICES RESERVES						
Individual Fixed Annuities	23,595,473	6,449,620	265.8			
Individual Variable Annuities	\$ 3,053,330	\$ 992,564	207.6%			
FOREIGN EXCHANGE IMPACT ON GROWTH OF:						
GAAP PREMIUMS						
WORLDWIDE						
Growth in Original Currency	15.3%			16.7%		
Foreign Exchange Impact	5.1			4.9		
Growth as Reported in U.S.	\$ 20.4			21.6		
FOREIGN						
Growth in Original Currency	17.6			17.5		
Foreign Exchange Impact	6.8			6.5		
Growth as Reported in U.S.	\$ 24.4			24.0		
PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS (b)						
WORLDWIDE						
Growth in Original Currency	38.3			36.7		
Foreign Exchange Impact	3.7			3.5		
Growth as Reported in U.S.	\$ 42.0			40.2		
FOREIGN						
Growth in Original Currency	63.1			49.7		
Foreign Exchange Impact	7.6			6.9		
Growth as Reported in U.S.	\$ 70.7%			56.6%		

(a) Restated to conform to 2004 presentation.

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

	SIX MONTHS ENDED JUNE 30,			THREE MONTHS ENDED JUNE 30,		
	2004	2003	CHANGE	2004	2003	CHANGE
FINANCIAL SERVICES:						
REVENUES						
Aircraft Finance	\$ 1,562,433	\$ 1,486,858	5.1%	\$ 810,295	\$ 764,747	6.0%
Capital Markets	734,597	808,095	(9.1)	402,063	483,465	(16.8)
Consumer Finance	1,415,658	1,292,805	9.5	722,617	653,929	10.5
Other (a)	17,189	22,073	(22.1)	9,313	14,808	(37.1)
TOTAL	3,729,877	3,609,831	3.3	1,944,288	1,916,949	1.4
OPERATING INCOME						
Aircraft Finance	342,595	357,885	(4.3)	182,553	183,614	(0.6)
Capital Markets	416,106	488,021	(14.7)	233,602	276,780	(15.6)
Consumer Finance	375,494	314,961	19.2	192,326	166,858	15.3
Other (a)	(1,984)	(7,496)	--	693	(4,342)	--
TOTAL	1,132,211	1,153,371	(1.8)	609,174	622,910	(2.2)
ASSET MANAGEMENT (b)(c):						
REVENUES						
Guaranteed Investment Contracts						
Domestic	1,145,177	1,024,125	11.8	594,645	512,489	16.0
Foreign	196,529	212,791	(7.6)	87,280	99,392	(12.2)
Institutional Asset Management (d)	474,770	299,916	58.3	285,874	144,630	97.7
Brokerage Services and Mutual Funds	123,311	97,039	27.1	62,632	49,361	26.9
TOTAL	1,939,787	1,633,871	18.7	1,030,431	805,872	27.9
OPERATING INCOME						
Guaranteed Investment Contracts						
Domestic	314,497	238,323	32.0	166,824	127,646	30.7
Foreign	20,487	19,679	4.1	11,132	11,553	(3.6)
Institutional Asset Management (d)	143,449	87,896	63.2	81,469	44,238	84.2
Brokerage Services and Mutual Funds	37,206	24,050	54.7	17,039	12,120	40.6
TOTAL	515,639	369,948	39.4	276,464	195,557	41.4
GUARANTEED INVESTMENT CONTRACTS						
DEPOSITS						
Domestic	6,806,192	3,755,442	81.2	4,239,088	1,285,964	229.6
Foreign	2,119,827	2,450,111	(13.5)	1,427,987	1,376,092	3.8
TOTAL	8,926,019	6,205,553	43.8	\$ 5,667,075	\$ 2,662,056	112.9%
RESERVES						
Domestic	43,734,217	35,734,042	22.4			
Foreign	7,126,860	7,932,069	(10.2)			
TOTAL	\$ 50,861,077	\$ 43,666,111	16.5%			
EFFECTIVE TAX RATES:						
Net Income	31.76%	30.47%		31.91%	30.89%	
Realized Capital Gains (Losses)	32.98%	33.41%		33.02%	30.68%	

(a) Includes Other Financial Services Companies and Intercompany Reclassifications.

(b) 2003 is restated to conform to 2004 presentation.

(c) At June 30, 2004, AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$49 billion.

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

ADDITIONAL RECONCILIATION IN ACCORDANCE WITH REGULATION G

	SIX MONTHS ENDED JUNE 30, 2004 ----	TWELVE MONTHS ENDED DECEMBER 31, 2003 ----
RETURN ON EQUITY RECONCILIATION		
Return on Equity, GAAP basis	14.9%	14.1%
Percent Related to Reconciliation	2.5	3.1
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Return on Equity, as presented (a)	17.4%	17.2%

- (a) Return on Equity, as presented is net income, before realized capital gains (losses) and cumulative effect of an accounting change, expressed as a percentage of average shareholders' equity, exclusive of unrealized appreciation (depreciation) of investments, net of tax.