

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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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): April 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

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

Item 12. Results of Operations and Financial Condition.

On April 22, 2004, American International Group, Inc. issued a press release announcing its results for the quarter ended March 31, 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: April 22, 2004

By /s/ KATHLEEN E. SHANNON

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

EXHIBIT INDEX

Exhibit No.  
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Description  
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99.1

Press Release of American International  
Group, Inc. dated April 22, 2004.

NEWS

[AIG LOGO]

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

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

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

AIG REPORTS FIRST QUARTER 2004 NET INCOME OF \$2.66 BILLION  
(\$1.01 PER SHARE), AN INCREASE OF 35.9 PERCENT OVER 2003;  
NET INCOME EXCLUDING REALIZED CAPITAL GAINS AND LOSSES AND  
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE INCREASED  
19.9 PERCENT TO \$2.84 BILLION (\$1.08 PER SHARE)

NEW YORK, NY, April 22, 2004 - American International Group, Inc. (AIG) today reported that its first quarter 2004 net income rose 35.9 percent to \$2.66 billion or \$1.01 per share, compared to \$1.95 billion or \$0.74 per share in the first quarter of 2003. First quarter 2004 net income excluding realized capital gains (losses) and the cumulative effect of an accounting change, increased 19.9 percent to a record \$2.84 billion or \$1.08 per share, compared to \$2.37 billion or \$0.90 per share in the first quarter of 2003.

Income before income taxes, minority interest and the cumulative effect of an accounting change for the first quarter of 2004 was a record \$4.29 billion, a 46.8 percent increase over \$2.92 billion in the first quarter of 2003. These results include realized capital gains of \$4.9 million in the first quarter of 2004, compared to realized capital losses of \$631.5 million in the same period last year.

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Following is a summary table of first quarter information (in millions, except per share amounts):

|   | FIRST QUARTER |           |        | PER SHARE |         |        |
|---|---------------|-----------|--------|-----------|---------|--------|
|   | 2004          | 2003      | Change | 2004      | 2003    | Change |
|   | ----          | ----      | -----  | ----      | ----    | -----  |
| Net income .....  | \$2,655.6     | \$1,953.5 | 35.9%  | \$1.01    | \$0.74  | 36.5%  |
| Realized capital gains<br>(losses), net of tax .....  | (0.5)         | (412.8)   | --     | --        | (0.16)  | --     |
| Cumulative effect of an<br>accounting change, net of tax*   | (181.4)       | --        | --     | (0.07)    | --      | --     |
| Net income, excluding realized<br>capital gains (losses) and<br>cumulative effect of an<br>accounting change,<br>net of tax ..... | \$2,837.5     | \$2,366.3 | 19.9%  | \$1.08    | \$0.90  | 20.0%  |
| Average shares outstanding .....  |               |           |        | 2,632.6   | 2,628.1 |        |

\* As previously reported in AIG's Form 10-K for the year ended December 31, 2003, in the first quarter of 2004, AIG incurred a one-time cumulative accounting charge of \$181.4 million, net of tax, upon adoption of SOP 03-1 "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts", which requires insurers to recognize a liability for guaranteed minimum death benefits and other living benefits related to their variable annuity and variable life contracts.

HIGHLIGHTS OF THE FIRST QUARTER 2004 INCLUDE:

|                                   | 2004            | 2003            | Change |
|-----------------------------------|-----------------|-----------------|--------|
|                                   | ----            | ----            | -----  |
| CONSOLIDATED                      |                 |                 |        |
| Adjusted Net Income (a) .....     | \$2.84 BILLION  | \$2.37 billion  | 19.9%  |
| Shareholders' Equity              |                 |                 |        |
| At March 31 and December 31 ..... | \$77 BILLION    | \$71 billion    | 7.8%   |
| Retained Earnings                 |                 |                 |        |
| At March 31 and December 31 ..... | \$63 BILLION    | \$61 billion    | 4.1%   |
| Return on Equity (b)              |                 |                 |        |
| At March 31 and December 31 ..... | 17.3%           | 17.2%           |        |
| Consolidated Assets               |                 |                 |        |
| At March 31 and December 31 ..... | \$724 BILLION   | \$678 billion   | 6.8%   |
| Revenues (c) .....                | \$23.64 BILLION | \$18.93 billion | 24.9%  |
| Insurance Cash Flow (d) .....     | \$14.87 BILLION | \$11.18 billion | 33.0%  |

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|   | 2004<br>----    | 2003<br>----    | Change<br>----- |
|---|-----------------|-----------------|-----------------|
| <b>GENERAL INSURANCE</b>                            |                 |                 |                 |
| Net Premiums Written .....                          | \$10.21 BILLION | \$8.24 billion  | 23.9%           |
| Pretax Operating Income                             |                 |                 |                 |
| (ex. realized capital gains (losses)) .....         | \$1.50 BILLION  | \$1.32 billion  | 14.0%           |
| Combined Ratio .....                                | 93.22           | 93.13           |                 |
| Cash Flow .....                                     | \$3.53 BILLION  | \$3.24 billion  | 9.0%            |
| <b>LIFE INSURANCE &amp; RETIREMENT SERVICES (e)</b> |                 |                 |                 |
| GAAP Premiums .....                                 | \$6.90 BILLION  | \$5.78 billion  | 19.3%           |
| Premiums, Deposits and Other                        |                 |                 |                 |
| Considerations .....                                | \$17.07 BILLION | \$11.88 billion | 43.7%           |
| Pretax Operating Income                             |                 |                 |                 |
| (ex. realized capital gains (losses)) .....         | \$2.04 BILLION  | \$1.65 billion  | 24.0%           |
| <b>FINANCIAL SERVICES</b>                           |                 |                 |                 |
| Pretax Operating Income .....                       | \$523.0 MILLION | \$530.5 million | (1.4)%          |
| <b>ASSET MANAGEMENT (e)</b>                         |                 |                 |                 |
| Pretax Operating Income .....                       | \$239.2 MILLION | \$174.4 million | 37.1%           |

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- (a) Excludes realized capital gains (losses) and cumulative effect of an accounting change, net of tax.
- (b) See reconciliation to GAAP ROE in the supplementary earnings data.
- (c) 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 GAAP premiums and net investment income with respect to Guaranteed Investment Contracts (GICs), and realized capital gains (losses).
- (d) 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 Guaranteed Investment Contracts (GICs).
- (e) Restated to conform to the presentation with respect to 2004.

Commenting on these results, AIG Chairman M. R. Greenberg said, "AIG had a very good quarter led by excellent General Insurance results and strong gains in Life Insurance & Retirement Services. We achieved net income of \$2.66 billion, up 35.9 percent over a year ago. Excluding realized capital gains and losses and the cumulative effect of an accounting change, net income increased 19.9 percent to a record \$2.84 billion.

"Pretax net realized capital gains were \$4.9 million in the first quarter of 2004, compared to losses of \$631.5 million in the first quarter of 2003. An improved economy, stronger corporate balance sheets and a significantly lower level of impaired investments resulted in the substantial improvement in realized capital gains (losses).

"Shareholders' equity at March 31, 2004 was a record \$77 billion, and assets increased to \$724 billion. Also, the Triple A long-term debt and insurer financial strength (claims-paying) ratings of the AIG Companies were affirmed by Standard & Poor's in the first quarter, and this month AIG became one of the 30 companies in the Dow Jones Industrial Average Index.

"General Insurance cash flow remained very strong in the first quarter, totaling \$3.53 billion compared to \$3.24 billion in the first quarter of 2003. Total insurance cash flow was \$14.87 billion in the quarter, compared to \$11.18 billion in the first quarter of 2003.

#### GENERAL INSURANCE

"General Insurance operating income excluding realized capital gains (losses) rose 14.0 percent in the first quarter to a record \$1.50 billion, as a result of strong performance in both domestic and foreign operations. Net premiums written increased at a good rate - up 23.9 percent over the first quarter of 2003 to a record \$10.21 billion. The General Insurance combined ratio was 93.22 compared to 93.13 in last year's first quarter.

"In the United States, the Domestic Brokerage Group had strong premium growth of 22.3 percent to a record \$5.55 billion. The combined ratio was 95.74, compared to 94.80 a year ago. Market conditions continue to be satisfactory. The substantial price increases over the past two years were very much needed, and in many classes of business, price increases are still necessary. AIG is maintaining a disciplined approach to underwriting and pricing. In addition to adequate pricing, we give careful attention to underwriting selection, policy terms and conditions, deductibles and attachment points. Pricing generally is strongest in long tail classes of business, where buyers increasingly understand the importance of doing business with financially strong insurers, and they are less willing to take undue risk by seeking the cheapest price.

"A number of insurance companies, however, appear to be pursuing strategies focused on market share growth and cash flow underwriting. In the past, companies that have pursued these strategies have frequently become impaired, which should raise concerns in the marketplace about the soundness and security of coverages, especially for long tail risks. According to a report by A.M. Best, 218 U.S. property-casualty companies became insolvent between 1993 and 2002, including 41 that had been rated A or A- at least

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two years prior to the insolvency and 29 that were rated A or A- at least one year before they became insolvent. Buying long tail insurance from companies with low insurer financial strength (claims-paying) or low long-term debt ratings is in effect purchasing 'junk insurance'.

"The Domestic Personal Lines business continues to achieve solid premium growth and underwriting performance. In the first quarter, net premiums written were \$1.11 billion, up 25.8 percent over a year ago. The combined ratio was 95.45. The integration of the former GE personal lines business into AIG companies is proceeding well.

"HSB Group, Inc. had excellent premium growth with superb underwriting results.

"United Guaranty had good results. Premium growth and improved persistency were offset by a slight increase in UGC's delinquency ratio, which is still well below the industry average. Its combined ratio continues to be very good.

"Transatlantic Holdings, Inc. also had a good quarter. Net premiums written increased 18.1 percent to \$907.5 million. Pretax operating income was up 38.0 percent. The combined ratio was 95.82 compared to 97.36 in the first quarter of 2003.

"Foreign General Insurance had very strong results in the quarter. Net premiums written were a record \$2.49 billion, an increase of 29.0 percent, or 16.6 percent in original currency, over the first quarter of 2003. The combined ratio was 87.15, compared to 88.90 a year ago. Every major region of the worldwide network contributed to this performance. As expected, the market is becoming somewhat more competitive but rates generally remain adequate and we continue to implement price increases where they are needed.

"In China, we are making good progress implementing the agreement we have with PICC Property and Casualty Company Limited (PICC P&C) to develop the market for accident and health products. Training programs are already underway and we are pleased with the cooperation we are receiving from PICC P&C managers and agents. We expect this to be a very successful venture.

"In Japan, our direct marketing efforts for automobile and accident and health products continue to generate profitable growth. Also, we are increasing our marketing efforts aimed at the larger corporate market. The financial strength of AIG companies is increasingly important and valuable to buyers of insurance around the world.

"General Insurance net investment income was \$856.8 million, an increase of 9.3 percent, even though interest rates remain at very low levels. We are benefiting from the strong cash flow of the past two years and strengthening credit and equity markets.

"At March 31, 2004, General Insurance net loss and loss adjustment reserves totaled \$38.75 billion, a \$2.11 billion increase from December 31, 2003. In the first quarter of 2004, we estimate that net adverse reported loss development for the prior accident years was approximately \$200 million.

LIFE INSURANCE & RETIREMENT SERVICES

"Beginning this quarter, we are reporting Retirement Services results in the same segment as Life Insurance, reflecting the convergence of protective and retirement products and our current management of these operations.

"Worldwide Life Insurance & Retirement Services operating income before realized capital gains (losses) was a record \$2.04 billion, an increase of 24.0 percent, compared to \$1.65 billion in the first quarter of 2003. Results were very strong in both foreign and domestic operations. Worldwide Life Insurance & Retirement Services GAAP premiums were \$6.90 billion, an increase of 19.3 percent over the first quarter of 2003. Premiums, deposits and other considerations totaled \$17.07 billion, an increase of 43.7 percent compared to the first quarter of 2003. Cash flow from both foreign and domestic operations continues to be outstanding.

"AIG's extensive Foreign Life Insurance & Retirement Services operations had an excellent quarter. Operating income excluding realized capital gains (losses) was \$1.07 billion in the first quarter compared to \$889.6 million a year ago. GAAP premiums were \$5.41 billion, up 24.7 percent. Premiums, deposits and other considerations were \$10.04 billion, compared to \$5.41 billion in the first quarter of 2003, with a significant part of the increase related to the rapidly growing fixed annuity business in Japan.

"In China, our life insurance business is growing rapidly. Total first year premiums were up 53.8 percent in the first quarter over the prior year. Japan had excellent results. AIG Edison is growing and proving to be a good complement to ALICO Japan and AIG Star Life. Consolidation of services and information technology support is moving ahead successfully among these operations. AIG Star Life had very good first quarter earnings. As expected, new premiums still do not exceed surrenders. However, we have enhanced the sales organization, and are launching new products and introducing new retention plans. We are confident these initiatives will make a significant contribution to future growth.

"Other regions, including Southeast Asia, had good operating income in the quarter. The sale of annuities is growing rapidly in several countries around the world, consistent with our strategy of focusing on attractive international retirement services opportunities.

"Domestic Life Insurance & Retirement Services operating income excluding realized capital gains (losses) was \$972.0 million in the first quarter of 2004, an increase of 28.1 percent compared to \$758.9 million in the first quarter of 2003. GAAP premiums were \$1.49 billion, up 2.9 percent. Premiums, deposits and other considerations were \$7.03 billion, an 8.6 percent increase compared to \$6.47 billion in the first quarter of 2003. AIG's domestic life operations had a solid quarter, achieving record universal and term life sales, while continuing to manage costs and maintain adequate spreads. Life insurance periodic premium sales rose 17.8 percent and payout annuities insurance reserves increased 15.6 percent. To accelerate growth, we are introducing new products, enhancing systems that support product roll outs and we are paying careful attention to product profitability by focusing on spreads and reducing expenses.

"The domestic retirement services businesses had excellent results. With market leading positions, a comprehensive product portfolio and a diverse distribution network, AIG's retirement services businesses are well positioned to benefit under virtually all market conditions. The individual variable annuity business recorded strong gains as consumers shifted assets to equity based investment products. The individual fixed annuity business had slower premium growth as a result of this trend. However, operating income growth was strong as spreads increased substantially in the first quarter over the prior year.

"AIG VALIC, the group retirement business in the United States, had record operating income. Net flows were impacted by the loss of a single account that we declined to write at an inadequate profit level. Excluding this account, the overall surrender rate was comparable to prior periods.

#### FINANCIAL SERVICES

"Financial Services had pretax operating income of \$523.0 million in the first quarter, compared to \$530.5 million a year ago.

"ILFC reported operating income of \$160.0 million in the quarter, compared to \$174.3 million in the first quarter of 2003. In the third quarter of 2003 and January 2004, ILFC securitized approximately \$2 billion in aircraft from its fleet, which results in somewhat lower operating income, although it significantly enhances ILFC's liquidity and funding base. Commercial aviation market conditions are improving. Lease rates are moving upward and demand is strong, especially in Asia. In China, for example, airline passenger demand exceeds capacity. Based on these trends, we expect ILFC's income to grow during the remainder of the year.

"Capital Markets operating income was \$182.5 million, a satisfactory quarter but down 13.6 percent compared to the exceptionally strong results we achieved in the first quarter of 2003. Quarter to quarter variations are to be expected in this transaction-oriented business. The pipeline continues to build in a satisfactory manner. Overall, the business remains strong and its prospects are good.

"Consumer Finance had excellent results in both domestic and foreign operations as pretax operating income increased 23.7 percent in the first quarter to \$183.2 million. In the United States, credit quality was very strong and receivables grew substantially. Foreign consumer finance operations continued to benefit from growth in Poland and the dramatic turnaround in the economies of Hong Kong and Argentina. Imperial A. I. Credit, the largest insurance premium finance provider in the United States, had another good quarter.

#### ASSET MANAGEMENT

"Asset Management pretax operating income increased 37.1 percent in the first quarter to \$239.2 million. AIG Global Investment Group had a good quarter as a result of improved equity markets in most of the world and a strong global product portfolio. The broker-dealer and mutual fund businesses also recorded strong gains in the quarter,

benefiting from the improved equity markets. Third party assets under management increased to over \$48 billion.

"Guaranteed Investment Contract (GIC) operating income totaled \$157.0 million in the first quarter of 2004, compared to \$118.8 million in the first quarter of 2003. GICs are an opportunistic business which we write when interest rate spreads are attractive. Accordingly, GIC deposits may fluctuate substantially from quarter to quarter.

"In the Other Income/Deductions-net category, AIG reported a loss of \$19.7 million in the first quarter of 2004 compared to a loss of \$114.4 million a year earlier. This is primarily attributable to increased income related to SunAmerica partnership investments.

"The U.S. dollar weakened against most major currencies, including the Euro, Yen and British Pound, during the first quarter of 2004. On a local currency basis, General Insurance premiums increased 20.5 percent in the first quarter over the prior year, compared to 23.9 percent on a U.S. dollar basis. Life Insurance & Retirement Services GAAP premiums rose 14.0 percent in local currency compared to 19.3 percent in U.S. dollars."

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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.

# # # #

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](http://www.aigwebcast.com)

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

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#### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. Please refer to the AIG Annual Report on Form 10-K for the year ended December 31, 2003 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.

#### 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)

|  | THREE MONTHS ENDED MARCH 31, |                     |              |
|--|------------------------------|---------------------|--------------|
|  | 2004                         | 2003                | CHANGE       |
|  | -----                        | -----               | -----        |
| <b>GENERAL INSURANCE OPERATIONS:</b>   |                              |                     |              |
| Net Premiums Written .....   | \$ 10,212,944                | \$ 8,243,084        | 23.9%        |
| Net Premiums Earned .....  | 9,239,429                    | 7,286,763           | 26.8         |
| Underwriting Profit .....  | 643,551                      | 532,539             | 20.8         |
| Net Investment Income .....  | 856,816                      | 783,874             | 9.3          |
| Income before Realized Capital Gains (Losses) .....  | 1,500,367                    | 1,316,413           | 14.0         |
| Realized Capital Gains (Losses) .....  | 67,012                       | (172,507)           | --           |
| <b>OPERATING INCOME</b> .....  | <b>\$ 1,567,379</b>          | <b>\$ 1,143,906</b> | <b>37.0%</b> |
|  | -----                        | -----               | -----        |
| Loss Ratio .....   | 73.70                        | 74.15               |              |
| Expense Ratio .....  | 19.52                        | 18.98               |              |
| Combined Ratio .....   | 93.22                        | 93.13               |              |
|  | -----                        | -----               | -----        |
| <b>LIFE INSURANCE &amp; RETIREMENT SERVICES OPERATIONS (a):</b>  |                              |                     |              |
| GAAP Premiums .....  | \$ 6,899,611                 | \$ 5,784,758        | 19.3%        |
| Net Investment Income .....  | 3,941,357                    | 3,182,243           | 23.9         |
| Income before Realized Capital Gains (Losses) .....  | 2,043,575                    | 1,648,460           | 24.0         |
| Realized Capital Gains (Losses) .....  | 48,675                       | (338,172)           | --           |
| <b>OPERATING INCOME</b> .....  | <b>2,092,250</b>             | <b>1,310,288</b>    | <b>59.7</b>  |
| <b>FINANCIAL SERVICES OPERATING INCOME</b> .....   | <b>523,037</b>               | <b>530,461</b>      | <b>(1.4)</b> |
| <b>ASSET MANAGEMENT OPERATING INCOME (a)</b> .....   | <b>239,175</b>               | <b>174,391</b>      | <b>37.1</b>  |
| Other Realized Capital Gains (Losses) (a) .....  | (110,766)                    | (120,821)           | --           |
| Other Income (Deductions) - net .....  | (19,743)                     | (114,355)           | --           |
| <b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST<br/>AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b> .....                             | <b>4,291,332</b>             | <b>2,923,870</b>    | <b>46.8</b>  |
| Income Taxes .....   | 1,356,166                    | 876,362             | --           |
| <b>INCOME BEFORE MINORITY INTEREST AND CUMULATIVE<br/>EFFECT OF AN ACCOUNTING CHANGE</b> .....   | <b>2,935,166</b>             | <b>2,047,508</b>    | <b>43.4</b>  |
| Minority Interest, after-tax -   |                              |                     |              |
| Income before Realized Capital Gains (Losses) .....  | (94,358)                     | (91,928)            | --           |
| Realized Capital Gains (Losses) .....  | (3,767)                      | (2,055)             | --           |
| <b>INCOME BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b> ..  | <b>2,837,041</b>             | <b>1,953,525</b>    | <b>45.2</b>  |
| Cumulative Effect of an Accounting Change,<br>net of tax (b) .....   | (181,431)                    | 0                   | --           |
| <b>NET INCOME</b> .....  | <b>2,655,610</b>             | <b>1,953,525</b>    | <b>35.9</b>  |
| <b>REALIZED CAPITAL GAINS (LOSSES), NET OF TAX</b> .....   | <b>(544)</b>                 | <b>(412,846)</b>    | <b>--</b>    |
| <b>CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE,<br/>NET OF TAX (b)</b> .....   | <b>(181,431)</b>             | <b>0</b>            | <b>--</b>    |
| <b>NET INCOME, EXCLUDING REALIZED CAPITAL GAINS<br/>(LOSSES) AND CUMULATIVE EFFECT OF AN<br/>ACCOUNTING CHANGE, NET OF TAX (c)</b> ..... | <b>\$ 2,837,585</b>          | <b>\$ 2,366,371</b> | <b>19.9%</b> |

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

|   | THREE MONTHS ENDED MARCH 31, |           |        |
|---|------------------------------|-----------|--------|
|   | 2004                         | 2003      | CHANGE |
| PER SHARE - DILUTED:  |                              |           |        |
| NET INCOME .....  | \$ 1.01                      | \$ 0.74   | 36.5%  |
| REALIZED CAPITAL GAINS (LOSSES), NET OF TAX .....   | 0.00                         | (0.16)    | --     |
| CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE,<br>NET OF TAX (b) .....  | (0.07)                       | 0.00      | --     |
| NET INCOME, EXCLUDING REALIZED CAPITAL GAINS<br>(LOSSES) AND CUMULATIVE EFFECT OF AN<br>ACCOUNTING CHANGE, NET OF TAX ..... | \$ 1.08                      | \$ 0.90   | 20.0%  |
| AVERAGE DILUTED COMMON SHARES OUTSTANDING .....   | 2,632,552                    | 2,628,084 |        |

\* Including reconciliation in accordance with Regulation G.

(a) Restated to conform to the presentation with respect to 2004.

(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".

(c) Also referred to as Adjusted Net Income.

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

|   | THREE MONTHS ENDED MARCH 31, |              |        |
|---|------------------------------|--------------|--------|
|   | 2004                         | 2003         | CHANGE |
|   | -----                        | -----        | -----  |
| <b>GENERAL INSURANCE:</b>   |                              |              |        |
| Domestic Brokerage Group .....  | \$ 800,652                   | \$ 708,847   | 13.0%  |
| Personal Lines .....  | 85,791                       | 69,300       | 23.8   |
| Mortgage Guaranty .....   | 99,752                       | 109,995      | (9.3)  |
| Transatlantic Holdings .....  | 109,538                      | 79,400       | 38.0   |
| Foreign General (a) .....   | 404,516                      | 347,154      | 16.5   |
| Intercompany Adjustments .....  | 118                          | 1,717        | --     |
| Realized Capital Gains (Losses) .....   | 67,012                       | (172,507)    | --     |
| <b>LIFE INSURANCE &amp; RETIREMENT SERVICES (b):</b>  |                              |              |        |
| Domestic  |                              |              |        |
| Life Insurance .....  | 203,414                      | 179,641      | 13.2   |
| Home Service .....  | 104,251                      | 100,218      | 4.0    |
| Group Life/Health .....   | 25,581                       | 28,482       | (10.2) |
| Payout Annuities (c) .....  | 36,527                       | 31,068       | 17.6   |
| Retirement Services   |                              |              |        |
| Group Retirement Products .....   | 280,288                      | 218,597      | 28.2   |
| Individual Fixed Annuities .....  | 232,941                      | 142,423      | 63.6   |
| Individual Variable Annuities .....   | 39,515                       | 2,942        | --     |
| Individual Annuities - Runoff (d) ....  | 49,589                       | 55,570       | (10.8) |
| Intercompany Adjustments .....  | (88)                         | (63)         | --     |
| Realized Capital Gains (Losses) .....   | 34,257                       | (19,106)     | --     |
| Foreign   |                              |              |        |
| Life Insurance .....  | 703,914                      | 625,993      | 12.4   |
| Personal Accident & Health .....  | 261,425                      | 197,492      | 32.4   |
| Group Products .....  | 66,133                       | 47,809       | 38.3   |
| Retirement Services   |                              |              |        |
| Individual Fixed Annuities .....  | 42,057                       | 23,819       | 76.6   |
| Individual Variable Annuities .....   | 2,295                        | (2,445)      | --     |
| Intercompany Adjustments .....  | (4,267)                      | (3,086)      | --     |
| Realized Capital Gains (Losses) .....   | 14,418                       | (319,066)    | --     |
| <b>FINANCIAL SERVICES:</b>  |                              |              |        |
| Aircraft Finance .....  | 160,042                      | 174,271      | (8.2)  |
| Capital Markets .....   | 182,504                      | 211,241      | (13.6) |
| Consumer Finance .....  | 183,168                      | 148,103      | 23.7   |
| Other (e) .....   | (2,677)                      | (3,154)      | --     |
| <b>ASSET MANAGEMENT (b)(f):</b>   |                              |              |        |
| Guaranteed Investment Contracts   |                              |              |        |
| Domestic .....  | 147,673                      | 110,677      | 33.4   |
| Foreign .....   | 9,355                        | 8,126        | 15.1   |
| Institutional Asset Management (g) .....  | 61,980                       | 43,658       | 42.0   |
| Brokerage Services and Mutual Funds .....   | 20,167                       | 11,930       | 69.0   |
| Other Realized Capital Gains (Losses) (b) ..  | (110,766)                    | (120,821)    | --     |
| Other Income (Deductions) - net .....   | (19,743)                     | (114,355)    | --     |
| <b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE .....</b>                                  |                              |              |        |
|   | 4,291,332                    | 2,923,870    | 46.8   |
| <b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST, REALIZED CAPITAL GAINS (LOSSES) AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE .....</b> |                              |              |        |
|   | \$ 4,286,411                 | \$ 3,555,370 | 20.6%  |

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

(b) Restated to conform to the presentation with respect to 2004.

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

(d) Represents runoff annuity business largely sold through discontinued distribution.

- (e) Includes Other Financial Services Companies and Intercompany Reclassifications.
- (f) At March 31, 2004, AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$48 billion.
- (g) Includes AIG Global Investment Group and certain smaller asset management operations.

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

|   | THREE MONTHS ENDED MARCH 31, |              |        |
|---|------------------------------|--------------|--------|
|   | 2004                         | 2003         | CHANGE |
|   | -----                        | -----        | -----  |
| <b>GENERAL INSURANCE OPERATIONS:</b>            |                              |              |        |
| <b>NET PREMIUMS WRITTEN</b>                     |                              |              |        |
| Domestic Brokerage Group .....                  | \$ 5,550,419                 | \$ 4,540,142 | 22.3%  |
| Personal Lines .....                            | 1,112,754                    | 884,198      | 25.8   |
| Mortgage Guaranty .....                         | 153,674                      | 121,188      | 26.8   |
| Transatlantic Holdings .....                    | 907,470                      | 768,081      | 18.1   |
| Foreign General (a) .....                       | 2,488,627                    | 1,929,475    | 29.0   |
|   | -----                        | -----        |        |
| TOTAL .....                                     | 10,212,944                   | 8,243,084    | 23.9   |
| <b>OPERATING INCOME</b>                         |                              |              |        |
| Domestic Brokerage Group .....                  | 800,652                      | 708,847      | 13.0   |
| Personal Lines .....                            | 85,791                       | 69,300       | 23.8   |
| Mortgage Guaranty .....                         | 99,752                       | 109,995      | (9.3)  |
| Transatlantic Holdings .....                    | 109,538                      | 79,400       | 38.0   |
| Foreign General (a) .....                       | 404,516                      | 347,154      | 16.5   |
| Intercompany Adjustments .....                  | 118                          | 1,717        | --     |
|   | -----                        | -----        |        |
| TOTAL BEFORE REALIZED CAPITAL                   |                              |              |        |
| GAINS (LOSSES) .....                            | 1,500,367                    | 1,316,413    | 14.0   |
| Realized Capital Gains (Losses) .....           | 67,012                       | (172,507)    | --     |
| OPERATING INCOME .....                          | \$ 1,567,379                 | \$ 1,143,906 | 37.0%  |
|   | -----                        | -----        | -----  |
| <b>COMBINED RATIO:</b>                          |                              |              |        |
| Domestic Brokerage Group .....                  | 95.74                        | 94.80        |        |
| Personal Lines .....                            | 95.45                        | 96.43        |        |
| Mortgage Guaranty .....                         | 49.89                        | 46.03        |        |
| Transatlantic Holdings .....                    | 95.82                        | 97.36        |        |
| Foreign General (a) .....                       | 87.15                        | 88.90        |        |
|   | -----                        | -----        |        |
| TOTAL .....                                     | 93.22                        | 93.13        |        |
|   | -----                        | -----        | -----  |
| Losses and Loss Expenses Paid .....             | \$ 4,703,068                 | \$ 4,233,655 | 11.1%  |
| Change in Loss and                              |                              |              |        |
| Loss Expense Reserve .....                      | 2,106,729                    | 1,169,765    | 80.1   |
|   | -----                        | -----        |        |
| Losses and Loss Expenses Incurred .....         | 6,809,797                    | 5,403,420    | 26.0   |
| Net Loss and Loss Expense Reserve .....         | 38,753,817                   | 31,519,704   | 23.0   |
| UNDERWRITING PROFIT .....                       | \$ 643,551                   | \$ 532,539   | 20.8%  |
|   | -----                        | -----        | -----  |
| <b>FOREIGN EXCHANGE IMPACT ON GROWTH OF NET</b> |                              |              |        |
| <b>PREMIUMS WRITTEN WORLDWIDE</b>               |                              |              |        |
| Growth in Original Currency .....               | 20.5%                        |              |        |
| Foreign Exchange Impact .....                   | 3.4                          |              |        |
| Growth as Reported in U.S. \$ .....             | 23.9                         |              |        |
| <b>FOREIGN GENERAL (a)</b>                      |                              |              |        |
| Growth in Original Currency .....               | 16.6                         |              |        |
| Foreign Exchange Impact .....                   | 12.4                         |              |        |
| Growth as Reported in U.S. \$ .....             | 29.0%                        |              |        |

\* Including reconciliation in accordance with Regulation G.

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

|  | THREE MONTHS ENDED MARCH 31, |                     |              |
|--|------------------------------|---------------------|--------------|
|  | 2004                         | 2003 (a)            | CHANGE       |
| <b>LIFE INSURANCE &amp; RETIREMENT SERVICES OPERATIONS:</b>    |                              |                     |              |
| <b>GAAP PREMIUMS</b>   |                              |                     |              |
| <b>DOMESTIC</b>  |                              |                     |              |
| Life Insurance .....   | \$ 429,989                   | \$ 427,603          | 0.6%         |
| Home Service .....   | 205,986                      | 208,745             | (1.3)        |
| Group Life/Health .....  | 267,471                      | 232,248             | 15.2         |
| Payout Annuities (b) .....                                     | 374,113                      | 420,654             | (11.1)       |
| <b>Retirement Services</b>                                     |                              |                     |              |
| Group Retirement Products .....                                | 76,425                       | 53,450              | 43.0         |
| Individual Fixed Annuities .....                               | 12,567                       | 6,772               | 85.6         |
| Individual Variable Annuities .....                            | 100,192                      | 73,300              | 36.7         |
| Individual Annuities - Runoff (c) .....                        | 19,971                       | 22,451              | (11.0)       |
| <b>TOTAL</b> .....   | <b>1,486,714</b>             | <b>1,445,223</b>    | <b>2.9</b>   |
| <b>FOREIGN</b>   |                              |                     |              |
| Life Insurance .....   | 3,869,696                    | 3,235,125           | 19.6         |
| Personal Accident & Health .....                               | 1,029,422                    | 691,168             | 48.9         |
| Group Products .....   | 416,171                      | 349,504             | 19.1         |
| <b>Retirement Services</b>                                     |                              |                     |              |
| Individual Fixed Annuities .....                               | 85,221                       | 60,819              | 40.1         |
| Individual Variable Annuities .....                            | 12,387                       | 2,919               | 324.4        |
| <b>TOTAL</b> .....   | <b>5,412,897</b>             | <b>4,339,535</b>    | <b>24.7</b>  |
| <b>TOTAL GAAP PREMIUMS</b> .....                               | <b>6,899,611</b>             | <b>5,784,758</b>    | <b>19.3</b>  |
| <b>PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS (d)</b>         |                              |                     |              |
| <b>DOMESTIC</b>  |                              |                     |              |
| Life Insurance .....   | 654,858                      | 639,205             | 2.4          |
| Home Service .....   | 245,757                      | 234,616             | 4.7          |
| Group Life/Health .....  | 260,135                      | 236,759             | 9.9          |
| Payout Annuities .....   | 576,662                      | 551,716             | 4.5          |
| <b>Retirement Services</b>                                     |                              |                     |              |
| Group Retirement Products .....                                | 1,319,291                    | 1,239,072           | 6.5          |
| Individual Fixed Annuities .....                               | 2,757,867                    | 2,702,570           | 2.0          |
| Individual Variable Annuities .....                            | 1,142,662                    | 765,538             | 49.3         |
| Individual Annuities - Runoff .....                            | 68,246                       | 99,331              | (31.3)       |
| <b>TOTAL</b> .....   | <b>7,025,478</b>             | <b>6,468,807</b>    | <b>8.6</b>   |
| <b>FOREIGN</b>   |                              |                     |              |
| Life Insurance .....   | 4,739,259                    | 3,667,238           | 29.2         |
| Personal Accident & Health .....                               | 1,029,749                    | 692,409             | 48.7         |
| Group Products .....   | 751,670                      | 569,823             | 31.9         |
| <b>Retirement Services</b>                                     |                              |                     |              |
| Individual Fixed Annuities .....                               | 3,148,904                    | 248,215             | --           |
| Individual Variable Annuities .....                            | 374,169                      | 230,962             | 62.0         |
| <b>TOTAL</b> .....   | <b>10,043,751</b>            | <b>5,408,647</b>    | <b>85.7</b>  |
| <b>TOTAL PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS</b> ..... | <b>\$17,069,229</b>          | <b>\$11,877,454</b> | <b>43.7%</b> |

- (a) Restated to conform to the presentation with respect to 2004.
- (b) Includes Structured Settlements, Single Premium Immediate Annuities and Terminal Funding Agreements.
- (c) Represents runoff annuity business largely sold through discontinued distribution.
- (d) Premiums, deposits and other considerations represent aggregate business activity during the respective periods presented on a non-GAAP basis.

|  | THREE MONTHS ENDED MARCH 31, |              |        |
|--|------------------------------|--------------|--------|
|  | 2004                         | 2003 (a)     | CHANGE |
| LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS: |                              |              |        |
| NET INVESTMENT INCOME                            |                              |              |        |
| DOMESTIC   |                              |              |        |
| Life Insurance .....                             | \$ 380,249                   | \$ 283,962   | 33.9%  |
| Home Service .....                               | 174,740                      | 168,577      | 3.7    |
| Group Life/Health .....                          | 31,160                       | 27,931       | 11.6   |
| Payout Annuities .....                           | 198,731                      | 168,621      | 17.9   |
| Retirement Services                              |                              |              |        |
| Group Retirement Products .....                  | 541,848                      | 490,732      | 10.4   |
| Individual Fixed Annuities .....                 | 757,729                      | 568,612      | 33.3   |
| Individual Variable Annuities .....              | 55,380                       | 53,760       | 3.0    |
| Individual Annuities - Runoff .....              | 276,580                      | 331,284      | (16.5) |
| Intercompany Adjustments .....                   | (88)                         | (63)         | --     |
| TOTAL .....                                      | 2,416,329                    | 2,093,416    | 15.4   |
| FOREIGN  |                              |              |        |
| Life Insurance .....                             | 1,093,738                    | 902,455      | 21.2   |
| Personal Accident & Health .....                 | 41,784                       | 36,528       | 14.4   |
| Group Products .....                             | 106,668                      | 82,141       | 29.9   |
| Retirement Services                              |                              |              |        |
| Individual Fixed Annuities .....                 | 208,485                      | 70,317       | 196.5  |
| Individual Variable Annuities .....              | 78,620                       | 472          | --     |
| Intercompany Adjustments .....                   | (4,267)                      | (3,086)      | --     |
| TOTAL .....                                      | 1,525,028                    | 1,088,827    | 40.1   |
| TOTAL NET INVESTMENT INCOME .....                | \$ 3,941,357                 | \$ 3,182,243 | 23.9%  |

(a) Restated to conform to the presentation with respect to 2004.

|  | THREE MONTHS ENDED MARCH 31, |              |        |
|--|------------------------------|--------------|--------|
|  | 2004                         | 2003 (a)     | CHANGE |
| LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS: |                              |              |        |
| OPERATING INCOME                                 |                              |              |        |
| DOMESTIC   |                              |              |        |
| Life Insurance .....                             | \$ 203,414                   | \$ 179,641   | 13.2%  |
| Home Service .....                               | 104,251                      | 100,218      | 4.0    |
| Group Life/Health .....                          | 25,581                       | 28,482       | (10.2) |
| Payout Annuities .....                           | 36,527                       | 31,068       | 17.6   |
| Retirement Services                              |                              |              |        |
| Group Retirement Products .....                  | 280,288                      | 218,597      | 28.2   |
| Individual Fixed Annuities .....                 | 232,941                      | 142,423      | 63.6   |
| Individual Variable Annuities .....              | 39,515                       | 2,942        | --     |
| Individual Annuities - Runoff .....              | 49,589                       | 55,570       | (10.8) |
| Intercompany Adjustments .....                   | (88)                         | (63)         | --     |
| TOTAL DOMESTIC BEFORE REALIZED                   |                              |              |        |
| CAPITAL GAINS (LOSSES) .....                     | 972,018                      | 758,878      | 28.1   |
| Realized Capital Gains (Losses) .....            | 34,257                       | (19,106)     | --     |
| DOMESTIC OPERATING INCOME .....                  |                              |              |        |
|  | 1,006,275                    | 739,772      | 36.0   |
| FOREIGN  |                              |              |        |
| Life Insurance .....                             | 703,914                      | 625,993      | 12.4   |
| Personal Accident & Health .....                 | 261,425                      | 197,492      | 32.4   |
| Group Products .....                             | 66,133                       | 47,809       | 38.3   |
| Retirement Services                              |                              |              |        |
| Individual Fixed Annuities .....                 | 42,057                       | 23,819       | 76.6   |
| Individual Variable Annuities .....              | 2,295                        | (2,445)      | --     |
| Intercompany Adjustments .....                   | (4,267)                      | (3,086)      | --     |
| TOTAL FOREIGN BEFORE REALIZED                    |                              |              |        |
| CAPITAL GAINS (LOSSES) .....                     | 1,071,557                    | 889,582      | 20.5   |
| Realized Capital Gains (Losses) .....            | 14,418                       | (319,066)    | --     |
| FOREIGN OPERATING INCOME .....                   |                              |              |        |
|  | 1,085,975                    | 570,516      | 90.3   |
| WORLDWIDE LIFE INSURANCE & RETIREMENT            |                              |              |        |
| SERVICES BEFORE REALIZED CAPITAL                 |                              |              |        |
| GAINS (LOSSES) .....                             | 2,043,575                    | 1,648,460    | 24.0   |
| Realized Capital Gains (Losses) .....            | 48,675                       | (338,172)    | --     |
| WORLDWIDE OPERATING INCOME .....                 |                              |              |        |
|  | \$ 2,092,250                 | \$ 1,310,288 | 59.7%  |

(a) Restated to conform to the presentation with respect to 2004.

|   | 2004           | THREE MONTHS ENDED MARCH 31,<br>-----<br>2003 (a)<br>----- | CHANGE<br>----- |
|---|----------------|--|-----------------|
| <b>LIFE INSURANCE &amp; RETIREMENT SERVICES OPERATIONS:</b> |                |  |                 |
| <b>DOMESTIC - OTHER DATA</b>                                |                |  |                 |
| <b>LIFE INSURANCE</b>                                       |                |  |                 |
| Periodic Premium Sales (b):                                 |                |  |                 |
| Individual/Retail .....                                     | \$ 115,350     | \$ 78,790  | 46.4%           |
| Institutional Markets .....                                 | 13,050         | 30,210   | (56.8)          |
|   | -----          | -----  |                 |
| Total Periodic Sales .....                                  | 128,400        | 109,000  | 17.8            |
| Unscheduled & Single Deposits .....                         | 98,200         | 80,600   | 21.8            |
| Life Insurance Reserves .....                               | 19,715,442     | 18,063,894   | 9.1             |
| <b>HOME SERVICE</b>   |                |  |                 |
| Product Sales   |                |  |                 |
| Life/A&H (b) .....  | 26,126         | 26,000   | 0.5             |
| Fixed Annuity .....   | 27,973         | 24,900   | 12.3            |
| Total Insurance Reserves .....                              | 7,099,596      | 6,933,000  | 2.4             |
| <b>GROUP LIFE/HEALTH</b>                                    |                |  |                 |
| Annualized Earned Premium .....                             | 1,292,472      | 1,161,543  | 11.3            |
| <b>PAYOUT ANNUITIES</b>                                     |                |  |                 |
| Insurance Reserves .....                                    | 9,948,864      | 8,603,254  | 15.6            |
| <b>GROUP RETIREMENT PRODUCTS</b>                            |                |  |                 |
| Deposits (c) .....  | 1,607,437      | 1,359,108  | 18.3            |
| <b>NET FLOWS</b>  |                |  |                 |
| Group Retirement Products (c) .....                         | 55,205         | 783,555  | (93.0)          |
| Individual Fixed Annuities .....                            | 2,224,205      | 2,333,731  | (4.7)           |
| Individual Variable Annuities .....                         | 510,928        | 205,202  | 149.0           |
| Individual Annuities - Runoff .....                         | (311,049)      | (296,135)  | --              |
|   | -----          | -----  |                 |
| TOTAL .....   | \$ 2,479,289   | \$ 3,026,353   | (18.1)%         |
| <b>SURRENDER RATES</b>                                      |                |  |                 |
| Group Retirement Products (c) .....                         | 12.3%(d)       | 5.5%   |                 |
| Individual Fixed Annuities .....                            | 5.4%           | 5.0%   |                 |
| Individual Variable Annuities .....                         | 10.4%          | 11.9%  |                 |
| <b>GENERAL AND SEPARATE ACCOUNT RESERVES</b>                |                |  |                 |
| Group Retirement Products (c) .....                         | \$ 51,641,779  | \$ 43,039,889  | 20.0%           |
| Individual Fixed Annuities .....                            | 44,746,581     | 34,656,819   | 29.1            |
| Individual Variable Annuities .....                         | 24,561,593     | 18,895,707   | 30.0            |
| Individual Annuities - Runoff .....                         | 21,640,077     | 21,938,469   | (1.4)           |
|   | -----          | -----  |                 |
| TOTAL .....   | \$ 142,590,030 | \$ 118,530,884   | 20.3%           |

- (a) Restated to conform to the presentation with respect to 2004.
- (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, the surrender rate was 6.9 percent.

|  | THREE MONTHS ENDED MARCH 31, |            |        |
|--|------------------------------|------------|--------|
|  | 2004                         | 2003 (a)   | CHANGE |
|  | -----                        | -----      | -----  |
| LIFE INSURANCE & RETIREMENT SERVICES OPERATIONS: |                              |            |        |
| FOREIGN - OTHER DATA                             |                              |            |        |
| FIRST YEAR PREMIUMS                              |                              |            |        |
| LIFE INSURANCE                                   |                              |            |        |
| Japan .....                                      | \$ 169,581                   | \$ 138,150 | 22.8%  |
| China .....                                      | 24,372                       | 15,061     | 61.8   |
| Asia excluding Japan and China .....             | 437,209                      | 559,396    | (21.8) |
| All Other Regions .....                          | 55,707                       | 42,458     | 31.2   |
|  | -----                        | -----      |        |
| TOTAL .....                                      | 686,869                      | 755,065    | (9.0)  |
| PERSONAL ACCIDENT & HEALTH                       |                              |            |        |
| Japan .....                                      | 170,068                      | 88,947     | 91.2   |
| China .....                                      | 7,570                        | 5,702      | 32.8   |
| Asia excluding Japan and China .....             | 60,952                       | 50,613     | 20.4   |
| All Other Regions .....                          | 27,128                       | 21,665     | 25.2   |
|  | -----                        | -----      |        |
| TOTAL .....                                      | 265,718                      | 166,927    | 59.2   |
| GROUP PRODUCTS                                   |                              |            |        |
| Japan .....                                      | 8,588                        | 6,978      | 23.1   |
| Asia excluding Japan and China .....             | 13,884                       | 11,002     | 26.2   |
| All Other Regions .....                          | 163,068                      | 126,978    | 28.4   |
|  | -----                        | -----      |        |
| TOTAL .....                                      | 185,540                      | 144,958    | 28.0   |
| TOTAL FIRST YEAR PREMIUMS                        |                              |            |        |
| Japan .....                                      | 348,237                      | 234,075    | 48.8   |
| China .....                                      | 31,942                       | 20,763     | 53.8   |
| Asia excluding Japan and China .....             | 512,045                      | 621,011    | (17.5) |
| All Other Regions .....                          | 245,903                      | 191,101    | 28.7   |
|  | -----                        | -----      |        |
| TOTAL .....                                      | 1,138,127                    | 1,066,950  | 6.7    |
| RETIREMENT SERVICES RESERVES                     |                              |            |        |
| Individual Fixed Annuities .....                 | 21,705,554                   | 6,074,440  | 257.3  |
| Individual Variable Annuities .....              | \$ 2,652,503                 | \$ 728,545 | 264.1% |
|  | -----                        | -----      | -----  |
| FOREIGN EXCHANGE IMPACT ON GROWTH OF:            |                              |            |        |
| GAAP PREMIUMS                                    |                              |            |        |
| WORLDWIDE  |                              |            |        |
| Growth in Original Currency .....                | 14.0%                        |            |        |
| Foreign Exchange Impact .....                    | 5.3                          |            |        |
| Growth as Reported in U.S. \$ .....              | 19.3                         |            |        |
| FOREIGN  |                              |            |        |
| Growth in Original Currency .....                | 17.7                         |            |        |
| Foreign Exchange Impact .....                    | 7.0                          |            |        |
| Growth as Reported in U.S. \$ .....              | 24.7                         |            |        |
| PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS (b)  |                              |            |        |
| WORLDWIDE  |                              |            |        |
| Growth in Original Currency .....                | 37.7                         |            |        |
| Foreign Exchange Impact .....                    | 6.0                          |            |        |
| Growth as Reported in U.S. \$ .....              | 43.7                         |            |        |
| FOREIGN  |                              |            |        |
| Growth in Original Currency .....                | 72.6                         |            |        |
| Foreign Exchange Impact .....                    | 13.1                         |            |        |
| Growth as Reported in U.S. \$ .....              | 85.7%                        |            |        |

(a) Restated to conform to the presentation with respect to 2004.

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

|  | THREE MONTHS ENDED MARCH 31, |               |        |
|--|------------------------------|---------------|--------|
|  | 2004                         | 2003          | CHANGE |
|  | ----                         | ----          | -----  |
| <b>FINANCIAL SERVICES:</b>             |                              |               |        |
| <b>REVENUES</b>                        |                              |               |        |
| Aircraft Finance .....                 | \$ 752,138                   | \$ 722,111    | 4.2%   |
| Capital Markets .....                  | 332,534                      | 324,630       | 2.4    |
| Consumer Finance .....                 | 693,041                      | 638,876       | 8.5    |
| Other .....                            | 7,876                        | 7,265         | 8.4    |
|  | -----                        | -----         |        |
| TOTAL .....                            | 1,785,589                    | 1,692,882     | 5.5    |
| <b>OPERATING INCOME</b>                |                              |               |        |
| Aircraft Finance .....                 | 160,042                      | 174,271       | (8.2)  |
| Capital Markets .....                  | 182,504                      | 211,241       | (13.6) |
| Consumer Finance .....                 | 183,168                      | 148,103       | 23.7   |
| Other (a) .....                        | (2,677)                      | (3,154)       | --     |
|  | -----                        | -----         |        |
| TOTAL .....                            | 523,037                      | 530,461       | (1.4)  |
| <b>ASSET MANAGEMENT (b)(c):</b>        |                              |               |        |
| <b>REVENUES</b>                        |                              |               |        |
| Guaranteed Investment Contracts        |                              |               |        |
| Domestic .....                         | 550,532                      | 511,636       | 7.6    |
| Foreign .....                          | 109,249                      | 113,399       | (3.7)  |
| Institutional Asset Management (d) ... | 188,896                      | 155,286       | 21.6   |
| Brokerage Services and Mutual Funds .. | 60,679                       | 47,678        | 27.3   |
|  | -----                        | -----         |        |
| TOTAL .....                            | 909,356                      | 827,999       | 9.8    |
| <b>OPERATING INCOME</b>                |                              |               |        |
| Guaranteed Investment Contracts        |                              |               |        |
| Domestic .....                         | 147,673                      | 110,677       | 33.4   |
| Foreign .....                          | 9,355                        | 8,126         | 15.1   |
| Institutional Asset Management (d) ... | 61,980                       | 43,658        | 42.0   |
| Brokerage Services and Mutual Funds .. | 20,167                       | 11,930        | 69.0   |
|  | -----                        | -----         |        |
| TOTAL .....                            | 239,175                      | 174,391       | 37.1   |
| <b>GUARANTEED INVESTMENT CONTRACTS</b> |                              |               |        |
| <b>DEPOSITS</b>                        |                              |               |        |
| Domestic .....                         | 2,567,104                    | 2,469,478     | 4.0    |
| Foreign .....                          | 691,840                      | 1,074,019     | (35.6) |
|  | -----                        | -----         |        |
| TOTAL .....                            | 3,258,944                    | 3,543,497     | (8.0)  |
| <b>RESERVES</b>                        |                              |               |        |
| Domestic .....                         | 40,954,665                   | 35,323,788    | 15.9   |
| Foreign .....                          | 7,448,805                    | 7,755,871     | (4.0)  |
|  | -----                        | -----         |        |
| TOTAL .....                            | \$ 48,403,470                | \$ 43,079,659 | 12.4%  |
| <b>EFFECTIVE TAX RATES:</b>            |                              |               |        |
| Net Income .....                       | 31.60%                       | 29.97%        |        |
| Realized Capital Gains (Losses) .....  | 34.52%                       | 34.95%        |        |

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

(b) 2003 is restated to conform to the presentation with respect to 2004.

(c) At March 31, 2004, AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$48 billion.

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

ADDITIONAL RECONCILIATION IN ACCORDANCE WITH REGULATION G

|                                    | THREE MONTHS<br>ENDED<br>MARCH 31,<br>2004<br>---- | TWELVE MONTHS<br>ENDED<br>DECEMBER 31,<br>2003<br>---- |
|------------------------------------|--|--|
| RETURN ON EQUITY RECONCILIATION    |  |  |
| Return on Equity, GAAP basis       | 14.4%  | 14.1%  |
| Percent Related to Reconciliation  | 2.9<br>----  | 3.1<br>----  |
| Return on Equity, as presented (a) | 17.3%  | 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.