

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): February 11, 2004

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

|  |                                    |  |
|--|------------------------------------|--|
| Delaware<br>(State or Other<br>Jurisdiction of<br>Incorporation) | 1-8787<br>(Commission File Number) | 13-2592361<br>(IRS Employer<br>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 February 11, 2004, American International Group, Inc. issued a press release announcing its results for the quarter and year ended December 31, 2003. 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: February 11, 2004

By /s/ KATHLEEN E. SHANNON

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

EXHIBIT INDEX

| Exhibit No.<br>----- | Description<br>-----   |
|----------------------|--|
| 99.1                 | Press Release of American International Group, Inc. dated February 11, 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 RECORD 2003 NET INCOME OF \$9.27 BILLION,  
AN INCREASE OF 68.0 PERCENT OVER 2002;

NET INCOME EXCLUDING REALIZED CAPITAL LOSSES AND  
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE INCREASED  
43.6 PERCENT TO RECORD \$10.22 BILLION

NEW YORK, NY, February 11, 2004 - American International Group, Inc. (AIG) today reported that its net income for the full year 2003 increased 68.0 percent to a record \$9.27 billion, compared to \$5.52 billion in 2002. Net income excluding realized capital gains (losses) and cumulative effect of an accounting change increased 43.6 percent to a record \$10.22 billion in the full year 2003.

Net income in the fourth quarter of 2003 totaled a record \$2.71 billion compared to a loss of \$103.8 million in the same period of 2002. Fourth quarter 2003 net income excluding realized capital gains (losses) and cumulative effect of an accounting change was a record \$2.75 billion compared to \$537.5 million in the same period of 2002. Results for fourth quarter and full year 2002 include the \$1.8 billion net, after tax general insurance reserve charge.

Income before income taxes, minority interest, cumulative effect of an accounting change and pretax realized capital gains (losses) for the twelve months of 2003 increased 45.0 percent to \$15.34 billion. Income before income taxes, minority interest, cumulative effect of an accounting change and pretax realized capital gains (losses) for the fourth quarter of 2003 was \$4.14 billion, compared to \$671.6 million in the fourth quarter of 2002.

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

TWELVE MONTHS

|   | 2003       | 2002*      | Change | PER SHARE |         |        |
|---|------------|------------|--------|-----------|---------|--------|
|   |            |            |        | 2003      | 2002    | Change |
| Net income  | \$ 9,274.2 | \$ 5,518.9 | 68.0%  | \$ 3.53   | \$ 2.10 | 68.1%  |
| Realized capital losses, net of tax**   | 950.9      | 1,596.5    | --     | 0.36      | 0.60    | --     |
| Cumulative effect of an accounting change, net of tax***  | (8.8)      | --         | --     | --        | --      | --     |
| Net income, excluding realized capital losses and cumulative effect of an accounting change, net of tax | \$10,216.3 | \$ 7,115.4 | 43.6%  | \$ 3.89   | \$ 2.70 | 44.1%  |
| Average shares outstanding  |            |            |        | 2,628.1   | 2,634.0 |        |

FOURTH QUARTER

|   | 2003      | 2002*      | Change | PER SHARE |           |        |
|---|-----------|------------|--------|-----------|-----------|--------|
|   |           |            |        | 2003      | 2002      | Change |
| Net income (loss)   | \$2,707.3 | \$ (103.8) | --     | \$ 1.03   | \$ (0.03) | --     |
| Realized capital losses, net of tax**   | 53.1      | 641.3      | --     | 0.02      | 0.23      | --     |
| Cumulative effect of an accounting change, net of tax***  | (8.8)     | --         | --     | --        | --        | --     |
| Net income, excluding realized capital losses and cumulative effect of an accounting change, net of tax | \$2,751.6 | \$ 537.5   | 411.9% | \$ 1.05   | \$ 0.20   | 425.0% |
| Average shares outstanding  |           |            |        | 2,627.2   | 2,632.5   |        |

\* Includes \$1.8 billion net, after tax general insurance reserve charge.

\*\* Includes \$76 million in losses, net of tax, from holdings in Parmalat in 2003.

\*\*\* Represents the cumulative effect of an accounting change, net of tax, related to FIN46 "Consolidation of Variable Interest Entities".

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RECORD 2003 RESULTS INCLUDE:

|   | 2003<br>----    | 2002*<br>-----   | Change<br>----- |
|---|-----------------|------------------|-----------------|
| CONSOLIDATED                                |                 |                  |                 |
| Adjusted Net Income (a)                     |                 |                  |                 |
| Full Year                                   | \$10.22 BILLION | \$7.12 billion   | 43.6%           |
| Fourth Quarter                              | \$2.75 BILLION  | \$537.5 million  | 411.9%          |
| Capital Funds                               |                 |                  |                 |
| At December 31                              | \$71 BILLION    | \$59 billion     | 20.6%           |
| Retained Earnings                           |                 |                  |                 |
| At December 31                              | \$61 BILLION    | \$52 billion     | 16.6%           |
| Return on Equity (b)                        | 17.2%           | 13.4%            |                 |
| Consolidated Assets                         |                 |                  |                 |
| At December 31                              | \$683 BILLION   | \$561 billion    | 21.7%           |
| Revenues (c)                                |                 |                  |                 |
| Full Year                                   | \$81.30 BILLION | \$67.48 billion  | 20.5%           |
| Fourth Quarter                              | \$22.18 BILLION | \$17.53 billion  | 26.5%           |
| Insurance Cash Flow (d)                     |                 |                  |                 |
| Full Year                                   | \$46.90 BILLION | \$38.40 billion  | 22.1%           |
| Fourth Quarter                              | \$14.55 BILLION | \$8.80 billion   | 65.3%           |
| GENERAL INSURANCE                           |                 |                  |                 |
| Cash Flow                                   |                 |                  |                 |
| Full Year                                   | \$13.63 BILLION | \$7.52 billion   | 81.3%           |
| Fourth Quarter                              | \$4.14 BILLION  | \$2.23 billion   | 85.7%           |
| Net Premiums Written                        |                 |                  |                 |
| Full Year                                   | \$35.21 BILLION | \$27.41 billion  | 28.4%           |
| Fourth Quarter                              | \$9.16 BILLION  | \$7.21 billion   | 27.0%           |
| Pretax Operating Income (Loss)              |                 |                  |                 |
| (including realized capital gains (losses)) |                 |                  |                 |
| Full Year                                   | \$5.07 BILLION  | \$667.2 million  | 659.8%          |
| Fourth Quarter                              | \$1.47 BILLION  | \$(2.04) billion | --              |
| Combined Ratio                              |                 |                  |                 |
| Full Year                                   | 92.43           | 105.95           |                 |
| Fourth Quarter                              | 91.39           | 135.21           |                 |

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|   | 2003<br>----    | 2002*<br>-----  | Change<br>----- |
|---|-----------------|-----------------|-----------------|
| <b>LIFE INSURANCE</b>   |                 |                 |                 |
| <b>GAAP Premiums</b>  |                 |                 |                 |
| Full Year   | \$22.88 BILLION | \$20.32 billion | 12.6%           |
| Fourth Quarter  | \$6.32 BILLION  | \$5.29 billion  | 19.4%           |
| <b>Premiums, Deposits and Other Considerations (excluding GICs)</b> |                 |                 |                 |
| Full Year   | \$38.71 BILLION | \$33.81 billion | 14.5%           |
| Fourth Quarter  | \$10.81 BILLION | \$8.42 billion  | 28.4%           |
| <b>Pretax Operating Income (including realized capital losses)</b>  |                 |                 |                 |
| Full Year   | \$6.00 BILLION  | \$4.93 billion  | 21.8%           |
| Fourth Quarter  | \$1.80 BILLION  | \$1.13 billion  | 59.4%           |
| <b>FINANCIAL SERVICES</b>   |                 |                 |                 |
| <b>Pretax Operating Income</b>                                      |                 |                 |                 |
| Full Year   | \$2.46 BILLION  | \$2.19 billion  | 12.6%           |
| Fourth Quarter  | \$702.5 MILLION | \$620.3 million | 13.2%           |
| <b>RETIREMENT SERVICES &amp; ASSET MANAGEMENT</b>                   |                 |                 |                 |
| <b>Pretax Operating Income</b>                                      |                 |                 |                 |
| Full Year   | \$1.27 BILLION  | \$1.02 billion  | 25.1%           |
| Fourth Quarter  | \$354.3 MILLION | \$207.8 million | 70.5%           |

\* Consolidated results include \$1.8 billion net, after tax general insurance reserve charge. General Insurance results include \$2.8 billion pretax general insurance reserve charge.

- (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 net premiums earned, GAAP life premiums, net investment income, financial services commissions, transactions and other fees, retirement services & asset management commissions and other fees, and realized capital gains (losses).
- (d) In addition to General Insurance cash flow, includes Life Insurance and Retirement Services cash flow for investment, which generates the investment income necessary to meet policyholder obligations and to provide a profit margin to shareholders.

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Commenting on full-year and fourth quarter 2003 performance, AIG Chairman M. R. Greenberg said, "AIG had record results in 2003, with \$10.22 billion in net income, excluding realized capital losses and the cumulative effect of an accounting change.

"In addition to record net income of \$9.27 billion, AIG had record results in 2003 in all four of our core businesses -- General Insurance, Life Insurance, Financial Services and Retirement Services & Asset Management -- and in most other key measures including shareholders' equity, return on equity, revenues, assets and cash flow. In the fourth quarter of 2003, AIG had net income of \$2.71 billion, another record, which gives AIG strong momentum for 2004 and beyond.

"In addition to achieving these financial results, AIG in 2003 made important investments that will further AIG's continued growth and success, including the acquisition of GE Edison in Japan, and our investment in, and agreement to market accident and health products with, the People's Insurance Company of China (PICC).

#### GENERAL INSURANCE

"AIG's General Insurance business had an excellent year and quarter. Net premiums written were a record \$9.16 billion in the fourth quarter of 2003, up 27.0 percent over a year ago. Our top ratings and financial strength have never been more valuable to customers and set us apart from the competition in the U.S. and around the world. Corporate leaders recognize that buying specialty casualty and liability lines, known as 'long tail' lines, from other than the most financially strong carriers is taking a credit risk they can ill afford in today's environment.

"In the United States, the DOMESTIC BROKERAGE GROUP had very strong growth in 2003. In the fourth quarter, net premiums written were a record \$5.33 billion, up 27.3 percent over the same period in 2002. The fourth quarter combined ratio was an excellent 93.53, and the expense ratio was 15.05, far superior to the industry average. The Domestic Brokerage Group has the most extensive array of product offerings in the industry, and it has been successfully expanding its distribution. These initiatives include targeting regional brokers and small- and mid-cap companies. We are the market of choice and the number one provider for all of the major insurance brokers, which attest to our market knowledge, underwriting skill, ability to create new products to meet customer needs, expert claims management and outstanding service.

"The success of the Domestic Brokerage Group over the year and fourth quarter of 2003 was very broad-based. Lexington, our excess and surplus lines company, had outstanding results. We are one of the leading providers of terrorism coverage to the aviation industry and other sectors of the economy, and achieved good results from this business over the year and quarter.

"HSB Group Inc. achieved record net premiums written in 2003, and has successfully leveraged its engineering and product innovation skills throughout the AIG global network to expand distribution and cross selling and develop new products.

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"The Domestic Personal Lines businesses achieved significant premium growth and a strong improvement in profitability in the fourth quarter and full year of 2003. Net premiums written increased 23.2 percent, to \$1.00 billion, in the fourth quarter, and the combined ratio was 96.03. The direct marketing, agency auto, assigned risk, 21st Century and Private Client businesses all contributed to the 58.5 percent increase in 2003 pretax operating income.

"United Guaranty Corporation (UGC) also did well in the year and quarter. Despite a more challenging mortgage market, UGC earned \$87.4 million in pretax operating income in the fourth quarter of 2003 and continued to have a significantly lower delinquency ratio than the mortgage guaranty insurance industry overall. In terms of premiums, new business offset the impact of continued refinancing activities.

"Transatlantic Holdings Inc. had an excellent year and quarter. In the fourth quarter of 2003, net premiums written increased 32.2 percent, to \$868.9 million. The combined ratio was 96.03.

"In 2004, we would expect General Insurance in the United States to have another solid year. While there is more competition for certain 'short tail' lines, the market for 'long tail' and specialty lines, where AIG has significant competitive strengths, should continue to be strong.

"FOREIGN GENERAL INSURANCE had excellent 2003 and fourth quarter performance throughout the world. In the fourth quarter of 2003, net premiums written were \$1.82 billion, an increase of 27.1 percent over the same period last year. Growth in Continental Europe and the United Kingdom was very strong, in large part because many local insurers have been beset by capital adequacy problems and could not meet their clients' needs. The Latin America division also performed well in the fourth quarter and throughout 2003.

"Asia had strong performance in 2003, including the fourth quarter, and is making significant investments for the future. In October, AIG entered into an agreement with the People's Insurance Company of China (PICC), the largest non-life insurance company in China. Under this agreement, AIG companies will market accident and health products through PICC's 4,300 branch offices throughout the country. In conjunction with this cooperative relationship, AIG has made a long-term investment in PICC, purchasing 9.9 percent of the company's share capital.

"In Japan, both AIU and American Home, which is the leading direct marketer of general insurance products in the country, had solid results for the year and fourth quarter. Korea also had a good year with record gross premiums.

"Foreign General pricing was excellent throughout 2003, and we do not foresee any material change in 2004.

"Reflecting strong cash flow and improved market conditions, General Insurance net investment income in the fourth quarter of 2003 was \$764.4 million, an increase of 13.5 percent compared to \$673.2 million a year ago. For the full year 2003, General Insurance net investment income was \$3.02 billion, an increase of 9.5 percent compared to \$2.76 billion in 2002.

"At year-end 2003, General Insurance net loss and loss adjustment reserves totaled \$36.65 billion, an increase of \$5.91 billion and \$1.56 billion for the full year and the fourth quarter, respectively.

#### LIFE INSURANCE

"Both the foreign and domestic Life Insurance operations had record 2003 results and a strong fourth quarter. Worldwide Life Insurance pretax operating income was \$1.80 billion in the fourth quarter of 2003, including \$50.1 million in realized capital losses, compared to \$1.13 billion a year ago, which included \$451.8 million in realized capital losses. Excluding realized capital losses, pretax operating income increased 17.0 percent in fourth quarter 2003.

"Worldwide Life Insurance GAAP premiums were \$6.32 billion, an increase of 19.4 percent over the fourth quarter of 2002. Premiums, deposits and other considerations excluding Guaranteed Investment Contracts and related products (GICs) rose 28.4 percent in the fourth quarter. Premiums, deposits and other considerations for the GIC business increased 84.8 percent in the fourth quarter of 2003. We write GICs on an opportunistic basis when market conditions are favorable, as they were in the domestic market in the fourth quarter.

"AIG's FOREIGN LIFE INSURANCE operations had excellent results in the fourth quarter and full year of 2003, led by Japan, the largest life insurance market in the world outside of the U.S., and AIG's largest Foreign Life Insurance operation.

"In its first full quarter as an AIG company, AIG Edison Life Insurance Company had good results. Integrating AIG Edison Life with ALICO Japan and AIG Star Life will provide further efficiencies to the business in 2004 and beyond. We also have been putting into place additional business retention programs for AIG Star Life and AIG Edison Life, and new product and distribution initiatives for all three operations. AIG's financial strength, creative product development skills, new business initiatives such as annuities sold through the bank channel, and an improving economic climate give us tremendous optimism for the Life Insurance business in Japan.

"The other Asian Life Insurance operations, including Korea and Taiwan, also had a good year and fourth quarter. In China, we are growing rapidly. The number of active agents increased significantly to about 19,000 and total first year premiums increased 43.4 percent during 2003. Throughout Asia, growth was achieved through new product introductions and expanded distribution. In two of the region's most attractive emerging markets, Vietnam and India, we opened new offices and increased the agency forces.

"DOMESTIC LIFE INSURANCE pretax operating income in the fourth quarter of 2003 was \$717.2 million, including realized capital losses of \$97.5 million, compared to \$276.0 million, including realized capital losses of \$412.5 million, in the fourth quarter of 2002.

"AIG American General had a very good year overall, achieving strong growth from the universal life and term life products and from its affluent and brokerage market segments. AGLA, the home services business, made progress in 2003, launching new products and laying a solid foundation for future growth. The multiple distribution channels of AIG American General are a distinctive source of strength that will fuel growth going forward.

"Fixed annuities, which are sold primarily through banks by AIG Annuity Insurance Company, had record sales and pretax operating income in 2003, and an excellent fourth quarter. AIG Annuity added several new banks and financial institutions to its distribution network and moved quickly to reduce crediting rates on its products when interest rates declined during the year.

#### FINANCIAL SERVICES

"FINANCIAL SERVICES had record pretax operating income in 2003. In the fourth quarter, pretax operating income was \$702.5 million, compared to \$620.3 million in the fourth quarter of 2002. ILFC has been outperforming its competitors in a difficult aviation environment, reflecting its strong management and the geographic diversification of its fleet of modern and efficient aircraft. As a result of a lag effect between changes in market conditions and their impact on results, the improvement in the airline industry has yet to be reflected in ILFC's financial performance.

"Capital Markets, created by the integration of AIG Trading into AIG Financial Products Corp., had outstanding results. The consolidation of these operations is moving along as expected, taking out duplicative expenses and providing numerous synergies. In the consumer finance business, American General Finance had a terrific year and quarter, with excellent credit quality. The international consumer finance operations had sharp gains in every major market.

#### RETIREMENT SERVICES & ASSET MANAGEMENT

"RETIREMENT SERVICES & ASSET MANAGEMENT had record 2003 pretax operating income of \$1.27 billion and record fourth quarter 2003 pretax operating income of \$354.3 million, as financial markets and the U.S. economy made gains. AIG VALIC had an outstanding fourth quarter, and the individual variable annuity, broker-dealer, mutual fund and institutional asset management businesses also recorded strong gains in the fourth quarter. Third party institutional and retail mutual fund assets under management increased to more than \$46 billion in 2003.

"AIG had pretax net realized capital losses of \$85.3 million in the fourth quarter of 2003 including \$117 million of losses from holdings in Parmalat, compared to pretax net realized capital losses of \$984.1 million in the fourth quarter of 2002.

OUTLOOK

"Moving forward, the outlook for AIG is very positive. We will build on the momentum of 2003's excellent earnings and the good operating environment before us. With its strong balance sheet, AIG's financial security has never been more important to customers around the world. In an increasingly uncertain world, AIG's product innovation and claims expertise have never been more valuable for managing and controlling customers' risks. Under improving global economic conditions, AIG's global network has never been better situated to profit from developing opportunities throughout the world. AIG is poised to achieve continued strong growth."

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AIG is the world's leading international insurance and financial services organization, with operations in approximately 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. EST. 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, February 20, 2004.

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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 September 30, 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.

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AIG presents life 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)

|  | TWELVE MONTHS ENDED DECEMBER 31, |                     |               | THREE MONTHS ENDED DECEMBER 31, |                      |               |
|--|----------------------------------|---------------------|---------------|---------------------------------|----------------------|---------------|
|  | 2003                             | 2002 (a)            | CHANGE        | 2003                            | 2002 (a)             | CHANGE        |
|  | -----                            | -----               | -----         | -----                           | -----                | -----         |
| <b>GENERAL INSURANCE OPERATIONS:</b>   |                                  |                     |               |                                 |                      |               |
| Net Premiums Written   | \$35,211,785                     | \$27,414,242        | 28.4%         | \$ 9,159,196                    | \$ 7,212,509         | 27.0%         |
| Net Premiums Earned  | 31,734,307                       | 24,269,517          | 30.8          | 8,403,206                       | 6,708,030            | 25.3          |
| Underwriting Profit (Loss)   | 2,220,773                        | (1,234,034)         | -             | 551,195                         | (2,350,630)          | -             |
| Net Investment Income  | 3,021,601                        | 2,759,603           | 9.5           | 764,363                         | 673,188              | 13.5          |
| Income (Loss) before Realized Capital Gains (Losses)   | 5,242,374                        | 1,525,569           | 243.6         | 1,315,558                       | (1,677,442)          | -             |
| Realized Capital Gains (Losses)  | (172,461)                        | (858,326)           | -             | 158,264                         | (366,169)            | -             |
| <b>OPERATING INCOME (LOSS)</b>   | <b>\$ 5,069,913</b>              | <b>\$ 667,243</b>   | <b>659.8%</b> | <b>\$ 1,473,822</b>             | <b>\$(2,043,611)</b> | <b>-%</b>     |
|  | -----                            | -----               | -----         | -----                           | -----                | -----         |
| Loss Ratio   | 73.33                            | 85.76               |               | 71.83                           | 115.13               |               |
| Expense Ratio  | 19.10                            | 20.19               |               | 19.56                           | 20.08                |               |
| Combined Ratio   | 92.43                            | 105.95              |               | 91.39                           | 135.21               |               |
|  | -----                            | -----               | -----         | -----                           | -----                | -----         |
| <b>LIFE INSURANCE OPERATIONS:</b>  |                                  |                     |               |                                 |                      |               |
| GAAP Premiums  | \$22,879,379                     | \$20,320,377        | 12.6%         | \$ 6,316,517                    | \$ 5,289,547         | 19.4%         |
| Net Investment Income  | 13,639,427                       | 12,274,046          | 11.1          | 3,582,310                       | 3,145,267            | 13.9          |
| Income before Realized Capital Gains (Losses)  | 6,827,669                        | 5,982,273           | 14.1          | 1,850,868                       | 1,581,763            | 17.0          |
| Realized Capital Gains (Losses)  | (825,893)                        | (1,052,970)         | -             | (50,075)                        | (451,761)            | -             |
| <b>OPERATING INCOME</b>  | <b>6,001,776</b>                 | <b>4,929,303</b>    | <b>21.8</b>   | <b>1,800,793</b>                | <b>1,130,002</b>     | <b>59.4</b>   |
| <b>FINANCIAL SERVICES OPERATING INCOME</b>   | <b>2,464,169</b>                 | <b>2,188,720</b>    | <b>12.6</b>   | <b>702,452</b>                  | <b>620,299</b>       | <b>13.2</b>   |
| <b>RETIREMENT SERVICES &amp; ASSET MANAGEMENT OPERATING INCOME</b>   | <b>1,271,213</b>                 | <b>1,015,932</b>    | <b>25.1</b>   | <b>354,278</b>                  | <b>207,816</b>       | <b>70.5</b>   |
| Other Realized Capital Gains (Losses)  | (434,752)                        | (529,667)           | -             | (193,535)                       | (166,167)            | -             |
| Other Income (Deductions) - net  | (464,011)                        | (129,211)           | -             | (87,312)                        | (60,788)             | -             |
| <b>INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b>                  | <b>13,908,308</b>                | <b>8,142,320</b>    | <b>70.8</b>   | <b>4,050,498</b>                | <b>(312,449)</b>     | <b>-</b>      |
| Income Taxes (Benefits)  | 4,263,947                        | 2,327,969           | -             | 1,259,459                       | (253,118)            | -             |
| <b>INCOME (LOSS) BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b>                                | <b>9,644,361</b>                 | <b>5,814,351</b>    | <b>65.9</b>   | <b>2,791,039</b>                | <b>(59,331)</b>      | <b>-</b>      |
| Minority Interest, after-tax -   |                                  |                     |               |                                 |                      |               |
| Income before Realized Capital Gains (Losses)  | (378,494)                        | (284,995)           | -             | (94,666)                        | (38,787)             | -             |
| Realized Capital Gains (Losses)  | (440)                            | (10,472)            | -             | 2,153                           | (5,688)              | -             |
| <b>INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b>  | <b>9,265,427</b>                 | <b>5,518,884</b>    | <b>67.9</b>   | <b>2,698,526</b>                | <b>(103,806)</b>     | <b>-</b>      |
| Cumulative Effect of an Accounting Change, net of tax (b)  | 8,778                            | 0                   | -             | 8,778                           | 0                    | -             |
| <b>NET INCOME (LOSS)</b>   | <b>9,274,205</b>                 | <b>5,518,884</b>    | <b>68.0</b>   | <b>2,707,304</b>                | <b>(103,806)</b>     | <b>-</b>      |
| <b>REALIZED CAPITAL GAINS (LOSSES), NET OF TAX</b>   | <b>(950,923)</b>                 | <b>(1,596,586)</b>  | <b>-</b>      | <b>(53,088)</b>                 | <b>(641,351)</b>     | <b>-</b>      |
| <b>CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE, NET OF TAX (b)</b>   | <b>8,778</b>                     | <b>0</b>            | <b>-</b>      | <b>8,778</b>                    | <b>0</b>             | <b>-</b>      |
| <b>NET INCOME, EXCLUDING REALIZED CAPITAL GAINS (LOSSES) AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE, NET OF TAX (c)</b> | <b>\$10,216,350</b>              | <b>\$ 7,115,470</b> | <b>43.6%</b>  | <b>\$ 2,751,614</b>             | <b>\$ 537,545</b>    | <b>411.9%</b> |

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

|  | TWELVE MONTHS ENDED DECEMBER 31, |           |        | THREE MONTHS ENDED DECEMBER 31, |           |        |
|--|----------------------------------|-----------|--------|---------------------------------|-----------|--------|
|  | 2003                             | 2002 (a)  | CHANGE | 2003                            | 2002 (a)  | CHANGE |
| PER SHARE - DILUTED:   |                                  |           |        |                                 |           |        |
| NET INCOME (LOSS)  | \$ 3.53                          | \$ 2.10   | 68.1%  | \$ 1.03                         | \$ (0.03) | -%     |
| REALIZED CAPITAL GAINS (LOSSES),<br>NET OF TAX   | (0.36)                           | (0.60)    | -      | (0.02)                          | (0.23)    | -      |
| CUMULATIVE EFFECT OF AN ACCOUNTING<br>CHANGE, NET OF TAX (b)   | 0.00                             | 0.00      | -      | 0.00                            | 0.00      | -      |
| NET INCOME, EXCLUDING REALIZED<br>CAPITAL GAINS (LOSSES) AND<br>CUMULATIVE EFFECT OF AN<br>ACCOUNTING CHANGE, NET OF TAX | \$ 3.89                          | \$ 2.70   | 44.1%  | \$ 1.05                         | \$ 0.20   | 425.0% |
| AVERAGE DILUTED COMMON<br>SHARES OUTSTANDING   | 2,628,066                        | 2,633,979 |        | 2,627,223                       | 2,632,531 |        |

\* Including reconciliation in accordance with Regulation G.

(a) Fourth quarter and full year 2002 include \$2.8 billion pretax and \$1.8 billion net, after tax general insurance reserve charge.

(b) Represents the cumulative effect of an accounting change, net of tax, related to FIN46 "Consolidation of Variable Interest Entities".

(c) Also referred to as Adjusted Net Income.

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

|   | TWELVE MONTHS ENDED DECEMBER 31,<br>2003 | 2002                | CHANGE       | THREE MONTHS ENDED DECEMBER 31,<br>2003 | 2002              | CHANGE        |
|---|--|---------------------|--------------|---|-------------------|---------------|
|   | ----                                     | ----                | -----        | ----                                    | ----              | -----         |
| <b>GENERAL INSURANCE (a):</b>   |  |                     |              |   |                   |               |
| Domestic Brokerage Group  | \$ 2,728,087                             | \$ (440,190)        | -%           | \$ 710,534                              | \$(2,026,920)     | -%            |
| Personal Lines  | 252,495                                  | 151,338             | 66.8         | 79,582                                  | 50,209            | 58.5          |
| Mortgage Guaranty   | 406,547                                  | 417,433             | (2.6)        | 87,380                                  | 85,715            | 1.9           |
| Transatlantic Holdings  | 379,591                                  | 194,367             | 95.3         | 103,082                                 | (26,142)          | -             |
| Foreign General (b)   | 1,468,784                                | 1,179,891           | 24.5         | 333,262                                 | 234,013           | 42.4          |
| Intercompany Adjustments  | 6,870                                    | 22,730              | -            | 1,718                                   | 5,683             | -             |
| Realized Capital Gains (Losses)   | (172,461)                                | (858,326)           | -            | 158,264                                 | (366,169)         | -             |
| <b>LIFE INSURANCE:</b>  |  |                     |              |   |                   |               |
| Domestic  |  |                     |              |   |                   |               |
| Life Insurance (c)  | 807,568                                  | 718,816             | 12.3         | 211,889                                 | 189,262           | 12.0          |
| Individual Fixed Annuities  | 739,670                                  | 536,802             | 37.8         | 215,378                                 | 149,680           | 43.9          |
| Individual Fixed Annuities - Runoff (d)   | 147,422                                  | 192,752             | (23.5)       | 37,988                                  | 46,821            | (18.9)        |
| Home Service  | 400,126                                  | 382,063             | 4.7          | 101,504                                 | 96,592            | 5.1           |
| Group Life/Health   | 119,957                                  | 100,955             | 18.8         | 32,047                                  | 24,206            | 32.4          |
| Pension and Investment Products   | 210,475                                  | 117,719             | 78.8         | 63,796                                  | 27,501            | 132.0         |
| Intercompany Adjustments  | (302)                                    | (240)               | -            | (87)                                    | (63)              | -             |
| Guaranteed Investment Contracts   | 539,034                                  | 639,484             | (15.7)       | 152,187                                 | 154,527           | (1.5)         |
| Realized Capital Gains (Losses)   | (543,733)                                | (983,971)           | -            | (97,491)                                | (412,519)         | -             |
| Foreign   |  |                     |              |   |                   |               |
| Life Insurance  | 2,773,406                                | 2,411,048           | 15.0         | 731,676                                 | 631,502           | 15.9          |
| Personal Accident   | 851,902                                  | 681,212             | 25.1         | 243,553                                 | 198,553           | 22.7          |
| Group Products  | 202,131                                  | 174,670             | 15.7         | 52,577                                  | 56,318            | (6.6)         |
| Intercompany Adjustments  | (14,705)                                 | (11,686)            | -            | (4,267)                                 | (3,086)           | -             |
| Guaranteed Investment Contracts   | 50,985                                   | 38,678              | 31.8         | 12,627                                  | 9,950             | 26.9          |
| Realized Capital Gains (Losses)   | (282,160)                                | (68,999)            | -            | 47,416                                  | (39,242)          | -             |
| <b>FINANCIAL SERVICES:</b>  |  |                     |              |   |                   |               |
| Aircraft Finance  | 727,956                                  | 801,099             | (9.1)        | 179,599                                 | 213,077           | (15.7)        |
| Capital Markets   | 1,085,894                                | 869,776             | 24.8         | 357,231                                 | 277,691           | 28.6          |
| Consumer Finance  | 648,864                                  | 549,240             | 18.1         | 160,311                                 | 139,950           | 14.5          |
| Other   | 1,455                                    | (31,395)            | -            | 5,311                                   | (10,419)          | -             |
| <b>RETIREMENT SERVICES &amp; ASSET MANAGEMENT:</b>  |  |                     |              |   |                   |               |
| AIG VALIC (e)   | 901,718                                  | 730,020             | 23.5         | 226,227                                 | 158,409           | 42.8          |
| AIG SunAmerica (f)  | 38,666                                   | 32,029              | 20.7         | 15,746                                  | (25,210)          | -             |
| Other Asset Management and Annuity Operations (g)   | 330,829                                  | 253,883             | 30.3         | 112,305                                 | 74,617            | 50.5          |
| Other Realized Capital Gains (Losses)   | (434,752)                                | (529,667)           | -            | (193,535)                               | (166,167)         | -             |
| Other Income (Deductions) - net   | (464,011)                                | (129,211)           | -            | (87,312)                                | (60,788)          | -             |
| <b>INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b>                           | <b>13,908,308</b>                        | <b>8,142,320</b>    | <b>70.8</b>  | <b>4,050,498</b>                        | <b>(312,449)</b>  | <b>-</b>      |
| <b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST, REALIZED CAPITAL GAINS (LOSSES) AND CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE</b> | <b>\$15,341,414</b>                      | <b>\$10,583,283</b> | <b>45.0%</b> | <b>\$4,135,844</b>                      | <b>\$ 671,648</b> | <b>515.8%</b> |

- (a) Includes the impact of the fourth quarter and full year 2002 insurance reserve charge of \$2.7 billion for Domestic Brokerage Group and \$100 million for Transatlantic Holdings, Inc.
- (b) Foreign General insurance excludes the foreign operations of Transatlantic Holdings, Inc.
- (c) Includes Universal Life, Term Life, Whole Life and Variable Universal Life type products.
- (d) Represents runoff annuity business largely sold through discontinued distribution channels.
- (e) Reflects the sale of variable annuity products with fixed annuity options.
- (f) Includes variable annuity (separate account only), mutual fund and broker-dealer operations.
- (g) Includes AIG Global Investment Group and certain foreign fixed and variable annuity operations.

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

|  | TWELVE MONTHS ENDED DECEMBER 31, |                      |               | THREE MONTHS ENDED DECEMBER 31, |                      |             |
|--|----------------------------------|----------------------|---------------|---------------------------------|----------------------|-------------|
|  | 2003                             | 2002                 | CHANGE        | 2003                            | 2002                 | CHANGE      |
| <b>GENERAL INSURANCE OPERATIONS:</b>                             |                                  |                      |               |                                 |                      |             |
| <b>NET PREMIUMS WRITTEN</b>                                      |                                  |                      |               |                                 |                      |             |
| Domestic Brokerage Group   | \$20,061,153                     | \$15,214,225         | 31.9%         | \$5,327,656                     | \$ 4,184,642         | 27.3%       |
| Personal Lines   | 3,706,108                        | 3,182,123            | 16.5          | 1,002,322                       | 813,368              | 23.2        |
| Mortgage Guaranty  | 531,558                          | 507,751              | 4.7           | 141,546                         | 126,404              | 12.0        |
| Transatlantic Holdings   | 3,341,077                        | 2,500,159            | 33.6          | 868,891                         | 657,371              | 32.2        |
| Foreign General (a)  | 7,571,889                        | 6,009,984            | 26.0          | 1,818,781                       | 1,430,724            | 27.1        |
| <b>TOTAL</b>   | <b>35,211,785</b>                | <b>27,414,242</b>    | <b>28.4</b>   | <b>9,159,196</b>                | <b>7,212,509</b>     | <b>27.0</b> |
| <b>OPERATING INCOME (LOSS) (b)</b>                               |                                  |                      |               |                                 |                      |             |
| Domestic Brokerage Group   | 2,728,087                        | (440,190)            | -             | 710,534                         | (2,026,920)          | -           |
| Personal Lines   | 252,495                          | 151,338              | 66.8          | 79,582                          | 50,209               | 58.5        |
| Mortgage Guaranty  | 406,547                          | 417,433              | (2.6)         | 87,380                          | 85,715               | 1.9         |
| Transatlantic Holdings   | 379,591                          | 194,367              | 95.3          | 103,082                         | (26,142)             | -           |
| Foreign General (a)  | 1,468,784                        | 1,179,891            | 24.5          | 333,262                         | 234,013              | 42.4        |
| Intercompany Adjustments   | 6,870                            | 22,730               | -             | 1,718                           | 5,683                | -           |
| <b>TOTAL BEFORE REALIZED CAPITAL GAINS (LOSSES)</b>              | <b>5,242,374</b>                 | <b>1,525,569</b>     | <b>243.6</b>  | <b>1,315,558</b>                | <b>(1,677,442)</b>   | <b>-</b>    |
| Realized Capital Gains (Losses)                                  | (172,461)                        | (858,326)            | -             | 158,264                         | (366,169)            | -           |
| <b>OPERATING INCOME (LOSS)</b>                                   | <b>\$ 5,069,913</b>              | <b>\$ 667,243</b>    | <b>659.8%</b> | <b>\$1,473,822</b>              | <b>\$(2,043,611)</b> | <b>-%</b>   |
| <b>COMBINED RATIO (b):</b>                                       |                                  |                      |               |                                 |                      |             |
| Domestic Brokerage Group   | 94.38                            | 116.96               |               | 93.53                           | 167.60               |             |
| Personal Lines   | 97.38                            | 101.26               |               | 96.03                           | 99.38                |             |
| Mortgage Guaranty  | 48.67                            | 43.92                |               | 54.57                           | 55.80                |             |
| Transatlantic Holdings   | 96.46                            | 102.31               |               | 96.03                           | 114.01               |             |
| Foreign General (a)  | 87.49                            | 90.12                |               | 86.91                           | 92.03                |             |
| <b>TOTAL</b>   | <b>92.43</b>                     | <b>105.95</b>        |               | <b>91.39</b>                    | <b>135.21</b>        |             |
| Losses and Loss Expenses Paid                                    | \$17,363,301                     | \$16,359,374         | 6.1%          | \$4,480,244                     | \$ 4,414,479         | 1.5%        |
| Change in Loss and Loss Expense Reserve (b)                      | 5,906,211                        | 4,454,427            | 32.6          | 1,555,551                       | 3,308,377            | (53.0)      |
| Losses and Loss Expenses Incurred (b)                            | 23,269,512                       | 20,813,801           | 11.8          | 6,035,795                       | 7,722,856            | (21.8)      |
| Net Loss and Loss Expense Reserve (c)                            | 36,647,088                       | 30,349,939           | 20.7          |                                 |                      |             |
| <b>UNDERWRITING PROFIT (LOSS)</b>                                | <b>\$ 2,220,773</b>              | <b>\$(1,234,034)</b> | <b>-%</b>     | <b>\$ 551,195</b>               | <b>\$(2,350,630)</b> | <b>-%</b>   |
| <b>FOREIGN EXCHANGE IMPACT ON GROWTH OF NET PREMIUMS WRITTEN</b> |                                  |                      |               |                                 |                      |             |
| <b>WORLDWIDE</b>   |                                  |                      |               |                                 |                      |             |
| Growth in Original Currency                                      | 26.5%                            |                      |               | 24.3%                           |                      |             |
| Foreign Exchange Impact  | 1.9                              |                      |               | 2.7                             |                      |             |
| Growth as Reported in U.S.\$                                     | 28.4                             |                      |               | 27.0                            |                      |             |
| <b>FOREIGN</b>   |                                  |                      |               |                                 |                      |             |
| Growth in Original Currency                                      | 18.8                             |                      |               | 15.9                            |                      |             |
| Foreign Exchange Impact  | 7.2                              |                      |               | 11.2                            |                      |             |
| Growth as Reported in U.S.\$                                     | 26.0%                            |                      |               | 27.1%                           |                      |             |

\* Including reconciliation in accordance with Regulation G.

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

(b) Includes the impact of the fourth quarter and full year 2002 insurance reserve charge of \$2.7 billion for Domestic Brokerage Group and \$100 million for Transatlantic Holdings, Inc.

(c) Includes \$391 million of beginning reserves related to GE personal lines business acquired in the third quarter 2003.

|  | TWELVE MONTHS ENDED DECEMBER 31, |              |        | THREE MONTHS ENDED DECEMBER 31, |              |        |
|--|----------------------------------|--------------|--------|---------------------------------|--------------|--------|
|  | 2003                             | 2002         | CHANGE | 2003                            | 2002         | CHANGE |
|  | -----                            | -----        | -----  | -----                           | -----        | -----  |
| <b>LIFE INSURANCE OPERATIONS:</b>                                |                                  |              |        |                                 |              |        |
| <b>GAAP PREMIUMS</b>   |                                  |              |        |                                 |              |        |
| <b>DOMESTIC</b>  |                                  |              |        |                                 |              |        |
| Life Insurance   | \$ 1,747,954                     | \$ 1,604,087 | 9.0%   | \$ 433,842                      | \$ 406,369   | 6.8%   |
| Individual Fixed Annuities                                       | 59,149                           | 34,648       | 70.7   | 19,135                          | 7,013        | 172.9  |
| Individual Fixed Annuities - Runoff (a)                          | 4,194                            | 7,220        | (41.9) | 2,371                           | 1,126        | 110.6  |
| Home Service   | 834,212                          | 854,330      | (2.4)  | 209,052                         | 212,767      | (1.7)  |
| Group Life/Health  | 1,046,192                        | 966,958      | 8.2    | 281,751                         | 237,958      | 18.4   |
| Pension and Investment Products                                  | 1,327,989                        | 1,105,151    | 20.2   | 276,749                         | 224,003      | 23.5   |
| Other  | 21,464                           | 49,492       | (56.6) | 7,391                           | 15,110       | (51.1) |
| TOTAL  | 5,041,154                        | 4,621,886    | 9.1    | 1,230,291                       | 1,104,346    | 11.4   |
| <b>FOREIGN</b>   |                                  |              |        |                                 |              |        |
| Life Insurance   | 13,334,629                       | 12,000,138   | 11.1   | 3,797,944                       | 3,246,402    | 17.0   |
| Personal Accident  | 3,126,249                        | 2,490,967    | 25.5   | 940,244                         | 667,899      | 40.8   |
| Group Products   | 1,266,909                        | 1,094,481    | 15.8   | 322,110                         | 244,809      | 31.6   |
| Other  | 110,438                          | 112,905      | (2.2)  | 25,928                          | 26,091       | (0.6)  |
| TOTAL  | 17,838,225                       | 15,698,491   | 13.6   | 5,086,226                       | 4,185,201    | 21.5   |
| TOTAL GAAP PREMIUMS  | 22,879,379                       | 20,320,377   | 12.6   | 6,316,517                       | 5,289,547    | 19.4   |
| -----  |                                  |              |        |                                 |              |        |
| <b>PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS (b)</b>           |                                  |              |        |                                 |              |        |
| <b>DOMESTIC</b>  |                                  |              |        |                                 |              |        |
| Life Insurance   | 2,693,975                        | 2,352,103    | 14.5   | 692,696                         | 570,323      | 21.5   |
| Individual Fixed Annuities                                       | 11,411,847                       | 9,058,625    | 26.0   | 3,205,447                       | 2,287,327    | 40.1   |
| Individual Fixed Annuities - Runoff (a)                          | 202,983                          | 1,268,792    | (84.0) | 35,179                          | 44,473       | (20.9) |
| Home Service   | 985,403                          | 861,333      | 14.4   | 253,655                         | 229,192      | 10.7   |
| Group Life/Health  | 1,060,254                        | 975,618      | 8.7    | 288,133                         | 235,397      | 22.4   |
| Pension and Investment Products                                  | 1,814,413                        | 1,782,381    | 1.8    | 484,464                         | 397,108      | 22.0   |
| TOTAL EXCLUDING GICS   | 18,168,875                       | 16,298,852   | 11.5   | 4,959,574                       | 3,763,820    | 31.8   |
| Guaranteed Investment Contracts                                  | 9,719,388                        | 9,136,971    | 6.4    | 3,231,985                       | 1,174,615    | 175.2  |
| TOTAL  | 27,888,263                       | 25,435,823   | 9.6    | 8,191,559                       | 4,938,435    | 65.9   |
| <b>FOREIGN</b>   |                                  |              |        |                                 |              |        |
| Life Insurance   | 15,378,087                       | 13,439,519   | 14.4   | 4,424,000                       | 3,617,184    | 22.3   |
| Personal Accident  | 3,113,370                        | 2,497,087    | 24.7   | 927,082                         | 669,056      | 38.6   |
| Group Products   | 2,047,073                        | 1,579,390    | 29.6   | 499,801                         | 368,356      | 35.7   |
| TOTAL EXCLUDING GICS   | 20,538,530                       | 17,515,996   | 17.3   | 5,850,883                       | 4,654,596    | 25.7   |
| Guaranteed Investment Contracts                                  | 4,123,858                        | 5,709,727    | (27.8) | 834,300                         | 1,025,564    | (18.6) |
| TOTAL  | 24,662,388                       | 23,225,723   | 6.2    | 6,685,183                       | 5,680,160    | 17.7   |
| TOTAL PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS EXCLUDING GICS | 38,707,405                       | 33,814,848   | 14.5   | 10,810,457                      | 8,418,416    | 28.4   |
| TOTAL PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS                | \$52,550,651                     | \$48,661,546 | 8.0%   | \$14,876,742                    | \$10,618,595 | 40.1%  |

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

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

|   | TWELVE MONTHS ENDED DECEMBER 31, |                     |              | THREE MONTHS ENDED DECEMBER 31, |                     |              |
|---|----------------------------------|---------------------|--------------|---------------------------------|---------------------|--------------|
|   | 2003                             | 2002                | CHANGE       | 2003                            | 2002                | CHANGE       |
| <b>LIFE INSURANCE OPERATIONS:</b>   |                                  |                     |              |                                 |                     |              |
| <b>NET INVESTMENT INCOME</b>  |                                  |                     |              |                                 |                     |              |
| <b>DOMESTIC</b>   |                                  |                     |              |                                 |                     |              |
| Life Insurance  | \$ 1,358,386                     | \$ 1,275,391        | 6.5%         | \$ 392,446                      | \$ 330,042          | 18.9%        |
| Individual Fixed Annuities  | 2,982,125                        | 2,515,974           | 18.5         | 825,689                         | 665,336             | 24.1         |
| Individual Fixed Annuities - Runoff (a)                                     | 689,178                          | 712,874             | (3.3)        | 160,924                         | 171,287             | (6.1)        |
| Home Service  | 689,800                          | 683,553             | 0.9          | 179,079                         | 175,333             | 2.1          |
| Group Life/Health   | 121,519                          | 107,826             | 12.7         | 34,279                          | 27,344              | 25.4         |
| Pension and Investment Products   | 982,211                          | 836,035             | 17.5         | 265,736                         | 233,003             | 14.0         |
| Intercompany Adjustments  | (302)                            | (240)               | --           | (87)                            | (63)                | --           |
| <b>TOTAL EXCLUDING GICS</b>   | <b>6,822,917</b>                 | <b>6,131,413</b>    | <b>11.3</b>  | <b>1,858,066</b>                | <b>1,602,282</b>    | <b>16.0</b>  |
| Guaranteed Investment Contracts   | 2,203,488                        | 2,193,759           | 0.4          | 575,652                         | 571,304             | 0.8          |
| <b>TOTAL</b>  | <b>9,026,405</b>                 | <b>8,325,172</b>    | <b>8.4</b>   | <b>2,433,718</b>                | <b>2,173,586</b>    | <b>12.0</b>  |
| <b>FOREIGN</b>  |                                  |                     |              |                                 |                     |              |
| Life Insurance  | 3,753,062                        | 3,206,137           | 17.1         | 932,763                         | 752,340             | 24.0         |
| Personal Accident   | 162,644                          | 141,059             | 15.3         | 44,166                          | 36,906              | 19.7         |
| Group Products  | 338,001                          | 254,470             | 32.8         | 89,463                          | 82,079              | 9.0          |
| Intercompany Adjustments  | (14,705)                         | (11,686)            | --           | (4,267)                         | (3,086)             | --           |
| <b>TOTAL EXCLUDING GICS</b>   | <b>4,239,002</b>                 | <b>3,589,980</b>    | <b>18.1</b>  | <b>1,062,125</b>                | <b>868,239</b>      | <b>22.3</b>  |
| Guaranteed Investment Contracts   | 374,020                          | 358,894             | 4.2          | 86,467                          | 103,442             | (16.4)       |
| <b>TOTAL</b>  | <b>4,613,022</b>                 | <b>3,948,874</b>    | <b>16.8</b>  | <b>1,148,592</b>                | <b>971,681</b>      | <b>18.2</b>  |
| <b>TOTAL NET INVESTMENT INCOME EXCLUDING GICS</b>                           | <b>11,061,919</b>                | <b>9,721,393</b>    | <b>13.8</b>  | <b>2,920,191</b>                | <b>2,470,521</b>    | <b>18.2</b>  |
| <b>TOTAL NET INVESTMENT INCOME</b>  | <b>13,639,427</b>                | <b>12,274,046</b>   | <b>11.1</b>  | <b>3,582,310</b>                | <b>3,145,267</b>    | <b>13.9</b>  |
| <b>OPERATING INCOME</b>   |                                  |                     |              |                                 |                     |              |
| <b>DOMESTIC</b>   |                                  |                     |              |                                 |                     |              |
| Life Insurance  | 807,568                          | 718,816             | 12.3         | 211,889                         | 189,262             | 12.0         |
| Individual Fixed Annuities  | 739,670                          | 536,802             | 37.8         | 215,378                         | 149,680             | 43.9         |
| Individual Fixed Annuities - Runoff (a)                                     | 147,422                          | 192,752             | (23.5)       | 37,988                          | 46,821              | (18.9)       |
| Home Service  | 400,126                          | 382,063             | 4.7          | 101,504                         | 96,592              | 5.1          |
| Group Life/Health   | 119,957                          | 100,955             | 18.8         | 32,047                          | 24,206              | 32.4         |
| Pension and Investment Products   | 210,475                          | 117,719             | 78.8         | 63,796                          | 27,501              | 132.0        |
| Intercompany Adjustments  | (302)                            | (240)               | --           | (87)                            | (63)                | --           |
| <b>TOTAL EXCLUDING GICS</b>   | <b>2,424,916</b>                 | <b>2,048,867</b>    | <b>18.4</b>  | <b>662,515</b>                  | <b>533,999</b>      | <b>24.1</b>  |
| Guaranteed Investment Contracts   | 539,034                          | 639,484             | (15.7)       | 152,187                         | 154,527             | (1.5)        |
| <b>TOTAL DOMESTIC BEFORE REALIZED CAPITAL GAINS (LOSSES)</b>                | <b>2,963,950</b>                 | <b>2,688,351</b>    | <b>10.3</b>  | <b>814,702</b>                  | <b>688,526</b>      | <b>18.3</b>  |
| Realized Capital Gains (Losses)   | (543,733)                        | (983,971)           | --           | (97,491)                        | (412,519)           | --           |
| <b>DOMESTIC OPERATING INCOME</b>  | <b>2,420,217</b>                 | <b>1,704,380</b>    | <b>42.0</b>  | <b>717,211</b>                  | <b>276,007</b>      | <b>159.9</b> |
| <b>FOREIGN</b>  |                                  |                     |              |                                 |                     |              |
| Life Insurance  | 2,773,406                        | 2,411,048           | 15.0         | 731,676                         | 631,502             | 15.9         |
| Personal Accident   | 851,902                          | 681,212             | 25.1         | 243,553                         | 198,553             | 22.7         |
| Group Products  | 202,131                          | 174,670             | 15.7         | 52,577                          | 56,318              | (6.6)        |
| Intercompany Adjustments  | (14,705)                         | (11,686)            | --           | (4,267)                         | (3,086)             | --           |
| <b>TOTAL EXCLUDING GICS</b>   | <b>3,812,734</b>                 | <b>3,255,244</b>    | <b>17.1</b>  | <b>1,023,539</b>                | <b>883,287</b>      | <b>15.9</b>  |
| Guaranteed Investment Contracts   | 50,985                           | 38,678              | 31.8         | 12,627                          | 9,950               | 26.9         |
| <b>TOTAL FOREIGN BEFORE REALIZED CAPITAL GAINS (LOSSES)</b>                 | <b>3,863,719</b>                 | <b>3,293,922</b>    | <b>17.3</b>  | <b>1,036,166</b>                | <b>893,237</b>      | <b>16.0</b>  |
| Realized Capital Gains (Losses)   | (282,160)                        | (68,999)            | --           | 47,416                          | (39,242)            | --           |
| <b>FOREIGN OPERATING INCOME</b>   | <b>3,581,559</b>                 | <b>3,224,923</b>    | <b>11.1</b>  | <b>1,083,582</b>                | <b>853,995</b>      | <b>26.9</b>  |
| <b>WORLDWIDE LIFE BEFORE REALIZED CAPITAL GAINS (LOSSES) EXCLUDING GICS</b> | <b>6,237,650</b>                 | <b>5,304,111</b>    | <b>17.6</b>  | <b>1,686,054</b>                | <b>1,417,286</b>    | <b>19.0</b>  |
| <b>WORLDWIDE LIFE BEFORE REALIZED CAPITAL GAINS (LOSSES)</b>                | <b>6,827,669</b>                 | <b>5,982,273</b>    | <b>14.1</b>  | <b>1,850,868</b>                | <b>1,581,763</b>    | <b>17.0</b>  |
| Realized Capital Gains (Losses)   | (825,893)                        | (1,052,970)         | --           | (50,075)                        | (451,761)           | --           |
| <b>WORLDWIDE OPERATING INCOME</b>   | <b>\$ 6,001,776</b>              | <b>\$ 4,929,303</b> | <b>21.8%</b> | <b>\$ 1,800,793</b>             | <b>\$ 1,130,002</b> | <b>59.4%</b> |

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

|   | TWELVE MONTHS ENDED DECEMBER 31, |              |        | THREE MONTHS ENDED DECEMBER 31, |            |        |
|---|----------------------------------|--------------|--------|---------------------------------|------------|--------|
|   | 2003                             | 2002         | CHANGE | 2003                            | 2002       | CHANGE |
|   | -----                            | -----        | -----  | -----                           | -----      | -----  |
| <b>LIFE INSURANCE OPERATIONS:</b>         |                                  |              |        |                                 |            |        |
| <b>DOMESTIC - OTHER DATA</b>              |                                  |              |        |                                 |            |        |
| <b>LIFE INSURANCE</b>                     |                                  |              |        |                                 |            |        |
| Periodic Premium Sales (a):               |                                  |              |        |                                 |            |        |
| Individual/Retail                         | \$ 352,427                       | \$ 292,410   | 20.5%  | \$ 95,287                       | \$ 78,800  | 20.9%  |
| Institutional Markets                     | 74,263                           | 51,350       | 44.6   | 16,123                          | 6,340      | 154.3  |
|   | -----                            | -----        |        | -----                           | -----      |        |
| Total Periodic Sales                      | 426,690                          | 343,760      | 24.1   | 111,410                         | 85,140     | 30.9   |
| Unscheduled & Single Deposits             | 372,340                          | 407,110      | (8.5)  | 80,340                          | 141,010    | (43.0) |
| Life Insurance Reserves                   | 19,340,791                       | 17,777,563   | 8.8    |                                 |            |        |
| <b>INDIVIDUAL FIXED ANNUITIES</b>         |                                  |              |        |                                 |            |        |
| Annuity Reserves                          | 58,457,145                       | 48,837,928   | 19.7   |                                 |            |        |
| <b>HOME SERVICE</b>                       |                                  |              |        |                                 |            |        |
| <b>Product Sales</b>                      |                                  |              |        |                                 |            |        |
| Life/A&H (a)                              | 111,810                          | 99,410       | 12.5   | 28,361                          | 26,790     | 5.9    |
| Fixed Annuity                             | 121,202                          | --           | --     | 30,769                          | --         | --     |
| Total Insurance Reserves                  | 7,054,836                        | 6,898,000    | 2.3    |                                 |            |        |
| <b>GROUP PRODUCTS</b>                     |                                  |              |        |                                 |            |        |
| Annualized Earned Premium                 | 1,236,874                        | 1,110,980    | 11.3   |                                 |            |        |
| <b>PENSION &amp; INVESTMENT CONTRACTS</b> |                                  |              |        |                                 |            |        |
| Insurance Reserves                        | 17,047,763                       | 15,330,374   | 11.2   |                                 |            |        |
| <b>GUARANTEED INVESTMENT CONTRACTS</b>    |                                  |              |        |                                 |            |        |
| GIC Reserves                              | 40,801,728                       | 35,838,537   | 13.8   |                                 |            |        |
| -----                                     |                                  |              |        |                                 |            |        |
| <b>FOREIGN - FIRST YEAR PREMIUMS</b>      |                                  |              |        |                                 |            |        |
| <b>LIFE INSURANCE</b>                     |                                  |              |        |                                 |            |        |
| Japan                                     | 586,623                          | 472,919      | 24.0   | 174,839                         | 152,290    | 14.8   |
| China                                     | 84,132                           | 58,199       | 44.6   | 29,548                          | 20,624     | 43.3   |
| Asia excluding Japan and China            | 1,762,866                        | 1,548,584    | 13.8   | 487,369                         | 461,759    | 5.5    |
| All Other Regions                         | 197,837                          | 157,915      | 25.3   | 58,760                          | 46,107     | 27.4   |
|   | -----                            | -----        |        | -----                           | -----      |        |
| TOTAL                                     | 2,631,458                        | 2,237,617    | 17.6   | 750,516                         | 680,780    | 10.2   |
| <b>PERSONAL ACCIDENT</b>                  |                                  |              |        |                                 |            |        |
| Japan                                     | 466,778                          | 300,739      | 55.2   | 151,341                         | 84,973     | 78.1   |
| China                                     | 31,280                           | 22,266       | 40.5   | 8,383                           | 6,307      | 32.9   |
| Asia excluding Japan and China            | 195,773                          | 167,446      | 16.9   | 52,289                          | 45,548     | 14.8   |
| All Other Regions                         | 95,622                           | 69,417       | 37.8   | 26,313                          | 20,620     | 27.6   |
|   | -----                            | -----        |        | -----                           | -----      |        |
| TOTAL                                     | 789,453                          | 559,868      | 41.0   | 238,326                         | 157,448    | 51.4   |
| <b>GROUP PRODUCTS</b>                     |                                  |              |        |                                 |            |        |
| Japan                                     | 31,067                           | 23,272       | 33.5   | 12,553                          | 6,808      | 84.4   |
| Asia excluding Japan and China            | 47,737                           | 42,895       | 11.3   | 10,450                          | 9,588      | 9.0    |
| All Other Regions                         | 516,030                          | 316,864      | 62.9   | 108,903                         | 76,611     | 42.2   |
|   | -----                            | -----        |        | -----                           | -----      |        |
| TOTAL                                     | 594,834                          | 383,031      | 55.3   | 131,906                         | 93,007     | 41.8   |
| <b>INVESTMENT CONTRACTS</b>               |                                  |              |        |                                 |            |        |
| Japan                                     | 15,872                           | 21,152       | (25.0) | 2,859                           | 4,178      | (31.6) |
| All Other Regions                         | 5,193                            | 9,434        | (45.0) | 1,462                           | 3,977      | (63.2) |
|   | -----                            | -----        |        | -----                           | -----      |        |
| TOTAL                                     | 21,065                           | 30,586       | (31.1) | 4,321                           | 8,155      | (47.0) |
| <b>TOTAL FIRST YEAR PREMIUMS</b>          |                                  |              |        |                                 |            |        |
| Japan                                     | 1,100,340                        | 818,082      | 34.5   | 341,592                         | 248,249    | 37.6   |
| China                                     | 115,412                          | 80,465       | 43.4   | 37,931                          | 26,931     | 40.8   |
| Asia excluding Japan and China            | 2,006,376                        | 1,758,925    | 14.1   | 550,108                         | 516,895    | 6.4    |
| All Other Regions                         | 814,682                          | 553,630      | 47.2   | 195,438                         | 147,315    | 32.7   |
|   | -----                            | -----        |        | -----                           | -----      |        |
| TOTAL                                     | \$ 4,036,810                     | \$ 3,211,102 | 25.7%  | \$ 1,125,069                    | \$ 939,390 | 19.8%  |

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

|   | TWELVE MONTHS ENDED<br>DECEMBER 31,<br>2003<br>----- | THREE MONTHS ENDED<br>DECEMBER 31,<br>2003<br>----- |
|---|--|---|
| LIFE INSURANCE OPERATIONS:                                    |  |   |
| FOREIGN EXCHANGE IMPACT ON GROWTH OF:                         |  |   |
| GAAP PREMIUMS   |  |   |
| WORLDWIDE   |  |   |
| Growth in Original Currency                                   | 10.0%  | 14.8%   |
| Foreign Exchange Impact                                       | 2.6  | 4.6   |
| Growth as Reported in U.S. \$                                 | 12.6   | 19.4  |
| FOREIGN   |  |   |
| Growth in Original Currency                                   | 10.4   | 15.7  |
| Foreign Exchange Impact                                       | 3.2  | 5.8   |
| Growth as Reported in U.S. \$                                 | 13.6   | 21.5  |
| PREMIUMS, DEPOSITS AND OTHER CONSIDERATIONS EXCLUDING GICS(a) |  |   |
| WORLDWIDE   |  |   |
| Growth in Original Currency                                   | 13.0   | 25.4  |
| Foreign Exchange Impact                                       | 1.5  | 3.0   |
| Growth as Reported in U.S. \$                                 | 14.5   | 28.4  |
| FOREIGN   |  |   |
| Growth in Original Currency                                   | 14.4   | 20.3  |
| Foreign Exchange Impact                                       | 2.9  | 5.4   |
| Growth as Reported in U.S. \$                                 | 17.3   | 25.7  |
| GUARANTEED INVESTMENT CONTRACTS                               |  |   |
| WORLDWIDE   |  |   |
| Growth in Original Currency                                   | (9.3)  | 82.4  |
| Foreign Exchange Impact                                       | 2.5  | 2.4   |
| Growth as Reported in U.S. \$                                 | (6.8)  | 84.8  |
| FOREIGN   |  |   |
| Growth in Original Currency                                   | (34.3)   | (23.7)  |
| Foreign Exchange Impact                                       | 6.5  | 5.1   |
| Growth as Reported in U.S. \$                                 | (27.8)%  | (18.6)%   |

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

|  | TWELVE MONTHS ENDED DECEMBER 31,<br>2003 | 2002                | CHANGE        | THREE MONTHS ENDED DECEMBER 31,<br>2003 | 2002              | CHANGE       |
|--|--|---------------------|---------------|---|-------------------|--------------|
| <b>FINANCIAL SERVICES:</b>                             |  |                     |               |   |                   |              |
| <b>REVENUES</b>  |  |                     |               |   |                   |              |
| Aircraft Finance                                       | \$3,042,483                              | \$ 2,844,977        | 6.9%          | \$ 770,591                              | \$ 749,519        | 2.8%         |
| Capital Markets  | 1,845,312                                | 1,544,425           | 19.5          | 602,988                                 | 509,568           | 18.3         |
| Consumer Finance                                       | 2,642,074                                | 2,472,573           | 6.9           | 684,592                                 | 634,501           | 7.9          |
| Other  | 35,656                                   | (47,091)            | --            | 11,643                                  | (39,382)          | --           |
| <b>TOTAL</b>   | <b>7,565,525</b>                         | <b>6,814,884</b>    | <b>11.0</b>   | <b>2,069,814</b>                        | <b>1,854,206</b>  | <b>11.6</b>  |
| <b>OPERATING INCOME</b>                                |  |                     |               |   |                   |              |
| Aircraft Finance                                       | 727,956                                  | 801,099             | (9.1)         | 179,599                                 | 213,077           | (15.7)       |
| Capital Markets  | 1,085,894                                | 869,776             | 24.8          | 357,231                                 | 277,691           | 28.6         |
| Consumer Finance                                       | 648,864                                  | 549,240             | 18.1          | 160,311                                 | 139,950           | 14.5         |
| Other (a)  | 1,455                                    | (31,395)            | --            | 5,311                                   | (10,419)          | --           |
| <b>TOTAL</b>   | <b>2,464,169</b>                         | <b>2,188,720</b>    | <b>12.6</b>   | <b>702,452</b>                          | <b>620,299</b>    | <b>13.2</b>  |
| <b>RETIREMENT SERVICES &amp; ASSET MANAGEMENT (b):</b> |  |                     |               |   |                   |              |
| <b>REVENUES</b>  |  |                     |               |   |                   |              |
| AIG VALIC (c)  | 2,305,243                                | 2,133,149           | 8.1           | 603,344                                 | 527,031           | 14.5         |
| AIG SunAmerica (d)                                     | 536,700                                  | 562,606             | (4.6)         | 148,795                                 | 108,692           | 36.9         |
| Other Asset Management and Annuity Operations (e)      | 1,053,979                                | 789,094             | 33.6          | 375,859                                 | 211,323           | 77.9         |
| <b>TOTAL</b>   | <b>3,895,922</b>                         | <b>3,484,849</b>    | <b>11.8</b>   | <b>1,127,998</b>                        | <b>847,046</b>    | <b>33.2</b>  |
| <b>OPERATING INCOME</b>                                |  |                     |               |   |                   |              |
| AIG VALIC (c)  | 901,718                                  | 730,020             | 23.5          | 226,227                                 | 158,409           | 42.8         |
| AIG SunAmerica (d)                                     | 38,666                                   | 32,029              | 20.7          | 15,746                                  | (25,210)          | --           |
| Other Asset Management and Annuity Operations (e)      | 330,829                                  | 253,883             | 30.3          | 112,305                                 | 74,617            | 50.5         |
| <b>TOTAL</b>   | <b>1,271,213</b>                         | <b>1,015,932</b>    | <b>25.1</b>   | <b>354,278</b>                          | <b>207,816</b>    | <b>70.5</b>  |
| <b>VARIABLE ANNUITY NET FLOWS (f)</b>                  |  |                     |               |   |                   |              |
| <b>Deposits</b>  |  |                     |               |   |                   |              |
| AIG VALIC  | 5,359,804                                | 5,041,725           | 6.3           | 1,355,189                               | 1,280,745         | 5.8          |
| AIG SunAmerica   | 3,412,173                                | 2,995,580           | 13.9          | 926,735                                 | 791,626           | 17.1         |
| <b>TOTAL DEPOSITS</b>                                  | <b>8,771,977</b>                         | <b>8,037,305</b>    | <b>9.1</b>    | <b>2,281,924</b>                        | <b>2,072,371</b>  | <b>10.1</b>  |
| <b>Net Flows (f)</b>                                   |  |                     |               |   |                   |              |
| AIG VALIC  | 2,931,572                                | 2,625,523           | 11.7          | 701,582                                 | 787,344           | (10.9)       |
| AIG SunAmerica   | 1,179,306                                | 570,142             | 106.8         | 322,172                                 | 63,098            | 410.6        |
| <b>TOTAL NET FLOWS</b>                                 | <b>\$4,110,878</b>                       | <b>\$ 3,195,665</b> | <b>28.6%</b>  | <b>\$1,023,754</b>                      | <b>\$ 850,442</b> | <b>20.4%</b> |
| <b>SURRENDER RATES</b>                                 |  |                     |               |   |                   |              |
| AIG VALIC  | 5.6%                                     | 6.0%                |               | 5.6%                                    | 5.0%              |              |
| AIG SunAmerica   | 10.7%                                    | 10.9%               |               | 10.7%                                   | 13.3%             |              |
| <b>FOREIGN FIXED AND VARIABLE ANNUITY DEPOSITS</b>     | <b>\$5,079,867</b>                       | <b>\$ 830,876</b>   | <b>511.4%</b> | <b>\$2,908,255</b>                      | <b>\$ 187,611</b> | <b>--%</b>   |
| <b>EFFECTIVE TAX RATES:</b>                            |  |                     |               |   |                   |              |
| Net Income   | 30.66%                                   | 28.59%              |               | 31.09%                                  | --                |              |
| Realized Capital Gains (Losses)                        | 33.68%                                   | 35.02%              |               | 35.28%                                  | --                |              |

- (a) Includes Other Financial Services Companies and Intercompany Reclassifications.
- (b) At December 31, 2003, AIG's third party assets under management, including mutual funds and institutional accounts, totaled over \$46 billion.
- (c) Reflects the sale of variable annuity products with fixed annuity options.
- (d) Includes variable annuity (separate account only), mutual fund and broker-dealer operations.
- (e) Includes AIG Global Investment Group and certain foreign fixed and variable annuity operations.
- (f) Net Flows are deposits net of surrenders.

ADDITIONAL RECONCILIATION IN ACCORDANCE WITH REGULATION G

|                                    | TWELVE MONTHS ENDED<br>DECEMBER 31,<br>2003 | TWELVE MONTHS ENDED<br>DECEMBER 31,<br>2002 |
|------------------------------------|---|---|
|                                    | -----                                       | -----                                       |
| RETURN ON EQUITY RECONCILIATION    |   |   |
| Return on Equity, GAAP basis       | 14.1%                                       | 9.9%  |
| Percent Related to Reconciliation  | 3.1   | 3.5   |
|                                    | ----  | ----  |
| Return on Equity, as presented (a) | 17.2%                                       | 13.4%                                       |

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