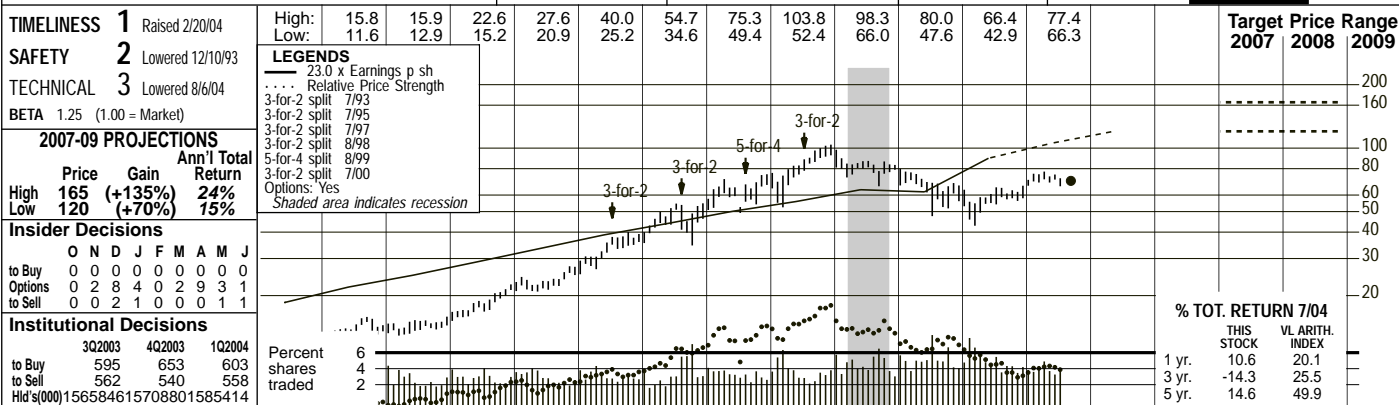


AMER. INT'L GRP NYSE-AIG

RECENT PRICE **69.97** P/E RATIO **15.2** (Trailing: 16.5; Median: 21.0) RELATIVE P/E RATIO **0.87** DIV'D YLD **0.4%** **VALUE LINE**



1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	© VALUE LINE PUB., INC.	07-09
4.20	4.39	4.54	4.52	4.58	4.76	5.10	5.70	5.99	6.45	7.37	6.69	7.46	7.40	8.95	12.17	14.80	15.80	P/C Prem Earned p sh	23.10
.74	.91	1.01	1.14	1.28	1.41	1.58	1.90	2.20	2.41	2.76	3.75	4.21	5.59	5.76	6.39	7.00	7.70	Investment Inc p sh	9.65
.07	.03	.04	.00	d.10	.01	.01	.12	.10	.27	.41	.29	1.08	.03	.08	.41	.50	.60	Underwriting Inc p sh	1.00
.55	.67	.70	.75	.81	.95	1.09	1.26	1.46	1.69	1.91	2.18	2.43	2.73	2.70	3.89	4.60	5.25	Earnings per sh	6.20
.03	.04	.04	.05	.06	.06	.07	.08	.09	.10	.12	.13	.15	.15	.18	.23	.28	.30	Div'ds Decl'd per sh	.45
3.53	4.25	4.84	5.61	6.41	7.47	8.04	9.91	11.13	12.20	13.78	14.42	16.98	19.94	22.65	27.32	30.50	35.65	Book Value per sh	50.70
1939.4	1942.1	2013.7	2014.9	2008.8	2010.0	2017.7	2000.5	1980.5	1967.4	1968.2	2323.7	2332.7	2615.4	2609.6	2608.4	2605.0	2600.0	Common Shs Outst'g	2500.0
143%	175%	159%	163%	158%	185%	178%	184%	210%	274%	333%	435%	478%	409%	293%	211%	Bold figures are Value Line estimates		Price to Book Value	325%
9.2	11.2	10.9	12.1	12.6	14.5	13.2	14.5	16.0	19.8	24.0	28.8	33.4	29.5	24.6	14.8			Avg Ann'l P/E Ratio	23.0
.76	.85	.81	.77	.76	.86	.87	.97	1.00	1.14	1.25	1.64	2.17	1.51	1.34	.86			Relative P/E Ratio	1.55
.6%	.5%	.6%	.5%	.6%	.4%	.5%	.4%	.4%	.3%	.3%	.2%	.2%	.2%	.3%	.4%			Avg Ann'l Div'd Yield	.3%

CAPITAL STRUCTURE as of 6/30/04 ^H		10287	11406	11855	12692	14498	15544	17407	19365	24270	31734	38600	41100	P/C Premiums Earned	54550
Total Debt \$5821.0 mill.		77.8%	75.9%	75.9%	73.7%	73.5%	75.5%	65.4%	79.6%	79.0%	73.3%	74.0%	74.0%	Loss to Prem Earned	75.0%
(4% of Cap'l)		20.9%	21.1%	21.0%	20.9%	20.8%	19.3%	20.1%	19.3%	17.1%	19.1%	19.0%	19.0%	Expense to Prem Writ	20.0%
Leases, Uncapitalized Annual rentals \$477.0 mill.		1.3%	3.0%	3.1%	5.4%	5.7%	5.1%	14.6%	1.2%	3.9%	4.0%	5.0%	6.0%	Underwriting Margin	8.5%
Pfd Stock \$1644 mill.		26.3%	27.6%	27.8%	29.1%	28.8%	29.6%	29.4%	25.7%	31.8%	30.7%	30.5%	30.5%	Income Tax Rate	30.5%
(2% of Cap'l)		2175.5	2510.4	2897.3	3332.3	3766.0	6055.0	5636.0	7248.0	7099.0	9265.0	11980	13650	Net Profit (\$mill)	15500
Pension Assets-12/03 \$2.7 billion		4.3%	4.2%	4.2%	4.1%	4.0%	4.9%	4.7%	4.2%	3.6%	3.3%	4.0%	4.5%	Inv Inc/Total Inv	5.5%
Oblig. \$3.9 billion		114346	134136	148431	163971	194398	268238	306577	492982	561229	678346	775000	850000	Total Assets (\$mill)	1100000
Com. Stock 2,605,397,500 shs.		16422	20227	22444	24401	27531	34401	40964	54352	61256	71253	79550	92735	Shr. Equity (\$mill) ^{GI}	131800
MARKET CAP: \$182.3 billion (Large Cap)		13.2%	12.4%	12.9%	13.7%	13.7%	14.7%	13.8%	13.3%	11.6%	13.0%	15.0%	15.0%	Return on Shr. Equity	12.0%
FINANCIAL POSITION (SMILL)		12.6%	11.9%	12.4%	13.1%	13.1%	14.2%	13.4%	12.5%	11.2%	12.2%	14.0%	14.0%	Retained to Com Eq	11.5%
Bonds		6%	6%	6%	6%	6%	6%	6%	10%	7%	6%	6%	6%	All Div'ds to Net Prof	7%
Stocks		243366	309254	329596											
Mortgages		7066	9584	14379											
Other		19928	21249	21520											
Total Assets		290869	338259	370487											
Unearned Prems		561229	678346	735982											
Reserves		16336	20762	22837											
Other		51539	56118	59251											
Total Liab'ties		432098	530021	580125											
		499973	606901	662213											

BUSINESS: American International Group, Incorporated is a holding company. Domestic property and casualty insurance operations are the largest in the U.S. Also sells individual and group life and health insurance products and provides risk management and agency services. '03 operating income: Property/Casualty 33%; Life, 43%; Financial Services and Asset Management, 24%. Foreign operations account for close to 50% of total revenues. Has about 80,000 employees; approximately 9,400 shareholders. Insiders own 2.1% of common shares outstanding (4/04 proxy). Chairman and Chief Executive Officer: Maurice R. Greenberg. Incorporated: Delaware. Address: 70 Pine Street, New York, New York 10270. Telephone: 212-770-7000. Web: www.aig.com.

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '01-'03 to '07-'09
of change (per sh)		10 Yrs.	5 Yrs.	'01-'03 to '07-'09
Premium Inc		6.0%	5.0%	8.0%
Invest Income		16.5%	19.0%	16.5%
Earnings		14.0%	13.0%	12.0%
Dividends		13.0%	12.5%	16.0%
Book Value		13.5%	13.5%	15.0%

Cal-endar	NET PREM. WRITTEN (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2001	4865	5055	4980	5200	20100
2002	6334	6783	7085	7213	27415
2003	8243	8844	8966	9159	35212
2004	10213	10380	10510	10727	41830
2005	11240	11640	11730	11990	46600

Cal-endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2001	.72	.76	.55	.70	2.73
2002	.81	.84	.85	.20	2.70
2003	.90	.96	.98	1.05	3.89
2004	1.08	1.14	1.17	1.21	4.60
2005	1.22	1.30	1.35	1.38	5.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2000	.034	.034	.037	.037	.14
2001	.037	.037	.042	.042	.16
2002	.042	.042	.047	.047	.18
2003	.047	.052	.065	.065	.23
2004	.065	.065	.075		

American International Group is currently an appealing investment option. Earnings momentum remains strong after second-quarter results came in slightly ahead of our estimates. Foreign operations continue to chip in nicely to the bottom line, and the company's combined ratio remains at an encouraging level. With that, and based on the ongoing "flight to quality" on the global underwriting landscape, we have added a dime to our share-net assumptions for this year and the next. The revised tallies are now \$4.60 for 2004, and \$5.25 for 2005. Based on these strong fundamentals, AIG stock receives our Highest (1) ranking for Timeliness. The issue, which has languished in the high 60s for months, also offers appreciation potential out to 2007-2009 that is well ahead of the Value Line median. And it currently trades at a discounted price-to-earnings ratio. **Rising rates should help fixed annuities sales.** Assuming the yield curve remains steep and interest rates go up, the company's growth in this area should be significant. Too, demand has risen at its aircraft leasing division; all new orders are

placed out until February of 2006. **At first glance, worries stemming from Hurricane Charley appear to be overblown.** Many are comparing this storm to 1992's Hurricane Andrew, but the fact is there are few similarities between the two. At that time, insurers had much lower reserves, and some underwriters in the Florida were put out of business. However, higher premiums instituted after Andrew have resulted in loftier levels of reserves, and improved construction techniques lessened the damage inflicted by Charley. In summation, while AIG has given no claims estimate, we expect there to be some losses in the third quarter, but overall earnings should remain elevated. **The company should benefit from increased policies related to the Olympics.** Early projections are that \$1 billion worth of contracts have been taken out by organizers, broadcasters, and the companies involved. The specter of terrorism is the main reason behind this push. With its name recognition and global scope, it's safe to assume AIG likely picked up the lion's share of this business. *Erik M. Manning August 27, 2004*