MEMORANDUM

February 14, 2001

To: M. R. Greenberg

From: C. M. Hamrah

Re: **Fourth Quarter Earnings Report – Analyst Comments**

Enclosed are the First Call notes commenting on AIG's fourth quarter earnings report. Also included are the notes for Transatlantic; there were no notes for 21st Century.

Charles

Enclosures

cc: E. E. Matthews
H. I. Smith
T. R. Tizzio
J. T. Wooster

10:55am EST 8-Feb-01 Wasserstein Perella (Kenneth S. Zuckerberg 212.903.218)
Wasserstein: AIG Initial Read on 4Q Results

Initial Read on 4Q Results

COMPANY: American International Group
RATING : Hold
ANALYST: (Kenneth S. Zuckerberg 212.903.2189) PRICE: $86.9 EXCH: NYSE

E P S :	--- FULL YEAR ($US) ----			--------- PRICE -----		---SHARES (Thsnd's)---	
FY: Dec.	Curr.	Prior	P/E	12 Mo Tgt :	$100	Mkt Cap:	$201,221,729
2000 FC	2.45a			52 Wk High:	$103.75	Shrs Out:	2,315,555
2001 WP	2.80e		31.04x	52 Wk Low :	$52.38	Dly Vol :	4,968
FC	2.81e			3Yr Growth:	15.00%	Div/Yld :	$0.15/0.17%
2002 WP				YTD Perf :	-11.83%	LTD/CAP :	46.60%
FC	3.22e			Book Value:	$15.79		
2003 WP				Px/Book :	5.50x		
FC							

as of: 02/08/2001 10:34 EST

E P S :	--- 1st QTR ---		--- 2nd QTR ---		--- 3rd QTR ---		--- 4th QTR ---	
	Curr.	Prior	Curr.	Prior	Curr.	Prior	Curr.	Prior
2000	0.58a		0.61a		0.61a		0.65a	
2001								
2002								
2003								

Footnote: Earnings have been adjusted for the July 31, 2000 3 for 2 stock split.

Event: AIG reports on-target 4Q00 results.

Recommend: Maintain existing positions.

Analysis: AIG reported 4Q00 operating EPS of $0.65 compared to $0.56 in 4Q99, exactly in line with our EPS estimate and consensus. While property & casualty earnings growth fell materially short of our projections (11% actual growth vs. 27% projected) and asset management earnings were modestly below target (all references relate P/T operating income), the shortfalls were completely offset by better results in life insurance (18% actual growth vs. 15% projected) and financial services (23% growth vs. a projected 2% decline), the latter being driven by aircraft leasing and AIG Financial Products. In the core P&C segment, it appears that underwriting profits were dampened by U.S. personal lines, consistent with our recent comments about private passenger auto insurance. While AIG's actual underwriting ratios (76.16% loss ratio, 22.65% expense ratio, 98.81% combined ratio) were several points higher than our estimate, the quarter's combined ratio was below 4Q99's level of 98.95%. That said, AIG added to loss reserves during the quarter--the net change was $106 million--a clear positive from an earnings quality standpoint. Importantly, worldwide net premiums written and earned grew by a robust 12% and 15% even with negative foreign currency adjustments (we had projected 8% for each), underscoring our view that AIG continues to achieve low double-digit rate increases. CEO Greenberg commented that "stronger rates are evident

-- FIRST CALL --

across virtually all classes of business and we believe that rates will continue to firm."

Valuation: AIG currently trades at 31.0x projected 2001 EPS of $2.80. Our $100 price target equates to 35.5x our estimate, the high end of the stock's recent range. At this juncture, our 2001 EPS estimate of $2.80 remains intact.

Upcoming Events: AIG is hosting its annual "Fireside Chat" on Monday, February 12th at 4:00 p.m. Clients may attend or dial in at (888) 809-8966.

-> End of Note <-

-- FIRST CALL --

11:28am EST 8-Feb-01 Merrill Lynch (Investor Support) AMCALL AIG SUMMARY AIG.N
RESEARCH SUMMARIES:Intra-Day Special Note: AIG

ML++ML++ML Merrill Lynch Global Securities Research ML++ML++ML
RESEARCH SUMMARIES
Intra-Day Special Note: AIG
Investor Support

Aig (Aig, $86.30, A-2-1-7)
01E $2.85

o AIG reported operating earnings of $0.65 per share as compared with our estimate and consensus of $0.65. Non-life earnings were shy of our estimate, but Financial Services earnings were stronger than expected.

Key Points:

Property/Casualty earnings rose by 11%, somewhat lower than we had expected (ML forecast 15.9%). However, top line growth was very strong. Net premiums written rose by 12.4% (14% ex-currency) comfortably ahead of our forecast of 8.5%. U.S. premiums grew by 17.7% while foreign premium grew by 1.6% (6.4% ex-currency). The company had a little over one month of HSB in the numbers. Based on the premium run rate at HSB earlier in 2000, we believe that these premiums aided the growth rate by about 1%. Excluding HSB, we estimate that the premium growth was 11%, still the best organic number in more than decade. The combined ratio was 98.8% in the quarter versus 99% a year ago, although it was bit worse than we had expected accounting for the earnings shortfall in this unit from our model. Net loss reserves rose by $106 million, reversing the 3Q trend. CEO Greenberg commented in the release that rates are firming across all lines and should continue to firm. He expressed disappointment in the personal lines result (105% combined ratio) and noted that AIG is raising prices in this segment.

o Life Insurance earnings grew by 18.3%, a solid number and in line with our expectations. SunAmerica's earnings grew by 28% in the quarter (included in both life and asset mgt.), although annuity sales were off in the quarter. Total domestic annuity, pension and investment product sales were down by 16.5% in the fourth quarter.

o Financial Services earnings rose by 22.6%, more than double our growth forecast. Within this segment, ILFC's earnings expanded by 11% while AIG Financial Products saw its earnings jump by 30%, despite a tough comparison with the year ago quarter continuing its trend of strong earnings gains. Earnings at the smaller trading unit were down by 34% in the quarter.

o Asset Management, AIG's smallest business segment, produced earnings growth of 14% in the quarter. (ML forecast 20%). Assets under management were $35 billion, down a bit from the third quarter level.

o There is no conference call.

Bottom Line: Another solid quarter for AIG with very encouraging results in non-life insurance as reflected by the best organic premium growth in more than 12 years. The drop in annuity sales appears to be due to the rocky equity markets in the fourth quarter. AIG Financial Products continues to be powerhouse earner, although it is tough to see the 30% annual earnings growth there

-- FIRST CALL --

continue. Net-net, a good solid quarter for AIG.

(J. Cohen/A. Jacobowitz)

-> End of Note <-

-- FIRST CALL --

11:35am EST 8-Feb-01 Goldman Sachs (CHOLNOKY) AIG AIG.N
AIG: Strong 4Q Results. Maintain 2001 EPS EST. BUY

Goldman, Sachs & Co. Investment Research

AIG: Strong 4Q Results. Maintain 2001 EPS EST. BUY

****
* We continue to recommend purchase of AIG. We believe that AIG's diversified global financial services platform will continue to allow it to deliver strong double digit earnings growth. In addition, the company's expansion into India, other Asian countries, and continuing improving trends in worldwide insurance markets should pave the way for strong top line growth. We continue to believe that the stock should be a core holding in all portfolios. AIG reported fourth quarter operating EPS of $0.65, which was in line with our expectations. We are maintaining our 2001 EPS estimate of $2.84. *
****

Thomas V. Cholnoky (New York) 1 212-902-3408 - Investment Research
Joan H. Zief (New York) 1 212-902-6778 - Investment Research
Elizabeth A. Werner (New York) 1 212-902-3646 - Investment Research

================== NOTE 11:17 AM February 08, 2001 ==================

	Stk Rtg	Latest Close	52 Week Range	Mkt Cap (mm)	YTD Pr Change	Cur Yield
American International Group	RL	86.90	104-54	201221.	-12%	0.2%

AIG (US$)	Earnings Per Share Mar	Jun	Sep	Dec	FY	CY
2002 FY						
2001 FY					2.84	
2000 FY(A)	0.58	0.61	0.61	0.65	2.45	

	-Abs P/E on- Cur	Nxt	-Rel P/E on-- Cur	Nxt	EV/NxtFY EBITDA	LT EPS Growth
AIG FY	30.6X	NMX	1.3X	NMX	NA	16%

===

* GENERAL INSURANCE EARNINGS UP 11% LED BY STRONG COMMERCIAL LINES RESULTS.

* LIFE INSURANCE RESULTS UP 18% REFLECTING STRONG DOMESTIC AND STABLE INTERNATIONAL GROWTH

* FINANCIAL SERVICES UP 23% DRIVEN BY ILFC AND FINANCIAL PRODUCTS.

===

GENERAL INSURANCE EARNINGS UP 11% LED BY STRONG COMMERCIAL LINES RESULTS. Within the General Insurance segment, domestic brokerage was one of the principal drivers to the strong results. Premium volume in this segment rose 18.4% (which did include about one month of domestic HSB results). The company noted that rates continued to increase across all of the company's product lines and markets. AIG did note that while it was happy with the rate of increase, more is needed to return overall rates back to historical norms. Personal lines premium volume rose 16.5% with virtually all of the increase driven by AIG's direct business. Despite this strong growth, underwriting margins deteriorated with a combined ratio of 105.4% compared with 102.0% a year ago. AIG indicated that it was aggressively putting through rate increases, in all of its various markets, in response to these results. We would expect results to begin to improve in the latter half of 2001. UGC had a strong quarter with premium volume up 11.7% and a combined ratio of 42.2%. The company's international operations had core premium volume growth of nearly 12% (excluding foreign exchange and risk financing transactions). The combined ratio was a strong 95.1%. AIG did note that it was pushing for rate increases in Europe and the UK. Investment income rose 8.5%, which did reflect some modest partnership gains. Overall reserves rose $106 million (excluding the impact of the HSB acquisition). For the year, reserves rose $117 million. Overall, the outlook for this segment remains extremely positive.

LIFE INSURANCE RESULTS UP 18% REFLECTING STRONG DOMESTIC AND STABLE INTERNATIONAL GROWTH. Domestic pretax income rose 27% and international was up 13%. Although domestic life premium volume was up 25% in the quarter, the sale of interest sensitive products declined 16.5%. The bulk of this decline was driven by lower GIC sales. Sun America sales, excluding the impact of GICs, was up in the quarter. In terms of operating income, SunAmerica's earnings rose 29% in the quarter. AIG's international life insurance segment continued to deliver very strong results as the company continues to benefit from its broad presence and a flight to quality. We would also note that the company's new license in India should be a strong positive for growth in 2001. The company also noted that it continued to make strong progress in China. Overall, we believe that this segment could reach near 20% growth in 2001.

FINANCIAL SERVICES UP 23%, DRIVEN BY ILFC AND FINANCIAL PRODUCTS. ILFC had another strong quarter with earnings up 11%. AIG noted that ILFC has 67 planes scheduled for delivery in 2001 (100% leased) and 66 planes in 2002 (81% leased). Sales in the quarter were modest. Earnings in the Financial Products segment rose 30%, driven by new products and the impact of market volatility. Trading income declined 34% as the company incorporated new management team. We would expect this segment to produce better results in 2001.

ASSET MANAGEMENT STRONG DESPITE WEAK MARKETS. Asset management earnings rose 14%, despite a modest decline in assets under management, which stood at $35 billion at year-end.

Important Disclosures (code definitions attached or available upon request)
AIG : CF, SP1, SP2

-> End of Note <-

-- FIRST CALL --

01:52pm EST 8-Feb-01 Merrill Lynch (J.Cohen/A.Jacobowitz) AIG AIG.N
AMER INTL GROUP:A Stock for All Seasons

ML++ML++ML Merrill Lynch Global Securities Research ML++ML++ML

AMERICAN INTERNATIONAL GROUP (AIG/NYSE)

A Stock for All Seasons

Jay A. Cohen (1) 212 449-5206
Alison Jacobowitz (1) 212 449-8081

ACCUMULATE Long Term: BUY

Reason for Report: Fourth Quarter Earnings Released

Investment Highlights:

o AIG reported operating earnings of $0.65 per share on target with our estimate and consensus. Non-life earnings were shy of our estimate, but Financial Services earnings were stronger than expected.

o In a stock market that seems to rotate weekly between growth and defensive sectors, we would characterise AIG as having a foot in both categories and we believe the fundamental and interest rate environment should remain positive for the shares.

o Property/Casualty premiums were up 12.4%, above our estimate (mostly organic). Comments on market conditions reflect continued improvement.

o Life Insurance earnings grew by 18.3%, a solid number and in line with our estimate.

o Financial Services earnings rose by 22.6%, more than double our growth forecast. ILFC's earnings expanded by 11% while AIG Financial Products saw its earnings jump by 30%, despite a tough comparison with the year ago quarter continuing its trend of strong earnings gains.

o We are maintaining our estimates.

Price:	$85.34		
Estimates (Dec)	2000A	2001E	2002E
EPS:	$2.45	$2.85	$3.25
P/E:	34.8x	29.9x	26.26
EPS Change (YoY):		16.3%	14.0%
Consensus EPS:	$2.46	$2.81	
(First Call: 18-Jan-2001)			
Cash Flow/Share:	NA	NA	NA
Price/Cash Flow:	NM	NM	NM
Dividend Rate:	$0.15	$0.16	$0.17
Dividend Yield:	0.2%	0.2%	0.2%

Opinion & Financial Data

Investment Opinion:	A-2-1-7
Mkt. Value / Shares Outstanding (mn):	$200,449.8 / 2,316
Book Value/Share (Dec-2000):	$16.98
Price/Book Ratio:	5.0x
ROE 2000E Average:	15.0%
LT Liability % of Capital:	7.0%
Est. 5 Year EPS Growth:	14.0%

-- FIRST CALL --

Stock Data

52-Week Range:	$103.75-$52.38
Symbol / Exchange:	AIG / NYSE
Options:	Chicago
Institutional Ownership-Vickers:	27.0%
Brokers Covering (First Call):	24

For full investment opinion definitions, see footnotes.

A Stock For All Seasons

In the fourth quarter, all of AIG's units performed well. While General Insurance earning were a bit below our expectations, the top line growth was strong and translated to the best organic growth rate in more than a decade. Life Insurance earnings were in line with our estimate. AIG Financial Products continues to be a powerhouse earner (growth was more than double our expectation), and ILFC is riding the wave of solid fundamentals.

In a stock market that seems to rotate weekly between growth and defensive sectors, we would characterise AIG as having a foot in both categories. With sustainable earnings growth of 14%-15%, the company's growth rate should remain consistently ahead of the insurance group and, indeed most other industries. At the same time, AIG's product and geographic diversity and strong balance sheet have allowed for above average earnings stability. While sector rotation will continue to push around AIG's stock price, we see good performance ahead for the next year. The relative valuation, while not cheap, is down from its highs and at a 25% premium to the market multiple, the valuation is within its range of the past four years.

While the fourth-quarter earnings did not match all of modelled expectations, we are maintaining our 2001 and 2002 estimates. We note that our estimates are slightly above consensus for both years.

Details of the Quarter

General Insurance

Property/Casualty earnings rose by 11%, somewhat lower than we had expected. However, top line growth was very strong. Worldwide general insurance net premiums written rose by 12.4% (14% in original currency) comfortably ahead of our forecast of 8.5% and a further acceleration from the previous quarter. The company had a little over one month of HSB in the numbers. We believe that these premiums aided the growth rate by about 1%. Excluding HSB, we estimate that the premium growth was 11%, still the best organic number in more than decade. U.S. premiums grew by 17.7% (8.7% last quarter) while foreign premium grew by 1.6% (6.4% ex-currency).

The personal lines business was up 16.5% (14.4% last quarter). The domestic brokerage group saw premium rise by 18.4%, an acceleration from the recent run rate (6.7% growth last quarter), a surprisingly strong number that was probably helped by a couple of points from HSB.

The combined ratio was 98.8% in the quarter versus 99% a year ago, although it was bit worse than we had expected accounting for the earnings shortfall in this unit from our model. The foreign combined ratio was 95.1%, an improvement from 99.1% a year ago. The domestic brokerage combined ratio deteriorated slightly to 101.4% from 101.2% in 4Q99. The personal lines combined ratio worsened to 105.4% from 102% a year ago and 101.3% last quarter, not too surprising given the emerging pressure in auto insurance. CEO Greenberg expressed disappointment in the release in the personal lines result and noted that AIG is raising prices in this segment. The expected improvement should be visible later in 2001 in our view. Net loss reserves rose by $106 million, reversing the 3Q trend, given the renewed premium growth we would expect reserves to continue rising.

Mr. Greenberg commented that premium rates are firming across all lines in the U.S. market and in key overseas markets (such as U.K and Europe) and should continue to firm. As usual, Mr. Greenberg included his cautionary comment regarding rates noting that the declines over the past decade suggest continued rate increases are needed.

Life Insurance Life Insurance earnings grew by 18.3% (16.3% last quarter), a solid number and in line with our expectations. SunAmerica's earnings grew by 28.9% in the quarter (included in both life and asset mgt.) as compared with 18% last quarter, although annuity sales were off in the quarter. Total domestic annuity, pension and investment product sales were down by 16.5% in the fourth quarter. Revenues from products such as GIC's and Guaranteed Investment Bonds can jump around a bit and we would not read too much into the decline in the quarter.

Financial Services Financial Services earnings rose by 22.6%, more than double our growth forecast. Within this segment, ILFC's earnings expanded by 11% while AIG Financial Products saw its earnings jump by 30%, despite a tough comparison with the year ago quarter continuing its trend of strong earnings gains. Earnings at the smaller trading unit were down by 34% in the quarter. ILFC is fully leased in 2001 and is 81% leased in 2002. Financial Products' earnings came in a number of different areas such as equity derivatives, structured tax driven deals and good business flow from Europe.

Asset Management, AIG's smallest business segment, produced earnings growth of 14% in the quarter. Assets under management were $35 billion, down a bit from the third quarter level.

-- FIRST CALL --

odd-lot dealer, market maker, block positioner, specialist and/or arbitrageur in any securities of this issuer(s) or in related investments, and may be on the opposite side of public orders. MLPF&S, its affiliates, directors, officers, employees and employee benefit programs may have a long or short position in any securities of this issuer(s) or in related investments. MLPF&S or its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report.

This research report is prepared for general circulation and is circulated for general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

-> End of Note <-

-- FIRST CALL --

03:20pm EST 8-Feb-01 Friedman, Billings, Ramsey &Co (Bijan Moazami 703-469-10
FBR Inc.: AIG: Growing Commercial Lines

Friedman, Billings, Ramsey & Co.
1001 19th Street North
Arlington, VA 22209

February 8, 2001

Update
American International Group, Inc. (AIG - $86.30) Market Perform

Bijan Moazami, CFA (703) 469-1031 bmoazami@fbr.com

Growing Commercial Lines

* Reported 4Q00 results. American International Group, Inc. (AIG) reported fourth quarter operating earnings of $0.65 per share, in line with our estimate, and 16% higher than 4Q99 results of $0.56 per share. First Call consensus was also $0.65.

* Reiterate Market Perform rating. We are maintaining our 2001E EPS of $2.80, and initiating 2002E EPS of $3.20. We reiterate our Market Perform rating on the shares of AIG.

Stock Data		Financials (mil.) - 9/30	
52-Week Range	$103-52	Total Assets	$295,406
Shares Out. (mil.)	2,345.6	Total Investments	168,172
Float (mil.)	1,759.2	Debt	37,911
Market Cap (mil.)	$202,426	Shareholders' Equity	36,571
Avg. Daily Vol. (LTM)	560,683.0	Debt/Equity	103.7%
Dividend	$0.15	LTM Results (mil.) - 12/31	
Book Value 9/30	$15.63	Pretax P/C	$3,485.8
Dividend Yield	0.2%	Pretax Life	3,548.5
Insider Holdings	25.0%	Other Pretax	1,452.3
Institutional Holdings	74.1%	Pretax Income	8,486.5
CAGR 5yr. Est. EPS	14%	After-Tax Income	5,736.7

Earnings Per Share

Year	1999A	2000A	2001E	2002E
1Q Mar	$0.50	$0.58	$0.66	$--
2Q Jun	$0.54	$0.61	$0.70	$--
3Q Sep	$0.53	$0.61	$0.71	$--
4Q Dec	$0.56	$0.65	$0.74	$--
Full Year	$2.13	$2.45	$2.80	$3.20
Dividend	$0.13	$0.14	$0.15	$0.15
Book Val.	$14.33	$16.13	$18.79	$21.83
P/B	6.02x	5.35x	4.59x	3.95x
P/E	40.6x	35.2x	30.8x	27.0x
ROE	15.5%	16.1%	16.1%	15.7%

AIG's fourth quarter operating results were as usual, unexciting and in line with consensus estimates. Apart from a continued emphasis on price improvement in the property/casualty operation, there was hardly any new information that would make us to drastically change our opinion or estimates. The domestic brokerage division, which represents the lion share of AIG's domestic P/C business, showed premium volume growth of 18.4% reflecting a better market environment. The company did not disclose the impact of price increases as compared to policy counts; however, considering an across-the-board rate improvement of roughly 12% (according to competitors), AIG appears to have expanded market share. We believe AIG will continue to write higher levels of premium volume in the commercial lines segment as long as rates are on the way up. This is because the marginal profitability of each additional dollar of premium is much higher than the average profitability of the book of business. As the commercial lines business grows, AIG's combined ratio should modestly increase, while reserves should go up as this business tends to have a longer tail of liabilities.

The personal lines segment was clearly a disappointment. With a combined ratio of 105.4%, this segment has a long way to climb to turn decent profits. Premiums are rapidly growing, while AIG appears to be attaining modest rate increases. AIG's chairman, Hank Greenberg, has been quite clear in having a desire to grow and acquire in this line. However, as loss cost inflation appears to be increasing faster than the rate improvement, we do not believe AIG would likely make a transaction in this segment anytime soon, or turn around the profitability rapidly.

The foreign general operation as usual was outstanding with a combined ratio of 95.7%. Premium volume only increased modestly as the general softness of the U.S. dollar took some steam out of growth.

Property/Casualty

	4Q99	4Q00E	4Q00
Premiums Written	$4,007	$4,327	$4,503
P/C Core Earnings	770	921	855
Statutory Ratios			
Loss Ratio (%)	76.7%	75.1%	76.2%
Expense Ratio (%)	22.3%	20.8%	22.7%
Combined Ratio (%)	99.0%	95.9%	98.8%
Year-To-Year Changes			
Written Premiums (%)	4.7%	8.0%	24.5%
Premiums Earned (%)	10.2%	4.1%	41.5%
Investment Income (%)	7.1%	6.6%	40.0%
Pretax Income (%)	5.4%	19.7%	30.0%

AIG's life division, which includes SunAmerica's life business, showed a slight decrease in the sales of annuities, pensions and investment products. Clearly, AIG has not remained immune to the ups and downs of capital markets. Nevertheless, life operating income before realized capital losses rose 18.3% to $955.2 million. The growth was attributable to new product introduction and also to the Asian division, led by Japan, Southeast Asia and Taiwan.

Life Insurance

	4Q99	4Q00E	4Q00
Domestic Premium Income	$2,528	$2,430	$2,165
Foreign Premium Income	4,315	4,840	4,919
Net Investment Income	1,657	1,855	1,939
Operating Expenses	(7,693)	(8,215)	(8,068)

-- FIRST CALL --

Life Core Earnings	807	910	955

Year-To-Year Changes		
Domestic Premiums (%)	49.3%	-14.3%
Foreign Premiums (%)	13.9%	14.0%
Investment Inc. (%)	17.4%	17.0%
Pretax Income (%)	23.8%	18.3%

The Financial Services Group, which includes International Lease Finance (ILFC) and AIG Financial products Corp. (AIGFP), and AIG Trading Group (AIG TG), produced good results. Operating income for the group gained 22.6% to $398.9 million in the quarter. ILFC and AIGFP had record operating income. A new management team was put in place at AIG Trading Group Inc. following AIG's purchase of the minority ownership interest of the previous management.

Financial Services

	4Q99	4Q00E	4Q00
International Lease Finance Corp.	$160	$184	$178
AIG Financial Products Corp.	166	208	216
AIG Trading Group, Inc.	33	18	22
Other	(19)	(4)	3
Inter-company Reclassifications	(14)	(20)	(19)
Total Financial Services	325	386	399

Year-To-Year Changes			
ILFC (%)	12.6%	15.0%	40.3%
AIG Financial Products Corp. (%)	37.4%	25.0%	317.7%
AIG Trading Group, Inc. (%)	72.4%	-45.0%	-48.8%

SunAmerica performed well in both asset management and in its variable annuity business. Operating income for the year 2000 gained 26.2% to $1.41 billion. Retirement savings continue to be a major and growing business globally. AIG's Asset Management Group, which includes the asset management business of SunAmerica, posted increase in operating income of 14.1% for the quarter. At year-end 2000, AIG's third party assets under management, including retail mutual funds and institutional accounts, totaled approximately $35 billion.

Other

	4Q99	4Q00E	4Q00
Asset Management	96	112	110
Equity in Income in MOC	0	0	0
Other Income (Deductions)	(57)	(73)	(72)
Foreign Exchange	(4)	0	(3)
Total Other Income	35	39	35

Risks
* Fluctuation in operating results. Even though American International Group purchases substantial amounts of property catastrophe reinsurance, operating income continues to be susceptible to catastrophes and weather-related losses.

* Competition and pricing. The property/casualty insurance market is extremely competitive. Pricing has become overly aggressive in most segments of the market and has driven down profitability for the industry.

* Environmental exposures. American International Group is subject to

-- FIRST CALL --

environmental claims and exposures through its commercial umbrella, general liability and discontinued assumed reinsurance lines of business. Within these lines, the company's environmental exposures include environmental site cleanup, asbestos removal and mass tort liability.

* Interest rate risk. Like many other financial stocks, American International Group is susceptible to interest rate changes. The value of American International Group's fixed income portfolio can fluctuate significantly with a change in the discount rate. In addition, interest rates have a significant impact on income generated by new cash flow.

-> End of Note <-

-- FIRST CALL --

05:41pm EST 8-Feb-01 Bear Stearns (A. Smith,M./M. Wright,B. 212 272-9) AIG TRH
AIG: Earnings In Line, But Investors Must ... PART 1

Michael A. Smith 212 272-9465 masmith@bear.com
Brian M. Wright 212 272-4329 bmwright@bear.com

2/8/01

Subject: Analysis of Sales/Earnings
Industry: Insurance/Nonlife

BEAR, STEARNS & CO. INC.
EQUITY RESEARCH

American International Group (AIG $85.70) - Buy
Earnings In Line, But Investors Must Have Been Looking for More

Data

Last ROE 16.0%	52-Wk Range $104-$52	Shares Out 2,343
Target Price $105-$110	Dividend/Yield $0.15/0.2%	Market Cap (MM) $200,795

Key Points

*** As we have seen occasionally, American International Group simply hitting the "Street's" earnings estimate was not good enough.
*** We were pleased with the fourth quarter earnings report that was better than what we viewed to be a tough estimate to hit -- our opinion had been that the "Street" was too aggressive this time.
*** The company beat our estimate in all profit centers, but the attention-grabber is the 12% growth in property-casualty premiums, a big step up from 8% growth reported in the third quarter.
*** We are raising out estimates for 2001 and 2002.
*** And we continue to recommend aggressive purchase of American International Group shares, rating the stock buy and targeting a price of 32-34 times earnings, or $105-$110 per share.

	Earnings Estimates					P/E
	Q1 Mar	Q2 Jun	Q3 Sep	Q4 Dec	Year	Year
1999	$0.50A	$0.54A	$0.53A	$0.56A	$2.13A	40.2
2000	$0.56A	$0.61A	$0.61A	$0.65A	$2.45A	35.0
Previous	$0.56A	$0.61A	$0.61A	$0.63A	$2.43A	35.3
2001	$0.65E	$0.70E	$0.70E	$0.75E	$2.80E	30.6
Previous	$0.65E	$0.70E	$0.70E	$0.73E	$2.78E	30.8
2002	$0.75E	$0.80E	$0.85E	$0.85E	$3.25E	26.4
Previous	$0.74E	$0.80E	$0.80E	$0.81E	$3.15E	27.2

We continue to recommend purchase of American International Group shares, rating the stock Buy with a price target of $105-$110, or 30-35 times our new 2002 EPS estimate of $3.25. The multiple is high, without question. However, American International Group has an unequaled record for excellence and earnings consistency within the insurance industry, and in our view merits the premium.

-- FIRST CALL --

Fourth quarter earnings, at $0.65 per share (diluted, excluding investment gains), up from $0.56, were in line with consensus expectations, but apparently the market wanted more, judging by the decline in the share price. In our view, there was nothing in the earnings release itself that could be interpreted as bad news that would justify a sell-off.

In our opinion, the "Street" received earnings in line with what we viewed to be an aggressive expectation. Our own estimate was $0.63, and as it turns out, our estimate was low for each operating segment with the exception of the comparatively small asset management operation. But in view of the report, we are adding $0.02 to our 2001 earnings estimate, bringing it up to $2.80 per share. And we are raising our 2002 estimate from $3.15 per share to $3.25.

General Insurance -- Written Premiums Up 12.4%:
Our initial reaction, and one that we have not changed, is that the earnings report was quite positive if only because of the 12.4% growth of written premiums in the general insurance (property-casualty) segment. This was up from the 8% growth rate reported in the third quarter, and is in line with the trends we have been anticipating, as we look for upward acceleration of the growth rate of written premiums that we believe will drive the property-casualty stocks higher.

Nay-sayers might carp about the premium growth, pointing to the inclusion of one month of premium of the newly acquired HSB Group, and to the downward effect of foreign exchange currency translation. However, by our estimate, HSB business of perhaps $35 million accounts for less than 1% of the reported growth. And adjusted for the foreign exchange translation, the growth rate was a very strong 14%.

Especially impressive was the 18.4% growth in the domestic brokerage business. Most of the growth was in the core AIG business, as Transatlantic Holdings (TRH, rated Attractive), 56% owned by AIG and consolidated in the company's results, reported written premium growth of less than 9%.

In past quarters, American International Group has received criticism from some corners regarding what has been viewed to be a rather small increase in loss reserves, but we believe there is little room for criticism on this score in the most recent quarter. The company increased reserves by a total of $106 million, of which we believe roughly $30 million was put up by 21st Century (TW, not rated) that is also consolidated in AIG,s results, and $7 million by Transatlantic Holdings. That would leave roughly $70 million of reserves put up on the AIG core business.

A year ago, American International Group reduced reserves in the fourth quarter to the tune of $95 million net of increases at 21st Century and Transatlantic amounting to $65 million.

Perhaps some investors are concerned with the decline in profitability of the domestic property-casualty business, and especially the underwriting loss racked up by the personal lines operation. We had actually anticipated even weaker results in our model, simply based on industry conditions that are in the early stages of a broad upturn. However, the fact is that there is quite a delay after prices begin to improve before the results become visible on the bottom line of the income statements. But we do believe those results are well in progress.

American International Group reports continued upward momentum in price increases in the domestic property-casualty business, and it is aggressively seeking rate increases in its personal automobile insurance line in all states. The 21st Century operation recently received approval for 6.4% increases in California, and it is filing for double-digit rate increases in the other three states where it operates.

Life Insurance Also Beats Expectations.
Life insurance results were also ahead of our expectations. Life insurance premiums for the domestic and international businesses combined were up 12.9%, while annuity sales reflected general economic conditions in falling 4.3%. The important issue was sales that were ahead of our expectations, in both the domestic and international markets.

Financial Serves Strong:
The financial services segment was also strong, with International Lease Financing and AIG Financial Products both surprising us on the upside in terms of revenue and pretax operating margin. Overall, the segment's revenues increased by 23.4%, including a decline of 14% reported by AIG Trading. Trading has recently undergone management changes and a restructuring, and we believe it is likely to produce better results throughout 2001.

Off-Setting Volatilities:
In our view, the fourth quarter result was but one more example of why the AIG model is so special. Each business by itself contains a degree of earnings volatility, but combined under one umbrella, the volatilities have had a tendency to offset, thus enhancing American International Group's record for earnings consistency that, in our opinion, is so richly rewarded in the stock market valuations.

We first saw this characteristic four years ago, when the Asian currencies sagged and investors were worried about the effects on American International Group's life insurance growth rate. But at that time, AIG financial Products and AIG trading picked up the lack, with the result that American International Group continued to meet earnings expectations.

American International Group Fourth Quarter and Full Year Summary, $ mil.

	---Fourth Quarter---			-----Full Year----		
	2000	1999	% Chng	2000	1999	% chng
General Insurance:						
Written Premium	4,503	4,007	12.4%	17,526	16,224	8.0%
Investment income	702	647	8.5%	2,701	2,517	7.3%
Pretax Oper. Income	855	770	11.1%	3,486	3,186	9.4%
Combined Ratio	98.8%	99.0%		96.7%	96.4%	
Life Insurance:						
Premiums	3,502	3,101	12.9%	13,347	11,494	16.1%
Pretax Oper. Income	955	807	18.3%	3,548	3,006	18.1%
Financial Services:						

-- FIRST CALL --

Revenues:						
International Lease	655	559	17.1%	2,441	2,194	11.3%
Financial Prod.	344	241	42.7%	1,055	737	43.3%
Trading	63	74	(14.2%)	253	227	11.6%
Other	95	64	48.1%	301	182	65.3%
Total	1,157	938	23.4%	4,051	3,340	21.3%
Pretax Margin:						
International Lease	27.1%	28.7%		26.8%	26.9%	
Financial Prod.	62.6%	68.9%		61.4%	65.5%	
Trading	34.1	44.2%		24.5%	48.1%	

Source: Company Statements

Companies Mentioned: American International Group (AIG), 21st Century Holdings (TW), Transatlantic Holdings (TRH)

-> End of Note <-

-- FIRST CALL --

06:26pm EST 8-Feb-01 Prudential Securities (A.CORNISH 617-956-1017) AIG TRH
AIG: 4Q RESULTS OFFER EVIDENCE OF TIGHTER COMMERCIAL MARKET (PART 1 OF 2)

AIG: 4Q RESULTS OFFER EVIDENCE OF TIGHTER COMMERCIAL MARKET (PART 1 OF 2)

PRUDENTIAL SECURITIES February 8, 2001

SUBJECT: American International Group (AIG-$86.90) --NYSE

----- ANALYST(S) --------------------
Alice Cornish, CPCU 617.956.1017
Jay H. Gelb, CFA 617.956.1091

-------- OPINION --------
Current:Strong Buy/SBI/Select
Prior:--
Risk: Low
Target:$110.00

	FY	REV	EPS	P/E	1Q	2Q	3Q	4Q
Act	12/99		$2.13A	40.8X	$0.50A	$0.54A	$0.53A	$0.56A
Cur	12/00		$2.45A	35.5X	$0.58A	$0.61A	$0.61A	$0.65A
Prev			$2.45E	35.5X				$0.65E
Cur	12/01		$2.80E	31.0X				

----- FUNDAMENTAL --
Avg. Volume:5,500,000 IAD/Yield:0.10/0.11% EPS Growth:13.00%
Mkt Cap:$201,221 m 52w Range:103.80-52.40 P/E / Growth:2.7x
Shares:2,315.55 m

----- BUSINESS ---
American International Group (AIG), , headquartered in New York, NY, is the leading U.S.-based international insurance and financial services organization and among the largest writers of commercial and industrial coverages in the U.S. It writes life and non-life coverages in 130 countries and jurisdictions. Financial services organizations include International Lease Finance Corporation, AIG Financial Products, AIG Trading, AIG Global Investment Group, AIG Credit, AIG Consumer Finance Group, and UeberseeBank.

----- HIGHLIGHTS---
1) AIG reported 4Q EPS of $0.65, which was in line with our estimate and the Street's consensus.
2) Domestic General Brokerage premiums increased 19% (we estimate 17% excluding the HSB acquisition). This provides evidence of a tighter commercial market and reflects reduced culling of underpriced business.
3) Loss reserves increased $342 million to $25 billion. Of the reserve increase, $235 million was from the HSB acquisition.
4) Life operating income growth was ahead of our estimate at 18.3% and demonstrates AIG's ability to expand earnings through multiple areas.

----- DISCUSSION---
AIG's fourth quarter per share results met our expectations along with the Street's. We have stressed previously that investors should not expect the company to post significant upside EPS surprises. AIG focuses on meeting expectations through varied operating environments and it is for this reason the stock continues to be rewarded with the highest valuations in the financial services sector. We were especially pleased to see AIG's portion of Domestic General Brokerage premiums grow 19.0% compared to our estimate of 7.5%. Even

-- FIRST CALL --

though we estimate roughly 2 points of this growth was from the HSB acquisition, we believe this provides further evidence of higher commercial rates, especially in the company's Lexington surplus lines unit. We are maintaining our 2001 EPS estimate of $2.80, our 12-month price target of $110, and our Strong Buy/SBI/Select rating.

Fourth Quarter Recap. AIG's consolidated and segment results are shown in Figure 1. Operating EPS increased to $0.65 from $0.56 (+16.1%), which was in line with our and the Street's expectations. Pretax operating income was better than expected for General Insurance, Life Insurance, and Financial Services, while Asset Management results were slightly below our expectations.

Figure 1. Pre-Tax Operating Income By Segment
($ in millions, except per share)

	4Q00E	4Q00A	4Q99A	% Chg. 4Q00A/ 4Q99A
General Insurance	$846.5	$855.2	$769.5	11.1%
Life Insurance	948.0	955.2	807.4	18.3%
Financial Services	371.0	398.9	325.5	22.6%
Asset Management	112.0	109.7	96.2	14.1%
Corporate & Other	(68.0)	(74.6)	(61.5)	21.4%
Total	2,209.5	2,244.3	1,937.0	15.9%
Taxes	649.6	650.6	581.5	11.9%
Minority Interest A/T	(35.0)	(65.5)	(37.1)	76.5%
Operating Income	1,524.9	1,528.1	1,318.4	15.9%
Realized Capital Gains	-	(30.8)	(6.2)	396.8%
Net Income	1,524.9	1,497.3	1,312.2	14.1%
EPS-Net Income	$0.65	$0.64	$0.56	14.2%
EPS-Operating	$0.65	$0.65	$0.56	16.1%

Source: Company data, Prudential Securities estimates.

GENERAL INSURANCE GAINS MOMENTUM

Domestic General Brokerage premiums growth reflects higher commercial rates. Domestic General Brokerage premiums grew 18.4% to $2.40 billion (Figure 2). Importantly, AIG's contribution grew at 19.0% (we estimate roughly 2 points from HSB) compared to our projection of 7.5% following growth of 6.1%, 2.6%, and -4.8% in the third, second, and first-quarters 2000, respectively. We attribute this quarter's astonishing results to excellent growth in the Lexington surplus lines book and reduced culling of underpriced business. Notably, management said that the degree of culling continues to decline. Up to 3Q00, AIG has been eliminating business as follows: 4Q98: $180 mil.; 1Q99, $175 mil.; 2Q99, $100 mil.; 3Q99, $95 mil.; 4Q99, $80 mil.; 1Q00, $110 mil.; 2Q00, $114 mil.; 3Q00, $66 mil. (our est.).

Foreign General growth was distorted by currency fluctuations and one-time items. Reported written premiums increased 1.6% to $1.3 billion, but growth was 11.5% versus our estimate of 10.2% excluding the impact of foreign exchange and risk finance business written last year. Risk finance transactions are large, one-time premium deals that combine insurance with financial products.

-- FIRST CALL --

Figure 2. General Insurance Written Premiums By Segment
($ in millions)

	4Q00E	4Q00A	4Q99A	% Chg. 4Q00A/ 4Q99A
Domestic Brokerage				
AIG	$1,934.4	$2,193.5	$1,842.6	19.0%
TRH	201.8	202.5	181.8	11.4%
Reported	2,136.2	2,396.0	2,024.4	18.4%
Personal Lines				
AIG	$431.5	$441.2	$359.6	22.7%
TW	200.8	200.8	191.3	5.0%
Reported	632.3	642.0	550.9	16.5%
Mortgage Guaranty	$118.9	$118.1	$105.7	11.7%
Total Domestic	$2,887.4	$3,156.1	$2,681.0	17.7%
Foreign General				
AIG	$1,288.2	$1,136.9	$1,127.9	0.8%
TRH	220.9	209.9	198.0	6.0%
Reported	1,509.1	1,346.9	1,325.9	1.6%
Total General Insurance	$4,396.6	$4,502.9	$4,006.9	12.4%

Source: Company data, Prudential Securities estimates.

Reserves still do not show a discernable trend. We cautioned investors not to read too much into the $59 million reduction in 3Q00 loss reserves, which we attributed to the methodical reduction in AIG's book as well as the mix change to shorter tail lines. We still do not see any discernable trend developing based on fourth quarter results, but reserves did increase $342 million to $25 billion (Figure 3). AIG's reserves grew $106 million ($101 million at AIG and $5 million at Transatlantic) and the acquisition of HSB Group, Inc. added $235 million to reserves.

Figure 3. General Insurance Net Loss Reserves

(In $ Mil)	3Q99	4Q99	1Q00	2Q00	3Q00	4Q00
Tot. Reserves	24,695	24,600	24,622	24,669	24,610	24,952
Tot Change	12	-95	22	47	-59	342
Paid Claims						
AIG	2,492	3,003	2,737	2,910	2,756	3,241
TRH	251	287	330	348	369	297
Total Paids	2,744	3,290	3,067	3,258	3,125	3,538
Reserves Chg.						
AIG	-36	-156	63	100	0	101
TRH	48	61	-41	-53	-59	5
Total Change	12	-95	22	47	-59	106
Tot. Incurred						

-- FIRST CALL --

AIG	2,457	2,847	2,800	3,010	2,756	3,342
TRH	299	348	289	295	310	303
Tot. Incurred	2,756	3,195	3,089	3,305	3,066	3,645

Source: Company data, Prudential Securities estimates.
Prudential Securities Incorporated (or one of its affiliates or subsidiaries) or its officers, directors, analysts, employees, agents, independent contractors, or consultants may have positions in securities or commodities referred to herein and may, as principal or agent, buy and sell such securities or commodities.
Prudential Securities Incorporated and/or its affiliates or its subsidiaries have managed or comanaged a public offering of securities for AIG.

-> End of Note <-

-- FIRST CALL --

08:08pm EST 8-Feb-01 UBS Warburg (US) (Lewis, Michael A. +1 212 821 2310) AIG
AIG: Q4`00 OPERATING EPS IN-LINE WITH EXPECTATIONS; BUY

UBS Warburg
Michael A. Lewis +1 212 821 2310
Peter C. Streit +1 212 821 2415
Jaime Stalbaum +1 212 821 3251

February 8, 2001

American International Group(AIG - NYSE) - Buy
US Insurance, Full Line

Price:	86.90	Dividend:	0.13
Target:	105.00	Yield:	0.1%
52 Week:	103.69 - 54.29	5yrEGR:	16%

Mkt Cap:	204.4b	Est Debt/TC:	8%
Shrs O/S:	2.4b	ROE:	15%
Avg Vol(000):	3287	Ent Val:	N/A
Est BV/Shr:	16.47	CV Sec:	Yes

Fiscal Year Quarterly Estimates - EPS

	1Q	2Q	3Q	4Q
1999:	0.50 A	0.54 A	0.52 A	0.56 A
2000:	0.58 A	0.61 A	0.61 A	0.65 A
2001:	0.66 E	0.69 E	0.70 E	0.78 E
2002:				

Fiscal Year Estimates - EPS

	Prior	EPS	P/E	Rev (m)
Dec/1999 A:		2.13	40.8	40602
Dec/2000 A:		2.45	35.5	46662
Dec/2001 E:		2.83	30.7	50498
Dec/2002 E:		3.25	26.7	55963

AIG: Q4`00 OPERATING EPS IN-LINE WITH EXPECTATIONS; BUY

Summary:

We continue to view AIG as the premier U.S. based global insurance and financial services company, whose outstanding record was built on its broad based, low cost global distribution capabilities, product development skills, and broad product scope. AIG is positioned to extend this record given the expansion of its revenue and earning streams, its top shelf financial ratings, and leadership position in a number of markets. AIG also stands to be a major beneficiary of the firming in worldwide property casualty rates. AIG`s market valuation reflects these aforementioned factors. Our target price is $105.

Highlights:

o December quarter 2000 per share operating earnings rose 16.1% to $0.65 from $0.56 a year ago, in line with the First Call consensus estimate, but slightly shy of our $0.66 projection. Results benefited from operating income growth in all business segments.

o AIG achieved pretax operating earnings growth across all business segments including a 11.1% increase in general insurance to $855.2 million, a 18.3% rise in life insurance results to $955.2 million, a 22.5% increase in financial services to $398.9 million, and a 14.0% advance in asset management to $109.7 million.

o AIG`s worldwide general insurance operations growth and profitability improved in the quarter, and the momentum should continue, as rates continue to harden in an operating environment that now emphasizes rate adequacy over market share.

o We are retaining our 2001 fully diluted per share operating earnings projections at $2.83 with all four sectors contributing to the growth. Our initial 2002 fully diluted earnings per share estimate is $3.25. Our 12 month target price remains $105.

-- FIRST CALL --

Analysis:

December quarter 2000 per share operating earnings rose 16.1% to $0.65 from $0.56 a year ago, in line with the First Call consensus estimate, but slightly shy of our $0.66 projection. Results benefited from operating income growth in all business segments. There were a number of positive developments in the quarter (general insurance premium growth, and strong financial service results) and some disappointments (personal lines underwriting results, and asset management results) however, overall bottom line results reflected a solid quarter but nothing that wasn`t reflected in the current valuation.

Turning to specifics:

General Property Casualty Insurance Pretax Earnings Rose 11.1% to $855.2 Million

Net premiums written rose a surprising 12.4% to $4.5 billion versus $4.0 billion in the prior year period, and 14% excluding the impact of foreign exchange. This growth was driven by a 20% increase in domestic production, representing 70% of overall production, offset somewhat by a slight decrease in foreign production. The combined ratio improved only slightly to 98.8% from 99.0% a year earlier despite the absence of catastrophe related claims in the period versus $83 million a year earlier. Reserves were increased by $106.3 million as compared to a year earlier $95.4 million reduction, as paid claims rose 7.5% to $3.5 billion. Foreign general had a solid quarter reporting a combined ratio of 95.1% versus 98.9%, however, domestic general had a slight deterioration in the combined ratio to 100.2% from 99.2% in the fourth quarter 1999. The deterioration in the domestic general insurance combined ratio was driven by worse than expected results in personal lines with a 105.4% combined ratio, which remains in the fix up stage with management filing rate increases and initiating other actions that should improve future underwriting results. Net investment income rose 8.5% to $702.3 million aided in part by partnership income. United Guaranty Corp., AIG`s mortgage insurance subsidiary reported outstanding results, as operating income rose 10.1% to $89.5 million. Lastly, Transatlantic Holdings Inc. had improved results in the quarter as worldwide reinsurance markets continued to tighten.

Life Insurance Pretax Operating Earnings Up 18.3% To $955.2 Million

Premium income from life insurance increased 12.9% to $3.5 billion versus $3.1 billion in the prior year period. An ongoing strong showing throughout Asia, Central Europe, and Latin America helped results. Premium income from annuities, pensions and investment products decreased 4.3% in the quarter to $3.6 billion from $3.7 billion in the fourth quarter 1999 primarily due to market timing considerations, and according to management is not reflective of the year`s results as a whole, or the business going forward. Net investment income rose 17.0% to $1.9 billion in the period. Domestic life insurance operations reported operating income of $363.1 million up 27.4% on a year over year basis. Foreign operations rose 13.4% to $592.1 million. Progress was made in developing and implementing AIG`s strategy of introducing SunAmerica`s retirement savings products in overseas markets, as well as the integration of SunAmerica`s mutual fund business in the United States.

Financial Services Pretax Earnings Rose 22.5% To $398.9 Million

-- FIRST CALL --

Financial Service results were above expectations, with better than expected results coming from AIG Financial Products Corp where pretax operating income was up 29.9% to $215.6 million, and International Lease Finance Corp. (ILFC) with pretax operating income up 10.7% to $177.5 million. AIG Trading reported $21.6 million versus $32.6 million a year earlier, as overall results continue to be affected by a decline in activity in its principal markets in the period. A new management team was put in place, which AIG believes will strengthen the unit`s performance going forward.

Asset Management Pretax Earnings Rose 14.0% To $109.7 Million

Asset Management is AIG`s newest stand-alone operation, which combines portions of the acquired SunAmerica business and some of AIG`s operations formerly reported in the financial services sector. The segments performance is due to substantial increases in the company`s investment offerings, as assets under management (including retail mutual funds and institutional accounts) totaled approximately $35 billion at year end. Results were held back somewhat due to expenditures associated with future growth initiatives.

Per Share Earning Estimates Unchanged

We are maintaining our 2001 per share fully diluted earnings estimate at $2.83, up from $2.45 in 2000. We continue to assume further easing in the competitive market conditions confronting the general insurance operations. Life insurance operations should show solid growth in both its foreign and domestic operations. Moreover, AIG is well positioned to augment its internal growth with timely acquisitions in the insurance and financial services sector. Our initial 2002 per share fully diluted earnings estimate is $3.25 and our target price remains $105.

UBS Warburg LLC, PaineWebber Incorporated and/or one of their affiliates has acted as a manager/co-manager or placement agent in underwriting securities of this company or one of its subsidiaries in the past three years.

UBS Warburg LLC, 299 Park Avenue, New York, NY 10171-0026 Phone: +1-212-821-6834

been issued by UBS Warburg Ltd., a subsidiary of UBS AG, regulated in the UK by the Securities and Futures Authority, for distribution in the United Kingdom to persons who are not UK private customers. US: This report is being distributed to US persons by either UBS Warburg LLC or PaineWebber Incorporated, subsidiaries of UBS AG, or by a division, group or affiliate of UBS AG, that is not registered as a US broker-dealer (a "non-US affiliate"), to major US institutional investors only. UBS Warburg LLC or PaineWebber Incorporated accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Warburg LLC or PaineWebber Incorporated. Canada: This report is being distributed by UBS Bunting Warburg Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. For transactions, please contact your local sales representative. Additional information will be made available upon request.

-> End of Note <-

-- FIRST CALL --

08:26pm EST 8-Feb-01 Salomon Smith Barney (Ronald W. Frank 212-816-1681) AIG
AIG: SOLID QUARTER AS EXPECTED; DOUBLE-DIGIT COMMERCIAL PREMIUM GROWTH

SALOMON SMITH BARNEY

American International Group (AIG)
AIG: SOLID QUARTER AS EXPECTED; DOUBLE-DIGIT COMMERCIAL PREMIUM GROWTH

1L (Buy, Low Risk)
Mkt Cap: $201,173.5 mil.

February 8, 2001

INSURANCE--PROPERTY & CASUALTY

Ronald W. Frank
212-816-1681
ron.frank@ssmb.com

SUMMARY
* Domestic Brokerage Group premium growth of 18% shows clear effect of property/casualty cycle turn.
* Another underwriting profit while adding over $100 million to reserves.
* Annuity sales up, helped by addition of competitive product features.
* No change in 2001 EPS estimate; 2002 initiated at $3.25.
* "Fireside Chat" on Monday, February 12, should have positive tone, in our opinion.

FUNDAMENTALS

P/E (12/00A)	35.5x
P/E (12/01E)	30.7x
TEV/EBITDA (12/00A)	NA
TEV/EBITDA (12/01E)	NA
Book Value/Share (12/00A)	$15.80
Price/Book Value	5.5x
Dividend/Yield (12/00A)	$0.15/0.2%
Revenue (12/00A)	$41,050.0 mil.
Proj. Long-Term EPS Growth	15%
ROE (12/00A)	167.0%
Long-Term Debt to Capital(a)	6.7%

AIG is in the S&P 500(R) Index.
(a) Data as of most recent quarter

SHARE DATA		RECOMMENDATION	
Price (2/7/01)	$86.90	Current Rating	1L
52-Week Range	$103.69-$54.29	Prior Rating	1L
Shares Outstanding(a)	2,315.0 mil.	Current Target Price	$120.00
Convertible	No	Previous Target Price	$120.00

EARNINGS PER SHARE

FY ends		1Q	2Q	3Q	4Q	Full Year
12/99A	Actual	$0.50A	$0.54A	$0.53A	$0.56A	$2.13A
12/00A	Current	$0.58A	$0.61A	$0.61A	$0.65A	$2.45A
	Previous	$0.58A	$0.61A	$0.61A	$0.65A	$2.46E
12/01E	Current	$0.66E	$0.70E	$0.71E	$0.76E	$2.83E
	Previous	NA	NA	NA	NA	$2.83E
12/02E	Current	NA	NA	NA	NA	$3.25E
	Previous	NA	NA	NA	NA	NA

First Call Consensus EPS: 12/00A $2.45; 12/01E $2.81; 12/02E NA

OPINION

AIG reported 4Q00 operating EPS of $0.65, in line with the Street and a penny

-- FIRST CALL --

below our estimate. All major reporting segments performed well. From our perspective, a positive highlight of the quarter was continued acceleration of premium growth in AIG's Domestic Brokerage Group, its U.S. commercial insurance arm, reflecting further benefits from the property/casualty cycle turn. Overall, the results continue to validate the relatively-high earnings stability and predictability that arises from AIG's well-diversified business base. We expect these themes to be reinforced at CEO Hank Greenberg's annual "fireside chat" with analysts on Monday, February 12. We maintain our 2001 EPS estimate of $2.83 and are initiating a 2002 estimate of $3.25.

STRONG GROWTH IN DOMESTIC COMMERCIAL INSURANCE. The Domestic Brokerage Group reported premium growth of 18.4% in 4Q00, compared to 6.7% in 3Q, 3.6% in 2Q and a decline in 1Q. We estimate that growth was still in the mid-teens excluding one month of premiums from recently-acquired HSB Group. This strong acceleration clearly reflects both higher renewal pricing and higher renewal retentions amidst continued hardening of the market, consistent with CEO Hank Greenberg's press release comments and his recent remarks at the SSB Financial Services Conference. The combined ratio of 98.8% for the quarter and 96.7% for the year were both in line with the comparable 1999 figures. Furthermore, AIG added more than $100 million to loss reserves while achieving yet another underwriting profit. For the quarter, deterioration in the Personal Lines combined ratio (105.4% vs. 102.0%) essentially offset improvement in the Foreign General result (95.1% vs. 99.1%) while the Domestic Brokerage Group result was very stable at 101.4%. Auto rate increases, including those taken in California in November, are expected to help turn Personal Lines results around in 2001. Note that the Domestic Brokerage Group comprises about half of AIG's General Insurance premiums, and is more than three times the size of the Personal Lines component.

ANNUITY SALES WERE UP. Statutory premiums and deposits in annuities, pension and investment products were down 16.5% for the quarter in the U.S., and SunAmerica's sales were down 12.4%. However, SunAmerica's sales would have been up excluding Guaranteed Investment Contracts (GICs), which are sold opportunistically based on market conditions. GIC sales were actually up for the year. Although the market clearly became more difficult for the industry in 4Q, the increase in SunAmerica's annuity sales was helped by the addition of competitive product features (such as bonus credits) during 2000.

FINANCIAL SERVICES HAD ANOTHER STRONG FINISH. As was the case in 1999, 4Q was the best of the year for this segment. International Lease Finance maintained profit growth of about 11% in line with the first nine months of the year, and AIG Financial Products put up profit growth of 30% in the quarter and 35% for the year.

INVESTMENT THESIS

We view AIG as a core financial sector holding and, as the largest commercial insurer in the U.S., an attractive play on the commercial property/casualty cycle. Under legendary CEO Hank Greenberg, AIG has consistently delivered mid-double-digit EPS growth and mid-teens ROEs, a consistency that is increasingly hard to find and which we therefore consider deserving of a rich relative valuation.

COMPANY DESCRIPTION

-- FIRST CALL --

American International Group is a U.S.-based global insurance and financial services company. AIG is among the ten largest companies in the U.S. measured by market capitalization, and does business in more than 130 countries and jurisdictions. General (property/casualty) insurance and life insurance each comprise about 40% of AIG's pretax earnings, with other financial services businesses comprising the remainder. AIG derives over 40% of its operating income from non-U.S. sources.

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

Ronald W. Frank 212-816-1681

-> End of Note <-

00:18am EST 9-Feb-01 Morgan Stanley/DW (Schroeder, Alice 1-212-761 4626) AIG
AMERICAN INT'L GRP: NO REASON TO GET TWITCHY P1

North America: United States of America
Insurance - Property-Casualty

February 09, 2001
Company Update
American Int'l Grp
(NYSE: AIG, Bloomberg: AIG US)
No Reason to Get Twitchy

Alice Schroeder
+1 (1)212 761 4626
Alice.Schroeder@msdw.com
Greg Lapin
+1 (1)212 761 7771
Greg.Lapin@msdw.com
Chris Winans
+1 (1)212 761 4917
Chris.Winans@msdw.com

-THE FIRESIDE CHAT IS ON MONDAY
Investors should be buying before this traditionally upbeat analyst meeting. Management's comments in the 4Q earnings release suggest that this will be another Happy Chat.

-IT'S ALL ABOUT THE GROWTH
The two key lines -- foreign life and domestic nonlife -- surpassed our expectations. We believe that anything else mostly boils down to noise.

-FOCUS ON THE BIG PICTURE
Investors pay a premium partly for AIG's consistent EPS growth. Focusing too much on a quarter's moving parts can cause you to lose sight of the company's future -- its outstanding international franchise.

OUTPERFORM

Price (February 8, 2001):	$85.70
Price Target:	$110
52-Week Range:	$103.75 - 52.37

Price: Abs. and Rel. To Market & Industry

The PDF versions of the complete document including these graphics or tables are available to Morgan Stanley Dean Witter clients through Research Link at www.msdw.com, contact your sales representative for access information.

Company Description

American International Group is the leading U.S.-based international multiline insurance and financial services organization and the largest

-- FIRST CALL --

commercial underwriter in the U.S. AIG has an extensive global presence, particularly in Japan and Asia, in both life and non-life operations. It also has major asset-management and financial-services divisions, in-cluding the world's largest aircraft-leasing company.

FY ending Dec 31:	1999A	2000A	2001E	2002E
EPS ($)	2.13	2.45	2.85	3.25
Prior EPS Ests. ($)	--	--	--	--
Consensus EPS Ests. ($)	--	--	--	--
CEPS ($)	--	--	--	--
P/E	40.3	35.0	30.1	26.4
P/E Rel. to (local index)	--	--	--	--
P/CE	--	--	--	--
Price/Book	6.0	5.2	4.5	3.9
EV/EBITDA	--	--	--	--
Yield (%)	0.1	0.2	0.2	0.2

Market Cap ($ m)	198,443
Enterprise Value ($ m)	--
Debt/Cap (12/00) (%)	--
Return on Equity (12/00) (%)	--
L-T EPS Grth ('yy - 'yy) (%)	
P/E to Growth	--
Shares Outstanding (m)	2,315.6

Q'trly EPS	2000A actual	2001E curr	prior	2002E curr	prior
Q1	0.58	0.66	--	--	--
Q2	0.61	0.70	--	--	--
Q3	0.61	0.71	--	--	--
Q4	0.65	0.77	--	--	--

E = Morgan Stanley Dean Witter Research Estimate

No Reason to Get Twitchy

We are maintaining our Outperform rating on AIG following its 4Q00 earnings release, with a $110 target. The stock is currently trading at 30X 2001E and 26X 2002E. While the stock has retreated almost 14% since year-end, it is still at a premium valuation to the market and insurance stocks, especially on a book value basis. However, we believe this valuation is discounted to AIG's intrinsic value, which we estimate in line with our target, and is justified by AIG's mid-teens earnings growth rate. From this point forward, we don't see a case for significant multiple expansion versus the market. However, AIG's higher earnings growth rate should lead to meaningful outperformance over the long-term even if multiples contracted.

As always, the risk with AIG is the sustainability of earnings. We believe the company remains one of the best-positioned businesses in the world to maintain its performance over the long-term, due to its newly granted licenses in such fast-growing insurance markets as China, Vietnam and India. Assuming we are right, the company should be reporting more than $10 billion of operating earnings in 2004, driven primarily by its powerhouse life

-- FIRST CALL --

operation -- roughly in the neighborhood of what General Electric, the largest company in the Fortune 500, earns now.

We think this quarter was a good example of AIG doing what it does best: growing fast and making the numbers. The key takeaways were 20% local currency growth in international life premium equivalents, an increase from last quarter's 18.5% growth rate, and another acceleration of growth in nonlife insurance, with domestic general premiums growing 17.7% compared to 8.7% last quarter. As important was the change in reserves: AIG added $106 million to reserves and the paid/incurred ratio fell to 97.1%, the lowest level since the first quarter of 1999. On the negative side of the ledger was 3.5% reported growth in worldwide life sales, with currencies and a 14.3% decline in domestic life insurance the cause. We believe these are transitory issues; management cited "market timing considerations" to explain the domestic life insurance decline. While there were several moving parts to the earnings number, including a 100 basis point improvement in the effective tax rate, and an unusually high investment income growth rate in domestic life insurance, on the whole we believe this quarter was no noisier than usual and we see no fundamental reason to change our estimates.

Worldwide life insurance premium equivalents rose 3.5% on a reported basis; 7.3% in original currencies. Foreign life business grew a dramatic 20% in original currencies compared to 18.5% last quarter (the company reported no significant currency impact in the third quarter). On a reported basis, foreign life business grew 14% with a 12.4% increase in life business and a 17.6% increase in annuities, pension, and investment products. This is a higher growth rate than we have been assuming; after our trip to visit competitors in Asia in December we were comfortable with a high-teens growth rate. One additional factor is that AIG is likely to reach a deal to buy Chiyoda Life in Japan by the end of the second quarter. If this transaction is consummated, AIG's business in Japan would double from the current level which we estimate at around $2.6 billion.

Domestic life insurance premium equivalents declined 14.3%, with a 16.5% decrease in annuities and pension products responsible. Traditional life products rose an impressive 25.3%. Investment income in the life segment rose 17.0%, with the lion's share of the growth coming from the domestic segment, which increased an unusually high 19.5%. Life operating income rose 18.3%, roughly in line with the past few quarters.

Property-casualty written premiums increased 12.4%, or 14.0% on an original currency basis. Foreign general premiums grew only 1.6% as reported but 6.4% on an original currency basis, slightly down from last quarter's 6.9% rate and compared to 8.3% a year ago. However, management indicated that risk finance transactions in the prior year affected the growth rate and premiums would have risen 11.5% otherwise -- a significant ramp-up that continues to suggest improvement in overall market conditions.

Domestic property-casualty growth was outstanding. Written premiums rose 17.7% with an even higher 18.4% increase in the commercial brokerage division. Personal lines grew 16.5% and mortgage guaranty increased 11.7%. The combined ratio was slightly higher than we were expecting at 98.81%; a 105.36% personal lines combined ratio was the main reason (this compares to 99.18% through the first nine months). AIG noted that it is taking rate action in all of the states in which it does business. In addition, we noted that 21st Century, the company's majority-owned direct writer, is resuming growth in Southern California as market conditions have improved enough to justify ending its moratorium. In addition, the brokerage division combined ratio was higher than usual at 101.35% compared to 99.58% through the first nine months. At the tail end of a soft market, if this is as bad as it gets, we'll take it.

Finally, AIG put to rest a minor controversy from last quarter by adding $106 million to reserves, worth 7.1 points on the combined ratio. This lowered the paid/incurred ratio to 97.1%, the lowest level since the first quarter of 1999. For the full year, reserve increases were 2% of earned premiums for a paid/incurred ratio of 99.1%, down from 100.2% in 1999.

(PLEASE SEE PART 2)

-> End of Note <-

-- FIRST CALL --

00:18am EST 9-Feb-01 Morgan Stanley/DW (Schroeder, Alice 1-212-761 4626) AIG
AMERICAN INT'L GRP: NO REASON TO GET TWITCHY P2

The information and opinions in this report were prepared by Morgan Stanley & Co. Incorporated ("Morgan Stanley Dean Witter"). Morgan Stanley Dean Witter does not undertake to advise you of changes in its opinion or information. Morgan Stanley Dean Witter and others associated with it may make markets or specialize in, have positions in and effect transactions in securities of companies mentioned and may also perform or seek to perform investment banking services for those companies. This memorandum is based on information available to the public. No representation is made that it is accurate or complete. This memorandum is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned.

Within the last three years, Morgan Stanley & Co. Incorporated, Dean Witter Reynolds Inc. and/or their affiliates managed or co-managed a public offering of the securities of American Int'l Grp.

Morgan Stanley & Co. Incorporated, Dean Witter Reynolds Inc. and/or their affiliates or their employees have or may have a long or short position or holding in the securities, options on securities, or other related investments of issuers mentioned herein.

The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Where an investment is denominated in a currency other than the investor's currency, changes in rates of exchange may have an adverse effect on the value, price of, or income derived from the investment. Past performance is not necessarily a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

To our readers in the United Kingdom: This publication has been issued by Morgan Stanley Dean Witter and approved by Morgan Stanley & Co. International Limited, regulated by the Securities and Futures Authority Limited. Morgan Stanley & Co. International Limited and/or its affiliates may be providing or may have provided significant advice or investment services, including investment banking services, for any company mentioned in this report. Private investors should obtain the advice of their Morgan Stanley & Co. International Limited representative about the investments concerned.

This publication is disseminated in Japan by Morgan Stanley Dean Witter Japan Limited and in Singapore by Morgan Stanley Dean Witter Asia (Singapore) Pte.

To our readers in the United States: While Morgan Stanley Dean Witter has prepared this report, Morgan Stanley & Co. Incorporated and Dean Witter Reynolds Inc. are distributing the report in the US and accept responsibility for it contents. Any person receiving this report and wishing to effect transactions in any security discussed herein should do so only with a representative of Morgan Stanley & Co. Incorporated or Dean Witter Reynolds Inc.

To our readers in Spain: AB Asesores Morgan Stanley Dean Witter, SV, SA, a

-- FIRST CALL --

Morgan Stanley Dean Witter group company, supervised by the Spanish Securities Markets Commission (CNMV), hereby states that this document has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations.

To our readers in Australia: This publication has been issued by Morgan Stanley Dean Witter but is being distributed in Australia by Morgan Stanley Dean Witter Australia Limited A.C.N. 003 734 576, a licensed dealer, which accepts responsibility for its contents. Any person receiving this report and wishing to effect transactions in any security discussed in it may wish to do so with an authorized representative of Morgan Stanley Dean Witter Australia Limited.

To our readers in Canada: This publication has been prepared by Morgan Stanley Dean Witter and is being made available in certain provinces of Canada by Morgan Stanley Canada Limited. Morgan Stanley Canada Limited has approved of, and has agreed to take responsibility for, the contents of this information in Canada.

Additional information on recommended securities is available on request.

-> End of Note <-

-- FIRST CALL --

07:34am EST 9-Feb-01 Wasserstein Perella (Kenneth S. Zuckerberg 212.903.218)
Wasserstein: AIG 4Q EPS Commentary--Part II

4Q EPS Commentary--Part II

COMPANY: American International Group
RATING : Hold
ANALYST: (Kenneth S. Zuckerberg 212.903.2189) PRICE: $85.7 EXCH: NYSE

E P S :	--- FULL YEAR ($US) ----			--------- PRICE -----		---SHARES (Thsnd's)---	
FY: Dec.	Curr.	Prior	P/E	12 Mo Tgt :	$100	Mkt Cap:	$198,443,063
2000 FC	2.45a			52 Wk High:	$103.75	Shrs Out:	2,315,555
2001 WP	2.80e		30.61x	52 Wk Low :	$52.38	Dly Vol :	4,964
FC	2.81e			3Yr Growth:	15.00%	Div/Yld :	$0.15/0.17%
2002 WP				YTD Perf :	-13.05%	LTD/CAP :	46.60%
FC	3.23e			Book Value:	$15.79		
2003 WP				Px/Book :	5.43x		
FC							

as of: 02/09/2001 07:04 EST

E P S :	--- 1st QTR ---		--- 2nd QTR ---		--- 3rd QTR ---		--- 4th QTR ---	
	Curr.	Prior	Curr.	Prior	Curr.	Prior	Curr.	Prior
2000	0.58a		0.61a		0.61a		0.65a	
2001	0.65e		0.70e		0.70e		0.75e	
2002								
2003								

Footnote: Earnings have been adjusted for the July 31, 2000 3 for 2 stock split.

Event: Follow up comments to AIG's 4Q00 EPS report

Recommend: Maintain existing positions; expand on price weakness.

Analysis: AIG reported on target 4Q00 operating EPS of $0.65 vs. $0.56 in 4Q99. As detailed in our earlier First Call note, lower-than-expected property & casualty earnings were offset by positive surprises in the life insurance and financial services segments. (Earnings from asset management, AIG's smallest major business segment, were about 7% below our estimate.) Following a detailed review of the company's quarterly press release, we have fine-tuned our earnings model and have initiated quarterly EPS estimates for 2001 as detailed above. Our 2001 EPS estimate of $2.80 is unchanged. We plan to release a formal estimate for 2002 following the company's annual "Fireside Chat" with CEO Hank Greenberg, which is scheduled for Monday, February 12, 2001. We expect to learn more about management succession plans at this year's meeting.

Valuation: AIG currently trades at approximately 31.0x projected 2001 EPS of $2.80. Our $100 price target equates to 35.5x our estimate, close to the high end of the stock's recent range.

Upcoming Events: AIG is hosting its annual analyst meeting on Monday, February 12th at 4:00 p.m. Clients who cannot attend the meeting may dial in

-- FIRST CALL --

by calling (888) 809-8966.

Call Details

Overview of 4Q00 Results

** AIG reported on-target EPS of $0.65 up 15% relative to 4Q99
** Earnings predictability remains superb, a function of strong global diversification
** Below target P&C earnings were offset by life and financial services; adverse personal lines experience was the culprit
** That said, P&C NPW was an explosive 12% (14% ex FOREX), confirming the turn in pricing
** Excluding HSB and non-renewed NPW in 4Q99, growth still appeared to be double-digit
** We expect management to discuss succession at next Monday's "Fireside Chat"

AIG reported operating EPS of $0.65 in 4Q00 compared to $0.56 in 4Q99, exactly in line with our EPS estimate and consensus. For the year, EPS also grew by 15% to $2.45 from $2.13. While property & casualty earnings growth fell materially short of our projections (11% actual growth vs. 27% projected) and asset management earnings were modestly below target (all references relate P/T operating income), the shortfalls were completely offset by better results in life insurance (18% actual growth vs. 15% projected) and financial services (23% growth vs. a projected 2% decline), the latter being driven by aircraft leasing and AIG Financial Products.

The company pointed out that despite a sales decline of 12.4% at SunAmerica (SAI) during the quarter, operating income in the unit great smartly at 28.9% presumably due to favorable margins on inforce business and expense control. (For the year, SAI's sales and operating income rose by 14.6% and 26.2%, respectively.) Excluding "other income" and FOREX, pretax earnings for 4Q00 were split as follows: 37% property & casualty, 41% life insurance, 17% financial services and 5% asset management.

AIG's actual underwriting ratios (76.16% loss ratio, 22.65% expense ratio, 98.81% combined ratio) were several points higher than our estimate. That said, the 4Q00's combined ratio was below the 4Q99 figure of 98.95% due to lower catastrophe losses. (Last year's results were negatively impacted by two European storms, namely Lothar and Martin.) Net additions to loss reserves were $106 million, something we view positively from an earnings quality standpoint.

With regard to the P&C segment shortfall, the dampening of underwriting profits was driven by the domestic personal lines operation (14% of NPW), which turned in a CR of 105.36% in 4Q00 vs. 101.97% in 4Q99. Private passenger auto results at 21st Century Insurance (NYSE: TW), which separately posted a reduction in quarterly EPS, appear to be the culprit. The good news here is that AIG and TW are attempting to raise prices. (Per the press release, "AIG has filed for rate increases in all states where we offer personal lines products.") Results for the Brokerage Division, AIG's largest P&C profit center (53% of NPW) results held steady (CR of 101.35% in 4Q00 vs. 101.23% in 4Q99) during a difficult period for the industry, further underscoring AIG's disciplined underwriting culture and diligent focus on expense controls, including efficient claims management.

-- FIRST CALL --

Strong Top-Line Growth Confirms Higher Prices

Worldwide net premiums written and earned grew by a robust 12% and 15%, considerably higher than our 8% projection for each of the two line items. Although top-line growth was distorted by the Hartford Steam Boiler acquisition and business non-renewed during 4Q99, AIG's efforts to raise prices over the past six quarters is legitimately starting to flow through the income statement. (Though we couldn't confirm this with the company, our sense is that organic P&C premium growth was at least 10%.) In the much-read earnings press release, CEO Hank Greenberg commented that "stronger rates are evident across virtually all classes of business and we believe that rates will continue to firm." Mr. Greenberg went on to say that "the strengthening rate environment across the board, both in the U.S. property-casualty market and in key overseas markets, is a major positive event for the industry and most particularly for AIG.

Comments on FOREX

As we had suspected, foreign exchange rates negatively affected reported premium growth across AIG's four major insurance business segments. Excluding FOREX, premium growth was 14.0% for worldwide general insurance, 6.4% for foreign general insurance, 7.3% for worldwide life insurance and 20.0% for foreign life insurance. Premium growth was reported in U.S. dollars (growth was 12.4%, 1.6%, 3.5% and 14.0%, respectively), with the largest negative impact showing up in the foreign general and life segments. The strengthening dollar relative to the yen clearly played a role here.

-> End of Note <-

-- FIRST CALL --

08:14am EST 9-Feb-01 Bernstein (Bault, Todd 212/756 - 1857) AIG AIG.N
AIG: raising target price to $100, still a "real" value

AIG: raising target price to $100, still a "real" value

Stock	2/08/01 Price	SCB Rating	YTD Rel. Perform.	EPS 2000	EPS 2001E	EPS 2002E	P/E 2001E	P/E 2002E	Price/ Book	Yield
AIG	$86	O	-14%	2.45	2.85	3.25	30.1	26.4	5.4	0.2%
SPX	$1,333			56.25	58.25	62.00	22.9	21.5	4.5	1.2%

O - Outperform, M - Market-Perform, U - Underperform

Highlights

* We are raising our target price for AIG to $100 from $95, with 15-16% annual appreciation reasonable. Reiterate Outperform-recent weakness represents a good buying opportunity.

* Results great on all fronts, with notable improvement in non-life; total forward growth rates of 15% for revenue and 16% for operating income expected; 15% ROE and 16% growth in book value expected

* Our "real options" valuation approach is the best way to value AIG's typical whirlwind of activity (joint ventures, small acquisitions, venture capital, etc.), in that it neither undervalues individual actions by ignoring them, nor overvalues by assuming that everything will work; our model assumes about $28-30 of our $100 target price comes from real options value, and represents its "premium": the value of AIG strategic management.

Details

Surprising no one, AIG reported operating income per share of $0.65 for 4th quarter 2000, compared to $0.56 in 1999 and $0.65 consensus. As the world insurance market begins to improve and AIG perceives increasing opportunity, we become more convinced that AIG can maintain or increase profit and growth rates. We maintain our 2001 EPS estimate of $2.85 and our 2002 EPS estimate of $3.25. Our updated economic value for AIG is $100, with a reasonable expectation of 16-17% annual appreciation. Recall that our target prices are largely based upon a discounted cash flow (DCF) model. AIG's target price appreciated in line with AIG's growth rate. We reiterate our Outperform rating, held since our launch in late May. It was easy to recommend AIG then, and it still is. Given yesterday's weakness in the stock, now seems like a good time to start buying again. Please see Exhibit 2 for our current earnings model.

Great results as usual, with increased optimism in insurance worldwide

While the pieces of AIG can be volatile, the whole rarely is. Growth in operating income was 15% for the year, and we estimate 15-16% income growth for the next few years. This breaks down into 8-10% from non-life insurance, 17-20% from life insurance, 15-18% in financial services, and 30-35% in asset management. This is all assuming organic growth. Non-life insurance is expected to drop from 40% to 34% of total earnings by 2003, with life insurance climbing from 40% to 44% and asset management from 5% to 7%; financial

-- FIRST CALL --

services should remain at about 15% (see Exhibit 1). Return on GAAP equity should be about 15%, growing at about 16%.

Non-life insurance racked up 8% premium growth for the year and 9.4% operating income growth. The combined ratio barely budged at 96.7%. "Hank" Greenberg, AIG' s chairman and CEO, has pointed out, from the beginning of the insurance market's improvement, that insurance rates fell a long way during the 1990's. We agree-our own estimate is that industry standard commercial rates were 5-20% inadequate in 1999, and industry personal lines rates were 5-10% inadequate. There has been improvement in 2000 (5-10% in commercial, 0-4% in personal by our estimate), but there is still work to do. AIG had worse than normal results in its subsidiaries 21st Century (auto) this year, and Transatlantic Re (reinsurance) last year, but rate actions are occurring in both companies and results are improving. Greenberg believes that industry price increases are sustainable for a couple more years as the industry works its way back to profitability. Current reserves seem about adequate and will strengthen along with price increases. Please see Exhibit 3 for our non-life insurance model. NOTE: AIG has changed its basis of presentation somewhat, so we need to wait until the detailed financial supplement is available before we can reforecast premium growth. We are comfortable with our income projections for now, based upon our 3rd quarter analysis.

Life insurance results continue to be excellent, with 18% growth in operating income. Growth in domestic life has been particularly strong this year (23.4%), aided by SunAmerica (26.2% income growth). Foreign life continues to explore new territory, including a now-functioning office in Vietnam and an application to sell in India expected to be active this year. Finally, both the risks and rewards from AIG's sponsorship of Chiyoda Mutual Life Insurance, Japan's 12th largest life insurer, could be very large. AIG plans to help the company restructure, and most probably gains a chance to acquire some choice assets in the process. Chiyoda has about $32 billion of assets but is insolvent to the tune of $4.4 billion. Please see Exhibit 4 for our life insurance model. NOTE: AIG has changed its basis of presentation somewhat, so we need to wait until the detailed financial supplement is available before we can reforecast premium growth. We are comfortable with our income projections for now, based upon our 3rd quarter analysis.

Financial services and asset management are the most difficult divisions to forecast for AIG, but both continue to produce solid results. Operating income growth for the year was 19.6% for Financial Services and 37% for Asset Management. We are projecting more modest growth for Asset Management, but still strong at 30-35%. Only Trading produced weak results currently, but this segment will always be very volatile and is a small percentage of the total division (6.5% of revenues). Financial Products (credit and other financial products customized for corporations) showed very strong results (34.5% growth and 61.4% return on revenue). Please see Exhibit 5 for our financial services and asset management model.

Finally, we note that AIG produced these fine results in spite of temporarily lower growth asset management for the quarter (14% vs. 37% for the year) and life premium income (3.5% vs. 20% for the year). Both of these results are reactions to current market conditions and do not reflect future expectations in AIG's view. Asset management is also a small part of earnings at present (5%). In addition, revenue growth was somewhat depressed in 4th quarter from adverse currency effects, but these did not noticeably impact income. We

-- FIRST CALL --

credit this to the excellent risk and strategic management of AIG.

Valuation: real options value explains the AIG "premium"

Since our launch, we have advocated a discounted cash flow model (DCF) for valuing non-life insurers (see our black book "The times, are they a'changin' for non-life insurance?", September 2000, Appendix 1 for more details). In brief, we split value into three components: embedded value, franchise value, and real options value.

* Embedded value is the economic book value, correcting for accounting issues like not discounting reserves and not reflecting reserve margin. For AIG, our current estimate of embedded value is about $19 per share, or 107% of book value.

* Franchise value is the excess rate of return over a cost of capital (we use 10% in most cases) a company can make on future business for businesses it is already in. AIG has significant franchise value, given its estimated 18-25% economic ROE across its businesses. Our estimated franchise value is about $51 per share, or 17.5 times next year's earnings.

* Real options value is the value of activities the company has yet to enter-it is the value of management's ability to seize upon opportunities. We compute this by starting with franchise value and running that answer through a Black-Scholes model to recognize the cost of seizing opportunities, as well as the volatility of the outcome. In some sense, this is a high-tech way to make up numbers, but we use the framework to keep us focused on assumptions, rather than the final number. For most of our companies, real options value is not large, but this is not the case for a great innovator and risk-taker like AIG. Its current estimated real options value is about $30, or 37% of all future value. This may seem like a lot, but think about recent activity. How, exactly, could one have anticipated, let alone specifically valued, such actions as: peer-to-peer foreign exchange products, selling auto insurance on designated financial and auto Web sites, launch of Private Client personal lines insurance, purchase of HSB, licenses in the Ukraine and Vietnam, the sponsorship and Chiyoda, etc.? All this has occurred since we launched at the end of May! We see no signs that AIG is slowing down, so some measure of contingent future activity is needed, and we think the real options value is a good proxy. We just wrote in great detail on this subject, and we direct investors to our February 1 call (AIG: a "real" value) for more details.

In total, our estimate of current fair economic value is about $100. Further, since we don't see AIG's competitive advantage waning anytime soon, this value can be reasonably expected to appreciate 15-16% per annum. This makes AIG always a core holding in our view. Given yesterday's weakness in the stock, now seems like a good time to start buying again.

Risks

AIG takes risks, so it's exposed to risk. The areas it is considering for consolidation potential-Japanese life insurance and worldwide non-life-are risky indeed, with much potential to underestimate downside in economic conditions, balance sheet stress, and rate need. AIG has a proven track record, but the risks remain. As an example (and only an example-this is not an actual deal), the current deficit at Chiyoda Life is about 77% of AIG's 2000

-- FIRST CALL --

earnings, much higher than originally anticipated, so AIG cannot simply acquire the company outright. Acquiring part of the book and then discovering a bigger hole could lead to 10% or greater downside in earnings.

Exhibit 1 Share of AIG earnings, 2000E vs. 2003E
Exhibit 2 AIG earnings model, 1997-2003E (all amounts in millions of dollars)
Exhibit 3 AIG general insurance model, 1997-2003E (all amounts in million of dollars)
Exhibit 4 AIG life insurance model, 1997-2003E (all amounts in millions of dollars)
Exhibit 5 AIG financial services and asset management model, 1997-2003E (all amounts in millions of dollars)

For exhibits please call Todd Bault 212-756-1857

-> End of Note <-

08:38am EST 9-Feb-01 Keefe, Bruyette & Woods, Inc. (Clifford Gallant) AIG AIG.
AIG: 4Q and year growth strong and outlook is for even stronger

February 9, 2001

AMERICAN INTERNATIONAL GROUP (AIG -- Buy)
Cliff Gallant
AIG Reports 4Q and Year-Growth Strong and Outlook is for Even Stronger
212-432-4546

Market Price	85.70	2002E	3.25	2002 P/E	26.4	Book Value	15.79
Price Target	112.00	2001E	2.83	2001 P/E	30.3	Price/BV	543%
Upside to Target	31%	2002E - Cash	3.25	2002 Cash P/E	26.4	Dividend	0.15
Market Cap ($mm)	198438	2001E - Cash	2.83	2001 Cash P/E	30.3	Yield	0.17%

American International Group reported solid fourth quarter operating earnings of $0.65 per share versus our expectation of $0.66 and a consensus estimate of $0.65. Highlights in the quarter include a continuation of an improving marketplace for property and casualty insurance leading to strong growth. In the Brokerage Group, growth was over 15% in the quarter. As the marquee commercial lines underwriter in virtually all of the world's open insurance marketplaces, AIG is positioned well to fully benefit from the current worldwide turn in commercial lines pricing. Moreover, AIG appears poised to begin to reap the rewards of its underwriting discipline during the soft pricing years. Unlike many competitors which are taking charges for prior year reserves and are likely to continue to be saddled with balance sheet mending, the benefit of more adequate rates are likely to begin to hit AIG's bottom line as premiums are earned in 2001. In other segments, despite a slowdown in reported fourth quarter domestic sales, 2000 was another strong year in the life insurance businesses with continued double-digit revenue and earnings growth worldwide. In the financial service lines, ILFC and Financial Products are positioned well for heightening worldwide demand in their respective specialties. Overall, we continue to rate the shares Buy based upon the long-term prospects of the company's many businesses, the quality and stability of earnings and the likelihood of strongly improving near-term results, particularly in the non-life insurance business. We discuss the individual segments below.

General Insurance had a strong quarter highlighted by double-digit top-line growth. Continued improvements in the insurance pricing environment significantly benefited the top-line with overall premium growth of 12%, 14% excluding foreign exchange translations. Premiums written through the Brokerage Group were up 18% to $2.4 billion in the quarter. We note that the HSB acquisition closed in the latter half of the quarter and will begin to more materially affect results in 2001. Rates are up across the board and management views that the increases are likely to continue through 2002 as the industry recovers from a decade of price cutting. The Brokerage combined ratio was 101.4% in the quarter, compared to 101.2% in the prior year quarter.

In personal lines, growth remained strong in the mid-teen range, as the company continues to leverage the value of its low expense base, but underwriting results were poor. AIG's personal lines reported a 105.4% combined ratio, up

-- FIRST CALL --

from 101.9% a year ago, and much below AIG's targets. The company has already implemented rate increases in many states and continues to apply for further increases.

Foreign General insurance reported 2% net premium growth (6% ex the impact of foreign currency translations) to reach $1.3 billion in the quarter with a combined ratio of 95.1%. Management noted that excluding the impact of larger one-time risk financing transactions completed in the year ago quarter, underlying growth was 11.5%. While somewhat lagging the US, the UK and Continental Europe are also undergoing a period of rate increases. The company also highlighted the improving rate environment in the reinsurance world for its Transatlantic Holding operations.

The overall General Insurance combined ratio was 98.8% in the quarter versus 99.0% in the prior year quarter; we note that the fourth quarter is seasonally the highest quarter.

Life Insurance operating income was $955 million, up 18% over the prior year quarter. Total revenue was up 3.5% companywide, (7.3% excluding foreign exchange). The company cited quarter to quarter variability in the sales of GIC and GIB contracts as the reason for the reported slowdown. Management highlighted strong results in Southeast Asia, Taiwan and Japan where AIG is the business sponsor for troubled Chiyoda. Foreign premium growth was 14% in the quarter, 20% excluding foreign exchange translations. Operating income at SunAmerica was up 29% to $392.3 million, reflecting a year of strong 15% sales growth, despite a fourth quarter decline of 12%.

Financial Services operating income was $398.9 million, up 14% over the prior year quarter reflecting strength across all segments. ILFC earnings were up 11% reflecting growing market demand. 100% of AIG's fleet is expected to be leased for 2001 and nearly 80% of 2002 is already filled. AIG Financial Products earnings were up 30% to $215 million, with market volatility, credit concerns and potential for economic slowdowns all spurring demand for AIG's financial solution products. At AIG Trading, earnings were down 34%, similar to the full year's 43% decline, but the outlook is for improvement as a new AIG appointed management team is now heading the operations. Asset management operating income, including SunAmerica's asset management operations, was up 14.0% to $109.7 million, very strong considering the equity market gyrations in the quarter. AUM are now $35 billion, down from $36 billion at the end of the third quarter but up from year end 1999's $34 billion.

-> End of Note <-

-- FIRST CALL --

12:02pm EST 9-Feb-01 BofA Montgomery (Meredith, Brian R 212-847-5654) AIG AIG.
AIG: A Harbinger for an Accelerating Earnings Growth Rate (Part 1 of 2)

BANC OF AMERICA SECURITIES ** MONTGOMERY DIVISION ** BANC OF AMERICA SECURITIES

AMERICAN INTERNATIONAL GROUP, INC. BUY

February 9, 2001 INSURANCE/NONLIFE NYSE: AIG

Brian R. Meredith (212) 847-5654; bmeredith@bofasecurities.com Analysis of Sales/Earnings

Seth Faler (212) 847-5629; sfaler@bofasecurities.com DJIA: 10854
S&P 500: 1325

PRICE:	$85.12	FYE 12/31	2000 A	2001 E	2002 E
12-MONTH TARGET PRICE:	$115	OPERATING EPS			
52-WEEK RANGE:	$104-52	Q1(MAR)	$0.58	$0.67	
FULLY DILUTED SHARES O/S:	2,340.0 MM	Q2(JUN)	0.61	0.71	
MARKET CAPITALIZATION:	$199.2 BB	Q3(SEP)	0.60	0.73	
AVG. DAILY VOL. (3 MOS.):	5,032,117	Q4(DEC)	0.65	0.74	
SECULAR EPS GROWTH:	15%	FISCAL YR	$2.44	$2.85	$3.30
FY 2000E REVENUES:	$45.8 BB	P/E	34.9	29.9	25.8
MARKET CAP./REVENUES:	435%	P/E/G	233%	199%	172%
12/00 TOTAL DEBT:	$4,256.9 MM				
12/00 TOTAL DEBT/TOTAL CAP.:	10.4%				
12/00 ROAE:	16.1%				
12/00 SHAREHOLDERS' EQ.:	$36.6 BB				
12/00 BOOK VALUE/SHARE:	$16.41				
DIVIDEND/YIELD:	$0.15/0.2%				
PRICE/BOOK VALUE:	519%				

A Harbinger for an Accelerating Earnings Growth Rate

* American International Group, Inc. reported fourth quarter operating earnings per share of $0.65, versus our estimate of $0.64 per share and the consensus estimate of $0.65 per share. Earnings increased 14% over last year's quarter. The company's four-quarter-rolling ROE came in at 16.0%, versus 15.8% in last year fourth quarter and 16.1% in the third quarter.

* We view the earnings report very positively and as a harbinger of accelerating earnings growth in 2001 and 2002. The biggest surprise was the year-over-year growth in net written premium in the company's domestic brokerage and foreign general insurance divisions, up 18% and 11% (excluding foreign exchange and some large financing transactions in 4Q00), respectively.

* Mr. Greenberg will offer his 'Fireside Chat' on Monday, February 12.

* We continue to rate AIG a Buy. Our 12-month price target of $115 per share is 35x our 2002 estimate of $3.30.

Summary and Investment Conclusion

American International Group, Inc. reported fourth quarter operating

-- FIRST CALL --

earnings per share of $0.65, versus our estimate of $0.64 per share and the consensus estimate of $0.65 per share. Earnings increased 14% over last year's quarter. The company's four-quarter-rolling ROE came in at 16.0%, versus 15.8% in last year fourth quarter and 16.1% in the third quarter. The upside versus our estimate came in the life insurance and financial services segment.

We viewed the earnings report very positively and as a harbinger of accelerating earnings growth in 2001 and 2002. The biggest surprise was the year-over-year growth in net written premium in the company's domestic brokerage and foreign general insurance divisions, up 18% and 11% (excluding foreign exchange and some large financing transactions in 4Q00), respectively. This premium growth, which is at higher rate levels, should translate into high teens growth in commercial insurance operating profits in the later part of 2001 and 2002 (due to accounting it takes about 12 months for the higher written premium growth to work its way into reported earnings). Additionally, we believe that AIG was conservative (more than in previous quarters) in its reserving assumptions for 4Q00 on commercial lines business, dispelling some investors' concerns regarding loss reserve growth (or lack thereof) in prior periods.

The weakest part of the operations was the personal lines, which recorded a combined ratio of 105%. AIG is currently implementing rate increases, which will take hold by mid-year 2001. Coupled with what we believe will be a deceleration in loss cost inflation, we expect results in this segment to improve beginning in the second half of 2001.

Mr. Greenberg will host his 'Fireside Chat' on Monday at which AIG will likely provide additional details on the progress of China entering the WTO and on the company's negotiations with the Japanese government over the purchase of Chiyoda Life. We also anticipate that Mr. Greenberg will outline a bullish rate environment for commercial lines business worldwide and the prospects of a hard market for several more years. We believe that the current pricing cycle will last at least through 2002.

We continue to rate the shares of AIG a Buy with a price target of $115. With accelerating earnings growth rates and stable (or rising) ROEs, AIG's current price level is a good opportunity to add to positions.

Earnings Estimates

We are maintaining our 2001 operating earnings per share estimate of $2.85 and our 2002 operating earnings per share estimate of $3.30. Our 2002 operating earnings per share estimate is $0.08 per share above consensus expectations.

Highlights of the Quarter

* The Domestic Brokerage Division delivered 18% year-over-year growth in net written premiums. AIG is reaping the benefits of rising commercial lines pricing, with accelerating net written premium growth rates throughout 2000 (-3% in 1Q00, 3% in 2Q00, 7% in 3Q00 and 18% in 4Q00). In addition to benefiting from rate increases, we believe that AIG is also beginning to regain some of the market-share it lost over the last several years. We expect AIG will continue to grow net written premiums at a double-digit rate throughout 2001.

-- FIRST CALL --

* The Foreign General Insurance Division is also benefiting from rising prices, recording 11% year-over-year growth in net written premiums excluding the effects of foreign currency and some large risk financing transactions in 4Q99. As the company notes, rates in the United Kingdom and Continental Europe are rising, following the same pattern that has been evident in the U.S. We believe that primary commercial insurance rates in Europe are approximately one year behind rates in the U.S. AIG is one of the few domestic carriers whose international platform is large enough to show benefits from rising European pricing.

* The combined ratio in the Domestic Brokerage Division was up modestly over last year's fourth quarter at 101.4% (versus 101.2% in 4Q99) and up sequentially from 3Q00's 98.6%. We believe that the combined ratio in the quarter reflects more conservative reserving assumptions by AIG and not deterioration in the underlying business results. Additionally, the company's expense ratio was up in the quarter. The company points out that the increase in the combined ratio was not the result of adverse loss reserve development from prior periods.

* The personal lines combined ratio jumped to 105.4% in 4Q00 versus 102.0% in 4Q99 and 101.3% in 3Q00. The deterioration came at both 21st Century and AIG's auto insurance operation. 21st Century's combined ratio was 107% in the quarter and we estimate that AIG's other personal auto operation was in the 102% to 104% range. AIG continues to aggressively pursue rate increases, and the company expects the rate action will be reflected in results beginning in mid-year 2001.

* The domestic life insurance business had a 14.3% year-over-year drop in premium income as the annuities, pension and investment products dropped 16.5%, resulting primarily from some timing differences. SunAmerica's sales were down 12.4% year-over-year in the fourth quarter for the same reason. A better way to determine the run rate for sales growth would be to look at the average for the third and the fourth quarter, which yields a sales growth rate of 17.5%

* The foreign life insurance operations delivered 14% year-over-year growth, up from 18% in 3Q00. The company's joint venture life insurance company in India, Tata AIG Life Insurance Company, Ltd., has received regulatory approval in principle and the formal license should be issued shortly. Along with the property casualty company that is already licensed, this gives AIG a great opportunity to enter this relatively untapped insurance market.

* In the financial services segment, ILFC and AIG Financial Products delivered strong growth in revenues and operating profits. ILFC had 17.1% year-over-year growth in revenues, and given the backlog for 2001, we do not expect a deceleration in this growth rate.

Details of the Quarter

AIG enjoyed another solid quarter of growth. The company reported a combined ratio of 98.8%, with general insurance new premiums written up 12% to $4.5 billion. Domestic commercial lines business saw a continuation of favorable rate activity, with Mr. Greenberg commenting on 'broad strengthening of commercial property casualty rates.'

-- FIRST CALL --

In its domestic personal lines business, the combined ratio jumped to 105.4% in 4Q00 versus 102.0% in 4Q99 and 101.3% in 3Q00. The deterioration came at both 21st Century and AIG's auto insurance operation. 21st Century's combined ratio was 107% in the quarter and we estimate that AIG's other personal auto operation was in the 102% to 104% range. AIG continues to aggressively pursue rate increases, and the company expects the rate action will be reflected in results beginning in mid-year 2001.

AIG's Foreign General insurance operation is also seeing rate increases in many classes of business and many regions throughout the world. Foreign General net premiums written were $1.3 billion in the fourth quarter, a 1.6% increase over the 1999 quarter, while operating income increased 88% to $247 million. Currency conversion (a strengthening dollar) negatively affected premiums written in the quarter.

The company's life operations continued to perform well. Domestic life operating income rose 27% while foreign life increased 13% in the quarter. AIG continues to negotiate in Japan in the sponsorship of Chiyoda Life, one of the largest life insurers in Japan. AIG expects continuing consolidation in the life insurance industry. With its strong financial position and global network to evaluate acquisition candidates, AIG views this as a significant growth opportunity.

Strong results were also posted at the company's financial services group, where operating income rose 23%, led by ILFC and AIG Financial Products Corp. AIG now has a new management team in place at AIG Trading, following the company's purchase of the outstanding minority interest in the subsidiary.

-> End of Note <-

-- FIRST CALL --

12:03pm EST 9-Feb-01 BofA Montgomery (Meredith, Brian R 212-847-5654) AIG AIG.
AIG: A Harbinger for an Accelerating Earnings Growth Rate (Part 2 of 2)

American International Group, Inc. is a leading global insurance and financial services organization. Among insurers AIG is the largest publicly traded company in the United States. Domestic operations include a leading position in commercial property casualty insurance, personal auto insurance, life insurance, and retirement savings products. Internationally, AIG has an extensive network of operations, with offices in 130 countries and jurisdictions. AIG is a leading international life insurer with a particularly strong presence in Asia. AIG is a sophisticated and innovative financial services participant in a number of important markets, including equities, aircraft leasing and finance, foreign exchange, and trading.

-> End of Note <-

-- FIRST CALL --

09:17am EST 12-Feb-01 Blair, William & Co. (Mark Lane) AIG AIG.N
AIG: Commercial Property-Casualty Premium Growth Accelerates (1 of 2)

William Blair & Company, L.L.C. Mark Lane (312) 364-8686

AMERICAN INTERNATIONAL GROUP, INC. (AIG)
Part 1 of 2

Price 2/12	Earnings Per Share			P/E Ratio		Div.	Yield	LTGR	Rating
$86.68	12/00	12/01E	12/02E	12/01E	12/02E	$0.15	0.2%	14%	"2"
($52-$104)	$2.45	$2.80	$3.20	40.0x	27.1x				

--Highlights

** Fourth-quarter results were impressive, once again highlighting the power of AIG's earnings diversity and consistency. Operating EPS increased 16% to $0.65, $0.01 below our estimate, but in line with consensus. Operating EPS increased 15% to $2.45 for the year.

** Life insurance earnings increased 18% to $955 million, and continue to be the primary driver of earnings growth at AIG. Growth was strong internationally and in the United States.

** Domestic commercial property-casualty insurance premium growth was 18.4%--an acceleration from prior quarters and a reflection of continued price increases, better client retention given more adequate pricing, and the HSB acquisition. Management stated that prices are increasing in nearly all classes of the commercial lines business and it expects the improvements to continue.

** Overall property-casualty earnings increased 11%, driven by strong growth internationally and lower catastrophe losses. However, underwriting margins were below our expectations in the United States-both in the commercial and the personal lines businesses.

** Financial services earnings increased 23%, driven by AIG Financial Services. Asset management earnings increased only 14% given weak equity markets.

** Our EPS estimate remains $2.80 for 2001. We have established a 2002 EPS estimate of $3.20, which represents 14% growth.

** We reiterate our Long-term Buy recommendation. The shares trade at 31 times our 2001 EPS estimate of $2.80 and roughly a 40% premium to the S&P 500. While we believe that current valuation levels may limit upside over the next 12 months, AIG continues to deliver above-average earnings growth and consistency, and fundamentals in its largest business continue to improve. The company is sponsoring an analyst "briefing" on Monday, February 12, at which we expect to gain more insight on current business trends..

--Summary

Fourth-quarter results capped off a strong year for AIG. Operating EPS increased 16% to $0.65 for the fourth quarter, and 15% to $2.45 for the year. Results were solid in almost all major businesses, with the exception of personal auto in the United States. In addition, similar to the third quarter, underwriting profitability did not improve as much as we expected in the

-- FIRST CALL --

domestic commercial business excluding catastrophe losses. We attribute the lower profitability to an acceleration in growth. Catastrophe losses hurt EPS by $0.02 in the fourth quarter. Currency translations also negatively affected premium growth in the foreign property-casualty and life insurance businesses.

The highlight of the quarter is the growth acceleration in commercial lines insurance. Management confirmed that prices are increasing in nearly all classes of the commercial property-casualty business. The acceleration in growth also implies better client retention, in our opinion. Premium growth was 18.4% in the domestic commercial business and 12% internationally in original and excluding the volatile risk finance transactions. However, management maintains prices are still not adequate, and therefore expects these increases to continue. This view is consistent with that of other major commercial lines companies and insurance brokers. If pricing improvement eases earlier, we believe more companies will report financial difficulties, which should reduce competition and allow the remaining companies to increase prices anyway. We estimate that commercial property-casualty insurance constitutes approximately 25%-30% of earnings.

One concern over the past several quarters has been sluggish reserve growth, which has triggered speculation that AIG either is not reserving adequately or harvesting excess reserves to make its numbers. We do not believe that any definitive conclusion can be reached when looking at changes in such a short period of time. Management attributes sluggish reserve growth to the coincidental acceleration of paid losses and business mix changes to shorter tail businesses. Net loss reserves increased $106 million this quarter and $117 million for the year.

Life insurance continued its strong momentum internationally and in the United States. The long-term growth characteristics of life insurance is the primary reason we are so bullish on the long-term growth opportunities at AIG. The company is benefiting from a flight to quality in Japan and Southeast Asia, as well as new products and expanding distribution. Foreign life operating earnings increased 13% to $592 million, and domestically operating earnings increased 27% to $363 million.

We continue to rate AIG a Long-term Buy. Although AIG is a huge company, it is small relative to the global opportunities in financial services, in our view. We believe strongly that AIG's growth prospects are as good as they have been over the past few years, and that long-term EPS growth of 13%-14% is achievable. AIG has a great consumer franchise in Japan and Southeast Asia and the growth characteristics of the life insurance and asset management businesses are excellent. The acquisition of SunAmerica has improved the long-term growth characteristics of AIG and has been an unequivocal home run. Importantly, this quarter's results reflect better pricing and higher client retention and AIG maintains great leverage to an improvement in commercial property-casualty insurance pricing.

Our 2001 EPS estimate remains $2.80, which represents 14% growth. We have also established a $3.20 EPS estimate, which also represents 14% growth. The stock is 16% off its 52-week high, which we believe is largely sector related. The stock trades at 31 times our 2001 EPS estimate and roughly a 40% premium to the S&P 500. This relative valuation level is at high end of historical levels. The average over the past five years is more like a 0%-10% premium, with the premium moving closer to the current level over the past 2 years. When

-- FIRST CALL --

financials where extremely out of favor at the start of 2000, the shares traded at a market multiple. When the stock was heavily in favor and ran up at the end of 2000 it traded as high as a 65% premium. The shares have appreciated 35%-40% each of the last three years, driven heavily by multiple expansion. We believe that current valuation may limit the appreciation potential over the next 12 months. However, AIG is delivering above-average growth and earnings consistency during an uncertain period and fundamentals in its largest business are improving, which increases earnings visibility in 2001 and 2002, in our opinion.

END OF PART 1

Additional information is available upon request.

-> End of Note <-

-- FIRST CALL --

09:17am EST 12-Feb-01 Blair, William & Co. (Mark Lane) AIG AIG.N
AIG: Commercial Property-Casualty Premium Growth Accelerates (2 of 2)

William Blair & Company, L.L.C. Mark Lane (312) 364-8686

AMERICAN INTERNATIONAL GROUP, INC. (AIG)
Part 2 of 2

Price 2/12	Earnings Per Share			P/E Ratio		Div.	Yield	LTGR	Rating
$86.68	12/00	12/01E	12/02E	12/01E	12/02E	$0.15	0.2%	14%	"2"
($52-$104)	$2.45	$2.80	$3.20	40.0x	27.1x				

-- Details

-- Life Insurance (41% of earnings). Operating income increased 18% to $955.2 million with strong growth internationally and in the United States. Domestic operating earnings increased 27% to $363 million, driven by 24% revenue growth. In the United States, SunAmerica is performing strongly in annuities as well as the GIC business. AIG's traditional business is also performing well and benefiting from the expanded distribution offered by SunAmerica. It is selling variable life insurance, with SunAmerica subaccounts, through SunAmerica's broker-dealer network--one of largest securities salesforce in the United States. Operating income at SunAmerica (split between life insurance and asset management) increased 29% to $392 million this quarter and 26% to $1.4 billion for the year, despite the weakness in the equity markets throughout 2000.

Foreign life earnings increased 13% to $592 million for the quarter and 15% to $2.2 billion for the year. Despite economic sluggishness, AIG is benefiting from a flight to quality in Japan and Southeast Asia, and continues to expand product breadth and distribution. Premium growth in original currency was 20% and 14% on a reported basis. AIG is the largest life insurer serving Southeast Asia, and maintains a network of approximately 115,000 agents in all of Asia. It is the largest life insurance company in the Philippines, Singapore, and Thailand, and among the largest life insurers in Taiwan. The company also has a large consumer finance business in Southeast Asia, which is reported in the life segment. Its credit cards in Hong Kong, Taiwan, and the Philippines all carry the AIG brand. Early in 2000, the company opened its fourth wholly owned, full insurance office in China. It has more than 9,000 agents in Shanghai and Guangzhou alone. Importantly, AIG barely has begun to leverage SunAmerica's product offerings internationally. The exporting of SunAmerica's product internationally was one of the main reasons for the acquisition, in our view. In 1999, AIG introduced fixed and variable annuities in Japan and variable annuities in Hong Kong. The annuity education process is developing in Japan and management is convinced it will be a big business. It is also selling SunAmerica products in Singapore and in Germany through its private bank in Switzerland.

-- General Insurance (37% of earnings). General Insurance is the company's property-casualty insurance business and includes domestic commercial, domestic personal lines, mortgage guaranty, and foreign personal and commercial. Net written premiums increased 12.4% to $4.5 billion, net investment income increased 8.5% to $702 million, and pretax operating earnings increased 11% to $855 million. Net written premiums increase 14% in original currency. On a GAAP basis, the overall property-casualty combined ratio decreased to 96.8%, compared to 97.1% a year ago, reflecting more adequate commercial lines pricing

-- FIRST CALL --

and lower catastrophe losses.

Net written premiums in the domestic commercial property-casualty business increased 18.4% to $2.4 billion, which was well above expectations (even excluding the HSB acquisition). This growth is a result of better pricing and client retention, given more adequate pricing. The HSB acquisition closed on November 22, and the company did not provide growth excluding HSB. The statutory combined ratio increased to 101.35%, compared to 101.23%, which is surprising. Our guess is that the strong premium growth hurt profitability--particularly on the expense side. AIG started culling unprofitable business earlier than many of its competitors, and therefore we believe the company has set itself up for much better growth and underwriting profitability in 2001 and 2002.

Net written premiums in the international business increased 6.4% in original currency and 1.6% on a reported basis to $1.3 billion. Excluding volatile risk finance transactions and foreign exchange, net written premiums increased 11.5%. The statutory combined ratio declined to 95.0% compared to 99.1% a year ago, reflecting large losses from the European storms in the fourth quarter 1999. Net written premiums at Transatlantic, the reinsurer in which AIG holds a majority stake, increased 9% to $412 million--approximately 50% of Transatlantic's business is outside the United States. Net operating earnings increased nearly 500% to $48.3 million, given more adequate pricing and lower catastrophe losses. The GAAP combined ratio decreased to 100.1%, compared to 114.2% a year ago (104.6% excluding catastrophe losses). The company maintained that Transatlantic's casualty business performed strongly, which is noteworthy because improvements in casualty reinsurance have generally been lagging improvements in property reinsurance.

Domestic personal line premiums, predominantly auto insurance, increased 17% to $642 million, while generating a pretax operating loss of $6 million. Intense price competition coupled with an aggressive growth plan and rising loss costs continue to compress underwriting margins. Management clearly is focusing on the long term and building market share, given strong growth and deteriorating margins. We expect margins to stabilize in 2001 as price increases take effect and growth slows slightly. The statutory combined ratio increased to 105.4%, compared to 102.0% a year ago, and represents the second consecutive quarter the company generated a pretax operating loss. Of AIG's separately reported businesses, personal auto continues to face the most challenging near-term fundamentals, in our opinion. We believe it will take several quarters to improve results, as price increases are needed to just keep up with rising loss costs and are not reflected immediately in results.

At 21st Century (TW $18.11), the direct personal auto insurer in which AIG holds a majority stake, net written premiums increased 4% to $199 million and constituted 31% of personal lines premiums. This marks a deceleration given the continued deterioration in underwriting margins due to increasing loss costs and stiff competition in California. In the fourth quarter, pretax operating income was negative $1.3 million compared to an $11 million profit a year ago. In the fourth quarter, the GAAP combined ratio increased to 107.2% compared to 101.1% last year. For the year, GAAP combined ratio increased to 105.1% compared to 91.4%. Bruce Marlow, 21st Century's CEO and the former COO of Progressive, stated that the fourth quarter of 2000 should mark the bottom of the current underwriting cycle. The company implemented a 6.4% rate increase in California (approximately 95% of its business) that was effective November 1,

2000. The company also has curtailed advertising expenses until rate changes come through. Although the rate action is encouraging, more rate increases are needed, and we believe it will take at least 12-18 months to get back to more acceptable levels of profitability. Earnings growth in mortgage guaranty business slowed slightly, given a lower underwriting margin. Earnings increased 10% to $89.5 million and the combined ratio was still an impressive 45% on a statutory basis.

-- Financial Services (17% of earnings). Operating income increased 23% to $399 million. Strong growth at AIG Financial Products as well as positive earnings contributions from smaller operations offset modest growth at ILFC and continued poor results at AIG Trading Group. The three principal businesses in financial services are ILFC; the aircraft leasing subsidiary; AIG Financial Products, and AIG Trading Group. AIG Financial Products continues to prove it is a growth business, as earnings increased 30% to $216 million in the fourth quarter and 35% to $648 million for the year. It constituted 52% of earnings this quarter. AIG Financial Products continues to build more recurring revenue as it expands its structured and client-specific interest rate, currency, and equity products. AIG Trading Group continues to struggle, but AIG has restructured this business and it is under the direction of new management. AIG Trading Group is engaged in client-focused hedged trading and market making in foreign exchange, interest rates, and metals. Earnings decreased 34% to $21.6 million for the quarter, but much better than the $5.3 million posted in the third quarter. This business does not have high recurring revenue and is volatile. We forecast a quarterly run rate of more than $20 million in operating earnings in 2001, which should produce nearly 50% growth. We have been estimating a modest slowdown at ILFC given its larger size. ILFC earnings increased 11% to $177.5 million for the quarter and 11% to $653.9 million for the year. One hundred percent of aircraft are placed for 2001, funding costs remain stable, and demand remains healthy. Lower interest rates and funding costs could drive margin expansion in 2001. Other operations in financial services, which include a multitude of business contributed $3.5 million this quarter compared to a $19.1 million loss in the fourth quarter of 1999.

Asset Management (5% of earnings). Operating income increased 27% to $110 million, given weak equity markets. In the fourth quarter, the Nasdaq declined more than 30% and the S&P 500 declined roughly 8%. The largest component of this business is SunAmerica's asset management business. The segment also includes AIG's investment management businesses, as well as a majority interest in John McStay Investment Counsel. John McStay is a small-/mid-cap institutional money manager and also has a family of retail mutual funds under the Brazos name. Assets under management were about $35 billion at the end of year, which is relatively flat with the end of 1999. Given AIG's long-term strategy of building its consumer franchise, particularly in Japan and emerging markets, we expect the retail mutual fund business to grow rapidly. The company created AIG Asset Management International in order to develop, distribute, and manage all retail mutual funds worldwide. It is has operating units in more than 10 countries around the world.

Additional information is available upon request.

-- FIRST CALL --

06:05am EST 9-Feb-01 Bear Stearns (A. Smith,M./M. Wright,B. 212 272-9) TRH
TRH: Earnings In Line With Estimates

Michael A. Smith 212 272-9465 masmith@bear.com
Brian M. Wright 212 272-4329 bmwright@bear.com

02/09/01

Subject: Analysis of Sales/Earnings
Industry: Insurance/Nonlife

BEAR, STEARNS & CO. INC.
EQUITY RESEARCH

Transatlantic Holdings (TRH $98.48) - Attractive
Earnings In Line With Estimates

Data

Last ROE 10.9%	52-Wk Range $107-$69	Shares Out 35
Target Price $105	Dividend/Yield $0.54/0.5%	Market Cap (MM) $3,424

Key Points
*** Transatlantic Holdings reported fourth quarter earnings in line with "Street" estimates.
*** Written premium growth appears slow, but was above our estimates at 8.6%
*** The company continues to see improvement in the pricing environment.
*** We are maintaining our current earnings estimates and our Attractive investment rating.
*** Our price target, $105, amounts to 17.5 time 2001 earnings and 2.0 times book value.

	Earnings Estimates					P/E
	Q1 Mar	Q2 Jun	Q3 Sep	Q4 Dec	Year	Year
1999	$1.35A	$1.36A	$0.88A	$0.23A	$3.83A	25.7
2000	$1.36A	$1.35A	$1.35A	$1.38A	$5.43A	18.1
Previous	$1.36A	$1.35A	$1.35A	$1.39E	$5.45E	18.1
2001	$1.45E	$1.50E	$1.45E	$1.60E	$6.00E	16.4
2002	$1.60E	$1.65E	$1.70E	$1.75E	$6.70E	14.7

We continue to recommend purchase of Transatlantic Holdings shares, rating the stock Attractive and with a price target of $105. In our view, not only is pricing beginning to improve in the standard lines of reinsurance, but we also anticipate a further shakeout in that market, benefiting the stronger players such as Transatlantic. Transatlantic Holdings is the largest brokered market reinsurer in the domestic market, and the fourth-largest professional reinsurer overall (measured by statutory surplus).

Transatlantic Holdings earned $1.38 per share in the fourth quarter, up from $1.35 earned last year before catastrophe losses brought the figure down to $0.23. This year's figure was in line with our consensus estimate, and we are maintaining our estimate for 2001 and 2002 at $6.00 and $6.70 respectively.

-- FIRST CALL --

Written premium increased by 8.6% from the 1999 fourth quarter level, and while this appears to represent a marked slowdown from the 12.3% growth rate reported in the third quarter, it was above our expectations. Relatively little reinsurance activity takes place in the fourth quarter, especially overseas where Transatlantic writes 51% of its business (up from 49% a year ago). Thus, we view the sequential change in growth rate from the third quarter in this sector to be of less importance than we see in the primary market.

Underwriting results were essentially break-even, with the combined ratio at 100.1%, a big improvement from the 114.2% recorded a year ago when results were hurt by late December storms in Europe. While we do not have an exact figure, it appears that loss reserves, net of reinsurance, increased by about $7 million in the quarter, giving indication that Transatlantic has about paid off the liabilities incurred from last year's storms and suggesting continued improvement in the underlying operating cash flows. As a result, investment income is showing some mild improvement, although it was slightly below our estimate.

Actually, cash flow from operations was positive for the second consecutive quarter, to the tune of $57.6 million. While down from last year's $64.8 million, and negative (by $14.9 million) for the full year, we note that the fourth quarter figure is 19% above operating earnings.

Management remains optimistic about improving market conditions, both domestically and overseas. We had anticipated the possibility of a capacity "crunch" in the reinsurance markets, and based on management's comments we believe this is in fact developing. According to the company, a significant amount of year-end renewals simply did not find enough capacity, and have remained incomplete. Management believes some estimates are aggressive that suggest as much as 50% of the renewals to be incomplete, but offers instead its own estimate at about 20%. Either way, we view this condition to be constructive to the reinsurers' situation.

Transatlantic Holdings Fourth Quarter and Full Year Summary, $ millions

	---Fourth Quarter---			-----Full Year-----		
	2000	1999	% Chng	2000	1999	% Chng
Written Premiums	$412.4	$379.8	8.6%	$1,658.6	$1,498.5	10.7%
Investment Income	59.7	58.5	2.0%	234.5	230.7	1.6%
Cash Flow f/Oper.	(14.9)	193.8	(107.7%)	57.6	64.8	(11.1%)
Combined Ratio	100.1%	114.2%		99.9%	105.2%	

Source: Company statements

Companies Mentioned: Transatlantic Holdings (TRH),

-- FIRST CALL --

-> End of Note <-

-- FIRST CALL --

07:33am EST 9-Feb-01 ING Barings (Alan Towbin (212) 409-5930) AIG AIG.N
AIG: Another Solid Quarter

INSURANCE

American International Group, Inc.
(NYSE: AIG-85.70)

Another Solid Quarter

February 9, 2001

Alan Towbin (212) 409-5930

HOLD

52-Week Range:	$103-52		EARNINGS PER SHARE			
Daily Vol(000s):	3700		1999	2000	2001E	2002E
Shares O/S(mil):	2345	Mar.	$0.50	$0.58	$0.67	NA
Market Cap(mil):	200,967	Jun	$0.54	$0.61	$0.69	NA
Avg. ROE 2001E:	16%	Sep	$0.52	$0.61	$0.70	NA
EPS Growth:	15%	Dec	$0.56	$0.65	$0.73	NA
Debt/Capital:	28%	Year	$2.13	$2.45	$2.80	$3.20
Book Value/Share:	$15.79	P/E	40.2 x	35.0 x	30.6 x	26.8 x
Dividend/Yield:	$0.15/0.2%					
Insider Holdings:	23.2%					
S & P 500:	1332					

Note: Numbers may not add because of rounding.

* Fourth-quarter operating EPS of $0.65 versus $0.56 per share. Higher earnings in all three main segments. Maintaining estimates.
* Property casualty pricing continues to strengthen across all commercial lines. Personal auto in United States remains a challenge. In AIG's life segment, SunAmerica earnings grow 28.9% over year ago quarter, but sales dropped 12.4% from a year ago, presumably reflecting some slowdown in variable annuity business
* Shares of AIG should continue to provide a prudent option for investors worried about the outlook for U.S. economic conditions. Maintaining rating.
*

AIG reported fourth-quarter 2000 diluted operating earnings of $0.65 versus $0.56 in the comparable quarter of 1999, an increase of 16.1%; our estimate of the quarter was $0.63. These numbers exclude realized capital gains and losses. Each of AIG's three principal business segments -- property-casualty insurance, life insurance, and financial services --produced higher operating earnings versus the year-ago quarter, but property-casualty continued to lag the group. However, we expect to see stronger results accompany the continued firming of commercial pricing. In U.S. personal lines, rates have started moving up, but the cycle is not as far along as commercial so the story is not as appealing. Yet, here, too, we expect improvement in the last half of the year.

We are maintaining our estimates of AIG's earnings as noted above, and our confidence in the company's ability to produce consistent low double-digit EPS growth remains high. In our view, AIG's diversification and strong management are distinct assets that few financial companies enjoy. At the current price, AIG is trading at 30.6x our 2001 EPS estimate. By comparison, General Electric (NYSE: GE-47) and the S&P 500 now trade at 31.6X and 22.7x their respective 2001 estimated earnings on First Call. Nonetheless, shares of AIG have dropped

-- FIRST CALL --

13.0% since the beginning of the year. The stock enjoyed an excellent performance in 2000 and we attribute the decline to profit taking and a rotation out of defensive stocks following the Fed's first rate cut in January. Shares of AIG have now settled into a trading range of $85-89. We view AIG as a prudent investment and think the shares may hold in this range given increased anxiety over the direction of the U.S. economy.

AIG's total property-casualty net written premiums increased 12.4% from the fourth quarter of 1999. The quarterly comparison is no longer distorted by the consolidation of Transatlantic Holdings and 21st Century Industries, but the November 2000 acquisition of HSB group is reflected in the numbers. AIG continues to see a stronger price environment in domestic and foreign commercial insurance. Net written premium in AIG's domestic brokerage group grew 18.4% from the year-ago quarter. Domestic personal lines grew 16.5%. Foreign business represented 30% of premiums in the quarter and grew 1.6% reflecting the negative impact of currency translation on reported premiums. In their original currencies, foreign premiums grew 6.5%.

AIG's combined ratio was 98.81% in the fourth quarter of 2000 versus 98.95% in the year-ago quarter. The company's domestic business produced a combined ratio of 100.2% in the fourth quarter of 2000 versus 99.1% in the year-ago quarter. The personal lines produced a combined ratio of 105.4% versus 102.0% in the year-ago quarter. AIG is raising rates across all its auto lines and expects improved operating results later this year. AIG's foreign business produced a ratio of 95.1% in the just reported quarter versus 99.1% in the fourth of 1999; the year-ago quarter was marked by catastrophes that hit this segment. Property-casualty pretax operating earnings were split as follows in the quarter:

Property-Casualty Pretax
($ in millions)

	4Q2000	4Q1999	% Chg.
Domestic	$608.2	$638.3	(4.7%)
Foreign	247.0	131.2	88.2%
Total	855.2	769.5	11.1%

AIG's life insurance earnings increased 18.3% from the fourth quarter of 2000. SunAmerica's operating income increased 28.9% from the fourth quarter of 1999; AIG's foreign life insurance earnings grew 13.4% from the year-ago quarter. The domestic/foreign components of the company's pretax life insurance earnings were as follows:

Life Insurance Pretax
($ in millions)

	4Q2000	4Q1999	% Chg.
Domestic	$363.1	$285.1	27.4%
Foreign	592.1	522.3	13.4%
Total	955.2	807.4	18.3%

Financial services performed as follows:

	4Q2000	4Q1999
ILFC	$177.5	$160.3
AIG Financial Products	215.6	166.0
AIG Trading	21.6	32.6
Total Financial Services	398.9	325.5

-- FIRST CALL --

Additional information available upon request. Stocks priced as of previous session's close.
First Call Corporation, a Thomson Financial company.
 888.558.2500

-> End of Note <-

-- FIRST CALL --

06:17am EST 9-Feb-01 Deutsche Banc Alex. Brown Inc. (A. Karaoglan/D. Arita/R)
AIG: 4Q EPS in Line - Diversity Drives Consistency-Mkt. Perform-Part 1/2

Karaoglan, Alain 212-469-7510
Arita, Darin C 212-469-7321
Pai, Rohan A 212-469-7518
Deutsche Banc Alex. Brown Inc.

02/08/2001

AMERICAN INTERNATIONAL GROUP INC. (AIG) "MKT. PERFORM"
4Q EPS in Line - Diversity Drives Consistency -Part 1/2

Date:	02/08/2001	EPS:	2000A	2001E	2002E
Price:	85.7	1Q	0.58	0.65	NE
52-Wk Range:	104 - 52	2Q	0.61	0.69	NE
Ann Dividend:	0.15	3Q	0.61	0.70	NE
Ann Div Yld:	0.18%	4Q	0.65	0.76	NE
Mkt Cap (mm):	198,447	FY(Dec.)	2.45A	2.80	3.15
3-Yr Growth:	14%	FY P/EPS	35.X	30.6X	27.2X
		CY EPS	2.45	2.80	3.15
Est. Changed	Yes	CY P/EPS	35.X	30.6X	27.2X

Industry: INSURANCE
Shares Outstanding(Mil.): 2315.6
Return On Equity (2000) : 16.0%

HIGHLIGHTS:

* 4Q00 operating EPS of $0.65, up 16.1% over 4Q99, and in line with the Street and our estimates.

* Life Insurance and Financial Services results much stronger than expected.

* Domestic brokerage and Personal lines underwriting margins weaker than expected.

* Commercial lines prices also rising in the United Kingdom and Europe, and AIG is raising personal lines prices to offset rising loss costs.

* AIG's diversity in sources of income by product, geography, and distribution channels allows the top and bottom lines to grow.

* No share repurchases in the quarter. While the stock is now more affordable than at year end, the valuation is not yet compelling. We maintain our Market Perform rating.

Yesterday, American International Group, Inc. ("AIG") reported 4Q00 operating EPS of $0.65, in line with the Street and our estimates. EPS grew 16.1% over a year ago. Stronger than expected Life Insurance and Financial Services results were partially offset by weaker than expected underwriting results in the domestic General Insurance operations. All lines of business grew operating income in the double digits with Life Insurance and Financial Services increasing operating income 18.3% and 22.6%, respectively. General Insurance and Asset Management grew operating income by 11.1% and 14.1%, respectively. The results from the quarter illustrate AIG's strength from its diversity,

-- FIRST CALL --

which allows it to grow earnings consistently.

We are raising our 2001 EPS estimate to $2.80 from $2.75, and are initiating our 2002 EPS estimate of $3.15. Even though AIG has organic growth opportunities internationally that are unequalled by any other financial services company, we believe the stock at 30.6 times our 2001 earnings is fairly valued.

DETAILS:
GENERAL INSURANCE

Net premiums written of $4.5 billion grew 12.4% over 4Q99. Operating income grew 11.1% to $885 million, driven by Foreign General results. Operating income for Domestic operations, which accounted for 70% of General Insurance premiums, declined 4.7% to $608 million. The domestic combined ratio increased 1.0 points over 4Q99 to 100.2%. Foreign General grew operating income by 88.2% to $247 million as the combined ratio improved 4.0 points over 4Q99 to 95.1%. Net investment income grew 8.5% to $702 million, much more than we expected.

Domestic Brokerage - Combined Ratio Above 100%

Net premiums written grew 18.4% to $2.4 billion. The combined ratio increased 0.2 point to 101.4% over 4Q99, and increased 2.8 points sequentially. This is typical for AIG, as historically the fourth quarter combined ratio is higher than the third quarter due to a higher expense ratio. We will get more details when the company releases its financial supplement.

Personal Lines - Growth Strong, While Underwriting Margins Deteriorate

Net premiums written increased 16.5% over 4Q99 to $642 million. The combined ratio, however, deteriorated 3.4 points over 4Q99 to 105.4%, and 4.1 points sequentially. As expected, margin pressure has been affecting personal auto players. AIG has been raising prices in all states to improve profitability. The continued fast pace of premium growth, however, may be a cause of concern. 21st Century, 62% owned by AIG, stated that it has been filing for aggressive price increases to improve underwriting results.

Mortgage Guaranty - Underwriting Highly Profitable with Strong Growth

Over 4Q99, net premiums written increased 11.7% to $118 million. While underwriting remains highly profitable, the 4Q00 combined ratio of 45.0% increased 2.8 points over 4Q99 and 4.2 points sequentially.

Foreign General - Overseas Outlook Improving, As Company Stays Profitable

Net premiums written in the quarter increased 1.6% to $1.3 billion. Excluding the impact of the declining Japanese yen and other currencies, net premiums written grew 6.4%. The combined ratio of 95.1% improved 4.0 points over 4Q99 and 0.7 points sequentially. Lower catastrophe losses may have contributed to the improvement as Transatlantic Holdings, 59% owned by AIG, experienced minimal catastrophe losses in the quarter, compared with $60 million in pretax catastrophe losses a year ago. Rising prices in the United Kingdom and the rest of Europe should help to improve profitability going forward.

Table 1: General Insurance ($ in millions)

-- FIRST CALL --

	NPW ($mm)	% of Total	Y/Y Growth	4Q'00 C.R.	4Q'99 C.R.	FY'00 C.R.	FY'99 C.R.
Domestic Brokerage	$2,396	53.2%	18.4%	101.4%	101.2%	100.1%	100.8%
Personal Lines	$642	14.3%	16.5%	105.4%	102.0%	100.8%	96.3%
United Guaranty	$118	2.6%	11.7%	45.0%	42.2%	40.9%	43.7%
Domestic General	$3,156	70.1%	17.7%	100.2%	99.1%	97.9%	97.6%
Foreign General	$1,347	29.9%	1.6%	95.1%	99.1%	94.1%	94.2%
Total	$4,503	100.0%	12.4%	98.8%	99.0%	96.7%	96.4%

Source: Company Reports

LIFE INSURANCE - Showing Strong Growth

Operating income increased 18.3% over 4Q99 to $955 million, as the operating margin increased 0.8 point to 17.0%. Sequentially, however, the operating margin declined 0.6 point. The sequential decline in the operating margin came from the foreign life operations, which posted a 15.0% margin in the third quarter, compared with 14.2% this quarter. The domestic life operating margin remained strong at 25.1%, the same as the third quarter.

Table 2: Life Insurance

	Prem.& Inv.Income ($mm)	% of Total	4Q'00 Oper. Margin	4Q'99 Oper. Margin	FY'00 Oper. Margin	FY'99 Oper. Margin
Domestic Life	$1,445.9	25.8%	25.1%	24.4%	25.3%	23.9%
Foreign Life	$4,160.2	74.2%	14.2%	13.7%	14.4%	14.2%
Total	$5,606.1	100.0%	17.0%	16.2%	17.1%	16.6%

Source: Company Reports and Deutsche Banc Alex. Brown estimates

FINANCIAL SERVICES - Great Margins and Top-Line Growth

Operating income of $399 million increased 22.6% over 4Q99, driven by strong revenue growth in the AIG Financial Products Corp. (AIGFP) and healthy operating margins in the three major lines of business. AIGFP grew revenues 42.7% over 4Q99 to $344 million. This was also a 32.2% increase sequentially. While operating margins for each of the lines of business were down slightly compared to a year ago, each line reported a higher operating margin compared with 3Q00. AIG Trading Group Inc. returned to a double-digit operating margin of 34.0%, compared with 9.7% in 3Q00.

Table 3: Financial Services

	Revenues ($mm)	% Total	Y/Y Growth	4Q'00 Oper. Margin	4Q'99 Oper. Margin	FY'00 Oper. Margin	FY'99 Oper. Margin
ILFC	$654.8	56.6%	17.1%	27.1%	28.7%	26.8%	26.9%
AIG Fin'l Prdts	$344.2	29.7%	42.7%	62.6%	68.8%	61.4%	65.5%
AIG Trading	$63.4	5.5%	-14.2%	34.0%	44.2%	24.5%	48.1%

-- FIRST CALL --

Other	$94.7	8.2%	48.1%	3.7%	-29.9%	1.1%	-8.3%
Total	$1,157.1	100.0%	23.4%	34.5%	34.7%	31.9%	32.4%

Source: Company Reports and Deutsche Banc Alex. Brown estimates

ASSET MANAGEMENT - Feeling Pressure of Equity Markets

Operating income increased 14.1% over 4Q99 to $110 million, and were in line with our expectation. Assets under management declined $1 billion from 3Q00 to $35 billion, reflecting the weak equity markets. The operating margin of 35.5% increased 1.3 points over 4Q99, and 0.5 point sequentially.

Additional Information Available Upon Request

The following stock(s) is (are) optionable: American International Group Inc.. There is a (are) convertible issue(s) outstanding on American International Group Inc..

-> End of Note <-

-- FIRST CALL --

06:15am EST 9-Feb-01 Deutsche Banc Alex. Brown Inc. (A. Karaoglan/D. Arita/R)
AIG: 4Q EPS in Line - Diversity Drives Consistency-Mkt. Perform-Part 2/2

Karaoglan, Alain 212-469-7510
Arita, Darin C 212-469-7321
Pai, Rohan A 212-469-7518
Deutsche Banc Alex. Brown Inc.

02/08/2001

AMERICAN INTERNATIONAL GROUP INC. (AIG) "MKT. PERFORM"
4Q EPS in Line - Diversity Drives Consistency -Part 2/2

Date:	02/08/2001	EPS:	2000A	2001E	2002E
Price:	85.7	1Q	0.58	0.65	NE
52-Wk Range:	104 - 52	2Q	0.61	0.69	NE
Ann Dividend:	0.15	3Q	0.61	0.70	NE
Ann Div Yld:	0.18%	4Q	0.65	0.76	NE
Mkt Cap (mm):	198,447	FY(Dec.)	2.45A	2.80	3.15
3-Yr Growth:	14%	FY P/EPS	35.X	30.6X	27.2X
		CY EPS	2.45	2.80	3.15
Est. Changed	Yes	CY P/EPS	35.X	30.6X	27.2X

Additional Information Available Upon Request

The following stock(s) is (are) optionable: American International Group Inc..
There is a (are) convertible issue(s) outstanding on American International Group Inc..

-> End of Note <-

-- FIRST CALL --

06:30pm EST 8-Feb-01 Prudential Securities (A.CORNISH 617-956-1017) AIG TRH TW
AIG: 4Q RESULTS OFFER EVIDENCE OF TIGHTER COMMERCIAL MARKET (PART 2 OF 2)

AIG: 4Q RESULTS OFFER EVIDENCE OF TIGHTER COMMERCIAL MARKET (PART 2 OF 2)

PRUDENTIAL SECURITIES February 8, 2001

SUBJECT: American International Group (AIG-$86.90) --NYSE

------ ANALYST(S) ---------------------
Alice Cornish, CPCU 617.956.1017
Jay H. Gelb, CFA 617.956.1091

-------- OPINION --------
Current:Strong Buy/SBI/Select
Prior:--
Risk: Low
Target:$110.00

	FY	REV	EPS	P/E	1Q	2Q	3Q	4Q
Act	12/99		$2.13A	40.8X	$0.50A	$0.54A	$0.53A	$0.56A
Cur	12/00		$2.45A	35.5X	$0.58A	$0.61A	$0.61A	$0.65A
Prev			$2.45E	35.5X				$0.65E
Cur	12/01		$2.80E	31.0X				

------ FUNDAMENTAL ---
Avg. Volume:5,500,000 IAD/Yield:0.10/0.11% EPS Growth:13.00%
Mkt Cap:$201,221 m 52w Range:103.80-52.40 P/E / Growth:2.7x
Shares:2,315.55 m
------ BUSINESS --
American International Group (AIG), , headquartered in New York, NY, is the leading U.S.-based international insurance and financial services organization and among the largest writers of commercial and industrial coverages in the U.S. It writes life and non-life coverages in 130 countries and jurisdictions. Financial services organizations include International Lease Finance Corporation, AIG Financial Products, AIG Trading, AIG Global Investment Group, AIG Credit, AIG Consumer Finance Group, and UeberseeBank.
------ HIGHLIGHTS--
1) Part 2 of 2 follows

------ DISCUSSION--
Management said that rates are rising across the board. According to AIG Chairman Greenberg, "AIG is well positioned in 2001 in our principal markets. The strengthening rate environment across the board, both in the U.S. property-casualty market and in key overseas markets, is a major positive event for our industry and most particularly for AIG." Regarding Domestic Brokerage, the largest underwriter of commercial risks in the U.S., Chairman Greenberg commented, "The Domestic Brokerage Group benefited in the fourth quarter from the broad strengthening of commercial property-casualty rates and our array of specialized products and services tailored to the changing needs of our customers. Stronger rates are evident across virtually all classes of business, and we believe rates will continue to firm. Nonetheless, it bears repeating that commercial insurance rates have experienced a steady decline over the past decade, eroding the financial strength and balance sheets of many companies. Therefore, continued broad rate increases are essential to the future health of our industry."

-- FIRST CALL --

Personal premiums increased 16.5% to $642 million, with AIG's mass marketing unit providing 22.7% growth to $441 million. 21st Century's GAAP combined ratio deteriorated to of 107.2% from 101.2% in the fourth quarter and to 105.2% from 91.5% for the full year. AIG's results were better based on a total personal lines combined ratio of 105.4% for the fourth quarter (Figure 4). Management said that this unit did not meet its expectations, but that the company has filed for rate increases in all states where it offers personal lines products. Barring any unforeseen catastrophes, management expects results to improve toward mid-year.

Figure 4. General Insurance Combined Ratios By Segment
($ in millions)

	4Q00E	4Q00A	4Q99A	Pt. Chg. 4Q00A/ 4Q99A
Domestic Brokerage	98.41%	101.35%	101.23%	0.12%
Personal Lines	101.52%	105.36%	101.97%	3.39%
Mortgage Guaranty	42.50%	44.98%	42.24%	2.74%
Total Domestic	96.90%	100.18%	99.14%	1.04%
Foreign General	95.82%	95.07%	99.08%	-4.01%
Total	96.48%	98.81%	98.95%	-0.14%

Source: Company data, Prudential Securities estimates.

General Insurance operating income is shown in Figure 5, along with out estimates. Domestic Brokerage results declined 2.1% versus our estimate of 2% growth due to a higher than expected combined ratio. Personal lines operating income was lower than our estimate at ($5.8) million due to worse than expected results at both AIG and 21st Century. Mortgage Guaranty continued to post excellent results due to a strong housing market. Operating income grew 10.1% to $89.5 million, which was in line with our estimate. Foreign General's results handily beat our estimate with 88.2% growth to $247 million versus our estimate of 36.2%. Both Domestic Brokerage's and Foreign General's results were slightly distorted due to the new Worldsource category that was introduced in 3Q00.

Figure 5. General Insurance Pretax Operating Income By Segment
($ in millions)

	4Q00E	4Q00A	4Q99A	% Chg. 4Q00A/ 4Q99A
Domestic Brokerage	$530.1	$511.3	$522.4	-2.1%
Personal Lines	22.5	-5.8	17.3	N/A
Mortgage Guaranty	89.8	89.5	81.3	10.1%
Unalloc Investment Income	22.0	13.2	17.3	-23.7%
Foreign General	182.1	247.0	131.2	88.2%
Total	846.5	855.2	769.5	11.1%
Total Investment Income	695.0	702.3	647.3	8.5%

Source: Company data, Prudential Securities estimates.

Life operating income, shown in Figure 6, increased 18.3% and beat our estimate.

-- FIRST CALL --

Management said that Asia continued to be a major contributor to results, especially Japan, Southeast Asia and Taiwan. SunAmerica's sales declined 12.4% in 4Q, but management suggested that the 14.6% growth rate for the full year was a more accurate long term measure.

Financial Services operating income grew 22.6% to $399 million and beat our estimate. ILFC and Financial products had excellent results with 10.7% and 29.8% gains in 4Q operating income, respectively. AIG Trading Group has a new management team in place that should strengthen the unit's performance going forward. Asset management included the McStay operations in both years but still reported good results.

Figure 6. Financial Services and Asset Management Operating Income
($ in millions)

	4Q00E	4Q00A	4Q99A	% Chg. 4Q00A/ 4Q99A
FINANCIAL SERVICES				
ILFC	$175.0	$177.5	$160.3	10.7%
AIG Financial Products	195.0	215.6	166.0	29.8%
AIG Trading	25.0	21.6	32.6	-33.9%
Other	(10.0)	3.5	(19.1)	N/A
Intercompany Reclassification	(14.0)	(19.3)	(14.4)	34.0%
Total Operating Income	371.0	398.9	325.5	22.6%
ASSET MANAGEMENT				
AUMs (in $Bil)	$36,000	$35,000	$34,000	2.9%
Operating Income	112.0	109.7	96.2	14.1%
Pretax Margins	35.1%	35.4%	34.4%	

Source: Company data, Prudential Securities estimates.

The tax rate was slightly lower at 29.0% in fourth quarter 2000 compared to 30.0% last year, but it was stable for the full year at 29.5% versus 29.4% last year. Book value per share was $16.80. Prudential Securities Incorporated (or one of its affiliates or subsidiaries) or its officers, directors, analysts, employees, agents, independent contractors, or consultants may have positions in securities or commodities referred to herein and may, as principal or agent, buy and sell such securities or commodities.
Prudential Securities Incorporated and/or its affiliates or its subsidiaries have managed or comanaged a public offering of securities for AIG.

-> End of Note <-

-- FIRST CALL --

04:59pm EST 8-Feb-01 Goldman Sachs (NEWYORK) AIG ACTION AIG.N
AIG: Strong 4Q Results. Maintain 2001 EPS EST. BUY

Goldman, Sachs & Co. Investment Research

AIG: Strong 4Q Results. Maintain 2001 EPS EST. BUY

* * FULL ACTION in the P.M. - U.S. * *

New York Investment Research (New York) - - Investment Research
Thomas V. Cholnoky (New York) 1 212-902-3408 - Investment Research
Joan H. Zief (New York) 1 212-902-6778 - Investment Research
Elizabeth A. Werner (New York) 1 212-902-3646 - Investment Research

================== NOTE 4:32 PM February 08, 2001 ===================

21 American International Group (AIG) $86.90
AIG: Strong 4Q Results. Maintain 2001 EPS EST. BUY

Thomas V. Cholnoky (New York) 1 212 902-3408
Joan H. Zief (New York) 1 212 902-6778
Elizabeth A. Werner (New York) 1 212 902-3646

EPS (FY Dec): 2001E US$2.84, 2002E US$ - Recommended List

* We continue to recommend purchase of AIG. We believe that AIG's diversified global financial services platform will continue to allow it to deliver strong double digit earnings growth. In addition, the company's expansion into India, other Asian countries, and continuing improving trends in worldwide insurance markets should pave the way for strong top line growth. We continue to believe that the stock should be a core holding in all portfolios. AIG reported fourth quarter operating EPS of $0.65, which was in line with our expectations. We are maintaining our 2001 EPS estimate of $2.84.
* GENERAL INSURANCE EARNINGS UP 11% LED BY STRONG COMMERCIAL LINES RESULTS.
* LIFE INSURANCE RESULTS UP 18% REFLECTING STRONG DOMESTIC AND STABLE INTERNATIONAL GROWTH
* FINANCIAL SERVICES UP 23% DRIVEN BY ILFC AND FINANCIAL PRODUCTS.

Important Disclosures (code definitions attached or available upon request)
AIG   : CF, SP1, SP2

-> End of Note <-

-- FIRST CALL --

02:56pm EST 8-Feb-01 A.G. Edwards (Musser/Hopson 314-955-5862) AIG AIG.N
AIG: 4Q IN-LINE; STRENGTH OF DIVERSE EARNINGS STREAM EVIDENT IN THE QUARTER.

A.G. Edwards & Sons, Inc.
Equity Research - Insurance
February 8, 2001

Analyst: Steve Musser, CFA (314) 955-5862
Analyst: Jeff Hopson, CFA (314) 955-2639
Associate Analyst: Travis Hacker

4Q IN-LINE; STRENGTH OF DIVERSE EARNINGS STREAM EVIDENT IN THE QUARTER

AMERICAN INTERNATIONAL GROUP (AIG-85.15-NYSE)
Accumulate

---

*4Q Highlights:
*AIG reported fourth quarter EPS of $0.65 versus 0.56, in line with expectations. The results were driven by continued strong growth of the life insurance business both foreign and domestic.
*Worldwide life operating income grew by 18.3%, led by strong domestic life operating income growth of 27.4%.
*General Insurance operating income grew 11.1% on the strength of their foreign operations.
*Financial Services income grew by 22.6% in the quarter on the strength of the Financial Products operations.
*Asset management operating income was up 14.1%.

If one were to find fault in the quarter we would point to the much lower revenue growth, 3.5%, in their worldwide life operations as sales at Sunamerica declined 12.4%. Management stated that this was largely due to "market timing considerations" and not reflective of the their opportunities going forward. Clearly, the volatile domestic equity markets has had a negative impact. Furthermore, poor underwriting results in personal lines (105.4% combined ratio) were a little worse than originally anticipated, although not a big surprise given the increasing loss trends in that market. We believe that the diversity of the company's earnings from both a product and geographic basis will continue to lead to consistent 14% earnings growth over the next two years. Our 2001 EPS estimate remains unchanged at $2.80 and we have initiated a 2002 estimate of $3.20. We consider AIG to be a core holding and continue to rate the shares of AIG Accumulate. One could argue that the shares are expensive, or now better reflect the value of their global franchise. We would place as peers similar companies with strong international prospects including Coca-Cola and GE. The attraction of these companies is the belief that foreign markets should result in greater growth potential and earnings diversification. When comparing AIG to these other entities, AIG compares very well. We would urge long-term investors to take advantage of any weakness to add to/build positions.

Market Cap: $199.7 bil.
52-week price range: $103.75-52 37 Estd. L.T. EPS CAGR: 15%
Dividend: $0.15 Yield: 0.18%

Earnings Per Share estimates:

-- FIRST CALL --

	Qtr1 (Mar)	Qtr2 (Jun)	Qtr3 (Sep)	Qtr4 (Dec)	Year
1996	$0.33	$0.36	$0.36	$0.38	$1.43
1997	$0.38	$0.41	$0.41	$0.44	$1.64
1998	$0.43	$0.48	$0.49	$0.53	$1.87
1999	$0.52	$0.54	$0.53	$0.56	$2.15
2000	$0.58A	$0.61A	$0.61A	$0.65A	$2.45
2001E					$2.80
2002E					$3.20

Property/Casualty operating income for the quarter rose 11.1% to $855.2 million from $769.5 million last year. This growth is due to a tremendous performance in their foreign operations turning in a combined ratio of 95.07% versus 99.08% last year, leading to growth of 88.2% in foreign operating income. Brokerage Division (BD) operating income declined 2.1% on a combined ratio of 101.35% versus 101.23%. BD net written premiums increased 18.4% reflecting AIG's pricing strategy. The company noted that rates are increasing virtually across the board and we believe commercial lines rate increases will continue into early 2002. Personal lines continued to show a sequential deterioration in the combined ratio at 105.36 in the quarter versus 101.3 in the 3Q, 99.38 in the second and 101.97 in the fourth quarter of last year. AIG has filed for rate increases in all of the states they offer personal lines products and expect these rates to have a positive impact to earnings in the second-half of this year. Personal lines premium growth was 16.5% in the quarter. The overall General Insurance combined ratio for the quarter was 98.81% versus 98.95%. The loss ratio improved slightly to 76.16% from 76.69% while expenses had a slight increase to 22.65% from 22.26%. Worldwide premiums written were $4.5 billion for the quarter, a 12.4% increase over last year. Besides the ongoing pricing turn in the domestic commercial markets, the company noted that pricing in the foreign markets was beginning to firm, consistent with recent comments we heard in our discussions with broker Marsh & McLennan (MMC/NYSE).

Life operating income rose 18.3%, with domestic up 27.4% and foreign up 13.4%. Worldwide life revenues were up 3.5% in the quarter and 20.2% for the year. Sales at Sunamerica were down 12.4% for the quarter. Management attributes the weak fourth quarter revenue growth to market timing issues and not indicative of the health of the business going forward. No doubt, the volatile equity markets have had a negative impact. Asia was a major contributor in the quarter and year, led by Japan, Southeast Asia and Taiwan. Central Europe has also become an integral contributor to the life business and management stated that results in Latin America were satisfactory. Life insurance net investment income expanded at the rate of 17.3% to $1.8 billion from $1.5 billion in the year-ago period.

Financial Services income rose 22.6% to $398.9 million. AIG Financial Products Corp. saw there income rise 29.8% in the quarter while income at the Trading Group was down 33.9% as the market became increasingly more volatile. A new management team was put in place at the Trading Group following AIG's purchase of the minority ownership of the previous management, and management believes that the new structure will help to strengthen performance going forward. ILFC income was up 10.7% in the quarter on revenues of $177.5 million, up 17.1%. Asset Management reported a 14.1% increase in operating income, feeling the effects of the equity markets, to $109.7 million. At year-end, AIG's third party assets under management, including retail mutual funds and institutional accounts, totaled approximately $35 billion.

-- FIRST CALL --

Analyst owns a position in common or common equivalents.

Additional information available upon request. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. This material is not to be construed as providing investment services in any jurisdiction where such offers or solicitation would be illegal. Opinions and estimates are as of a certain date and subject to change without notice. You should be aware that investments can fluctuate in price, value and/or income, and you may get back less than you invested. Past performance is not necessarily a guide to future performance. Investments or investment services mentioned may not be suitable for you and if you have any doubts you should seek advice from your financial consultant. Where the purchase or sale of an investment requires a change from one currency to another, fluctuations in the exchange rate may have an adverse effect on the value, price or income of the investment. Certain investments may be mentioned that are not readily realizable. This means that it may be difficult to sell or realize the investment or obtain reliable information regarding its value. The levels and basis of taxation can change.

This document has been approved by A.G. Edwards & Sons (U.K.) Limited, regulated by the SFA.

-> End of Note <-

-- FIRST CALL --

07:06am EST 9-Feb-01 UBS Warburg (US) (Streit, Peter C. +1 212 821 2415) TRH
TRH: 4Q00 RESULTS IN-LINE WITH EXPECTATIONS; RAISE ESTIMATE & TARGET

UBS Warburg February 9, 2001
Peter C. Streit +1 212 821 2415 Jaime Stalbaum +1 212 821 3251
Michael A. Lewis +1 212 821 2310

Transatlantic Holdings Inc.(TRH - NYSE) - Buy
US Insurance, Property & Casualty

Price:	98.48	Dividend:	0.54	Mkt Cap:	3.4b	Est Debt/TC:	0%
Target:	115.00	Yield:	0.5%	Shrs O/S:	35m	ROE:	12%
52 Week:	106.94 - 68.94	5yrEGR:	11%	Avg Vol(000):	12	Ent Val:	N/A
				Est BV/Shr:	53.38	CV Sec:	No

Fiscal Year Quarterly Estimates - EPS

	1Q	2Q	3Q	4Q
1999:	1.35 A	1.36 A	0.88 A	0.23 A
2000:	1.36 A	1.35 A	1.35 A	1.38 A
2001:	1.42 E	1.46 E	1.54 E	1.63 E
2002:				

Fiscal Year Estimates - EPS

	Prior	EPS	P/E	Rev (m)
Dec/1999 A:		3.83	25.7	1715
Dec/2000 A:		5.43	18.1	1866
Dec/2001 E:	6.00	6.05	16.3	2129
Dec/2002 E:		6.95	14.2	2406

TRH: 4Q00 RESULTS IN-LINE WITH EXPECTATIONS; RAISE ESTIMATE & TARGET

Summary:

Transatlantic is a New York based global multi-line specialty reinsurance entity with offices worldwide. TRH is 60% owned by American International Group (AIG-$85.70-Buy), which provides TRH with a strong global partner capable of introducing the company to new territories and business. TRH reported 4Q00 operating results of $1.38 versus our estimate of $1.34 and the street consensus estimate of $1.39. We are raising our 2001 operating EPS estimate to $6.05 from $6.00, reflecting a steadily improving reinsurance pricing environment which should continue throughout 2001. Additionally, we are raising our price target to $115 from $108. We maintain our Buy rating.

Highlights:

o Transatlantic Corp. reported fourth quarter 2000 operating earnings per share of $1.38 versus $0.23 in the fourth quarter of 1999. Fourth quarter earnings results were basically in-line with the First Call consensus estimate of $1.39 and slightly above our estimate of $1.34.

o Transatlantic produced $412.4 million of premiums written in the fourth quarter 2000, 8.6% higher than the $379.8 million in the fourth quarter of 1999. Premium written growth was led by Transatlantic's London operations which increased 28.6% to $102.1 million from $79.4 million, and domestic operations which increased 11.4% to $202.5 million from $181.8 million.

o Transatlantic management noted that January 2001 renewals were strong across the board, with rate increases of 10-15% on average. Capacity has been restrained by the prior years inadequately priced business and is now being used more wisely by industry players. Therefore, Transatlantic management expects rates to continue to rise throughout 2001. Additionally, management expects the benefits of the strong January 2001 renewals to begin to positively impact bottom line results in the first quarter 2001, with the biggest impact on earnings coming in the second half of 2001 and into 2002.

-- FIRST CALL --

o Following Transatlantic's fourth quarter 2000 results and reflecting the improving reinsurance pricing environment, we are raising our 2001 operating earnings per share estimate to $6.05 from $6.00. Our initial 2002 operating earnings per share estimate is set at $6.95. Additionally, we are raising our 12-18 month target price to $115 from $108 and maintaining our Buy rating.

Analysis:

Transatlantic Corp. reported fourth quarter 2000 operating earnings per share of $1.38 versus $0.23 in the fourth quarter of 1999. Fourth quarter earnings results were basically in-line with the First Call consensus estimate of $1.39 and slightly above our estimate of $1.34. The slightly better than expected results were due to better than expected investment income in the quarter of $59.7 million versus $58.5 million in the fourth quarter of 1999. Going forward, investment income is expected to be positively impacted by the improving reinsurance pricing environment, but offset somewhat by negative Euro conversions and declining interest rates.

Transatlantic produced $412.4 million of premiums written in the fourth quarter 2000, 8.6% higher than the $379.8 million in the fourth quarter of 1999. Premium written growth was led by Transatlantic's London operations which increased 28.6% to $102.1 million from $79.4 million, and domestic operations which increased 11.4% to $202.5 million from $181.8 million. The London market is experiencing rate increases (15% on average) and better terms and conditions, resulting in higher volumes of business being produced. London auto business (currently representing 20% of Transatlantic's overall London business) has been especially strong, as Transatlantic has found additional opportunities to write business at improved prices. Transatlantic's domestic operations reported net premiums written of $202.5 million, a 11.4% increase over the $181.8 million in the fourth quarter 1999. The domestic markets have continued to see rate increases in the reinsurance markets across the board. The areas with the biggest pricing increases have been the property reinsurance lines, especially property catastrophe covers. However, the company's Paris operations, mainly serving the Eastern European reinsurance markets, reported a reduction in net premiums written of 32.8% to $27.3 million in the fourth quarter 2000 from the $40.6 million reported in the fourth quarter of 1999. Eastern Europe has witnessed rate increases as well, but at a smaller magnitude than in other European territories. Additionally, currency translations of the Euro had negatively impacted results in this operation.

Transatlantic management noted that January 2001 renewals were strong across the board, with rate increases 10-15% on average. Capacity has been constrained somewhat due to the prior years inadequately priced business and is now being used more wisely by industry players. Therefore, Transatlantic management expects rates to continue to rise throughout 2001. Additionally, management expects the benefits of the strong January 2001 renewals to begin to positively impact bottom line results in the first quarter 2001, with the biggest impact on earnings coming in the second half of 2001 and into 2002. Casualty rates are improving overall with double digit pricing increases in medical malpractice and accident and health (casualty business represents 75% of TRH's overall business). Property rates, especially retro property catastrophe business, have also increased substantially.

During the quarter, Transatlantic produced a combined ratio of 100.1% compared with 114.2% in the fourth quarter 1999. The improvement in the combined ratio was due to the lack of any catastrophic losses in the fourth quarter 2000 compared with $39.0 million after-tax in the fourth quarter 1999. Excluding catastrophic losses, the fourth quarter 1999 combined ratio would have been 99.4%. Net loss and loss adjustment expense reserves increased $5.4 million in the fourth quarter 2000 to $2.6 billion at year end 2000. Net loss and loss adjustment reserves for the first three quarters 2000 decreased $152.6 million following payouts for the European storms occurring in the fourth quarter 1999. Likewise, cash flows from operations provided $57.6 million in the fourth quarter of 2000, but for the first three quarters of 2000 cash flows from operations used $72.5 million. Reserves levels and cash flows should both continue to move in positive directions as Transatlantic benefits from the improving reinsurance rate environment in 2001 and beyond.

RAISING 2001 ESTIMATE AND TARGET PRICE; MAINTAIN BUY RATING

Following Transatlantic`s fourth quarter 2000 results and reflecting the improving outlook for the reinsurance pricing environment, we are raising our 2001 operating earnings per share estimate to $6.05 from $6.00. Our initial 2002 operating earnings per share estimate is set at $6.95. Additionally, we are raising our 12-18 month target price to $115 from $108 and maintaining our Buy rating.

UBS Warburg LLC, PaineWebber Incorporated and/or one of their affiliates has acted as a manager/co-manager or placement agent in underwriting securities of American International Group or one of its subsidiaries in the past three years.

UBS Warburg LLC, 299 Park Avenue, New York, NY 10171-0026 Phone: +1-212-821-6834

-- FIRST CALL --

Incorporated accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Warburg LLC or PaineWebber Incorporated. Canada: This report is being distributed by UBS Bunting Warburg Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. For transactions, please contact your local sales representative. Additional information will be made available upon request.

-> End of Note <-

-- FIRST CALL --

09:42am EST 9-Feb-01 J.P. Morgan (LAI, CHRISTINE (1-212) 648-4169) TRH
TRANSATLANTIC HOLDINGS: LOWERING 2001 ESTIMATE AFTER 4Q EARNINGS REPORT

February 9, 2001

J.P. MORGAN SECURITIES INC. - EQUITY RESEARCH

CHRISTINE LAI (1-212) 648-4169
lai_christine@jpmorgan.com

Kenneth B. Pan (1-212) 648-6595
pan_kenneth@jpmorgan.com

Transatlantic Holdings (Market Performer)

LOWERING 2001 ESTIMATE AFTER FOURTH QUARTER EARNINGS REPORT; LOWERING 2001 ESTIMATE

TRH 02/08	52-Wk Rge	12/99	12/00	Earnings Per Share 12/01	4Q/00	4Q/99	P/E 12/00A	12/01E	Yld	MkCap ($MM)
$98.48	$107-68	$3.83A	$5.43A	$5.60E	$1.38A	$0.23A	18.1	17.6	0.5%	3,424
Previous			$5.40E	$5.65E	$1.34E					

Highlights

ú Transatlantic Holdings announced fourth quarter operating earnings yesterday of $1.38, $0.01 below consensus

ú We are lowering our 2001 estimate to $5.60 (from $5.65) and posting a 2002 estimate of $5.95

ú Earned premiums were essentially flat and written premium growth (+8.6%) was the slowest seen in four quarters

ú We rate Transatlantic Holdings a Market Performer

Details

Transatlantic Holdings announced fourth quarter operating earnings of $1.38, $0.01 below consensus. Our estimate was $1.34. Earnings were up significantly (+486%), as last year's results were significantly impacted by catastrophe losses from the European winter storms Lothar and Martin (late December, 1999). The fourth quarter of 2000, in contrast, saw relatively little in the way of global catastrophic event activity. As a result, the combined ratio improved to breakeven over the year-ago period versus 113.5% in 4Q/99, due principally to a sharp drop in the loss ratio (74% in 4Q/00 versus 85.5% in 4Q/99). The expense ratio, meanwhile, also declined in the fourth quarter to just over 26% (from 28.7% in 4Q/99).

Net earned premium was essentially flat in the quarter (+0.6%), and well below our estimate (-9.8%). Written premium growth was solid as

-- FIRST CALL --

Transatlantic continues to leverage its unique relationship with AIG (AIG/$85.7/Buy) to achieve above-industry average premium growth; however, the fourth quarter's premium growth rate was the slowest posted by the company since the third quarter of 1999. Nevertheless, Transatlantic remains bullish about the improving rate environment, and should be well-positioned to benefit from rate strength outside of North America given the company's international focus. . "We expect rates to continue to improve and gain momentum through 2001." Net investment income increased by 2% versus the year-ago quarter. Table 1 summarizes the fourth quarter versus our estimate and the year-ago quarter.

We are lowering our 2001 estimate to $5.60 (from $5.65) and posting a 2002 estimate of $5.95. Our revised 2001 estimate reflects a slightly lower investment yield for full-year 2001, as well as a combined ratio of slightly better than break-even (99.9%). Earned premium growth is expected to accelerate to double-digit levels (+11.2%) from the +9.9% growth seen in 2000, a result of improving global property rates and increasing reinsurance demand.

We rate Transatlantic Holdings Market Performer. Although the company appears well positioned for double-digit revenue growth in 2001, Transatlantic's earnings growth potential remains modest (+5%), in our view. Given the modest earnings growth projected for 2001 (+3%) and the stock's current valuation at moderately above its historical averages on both a price-to-book (1.85 times) and relative price earnings basis (75%), we reiterate our Market Performer rating on Transatlantic Holdings.

Table 1: Fourth Quarter Earnings Summary
($ in millions, except per share data)

	4Q/99E	4Q/00E	4Q/00A	b/(w)	% chg
Net premiums earned	406.9	453.6	409.4	(44.2)	0.6%
Net investment income	58.5	58.8	59.7	0.9	2%
Underwriting result	(55.1)	(0.5)	0.0	0.5	-100%
Other, net	(0.5)	(0.5)	0.6	(1.1)	-211%
Pretax operating income	2.9	57.8	60.2	2.4	1986%
Income taxes	(5.3)	10.8	11.9	(1.1)	-325%
Operating income	8.2	47.0	48.3	1.3	489%
Average shares outstanding (mil.)	34.9	35.0	35.0	0.0	0%
Operating EPS	$0.23	$1.34	$1.38	0.04	486%
Combined ratio (GAAP basis)	113.5%	100.1%	100.0%	0.1%	
Pretax operating income/premium	0.7%	12.7%	14.7%	2.0%	

Source: Company reports and JPMS estimates.

Table 2: Earnings Forecast
($ in millions)

-- FIRST CALL --

	1999	2000	2001	2002
Net premiums earned	1,485	1,632	1,815	2,032
Net investment income	231	234	243	259
Underwriting result	(77)	0	2	2
Other, net	(0)	0	1	(1)
Pretax operating income	153	235	246	260
Income taxes	20	45	50	52
Operating income	134	190	196	208
Average shares outstanding (mil.)	34.9	35.0	35.0	35.0
EPS	3.83	5.43	5.60	5.95
Combined ratio (GAAP basis)	105.2%	100.0%	99.9%	99.9%
EPS growth	-21.1%	42.0%	3.1%	6.1%

Source: Corporate reports and JPMS estimates.

(An employee of J.P. Morgan Securities or Chase Securities is a director of AIG. The analyst or research associate who covers AIG holds a position in this stock.)

-> End of Note <-

-- FIRST CALL --

07:27am EST 9-Feb-01 Goldman Sachs (NEWYORK) TRH ACTION
Transatlantic Holdings: 4Q EPS Light. Lower 01E. Market Outperform.

Goldman, Sachs & Co. Investment Research

Transatlantic Holdings: 4Q EPS Light. Lower 01E. Market Outperform.

* * FULL ACTION in the A.M. - U.S. * *

New York Investment Research (New York) - - Investment Research
Thomas V. Cholnoky (New York) 1 212-902-3408 - Investment Research
Joan H. Zief (New York) 1 212-902-6778 - Investment Research
Elizabeth A. Werner (New York) 1 212-902-3646 - Investment Research

================== NOTE 6:50 AM February 09, 2001 ===================

19 Transatlantic Holdings Inc. (TRH) $98.48
Transatlantic Holdings: 4Q EPS Light. Lower 01E. Market Outperform.
Thomas V. Cholnoky (New York) 1 212 902-3408
Joan H. Zief (New York) 1 212 902-6778
Elizabeth A. Werner (New York) 1 212 902-3646

EPS (FY Dec): 2001E US$5.95, 2002E US$6.55 - Market Outperformer

* We expect Transatlantic Holdings (TRH) shares to outperform the market. We believe that the company is in a strong position to leverage the improving fundamentals in the reinsurance industry. The company's focus on specialty lines should allow it to benefit from the strong rate recovery in that segment of the market. TRH reported fourth quarter operating EPS of $1.38 compared with $0.23 a year ago and our $1.44 estimate. A slightly higher than expected combined ratio and slightly lower investment income were responsible for the slight shortfall. We have trimmed our 2001 EPS estimate by $0.05 to $5.95 and initiated a 2002 EPS estimate of $6.55.
* Consolidated premium volume rose 8.6%. Domestic premium volume rose 11.4%. Virtually all of the incremental growth came out of the company's specialty lines of business (i.e., accident and health, and medical malpractice). The company noted that rate increases averaged near 10%. However, there appears to be strong momentum for higher rate increases going into 2001. The international segment reported premium volume growth of 6%, which was modestly depressed by foreign exchange. Given the improving market conditions, we believe that TRH should be able to generate double digit top line growth in 2001.
* The underlying combined ratio (excluding catastrophe losses) rose a modest 0.6 percentage points to 100.1%. However, given the improvements in pricing, we expect the combined ratio to come in under 100% for 2001.
* After-tax investment income 2%. Weak cash flow throughout the year was primarily responsible for the slower growth. With premium volume increasing, we expect investment income growth to improve in 2001.

Important Disclosures (code definitions attached or available upon request)
TRH : CD, EC, SP1, SP2

-- FIRST CALL --