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## AIG'S FIRST QUARTER 2000 INCOME EXCLUDING REALIZED

### CAPITAL GAINS (LOSSES) ROSE 15.5 PERCENT TO \$1.36 BILLION

NEW YORK, NY, April 27, 2000 - American International Group, Inc. (AIG) today reported that its net income for the first quarter of 2000 increased 12.3 percent to \$1.35 billion, compared to \$1.20 billion in the first quarter of 1999. Excluding net realized capital gains (losses), income increased 15.5 percent to \$1.36 billion, compared to \$1.18 billion in the first quarter of 1999.

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

	FIRST QUARTER		
	<u>2000</u>	<u>1999</u>	<u>Change</u>
Net income, as reported	\$1,346.1	\$1,198.7	12.3%
Income, as adjusted*	\$1,364.1	\$1,181.0	15.5%
PER SHARE RESULTS:**			
Diluted:			
Net income, as reported	\$ 0.86	\$ 0.77	11.7%
Income, as adjusted*	\$ 0.87	\$ 0.75	16.0%
Average shares outstanding	1,564.2	1,568.3	

\*Adjusted to exclude net realized capital losses of \$18.0 million in 2000 and net realized capital gains of \$17.7 million in 1999.

\*\*Share information reflects the five-for-four split in the form of a 25 percent common stock dividend, paid July 30, 1999.

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Income before income taxes, minority interest and realized capital gains (losses) for the first quarter of 2000 increased 14.9 percent to \$2.01 billion from \$1.75 billion reported in 1999.

Revenues in the first quarter of 2000 rose 10.8 percent to \$10.89 billion from \$9.82 billion in the year-earlier quarter. AIG's shareholders' equity rose over \$500 million to approximately \$33.8 billion at March 31, 2000, after open market purchases during the quarter of 10.4 million shares of AIG common stock. At that date, AIG's consolidated assets approximated \$278 billion.

Commenting on the first quarter's results, AIG Chairman M.R. Greenberg said, "Overall, it was a good quarter for AIG. Each of our principal business groups produced solid results.

"Worldwide general insurance net premiums written rose 4.3 percent in the quarter, and we achieved an adjusted underwriting profit of \$211.5 million. Our combined ratio was 95.78, compared to 95.28 in last year's first quarter. Excluding catastrophe losses of \$25 million in the quarter versus zero in last year's first quarter, the combined ratio for first quarter 2000 was 95.17. We added \$22 million to AIG's net loss and loss adjustment reserves in the quarter, bringing the total of such reserves to \$24.6 billion at March 31. This reserve increase was reduced by \$75 million of catastrophe losses paid in the first quarter from pre-2000 incurred losses.

"Domestically, rates in the commercial property-casualty insurance market continue to firm. A growing number of classes are responding to the need for price increases. Workers' compensation rates are increasing in many states. Property is stronger, as are energy and some liability classes. AIG continues to monitor this part of our business carefully, canceling, non-renewing or losing business where we are unwilling to meet competitors' pricing. For the quarter, this amounted to \$110 million of reduced premiums written. Excluding the non-renewed business and also risk finance business, which is very transaction oriented, Domestic Brokerage Group net premiums written grew approximately 10 percent in the quarter. We continue to introduce many new products and services in the Brokerage Group, especially in the e-business area. The North American Division (NAD), a unit that serves U.S. corporations doing business overseas, was restructured to simplify access to our global network. The opportunity to provide seamless coverage and to serve U.S. businesses more efficiently in the global marketplace will contribute to stronger business growth in the future.

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“AIG’s domestic personal lines business reported \$601.3 million of net premiums written in the quarter, a gain of 25.4 percent over the first quarter of 1999, principally in our mass marketing business. We are filing for rate increases in many states to offset higher loss ratios resulting from increases in frequency and severity of losses. New leadership has recently been installed at 21<sup>st</sup> Century Insurance Group, a majority owned AIG subsidiary, and other actions are underway that will improve future underwriting results at this company.

“United Guaranty Corporation, AIG’s mortgage guaranty insurance company, had an excellent quarter. The strong domestic economy continues to benefit United Guaranty’s operating performance. Low levels of unemployment, as well as appreciation of existing home values in most markets, resulted in very favorable default experience on insured loans in the first quarter. Additionally, net premiums written gained 16.4 percent over first quarter 1999.

“Our Foreign General insurance operations performed reasonably well in the quarter and achieved a combined ratio of 92.62. Southeast Asia, Japan, Europe and Latin America reported solid revenue growth.

“AIG’s worldwide Life business had an excellent quarter, with operating income gaining 20.9 percent to \$812.1 million. Southeast Asia, Taiwan, Japan and Central Europe all performed well. Our new operations in China, particularly the new office in Shenzhen, are off to an excellent start. During the quarter, AIG’s American International Assurance Company, Ltd. received a license to operate a wholly owned life insurance company in Vietnam, the first insurance license granted by that government to a U.S.-based insurance organization. We expect to commence operations in Vietnam very shortly. AIG’s Domestic Life Companies, including SunAmerica, also had a good quarter, with a 30.4 percent increase in operating income to \$299.2 million.

“SunAmerica announced just this week that it has been selected by the U.S. Chamber of Commerce as the exclusive endorsed provider of 401(k) retirement products and services to the Chamber’s small business members. Small businesses currently employ 38 percent of the U.S. workforce. The demand for quality retirement programs among small businesses is growing rapidly, and the U.S. Chamber’s endorsement will enable SunAmerica to make additional inroads into this important market.

“Financial Services overall had a good quarter, with operating income rising 12.1 percent to \$280.8 million. AIG Financial Products Corp. reported outstanding results. International Lease Finance Corporation reported satisfactory results, despite the absence of aircraft sales during the quarter. AIG Trading Group Inc.’s results reflected a decline in volatility in foreign exchange rates in the quarter.

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“Asset Management had an outstanding quarter, with a 79.0 percent gain in operating income to \$103.8 million. SunAmerica's asset management business produced strong growth and excellent results, as did AIG Global Investment Group. At March 31, 2000, AIG's third party assets under management, including both retail mutual funds and institutional accounts, totaled approximately \$35 billion.

“AIG recently announced it had reached an agreement with General Atlantic Partners, one of the leading and most successful investors in technology businesses, to commit \$1 billion over five years to venture capital investments with General Atlantic in information technology companies around the world. This new relationship also has many synergies that will benefit AIG in our own operations in the future.”

### GENERAL INSURANCE

General insurance pretax income before realized capital gains for the first quarter of 2000 was \$874.7 million, an increase of 7.6 percent compared to \$812.8 million last year.

Worldwide general insurance net premiums written in the first quarter of 2000 amounted to \$4.23 billion, 4.3 percent ahead of the \$4.05 billion reported last year.

General insurance net investment income rose 7.0 percent to \$663.2 million in 2000 from \$620.0 million last year.

### LIFE INSURANCE

AIG's worldwide life insurance operations reported first quarter 2000 pretax income before realized capital losses of \$812.1 million, an increase of 20.9 percent, compared to \$671.4 million last year.

Life insurance premium income increased 14.1 percent in the first quarter to \$3.28 billion from \$2.87 billion in 1999.

Life insurance net investment income rose 11.3 percent to \$1.67 billion for the first quarter of 2000, compared to \$1.50 billion for the same period last year.

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FINANCIAL SERVICES

Financial services pretax operating income rose 12.1 percent to \$280.8 million in the first quarter of 2000, compared to \$250.6 million in the same period last year.

ASSET MANAGEMENT

Asset management pretax operating income in the first quarter of 2000 amounted to \$103.8 million, an increase of 79.0 percent, compared to \$58.0 million in 1999.

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AIG is the leading U.S.-based international insurance and financial services organization and the largest underwriter of commercial and industrial insurance in the United States. Its member companies write a wide range of commercial and personal insurance products through a variety of distribution channels in approximately 130 countries and jurisdictions throughout the world. AIG's global businesses also include financial services and asset management, including aircraft leasing, financial products, trading and market making, consumer finance, institutional, retail and direct investment fund asset management, real estate investment management, and retirement savings products. American International Group, Inc.'s common stock is listed on the New York Stock Exchange, as well as the stock exchanges in London, Paris, Switzerland and Tokyo.

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# American International Group, Inc.

## Financial Highlights

(in thousands, except per share amounts)

	Three Months Ended March 31,		
	2000	1999	Change
<i>General Insurance Operations:</i>			
Net Premiums Written	\$ 4,226,296	\$ 4,053,657	4.3 %
Net Premiums Earned	4,106,903	3,774,951	8.8
Adjusted Underwriting Profit	211,492	192,885	9.6
Net Investment Income	663,199	619,954	7.0
Income before Realized Capital Gains	874,691	812,839	7.6
Realized Capital Gains	12,086	77,954	-
Operating Income	\$ 886,777	\$ 890,793	(0.5) %
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Loss Ratio	75.21	75.30	
Expense Ratio	20.57	19.98	
Combined Ratio	95.78	95.28	
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<i>Life Insurance Operations:</i>			
Premium Income	\$ 3,277,632	\$ 2,873,489	14.1 %
Net Investment Income	1,671,065	1,501,904	11.3
Income before Realized Capital Losses	812,087	671,435	20.9
Realized Capital Losses	(28,735)	(21,232)	-
Operating Income	783,352	650,203	20.5
<i>Financial Services Operating Income</i>	280,846	250,629	12.1
<i>Asset Management Operating Income</i>	103,787	57,989	79.0
Other Realized Capital Losses	(3,731)	(6,754)	-
Other Income (Deductions) - net	(57,700)	(41,110)	-
Foreign Exchange Losses	(2,275)	(653)	-
Income before Income Taxes and Minority Interest	1,991,056	1,801,097	10.5
Income Taxes	589,736	522,591	-
Income before Minority Interest	1,401,320	1,278,506	9.6
<i>Minority Interest, after tax: (a)</i>			
Operating Income	(50,503)	(64,972)	-
Capital Gains	(4,724)	(14,815)	-
<i>Net Income</i>	1,346,093	1,198,719	12.3
<i>Per Common Share (b) - Basic</i>	0.87	0.77	13.0
<i>- Diluted</i>	\$ 0.86	\$ 0.77	11.7 %
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<i>Average Common Shares Outstanding (b)</i>			
- Basic	1,546,422	1,547,881	
- Diluted	1,564,220	1,568,289	

(a) Represents minority shareholders' equity in operating income and capital gains of certain consolidated subsidiaries, including Transatlantic Holdings, Inc. and 21st Century Insurance Group.

(b) Share information reflects the five-for-four split in the form of a 25 percent common stock dividend, paid July 30, 1999.