

Δ π EXHIBIT 7
 Deponent Schroeder
 Date 7/9/08 Rptr. am
 WWW.DEPOBOOK.COM

Equity Research
 North America

United States of America

Insurance - Property-Casualty

American Int'l Grp

Reuters: AIG.N Bloomberg: AIG NYSE: AIG

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

Company Update

February 9, 2001

No Reason to Get Twitchy

OUTPERFORM

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

**PLAINTIFF'S
 EXHIBIT
 646**

- **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.

Price: Abs. and Rel. To Market & Industry



Company Description

American International Group is the leading U.S.-based international multiline insurance and financial services organization and the largest 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, including 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	Q'try EPS	2000A actual	2001E curr	2001E prior	2002E curr	2002E prior
Enterprise Value (\$ m)	-	Q1	0.58	0.66	-	-	-
Debt/Cap (12/00) (%)	-	Q2	0.61	0.70	-	-	-
Return on Equity (12/00) (%)	-	Q3	0.61	0.71	-	-	-
L-T EPS Grth ('yy - 'yy) (%)	-	Q4	0.65	0.77	-	-	-
P/E to Growth	-						
Shares Outstanding (m)	2,315.6						

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 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

MORGAN STANLEY
CONFIDENTIAL

TREATMENT REQUESTED

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.

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 its 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 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.