PLAINTIFF'S EXHIBIT 664

Morgan Stanley

Comment | Page 1

Equity Research
North America

United States of America

Insurance - Property & Casualty

American Int'l Grp

Reuters: AIG.N Bloomberg: AIG US NYSE: AIG

Alice Schroeder
+1 (1)212 761 4626
Alice.Schroeder@morganstanley.com
William Wilt
+1 (1)212 761 8589
William.Wilt@morganstanley.com
Vinay Saqi
+1 (1)212 761 8530
Vinay.Saqi@morganstanley.com

Change in Recommendation

January 24, 2003

Lowering to Equal-weight

STOCK RATING	EQUAL-WEIGHT
Price (January 21, 2003)	$61.40
Price Target	N/A
52-Week Range	$79.50 - 47.75

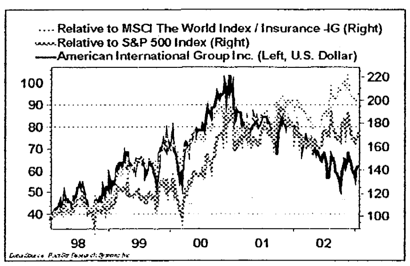
Stock ratings are relative to the analyst's industry (or industry team's) coverage universe.

GICS SECTOR	FINANCIALS
US Strategist Weight	19.9%
S&P 500 Weight	20.9%

WHAT'S CHANGED	
Rating	*Over to Equal-Weight*
Change of Target Price	*$85 to N/A*
Earnings (2002)	*From $3.40 to $3.38*
Earnings (2003)	*From $3.90 to $3.75*

- **Downgrading due to macro environment**
  Change of opinion is driven by fourth quarter news and early earnings reports in other sectors, which suggest that the economy is not picking up steam quickly and may languish into 2003. Economically sensitive businesses include life insurance, annuity, asset management, consumer finance, aircraft leasing, capital markets, and derivatives operations
- **Lowering estimates**
  We have lowered our 2002 operating earnings estimate from $3.40 to $3.38 and our 2003 falls from $3.90 to $3.75
- **Recalibrating ratings in our coverage universe**
  Please see our Industry note "Recalibrating Ratings -- Moving to In-Line on Industry" for details on other rating changes in our coverage universe.
- **Industry View: In-Line**
  While we believe margins and book value growth should remain healthy for some time, we now view investing in our group as more of a stock-picking exercise, given regulatory trends in personal lines, a continued weak economy, and commercial lines pricing having peaked.

Stock Price Performance



Fiscal Year Ends (Jun 30)	2001	2002e	2003e	2004e
EPS ($)	2.80	3.38	3.75	–
Prior EPS Ests. ($)	–	3.40	3.90	–
First Call Consensus ($)	2.80	3.41	3.95	–
P/E	21.9	18.2	16.4	–
Price/Book	3.1	2.6	2.3	–
Yield (%)	0.3	0.3	0.3	–

Market Cap ($mn)	160,167.7
Debt/Cap (09/02) (%)	42.7
Return on Equity (09/02) (%)	15.7
Shares Outstanding (mn)	2,608.6

Q'trly EPS	2001 actual	2002e curr	2002e prior	2003e curr	2003e prior
Q1	0.72	0.81	–	–	–
Q2	0.76	0.84	–	–	–
Q3	0.55	0.85	–	–	–
Q4	0.77	0.88e	0.90e	–	–

e – Morgan Stanley Research estimates

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.

Please see the important disclosures at the end of this report.

EXHIBIT 25
Deponent Schroeder
Date 7/9/08 Rptr. ____
www.DEPOBOOK.COM

Lowering to Equal-weight

Summary and Investment Conclusion

We are downgrading AIG from Overweight to Equal-weight. This change of opinion is driven by fourth quarter news and early earnings reports in other sectors, which suggest that the economy is not picking up steam quickly and may languish further into 2003 than we expected. We believe that AIG is one of the more economically sensitive stocks in our insurance universe (which does not map particularly well to AIG's own business mix). With its life insurance, annuity, asset management, consumer finance, aircraft leasing, capital markets, and derivatives operations, more than half of AIG's businesses either are derived from the capital markets or are involved in economically cyclical sectors. Our previous estimates and rating had assumed a moderate recovery beginning in the back half of 2003. In addition, 16% of AIG's nonlife premiums are in personal lines, largely in California, a market that we believe may be increasingly challenged under new insurance commissioner John Garamendi. In our industry note issued today, "Recalibrating Ratings," we discuss our view that deft execution may now be required in that line, especially in California.

We have adjusted our earnings model to reflect new assumptions. The impact on 2003 is approximately $0.15 per share, and we are now below consensus. In addition, there could be some impact on the fourth quarter of 2002. While we have taken 4Q down a couple of pennies, realistically this could be a quarter of surprises, in our view. In this note we outline potential areas of messiness, which could include asbestos, aircraft leasing, mark-to-market, special purpose entities, and other items outlined following.

Finally, AIG's valuation is more interest sensitive than our other stocks because it is discounting growth over a longer period. As interest rates stay at record lows for a longer time, the risk to the stock of a snapback in the economy, accompanied by higher interest rates, also becomes more important. Essentially, this is a stock that we believe would outperform in a modest economic upturn with continued low interest rates. The combined total of other economic scenarios now seem more likely. As such, we believe AIG is not likely to perform as well as the average stock in our universe in the near term.

The nonlife business of AIG, clearly its strong suit right now, continues to flourish. Total net premiums are growing around 36%, and the company is reporting a combined ratio in the 93% range excluding catastrophe losses. The paid/incurred ratio dropped last quarter to 86%, and AIG has begun building reserves at a significant pace. To date we have felt these positives compensated for what appeared to be moderate economic risk and the upside from a potential recovery. Even with more conservative assumptions in our model, we believed AIG could outperform the group. With an Equal-weight rating, we continue to believe that AIG merits a premium for its longer-term growth prospects, franchise, and capital flexibility, with nearly $59 billion of shareholders equity and little goodwill. Further, we believe AIG's quality of earnings and earnings growth rate are higher than the average S&P stock over the long term compared to the S&P, as adjusted for nonrecurring charges, pension costs and stock options; over time, therefore, the stock should continue to be a strong performer. At its current valuation, however, and with economic risk apparently rising, we believe any upside in the stock may not manifest itself as strongly or quickly as we had thought.

Importantly, we are not assuming any asset writedowns in our earnings model, but acknowledge these are possible if the economy were to stay troubled enough for long enough. The aircraft leasing business continues to be a concern of investors, but we believe a writedown in this area is to some degree already discounted into the stock, as discussed following.

Other risks: The fourth quarter could be a bit messy. Although we have no specific information and the company has not made a preannouncement, the following areas present some risk of weak results or charges, in our view:

1) asbestos: although AIG's exposure appears below average, its reserves as measured by survival ratio also are below average. To the extent an adjustment is a manageable size, we do not think investors would be particularly alarmed.

2) other-than-temporary impairments: it would not surprise us to see some losses migrate into the income statement from this source; which should not affect book value.

3) special purpose entities: AIG likely will be affected by the new accounting standard on SPEs. New financial assets and liabilities are likely to come on balance sheet. We don't anticipate a significant rating agency, capital or earnings

impact, but the balance sheet could look quite different, and there should be quite a bit more disclosure. The new rules are effective for this year end. AIG has not yet announced an earnings release date, which could be because of the complexity of implementing this new standard.

4) the quarter may experience a higher loss ratio than average due to the poor weather, especially at Transatlantic Re (which we would view as a random event);

5) the consumer finance industry is experiencing a rocky quarter overall, which could portend more conservative loan loss provisions in that line of business. For example, Moody's just forecast that subprime auto lenders are likely to slow origination and tighten lending standards;

6) mark-to-market accounting: bond rates imply flat book values from yields, and equities should be up at year-end, but we do not know how AIG's private equity portfolio or high yield portfolio might be marked.

7) aircraft leasing: we are not expecting a writeoff from aircraft leasing given AIG's business mix, but the recent disclosures relating to AMR and bankruptcy considerations clearly have rattled the market. In light of the economy and recent news about UAL and AMR, we believe the expectations for disclosure and management discussion of this area likely will be higher than previously.

8) interest rates continue to roll over and the IPO climate remain weak. While we have previously incorporated assumptions about these in our model for yields and alternative investments, as for other insurers, in a fast moving environment we may not have caught up to the latest trends.

9) transparency: AIG has been increasing its levels of disclosure all year. The industry has been moving to a higher threshold at the same time. Travelers has now, in effect, established a new benchmark. We believe this presents somewhat of a quandary for management: more disclosures will be expected, but investors tend to pick at and criticize the information they do receive, and AIG seems more subject to this than average, in our view. Transparency considerations are likely to have an impact on investors through the first quarter 10-Q, and we believe a messy 4Q could heighten their importance.

Earnings Model Highlights: In general insurance, we are assuming a 95.5% combined ratio, about a point above normal to reflect weather risk, in domestic brokerage, but an improvement in personal lines to 95% this quarter.

In life insurance, we are assuming a 16.7% earnings increase, driven primarily by non-investment income, with both domestic and foreign growing slower than last quarter and than long term trends. For 2003 and 2004, we are assuming life insurance earnings grow 12.3% and 6.8%, respectively, with the lower growth rates coming mostly from reduced investment income assumptions, especially in foreign life insurance. This change in assumptions is a significant driver of our lower estimated valuation, reflecting what we believe are likely to be lower long-term economic growth rates.

In financial services, we are assuming in 4Q that earnings grows 5%, vs. 11% last quarter. However, this change in our model is worth only bout 3/10 of a cent per share. ILFC is 6% of earnings, so a 20% move in ILFC earnings would be worth just over $0.01 per share each quarter. We view the real issue with ILFC not as short term earnings, but the value of leased aircraft. With $26 billion of leased assets, a $1 billion writedown would be worth $0.25 per share after-tax. Accordingly, a 15% writedown of the fleet value would be worth $1.00 per AIG share or 4.4% of book value. Since AIG is minimally involved in the leveraged lease market, we are not expecting a write-down. However, the possibility of a writedown obviously does increase the longer the economic downturn scenario is assumed to continue. Psychologically, it is hard to assess whether the market would view a writeoff as a relief or a problem, however. Clearly, the market is already discounting in the fact that the value of aircraft supporting leases is lower than before September 11.

Our long-term earnings growth estimate for ILFC is 8%. The underlying assumption behind this is a 2% growth rate for the aviation industry as a whole (rising from a newly restructured lower base), with a slow recovery in 2004. AIG historically has grown this business four times faster than the industry. AIG's argument in favor of its business model has been that its fleet is younger than other lessors, generating more flexible and sustainable margins. In a slower growth aviation market, this advantage would begin to diminish, as use the fleet would age over time and remarketing rates would remain under pressure.

We also have revised our assumptions for AIG Financial Products slightly for 2003 and 2004 to reflect potentially flat earnings, as the market adjusts to revised SPE rules. In addition, we believe that other types of transactions traded by FP may be affected somewhat by a weaker economy. While these assumptions may be overly conservative, more conservative assumptions actually do not have a significant impact on the valuation. With AIGFP's total earnings worth about $0.20 per share in 2003, a 5% change either way would move earnings about a penny and has essentially no impact on valuation.

We have revised our consumer finance earnings assumptions down as well, from a decline of 1.6% last quarter to a decline of 7% this quarter and 5% in 2003. This brings total financial services earnings in our model to a growth rate of 1.8% for the quarter, compared to 13.3% in 3Q. This may be overly conservative as well, but, notably, a 10% total swing in all of these businesses is only worth about $0.15 per share. Life and nonlife continue to be the real drivers.

Risks: AIG could outperform our other stocks if the economy improves nicely but without much upward movement in interest rates. In addition, if the nonlife story falters, credit conditions stabilize and the capital markets improve, AIG would outperform the rest of the group.

MorganStanley

Exhibit 1

Earnings Model

($ in millions, except per share data)	1998	1999	2000	2001	2002E	2003E	3Q01	4Q01	1Q02	2Q02A	3Q02A	4Q02E
Property - Casualty												
Gross written premium	20,684.3	22,569.4	25,049.6	29,639.8	37,498.8	46,424.6	7,395.0	8,113.8	8,976.9	8,717.8	9,256.2	10,548.0
change yr/yr	10.4%	9.1%	11.0%	18.3%	26.5%	23.8%	17.7%	24.9%	26.8%	23.7%	25.2%	30.0%
Net written premium	14,586.1	16,223.9	17,526.3	20,100.9	27,254.6	32,105.4	4,983.3	5,197.7	6,334.3	6,782.7	7,084.8	7,052.8
change yr/yr	8.8%	11.2%	8.0%	14.7%	35.6%	17.8%	16.1%	15.4%	30.2%	34.2%	42.2%	35.7%
Earned premium	14,098.0	15,543.8	17,406.9	19,364.9	24,143.2	29,789.8	4,845.2	5,055.9	5,506.5	5,859.2	6,195.8	6,581.7
change yr/yr	13.5%	10.3%	12.0%	11.2%	24.7%	23.4%	17.8%	5.6%	16.6%	23.6%	27.9%	30.2%
Paid losses	7,209.3	11,756.7	12,987.8	14,461.7	16,148.9	19,723.8	3,639.0	3,843.8	4,016.3	3,961.4	3,967.2	4,204.0
Reserve change (related to incurred claims)	3,447.4	(19.2)	116.6	943.9	1,887.8	2,591.2	691.2	140.9	126.8	378.0	641.1	741.9
Incurred losses	10,656.7	11,737.5	13,104.4	14,636.6	18,036.7	22,315.0	4,330.2	3,984.7	4,143.1	4,339.4	4,608.3	4,945.9
Other underwriting expenses	2,910.5	3,137.1	3,517.5	3,871.1	4,546.8	5,441.8	1,037.8	955.8	1,053.7	1,103.6	1,196.8	1,192.6
Pretax underwriting results	530.7	669.2	785.0	857.2	1,559.8	2,033.0	(522.8)	115.4	309.7	416.2	390.7	443.2
Loss ratio	*75.6%*	*75.5%*	*75.3%*	*75.6%*	*74.7%*	*74.9%*	*89.4%*	*78.8%*	*75.2%*	*74.1%*	*74.4%*	*75.1%*
Expense ratio	*20.6%*	*20.2%*	*20.2%*	*20.0%*	*18.8%*	*18.3%*	*21.4%*	*18.9%*	*19.1%*	*18.8%*	*19.3%*	*18.1%*
Combined ratio	*96.2%*	*95.7%*	*95.5%*	*95.6%*	*93.5%*	*93.2%*	*110.8%*	*97.7%*	*94.4%*	*92.9%*	*93.7%*	*93.3%*
Accident year CR	*98.2%*	*98.2%*	*96.9%*	*93.3%*								
Net investment income (pretax)	2,191.8	2,516.7	2,700.8	2,892.6	2,748.0	3,150.1	724.3	745.4	745.4	680.0	661.0	661.6
change yr/yr	18.3%	14.8%	7.3%	7.1%	-5.0%	14.6%	7.2%	6.1%	4.1%	-3.8%	-8.7%	-11.2%
Corporate pretax Income	(437.4)	62.2	172.1	3.3	(93.4)	(20.0)	(8.3)	(52.4)	6.5	(49.7)	(25.2)	(25.0)
General Insurance	2,722.6	3,185.9	3,485.8	3,749.9	4,307.8	5,183.1	201.5	860.8	1,055.1	1,096.3	1,051.7	1,104.8
Life Insurance	3,323.5	3,758.6	4,219.7	5,060.2	5,872.2	6,588.2	1,165.1	1,321.7	1,355.4	1,528.4	1,516.7	1,471.7
Financial Services	1,172.2	1,416.9	1,665.8	1,991.0	2,166.0	2,212.3	487.5	587.0	473.9	542.0	552.5	597.6
Asset Management	673.4	872.8	1,108.2	1,087.7	1,044.8	962.3	247.5	287.2	299.7	280.2	228.2	236.7
Other	(437.4)	62.2	(143.3)	(2,913.2)	(93.4)	(20.0)	(1,371.1)	(52.4)	6.5	(49.7)	(25.2)	(25.0)
Realized Gains (Losses)	130.029	103.078	-312.73	-836.34	-1456.866	0	-113.8	-287.1	-231.8	-629.5	-595.6	0.0
Total pretax income	7,584.3	9,399.5	10,023.4	8,139.2	11,840.6	14,925.9	616.7	2,717.3	2,958.7	2,767.7	2,728.4	3,385.8
Taxes	(2,190.5)	(2,832.6)	(2,970.8)	(2,339.1)	(3,596.8)	(4,684.3)	(163.4)	(804.0)	(891.8)	(871.8)	(817.4)	(1,015.7)
After-tax income	5,393.8	6,566.9	7,052.6	5,800.0	8,243.8	10,241.6	453.4	1,913.3	2,066.9	1,895.9	1,910.9	2,370.1
Minority Interest, net of tax	347.8	380.6	413.7	301.0	305.5	351.3	45.4	47.4	86.6	94.7	69.7	54.5
Cum. Effect Chg. Accting, net of tax	-	-	-	136.2	-	-	81.3	-	-	-	-	-
Net income	5,046.0	6,186.3	6,638.9	5,362.8	7,938.3	9,890.3	326.8	1,865.9	1,980.3	1,801.2	1,841.2	2,315.6
change yr/yr	18.6%	22.6%	7.3%	-19.2%	48.0%	24.6%	-80.8%	3.5%	6.7%	37.0%	463.5%	24.1%
Net EPS	$1.92	$2.34	$2.52	$2.02	$3.01	$3.75	$0.12	$0.70	$0.75	$0.68	$0.70	$0.88
Realized gains/losses	$0.02	$0.02	($0.08)	($0.20)	($0.37)	$0.00	($0.03)	($0.07)	($0.06)	($0.16)	($0.15)	$0.00
Special Items	$0.00	$0.00	($0.08)	($0.58)	$0.00	$0.00	($0.39)	$0.00	$0.00	$0.00	$0.00	$0.00
Operating EPS	**$1.90**	**$2.32**	**$2.68**	**$2.80**	**$3.38**	**$3.75**	**$0.55**	**$0.77**	**$0.81**	**$0.84**	**$0.85**	**$0.88**
change yr/yr	18.1%	22.2%	15.6%	4.6%	20.5%	11.2%	-17.7%	9.5%	12.5%	10.2%	55.5%	13.9%
Fully diluted shares	2,633.5	2,650.3	2,637.8	2,649.9	2,636.7	2,633.9	2,651.3	2,645.4	2,641.0	2,639.9	2,634.0	2,632.0
Shareholders Equity	38,994.3	39,726.4	47,437.6	52,150.0	60,713.7	70,843.7	50,786.5	52,150.0	52,675.0	54,963.0	58,783.1	60,713.7

Source: Company data, Morgan Stanley Research

Please see the important disclosures at the end of this report.

Exhibit 2

Supplemental Information

($ in millions, except per share data)	1998	1999	2000	2001	2002E	2003E	3Q01	4Q01	1Q02	2Q02A	3Q02A	4Q02E
Operating/Capital Statistics												
Dividend	$0.11	$0.13	$0.14	$0.16	$0.18	$0.19	$0.04	$0.04	$0.04	$0.05	$0.05	$0.05
Operating Payout ratio	6.0%	5.5%	5.2%	5.6%	5.4%	5.1%	7.7%	5.4%	5.2%	5.6%	5.5%	5.3%
Net written premiums: surplus	118.7%	121.5%	125.2%	142.5%	166.3%	167.8%	144.0%	147.4%	176.2%	191.2%	207.0%	172.1%
Net reserves:surplus	200.3%	184.2%	178.2%	183.6%	169.5%	158.8%	186.1%	183.6%	181.0%	186.0%	197.5%	169.5%
Operating ROE	13.6%	15.6%	16.2%	14.9%	15.8%	15.0%	11.4%	15.9%	16.3%	16.5%	15.7%	15.5%
Total ROE	13.8%	15.7%	15.2%	10.8%	14.1%	15.0%	2.6%	14.5%	15.1%	13.4%	12.9%	15.5%
Debt/Capital	31.7%	32.5%	36.8%	41.8%	41.6%	40.4%	41.2%	41.8%	42.8%	43.2%	42.7%	41.6%
Book value per share	$15.08	$15.25	$18.09	$19.94	$23.31	$27.10	$19.44	$19.94	$20.16	$21.05	$22.53	$23.31
Operating ROE (Ex. FAS 115)	13.7%	15.2%	15.4%	14.3%	15.6%	15.1%	11.1%	15.5%	15.6%	15.7%	15.5%	
Total ROE (Ex. FAS 115)	13.8%	15.3%	14.5%	10.3%	13.9%	15.1%	2.5%	14.1%	14.5%	12.8%	12.7%	
Debt/Capital (Ex. FAS 115)	31.7%	31.4%	35.7%	41.0%	41.7%	40.5%	40.6%	41.0%	41.5%	42.3%	42.8%	
Book value per share (Ex. FAS 115)	$15.08	$16.16	$19.01	$20.60	$23.24	$27.03	$19.89	$20.60	$21.24	$21.84	$22.46	
Reserve Analysis (Net)												
Beginning reserve balance	21,171.5	24,618.9	24,599.7	24,951.6	25,895.5	27,783.4	25,063.4	25,754.6	25,895.5	26,022.5	26,400.5	27,041.6
Incurred losses	10,656.7	11,737.5	13,104.4	15,405.6	18,036.7	22,315.0	4,330.2	3,984.7	4,143.1	4,339.4	4,608.3	4,945.9
Paid losses	(7,209.3)	(11,756.7)	(12,987.8)	(14,461.7)	(16,148.9)	(19,723.8)	(3,639.0)	(3,843.8)	(4,016.3)	(3,961.4)	(3,967.2)	(4,204.0)
Other changes	0.0	0.0	235.3	0.0	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Ending net reserve balance	24,618.9	24,599.7	24,951.6	25,895.5	27,783.4	30,374.6	25,754.6	25,895.5	26,022.5	26,400.5	27,041.6	27,783.4
Paid: incurred	67.7%	100.2%	99.1%	93.9%	89.5%	88.4%	84.0%	96.5%	96.9%	91.3%	86.1%	85.0%
Paid: earned	51.1%	75.6%	74.6%	74.7%	66.9%	66.2%	75.1%	76.0%	72.9%	67.6%	64.0%	63.9%
Calendar year loss ratio	75.6%	75.5%	75.3%	75.6%	74.7%	74.9%	89.4%	78.8%	75.2%	74.1%	74.4%	75.1%
Pts of dev. favorable/ (unfavorable)	2.0%	2.5%	1.4%	-2.3%								
Accident year loss ratio	77.6%	78.0%	76.7%	73.3%								
Each point =	$0.03	$0.04	$0.04	$0.05	$0.06	$0.07	$0.01	$0.01	$0.01	$0.01	$0.02	$0.02
Investment Income Analysis - Gen. Insur.												
Amortized cost investment balance	36,687.2	39,810.1	43,037.2	40,355.7	44,638.3	58,044.3	40,049.1	40,355.7	43,358.4	42,786.0		
change yr/yr	23.4%	8.5%	8.1%	-6.2%	10.6%	30.0%	-5.4%	-6.2%	4.4%	1.5%		
Calculated pretax yield	6.6%	6.6%	6.5%	6.9%	6.5%	6.1%	7.0%	7.4%	7.1%	6.3%	6.1%	6.0%
Calculated after-tax yield	5.3%	5.1%	5.0%	5.2%	4.9%	4.7%	5.3%	5.6%	5.4%	4.8%	4.7%	4.6%
Invested assets at market	39,858.2	39,261.1	43,412.2	43,158.7	53,020.3	66,426.3	44,153.1	43,158.7	44,604.4	45,904.0		
change yr/yr	20.9%	-1.5%	10.6%	-0.6%	22.8%	25.3%	4.6%	-0.6%	2.9%	5.8%		

Source: Company data, Morgan Stanley Research

Please see the important disclosures at the end of this report.

Global Stock Ratings Distribution

(as of Dec 31, 2002)

	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight	597	31%	237	38%	40%
Equal-weight	925	48%	292	46%	32%
Underweight	403	21%	101	16%	25%
Total	1,925		630		

Data include common stock and ADRs currently assigned ratings. For disclosure purposes (in accordance with NASD and NYSE requirements), we note that Overweight, our most positive stock rating, most closely corresponds to a buy recommendation; Equal-weight and Underweight most closely correspond to neutral and sell recommendations, respectively. However, Overweight, Equal-weight, and Underweight are not the equivalent of buy, neutral, and sell but represent recommended relative weightings (see definitions below). An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

ANALYST STOCK RATINGS

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

More volatile (V). We estimate that this stock has more than a 25% chance of a price move (up or down) of more than 25% in a month, based on a quantitative assessment of historical data, or in the analyst's view, it is likely to become materially more volatile over the next 1-12 months compared with the past three years. Stocks with less than one year of trading history are automatically rated as more volatile (unless otherwise noted). We note that securities that we do not currently consider "more volatile" can still perform in that manner.

Ratings prior to March 18, 2002: SB=Strong Buy; OP=Outperform; N=Neutral; UP=Underperform. For definitions, please go to www.morganstanley.com/companycharts.

ANALYST INDUSTRY VIEWS

Attractive (A). The analyst expects the performance of his or her industry coverage universe to be attractive vs. the relevant broad market benchmark over the next 12-18 months.

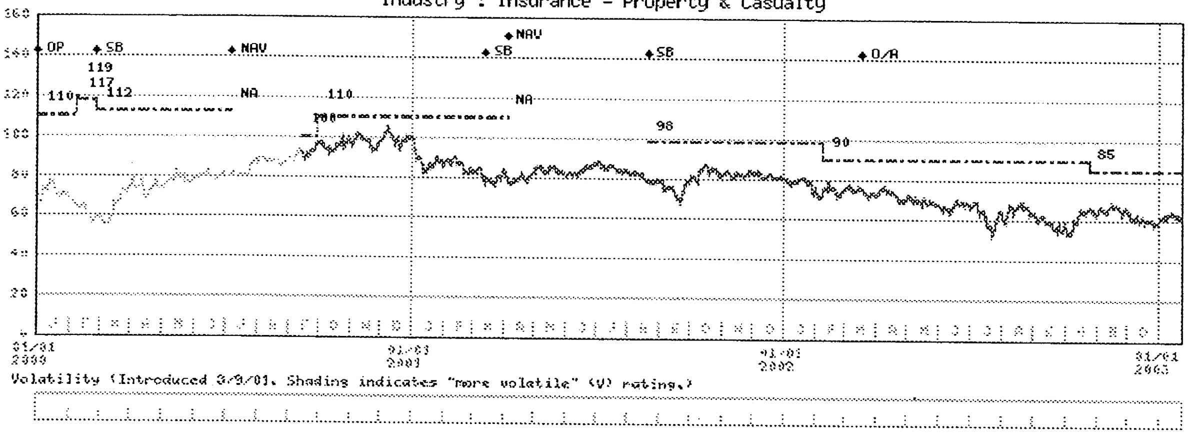
In-Line (I). The analyst expects the performance of his or her industry coverage universe to be in line with the relevant broad market benchmark over the next 12-18 months.

Cautious (C). The analyst views the performance of his or her industry coverage universe with caution vs. the relevant broad market benchmark over the next 12-18 months.

Stock price charts and rating histories for companies discussed in this report are available at www.morganstanley.com/companycharts. You may also request this information by writing to Morgan Stanley at 1585 Broadway, 14th Floor (Attention: Research Disclosures), New York, NY, 10036 USA.

Stock Price, Price Target and Rating History (See Rating Definitions)

American Int'l Grp (AIG.N) - As of 1/22/03 in USD
Industry : Insurance - Property & Casualty



Stock Rating History: 1/21/99 : OP; 2/28/00 : SB; 7/6/00 : NAV; 3/14/01 : SB; 4/4/01 : NAV; 8/21/01 : SB; 3/18/02 : O/A

Price Target History: 10/29/99 : 110; 2/8/00 : 119; 2/10/00 : 117; 2/28/00 : 112; 7/6/00 : NA; 9/14/00 : 100; 9/29/00 : 110; 4/4/01 : NA; 8/21/01 : 98; 2/8/02 : 90; 10/25/02 : 85

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target --   No Price Target Available (NA)
Stock Price (Not Covered by Current Analyst) ----   Stock Price (Covered by Current Analyst) ooo
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ◆
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

The information and opinions in this report were prepared by Morgan Stanley & Co. Incorporated ("Morgan Stanley").

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

This report is not an offer to buy or sell any security or to participate in any trading strategy. Morgan Stanley, Morgan Stanley DW Inc., affiliate companies and/or their employees may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report. Derivatives may be issued by Morgan Stanley or associated persons.

Within the last 12 months, Morgan Stanley, Morgan Stanley DW Inc. or an affiliate has received compensation for investment banking services from American Int'l Grp.

In the next 3 months, Morgan Stanley, Morgan Stanley DW Inc. or an affiliate expects to receive or intends to seek compensation for investment banking services from American Int'l Grp.

The research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and investment banking revenues.

Morgan Stanley has no obligation to tell you when opinions or information in this report change. Morgan Stanley and its affiliate companies are involved in many businesses that may relate to companies mentioned in this report. These businesses include market making and specialized trading, risk arbitrage and other proprietary trading, fund management, investment services and investment banking.

This report is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete.

This report has been prepared by Morgan Stanley research personnel. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized.

This publication is disseminated in Japan by Morgan Stanley Japan Limited; in Hong Kong by Morgan Stanley Dean Witter Asia Limited; in Singapore by Morgan Stanley Dean Witter Asia (Singapore) Pte., regulated by the Monetary Authority of Singapore; in Australia by Morgan Stanley Dean Witter Australia Limited A.B.N. 67 003 734 576, a licensed dealer, which accepts responsibility for its contents; in certain provinces of Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of this publication in Canada; in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and 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; in the United States by Morgan Stanley & Co. Incorporated and Morgan Stanley DW Inc., which accept responsibility for its contents; and in the United Kingdom, this publication is approved by Morgan Stanley & Co. International Limited, solely for the purposes of section 21 of the Financial Services and Markets Act 2000 and is distributed in the European Union by Morgan Stanley & Co. International Limited, except as provided above. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International Limited representative about the investments concerned. In Australia, this report, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

Additional information on recommended securities is available on request.

Morgan Stanley

The Americas
1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1)212 761 4000

Europe
25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom
Tel: +44 (0)20 7513 8000

Japan
20-3, Ebisu 4-chome
Shibuya-ku,
Tokyo 150-6008, Japan
Tel: +81 (0)3 5424 5000

Asia/Pacific
Three Exchange Square
Central
Hong Kong
Tel: +852 2848 5200

INDUSTRY COVERAGE: INSURANCE - PROPERTY & CASUALTY

Company	Ticker	Rating as of		Price at 1/21/03
ACE Limited	ACE.N	E	7/31/02	$28.61
Allstate Corporation	ALL.N	O	3/18/02	$36.85
AMBAC Inc.	ABK.N	U	3/18/02	$55.51
American Int'l Grp	AIG.N	E	1/24/03	$61.40
Aon Corporation	AOC.N	E	3/18/02	$20.00
Arthur J. Gallagher & Co.	AJG.N	U	3/18/02	$27.50
Berkshire Hathaway Inc.	BRKa.N	O	3/18/02	$68,000.00
Everest Re Group, Ltd.	RE.N	E	3/18/02	$50.61
IPC Holdings, Ltd.	IPCR.O	O	7/24/02	$30.74
Marsh & McLennan	MMC.N	O	6/17/02	$45.77
Max Re Capital Limited	MXRE.O	O	3/18/02	$11.25
MBIA	MBI.N	E	8/7/02	$44.13
Mercury General Corporation	MCY.N	E	3/18/02	$36.69
Montpelier Re Holdings, Ltd.	MRH.N	E	11/20/02	$27.23
PartnerRe Ltd.	PRE.N	E	3/18/02	$52.35
Philadelphia Cons. Hldg	PHLY.O	U	3/18/02	$34.84
RenaissanceRe Holdings Ltd.	RNR.N	E	3/18/02	$38.00
SAFECO Corporation	SAFC.O	O	7/23/02	$34.59
St. Paul Companies, Inc.	SPC.N	E	5/24/02	$33.80
The Chubb Corporation	CB.N	U	5/24/02	$55.32
The Progressive Corporation	PGR.N	U	3/18/02	$47.46
Travelers Property Casualty	TAPa.N	E	4/17/02	$16.00
W.R. Berkley Corp.	BER.N	O	3/18/02	$40.00
Willis Group Holdings	WSH.N	E	3/18/02	$26.70
XL Capital Ltd.	XL.N	O	5/24/02	$79.75

Stock ratings are subject to change. Please see latest research for each company.