



Stock Selection Guide®

The most widely used aid to good investment judgment

Company

AMERICAN INT'L GROUP, INC

Date

06/12/07

Prepared by

MG

Data taken from

NAIC Data

Where traded

NYSE

Major product/service

Multi-line

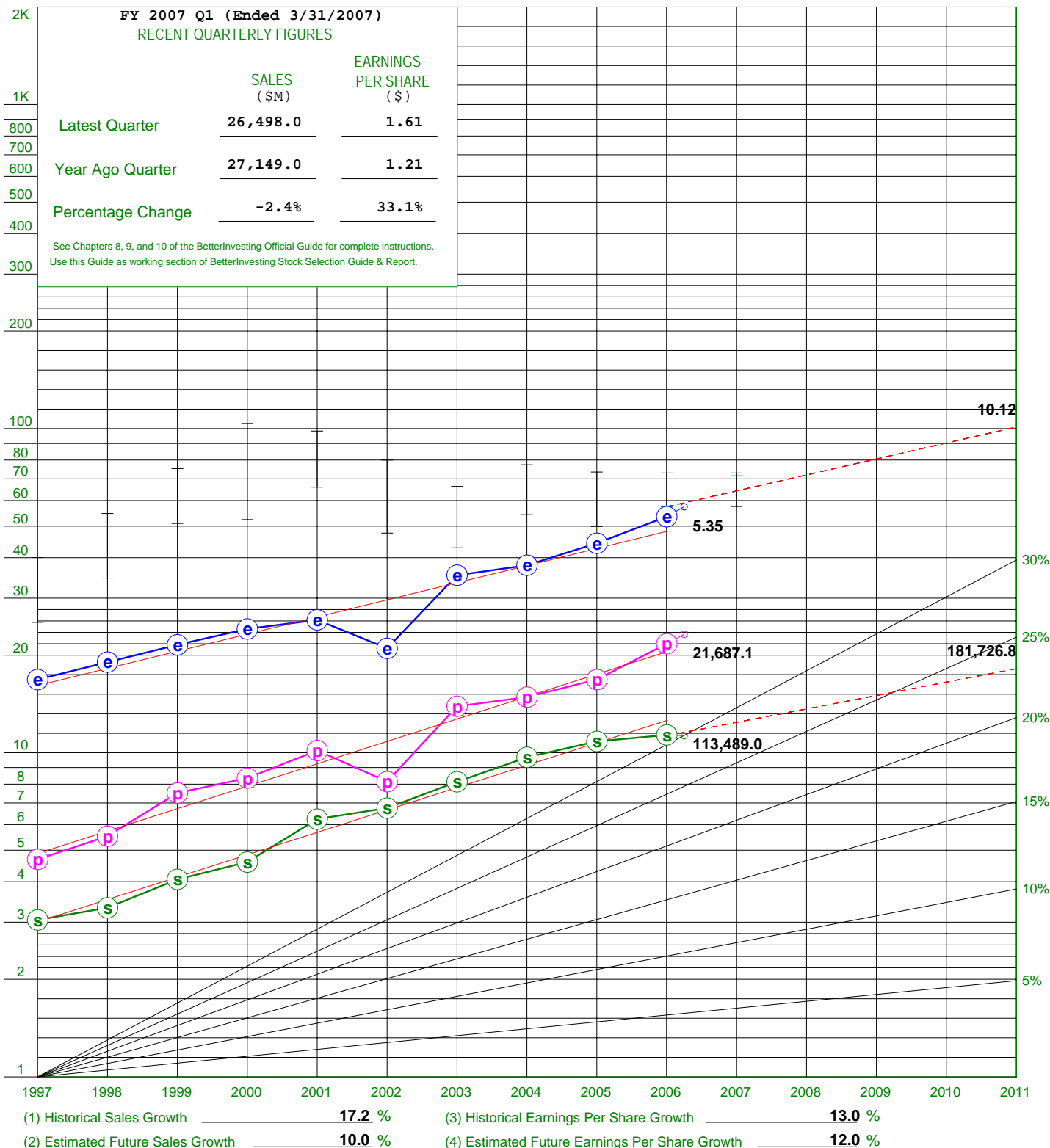
CAPITALIZATION --- Outstanding Amounts

Reference

Preferred (\$ M)	0.0	% Insiders	% Institution		
Common (M Shares)	2,601.2	4.0	61.9		
Debt (\$M)	0.0	% to Tot.Cap.	0.0	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

AIG



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	15.4	16.6	18.5	18.2	16.3	12.1	17.1	15.3	15.5	19.1	15.8	UP	
B % Earned on Equity (E/S ÷ Book Value)	13.8	13.8	15.0	14.2	12.9	9.3	12.9	12.4	13.3	13.7	12.3	UP	

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PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		71.540	HIGH THIS YEAR		72.970	LOW THIS YEAR		57.520
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1	2002	80.0	47.6	2.10	38.1	22.7	0.178	8.5	0.4	
2	2003	66.4	42.9	3.53	18.8	12.2	0.224	6.3	0.5	
3	2004	77.4	54.3	3.79	20.4	14.3	0.280	7.4	0.5	
4	2005	73.5	49.9	4.43	16.6	11.3	0.550	12.4	1.1	
5	2006	73.0	57.5	5.35	13.6	10.7	0.630	11.8	1.1	
6	TOTAL		252.2		69.4	48.5		46.4		
7	AVERAGE		50.4		17.3	12.1		9.3		
8	AVERAGE PRICE EARNINGS RATIO			14.7	9	CURRENT PRICE EARNINGS RATIO			12.5	

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Proj. P/E [11.13] Based on Next 4 qtr. EPS [6.43] Current P/E Based on Last 4 qtr. EPS [5.74] PEG=93

EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 17.3 X Estimate High Earnings/Share 10.12 = Forecast High Price \$ 175.1
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 12.1 X Estimated Low Earnings/Share 5.35 5.74 = \$ 69.5
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = 50.4
(3B7)
(c) Recent Severe Market Low Price = 49.9
(d) Price Dividend Will Support Present Divd. = 0.660 = 59.9
High Yield (H) 0.011
Selected Estimate Low Price = \$ 59.9
(4B1)

C ZONING

175.1 High Forecast Price Minus 59.9 Low Forecast Price Equals 115.2 Range. 1/3 of Range = 28.8
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = 59.9 to 88.7 (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 88.7 to 146.3 (Maybe)
(4C4) Upper 1/3 = 146.3 to 175.1 (4A1) (Sell)

Present Market Price of 71.540 is in the Buy Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 175.1 Minus Present Price 71.540
Present Price 71.540 Minus Low Price (4B1) 59.9 = 103.6 = 8.9 To 1
11.6 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 175.1
Present Market Price 71.540 = (2.448) X 100 = (244.8) - 100 = 144.8 % Appreciation
(4E)

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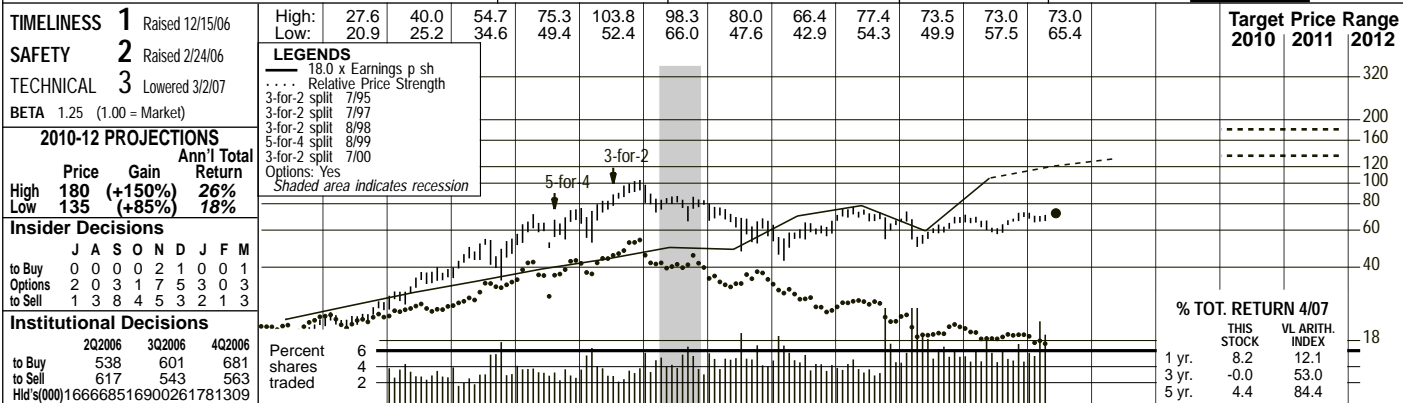
5-YEAR POTENTIAL

Relative Value: 85.0% Proj. Relative Value: 75.7%

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

Note: Results are expressed as a Simple Rate; use the table below to convert to a Compound Rate.									
A Present Full Year's Dividend \$		0.660							
Present Price of Stock		\$ 71.540		= 0.009		X 100 = 0.9		Present Yield or % Returned on Purchase Price	
						(5A)			
B AVERAGE YIELD OVER NEXT 5 YEARS									
Avg. Earnings Per Share Next 5 Years		8.06		X Avg. % Payout		(3G7) 9.3		= 75.0 = 1.0 %	
								(5B)	
C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS									
5 Year Appreciation Potential		(4E) 144.8						P.A.R. Tot. Ret.	
5				29.0 %		Average Yield		0.6% 0.5%	
Average Yield (5B)		-----		1.0 %		Annual Appreciation		15.8% 19.6%	
Average Total Annual Return Over the Next 5 Years		(5C)		30.0 %		% Compd Ann Rate of Ret		16.4% 20.1%	



1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
4.52	4.58	4.76	5.10	5.70	5.99	6.45	7.37	6.69	7.46	7.40	8.95	13.50	15.65	16.12	17.25	17.95	19.45	P/C Prem Earned p sh	24.05
1.14	1.28	1.41	1.58	1.90	2.20	2.41	2.76	3.75	4.21	5.59	5.76	6.39	7.10	8.53	9.72	9.35	10.10	Investment Inc p sh	11.25
.00	d.10	.01	.01	.12	.10	.27	.41	.29	1.08	.03	.08	13.50	15.65	16.12	17.25	17.25	18.45	Underwriting Inc p sh	22.75
.75	.81	.95	1.09	1.26	1.46	1.69	1.91	2.18	2.43	2.76	2.70	3.89	4.36	3.30	5.88	6.70	7.30	Earnings per sh	8.75
.05	.06	.06	.07	.08	.09	.10	.12	.13	.15	.15	.18	.23	.28	.55	.63	.73	.86	Div'ds Decl'd per sh	1.50
5.61	6.41	7.47	8.04	9.91	11.13	12.20	13.78	14.42	16.98	19.94	22.65	27.32	31.06	33.24	39.08	42.50	47.15	Book Value per sh	62.35
2014.9	2008.8	2010.0	2017.7	2000.5	1980.5	1967.4	1968.2	2323.7	2332.7	2615.4	2609.6	2608.4	2594.9	2597.0	2601.6	2540.0	2525.0	Common Shs Outst'g	2485.0
163%	158%	185%	178%	184%	210%	274%	333%	435%	478%	409%	293%	211%	223%	185%	168%	Bold figures are Value Line estimates		Price to Book Value	260%
12.1	12.6	14.5	13.2	14.5	16.0	19.8	24.0	28.8	33.4	29.5	24.6	14.8	15.9	18.6	11.1	.99	.60	Avg Ann'l P/E Ratio	18.0
.77	.76	.86	.87	.97	1.00	1.14	1.25	1.64	2.17	1.51	1.34	.84	.84	.84	.99	.60		Relative P/E Ratio	1.20
.5%	.6%	.4%	.5%	.4%	.4%	.3%	.3%	.2%	.2%	.2%	.3%	.4%	.4%	.9%	1.0%			Avg Ann'l Div'd Yield	1.0%

CAPITAL STRUCTURE as of 3/31/07 ^{HI}																			
Total Debt \$27127 mill.										12692	14498	15544	17407	19365	23348	35212	40607	41872	44866
(21% of Cap'l)										73.7%	73.5%	75.5%	65.4%	79.6%	79.0%	--	--	73.3%	75.2%
Leases, Uncapitalized Annual rentals \$626.0 mill.										20.9%	20.8%	19.3%	20.1%	19.3%	17.1%	--	--	19.1%	19.8%
(1% of Cap'l)										5.4%	5.7%	5.1%	14.6%	1.2%	3.9%	--	--	4.0%	5.0%
Pension Assets-12/06 \$3.6 billion Oblig. \$4.7 billion										29.1%	28.8%	29.6%	29.4%	25.7%	31.8%	30.7%	27.9%	28.1%	30.1%
Com. Stock 2,599,771,435 shares										3332.3	3766.0	5055.0	5636.0	7248.0	7099.0	9265.0	11495	8657.0	15423
MARKET CAP: \$188 billion (Large Cap)										4.1%	4.0%	4.9%	4.7%	4.2%	3.6%	3.3%	3.0%	3.3%	3.3%
FINANCIAL POSITION 2005 2006 3/31/07										163971	194398	268238	306577	492982	561229	678346	798660	853370	979414
(SMILL)										24401	27531	34401	40964	54352	61256	71253	80607	86317	101677
Bonds 385680 417865 420400										13.7%	13.7%	14.7%	13.8%	13.3%	11.6%	13.0%	14.3%	10.0%	15.2%
Stocks 23588 30222 32916										13.1%	13.1%	14.2%	13.4%	12.5%	11.2%	12.2%	13.4%	8.4%	13.6%
Mortgages 24909 28418 30589										6%	6%	6%	6%	10%	7%	6%	6%	16%	11%
Other 419193 502909 515842										6%	6%	6%	6%	10%	7%	6%	6%	16%	11%
Total Assets 853370 979414 999747										13.1%	13.1%	14.2%	13.4%	12.5%	11.2%	12.2%	13.4%	8.4%	13.6%
Unearned Prems 24243 26271 27135										6%	6%	6%	6%	10%	7%	6%	6%	16%	11%
Reserves 77169 79999 81135										13.1%	13.1%	14.2%	13.4%	12.5%	11.2%	12.2%	13.4%	8.4%	13.6%
Other 665455 771276 788322										6%	6%	6%	6%	10%	7%	6%	6%	16%	11%
Total Liab'ties 766867 877546 896592										13.1%	13.1%	14.2%	13.4%	12.5%	11.2%	12.2%	13.4%	8.4%	13.6%

BUSINESS: American International Group, Incorporated is a holding company. Domestic property and casualty insurance operations are the largest in the U.S. Also sells indiv. and group life and health ins. products and provides risk management and agency services. '06 operating income: Life Insurance and Retirement Services 43.0%, General Insurance 44.7%, Financial Services 2.2%, Asset Management 10.1% (excludes other operating loss of \$1.6 bill.). Has about 106,000 employees. Officers & directors own .3% of common shares. The Starr Group (Greenberg Family Foundation), 13.6%; FMR Corp., 6.0% (4/07 proxy). CEO: Martin Sullivan. Incorporated: Delaware. Address: 70 Pine Street, New York, New York 10270. Telephone: 212-770-7000. Internet: www.aig.com.

American International Group got off to a strong start this year. Indeed, it posted share earnings of \$1.68 in the March period, thanks to the strong performance of its worldwide general insurance businesses, continued improvement in foreign life insurance, and solid results at the international lease financing and asset management divisions. We expect more of the same as the year wears on. In particular, we believe AIG's buildup in developing markets like China and India will soon begin to bear fruit.

The board of directors recently announced a new dividend policy and share-repurchase program. Under ordinary circumstances, AIG's plan is to increase its payout by approximately 20% annually. The new policy will take effect with the dividend declared in the current quarter. The board also expanded the existing share-buyback plan by authorizing the repurchase of up to \$8 billion in common stock. As part of this program, AIG intends to spend \$5 billion on buybacks this year. During the March quarter, the company repurchased about 2.5 million shares. An additional 6.6 million or so shares were retired in April.

Cal- endar	NET PREM. WRITTEN (\$ mill.) ^A					Full Year
	Mar.31	Jun.30	Sep.30	Dec.31		
2004	9898	10059	10398	10252		40607
2005	10793	10640	10307	10132		41872
2006	11255	11634	11224	10753		44866
2007	12106	12594	11800	11500		48000
2008	12825	13350	12500	12175		50850

Cal- endar	EARNINGS PER SHARE ^B					Full Year
	Mar.31	Jun.30	Sep.30	Dec.31		
2004	1.08	1.14	.97	1.17		4.36
2005	1.21	1.27	.68	.14		3.30
2006	1.29	1.58	1.53	1.48		5.88
2007	1.68	1.70	1.67	1.65		6.70
2008	1.80	1.80	1.85	1.85		7.30

Cal- endar	QUARTERLY DIVIDENDS PAID ^C					Full Year
	Mar.31	Jun.30	Sep.30	Dec.31		
2003	.047	.052	.065	.065		.23
2004	.065	.065	.075	.075		.28
2005	.125	.125	.15	.15		.55
2006	.15	.15	.165	.165		.63
2007	.165	.165	.20			