



An Overview of AIG

A Leading Provider of Property & Casualty Insurance, Life Insurance and Retirement Solutions

March 2021

Cautionary Statement Regarding Forward-Looking Information, Comment on Regulation G and Other Information

This document and the remarks made within this presentation may include, and officers and representatives of American International Group, Inc. (AIG) may from time to time make and discuss, projections, goals, assumptions and statements that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections, goals, assumptions and statements are not historical facts but instead represent only a belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG’s control. These projections, goals, assumptions and statements include statements preceded by, followed by or including words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “focused on achieving,” “view,” “target,” “goal” or “estimate.” These projections, goals, assumptions and statements may relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, the effect of catastrophes, such as the COVID-19 crisis, and macroeconomic events, anticipated dispositions, monetization and/or acquisitions of businesses or assets, or successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results. It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include: the adverse impact of COVID-19, including with respect to AIG’s business, financial condition and results of operations; changes in market and industry conditions, including the significant global economic downturn, volatility in financial and capital markets, prolonged economic recovery and disruptions to AIG’s operations driven by COVID-19 and responses thereto, including new or changed governmental policy and regulatory actions; the occurrence of catastrophic events, both natural and man-made, including COVID-19, other pandemics, civil unrest and the effects of climate change; AIG’s ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses, including any separation of the Life and Retirement business from AIG and the impact any separation may have on AIG, its businesses, employees, contracts and customers; AIG’s ability to effectively execute on AIG 200 transformational programs designed to achieve underwriting excellence, modernization of AIG’s operating infrastructure, enhanced user and customer experiences and unification of AIG; the impact of potential information technology, cybersecurity or data security breaches, including as a result of cyber-attacks or security vulnerabilities, the likelihood of which may increase due to extended remote business operations as a result of COVID-19; disruptions in the availability of AIG’s electronic data systems or those of third parties; availability and affordability of reinsurance; the effectiveness of our risk management policies and procedures, including with respect to our business continuity and disaster recovery plans; nonperformance or defaults by counterparties, including Fortitude Reinsurance Company Ltd. (Fortitude Re); changes in judgments concerning potential cost-saving opportunities; concentrations in AIG’s investment portfolios; changes to the valuation of AIG’s investments; changes to our sources of or access to liquidity; actions by rating agencies with respect to our credit and financial strength ratings; changes in judgments or assumptions concerning insurance underwriting and insurance liabilities; the effectiveness of strategies to recruit and retain key personnel and to implement effective succession plans; the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject; significant legal, regulatory or governmental proceedings; changes in judgments concerning the recognition of deferred tax assets and the impairment of goodwill; and such other factors discussed in Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Part I, Item 1A. Risk Factors in AIG’s Annual Report on Form 10-K for the year ended December 31, 2020 (which was filed with the Securities and Exchange Commission on February 19, 2021).

On October 26, 2020, AIG announced its intention to separate the Life and Retirement business from AIG. This document and the remarks made within this presentation are not an offer to sell, or a solicitation of an offer to buy any securities.

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

This document and the remarks made orally may also contain certain financial measures not calculated in accordance with generally accepted accounting principles (non-GAAP). The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the earnings release and Fourth Quarter 2020 Financial Supplement available in the Investor Information section of AIG’s corporate website, www.aig.com, as well as in the Appendix to this presentation.

Note: Amounts presented may not foot due to rounding.

AIG is Focused on Building Long-Term Value for Shareholders, Clients and Distribution Partners, and Communities

Announced Separation of Life and Retirement to Establish Two Strong, Market-leading Companies and Unlock Significant Value to Shareholders and Other Stakeholders



World-Class Insurance Franchises

that are among the leaders in their geographies and segmentations, providing differentiated service and expertise.

Breadth of Loyal Customers

including millions of clients and policyholders ranging from multi-national Fortune 500 companies to individuals throughout the world.

Broad and Long-Standing Distribution Relationships

with brokers, agents, advisors, banks and other distributors across all lines of business.

Highly-Engaged Global Workforce Recognized for Inclusivity

with more than 10,000 employees in Employee Resource Groups that foster a culture of inclusion, engage employees and help create a sense of belonging.

Balance Sheet Quality and Capital Strength

as demonstrated by over \$66B in shareholders' equity and AIG Parent liquidity of \$10.5B as of December 31, 2020¹.

1) In addition, AIG has access to an additional \$4.5 billion in liquidity sources available through its undrawn credit facility.

Creating Value Through Profitable Growth and a Culture of Underwriting and Operational Excellence



Operational Priorities for 2021 and Beyond

Separation of Life and Retirement Business from AIG

Pursue separation of Life and Retirement business from AIG in a manner intended to unlock value for shareholders and other stakeholders and establishes two strong, market-leading companies

Leadership, Culture and Talent

Maintain focus on attracting, developing and retaining world-class employees; further promote diversity, equity and inclusion at all levels through continued support of robust employee resource and development programs and recruitment strategies

AIG 200

AIG 200 is a global initiative to achieve transformational change at AIG and \$1B of general operating expense savings; Continue progress on multi-year initiatives to support underwriting excellence, modernize our operating infrastructure, enhance user and customer experiences and become a more unified company

Business Mix & Targeted Growth

Build on strategic portfolio improvement and product diversity by focusing on growing segments of our business that perform well and are aligned with our underwriting strategy

Underwriting Excellence & Pricing Discipline

Continue to enhance General Insurance portfolio rate adequacy through use of underwriting framework and guidelines and clear communication of risk appetite; continue long-standing disciplined approach in Life & Retirement with respect to product pricing and features

Optimize Risk Management

Optimize risk profile through disciplined underwriting, reinsurance programs and asset liability management in the investment portfolio

Capital Management

Maintain strong capitalization and financial flexibility for our businesses, implement a stand-alone capital structure for our Life and Retirement business and recapitalize AIG Parent debt to create a long-term shareholder value

We Are Committed to Corporate Responsibility Through an Evolving Environmental, Social, and Governance (ESG) Framework



Sustainability Leadership and External Reporting

- Chief Sustainability Officer sits within AIG's Global Legal, Compliance & Regulatory Group, which provides visibility and a voice within the Executive Leadership Team; The Nominating and Corporate Governance Committee of the AIG Board of Directors oversees sustainability topics other than those related to human capital management.
- The Sustainability Office is responsible for driving cooperation and alignment among cross-functional teams and working groups, including:
 - Sustainability Integration Team
 - Climate Change Working Group
 - Enterprise Risk Management (ERM) Sustainability Group



- Published our second **Task Force on Climate-related Financial Disclosures (TCFD)** report to provide greater transparency and align reporting activities with industry standards; AIG has also responded publicly to CDP's (formerly known as Carbon Disclosure Project) climate change questionnaire since 2010

Commitment to Colleagues and Communities

Our Board believes that a major strength of AIG is the dedication, commitment, and loyalty of our colleagues. The Compensation and Management Resources Committee oversees AIG's initiatives and progress on various human capital management efforts and metrics, including diversity, equity and inclusion.

- Diversity, Equity and Inclusion (DE&I)**
 - Committed to creating an inclusive workplace focused on attracting, retaining and developing diverse talent that fosters a culture of belonging for all employees
 - To attract more diverse talent with actuarial experience, AIG became a partner and joined the Corporate Advisory Board of the International Association of Black Actuaries – a professional and student member organization whose mission is to contribute to an increase in the number of Black actuaries and to influence their successful career development, civic growth, and achievement
 - In September 2020, established an Executive Diversity Council, tasked with monitoring DE&I initiatives as an integral part of AIG's business strategies
 - In October 2020, appointed a new Chief Diversity Officer

AIG FOUNDATIONSM Addresses Critical COVID-19 Challenges: We reinstated the **AIG Foundation** as our primary vehicle for strategic giving with an inaugural \$5M contribution, of which \$4.5M was directed to three organizations that together serve communities locally, nationally and internationally to address the essential challenges heightened by the pandemic.

Board-Level Governance and Oversight

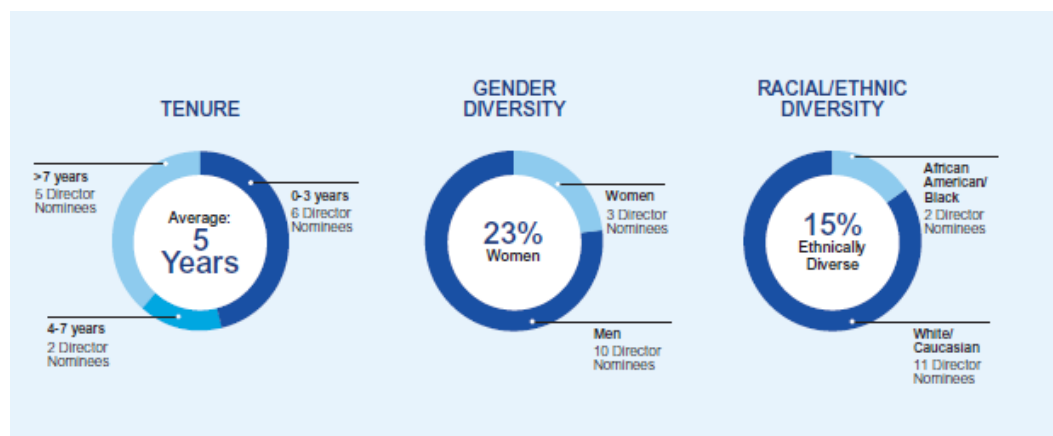
ROBUST CORPORATE GOVERNANCE PRACTICES

✓ Independent, Diverse and Qualified Board

✓ Effective Board Policies and Practices

✓ Strong Shareholder Rights Hold Board Accountable

✓ Key Matters Overseen by the Board



To learn more, visit: www.aig.com/about-us

Management Team Leading Transformative Improvements at AIG



Peter Zaffino became President & Chief Executive Officer of AIG on March 1, 2021



Peter Zaffino

President & Chief Executive Officer (CEO)

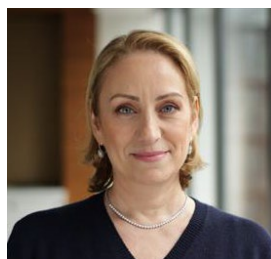
Joined AIG in July 2017 and became President & CEO in March 2021



Mark Lyons

EVP & Chief Financial Officer

Joined AIG in June 2018
Promoted in December 2018



Lucy Fato

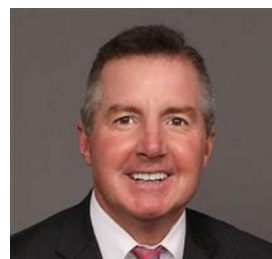
EVP, General Counsel & Global Head of Communications and Gov't Affairs

Joined AIG in October 2017
Promoted in November 2020



Doug Dachille

EVP & Chief Investment Officer



David McElroy

EVP & CEO, General Insurance

Joined AIG in October 2018
Promoted in August 2020



Kevin Hogan

EVP & CEO, Life and Retirement



Lisa Buckingham

EVP, Global Head of AIG Enterprise Design and Life & Retirement Separation Initiatives

To join AIG in April 2021



Shane Fitzsimons

EVP, Chief Administrative Officer (CAO) & Head of FP&A

Joined AIG in July 2019
Became CAO in March 2021



Karen Ling

EVP & Chief Human Resources Officer

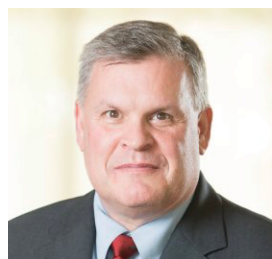
Joined AIG in July 2019



Naohiro Mouri

EVP & Chief Auditor

Promoted in March 2018



John Repko

EVP & Chief Information Officer

Joined AIG in September 2018



Claude Wade

EVP, Global Head of Operations & Chief Digital Officer

To join AIG in 2Q 2021

AIG: A Leading Global Insurance Organization With Two World-Class Franchises



About AIG

AIG member companies provide a wide range of property casualty insurance, life insurance, retirement solutions, and other financial services that help businesses and individuals protect their assets, manage risks and provide for retirement security.

Adjusted After-tax Income Attributable to AIG Common Shareholders*

FY'19 of \$4.1B (\$4.58/diluted share)

FY'20 of \$2.2B (\$2.52/diluted share)

Balance Sheet Strength (\$B)

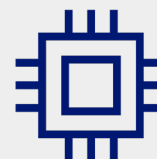
12/31/2020

Total Assets	\$586
Total Investments	\$361
General Insurance Reserves ¹	\$73
Life and Retirement Insurance Reserves ²	\$311
Adjusted Common Shareholders' Equity*	\$49

* Refers to financial measure not calculated in accordance with generally accepted accounting principles (Non-GAAP); definitions and abbreviations of Non-GAAP measures and reconciliations to their closest GAAP measures can be found in this presentation under the heading Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.

- 1) Represents gross liability for unpaid losses and loss adjustment expenses.
- 2) Includes future policy benefits, policyholder contract deposits, other policyholder funds (excludes unearned revenue liability), and separate account liabilities.
- 3) On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG.
- 4) Aligns to 2020 10-K business segment reporting; not based on legal entities. General Insurance North America and International represents net premiums earned.
- 5) The graph represents Adjusted revenues excluding revenues from consolidation and eliminations of (\$0.6B). Refer to page 200 of the 2020 10-K for reconciliation to total revenues.

Businesses

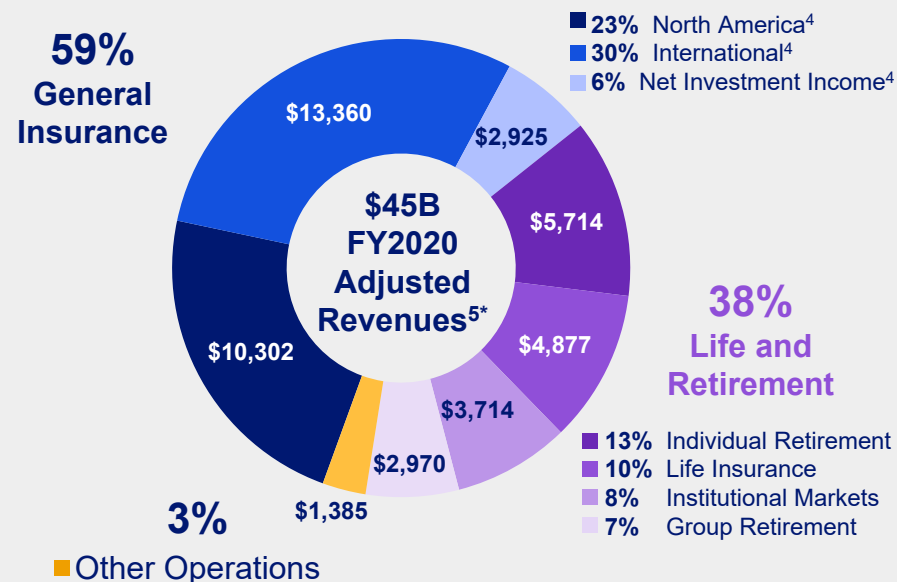


General Insurance is a leading global provider of insurance products and services for commercial and personal insurance customers.



Life and Retirement is a unique franchise that brings together a broad portfolio of life insurance, retirement and institutional products offered through an extensive, multichannel distribution network.³

Diversified Revenue Mix (\$M)



General Insurance: Offering a Breadth of Products and Services to Clients Through a Global Franchise and Distribution Network



Commercial Clients

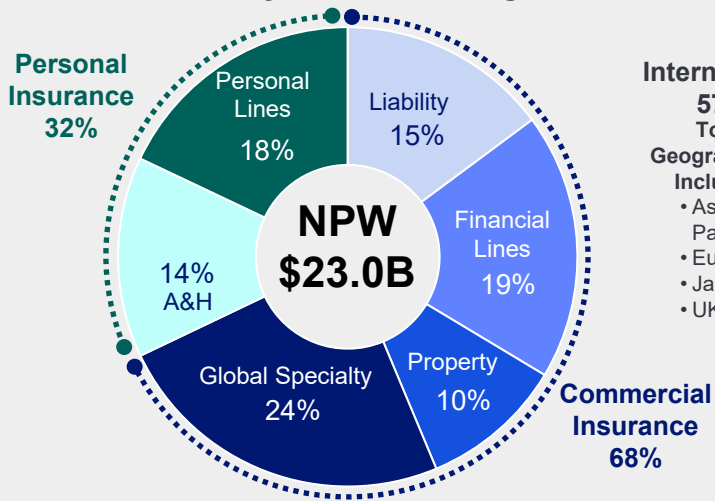
- Liability
- Financial Lines
- Property
- Global Specialty
- Reinsurance

Personal Customers

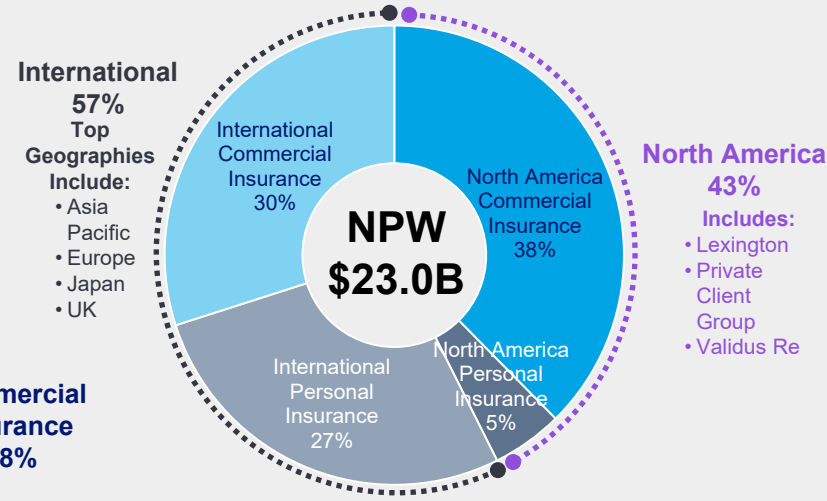
- Accident & Health
- Private Client Group serving High Net Worth clients
- Personal Auto
- Personal Property
- Travel
- Warranty



FY'20 NPW by Business Segment¹



FY'20 NPW by Geography^{1,2}



Distribution Channels



Liability: Products include general liability, environmental, commercial automobile liability, workers' compensation, excess casualty and crisis management insurance products. Casualty also includes risk-sharing and other customized structured programs for large corporate and multinational customers.

Financial Lines: Products include professional liability insurance for a range of businesses and risks, including directors & officers (D&O), mergers and acquisitions, fidelity, employment practices, fiduciary liability, cyber risk, kidnap and ransom, and errors and omissions insurance.

Property: Products include commercial and industrial property insurance products and services that cover exposures to man-made and natural disasters, including business interruption.

Global Specialty: Products include aerospace, political risk, trade credit, portfolio solutions, energy-related property insurance products, marine, and crop insurance.

Personal Lines: Products include personal auto and property in selected markets and insurance for high net worth individuals offered through AIG's Private Client Group (PCG) in the U.S. that covers auto, homeowners, umbrella, yacht, fine art and collections. In addition, we offer extended warranty insurance and services covering electronics, appliances, and HVAC.

Accident & Health: Products include voluntary and sponsor-paid personal accident and supplemental health products for individuals, employees, associations and other organizations, as well as a broad range of travel insurance products and services for leisure and business travelers.

1) The results of AIG's assumed reinsurance business, which principally includes Validus Re, are included in the North America segment and Global Specialty business segment in the charts above.

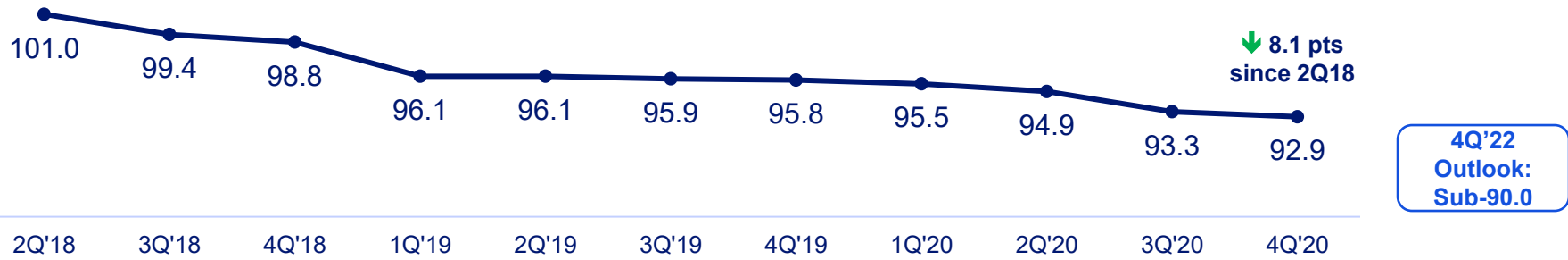
2) Aligns to 2020 10-K business segment reporting; not based on legal entities.

General Insurance: Improved Accident Year Results through Underwriting Excellence, Revised Risk Appetite and Reduced Risk and Volatility

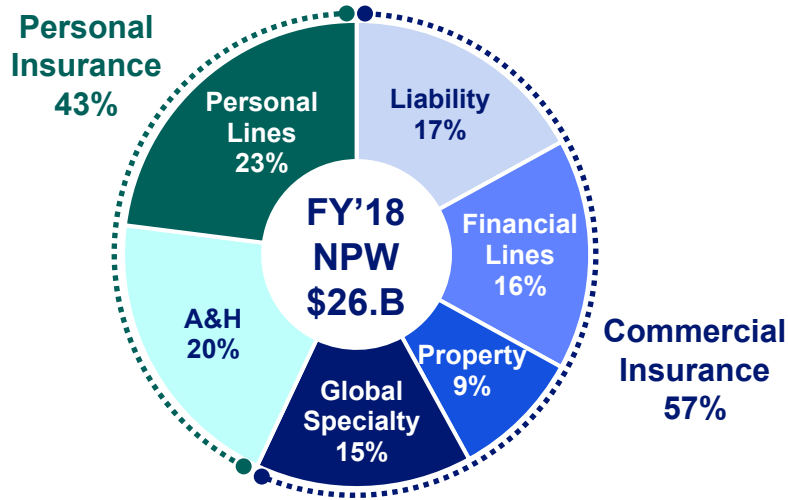


The General Insurance accident year combined ratio, as adjusted*, improved for the tenth consecutive quarter reflecting a higher-quality book of business driven by better business mix and portfolio management actions

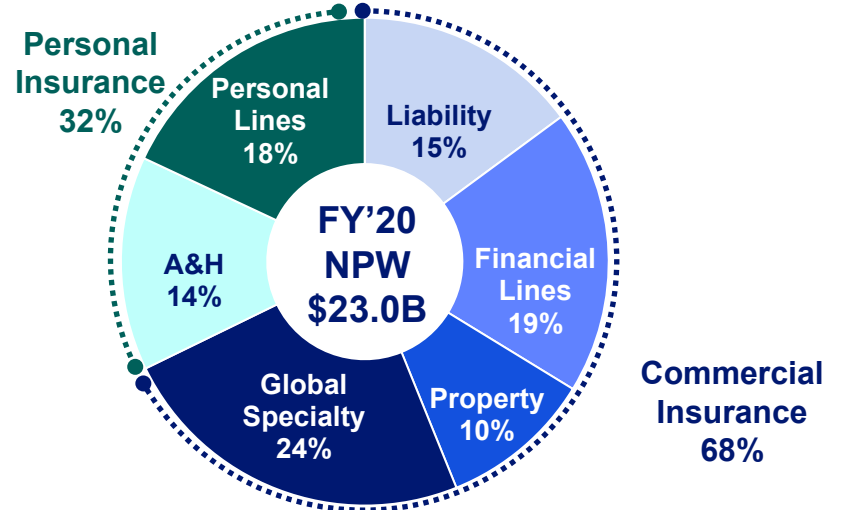
Accident Year Combined Ratio, As Adjusted, Trend Since 2Q18



FY'18 Net Premiums Written



FY'20 Net Premiums Written¹



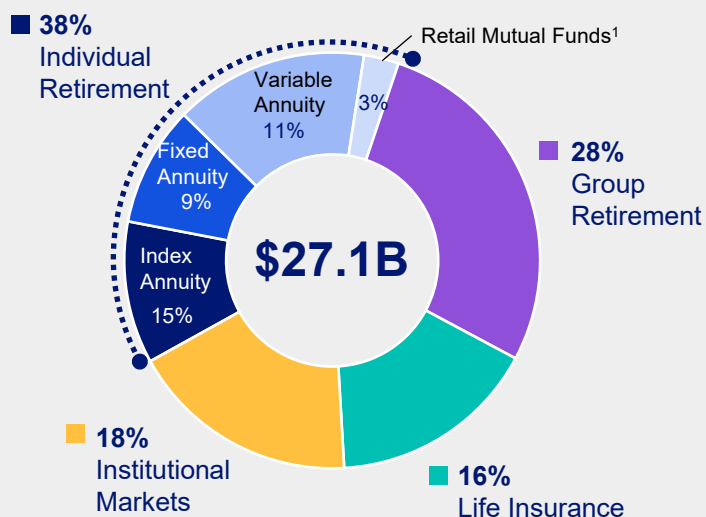
* Refers to financial measure not calculated in accordance with generally accepted accounting principles (Non-GAAP); definitions and abbreviations of Non-GAAP measures and reconciliations to their closest GAAP measures can be found in this presentation under the heading Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.

1) The results of AIG's assumed reinsurance business, which principally includes Validus Re, are included in the North America segment and Global Specialty business segment in the charts above. In May 2020 AIG formed Syndicate 2019, a Lloyd's syndicate managed by Talbot, and set up a series of quota share arrangements to reinsure risks related to AIG's Private Client Group, a recognized market leader in the High Net Worth market; the impact of the changes are reflected in North America Personal Lines.

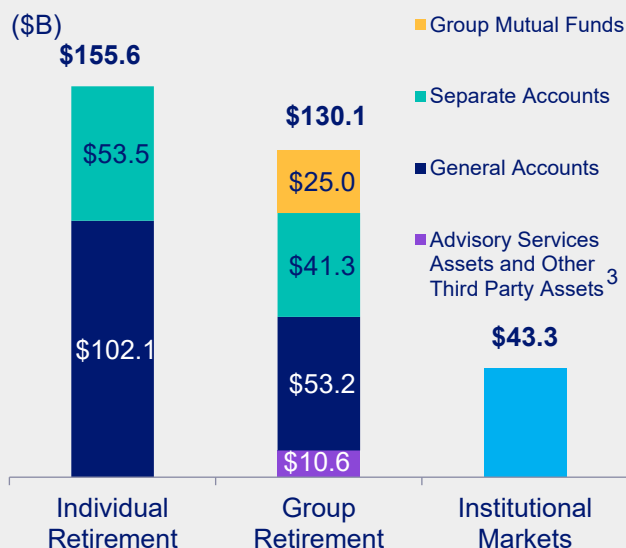
Life and Retirement: Broad Market Leadership Position Reflects Deep Product Expertise and Diversified Distribution Network



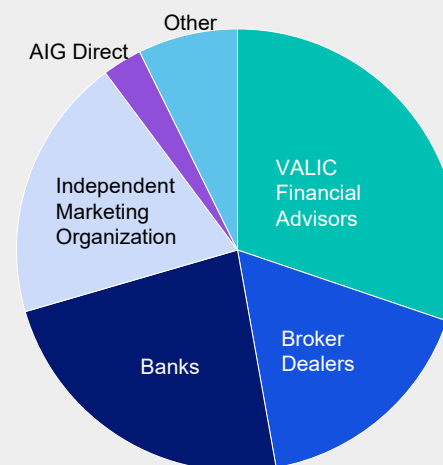
FY'20 Premiums & Deposits by Business Segment



Assets Under Management / Administration as of 12/31/20²



FY'20 Sales Break Down by Distribution Channel



Market Position⁴

Annuities	Rank	Group Retirement	Rank	Life Insurance	Rank
Total Annuity Sales	#2	Total K-12 Assets	#2	Term Life Sales	#8
Index Annuity Sales	#3	Total Higher Education Assets	#4	Total Life Issued	#9
Fixed-Rate Deferred Annuity Sales	#4	Total Healthcare Assets	#5	Universal Life Sales	#13
Variable Annuity Sales	#6				
Structured Settlements Annuity Sales	#6				

1) On February 8, 2021, we announced we entered into a definitive agreement with Touchstone Investments, an indirect wholly-owned subsidiary of Western & Southern Financial Group, to sell certain assets of AIG Life and Retirement's Retail Mutual Funds business. The closing is subject to customary approvals and is targeted for mid-2021.

2) Assets Under Management / Administration chart above exclude Retail Mutual Funds and the Life Insurance business. In addition, Institutional Markets comprises the notional value of stable value wrap contracts only, excluding the portion included in total insurance reserves.

3) Group Retirement AUA includes (\$21B) of eliminations. The eliminations relates to assets under administration enrolled in advisory services and mutual funds or annuities sold through VALIC Financial Advisors and reported in another AIG business unit segment.

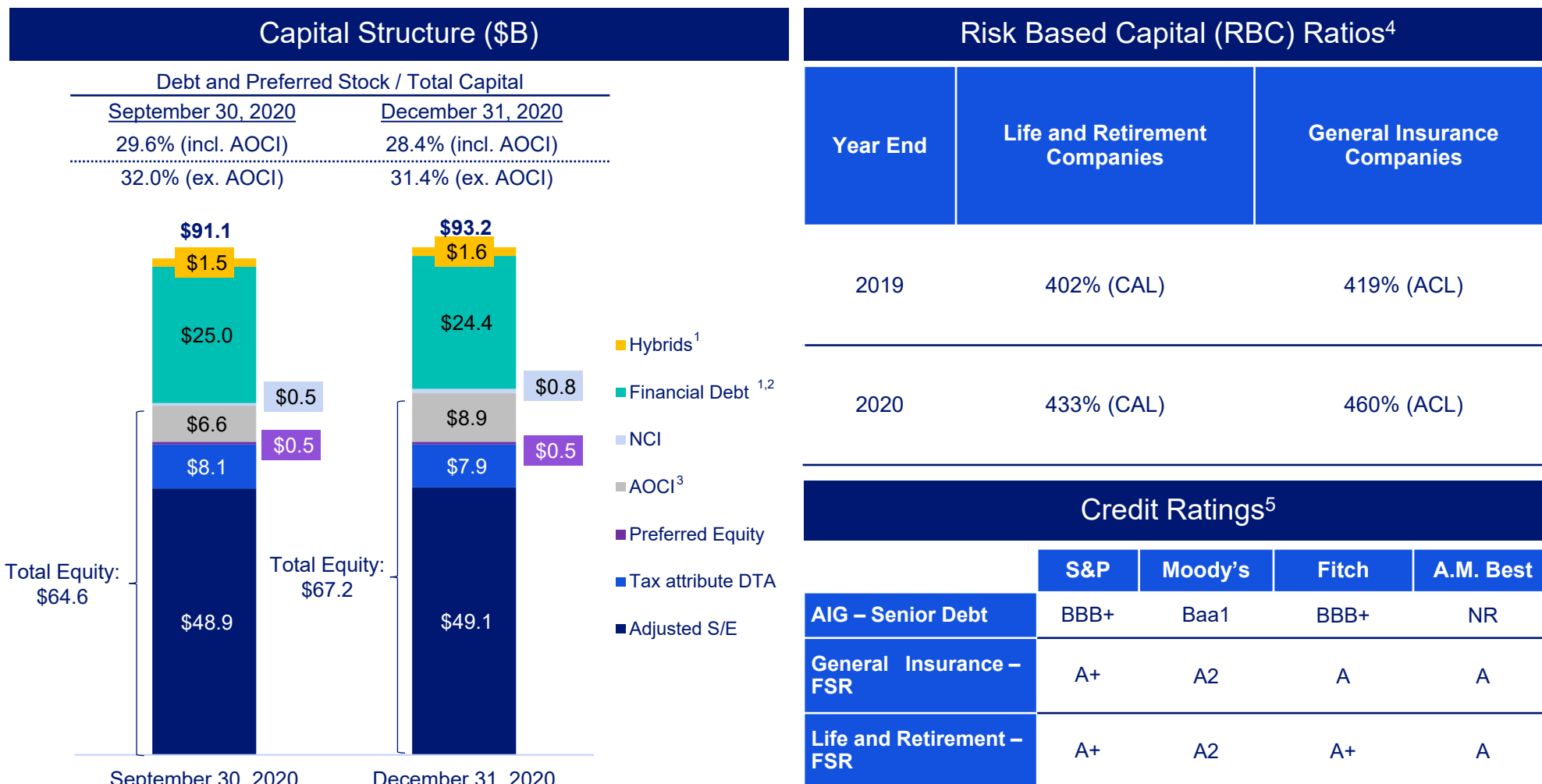
4) Annuities and Life Insurance market positions based on LIMRA rankings in the U.S. for 4Q20 Year-to-Date; Group Retirement market positions based on LIMRA rankings in the U.S. for 3Q20 Year-to-Date.

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AIG's Capital Position Remains Strong at the Holding Company and Principal Insurance Companies



\$10.5B holding company liquidity at December 31, 2020; Parent debt & preferred stock leverage of 28.4%, an improvement of 1.2 points from September 30, 2020

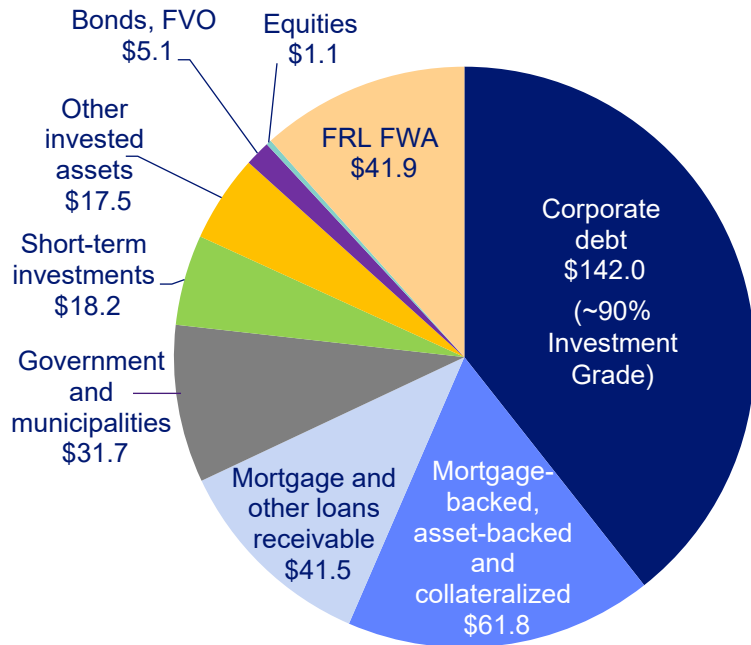


1) Hybrids and financial debt values include changes in foreign exchange.
 2) Includes AIG notes, bonds, loans and mortgages payable, AIG Life Holdings, Inc. (AIGLH) notes and bonds payable and junior subordinated debt, and Validus notes and bonds payable.
 3) December 31, 2020 AOCI is computed as GAAP AOCI of \$13.5B excluding \$4.7B of cumulative unrealized gains and losses related to Fortitude Re's funds withheld assets; September 30, 2020 AOCI is computed as GAAP AOCI of \$11.0B excluding \$4.4B of cumulative unrealized gains and losses related to Fortitude Re's funds withheld assets.
 4) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. ACL is defined as Authorized Control Level and CAL is defined as Company Action Level. RBC ratio for Domestic Life and Retirement companies excludes holding company, AGC Life Insurance Company.
 5) As of the date of this presentation: S&P Outlook: CreditWatch Negative, with the exception of the Life Insurance Companies, which is CreditWatch Developing; Moody's Outlook: Stable, with the exception of AIG Sr. Debt, On review for downgrade; Fitch Outlook: Stable, Non-Life and Life Companies; Rating Watch Negative, AIG Sr. Debt; A.M. Best Outlook: Stable. For General Insurance companies FSR and Life and Retirement companies FSR, ratings only reflect those of the core insurance companies

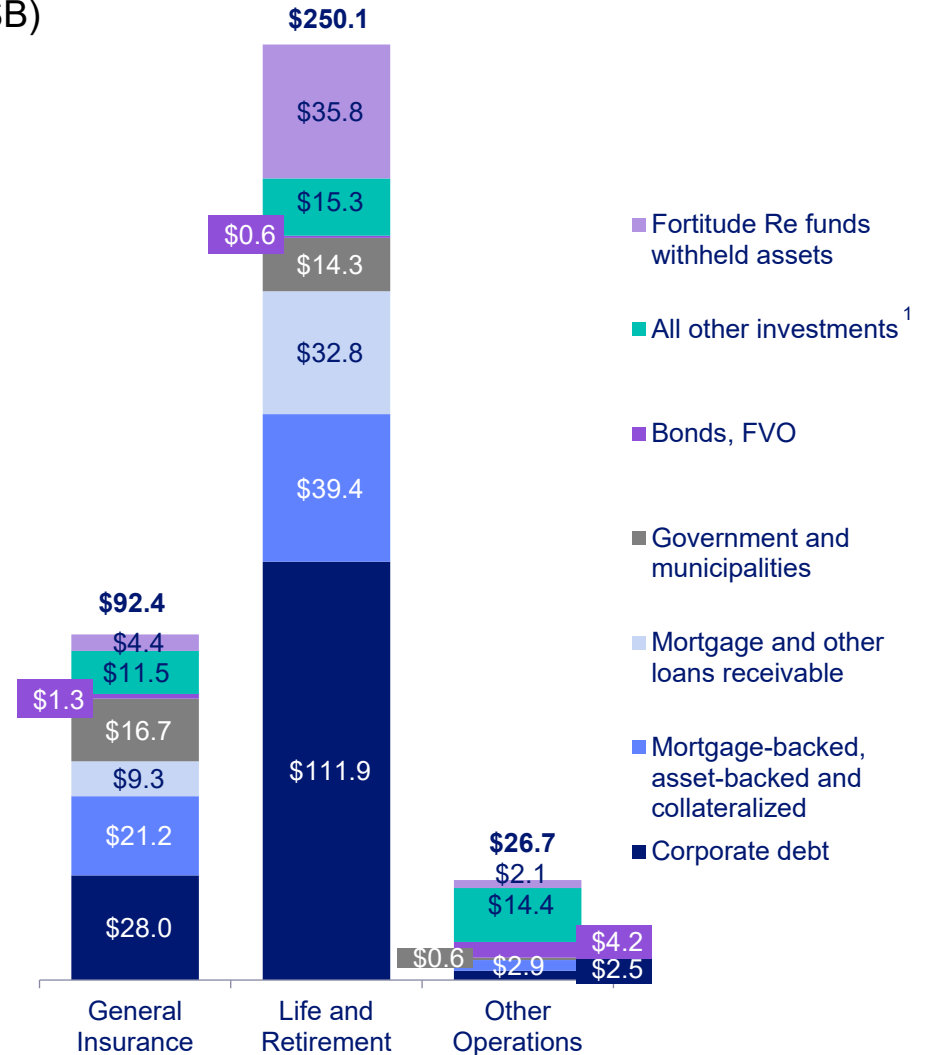
\$361B Investment Portfolio at December 31, 2020 Significantly De-risked Since 2015

- Life-only or P&C-only companies tend to have very different asset allocation, duration and credit characteristics due to the very different liability and product profiles; AIG's consolidated investment portfolio reflects a combination of the two.
- AIG's investment portfolio has been significantly de-risked over the last 5 years and with \$361B in assets, is well diversified, with solid credit characteristics.

Investment Portfolio Composition – \$361B (\$B)



Investment Portfolio Composition by Segment (\$B)



Avg. Duration of Fixed Maturity Securities

North America
3.3 Years
International
4.4 Years

Domestic U.S.
8.8 Years

Note: Amounts shown for segments are before consolidations and eliminations.

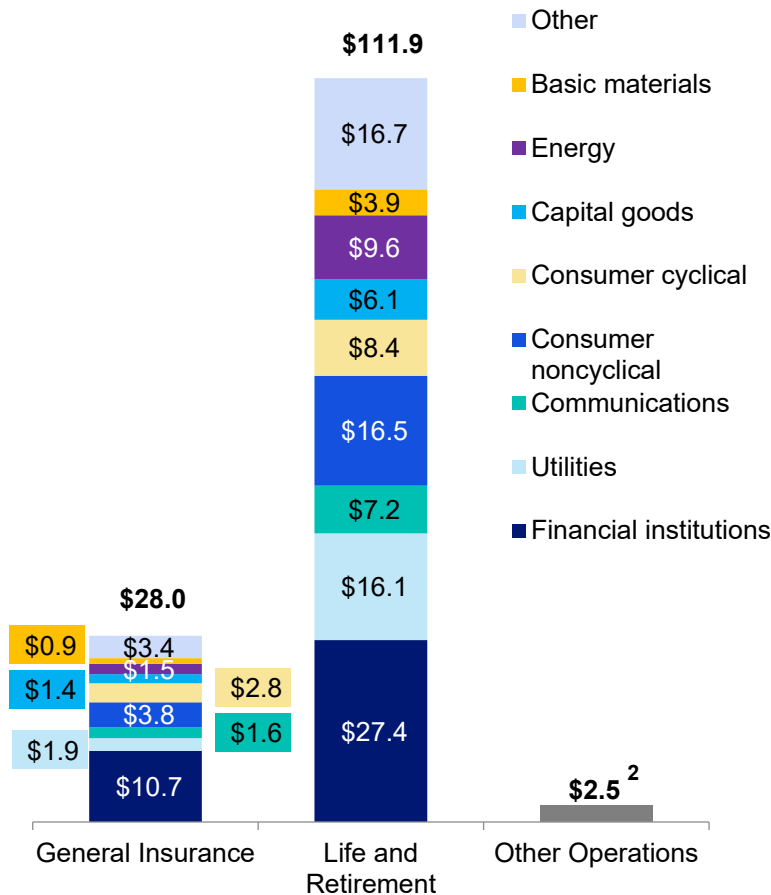
1) All other investments includes other invested assets, short-term investments, and equities.

Corporate Debt Portfolio Held Primarily in Life and Retirement

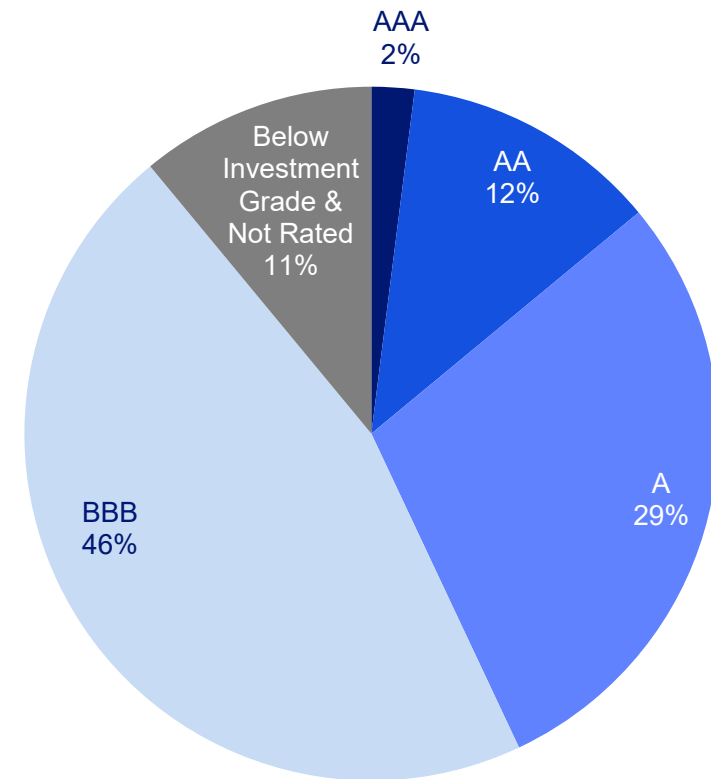


AIG's corporate debt investment portfolio is well diversified by industry sector; credit quality remains strong with limited ratings downgrades in 4Q20

Corporate Debt by Sector
December 31, 2020 – \$142B¹



Corporate Debt by Credit Rating
December 31, 2020 – \$142B¹



Note: Amounts shown for segments are before consolidations and eliminations.

1) Asset balances exclude Fortitude Re Funds Withheld Assets.

2) Other Operations by industry sector breakout is not shown due to scale.

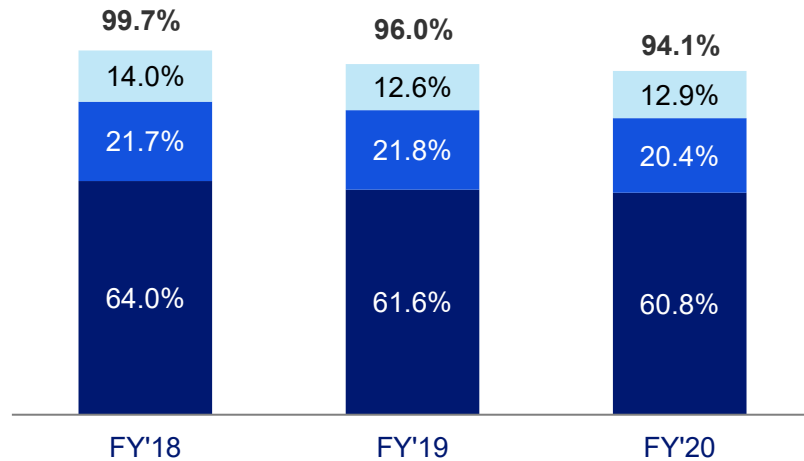
FY'20 Adjusted Pre-tax Income (APTI) Reflects Continued Improvement in General Insurance and Stable Life and Retirement Earnings



General Insurance Improved AYCR, as adjusted, by 1.9 pts

Results benefitted from changes in business mix and continued underwriting actions taken to strengthen our portfolio

Accident Year Combined Ratio, As Adjusted



■ AYLR, As Adj. ■ Acquisition Ratio ■ GOE Ratio ■ AYCR, As Adj.

Combined Ratio¹

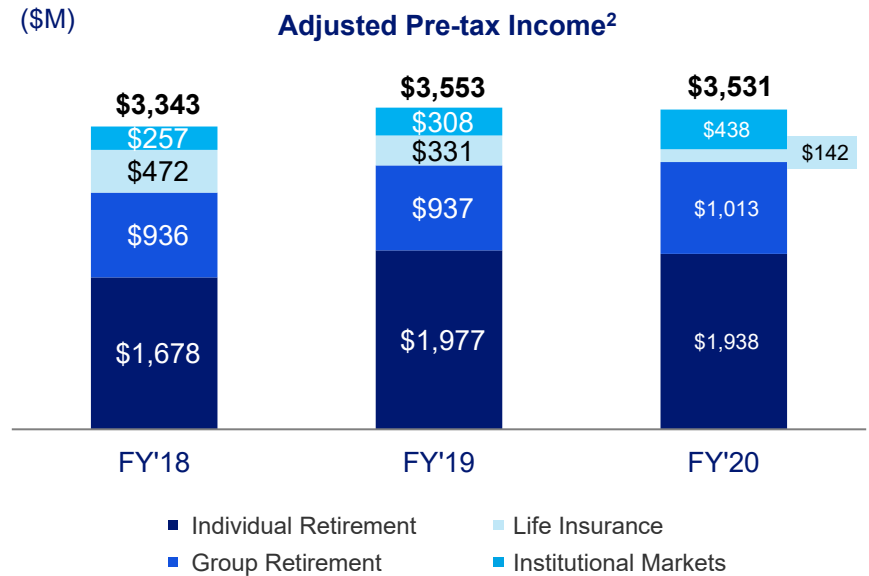
111.4% 99.6% 104.3%

FY'20 Catastrophe Losses, Net of Reinsurance, (CATs)

\$2.4B of CATs; includes \$1.3B of non-COVID-19 CATs and \$1.1B of estimated COVID-19 losses primarily related to Commercial Property, Validus Re, Contingency and Travel

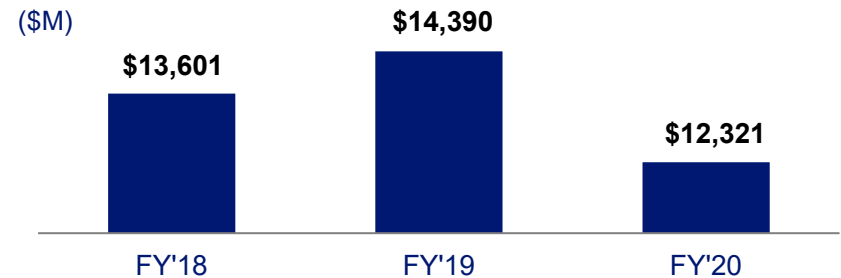
Life and Retirement Delivered Stable APTI

Results reflected ongoing strategy to leverage our broad product portfolio and diverse distribution network to satisfy customer needs



Net Investment Income, APTI Basis³

Investment strategies tailored to Life and Retirement and General Insurance; along with asset liability management, investments target an asset allocation mix that provides diversification from an asset class, sector, issuer, and geographic perspective



1) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in FY'18, FY'19 and FY'20 respectively.

2) Life and Retirement APTI includes net investment income.

3) Net investment income includes Fortitude through the sale on June 2, 2020.



Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

Throughout this presentation, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “Non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for generally accepted accounting principles in the United States. The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the Fourth Quarter 2020 Financial Supplement available in the Investor Information section of AIG’s website, www.aig.com.

We may use certain non-GAAP operating performance measures as forward-looking financial targets or projections. These financial targets or projections are provided based on management’s estimates. The most directly comparable GAAP financial targets or projections would be heavily dependent upon results that are beyond management’s control and the outcome of these items could be significantly different than management’s estimates. Therefore, we do not provide quantitative reconciliations for these financial targets or projections as we cannot predict with accuracy future actual events (e.g., catastrophe losses) and impacts from changes in macro-economic market conditions, including the interest rate environment (e.g. net reserve discount change and returns on alternative investments).

We use the following operating performance measures because we believe they enhance the understanding of the underlying profitability of continuing operations and trends of our business segments. We believe they also allow for more meaningful comparisons with our insurance competitors. When we use these measures, reconciliations to the most comparable GAAP measure are provided on a consolidated basis.

▪ **Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. APTI is a GAAP measure for our segments. Excluded items include the following:

- changes in fair value of securities used to hedge guaranteed living benefits;
- changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses;
- changes in the fair value of equity securities;
- net investment income on Fortitude Re funds withheld assets post deconsolidation of Fortitude Re;
- following deconsolidation of Fortitude Re, net realized capital gains and losses on Fortitude Re funds withheld assets held by AIG in support of Fortitude Re’s reinsurance obligations to AIG (Fortitude Re funds withheld assets);
- loss (gain) on extinguishment of debt;
- all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
- income or loss from discontinued operations;
- net loss reserve discount benefit (charge);
- pension expense related to a one-time lump sum payment to former employees;
- income and loss from divested businesses;
- non-operating litigation reserves and settlements;
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
- the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
- integration and transaction costs associated with acquiring or divesting businesses;
- losses from the impairment of goodwill; and
- non-recurring costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles.

▪ **Adjusted After-tax Income attributable to AIG Common Shareholders (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above, dividends on preferred stock, and the following tax items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges;
- changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
- net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act);

and by excluding the net realized capital gains (losses) and other charges from noncontrolling interests.

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

- **Adjusted Revenues** exclude Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). Adjusted revenues is a GAAP measure for our segments.
- **Ratios:** We, along with most property and casualty insurance companies, use the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every \$100 of net premiums earned, the amount of losses and loss adjustment expenses (which for General Insurance excludes net loss reserve discount), and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. Our ratios are calculated using the relevant segment information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.
- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and man-made catastrophe losses, such as terrorism and civil disorders that exceed the \$10 million threshold. We believe that as adjusted ratios are meaningful measures of our underwriting results on an ongoing basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. We also exclude prior year development to provide transparency related to current accident year results.

Underwriting ratios are computed as follows:

- a) Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
 - b) Acquisition ratio = Total acquisition expenses ÷ NPE
 - c) General operating expense ratio = General operating expenses ÷ NPE
 - d) Expense ratio = Acquisition ratio + General operating expense ratio
 - e) Combined ratio = Loss ratio + Expense ratio
 - f) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/-(-) CYRIPs] – Loss ratio
 - g) Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/-(-) Reinstatement premiums related to catastrophes (CYRIPs) +/-(-) RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
 - h) Accident year combined ratio, as adjusted = AYLR + Expense ratio
 - i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/-(-) CYRIPs +/-(-) PYRIPs + (AP)RP] – Loss ratio – CAT ratio
- **Premiums and deposits:** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.

Results from discontinued operations are excluded from all of these measures.

Non-GAAP Reconciliations

Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)

Pre-tax income (loss) from continuing operations

Adjustments to arrive at Adjusted pre-tax income (loss)

Changes in fair value of securities used to hedge guaranteed living benefits	
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	
Changes in the fair value of equity securities	
Loss on extinguishment of debt	
Net investment income on Fortitude Re funds withheld assets (a)	
Net realized capital (gains) losses on Fortitude Re funds withheld assets (a)	
Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (a)	
Net realized capital (gains) losses (b)	
Loss from divested businesses	
Non-operating litigation reserves and settlements	
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	
Net loss reserve discount charge	
Integration and transaction costs associated with acquiring or divesting businesses	
Restructuring and other costs	
Non-recurring costs related to regulatory or accounting changes	
Adjusted pre-tax income	

		Twelve Months Ended	
		December 31,	
		2019	2020
\$	5,287	\$	(7,293)
	(194)		(41)
	(56)		(12)
	(158)		(200)
	32		12
	-		(1,053)
	-		(463)
	-		2,645
	(456)		97
	75		8,525
	(2)		(21)
	(267)		(221)
	955		516
	24		12
	218		435
	12		65
\$	5,470	\$	3,003

(a) Represents activity subsequent to the deconsolidation of Fortitude Re on June 2, 2020.

(b) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets.

Non-GAAP Reconciliations

Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)	Twelve Months Ended	
	December 31,	
	2019	2020
After-tax net income (loss), including noncontrolling interests	\$ 4,169	\$ (5,829)
Noncontrolling interests (income) loss	(821)	(115)
Net income (loss) attributable to AIG	\$ 3,348	\$ (5,944)
Dividends on preferred stock	22	29
Net income (loss) attributable to AIG common shareholders	\$ 3,326	\$ (5,973)
Adjustments to arrive at Adjusted after-tax income (loss) (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):		
Changes in uncertain tax positions and other tax adjustments (a)	30	(132)
Deferred income tax valuation allowance releases (b)	(43)	(65)
Changes in fair value of securities used to hedge guaranteed living benefits	(154)	(32)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(44)	(9)
Changes in the fair value of equity securities	(125)	(158)
Loss on extinguishment of debt	25	10
Net investment income on Fortitude Re funds withheld assets(c)	-	(832)
Net realized capital (gains) losses on Fortitude Re funds withheld assets(c)	-	(365)
Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (c)	-	2,090
Net realized capital (gains) losses (d)(e)	(357)	75
Loss from discontinued operations and divested businesses (e)	18	6,911
Non-operating litigation reserves and settlements	(2)	(17)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(211)	(175)
Net loss reserve discount charge	754	407
Integration and transaction costs associated with acquiring or divesting businesses	19	9
Restructuring and other costs	172	344
Non-recurring costs related to regulatory or accounting changes	10	51
Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (f)	660	62
Adjusted after-tax income attributable to AIG common shareholders	\$ 4,078	\$ 2,201
Weighted average diluted shares outstanding (g)	889.5	869.3
Income (loss) per common share attributable to AIG common shareholders (diluted) (g)	\$ 3.74	\$ (6.88)
Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)	4.58	2.52

(a) Includes the tax audit resolution related to the IRS audit settlement for tax years 1991-2006 and the write-down of net operating loss deferred tax assets in certain foreign jurisdictions, which is offset by valuation allowance release.

(b) Twelve months ended December 31, 2020 includes valuation allowance established against a portion of foreign tax credit carryforwards of AIG's U.S. federal consolidated income tax group, as well as net valuation allowance release in certain foreign jurisdictions.

(c) Represents activity subsequent to the deconsolidation of Fortitude Re on June 2, 2020.

(d) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets.

(e) Includes the impact of non-U.S. tax rates which differ from the applicable U.S. statutory tax rate and tax-only adjustments.

(f) Prior to June 2, 2020, noncontrolling interests was primarily due to the 19.9 percent investment in Fortitude by an affiliate of The Carlyle Group L.P. (Carlyle), which occurred in the fourth quarter of 2018. Carlyle was allocated 19.9 percent of Fortitude Holdings' standalone financial results through the June 2, 2020 closing date of the Majority Interest Fortitude Sale. Fortitude Holdings' results were mostly eliminated in AIG's consolidated income from continuing operations given that its results arose from intercompany transactions. Noncontrolling interests was calculated based on the standalone financial results of Fortitude Holdings. The most significant component of Fortitude Holdings' standalone results was the change in fair value of the embedded derivatives which changes with movements in interest rates and credit spreads, and which was recorded in net realized capital gains and losses of Fortitude Holdings. In accordance with AIG's adjusted after-tax income definition, realized capital gains and losses are excluded from noncontrolling interests. Subsequent to the Majority Interest Fortitude Sale, AIG owns 3.5 percent of Fortitude Holdings and no longer consolidates Fortitude Holdings in its financial statements as of such date. The minority interest in Fortitude Holdings is carried at cost within AIG's Other invested assets, which was \$100 million as of December 31, 2020.

(g) Because we reported a net loss attributable to AIG common shareholders for the twelve months ended December 31, 2020, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts.

Non-GAAP Reconciliations

Adjusted Revenue

(in millions)

	FY2020
Revenues	\$ 43,736
Adjustments to arrive at Adjusted revenues	
Changes in fair value of securities used to hedge guaranteed living benefits	(56)
Changes in the fair value of equity securities	(200)
Other (income) expense – net	(49)
Net investment income on Fortitude Re funds withheld assets ^(a)	(1,053)
Net realized capital gains (losses) on Fortitude Re funds withheld assets ^(a)	(463)
Net realized capital gains (losses) on Fortitude Re funds withheld embedded derivative ^(a)	2,645
Net realized capital gains ^(b)	148
Non-operating litigation reserves and settlements	(23)
Adjusted Revenues	\$ 44,685

(a) Represents activity subsequent to the deconsolidation of Fortitude Re on June 2, 2020.

(b) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets.

Adjusted Common Shareholders' Equity

(in millions)

	As of December 31, 2020
Total AIG shareholders' equity	\$ 66,362
Less: Preferred equity	485
Total AIG common shareholders' equity	65,877
Less: Accumulated other comprehensive income (AOCI)	13,511
Add: Cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets	4,657
Less: Deferred tax assets (DTA)*	7,907
Total adjusted common shareholders' equity	\$ 49,116

* Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.

Non-GAAP Reconciliations

Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

General Insurance

	Quarterly										FY'18	FY'19	FY'20	
	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20				4Q'20
Loss ratio	65.7	88.6	80.1	63.1	63.0	69.3	65.6	66.8	72.6	74.6	70.2	75.7	65.2	71.0
Catastrophe losses and reinstatement premiums	(2.3)	(22.0)	(11.3)	(2.7)	(2.6)	(7.5)	(6.5)	(6.9)	(11.9)	(13.5)	(9.0)	(10.5)	(4.8)	(10.3)
Prior year development	0.8	(2.7)	(5.3)	1.0	0.9	-	2.2	0.9	0.8	(0.4)	(0.9)	(1.5)	1.1	0.1
Adjustments for ceded premium under reinsurance contracts and other	1.2	(0.3)	0.4	0.4	-	(0.3)	0.3	-	-	-	-	0.3	0.1	-
Accident year loss ratio, as adjusted	65.4	63.6	63.9	61.8	61.3	61.5	61.6	60.8	61.5	60.7	60.3	64.0	61.6	60.8
Acquisition ratio	21.1	21.7	22.4	21.8	22.2	22.0	21.4	21.9	20.0	19.8	19.8	21.7	21.8	20.4
General operating expense ratio	14.5	14.1	12.5	12.5	12.6	12.4	12.8	12.8	13.4	12.8	12.8	14.0	12.6	12.9
Expense ratio	35.6	35.8	34.9	34.3	34.8	34.4	34.2	34.7	33.4	32.6	32.6	35.7	34.4	33.3
Combined ratio	101.3	124.4	115.0	97.4	97.8	103.7	99.8	101.5	106.0	107.2	102.8	111.4	99.6	104.3
Accident year combined ratio, as adjusted	101.0	99.4	98.8	96.1	96.1	95.9	95.8	95.5	94.9	93.3	92.9	99.7	96.0	94.1

Reconciliation of Net Investment Income

(in millions)

	FY'18	FY'19	FY'20
Net investment income per Consolidated Statements of Operations	\$ 13,086	\$ 14,619	\$ 13,631
Changes in fair value of securities used to hedge guaranteed living benefits	128	(229)	(56)
Changes in the fair value of equity securities	184	(158)	(200)
Net investment income on Fortitude Re funds withheld assets	-	-	(1,053)
Net realized capital gains (losses) related to economic hedges and other	203	158	(1)
Total Net investment income - APTI Basis	\$ 13,601	\$ 14,390	\$ 12,321

Premiums

(in millions)

	Twelve Months Ended December 31, 2020
Total Life and Retirement:	
Premiums	\$ 4,624
Deposits	21,634
Other	867
Premiums and deposits	\$ 27,125