



American International Group, Inc.

First Quarter 2014 Results
Conference Call Presentation

May 6, 2014

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First Quarter 2014 Key Themes

Highlights:	Noteworthy Items
Capital Management, Liquidity & Other	<ul style="list-style-type: none"> ▪ Repurchased approximately 17.4 million shares of AIG common stock at a total cost of approximately \$867 million ▪ \$1.7 billion of cash dividends from AIG Life and Retirement ▪ Reduced DIB debt by \$2.2 billion through redemptions and repurchases using cash allocated to the DIB ▪ We further reduced DIB debt in May through a redemption of \$750 million aggregate principal amount of our 3.000% Notes due 2015 using cash allocated to the DIB
AIG Property Casualty	<ul style="list-style-type: none"> ▪ Accident year loss ratio, as adjusted, of 63.2 was unchanged from 1Q13 reflecting continued improvement in Commercial underwriting, offset by 2.3 points from severe losses, which were 1.6 points higher than 1Q13 ▪ Continued positive rate change in 1Q14, with Global Commercial rates up 1.9% (+4.4% in North America) ▪ Net premiums written grew 3% from 1Q13, excluding the effects of foreign exchange ▪ Catastrophe losses of \$262 million ▪ Net prior year adverse development of \$162 million ▪ Net reserve discount benefit of \$105 million is primarily associated with the merger of internal pooling arrangements
Mortgage Guaranty	<ul style="list-style-type: none"> ▪ New insurance written (NIW) of \$7.6 billion⁽¹⁾ in 1Q14 reflects lower refinancing volume ▪ 62% of net premiums earned in 1Q14 were from new business written after 2008 ▪ Delinquency ratio declined 60 bps from 4Q13 to 5.3%
AIG Life and Retirement	<ul style="list-style-type: none"> ▪ Premiums and deposits of \$7.1 billion driven by continued strong sales of retail investment products ▪ Positive net flows and account balance growth resulted in greater fee income and contributed to the 9% increase in AUM from the year-ago period ▪ Ongoing management actions continue to enhance spread income and increase profitability in interest sensitive businesses ▪ Net investment income benefited from strong returns on alternative investments



1) Domestic First-lien only.

Financial Highlights

(\$ in millions, except per share amounts)	First Quarter		
	2013	2014	Inc. (Dec.)
Revenues	\$16,962	\$16,112	(5%)
Net income attributable to AIG	2,206	1,609	(27%)
Diluted earnings per common share	\$1.49	\$1.09	(27%)
ROE, Ex. AOCI ⁽¹⁾	10.2%	6.8%	
After-tax operating income attributable to AIG	\$1,982	\$1,781	(10%)
After-tax operating income attributable to AIG per common share	\$1.34	\$1.21	(10%)
ROE – After-tax operating income⁽²⁾	9.2%	7.5%	
Book value per common share	\$67.41	\$71.77	6%
Book value per common share - Ex. AOCI	\$59.39	\$65.49	10%



1) Computed as Annualized Net income (loss) attributable to AIG divided by Average AIG Shareholders' equity, excluding AOCI.
 2) Computed as Annualized After-tax operating income divided by Average AIG Shareholders' equity, excluding AOCI.

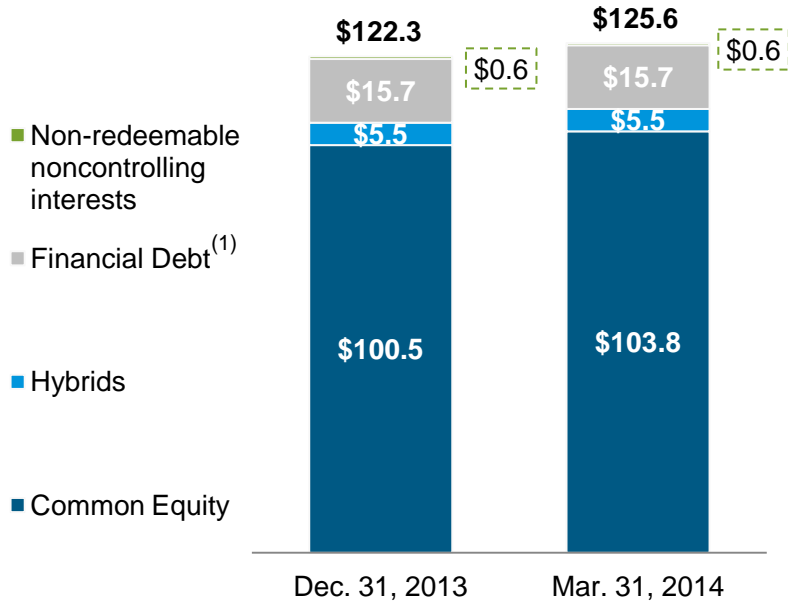
After-tax Operating Income

(\$ in millions, except per share amounts)	First Quarter	
	2013	2014
Insurance operations:		
AIG Property Casualty	\$1,557	\$1,159
AIG Life and Retirement	1,394	1,417
Mortgage Guaranty	41	76
Total Insurance Operations	2,992	2,652
Other operations:		
Direct Investment book	329	440
Global Capital Markets	227	29
Interest expense	(397)	(325)
Corporate expenses, net	(261)	(243)
Other	(29)	53
Pre-tax operating income	2,861	2,606
Income tax expense	(854)	(827)
Noncontrolling interest, excluding net realized capital (gains) losses	(25)	2
After-tax operating income attributable to AIG	\$1,982	\$1,781
After-tax operating income per diluted common share	\$1.34	\$1.21

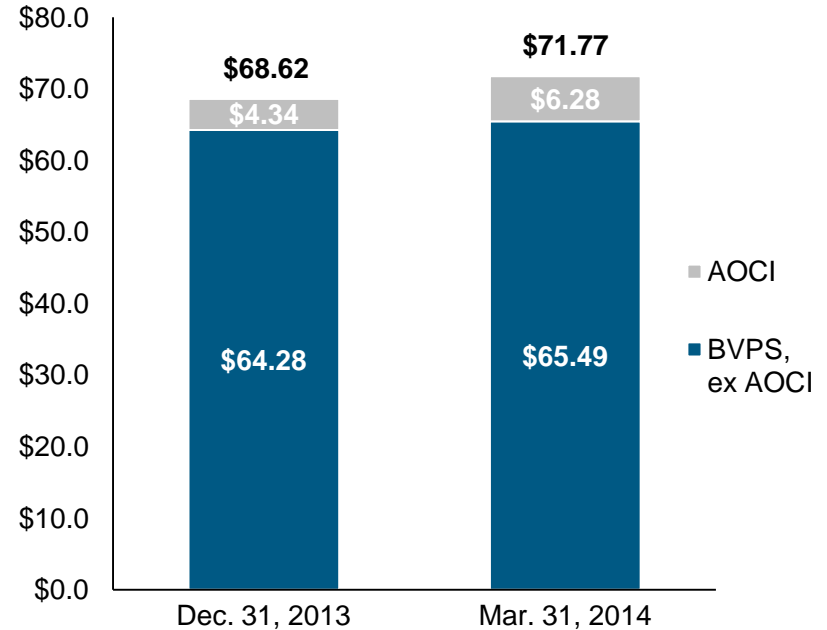
Strong Capital Position

Capital Structure

(\$ in billions, except per share data)



Book Value Per Share



Leverage Ratios:

Financial Debt + Hybrids / Capitalization

Dec. 31, 2013

17.3%

Mar. 31, 2014

16.9%

Financial Debt / Capitalization

12.8%

12.5%

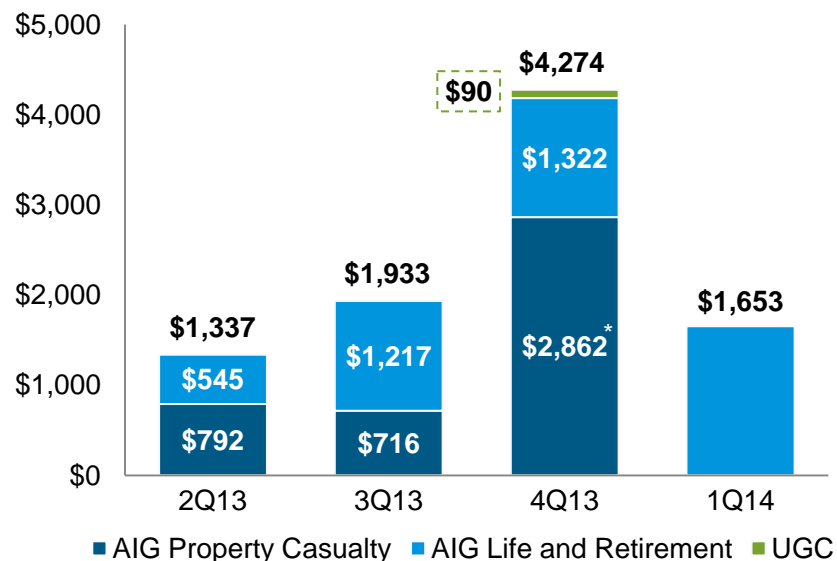


1) Includes AIG notes, bonds, loans and mortgages payable, and AIGLH notes and bonds payable and junior subordinated debt.

Financial Flexibility – A Source of Strength

Insurance Company Distributions

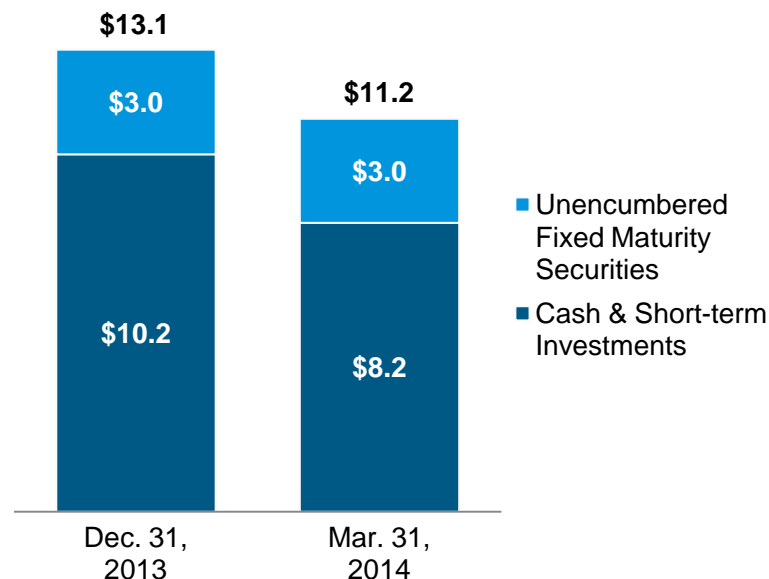
(\$ in millions)



* Includes \$222 million of non-cash distributions.

Parent Cash, Short-Term Investments & Unencumbered Securities

(\$ in billions)

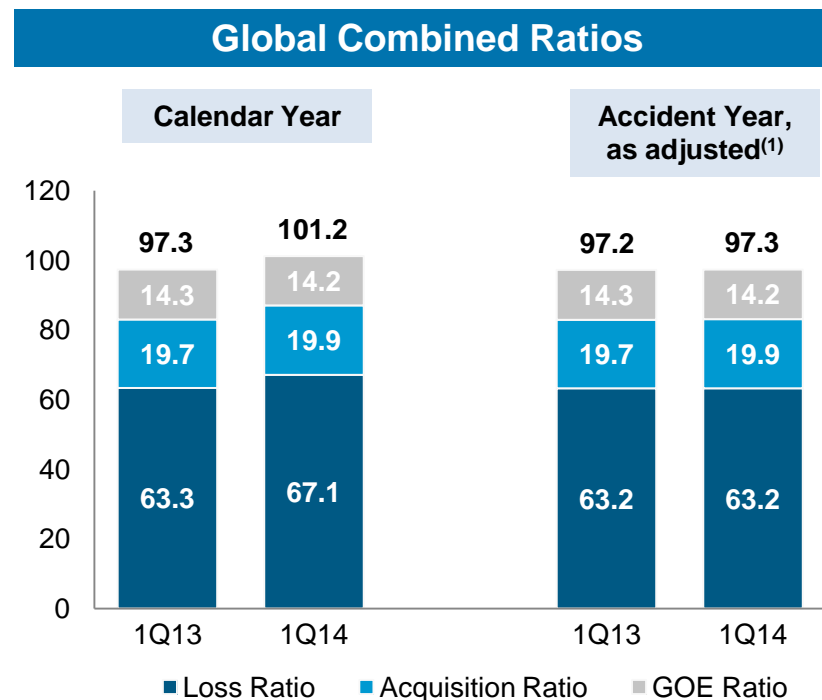


- AIG Life and Retirement distributions in 1Q14 included approximately \$316 million of legal settlement proceeds received.
- AIG Parent cash, short-term investments and unencumbered fixed maturity securities of \$11.2 billion includes \$4.4 billion allocated toward future maturities of liabilities and contingent liquidity stress needs of the Direct Investment book and Global Capital Markets as of March 31, 2014.
- AIG Parent also maintains aggregate available capacity of \$4.4 billion under its syndicated credit facility and its contingent liquidity facility.
- Tax sharing payments from subsidiaries amounted to \$289 million in 1Q14.



AIG Property Casualty – Financial Results

(\$ in millions)	1Q13	1Q14
Net premiums written	\$8,437	\$8,334
Net premiums earned	8,558	8,230
Underwriting income (loss)	232	(97)
Net investment income	1,325	1,256
Pre-tax operating income	\$1,557	\$1,159



- Net premiums written, excluding the effects of foreign exchange, grew 3% from 1Q13 reflecting growth of new business, rate increases and changes in the reinsurance program. Net premiums written on an as-reported basis declined 1% from 1Q13.
- The accident year loss ratio, as adjusted, was flat compared to 1Q13, reflecting a 1.6 point impact from higher severe losses, which more than offset underlying underwriting improvement in Commercial Insurance.

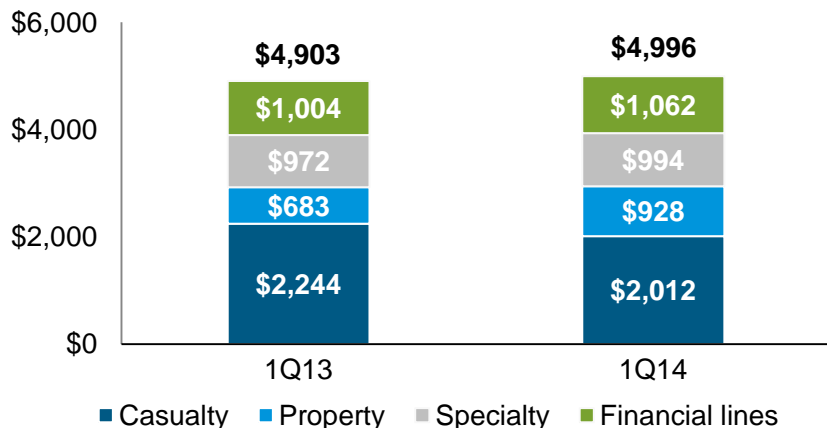


1) Both the accident year combined ratio, as adjusted, and accident year loss ratio, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting.

Commercial Insurance – Underwriting Results

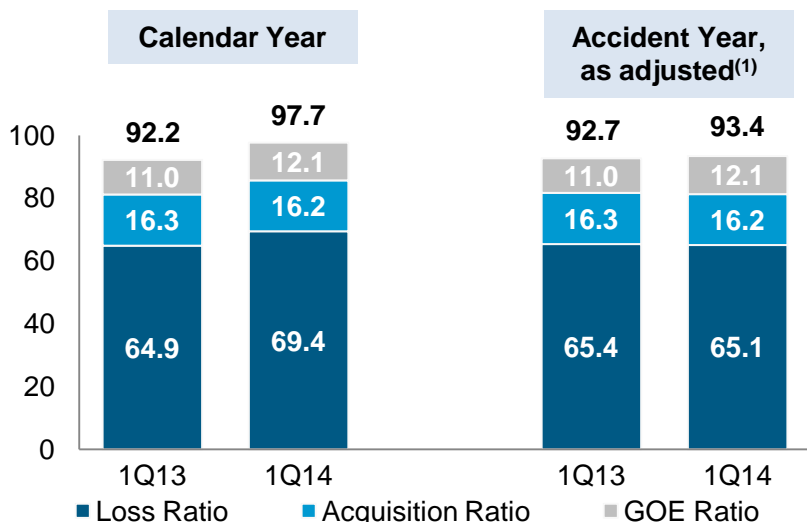
Net Premiums Written

(\$ in millions)

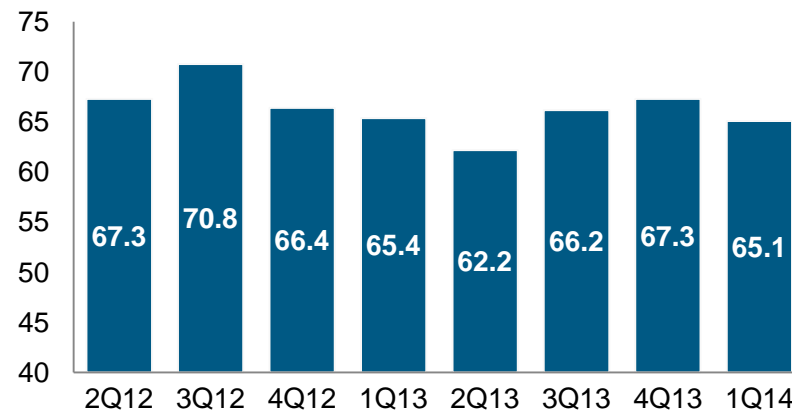


- Commercial Insurance NPW, excluding the effects of foreign exchange, increased 3% from 1Q13. This increase reflects changes in the reinsurance program and new business growth across commercial lines except for Primary Casualty where lower renewal retention more than offset growth. Net premiums written on an as-reported basis grew 2% from 1Q13.
- Commercial Insurance rates increased 1.9% (+4.4% for North America), led by North America Property at +5.9% and North America Financial Lines at +4.2%.
- The accident year loss ratio, as adjusted, in 1Q14 included a 2.9 point impact from severe losses.
- The 1Q14 combined ratio included a 2.5 point positive impact due to a change in discounting of workers' compensation reserves, but was adversely impacted by a total of 6.8 points due to catastrophes and adverse prior year development.

Combined Ratios



Accident Year Loss Ratio, as adjusted⁽¹⁾

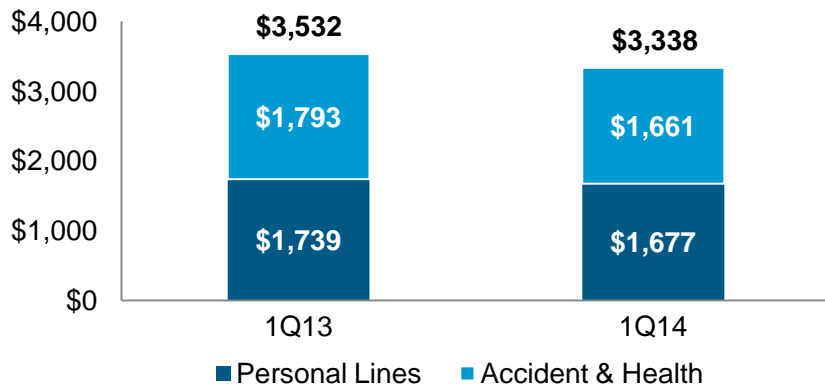


1) Both the accident year combined ratio, as adjusted, and accident year loss ratio, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting.

Consumer Insurance – Underwriting Results

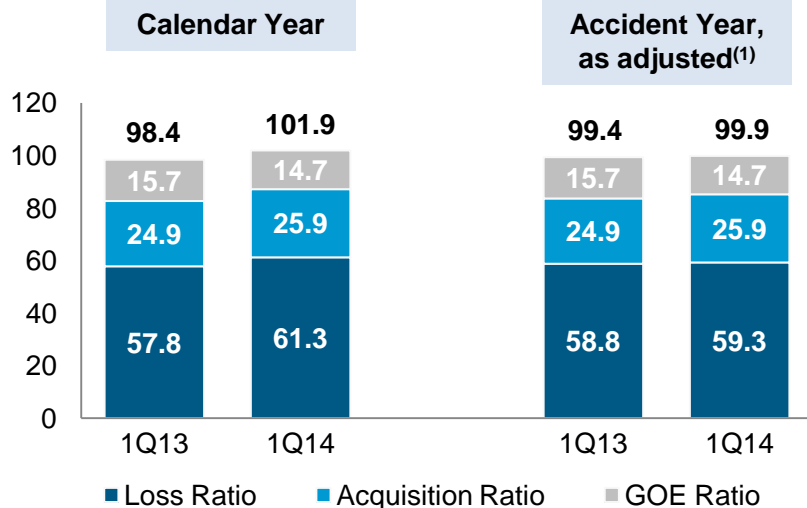
Net Premiums Written

(\$ in millions)

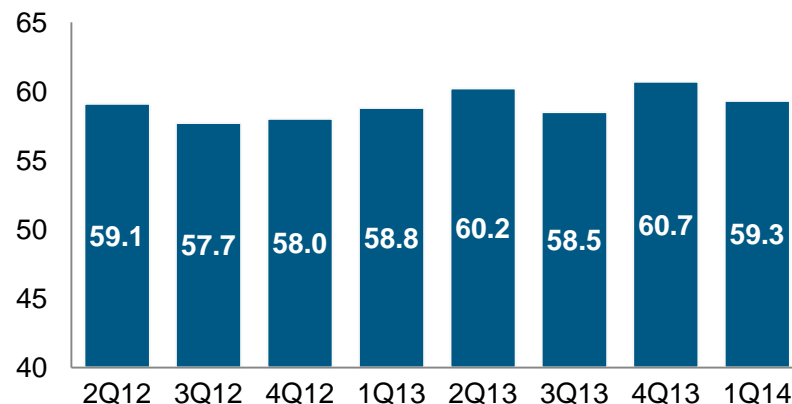


- Consumer Insurance NPW, excluding the effects of foreign exchange, grew 2% from 1Q13. On an as-reported basis NPW declined 5% from 1Q13.
- Growth in NPW excluding the effect of foreign exchange was driven by rate increases in U.S. warranty business and growth in the EMEA automobile products and U.S. and Japan personal property.
- The accident year loss ratio, as adjusted, increased in 1Q14 primarily due to three severe fire losses in Private Client Group and higher travel losses, which more than offset underwriting improvements in auto and warranty.

Combined Ratios



Accident Year Loss Ratio, as adjusted⁽¹⁾



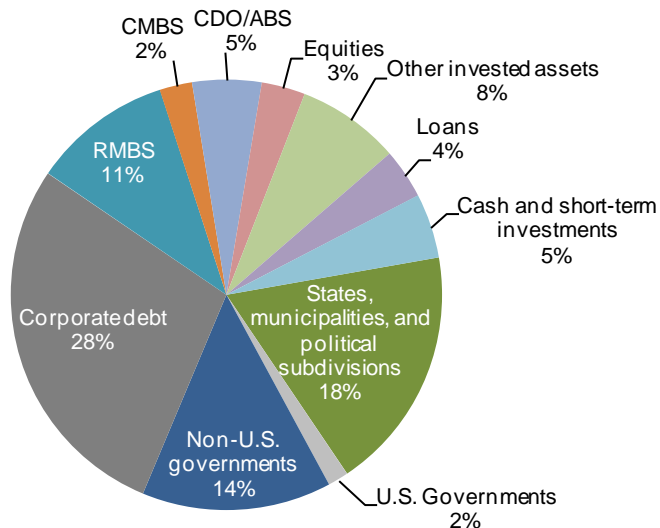
1) Both the accident year combined ratio, as adjusted, and accident year loss ratio, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting.

AIG Property Casualty – Investments

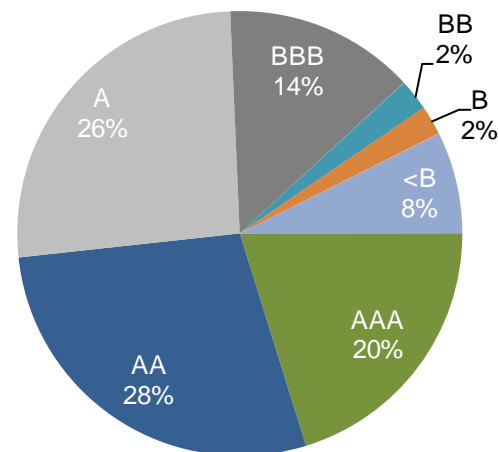
Net investment income: (\$ in millions)	First Quarter		
	2013	2014	Inc./Dec.)
Interest and dividends	\$ 1,004	\$ 958	(5%)
Alternative investments ⁽¹⁾	258	269	4%
Other, net ⁽²⁾	63	29	(54%)
Net investment income	\$ 1,325	\$ 1,256	(5%)
Total Yield	4.09%	4.08%	(0.01%)

Total Cash & Invested Assets as of March 31, 2014 - \$123.0 billion⁽³⁾

Total Portfolio Composition



Bond Portfolio - \$98.9 billion - by Agency Credit Rating



1) Includes income on hedge funds and private equity funds. Alternative investment income is reported on a lag basis. Hedge funds are generally on a one month lag, while private equity funds are generally on a one quarter lag.

2) Includes real estate income, changes in market value of investments accounted for under the fair value option, and income (loss) from equity method investments, net of investment expenses.

3) Includes intercompany invested assets that are eliminated in consolidation.

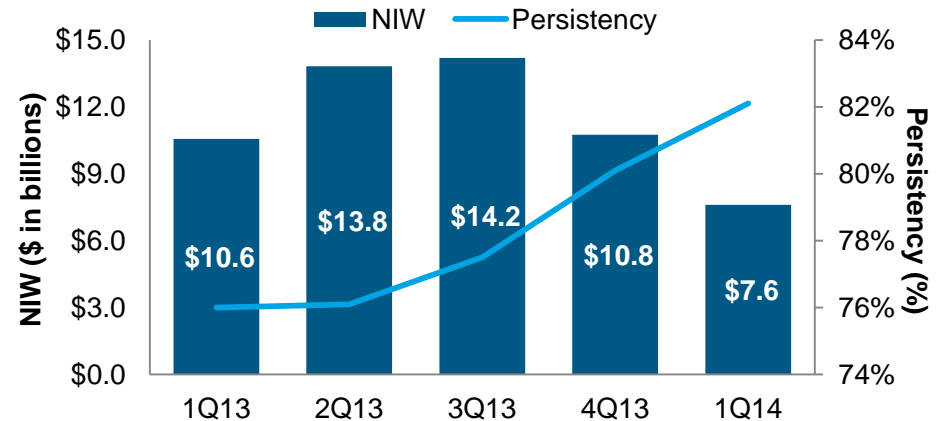
Mortgage Guaranty – Financial Results and Trends

Percentage of net premiums earned from business written after 2008 grows to 62%.

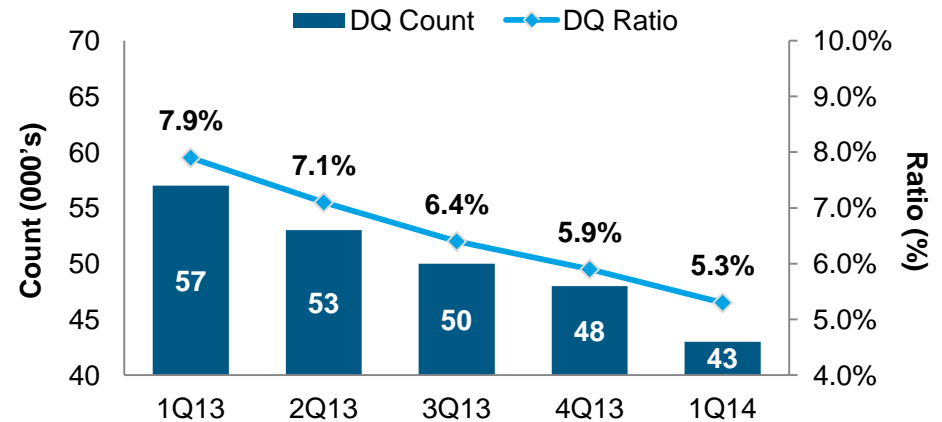
(\$ in millions)	1Q13	1Q14
Net premiums written	\$246	\$231
Net premiums earned	194	213
Underwriting income	7	41
Net investment income	34	35
Pre-tax operating income	\$41	\$76

Underwriting Ratios:	1Q13	1Q14
Loss ratio	67.5	55.4
Expense ratio	<u>28.9</u>	<u>25.4</u>
Combined ratio	96.4	80.8

Business Trends⁽¹⁾



Primary Delinquency Trend⁽¹⁾



- Delinquencies continue to fall as volume of new delinquencies is lower and cure rates improve.



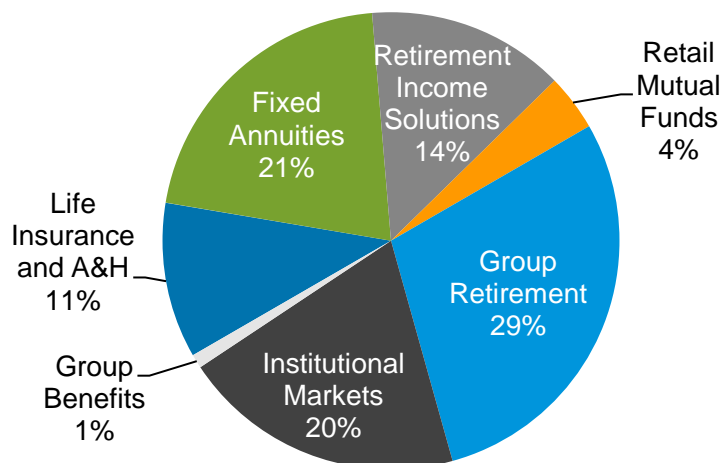
¹⁾ Domestic First-lien only.

AIG Life and Retirement – Financial Results

(\$ in millions)	1Q13	1Q14
Premiums and deposits	\$5,580	\$7,129
Premiums	620	597
Policy fees	615	692
Net investment income	2,877	2,817
Advisory fee and other income	393	460
Total revenues⁽¹⁾	4,505	4,566
Benefits and expenses	3,111	3,149
Pre-tax operating income	\$1,394	\$1,417

1) Excluding net realized capital gains (losses).

Assets Under Management



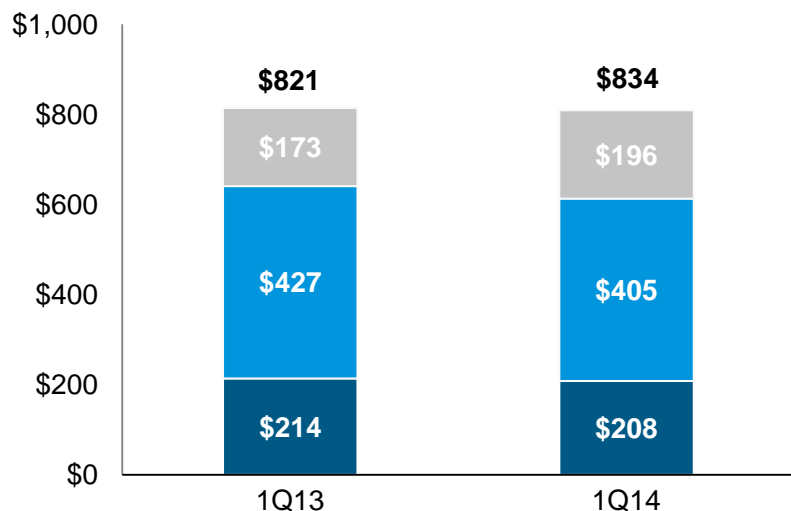
- Increase in pre-tax operating income benefited from strong growth in fee income and enhanced spread income.
- Management actions continue to drive profitability improvements in AIG L&R's interest sensitive businesses. Strategies include ongoing crediting rate actions on existing business and disciplined pricing on new business.
- Net investment income reflected strong returns on alternative investments. Growth in net investment income was more than offset by a fair value loss on AIG L&R's PICC Group investment of \$79 million in 1Q14, which compared to a gain of \$31 million in 1Q13.

- Assets under management increased 9% from the year-ago period to \$324 billion at March 31, 2014. Growth was driven by strong retail investment product net flows, higher separate account balances and greater institutional assets. These sources of AUM growth more than offset the negative impact of higher interest rates on the fair value of AIG L&R's fixed maturity portfolio.
- Net inflows were \$1.0 billion in 1Q14 compared to net outflows of \$244 million in 1Q13. This improvement was driven by the strength of variable annuity sales and improvement in fixed annuity flows.

AIG Life and Retirement – Retail & Institutional Results

Retail Pre-Tax Operating Income⁽¹⁾

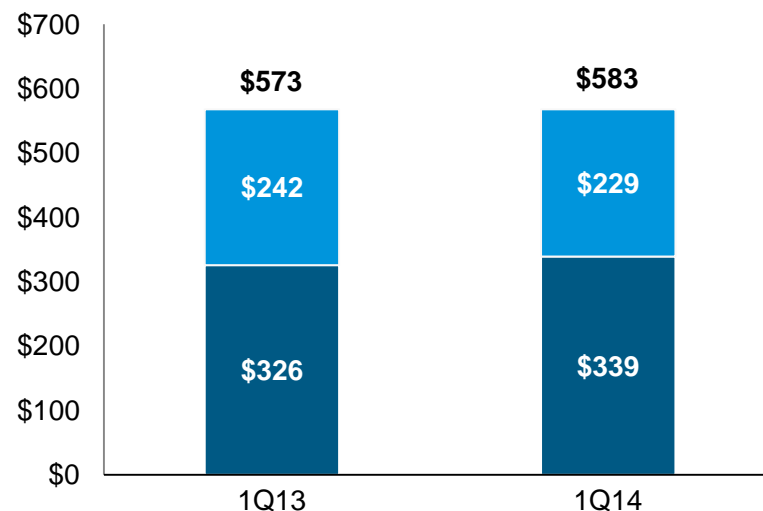
(\$ in millions)



■ Life Insurance and A&H ■ Fixed Annuities ■ Ret. Inc. Solutions

Institutional Pre-Tax Operating Income⁽²⁾

(\$ in millions)



■ Group Retirement ■ Institutional Markets

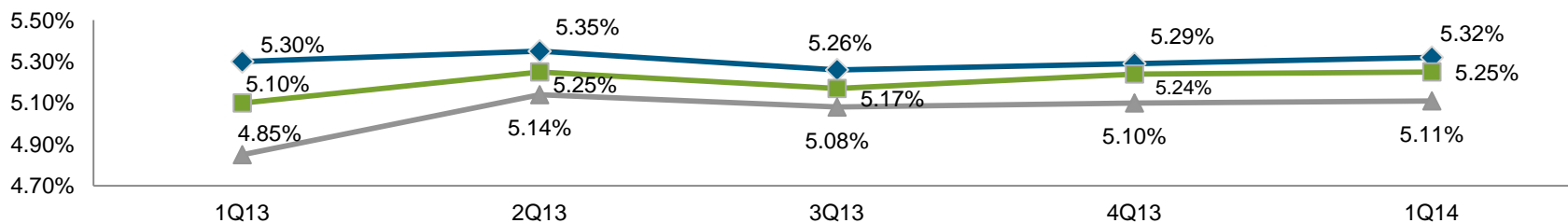
- 1Q14 line of business results reflected a fair value loss on AIG L&R's PICC Group investment of \$79 million (Retail \$47 million, Institutional \$32 million), which compared to a gain of \$31 million (Retail \$18 million, Institutional \$13 million) in 1Q13.
- In 1Q14, Retail pre-tax operating income benefited from higher fee income and enhanced spread income. Increase in Retirement Income Solutions income was driven by higher earnings on higher assets under management. Fixed annuities income benefited from spread widening due to disciplined pricing of new business and renewal crediting rates.
- Institutional results were driven by Group Retirement, which benefited from spread widening due to disciplined pricing of new business and renewal crediting rates.



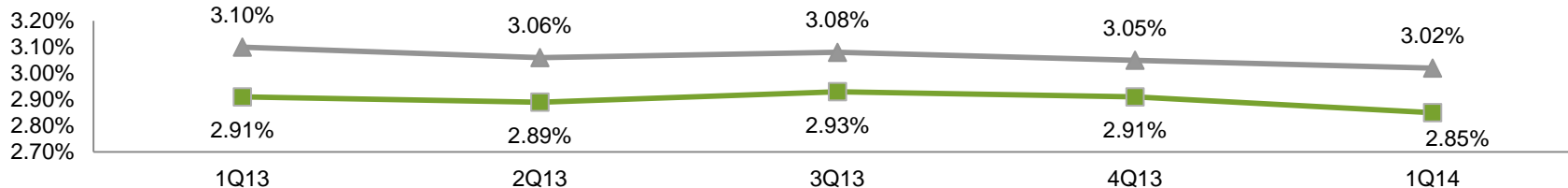
1) Breakdown excludes operating income for Brokerage Services and Retail Mutual Funds which are included in the Retail operating segment total.
 2) Breakdown excludes operating income for Group Benefits which is included in the Institutional operating segment total.

AIG Life and Retirement – Base Yields and Spreads

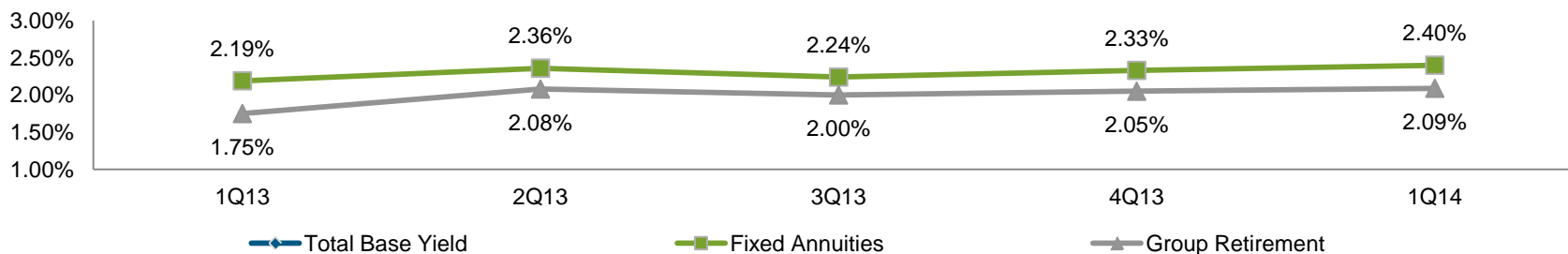
Base Yields⁽¹⁾



Cost of Funds⁽²⁾



Base Net Investment Spreads⁽¹⁾



- Base net investment yield benefited from increased investments in commercial mortgage loans, participation income on a commercial mortgage loan sale and redemption income on a preferred stock holding.
- Base net investment spreads improved in both Fixed Annuities and Group Retirement, as these businesses continued to benefit from ongoing management actions to enhance profitability, including various cost of funds initiatives, duration management and disciplined new business pricing.



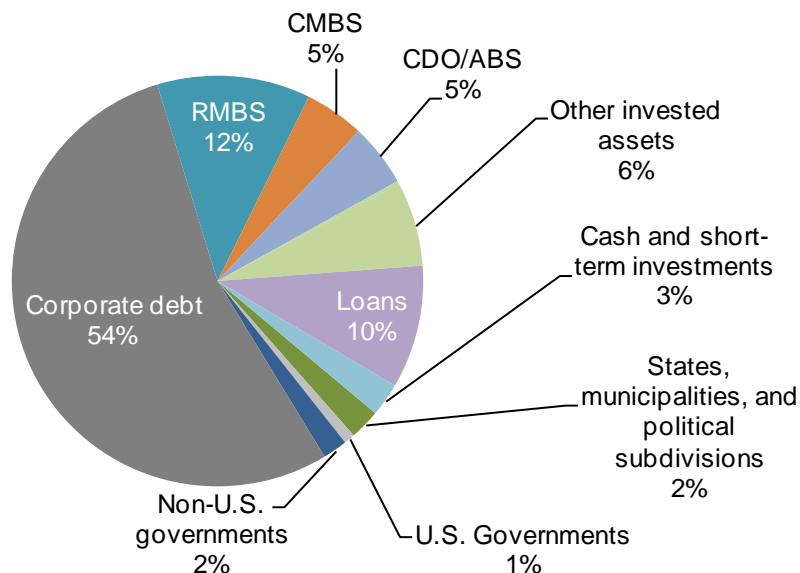
1) Includes return on base portfolio. Quarterly results are annualized.
2) Excludes the amortization of sales inducement assets.

AIG Life and Retirement – Investments

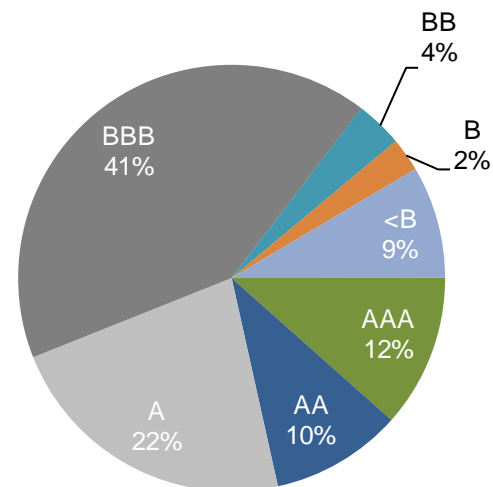
Net investment income: (\$ in millions)	First Quarter		
	2013	2014	Inc./(Dec.)
Base portfolio ⁽¹⁾	\$ 2,258	\$ 2,299	2%
Alternative investments ⁽²⁾	489	540	10%
Other enhancements ⁽³⁾	130	(22)	NM
Net investment income	\$ 2,877	\$ 2,817	(2%)
Base portfolio yield⁽⁴⁾	5.30%	5.32%	0.02%
Total Yield⁽⁵⁾	6.38%	6.09%	(0.29%)

Total Cash & Invested Assets as of March 31, 2014 - \$200.1 billion⁽⁶⁾

Total Portfolio Composition



Bond Portfolio - \$161.7 billion - by Agency Credit Rating



1) Includes interest, dividends and real estate income, net of investment expenses.

2) Includes income on hedge funds, private equity funds and affordable housing partnerships. Alternative investment income is reported on a lag basis. Hedge funds are generally on a one month lag, while private equity funds are generally on a one quarter lag.

3) Includes call and tender income, changes in market value of investments accounted for under the fair value option, interest received on defaulted investments and other miscellaneous investment income.

4) Includes return on base portfolio. Quarterly results are annualized.

5) Represents the base yields and the incremental effect on base yield on alternative investments and other enhancements. Quarterly results are annualized.

6) Includes intercompany invested assets that are eliminated in consolidation.



Q&A

Appendix

Non-GAAP Reconciliation – Pre-tax Operating Income

(\$ in millions)	1Q13					Total
	AIG Property Casualty	AIG Life and Retirement	Mortgage Guaranty	Other Operations		
Income (loss) from continuing operations, before tax	\$ 1,614	\$ 1,570	\$ 44	\$ (353)	\$	2,875
Adjustments to arrive at pre-tax operating income:						
Net (income) loss from divested businesses ⁽¹⁾	-	-	-	(43)		(43)
Legal reserves (settlements), net of related expenses	-	(108)	-	9		(99)
Changes in fair value of securities designated to hedge living benefit liabilities, net of interest expense	-	29	-	-		29
Change in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	-	59	-	-		59
Loss on extinguishment of debt	-	-	-	340		340
Other income	(3)	-	-	3		-
Net realized capital (gains) losses	(54)	(156)	(3)	(87)		(300)
Pre-tax operating income (loss)	\$ 1,557	\$ 1,394	\$ 41	\$ (131)	\$	2,861

(\$ in millions)	1Q14					Total
	AIG Property Casualty	AIG Life and Retirement	Mortgage Guaranty	Other Operations		
Income (loss) from continuing operations, before tax	\$ 1,309	\$ 1,232	\$ 77	\$ (345)	\$	2,273
Adjustments to arrive at pre-tax operating income:						
Net (income) loss from divested businesses ⁽¹⁾	-	-	-	(21)		(21)
Legal reserves (settlements), net of related expenses	(8)	(30)	-	35		(3)
Changes in fair value of securities designated to hedge living benefit liabilities, net of interest expense	-	(76)	-	-		(76)
Change in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	-	(30)	-	12		(18)
Loss on extinguishment of debt	-	-	-	238		238
Net realized capital (gains) loss	(142)	321	(1)	35		213
Pre-tax operating income (loss)	\$ 1,159	\$ 1,417	\$ 76	\$ (46)	\$	2,606



¹⁾ Includes results of ILFC.

Non-GAAP Reconciliation – After-tax Operating Income

After-tax Operating Income Attributable to AIG (\$ in millions)	First Quarter	
	2013	2014
Net income (loss) attributable to AIG	2,206	1,609
Adjustments to arrive at After-tax operating income attributable to AIG:		
(Income) loss from discontinued operations	(73)	47
Net (income) loss from divested businesses ⁽¹⁾	(20)	(12)
Uncertain tax positions and other tax adjustments	626	(28)
Legal reserves (settlements) related to legacy crisis matters	(64)	(2)
Deferred income tax valuation allowance releases	(786)	(65)
Changes in fair value of AIG Life and Retirement fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	19	(49)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital (gains) losses	54	(12)
Loss on extinguishment of debt	221	155
Net realized capital (gains) losses	(201)	138
After-tax operating income attributable to AIG	1,982	1,781



¹⁾ Includes results of ILFC.

Non-GAAP Reconciliation – Return On Equity

Return On Equity	First Quarter	
	2013	2014
Annualized Net income attributable to AIG	\$ 8,824	\$ 6,436
Annualized After-tax operating income attributable to AIG	\$ 7,928	7,124
Average AIG Shareholders' equity ⁽¹⁾	98,761	102,152
Less: Average AOCI	12,206	7,723
Average AIG Shareholders' equity, excluding average AOCI ⁽¹⁾	\$ 86,555	\$ 94,429
ROE ⁽²⁾	8.9%	6.3%
ROE excluding AOCI ⁽³⁾	10.2%	6.8%
ROE - After-tax operating income ⁽⁴⁾	9.2%	7.5%



1) Includes net deferred tax asset.

2) Computed as Annualized Net income (loss) attributable to AIG divided by Average AIG Shareholders' equity.

3) Computed as Annualized Net income (loss) attributable to AIG divided by Average AIG Shareholders' equity, excluding AOCI.

4) Computed as Annualized After-tax operating income divided by Average AIG Shareholders' equity, excluding AOCI.

Non-GAAP Reconciliation – BVPS ex. AOCI and Premiums & Deposits

Book Value Per Common Share - Ex. AOCI (\$ in millions, except per share data)	December 31,		March 31,			
	2013		2013	2014		
Total AIG shareholders' equity	\$	100,470	\$	99,520	\$	103,833
Less: AOCI		6,360		11,839		9,085
Total AIG shareholders' equity, excluding AOCI	\$	94,110	\$	87,681	\$	94,748
Total common shares outstanding		1,464,063,323		1,476,345,163		1,446,647,787
Book value per common share	\$	68.62	\$	67.41	\$	71.77
Book value per common share, excluding AOCI	\$	64.28	\$	59.39	\$	65.49

AIG Life and Retirement Premiums and Deposits (\$ in millions)	First Quarter			
	2013	2014		
Premiums and deposits	\$	5,580	\$	7,129
Deposits		(4,804)		(6,373)
Other		(156)		(159)
Premiums	\$	620	\$	597

Non-GAAP Reconciliation – Accident Year Combined Ratio, As Adjusted

AIG Property Casualty Accident year combined ratio, as adjusted	Quarterly							
	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14
Commercial Insurance								
Loss ratio	70.7	78.0	100.9	64.9	72.6	71.8	77.9	69.4
Catastrophe losses and reinstatement premiums	(5.4)	(4.5)	(32.8)	(0.6)	(6.0)	(3.5)	(3.6)	(3.6)
Prior year development net of premium adjustments	0.1	(2.7)	(1.7)	1.1	(4.4)	(2.1)	(0.9)	(3.2)
Net reserve discount benefit (charge)	1.9	-	-	-	-	-	(6.1)	2.5
Accident year loss ratio, as adjusted	67.3	70.8	66.4	65.4	62.2	66.2	67.3	65.1
Acquisition ratio	17.2	15.6	15.5	16.3	16.3	15.8	16.1	16.2
General operating expense ratio	11.4	12.4	13.9	11.0	12.8	12.6	13.7	12.1
Expense ratio	28.6	28.0	29.4	27.3	29.1	28.4	29.8	28.3
Combined ratio	99.3	106.0	130.3	92.2	101.7	100.2	107.7	97.7
Catastrophe losses and reinstatement premiums	(5.4)	(4.5)	(32.8)	(0.6)	(6.0)	(3.5)	(3.6)	(3.6)
Prior year development net of premium adjustments	0.1	(2.7)	(1.7)	1.1	(4.4)	(2.1)	(0.9)	(3.2)
Net reserve discount benefit (charge)	1.9	-	-	-	-	-	(6.1)	2.5
Accident year combined ratio, as adjusted	95.9	98.8	95.8	92.7	91.3	94.6	97.1	93.4
Consumer Insurance								
Loss ratio	59.2	58.3	67.9	57.8	58.9	58.8	60.4	61.3
Catastrophe losses and reinstatement premiums	(1.1)	(0.6)	(8.9)	(0.3)	(0.3)	(1.2)	(0.6)	(2.5)
Prior year development net of premium adjustments	1.0	-	(1.0)	1.3	1.6	0.9	0.9	0.5
Accident year loss ratio, as adjusted	59.1	57.7	58.0	58.8	60.2	58.5	60.7	59.3
Acquisition ratio	23.5	25.7	26.9	24.9	25.9	26.1	25.2	25.9
General operating expense ratio	15.0	14.8	16.4	15.7	15.3	15.0	17.7	14.7
Expense ratio	38.5	40.5	43.3	40.6	41.2	41.1	42.9	40.6
Combined ratio	97.7	98.8	111.2	98.4	100.1	99.9	103.3	101.9
Catastrophe losses and reinstatement premiums	(1.1)	(0.6)	(8.9)	(0.3)	(0.3)	(1.2)	(0.6)	(2.5)
Prior year development net of premium adjustments	1.0	-	(1.0)	1.3	1.6	0.9	0.9	0.5
Accident year combined ratio, as adjusted	97.6	98.2	101.3	99.4	101.4	99.6	103.6	99.9
Total AIG Property Casualty								
Loss ratio	68.9	71.4	87.6	63.3	68.0	67.3	68.2	67.1
Catastrophe losses and reinstatement premiums	(3.7)	(2.9)	(22.9)	(0.5)	(3.7)	(2.7)	(2.4)	(3.2)
Prior year development net of premium adjustments	(1.5)	(2.0)	(1.4)	0.4	(2.3)	(0.8)	(3.1)	(1.9)
Net reserve discount benefit (charge)	1.1	-	-	-	(0.1)	(0.1)	3.7	1.2
Accident year loss ratio, as adjusted	64.8	66.5	63.3	63.2	61.9	63.7	66.4	63.2
Acquisition ratio	19.6	19.5	20.2	19.7	20.0	19.7	19.5	19.9
General operating expense ratio	13.9	14.1	17.3	14.3	14.6	14.6	16.1	14.2
Expense ratio	33.5	33.6	37.5	34.0	34.6	34.3	35.6	34.1
Combined ratio	102.4	105.0	125.1	97.3	102.6	101.6	103.8	101.2
Catastrophe losses and reinstatement premiums	(3.7)	(2.9)	(22.9)	(0.5)	(3.7)	(2.7)	(2.4)	(3.2)
Prior year development net of premium adjustments	(1.5)	(2.0)	(1.4)	0.4	(2.3)	(0.8)	(3.1)	(1.9)
Net reserve discount benefit (charge)	1.1	-	-	-	(0.1)	(0.1)	3.7	1.2
Accident year combined ratio, as adjusted	98.3	100.1	100.8	97.2	96.5	98.0	102.0	97.3





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