

President & Chief Executive Officer Letter to Shareholders



Peter Zaffino
President & Chief Executive Officer
American International Group, Inc.

At AIG, success starts with our colleagues.

Dear AIG Shareholder:

It is an honor to be writing to you as AIG's President & Chief Executive Officer. Following the transition from Brian Duperreault to me on March 1, 2021, I am looking to the future with gratitude and a sense of optimism.

I want to thank Brian and the other members of the Board of Directors for their confidence in me and for giving me the opportunity to lead AIG. I also want to thank our hard-working, diligent, and committed colleagues whose focus and dedication over the last few years allowed us to make remarkable strategic, operational, and financial progress, which has positioned AIG for long-term profitability and industry-leading performance.

At AIG, success starts with our colleagues.

For our colleagues to thrive, we must invest in them and continually develop and evolve the skill sets required to allow us to achieve underwriting and operational excellence, and meet the changing needs of our clients and distribution partners with respect to risk management and insurance. We must also maintain an inclusive and diverse work environment where advancement for everyone is possible. Engaged and motivated employees serve our clients and distribution partners well, which results in client retention, acquisition, and expansion – and value creation for our shareholders and other stakeholders.

In 2020, the world changed for everyone and every organization. The responsibilities, accountabilities, and opportunities facing commercial enterprises today, especially related to the well-being and health of colleagues, surpasses anything the global business community has ever faced. A pandemic, combined with social and racial injustices, shook the foundation of our economies, our sense of normalcy, our belief systems, and the stability of our communities.

AIG manages risks around the world, and in March 2020, the most immediate risk we faced was our colleagues' health and safety while they continued to serve our clients, policyholders, and distribution partners during an unprecedented time of disruption and uncertainty. We transitioned over 90 percent of our workforce to a remote working environment virtually overnight and more than a year later continue to manage through this global health and economic crisis.

The AIG Board of Directors and Executive Leadership Team are proud of the job our colleagues did in rising to this challenge while looking out for each other and our many stakeholders.

Value Creation: Shareholders

The keys to value creation for our shareholders are to build a more focused and aligned organization that is designed to deliver sustained, industry-leading performance; to continue refining our operating

fundamentals with regard to underwriting, reinsurance, risk appetite, strategic investments, and particularly with capital management; to return capital to our shareholders through dividends and, when appropriate, share buybacks; and to improve the experience of working with AIG for our clients and distribution partners, which will drive revenue and improved profitability.

Overall, we are making very good progress on our financial performance as demonstrated by AIG's full-year 2020 operating results.

Our accident year combined ratio, as adjusted*, for 2020 was 94.1 percent, a 190 basis-point improvement year-over-year. The General Insurance Global Commercial Lines accident year combined ratio, as adjusted*, for 2020 was 93.2 percent, a 340 basis-point improvement year-over-year. Our target to achieve a sub-90 percent accident year combined ratio, as adjusted*, is on track for the end of 2022. In addition, Life and Retirement's adjusted pre-tax income held steady at \$3.5 billion in 2020, and the business achieved a solid 13.6 percent Return on Adjusted Segment Common Equity* for the year, as Life and Retirement continues to demonstrate its ability to thrive as a standalone company.

We are actively working toward an IPO of up to 19.9 percent of Life and Retirement. Additionally, in connection with our October 2020 announcement about separation, we received inquiries from parties interested in aligning with us and potentially purchasing up to a 19.9 percent stake. We are carefully weighing the relative merits of this path compared to an IPO by considering the impact on value creation for AIG, execution certainty, regulatory and rating agency

implications, and delivery of Life and Retirement's strategy over the long term.

We are also making progress on AIG 200, our enterprise-wide effort focused on underwriting excellence, modernizing our operating infrastructure, enhancing the client and employee experience, and becoming a more unified company. We exceeded our target run-rate savings for 2020, and the costs required to achieve were lower than initially expected. We exited 2020 with a \$400 million run-rate benefit, which is 30 percent ahead of the guidance we provided in 2020.

Our overall target for AIG 200 remains unchanged. We expect to achieve run-rate savings of \$650 million by the end of 2021 and to deliver aggregate run-rate savings of \$1 billion by the end of 2022 against a total investment of \$1.3 billion. AIG 200 will help drive long-term, sustainable value creation for our shareholders.

Value Creation: Clients and Distribution Partners

Protection from the unexpected, unwanted, and unknown for small- and mid-sized businesses, large enterprises, multinationals, families, and individuals is at the heart of what AIG does for its clients and distribution partners. Our goal as risk management and insurance experts, working closely with our distribution partners, is to reinforce the trust and confidence of our clients every single day.

With a world that is rapidly changing, our clients' and distribution partners' expectations and insights are also changing, and we must keep pace.

**Our goal:
reinforce the trust
and confidence
of our clients
every single day.**

The real-time client experience demands digital excellence, a swiftness of information exchange, and insights from data. To address this evolution, we continue to make strategic investments in people and in client-centered technology. In 2021, a major focus for AIG will be advancing our digital strategy through the effective use of data and process-enabling technologies, which will provide us with valuable information upon which to make decisions.

Value Creation: Communities

The COVID-19 pandemic, combined with the social and racial injustices we witnessed in 2020 – and the real-time challenges confronting the business community to respond appropriately – makes being a company of action more important than ever before.

As a CEO with a platform and responsibility to impact lives, I feel a deep sense of conviction that we can never return to the prior status quo. Corporations and individuals must do better by embracing and pursuing racial and social justice and advancements for our colleagues and communities. At AIG, we are taking deliberate and meaningful actions that will result in positive outcomes for our local and global communities.

For example, the AIG FoundationSM committed funds to organizations focused on racial equity; we are working with the International Association of Black Actuaries to attract and recruit more Black talent; we are providing free legal counsel to individuals and organizations on matters related to criminal and social justice reform through AIG's Pro Bono Program; and we are encouraging and fostering a culture of candor for our colleagues through our Employee Resource Groups and a program called Courageous Conversations.

Our efforts continue to be recognized and, in 2020, AIG was once again named to DiversityInc's Top 50 Companies for Diversity. In 2021, for the 10th year since 2011, AIG was named a Best Place to Work for LGBTQ Equality by the Human Rights Campaign.

AIG also seeks to be a leader on issues such as gender equity. It is why, in 2019, we chose to become the title sponsor of the AIG Women's Open – one of the most prestigious women's professional golf events in the world. As title sponsor, we advocated for increasing the winner's purse by almost 40 percent as an initial step in achieving pay equity for these athletes. Also, in the face of COVID-19, we extended our title sponsorship through 2025, standing proudly as allies with these accomplished women golfers and enabling them to continue to break down barriers that will provide a lasting example for future generations.

In 2021 and beyond, AIG's focus will continue to be centered on value creation for our shareholders, clients and distribution partners, colleagues, and communities. I am immensely proud of what we accomplished in 2020 and am confident about what lies ahead.

AIG's future is compelling. It is colleague- and client-focused. It is one of excellence and quality. It is transparent. It is evolving. It is diverse and inclusive. It is compassionate.

And, it is getting better and stronger for our shareholders.

Sincerely,



Peter Zaffino
President & Chief Executive Officer
American International Group, Inc.

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* These are non-GAAP financial measures. The definition and reconciliation of **Accident Year Combined Ratio, as adjusted**, to the most comparable GAAP measure are on pages 52 and 87, respectively, of AIG's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (included herein). The definitions and reconciliations of **General Insurance Global Commercial Lines Accident Year Combined Ratio, as adjusted**, and **Life and Retirement Return on Adjusted Segment Common Equity** to the most comparable GAAP measure are included on pages 352 and 353 of this Annual Report.