# American International Group, Inc.

Third Quarter 2012 Results
Conference Call Presentation

November 2nd, 2012

# Cautionary Statement Regarding Projections and Other Information About Future Events

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, 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 AIG's 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 "believe," "anticipate," "expect," "intend," "plan," "view," "target," or "estimate". 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: actions by credit rating agencies; changes in market conditions; the occurrence of catastrophic events, both natural and man-made; significant legal proceedings; the timing and applicable requirements of any new regulatory framework to which AIG is subject as a savings and loan holding company and, if such a determination is made, as a systemically important financial institution (SIFI); concentrations in AIG's investment portfolios, including its municipal bond portfolio; judgments concerning casualty insurance underwriting and reserves; judgments concerning the recognition of deferred tax assets; judgments concerning deferred policy acquisition costs recoverability; judgments concerning the recoverability of aircraft values in International Lease Finance Corporation's (ILFC) fleet; and such other factors as are discussed in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), in Part II, Item 1A. Risk Factors in AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and in Part II, Item 1A. Risk Factors in AIG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, and in Part I, Item 1A. Risk Factors and in Part II, Item 7. MD&A of AIG's Annual Report on Form 10-K for the year ended December 31, 2011, as amended by Amendment No. 1 and Amendment No. 2 on Forms 10-K/A filed on February 27, 2012 and March 30, 2012, respectively, and Exhibit 99.2, MD&A of AIG's Current Report on Form 8-K filed on May 4, 2012.

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 non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the Third Quarter 2012 Financial Supplement available in the Investor Information section of AIG's corporate website, www.aig.com.

# Third Quarter 2012 Key Themes

| Highlights | Noteworthy Items |
|---|---|
| Capital Management Activities | ▪ $8.0 billion shares repurchased ($13.0 billion YTD)<br>▪ Sold $2.0 billion of AIA shares ($6.1 billion remaining value at Sept. 30, 2012)<br>▪ UST ownership in AIG reduced to 15.9%<br>▪ $4.0 billion amended bank credit facility<br>▪ $2.3 billion replacement unsecured credit facility at ILFC |
| Federal Reserve Supervision Begins | ▪ Fed regulation as a savings and loan holding company<br>▪ Notification of consideration for a potential non-bank SIFI determination |
| AIG Property Casualty Underwriting | ▪ NPW growth driven by Consumer Insurance and other high value lines<br>▪ Global Commercial rates +6.2% (+8.4% in the U.S.)<br>▪ Accident year loss ratio, as adjusted, continues to improve<br>▪ CAT losses of $261 million globally<br>▪ Net prior year adverse development of $145 million |
| AIG Life and Retirement Results | ▪ Positive equity market impact on reserves/DAC<br>▪ Adverse impact from noteworthy charges<br>▪ Variable annuities sales up 28% from 3Q11<br>▪ Base yields and net investment spreads decline sequentially |
| Stable trends at Mortgage Guaranty | ▪ Growth in new insurance written (+$2.2 billion from 2Q12)<br>▪ Delinquency ratio ↓ 70 bps from 2Q12 to 9.6%<br>▪ Net prior year favorable development of $44 million |

## Financial Highlights

| *($ in millions, except earnings and book value per share)* | Third Quarter 2012 | Third Quarter 2011 | Inc. (Dec.) |
|---|---|---|---|
| Revenues | $17,648 | $12,719 | 39% |
| **Net income attributable to AIG** | **1,856** | **(3,990)** | **NM** |
| **After-tax operating income attributable to AIG** | **$1,641** | **$(2,996)** | **NM** |
| **Diluted earnings per common share:** | | | |
| Net Income attributable to AIG | $1.13 | $(2.10) | NM |
| After-tax operating income attributable to AIG | $1.00 | $(1.58) | NM |
| **Book value per common share** | **$68.87** | **$42.60** | **62%** |
| **Book value per common share - Ex. AOCI** | **$61.49** | **$39.47** | **56%** |

# After-tax Operating Income (Loss)

## Improvement in insurance operations and valuation adjustments drive earnings growth.

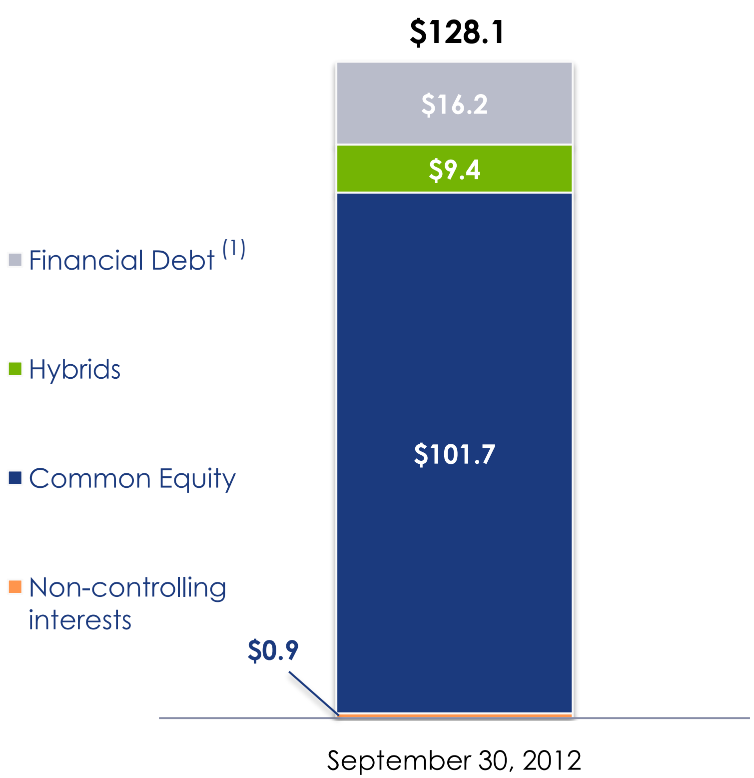
| | Third Quarter | |
|---|---|---|
| *($ in millions except per share amounts)* | 2012 | 2011 |
| Insurance operations | | |
| AIG Property Casualty | $786 | $492 |
| AIG Life and Retirement | 826 | 471 |
| Mortgage Guaranty (reported in Other) | 3 | (98) |
| **Total Insurance Operations** | **1,615** | **865** |
| Aircraft Leasing | 39 | (1,317) |
| Direct Investment book | 428 | 119 |
| Global Capital Markets | 190 | (174) |
| Change in fair value of AIA (including realized gain in 2012) | 527 | (2,315) |
| Change in fair value of Maiden Lane III | 330 | (931) |
| Interest expense | (416) | (406) |
| Corporate expenses and eliminations | (166) | (648) |
| **Pre-tax operating income attributable to AIG** | **2,547** | **(4,807)** |
| Income tax (expense) / benefit | (901) | 1,975 |
| Noncontrolling interest – Treasury | - | (145) |
| Other noncontrolling interest | (5) | (19) |
| **After-tax operating income attributable to AIG** | **$1,641** | **$(2,996)** |
| **After-tax operating income per diluted common share** | **$1.00** | **$(1.58)** |

# Strong Capital Position

## Execution of $13.0 billion in share repurchases year-to-date increased BVPS by $6.47/share.

### Capital Structure

($ in billions, except per share data)




| | |
|---|---|
| **Financial Debt + Hybrids / Capitalization** | **19.9%** |
| **Financial Debt / Capitalization** | **12.6%** |

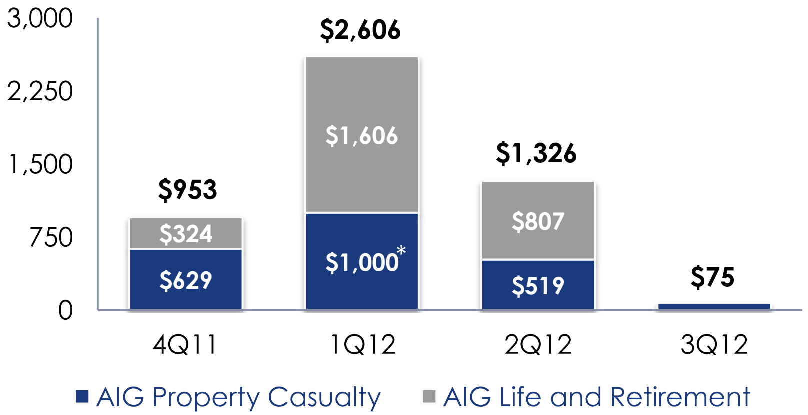
### Book Value Per Share


1) Includes AIG Loans, Mortgages, Notes and Bonds Payable, SAFG Inc. Notes and Bonds Payable, and Liabilities connected to the trust preferred stock.

# Financial Flexibility – A Source of Strength

## Insurance Company Distributions

($ in millions)

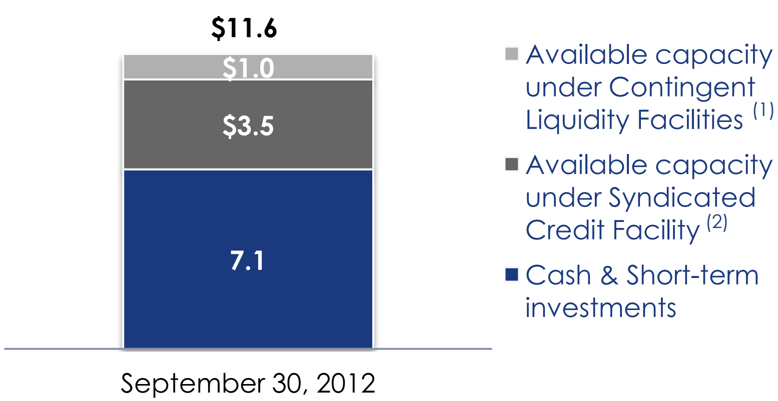



* Represents non-cash distribution of municipal securities.

- Distributions approximate $5.3 billion year-to-date and were $4.0 billion through September 30, 2012.
- Distributions received in October 2012 of $1.25 billion ($800 million from AIG Property Casualty and $454 million from AIG Life and Retirement).
- Future annual payments expected to be $4 – 5 billion.

## Parent Liquidity

($ in billions)

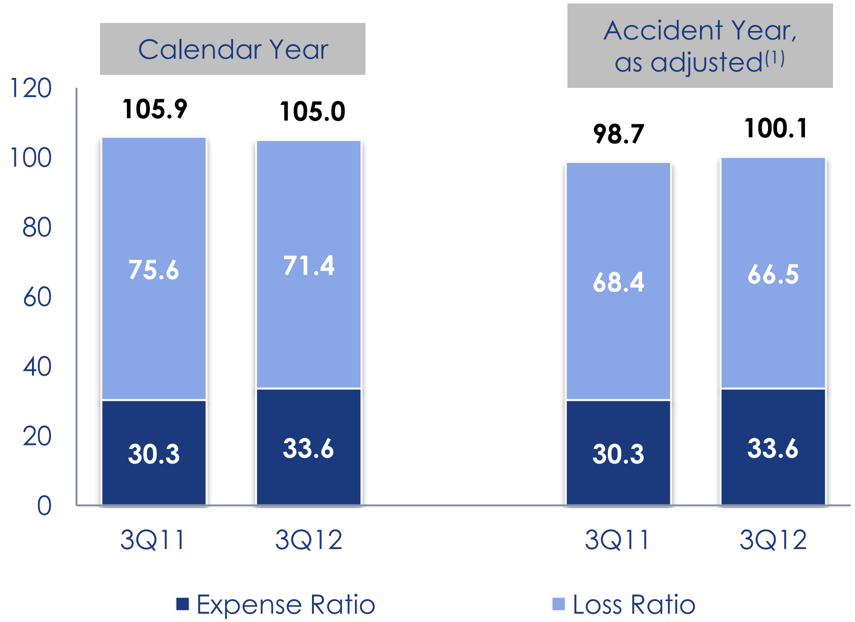



- Parent liquidity sources total $11.6 billion at September 30, 2012.
- Liquidity position reflects completion of $13.0 billion of share repurchases in 2012.
- Bank credit facility amended and increased by $1.0 billion to $4.0 billion.

1) $500 million contingent liquidity facility entered into in October 2011 will expire unless AIG requests to enter into put option arrangements by November 9, 2012. AIG does not currently intend to enter into any put option arrangements under this contingent liquidity facility.
2) Reduced by $500 million on October 5, 2012 as a result of the termination of the 364-day facility ($1.5 billion) and the amendment of the size of the 4-year facility from $3 billion to $4 billion.

# AIG Property Casualty – Consolidated Financial Highlights

## Global Combined Ratios




| Operating income ($ in millions) | |
|---|---|
| **3Q11** | **3Q12** |
| **$492** | **$786** |

- Decrease in accident year loss ratio, as adjusted, reflects shift in mix of business to higher value lines and geographies, improved pricing and enhanced risk selection tools.
- Increase in expenses was primarily driven by higher acquisition costs due to the shift to more profitable, stable lines (approximately 2.5 points) and continued strategic investments.
- Net prior year adverse reserve development of $145 million driven by environmental, primary casualty and workers' compensation.
- CAT losses of $261 million globally in 3Q12 include $121 million of crop insurance losses from U.S. droughts and $98 million from Hurricane Isaac.
- Operating income included net investment income of $1.2 billion in 3Q12, up 20% from 3Q11. Growth reflects positive marks on recently acquired securities.

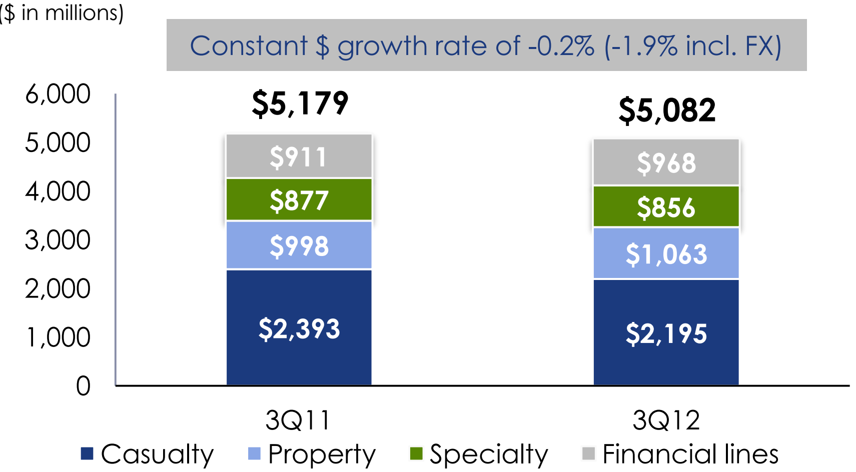
1) Combined ratio excluding catastrophe losses, reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discount.

# AIG Property Casualty – Commercial Insurance Results

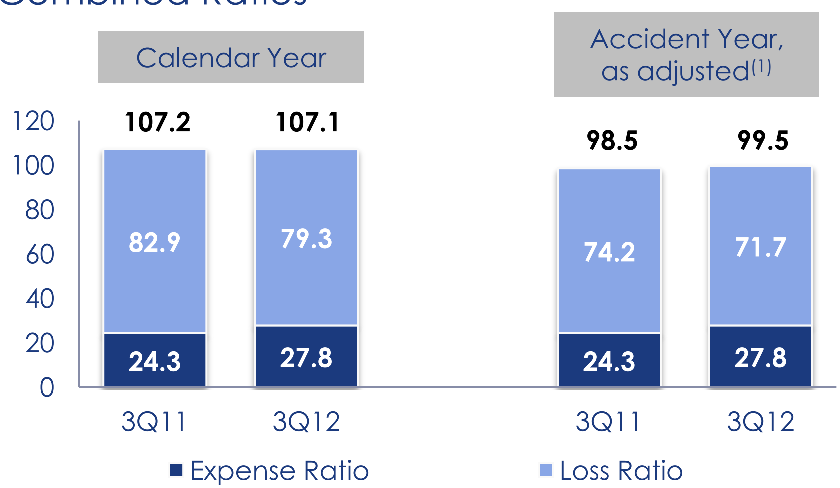
## Results reflect continued business mix shift and enhanced risk selection.

### Net Premiums Written

($ in millions)




### Combined Ratios




- Global commercial insurance rates increased +6.2% over the prior year period (+8.4% for the U.S.) led by Property at +12.1% and Workers' Compensation at +8.9%.
- Commercial Insurance continues to demonstrate underwriting discipline, focusing resources on higher value, profitable lines of business and geographies.
- Commercial CAT losses total $239 million.
- Current accident year loss ratio, as adjusted, reflects focus on risk selection and price increases.

1) Combined ratio excluding catastrophe losses, reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discount.

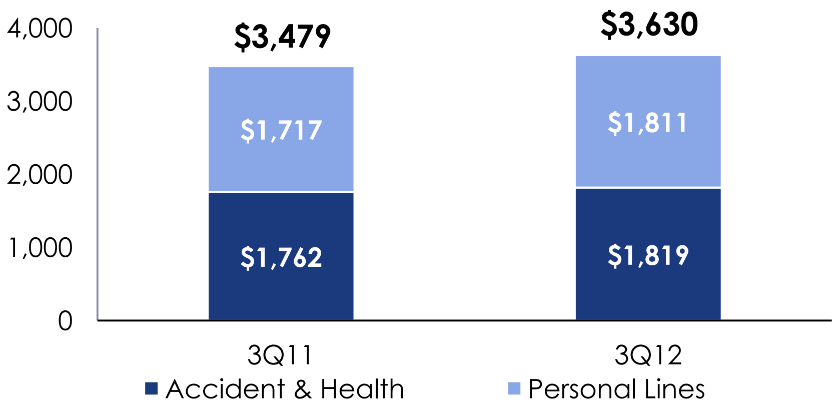
# AIG Property Casualty – Consumer Insurance Results

## Consumer growth reflects continued progress on global growth strategies.

### Net Premiums Written

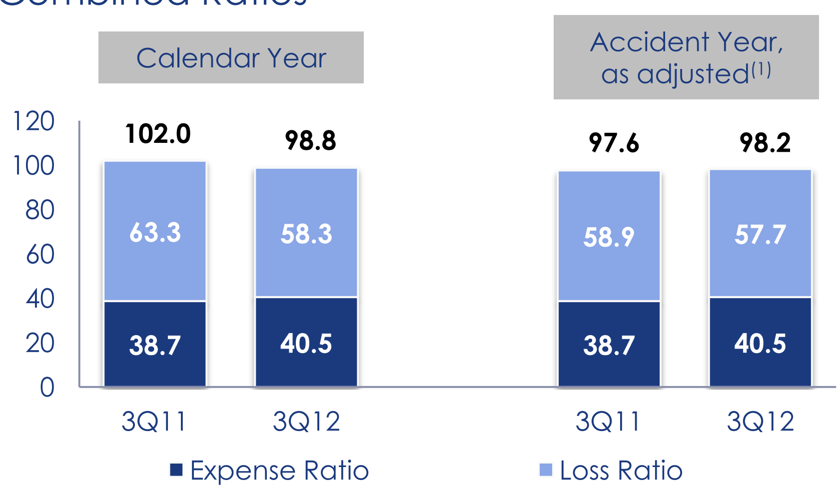
($ in millions)

Constant $ growth rate of 6.2% (4.3% incl. FX)




- Consumer Insurance NPW was 40% of total AIG Property Casualty NPW for year to date 2012, reflecting growth across the business using multiple distribution channels.
- Direct Marketing accounts for 15% of Consumer's overall net premiums written for the three- and nine-month periods ended September 30, 2012.

### Combined Ratios




- Consumer CAT losses total $22 million.
- Expense ratio reflects increased acquisition costs, including direct marketing expenses.

1) Combined ratio excluding catastrophe losses, reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discount.

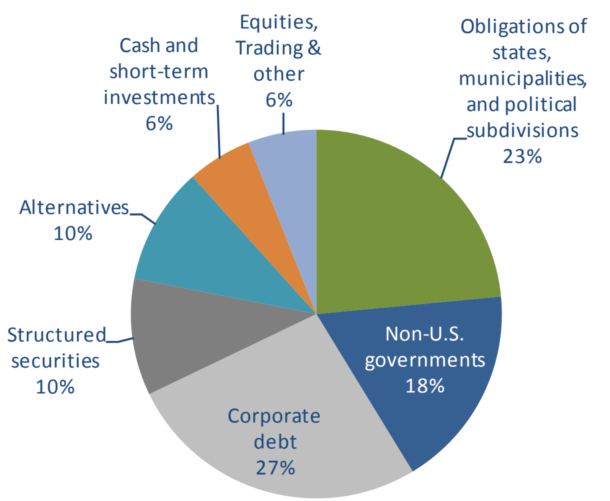
# AIG Property Casualty – Investment Returns and Asset Allocation

## Net Investment Income

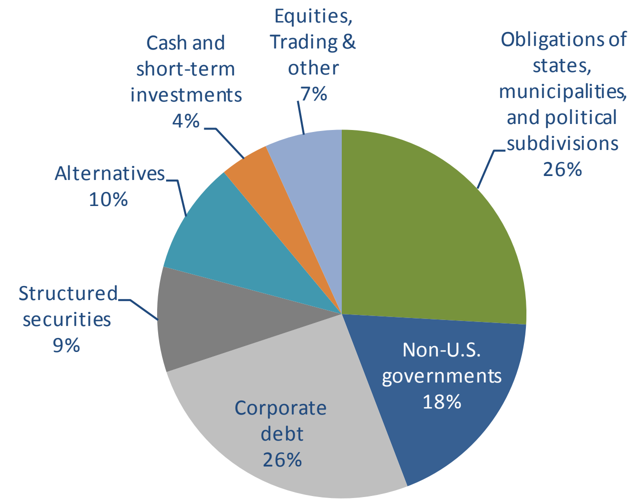
| ($ in millions) | Third Quarter 2012 | Third Quarter 2011 | Third Quarter Inc. (Dec.) | Year-to-Date 2012 | Year-to-Date 2011 | Year-to-Date Inc. (Dec.) |
|---|---|---|---|---|---|---|
| Interest and dividends | $ 1,000 | $ 970 | 3% | $ 2,981 | $ 2,779 | 7% |
| Alternative investments | 87 | 55 | 58% | 327 | 457 | (28%) |
| Other, net[1] | 140 | (1) | NM | 295 | 109 | 171% |
| **Net investment income** | **$ 1,227** | **$ 1,024** | **20%** | **$ 3,603** | **$ 3,345** | **8%** |
| **Yield** | **3.88%** | **3.26%** | | **3.81%** | **3.60%** | |

## Asset Allocation[2]

**Invested Assets as of Sept. 30, 2012 - $127.9 billion**




**Invested Assets as of Dec. 31, 2011 - $125.0 billion**

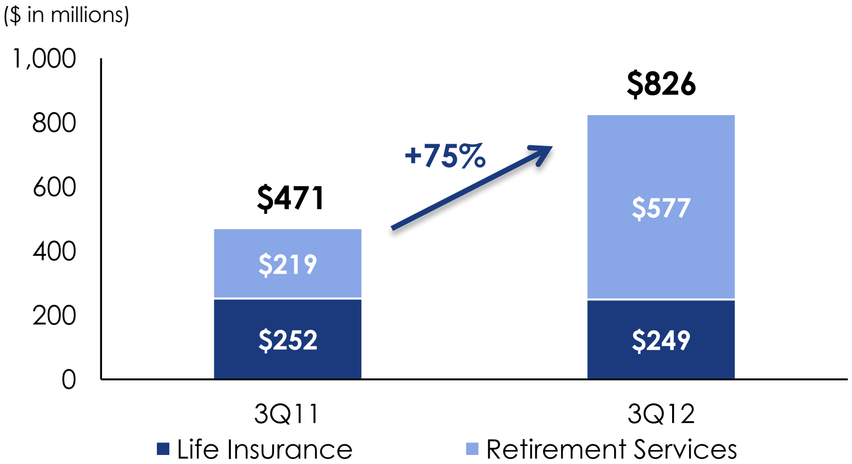



1) Includes income/loss from mutual funds, real estate, equity method investments and mark-to-market gains and losses, net of investment expenses.
2) Excludes intercompany assets.

# AIG Life and Retirement – Financial Highlights

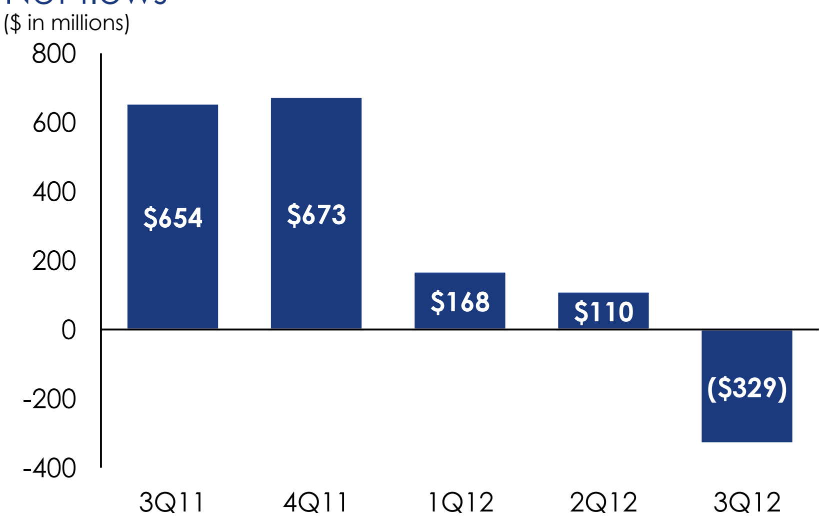
## Positive equity markets and noteworthy charges impact results.

### Operating Income




- Operating income in 3Q12 reflected the positive impact from equity markets and stronger partnership returns.
- Noteworthy charges totaling $196 million in 3Q12 related to death claims reserve, GIC reserve increase and life restructuring charges.

### Net flows




- Net flows in 3Q12 reflected lower fixed annuity deposits, partially offset by strong variable annuity and mutual fund net flows.
- Variable annuities sales increased 28% from 3Q11.
- Total AUM were $275.5 billion up 10% from a year ago due to the impact of equity markets.

AIG

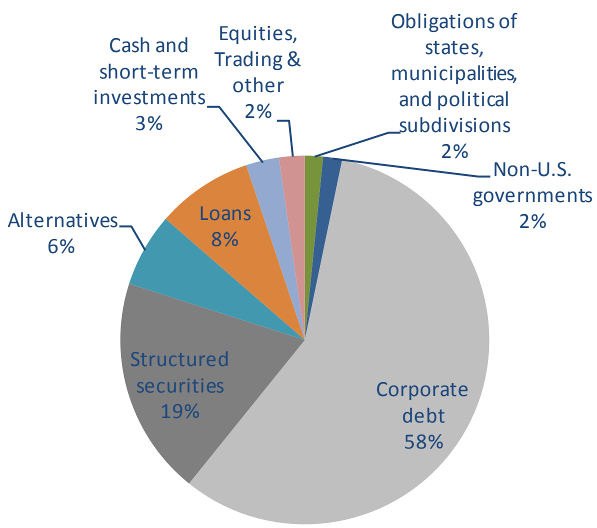
# AIG Life and Retirement – Investment Returns and Asset Allocation

## Net Investment Income

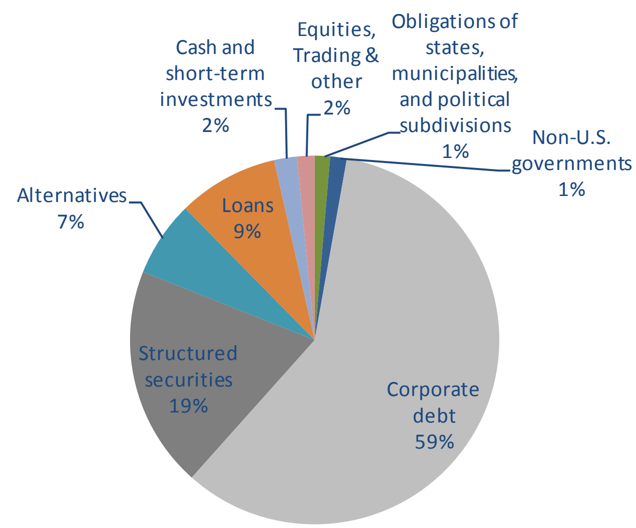
| ($ in millions) | Third Quarter 2012 | Third Quarter 2011 | Third Quarter Inc. (Dec.) | Year-to-Date 2012 | Year-to-Date 2011 | Year-to-Date Inc. (Dec.) |
|---|---|---|---|---|---|---|
| Interest and dividends | $ 2,293 | $ 2,247 | 2% | $ 7,285 | $ 6,671 | 9% |
| Alternative investments | 170 | 89 | 91% | 622 | 811 | (23%) |
| Call and tender income | 72 | 67 | 7% | 104 | 198 | (47%) |
| Other, net[1] | 62 | (108) | NM | (8) | (170) | NM |
| **Net investment income** | **$ 2,597** | **$ 2,295** | **13%** | **$ 8,003** | **$ 7,510** | **7%** |
| **Base Yield[2]** | **5.38%** | **5.49%** | | **5.46%** | **5.31%** | |
| **Total Yield[3]** | **5.86%** | **5.21%** | | **6.03%** | **5.73%** | |

## Asset Allocation[4]

### Invested Assets as of Sept. 30, 2012 - $200.2 billion




### Invested Assets as of Dec. 31, 2011 - $189.8 billion

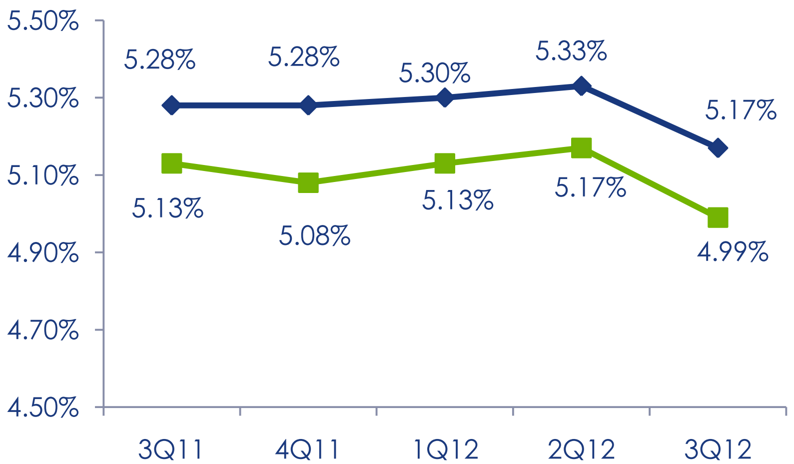



1) Includes income/loss from mutual funds, real estate, equity method investments and mark-to-market gains and losses, net of investment expenses.
2) Includes the investment return on surplus other than alternative investment or yield enhancement activities. Quarterly results are annualized.
3) Represents the base yields and the incremental effect to base yield on investments in hedge funds, private equity funds, gains on ML II and income from calls and prepayment fees. Quarterly results are annualized.
4) Excludes intercompany assets.

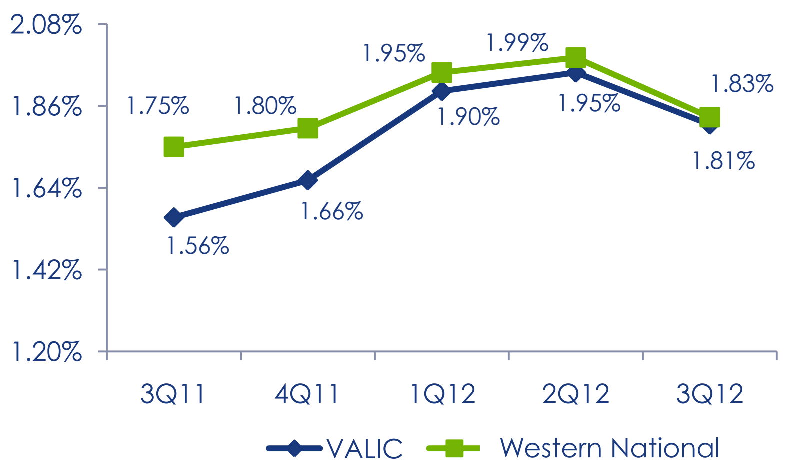
# AIG Life and Retirement – Base Yields and Net Investment Spreads

## Base Yields and Net spreads decreased in the Third Quarter.

### Base Yields[(1)]




### Base Net Investment Spreads[(1)]




- Base net investment spreads declined in 3Q12 reflecting lower base yields.
- Sequential decline in base yields reflect:
  - Lower accretion income on structured securities.
  - Lower income on certain equity method investments.
  - Lower yields on new purchases due to lower interest rates, credit spread tightening and higher credit quality purchases.
- At September 30, 2012, a total of 61% of account values are at contractual minimum guaranteed crediting rates vs. 41% at the end of 3Q11.

1) Excludes alternatives and other enhancements.

# AIG Life and Retirement – Proactively Addressing Sustained Low Interest Rates

## 2012 Management Actions

- Continued disciplined approach to new business pricing.
- Actively managing renewal rates.
- Re-priced certain life products to reflect current low rate environment.
- Re-filed certain products to continue lowering minimum rate guarantees

## Effect of Low Rates on Annual Earnings[1]

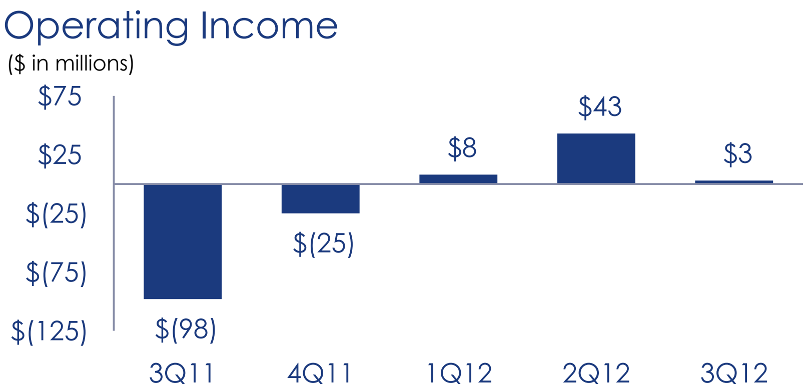
| $ in millions | 2013 | 2014 | 2015 |
|---|---|---|---|
| Estimated impact on pre-tax operating income | ($60) – ($80) | ($140) – ($180) | ($250) – ($300) |

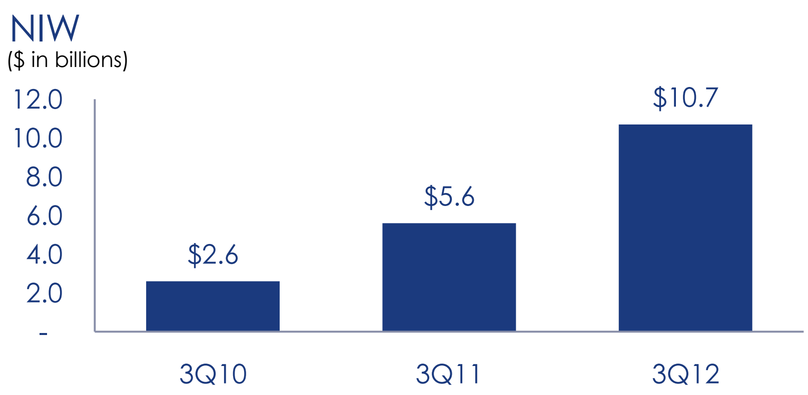
- Opportunistic investments in structured securities, redeployment of cash in 2011and disciplined management of interest crediting rates mitigated the low rate impact on 2012.
- Estimated annual decline excludes impact of asset sales program to utilize capital loss tax carryforwards completed in 2012. Reinvestment of proceeds at lower yields reduces operating income, however, we have captured real economic benefits. Estimated decline in income is $33 million in 2013, $29 million in 2014 and $26 million in 2015.
- No significant DAC or statutory capital impacts anticipated due to low interest rate environment.

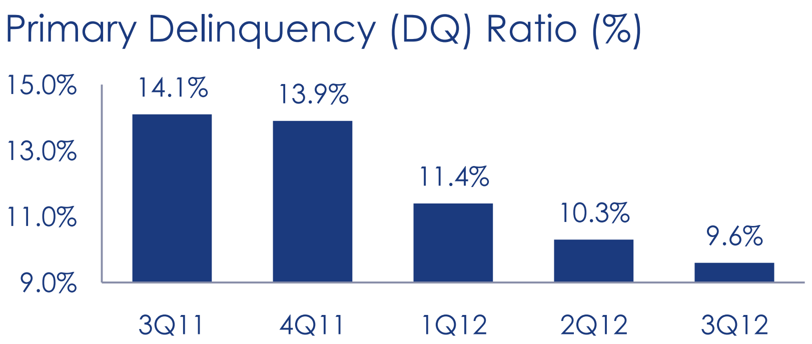
1) Assumes the 10-Year Treasury Rate remains at 1.63% ( rate as of 9/30/12) and current credit spreads. Assumes future reinvestment of base portfolio cash flows at yields of 3.75% - 4.25%. Estimates are sensitive to future economic assumptions and it is possible actual results will differ, possibly materially, from estimates shown above due to market conditions, company actions or other factors.

# Mortgage Guaranty – Stable Trends

- In 3Q 2012, Mortgage Guaranty generated operating income of $3 million, driven by favorable reserve development of $44 million partially offset by continued high levels of new delinquencies.
- New insurance written (NIW)[1] of $10.7 billion in 3Q 2012 with consistently high quality risks.




| Vintage | FICO | LTV |
|---|---|---|
| 2010 | 760 | 90 |
| 2011 | 757 | 91 |
| Q1'12 | 760 | 91 |
| Q2'12 | 759 | 91 |
| Q3'12 | 758 | 91 |

| DQ Aging | 4Q11 | 1Q12 | 2Q12 | 3Q12 |
|---|---|---|---|---|
| % Over 12 Months | 47% | 44% | 42% | 40% |

1) New insurance written – original principal balance of loans (First-lien)

# Appendix

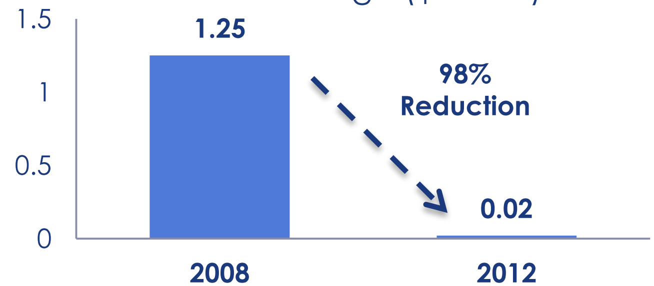
# Legacy AIGFP: What We've Accomplished

## AIG will continue to de-risk the legacy AIGFP portfolio while ensuring the firm retains the maximum economic benefit possible.

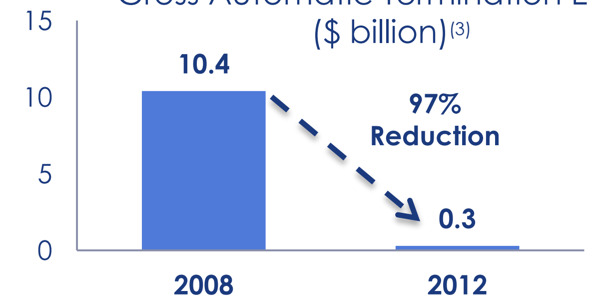
Net Notional Exposures ($ billion)

| Derivatives Book | December 31, 2008 (1) | December 31, 2011 | September 30, 2012 | % Reduction 2008 – 2012 | % Reduction 2011 – 2012 |
|---|---|---|---|---|---|
| Market Derivatives | ~1,450 | 131 | 112 | 92% | 15% |
| Multi-sector CDS | ~13 | 6 | 4 | 69% | 33% |
| Corporate Arbitrage | ~52 | 12 | 12 | 77% | 0% |
| Regulatory Capital CDS | ~245 | 7 | 1 | >99% | 86% |
| Stable Value Wraps | ~40 | 20 | 19 | 53% | 5% |
| **Total Legacy Derivatives (4)** | **~$1,800** | **$176** | **$148** | **92%** | **16%** |

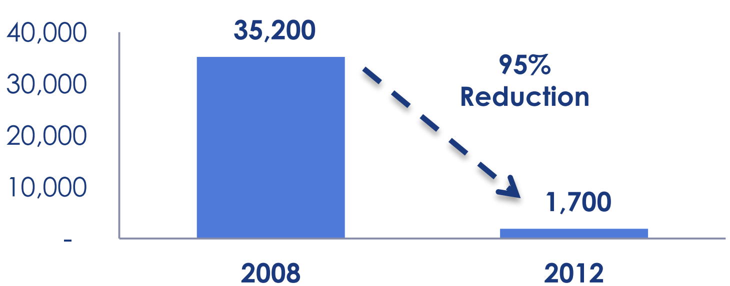
Gross Vega ($ billion)(2)




Gross Automatic Termination Event ($ billion)(3)




Position Count




1) 2008 net notional amounts are approximate.
2) The Gross Vega is calculated as the sum of all the individual positions' absolute vegas as if each position is not hedged. Although AIGFP's books are almost completely hedged on a net Vega basis, the Gross Vega measure will help monitor how well the volatility risk is being eliminated. The interest rate option vega denotes the change in value due to a 0.1% increase in normal volatility. For other derivatives (i.e., Equity, Commodity and FX option), vega denotes the change in value due to a 1% increase in lognormal volatility.
3) Gross ATE measures the impact of a three-notch downgrade. 2008 Gross ATE includes $1.3 billion attributable to GICs.
4) Excludes $17.8 billion and $10.2 billion of intercompany derivatives in 2012 and 2011, respectively.

AIG

# Legacy AIGFP: Where We're Going

## Actively managing the portfolio for maximum profit contribution and limited risk.

<table>
<tr><th>Type</th><th>Estimated Average Life</th><th>Description</th></tr>
<tr><td rowspan="2">Market Derivatives</td><td>5.3 years</td><td>AIG Derisking Activities and portfolio hedging - ~$81 bn:<br>▪ Aggregate Value at Risk on Market Derivatives is effectively zero at a 95% confidence level<br>▪ Derivatives primarily facilitate hedging of the assets and liabilities of the DIB program as well as affiliate companies' ordinary course risk management activity</td></tr>
<tr><td>7.7 years</td><td>3rd Party Client Trades - ~$31 bn:<br>▪ Aggregate Value at Risk on Market Derivatives is effectively zero at a 95% confidence level<br>▪ Third-party trades primarily intermediated and represent ~$31 bn of total remaining notional<br>▪ Bulk of remaining trades expected to remain until maturity as they have been intermediated to preserve economic value or provide attractive funding</td></tr>
<tr><td>Stable Value Wraps</td><td>4.1 years</td><td>▪ No material realized losses even through market stress of 2008<br>▪ Majority expected to be moved to regulated insurance entity during the fourth quarter of 2012</td></tr>
<tr><td>Multi-sector CDS</td><td>5.8 years</td><td>▪ $ 580 million profit contribution since 12/31/08<br>▪ Managed to retain significant future upside<br>- Where economics are compelling will continue to unwind trades</td></tr>
<tr><td>Corporate Arbitrage</td><td>3.4 years</td><td>▪ $1.89 billion profit contribution since 12/31/08<br>▪ Vast majority of notional has been intermediated to preserve economics while eliminating contingent liquidity<br>▪ Third-party credit review confirms no expected losses even in stress scenarios</td></tr>
<tr><td>Regulatory Capital CDS</td><td>0.2 years</td><td>▪ $251 million profit contribution since 12/31/08 on termination of related mezzanine and hedges<br>▪ Third-party credit review confirms no expected losses even in stress scenarios<br>▪ Expect remaining positions to be called when they lose their capital benefits</td></tr>
</table>