



American International Group, Inc.

Third Quarter 2013 Results
Conference Call Presentation

November 1, 2013

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Third Quarter 2013 Key Themes

Highlights:	Noteworthy Items
Capital Management & Liquidity	<ul style="list-style-type: none"> ▪ \$1.9 billion of insurance company dividends (\$4.6 billion in dividends and loan repayments YTD) ▪ Issued \$1 billion of 3.375% 7-year senior notes; redeemed \$500 million principal amount of senior notes due 2014 ▪ In October 2013, issued \$1.0 billion of 4.125% 10-year senior notes ▪ Continue to work towards ILFC sale/IPO
AIG Property Casualty	<ul style="list-style-type: none"> ▪ Accident year loss ratio, as adjusted, declined 2.8 points to 63.7 from 3Q12 ▪ Positive rate change in 3Q13, with Global Commercial rates up 3.4% (+5.5% in North America) ▪ Net premiums written grew 3% from 3Q12 excluding foreign exchange, timing of recognition of ceded premiums written on excess of loss reinsurance agreements, and loss sensitive premium adjustments ▪ CAT losses total \$222 million; severe losses of \$211 million
Mortgage Guaranty	<ul style="list-style-type: none"> ▪ Growth in new insurance written (up 34% from 3Q12) with consistently high quality risks ▪ Earnings reflect new business; 55% of net premiums earned in 3Q13 were from business written after 2008 ▪ Delinquency ratio declined 70 bps from 2Q13 to 6.4%
AIG Life and Retirement	<ul style="list-style-type: none"> ▪ Continued strong variable annuity sales of \$2.4 billion and retail mutual fund sales growth drove positive net flows; fixed annuity sales grew to \$1.2 billion benefiting from improving interest rates ▪ AUM increased 10% from the year ago period resulting in higher fee income ▪ Ongoing active crediting rate management continued to enhance profitability ▪ Net investment income impacted by lower returns from alternative investments and current reinvestment rates at levels lower than portfolio yield ▪ Net \$118 million favorable impact related to a review of estimated gross profit assumptions



Financial Highlights

(\$ in millions, except per share amounts)	Third Quarter		
	2012	2013	Inc. (Dec.)
Revenues	\$16,722	\$14,826	(11%)
Net income attributable to AIG	1,856	2,170	17%
After-tax operating income attributable to AIG	\$1,621	\$1,421	(12%)
Diluted earnings per common share:			
Income from continuing operations	\$1.11	\$1.49	34%
Income from discontinued operations	\$0.02	(\$0.03)	NM
After-tax operating income attributable to AIG	\$0.99	\$0.96	(3%)
Book value per common share	\$68.87	\$67.10	(3%)
Book value per common share - Ex. AOCI	\$60.59	\$62.68	3%
ROE – After-tax operating income⁽¹⁾	7.0%	6.2%	



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

After-tax Operating Income

3Q13 results reflect strong growth in insurance operating earnings.

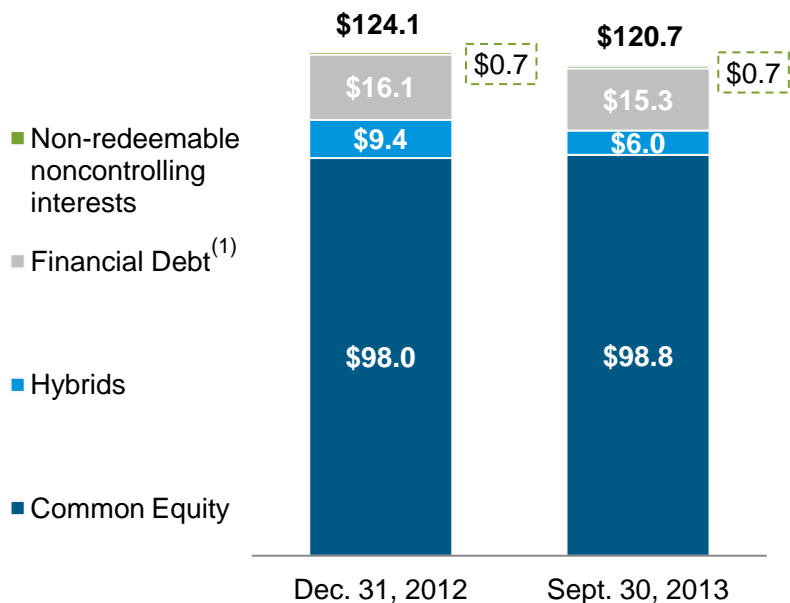
(\$ in millions, except per share amounts)	Third Quarter	
	2012	2013
Insurance operations		
AIG Property Casualty	\$786	\$1,044
AIG Life and Retirement	826	1,144
Mortgage Guaranty (reported in Other)	3	43
Total Insurance Operations	1,615	2,231
Direct Investment book	428	110
Global Capital Markets	190	29
Change in fair value of AIA (including realized gain)	527	-
Change in fair value of Maiden Lane III	330	-
Interest expense	(416)	(334)
Corporate expenses	(166)	(282)
Other	14	(45)
Pre-tax operating income	2,522	1,709
Income tax expense	(896)	(307)
Other noncontrolling interest	(5)	19
After-tax operating income attributable to AIG	\$1,621	\$1,421
After-tax operating income per diluted common share	\$0.99	\$0.96



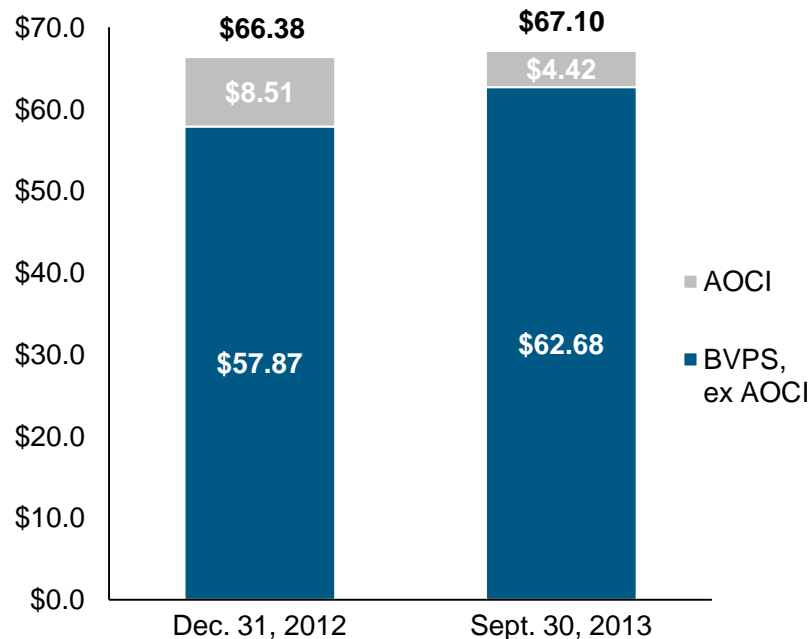
Strong Capital Position

Capital Structure

(\$ in billions, except per share data)



Book Value Per Share



Leverage Ratios:

Financial Debt + Hybrids / Capitalization

Dec. 31, 2012

20.5%

Sept. 30, 2013

17.6%

Financial Debt / Capitalization

12.9%

12.6%

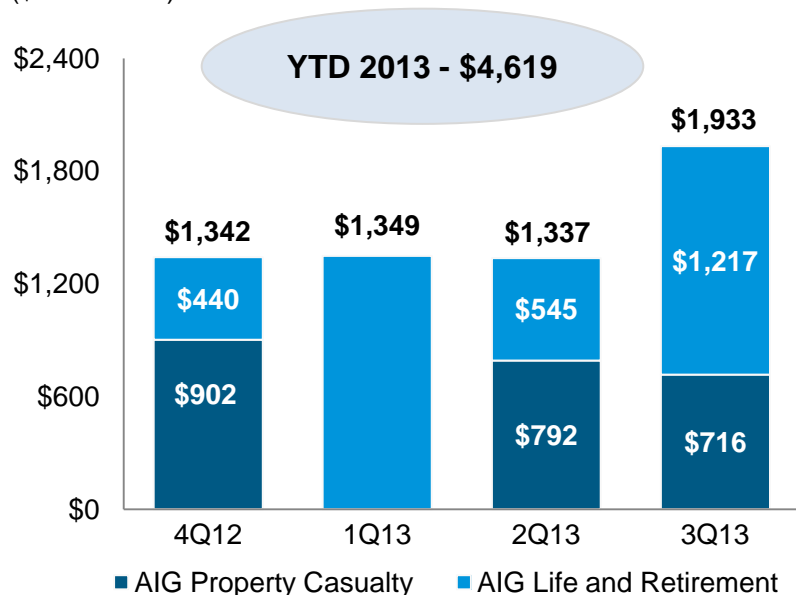


1) Includes AIG Notes, Bonds, Loans and Mortgages Payable, and AIGLH Notes and Bonds Payable and junior subordinated debt.

Financial Flexibility – A Source of Strength

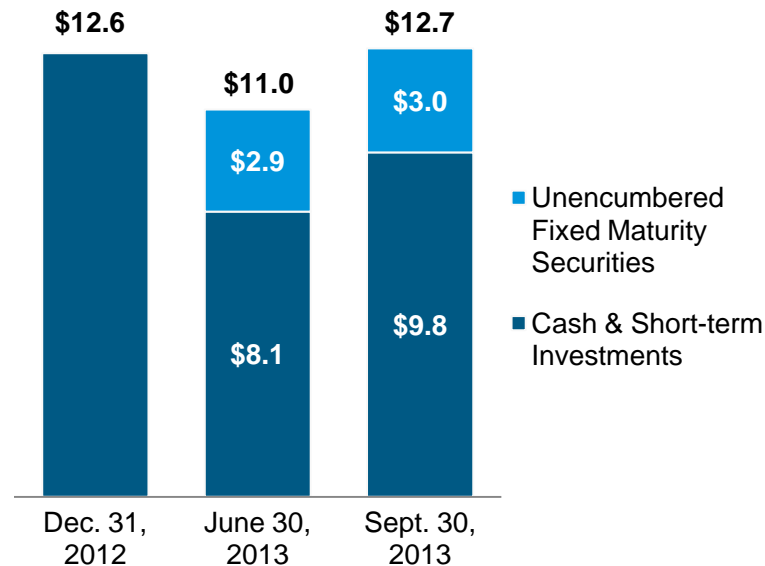
Insurance Company Distributions

(\$ in millions)



Parent Cash, Short-Term Investments & Unencumbered Securities

(\$ in billions)



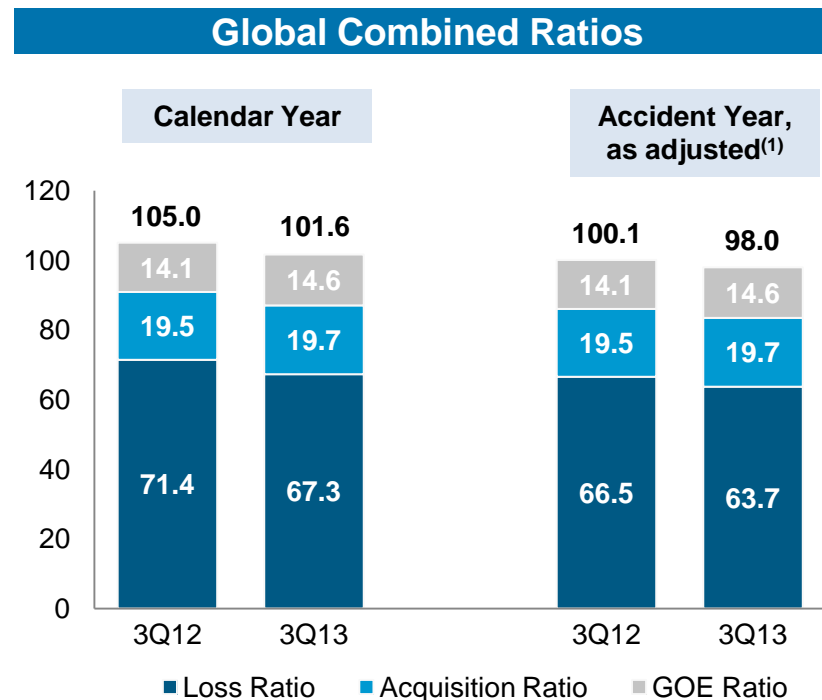
- AIG Parent cash, short-term investments and unencumbered fixed maturity securities of \$12.7 billion includes \$5.9 billion allocated toward future maturities of liabilities and contingent liquidity stress needs of the Direct Investment book and Global Capital Markets as of September 30, 2013.
- AIG Parent also maintains available capacity of \$4.1 billion under its syndicated credit facility and contingent liquidity facility.



AIG Property Casualty – Financial Results

Operating results demonstrate continued execution of strategic initiatives.

(\$ in millions)	3Q12	3Q13
Net premiums written	\$8,712	\$8,660
Net premiums earned	8,752	8,427
Underwriting income (loss)	(441)	(135)
Net investment income	1,227	1,179
Pre-tax operating income	\$786	\$1,044



- Net premiums written grew 3% from 3Q12, excluding foreign exchange and the timing of recognition of ceded premiums written on excess of loss reinsurance agreements and loss sensitive premium adjustments, reflecting growth of new business and rate increases. Net premiums written on an as-reported basis declined 1% from 3Q12.
- The accident year loss ratio, as adjusted, improved from 3Q12, as a result of the shift to higher value business, enhanced risk selection, loss mitigation initiatives and improved pricing.
- Net investment income decline primarily reflects lower returns from alternative investments and mutual funds.



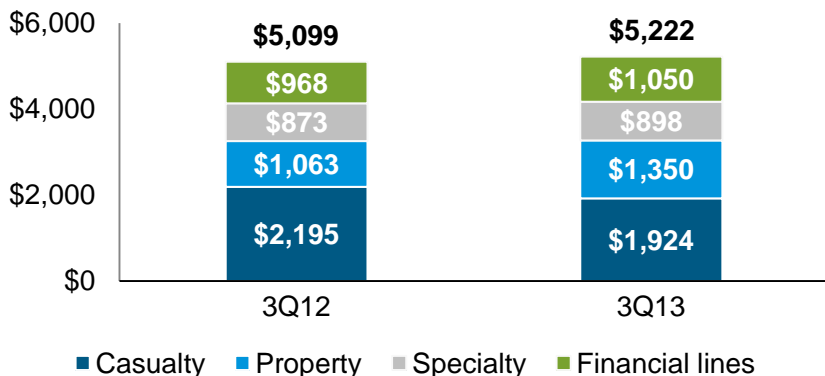
1) Both the accident year combined ratio, as adjusted, and accident year loss ratio, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments and the impact of reserve discounting.

Commercial Insurance – Underwriting Results

Commercial Insurance results reflect business mix shift, enhanced risk selection, and price increases.

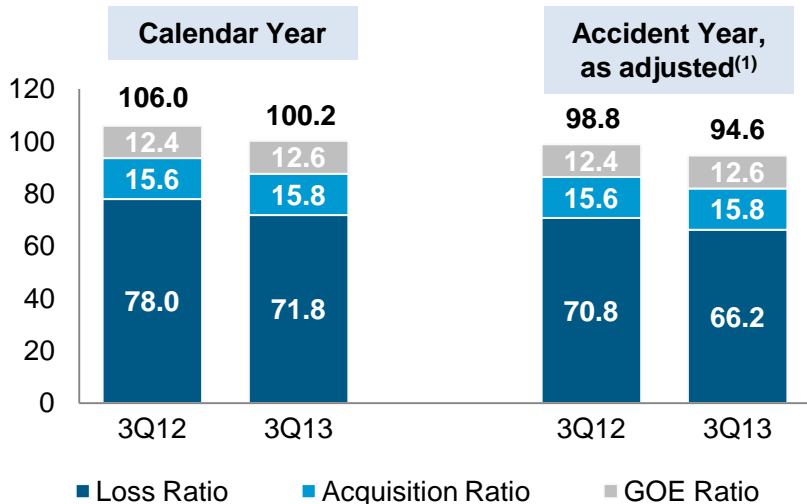
Net Premiums Written

(\$ in millions)

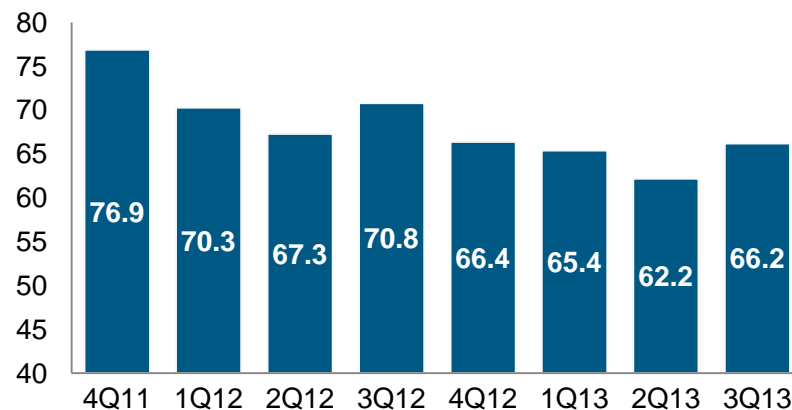


- Commercial Insurance continued to focus on growing higher value, profitable lines of business and geographies.
- Commercial Insurance rates increased +3.4% (+5.5% for North America), led by U.S. Casualty at +7.3% and U.S. Financial Lines at +5.8%.

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

Consumer Insurance continues to implement global growth strategies across multiple distribution channels.

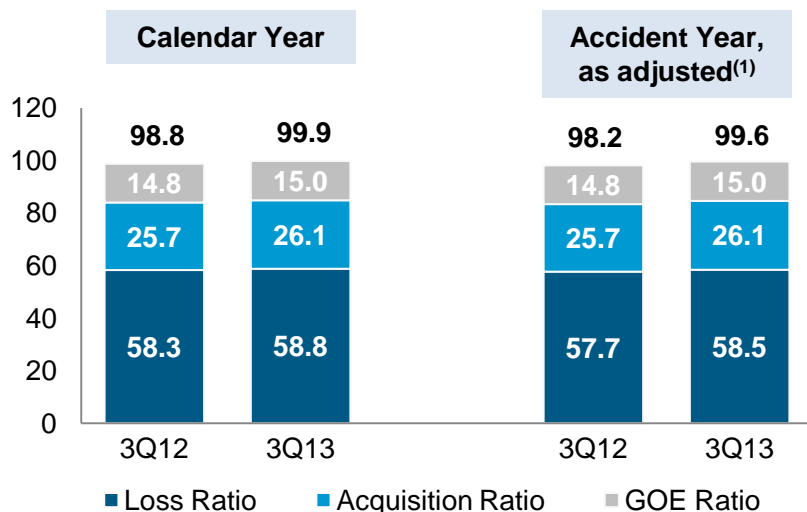
Net Premiums Written

(\$ in millions)

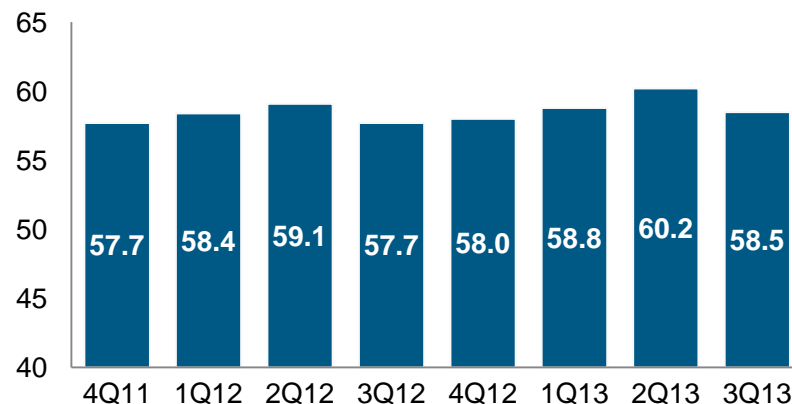


- Consumer NPW grew 4% from 3Q12 excluding foreign exchange and the excess of loss reinsurance change and declined 5% on an as-reported basis.
- NPW from Direct Marketing grew 3% from 3Q12 and represented 16% of total Consumer NPW in 3Q13.
- The accident year loss ratio, as adjusted, increased in 3Q13 reflecting deterioration in U.S. warranty, partially offset by improvements in Japan auto.

Combined Ratios



Accident Year Loss Ratio, as adjusted⁽¹⁾



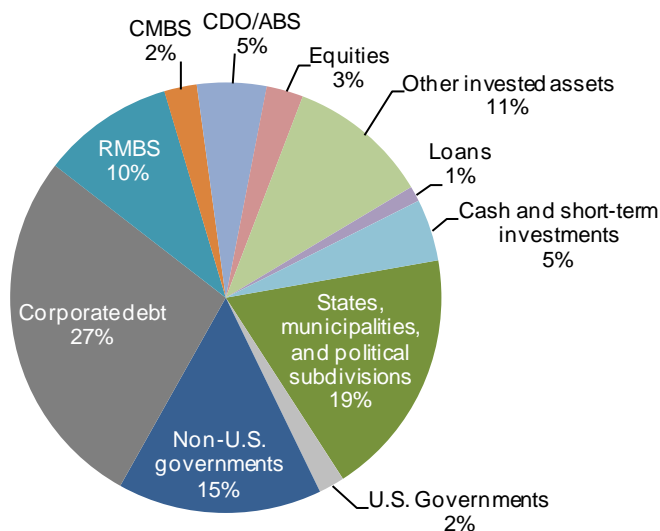
1) Both the accident year combined ratio, as adjusted, and accident year loss ratio, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments and the impact of reserve discounting.

AIG Property Casualty – Investments

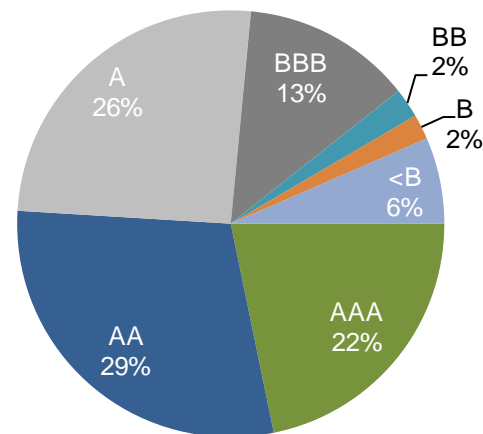
Net investment income: (\$ in millions)	Third Quarter		
	2012	2013	Inc./.(Dec.)
Interest and dividends	\$ 1,000	\$ 975	(3%)
Alternative investments	87	69	(21%)
Other, net ⁽¹⁾	140	135	(4%)
Net investment income	\$ 1,227	\$ 1,179	(4%)
Yield	3.88%	3.76%	

Total Cash & Invested Assets as of September 30, 2013 - \$124.9 billion⁽²⁾

Total Portfolio Composition



Bond Portfolio - \$101.0 billion - by Agency Credit Rating



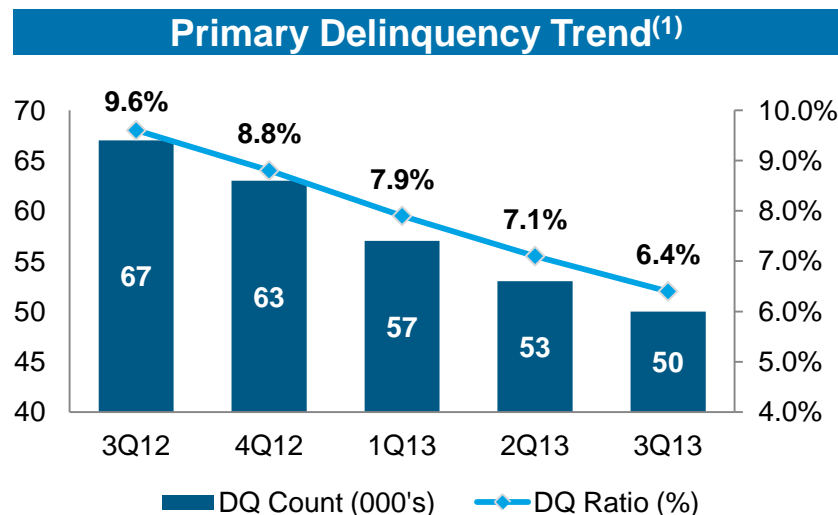
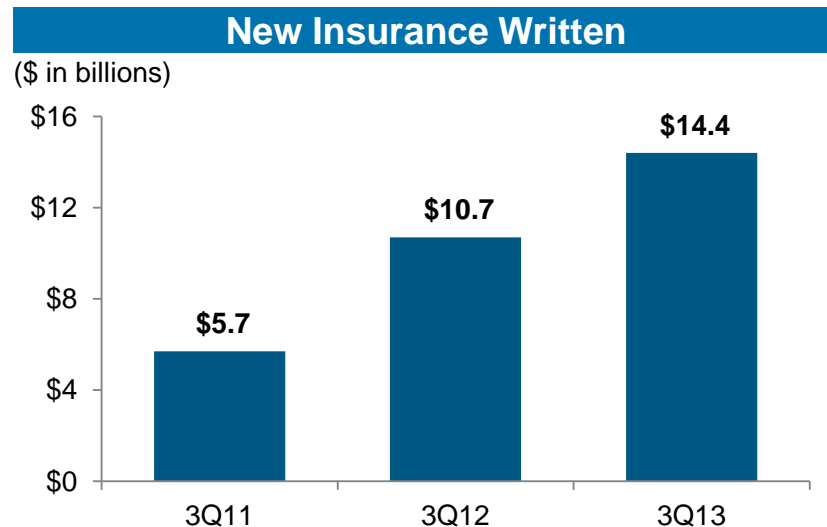
1) Includes income/loss from mutual funds, investment real estate, life settlement contracts and mark-to-market gains and losses, net of investment expenses.
 2) Includes intercompany invested assets that are eliminated in consolidation.

Mortgage Guaranty – Growing Profitability

New business increasingly drives operating results.

(\$ in millions)	3Q12	3Q13
Net premiums written	\$219	\$272
Net premiums earned	177	204
Underwriting income (loss)	(35)	11
Net investment income	38	32
Pre-tax operating income	\$3	\$43

Net premiums earned from business written after 2008	40%	55%
Consolidated Loss ratio	92.1	66.7



¹⁾ Domestic First-lien only.

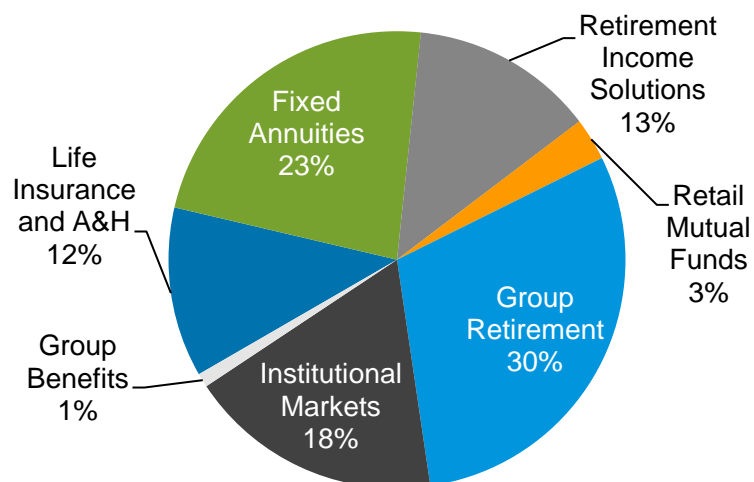
AIG Life and Retirement – Financial Results

Strong sales and growth in pre-tax operating income.

(\$ in millions)	3Q12	3Q13
Premiums and deposits	\$4,785	\$8,422
Premiums	584	721
Policy fees	580	645
Net investment income	2,597	2,467
Advisory fee and other income	319	443
Total revenues⁽¹⁾	4,080	4,276
Benefits and expenses	3,254	3,132
Pre-tax operating income	\$826	\$1,144

1) Excluding net realized capital gains (losses).

Assets Under Management



- Strong 3Q13 operating results were driven by solid growth in fee income, effective spread management, and the favorable impact of a review of estimated gross profit assumptions.
- 3Q13 benefits and expenses were positively impacted by adjustments related to a review of estimated gross profit assumptions. 3Q12 reflected \$196 million in charges for reserve-related and other items.
- Net investment income in 3Q13 declined modestly, principally due to lower alternative investment income, a decrease in base investment yield and a decline in yield enhancements.

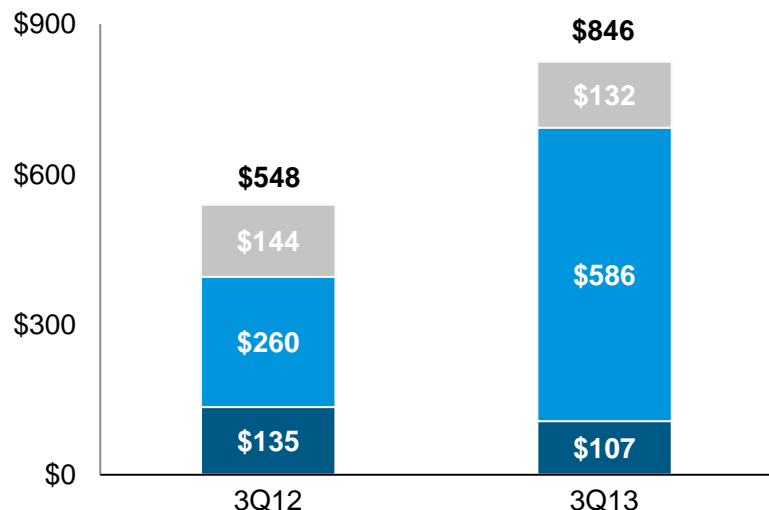
- Assets under management increased 10% from the year-ago period to \$304 billion at September 30, 2013. Growth was driven by strong sales generated by robust demand for our Retail products, equity market performance and continued execution of our Institutional growth strategies.
- Net inflows in 3Q13 of \$2.5 billion reflected a substantial improvement from the prior quarter and year-ago quarter driven by significant increases in sales of variable annuities, retail mutual funds and fixed annuities.



AIG Life and Retirement – Retail & Institutional Results

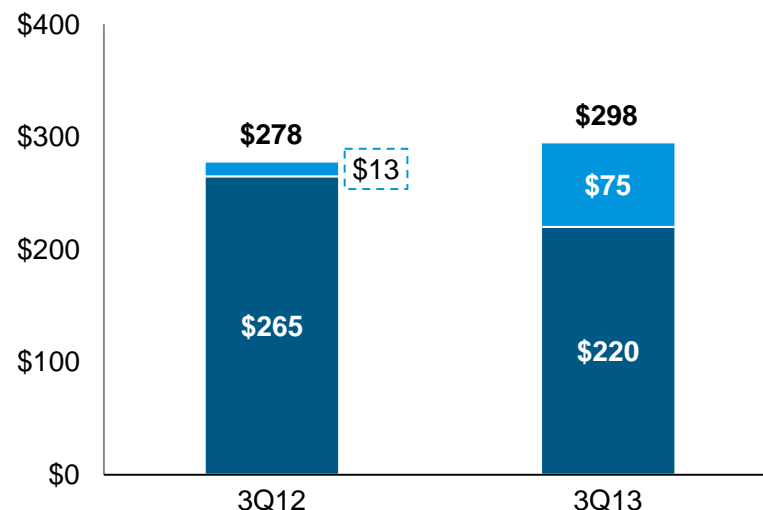
Retail Pre-Tax Operating Income⁽¹⁾

(\$ in millions)



Institutional Pre-Tax Operating Income⁽²⁾

(\$ in millions)



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

■ Group Retirement ■ Institutional Markets

- Retail pre-tax operating income benefited from higher fee income on separate account balances, continued active spread management on interest rate-sensitive products and the net positive impact of adjustments to reflect updated estimated gross profit assumptions of \$198 million. These increases were partially offset by lower net investment income.
- Institutional pre-tax operating income benefited from higher fee income and lower interest crediting rates driven by active spread management. Lower net investment income and the net impact of adjustments to reflect updated estimated gross profit assumptions of \$80 million negatively impacted Institutional results. 3Q13 pre-tax operating income increased from 3Q12 in part due to a reserve charge taken in 3Q12.



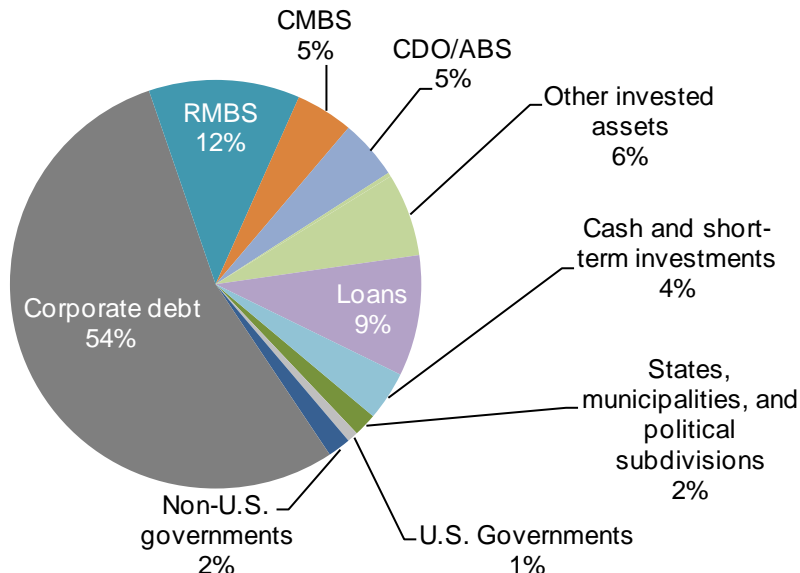
1) Breakdown excludes operating income for Brokerage Services and Retail Mutual Funds which are included in the Retail operating segment total.
 2) Breakdown excludes operating income for Group Benefits which is included in the Institutional operating segment total.

AIG Life and Retirement – Investments

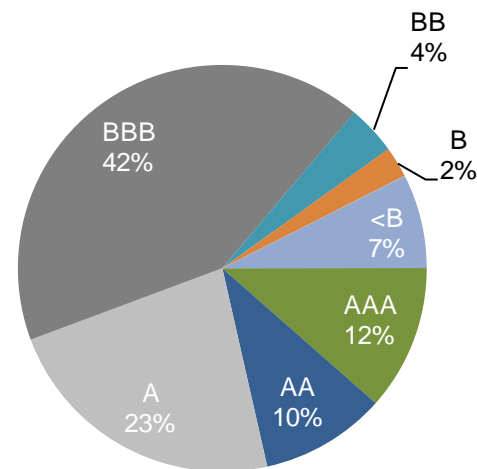
Net investment income: (\$ in millions)	Third Quarter		
	2012	2013	Inc./(Dec.)
Interest and dividends	\$ 2,342	\$ 2,256	(4%)
Alternative investments	170	137	(19%)
Call and tender income	72	34	(53%)
Other, net ⁽¹⁾	13	40	208%
Net investment income	\$ 2,597	\$ 2,467	(5%)
Base Yield⁽²⁾	5.38%	5.26%	
Total Yield⁽³⁾	5.86%	5.41%	

Total Cash & Invested Assets as of September 30, 2013 - \$196.3 billion⁽⁴⁾

Total Portfolio Composition



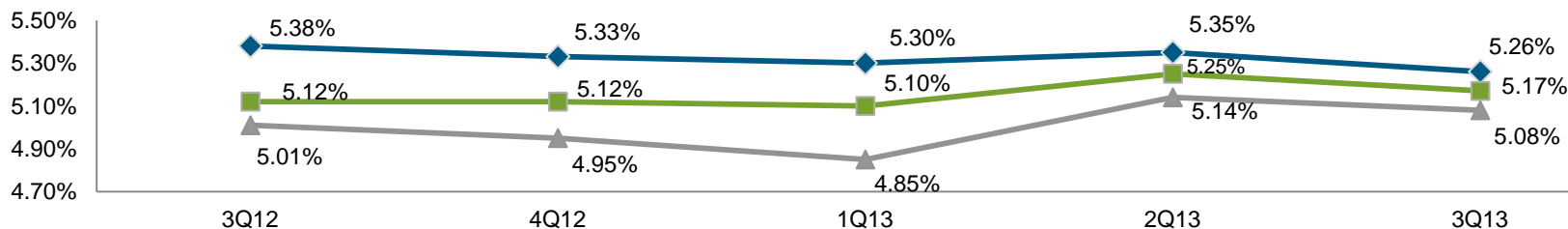
Bond Portfolio - \$156.6 billion - by Agency Credit Rating



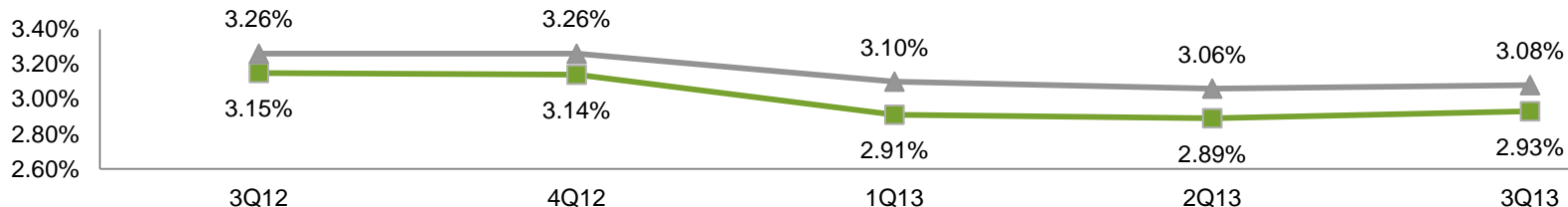
- 1) Includes income/loss from mutual funds, real estate, equity method investments and mark-to-market gains and losses, net of investment expenses.
- 2) Includes the investment return on surplus other than alternative investment or yield enhancement activities. Quarterly results are annualized.
- 3) Represents the base yields and the incremental effect to base yield on investments in hedge funds, private equity funds, gains on Maiden Lane II (in 2012) and income from calls and prepayment fees. Quarterly results are annualized.
- 4) Includes intercompany invested assets that are eliminated in consolidation.

AIG Life and Retirement – Base Yields and Spreads

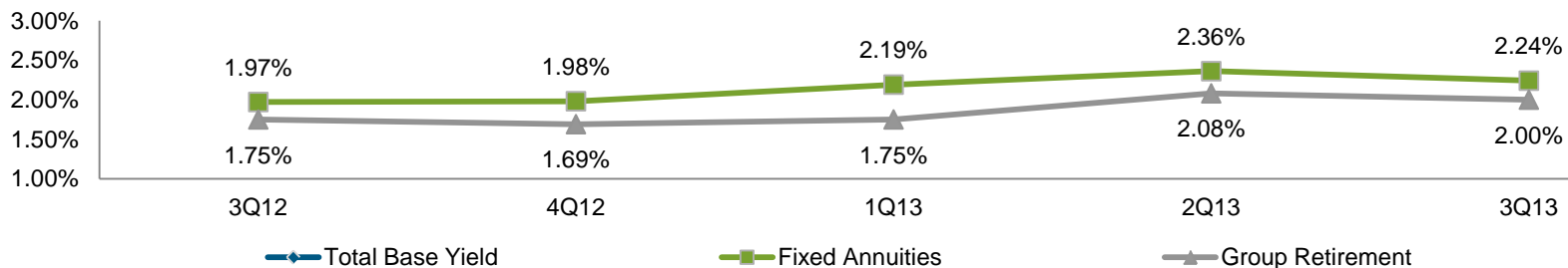
Base Yields⁽¹⁾



Cost of Funds⁽²⁾



Base Net Investment Spreads⁽¹⁾



- Overall portfolio base yield declined from the year ago period due to reinvestment at lower rates than book yield.
- However, base spreads have expanded for both Fixed Annuities and Group Retirement from the year ago period principally due to the active management of cost of funds.



1) Includes the investment return on surplus other than alternative investment or yield enhancement activities.
 2) Excludes the amortization of sales inducement assets.

Q&A



Bring on tomorrow