American International Group, Inc.

Conference Call Presentation
Third Quarter 2016

November 3, 2016

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Progress On Financial Targets

Objective	FY 2016 Target	YTD Sept. 30, 2016	Selected 3Q Actions
Reduce GOE, Operating Basis	6% Reduction (~$700mm)	10%[1] ($806mm)	▪ The expense decline in 3Q16 reflected our actions to reduce employee-related expenses and professional fees ▪ Restructuring charge of $210 million related to our ongoing efficiency program
Increase Normalized ROE	8.4 - 8.9%	8.3%	▪ Normalized ROE of 7.1% in 3Q16 reflects seasonally higher expected catastrophe losses
Grow Book Value per Common Share, ex. AOCI & DTA[2]	14 - 16%	5%	▪ BVPS, ex. AOCI & DTA, including dividend growth, of $62.39 increased 1% for 3Q16 reflecting net earnings and accretive share repurchases
Return Capital to Shareholders	$12.5B	$9.8B	▪ Additional share repurchases of $946 million through November 2, 2016 ▪ Targeting return of $25 billion of capital to shareholders through 2017.
Improve Commercial AYLR, As Adjusted	~62[3]	65.6[4] (3Q16) 64.1[4] (9M'16)	▪ Reflects our continued remediation and repricing strategy, partially offset by higher volatility in short-tail lines

1) On a constant dollar basis. Excludes expenses of AIG Advisor Group, which has been divested.
2) Adjusted for dividend growth.
3) The ratio represents quarter-end exit run rate.
4) Excludes the benefit of the UGC quota share reinsurance arrangement. See Note 1 on Page 34.

Consolidated Operating Financial Highlights

($ in Millions, Except per Share Amounts)	3Q15	3Q16	Inc. / (Dec.)
Operating revenues	**$13,179**	**$13,596**	**3%**
Pre-tax operating income (loss):			
Commercial Insurance[1]	**592**	**729**	**23%**
Consumer Insurance:			
Retirement	635	1,108	74%
Life	(40)	98	N/M
Personal Insurance	62	178	187%
Total Consumer Insurance	**657**	**1,384**	**111%**
Total Insurance Operations	**1,249**	**2,113**	**69%**
Corporate and Other[1,2]	(401)	(501)	(25%)
Total Pre-tax operating income	**$848**	**$1,612**	**90%**
After-tax operating income attributable to AIG	**$691**	**$1,097**	**59%**
After-tax operating income attributable to AIG per diluted share	**$0.52**	**$1.00**	**92%**
Return On Equity:			
ROE – After-tax operating income – ex. AOCI & DTA	**3.5%**	**6.7%**	
Normalized ROE	**5.9%**	**7.1%**	
Book Value Per Common Share (BVPS):	**Dec. 31, 2015**	**Sept. 30, 2016**	
BVPS	**$75.10**	**$85.02**	**13%**
BVPS – ex. AOCI & DTA	**$58.94**	**$61.41**	**4%**
BVPS – ex. AOCI & DTA, including dividend growth	**$59.26**	**$62.39**	**5%**

1) Beginning in 3Q16, the operating results of United Guaranty and Institutional Markets are reported in Corporate and Other, consistent with the way our chief operating decision makers review and assess the business performance and make decisions about resources to be allocated. The earnings associated with the Commercial Insurance quota share with UGC are being presented in Commercial Insurance. Prior periods have been revised to conform to the current period presentation. See Note 1 on Page 34 for additional information.

2) Includes consolidations and eliminations.

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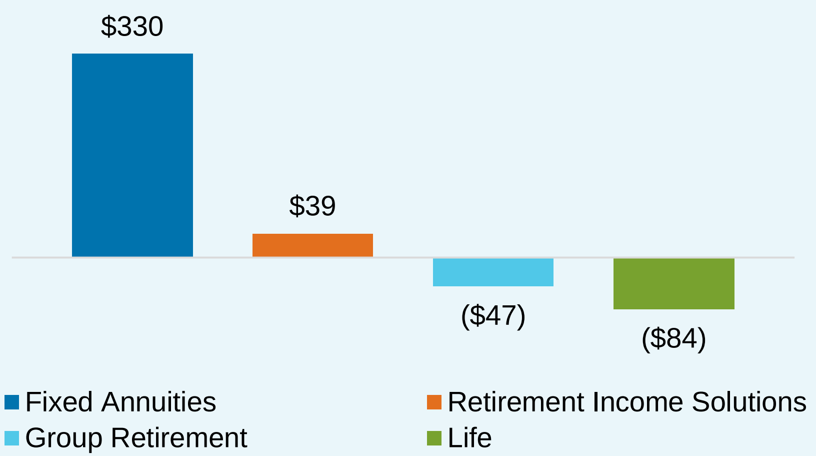
Impact of Review of Actuarial Assumptions

Operating Loss of $0.23[1] Per Diluted Share in 3Q16

($ in Millions)

Consumer Insurance



- Lower surrender rates in low interest rate environment impacted fixed annuities and universal life with secondary guarantees. Separate account long-term asset growth rate assumption for variable annuity business decreased from 8.5% to 7.5%.

Corporate and Other – Institutional Markets

- Mortality experience studies indicated increased longevity, particularly on disabled lives on a legacy block of structured settlements underwritten pre-2010. This legacy block accounted for over 80% of the charge.

1) Net income also includes $43 million of pre-tax losses ($0.03 per diluted share) related to the update of assumptions for the valuation of guaranteed minimum withdrawal benefit and fixed index crediting features accounted for as embedded derivatives, which are excluded from operating income.

UGC Sale

A Compelling Strategic Transaction

- Sale was more efficient and risk-reducing than a multi-tranche public market offering.
- AIG will own ~9% of Arch common shares at closing.
- AIG has a track record of thoughtful disposition of concentrated equity ownership positions.

Estimated Post-Closing Financial Impact

- **~$450 million[1] estimated U.S. GAAP after-tax gain on sale at closing.**
- Retain UGC's tax attribute DTA at closing.
- Removal of UGC at closing.

Positive Capital Management Impact

- Increases confidence in achieving $25 billion capital return goal.
- $3.4B consideration, includes $2.2B of cash liquidity at closing plus an additional $250 million in pre-closing dividends.

Quota Share Arrangement Allows for Retention of Attractive Economics

- AIG will retain 50% quota share on business written in vintages 2014-2016. **Average annual pre-tax earnings impact is estimated at ~$150 million for 2017 and 2018, declining thereafter.**

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Note: Consummation of the UGC sale is subject to obtaining the requisite regulatory approvals or non-disapprovals and other customary closing conditions. See Note 1 on Page 34.

1) Assumes a closing date of December 31, 2016.

Value Based Management Drives 3Q16 Strategic Transactions

Total Liquidity to Parent Estimated at $1.7 Billion[1]

Ascot	NSM	Fairfax[2]	Life Reinsurance[3]
Agreed to sell interest to Canada Pension Plan Investment Board.	Sold our 95.3% controlling interest in NSM Insurance Group (NSM) to ABRY Partners.	October 2016 agreement to sell is expected to simplify our geographic footprint and refocus in-country resources on core products and customer segments.	Entered into a reinsurance agreement involving certain whole life and universal life businesses of one of our life insurance subsidiaries.

Commercial Insurance Estimated 2017 Impact	Consumer Insurance Estimated 2017 Impact	Legacy[3] Estimated 2017 Impact
↓ **~$0.7 billion** Net Premiums Written	↓ **~$0.1 billion** Net Premiums Written	↓ **~$30 million** Net Investment Income
↑ **~0.4 pts** AY Loss Ratio, As Adjusted	↑ **~0.1 pts** AY Loss Ratio, As Adjusted	↓ **~$40 million** Pre-tax Operating Income
↓ **~0.5 pts** AY Combined Ratio, As Adjusted	↓ **~0.2 pts** AY Combined Ratio, As Adjusted	

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Note: Includes completed and announced transactions and excludes the sale of UGC. Consummation of the transactions is expected subject to obtaining the relevant regulatory approvals and customary closing conditions. Figures are preliminary estimates that could change over time.

1) A total of $1.0 billion was received during 3Q16. See Page 12 for additional information.

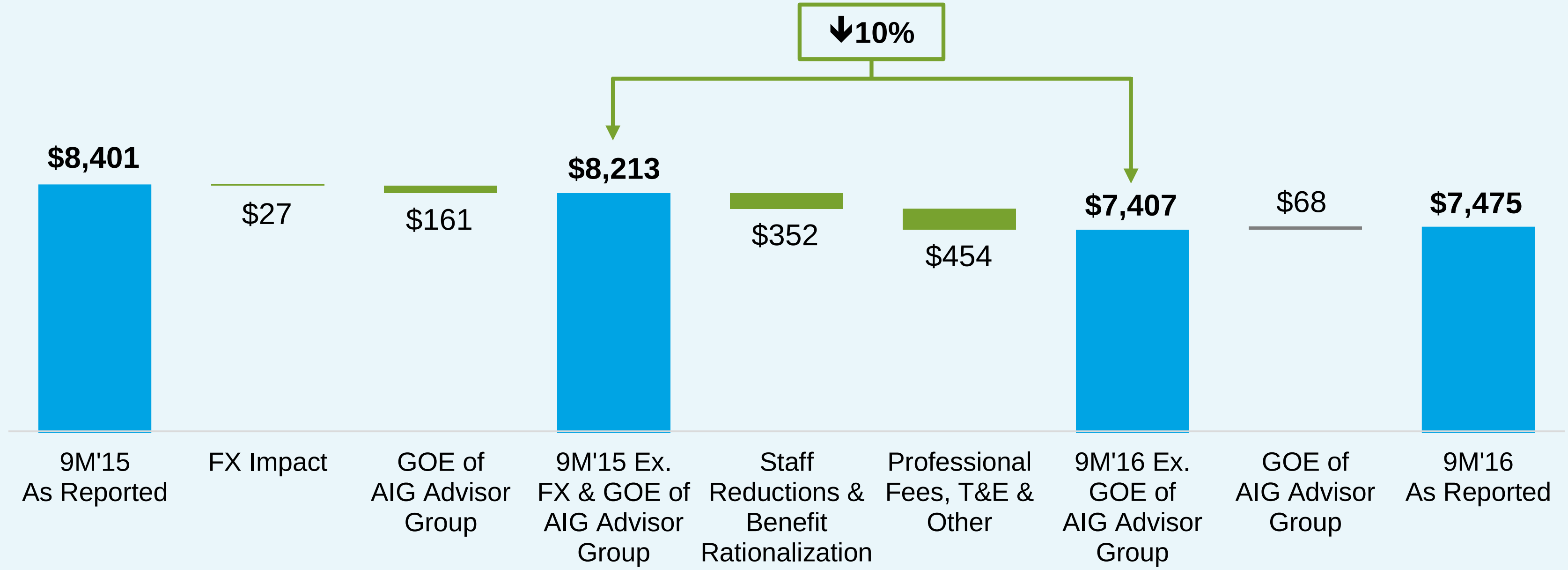
2) Assumes Fairfax sales close throughout 2017.

3) Will be reported in Legacy Portfolio commencing in 4Q16.

Improvement in General Operating Expenses, Operating Basis

($ in Millions)

9M'15 vs. 9M'16

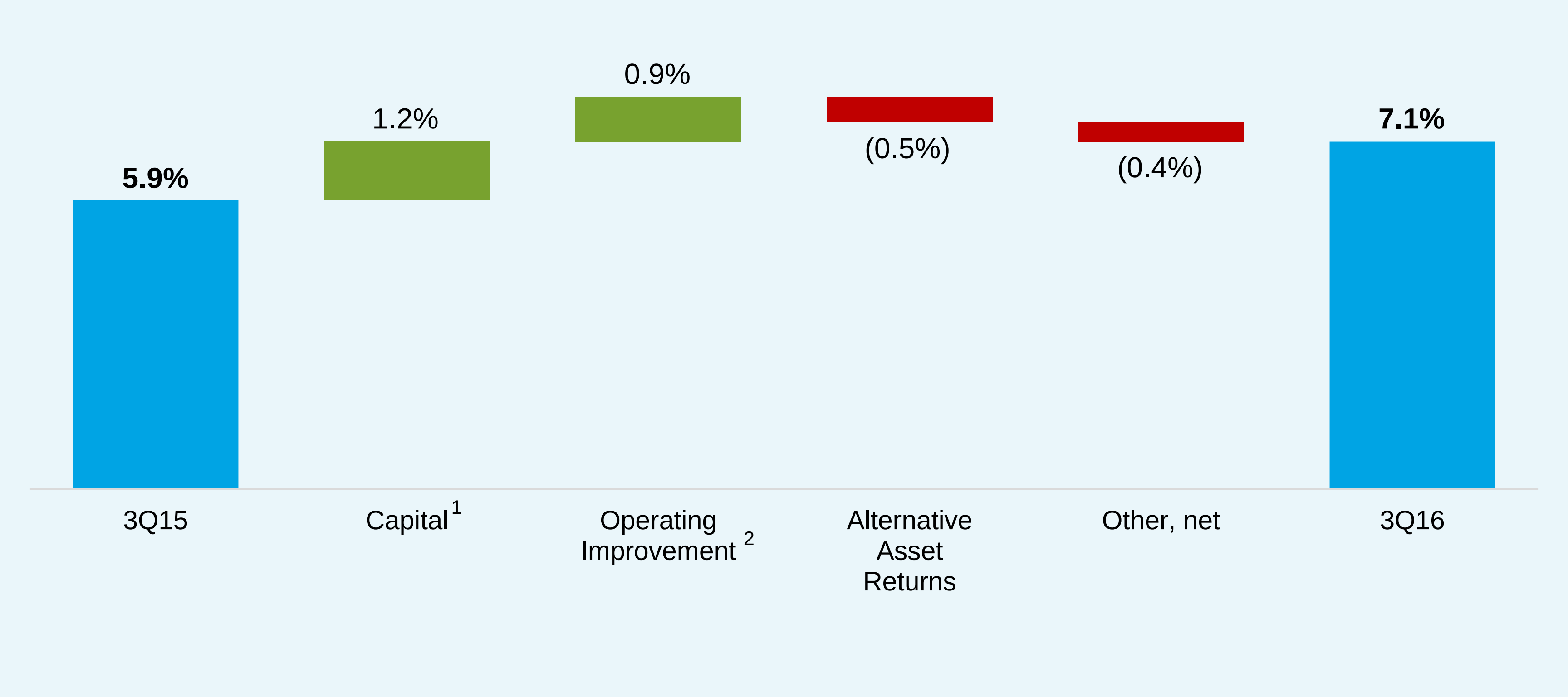


- GOE, operating basis, reductions in 9M'16 were primarily driven by staff reductions, rationalized employee benefits, and professional fee reductions.
- Net income includes an additional pre-tax restructuring charge of $210 million in 3Q16 related to our ongoing initiatives.

Normalized Return On Equity Expansion

Active Capital Management, Underwriting Improvement, and Expense Management Drives Normalized ROE Expansion

Normalized Return On Equity

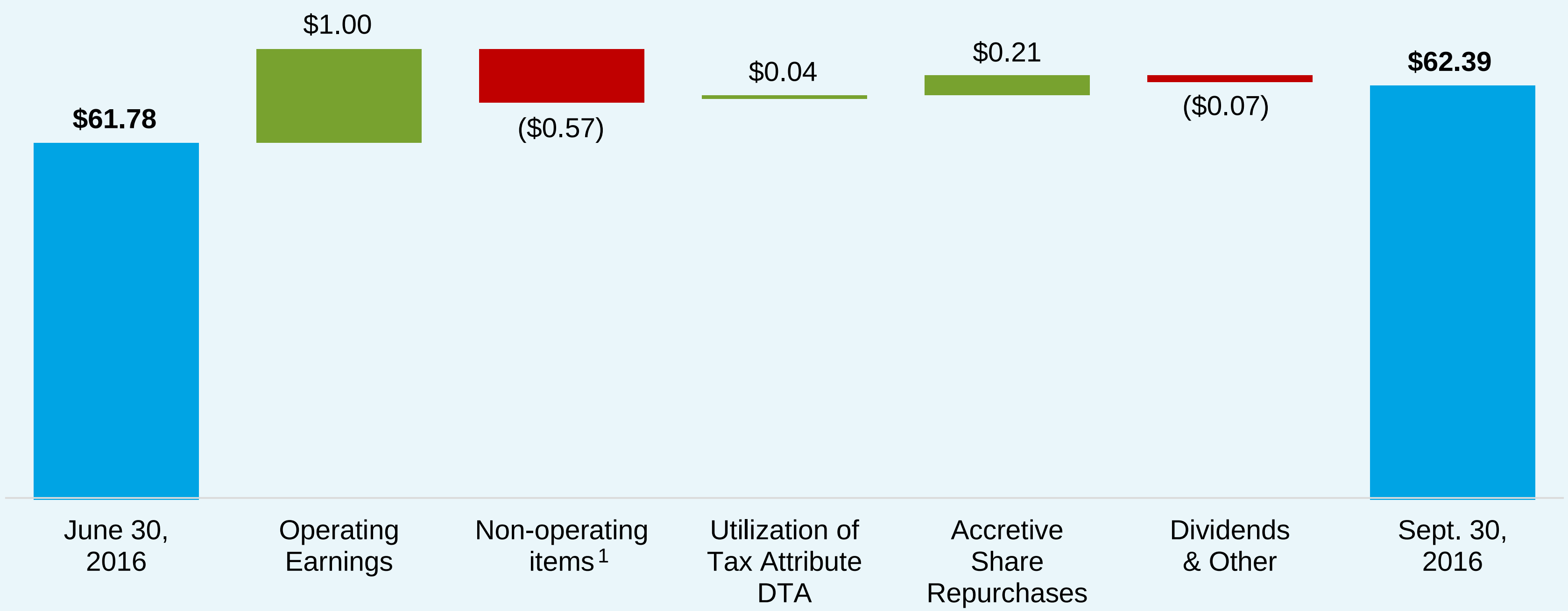


1) Largely driven by share and warrant repurchases and dividends.
2) Primarily represents reduced GOE, operating basis, and improved Commercial Insurance accident year loss ratio, as adjusted.

Book Value Per Share, Ex. AOCI & DTA, Including Dividend Growth

Growth of 1% in 3Q16 (5% YTD)

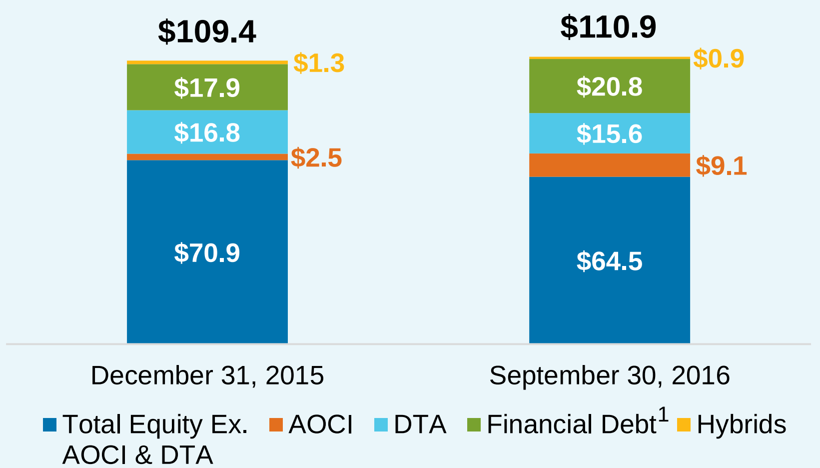
Book Value Per Common Share, ex. AOCI & DTA, including Dividend Growth



1) Primarily represents net realized capital losses, including foreign exchange losses related to foreign exchange remeasurement on intercompany liabilities denominated in GBP that are offset in AOCI with no impact to total book value.

Strong Capital Position

Capital Structure ($ in Billions)



Capital Return ($ in Millions)

	3Q16	9M'16
Share repurchases	$2,258	$8,506
Warrant repurchases	-	263
Dividends declared	338	1,051
Total	$2,596	$9,820

Risk Based Capital Ratios[2]

Year-end	Domestic Life Insurance Companies	Domestic Non-Life Insurance Companies
2014	534% (CAL)	432% (ACL)
2015	502% (CAL)	403%[3] (ACL)

Ratios:	Dec. 31, 2015	Sept. 30, 2016
Hybrids / Total capital	1.2%	0.8%
Financial debt / Total capital	16.3%	18.8%
Total Hybrids & Financial debt / Total capital	17.5%	19.6%

Credit Ratings[4]

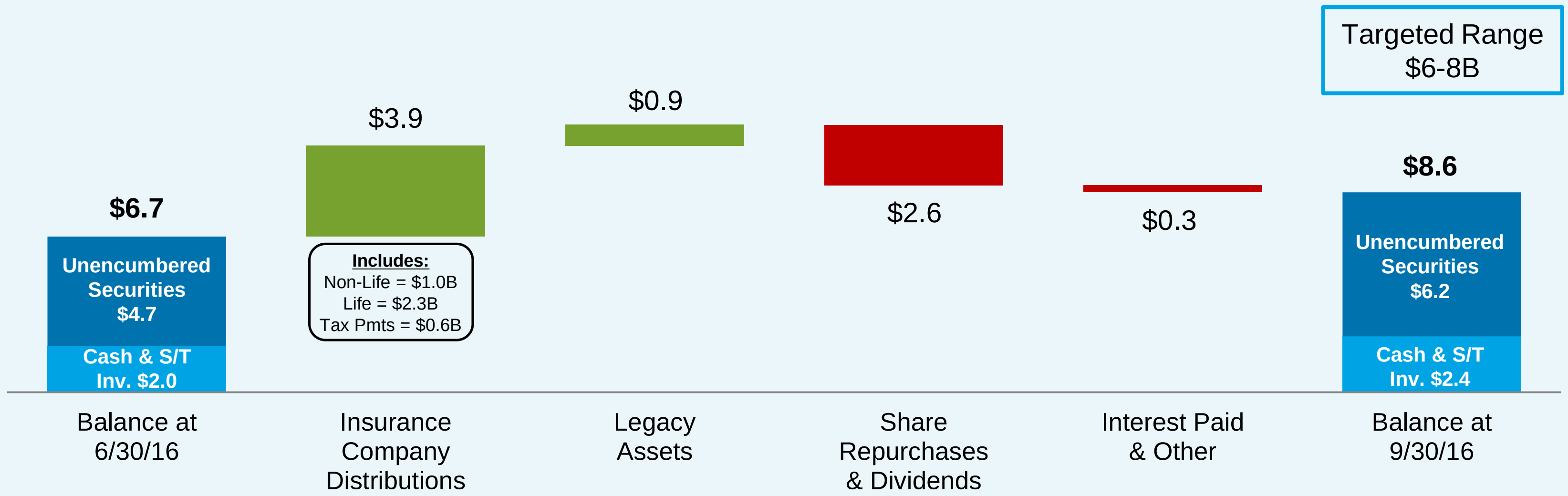
	S&P	Moody's	Fitch	A.M. Best
AIG – Senior Debt	A-	Baa1	BBB+	NR
AIG Non-Life – FSR	A+	A2	A	A
AIG Life – FSR	A+	A2	A+	A

1) Includes AIG notes, bonds, loans and mortgages payable, and AIG Life Holdings, Inc. (AIGLH) notes and bonds payable, and junior subordinated debt.
2) 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 Insurance Companies excludes holding company, AGC Life Insurance Company.
3) Reflects $2.9B capital contribution to Non-Life Insurance Companies on January 25, 2016 as a result of the 4Q15 reserve strengthening.
4) As of the date of this presentation, all ratings have stable outlooks, except for S&P ratings on AIG, Inc., which have a negative outlook. For Non-Life Insurance Companies FSR and Life Insurance Companies FSR, ratings only reflect those of the core insurance companies.

Parent Liquidity

($ in Billions)

Changes in Parent Liquidity



- Parent Liquidity at September 30, 2016 of $8.6 billion exceeds our target range of $6-8 billion.
- Distributions from Life Insurance Companies included $1.0 billion related to the release of excess statutory capital following the completion of a reinsurance agreement involving certain whole life and universal life businesses.
- Proceeds from legacy assets of $0.9 billion in 3Q16 ($5.2 billion over last four quarters), partially funded capital return to shareholders.

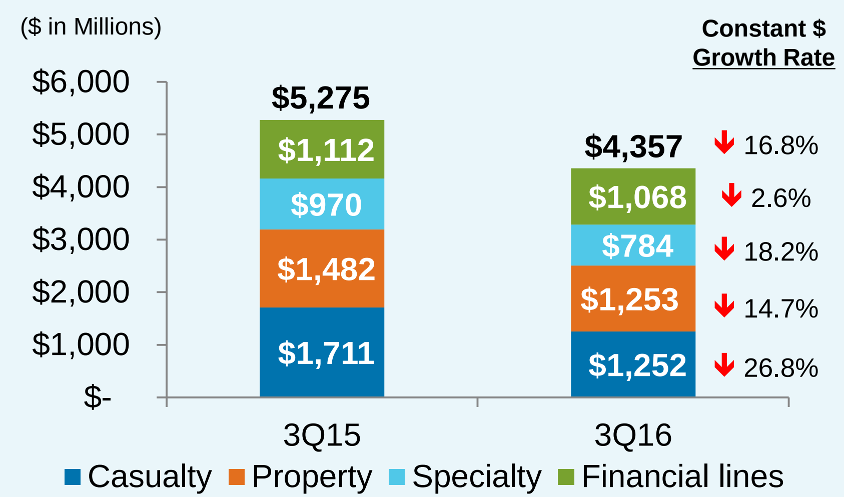
Commercial Insurance

Commercial Insurance – Financial Highlights

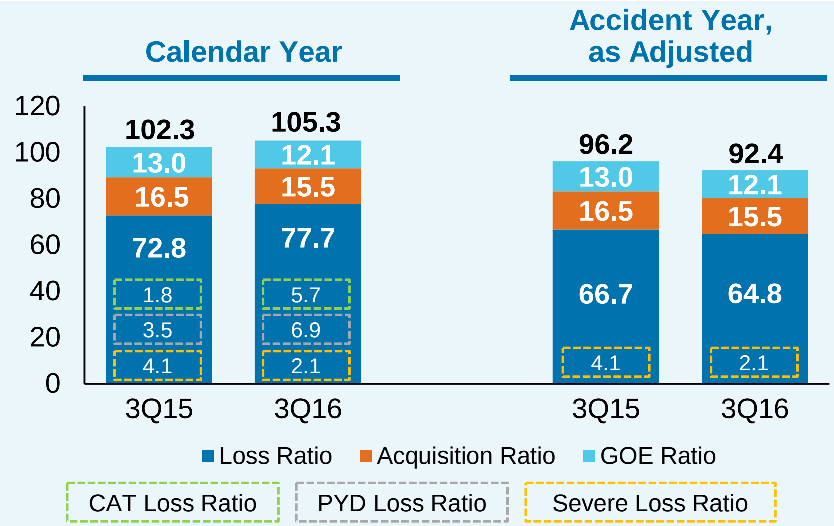
($ in Millions)	3Q15	3Q16
Net premiums written	$5,275	$4,357
Net premiums earned	5,040	4,495
Underwriting loss	(118)	(236)
Net investment income	710	965
Pre-tax operating income	$592	$729

- The decline in NPW (ex. FX) of ~17% was primarily driven by:
  - Reinsurance and portfolio exits ~7%
  - Risk Selection, market headwinds and other ~10%
- The accident year loss ratio, as adjusted, improved by 1.9 pts driven largely by Casualty.
- PYD loss ratio is higher by 3.4 pts driven by U.S. Programs.
- The expense ratio improved by 1.9 pts due to the effect of reinsurance on the acquisition ratio and lower employee-related expenses and expense savings initiatives in the GOE ratio.
- The increase in underwriting loss in 3Q16 was primarily driven by higher catastrophe losses and an increase in prior year loss reserve development.
- NII increased reflecting higher alternative investment income.

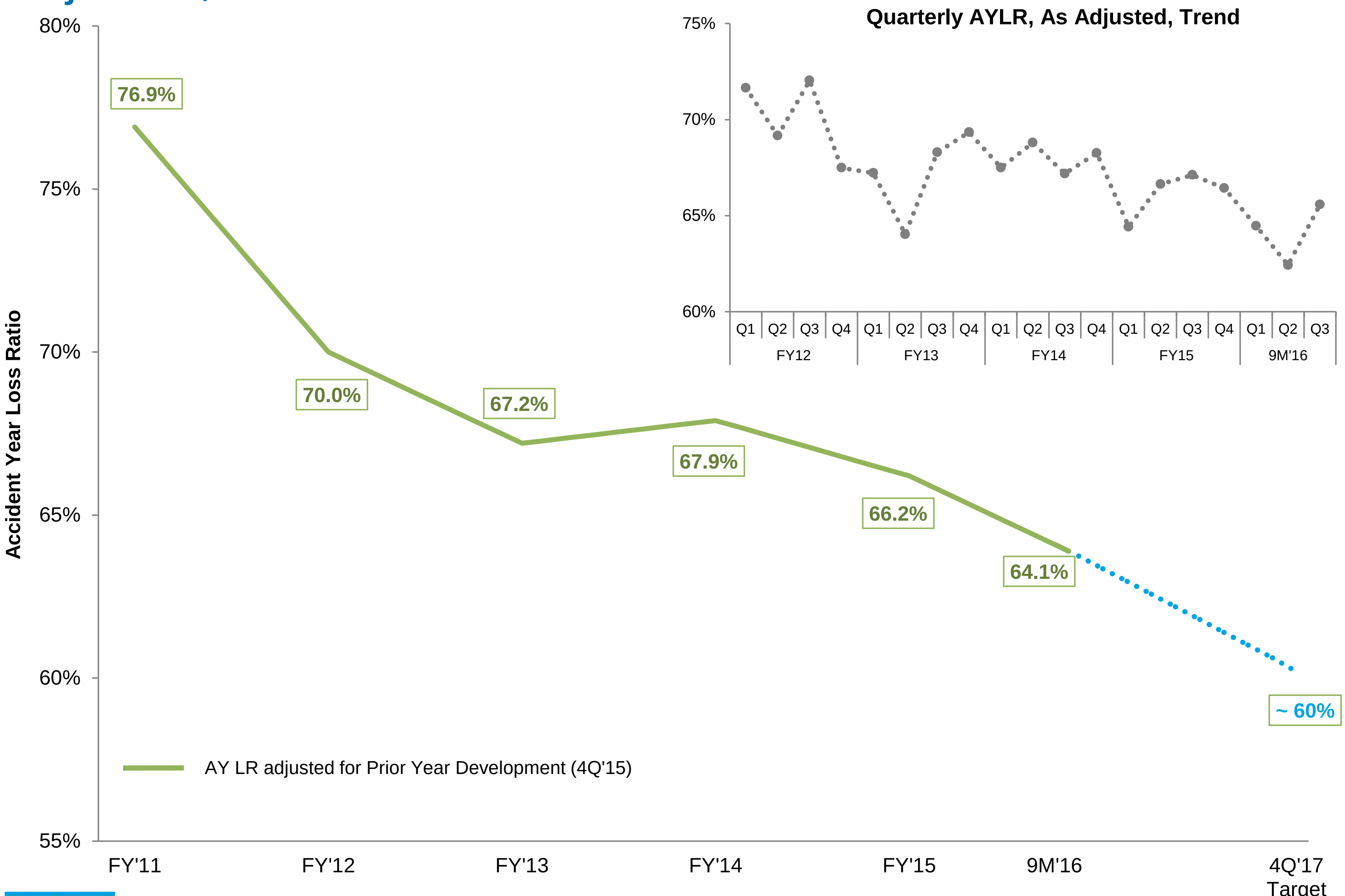
Net Premiums Written



Combined Ratios

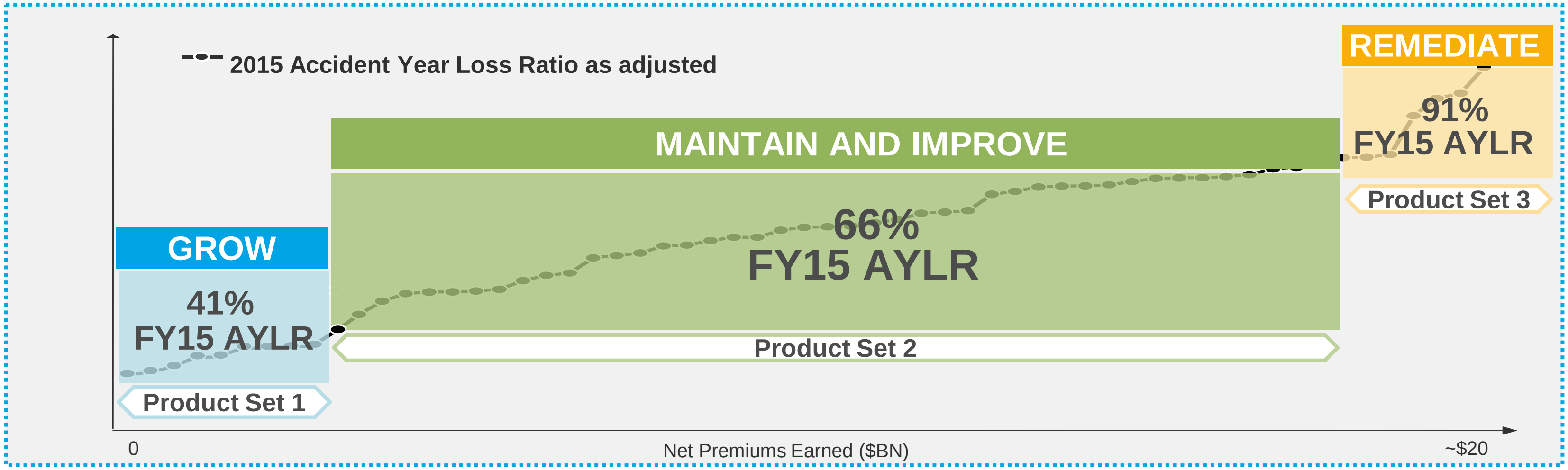


Commercial Insurance Accident Year Loss Ratio, As Adjusted, Trend



Note: Presentation excludes the benefit from the UGC quota share reinsurance agreement. See Note 1 on Page 34.

Commercial Insurance – Accident Year Loss Ratio, As Adjusted, Dispersion



Product Set Movement

	Set	Product Set# 1	Product Set# 2A (Maintain)	Product Set# 2B (Improve)	Product Set# 3
FY'15	NPE	15%	35%	35%	15%
FY'15	AYLR	41%	59%	73%	91%
	Avg. AYLR	54%		79%	
3Q'16	NPW	19%	41%	32%	8%
3Q'16	AYLR	49%	64%	69%	87%
	Avg. AYLR	60%		74%	
9M'16	NPW	17%	44%	31%	8%
9M'16	AYLR	49%	60%	68%	87%
	Avg. AYLR	57%		73%	

Note: The comparison is based on the same product set definition as FY15. Presentation excludes the benefit from the UGC quota share reinsurance agreement. See Note 1 on Page 34.

Consumer Insurance

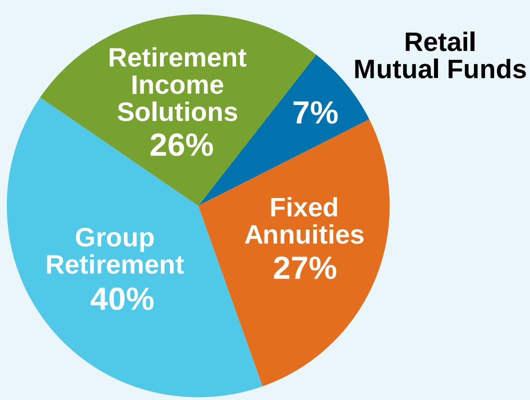
Consumer Insurance – Retirement Financial Highlights

($ in Millions)	3Q15	3Q16
Premiums and deposits[1]	$6,625	$5,172
Premiums	37	45
Policy fees	261	282
Net investment income	1,396	1,552
Advisory fee and other income	509	205
Total operating revenues	2,203	2,084
Benefits and expenses	1,568	976
Pre-tax operating income	$635	$1,108
Noteworthy Items:		
Update of actuarial assumptions (Page 5)	$140	$322

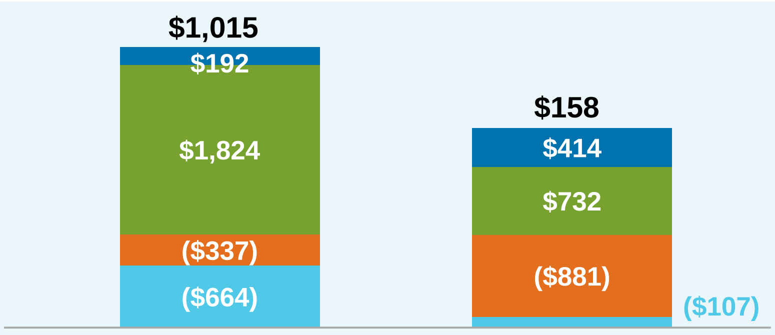
- Decrease in premiums and deposits was primarily due to lower sales in Retirement Income Solutions and Fixed Annuities; the impact on net flows was partially offset by lower surrenders in Group Retirement.
- Pre-tax operating income increased primarily due to a higher net positive adjustment from the review and update of actuarial assumptions, higher net investment income, the impact of better equity market performance and higher policy fees from growth in assets under management.
- Net investment income increased primarily due to higher hedge fund returns. Base net investment income reflected growth in average invested assets, partially offset by lower base yields, which continue to be pressured by the low interest rate environment.
- Advisory fee income, advisory fee expense and general operating expenses decreased due to the sale of AIG Advisor Group in May 2016.

Assets Under Management (AUM) September 30, 2016 – $238.7 Billion

7% AUM growth YTD on positive net flows & unrealized gains



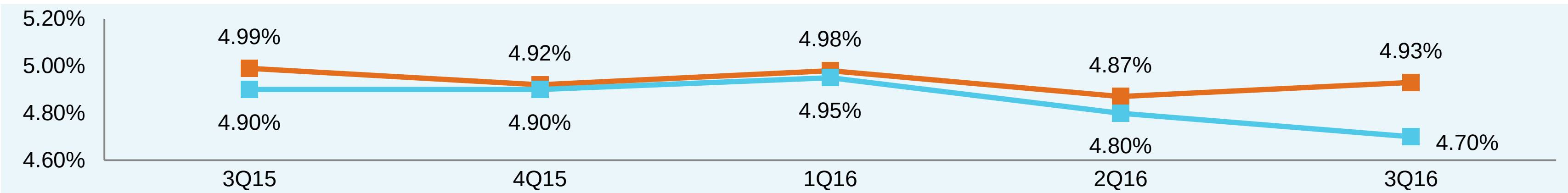
Net Flows ($ in Millions)



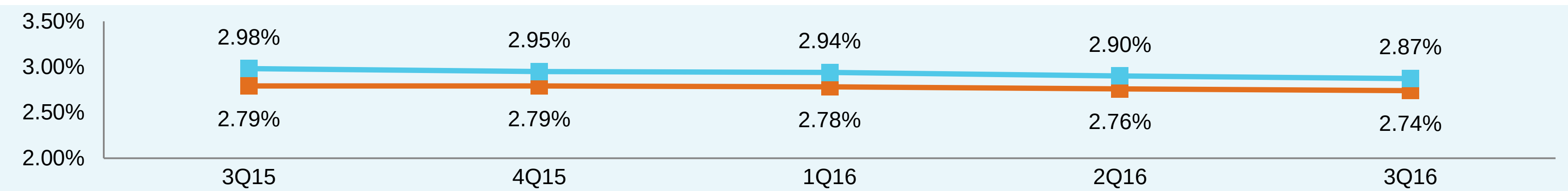
1) Excludes activity related to closed blocks of fixed and variable annuities.

Consumer Insurance – Retirement – Base Yields and Spreads

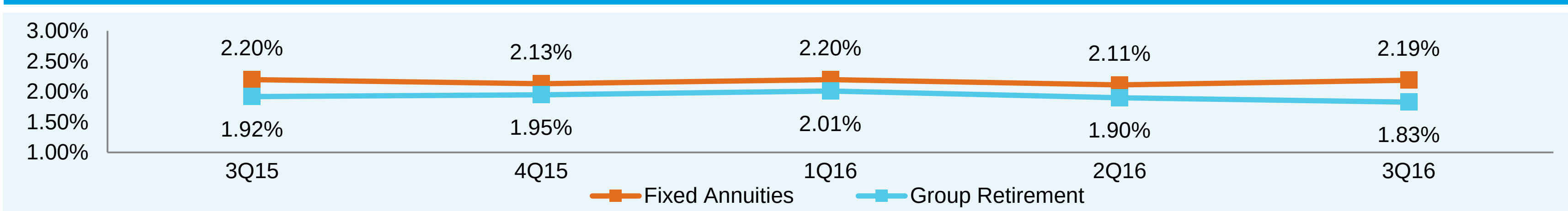
Base Yields[1]



Cost of Funds[2]



Base Net Investment Spreads[1]



- The trend in base yields reflects the reinvestment of cash flows at yields lower than the overall portfolio rate. Quarterly variances in base yields and investment spreads are also impacted by bond accretion and commercial mortgage loan prepayment income.

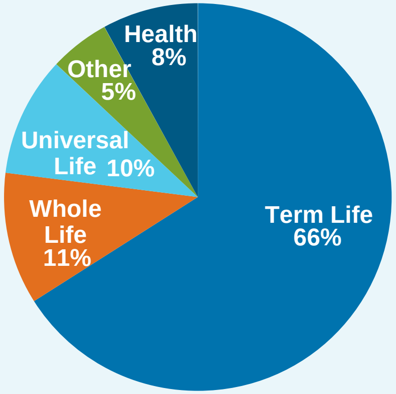
1) Annualized return on base portfolio.
2) Excludes the amortization of sales inducement assets.

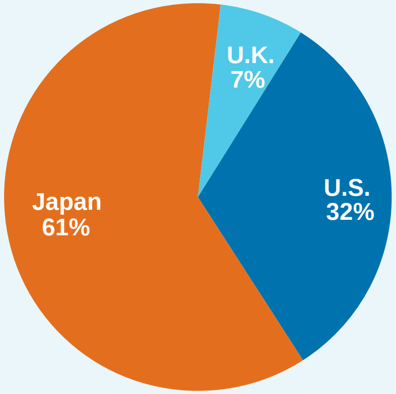
Consumer Insurance – Life Financial Highlights

($ in Millions)	3Q15	3Q16
Premiums and deposits	$1,223	$1,363
Premiums	675	791
Policy fees	392	314
Net investment income	496	544
Other income[1]	15	13
Total operating revenues	1,578	1,662
Benefits and expenses	1,618	1,564
Pre-tax operating income (loss)	($40)	$98
Noteworthy Items:		
Update of actuarial assumptions (Page 5)	($157)	($84)

- Excluding the effect of FX, Life premiums and deposits increased 10% YoY (11% on a reported basis), primarily due to growth in International Life and Health sales.
- Pre-tax operating income increased primarily due to a lower charge from the review and update of actuarial assumptions, higher net investment income, and lower domestic general operating expenses.
- Net investment income increased primarily due to higher hedge fund returns and higher yield enhancement income.

3Q16 New Business Sales
$195 Million





- Life insurance new product sales continue to reflect the balance and diversification of new business from a geographic and product portfolio perspective. In response to the sustained low interest rate environment, we have increased our focus on products without long duration interest rate guarantees.
- New business sales in the U.S. are from universal and term life. Japan and U.K. sales are primarily term life.

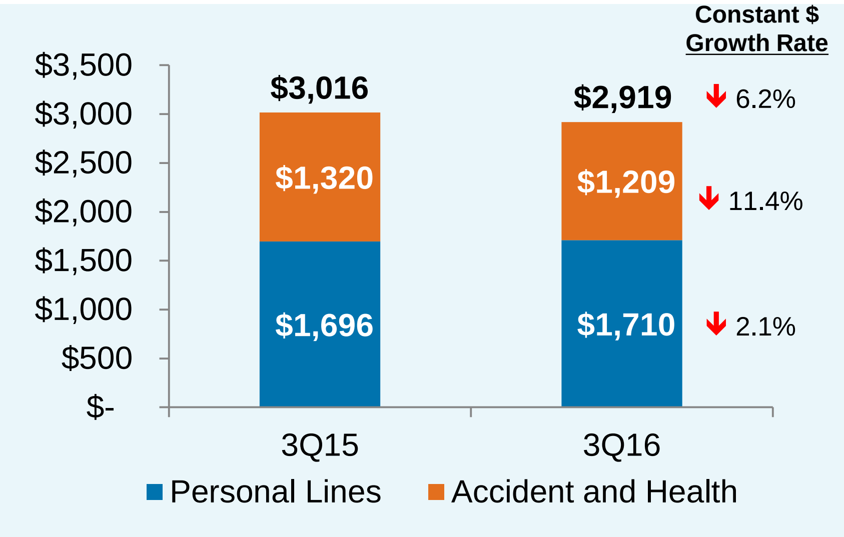
1) Other income primarily related to commission and profit sharing revenues received by Laya Healthcare from the distribution of insurance products.

Consumer Insurance – Personal Insurance Financial Highlights

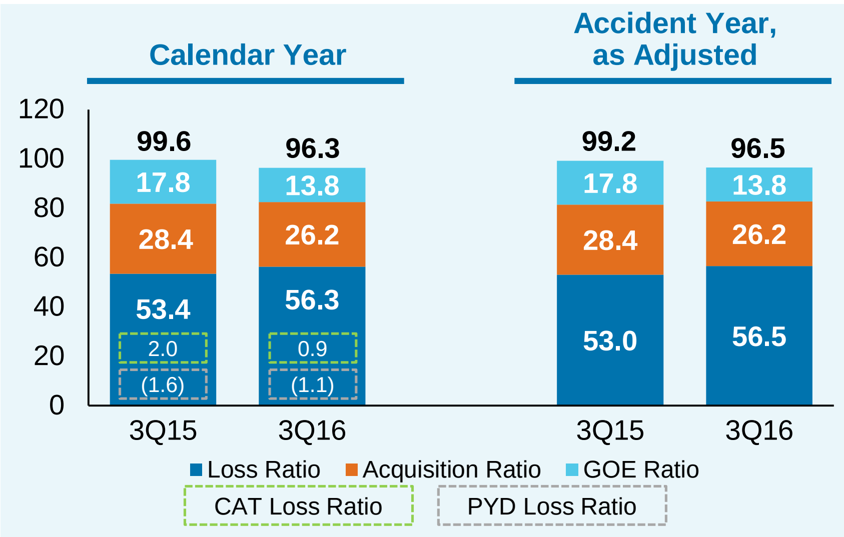
($ in Millions)	3Q15	3Q16
Net premiums written	$3,016	$2,919
Net premiums earned	2,819	2,915
Underwriting income	10	111
Net investment income	52	67
Pre-tax operating income	$62	$178

- Improvement in underwriting income reflects:
  - Strategic actions to reduce expenses, including refocused direct marketing activities;
  - Higher current year accident losses primarily due to an increased number of large, but not severe, losses;
  - Lower catastrophe losses partially offsetting lower favorable prior year loss reserve development
- Net premiums written declined 3% (6% on a FX adjusted basis) primarily reflecting underwriting actions to strengthen the portfolio and maintain pricing discipline.

Net Premiums Written ($ in Millions)



Combined Ratios



Q&A

Appendix

Prior Year Reserve Development

($ in Millions)

Prior Year Development (Favorable) Unfavorable	3Q16	9M'16
Commercial Insurance		
Financial lines	$ (5)	$ (5)
Casualty	11	81
Specialty	379	335
Property	(57)	(61)
All other, net	(11)	(13)
Total Commercial Insurance	**317**	**337**
Consumer - Personal Insurance	**(34)**	**(121)**
Corporate and Other - Run-off Insurance Lines	**6**	**31**
Corporate and Other - United Guaranty	**(16)**	**(33)**
Total prior year unfavorable development	**273**	**214**
Premium adjustments on primary casualty loss sensitive business	(11)	17
Total prior year development, net of premium adjustments	**$ 262**	**$ 231**

(Favorable) Unfavorable Prior Year Development by Accident Year	3Q16	9M'16
Accident Year		
2015	$ 76	$ (56)
2014	122	54
2013	37	11
2012	(1)	68
2011	11	27
2010	13	16
2009	27	51
2008	(20)	19
2007	1	8
2006	(3)	(1)
2005	(1)	21
2004 and prior	11	(4)
Total prior year unfavorable development	**$ 273**	**$ 214**

- Unfavorable prior year reserve development, net of premium adjustments, was $262 million in 3Q16 and was primarily driven by adverse development from our U.S. Program business within Specialty, partially offset by favorable prior year development for Global Property, excluding catastrophes and Personal Insurance. The U.S. Program business writes both casualty and property lines via MGAs and for which the third party administrators handle over half of the claims activity. Notably, we experienced higher than expected loss emergence in the most recent calendar year from a small subset of these programs.

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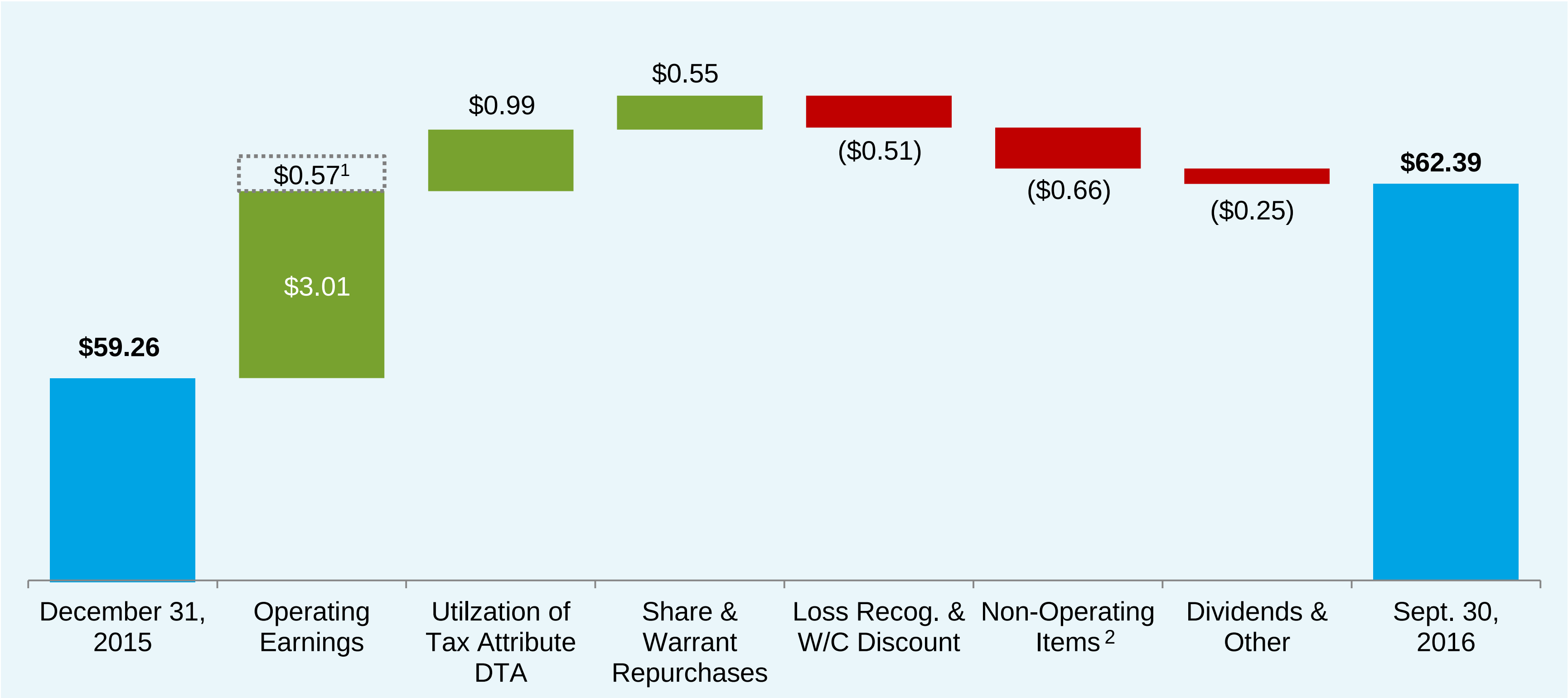
Book Value Per Share, Ex. AOCI & DTA, Including Dividend Growth

8% Growth YTD Excluding the Impact of Market Volatility, Loss Recognition on Legacy Annuities, Change in Reserve Discount and Non-Operating Items

Book Value Per Common Share, ex. AOCI & DTA, including Dividend Growth



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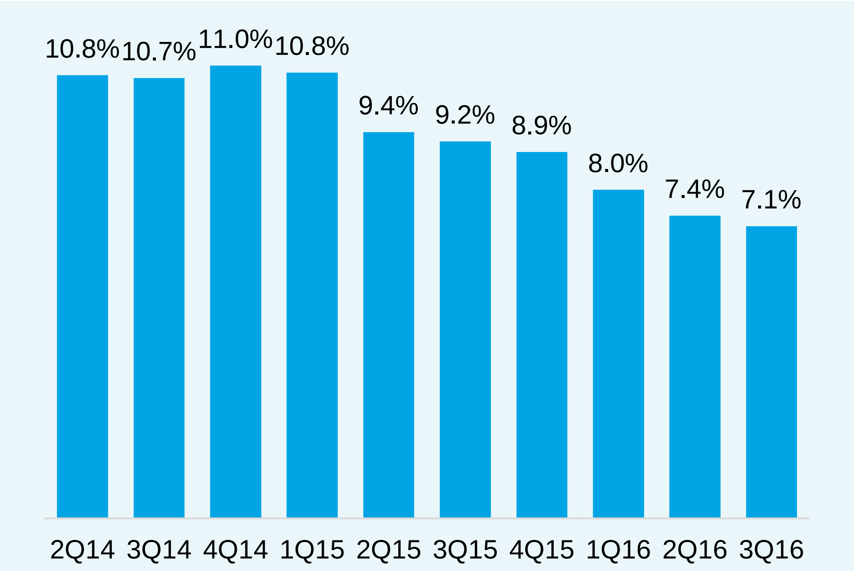
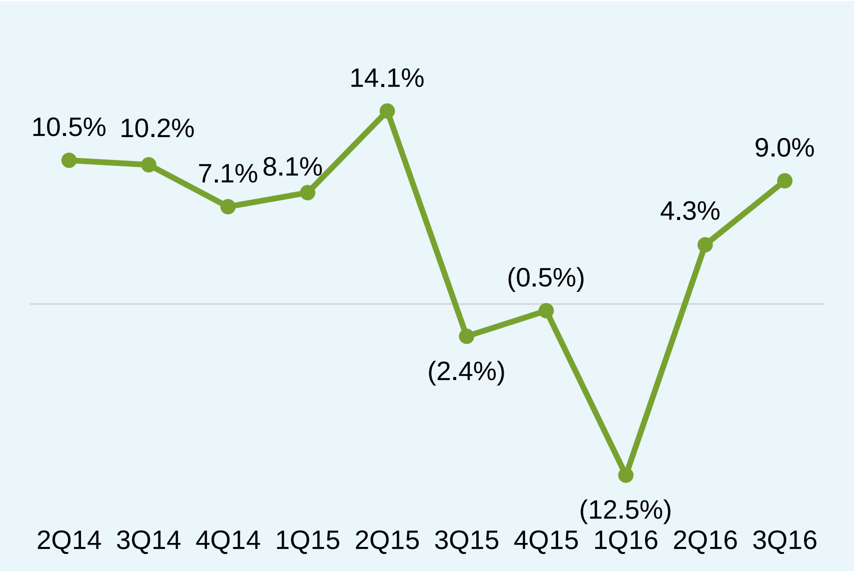
1) Below expected earnings due to market volatile assets (Alternative returns, PICC, DIB & GCM).
2) Includes pre-tax foreign exchange losses ($1.2B) as well as restructuring expenses of ($0.5B), partially offset by realized gains on sales of PICC shares and AIG Advisor Group business.

Reducing Exposure to Market Sensitive Assets

Market Sensitive Assets as a % of Total Invested Assets*



Annualized Return on Market Sensitive Assets



- As part of our on-going de-risking and divestiture of legacy assets, AIG has reduced its overall exposure from assets that are recorded at fair value through earnings by 45% (or $20B) since 2010.
- The decline has come primarily from the wind down of the legacy DIB/GCM portfolio as well as other non-core legacy investments (e.g., AerCap and PICC shares).
- While the nature of these investments results in quarterly volatility, we expect our actions to result in higher quality and a more sustainable source of earnings.
- We reduced our hedge fund portfolio by $2.7 billion for the first nine months of 2016 as a result of redemptions received during the period consistent with our planned reduction of exposure to that asset class. We remain on track to meet our targeted reductions by the end of 2017.

AIG

* As of quarter-end.

Non-GAAP Reconciliations

Glossary of Non-GAAP Financial Measures

AIG

We use certain of our operating performance measures, as discussed beginning in the next paragraph below, to define our forward-looking financial targets; as described on pages 3, 7, 8, and 16. Our financial targets are provided based on management's estimates. The most directly comparable GAAP financial targets would be heavily dependent upon results that are beyond management's controls 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 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. estimate for DIB & GCM returns, fair value changes on PICC Investments, 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.

- **Operating revenue** excludes 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).
- **Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (AOCI), Book Value Per Common Share Excluding AOCI and Deferred Tax Assets (DTA) and Book Value Per Common Share Excluding AOCI and DTA and Including Dividend Growth** are used to show the amount of our net worth on a per-share basis. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Book Value Per Common Share. Book Value Per Common Share Excluding AOCI is derived by dividing Total AIG shareholders' equity, excluding AOCI, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA and including dividend growth is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, and including growth in quarterly dividends above $0.125 per share to shareholders, by Total common shares outstanding.
- **After-tax operating income attributable to AIG** is derived by excluding the following items from net income attributable to AIG. 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. For example, certain ratios and other metrics described below exclude:
  - deferred income tax valuation allowance releases and charges;
  - 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;
  - other income and expense — net, related to Corporate and Other run-off insurance lines;
  - loss on extinguishment of debt;
  - net realized capital gains and losses;
  - non qualifying derivative hedging activities, excluding net realized capital gains and losses;
  - income or loss from discontinued operations;
  - income and loss from divested businesses, including:
    - gain on the sale of International Lease Finance Corporation (ILFC);
    - gain on the sale of NSM Insurance Group (NSM) and AIG Advisor Group; and
    - certain post-acquisition transaction expenses incurred by AerCap Holdings N.V. (AerCap) in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and related tax effects;
  - legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments;
  - non-operating litigation reserves and settlements;
  - reserve development related to non-operating run-off insurance business; and
  - restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization.

Glossary of Non-GAAP Financial Measures

AIG

- **Return on Equity – After-tax Operating Income Excluding AOCI and Return on Equity – After-tax Operating Income Excluding AOCI and DTA** are used to show the rate of return on shareholders' equity. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Return on Equity. Return on Equity – After-tax Operating Income Excluding AOCI is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders' equity, excluding average AOCI. Return on Equity – After-tax Operating Income Excluding AOCI and DTA is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders' equity, excluding average AOCI and DTA.
- **Normalized Return on Equity, Excluding AOCI and DTA** (Normalized ROE) further adjusts Return on Equity – After-tax Operating Income, excluding AOCI and DTA for the effects of certain volatile or market related items. We believe this measure is useful to investors because it presents the trends in our consolidated return on equity without the impact of certain items that can experience volatility in our short-term results. Normalized Return on Equity, Excluding AOCI and DTA is derived by excluding the following tax adjusted effects from Return on Equity – After-tax Operating Income, Excluding AOCI and DTA:
  - the difference between actual and expected catastrophe losses;
  - the difference between actual and expected alternative investment returns;
  - the difference between actual and expected Direct Investment book (DIB) and Global Capital Markets (GCM) returns;
  - Fair value changes on PICC investments;
  - Update of actuarial assumptions;
  - Net reserve discount change;
  - Life insurance incurred but not reported (IBNR) death claim charge; and
  - Prior year loss reserve development.
- **General operating expenses, operating basis,** is derived by making the following adjustments to general operating and other expenses: include (i) certain loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating litigation reserves and (v) other expense related to a retroactive reinsurance agreement. We also derive General operating expense savings on a gross basis, which represents changes during the period in General operating expenses, operating basis, before the effect of additional investments made during the period. We use general operating expenses, operating basis, because we believe it provides a more meaningful indication of our ordinary course of business operating costs. We also exclude the impact of foreign exchange and the expenses of AIG Advisor Group, which has been divested, when measuring period-over-period fluctuations in General operating expenses, Operating basis.

Commercial Insurance; Consumer Insurance: Personal Insurance; Corporate and Other: United Guaranty

- **Pre-tax operating income:** includes both underwriting income and loss and net investment income, but excludes net realized capital gains and losses, other income and expense — net, gain on the sale of NSM and non-operating litigation reserves and settlements. Underwriting income and loss is derived by reducing net premiums earned by losses and loss adjustment expenses incurred, acquisition expenses and general operating expenses.
- **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, 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 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 in excess of $10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders, that meet the $10 million threshold. We believe the as adjusted ratios are meaningful measures of our underwriting results on an on-going 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.
- **Accident year loss ratio, as adjusted (Adjusted for 2012-2015 Prior Year Development)** further adjusts the Accident Year Loss Ratio, as adjusted to include the impact of the prior year reserve development recorded during 2012-2015 into each respective accident year and excludes the impact of UGC quota share reinsurance agreement.

Glossary of Non-GAAP Financial Measures (continued)

Consumer Insurance: Retirement and Life; Corporate and Other: Institutional Markets

- **Pre-tax operating income** is derived by excluding the following items from pre-tax income:
  - changes in fair value of securities used to hedge guaranteed living benefits;
  - net realized capital gains and losses;
  - gain on the sale of AIG Advisor Group;
  - changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; and
  - non-operating litigation reserves and settlements
- **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 and mutual funds.

Corporate and Other

- **Pre-tax operating income and loss** is derived by excluding the following items from pre-tax income and loss:
  - loss on extinguishment of debt
  - net realized capital gains and losses
  - changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses
  - income and loss from divested businesses, including Aircraft Leasing
  - net gain or loss on sale of divested businesses, including:
    - gain on the sale of ILFC; and
    - certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and our share of AerCap's income taxes;
  - non-operating litigation reserves and settlements
  - reserve development related to non-operating run-off insurance business; and
  - restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization.

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

Acronyms

- **YTD** – Year-to-date
- **YoY –** Year-over-year
- **NPW –** Net premiums written
- **FX –** Foreign exchange
- **AOCI –** Accumulated other comprehensive income

Note: Amounts presented in billions may not foot due to rounding.

- **DTA –** Deferred tax assets
- **PYD –** Prior year loss reserve development
- **NII** – Net investment income
- **GOE** – General operating expenses, operating basis
- **AYLR** – Accident year loss ratio, as adjusted
- **Normalized ROE** – Consolidated Normalized ROE, Ex. AOCI & DTA

AIG

Non-GAAP Reconciliation – Premiums and Deposits, Operating Revenues, and General Operating Expenses

Premiums and Deposits ($ in Millions)	Retirement		Life	
	3Q15	3Q16	3Q15	3Q16
Premiums and Deposits	$6,625	$5,172	$1,223	$1,363
Deposits	(6,542)	(5,128)	(369)	(375)
Other	(46)	1	(179)	(197)
Premiums	$37	$45	$675	$791

Total Operating Revenues (In Millions)	3Q15	3Q16
Total operating revenues	**$13,179**	**$13,596**
Reconciling Items:		
Changes in fair value of securities used to hedge guaranteed living benefits	4	17
Net realized capital loss	(342)	(765)
Non-operating litigation settlements	-	1
Other	(19)	5
Total revenues	**$12,822**	**$12,854**

General operating expenses, Operating basis ($ in Millions)	9M'15	9M'16
Total General operating expenses, Operating basis, Ex. FX & GOE of AIG Advisor Group	**$8,213**	**$7,407**
Add: FX Impact	27	-
Add: GOE of Advisor Group	161	68
Total General operating expenses, Operating basis	**$8,401**	**$7,475**
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(1,240)	(1,031)
Advisory fee expenses	1,012	566
Non-deferrable insurance commissions	377	350
Direct marketing and acquisition expenses, net of deferrals	441	329
Investment expenses reported as net investment income	(56)	(45)
Total general operating and other expenses included in pre-tax operating income	**8,935**	**7,644**
Restructuring and other costs	274	488
Other expense related to retroactive reinsurance agreement	-	(8)
Non-operating litigation reserves	5	1
Total general operating and other expenses, GAAP basis	**$9,214**	**$8,125**

AIG

Non-GAAP Reconciliation –
Pre-tax and After-tax Operating Income

Reconciliations of Pre-tax and After-tax Operating Income ($ in millions)	3Q15 Pre-tax	3Q15 Tax Effect	3Q15 After-tax	3Q16 Pre-tax	3Q16 Tax Effect	3Q16 After-tax
Operating income, excluding noncontrolling interests	$848	$164	$684	$1,612	$512	$1,100
Noncontrolling interest	-	-	7	-	-	(3)
Operating income, net of noncontrolling interests	$848	$164	$691	$1,612	$512	$1,097
Adjustments:						
Uncertain tax positions and other tax adjustments	-	233	(233)	-	42	(42)
Deferred income tax valuation allowance releases (charges)	-	8	(8)	-	(2)	2
Changes in fair value of securities used to hedge guaranteed living benefits	4	1	3	17	6	11
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(2)	-	(2)	(67)	(24)	(43)
Other (income) expense - net	-	-	-	3	1	2
Gain (loss) on extinguishment of debt	(346)	(121)	(225)	14	5	9
Net realized capital losses	(342)	(121)	(221)	(765)	(210)	(555)
Noncontrolling interest on net realized capital gains	-	-	(41)	-	-	29
Income (loss) from discontinued operations	-	-	(17)	-	-	3
Net gain (loss) from divested businesses	(3)	(2)	(1)	128	45	83
Non-operating litigation reserves and settlements	30	10	20	5	2	3
Reserve development related to non-operating run-off insurance business	(30)	(10)	(20)	-	-	-
Restructuring and other costs	(274)	(97)	(177)	(210)	(73)	(137)
Pre-tax income/net income (loss) - attributable to AIG	**($115)**	**$65**	**($231)**	**$737**	**$304**	**$462**

AIG

Non-GAAP Reconciliation –
Book Value Per Common Share and Return On Equity

Book Value Per Common Share ($ in Millions, Except Per Share Data)	Dec. 31, 2015	June 30, 2016	Sept. 30, 2016
Total AIG shareholders' equity (a)	$89,658	$89,946	$88,663
Less: Accumulated other comprehensive income (AOCI)	(2,537)	(8,259)	(9,057)
Total AIG shareholders' equity, excluding AOCI (b)	87,121	81,687	79,606
Less: Deferred tax assets (DTA)*	(16,751)	(15,614)	(15,567)
Total AIG shareholders' equity, excluding AOCI and DTA (c)	$70,370	$66,073	$64,039
Add: Cumulative quarterly common stock dividends above $0.125 per share	378	814	1,020
Total AIG shareholders' equity, excluding AOCI and DTA, including dividend growth (d)	$70,748	$66,887	$65,059
Total common shares outstanding (e)	**1,193.9**	**1,082.7**	**1,042.9**
Book value per share (a÷e)	$75.10	$83.08	$85.02
Book value per share, excluding AOCI (b÷e)	$72.97	$75.45	$76.33
Book value per share, excluding AOCI and DTA (c÷e)	$58.94	$61.03	$61.41
Book value per share, excluding AOCI and DTA and including dividend growth (d÷e)	$59.26	$61.78	$62.39

Return On Equity (ROE) Computations ($ in Millions)	3Q15	3Q16
Actual or annualized net income attributable to AIG (a)	($924)	$1,848
Actual or annualized after-tax operating income (b)	$2,764	$4,388
Average AIG shareholders' equity (c)	101,629	89,305
Less: Average AOCI	(7,089)	(8,658)
Average AIG shareholders' equity, excluding average AOCI (d)	94,540	80,647
Less: Average DTA	(15,271)	(15,591)
Average AIG shareholders' equity, excluding average AOCI and DTA (e)	**$79,269**	**$65,056**
ROE (a÷c)	(0.9%)	2.1%
ROE – after-tax operating income, excluding AOCI (b÷d)	2.9%	5.4%
ROE – after-tax operating income, excluding AOCI and DTA (b÷e)	3.5%	6.7%

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* Represents U.S. tax attributes related to net operating loss carryforwards and foreign tax credits.

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

	Commercial Insurance								Personal Insurance	
	Quarterly		Full Year							
Accident Year Combined Ratio, As Adjusted	3Q15	3Q16	2011	2012	2013	2014	2015	9M'16	3Q15	3Q16
Loss ratio	72.8	77.7	84.1	80.5	71.9	71.6	85.7	73.1	53.4	56.3
Catastrophe losses and reinstatement premiums	(1.8)	(5.7)	(11.9)	(10.9)	(3.4)	(2.9)	(2.9)	(5.9)	(2.0)	(0.9)
Prior year development net of premium adjustments	(3.5)	(6.9)	1.9	(1.2)	(1.5)	(2.8)	(17.4)	(2.4)	1.6	1.1
Net reserve discount benefit (charge)	(0.8)	(0.3)	0.2	0.5	(1.6)	(0.3)	0.4	(1.4)	N/M	N/M
Accident year loss ratio, as adjusted	66.7	64.8	74.3	68.9	65.4	65.6	65.8	63.4	53.0	56.5
Acquisition ratio	16.5	15.5	14.6	16.6	16.1	15.7	16.1	15.8	28.4	26.2
General operating expense ratio	13.0	12.1	9.8	13.8	13.6	12.9	12.6	12.0	17.8	13.8
Expense ratio	29.5	27.6	24.4	30.4	29.7	28.6	28.7	27.8	46.2	40.0
Combined ratio	102.3	105.3	108.5	110.9	101.6	100.2	114.4	100.9	99.6	96.3
Catastrophe losses and reinstatement premiums	(1.8)	(5.7)	(11.9)	(10.9)	(3.4)	(2.9)	(2.9)	(5.9)	(2.0)	(0.9)
Prior year development net of premium adjustments	(3.5)	(6.9)	1.9	(1.2)	(1.5)	(2.8)	(17.4)	(2.4)	1.6	1.1
Net reserve discount benefit (charge)	(0.8)	(0.3)	0.2	0.5	(1.6)	(0.3)	0.4	(1.4)	N/M	N/M
Accident year combined ratio, as adjusted	96.2	92.4	98.7	99.3	95.1	94.2	94.5	91.2	99.2	96.5

Commercial Insurance Accident Year Loss Ratio, As Adjusted (incl. 2012-2015 PYD) & Revised for Impact of UGC quota share agreement	3Q15	3Q16	2011	2012	2013	2014	2015	9M'16
Accident year loss ratio, as adjusted (above) - As revised	66.7	64.8	74.3	68.9	65.4	65.6	65.8	63.4
Impact of UGC quota share reinsurance agreement	0.4	0.8	-	-	-	-	0.4	0.7
Accident year loss ratio, as adjusted - As previously reported	67.1	65.6	74.3	68.9	65.4	65.6	66.2	64.1
Effect of 2012-2015 Prior Year Development By Accident Year			2.6	1.1	1.8	2.3	0.0	
Accident year loss ratio, as adjusted (incl. 2012-2015 PYD), excluding impact of UGC quota share reinsurance agreement			76.9	70.0	67.2	67.9	66.2	

1) In the second quarter of 2015, a United Guaranty subsidiary and certain of our property casualty companies entered into a 50 percent quota share arrangement whereby the United Guaranty subsidiary (1) ceded 50 percent of the risk relating to policies written in 2014 that were current as of January 1, 2015 and (2) ceded 50 percent of the risk relating to all policies written in 2015 and 2016, each in exchange for a 30 percent ceding commission and reimbursements of 50 percent of the losses and loss adjustment expenses incurred on covered policies. Beginning in the third quarter of 2016, the effects of these intercompany reinsurance arrangements are included in the results of Commercial Insurance and Corporate and Other for all periods presented. Previously, these arrangements were eliminated for purposes of segment reporting. Prior periods have been revised to conform to the current period presentation for the above segment changes.

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Non-GAAP Reconciliation –
Normalized ROE, Ex. AOCI & DTA[1]

($ in millions)	3Q15 Pre-tax	3Q15 Tax Effect	3Q15 After-tax	3Q15 ROE	3Q16 Pre-tax	3Q16 Tax Effect	3Q16 After-tax	3Q16 ROE
Operating income, net of noncontrolling interests	$848	$164	$691	3.5%	$1,612	$512	$1,097	6.7%
Adjustments to arrive at Normalized ROE, ex. AOCI & DTA:								
Catastrophe losses above (below) expectations	(513)	(180)	(333)	(1.7%)	(358)	(125)	(233)	(1.4%)
(Better) worse than expected alternative returns	458	160	298	1.5%	(70)	(25)	(45)	(0.2%)
(Better) worse than expected DIB & GCM returns	254	89	165	0.8%	(104)	(36)	(68)	(0.4%)
Fair value changes on PICC investments	257	90	167	0.8%	(47)	(16)	(31)	(0.2%)
Update of actuarial assumptions	17	6	11	0.1%	384	134	250	1.5%
Net reserve discount change	78	28	50	0.3%	32	11	21	0.1%
Unfavorable prior year loss reserve development	191	67	124	0.6%	262	92	170	1.0%
Normalized ROE, ex. AOCI & DTA	**$1,590**	**$424**	**$1,173**	**5.9%**	**$1,711**	**$547**	**$1,161**	**7.1%**

	3Q15	3Q16
Average AIG Shareholders' equity	**$101,629**	**$89,305**
Less: Average AOCI	7,089	8,658
Less: Average DTA	15,271	15,591
Effect of normalization on equity	(296)	381
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA	**$78,973**	**$65,437**

($ in millions)	9M'15 Pre-tax	9M'15 Tax Effect	9M'15 After-tax	9M'15 ROE	9M'16 Pre-tax	9M'16 Tax Effect	9M'16 After-tax	9M'16 ROE
Operating income, net of noncontrolling interests	$6,243	$1,974	$4,275	7.1%	$4,186	$1,198	$2,983	6.0%
Adjustments to arrive at Normalized ROE, ex. AOCI & DTA:								
Catastrophe losses above (below) expectations	(668)	(236)	(432)	(0.7%)	(175)	(61)	(114)	(0.2%)
(Better) worse than expected alternative returns	138	48	90	0.2%	650	227	423	0.8%
(Better) worse than expected DIB & GCM returns	(117)	(40)	(77)	(0.1%)	248	87	161	0.3%
Fair value changes on PICC investments	(23)	(9)	(14)	-	140	49	91	0.2%
Update of actuarial assumptions	17	6	11	-	384	134	250	0.5%
Net reserve discount change	(157)	(54)	(103)	(0.2%)	323	114	209	0.4%
Life insurance – IBNR death claims	-	-	-	-	(25)	(9)	(16)	-
Unfavorable (favorable) prior year loss reserve development	555	194	361	0.6%	231	81	150	0.3%
Normalized ROE, ex. AOCI & DTA	**$5,988**	**$1,883**	**$4,111**	**6.9%**	**$5,962**	**$1,820**	**$4,137**	**8.3%**

	9M'15	9M'16
Average AIG Shareholders' equity	**$104,534**	**$89,196**
Less: Average AOCI	8,863	6,344
Less: Average DTA	15,567	16,189
Effect of normalization on equity	(148)	190
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA	**$79,956**	**$66,853**

Note: Normalizing adjustments are tax effected using a 35% tax rate and computed based on average normalized shareholders' equity, excluding AOCI and DTA, for the respective period.

1) Represents U.S. tax attributes related to net operating loss carryforwards and foreign tax credits.

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