



American International Group, Inc.

Quarterly Financial Supplement
Fourth Quarter 2014

All financial information in this document is unaudited. This report should be read in conjunction with AIG's Annual Report on Form 10-K for the year ended December 31, 2014 which will be filed with the Securities and Exchange Commission.

American International Group, Inc. Quarterly Financial Supplement

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American International Group, Inc.
Cautionary Statement Regarding Forward-Looking Information

This Financial Supplement 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.” These projections, goals, assumptions and statements may address, among other things: AIG’s exposures to subprime mortgages, monoline insurers, the residential and commercial real estate markets, state and municipal bond issuers, sovereign bond issuers, the energy sector and currency exchange rates; AIG’s exposure to European governments and European financial institutions; AIG’s strategy for risk management; AIG’s generation of deployable capital; AIG’s return on equity and earnings per share; AIG’s strategies to grow net investment income, efficiently manage capital and reduce expenses; AIG’s strategies for customer retention, growth, product development, market position, financial results and reserves; and the revenues and combined ratios of AIG’s subsidiaries.

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:

- 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 nonbank systemically important financial institution and as a global systemically important insurer;
- concentrations in AIG’s investment portfolios;
- actions by credit rating agencies;
- judgments concerning casualty insurance underwriting and insurance liabilities;
- judgments concerning the recognition of deferred tax assets; and
- such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, in Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, in Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014, and in Part II, Item 7. MD&A and Part I, Item 1A. Risk Factors in AIG’s Annual Report on Form 10-K for the year ended December 31, 2013 and Part II, Item 7. MD&A and Part I, Item 1A. Risk Factors in AIG’s Annual Report on Form 10-K for the year ended December 31, 2014 (which will be filed with the Securities and Exchange Commission).

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.

American International Group, Inc. Non-GAAP Financial Measures

Throughout this Financial Supplement, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for “accounting principles generally accepted in the United States of America.” The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies.

Book Value Per Share Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value Per Share Excluding AOCI and DTA (Deferred Tax Assets) 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 the effect of non-cash 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. Book Value Per Share Excluding AOCI is derived by dividing Total AIG shareholders’ equity, excluding AOCI, by Total common shares outstanding. Book Value Per Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders’ equity, excluding AOCI and DTA, by Total common shares outstanding. The reconciliation to book value per common share, the most comparable GAAP measure, is presented on page 7 herein.

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.

After-tax operating income attributable to AIG is derived by excluding the following items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges
- changes in fair value of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense)
- 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 runoff 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)
 - 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
- legal reserves and settlements related to legacy crisis matters, which include favorable and unfavorable settlements related to events leading up to and resulting from our September 2008 liquidity crisis and legal fees incurred as the plaintiff in connection with such legal matters

General operating expenses, operating basis, is derived by making the following adjustments to general operating and other expenses: include (i) loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) investment 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) legal reserves related to legacy crisis matters and (v) other expense related to retroactive reinsurance agreement. 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 use the following operating performance measures within our Commercial Insurance and Consumer Insurance reportable segments as well as Corporate and Other.

Commercial Insurance: Property Casualty and Mortgage Guaranty; Consumer Insurance: Personal Insurance

- **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 and legal settlements related to legacy crisis matters described above. 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. 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.

American International Group, Inc.
Non-GAAP Financial Measures (continued)

- **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. Catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each.

Commercial Insurance: Institutional Markets; Consumer Insurance: Retirement and Life

- **Pre-tax operating income** is derived by excluding the following items from pre-tax income:
 - changes in fair values of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense)
 - net realized capital gains and losses
 - changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses
 - legal settlements related to legacy crisis matters described above
- **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
- certain legal reserves and settlements related to legacy crisis matters described above

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

American International Group, Inc.
Consolidated Statement of Operations

Consolidated Results

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Revenues:							
Premiums	\$ 9,208	\$ 9,486	\$ 9,485	\$ 9,075	\$ 9,467	\$ 37,254	\$ 37,499
Policy fees	667	677	640	631	599	2,615	2,340
Net investment income:							
Interest and dividends (1)	3,283	3,352	3,307	3,304	3,343	13,246	13,199
Alternative investments	516	636	547	925	911	2,624	2,803
Other investment income (1)	291	173	163	99	100	726	356
Investment expenses	(119)	(133)	(133)	(132)	(125)	(517)	(548)
Total net investment income	3,971	4,028	3,884	4,196	4,229	16,079	15,810
Net realized capital gains (losses) (page 52)	193	536	162	(152)	(346)	739	1,939
Aircraft leasing revenue (2)	-	-	489	1,113	1,117	1,602	4,420
Other income	1,371	1,970	1,476	1,300	2,334	6,117	6,866
Total revenues	15,410	16,697	16,136	16,163	17,400	64,406	68,874
Benefits, claims and expenses:							
Policyholder benefits and losses incurred	7,510	7,203	6,771	6,797	7,269	28,281	29,503
Interest credited to policyholder account balances	968	882	963	955	979	3,768	3,892
Amortization of deferred policy acquisition costs	1,341	1,288	1,396	1,305	1,298	5,330	5,157
General operating and other expenses (page 9)	3,249	3,151	3,714	3,024	3,691	13,138	13,564
Interest expense	346	430	463	479	514	1,718	2,142
Loss on extinguishment of debt	1,268	742	34	238	192	2,282	651
Aircraft leasing expenses (2)	-	-	489	1,096	1,306	1,585	4,549
Net (gain) loss on sale of divested businesses	(1)	(18)	(2,174)	(4)	1	(2,197)	48
Total benefits, claims and expenses	14,681	13,678	11,656	13,890	15,250	53,905	59,506
Income from continuing operations before income tax expense	729	3,019	4,480	2,273	2,150	10,501	9,368
Income tax expense	19	820	1,474	614	188	2,927	360
Income from continuing operations	710	2,199	3,006	1,659	1,962	7,574	9,008
Income (loss) from discontinued operations, net of income tax expense (benefit)	(35)	2	30	(47)	11	(50)	84
Net income	675	2,201	3,036	1,612	1,973	7,524	9,092
Net income (loss) from continuing operations attributable to noncontrolling interests	20	9	(37)	3	(5)	(5)	7
Net income attributable to AIG	\$ 655	\$ 2,192	\$ 3,073	\$ 1,609	\$ 1,978	\$ 7,529	\$ 9,085
Effective tax rates (3)	2.6%	27.2%	32.9%	27.0%	8.7%	27.9%	3.8%

See Page 5 for the related earnings per share computations and Page 15 for Accompanying Notes.



American International Group, Inc.
Earnings Per Share Computations

Consolidated Results

(in millions, except share data)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
GAAP Basis:							
Numerator for EPS:							
Income from continuing operations	\$ 710	\$ 2,199	\$ 3,006	\$ 1,659	\$ 1,962	\$ 7,574	\$ 9,008
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	20	9	(37)	3	(5)	(5)	7
Income attributable to AIG common shareholders from continuing operations	690	2,190	3,043	1,656	1,967	7,579	9,001
Income (loss) from discontinued operations, net of income tax expense	(35)	2	30	(47)	11	(50)	84
Net income attributable to AIG common shareholders	\$ 655	\$ 2,192	\$ 3,073	\$ 1,609	\$ 1,978	\$ 7,529	\$ 9,085
Denominator for EPS:							
Weighted average shares outstanding - basic	1,391,790,420	1,419,239,774	1,442,397,111	1,459,249,393	1,468,725,573	1,427,959,799	1,474,171,690
Dilutive shares	20,372,036	22,828,068	22,279,219	13,261,420	11,928,909	19,593,853	7,035,107
Weighted average shares outstanding - diluted (4)	1,412,162,456	1,442,067,842	1,464,676,330	1,472,510,813	1,480,654,482	1,447,553,652	1,481,206,797
Income per common share attributable to AIG:							
Basic:							
Income from continuing operations	\$ 0.50	\$ 1.54	\$ 2.11	\$ 1.13	\$ 1.34	\$ 5.31	\$ 6.11
Income (loss) from discontinued operations	(0.03)	-	0.02	(0.03)	0.01	(0.04)	0.05
Net income attributable to AIG	\$ 0.47	\$ 1.54	\$ 2.13	\$ 1.10	\$ 1.35	\$ 5.27	\$ 6.16
Diluted:							
Income from continuing operations	\$ 0.49	\$ 1.52	\$ 2.08	\$ 1.12	\$ 1.33	\$ 5.24	\$ 6.08
Income (loss) from discontinued operations	(0.03)	-	0.02	(0.03)	0.01	(0.04)	0.05
Net income attributable to AIG	\$ 0.46	\$ 1.52	\$ 2.10	\$ 1.09	\$ 1.34	\$ 5.20	\$ 6.13

See Page 6 for the related operating earnings per share and Page 15 for Accompanying Notes.



American International Group, Inc.
Reconciliations of Pre-tax and After-tax Operating Income

Consolidated Results

(in millions, except share data)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Pre-tax income from continuing operations	\$ 729	\$ 3,019	\$ 4,480	\$ 2,273	\$ 2,150	\$ 10,501	\$ 9,368
Adjustments to arrive at Pre-tax operating income							
Changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	(98)	(32)	(54)	(76)	33	(260)	161
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	127	45	52	(7)	112	217	1,608
Other (income) expense - net	-	-	-	-	72	-	72
Loss on extinguishment of debt	1,268	742	34	238	192	2,282	651
Net realized capital (gains) losses	(193)	(536)	(162)	152	346	(739)	(1,939)
(Income) loss from divested businesses (5)	20	(17)	(2,151)	(21)	190	(2,169)	177
Legal settlements related to legacy crisis matters	(113)	(653)	(12)	(26)	(634)	(804)	(1,152)
Legal reserves related to legacy crisis matters	-	17	506	23	19	546	444
Pre-tax operating income	<u>\$ 1,740</u>	<u>\$ 2,585</u>	<u>\$ 2,693</u>	<u>\$ 2,556</u>	<u>\$ 2,480</u>	<u>\$ 9,574</u>	<u>\$ 9,390</u>
Net income attributable to AIG	\$ 655	\$ 2,192	\$ 3,073	\$ 1,609	\$ 1,978	\$ 7,529	\$ 9,085
Adjustments to arrive at After-tax operating income (amounts net of tax):							
Uncertain tax positions and other tax adjustments	73	(25)	39	(28)	65	59	791
Deferred income tax valuation allowance releases (6)	(20)	(21)	(75)	(65)	(540)	(181)	(3,237)
Changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	(64)	(21)	(35)	(49)	22	(169)	105
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	82	29	35	(5)	74	141	1,148
Other (income) expense - net	-	-	-	-	47	-	47
Loss on extinguishment of debt	824	482	22	155	125	1,483	423
Net realized capital (gains) losses	(105)	(301)	(155)	91	208	(470)	(1,285)
(Income) loss from discontinued operations	35	(2)	(30)	47	(11)	50	(84)
(Income) loss from divested businesses (5)	(9)	(42)	(1,399)	(12)	97	(1,462)	117
Legal reserves (settlements) related to legacy crisis matters	(100)	(569)	321	(2)	(399)	(350)	(460)
After-tax operating income	<u>\$ 1,371</u>	<u>\$ 1,722</u>	<u>\$ 1,796</u>	<u>\$ 1,741</u>	<u>\$ 1,666</u>	<u>\$ 6,630</u>	<u>\$ 6,650</u>
After-tax operating income per diluted share	<u>\$ 0.97</u>	<u>\$ 1.19</u>	<u>\$ 1.23</u>	<u>\$ 1.18</u>	<u>\$ 1.13</u>	<u>\$ 4.58</u>	<u>\$ 4.49</u>
Calculation of Effective tax rates:							
Pre-tax income	\$ 1,740	\$ 2,585	\$ 2,693	\$ 2,556	\$ 2,480	\$ 9,574	\$ 9,390
Income tax expense	(369)	(869)	(904)	(817)	(810)	(2,959)	(2,703)
Net income (loss) attributable to non-controlling interest	-	6	7	2	(4)	15	(37)
After-tax operating income	<u>\$ 1,371</u>	<u>\$ 1,722</u>	<u>\$ 1,796</u>	<u>\$ 1,741</u>	<u>\$ 1,666</u>	<u>\$ 6,630</u>	<u>\$ 6,650</u>
Effective tax rates on pre-tax operating income (7)	<u>21.2%</u>	<u>33.6%</u>	<u>33.6%</u>	<u>32.0%</u>	<u>32.7%</u>	<u>30.9%</u>	<u>28.8%</u>

See Accompanying Notes on Page 15.



American International Group, Inc.
Return On Equity and Per Share Data

Consolidated Results

(in millions, except per share data)

	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Common Equity and Book Value Per Share Computations:							
<i>(as of period end)</i>							
Total AIG shareholders' equity (a)	\$ 106,898	\$ 108,581	\$ 108,161	\$ 103,833	\$ 100,470	\$ 106,898	\$ 100,470
Less: Accumulated other comprehensive income (AOCI)	10,617	11,331	11,511	9,085	6,360	10,617	6,360
Total AIG Shareholders' equity, excluding AOCI (b)	96,281	97,250	96,650	94,748	94,110	96,281	94,110
Less: Deferred tax assets (DTA)*	16,158	15,682	15,899	17,518	17,797	16,158	17,797
Total AIG Shareholders' equity, excluding AOCI and DTA (c)	\$ 80,123	\$ 81,568	\$ 80,751	\$ 77,230	\$ 76,313	\$ 80,123	\$ 76,313
Total common shares outstanding (d)	1,375.9	1,403.8	1,428.6	1,446.6	1,464.1	1,375.9	1,464.1
Book Value Per Share (a÷d)	\$ 77.69	\$ 77.35	\$ 75.71	\$ 71.77	\$ 68.62	\$ 77.69	\$ 68.62
Book Value Per Share, excluding AOCI (b÷d)	69.98	69.28	67.65	65.49	64.28	69.98	64.28
Book Value Per Share, excluding AOCI and DTA (c÷d)	\$ 58.23	\$ 58.11	\$ 56.53	\$ 53.39	\$ 52.12	\$ 58.23	\$ 52.12
Return On Equity (ROE) Computations:							
Actual or Annualized Net income attributable to AIG (a)	\$ 2,620	\$ 8,768	\$ 12,292	\$ 6,436	\$ 7,912	\$ 7,529	\$ 9,085
Actual or Annualized After-tax operating income attributable to AIG (b)	\$ 5,484	\$ 6,888	\$ 7,184	\$ 6,964	\$ 6,664	\$ 6,630	\$ 6,650
Average AIG Shareholders' equity (c)	\$ 107,740	\$ 108,371	\$ 105,997	\$ 102,152	\$ 99,632	\$ 105,589	\$ 98,850
Less: Average AOCI	10,974	11,421	10,298	7,723	6,435	9,781	8,865
Average AIG Shareholders' equity, excluding average AOCI (d)	96,766	96,950	95,699	94,429	93,197	95,808	89,985
Less: Average DTA	15,920	15,790	16,709	17,658	17,885	16,611	18,150
Average AIG Shareholders' equity, excluding average AOCI and DTA (e)	\$ 80,846	\$ 81,160	\$ 78,990	\$ 76,771	\$ 75,312	\$ 79,197	\$ 71,835
ROE (a÷c)	2.4%	8.1%	11.6%	6.3%	7.9%	7.1%	9.2%
ROE - After-tax operating income, excluding AOCI (b÷d)	5.7%	7.1%	7.5%	7.4%	7.2%	6.9%	7.4%
ROE - After-tax operating income, excluding AOCI and DTA (b÷e)	6.8%	8.5%	9.1%	9.1%	8.8%	8.4%	9.3%
Common Stock Repurchase:							
Aggregate repurchase of common stock	\$ 1,500	\$ 1,466	\$ 1,070	\$ 867	\$ 405	\$ 4,903	\$ 597
Total number of common shares repurchased	27.9	24.8	18.1	17.4	8.3	88.2	12.3
Average price paid per share of common stock	\$ 54.48	\$ 54.32	\$ 54.08	\$ 49.73	\$ 49.00	\$ 55.60	\$ 48.44
Dividends Declared Per Common Share	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.10	\$ 0.500	\$ 0.20

* Represents U.S. tax attributes related to net operating loss carryforwards and foreign tax credits. Amounts are estimates based on projections of full year attribute utilization.

See Accompanying Notes on Page 15.



American International Group, Inc.
Selected Segment Data

Consolidated Results - Operating basis

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Total operating revenues: (8)							
Commercial Insurance							
Property Casualty	\$ 6,315	\$ 6,425	\$ 6,331	\$ 6,112	\$ 6,499	\$ 25,183	\$ 25,108
Mortgage Guaranty	273	262	259	248	236	1,042	941
Institutional Markets	548	626	707	695	702	2,576	2,813
Total Commercial Insurance	7,136	7,313	7,297	7,055	7,437	28,801	28,862
Consumer Insurance							
Retirement	2,417	2,472	2,410	2,485	2,537	9,784	9,431
Life	1,576	1,575	1,560	1,610	1,596	6,321	6,397
Personal Insurance	3,008	3,163	3,129	3,064	3,192	12,364	12,832
Total Consumer Insurance	7,001	7,210	7,099	7,159	7,325	28,469	28,660
Corporate and Other	1,049	1,062	1,118	968	959	4,197	4,019
Consolidation, eliminations and other adjustments	(180)	(109)	(95)	(82)	306	(466)	(17)
Total operating revenues	<u>\$ 15,006</u>	<u>\$ 15,476</u>	<u>\$ 15,419</u>	<u>\$ 15,100</u>	<u>\$ 16,027</u>	<u>\$ 61,001</u>	<u>\$ 61,524</u>
Total pre-tax operating income:							
Commercial Insurance							
Property Casualty	\$ 935	\$ 952	\$ 1,245	\$ 1,116	\$ 734	\$ 4,248	\$ 4,095
Mortgage Guaranty	171	135	210	76	48	592	205
Institutional Markets	118	153	170	229	191	670	680
Total Commercial Insurance	1,224	1,240	1,625	1,421	973	5,510	4,980
Consumer Insurance							
Retirement	722	1,094	764	915	957	3,495	3,490
Life	80	50	215	235	215	580	806
Personal Insurance	121	120	140	18	(9)	399	268
Total Consumer Insurance	923	1,264	1,119	1,168	1,163	4,474	4,564
Corporate and Other	(357)	90	(53)	(68)	296	(388)	(319)
Consolidation, eliminations and other adjustments	(50)	(9)	2	35	48	(22)	165
Total pre-tax operating income	<u>\$ 1,740</u>	<u>\$ 2,585</u>	<u>\$ 2,693</u>	<u>\$ 2,556</u>	<u>\$ 2,480</u>	<u>\$ 9,574</u>	<u>\$ 9,390</u>

See Accompanying Notes on Page 15.

American International Group, Inc.
General Operating and Other Expenses

Consolidated Results

(in millions)	Quarterly					Twelve Months Ended	
						December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
General operating expenses							
Commercial Insurance							
Property Casualty	\$ 644	\$ 676	\$ 706	\$ 671	\$ 773	\$ 2,697	\$ 2,810
Mortgage Guaranty	36	46	37	37	40	156	142
Institutional Markets	19	15	14	18	19	66	64
Total Commercial Insurance	699	737	757	726	832	2,919	3,016
Consumer Insurance							
Retirement	279	233	236	232	245	980	945
Life	229	233	213	210	230	885	849
Personal Insurance	550	607	558	505	629	2,220	2,292
Total Consumer Insurance	1,058	1,073	1,007	947	1,104	4,085	4,086
Corporate and Other	532	455	530	472	644	1,989	2,240
Consolidations and eliminations	(83)	(59)	(56)	(74)	29	(272)	(178)
Total general operating expenses	2,206	2,206	2,238	2,071	2,609	8,721	9,164
Other acquisition expenses							
Commercial Insurance							
Property Casualty	190	195	198	206	232	789	900
Mortgage Guaranty	11	13	11	14	15	49	60
Institutional Markets	5	8	9	8	9	30	36
Total Commercial Insurance	206	216	218	228	256	868	996
Consumer Insurance							
Personal Insurance	159	139	150	148	154	596	679
Total Consumer Insurance	159	139	150	148	154	596	679
Total other acquisition expenses	365	355	368	376	410	1,464	1,675
Loss adjustment expenses							
Commercial Insurance - Property Casualty	314	302	303	298	296	1,217	1,137
Consumer Insurance - Personal Insurance	120	106	115	109	135	450	529
Total loss adjustment expenses	434	408	418	407	431	1,667	1,666
Investment and other expenses	11	24	28	25	31	88	127
Total general operating expenses, Operating basis (9)	3,016	2,993	3,052	2,879	3,481	11,940	12,632
Reconciliation to general operating and other expenses, GAAP basis							
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(434)	(408)	(418)	(407)	(431)	(1,667)	(1,666)
Advisory fee expenses	329	338	337	311	312	1,315	1,175
Non-deferrable insurance commissions	146	130	119	127	134	522	521
Direct marketing and acquisition expenses, net of deferrals	203	105	146	116	135	570	513
Investment expenses reported as net investment income	(11)	(24)	(28)	(25)	(31)	(88)	(127)
Total general operating and other expenses included in pre-tax operating income	3,249	3,134	3,208	3,001	3,600	12,592	13,048
Legal reserves related to legacy crisis matters	-	17	506	23	19	546	444
Other expense related to retroactive reinsurance agreement	-	-	-	-	72	-	72
Total general operating and other expenses, GAAP basis	\$ 3,249	\$ 3,151	\$ 3,714	\$ 3,024	\$ 3,691	\$ 13,138	\$ 13,564

See Accompanying Notes on Page 15.



American International Group, Inc.
Condensed Consolidated Balance Sheets

Consolidated Results

(in millions)	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Assets:					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 259,859	\$ 265,786	\$ 266,304	\$ 262,937	\$ 258,274
Other bond securities, at fair value	19,712	20,381	21,430	21,718	22,623
Equity securities					
Common and preferred stock available for sale, at fair value	4,395	4,344	4,048	3,878	3,656
Other common and preferred stock, at fair value	1,049	766	724	725	834
Mortgage and other loans receivable, net of allowance	24,990	23,397	22,937	21,569	20,765
Other invested assets (page 50)	34,518	33,908	33,645	29,050	28,659
Short-term investments	11,243	17,852	20,888	17,658	21,617
Total investments	355,766	366,434	369,976	357,535	356,428
Cash	1,758	1,933	1,827	1,920	2,241
Accrued investment income	2,712	2,877	2,846	2,924	2,905
Premiums and other receivables, net of allowance	12,031	13,236	14,077	14,269	12,939
Reinsurance assets, net of allowance	21,959	23,864	24,631	25,346	23,829
Deferred income taxes	19,339	19,606	19,912	21,631	21,925
Deferred policy acquisition costs	9,827	9,603	9,106	9,217	9,436
Derivative assets, at fair value	1,604	1,588	1,617	1,601	1,665
Other assets	10,549	10,239	9,399	8,738	9,366
Separate account assets, at fair value	80,036	77,810	75,718	72,593	71,059
Assets held for sale (10)	-	-	-	30,767	29,536
Total assets	\$ 515,581	\$ 527,190	\$ 529,109	\$ 547,111	\$ 541,329
Liabilities:					
Liability for unpaid losses and loss adjustment expenses	\$ 77,260	\$ 78,674	\$ 79,977	\$ 81,155	\$ 81,547
Unearned premiums	21,324	23,695	23,694	23,383	21,953
Future policy benefits for life and accident and health insurance contracts	42,749	42,431	42,536	41,419	40,653
Policyholder contract deposits	124,613	123,744	123,354	122,839	122,016
Other policyholder funds	4,669	4,718	4,809	4,802	5,083
Derivative liabilities, at fair value	2,273	2,502	2,416	3,039	2,511
Other liabilities	24,168	28,410	29,610	28,138	29,155
Long-term debt (page 14)	31,217	36,223	38,414	39,508	41,693
Separate account liabilities	80,036	77,810	75,718	72,593	71,059
Liabilities held for sale (10)	-	-	-	25,815	24,548
Total liabilities	408,309	418,207	420,528	442,691	440,218
Redeemable noncontrolling interests		-	-	27	30
AIG shareholders' equity:					
Common stock	4,766	4,766	4,766	4,766	4,766
Treasury stock, at cost	(19,218)	(17,720)	(16,369)	(15,386)	(14,520)
Additional paid-in capital	80,958	80,904	80,967	80,975	80,899
Retained earnings	29,775	29,300	27,286	24,393	22,965
Accumulated other comprehensive income	10,617	11,331	11,511	9,085	6,360
Total AIG shareholders' equity	106,898	108,581	108,161	103,833	100,470
Non-redeemable noncontrolling interests	374	402	420	560	611
Total equity	107,272	108,983	108,581	104,393	101,081
Total liabilities and equity	\$ 515,581	\$ 527,190	\$ 529,109	\$ 547,111	\$ 541,329

See Accompanying Notes on Page 15.



American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

	December 31, 2014				
	Life Insurance Companies (11)	Non - Life Insurance Companies (12)	Corporate and Other (13)	Consolidation & Eliminations	AIG Inc.
(in millions)					
Assets:					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 164,527	\$ 92,942	\$ 5,933	\$ (3,543)	\$ 259,859
Other bond securities, at fair value	2,785	1,733	15,634	(440)	19,712
Equity securities					
Common and preferred stock available for sale, at fair value	150	4,241	4	-	4,395
Other common and preferred stock, at fair value	-	495	554	-	1,049
Mortgage and other loans receivable, net of allowance	20,874	6,686	704	(3,274)	24,990
Other invested assets (page 50)	11,916	10,372	12,109	121	34,518
Short-term investments	2,131	4,154	5,827	(869)	11,243
Total investments	202,383	120,623	40,765	(8,005)	355,766
Cash	451	1,191	116	-	1,758
Accrued investment income	1,781	907	26	(2)	2,712
Premiums and other receivables, net of allowance	1,810	9,970	1,191	(940)	12,031
Reinsurance assets, net of allowance	1,921	20,025	13	-	21,959
Deferred income taxes	-	4,040	16,320	(1,021)	19,339
Deferred policy acquisition costs	7,258	2,551	-	18	9,827
Derivative assets, at fair value	902	340	1,975	(1,613)	1,604
Other assets	4,764	4,652	98,977	(97,844)	10,549
Separate account assets, at fair value	80,025	-	11	-	80,036
Total assets	\$ 301,295	\$ 164,299	\$ 159,394	\$ (109,407)	\$ 515,581
Liabilities:					
Liability for unpaid losses and loss adjustment expenses	\$ -	\$ 77,260	\$ -	\$ -	\$ 77,260
Unearned premiums	-	21,325	-	(1)	21,324
Future policy benefits for life and accident and health insurance contracts	42,004	579	189	(23)	42,749
Policyholder contract deposits	124,716	-	15	(118)	124,613
Other policyholder funds	2,656	2,003	10	-	4,669
Derivative liabilities, at fair value	555	208	3,150	(1,640)	2,273
Other liabilities	12,237	11,849	10,561	(10,479)	24,168
Long-term debt (page 14)	1,574	136	37,172	(7,665)	31,217
Separate account liabilities	80,025	-	11	-	80,036
Total liabilities	263,767	113,360	51,108	(19,926)	408,309
AIG shareholders' equity:					
Preferred stock	65	-	-	(65)	-
Common stock	422	42	4,768	(466)	4,766
Treasury stock, at cost	-	-	(19,218)	-	(19,218)
Additional paid-in capital	41,397	27,149	67,176	(54,764)	80,958
Retained earnings	(10,904)	19,727	44,577	(23,625)	29,775
Accumulated other comprehensive income	6,545	3,951	10,693	(10,572)	10,617
Total AIG shareholders' equity	37,525	50,869	107,996	(89,492)	106,898
Non-redeemable noncontrolling interests	3	70	290	11	374
Total equity	37,528	50,939	108,286	(89,481)	107,272
Total liabilities and equity	\$ 301,295	\$ 164,299	\$ 159,394	\$ (109,407)	\$ 515,581

See Accompanying Notes on Page 15.



American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

(in millions)	December 31, 2013				
	Life Insurance Companies (11)	Non - Life Insurance Companies (12)	Corporate and Other (13)	Consolidation & Eliminations	AIG Inc.
Assets:					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 158,225	\$ 97,202	\$ 7,282	\$ (4,435)	\$ 258,274
Other bond securities, at fair value	2,406	1,995	18,558	(336)	22,623
Equity securities					
Common and preferred stock available for sale, at fair value	80	3,574	2	-	3,656
Other common and preferred stock, at fair value	538	198	98	-	834
Mortgage and other loans receivable, net of allowance	19,209	4,088	850	(3,382)	20,765
Other invested assets (page 50)	13,026	9,339	6,398	(104)	28,659
Short-term investments	6,462	5,420	10,882	(1,147)	21,617
Total investments	<u>199,946</u>	<u>121,816</u>	<u>44,070</u>	<u>(9,404)</u>	<u>356,428</u>
Cash	584	1,496	161	-	2,241
Accrued investment income	1,849	991	67	(2)	2,905
Premiums and other receivables, net of allowance	1,586	10,756	1,494	(897)	12,939
Reinsurance assets, net of allowance	1,950	21,864	15	-	23,829
Deferred income taxes	935	4,206	17,094	(310)	21,925
Deferred policy acquisition costs	6,920	2,493	-	23	9,436
Derivative assets, at fair value	571	333	2,417	(1,656)	1,665
Other assets	2,075	4,783	96,696	(94,188)	9,366
Separate account assets, at fair value	71,048	-	11	-	71,059
Assets held for sale	-	-	29,536	-	29,536
Total assets	<u>\$ 287,464</u>	<u>\$ 168,738</u>	<u>\$ 191,561</u>	<u>\$ (106,434)</u>	<u>\$ 541,329</u>
Liabilities:					
Liability for unpaid losses and loss adjustment expenses	\$ -	\$ 81,547	\$ -	\$ -	\$ 81,547
Unearned premiums	-	21,953	-	-	21,953
Future policy benefits for life and accident and health insurance contracts	39,848	609	219	(23)	40,653
Policyholder contract deposits	122,038	-	18	(40)	122,016
Other policyholder funds	2,635	2,442	6	-	5,083
Derivative liabilities, at fair value	649	217	3,213	(1,568)	2,511
Other liabilities	11,282	13,118	8,048	(3,293)	29,155
Long-term debt (page 14)	761	154	49,463	(8,685)	41,693
Separate account liabilities	71,048	-	11	-	71,059
Liabilities held for sale	-	-	24,548	-	24,548
Total liabilities	<u>248,261</u>	<u>120,040</u>	<u>85,526</u>	<u>(13,609)</u>	<u>440,218</u>
Redeemable noncontrolling interests	-	30			30
AIG shareholders' equity:					
Common stock	143	41	4,768	(186)	4,766
Treasury stock, at cost	-	-	(14,520)	-	(14,520)
Additional paid-in capital	41,306	25,061	72,411	(57,879)	80,899
Retained earnings	(6,099)	20,285	36,423	(27,644)	22,965
Accumulated other comprehensive income	3,852	3,222	6,410	(7,124)	6,360
Total AIG shareholders' equity	<u>39,202</u>	<u>48,609</u>	<u>105,492</u>	<u>(92,833)</u>	<u>100,470</u>
Non-redeemable noncontrolling interests	1	59	543	8	611
Total equity	<u>39,203</u>	<u>48,668</u>	<u>106,035</u>	<u>(92,825)</u>	<u>101,081</u>
Total liabilities and equity	<u>\$ 287,464</u>	<u>\$ 168,738</u>	<u>\$ 191,561</u>	<u>\$ (106,434)</u>	<u>\$ 541,329</u>

See Accompanying Notes on Page 15.



American International Group, Inc.
Reconciliation of Statutory Surplus to GAAP Equity *

Consolidated Results

(in millions)	As of December 31, 2014		As of December 31, 2013	
	Life Insurance Companies (10)	Non-Life Insurance Companies (11)	Life Insurance Companies (10)	Non-Life Insurance Companies (11)
Statutory surplus	\$ 9,535	\$ 41,175	\$ 15,572	\$ 39,836
Deferred policy acquisition costs, sales inducements and value of business acquired	7,483	1,852	7,426	1,828
Net unrealized gains on fixed maturity securities	10,467	3,902	4,492	2,127
Statutory non-admitted assets	6,175	1,559	5,564	3,326
Other (15)	3,868	2,451	6,149	1,551
GAAP Equity	\$ 37,528	\$ 50,939	\$ 39,203	\$ 48,668

* December 31, 2014 amounts are subject to change based on final statutory filings. December 31, 2013 amounts reflect final statutory filings.

See Accompanying Notes on Page 15.

American International Group, Inc.
Debt and Capital

Consolidated Results

(in millions)	Debt and Hybrid Capital			Interest Expense			
	Dec. 31, 2014	Dec. 31, 2013	Inc. (Dec.)	Three Months Ended		Twelve Months Ended	
				Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Financial debt:							
AIG notes and bonds payable	\$ 15,570	\$ 14,062	\$ 10.7 %	\$ 205	\$ 195	\$ 795	\$ 763
AIG subordinated debt	250	250	-	1	2	6	6
AIG loans and mortgage payable	-	1	(100.0)	-	-	-	-
AIG Life Holdings, Inc. notes and bonds payable	284	299	(5.0)	5	5	21	21
AIG Life Holdings, Inc. junior subordinated debt	536	1,054	(49.1)	15	21	74	89
Total	16,640	15,666	6.2	226	223	896	879
Operating debt:							
MIP notes payable	2,870	7,963	(64.0)	31	87	218	353
Series AIGFP matched notes and bonds payable	34	3,219	(98.9)	12	67	143	270
Other AIG borrowings supported by assets (16)	5,466	6,747	(19.0)	-	-	-	-
Other subsidiaries	58	656	(91.2)	2	11	3	22
Borrowings of consolidated investments	3,683	1,909	92.9	30	21	121	85
Total	12,111	20,494	(40.9)	75	186	485	730
Hybrid - debt securities:							
Junior subordinated debt (17)	2,466	5,533	(55.4)	45	105	337	533
Total (18)	\$ 31,217	\$ 41,693	(25.1)	\$ 346	\$ 514	\$ 1,718	\$ 2,142
AIG capitalization:							
Total equity	\$ 107,272	\$ 101,081	6.1				
Hybrid - debt securities (17)	2,466	5,533	(55.4)				
Total equity and hybrid capital	109,738	106,614	2.9				
Financial debt	16,640	15,666	6.2				
Total capital	\$ 126,378	\$ 122,280	3.4				
Ratios:							
Hybrid - debt securities / Total capital	1.9%	4.5%					
Financial debt / Total capital	13.2%	12.8%					
Total debt / Total capital	15.1%	17.3%					

See accompanying notes on Page 15.

American International Group, Inc.
Notes

Consolidated Results

- (1) Includes changes in market value of investments accounted for under the fair value option, real estate income and income (loss) from equity method investments (excluding AerCap which is reported in Other income). Beginning 4Q14, investment income from certain investments accounted for under the fair value option were reclassified from interest and dividends to other investment income. Prior periods have been revised to conform to the new presentation.
- (2) ILFC was sold on May 14, 2014. The twelve months ended December 31, 2014 includes ILFC's results through the sale date.
- (3) Effective tax rates are calculated based on Income from continuing operations before tax.
- (4) Dilutive shares are calculated using the treasury stock method and include dilutive shares from share-based employee compensation plans, a weighted average portion of the warrants issued to AIG shareholders as part of the recapitalization in January 2011 and a weighted average portion of the warrants issued to the Department of the Treasury in 2009 that we repurchased in the first quarter of 2013. The number of shares excluded from diluted shares outstanding was 0.4 million, 0.3 million, 0.3 million, 0.3 million and 0.4 million for each of 4Q14, 3Q14, 2Q14, 1Q14 and 4Q13, respectively, and 0.3 million and 38 million, for the twelve months ended December 31, 2014 and 2013, respectively, because the effect of including those shares in the calculation would have been anti-dilutive.
- (5) 2Q14 includes the gain on sale of ILFC, which was sold on May 14, 2014. 4Q14, 3Q14 and 2Q14 also include 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.
- (6) Excludes valuation allowance (charge) releases of (\$49) million, \$184 million, \$582 million and \$892 million in 4Q14, 3Q14, 2Q14 and 1Q14, respectively, recorded in AOCI.
- (7) Effective tax rates are calculated based on Pre-tax operating income.
- (8) Operating revenues exclude Net realized capital gains (losses), Aircraft leasing revenues, income from legal settlements (included in Other income for GAAP purposes) and changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense (included in Net investment income for GAAP purposes).
- (9) Includes unallocated loss adjustment expenses, investment expenses and certain acquisition expenses (including the portion deferred for GAAP reporting). Excludes charges for legal reserves related to legacy crisis matters and other expense related to a retroactive reinsurance agreement with a third-party reinsurer (NICO).
- (10) For periods prior to June 30, 2014, includes the assets and liabilities of ILFC, which was sold on May 14, 2014.
- (11) Includes Fuji Life.
- (12) Includes the Property Casualty insurance runoff businesses, as well as Mortgage Guaranty.
- (13) Includes AIG Parent, Global Capital Markets, Direct Investment book and AIG Life Holdings, Inc. (a non-operating holding company).
- (14) Consists primarily of 3rd Party debt related to other subsidiaries and consolidated investments in affordable housing partnerships.
- (15) Other for Life Insurance Companies consists primarily of differences between GAAP and Statutory accounting, such as shadow loss recognition, asset valuation reserve, fair value of embedded derivatives and interest maintenance reserve. For Non-Life Insurance Companies, other consists primarily of the statutory surplus of MG Reinsurance Limited, statutory contingency reserves and deferred income taxes.
- (16) Borrowings are carried at fair value with fair value adjustments reported in Other income on the Consolidated Statement of Operations. Contractual interest payments amounted to \$78 million and \$94 million for the three months ended December 31, 2014 and 2013, respectively, and \$256 million and \$307 million for the twelve months ended December 31, 2014 and 2013, respectively.
- (17) The junior subordinated debentures receive partial equity treatment from a major rating agency under its current policies but are recorded as long-term borrowings on the Condensed Consolidated Balance Sheets.
- (18) ILFC was sold on May 14, 2014. Excludes ILFC's interest expense which is reflected within Aircraft leasing expenses on the Consolidated Statement of Operations.

American International Group, Inc.
Operating Results

Commercial Insurance

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Revenues:							
Premiums	\$ 5,509	\$ 5,692	\$ 5,656	\$ 5,364	\$ 5,631	\$ 22,221	\$ 22,096
Policy fees	49	49	45	44	29	187	113
Net investment income	1,578	1,572	1,596	1,647	1,777	6,393	6,653
Total operating revenues	7,136	7,313	7,297	7,055	7,437	28,801	28,862
Benefits and expenses:							
Policyholder benefits and losses incurred	4,255	4,385	3,970	3,965	4,646	16,575	17,002
Interest credited to policyholder account balances	102	105	103	100	105	410	413
Amortization of deferred policy acquisition costs	612	648	633	619	628	2,512	2,418
General operating and other expenses*	943	935	966	950	1,085	3,794	4,049
Total benefits and expenses	5,912	6,073	5,672	5,634	6,464	23,291	23,882
Pre-tax operating income	\$ 1,224	\$ 1,240	\$ 1,625	\$ 1,421	\$ 973	\$ 5,510	\$ 4,980

* Includes general operating expenses, commissions and other acquisition expenses.

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
	\$	\$	\$	\$	\$	\$	\$
Net premiums written	4,692	5,509	5,813	5,006	4,851	21,020	20,880
Net premiums earned	5,207	5,357	5,269	5,052	5,305	20,885	20,677
Losses and loss adjustment expenses incurred	3,904	3,977	3,567	3,508	4,141	14,956	14,872
Acquisition expenses:							
Amortization of deferred policy acquisition costs	604	643	624	615	622	2,486	2,394
Other acquisition expenses	228	177	189	202	229	796	937
Total acquisition expenses	832	820	813	817	851	3,282	3,331
General operating expenses	644	676	706	671	773	2,697	2,810
Underwriting income (loss)	(173)	(116)	183	56	(460)	(50)	(336)
Net investment income:							
Interest and dividends	830	857	838	813	874	3,338	3,484
Alternative investments (1)	111	176	171	242	273	700	779
Other investment income (2)	189	70	91	50	87	400	336
Investment expenses	(22)	(35)	(38)	(45)	(40)	(140)	(168)
Total net investment income	1,108	1,068	1,062	1,060	1,194	4,298	4,431
Pre-tax operating income	\$ 935	\$ 952	\$ 1,245	\$ 1,116	\$ 734	\$ 4,248	\$ 4,095
Underwriting ratios:							
Loss ratio	75.0	74.2	67.7	69.4	78.1	71.6	71.9
Catastrophe losses and reinstatement premiums	(0.7)	(4.8)	(2.3)	(3.6)	(3.6)	(2.9)	(3.4)
Prior year development net of premium adjustments	(4.0)	(4.9)	0.7	(3.1)	(0.9)	(2.8)	(1.5)
Net reserve discount	(4.4)	0.3	0.4	2.5	(6.1)	(0.3)	(1.6)
Accident year loss ratio, as adjusted	65.9	64.8	66.5	65.2	67.5	65.6	65.4
Acquisition ratio	16.0	15.3	15.4	16.2	16.0	15.7	16.1
General operating expense ratio	12.4	12.6	13.4	13.3	14.6	12.9	13.6
Expense ratio	28.4	27.9	28.8	29.5	30.6	28.6	29.7
Combined ratio	103.4	102.1	96.5	98.9	108.7	100.2	101.6
Catastrophe losses and reinstatement premiums	(0.7)	(4.8)	(2.3)	(3.6)	(3.6)	(2.9)	(3.4)
Prior year development net of premium adjustments	(4.0)	(4.9)	0.7	(3.1)	(0.9)	(2.8)	(1.5)
Net reserve discount	(4.4)	0.3	0.4	2.5	(6.1)	(0.3)	(1.6)
Accident year combined ratio, as adjusted	94.3	92.7	95.3	94.7	98.1	94.2	95.1
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 35	\$ 260	\$ 121	\$ 184	\$ 188	\$ 600	\$ 710
Reinstatement premiums related to catastrophes	-	2	-	-	-	2	-
Reinstatement premiums related to prior year catastrophes	(2)	(1)	1	-	-	(2)	27
Severe losses (4)	66	188	193	145	260	592	569
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	175	319	5	156	54	655	355
(Additional) returned premium related to prior year development	52	(93)	(68)	4	(6)	(105)	(89)
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	227	226	(63)	160	48	550	266
Net reserve discount (benefit) charge	229	(16)	(16)	(126)	322	71	322
Net loss and loss expense reserve (at period end)	\$ 52,468	\$ 53,191	\$ 53,788	\$ 53,920	\$ 54,075	\$ 52,468	\$ 54,075

See Accompanying Notes on Page 25.

American International Group, Inc.
Net Premiums Written by Line of Business and Region

Commercial Insurance - Property Casualty

(in millions)	Quarterly					Twelve Months Ended	
	4Q14	3Q14	2Q14	1Q14	4Q13	December 31,	
						2014	2013
By Line of Business:							
Casualty	\$ 1,659	\$ 1,968	\$ 2,007	\$ 2,015	\$ 1,869	\$ 7,649	\$ 8,154
Property	992	1,482	1,732	930	908	5,136	4,718
Specialty	909	911	898	996	980	3,714	3,737
Financial lines	1,132	1,148	1,176	1,065	1,094	4,521	4,271
Total net premiums written	\$ 4,692	\$ 5,509	\$ 5,813	\$ 5,006	\$ 4,851	\$ 21,020	\$ 20,880
By Region:							
Americas	\$ 3,251	\$ 3,643	\$ 4,013	\$ 2,892	\$ 3,417	\$ 13,799	\$ 14,050
EMEA	962	1,276	1,303	1,651	946	5,192	4,795
Asia Pacific	479	590	497	463	488	2,029	2,035
Total net premiums written	\$ 4,692	\$ 5,509	\$ 5,813	\$ 5,006	\$ 4,851	\$ 21,020	\$ 20,880
Foreign exchange effect on worldwide premiums:							
Change in net premiums written							
Increase (decrease) in original currency over prior year period (5)	(2.2) %	5.2 %	(1.4) %	2.9 %	11.5 %	1.1 %	3.6 %
Foreign exchange effect	(1.1)	0.3	0.1	(1.0)	(1.8)	(0.4)	(1.0)
Increase (decrease) as reported in U.S. dollars	(3.3) %	5.5 %	(1.3) %	1.9 %	9.7 %	0.7 %	2.6 %

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty North America

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 3,087	\$ 3,503	\$ 3,864	\$ 2,765	\$ 3,284	\$ 13,219	\$ 13,555
Net premiums earned	\$ 3,308	\$ 3,426	\$ 3,336	\$ 3,262	\$ 3,465	\$ 13,332	\$ 13,556
Losses and loss adjustment expenses incurred	2,790	2,786	2,497	2,409	2,907	10,482	10,544
Acquisition expenses:							
Amortization of deferred policy acquisition costs	334	361	352	346	346	1,393	1,366
Other acquisition expenses	130	103	96	113	150	442	618
Total acquisition expenses	464	464	448	459	496	1,835	1,984
General operating expenses	322	328	339	339	378	1,328	1,345
Underwriting income (loss)	(268)	(152)	52	55	(316)	(313)	(317)
Net investment income:							
Interest and dividends	702	725	705	691	731	2,823	2,903
Alternative investments (1)	107	177	165	239	271	688	778
Other investment income (2)	176	56	73	28	73	333	269
Investment expenses	(10)	(28)	(27)	(37)	(31)	(102)	(126)
Total net investment income	975	930	916	921	1,044	3,742	3,824
Pre-tax operating income	\$ 707	\$ 778	\$ 968	\$ 976	\$ 728	\$ 3,429	\$ 3,507
Underwriting ratios:							
Loss ratio	84.3	81.3	74.9	73.9	83.9	78.6	77.8
Catastrophe losses and reinstatement premiums	(0.8)	(5.0)	(3.5)	(3.8)	(3.0)	(3.3)	(3.3)
Prior year development net of premium adjustments	(8.3)	(7.8)	(1.3)	(2.5)	(1.8)	(4.9)	(3.0)
Net reserve discount	(6.8)	0.4	0.5	3.8	(9.3)	(0.6)	(2.4)
Accident year loss ratio, as adjusted	68.4	68.9	70.6	71.4	69.8	69.8	69.1
Acquisition ratio	14.0	13.5	13.4	14.1	14.3	13.8	14.6
General operating expense ratio	9.7	9.6	10.2	10.4	10.9	10.0	9.9
Expense ratio	23.7	23.1	23.6	24.5	25.2	23.8	24.5
Combined ratio	108.0	104.4	98.5	98.4	109.1	102.4	102.3
Catastrophe losses and reinstatement premiums	(0.8)	(5.0)	(3.5)	(3.8)	(3.0)	(3.3)	(3.3)
Prior year development net of premium adjustments	(8.3)	(7.8)	(1.3)	(2.5)	(1.8)	(4.9)	(3.0)
Net reserve discount	(6.8)	0.4	0.5	3.8	(9.3)	(0.6)	(2.4)
Accident year combined ratio, as adjusted	92.1	92.0	94.2	95.9	95.0	93.6	93.6
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 27	\$ 173	\$ 116	\$ 123	\$ 103	\$ 439	\$ 442
Reinstatement premiums related to prior year catastrophes	-	-	1	-	(3)	1	22
Severe losses (4)	(1)	62	62	46	101	169	169
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	235	331	88	79	69	733	460
(Additional) returned premium related to prior year development	52	(93)	(68)	4	(6)	(105)	(89)
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	287	238	20	83	63	628	371
Net reserve discount (benefit) charge	\$ 229	\$ (16)	\$ (16)	\$ (126)	\$ 322	\$ 71	\$ 322

See Accompanying Notes on Page 25.



American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty International

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 1,605	\$ 2,006	\$ 1,949	\$ 2,241	\$ 1,567	\$ 7,801	\$ 7,325
Net premiums earned	\$ 1,899	\$ 1,931	\$ 1,933	\$ 1,790	\$ 1,840	\$ 7,553	\$ 7,121
Losses and loss adjustment expenses incurred	1,114	1,191	1,070	1,099	1,234	4,474	4,328
Acquisition expenses:							
Amortization of deferred policy acquisition costs	270	282	272	269	276	1,093	1,028
Other acquisition expenses	98	74	93	89	79	354	319
Total acquisition expenses	368	356	365	358	355	1,447	1,347
General operating expenses	322	348	367	332	395	1,369	1,465
Underwriting income (loss)	95	36	131	1	(144)	263	(19)
Net investment income:							
Interest and dividends	128	132	133	122	143	515	581
Alternative investments (1)	4	(1)	6	3	2	12	1
Other investment income (2)	13	14	18	22	14	67	67
Investment expenses	(12)	(7)	(11)	(8)	(9)	(38)	(42)
Total net investment income	133	138	146	139	150	556	607
Pre-tax operating income	\$ 228	\$ 174	\$ 277	\$ 140	\$ 6	\$ 819	\$ 588
Underwriting ratios:							
Loss ratio	58.7	61.7	55.4	61.4	67.1	59.2	60.8
Catastrophe losses and reinstatement premiums	(0.5)	(4.6)	(0.3)	(3.4)	(4.7)	(2.1)	(3.8)
Prior year development net of premium adjustments	3.3	0.7	4.3	(4.3)	0.8	1.0	1.4
Accident year loss ratio, as adjusted	61.5	57.8	59.4	53.7	63.2	58.1	58.4
Acquisition ratio	19.4	18.4	18.9	20.0	19.3	19.2	18.9
General operating expense ratio	17.0	18.0	19.0	18.5	21.5	18.1	20.6
Expense ratio	36.4	36.4	37.9	38.5	40.8	37.3	39.5
Combined ratio	95.1	98.1	93.3	99.9	107.9	96.5	100.3
Catastrophe losses and reinstatement premiums	(0.5)	(4.6)	(0.3)	(3.4)	(4.7)	(2.1)	(3.8)
Prior year development net of premium adjustments	3.3	0.7	4.3	(4.3)	0.8	1.0	1.4
Accident year combined ratio, as adjusted	97.9	94.2	97.3	92.2	104.0	95.4	97.9
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 8	\$ 87	\$ 5	\$ 61	\$ 85	\$ 161	\$ 268
Reinstatement premiums related to catastrophes	-	2	-	-	-	2	-
Reinstatement premiums related to prior year catastrophes	(2)	(1)	-	-	3	(3)	5
Severe losses (4)	67	126	131	99	159	423	400
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	\$ (60)	\$ (12)	\$ (83)	\$ 77	\$ (15)	\$ (78)	\$ (105)

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Mortgage Guaranty

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 273	\$ 271	\$ 249	\$ 231	\$ 255	\$ 1,024	\$ 1,048
Net premiums earned	238	227	226	213	203	904	809
Losses and loss adjustment expenses incurred	49	63	(7)	118	128	223	514
Acquisition expenses:							
Amortization of deferred policy acquisition costs	6	5	8	3	5	22	20
Other acquisition expenses	11	13	11	14	15	49	60
Total acquisition expenses	17	18	19	17	20	71	80
General operating expenses	36	46	37	37	40	156	142
Underwriting income	136	100	177	41	15	454	73
Net investment income	35	35	33	35	33	138	132
Pre-tax operating income	\$ 171	\$ 135	\$ 210	\$ 76	\$ 48	\$ 592	\$ 205
Underwriting ratios:							
Loss ratio	20.6	27.8	(3.1)	55.4	63.1	24.7	63.5
Prior year loss development	12.6	5.2	39.4	(12.7)	(12.4)	11.5	(3.7)
Accident year loss ratio, as adjusted	33.2	33.0	36.3	42.7	50.7	36.2	59.8
Acquisition ratio	7.1	7.9	8.4	8.0	9.9	7.8	9.9
General operating expense ratio	15.1	20.3	16.4	17.4	19.7	17.3	17.5
Expense ratio	22.2	28.2	24.8	25.4	29.6	25.1	27.4
Combined ratio	42.8	56.0	21.7	80.8	92.7	49.8	90.9
Prior year loss development	12.6	5.2	39.4	(12.7)	(12.4)	11.5	(3.7)
Accident year combined ratio, as adjusted	55.4	61.2	61.1	68.1	80.3	61.3	87.2
Noteworthy Items (pre-tax):							
Prior year loss reserve development (favorable) unfavorable	\$ (30)	\$ (12)	\$ (89)	\$ 27	\$ 25	\$ (104)	\$ 30
New insurance written	11,023	12,881	11,195	7,745	10,859	42,844	49,933
Net loss and loss expense reserve (at period end)	977	1,068	1,131	1,273	1,287	977	1,287
Shareholders' equity (at period end)	3,070	2,601	2,529	2,361	2,282	3,070	2,282
Shareholders' equity, excluding AOCI (at period end)	3,011	2,548	2,460	2,320	2,268	3,011	2,268
Domestic first liens:							
Number of primary paid claims	2,818	2,711	3,015	3,057	4,041	11,601	19,862
Gross paid claims	\$ 124	\$ 119	\$ 126	\$ 140	\$ 183	\$ 509	\$ 920

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Mortgage Guaranty Domestic First-Lien, Delinquencies and Gross Risk in Force by Vintage

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
First-lien new insurance written	\$ 10,733	\$ 12,643	\$ 11,057	\$ 7,605	\$ 10,752	\$ 42,038	\$ 49,356
First-lien persistency (twelve months)	84.1%	84.2%	83.5%	82.1%	80.1%	84.1%	80.1%
First-lien insurance in force	\$ 167,180	\$ 162,533	\$ 156,050	\$ 150,874	\$ 147,612	\$ 167,180	\$ 147,612
Total first-lien primary risk in force - net of reinsurance and stop loss	\$ 42,106	\$ 40,782	\$ 38,917	\$ 37,352	\$ 36,367	\$ 42,106	\$ 36,367
Number of ending primary delinquent loans	38,357	39,222	39,801	42,781	47,518	38,357	47,518
In force count	867,120	850,578	826,158	808,392	799,573	867,120	799,573
Delinquency data:							
Primary delinquency ratio	4.4%	4.6%	4.8%	5.3%	5.9%	4.4%	5.9%
Aging of primary delinquent inventory:							
3 or fewer payments missed	32.9%	32.0%	29.2%	27.9%	30.4%	32.9%	30.4%
4-11 payments missed	26.5%	25.0%	25.8%	27.6%	27.1%	26.5%	27.1%
12-23 payments missed	15.6%	16.9%	18.0%	18.2%	18.0%	15.6%	18.0%
24-35 payments missed	8.7%	9.6%	10.5%	11.1%	11.3%	8.7%	11.3%
More than 35 payments missed	16.3%	16.5%	16.5%	15.2%	13.2%	16.3%	13.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Risk in Force by Vintage year:							
2005	6%	7%	8%	8%	9%	6%	9%
2006	4%	4%	5%	5%	5%	4%	5%
2007	8%	9%	9%	10%	11%	8%	11%
2008	5%	5%	5%	6%	6%	5%	6%
2009	2%	2%	2%	2%	3%	2%	3%
2010	2%	2%	3%	3%	3%	2%	3%
2011	6%	6%	7%	8%	8%	6%	8%
2012	17%	19%	20%	22%	23%	17%	23%
2013	26%	28%	30%	32%	32%	26%	32%
2014	24%	18%	11%	4%	0%	24%	0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Institutional Markets

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Premiums and deposits (6)	\$ 615	\$ 2,840	\$ 195	\$ 147	\$ 294	\$ 3,797	\$ 991
Revenues:							
Premiums	\$ 64	\$ 108	\$ 161	\$ 99	\$ 123	\$ 432	\$ 610
Policy fees	49	49	45	44	29	187	113
Net investment income:							
Base portfolio (7)	353	363	358	361	358	1,435	1,505
Alternative investments (8)	77	89	101	196	162	463	504
Other enhancements (9)	5	17	42	(5)	30	59	81
Total net investment income	435	469	501	552	550	1,957	2,090
Total operating revenues	548	626	707	695	702	2,576	2,813
Benefits and expenses:							
Policyholder benefits and losses incurred	302	345	410	339	377	1,396	1,616
Interest credited to policyholder account balances	102	105	103	100	105	410	413
Acquisition expenses:							
Amortization of deferred policy acquisition costs	2	-	1	1	1	4	4
Other acquisition expenses	5	8	9	8	9	30	36
Total acquisition expenses	7	8	10	9	10	34	40
General operating expenses	19	15	14	18	19	66	64
Total benefits and expenses	430	473	537	466	511	1,906	2,133
Pre-tax operating income	\$ 118	\$ 153	\$ 170	\$ 229	\$ 191	\$ 670	\$ 680
General and separate account reserves:							
Future policyholder benefits	\$ 19,343	\$ 19,040	\$ 19,310	\$ 18,636	\$ 18,073	\$ 19,343	\$ 18,073
Policyholder contract deposits	9,854	9,401	9,560	9,560	9,513	9,854	9,513
Separate account reserves	6,932	7,070	4,576	4,549	4,509	6,932	4,509
Total general and separate account reserves	\$ 36,129	\$ 35,511	\$ 33,446	\$ 32,745	\$ 32,095	\$ 36,129	\$ 32,095

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Institutional Markets

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Reserve rollforward:							
Balance at beginning of period, gross	\$ 34,765	\$ 32,386	\$ 32,239	\$ 32,100	\$ 31,791	\$ 32,100	\$ 32,242
Premiums and deposits	615	2,840	195	147	294	3,797	991
Surrenders and withdrawals	(338)	(343)	(15)	(70)	(99)	(766)	(2,620)
Death and other contract benefits	(413)	(365)	(399)	(353)	(326)	(1,530)	(1,371)
Subtotal	(136)	2,132	(219)	(276)	(131)	1,501	(3,000)
Change in fair value of underlying assets and reserve accretion, net of policy fees	297	184	293	356	339	1,130	1,156
Cost of funds	102	105	103	100	104	410	413
Other reserve changes (including loss recognition)	52	(42)	(30)	(41)	(3)	(61)	1,289
Balance at end of period	35,080	34,765	32,386	32,239	32,100	35,080	32,100
Reserves related to unrealized investment appreciation	1,054	752	1,065	511	-	1,054	-
Reinsurance ceded	(5)	(6)	(5)	(5)	(5)	(5)	(5)
Total insurance reserves	\$ 36,129	\$ 35,511	\$ 33,446	\$ 32,745	\$ 32,095	\$ 36,129	\$ 32,095
Reserves by line of business:							
Structured settlements	\$ 19,343	\$ 19,072	\$ 19,312	\$ 18,763	\$ 18,234	\$ 19,343	\$ 18,234
Terminal funding annuities	3,090	3,068	3,112	2,993	2,965	3,090	2,965
Corporate and bank-owned life insurance	4,816	4,803	4,789	4,765	4,755	4,816	4,755
High net worth products	2,312	2,230	2,283	2,277	2,233	2,312	2,233
Guaranteed investments contracts	4,247	3,795	3,950	3,947	3,908	4,247	3,908
Stable value wrap - separate account liability	2,321	2,543	-	-	-	2,321	-
Total insurance reserves	\$ 36,129	\$ 35,511	\$ 33,446	\$ 32,745	\$ 32,095	\$ 36,129	\$ 32,095
Stable value wraps (401k and bank-owned life insurance) - Assets under management (10)	\$ 32,320	\$ 27,656	\$ 26,108	\$ 25,411	\$ 24,565	\$ 32,320	\$ 24,565

See Accompanying Notes on Page 25.

Commercial Insurance

Basis of Presentation

Commercial Insurance manages its business in three operating segments - Property Casualty, Mortgage Guaranty and Institutional Markets - and operates in three major geographic areas: the Americas (which includes the United States, Canada, Latin America, the Caribbean and Bermuda), Asia Pacific (which includes Japan and other Asia Pacific nations, including China, Korea, Singapore, Vietnam, Thailand, Australia and Indonesia), and EMEA (which includes the United Kingdom, Continental Europe, Russian Federation, India, the Middle East and Africa). Commercial Insurance products for large and small businesses are primarily distributed through a network of independent retail and wholesale brokers, and through an independent agency network in the Asia Pacific and EMEA regions. Major lines of business include within Property Casualty, Property, Specialty and Financial Lines.

Net investment income is attributed to the operating segments of Commercial Insurance and Consumer Insurance based on internal models consistent with the nature of the underlying businesses.

For Commercial Insurance - Property Casualty and Consumer Insurance - Personal Insurance, we estimate investable funds based primarily on loss reserves, unearned premiums and a capital allocation for each operating segment. The net investment income allocation is calculated based on the estimated investable funds and risk-free yields (plus a liquidity premium) consistent with the approximate duration of the liabilities, and excludes net investment income associated with the runoff insurance lines reported in Corporate and Other. The remaining excess is attributed to Commercial Insurance - Property Casualty and Consumer Insurance - Personal Insurance based on the relative net investment income previously allocated.

For Commercial Insurance - Institutional Markets, Consumer Insurance - Retirement and Consumer Insurance - Life, net investment income is attributed based on invested assets from segregated product line portfolios. The fundamental investment strategy for these operating segments is to maintain primarily a diversified, high quality portfolio of fixed maturity securities and, as is practicable, to match established duration targets based on characteristics of the underlying liabilities. Invested assets in excess of liabilities are allocated to product lines based on internal capital estimates.

Net investment income for Commercial Insurance - Mortgage Guaranty is attributed based on legal entity invested assets.

Notes

- (1) Alternative investment income is reported on a lag basis. Hedge funds are generally on a one-month lag, while private equity funds are generally on a one-quarter lag.
- (2) Other investment income is comprised principally of real estate income, changes in market value of investments accounted for under the fair value option, and income (loss) from equity method investments.
- (3) Catastrophes (CATs) are generally weather or seismic events having a net impact in excess of \$10 million each.
- (4) Severe losses are defined as non-catastrophic individual first party losses and surety losses greater than \$10 million, net of related reinsurance and salvage and subrogation.
- (5) Computed using a constant exchange rate for each period.
- (6) Premiums and deposits is a non-GAAP measure. Premiums and deposits includes direct and assumed amounts received on group benefit policies and deposits on life contingent payout annuities, as well as deposits on universal life, investment-type annuity contracts and mutual funds.
- (7) Includes interest, dividends and real estate income, net of investment expenses.
- (8) Includes income on hedge funds, private equity funds and affordable housing partnerships. Alternative investment income is reported on a lag basis. Hedge funds are generally on a one-month lag, while private equity funds are generally on a one-quarter lag.
- (9) Includes call and tender income, changes in market value of investments accounted for under the fair value option, interest received on defaulted investments and other miscellaneous income.
- (10) Comprises the notional value of stable value wraps novated from AIG Global Capital Markets and rewritten as group annuity contracts. Excludes the portion of stable value wraps included in Total insurance reserves.

American International Group, Inc.
Operating Results

Consumer Insurance

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Revenues:							
Premiums	\$ 3,667	\$ 3,781	\$ 3,799	\$ 3,689	\$ 3,802	\$ 14,936	\$ 15,302
Policy fees	624	635	601	593	576	2,453	2,252
Net investment income	2,199	2,283	2,197	2,403	2,480	9,082	9,352
Other income	511	511	502	474	467	1,998	1,754
Total operating revenues	7,001	7,210	7,099	7,159	7,325	28,469	28,660
Benefits and expenses:							
Policyholder benefits and losses incurred	2,630	2,763	2,646	2,757	2,765	10,796	10,957
Interest credited to policyholder account balances	865	776	859	853	873	3,353	3,477
Amortization of deferred policy acquisition cost	726	597	718	718	703	2,759	2,836
General operating and other expenses*	1,857	1,810	1,757	1,663	1,821	7,087	6,826
Total benefits and expenses	6,078	5,946	5,980	5,991	6,162	23,995	24,096
Pre-tax operating income (1)	\$ 923	\$ 1,264	\$ 1,119	\$ 1,168	\$ 1,163	\$ 4,474	\$ 4,564

* Includes general operating expenses, non deferrable commissions, other acquisition expenses and advisory fees and other expenses.

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Results

Consumer Insurance - Retirement

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Premiums and deposits (2)	\$ 6,003	\$ 5,876	\$ 6,182	\$ 6,016	\$ 6,742	\$ 24,077	\$ 23,788
Revenues:							
Premiums	\$ 66	\$ 67	\$ 97	\$ 57	\$ 68	\$ 287	\$ 188
Policy fees	259	265	248	238	231	1,010	861
Net investment income:							
Base portfolio (3)	1,378	1,397	1,410	1,438	1,423	5,623	5,598
Alternative investments (4)	125	155	118	269	266	667	825
Other enhancements (5)	78	77	35	9	82	199	205
Total net investment income	1,581	1,629	1,563	1,716	1,771	6,489	6,628
Advisory fee and other income	511	511	502	474	467	1,998	1,754
Total operating revenues	2,417	2,472	2,410	2,485	2,537	9,784	9,431
Benefits and expenses:							
Policyholder benefits and losses incurred	127	137	160	113	117	537	364
Interest credited to policyholder account balances	738	648	733	727	746	2,846	2,935
Amortization of deferred policy acquisition costs	148	(46)	118	126	92	346	273
Non deferrable insurance commissions	74	68	62	61	68	265	249
Advisory fee expenses	329	338	337	311	312	1,315	1,175
General operating expenses	279	233	236	232	245	980	945
Total benefits and expenses	1,695	1,378	1,646	1,570	1,580	6,289	5,941
Pre-tax operating income (1)	\$ 722	\$ 1,094	\$ 764	\$ 915	\$ 957	\$ 3,495	\$ 3,490
Assets under management:							
General accounts	\$ 124,755	\$ 127,178	\$ 128,325	\$ 126,422	\$ 124,825	\$ 124,755	\$ 124,825
Separate accounts	72,381	70,024	70,400	67,315	65,822	72,381	65,822
Group retirement and retail mutual funds	27,052	27,739	28,632	27,488	26,743	27,052	26,743
Total assets under management	\$ 224,188	\$ 224,941	\$ 227,357	\$ 221,225	\$ 217,390	\$ 224,188	\$ 217,390

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Net Flows

Consumer Insurance - Retirement

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Investment Products Net Flows:							
Premiums and deposits: (2)							
Fixed Annuities	\$ 865	\$ 692	\$ 1,061	\$ 960	\$ 995	\$ 3,578	\$ 2,914
Retirement Income Solutions	2,695	2,887	2,570	2,173	2,502	10,325	8,608
Retail Mutual Funds	721	598	896	1,162	1,274	3,377	4,956
Group Retirement	1,709	1,686	1,640	1,708	1,968	6,743	7,251
Total premiums and deposits	5,990	5,863	6,167	6,003	6,739	24,023	23,729
Surrenders and withdrawals:							
Fixed Annuities	(1,059)	(834)	(880)	(873)	(933)	(3,646)	(3,552)
Retirement Income Solutions	(781)	(770)	(797)	(758)	(775)	(3,106)	(3,007)
Retail Mutual Funds	(800)	(913)	(743)	(922)	(602)	(3,378)	(2,176)
Group Retirement	(3,839)	(2,615)	(1,902)	(1,647)	(1,744)	(10,003)	(7,251)
Total surrenders and withdrawals	(6,479)	(5,132)	(4,322)	(4,200)	(4,054)	(20,133)	(15,986)
Death and other contract benefits:							
Fixed Annuities	(547)	(591)	(605)	(502)	(515)	(2,245)	(2,182)
Retirement Income Solutions	(174)	(165)	(168)	(146)	(136)	(653)	(509)
Group Retirement	(133)	(132)	(133)	(139)	(141)	(537)	(492)
Total death and other contract benefits	(854)	(888)	(906)	(787)	(792)	(3,435)	(3,183)
Net flows: (6)							
Fixed Annuities	(741)	(733)	(424)	(415)	(453)	(2,313)	(2,820)
Retirement Income Solutions	1,740	1,952	1,605	1,269	1,591	6,566	5,092
Retail Mutual Funds	(79)	(315)	153	240	672	(1)	2,780
Group Retirement	(2,263)	(1,061)	(395)	(78)	83	(3,797)	(492)
Total net flows	\$ (1,343)	\$ (157)	\$ 939	\$ 1,016	\$ 1,893	\$ 455	\$ 4,560

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Premiums and deposits (2)	\$ 875	\$ 703	\$ 1,074	\$ 971	\$ 1,005	\$ 3,623	\$ 2,973
Revenues:							
Premiums	\$ 61	\$ 50	\$ 91	\$ 51	\$ 60	\$ 253	\$ 172
Policy fees	5	3	6	7	7	21	28
Net investment income:							
Base portfolio (3)	755	772	782	807	808	3,116	3,215
Alternative investments (4)	60	72	56	142	139	330	439
Other enhancements (5)	50	41	19	10	47	120	109
Total net investment income	865	885	857	959	994	3,566	3,763
Total operating revenues	931	938	954	1,017	1,061	3,840	3,963
Benefits and expenses:							
Policyholder benefits and losses incurred	90	78	128	90	97	386	306
Interest credited to policyholder account balances	407	332	408	406	425	1,553	1,636
Amortization of deferred policy acquisition costs	76	(60)	71	72	81	159	83
Non deferrable insurance commissions	7	6	6	7	7	26	24
General operating expenses	43	37	37	37	38	154	145
Total benefits and expenses	623	393	650	612	648	2,278	2,194
Pre-tax operating income (1)	\$ 308	\$ 545	\$ 304	\$ 405	\$ 413	\$ 1,562	\$ 1,769
General and separate account reserves:							
Future policyholder benefits	\$ 3,054	\$ 3,029	\$ 3,151	\$ 3,025	\$ 2,898	\$ 3,054	\$ 2,898
Policyholder contract deposits and separate account reserves	53,138	53,577	54,004	54,152	54,271	53,138	54,271
Total general and separate account reserves	\$ 56,192	\$ 56,606	\$ 57,155	\$ 57,177	\$ 57,169	\$ 56,192	\$ 57,169

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net investment spreads: (a)							
Base yield (7)	5.03%	5.06%	5.11%	5.25%	5.24%	5.11%	5.18%
Alternative investments (8)	0.14%	0.21%	0.13%	0.51%	0.53%	0.25%	0.38%
Other enhancements (9)	0.27%	0.20%	0.04%	0.02%	0.25%	0.13%	0.15%
Total yield	5.44%	5.47%	5.28%	5.78%	6.02%	5.49%	5.71%
Cost of funds (b)	2.80%	2.81%	2.83%	2.85%	2.91%	2.82%	2.91%
Net spread rate, as reported	2.64%	2.66%	2.45%	2.93%	3.11%	2.67%	2.80%
Base net investment spread (c)	2.23%	2.25%	2.28%	2.40%	2.33%	2.29%	2.27%
Surrender rates (10)	8.0%	6.3%	6.7%	6.8%	7.1%	7.0%	6.6%
DAC rollforward:							
Balance at beginning of period	\$ 855	\$ 645	\$ 800	\$ 1,017	\$ 1,046	\$ 1,017	\$ 626
Deferrals	20	17	26	23	24	86	67
Operating amortization	(77)	60	(70)	(72)	(81)	(159)	(83)
Change from realized gains (losses)	2	(8)	(7)	(23)	(37)	(36)	(52)
Change from unrealized gains (losses)	17	141	(104)	(145)	65	(91)	459
Balance at end of period	\$ 817	\$ 855	\$ 645	\$ 800	\$ 1,017	\$ 817	\$ 1,017
Reserve rollforward:							
Balance at beginning of period, gross	\$ 56,877	\$ 57,303	\$ 57,414	\$ 57,531	\$ 57,672	\$ 57,531	\$ 58,978
Premiums and deposits	875	703	1,074	971	1,005	3,623	2,973
Surrenders and withdrawals	(1,125)	(896)	(954)	(967)	(1,019)	(3,942)	(3,928)
Death and other contract benefits	(601)	(650)	(670)	(552)	(577)	(2,473)	(2,336)
Subtotal	(851)	(843)	(550)	(548)	(591)	(2,792)	(3,291)
Change in fair value of underlying assets and reserve accretion, net of policy fees	28	28	47	43	42	146	148
Cost of funds (b)	373	377	380	378	392	1,508	1,590
Other reserve changes (including loss recognition)	18	12	12	10	16	52	106
Balance at end of period	56,445	56,877	57,303	57,414	57,531	56,445	57,531
Reserves related to unrealized investment appreciation	100	85	210	124	-	100	-
Reinsurance ceded	(353)	(356)	(358)	(361)	(362)	(353)	(362)
Total insurance reserves	\$ 56,192	\$ 56,606	\$ 57,155	\$ 57,177	\$ 57,169	\$ 56,192	\$ 57,169

(a) Excludes immediate annuities.

(b) Excludes the amortization of sales inducement assets.

(c) Excludes impact of alternative investments and other enhancements.

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Premiums and deposits (2)	\$ 2,698	\$ 2,889	\$ 2,573	\$ 2,174	\$ 2,502	\$ 10,334	\$ 8,617
Revenues:							
Premiums	(2)	(8)	-	-	-	(10)	-
Policy fees	154	155	140	131	129	580	448
Net investment income:							
Base portfolio (3)	109	110	104	100	90	423	321
Alternative investments (4)	20	30	19	42	41	111	116
Other enhancements (5)	5	6	3	(4)	8	10	19
Total net investment income	134	146	126	138	139	544	456
Advisory fee and other income	66	58	54	51	50	229	171
Total operating revenues	352	351	320	320	318	1,343	1,075
Benefits and expenses:							
Policyholder benefits and losses incurred	20	17	18	2	13	57	16
Interest credited to policyholder account balances	43	40	37	37	34	157	124
Amortization of deferred policy acquisition costs	51	38	31	36	27	156	95
Non deferrable insurance commissions	47	41	37	37	39	162	152
Advisory fee expenses	3	3	2	3	3	11	9
General operating expenses	63	48	53	52	52	216	201
Total benefits and expenses	227	187	178	167	168	759	597
Pre-tax operating income (1)	\$ 125	\$ 164	\$ 142	\$ 153	\$ 150	\$ 584	\$ 478
General and separate account reserves:							
Policyholder contract deposits and future policy benefits	\$ 10,567	\$ 9,507	\$ 8,588	\$ 7,947	\$ 7,233	\$ 10,567	\$ 7,233
Separate account reserves	38,944	37,303	36,712	34,632	33,511	38,944	33,511
Total general and separate account reserves	\$ 49,511	\$ 46,810	\$ 45,300	\$ 42,579	\$ 40,744	\$ 49,511	\$ 40,744

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net investment spreads:							
Base yield (7)	4.68%	5.11%	5.09%	5.11%	5.08%	4.98%	5.15%
Alternative investments (8)	0.32%	0.69%	0.30%	1.38%	1.43%	0.65%	1.01%
Other enhancements (9)	0.05%	0.12%	(0.01)%	(0.31)%	0.27%	(0.02)%	0.20%
Total yield	5.05%	5.92%	5.38%	6.18%	6.78%	5.61%	6.36%
Cost of funds (a)	1.74%	1.83%	1.87%	1.83%	1.99%	1.81%	2.02%
Net spread rate, as reported	3.31%	4.09%	3.51%	4.35%	4.79%	3.80%	4.34%
Base net investment spread (b)	2.94%	3.28%	3.22%	3.28%	3.09%	3.17%	3.13%
Surrender rates (10)	6.6%	6.8%	7.4%	7.5%	8.1%	7.1%	8.7%
DAC rollforward:							
Balance at beginning of period	\$ 1,433	\$ 1,286	\$ 1,260	\$ 1,174	\$ 1,047	\$ 1,174	\$ 833
Deferrals	154	163	144	119	147	580	496
Operating amortization	(51)	(38)	(31)	(36)	(27)	(156)	(95)
Change from realized gains (losses)	(4)	(31)	(29)	54	46	(10)	33
Change from unrealized gains (losses)	(3)	53	(58)	(51)	(39)	(59)	(93)
Balance at end of period	\$ 1,529	\$ 1,433	\$ 1,286	\$ 1,260	\$ 1,174	\$ 1,529	\$ 1,174
Reserve rollforward:							
Balance at beginning of period, gross	\$ 46,810	\$ 45,302	\$ 42,582	\$ 40,748	\$ 37,439	\$ 40,748	\$ 31,071
Premiums and deposits	2,698	2,889	2,573	2,174	2,502	10,334	8,617
Surrenders and withdrawals	(799)	(786)	(817)	(780)	(796)	(3,182)	(3,106)
Death and other contract benefits	(181)	(171)	(175)	(153)	(135)	(680)	(526)
Subtotal	1,718	1,932	1,581	1,241	1,571	6,472	4,985
Change in fair value of underlying assets and reserve accretion, net of policy fees	943	(470)	1,089	559	1,712	2,121	3,896
Cost of funds (a)	39	37	35	31	32	142	115
Other reserve changes	1	9	15	3	(6)	28	681
Balance at end of period	49,511	46,810	45,302	42,582	40,748	49,511	40,748
Reinsurance ceded	-	-	(2)	(3)	(4)	-	(4)
Total insurance reserves	\$ 49,511	\$ 46,810	\$ 45,300	\$ 42,579	\$ 40,744	\$ 49,511	\$ 40,744

(a) Excludes the amortization of sales inducement assets.

(b) Excludes impact of alternative investments and other enhancements.

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Premiums and deposits (2)	\$ 1,709	\$ 1,686	\$ 1,640	\$ 1,708	\$ 1,968	\$ 6,743	\$ 7,251
Revenues:							
Premiums	\$ 7	\$ 24	\$ 7	\$ 6	\$ 4	\$ 44	\$ 13
Policy fees	100	105	101	99	98	405	372
Net investment income:							
Base portfolio (3)	514	515	524	531	525	2,084	2,062
Alternative investments (4)	44	55	43	84	86	226	270
Other enhancements (5)	24	30	12	3	28	69	78
Total net investment income	582	600	579	618	639	2,379	2,410
Advisory fee and other income	55	55	48	49	49	207	179
Total operating revenues	744	784	735	772	790	3,035	2,974
Benefits and expenses:							
Policyholder benefits and losses incurred	17	43	14	20	6	94	42
Interest credited to policyholder account balances	288	276	288	284	287	1,136	1,175
Amortization of deferred policy acquisition costs	20	(23)	16	18	(17)	31	94
Non deferrable insurance commissions	21	20	19	18	23	78	73
Advisory fee expenses	16	17	8	15	18	56	59
General operating expenses	113	87	89	85	88	374	326
Total benefits and expenses	475	420	434	440	405	1,769	1,769
Pre-tax operating income (1)	\$ 269	\$ 364	\$ 301	\$ 332	\$ 385	\$ 1,266	\$ 1,205
General and separate account reserves:							
Future policy benefits	\$ 484	\$ 485	\$ 456	\$ 458	\$ 456	\$ 484	\$ 456
Policyholder contract deposits	37,734	37,963	37,918	37,943	37,738	37,734	37,738
Separate account reserves	33,401	32,687	33,653	32,649	32,277	33,401	32,277
Total general and separate account reserves	71,619	71,135	72,027	71,050	70,471	71,619	70,471
Group Retirement mutual funds	14,557	15,471	16,270	15,579	15,126	14,557	15,126
Total reserves and Group Retirement mutual funds	\$ 86,176	\$ 86,606	\$ 88,297	\$ 86,629	\$ 85,597	\$ 86,176	\$ 85,597

See Accompanying Notes on Page 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net investment spreads:							
Base yield (7)	4.96%	4.92%	5.00%	5.11%	5.10%	5.00%	5.04%
Alternative investments (8)	0.17%	0.25%	0.15%	0.55%	0.57%	0.28%	0.41%
Other enhancements (9)	0.15%	0.20%	0.02%	(0.03)%	0.21%	0.08%	0.15%
Total yield	5.28%	5.37%	5.17%	5.63%	5.88%	5.36%	5.60%
Cost of funds (a)	2.98%	2.99%	3.03%	3.02%	3.05%	3.00%	3.07%
Net spread rate, as reported	2.30%	2.38%	2.14%	2.61%	2.83%	2.36%	2.53%
Base net investment spread (b)	1.98%	1.93%	1.97%	2.09%	2.05%	2.00%	1.97%
Surrender rates (10)	17.8%	12.0%	8.7%	7.7%	8.3%	11.6%	9.0%
DAC rollforward:							
Balance at beginning of period	\$ 845	\$ 758	\$ 833	\$ 900	\$ 846	\$ 900	\$ 769
Deferrals	17	16	14	19	21	66	71
Operating amortization	(20)	23	(16)	(18)	17	(31)	(94)
Change from realized gains (losses)	1	(1)	(5)	-	(3)	(5)	(12)
Change from unrealized gains (losses)	(4)	49	(68)	(68)	19	(91)	166
Balance at end of period	\$ 839	\$ 845	\$ 758	\$ 833	\$ 900	\$ 839	\$ 900
Reserve rollforward:							
Balance at beginning of period, gross	\$ 86,606	\$ 88,297	\$ 86,629	\$ 85,597	\$ 82,127	\$ 85,597	\$ 76,062
Premiums and deposits	1,709	1,686	1,640	1,708	1,968	6,743	7,251
Surrenders and withdrawals	(3,839)	(2,615)	(1,902)	(1,647)	(1,744)	(10,003)	(7,250)
Death and other contract benefits	(133)	(132)	(133)	(139)	(141)	(537)	(491)
Subtotal	(2,263)	(1,061)	(395)	(78)	83	(3,797)	(490)
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,551	(914)	1,778	830	3,102	3,245	8,763
Cost of funds	282	284	285	280	285	1,131	1,132
Other reserve changes	-	-	-	-	-	-	130
Total reserves and Group Retirement mutual funds	\$ 86,176	\$ 86,606	\$ 88,297	\$ 86,629	\$ 85,597	\$ 86,176	\$ 85,597

(a) Excludes the amortization of sales inducement assets.

(b) Excludes the impact of alternative investments and other enhancements.

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc. Guaranteed Benefits (11)

Consumer Insurance - Retirement

(in millions)

Account value by benefit type

- Guaranteed Minimum Death Benefits (GMDB) only (a)
- Guaranteed Minimum Income Benefits (GMIB) (b)
- Guaranteed Minimum Account Value (GMAV) (c)
- Guaranteed Minimum Withdrawal Benefits (GMWB) (d)

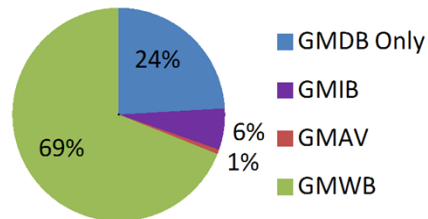
Liability by benefit type

- Guaranteed Minimum Death Benefits (GMDB) (a)
- Guaranteed Minimum Income Benefits (GMIB) (b)
- Guaranteed Minimum Account Value (GMAV) (c)
- Guaranteed Minimum Withdrawal Benefits (GMWB) (d) (e)

	Quarterly				
	4Q14	3Q14	2Q14	1Q14	4Q13
\$	64,386	\$ 63,709	\$ 64,604	\$ 63,358	\$ 62,868
	2,799	2,844	2,971	2,996	3,081
	298	359	441	523	627
	34,745	32,913	31,709	29,424	27,924
\$	401	\$ 395	\$ 359	\$ 356	\$ 355
	23	23	37	39	43
	5	5	5	6	8
	929	540	388	393	(45)

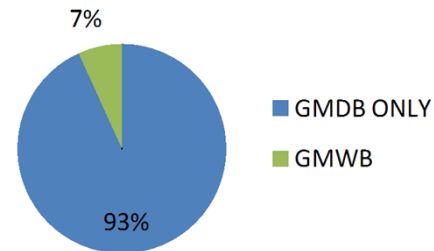
- (a) A guaranteed minimum death benefit is an amount paid from a variable annuity upon the death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar amount. "Guaranteed Minimum Death Benefits only" signifies that no other guarantees are present. Contracts with a guaranteed living benefit also have a guaranteed minimum death benefit.
- (b) A guaranteed minimum income benefit establishes a minimum amount available to be annuitized regardless of actual performance in the product. The benefit is not available until a set number of years after contract issue.
- (c) A guaranteed minimum account value ensures a return of premium invested at the end of 10 years. The amount is based on premium in a defined period.
- (d) A guaranteed minimum withdrawal benefit establishes an amount that can be taken as withdrawals over a fixed period or for life, regardless of market performance, even if the account value drops to zero.
- (e) The fair value of GMWB embedded derivatives is based on actuarial and capital market assumptions related to projected cash flows of rider fees and claims over the expected lives of the contracts. The increase in the fair value of the GMWB liability in 4Q14 is primarily due to decreasing interest rates and mutual fund basis risk, partially offset by positive equity market performance. The fair value of the GMWB liability was a net asset at December 31, 2013, primarily due to higher interest rates and equity market returns.

Retirement Income Solutions



Type of Benefit	Account Value (\$B)
GMDB Only	10.9
GMIB	2.8
GMAV	0.3
GMWB	30.8
Total	44.8

Group Retirement



Type of Benefit	Account Value (\$B)
GMDB ONLY	53.5
GMWB	3.9
Total	57.4

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Premiums and deposits (2)	\$ 1,249	\$ 1,163	\$ 1,207	\$ 1,187	\$ 1,233	\$ 4,806	\$ 4,862
Revenues:							
Premiums	\$ 675	\$ 655	\$ 676	\$ 673	\$ 665	\$ 2,679	\$ 2,737
Policy fees	365	370	353	355	345	1,443	1,391
Net investment income:							
Base portfolio (3)	488	480	485	515	497	1,968	1,986
Alternative investments (4)	38	46	34	75	77	193	239
Other enhancements (5)	10	24	12	(8)	12	38	44
Total net investment income	536	550	531	582	586	2,199	2,269
Total operating revenues	1,576	1,575	1,560	1,610	1,596	6,321	6,397
Benefits and expenses:							
Policyholder benefits and losses incurred	1,005	1,005	868	893	873	3,771	3,568
Interest credited to policyholder account balances	127	128	126	126	127	507	542
Amortization of deferred policy acquisition costs	63	97	81	80	85	321	360
Non deferrable insurance commissions	72	62	57	66	66	257	272
General operating expenses	229	233	213	210	230	885	849
Total benefits and expenses	1,496	1,525	1,345	1,375	1,381	5,741	5,591
Pre-tax operating income (1)	\$ 80	\$ 50	\$ 215	\$ 235	\$ 215	\$ 580	\$ 806
Gross life insurance in force, end of period:							
Domestic Life	\$ 906,232	\$ 901,393	\$ 895,407	\$ 892,003	\$ 890,799	\$ 906,232	\$ 890,799
International Life (12)	94,471	28,612	27,120	25,248	25,800	94,471	25,800
Total	\$ 1,000,703	\$ 930,005	\$ 922,527	\$ 917,251	\$ 916,599	\$ 1,000,703	\$ 916,599

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)

	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Life Insurance and A&H CPPE sales: (13)							
Term and Whole Life	\$ 45	\$ 50	\$ 63	\$ 63	\$ 51	\$ 221	\$ 213
Universal life	30	26	30	30	38	116	133
Other life	6	3	5	7	6	21	25
Single premium and unscheduled deposits	3	2	4	4	3	13	15
A&H	23	28	19	20	20	90	91
Total	\$ 107	\$ 109	\$ 121	\$ 124	\$ 118	\$ 461	\$ 477
Life and A&H sales by distribution channel:							
Retail - Independent	\$ 84	\$ 84	\$ 92	\$ 97	\$ 88	\$ 357	\$ 341
Retail - Affiliated (Career and AIG Direct)	23	25	29	27	30	104	136
Total	\$ 107	\$ 109	\$ 121	\$ 124	\$ 118	\$ 461	\$ 477
Life and A&H sales by region:							
Domestic Life	\$ 64	\$ 60	\$ 62	\$ 61	\$ 71	\$ 247	\$ 271
International Life	43	49	59	63	47	214	206
Total	\$ 107	\$ 109	\$ 121	\$ 124	\$ 118	\$ 461	\$ 477
Surrender rates: (14)							
Domestic Life:							
Independent distribution	4.7%	5.1%	5.1%	4.6%	4.6%	4.9%	4.8%
Career distribution	7.5%	7.6%	8.4%	8.4%	8.6%	8.0%	8.7%
International Life	3.0%	3.3%	3.4%	3.3%	3.4%	3.3%	3.8%
DAC/VOBA rollforward:							
Balance at beginning of period	\$ 3,712	\$ 3,710	\$ 3,748	\$ 3,805	\$ 3,727	\$ 3,805	\$ 3,568
Deferrals	96	89	102	88	93	375	393
Operating amortization	(63)	(97)	(81)	(80)	(85)	(321)	(360)
Change from realized gains (losses)	-	(1)	-	1	(6)	-	(5)
Change from unrealized gains (losses)	(11)	7	(63)	(52)	74	(119)	243
Other changes (12) (15)	336	-	-	-	-	336	-
Foreign exchange translation	(19)	4	4	(14)	2	(25)	(34)
Balance at end of period	\$ 4,051	\$ 3,712	\$ 3,710	\$ 3,748	\$ 3,805	\$ 4,051	\$ 3,805
Reserve rollforward:							
Balance at beginning of period, gross	\$ 33,418	\$ 33,086	\$ 32,817	\$ 32,810	\$ 32,464	\$ 32,810	\$ 32,176
Premiums and deposits	1,249	1,163	1,207	1,187	1,233	4,806	4,862
Surrenders and withdrawals	(215)	(211)	(211)	(216)	(209)	(853)	(896)
Death and other contract benefits	(204)	(224)	(194)	(190)	(167)	(812)	(772)
Subtotal	830	728	802	781	857	3,141	3,194
Change in fair value of underlying assets and reserve accretion, net of policy fees	(161)	(195)	(163)	(172)	(201)	(691)	(673)
Cost of funds	129	126	126	126	126	507	541
Other reserve changes	(409)	(391)	(558)	(505)	(467)	(1,863)	(1,680)
Foreign exchange translation	(271)	64	62	(223)	31	(368)	(748)
Balance at end of period	33,536	33,418	33,086	32,817	32,810	33,536	32,810
Reinsurance ceded	(1,315)	(1,315)	(1,332)	(1,341)	(1,354)	(1,315)	(1,354)
Total insurance reserves	\$ 32,221	\$ 32,103	\$ 31,754	\$ 31,476	\$ 31,456	\$ 32,221	\$ 31,456
Domestic Life	28,761	28,647	28,459	28,361	28,253	28,761	28,253
International Life	3,460	3,456	3,295	3,115	3,203	3,460	3,203
Total insurance reserves	\$ 32,221	\$ 32,103	\$ 31,754	\$ 31,476	\$ 31,456	\$ 32,221	\$ 31,456

See Accompanying Notes on Pages 44 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 2,866	\$ 3,241	\$ 3,177	\$ 3,128	\$ 2,962	\$ 12,412	\$ 12,700
Net premiums earned	\$ 2,926	\$ 3,059	\$ 3,026	\$ 2,959	\$ 3,069	\$ 11,970	\$ 12,377
Losses and loss adjustment expenses incurred	1,498	1,621	1,618	1,751	1,775	6,488	7,025
Acquisition expenses:							
Amortization of deferred policy acquisition costs	514	546	520	512	526	2,092	2,203
Other acquisition expenses	325	269	293	278	271	1,165	1,044
Total acquisition expenses	839	815	813	790	797	3,257	3,247
General operating expenses	550	607	558	505	629	2,220	2,292
Underwriting income (loss)	39	16	37	(87)	(132)	5	(187)
Net investment income:							
Interest and dividends	70	91	88	86	101	335	393
Alternative investments	5	9	10	13	18	37	45
Other investment income	11	8	11	10	9	40	41
Investment expenses	(4)	(4)	(6)	(4)	(5)	(18)	(24)
Total net investment income	82	104	103	105	123	394	455
Pre-tax operating income (loss)	\$ 121	\$ 120	\$ 140	\$ 18	\$ (9)	\$ 399	\$ 268
Underwriting ratios:							
Loss ratio	51.2	53.0	53.5	59.2	57.8	54.2	56.8
Catastrophe losses and reinstatement premiums	(0.3)	(0.7)	(0.6)	(2.7)	(0.6)	(1.1)	(0.7)
Prior year development net of premium adjustments	1.2	0.4	0.5	0.5	1.0	0.7	1.3
Accident year loss ratio, as adjusted	52.1	52.7	53.4	57.0	58.2	53.8	57.4
Acquisition ratio	28.7	26.6	26.9	26.7	26.0	27.2	26.2
General operating expense ratio	18.8	19.8	18.4	17.1	20.5	18.5	18.5
Expense ratio	47.5	46.4	45.3	43.8	46.5	45.7	44.7
Combined ratio	98.7	99.4	98.8	103.0	104.3	99.9	101.5
Catastrophe losses and reinstatement premiums	(0.3)	(0.7)	(0.6)	(2.7)	(0.6)	(1.1)	(0.7)
Prior year development net of premium adjustments	1.2	0.4	0.5	0.5	1.0	0.7	1.3
Accident year combined ratio, as adjusted	99.6	99.1	98.7	100.8	104.7	99.5	102.1
Noteworthy items (pre-tax):							
Catastrophe-related losses (16)	\$ 8	\$ 22	\$ 18	\$ 78	\$ 20	\$ 126	\$ 77
Severe losses (17)	13	-	-	41	17	54	17
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(35)	(12)	(16)	(14)	(30)	(77)	(155)
Net loss and loss expense reserve (at period end)	\$ 4,641	\$ 5,010	\$ 5,015	\$ 5,492	\$ 5,479	\$ 4,641	\$ 5,479

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Net Premiums Written by Line of Business and Region

Consumer Insurance - Personal Insurance

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
By Line of Business:							
Personal Lines	\$ 1,673	\$ 1,815	\$ 1,793	\$ 1,690	\$ 1,672	\$ 6,971	\$ 6,986
Accident and Health	1,193	1,426	1,384	1,438	1,290	5,441	5,714
Total net premiums written	\$ 2,866	\$ 3,241	\$ 3,177	\$ 3,128	\$ 2,962	\$ 12,412	\$ 12,700
By Region:							
Americas	\$ 905	\$ 1,004	\$ 945	\$ 970	\$ 897	\$ 3,824	\$ 3,794
EMEA	456	488	511	617	470	2,072	2,013
Asia Pacific	1,505	1,749	1,721	1,541	1,595	6,516	6,893
Total net premiums written	\$ 2,866	\$ 3,241	\$ 3,177	\$ 3,128	\$ 2,962	\$ 12,412	\$ 12,700
Foreign exchange effect on worldwide premiums:							
Change in net premiums written							
Increase (decrease) in original currency over prior year period (18)	1.7 %	1.9 %	2.2 %	1.2 %	3.9 %	1.7 %	3.1 %
Foreign exchange effect	(4.9)	(1.9)	(2.4)	(6.8)	(10.1)	(4.0)	(7.6)
Increase (decrease) as reported in U.S. dollars	(3.2) %	- %	(0.2) %	(5.6) %	(6.2) %	(2.3) %	(4.5) %

See Accompanying Notes on Page 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance North America

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 749	\$ 865	\$ 795	\$ 833	\$ 750	\$ 3,242	\$ 3,241
Net premiums earned	\$ 776	\$ 817	\$ 821	\$ 810	\$ 818	\$ 3,224	\$ 3,316
Losses and loss adjustment expenses incurred	434	467	466	567	496	1,934	2,083
Acquisition expenses:							
Amortization of deferred policy acquisition costs	109	116	111	112	114	448	480
Other acquisition expenses	90	44	60	51	57	245	155
Total acquisition expenses	199	160	171	163	171	693	635
General operating expenses	120	120	111	115	129	466	429
Underwriting income (loss)	23	70	73	(35)	22	131	169
Net investment income:							
Interest and dividends	26	41	34	36	45	137	162
Alternative investments	4	10	8	12	17	34	44
Other investment income	6	3	4	1	4	14	15
Investment expenses	-	(2)	(2)	(1)	(2)	(5)	(8)
Total net investment income	36	52	44	48	64	180	213
Pre-tax operating income	\$ 59	\$ 122	\$ 117	\$ 13	\$ 86	\$ 311	\$ 382
Underwriting ratios:							
Loss ratio	55.9	57.2	56.8	70.0	60.6	60.0	62.8
Catastrophe losses and reinstatement premiums	-	(0.2)	(1.3)	(5.1)	(0.5)	(1.6)	(1.0)
Prior year development net of premium adjustments	3.1	0.6	(0.6)	3.5	3.5	1.6	3.5
Accident year loss ratio, as adjusted	59.0	57.6	54.9	68.4	63.6	60.0	65.3
Acquisition ratio	25.6	19.6	20.8	20.1	20.9	21.5	19.1
General operating expense ratio	15.5	14.7	13.5	14.2	15.8	14.5	12.9
Expense ratio	41.1	34.3	34.3	34.3	36.7	36.0	32.0
Combined ratio	97.0	91.5	91.1	104.3	97.3	96.0	94.8
Catastrophe losses and reinstatement premiums	-	(0.2)	(1.3)	(5.1)	(0.5)	(1.6)	(1.0)
Prior year development net of premium adjustments	3.1	0.6	(0.6)	3.5	3.5	1.6	3.5
Accident year combined ratio, as adjusted	100.1	91.9	89.2	102.7	100.3	96.0	97.3
Noteworthy items (pre-tax):							
Catastrophe-related losses (16)	\$ -	\$ 1	\$ 10	\$ 41	\$ 4	\$ 52	\$ 34
Severe losses (17)	13	-	-	37	17	50	17
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (24)	\$ (5)	\$ 5	\$ (28)	\$ (28)	\$ (52)	\$ (115)

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance International

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 2,117	\$ 2,376	\$ 2,382	\$ 2,295	\$ 2,212	\$ 9,170	\$ 9,459
Net premiums earned	\$ 2,150	\$ 2,242	\$ 2,205	\$ 2,149	\$ 2,251	\$ 8,746	\$ 9,061
Losses and loss adjustment expenses incurred	1,064	1,154	1,152	1,184	1,279	4,554	4,942
Acquisition expenses:							
Amortization of deferred policy acquisition costs	405	430	409	400	412	1,644	1,723
Other acquisition expenses	235	225	233	227	214	920	889
Total acquisition expenses	640	655	642	627	626	2,564	2,612
General operating expenses	430	487	447	390	500	1,754	1,863
Underwriting income (loss)	16	(54)	(36)	(52)	(154)	(126)	(356)
Net investment income:							
Interest and dividends	44	50	54	50	56	198	231
Alternative investments	1	(1)	2	1	1	3	1
Other investment income	5	5	7	9	5	26	26
Investment expenses	(4)	(2)	(4)	(3)	(3)	(13)	(16)
Total net investment income	46	52	59	57	59	214	242
Pre-tax operating income (loss)	\$ 62	\$ (2)	\$ 23	\$ 5	\$ (95)	\$ 88	\$ (114)
Underwriting ratios:							
Loss ratio	49.5	51.5	52.2	55.1	56.8	52.1	54.5
Catastrophe losses and reinstatement premiums	(0.4)	(1.0)	(0.3)	(1.7)	(0.7)	(0.9)	(0.4)
Prior year development net of premium adjustments	0.5	0.3	0.9	(0.7)	0.1	0.3	0.4
Accident year loss ratio, as adjusted	49.6	50.8	52.8	52.7	56.2	51.5	54.5
Acquisition ratio	29.8	29.2	29.1	29.2	27.8	29.3	28.8
General operating expense ratio	20.0	21.7	20.3	18.1	22.2	20.1	20.6
Expense ratio	49.8	50.9	49.4	47.3	50.0	49.4	49.4
Combined ratio	99.3	102.4	101.6	102.4	106.8	101.5	103.9
Catastrophe losses and reinstatement premiums	(0.4)	(1.0)	(0.3)	(1.7)	(0.7)	(0.9)	(0.4)
Prior year development net of premium adjustments	0.5	0.3	0.9	(0.7)	0.1	0.3	0.4
Accident year combined ratio, as adjusted	99.4	101.7	102.2	100.0	106.2	100.9	103.9
Noteworthy items (pre-tax):							
Catastrophe-related losses (16)	\$ 8	\$ 21	\$ 8	\$ 37	\$ 16	\$ 74	\$ 43
Severe losses (17)	-	-	-	4	-	4	-
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (11)	\$ (7)	\$ (21)	\$ 14	\$ (2)	\$ (25)	\$ (40)

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.

Notes

Consumer Insurance

Basis of Presentation:

Consumer Insurance presents its results in the following operating segments:

Retirement: product lines include Fixed Annuities, with products including deferred fixed annuities and immediate annuities; Retirement Income Solutions, with products including variable and index annuities; Group Retirement, with products including retirement plans, annuity and investment products for employees of education, healthcare and other sponsoring companies, and Retail Mutual Funds and Advisory Services.

Life: includes the following product lines: Traditional Life, Universal Life, International Life, Accident & Health (A&H) and Group Benefits of the Life Insurance Companies.

Personal Insurance: Personal Insurance - North America and Personal Insurance - International include the following product lines: Automobile, Property, Service Products, and A&H and Group Benefits of the Non-Life Insurance Companies.

Consumer Insurance includes the majority of the product lines from the former AIG Life and Retirement segment, with the exception of Institutional Markets, which is now reported in Commercial Insurance. Consumer Insurance also includes the Personal Insurance and A&H businesses of the former AIG Property Casualty segment. In addition, Group Benefits, previously part of a joint venture in which AIG Life and Retirement and AIG Property Casualty each reported 50 percent of their combined Group Benefits business, is now reported in its entirety in Consumer Insurance, with the Life Companies' products included in the Life operating segment and the Non-Life Companies' products included in the Personal Insurance operating segment.

Selected operating statistics are provided for the Fixed Annuities, Retirement Income Solutions, and Group Retirement product lines in the Retirement operating segment, as well as the Personal Insurance - North America and Personal Insurance - International in the Personal Insurance operating segment. Operating statistics are not separately presented for Advisory Services and Retail Mutual Funds, which are included in the Retirement operating segment.

Consumer Insurance operations are conducted through the Life Insurance Companies as well as the Non-Life Insurance Companies.

Consumer Insurance operates in three major geographic areas: the Americas (which includes the United States, Canada, Latin America, the Caribbean and Bermuda), Asia Pacific (which includes Japan, China, Korea, Singapore, Vietnam, Thailand, Australia, Indonesia and other Asia Pacific nations), and EMEA (which includes the United Kingdom, Continental Europe, Russian Federation, India, the Middle East and Africa).

Consumer Insurance products are distributed primarily to individual consumers or groups of consumers through strategic relationships with banks, broker-dealers, insurance agents and independent marketing organizations, as well as through affiliated distribution channels, direct marketing and the internet.

Net investment income is attributed to the operating segments of Commercial Insurance and Consumer Insurance based on internal models consistent with the nature of the underlying businesses.

For Commercial Insurance - Property Casualty and Consumer Insurance - Personal Insurance, we estimate investable funds based primarily on loss reserves, unearned premiums and a capital allocation for each operating segment. The net investment income allocation is calculated based on the estimated investable funds and risk-free yields (plus a liquidity premium) consistent with the approximate duration of the liabilities, and excludes net investment income associated with the runoff insurance lines reported in Corporate and Other. The remaining excess is attributed to Commercial Insurance - Property Casualty and Consumer Insurance - Personal Insurance based on the relative net investment income previously allocated.

For Commercial Insurance - Institutional Markets, Consumer Insurance - Retirement and Consumer Insurance - Life, net investment income is attributed based on invested assets from segregated product line portfolios. The fundamental investment strategy for these operating segments is to maintain primarily a diversified, high quality portfolio of fixed maturity securities and, as is practicable, to match established duration targets based on characteristics of the underlying liabilities. Invested assets in excess of liabilities are allocated to product lines based on internal capital estimates.

American International Group, Inc.
Notes (continued)

Consumer Insurance

Notes:

- (1) Pre-tax operating income in 4Q14, 3Q14, 4Q13 and 3Q13 included the net effect of adjustments to reflect the review and update of certain assumptions used to amortize DAC and related items for interest-sensitive products, including life and annuity spreads, mortality rates, surrender rates and variable annuity growth rates. In addition, \$87 million of loss recognition expense was recorded in 3Q14 primarily due to updated assumptions for certain discontinued long-term care business. In the aggregate, these adjustments increased (decreased) pre-tax operating income as follows:

	Life			Fixed Annuities		Retirement Income Solutions			Group Retirement			Effect on Total Consumer				
	Quarterly			Quarterly		Quarterly			Quarterly			Quarterly				
	4Q14	3Q14	3Q13	3Q14	3Q13	4Q14	3Q14	3Q13	3Q14	4Q13	3Q13	4Q14	3Q14	4Q13	3Q13	
<i>(in millions)</i>																
Policy fees	\$-	\$27	\$28	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$27	\$-	\$28	
Interest credited to policyholder account balances	-	-	-	74	82	(3)	5	(1)	14	2	(20)	(3)	93	2	61	
Amortization of deferred policy acquisition costs	16	(13)	(33)	122	224	(2)	10	(33)	47	31	(60)	14	166	31	98	
Policyholder benefits and claims incurred	-	(149)	(75)	-	-	(5)	(1)	6	(15)	2	-	(5)	(165)	2	(69)	
Pre-tax operating income (loss)	\$16	\$(135)	\$(80)	\$196	\$306	\$(10)	\$14	\$(28)	\$46	\$35	\$(80)	\$6	\$121	\$35	\$118	
Changes in DAC related to net realized capital gains (losses)	-	-	-	-	-	(17)	5	(21)	-	-	-	(17)	5	-	(21)	
Net realized capital gains (losses)	-	-	-	-	-	83	(32)	82	-	-	-	83	(32)	-	82	
Pre-tax income (loss)	\$16	\$(135)	\$(80)	\$196	\$306	\$56	\$(13)	\$33	\$46	\$35	\$(80)	\$72	\$94	\$35	\$179	

- (2) Premiums and deposits is a non-GAAP measure. Premiums and deposits for the Consumer Insurance segment 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.
- (3) Includes interest, dividends and real estate income, net of investment expenses.
- (4) Includes income on hedge funds, private equity funds and affordable housing partnerships. Alternative investment income is reported on a lag basis. Hedge funds are generally on a one-month lag, while private equity funds are generally on a one-quarter lag.
- (5) Includes call and tender income, changes in market value of investments accounted for under the fair value option, interest received on defaulted investments and other miscellaneous investment income.
- (6) Net flows are provided for Fixed Annuities, Retirement Income Solutions, Retail Mutual Funds and Group Retirement. Annuity net flows represent premiums and deposits less death, surrender and other withdrawals benefits. Net flows related to mutual funds represent deposits less withdrawals. Life Insurance, Advisory Services, Group Benefits and Personal Insurance are not included in net flows. Net flows exclude activity related to closed blocks of fixed and variable annuities.
- (7) Includes return on base portfolio. Quarterly results are annualized.
- (8) Includes incremental effect on base yield of alternative investments. Quarterly results are annualized.
- (9) Includes incremental effect on base yield of other enhancements. Quarterly results are annualized.
- (10) Annuity surrender rates represent annualized surrenders and withdrawals as a percentage of average account value.
- (11) Consumer Insurance uses reinsurance and hedging to mitigate risks related to guaranteed benefits in individual annuity contracts. Certain GMDB benefits written before 2004 are reinsured. The majority of GMIB benefits, which are no longer offered, are reinsured. GMWB liabilities and GMAV liabilities (GMAV is no longer offered) are included in Consumer Insurance's dynamic hedging program. The hedging program is focused on mitigating economic risk fluctuations. The program manages equity market risk (delta), interest rate risk (rho), volatility risk (vega and gamma) within specified levels. The hedge portfolio is regularly rebalanced to manage gamma and to maintain delta neutrality and to maintain rho and vega within exposure limits established by Consumer Insurance and AIG Enterprise Risk Management. The net rho exposure is currently close to neutral while vega is not fully hedged; however, product features, such as the VIX index rider fees and the volatility control mechanism in the funds, reduce the overall net vega exposure.
- (12) Includes Ageas Protect Limited, which was acquired on December 31, 2014.
- (13) Life insurance and A&H sales are shown on a continuous payment premium equivalent (CPPE) basis. Life insurance sales include periodic premiums from new business expected to be collected over a one-year period and 10 percent of unscheduled and single premiums from new and existing policyholders. Sales of A&H insurance represent annualized first-year premium from new policies.
- (14) Life insurance lapse rates are reported on a 90-day lag basis to include grace period processing.

American International Group, Inc.
Notes (continued)

Consumer Insurance

- (15) Other change in DAC in 2014 was primarily related to a change to include interest income on assets supporting certain non-traditional insurance liabilities in the determination of estimated gross profits used to amortize both DAC and URR. The increase in DAC asset, which principally reflected the impact of the change on periods prior to 2014, was substantially offset by a related increase in the URR liability.
- (16) CATS are generally weather or seismic events having a net impact in excess of \$10 million each.
- (17) Severe losses are defined as non-catastrophic individual first party losses greater than \$10 million, net of related reinsurance and salvage and subrogation.
- (18) Computed using a constant exchange rate for each period.

American International Group, Inc.
Operating Results

Corporate and Other

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Revenues:							
Premiums	\$ 21	\$ 15	\$ 29	\$ 13	\$ 35	\$ 78	\$ 94
Net investment income	181	223	136	160	(136)	700	309
Other income	847	824	953	795	1,060	3,419	3,616
Total operating revenues	1,049	1,062	1,118	968	959	4,197	4,019
Benefits and expenses:							
Policyholder benefits and losses incurred	510	61	155	65	(261)	791	(60)
General operating expenses	532	455	530	472	644	1,989	2,240
Interest expense	364	456	486	499	280	1,805	2,158
Total benefits and expenses	1,406	972	1,171	1,036	663	4,585	4,338
Pre-tax operating income (loss)	\$ (357)	\$ 90	\$ (53)	\$ (68)	\$ 296	\$ (388)	\$ (319)

See Accompanying Notes on Page 48.

American International Group, Inc.
Operating Results

Corporate and Other

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Pre-tax operating income (loss):							
Direct Investment book	\$ 174	\$ 314	\$ 313	\$ 440	\$ 418	\$ 1,241	\$ 1,448
Global Capital Markets	27	58	245	29	194	359	625
Runoff insurance lines (page 47) (1)	(422)	25	(53)	5	369	(445)	403
Other businesses (2)	119	123	(6)	-	125	236	(97)
AIG Parent and Other (3):							
Equity in pre-tax operating earnings of AerCap (4)	185	196	53	-	-	434	-
Fair value of PICC Group shares (5)	67	(30)	-	-	-	37	-
Corporate expenses, net:							
Other income (expense), net	52	32	27	17	37	128	90
General operating expenses	(288)	(317)	(306)	(235)	(255)	(1,146)	(1,115)
Total Corporate expenses, net	(236)	(285)	(279)	(218)	(218)	(1,018)	(1,025)
Severance expense (6)	-	-	-	-	(265)	-	(265)
Interest expense	(271)	(310)	(327)	(325)	(328)	(1,233)	(1,412)
Total AIG Parent and Other	(255)	(429)	(553)	(543)	(811)	(1,780)	(2,702)
Consolidation and elimination	-	(1)	1	1	1	1	4
Pre-tax operating income (loss)	\$ (357)	\$ 90	\$ (53)	\$ (68)	\$ 296	\$ (388)	\$ (319)

See Accompanying Notes on Page 48.

American International Group, Inc.
Operating Statistics

Corporate and Other - Runoff Insurance Lines

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Property Casualty runoff business:							
Net premiums written	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3)
Net premiums earned	19	12	18	17	32	66	86
Losses and loss adjustment expenses incurred	514	50	122	62	(265)	748	(68)
General operating expenses	1	-	1	1	(1)	3	4
Underwriting income (loss)	(496)	(38)	(105)	(46)	298	(685)	150
Net investment income	58	59	56	58	69	231	248
Property Casualty runoff businesses	(438)	21	(49)	12	367	(454)	398
Life insurance runoff businesses, net	16	4	(4)	(7)	2	9	5
Pre-tax operating income (loss)	\$ (422)	\$ 25	\$ (53)	\$ 5	\$ 369	\$ (445)	\$ 403
Noteworthy items (pre-tax):							
Property Casualty runoff business:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	\$ 135	\$ 13	\$ 65	\$ 16	\$ 248	\$ 229	\$ 327
Net reserve discount (benefit) charge	339	16	31	21	(647)	407	(631)
Net loss and loss expense reserve (at period end)	3,395	3,095	3,156	3,271	3,475	3,395	3,475
Future policy benefits for life and A&H contracts (at period end)	\$ 1,346	\$ 1,255	\$ 1,303	\$ 1,249	\$ 1,155	\$ 1,346	\$ 1,155

American International Group, Inc.
Notes

Corporate and Other

- (1) Property Casualty runoff insurance lines consists primarily of excess workers' compensation, asbestos and legacy environmental (1986 and prior); certain environmental liability businesses written prior to 2004; and long-duration business in Japan and the U.S. Life Insurance runoff insurance lines include American Security Life Insurance Company Limited, AIG Life Insurance Company (Switzerland) Ltd. and a reinsurance transaction of American International Reinsurance Company, Ltd.
- (2) Includes results from AIG's real estate investment operations, investments in life settlements and other minor subsidiaries. In 3Q14 includes higher earnings from life settlements and gains from real estate sales transactions of \$47 million. In 4Q13, includes gains from real estate sales transactions of \$170 million.
- (3) Includes results from AIG Parent and other minor corporate subsidiaries.
- (4) Represents AIG's share of AerCap's pre-tax operating income, which excludes certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights asset over the remaining lease term as compared to the remaining economic life of the aircraft and our share of AerCap's income taxes.
- (5) During 3Q14, Consumer Insurance sold its investment in PICC Group to AIG Parent.
- (6) In 4Q13, includes \$263 million of severance expense attributable to the Property Casualty and Personal Insurance segments.

American International Group, Inc.

Investments - Cash and Investments

(in millions)	December 31, 2014				
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other	Consolidation & Eliminations	AIG Inc.
Bonds available for sale, at fair value:					
U.S. government and government sponsored entities	\$ 794	\$ 1,812	\$ 386	\$ -	\$ 2,992
Obligations of states, municipalities and political subdivisions	5,249	22,014	396	-	27,659
Non-U.S. governments	7,475	13,301	319	-	21,095
Corporate debt	107,048	35,349	2,036	-	144,433
Mortgage-backed, asset-backed and collateralized:					
RMBS	23,389	11,801	2,330	-	37,520
CMBS	10,042	2,712	131	-	12,885
CDO/ABS	10,530	5,953	335	(3,543)	13,275
Total mortgage-backed, asset-backed and collateralized	43,961	20,466	2,796	(3,543)	63,680
Total bonds available for sale, at fair value	164,527	92,942	5,933	(3,543)	259,859
Other bond securities, at fair value	2,785	1,733	15,634	(440)	19,712
Equity securities available for sale, at fair value	150	4,241	4	-	4,395
Other equity securities trading, at fair value	-	495	554	-	1,049
Mortgage and other loans receivable, net of allowance	20,874	6,686	704	(3,274)	24,990
Other invested assets	11,916	10,372	12,109	121	34,518
Cash and short-term investments	2,582	5,345	5,943	(869)	13,001
Total cash and investments	\$ 202,834	\$ 121,814	\$ 40,881	\$ (8,005)	\$ 357,524

(in millions)	December 31, 2013				
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other	Consolidation & Eliminations	AIG Inc.
Bonds available for sale, at fair value:					
U.S. government and government sponsored entities	\$ 720	\$ 2,252	\$ 223	\$ -	\$ 3,195
Obligations of states, municipalities and political subdivisions	3,773	24,090	1,517	-	29,380
Non-U.S. governments	6,570	15,492	447	-	22,509
Corporate debt	106,422	35,183	2,947	-	144,552
Mortgage-backed, asset-backed and collateralized:					
RMBS	22,857	11,653	1,638	-	36,148
CMBS	8,662	2,701	119	-	11,482
CDO/ABS	9,221	5,831	391	(4,435)	11,008
Total mortgage-backed, asset-backed and collateralized	40,740	20,185	2,148	(4,435)	58,638
Total bonds available for sale, at fair value	158,225	97,202	7,282	(4,435)	258,274
Other bond securities, at fair value	2,406	1,995	18,558	(336)	22,623
Equity securities available for sale, at fair value	80	3,574	2	-	3,656
Other equity securities trading, at fair value	538	198	98	-	834
Mortgage and other loans receivable, net of allowance	19,209	4,088	850	(3,382)	20,765
Other invested assets	13,026	9,339	6,398	(104)	28,659
Cash and short-term investments	7,046	6,916	11,043	(1,147)	23,858
Total cash and investments	\$ 200,530	\$ 123,312	\$ 44,231	\$ (9,404)	\$ 358,669

Note:

(1) Includes Mortgage Guaranty.



American International Group, Inc

Investments - Other Invested Assets

(in millions)	December 31, 2014				
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other	Consolidation & Eliminations	AIG Inc.
Alternative investments (2)	\$ 11,012	\$ 8,249	\$ 521	\$ (126)	\$ 19,656
Investments in life settlements	-	-	3,863	(110)	3,753
Investment real estate	840	446	1,970	356	3,612
Aircraft assets	-	-	651 ⁽³⁾	-	651
Investment in AerCap	-	-	4,972	-	4,972
All other investments (4)	64	1,677	132	1	1,874
	\$ 11,916	\$ 10,372	\$ 12,109	\$ 121	\$ 34,518

(in millions)	December 31, 2013				
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other	Consolidation & Eliminations	AIG Inc.
Alternative investments (2)	\$ 11,208	\$ 7,868	\$ 624	\$ 9	\$ 19,709
Investments in life settlements	-	-	3,712	(111)	3,601
Investment real estate	840	312	1,961	-	3,113
Aircraft assets	763 ⁽³⁾	-	-	-	763
All other investments (4)	215	1,159	101	(2)	1,473
	\$ 13,026	\$ 9,339	\$ 6,398	\$ (104)	\$ 28,659

Notes:

- (1) Includes Mortgage Guaranty.
- (2) Includes hedge funds, private equity funds and other investment partnerships.
- (3) In 2Q14, aircraft assets held in trusts were transferred to AIG Parent.
- (4) Consist primarily of direct private equity investments.

American International Group, Inc.

Investments - Returns On Alternative Investments (1)

(in millions)	Quarterly					Twelve Months December December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Alternative investment income (2)							
Private equity	\$ 206	\$ 213	\$ 277	\$ 368	\$ 286	\$ 1,064	\$ 915
Hedge funds	86	215	99	357	446	757	1,293
Total private equity and hedge funds	292	428	376	725	732	1,821	2,208
Affordable housing partnerships	72	58	68	61	78	259	230
Total alternative investment income	\$ 364	\$ 486	\$ 444	\$ 786	\$ 810	\$ 2,080	\$ 2,438
Average alternative investment assets							
Private equity	\$ 7,449	\$ 7,622	\$ 7,679	\$ 7,701	\$ 7,677	\$ 7,613	\$ 7,731
Hedge funds	10,664	10,405	10,296	10,095	9,511	10,365	8,721
Total private equity and hedge funds	18,113	18,027	17,975	17,796	17,188	17,978	16,452
Affordable housing partnerships	1,228	1,316	1,394	1,467	1,549	1,351	1,681
Total average alternative investment assets	\$ 19,341	\$ 19,343	\$ 19,369	\$ 19,263	\$ 18,737	\$ 19,329	\$ 18,133
Annualized yields on carrying value							
Private equity	11.06 %	11.18	14.43 %	19.11 %	14.90 %	13.98 %	11.84 %
Hedge funds	3.23	8.27	3.85	14.15	18.76	7.30	14.83
Total private equity and hedge funds	6.45	9.50	8.37	16.30	17.04	10.13	13.42
Affordable housing partnerships	23.45	17.63	19.51	16.63	20.14	19.17	13.68
Total annualized yield	7.53 %	10.05	9.17 %	16.32 %	17.29 %	10.76 %	13.45 %
Average alternative investment assets							
Life Insurance Companies	\$ 11,165	\$ 11,331	\$ 11,404	\$ 11,335	\$ 11,098	\$ 11,309	\$ 10,885
Non-Life Insurance Companies	8,176	8,012	7,965	7,928	7,639	8,020	7,248
Total average alternative investment assets	\$ 19,341	\$ 19,343	\$ 19,369	\$ 19,263	\$ 18,737	\$ 19,329	\$ 18,133

Note:

(1) Alternative investments includes hedge funds, private equity funds and other investment partnerships.

(2) Alternative investment income is reported on a lag basis. Hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on a one-quarter lag.

American International Group, Inc.

Investments - Net Realized Capital Gains (Losses)

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Life Insurance Companies							
Bonds available for sale	\$ 35	\$ 53	\$ 78	\$ 97	\$ 286	\$ 263	\$ 2,256
Stocks available for sale	2	2	-	2	-	6	48
Other transactions	11	90	4	(4)	20	101	(44)
Other than temporary impairments	(51)	(32)	(35)	(44)	(74)	(162)	(178)
Foreign exchange transactions	18	48	18	6	(26)	90	(16)
Derivative instruments (1)	(127)	10	40	(318)	(100)	(395)	182
Total pre-tax net realized capital gains (losses)	(112)	171	105	(261)	106	(97)	2,248
Non-Life Insurance Companies							
Bonds available for sale	58	47	42	87	93	234	244
Stocks available for sale	17	27	35	26	17	105	55
Other transactions	(2)	(13)	9	6	27	-	26
Other than temporary impairments	(32)	(18)	(20)	(15)	(12)	(85)	(52)
Foreign exchange transactions	21	10	37	29	107	97	296
Derivative instruments	21	39	25	11	(62)	96	(197)
Total pre-tax net realized capital gains	83	92	128	144	170	447	372
Corporate and Other							
Bonds available for sale	29	(3)	61	1	(10)	88	(68)
Stocks available for sale	-	-	-	-	8	-	8
Other transactions (2)	(80)	(69)	(38)	(45)	(653)	(232)	(792)
Other than temporary impairments	-	-	-	-	-	-	(2)
Foreign exchange transactions	230	292	(102)	(9)	(65)	411	(129)
Derivative instruments	43	53	8	18	98	122	302
Total pre-tax net realized capital gains (losses)	222	273	(71)	(35)	(622)	389	(681)
Total AIG							
Bonds available for sale	122	97	181	185	369	585	2,432
Stocks available for sale	19	29	35	28	25	111	111
Other transactions (2)	(71)	8	(25)	(43)	(606)	(131)	(810)
Other than temporary impairments	(83)	(50)	(55)	(59)	(86)	(247)	(232)
Foreign exchange transactions	269	350	(47)	26	16	598	151
Derivative instruments	(63)	102	73	(289)	(64)	(177)	287
Total pre-tax net realized capital gains (losses)	\$ 193	\$ 536	\$ 162	\$ (152)	\$ (346)	\$ 739	\$ 1,939
Total net realized gains (losses), net of tax	\$ 105	\$ 301	\$ 155	\$ (91)	\$ (208)	\$ 470	\$ 1,285

- Notes:**
- (1) Includes changes in the fair value of embedded derivatives and a portion of associated fees for variable annuity living benefit features (primarily GMWB) and changes in fair value of hedging instruments purchased to fund the liabilities.
- (2) Includes impairments on investments in life settlements.

American International Group, Inc.

Supplemental Property Casualty Information*

(in millions)	Quarterly					Twelve Months Ended December 31,	
	4Q14	3Q14	2Q14	1Q14	4Q13	2014	2013
Net premiums written	\$ 7,558	\$ 8,750	\$ 8,990	\$ 8,134	\$ 7,813	\$ 33,432	\$ 33,577
Net premiums earned	8,152	8,428	8,313	8,028	8,406	32,921	33,140
Loss and loss adjustment expenses incurred	5,916	5,648	5,307	5,321	5,651	22,192	21,829
Acquisition expenses	1,671	1,635	1,626	1,607	1,648	6,539	6,578
General operating expenses	1,195	1,283	1,265	1,177	1,401	4,920	5,106
Underwriting income (loss)	(630)	(138)	115	(77)	(294)	(730)	(373)
Net investment income	1,248	1,231	1,221	1,223	1,386	4,923	5,134
Pre-tax operating income	\$ 618	\$ 1,093	\$ 1,336	\$ 1,146	\$ 1,092	\$ 4,193	\$ 4,761
Underwriting ratios:							
Loss ratio	72.6	67.0	63.8	66.3	67.2	67.4	65.9
Catastrophe losses and reinstatement premiums	(0.6)	(3.3)	(1.6)	(3.3)	(2.4)	(2.2)	(2.4)
Prior year development net of premium adjustments	(3.7)	(3.2)	(0.2)	(2.0)	(3.2)	(2.2)	(1.5)
Net reserve discount	(7.0)	-	(0.2)	1.3	3.8	(1.5)	1.0
Accident year loss ratio, as adjusted	61.3	60.5	61.8	62.3	65.4	61.5	63.0
Acquisition ratio	20.5	19.4	19.6	20.0	19.6	19.9	19.8
General operating expense ratio	14.7	15.2	15.2	14.7	16.7	14.9	15.4
Expense ratio	35.2	34.6	34.8	34.7	36.3	34.8	35.2
Combined ratio	107.8	101.6	98.6	101.0	103.5	102.2	101.1
Catastrophe losses and reinstatement premiums	(0.6)	(3.3)	(1.6)	(3.3)	(2.4)	(2.2)	(2.4)
Prior year development net of premium adjustments	(3.7)	(3.2)	(0.2)	(2.0)	(3.2)	(2.2)	(1.5)
Net reserve discount	(7.0)	-	(0.2)	1.3	3.8	(1.5)	1.0
Accident year combined ratio, as adjusted	96.5	95.1	96.6	97.0	101.7	96.3	98.2
Noteworthy items (pre-tax):							
Catastrophe-related losses	\$ 43	\$ 282	\$ 139	\$ 262	\$ 208	\$ 726	\$ 787
Reinstatement premiums related to catastrophes	-	2	-	-	-	2	-
Reinstatement premiums related to prior year catastrophes	(2)	(1)	1	-	-	(2)	27
Severe losses	79	188	193	186	277	646	586
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	275	320	54	158	272	807	527
(Additional) returned premium related to prior year development	52	(93)	(68)	4	(6)	(105)	(89)
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	327	227	(14)	162	266	702	438
Net reserve discount (benefit) charge	568	-	15	(105)	(325)	478	(309)
Net loss and loss expense reserve (at period end)	\$ 60,504	\$ 61,296	\$ 61,959	\$ 62,683	\$ 63,029	\$ 60,504	\$ 63,029

* Represents the aggregate operating results of Commercial Insurance - Property Casualty, Consumer Insurance - Personal Insurance and Property Casualty runoff businesses reported in Corporate and Other.

American International Group, Inc. Acronyms

ABS	Asset-Backed Securities
A&H	Accident and Health Insurance
AOCI	Accumulated Other Comprehensive Income
CPPE	Continuous Payment Premium Equivalent
CDO	Collateralized Debt Obligations
CMBS	Commercial Mortgage-Backed Securities
DAC	Deferred Acquisition Costs
DTA	Deferred Tax Assets
GAAP	Accounting principles generally accepted in the United States of America
GMAV	Guaranteed Minimum Account Value Benefits
GMDB	Guaranteed Minimum Death Benefits
GMIB	Guaranteed Minimum Income Benefits
RMBS	Residential Mortgage-Backed Securities
ROE	Return on Equity
SIA	Sales Inducement Assets
URR	Unearned Revenue Reserve
VOBA	Value of Business Acquired