

2014 年第 2 四半期（4 月～6 月） 決算 短 信

会社名 アメリカン・インターナショナル・グループ・インク
 決算期 本決算：年 1 回（12 月）
 中間決算：四半期毎
 問い合わせ先 東京都港区元赤坂一丁目 2 番 7 号 赤坂 K タワー
 アンダーソン・毛利・友常法律事務所
 弁護士 北澤 正明
 電話 (03) 6888-1000

1. 本国における決算発表日 2014 年 8 月 4 日

2. 業績（注 1：下記の数字は 2014 年 6 月 30 日現在の会計方法に従い算出したものである。）

	第 2 四半期（4 月～6 月の 3 ヶ月間）		
	当年度（2014 年）	前年度（2013 年）	増減率
売上高又は営業収入	16,105 百万ドル	18,426 百万ドル	△12.6%
純利益（税引後）	3,073 百万ドル	2,731 百万ドル	12.5%
1 株当たり純利益（注 2）	2.10 ドル	1.84 ドル	14.1%

	今期累計額		
	当期	前年同期	増減率
売上高又は営業収入	32,217 百万ドル	35,388 百万ドル	△9.0%
純利益（税引後）	4,682 百万ドル	4,937 百万ドル	△5.2%
1 株当たり純利益（注 2）	3.19 ドル	3.33 ドル	△4.2%

	配当金の推移（注 3）		
	当年度（2014 年）	前年度（2013 年）	備考
第 1 四半期	0.125 ドル		
第 2 四半期	0.125 ドル		
第 3 四半期		0.10 ドル	
第 4 四半期		0.10 ドル	
合計		0.20 ドル	

（注 2） 1 株当たり純利益は、希薄化後である。

（注 3） 配当金は、各四半期に設定された基準日に基づき記載されている。

3. 概況・特記事項・その他

上記 2. の各数値は、会社の 2014 年 8 月 4 日付けプレス・リリースおよび Quarterly Financial Supplement Second Quarter 2014 から抜粋したものである。当該プレス・リリースおよび Quarterly Financial Supplement Second Quarter 2014 を添付する。



Press Release
AIG
175 Water Street
New York, NY 10038
www.aig.com

Contacts:

Liz Werner (Investors): 212-770-7074; elizabeth.werner@aig.com

Jon Diat (Media): 212-770-3505; jon.diat@aig.com

Molly Binenfeld (Media): 917-297-4374; molly.binenfeld@aig.com

AIG REPORTS SECOND QUARTER 2014 NET INCOME ATTRIBUTABLE TO AIG OF \$3.1 BILLION AND DILUTED EARNINGS PER SHARE OF \$2.10

- Second quarter 2014 after-tax operating income attributable to AIG of \$1.8 billion, \$1.25 per diluted share
- Second quarter 2014 insurance pre-tax operating income of \$2.7 billion
- Completed the sale of ILFC to AerCap Holdings N.V.; total consideration of approximately \$7.6 billion
- Additional share repurchase authorization of \$2.0 billion, with approximately \$1.1 billion of shares repurchased during the second quarter of 2014
- \$1.6 billion of cash dividends and loan repayments to AIG Parent from insurance subsidiaries in the second quarter of 2014

NEW YORK, August 4, 2014 – American International Group, Inc. (NYSE: AIG) today reported net income attributable to AIG of \$3.1 billion for the quarter ended June 30, 2014, compared to \$2.7 billion for the second quarter of 2013. After-tax operating income attributable to AIG was \$1.8 billion for the second quarter of 2014, compared to \$1.7 billion for the prior-year quarter.

Diluted earnings per share attributable to AIG were \$2.10 for the second quarter of 2014, compared to \$1.84 for the second quarter of 2013. Net income for the second quarter of 2014 included a \$1.4 billion after-tax gain on the sale of ILFC, or \$0.96 per diluted share. After-tax operating income per diluted share attributable to AIG was \$1.25 for the second quarter of 2014, compared to \$1.12 in the prior-year quarter.

“AIG’s results in the second quarter were solid. Overall, our businesses demonstrated our continued discipline and resilience, underscoring our focus on improving the results of our core insurance businesses,” said AIG President and Chief Executive Officer Robert H. Benmosche. “In many ways, this quarter, my last as President and CEO of AIG, was punctuated by two significant milestones: the completion of our sale of ILFC to AerCap, which marks the last disposition of AIG’s non-core businesses, and the appointment of Peter Hancock to succeed me as AIG’s next President and Chief Executive Officer.

“We are pleased with the strong performance across all of our Property Casualty, Life and Retirement and Mortgage Guaranty businesses. Our operating results demonstrate our continued progress, and it was another very active quarter for capital management activities,” continued Mr. Benmosche.



“As we look towards the future, I have every confidence that Peter will lead AIG to even more sustainable prosperity in the days and years ahead. Under Peter’s leadership, I have no doubt that we will continue advancing our core strategies and priorities with integrity and a profound sense of the responsibility that AIG exceed the expectations – financial, regulatory, and community – of all of our stakeholders,” Mr. Benmosche concluded.

Capital and Liquidity

- AIG shareholders’ equity totaled \$108.2 billion at June 30, 2014
- Book value per share of \$75.71 grew 15 percent from June 30, 2013; book value per share excluding accumulated other comprehensive income (AOCI) of \$67.65 grew 10 percent over the same period
- Repurchased 18.1 million shares of AIG Common Stock for an aggregate purchase price of approximately \$1.1 billion in the second quarter of 2014, including initial delivery of approximately 3.8 million shares pursuant to a \$300 million accelerated share repurchase agreement which settled in July 2014 with the delivery to AIG of approximately 1.7 million additional shares; approximately \$1.5 billion remains available under repurchase authorization
- Tax sharing payments to AIG Parent from insurance businesses amounted to \$510 million in the second quarter of 2014 and \$781 million year-to-date; subject to reimbursement in future periods
- During the second quarter of 2014, AIG reduced Direct Investment book (DIB) debt through a redemption of \$750 million aggregate principal amount of its 3.000% Notes due 2015 using cash allocated to the DIB
- In July 2014, AIG further reduced DIB debt by approximately \$2.0 billion through a redemption of \$790 million aggregate principal amount of its 4.875% Notes due 2016 and a redemption of \$1.25 billion aggregate principal amount of its 3.800% Notes due 2017, in each case, using cash allocated to the DIB
- In July 2014, AIG repurchased, in tender offers, certain high coupon hybrid and senior notes issued or guaranteed by AIG Parent, for an aggregate purchase price of \$2.5 billion, and also issued \$1 billion of 2.300 % Notes due 2019 and \$1.5 billion of 4.500% Notes due 2044
- AIG Parent liquidity sources were \$18.5 billion at June 30, 2014, including \$14.1 billion of cash, short-term investments, and unencumbered fixed maturity securities, up from \$15.6 billion at March 31, 2014



AFTER-TAX OPERATING INCOME

(\$ in millions)	Three Months Ended June 30,	
	2014	2013
Pre-tax operating income (loss)		
Insurance Operations		
AIG Property Casualty	\$ 1,355	\$ 1,086
AIG Life and Retirement	1,180	1,151
Mortgage Guaranty	210	73
Total Insurance Operations	2,745	2,310
Other Operations (excluding Mortgage Guaranty)		
Direct Investment book	313	591
Global Capital Markets	245	175
Equity in pre-tax operating earnings of AerCap	53	-
Interest expense	(327)	(353)
Corporate expenses, net	(282)	(253)
Other, net	(13)	(35)
Total Other Operations (excluding Mortgage Guaranty)	(11)	125
Consolidations, eliminations and other adjustments	10	33
Pre-tax operating income	2,744	2,468
Income tax expense	(918)	(786)
Noncontrolling interests excluding net realized capital (gains) losses	7	(27)
After-tax operating income attributable to AIG	\$ 1,833	\$ 1,655
After-tax operating income attributable to AIG per diluted common share	\$ 1.25	\$ 1.12
Effective tax rate on After-tax operating income attributable to AIG	33.4 %	31.8 %

All operating segment comparisons that follow are to the second quarter of 2013 unless otherwise noted.

AIG PROPERTY CASUALTY

(\$ in millions)	Three Months Ended June 30,			Change	
	2014	2013			
Net premiums written	\$ 9,213	\$ 9,263	(1)	%	
Net premiums earned	8,531	8,347	2		
Underwriting income (loss)	101	(223)	NM		
Net investment income	1,254	1,309	(4)		
Pre-tax operating income	\$ 1,355	\$ 1,086	25	%	
Underwriting ratios:					
Loss ratio	64.6	68.0	(3.4)	pts	
Acquisition ratio	19.4	20.0	(0.6)		
General operating expense ratio	14.8	14.6	0.2		
Combined ratio	98.8	102.6	(3.8)		



Accident year loss ratio, as adjusted	62.7	61.9	0.8
Accident year combined ratio, as adjusted	96.9	96.5	0.4
Severe losses	2.3	0.5	1.8 pts

AIG Property Casualty's pre-tax operating income increased to \$1.4 billion as improved underwriting results were partially offset by a decline in net investment income driven by lower returns on alternative investments and lower income on investments accounted for under the fair value option. As part of AIG's continued focus on capital management, AIG Property Casualty distributed \$701 million in cash dividends to AIG Parent during the second quarter of 2014.

The second quarter 2014 combined ratio was 98.8, a 3.8 point decrease from the prior-year quarter. Catastrophe losses were \$139 million, compared to \$316 million in the second quarter of 2013. Including premium adjustments, net prior year favorable loss reserve development was \$14 million, compared to net prior year adverse loss reserve development of \$154 million for the second quarter of 2013. The lower catastrophe losses and net favorable loss reserve development were partially offset by an increase in Commercial Insurance severe losses of \$193 million, compared to \$38 million in the prior-year quarter. The second quarter 2014 accident year loss ratio, as adjusted, was 62.7, an increase of 0.8 points from higher severe losses in Commercial Insurance, partially offset by improvements in accident year losses in Consumer Insurance. The second quarter accident year combined ratio, as adjusted, was slightly higher than the prior-year quarter, primarily due to the impact of these severe losses.

Excluding the effects of foreign exchange, second quarter 2014 net premiums written increased slightly from the same period in the prior year, reflecting a four percent increase in Consumer Insurance due to growth through multiple products and distribution channels. This increase was partially offset by a one percent decrease in Commercial Insurance from lower retention of renewal business and decreases in new business due to increased competition.

COMMERCIAL INSURANCE UNDERWRITING RESULTS

(\$ in millions)	Three Months Ended June 30,			Change	
	2014	2013			
Net premiums written	\$ 5,816	\$ 5,876	(1)	%	
Net premiums earned	5,265	5,073	4		
Underwriting income (loss)	\$ 239	\$ (88)	NM	%	
Underwriting ratios:					
Loss ratio	67.7	72.6	(4.9)	pts	
Acquisition ratio	15.4	16.3	(0.9)		
General operating expense ratio	12.3	12.8	(0.5)		
Combined ratio	95.4	101.7	(6.3)		
Accident year loss ratio, as adjusted	66.4	62.2	4.2		
Accident year combined ratio, as adjusted	94.1	91.3	2.8	pts	

The Commercial Insurance combined ratio decreased 6.3 points to 95.4, primarily due to net favorable prior year loss reserve development and lower catastrophe losses. Including premium adjustments, net prior year favorable loss reserve development was \$63 million, compared to net prior



year adverse development of \$187 million for the second quarter of 2013. Second quarter 2014 catastrophe losses were \$121 million, compared to \$307 million in the prior-year quarter. The second quarter 2014 accident year loss ratio, as adjusted, increased 4.2 points to 66.4, reflecting higher property and specialty severe losses. The second quarter 2014 acquisition ratio decreased 0.9 points to 15.4, primarily due to lower premium taxes and guaranty fund and other assessments which were partially offset by an increase in commission rates due to change in business mix. The general operating expense ratio decreased 0.5 points to 12.3, primarily due to a higher premium earned base as the dollar amount of general operating expenses was essentially flat compared to the prior year quarter.

CONSUMER INSURANCE UNDERWRITING RESULTS

(\$ in millions)	Three Months Ended June 30,				
	2014	2013	Change		
Net premiums written	\$ 3,407	\$ 3,390	1	%	
Net premiums earned	3,253	3,255	-		
Underwriting income (loss)	\$ 68	\$ (1)	NM	%	
Underwriting ratios:					
Loss ratio	55.8	58.9	(3.1)	pts	
Acquisition ratio	25.9	25.9	-		
General operating expense ratio	16.3	15.3	1.0		
Combined ratio	98.0	100.1	(2.1)		
Accident year loss ratio, as adjusted	55.7	60.2	(4.5)		
Accident year combined ratio, as adjusted	97.9	101.4	(3.5)	pts	

The Consumer Insurance combined ratio decreased 2.1 points to 98.0 due to lower accident year losses, partially offset by lower net prior year favorable loss reserve development. The accident year loss ratio, as adjusted, decreased 4.5 points to 55.7. The accident year loss ratio, as adjusted, reflects rate increases and improved loss experience in the Japan automobile business, and rate actions and coverage changes in the U.S. warranty business. The general operating expense ratio increased by 1.0 point to 16.3, primarily as a result of higher infrastructure costs related to the ongoing integration of AIG Property Casualty's Japanese entities.

AIG LIFE AND RETIREMENT

(\$ in millions)	Three Months Ended June 30,				
	2014	2013	Change		
Premiums and deposits	\$ 7,360	\$ 6,765	9	%	
Net investment income	2,561	2,637	(3)		
Pre-tax operating income:					
Retail	684	670	2		
Institutional	496	481	3		
Total pre-tax operating income	1,180	1,151	3		
Assets under management	\$ 332,812	\$ 293,665	13	%	



AIG Life and Retirement reported quarterly pre-tax operating income of \$1.2 billion in the second quarter of 2014, reflecting consistent, strong performance across AIG Life and Retirement's diversified businesses, with higher pre-tax operating income in both the Retail and Institutional operating segments compared to the same period in the prior year. These results reflected higher fee income from growth in assets under management, partially offset by lower investment income, primarily due to strong returns on alternative investments in the prior-year period. AIG Life and Retirement continued to benefit from disciplined pricing of new business, active management of renewal crediting rates for interest rate-sensitive business and the run-off of older business with relatively high crediting rates, which together have partially offset the pressure on investment yields in the sustained low interest rate environment.

AIG Life and Retirement's net investment income of \$2.6 billion in the second quarter of 2014 was 3 percent lower than the prior-year quarter, largely due to a \$184 million decrease in income from alternative investments, including hedge funds, which had strong returns in the second quarter of 2013. In addition, base portfolio yield declined to 5.17 percent from 5.35 percent in the second quarter of 2013. The decrease in base yield was due to strong results from commercial mortgage loans and structured securities in the prior-year period, as well as the effect of the low interest rate environment on new money yields, including the impact of reinvesting proceeds from investment sales made during 2013 to utilize capital loss carry forwards. Base spreads for the Fixed Annuities and Group Retirement product lines decreased compared to the second quarter of 2013 due to the impact of lower base yields, which were partially offset by active crediting rate management and the run-off of older business with relatively high crediting rates.

AIG Life and Retirement generated \$7.4 billion of premiums and deposits across its diversified product portfolio, up 9 percent from the second quarter of 2013. The growth was led by continued robust sales in the Retirement Income Solutions product line of \$2.6 billion, a 15 percent increase over the second quarter of 2013, driven by consumer demand for retirement products with guaranteed income features. Fixed Annuities product line premiums and deposits increased to \$1.1 billion for the quarter, up significantly from \$355 million in the second quarter of 2013, reflecting market interest rates which, while remaining at historically low levels, have increased since the second quarter of 2013.

Assets under management grew 13 percent to \$332.8 billion, including net flows of \$6.3 billion over the last 12 months driven by the strong demand for Retirement Income Solutions and retail mutual fund products, as well as appreciation in invested assets, mutual funds and variable account values due to lower interest rates and favorable equity markets. Continued growth in AIG's stable value wrap business also generated an increase of \$12.1 billion in assets under management from the prior-year period.

The Retail operating segment reported quarterly pre-tax operating income of \$684 million. The Retail segment has benefited from strong sales and net flows of variable annuities, which together with favorable equity markets have increased variable annuity account values, driving higher fee income. Fixed Annuities sales continued to improve despite the sustained low interest rate environment. Disciplined pricing, crediting rate management and the run-off of older business with relatively high crediting rates have mitigated the impact of declining base investment yields on spreads in the Fixed Annuities business. Retail net investment income declined slightly, primarily due to strong alternative investment income from hedge funds in the prior-year period.



The Institutional operating segment reported quarterly pre-tax operating income of \$496 million. Improved results reflected higher fee income in Group Retirement, largely driven by growth in assets under management from equity market appreciation. Institutional net investment income decreased primarily due to strong alternative investment income from hedge funds in the prior-year period, partially offset by higher call income.

In the second quarter of 2014, AIG Life and Retirement distributed \$886 million of cash dividends and loan repayments to AIG Parent.

MORTGAGE GUARANTY

<i>(\$ in millions)</i>	Three Months Ended		
	June 30,		
	2014	2013	Change
Domestic first-lien new insurance written	\$ 11,057	\$ 13,817	(20) %
Net premiums written	249	275	(9)
Net premiums earned	226	208	9
Underwriting income	177	40	343
Net investment income	33	33	-
Pre-tax operating income	\$ 210	\$ 73	188 %

United Guaranty Corporation (UGC) reported pre-tax operating income of \$210 million for the second quarter of 2014, compared to pre-tax operating income of \$73 million in the prior-year quarter. Current quarter results reflect increased net premiums earned and lower incurred losses due to \$89 million in favorable prior year reserve development. First lien favorable prior year development of \$79 million was driven by updated assumptions for overturn rates on previously denied claims related to a settlement with a mortgage lender.

Net premiums written decreased 9 percent to \$249 million. Domestic first-lien new insurance written decreased 20 percent to \$11.1 billion in principal of loans insured, driven by declining mortgage originations from refinancing activity. Quality remained high with an average FICO score of 750, and an average loan-to-value of 92 percent on new business.

OTHER OPERATIONS

AIG's Other Operations (excluding Mortgage Guaranty) reported a second quarter 2014 pre-tax operating loss of \$11 million compared to pre-tax operating income of \$125 million in the prior-year second quarter. This decline in part reflects the results from the DIB driven by lower asset appreciation and a decrease in gains realized upon unwinding certain positions. Partially offsetting these declines was an improvement in Global Capital Markets pre-tax operating income due to gains realized upon unwinding certain positions, earnings from AIG's equity investment in AerCap and lower interest expense resulting from debt capital management activities.

Conference Call

AIG will host a conference call tomorrow, Tuesday, August 5, 2014, at 8:00 a.m. EDT to review these results. The call is open to the public and can be accessed via a live listen-only webcast at



www.aig.com. A replay will be available after the call at the same location.

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Additional supplementary financial data is available in the Investor Information section at www.aig.com.

The conference call (including the conference call presentation material), the earnings release and the financial supplement may include 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, and sovereign bond issuers; 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 non-bank 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 June 30, 2014, Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014, and Part I, Item 1A. Risk Factors and Part II, Item 7. MD&A in AIG’s Annual Report on Form 10-K for the year ended December 31, 2013. 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.

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Comment on Regulation G

Throughout this press release, including the financial highlights, AIG presents its financial condition and results of operations in the way it believes will be most meaningful, representative and transparent. Some of the measurements AIG uses 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.” The non-GAAP financial measures AIG presents may not be comparable to similarly named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the Second Quarter 2014 Financial Supplement available in the Investor Information section of AIG’s website, www.aig.com.

Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (Loss) (AOCI) is used to show the amount of AIG’s net worth on a per-share basis. AIG believes Book Value Per Common Share Excluding AOCI is useful to investors because it eliminates the effect of non-cash items that can fluctuate significantly from period to period, including changes in fair value of AIG’s available for sale securities portfolio and foreign currency translation adjustments. Book Value Per Common Share Excluding AOCI is derived by dividing Total AIG shareholders’ equity, excluding AOCI, by Total common shares outstanding.

AIG uses the following operating performance measures because it believes they enhance understanding of the underlying profitability of continuing operations and trends of AIG and its business segments. AIG believes they also allow for more meaningful comparisons with AIG’s insurance competitors.

After-tax operating income (loss) attributable to AIG is derived by excluding the following items from net income (loss) attributable to AIG: income (loss) from discontinued operations, income (loss) from divested businesses, (including gain on the sale of ILFC and certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC and related tax effects), legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments, legal reserves (settlements) related to “legacy crisis matters,” deferred income tax valuation allowance (releases) charges, changes in fair value of AIG Life and Retirement 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 (losses), AIG Property Casualty other (income) expense-net, (gain) loss on extinguishment of debt, net realized capital (gains) losses and non-qualifying derivative hedging activities, excluding net realized capital (gains) losses. “Legacy crisis matters” include favorable and unfavorable settlements related to events leading up to and resulting from AIG’s September 2008 liquidity crisis and legal fees incurred by AIG as the plaintiff in connection with such legal matters. See page 12 for the reconciliation of Net income attributable to AIG to After-tax operating income attributable to AIG.

AIG Property Casualty pre-tax operating income (loss) includes both underwriting income (loss) and net investment income, but excludes net realized capital (gains) losses, other (income) expense-net, and legal settlements related to legacy crisis matters described above. Underwriting income (loss) is derived by reducing net premiums earned by claims and claims adjustment expenses incurred, acquisition expenses and general operating expenses.

AIG Property Casualty, along with most property and casualty insurance companies, uses 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 claims and claims adjustment expense, 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.

Both the AIG Property Casualty Accident year loss ratio, as adjusted, and the AIG Property Casualty combined ratio, 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 on AIG Property Casualty in excess of \$10 million each.

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

AIG Life and Retirement premiums and deposits includes direct and assumed amounts received on traditional life insurance policies, group benefit policies and deposits on life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts and mutual funds.

Other Operations pre-tax operating income (loss) is derived by excluding the following items from pre-tax income (loss): certain legal reserves (settlements) related to legacy crisis matters described above, (gain) loss on extinguishment of debt, net realized capital (gains) losses, changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses), income (loss) from divested businesses, including Aircraft Leasing, and net (gain) loss on sale of divested businesses (including gain on the sale of ILFC and certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC and our share of AerCap's income taxes).

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

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American International Group, Inc. (AIG) is a leading international insurance organization serving customers in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: [@AIGInsurance](https://twitter.com/AIGInsurance) | LinkedIn: <http://www.linkedin.com/company/aig> |

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries, and coverage is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds.

American International Group, Inc.
Financial Highlights*
(in millions, except share data)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Inc. (Dec.)	2014	2013	% Inc. (Dec.)
AIG Property Casualty Operations:						
Net premiums written	\$ 9,213	\$ 9,263	(0.5)%	\$ 17,547	\$ 17,700	(0.9)%
Net premiums earned	8,531	8,347	2.2	16,761	16,905	(0.9)
Claims and claims adjustment expenses incurred	5,511	5,679	(3.0)	11,032	11,092	(0.5)
Acquisition expenses	1,654	1,671	(1.0)	3,293	3,359	(2.0)
General operating expenses	1,265	1,220	3.7	2,432	2,445	(0.5)
Underwriting income (loss)	101	(223)	NM	4	9	(55.6)
Net investment income	1,254	1,309	(4.2)	2,510	2,634	(4.7)
Pre-tax operating income	1,355	1,086	24.8	2,514	2,643	(4.9)
Net realized capital gains	127	109	16.5	269	163	65.0
Legal settlements	-	3	NM	8	3	166.7
Other income (expense) - net	8	7	14.3	8	10	(20.0)
Pre-tax income	\$ 1,490	\$ 1,205	23.7	\$ 2,799	\$ 2,819	(0.7)
Loss ratio	64.6	68.0		65.8	65.6	
Acquisition ratio	19.4	20.0		19.6	19.9	
General operating expense ratio	14.8	14.6		14.5	14.5	
Combined ratio	98.8	102.6		99.9	100.0	
AIG Life and Retirement Operations:						
Premiums	\$ 700	\$ 649	7.9	\$ 1,297	\$ 1,269	2.2
Policy fees	701	623	12.5	1,393	1,238	12.5
Net investment income	2,561	2,637	(2.9)	5,378	5,514	(2.5)
Other income	498	419	18.9	958	812	18.0
Total revenues	4,460	4,328	3.0	9,026	8,833	2.2
Benefits and expenses	3,280	3,177	3.2	6,429	6,288	2.2
Pre-tax operating income	1,180	1,151	2.5	2,597	2,545	2.0
Legal settlements	12	359	(96.7)	42	467	(91.0)
Changes in fair value of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	54	(69)	NM	130	(98)	NM
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital losses	(41)	(1,152)	96.4	(11)	(1,211)	99.1
Net realized capital gains (losses)	44	1,430	(96.9)	(277)	1,586	NM
Pre-tax income	\$ 1,249	\$ 1,719	(27.3)	\$ 2,481	\$ 3,289	(24.6)
Other operations, pre-tax operating income	199	198	0.5	194	78	148.7
Legal reserves	(505)	(14)	NM	(529)	(25)	NM
Legal settlements	-	46	NM	(12)	48	NM
Loss on extinguishment of debt	(34)	(38)	10.5	(272)	(378)	28.0
Changes in benefit reserves and DAC, VOBA and SIA related to net realized gains (losses)	(1)	-	NM	(13)	-	NM
Aircraft Leasing	-	18	NM	17	61	(72.1)
Net gain (loss) on sale of divested businesses	2,146	(47)	NM	2,150	(47)	NM
Net realized capital gains (losses)	(120)	88	NM	(195)	133	NM
Pre-tax income (loss)	1,685	251	NM	1,340	(130)	NM
Consolidation and elimination adjustments related to pre-tax operating income	2	26	(92.3)	37	53	(30.2)
Consolidation and elimination adjustments related to non-operating income (loss), including net realized capital gains (losses)	54	(36)	NM	96	9	NM
Income from continuing operations before income tax expense	4,480	3,165	41.5	6,753	6,040	11.8
Income tax expense	1,474	425	246.8	2,088	1,142	82.8
Income from continuing operations	3,006	2,740	9.7	4,665	4,898	(4.8)
Income (loss) from discontinued operations, net of income tax expense	30	18	66.7	(17)	91	NM
Net income	3,036	2,758	10.1	4,648	4,989	(6.8)
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	(37)	27		(34)	52	NM
Net income attributable to AIG	\$ 3,073	\$ 2,731	12.5 %	\$ 4,682	\$ 4,937	(5.2)%

See accompanying notes on the following page.

Financial Highlights -continued

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Inc. (Dec.)	2014	2013	% Inc. (Dec.)
Net income attributable to AIG	\$ 3,073	\$ 2,731	12.5 %	\$ 4,682	\$ 4,937	(5.2)%
Adjustments to arrive at after-tax operating income attributable to AIG (amounts are net of tax):						
(Income) loss from discontinued operations	(30)	(18)	(66.7)	17	(91)	NM
Income from divested businesses, including gain on sale of ILFC	(1,399)	16	NM	(1,411)	(4)	NM
Uncertain tax positions and other tax adjustments	39	64	(39.1)	11	690	(98.4)
Legal reserves (settlements) related to legacy crisis matters	321	(257)	NM	319	(321)	NM
Deferred income tax valuation allowance releases	(75)	(752)	90.0	(140)	(1,538)	90.9
Changes in fair value of AIG Life and Retirement fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	(35)	45	NM	(84)	64	NM
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	28	835	(96.6)	16	889	(98.2)
Loss on extinguishment of debt	22	25	(12.0)	177	246	(28.0)
Net realized capital (gains) losses	(111)	(1,034)	89.3	27	(1,235)	NM
After-tax operating income attributable to AIG	<u>\$ 1,833</u>	<u>\$ 1,655</u>	10.8	<u>\$ 3,614</u>	<u>\$ 3,637</u>	(0.6)
Income (loss) per common share:						
<i>Basic</i>						
Income from continuing operations	\$ 2.11	\$ 1.84	14.7	\$ 3.24	\$ 3.28	(1.2)
Income (loss) from discontinued operations	0.02	0.01	100.0	(0.01)	0.06	NM
Net income attributable to AIG	<u>\$ 2.13</u>	<u>\$ 1.85</u>	15.1	<u>\$ 3.23</u>	<u>\$ 3.34</u>	(3.3)
<i>Diluted</i>						
Income from continuing operations	\$ 2.08	\$ 1.83	13.7	\$ 3.20	\$ 3.27	(2.1)
Income (loss) from discontinued operations	0.02	0.01	100.0	(0.01)	0.06	NM
Net income attributable to AIG	<u>\$ 2.10</u>	<u>\$ 1.84</u>	14.1	<u>\$ 3.19</u>	<u>\$ 3.33</u>	(4.2)
After-tax operating income attributable to AIG per diluted share	<u>\$ 1.25</u>	<u>\$ 1.12</u>	11.6 %	<u>\$ 2.46</u>	<u>\$ 2.46</u>	-
Weighted average shares outstanding:						
Basic	1,442.4	1,476.5		1,450.8	1,476.5	
Diluted	1,464.7	1,482.2		1,468.4	1,479.5	
Book value per common share (a)				\$ 75.71	\$ 66.02	14.7
Book value per common share excluding accumulated other comprehensive income (b)				\$ 67.65	\$ 61.25	10.4 %
Return on equity (c)	11.6 %	11.1 %		9.0 %	10.0 %	
Return on equity, excluding AOCI (d)	12.8 %	12.3 %		9.8 %	11.2 %	
Return on equity - after-tax operating income, excluding AOCI (e)	7.7 %	7.4 %		7.6 %	8.4 %	

Financial highlights - notes

* Including reconciliation in accordance with Regulation G.

(a) Represents total AIG shareholders' equity divided by common shares outstanding.

(b) Represents total AIG shareholders' equity, excluding AOCI divided by common shares outstanding.

(c) Computed as Annualized net income (loss) attributable to AIG divided by average AIG shareholders' equity. Equity includes deferred tax assets.

(d) Computed as Annualized net income (loss) attributable to AIG divided by average AIG shareholders' equity, excluding AOCI. Equity includes deferred tax assets.

(e) Computed as Annualized after-tax operating income attributable to AIG divided by average AIG shareholders' equity, excluding AOCI. Equity includes deferred tax assets.



American International Group, Inc.

Quarterly Financial Supplement Second Quarter 2014

All financial information in this document is unaudited. This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed with the Securities and Exchange Commission.



American International Group, Inc. Quarterly Financial Supplement

Contacts: Investors

Liz Werner: (212) 770-7074; elizabeth.werner@aig.com

Fernando Melon: (212) 770-4630; fernando.melon@aig.com

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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 and sovereign bond issuers; 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 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.

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.



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, representative and transparent. 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.” The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies.

Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (Loss) (AOCI) is used to show the amount of our net worth on a per-share basis. We believe Book Value Per Common Share Excluding AOCI is useful to investors because it eliminates 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 and foreign currency translation adjustments. Book Value Per Common Share Excluding AOCI is derived by dividing Total AIG shareholders’ equity, excluding AOCI, by Total common shares outstanding. The reconciliation to book value per common share, the most comparable GAAP measure, is presented on page 5 herein.

We use the following operating performance measures because we believe they enhance understanding of the underlying profitability of continuing operations and trends of AIG and 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.

After-tax operating income (loss) attributable to AIG is derived by excluding the following items from net income (loss) attributable to AIG: income (loss) from discontinued operations, income (loss) from divested businesses (including gain on the sale of International Lease Finance Corporation (ILFC) and certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC and related tax effects), legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments, legal reserves (settlements) related to “legacy crisis matters,” deferred income tax valuation allowance (releases) charges, changes in fair value of AIG Life and Retirement 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 (losses), AIG Property Casualty other (income) expense - net, (gain) loss on extinguishment of debt, net realized capital (gains) losses, and non-qualifying derivative hedging activities, excluding net realized capital (gains) losses. “Legacy crisis matters” include favorable and unfavorable settlements related to events leading up to and resulting from our September 2008 liquidity crisis and legal fees incurred by AIG as the plaintiff in connection with such legal matters. See page 6 for the reconciliation of Net income attributable to AIG to After-tax operating income attributable to AIG.

AIG Property Casualty Pre-tax operating income (loss) includes both underwriting income (loss) and net investment income, but excludes net realized capital (gains) losses, other (income) expense - net, and legal settlements related to legacy crisis matters described above. Underwriting income (loss) is derived by reducing net premiums earned by claims and claims adjustment expenses incurred, acquisition expenses and general operating expenses.

AIG Property Casualty, along with most property and casualty insurance companies, uses 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 claims and claims adjustment expense, 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.

Both the AIG Property Casualty Accident year loss ratio, as adjusted, and AIG Property Casualty combined ratio, 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 on AIG Property Casualty in excess of \$10 million each.

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

AIG Life and Retirement Premiums and deposits includes direct and assumed amounts received on traditional life insurance policies, group benefit policies and deposits on life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts and mutual funds.

Other Operations Pre-tax operating income (loss) is derived by excluding the following items from pre-tax income (loss): certain legal reserves (settlements) related to legacy crisis matters described above, (gain) loss on extinguishment of debt, net realized capital (gains) losses, changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses), income (loss) from divested businesses, including Aircraft Leasing, and net (gain) loss on sale of divested businesses (including gain on the sale of ILFC and certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC and our share of AerCap’s income taxes).

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



American International Group, Inc.
Consolidated Statement of Operations
(in millions, except per share data)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Revenues:							
Premiums	\$ 9,458	\$ 9,038	\$ 9,426	\$ 9,352	\$ 9,200	\$ 18,496	\$ 18,572
Policy fees	701	692	652	645	623	1,393	1,238
Net investment income	3,884	4,196	4,229	3,573	3,844	8,080	8,008
Net realized capital gains (losses) (page 49)							
Total other-than-temporary impairments on available for sale securities	(32)	(50)	(75)	(33)	(17)	(82)	(57)
Portion of other-than-temporary impairments on available for sale fixed maturity securities recognized in Other comprehensive income (loss)	(16)	(4)	(5)	(6)	(10)	(20)	(11)
Net other-than-temporary impairments on available for sale securities recognized in net income	(48)	(54)	(80)	(39)	(27)	(102)	(68)
Other realized capital gains (losses)	149	(159)	(319)	291	1,618	(10)	1,959
Total net realized capital gains (losses)	101	(213)	(399)	252	1,591	(112)	1,891
Aircraft leasing revenue (1)	489	1,113	1,117	1,118	1,111	1,602	2,185
Other income	1,472	1,286	2,321	1,004	2,057	2,758	3,494
Total revenues	<u>16,105</u>	<u>16,112</u>	<u>17,346</u>	<u>15,944</u>	<u>18,426</u>	<u>32,217</u>	<u>35,388</u>
Benefits, claims and expenses:							
Policyholder benefits and claims incurred	6,771	6,797	7,269	7,416	8,090	13,568	14,818
Interest credited to policyholder account balances	963	955	979	924	972	1,918	1,989
Amortization of deferred policy acquisition costs	1,396	1,305	1,298	1,220	1,353	2,701	2,639
Other acquisition and insurance expenses	2,213	2,117	2,432	2,251	2,245	4,330	4,483
Interest expense	463	479	514	516	535	942	1,112
Aircraft leasing expenses (1)	489	1,096	1,306	1,119	1,093	1,585	2,124
Loss on extinguishment of debt	34	238	192	81	38	272	378
Net (gain) loss on sale of divested businesses	(2,174)	(4)	1	-	47	(2,178)	47
Other expenses	1,470	856	1,205	1,239	888	2,326	1,758
Total benefits, claims and expenses	<u>11,625</u>	<u>13,839</u>	<u>15,196</u>	<u>14,766</u>	<u>15,261</u>	<u>25,464</u>	<u>29,348</u>
Income from continuing operations before income tax expense (benefit)	<u>4,480</u>	<u>2,273</u>	<u>2,150</u>	<u>1,178</u>	<u>3,165</u>	<u>6,753</u>	<u>6,040</u>
Income tax expense (benefit)	<u>1,474</u>	<u>614</u>	<u>188</u>	<u>(970)</u>	<u>425</u>	<u>2,088</u>	<u>1,142</u>
Income from continuing operations	<u>3,006</u>	<u>1,659</u>	<u>1,962</u>	<u>2,148</u>	<u>2,740</u>	<u>4,665</u>	<u>4,898</u>
Income (loss) from discontinued operations, net of income tax expense (benefit)	<u>30</u>	<u>(47)</u>	<u>11</u>	<u>(18)</u>	<u>18</u>	<u>(17)</u>	<u>91</u>
Net income	<u>3,036</u>	<u>1,612</u>	<u>1,973</u>	<u>2,130</u>	<u>2,758</u>	<u>4,648</u>	<u>4,989</u>
Net income (loss) from continuing operations attributable to noncontrolling interests	<u>(37)</u>	<u>3</u>	<u>(5)</u>	<u>(40)</u>	<u>27</u>	<u>(34)</u>	<u>52</u>
Net income attributable to AIG	<u>\$ 3,073</u>	<u>\$ 1,609</u>	<u>\$ 1,978</u>	<u>\$ 2,170</u>	<u>\$ 2,731</u>	<u>\$ 4,682</u>	<u>\$ 4,937</u>
Income (loss) per common share attributable to AIG:							
Basic:							
Income from continuing operations	\$ 2.11	\$ 1.13	\$ 1.34	\$ 1.48	\$ 1.84	\$ 3.24	\$ 3.28
Income (loss) from discontinued operations	0.02	(0.03)	0.01	(0.01)	0.01	(0.01)	0.06
Net income attributable to AIG	\$ 2.13	\$ 1.10	\$ 1.35	\$ 1.47	\$ 1.85	\$ 3.23	\$ 3.34
Diluted:							
Income from continuing operations	\$ 2.08	\$ 1.12	\$ 1.33	\$ 1.47	\$ 1.83	\$ 3.20	\$ 3.27
Income (loss) from discontinued operations	0.02	(0.03)	0.01	(0.01)	0.01	(0.01)	0.06
Net income attributable to AIG	\$ 2.10	\$ 1.09	\$ 1.34	\$ 1.46	\$ 1.84	\$ 3.19	\$ 3.33
Weighted average shares outstanding:							
Basic	1,442.4	1,459.2	1,468.7	1,475.1	1,476.5	1,450.8	1,476.5
Diluted	1,464.7	1,472.5	1,480.7	1,485.3	1,482.2	1,468.4	1,479.5
Dividends declared per common share	\$ 0.125	\$ 0.125	\$ 0.10	\$ 0.10	\$ -	\$ 0.25	\$ -

Note:

(1) ILFC was sold on May 14, 2014. 2Q14 and year-to-date 2014 includes ILFC's results through that date.



American International Group, Inc.
Consolidated Statement of Segment Operations
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
AIG Property Casualty							
Net premiums written	\$ 9,213	\$ 8,334	\$ 8,028	\$ 8,660	\$ 9,263	\$ 17,547	\$ 17,700
Net premiums earned	8,531	8,230	8,621	8,427	8,347	16,761	16,905
Claims and claims adjustment expenses incurred	5,511	5,521	5,878	5,669	5,679	11,032	11,092
Acquisition expenses	1,654	1,639	1,682	1,664	1,671	3,293	3,359
General operating expenses	1,265	1,167	1,391	1,228	1,220	2,432	2,445
Underwriting income (loss)	101	(97)	(330)	(134)	(223)	4	9
Net investment income	1,254	1,256	1,420	1,213	1,309	2,510	2,634
Pre-tax operating income	1,355	1,159	1,090	1,079	1,086	2,514	2,643
Net realized capital gains	127	142	167	50	109	269	163
Legal settlements	-	8	10	-	3	8	3
Other income (expense) - net	8	-	(79)	(3)	7	8	10
Pre-tax income	1,490	1,309	1,188	1,126	1,205	2,799	2,819
AIG Life and Retirement							
Premiums	700	597	606	721	649	1,297	1,269
Policy fees	701	692	652	645	623	1,393	1,238
Net investment income	2,561	2,817	2,873	2,467	2,637	5,378	5,514
Advisory fee and other income	498	460	454	443	419	958	812
Total revenues	4,460	4,566	4,585	4,276	4,328	9,026	8,833
Benefits and expenses	3,280	3,149	3,179	3,132	3,177	6,429	6,288
Pre-tax operating income	1,180	1,417	1,406	1,144	1,151	2,597	2,545
Legal settlements	12	30	553	-	359	42	467
Changes in fair value of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	54	76	(33)	(30)	(69)	130	(98)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(41)	30	(4)	(271)	(1,152)	(11)	(1,211)
Net realized capital gains (losses)	44	(321)	53	398	1,430	(277)	1,586
Pre-tax income	1,249	1,232	1,975	1,241	1,719	2,481	3,289
Other operations, pre-tax operating income (loss)	199	(5)	(14)	(575)	198	194	78
Other operations pre-tax income (loss) before net realized capital gains (losses)	1,805	(270)	(444)	(1,057)	163	1,535	(263)
Other operations, net realized capital gains (losses)	(120)	(75)	(652)	(166)	88	(195)	133
Consolidation and elimination adjustments related to pre-tax operating income	2	35	48	64	26	37	53
Consolidation and elimination adjustments related to non-operating income (loss), including net realized capital gains (losses)	54	42	35	(30)	(36)	96	9
Income from continuing operations before income tax expense (benefit)	4,480	2,273	2,150	1,178	3,165	6,753	6,040
Income tax expense (benefit) (1)	1,474	614	188	(970)	425	2,088	1,142
Income from continuing operations	3,006	1,659	1,962	2,148	2,740	4,665	4,898
Income (loss) from discontinued operations, net of income tax expense (benefit)	30	(47)	11	(18)	18	(17)	91
Net income	3,036	1,612	1,973	2,130	2,758	4,648	4,989
Net income (loss) from continuing operations attributable to noncontrolling interests	(37)	3	(5)	(40)	27	(34)	52
Net income attributable to AIG	\$ 3,073	\$ 1,609	\$ 1,978	\$ 2,170	\$ 2,731	\$ 4,682	\$ 4,937
Effective tax rates (page 6):							
Income from continuing operations	32.9%	27.0%	8.7%	(82.3)%	13.4%	30.9%	18.9%

See Accompanying Note on Page 5



American International Group, Inc.
Consolidated Statement of Segment Operations
Notes

- (1) Includes deferred tax asset valuation allowance releases of \$75 million, \$65 million, \$0.5 billion, \$1.2 billion and \$0.8 billion in 2Q14, 1Q14, 4Q13, 3Q13 and 2Q13, respectively. In addition, 2Q14 and 1Q14 include valuation allowance releases of \$582 million and \$892 million, respectively, in Accumulated other comprehensive income.

Return on equity (ROE) computations:

(dollars in millions)	2Q14	1Q14	4Q13	3Q13	2Q13	Year-to-date	
						2014	2013
Annualized Net income attributable to AIG	\$ 12,292	\$ 6,436	\$ 7,912	\$ 8,680	\$ 10,924	\$ 9,364	\$ 9,874
Annualized After-tax operating income attributable to AIG	\$ 7,332	\$ 7,124	\$ 6,816	\$ 5,684	\$ 6,620	\$ 7,228	\$ 7,274
Average AIG Shareholders' equity (a)	\$ 105,997	\$ 102,152	\$ 99,632	\$ 98,128	\$ 98,492	\$ 104,155	\$ 98,328
Less: Average AOCI	10,298	7,723	6,435	6,774	9,439	8,986	10,484
Average AIG Shareholders' equity, excluding average AOCI (a)	\$ 95,699	\$ 94,429	\$ 93,197	\$ 91,354	\$ 89,053	\$ 95,169	\$ 87,844
ROE (b)	11.6%	6.3%	7.9%	8.8%	11.1%	9.0%	10.0%
ROE excluding AOCI (c)	12.8%	6.8%	8.5%	9.5%	12.3%	9.8%	11.2%
ROE - After-tax operating income, excluding AOCI (d)	7.7%	7.5%	7.3%	6.2%	7.4%	7.6%	8.4%

(a) Includes net deferred tax asset.

(b) Computed as Annualized Net income attributable to AIG divided by Average AIG Shareholders' equity.

(c) Computed as Annualized Net income attributable to AIG divided by Average AIG Shareholders' equity, excluding AOCI.

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

Book Value per Common Share computations:

(dollars in millions, except share amounts)

	(1÷3) Book Value Per Share	(2÷3) Book Value Per Share, Excluding Accumulated Other Comprehensive Income	(1) Total AIG Shareholders' Equity	(2) Total AIG Shareholders' Equity, Excluding Accumulated Other Comprehensive Income	(3) Total Common Shares Outstanding
June 30, 2013	\$ 66.02	\$ 61.25	\$ 97,463	\$ 90,424	1,476,348,011
September 30, 2013	67.10	62.68	98,793	92,284	1,472,343,722
December 31, 2013	68.62	64.28	100,470	94,110	1,464,063,323
March 31, 2014	71.77	65.49	103,833	94,748	1,446,647,787
June 30, 2014	75.71	67.65	108,161	96,650	1,428,575,390



American International Group, Inc.
After-tax Operating Income Attributable to AIG
(in millions, except share data)

The reconciliation of Net income (loss) attributable to AIG to After-tax operating income attributable to AIG is presented below.

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net income attributable to AIG	\$ 3,073	\$ 1,609	\$ 1,978	\$ 2,170	\$ 2,731	\$ 4,682	\$ 4,937
Adjustments to arrive at After-tax operating income attributable to AIG (amounts net of tax):							
(Income) loss from discontinued operations	(30)	47	(11)	18	(18)	17	(91)
(Income) loss from divested businesses (1)	(1,399)	(12)	97	24	16	(1,411)	(4)
Uncertain tax positions and other tax adjustments	39	(28)	65	36	64	11	690
Legal reserves (settlements) related to legacy crisis matters	321	(2)	(399)	260	(257)	319	(321)
Deferred income tax valuation allowance releases	(75)	(65)	(540)	(1,159)	(752)	(140)	(1,538)
Changes in fair values of AIG Life and Retirement fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	(35)	(49)	22	19	45	(84)	64
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	28	(12)	67	176	835	16	889
AIG Property Casualty other (income) expense - net	-	-	47	-	-	-	-
Loss on extinguishment of debt	22	155	125	52	25	177	246
Net realized capital (gains) losses	(111)	138	253	(175)	(1,034)	27	(1,235)
After-tax operating income attributable to AIG	\$ 1,833	\$ 1,781	\$ 1,704	\$ 1,421	\$ 1,655	\$ 3,614	\$ 3,637
After-tax operating income attributable to AIG per diluted share	\$ 1.25	\$ 1.21	\$ 1.15	\$ 0.96	\$ 1.12	\$ 2.46	\$ 2.46
Effective tax rates on After-tax operating income attributable to AIG (2)	33.4%	31.7%	32.3%	18.0%	31.8%	32.6%	30.8%

The reconciliation of Income from continuing operations to After-tax operating income and calculation of the effective tax rates is presented below (for adjustment items, gains are negative and losses are positive).

	Three Months Ended June 30, 2014						Six Months Ended June 30, 2014					
	Income (Loss) Before Tax	Income Tax (Expense) Benefit	Net Income (Loss)	Noncontrolling Interests	Net Income (Loss) Attributable to AIG	Effective Tax Rate (2)	Income (Loss) Before Tax	Income Tax (Expense) Benefit	Net Income (Loss)	Noncontrolling Interests	Net Income (Loss) Attributable to AIG	Effective Tax Rate (2)
(dollars in millions)												
Income from continuing operations	\$ 4,480	\$ (1,474)	\$ 3,006	\$ 37	\$ 3,043	32.9%	\$ 6,753	\$ (2,088)	\$ 4,665	\$ 34	\$ 4,699	30.9%
(Income) loss from divested businesses (1)	(2,151)	752	(1,399)	-	(1,399)		(2,172)	761	(1,411)	-	(1,411)	
Uncertain tax positions and other tax adjustments	-	39	39	-	39		-	11	11	-	11	
Legal reserves (settlements) related to legacy crisis matters	494	(173)	321	-	321		491	(172)	319	-	319	
Deferred income tax valuation allowance releases	-	(75)	(75)	-	(75)		-	(140)	(140)	-	(140)	
Changes in fair values of AIG Life and Retirement fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	(54)	19	(35)	-	(35)		(130)	46	(84)	-	(84)	
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	42	(14)	28	-	28		24	(8)	16	-	16	
Loss on extinguishment of debt	34	(12)	22	-	22		272	(95)	177	-	177	
Net realized capital (gains) losses	(101)	20	(81)	(30)	(111)		112	(60)	52	(25)	27	
After-tax operating income	\$ 2,744	\$ (918)	\$ 1,826	\$ 7	\$ 1,833	33.4%	\$ 5,350	\$ (1,745)	\$ 3,605	\$ 9	\$ 3,614	32.6%

(1) 2Q14 includes the gain on sale of ILFC, which was sold on May 14, 2014. 2Q14 also includes certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC and related tax effects.

(2) Effective tax rates are calculated based on income (loss) from continuing operations before tax.



American International Group, Inc.
Condensed Consolidated Balance Sheets
(in millions)

	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Assets:					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 266,304	\$ 262,937	\$ 258,274	\$ 259,901	\$ 261,229
Other bond securities, at fair value	21,430	21,718	22,623	22,884	23,789
Equity securities					
Common and preferred stock available for sale, at fair value	4,048	3,878	3,656	3,378	3,153
Other common and preferred stock, at fair value	724	725	834	807	758
Mortgage and other loans receivable, net of allowance	22,937	21,569	20,765	19,707	19,857
Other invested assets (page 48)	33,645	29,050	28,659	29,168	29,206
Short-term investments	20,888	17,658	21,617	22,457	20,215
Total investments	369,976	357,535	356,428	358,302	358,207
Cash	1,827	2,490	2,241	2,058	1,762
Accrued investment income	2,846	2,924	2,905	3,008	2,916
Premiums and other receivables, net of allowance	14,077	14,269	12,939	13,715	14,203
Reinsurance assets, net of allowance	24,631	25,346	23,829	26,264	26,506
Deferred income taxes	19,912	21,631	21,925	21,671	20,044
Deferred policy acquisition costs	9,106	9,217	9,436	9,188	8,770
Derivative assets, at fair value	1,617	1,601	1,665	1,723	2,805
Other assets	9,399	8,738	9,366	8,736	9,298
Separate account assets, at fair value	75,718	72,593	71,059	65,959	61,759
Assets held for sale (1)	-	30,767	29,536	30,120	31,168
Total assets	\$ 529,109	\$ 547,111	\$ 541,329	\$ 540,744	\$ 537,438
Liabilities:					
Liability for unpaid claims and claims adjustment expense	\$ 79,977	\$ 81,155	\$ 81,547	\$ 83,228	\$ 84,054
Unearned premiums	23,694	23,383	21,953	23,606	23,578
Future policy benefits for life and accident and health insurance contracts	42,536	41,419	40,653	40,111	39,844
Policyholder contract deposits	123,354	122,839	122,016	121,441	121,439
Other policyholder funds	4,809	4,802	5,083	5,115	5,400
Derivative liabilities, at fair value	2,416	3,039	2,511	2,722	3,124
Other liabilities	29,610	28,138	29,155	31,368	30,895
Long-term debt (page 10)	38,414	39,508	41,693	42,231	42,614
Separate account liabilities	75,718	72,593	71,059	65,959	61,759
Liabilities held for sale (1)	-	25,815	24,548	25,448	26,496
Total liabilities	\$ 420,528	\$ 442,691	\$ 440,218	\$ 441,229	\$ 439,203
Redeemable noncontrolling interests	-	27	30	66	80
AIG shareholders' equity:					
Common stock	4,766	4,766	4,766	4,766	4,766
Treasury stock, at cost	(16,369)	(15,386)	(14,520)	(14,115)	(13,923)
Additional paid-in capital	80,967	80,975	80,899	80,497	80,468
Retained earnings	27,286	24,393	22,965	21,136	19,113
Accumulated other comprehensive income	11,511	9,085	6,360	6,509	7,039
Total AIG shareholders' equity	108,161	103,833	100,470	98,793	97,463
Non-redeemable noncontrolling interests	420	560	611	656	692
Total equity	108,581	104,393	101,081	99,449	98,155
Total liabilities and equity	\$ 529,109	\$ 547,111	\$ 541,329	\$ 540,744	\$ 537,438

Note:

(1) For periods prior to June 30, 2014, includes the assets and liabilities of ILFC, which was sold on May 14, 2014.



American International Group, Inc.
Condensed Consolidating Segment Balance Sheet
June 30, 2014
(in millions)

	AIG Property Casualty	AIG Life and Retirement	Mortgage Guaranty	Other Operations (1)	Consolidation & Eliminations (2)	AIG Inc.
Assets:						
Investments:						
Fixed maturity securities						
Bonds available for sale, at fair value	\$ 97,250	\$ 162,678	\$ 3,843	\$ 6,159	\$ (3,626)	\$ 266,304
Other bond securities, at fair value	1,833	2,548	-	17,390	(341)	21,430
Equity securities						
Common and preferred stock available for sale, at fair value	4,012	34	-	2	-	4,048
Other common and preferred stock, at fair value	202	440	-	82	-	724
Mortgage and other loans receivable, net of allowance	5,634	19,781	2	790	(3,270)	22,937
Other invested assets (page 48)	9,584	12,350	38	11,753	(80)	33,645
Short-term investments	4,187	5,259	213	12,480	(1,251)	20,888
Total investments	122,702	203,090	4,096	48,656	(8,568)	369,976
Cash	1,188	396	2	241	-	1,827
Accrued investment income	936	1,822	41	50	(3)	2,846
Premiums and other receivables, net of allowance	12,113	1,563	41	1,334	(974)	14,077
Reinsurance assets, net of allowance	22,683	1,889	46	14	(1)	24,631
Deferred income taxes	3,899	3	105	16,546	(641)	19,912
Deferred policy acquisition costs	2,818	6,191	77	-	20	9,106
Derivative assets, at fair value	403	603	-	2,102	(1,491)	1,617
Other assets	3,821	1,807	60	98,928	(95,217)	9,399
Separate account assets, at fair value	-	75,706	-	12	-	75,718
Total assets	\$ 170,563	\$ 293,070	\$ 4,468	\$ 167,883	\$ (106,875)	\$ 529,109
Liabilities:						
Liability for unpaid claims and claims adjustment expense	\$ 78,804	\$ -	\$ 1,173	\$ -	\$ -	\$ 79,977
Unearned premiums	23,042	-	652	-	-	23,694
Future policy benefits for life and accident and health insurance contracts	3,654	38,667	-	238	(23)	42,536
Policyholder contract deposits	-	123,399	-	17	(62)	123,354
Other policyholder funds	2,504	2,299	-	6	-	4,809
Derivative liabilities, at fair value	249	711	-	3,029	(1,573)	2,416
Other liabilities	13,342	9,894	114	9,696	(3,436)	29,610
Long-term debt (page 10)	116	1,370 (3)	-	44,604	(7,676)	38,414
Separate account liabilities	-	75,706	-	12	-	75,718
Total liabilities	\$ 121,711	\$ 252,046	\$ 1,939	\$ 57,602	\$ (12,770)	\$ 420,528
AIG shareholders' equity:						
Common stock	42	14	4	4,768	(62)	4,766
Treasury stock, at cost	-	-	-	(16,369)	-	(16,369)
Additional paid-in capital	24,684	41,124	1,627	68,473	(54,941)	80,967
Retained earnings	19,907	(6,653)	829	41,544	(28,341)	27,286
Accumulated other comprehensive income	4,148	6,536	69	11,522	(10,764)	11,511
Total AIG shareholders' equity	48,781	41,021	2,529	109,938	(94,108)	108,161
Non-redeemable noncontrolling interests	71	3	-	343	3	420
Total equity	48,852	41,024	2,529	110,281	(94,105)	108,581
Total liabilities and equity	\$ 170,563	\$ 293,070	\$ 4,468	\$ 167,883	\$ (106,875)	\$ 529,109

Notes:

- (1) Includes AIG Parent (including the deferred tax asset valuation allowance), Global Capital Markets, Direct Investment book and AIG Life Holdings, Inc. (a non-operating holding company).
- (2) Segment amounts are presented on a stand-alone basis prior to intercompany eliminations.
- (3) Consists primarily of intercompany debt which is eliminated in consolidation.



American International Group, Inc.
Condensed Consolidating Segment Balance Sheet
December 31, 2013
(in millions)

	AIG Property Casualty	AIG Life and Retirement	Mortgage Guaranty	Other Operations (1)	Consolidation & Eliminations (2)	AIG Inc.
Assets:						
Investments:						
Fixed maturity securities						
Bonds available for sale, at fair value	\$ 96,972	\$ 154,763	\$ 3,692	\$ 7,282	\$ (4,435)	\$ 258,274
Other bond securities, at fair value	1,995	2,406	-	18,558	(336)	22,623
Equity securities						
Common and preferred stock available for sale, at fair value	3,618	36	-	2	-	3,656
Other common and preferred stock, at fair value	198	538	-	98	-	834
Mortgage and other loans receivable, net of allowance	4,217	19,078	2	850	(3,382)	20,765
Other invested assets (page 48)	9,316	13,025	24	6,398	(104)	28,659
Short-term investments	5,236	6,462	184	10,852	(1,117)	21,617
Total investments	121,552	196,308	3,902	44,040	(9,374)	356,428
Cash	1,501	547	32	161	-	2,241
Accrued investment income	963	1,836	41	67	(2)	2,905
Premiums and other receivables, net of allowance	10,794	1,525	34	1,494	(908)	12,939
Reinsurance assets, net of allowance	21,804	1,944	67	15	(1)	23,829
Deferred income taxes	4,048	935	158	17,094	(310)	21,925
Deferred policy acquisition costs	2,623	6,723	67	-	23	9,436
Derivative assets, at fair value	333	571	-	2,417	(1,656)	1,665
Other assets	4,256	2,020	60	96,686	(93,656)	9,366
Separate account assets, at fair value	-	71,048	-	11	-	71,059
Assets held for sale	-	-	-	29,536	-	29,536
Total assets	\$ 167,874	\$ 283,457	\$ 4,361	\$ 191,521	\$ (105,884)	\$ 541,329
Liabilities:						
Liability for unpaid claims and claims adjustment expense	\$ 80,199	\$ -	\$ 1,348	\$ -	\$ -	\$ 81,547
Unearned premiums	21,341	-	612	-	-	21,953
Future policy benefits for life and accident and health insurance contracts	3,543	36,914	-	219	(23)	40,653
Policyholder contract deposits	-	122,038	-	18	(40)	122,016
Other policyholder funds	2,732	2,345	-	6	-	5,083
Derivative liabilities, at fair value	222	644	-	3,213	(1,568)	2,511
Other liabilities	13,267	11,036	119	8,008	(3,275)	29,155
Long-term debt (page 10)	154	761 (3)	-	49,463	(8,685)	41,693
Separate account liabilities	-	71,048	-	11	-	71,059
Liabilities held for sale	-	-	-	24,548	-	24,548
Total liabilities	\$ 121,458	\$ 244,786	\$ 2,079	\$ 85,486	\$ (13,591)	\$ 440,218
Redeemable noncontrolling interests	30	-	-	-	-	30
AIG shareholders' equity:						
Common stock	37	14	4	4,768	(57)	4,766
Treasury stock, at cost	-	-	-	(14,520)	-	(14,520)
Additional paid-in capital	23,434	41,124	1,627	72,411	(57,697)	80,899
Retained earnings	19,648	(6,210)	637	36,423	(27,533)	22,965
Accumulated other comprehensive income	3,208	3,742	14	6,410	(7,014)	6,360
Total AIG shareholders' equity	46,327	38,670	2,282	105,492	(92,301)	100,470
Non-redeemable noncontrolling interests	59	1	-	543	8	611
Total equity	46,386	38,671	2,282	106,035	(92,293)	101,081
Total liabilities and equity	\$ 167,874	\$ 283,457	\$ 4,361	\$ 191,521	\$ (105,884)	\$ 541,329

Notes:

- (1) Includes AIG Parent (including the deferred tax asset valuation allowance), Global Capital Markets, Direct Investment book, AIG Life Holdings, Inc. (a non-operating holding company) and assets and liabilities of ILFC, which was sold on May 14, 2014.
- (2) Segment amounts are presented on a stand-alone basis prior to intercompany eliminations.
- (3) Consists primarily of intercompany debt which is eliminated in consolidation.



American International Group, Inc.
Debt and Capital
(dollars in millions)

Debt and Hybrid Capital

Interest Expense

	Debt and Hybrid Capital			Interest Expense			
	June 30, 2014	June 30, 2013	Dec. 31, 2013	Three Months Ended		Six Months Ended	
				June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Financial debt:							
AIG notes and bonds payable	\$ 14,122	\$ 12,892	\$ 14,062	\$ 194	\$ 188	\$ 386	\$ 381
AIG subordinated debt	250	250	250	1	1	3	3
AIG loans and mortgage payable	-	78	1	-	-	-	-
AIG Life Holdings, Inc. notes and bonds payable	299	299	299	6	6	11	11
AIG Life Holdings, Inc. junior subordinated debt	997	1,094	1,054	23	22	44	47
Total	15,668	14,613	15,666	224	217	444	442
Operating debt:							
MIP notes payable	5,650	8,879	7,963	67	89	141	178
Series AIGFP matched notes and bonds payable	2,156	3,495	3,219	41	68	89	136
Other AIG borrowings supported by assets (1)	5,824	7,013	6,747	-	-	-	-
Other subsidiaries	80	296	656	-	3	1	7
Borrowings of consolidated investments	3,486	1,840	1,909	28	22	59	41
Total	17,196	21,523	20,494	136	182	290	362
Hybrid - debt securities:							
Junior subordinated debt (2)	5,550	6,478	5,533	103	136	208	308
Total (3)	\$ 38,414	\$ 42,614	\$ 41,693	\$ 463	\$ 535	\$ 942	\$ 1,112
AIG capitalization:							
Total equity	\$ 108,581	\$ 98,155	\$ 101,081				
Hybrid - debt securities (2)	5,550	6,478	5,533				
Total equity and hybrid capital	114,131	104,633	106,614				
Financial debt	15,668	14,613	15,666				
Total capital	\$ 129,799	\$ 119,246	\$ 122,280				
Ratios:							
Hybrid - debt securities / Total capital	4.3%	5.4%	4.5%				
Financial debt / Total capital	12.1%	12.3%	12.8%				
Total debt / Total capital	16.4%	17.7%	17.3%				

Notes:

- (1) 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 \$84 million and \$89 million for the three months ended June 30, 2014 and 2013, and \$132 million and \$153 million for the six months ended June 30, 2014 and 2013, respectively.
- (2) 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 Sheet.
- (3) Excludes ILFC's interest expense which is reflected within Aircraft leasing expenses on the Consolidated Statement of Operations. ILFC was sold on May 14, 2014.



American International Group, Inc.
AIG Property Casualty Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net premiums written	\$ 9,213	\$ 8,334	\$ 8,028	\$ 8,660	\$ 9,263	\$ 17,547	\$ 17,700
Net premiums earned	8,531	8,230	8,621	8,427	8,347	16,761	16,905
Claims and claims adjustment expenses incurred (1)	5,511	5,521	5,878	5,669	5,679	11,032	11,092
Acquisition expenses	1,654	1,639	1,682	1,664	1,671	3,293	3,359
General operating expenses	1,265	1,167	1,391	1,228	1,220	2,432	2,445
Underwriting income (loss)	101	(97)	(330)	(134)	(223)	4	9
Net investment income (2) :							
Interest and dividends	987	958	1,041	1,071	1,008	1,945	2,012
Alternative investments (3)	188	269	303	69	240	457	498
Other investment income (4)	121	75	119	103	127	196	250
Investment expense	(42)	(46)	(43)	(30)	(66)	(88)	(126)
Total net investment income	1,254	1,256	1,420	1,213	1,309	2,510	2,634
Pre-tax operating income	1,355	1,159	1,090	1,079	1,086	2,514	2,643
Adjustments to arrive at pre-tax income:							
Net realized capital gains	127	142	167	50	109	269	163
Legal settlements (5)	-	8	10	-	3	8	3
Other income (expense) - net	8	-	(79)	(3)	7	8	10
Pre-tax income	\$ 1,490	\$ 1,309	\$ 1,188	\$ 1,126	\$ 1,205	\$ 2,799	\$ 2,819
Underwriting ratios:							
Loss ratio	64.6	67.1	68.2	67.3	68.0	65.8	65.6
Catastrophe losses and reinstatement premiums	(1.6)	(3.2)	(2.4)	(2.7)	(3.7)	(2.4)	(2.1)
Prior year development net of premium adjustments	(0.2)	(1.9)	(3.1)	(0.8)	(2.3)	(1.0)	(0.9)
Net reserve discount benefit (charge)	(0.1)	1.2	3.7	(0.1)	(0.1)	0.5	-
Accident year loss ratio, as adjusted	62.7	63.2	66.4	63.7	61.9	62.9	62.6
Acquisition ratio	19.4	19.9	19.5	19.7	20.0	19.6	19.9
General operating expense ratio	14.8	14.2	16.1	14.6	14.6	14.5	14.5
Expense ratio	34.2	34.1	35.6	34.3	34.6	34.1	34.4
Combined ratio	98.8	101.2	103.8	101.6	102.6	99.9	100.0
Catastrophe losses and reinstatement premiums	(1.6)	(3.2)	(2.4)	(2.7)	(3.7)	(2.4)	(2.1)
Prior year development net of premium adjustments	(0.2)	(1.9)	(3.1)	(0.8)	(2.3)	(1.0)	(0.9)
Net reserve discount benefit (charge)	(0.1)	1.2	3.7	(0.1)	(0.1)	0.5	-
Accident year combined ratio, as adjusted	96.9	97.3	102.0	98.0	96.5	97.0	97.0
Foreign exchange effect on worldwide premium:							
Change in net premiums written							
Increase (decrease) in original currency (6)	0.5 %	2.6 %	8.6 %	4.1 %	5.5 %	1.5 %	1.5 %
Foreign exchange effect	(1.0)	(3.8)	(5.8)	(4.7)	(3.7)	(2.4)	(2.7)
Increase (decrease) as reported in US \$	(0.5)%	(1.2)%	2.8 %	(0.6)%	1.8 %	(0.9)%	(1.2)%
Noteworthy items (pre-tax):							
Catastrophe-related losses (7)	\$ 139	\$ 262	\$ 208	\$ 222	\$ 316	\$ 401	\$ 357
Reinstatement premiums related to prior year catastrophes	1	-	-	2	11	1	25
Severe losses (8)	193	186	277	211	38	379	98
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance (Additional) returned premium related to prior year development	54	158	272	73	224	212	182
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(68)	4	(6)	(3)	(70)	(64)	(80)
Net reserve discount benefit (charge)	(14)	162	266	70	154	148	102
Net reserve discount benefit (charge)	(15)	105	325	(6)	(5)	90	(10)
Net loss and loss expense reserve (at period end)	\$ 61,959	\$ 62,683	\$ 63,029	\$ 63,418	\$ 64,050	\$ 61,959	\$ 64,050

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American International Group, Inc.
AIG Property Casualty
Commercial Insurance Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net premiums written	\$ 5,816	\$ 4,996	\$ 4,841	\$ 5,222	\$ 5,876	\$ 10,812	\$ 10,779
Net premiums earned	5,265	5,042	5,294	5,142	5,073	10,307	10,201
Claims and claims adjustment expenses incurred	3,564	3,501	4,122	3,692	3,685	7,065	7,014
Acquisition expenses	812	818	850	812	829	1,630	1,667
General operating expenses	650	610	724	646	647	1,260	1,212
Underwriting income (loss)	239	113	(402)	(8)	(88)	352	308
Net investment income (2)	624	600	614	618	623	1,224	1,268
Pre-tax operating income	\$ 863	\$ 713	\$ 212	\$ 610	\$ 535	\$ 1,576	\$ 1,576
Underwriting ratios:							
Loss ratio	67.7	69.4	77.9	71.8	72.6	68.5	68.8
Catastrophe losses and reinstatement premiums	(2.3)	(3.6)	(3.6)	(3.5)	(6.0)	(2.9)	(3.4)
Prior year development net of premium adjustments	0.7	(3.2)	(0.9)	(2.1)	(4.4)	(1.2)	(1.6)
Net reserve discount benefit (charge)	0.3	2.5	(6.1)	-	-	1.4	-
Accident year loss ratio, as adjusted	66.4	65.1	67.3	66.2	62.2	65.8	63.8
Acquisition ratio	15.4	16.2	16.1	15.8	16.3	15.8	16.3
General operating expense ratio	12.3	12.1	13.7	12.6	12.8	12.2	11.9
Expense ratio	27.7	28.3	29.8	28.4	29.1	28.0	28.2
Combined ratio	95.4	97.7	107.7	100.2	101.7	96.5	97.0
Catastrophe losses and reinstatement premiums	(2.3)	(3.6)	(3.6)	(3.5)	(6.0)	(2.9)	(3.4)
Prior year development net of premium adjustments	0.7	(3.2)	(0.9)	(2.1)	(4.4)	(1.2)	(1.6)
Net reserve discount benefit (charge)	0.3	2.5	(6.1)	-	-	1.4	-
Accident year combined ratio, as adjusted	94.1	93.4	97.1	94.6	91.3	93.8	92.0
Foreign exchange effect on worldwide premium:							
Change in net premiums written							
Increase (decrease) in original currency (6)	(1.1)%	2.8 %	11.7 %	3.5 %	6.8 %	0.7 %	0.5 %
Foreign exchange effect	0.1	(0.9)	(1.8)	(1.1)	(1.3)	(0.4)	(0.7)
Increase (decrease) as reported in US \$	(1.0)%	1.9 %	9.9 %	2.4 %	5.5 %	0.3 %	(0.2)%
Noteworthy items (pre-tax):							
Catastrophe-related losses (7)	\$ 121	\$ 184	\$ 188	\$ 182	\$ 307	\$ 305	\$ 340
Reinstatement premiums related to prior year catastrophes	1	-	1	2	11	1	25
Severe losses (8)	193	145	260	211	38	338	98
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	5	156	54	105	257	161	196
(Additional) returned premium related to prior year development	(68)	4	(6)	(3)	(70)	(64)	(80)
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(63)	160	48	102	187	97	116
Net reserve discount benefit (charge)	16	126	(322)	-	-	142	-
Net loss and loss expense reserve (at period end) (9)	\$ 53,788	\$ 53,920	\$ 54,075	\$ 54,134	\$ 54,654	\$ 53,788	\$ 54,654

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American International Group, Inc.
AIG Property Casualty
Consumer Insurance Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net premiums written	\$ 3,407	\$ 3,338	\$ 3,189	\$ 3,441	\$ 3,390	\$ 6,745	\$ 6,922
Net premiums earned	3,253	3,172	3,296	3,270	3,255	6,425	6,663
Claims and claims adjustment expenses incurred (1)	1,814	1,944	1,992	1,922	1,916	3,758	3,885
Acquisition expenses	842	821	832	852	842	1,663	1,692
General operating expenses	529	466	585	492	498	995	1,032
Underwriting income (loss)	68	(59)	(113)	4	(1)	9	54
Net investment income (2)	89	86	93	89	92	175	190
Pre-tax operating income (loss)	\$ 157	\$ 27	\$ (20)	\$ 93	\$ 91	\$ 184	\$ 244
Underwriting ratios:							
Loss ratio	55.8	61.3	60.4	58.8	58.9	58.5	58.3
Catastrophe losses and reinstatement premiums	(0.6)	(2.5)	(0.6)	(1.2)	(0.3)	(1.5)	(0.2)
Prior year development net of premium adjustments	0.5	0.5	0.9	0.9	1.6	0.5	1.4
Accident year loss ratio, as adjusted	55.7	59.3	60.7	58.5	60.2	57.5	59.5
Acquisition ratio	25.9	25.9	25.2	26.1	25.9	25.9	25.4
General operating expense ratio	16.3	14.7	17.7	15.0	15.3	15.5	15.5
Expense ratio	42.2	40.6	42.9	41.1	41.2	41.4	40.9
Combined ratio	98.0	101.9	103.3	99.9	100.1	99.9	99.2
Catastrophe losses and reinstatement premiums	(0.6)	(2.5)	(0.6)	(1.2)	(0.3)	(1.5)	(0.2)
Prior year development net of premium adjustments	0.5	0.5	0.9	0.9	1.6	0.5	1.4
Accident year combined ratio, as adjusted	97.9	99.9	103.6	99.6	101.4	98.9	100.4
Foreign exchange effect on worldwide premium:							
Change in net premiums written							
Increase (decrease) in original currency (6)	3.5 %	2.3 %	4.9 %	4.7 %	3.6 %	2.9 %	3.0 %
Foreign exchange effect	(3.0)	(7.8)	(11.1)	(9.9)	(7.5)	(5.5)	(5.8)
Increase (decrease) as reported in US \$	0.5 %	(5.5)%	(6.2)%	(5.2)%	(3.9)%	(2.6)%	(2.8)%
Noteworthy items (pre-tax):							
Catastrophe-related losses (7)	\$ 18	\$ 78	\$ 20	\$ 40	\$ 9	\$ 96	\$ 17
Severe losses (8)	-	41	17	-	-	41	-
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	(16)	(14)	(30)	(30)	(53)	(30)	(95)
Net loss and loss expense reserve (at period end) (9)	\$ 5,015	\$ 5,492	\$ 5,479	\$ 5,314	\$ 5,388	\$ 5,015	\$ 5,388

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American International Group, Inc.
AIG Property Casualty
Other Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net premiums written	\$ (10)	\$ -	\$ (2)	\$ (3)	\$ (3)	\$ (10)	\$ (1)
Net premiums earned	13	16	31	15	19	29	41
Claims and claims adjustment expenses incurred	133	76	(236)	55	78	209	193
General operating expenses	86	91	82	90	75	177	201
Underwriting income (loss)	(206)	(151)	185	(130)	(134)	(357)	(353)
Net investment income (2)	541	570	713	506	594	1,111	1,176
Pre-tax operating income	335	419	898	376	460	754	823
Adjustments to arrive at pre-tax income:							
Net realized capital gains	127	142	167	50	109	269	163
Legal settlements (5)	-	8	10	-	3	8	3
Other income (expense) - net	8	-	(79)	(3)	7	8	10
Pre-tax income	\$ 470	\$ 569	\$ 996	\$ 423	\$ 579	\$ 1,039	\$ 999
Noteworthy items (pre-tax):							
Reinstatement premiums related to prior year catastrophes	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ -
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	65	16	248	(2)	20	81	81
Net reserve discount benefit (charge)	(31)	(21)	647	(6)	(5)	(52)	(10)
Net loss and loss expense reserve (at period end)	\$ 3,156	\$ 3,271	\$ 3,475	\$ 3,970	\$ 4,008	\$ 3,156	\$ 4,008

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American International Group, Inc.
AIG Property Casualty - North America Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net premiums written	\$ 4,685	\$ 3,615	\$ 4,063	\$ 4,364	\$ 4,878	\$ 8,300	\$ 8,495
Net premiums earned	4,195	4,100	4,343	4,278	4,208	8,295	8,460
Claims and claims adjustment expenses incurred	3,098	3,041	3,153	3,167	3,286	6,139	6,285
Acquisition expenses	628	632	678	666	672	1,260	1,332
General operating expenses	454	461	518	474	434	915	819
Underwriting income (loss)	15	(34)	(6)	(29)	(184)	(19)	24
Net investment income							
Interest and dividends	782	769	824	858	789	1,551	1,561
Alternative investments (3)	178	265	300	77	236	443	490
Other investment income (4)	97	44	99	79	102	141	198
Investment expense	(27)	(35)	(30)	(13)	(51)	(62)	(96)
Total	1,030	1,043	1,193	1,001	1,076	2,073	2,153
Pre-tax operating income	1,045	1,009	1,187	972	892	2,054	2,177
Adjustments to arrive at pre-tax income:							
Net realized capital gains (losses)	42	58	(22)	(21)	(31)	100	(19)
Legal settlements (5)	-	8	10	-	3	8	3
Other income (expense) - net	8	-	(79)	(3)	7	8	10
Pre-tax income	\$ 1,095	\$ 1,075	\$ 1,096	\$ 948	\$ 871	\$ 2,170	\$ 2,171
Underwriting ratios:							
Loss ratio	73.8	74.2	72.6	74.0	78.1	74.0	74.3
Catastrophe losses and reinstatement premiums	(3.0)	(4.0)	(2.4)	(3.3)	(4.7)	(3.5)	(2.7)
Prior year development net of premium adjustments	(2.7)	(1.8)	(6.6)	(2.7)	(5.5)	(2.2)	(2.5)
Net reserve discount benefit (charge)	(0.4)	2.6	7.5	(0.1)	(0.5)	1.1	(0.1)
Accident year loss ratio, as adjusted	67.7	71.0	71.1	67.9	67.4	69.4	69.0
Acquisition ratio	15.0	15.4	15.6	15.6	15.9	15.2	15.8
General operating expense ratio	10.8	11.2	11.9	11.1	10.3	11.0	9.7
Expense ratio	25.8	26.6	27.5	26.7	26.2	26.2	25.5
Combined ratio	99.6	100.8	100.1	100.7	104.3	100.2	99.8
Catastrophe losses and reinstatement premiums	(3.0)	(4.0)	(2.4)	(3.3)	(4.7)	(3.5)	(2.7)
Prior year development net of premium adjustments	(2.7)	(1.8)	(6.6)	(2.7)	(5.5)	(2.2)	(2.5)
Net reserve discount benefit (charge)	(0.4)	2.6	7.5	(0.1)	(0.5)	1.1	(0.1)
Accident year combined ratio, as adjusted	93.5	97.6	98.6	94.6	93.6	95.6	94.5
Noteworthy items (pre-tax):							
Catastrophe-related losses (7)	\$ 126	\$ 164	\$ 107	\$ 141	\$ 198	\$ 290	\$ 229
Reinstatement premiums related to prior year catastrophes	1	-	(3)	2	11	1	23
Severe losses (8)	62	83	118	45	-	145	23
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	162	68	290	120	290	230	252
(Additional) returned premium related to prior year development	(68)	4	(6)	(3)	(70)	(64)	(80)
Prior year reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	94	72	284	117	220	166	172
Net reserve discount benefit (charge)	\$ (15)	\$ 105	\$ 325	\$ (4)	\$ (3)	\$ 90	\$ (6)

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American International Group, Inc.
AIG Property Casualty - North America Operating Statistics by Business
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Commercial Insurance							
Net premiums written	\$ 3,874	\$ 2,766	\$ 3,287	\$ 3,414	\$ 4,086	\$ 6,640	\$ 6,857
Net premiums earned	3,339	3,262	3,466	3,384	3,337	6,601	6,706
Claims and claims adjustment expenses incurred	2,504	2,408	2,896	2,543	2,688	4,912	5,097
Acquisition expenses	447	460	495	480	513	907	1,012
General operating expenses	307	304	354	336	307	611	540
Underwriting income (loss)	81	90	(279)	25	(171)	171	57
Net investment income	519	503	506	510	513	1,022	1,041
Pre-tax operating income	\$ 600	\$ 593	\$ 227	\$ 535	\$ 342	\$ 1,193	\$ 1,098
Underwriting ratios:							
Loss ratio	75.0	73.8	83.6	75.1	80.6	74.4	76.0
Catastrophe losses and reinstatement premiums	(3.5)	(3.8)	(3.0)	(3.5)	(5.9)	(3.6)	(3.3)
Prior year development net of premium adjustments	(1.2)	(2.5)	(1.8)	(4.2)	(7.1)	(1.9)	(2.8)
Net reserve discount benefit (charge)	0.5	3.9	(9.3)	-	(0.6)	2.2	-
Accident year loss ratio, as adjusted	70.8	71.4	69.5	67.4	67.0	71.1	69.9
Acquisition ratio	13.4	14.1	14.3	14.2	15.4	13.7	15.1
General operating expense ratio	9.2	9.3	10.2	9.9	9.2	9.3	8.1
Expense ratio	22.6	23.4	24.5	24.1	24.6	23.0	23.2
Combined ratio	97.6	97.2	108.1	99.2	105.2	97.4	99.2
Catastrophe losses and reinstatement premiums	(3.5)	(3.8)	(3.0)	(3.5)	(5.9)	(3.6)	(3.3)
Prior year development net of premium adjustments	(1.2)	(2.5)	(1.8)	(4.2)	(7.1)	(1.9)	(2.8)
Net reserve discount benefit (charge)	0.5	3.9	(9.3)	-	(0.6)	2.2	-
Accident year combined ratio, as adjusted	93.4	94.8	94.0	91.5	91.6	94.1	93.1
Consumer Insurance							
Net premiums written	\$ 821	\$ 849	\$ 779	\$ 953	\$ 795	\$ 1,670	\$ 1,639
Net premiums earned	848	826	847	880	854	1,674	1,718
Claims and claims adjustment expenses incurred	488	581	528	603	558	1,069	1,061
Acquisition expenses	181	172	183	186	159	353	320
General operating expenses	107	113	134	100	95	220	197
Underwriting income (loss)	72	(40)	2	(9)	42	32	140
Net investment income	35	36	39	38	37	71	76
Pre-tax operating income	\$ 107	\$ (4)	\$ 41	\$ 29	\$ 79	\$ 103	\$ 216
Underwriting ratios:							
Loss ratio	57.5	70.3	62.3	68.5	65.3	63.9	61.8
Catastrophe losses and reinstatement premiums	(1.1)	(4.9)	(0.4)	(2.2)	(0.3)	(3.1)	(0.6)
Prior year development net of premium adjustments	(0.6)	3.4	3.3	2.2	2.9	1.4	3.9
Accident year loss ratio, as adjusted	55.8	68.8	65.2	68.5	67.9	62.2	65.1
Acquisition ratio	21.3	20.8	21.6	21.2	18.6	21.1	18.6
General operating expense ratio	12.6	13.7	15.8	11.4	11.1	13.1	11.5
Expense ratio	33.9	34.5	37.4	32.6	29.7	34.2	30.1
Combined ratio	91.4	104.8	99.7	101.1	95.0	98.1	91.9
Catastrophe losses and reinstatement premiums	(1.1)	(4.9)	(0.4)	(2.2)	(0.3)	(3.1)	(0.6)
Prior year development net of premium adjustments	(0.6)	3.4	3.3	2.2	2.9	1.4	3.9
Accident year combined ratio, as adjusted	89.7	103.3	102.6	101.1	97.6	96.4	95.2
Other North America							
Net premiums written	\$ (10)	\$ -	\$ (3)	\$ (3)	\$ (3)	\$ (10)	\$ (1)
Net premiums earned	8	12	30	14	17	20	36
Claims and claims adjustment expenses incurred	106	52	(271)	21	40	158	127
General operating expenses	40	44	30	38	32	84	82
Underwriting income (loss)	(138)	(84)	271	(45)	(55)	(222)	(173)
Net investment income	476	504	648	453	526	980	1,036
Pre-tax operating income	338	420	919	408	471	758	863
Adjustments to arrive at pre-tax income:							
Net realized capital gains (losses)	42	58	(22)	(21)	(31)	100	(19)
Legal settlements (5)	-	8	10	-	3	8	3
Other income (expense) - net	8	-	(79)	(3)	7	8	10
Pre-tax income	\$ 388	\$ 486	\$ 828	\$ 384	\$ 450	\$ 874	\$ 857
Total AIG Property Casualty - North America							
Net premiums written	\$ 4,685	\$ 3,615	\$ 4,063	\$ 4,364	\$ 4,878	\$ 8,300	\$ 8,495
Net premiums earned	4,195	4,100	4,343	4,278	4,208	8,295	8,460
Claims and claims adjustment expenses incurred	3,098	3,041	3,153	3,167	3,286	6,139	6,285
Acquisition expenses	628	632	678	666	672	1,260	1,332
General operating expenses	454	461	518	474	434	915	819
Underwriting income (loss)	15	(34)	(6)	(29)	(184)	(19)	24
Net investment income	1,030	1,043	1,193	1,001	1,076	2,073	2,153
Pre-tax operating income	1,045	1,009	1,187	972	892	2,054	2,177
Adjustments to arrive at pre-tax income:							
Net realized capital gains (losses)	42	58	(22)	(21)	(31)	100	(19)
Legal settlements (5)	-	8	10	-	3	8	3
Other income (expense) - net	8	-	(79)	(3)	7	8	10
Pre-tax income	\$ 1,095	\$ 1,075	\$ 1,096	\$ 948	\$ 871	\$ 2,170	\$ 2,171

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American International Group, Inc.
AIG Property Casualty - International Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net premiums written	\$ 4,528	\$ 4,719	\$ 3,965	\$ 4,296	\$ 4,385	\$ 9,247	\$ 9,205
Net premiums earned	4,336	4,130	4,278	4,149	4,139	8,466	8,445
Claims and claims adjustment expenses incurred (1)	2,413	2,480	2,725	2,502	2,393	4,893	4,807
Acquisition expenses	1,026	1,007	1,004	998	999	2,033	2,027
General operating expenses	811	706	873	754	786	1,517	1,626
Underwriting income (loss)	86	(63)	(324)	(105)	(39)	23	(15)
Net investment income:							
Interest and dividends	205	189	217	213	219	394	451
Alternative investments (3)	10	4	3	(8)	4	14	8
Other investment income (4)	24	31	20	24	25	55	52
Investment expense	(15)	(11)	(13)	(17)	(15)	(26)	(30)
Total	224	213	227	212	233	437	481
Pre-tax operating income (loss)	310	150	(97)	107	194	460	466
Adjustments to arrive at pre-tax income:							
Net realized capital gains	85	84	189	71	140	169	182
Pre-tax income	\$ 395	\$ 234	\$ 92	\$ 178	\$ 334	\$ 629	\$ 648
Underwriting ratios:							
Loss ratio	55.7	60.0	63.7	60.3	57.8	57.8	56.9
Catastrophe losses and reinstatement premiums	(0.3)	(2.3)	(2.4)	(1.9)	(2.8)	(1.3)	(1.5)
Prior year development net of premium adjustments	2.4	(2.2)	0.4	1.1	1.6	0.2	0.8
Net reserve discount benefit (charge)	-	-	-	(0.1)	(0.1)	-	-
Accident year loss ratio, as adjusted	57.8	55.5	61.7	59.4	56.5	56.7	56.2
Acquisition ratio	23.7	24.4	23.5	24.1	24.2	24.0	24.0
General operating expense ratio	18.7	17.1	20.4	18.2	19.0	17.9	19.3
Expense ratio	42.4	41.5	43.9	42.3	43.2	41.9	43.3
Combined ratio	98.1	101.5	107.6	102.6	101.0	99.7	100.2
Catastrophe losses and reinstatement premiums	(0.3)	(2.3)	(2.4)	(1.9)	(2.8)	(1.3)	(1.5)
Prior year development net of premium adjustments	2.4	(2.2)	0.4	1.1	1.6	0.2	0.8
Net reserve discount benefit (charge)	-	-	-	(0.1)	(0.1)	-	-
Accident year combined ratio, as adjusted	100.2	97.0	105.6	101.7	99.7	98.6	99.5
Foreign exchange effect on International's premium:							
Change in net premiums written							
Increase (decrease) in original currency (6)	5.5 %	4.6 %	10.2 %	7.0 %	7.5 %	5.0 %	3.9 %
Foreign exchange effect	(2.2)	(6.7)	(11.3)	(9.4)	(7.5)	(4.5)	(5.2)
Increase (decrease) as reported in US \$	3.3 %	(2.1) %	(1.1) %	(2.4) %	- %	0.5 %	(1.3) %
Noteworthy items (pre-tax):							
Catastrophe-related losses (7)	\$ 13	\$ 98	\$ 101	\$ 81	\$ 118	\$ 111	\$ 128
Reinstatement premiums related to prior year catastrophes	-	-	3	-	-	-	2
Severe losses (8)	131	103	159	166	38	234	75
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	(108)	90	(18)	(47)	(66)	(18)	(70)
Net reserve discount benefit (charge)	\$ -	\$ -	\$ -	\$ (2)	\$ (2)	\$ -	\$ (4)

See Accompanying Notes on Page 21



American International Group, Inc.
AIG Property Casualty - International Operating Statistics by Business
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Commercial Insurance							
Net premiums written	\$ 1,942	\$ 2,230	\$ 1,554	\$ 1,808	\$ 1,790	\$ 4,172	\$ 3,922
Net premiums earned	1,926	1,780	1,828	1,758	1,736	3,706	3,495
Claims and claims adjustment expenses incurred	1,060	1,093	1,226	1,149	997	2,153	1,917
Acquisition expenses	365	358	355	332	316	723	655
General operating expenses	343	306	370	310	340	649	672
Underwriting income (loss)	158	23	(123)	(33)	83	181	251
Net investment income	105	97	108	108	110	202	227
Pre-tax operating income (loss)	\$ 263	\$ 120	\$ (15)	\$ 75	\$ 193	\$ 383	\$ 478
Underwriting ratios:							
Loss ratio	55.0	61.4	67.1	65.4	57.4	58.1	54.8
Catastrophe losses and reinstatement premiums	(0.2)	(3.4)	(4.8)	(3.5)	(6.4)	(1.8)	(3.4)
Prior year development net of premium adjustments	4.3	(4.3)	0.8	2.1	2.3	0.2	1.5
Accident year loss ratio, as adjusted	59.1	53.7	63.1	64.0	53.3	56.5	52.9
Acquisition ratio	19.0	20.1	19.4	18.9	18.2	19.5	18.7
General operating expense ratio	17.8	17.2	20.2	17.6	19.6	17.5	19.2
Expense ratio	36.8	37.3	39.6	36.5	37.8	37.0	37.9
Combined ratio	91.8	98.7	106.7	101.9	95.2	95.1	92.7
Catastrophe losses and reinstatement premiums	(0.2)	(3.4)	(4.8)	(3.5)	(6.4)	(1.8)	(3.4)
Prior year development net of premium adjustments	4.3	(4.3)	0.8	2.1	2.3	0.2	1.5
Accident year combined ratio, as adjusted	95.9	91.0	102.7	100.5	91.1	93.5	90.8
Consumer Insurance							
Net premiums written	\$ 2,586	\$ 2,489	\$ 2,410	\$ 2,488	\$ 2,595	\$ 5,075	\$ 5,283
Net premiums earned	2,405	2,346	2,449	2,390	2,401	4,751	4,945
Claims and claims adjustment expenses incurred	1,326	1,363	1,464	1,319	1,358	2,689	2,824
Acquisition expenses	661	649	649	666	683	1,310	1,372
General operating expenses	422	353	451	392	403	775	835
Underwriting income (loss)	(4)	(19)	(115)	13	(43)	(23)	(86)
Net investment income	54	50	54	51	55	104	114
Pre-tax operating income (loss)	\$ 50	\$ 31	\$ (61)	\$ 64	\$ 12	\$ 81	\$ 28
Underwriting ratios:							
Loss ratio	55.1	58.1	59.8	55.2	56.6	56.6	57.1
Catastrophe losses and reinstatement premiums	(0.3)	(1.6)	(0.7)	(0.8)	(0.3)	(0.9)	(0.1)
Prior year development net of premium adjustments	0.9	(0.6)	0.1	0.4	1.2	0.1	0.6
Accident year loss ratio, as adjusted	55.7	55.9	59.2	54.8	57.5	55.8	57.6
Acquisition ratio	27.5	27.7	26.5	27.9	28.4	27.6	27.8
General operating expense ratio	17.5	15.0	18.4	16.4	16.8	16.3	16.9
Expense ratio	45.0	42.7	44.9	44.3	45.2	43.9	44.7
Combined ratio	100.1	100.8	104.7	99.5	101.8	100.5	101.8
Catastrophe losses and reinstatement premiums	(0.3)	(1.6)	(0.7)	(0.8)	(0.3)	(0.9)	(0.1)
Prior year development net of premium adjustments	0.9	(0.6)	0.1	0.4	1.2	0.1	0.6
Accident year combined ratio, as adjusted	100.7	98.6	104.1	99.1	102.7	99.7	102.3
Other International							
Net premiums written	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -
Net premiums earned	5	4	1	1	2	9	5
Claims and claims adjustment expenses incurred	27	24	35	34	38	51	66
General operating expenses	46	47	52	52	43	93	119
Underwriting loss	(68)	(67)	(86)	(85)	(79)	(135)	(180)
Net investment income	65	66	65	53	68	131	140
Pre-tax operating loss	(3)	(1)	(21)	(32)	(11)	(4)	(40)
Adjustments to arrive at pre-tax income:							
Net realized capital gains	85	84	189	71	140	169	182
Pre-tax income	\$ 82	\$ 83	\$ 168	\$ 39	\$ 129	\$ 165	\$ 142
Total AIG Property Casualty International							
Net premiums written	\$ 4,528	\$ 4,719	\$ 3,965	\$ 4,296	\$ 4,385	\$ 9,247	\$ 9,205
Net premiums earned	4,336	4,130	4,278	4,149	4,139	8,466	8,445
Claims and claims adjustment expenses incurred	2,413	2,480	2,725	2,502	2,393	4,893	4,807
Acquisition expenses	1,026	1,007	1,004	998	999	2,033	2,027
General operating expenses	811	706	873	754	786	1,517	1,626
Underwriting income (loss)	86	(63)	(324)	(105)	(39)	23	(15)
Net investment income	224	213	227	212	233	437	481
Pre-tax operating income (loss)	310	150	(97)	107	194	460	466
Adjustment to arrive at pre-tax income:							
Net realized capital gains	85	84	189	71	140	169	182
Pre-tax income	\$ 395	\$ 234	\$ 92	\$ 178	\$ 334	\$ 629	\$ 648

See Accompanying Notes on Page 21



American International Group, Inc.
AIG Property Casualty Net Premiums Written by Line of Business & Region
(dollars in millions)

By Line of Business:	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Commercial							
Casualty	\$ 2,004	\$ 2,012	\$ 1,867	\$ 1,924	\$ 2,110	\$ 4,016	\$ 4,354
Property	1,731	928	905	1,350	1,770	2,659	2,453
Specialty	907	994	978	898	882	1,901	1,854
Financial lines	1,174	1,062	1,091	1,050	1,114	2,236	2,118
Total Commercial	5,816	4,996	4,841	5,222	5,876	10,812	10,779
Consumer							
Personal lines	1,785	1,677	1,657	1,790	1,745	3,462	3,484
Accident & Health	1,622	1,661	1,532	1,651	1,645	3,283	3,438
Total Consumer	3,407	3,338	3,189	3,441	3,390	6,745	6,922
Other	(10)	-	(2)	(3)	(3)	(10)	(1)
Total net premiums written	\$ 9,213	\$ 8,334	\$ 8,028	\$ 8,660	\$ 9,263	\$ 17,547	\$ 17,700
By Region:							
Americas							
Commercial	\$ 4,018	\$ 2,890	\$ 3,415	\$ 3,548	\$ 4,201	\$ 6,908	\$ 7,079
Consumer	965	982	921	1,085	930	1,947	1,905
Other	(10)	-	(2)	(3)	(3)	(10)	(1)
Total Americas	4,973	3,872	4,334	4,630	5,128	8,845	8,983
EMEA							
Commercial	1,302	1,645	941	1,151	1,159	2,947	2,683
Consumer	510	607	460	456	475	1,117	1,059
Total EMEA	1,812	2,252	1,401	1,607	1,634	4,064	3,742
Asia Pacific							
Commercial	496	461	485	523	516	957	1,017
Consumer	1,932	1,749	1,808	1,900	1,985	3,681	3,958
Total Asia Pacific	2,428	2,210	2,293	2,423	2,501	4,638	4,975
Total net premiums written	\$ 9,213	\$ 8,334	\$ 8,028	\$ 8,660	\$ 9,263	\$ 17,547	\$ 17,700

See Accompanying Notes on Page 21



American International Group, Inc.
AIG Property Casualty - Returns On Alternative Investments
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Alternative investment income (3)							
Private equity	\$ 121	\$ 170	\$ 131	\$ 73	\$ 108	\$ 291	\$ 218
Hedge funds	67	99	172	(4)	132	166	280
Total alternative investment income	\$ 188	\$ 269	\$ 303	\$ 69	\$ 240	\$ 457	\$ 498
Average alternative investment assets							
Private equity	\$ 3,896	\$ 3,923	\$ 3,787	\$ 3,727	\$ 3,741	\$ 3,838	\$ 3,781
Hedge funds	3,988	4,005	3,853	3,643	3,438	3,895	3,343
Total average alternative investment assets	\$ 7,884	\$ 7,928	\$ 7,640	\$ 7,370	\$ 7,179	\$ 7,733	\$ 7,124
Annualized yields on book value							
Private equity	12.42%	17.33%	13.84%	7.83%	11.55%	15.16%	11.53%
Hedge funds	6.72%	9.89%	17.86%	(0.44)%	15.36%	8.52%	16.75%
Total annualized yield	9.54%	13.57%	15.86%	3.75%	13.37%	11.82%	13.98%

See Accompanying Notes on Page 21



American International Group, Inc. AIG Property Casualty - Notes

Basis of Presentation

AIG Property Casualty manages its business in two operating segments - Commercial Insurance and Consumer Insurance - and is organized under three major geographic areas: the Americas (which includes the United States, Canada, Central America, South 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, Russia, 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 Casualty, Property, Specialty and Financial Lines. Consumer Insurance products are distributed primarily to individual consumers or groups of consumers through insurance brokers and agents, as well as through direct marketing, and partner organizations and through the internet. Offerings within Consumer Insurance include Accident and Health (A&H) and Personal Lines insurance. In addition, Fuji Fire & Marine Insurance Company Limited (Fuji) in Japan offers life insurance products through Fuji Life Insurance Company (Fuji Life), which is included in A&H.

AIG Property Casualty - Other consists primarily of: run-off lines of business, including excess workers' compensation, asbestos and legacy environmental (1986 and prior); certain environmental liability businesses written prior to 2004; operations and expenses not attributable to the Commercial Insurance or Consumer Insurance operating segments; unallocated net investment income; net realized capital gains and losses; other income and expense items; and adverse loss development, net of the related amortization of deferred gain, for a retroactive reinsurance arrangement.

AIG Property Casualty's chief operating decision makers review the performance of Commercial Insurance and Consumer Insurance businesses using an allocation of net investment income to the operating segments based on an internal investment income allocation model. The model estimates investable funds based primarily on loss reserves, unearned premiums and a capital allocation for each segment. The 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. The actual yields in excess of the allocated amounts and the investment income from the assets not attributed to the Commercial Insurance or the Consumer Insurance operating segments are assigned to the Other category.

Notes:

- (1) Results include changes in future policy benefits for certain A&H insurance contracts and Fuji Life insurance.
- (2) Variances between actual net investment income and amounts allocated to the Commercial Insurance and Consumer Insurance operating segments are assigned to AIG Property Casualty - Other.
- (3) 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.
- (4) 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.
- (5) Reflects litigation settlement income from settlements with financial institutions that participated in the creation, offering and sale of residential mortgage-backed securities (RMBS) from which AIG Property Casualty subsidiaries realized losses during the financial crisis.
- (6) Computed using a constant exchange rate for each period.
- (7) Catastrophes (CATs) are generally weather or seismic events having a net impact on AIG Property Casualty in excess of \$10 million each.
- (8) 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.
- (9) The net loss and loss expense reserves balances have been reclassified between Commercial Insurance and Consumer Insurance. The impact of this correction was a total decrease of \$493 million and \$325 million in Commercial Insurance and a corresponding increase in Consumer Insurance at March 31, 2014 and December 31, 2013, respectively, with no Income Statement or Balance Sheet impact. This reclassification had no impact on total AIG Property Casualty net loss and loss expense reserves.



American International Group, Inc.
AIG Life and Retirement
Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 7,360	\$ 7,129	\$ 8,042	\$ 8,422	\$ 6,765	\$ 14,489	\$ 12,345
Revenues:							
Premiums	\$ 700	\$ 597	\$ 606	\$ 721	\$ 649	\$ 1,297	\$ 1,269
Policy fees (2)	701	692	652	645	623	1,393	1,238
Net investment income:							
Base portfolio (3)	2,238	2,299	2,263	2,242	2,267	4,537	4,525
Alternative investments (4)	252	540	505	137	436	792	925
Other enhancements (5)	71	(22)	105	88	(66)	49	64
Total net investment income	2,561	2,817	2,873	2,467	2,637	5,378	5,514
Advisory fee and other income	498	460	454	443	419	958	812
Total revenues excluding net realized capital gains (losses)	4,460	4,566	4,585	4,276	4,328	9,026	8,833
Benefits and expenses:							
Policyholder benefits and claims incurred	1,239	1,145	1,141	1,316	1,183	2,384	2,281
Interest credited to policyholder account balances	962	953	978	924	971	1,915	1,988
Amortization of deferred policy acquisition costs	209	214	184	76	202	423	390
Non deferrable commissions	105	116	121	117	118	221	235
General operating expenses	432	424	456	412	426	856	851
Commissions and advisory fee expenses	333	297	299	287	277	630	543
Total benefits and expenses	3,280	3,149	3,179	3,132	3,177	6,429	6,288
Pre-tax operating income (6)	1,180	1,417	1,406	1,144	1,151	2,597	2,545
Adjustments to arrive at pre-tax income:							
Legal settlements (7)	12	30	553	-	359	42	467
Changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	54	76	(33)	(30)	(69)	130	(98)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(41)	30	(4)	(271)	(1,152)	(11)	(1,211)
Net realized capital gains (losses)	44	(321)	53	398	1,430	(277)	1,586
Pre-tax income	\$ 1,249	\$ 1,232	\$ 1,975	\$ 1,241	\$ 1,719	\$ 2,481	\$ 3,289
Investment yield:							
Base portfolio (8)	5.17%	5.32%	5.29%	5.26%	5.35%	5.24%	5.32%
Alternative investments (9)	0.25%	0.88%	0.80%	0.00%	0.69%	0.56%	0.73%
Other enhancements (10)	0.06%	(0.11)%	0.18%	0.15%	(0.21)%	(0.02)%	0.05%
Total	5.48%	6.09%	6.27%	5.41%	5.83%	5.78%	6.10%
Gross life insurance in force, end of period	\$ 918,600	\$ 915,261	\$ 914,033	\$ 911,849	\$ 911,163	\$ 918,600	\$ 911,163
Assets under management:							
General account	\$ 202,366	\$ 198,946	\$ 195,621	\$ 195,019	\$ 195,892	\$ 202,366	\$ 195,892
Separate accounts	75,706	72,581	71,048	65,948	61,749	75,706	61,749
Group retirement and retail mutual funds	28,632	27,488	26,743	24,152	22,019	28,632	22,019
Stable value wraps (11)	26,108	25,411	24,565	19,280	14,005	26,108	14,005
Total assets under management	\$ 332,812	\$ 324,426	\$ 317,977	\$ 304,399	\$ 293,665	\$ 332,812	\$ 293,665

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement
Investment Products Net Flows
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits: (1)							
Fixed Annuities	\$ 1,061	\$ 960	\$ 995	\$ 1,188	\$ 355	\$ 2,021	\$ 731
Retirement Income Solutions	2,570	2,173	2,502	2,460	2,233	4,743	3,646
Retail Mutual Funds	896	1,162	1,274	1,633	1,216	2,058	2,049
Group Retirement	1,640	1,708	1,968	1,838	1,705	3,348	3,445
Total premiums and deposits	6,167	6,003	6,739	7,119	5,509	12,170	9,871
Surrenders and withdrawals:							
Fixed Annuities	(880)	(873)	(933)	(774)	(957)	(1,753)	(1,845)
Retirement Income Solutions	(797)	(758)	(775)	(703)	(842)	(1,555)	(1,529)
Retail Mutual Funds	(743)	(922)	(602)	(514)	(528)	(1,665)	(1,060)
Group Retirement	(1,902)	(1,647)	(1,744)	(1,872)	(1,880)	(3,549)	(3,635)
Total surrenders and withdrawals	(4,322)	(4,200)	(4,054)	(3,863)	(4,207)	(8,522)	(8,069)
Death and other contract benefits:							
Fixed Annuities	(605)	(502)	(515)	(518)	(662)	(1,107)	(1,149)
Retirement Income Solutions	(168)	(146)	(136)	(119)	(99)	(314)	(254)
Group Retirement	(133)	(139)	(141)	(125)	(124)	(272)	(226)
Total death and other contract benefits	(906)	(787)	(792)	(762)	(885)	(1,693)	(1,629)
Net flows: (12)							
Fixed Annuities	(424)	(415)	(453)	(104)	(1,264)	(839)	(2,263)
Retirement Income Solutions	1,605	1,269	1,591	1,638	1,292	2,874	1,863
Retail Mutual Funds	153	240	672	1,119	688	393	989
Group Retirement	(395)	(78)	83	(159)	(299)	(473)	(416)
Total net flows	\$ 939	\$ 1,016	\$ 1,893	\$ 2,494	\$ 417	\$ 1,955	\$ 173

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement
Returns On Alternative Investments
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Alternative investment income (4)							
Private equity	\$ 151	\$ 221	\$ 153	\$ 60	\$ 112	\$ 372	\$ 278
Hedge funds	33	258	275	46	263	291	525
Total private equity and hedge funds	184	479	428	106	375	663	803
Affordable housing partnerships	68	61	77	31	61	129	122
Total alternative investment income	\$ 252	\$ 540	\$ 505	\$ 137	\$ 436	\$ 792	\$ 925
Average alternative investment assets							
Private equity	\$ 3,162	\$ 3,244	\$ 3,413	\$ 3,526	\$ 3,647	\$ 3,203	\$ 3,659
Hedge funds	5,870	5,650	5,187	4,904	4,521	5,761	4,283
Total private equity and hedge funds	9,032	8,894	8,600	8,430	8,168	8,964	7,942
Affordable housing partnerships	1,386	1,467	1,543	1,626	1,714	1,427	1,816
Total average alternative investment assets	\$ 10,418	\$ 10,361	\$ 10,143	\$ 10,056	\$ 9,882	\$ 10,391	\$ 9,758
Annualized yields on book value							
Private equity	19.16%	27.19%	17.91%	6.82%	12.33%	23.23%	15.21%
Hedge funds	2.21%	18.27%	21.17%	3.73%	23.29%	10.09%	24.53%
Total private equity and hedge funds	8.15%	21.52%	19.90%	5.03%	18.36%	14.78%	20.22%
Affordable housing partnerships	19.73%	16.76%	20.11%	7.70%	13.91%	18.20%	13.31%
Total annualized yield	9.69%	20.85%	19.91%	5.45%	17.62%	15.25%	18.95%

See Accompanying Notes on Pages 38 and 39

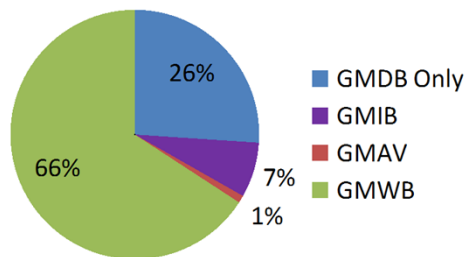


**American International Group, Inc.
AIG Life and Retirement
Guaranteed Benefits (13)
(dollars in millions)**

	Quarterly				
	2Q14	1Q14	4Q13	3Q13	2Q13
Account value by benefit type					
Guaranteed Minimum Death Benefits (GMDB) only (a)	\$ 64,604	\$ 63,358	\$ 62,868	\$ 59,776	\$ 58,174
Guaranteed Minimum Income Benefits (GMIB) (b)	2,971	2,996	3,081	2,994	2,948
Guaranteed Minimum Account Value (GMAV) (c)	441	523	627	682	734
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	31,709	29,424	27,924	25,080	22,387
Liability by benefit type					
Guaranteed Minimum Death Benefits (GMDB) (a)	\$ 359	\$ 356	\$ 355	\$ 355	\$ 363
Guaranteed Minimum Income Benefits (GMIB) (b)	37	39	43	42	45
Guaranteed Minimum Account Value (GMAV) (c)	5	6	8	14	19
Guaranteed Minimum Withdrawal Benefits (GMWB) (d) (e)	388	393	(45)	94	311

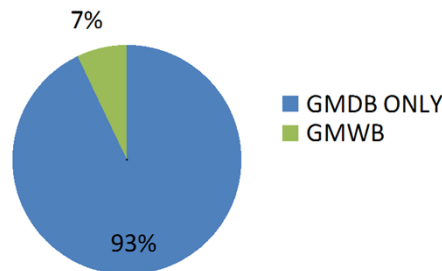
- (a) A guaranteed minimum death benefit is an amount paid from a variable annuity upon the death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar 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 decrease in the fair value of the GMWB liability in 2Q14 is primarily due to increasing equity markets, partially offset due to lower interest rates. 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	11.0
GMIB	3.0
GMAV	0.4
GMWB	27.6
Total	42.0

Group Retirement



Type of Benefit	Account Value (\$B)
GMDB ONLY	53.7
GMWB	4.1
Total	57.8



American International Group, Inc.
AIG Life and Retirement - Retail
Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 5,386	\$ 5,141	\$ 5,627	\$ 6,133	\$ 4,666	\$ 10,527	\$ 8,152
Revenues:							
Premiums	\$ 431	\$ 387	\$ 372	\$ 403	\$ 389	\$ 818	\$ 747
Policy fees	542	536	513	509	491	1,078	978
Net investment income:							
Base portfolio (3)	1,323	1,374	1,347	1,327	1,336	2,697	2,659
Alternative investments (4)	107	255	251	63	211	362	462
Other enhancements (5)	34	(1)	65	55	(37)	33	46
Total net investment income	1,464	1,628	1,663	1,445	1,510	3,092	3,167
Advisory fee and other income	454	425	419	409	382	879	747
Total revenues excluding net realized capital gains (losses)	2,891	2,976	2,967	2,766	2,772	5,867	5,639
Benefits and expenses:							
Policyholder benefits and claims incurred	753	718	683	765	689	1,471	1,324
Interest credited to policyholder account balances	565	563	579	503	584	1,128	1,195
Amortization of deferred policy acquisition costs	190	193	198	2	177	383	340
Non deferrable commissions	63	75	75	72	74	138	141
General operating expenses	307	298	317	295	303	605	610
Commissions and advisory fee expenses	329	295	295	283	275	624	538
Total benefits and expenses	2,207	2,142	2,147	1,920	2,102	4,349	4,148
Pre-tax operating income (6)	684	834	820	846	670	1,518	1,491
Adjustments to arrive at pre-tax income:							
Legal settlements (7)	8	20	350	-	221	28	297
Changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	54	76	(33)	(30)	(69)	130	(98)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(27)	41	7	(23)	(160)	14	(121)
Net realized capital gains (losses)	19	(306)	105	148	515	(287)	604
Pre-tax income	\$ 738	\$ 665	\$ 1,249	\$ 941	\$ 1,177	\$ 1,403	\$ 2,173

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Retail
Life Insurance and A&H Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 844	\$ 833	\$ 853	\$ 830	\$ 850	\$ 1,677	\$ 1,692
Revenues:							
Premiums	341	336	308	335	365	677	704
Policy fees	342	343	334	341	332	685	669
Net investment income:							
Base portfolio (3)	437	467	449	451	453	904	897
Alternative investments (4)	32	70	71	19	61	102	131
Other enhancements (5)	11	(7)	11	14	(9)	4	14
Total net investment income	480	530	531	484	505	1,010	1,042
Advisory fee and other income	-	-	-	-	1	-	1
Total revenues excluding net realized capital gains (losses)	1,163	1,209	1,173	1,160	1,203	2,372	2,416
Benefits and expenses:							
Policyholder benefits and claims incurred	607	625	572	667	619	1,232	1,211
Interest credited to policyholder account balances	120	120	120	122	127	240	275
Amortization of deferred policy acquisition costs	78	74	79	89	86	152	169
Non deferrable commissions	20	31	29	28	28	51	55
General operating expenses	160	151	160	147	147	311	296
Total benefits and expenses	985	1,001	960	1,053	1,007	1,986	2,006
Pre-tax operating income (6)	\$ 178	\$ 208	\$ 213	\$ 107	\$ 196	\$ 386	\$ 410
Gross life insurance in force, end of period	\$ 823,763	\$ 820,621	\$ 819,769	\$ 818,384	\$ 817,822	\$ 823,763	\$ 817,822
Reserves:							
Policyholder benefits for life and accident & health insurance contracts	\$ 12,111	\$ 12,019	\$ 11,921	\$ 11,846	\$ 11,766	\$ 12,111	\$ 11,766
Policyholder contract deposits	13,663	13,646	13,624	13,577	13,471	13,663	13,471
Separate account reserves	731	718	716	679	651	731	651
Total reserves	\$ 26,505	\$ 26,383	\$ 26,261	\$ 26,102	\$ 25,888	\$ 26,505	\$ 25,888

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Retail
Life Insurance and A&H Other Data
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Life Insurance and A&H CPPE sales: (14)							
Term	\$ 24	\$ 23	\$ 25	\$ 25	\$ 25	\$ 47	\$ 48
Universal life	30	30	38	34	35	60	61
Other life	1	2	1	2	2	3	4
Single premium and unscheduled deposits	3	2	2	1	3	5	6
A&H	4	4	5	6	7	8	13
Total	\$ 62	\$ 61	\$ 71	\$ 68	\$ 72	\$ 123	\$ 132
Life and A&H sales by distribution channel:							
Retail - Independent	\$ 38	\$ 39	\$ 46	\$ 42	\$ 39	\$ 77	\$ 72
Retail - Affiliated (Career and AIG Direct)	24	22	25	26	33	46	60
Total	\$ 62	\$ 61	\$ 71	\$ 68	\$ 72	\$ 123	\$ 132
Surrender rates: (15)							
Independent distribution	5.1%	4.6%	4.6%	4.9%	4.8%	4.8%	4.8%
Career distribution	8.4%	8.4%	8.6%	8.4%	8.3%	8.4%	8.5%
DAC rollforward:							
Balance at beginning of period	\$ 3,496	\$ 3,556	\$ 3,497	\$ 3,464	\$ 3,342	\$ 3,556	\$ 3,377
Deferrals	77	63	70	68	75	140	148
Operating amortization	(78)	(74)	(79)	(89)	(86)	(152)	(169)
Change from realized gains (losses)	-	1	(6)	(1)	-	1	2
Change from unrealized gains (losses)	(60)	(50)	74	55	133	(110)	106
Balance at end of period	\$ 3,435	\$ 3,496	\$ 3,556	\$ 3,497	\$ 3,464	\$ 3,435	\$ 3,464
Reserve rollforward:							
Balance at beginning of period, gross	\$ 27,504	\$ 27,390	\$ 27,225	\$ 27,007	\$ 26,914	\$ 27,390	\$ 26,479
Premiums and deposits	844	833	853	830	850	1,677	1,692
Surrenders and withdrawals	(163)	(169)	(166)	(168)	(174)	(332)	(356)
Death and other contract benefits	(150)	(150)	(131)	(148)	(173)	(300)	(329)
Subtotal	531	514	556	514	503	1,045	1,007
Change in fair value of underlying assets and reserve accretion, net of policy fees	(115)	(132)	(149)	(101)	(117)	(247)	275
Cost of funds	120	120	120	122	127	240	(248)
Other reserve changes	(421)	(388)	(362)	(317)	(420)	(809)	(506)
Balance at end of period	27,619	27,504	27,390	27,225	27,007	27,619	27,007
Reinsurance ceded	(1,114)	(1,121)	(1,129)	(1,123)	(1,119)	(1,114)	(1,119)
Total insurance reserves	\$ 26,505	\$ 26,383	\$ 26,261	\$ 26,102	\$ 25,888	\$ 26,505	\$ 25,888

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Retail
Fixed Annuities Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 1,074	\$ 971	\$ 1,005	\$ 1,208	\$ 365	\$ 2,045	\$ 760
Revenues:							
Premiums	\$ 91	\$ 51	\$ 60	\$ 69	\$ 27	\$ 142	\$ 43
Policy fees	6	7	7	6	8	13	15
Net investment income:							
Base portfolio (3)	782	807	808	790	808	1,589	1,617
Alternative investments (4)	56	142	139	35	121	198	265
Other enhancements (5)	19	10	47	35	(25)	29	27
Total net investment income	857	959	994	860	904	1,816	1,909
Total revenues excluding net realized capital gains (losses)	954	1,017	1,061	935	939	1,971	1,967
Benefits and expenses:							
Policyholder benefits and claims incurred	128	90	97	104	63	218	105
Interest credited to policyholder account balances	408	406	425	348	426	814	863
Amortization of deferred policy acquisition costs	71	72	81	(145)	67	143	147
Non deferrable commissions	6	7	7	7	5	13	10
General operating expenses	37	37	38	35	35	74	72
Total benefits and expenses	650	612	648	349	596	1,262	1,197
Pre-tax operating income (6)	\$ 304	\$ 405	\$ 413	\$ 586	\$ 343	\$ 709	\$ 770
Reserves:							
Future policyholder benefits	\$ 3,151	\$ 3,025	\$ 2,898	\$ 2,889	\$ 2,913	\$ 3,151	\$ 2,913
Policyholder contract deposits and separate account reserves	54,004	54,152	54,271	54,418	54,234	54,004	54,234
Total reserves	\$ 57,155	\$ 57,177	\$ 57,169	\$ 57,307	\$ 57,147	\$ 57,155	\$ 57,147

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Retail
Fixed Annuities Other Data
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net investment spreads: (a)							
Base yield (8)	5.11%	5.25%	5.24%	5.17%	5.25%	5.18%	5.17%
Alternative investments (9)	0.13%	0.51%	0.53%	(0.02)%	0.47%	0.32%	0.51%
Other enhancements (10)	0.04%	0.02%	0.25%	0.18%	(0.22)%	0.03%	0.06%
Total yield	5.28%	5.78%	6.02%	5.33%	5.50%	5.53%	5.74%
Cost of funds (b)	2.83%	2.85%	2.91%	2.93%	2.89%	2.84%	2.90%
Net spread rate, as reported	2.45%	2.93%	3.11%	2.40%	2.61%	2.69%	2.84%
Base net investment spread (c)	2.28%	2.40%	2.33%	2.24%	2.36%	2.34%	2.27%
Surrender rates (16)	6.7%	6.8%	7.1%	5.9%	7.1%	6.7%	6.8%
DAC rollforward:							
Balance at beginning of period	\$ 800	\$ 1,017	\$ 1,046	\$ 802	\$ 438	\$ 1,017	\$ 626
Deferrals	26	23	24	27	8	49	16
Operating amortization	(70)	(72)	(81)	145	(67)	(142)	(147)
Change from realized gains (losses)	(7)	(23)	(37)	(11)	3	(30)	(4)
Change from unrealized gains (losses)	(104)	(145)	65	83	420	(249)	311
Balance at end of period	\$ 645	\$ 800	\$ 1,017	\$ 1,046	\$ 802	\$ 645	\$ 802
Reserve rollforward:							
Balance at beginning of period, gross	\$ 57,414	\$ 57,531	\$ 57,672	\$ 57,449	\$ 58,183	\$ 57,531	\$ 58,978
Premiums and deposits	1,074	971	1,005	1,208	365	2,045	760
Surrenders and withdrawals	(954)	(967)	(1,019)	(841)	(1,033)	(1,921)	(2,068)
Death and other contract benefits	(670)	(552)	(577)	(581)	(674)	(1,222)	(1,178)
Subtotal	(550)	(548)	(591)	(214)	(1,342)	(1,098)	(2,486)
Change in fair value of underlying assets and reserve accretion, net of policy fees	47	43	42	21	49	90	800
Cost of funds (b)	380	378	392	398	393	758	85
Other reserve changes (including loss recognition)	12	10	16	18	166	22	72
Balance at end of period	57,303	57,414	57,531	57,672	57,449	57,303	57,449
Reserves related to unrealized investment appreciation	210	124	-	-	74	210	74
Reinsurance ceded	(358)	(361)	(362)	(365)	(376)	(358)	(376)
Total insurance reserves	\$ 57,155	\$ 57,177	\$ 57,169	\$ 57,307	\$ 57,147	\$ 57,155	\$ 57,147

(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 38 and 39



American International Group, Inc.
AIG Life and Retirement - Retail
Retirement Income Solutions Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 2,573	\$ 2,174	\$ 2,502	\$ 2,463	\$ 2,236	\$ 4,747	\$ 3,652
Revenues:							
Policy fees	\$ 193	\$ 185	\$ 175	\$ 158	\$ 146	\$ 378	\$ 282
Net investment income:							
Base portfolio (3)	104	100	90	86	74	204	145
Alternative investments (4)	19	42	41	9	29	61	66
Other enhancements (5)	3	(4)	8	6	(2)	(1)	5
Total net investment income	126	138	139	101	101	264	216
Advisory fee and other income	54	51	50	44	40	105	77
Total revenues excluding net realized capital gains (losses)	373	374	364	303	287	747	575
Benefits and expenses:							
Policyholder benefits and claims incurred (17)	18	2	13	(3)	3	20	6
Interest credited to policyholder account balances	37	37	34	31	33	74	59
Amortization of deferred policy acquisition costs	41	47	37	56	25	88	26
Non deferrable commissions	37	37	39	39	40	74	74
General operating expenses	53	52	52	47	53	105	102
Commissions and advisory fee expenses	2	3	3	1	3	5	5
Total benefits and expenses	188	178	178	171	157	366	272
Pre-tax operating income (6)	\$ 185	\$ 196	\$ 186	\$ 132	\$ 130	\$ 381	\$ 303
General and separate account reserves:							
Policyholder contract deposits and future policy benefits	\$ 8,588	\$ 7,947	\$ 7,233	\$ 6,835	\$ 6,479	\$ 8,588	\$ 6,479
Separate account reserves	36,712	34,632	33,511	30,599	28,095	36,712	28,095
Total general and separate account reserves	\$ 45,300	\$ 42,579	\$ 40,744	\$ 37,434	\$ 34,574	\$ 45,300	\$ 34,574

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Retail
Retirement Income Solutions Other Data
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net investment spreads:							
Base yield (8)	5.09%	5.11%	5.08%	5.23%	5.18%	5.10%	5.16%
Alternative investments (9)	0.30%	1.38%	1.43%	(0.17)%	1.18%	0.83%	1.43%
Other enhancements (10)	(0.01)%	(0.31)%	0.27%	0.25%	(0.25)%	(0.16)%	0.13%
Total yield	5.38%	6.18%	6.78%	5.31%	6.11%	5.77%	6.72%
Cost of funds (a)	1.87%	1.83%	1.99%	1.73%	2.19%	1.85%	2.20%
Net spread rate, as reported	3.51%	4.35%	4.79%	3.58%	3.92%	3.92%	4.52%
Base net investment spread (b)	3.22%	3.28%	3.09%	3.50%	2.99%	3.25%	2.96%
Surrender rates (16)	7.4%	7.5%	8.1%	8.1%	10.3%	7.4%	9.7%
DAC rollforward:							
Balance at beginning of period	\$ 1,260	\$ 1,174	\$ 1,047	\$ 964	\$ 866	\$ 1,174	\$ 833
Deferrals	144	119	147	137	130	263	212
Operating amortization	(41)	(47)	(39)	(56)	(25)	(88)	(24)
Change from realized gains (losses)	(19)	65	58	(11)	(36)	46	10
Change from unrealized gains (losses)	(58)	(51)	(39)	13	29	(109)	(67)
Balance at end of period	\$ 1,286	\$ 1,260	\$ 1,174	\$ 1,047	\$ 964	\$ 1,286	\$ 964
Reserve rollforward:							
Balance at beginning of period, gross	\$ 42,582	\$ 40,748	\$ 37,439	\$ 34,581	\$ 33,610	\$ 40,748	\$ 31,071
Premiums and deposits	2,573	2,174	2,502	2,463	2,236	4,747	3,652
Surrenders and withdrawals	(817)	(780)	(796)	(726)	(836)	(1,597)	(1,584)
Death and other contract benefits	(175)	(153)	(135)	(124)	(132)	(328)	(267)
Subtotal	1,581	1,241	1,571	1,613	1,268	2,822	1,801
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,089	559	1,712	1,222	(353)	1,648	962
Cost of funds (a)	35	31	32	26	31	66	57
Other reserve changes	15	3	(6)	(3)	25	18	690
Balance at end of period	45,302	42,582	40,748	37,439	34,581	45,302	34,581
Reinsurance ceded	(2)	(3)	(4)	(5)	(7)	(2)	(7)
Total insurance reserves	\$ 45,300	\$ 42,579	\$ 40,744	\$ 37,434	\$ 34,574	\$ 45,300	\$ 34,574

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Institutional
Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 1,974	\$ 1,988	\$ 2,415	\$ 2,289	\$ 2,099	\$ 3,962	\$ 4,193
Revenues:							
Premiums	\$ 269	\$ 210	\$ 234	\$ 318	\$ 260	\$ 479	\$ 522
Policy fees (2)	159	156	139	136	132	315	260
Net investment income:							
Base portfolio (3)	915	925	916	915	933	1,840	1,868
Alternative investments (4)	145	285	254	74	225	430	463
Other enhancements (5)	37	(21)	40	33	(31)	16	16
Total net investment income	1,097	1,189	1,210	1,022	1,127	2,286	2,347
Advisory fee and other income	44	35	35	34	37	79	65
Total revenues excluding net realized capital gains (losses)	1,569	1,590	1,618	1,510	1,556	3,159	3,194
Benefits and expenses:							
Policyholder benefits and claims incurred	486	427	458	551	494	913	957
Interest credited to policyholder account balances	397	390	399	421	387	787	793
Amortization of deferred policy acquisition costs	19	21	(14)	74	25	40	50
Non deferrable commissions	42	41	46	45	44	83	94
General operating expenses	125	126	139	117	123	251	241
Commissions and advisory fee expenses	4	2	4	4	2	6	5
Total benefits and expenses	1,073	1,007	1,032	1,212	1,075	2,080	2,140
Pre-tax operating income (6)	496	583	586	298	481	1,079	1,054
Adjustments to arrive at pre-tax income:							
Legal settlements (7)	4	10	203	-	138	14	170
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(14)	(11)	(11)	(248)	(992)	(25)	(1,090)
Net realized capital gains (losses)	25	(15)	(52)	250	915	10	982
Pre-tax income	\$ 511	\$ 567	\$ 726	\$ 300	\$ 542	\$ 1,078	\$ 1,116

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Institutional
Group Retirement Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 1,640	\$ 1,708	\$ 1,968	\$ 1,838	\$ 1,705	\$ 3,348	\$ 3,445
Revenues:							
Premiums	\$ 7	\$ 6	\$ 4	\$ 3	\$ 2	\$ 13	\$ 6
Policy fees	109	106	105	101	99	215	194
Net investment income:							
Base portfolio (3)	524	531	525	520	523	1,055	1,017
Alternative investments (4)	43	84	86	23	75	127	161
Other enhancements (5)	12	3	28	27	(12)	15	23
Total net investment income	579	618	639	570	586	1,197	1,201
Advisory fees and other income	44	35	36	34	35	79	63
Total revenues excluding net realized capital gains (losses)	739	765	784	708	722	1,504	1,464
Benefits and expenses:							
Policyholder benefits and claims incurred	14	20	6	9	15	34	27
Interest credited to policyholder account balances	288	284	287	312	289	572	576
Amortization of deferred policy acquisition costs	16	18	(17)	69	22	34	42
Non deferrable commissions	19	18	23	16	17	37	34
General operating expenses	89	85	88	79	82	174	159
Commissions and advisory fee expenses	4	1	5	3	2	5	5
Total benefits and expenses	430	426	392	488	427	856	843
Pre-tax operating income (6)	\$ 309	\$ 339	\$ 392	\$ 220	\$ 295	\$ 648	\$ 621
General and separate account reserves:							
Future policyholder benefits	\$ 456	\$ 458	\$ 456	\$ 463	\$ 465	\$ 456	\$ 465
Policyholder contract deposits	37,918	37,943	37,738	37,483	37,102	37,918	37,102
Separate account reserves	33,653	32,649	32,277	30,364	28,780	33,653	28,780
Total general and separate account reserves	72,027	71,050	70,471	68,310	66,347	72,027	66,347
Group retirement mutual funds	16,270	15,579	15,126	13,817	13,017	16,270	13,017
Total reserves and group retirement mutual funds	\$ 88,297	\$ 86,629	\$ 85,597	\$ 82,127	\$ 79,364	\$ 88,297	\$ 79,364

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Institutional
Group Retirement Other Data
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Net investment spreads:							
Base yield (8)	5.00%	5.11%	5.10%	5.08%	5.14%	5.06%	4.99%
Alternative investments (9)	0.15%	0.55%	0.57%	(0.01)%	0.49%	0.34%	0.54%
Other enhancements (10)	0.02%	(0.03)%	0.21%	0.20%	(0.16)%	(0.01)%	0.09%
Total yield	5.17%	5.63%	5.88%	5.27%	5.47%	5.39%	5.62%
Cost of funds (a)	3.03%	3.02%	3.05%	3.08%	3.06%	3.02%	3.08%
Net spread rate, as reported	2.14%	2.61%	2.83%	2.19%	2.41%	2.37%	2.54%
Base net investment spread (b)	1.97%	2.09%	2.05%	2.00%	2.08%	2.04%	1.91%
Surrender rates (16)	8.7%	7.7%	8.3%	9.3%	9.5%	8.2%	9.3%
DAC rollforward:							
Balance at beginning of period	\$ 833	\$ 900	\$ 846	\$ 856	\$ 726	\$ 900	\$ 769
Deferrals	14	19	21	19	16	33	31
Operating amortization	(16)	(18)	17	(69)	(22)	(34)	(42)
Change from realized gains (losses)	(5)	-	(3)	(4)	(3)	(5)	(5)
Change from unrealized gains (losses)	(68)	(68)	19	44	139	(136)	103
Balance at end of period	\$ 758	\$ 833	\$ 900	\$ 846	\$ 856	\$ 758	\$ 856
Reserve rollforward:							
Balance at beginning of period, gross	\$ 86,629	\$ 85,597	\$ 82,127	\$ 79,364	\$ 79,139	\$ 85,597	\$ 76,062
Premiums and deposits	1,640	1,708	1,968	1,838	1,705	3,348	3,445
Surrenders and withdrawals	(1,902)	(1,647)	(1,744)	(1,872)	(1,879)	(3,549)	(3,634)
Death and other contract benefits	(133)	(139)	(141)	(125)	(124)	(272)	(225)
Subtotal	(395)	(78)	83	(159)	(298)	(473)	(414)
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,778	830	3,102	2,637	217	2,608	3,024
Cost of funds	285	280	285	286	282	565	561
Other reserve changes	-	-	-	(1)	24	-	131
Total reserves and group retirement mutual funds	\$ 88,297	\$ 86,629	\$ 85,597	\$ 82,127	\$ 79,364	\$ 88,297	\$ 79,364

(a) Excludes the amortization of sales inducement assets

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

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Institutional
Institutional Markets Operating Statistics
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Premiums and deposits (1)	\$ 195	\$ 147	\$ 294	\$ 293	\$ 223	\$ 342	\$ 404
Revenues:							
Premiums	\$ 161	\$ 99	\$ 123	\$ 208	\$ 144	\$ 260	\$ 279
Policy fees (2)	45	44	29	28	27	89	55
Net investment income:							
Base portfolio (3)	358	361	358	362	376	719	785
Alternative investments (4)	101	196	162	50	145	297	292
Other enhancements (5)	42	(5)	30	22	1	37	29
Total net investment income	501	552	550	434	522	1,053	1,106
Advisory fee and other income	-	-	-	-	1	-	1
Total revenues excluding net realized capital gains (losses)	707	695	702	670	694	1,402	1,441
Benefits and expenses:							
Policyholder benefits and claims incurred	410	339	377	467	408	749	772
Interest credited to policyholder account balances	103	100	105	104	92	203	204
Amortization of deferred policy acquisition costs	1	1	1	1	1	2	2
Non deferrable commissions	9	8	9	9	6	17	18
General operating expenses	14	18	19	14	15	32	31
Total benefits and expenses	537	466	511	595	522	1,003	1,027
Pre-tax operating income	\$ 170	\$ 229	\$ 191	\$ 75	\$ 172	\$ 399	\$ 414
General and separate account reserves:							
Future policyholder benefits	\$ 19,310	\$ 18,636	\$ 18,073	\$ 17,981	\$ 17,784	\$ 19,310	\$ 17,784
Policyholder contract deposits	9,560	9,560	9,513	9,527	10,541	9,560	10,541
Separate account reserves	4,576	4,549	4,509	4,277	4,194	4,576	4,194
Total general and separate account reserves	\$ 33,446	\$ 32,745	\$ 32,095	\$ 31,785	\$ 32,519	\$ 33,446	\$ 32,519

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement - Institutional
Institutional Markets Other Data
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
DAC rollforward:							
Balance at beginning of period	\$ 21	\$ 22	\$ 22	\$ 21	\$ 19	\$ 22	\$ 18
Deferrals	1	1	1	1	1	2	1
Operating amortization	(1)	(1)	(1)	(1)	(1)	(2)	(2)
Changes related to unrealized gains (losses)	(1)	(1)	-	1	2	(2)	4
Balance at end of period	\$ 20	\$ 21	\$ 22	\$ 22	\$ 21	\$ 20	\$ 21
Reserve rollforward:							
Balance at beginning of period, gross	\$ 32,239	\$ 32,100	\$ 31,791	\$ 32,312	\$ 31,262	\$ 32,100	\$ 32,242
Premiums and deposits	195	147	294	293	223	342	404
Surrenders and withdrawals	(15)	(70)	(99)	(1,103)	(190)	(85)	(1,418)
Death and other contract benefits	(399)	(353)	(326)	(365)	(340)	(752)	(680)
Subtotal	(219)	(276)	(131)	(1,175)	(307)	(495)	(1,694)
Change in fair value of underlying assets and reserve accretion, net of policy fees	293	356	339	253	291	649	564
Cost of funds	103	100	104	104	92	203	205
Other reserve changes (including loss recognition)	(30)	(41)	(3)	297	974	(71)	995
Balance at end of period	32,386	32,239	32,100	31,791	32,312	32,386	32,312
Reserves related to unrealized investment appreciation	1,065	511	-	-	215	1,065	215
Reinsurance ceded	(5)	(5)	(5)	(6)	(8)	(5)	(8)
Total insurance reserves	\$ 33,446	\$ 32,745	\$ 32,095	\$ 31,785	\$ 32,519	\$ 33,446	\$ 32,519
Reserves by line of business:							
Structured settlements	\$ 19,312	\$ 18,763	\$ 18,234	\$ 18,113	\$ 17,984	\$ 19,312	\$ 17,984
Terminal funding annuities	3,112	2,993	2,965	2,988	2,934	3,112	2,934
Corporate and bank-owned life insurance	4,789	4,765	4,755	4,680	4,672	4,789	4,672
High net worth products	2,283	2,277	2,233	2,074	1,982	2,283	1,982
Guaranteed investments contracts	3,950	3,947	3,908	3,930	4,947	3,950	4,947
Total insurance reserves	\$ 33,446	\$ 32,745	\$ 32,095	\$ 31,785	\$ 32,519	\$ 33,446	\$ 32,519
Stable value wraps - Assets under management (11)	\$ 26,108	\$ 25,411	\$ 24,565	\$ 19,280	\$ 14,005	\$ 26,108	\$ 14,005

See Accompanying Notes on Pages 38 and 39



American International Group, Inc.
AIG Life and Retirement
Notes

AIG Life and Retirement presents its results in the following two operating segments:

Retail: product lines include life insurance and accident and health (A&H), fixed annuities, retirement income solutions including variable and indexed annuities, brokerage services and retail mutual funds.

Institutional: product lines include group retirement, group benefits and institutional markets. The institutional markets product line consists of stable value wrap products, structured settlement and terminal funding annuities, high net worth products, guaranteed investment contracts (GIC), and corporate-and bank-owned life insurance.

Invested assets are maintained in segregated portfolios for each of the product lines comprising our Retail and Institutional operating segments. Our fundamental investment strategy 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 an internal capital model.

Selected operating statistics are provided for life insurance and A&H, fixed annuities, retirement income solutions, group retirement, and institutional markets. Operating statistics are not separately presented for brokerage services and retail mutual funds included in the Retail operating segment and group benefits included in the Institutional operating segment.

AIG Life and Retirement insurance operations are conducted through American General Life Insurance Company, The Variable Annuity Life Insurance Company, and The United States Life Insurance Company in the City of New York.

- (1) Premiums and deposits is a non-GAAP measure. Premiums and deposits includes direct and assumed amounts received on traditional life insurance policies, group benefit policies and deposits on life contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts and mutual funds.
- (2) Beginning in 1Q14, stable value wrap fees are reported in Policy fees. Historically, they were reported in Other enhancements within Net investment income.
- (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) Pre-tax operating income for the three months ended December 31, 2013 and September 30, 2013 includes the net effect of adjustments to reflect updated assumptions for fixed annuity spreads, variable annuity growth rates, surrender rates, and life insurance mortality rates as follows:

	Life and A&H		Fixed Annuities		Retirement Income		Total Retail	
	Quarterly		Quarterly		Quarterly		Quarterly	
<i>(in millions)</i>	4Q13	3Q13	4Q13	3Q13	4Q13	3Q13	4Q13	3Q13
Policy fees	\$ -	\$28	\$ -	\$ -	\$ -	\$ -	\$ -	\$28
Interest credited to policyholder account balances	-	-	-	82	-	(1)	-	81
Amortization of deferred policy acquisition costs	-	(33)	-	224	-	(33)	-	158
Policyholder benefits and claims incurred	-	(75)	-	-	-	6	-	(69)
Pre-tax operating income (loss)	\$ -	\$ (80)	\$ -	\$ 306	\$ -	\$ (28)	\$ -	\$ 198

	Group Retirement		Total L&R	
	Quarterly		Quarterly	
<i>(in millions)</i>	4Q13	3Q13	4Q13	3Q13
Policy fees	\$ -	\$ -	\$ -	\$28
Interest credited to policyholder account balances	2	(20)	2	61
Amortization of deferred policy acquisition costs	31	(60)	31	98
Policyholder benefits and claims incurred	2	-	2	(69)
Pre-tax operating income (loss)	\$ 35	\$ (80)	\$ 35	\$ 118



American International Group, Inc.
AIG Life and Retirement
Notes (continued)

- (7) Legal settlement income reflects settlements with financial institutions who participated in the creation, offering and sale of RMBS from which AIG Life and Retirement realized losses during the financial crisis.
- (8) Includes return on base portfolio. Quarterly results are annualized.
- (9) Includes incremental effect on base yield of alternative investments. Quarterly results are annualized.
- (10) Includes incremental effect on base yield of other enhancements. Quarterly results are annualized.
- (11) Includes the notional value of stable value wraps novated with Global Capital Markets and rewritten as group annuity contracts at AIG Life and Retirement.
- (12) 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 retail mutual funds represent deposits less withdrawals. Life insurance and A&H, brokerage services, institutional markets and group benefits are not included in net flows. Net flows exclude activity related to closed blocks of fixed and variable annuities.
- (13) AIG Life and Retirement 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 AIG Life and Retirement'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 AIG Life and Retirement and AIG Enterprise Risk Management. Rho and vega are not fully hedged due to potential adverse effects on statutory capital from the mismatch between fair value accounting for hedge assets and prescribed methods for calculating statutory reserves and capital.
- (14) 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 accident and health insurance represent annualized first-year premium from new policies.
- (15) Life insurance lapse rates are reported on a 90-day lag basis to include grace period processing.
- (16) Annuities surrender rates represent annualized surrenders and withdrawals as a percentage of average account value.
- (17) Policyholder benefits and claims incurred is negative in the three months ended September 30, 2013 as a result of updated actuarial assumptions related to variable annuity growth rates and surrender rates.



American International Group, Inc.
Other Operations
(in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Other operations:							
Mortgage Guaranty	\$ 210	\$ 76	\$ 48	\$ 43	\$ 73	\$ 286	\$ 114
Direct Investment book	313	440	418	110	591	753	920
Global Capital Markets	245	29	194	29	175	274	402
Interest expense	(327)	(325)	(328)	(334)	(353)	(652)	(750)
Corporate expenses, net (1)	(282)	(243)	(213)	(282)	(253)	(525)	(514)
Equity in pre-tax operating earnings of AerCap (2)	53	-	-	-	-	53	-
Severance expense (3)	-	-	(265)	-	-	-	-
Other businesses (4)	(14)	17	131	(142)	(36)	3	(96)
Consolidation & elimination	1	1	1	1	1	2	2
Pre-tax operating income (loss)	199	(5)	(14)	(575)	198	194	78
Adjustments to arrive at pre-tax income (loss) before net realized capital gains (losses):							
Legal reserves (5)	(505)	(24)	(21)	(400)	(14)	(529)	(25)
Legal settlements (6)	-	(12)	71	-	46	(12)	48
Loss on extinguishment of debt	(34)	(238)	(192)	(81)	(38)	(272)	(378)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(1)	(12)	(98)	-	-	(13)	-
Aircraft Leasing (7)	-	17	(189)	(1)	18	17	61
Net gain (loss) on sale of divested businesses (8)	2,146	4	(1)	-	(47)	2,150	(47)
Total adjustments	1,606	(265)	(430)	(482)	(35)	1,341	(341)
Pre-tax income (loss) before net realized capital gains (losses)	\$ 1,805	\$ (270)	\$ (444)	\$ (1,057)	\$ 163	\$ 1,535	\$ (263)

Notes:

- (1) Includes unallocated corporate expenses, including AIG Parent service fees, project related costs, restructuring expenses, professional fees, long-term compensation costs and certain litigation expenses.
- (2) Represents AIG's share of AerCap's pre-tax operating income, which excludes certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC.
- (3) In 4Q13, includes \$263 million of severance expense attributable to AIG Property Casualty.
- (4) Includes results from AIG's real estate investment operations, investments in life settlements and other minor subsidiaries. In 4Q13, includes gains from real estate sales transactions of \$170 million.
- (5) 2Q14 includes increased provisions for legal contingencies primarily related to "Legacy crisis matters."
- (6) Reflects litigation settlement income from settlements with financial institutions that participated in the creation, offering and sale of RMBS from which AIG and its subsidiaries realized losses during the financial crisis.
- (7) Includes the results of ILFC, which was sold on May 14, 2014.
- (8) Includes the gain on sale of ILFC in 2Q14. 2Q14 also includes certain post-acquisition costs incurred by AerCap in connection with its acquisition of ILFC and our share of AerCap's income taxes.



American International Group, Inc.
Mortgage Guaranty Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Total new insurance written	\$ 11,195	\$ 7,745	\$ 10,859	\$ 14,437	\$ 13,979	\$ 18,940	\$ 24,637
Net premiums written	249	231	255	272	275	480	521
Net premiums earned	226	213	203	204	208	439	402
Claims and claims adjustment expenses incurred	(7)	118	128	136	119	111	250
Underwriting expenses	56	54	60	57	49	110	105
Underwriting income	177	41	15	11	40	218	47
Net investment income	33	35	33	32	33	68	67
Pre-tax operating income	210	76	48	43	73	286	114
Adjustment to arrive at pre-tax income:							
Net realized capital gains	1	1	3	-	2	2	5
Pre-tax income	\$ 211	\$ 77	\$ 51	\$ 43	\$ 75	\$ 288	\$ 119
Underwriting ratios:							
Loss ratio	(3.1)	55.4	63.1	66.7	57.2	25.3	62.2
Expense ratio	24.8	25.4	29.6	27.9	23.6	25.1	26.1
Combined ratio	21.7	80.8	92.7	94.6	80.8	50.4	88.3



American International Group, Inc.
Mortgage Guaranty - Domestic First Lien Operating Statistics
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
1st lien new insurance written	\$ 11,057	\$ 7,605	\$ 10,752	\$ 14,230	\$ 13,817	\$ 18,662	\$ 24,373
1st lien persistency (twelve months)	83.5%	82.1%	80.1%	77.5%	76.1%	83.5%	76.1%
1st lien insurance in force	\$ 156,050	\$ 150,874	\$ 147,612	\$ 141,962	\$ 134,137	\$ 156,050	\$ 134,137
Total 1st lien primary risk in force - net of reinsurance and stop loss	\$ 38,917	\$ 37,352	\$ 36,367	\$ 35,548	\$ 32,219	\$ 38,917	\$ 32,219
Number of primary paid claims	3,015	3,057	4,041	5,626	5,074	6,072	10,195
Gross paid claims	\$ 126	\$ 140	\$ 183	\$ 253	\$ 240	\$ 266	\$ 484
Number of ending primary delinquent loans	39,801	42,781	47,518	49,932	53,036	39,801	53,036
Gross loss reserves	\$ 1,068	\$ 1,201	\$ 1,220	\$ 1,293	\$ 1,429	\$ 1,068	\$ 1,429
Primary delinquency ratio	4.8%	5.3%	5.9%	6.4%	7.1%	4.8%	7.1%
In force count	826,158	808,392	799,573	780,267	752,143	826,158	752,143
Aging of primary delinquent inventory:							
3 or fewer payments missed	29.2%	27.9%	30.4%	29.1%	26.6%	29.2%	26.6%
4-11 payments missed	25.8%	27.6%	27.1%	27.0%	28.5%	25.8%	28.5%
12-23 payments missed	18.0%	18.2%	18.0%	19.7%	21.6%	18.0%	21.6%
24-35 payments missed	10.5%	11.1%	11.3%	12.1%	12.8%	10.5%	12.8%
More than 35 payments missed	16.5%	15.2%	13.2%	12.0%	10.5%	16.5%	10.5%



American International Group, Inc.
Mortgage Guaranty
Domestic First Lien - Primary Gross Risk In Force by Vintage

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Vintage year:							
2005 and prior	8%	8%	9%	14%	16%	8%	16%
2006	5%	5%	5%	6%	7%	5%	7%
2007	9%	10%	11%	12%	13%	9%	13%
2008	5%	6%	6%	6%	7%	5%	7%
2009	2%	2%	3%	3%	3%	2%	3%
2010	3%	3%	3%	3%	4%	3%	4%
2011	7%	8%	8%	9%	10%	7%	10%
2012	20%	22%	23%	23%	25%	20%	25%
2013	30%	32%	32%	24%	15%	30%	15%
2014	11%	4%	0%	0%	0%	11%	0%



American International Group, Inc.
Condensed Balance Sheet — Parent Company Only

<i>(in millions)</i>	June 30, 2014	December 31, 2013
Assets:		
Short-term investments (1)	\$ 12,892	\$ 11,965
Other investments (2)	11,025	7,561
Total investments	23,917	19,526
Cash	160	30
Loans to subsidiaries* (3)	31,880	31,220
Due from affiliates - net*	1,418	765
Deferred income taxes	19,668	19,352
Investments in consolidated subsidiaries*	67,728	66,201
Other assets	1,426	1,489
Total assets	\$ 146,197	\$ 138,583
Liabilities:		
Intercompany tax payable*	\$ 2,863	\$ 1,419
Notes and bonds payable	14,372	14,312
Junior subordinated debt	5,550	5,533
MIP notes payable	5,650	7,963
Series AIGFP matched notes and bonds payable	2,030	3,031
Loans from subsidiaries*	806	852
Other liabilities (4)	6,765	5,003
Total liabilities	38,036	38,113
AIG Shareholders' equity:		
Common stock	4,766	4,766
Treasury stock	(16,369)	(14,520)
Additional paid-in capital	80,967	80,899
Retained earnings	27,286	22,965
Accumulated other comprehensive income	11,511	6,360
Total AIG shareholders' equity	108,161	100,470
Total liabilities and equity	\$ 146,197	\$ 138,583

* Eliminated in consolidation.

Notes:

- (1) Includes \$1.4 billion and \$1.8 billion intercompany deposit with AIG Funding as of June 30, 2014 and December 31, 2013, respectively, which are eliminated in consolidation. Also includes securities purchased under agreements to resell, including balances attributable to the DIB.
- (2) Includes investments and intercompany derivative assets attributable to the DIB. Also, June 30, 2014 includes AIG Parent's investment in AerCap of \$4.6 billion.
- (3) Represents AIG Parent's loan to Global Capital Markets (mostly through AIG Funding) and other subsidiaries.
- (4) Primarily consists of intercompany derivative liabilities (eliminated in consolidation) and accrued liabilities.



American International Group, Inc.
Condensed Statement of Operations — Parent Company Only

(in millions)	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
Revenues:							
Equity in undistributed net income (loss) of consolidated subsidiaries*	\$ 358	\$ 283	\$ (3,667)	\$ (436)	\$ 390	\$ 641	\$ 1,877
Interest income	80	83	90	73	117	163	224
Dividend income from consolidated subsidiaries*	3,145	1,702	5,048	2,428	1,984	4,847	2,388
Net realized capital gains (losses)	(46)	(62)	32	(103)	159	(108)	240
Other income	221	203	334	94	397	424	503
Expenses:							
Interest expense	410	422	463	465	482	832	1,010
Loss on extinguishment of debt	17	288	192	81	38	305	307
Other expenses	784	242	259	668	335	1,026	593
Income from continuing operations before income tax benefit	2,547	1,257	923	842	2,192	3,804	3,322
Income tax benefit	(527)	(349)	(1,066)	(1,328)	(538)	(876)	(1,618)
Income (loss) from discontinued operations	(1)	3	(11)	-	1	2	(3)
Net income attributable to AIG	\$ 3,073	\$ 1,609	\$ 1,978	\$ 2,170	\$ 2,731	\$ 4,682	\$ 4,937

* Eliminated in consolidation.



American International Group, Inc.
Condensed Statement of Cash Flows — Parent Company Only

(in millions)	Six Months Ended June 30,	
	2014	2013
Net cash provided by operating activities	\$ 5,324	\$ 698
Cash flows from investing activities:		
Sales of investments	1,677	419
Purchase of investments	(624)	(4,179)
Net change in restricted cash	(20)	422
Net change in short-term investments	65	4,129
Contributions to subsidiaries, net	111	(86)
Payments received on mortgages and other loan receivables	37	-
Loans to (from) subsidiaries, net	(530)	2,427
Other, net	(27)	432
Net cash provided by investing activities	689	3,564
Cash flows from financing activities:		
Purchase of common stock	(1,849)	-
Repayments of long-term debt	(3,314)	(4,107)
Loans from (repayments to) subsidiaries, net	(52)	128
Cash dividends paid to shareholders	(361)	-
Other, net	(307)	(257)
Net cash used in financing activities	(5,883)	(4,236)
Change in cash	130	26
Cash at beginning of period	30	81
Cash at end of period	\$ 160	\$ 107



American International Group, Inc.
Cash and Investments by Segment
(in millions)

	June 30, 2014				
	AIG Property Casualty	AIG Life and Retirement	Mortgage Guaranty	Other Operations & Eliminations (1)	AIG Inc.
Bonds available for sale, at fair value:					
U.S. government and government sponsored entities	\$ 1,763	\$ 771	\$ 46	\$ 245	\$ 2,825
Obligations of states, municipalities and political subdivisions	22,341	5,062	1,896	423	29,722
Non-U.S. governments	17,571	4,120	114	375	22,180
Corporate debt	35,501	109,873	1,557	2,825	149,756
Mortgage-backed, asset-backed and collateralized:					
RMBS	12,010	23,846	-	1,835	37,691
CMBS	2,603	9,571	99	121	12,394
CDO/ABS	5,461	9,435	131	(3,291)	11,736
Total mortgage-backed, asset-backed and collateralized	20,074	42,852	230	(1,335)	61,821
Total bonds available for sale, at fair value	97,250	162,678	3,843	2,533	266,304
Other bond securities, at fair value	1,833	2,548	-	17,049	21,430
Equity securities available for sale, at fair value	4,012	34	-	2	4,048
Other equity securities trading, at fair value	202	440	-	82	724
Mortgage and other loans receivable, net of allowance	5,634	19,781	2	(2,480)	22,937
Other invested assets	9,584	12,350	38	11,673	33,645
Cash and short-term investments	5,375	5,655	215	11,470	22,715
Total cash and investments	\$ 123,890	\$ 203,486	\$ 4,098	\$ 40,329	\$ 371,803
	December 31, 2013				
	AIG Property Casualty	AIG Life and Retirement	Mortgage Guaranty	Other Operations & Eliminations (1)	AIG Inc.
Bonds available for sale, at fair value:					
U.S. government and government sponsored entities	\$ 2,165	\$ 720	\$ 87	\$ 223	\$ 3,195
Obligations of states, municipalities and political subdivisions	22,023	3,773	2,067	1,517	29,380
Non-U.S. governments	18,329	3,606	127	447	22,509
Corporate debt	34,389	105,955	1,261	2,947	144,552
Mortgage-backed, asset-backed and collateralized:					
RMBS	11,684	22,826	-	1,638	36,148
CMBS	2,671	8,662	30	119	11,482
CDO/ABS	5,711	9,221	120	(4,044)	11,008
Total mortgage-backed, asset-backed and collateralized	20,066	40,709	150	(2,287)	58,638
Total bonds available for sale, at fair value	96,972	154,763	3,692	2,847	258,274
Other bond securities, at fair value	1,995	2,406	-	18,222	22,623
Equity securities available for sale, at fair value	3,618	36	-	2	3,656
Other equity securities trading, at fair value	198	538	-	98	834
Mortgage and other loans receivable, net of allowance	4,217	19,078	2	(2,532)	20,765
Other invested assets	9,316	13,025	24	6,294	28,659
Cash and short-term investments	6,737	7,009	216	9,896	23,858
Total cash and investments	\$ 123,053	\$ 196,855	\$ 3,934	\$ 34,827	\$ 358,669

Note:

(1) Includes AIG Parent, Global Capital Markets and Direct Investment book.



American International Group, Inc
Other Invested Assets by Segment
(in millions)

	June 30, 2014				
	AIG	AIG	Mortgage	Other Operations	AIG Inc.
	Property Casualty	Life and Retirement	Guaranty		
Alternative investments (1)	\$ 7,921	\$ 11,345	\$ 34	\$ 550	\$ 19,850
Investments in life settlements	-	-	-	3,726	3,726
Investment real estate	390	847	2	1,989	3,228
Aircraft assets (2)	-	-	-	701	701
Investment in AerCap	-	-	-	4,613	4,613
All other investments (3)	1,273	158	2	94	1,527
	\$ 9,584	\$ 12,350	\$ 38	\$ 11,673	\$ 33,645

	December 31, 2013				
	AIG	AIG	Mortgage	Other Operations	AIG Inc.
	Property Casualty	Life and Retirement	Guaranty		
Alternative investments (1)	\$ 7,846	\$ 11,208	\$ 22	\$ 633	\$ 19,709
Investments in life settlements	-	-	-	3,601	3,601
Investment real estate	312	840	-	1,961	3,113
Aircraft assets (2)	-	763	-	-	763
All other investments (3)	1,158	214	2	99	1,473
	\$ 9,316	\$ 13,025	\$ 24	\$ 6,294	\$ 28,659

Notes:

(1) Includes hedge funds, private equity funds and other investment partnerships.

(2) In 2Q14, AIG Life and Retirement transferred its investments in aircraft assets held in trusts to AIG Parent.

(3) Represents all other invested assets that are not separately presented.



American International Group, Inc.
Net Realized Capital Gains (Losses)
(dollars in millions)

	Quarterly					Year-to-date	
	2Q14	1Q14	4Q13	3Q13	2Q13	2014	2013
AIG Property Casualty							
Bonds available for sale	\$ 41	\$ 86	\$ 90	\$ 33	\$ 66	\$ 127	\$ 120
Stocks available for sale	35	26	17	13	20	61	37
Other transactions	9	6	27	(19)	14	15	18
Other than temporary impairments:							
Severity	-	-	(1)	-	(3)	-	(5)
Change in intent	(1)	-	-	-	-	(1)	(2)
Foreign currency declines	(6)	(1)	(1)	-	-	(7)	-
Issuer-specific credit events	(11)	(14)	(10)	(13)	(5)	(25)	(20)
Adverse projected cash flows	(2)	-	-	-	(1)	(2)	(1)
Total other than temporary impairments	(20)	(15)	(12)	(13)	(9)	(35)	(28)
Foreign exchange transactions	37	29	107	45	94	66	144
Derivative instruments	25	10	(62)	(9)	(76)	35	(128)
Total pre-tax net realized capital gains	\$ 127	\$ 142	\$ 167	\$ 50	\$ 109	\$ 269	\$ 163
AIG Life and Retirement							
Bonds available for sale	\$ 78	\$ 97	\$ 286	\$ 457	\$ 1,253	\$ 175	\$ 1,508
Stocks available for sale	-	2	-	(1)	21	2	37
Other transactions	4	(4)	20	(27)	(32)	-	(37)
Other than temporary impairments:							
Change in intent	-	(5)	(44)	-	-	(5)	-
Foreign currency declines	-	(3)	-	-	-	(3)	-
Issuer-specific credit events	(33)	(35)	(30)	(38)	(37)	(68)	(59)
Adverse projected cash flows	(2)	(1)	-	-	-	(3)	(6)
Total other than temporary impairments	(35)	(44)	(74)	(38)	(37)	(79)	(65)
Foreign exchange transactions	18	6	(26)	(62)	(7)	24	70
Derivative instruments	(21)	(378)	(153)	69	232	(399)	73
Total pre-tax net realized capital gains (losses)	\$ 44	\$ (321)	\$ 53	\$ 398	\$ 1,430	\$ (277)	\$ 1,586
Other Operations							
Bonds available for sale	\$ 62	\$ 2	\$ (7)	\$ -	\$ (46)	\$ 64	\$ (55)
Stocks available for sale	-	-	8	-	(1)	-	-
Other transactions (1)	(38)	(45)	(653)	(68)	(28)	(83)	(71)
Other than temporary impairments:							
Change in intent	-	-	-	(1)	-	-	(1)
Total other than temporary impairments	-	-	-	(1)	-	-	(1)
Foreign exchange transactions	(102)	(9)	(65)	(259)	(5)	(111)	197
Derivative instruments	8	18	98	132	132	26	72
Total pre-tax net realized capital gains (losses)	\$ (70)	\$ (34)	\$ (619)	\$ (196)	\$ 52	\$ (104)	\$ 142
Total AIG							
Bonds available for sale	\$ 181	\$ 185	\$ 369	\$ 490	\$ 1,273	\$ 366	\$ 1,573
Stocks available for sale	35	28	25	12	40	63	74
Other transactions (1)	(25)	(43)	(606)	(114)	(46)	(68)	(90)
Other than temporary impairments:							
Severity	-	-	(1)	-	(3)	-	(5)
Change in intent	(1)	(5)	(44)	(1)	-	(6)	(3)
Foreign currency declines	(6)	(4)	(1)	-	-	(10)	-
Issuer-specific credit events	(44)	(49)	(40)	(51)	(42)	(93)	(79)
Adverse projected cash flows	(4)	(1)	-	-	(1)	(5)	(7)
Total other than temporary impairments	(55)	(59)	(86)	(52)	(46)	(114)	(94)
Foreign exchange transactions	(47)	26	16	(276)	82	(21)	411
Derivative instruments	12	(350)	(117)	192	288	(338)	17
Total pre-tax net realized capital gains (losses)	\$ 101	\$ (213)	\$ (399)	\$ 252	\$ 1,591	\$ (112)	\$ 1,891
Total net realized gains (losses), net of tax	\$ 111	\$ (138)	\$ (253)	\$ 175	\$ 1,034	\$ (27)	\$ 1,235

Note:

(1) Includes impairments on investments in life settlements.