

2014 年 12 月期 年次決算短信

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
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1. 本国における決算発表日 2015 年 2 月 12 日

2. 定時株主総会開催日 2015 年 5 月 13 日

3. 業績 (注 1：下記の数字は 2014 年 12 月 31 日現在の会計方法に従い算出したものである。)

| | 年 次 決 算 | | |
|-----------------|--------------|--------------|---------|
| | 当年度 (2014 年) | 前年度 (2013 年) | 増減率 (%) |
| 売上高又は営業収入 | 64,406 百万ドル | 68,874 百万ドル | △6.5 |
| 純利益 (税引後) | 7,529 百万ドル | 9,085 百万ドル | △17.1 |
| 1 株当たり純利益 (注 2) | 5.20 ドル | 6.13 ドル | △15.2 |

| | 第 4 四半期 (10 月～12 月の 3 ヶ月間) | | |
|-----------------|----------------------------|-------------|---------|
| | 当期 | 前年同期 | 増減率 (%) |
| 売上高又は営業収入 | 15,410 百万ドル | 17,400 百万ドル | △11.4 |
| 純利益 (税引後) | 655 百万ドル | 1,978 百万ドル | △66.9 |
| 1 株当たり純利益 (注 2) | 0.46 ドル | 1.34 ドル | △65.7 |

| | 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 | 0.125 ドル | 0.10 ドル | |
| 第 4 四半期 | 0.125 ドル | 0.10 ドル | |
| 合計 | 0.50 ドル | 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。

4. 概況・特記事項・その他

上記 3. の各数値は、会社の 2015 年 2 月 12 日付けプレス・リリースおよび Quarterly Financial Supplement Fourth 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 Fourth Quarter 2014 を添付する。



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**AIG REPORTS FOURTH QUARTER 2014 NET INCOME OF \$655 MILLION
 AND DILUTED EARNINGS PER SHARE OF \$0.46**

- Book value per share grew 13 percent from year-end 2013 to \$77.69
- Fourth quarter 2014 net income included an after-tax loss on extinguishment of debt of \$824 million, or \$0.58 per diluted share, associated with liability management activities
- Fourth quarter 2014 after-tax operating income of \$1.4 billion, or \$0.97 per diluted share
- Fourth quarter 2014 after-tax operating income reflected reductions in workers' compensation discount and total adverse prior year reserve development of \$562 million after-tax, or \$0.40 per diluted share
- Approximately \$1.5 billion in share repurchases during the fourth quarter of 2014, and \$4.9 billion for full year 2014
- On February 12, 2015, AIG's Board of Directors authorized the repurchase of additional shares of AIG Common Stock with an aggregate purchase price of up to \$2.5 billion and declared a quarterly dividend of \$0.125 per share
- Further strengthened the financial flexibility of AIG Parent with distributions from its insurance companies totaling \$13.2 billion, consisting of \$9.4 billion of dividend and loan repayments in 2014, \$1 billion of net tax payments in 2014, plus \$2.8 billion of dividend and loan repayments in January 2015

NEW YORK, February 12, 2015 – American International Group, Inc. (NYSE: AIG) today reported net income attributable to AIG of \$655 million, or \$0.46 per diluted share, for the quarter ended December 31, 2014, compared to \$2.0 billion, or \$1.34 per diluted share, for the fourth quarter of 2013. Full year 2014 net income attributable to AIG was \$7.5 billion, or \$5.20 per diluted share, compared with \$9.1 billion, or \$6.13 per diluted share, for full year 2013. Reported net income included an after-tax loss on extinguishment of debt of \$824 million, or \$0.58 per diluted share, associated with liability management activities during the fourth quarter of 2014.

After-tax operating income was \$1.4 billion, or \$0.97 per diluted share, for the fourth quarter of 2014, compared to \$1.7 billion, or \$1.13 per diluted share, in the prior-year quarter. After-tax operating income for full year 2014 was \$6.6 billion, or \$4.58 per diluted share, compared to \$6.7 billion, or \$4.49 per diluted share, for full year 2013. Operating results in the fourth quarter of 2014 reflected a pre-tax reduction in workers' compensation discount of \$568 million, as well as total adverse prior year reserve development, net of premium adjustments, of \$297 million before taxes.



In addition, the Life operating segment recorded a pre-tax charge of \$104 million in the fourth quarter of 2014 to increase reserves for incurred but not reported death claims, which reflected continuing efforts to identify deceased policyholders where a valid death claim has not been filed, pursuant to the resolution of a multi-state audit and market conduct examination. These items are further discussed in the segment results that follow.

“Our fourth quarter results showed progress on expense control, ongoing investments in our businesses, and our commitment to balance sheet management,” said Peter D. Hancock, AIG President and Chief Executive Officer. “AIG’s diversified and balanced business mix allowed for stable total insurance profits. Our strong balance sheet and continued profitability contributed to positive capital management in the fourth quarter, in the form of common stock and debt repurchases. We continued to optimize our funding profile by replacing high-cost legacy debt with new issuances at lower interest rates. Book value per share excluding AOCI and DTA increased 12 percent compared to year-end 2013. Our continued focus on managing our balance sheet to reflect our improved risk profile, combined with continued insurance company dividends, has contributed to the Board’s approval of an additional \$2.5 billion share buyback authorization.

“Looking back on 2014, it was a year of transition and transformation, as we took important steps toward our goal of becoming the world’s most valued insurer,” Mr. Hancock continued. “Our focus on value benefits our customers and our shareholders, and leverages our global scale to achieve the right balance between growth, profitability, and risk. We began several value-based initiatives in 2014 and will continue these efforts in 2015. We remain committed to streamlining our operations and reducing our cost structure. Beginning this quarter, we are providing more information and detail in our disclosures on expenses and investments, which we’ll discuss further on tomorrow’s earnings call.

“As of this quarter, our businesses are now reported in two segments: Commercial Insurance and Consumer Insurance,” Mr. Hancock said. “This segmentation reinforces our focus on the ultimate client group being served, not the product being delivered, and we’ve made acquisitions and investments along these lines. We acquired Ageas Protect late last year and agreed to acquire Laya Healthcare last month. During 2014, we made substantial progress on the merger integration of Fuji Fire and Marine and AIU in Japan; there is still work to be done and the integration remains on track. We have invested in risk engineering capabilities that deliver greater value to our customers, and we have implemented our fully integrated OneClaim[®] system in 20 countries, which is used by 6,500 examiners across our Consumer and Commercial segments. We are committed to improving our technology infrastructure to better serve our customers, as well as providing holistic insurance solutions that create value today and encourage confidence in the future.”

CAPITAL AND LIQUIDITY

- AIG shareholders’ equity totaled \$106.9 billion at December 31, 2014.
- In the fourth quarter of 2014, AIG issued an additional \$750 million of its 4.500% Notes due 2044 (\$1.5 billion aggregate principal amount of which were originally issued in July 2014). For full year 2014, AIG issued approximately \$3.3 billion of senior unsecured debt. Additionally, in January 2015, AIG issued \$2.0 billion of senior unsecured debt (\$1.2 billion aggregate principal amount of 3.875% Notes due 2035 and \$800 million aggregate principal amount of 4.375%



Notes due 2055).

- In the fourth quarter of 2014, AIG repurchased approximately \$2.8 billion notional of high coupon AIG hybrid and senior notes for an aggregate purchase price of \$3.7 billion. For full year 2014, AIG repurchased \$5.0 billion notional of high coupon AIG hybrid and senior notes for an aggregate purchase price of \$6.5 billion. These 2014 AIG liability management activities, which do not include Direct Investment book (DIB) liability management, will result in annual interest savings of approximately \$249 million per year. The economic value captured by these 2014 full year liability management activities totaled roughly \$550 million.
- In the fourth quarter of 2014, AIG repurchased or redeemed approximately \$2.5 billion notional amount of DIB debt for an aggregate purchase price of \$3.0 billion, using cash allocated to the DIB. For full year 2014, total repurchased or redeemed DIB debt was approximately \$7.5 billion notional for an aggregate purchase price of \$8.4 billion.
- In the fourth quarter of 2014, AIG repurchased 27.9 million shares of AIG Common Stock. This included 3.9 million shares received in October 2014 upon the settlement of an accelerated share repurchase agreement executed in the third quarter of 2014, as well as the initial delivery of approximately 9.2 million shares pursuant to an accelerated share repurchase agreement executed in December 2014 (which settled in January 2015 with the delivery to AIG of approximately 3.5 million additional shares).
- AIG Parent liquidity sources decreased to \$14.3 billion at year-end 2014, which included \$9.8 billion of cash, short-term investments, and unencumbered fixed maturity securities, from \$17.6 billion at year-end 2013, which included \$13.1 billion of cash, short-term investments, and unencumbered fixed maturity securities.



AFTER-TAX OPERATING INCOME

In the fourth quarter of 2014, AIG completed its previously announced reorganization and modified its presentation of results to reflect its new operating structure. The new operating structure includes two reportable segments, Commercial Insurance and Consumer Insurance, and a Corporate and Other category. The Corporate and Other category consists of businesses and items not allocated to AIG's reportable segments. Prior to the fourth quarter of 2014, AIG reported its results through two reportable segments, AIG Property Casualty and AIG Life and Retirement.

| <i>(\$ in millions)</i> | Three Months Ended | | Full-Year Ended | |
|--|---------------------------|-----------------|------------------------|-----------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Pre-tax operating income | | | | |
| Insurance Operations | | | | |
| Commercial Insurance | | | | |
| Property Casualty | \$ 935 | \$ 734 | \$ 4,248 | \$ 4,095 |
| Mortgage Guaranty | 171 | 48 | 592 | 205 |
| Institutional Markets | 118 | 191 | 670 | 680 |
| Total Commercial Insurance | 1,224 | 973 | 5,510 | 4,980 |
| Consumer Insurance | | | | |
| Retirement | 722 | 957 | 3,495 | 3,490 |
| Life | 80 | 215 | 580 | 806 |
| Personal Insurance | 121 | (9) | 399 | 268 |
| Total Consumer Insurance | 923 | 1,163 | 4,474 | 4,564 |
| Total Insurance Operations | 2,147 | 2,136 | 9,984 | 9,544 |
| Corporate and Other | (357) | 296 | (388) | (319) |
| Consolidations, eliminations and other adjustments | (50) | 48 | (22) | 165 |
| Pre-tax operating income | 1,740 | 2,480 | 9,574 | 9,390 |
| Income tax expense | (369) | (810) | (2,959) | (2,703) |
| Net income (loss) attributable to noncontrolling interests | - | (4) | 15 | (37) |
| After-tax operating income | \$ 1,371 | \$ 1,666 | \$ 6,630 | \$ 6,650 |
| After-tax operating income per diluted common share | \$ 0.97 | \$ 1.13 | \$ 4.58 | \$ 4.49 |
| Effective tax rate on Pre-tax operating income | 21.2% | 32.7% | 30.9% | 28.8% |

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

COMMERCIAL INSURANCE

Pre-tax operating income increased to \$1.2 billion in the fourth quarter of 2014 from \$973 million in the prior-year quarter, primarily due to improved underwriting results from Property Casualty and Mortgage Guaranty, partially offset by lower net investment income from Property Casualty and Institutional Markets.

**PROPERTY CASUALTY**

| (\$ in millions) | Three Months Ended | | |
|--|--------------------|----------|-----------|
| | December 31, | | |
| | 2014 | 2013 | Change |
| Net premiums written | \$ 4,692 | \$ 4,851 | (3) % |
| Net premiums earned | 5,207 | 5,305 | (2) |
| Underwriting loss | (173) | (460) | 62 |
| Net investment income | 1,108 | 1,194 | (7) |
| Pre-tax operating income | \$ 935 | \$ 734 | 27 % |
| Underwriting ratios: | | | |
| Loss ratio | 75.0 | 78.1 | (3.1) pts |
| Acquisition ratio | 16.0 | 16.0 | - |
| General operating expense ratio | 12.4 | 14.6 | (2.2) |
| Combined ratio | 103.4 | 108.7 | (5.3) pts |
| Accident year loss ratio, as adjusted | 65.9 | 67.5 | (1.6) |
| Accident year combined ratio, as adjusted | 94.3 | 98.1 | (3.8) pts |
| Catastrophe-related losses | \$ 35 | \$ 188 | |
| Severe losses | 66 | 260 | |
| Prior year loss reserve development unfavorable, net of reinsurance and premium adjustments | 227 | 48 | |
| Net reserve discount charge | 229 | 322 | |

Property Casualty's increase in pre-tax operating income is attributable to improved underwriting results, partially offset by lower net investment income. The combined ratio decreased 5.3 points to 103.4 in the fourth quarter of 2014 due to a lower loss ratio and a decrease in the general operating expense ratio. The loss ratio decreased 3.1 points to 75.0 in the fourth quarter of 2014, primarily due to lower catastrophe losses and lower discount expense for workers' compensation reserves, partially offset by higher net adverse prior year loss reserve development compared to the prior-year quarter.

Catastrophe losses were \$35 million in the fourth quarter of 2014, compared to \$188 million in the fourth quarter of 2013. Net unfavorable prior year loss reserve development, including return premiums, was \$227 million, primarily attributable to Environmental and Financial lines businesses, compared to \$48 million, net of additional premiums, for the fourth quarter of 2013. In the fourth quarter 2014, net reserve discount expense decreased by \$93 million to \$229 million, primarily due to the update to the discount rates used on workers' compensation reserves, the annual updates of AIG's exposure to workers' compensation claims, including assumptions about payout patterns, medical inflation, and AIG's efforts to contain claims costs.

The fourth quarter 2014 accident year loss ratio, as adjusted, decreased due to a decline in severe losses and lower current accident year losses in Financial lines, partially offset by an increase in the frequency of non-severe losses, particularly in Property and Specialty. The acquisition ratio remained unchanged, reflecting a continuing business mix shift to more profitable lines of business that have higher commission rates, offset by higher ceding commission on new quota share reinsurance contracts. The general operating expense ratio decreased 2.2 points to 12.4, primarily due to efficiencies from organizational realignment initiatives, partially offset by increased technology-related expenses.



Reported fourth quarter 2014 net premiums written decreased 3 percent compared to the prior-year quarter. Excluding the effects of foreign exchange and return premiums on loss-sensitive business, net premiums written declined 1 percent compared to the prior-year quarter. This decrease was primarily due to lower retention of renewal business and decreased new business reflecting continued discipline in U.S. Casualty, largely offset by new business growth in Financial lines and Property.

MORTGAGE GUARANTY

| <i>(\$ in millions)</i> | Three Months Ended | | | |
|---|---------------------------|--------------|---------------|----------|
| | December 31, | | | |
| | 2014 | 2013 | Change | |
| Net premiums written | \$ 273 | \$ 255 | 7 | % |
| Net premiums earned | 238 | 203 | 17 | |
| Underwriting income | 136 | 15 | NM | |
| Net investment income | 35 | 33 | 6 | |
| Pre-tax operating income | \$ 171 | \$ 48 | 256 | % |
| Underwriting ratios: | | | | |
| Loss ratio | 20.6 | 63.1 | (42.5) | pts |
| Acquisition ratio | 7.1 | 9.9 | (2.8) | |
| General operating expense ratio | 15.1 | 19.7 | (4.6) | |
| Combined ratio | 42.8 | 92.7 | (49.9) | |
| Accident year loss ratio, as adjusted | 33.2 | 50.7 | (17.5) | |
| Accident year combined ratio, as adjusted | 55.4 | 80.3 | (24.9) | pts |
| Prior year loss reserve development (favorable)/unfavorable | \$ (30) | \$ 25 | NM | % |
| New insurance written | 11,023 | 10,859 | 2 | |

Mortgage Guaranty's pre-tax operating income increased to \$171 million for the fourth quarter of 2014, compared to pre-tax operating income of \$48 million in the prior-year quarter, resulting from decreased losses and loss adjustment expenses incurred, an increase in first-lien premiums earned, and a litigation settlement related to second-lien mortgages. The improvement in loss ratio reflected \$30 million of favorable prior year loss reserve development compared to adverse prior year loss reserve development of \$25 million for the same period in 2013, lower new delinquencies, and an increased cure rate. The decrease in the acquisition ratio was primarily due to the reduction in expenses of sales support activities, and the decline in the general operating expense ratio was primarily due to an increase in first-lien net premiums earned, primarily due to higher persistency.

Net premiums written increased 7 percent to \$273 million compared to the prior-year quarter. Domestic first-lien new insurance written remained constant at \$10.7 billion in principal of loans insured. New business written during the fourth quarter of 2014 had an average FICO score of 750 and an average loan-to-value ratio of 92 percent.

**INSTITUTIONAL MARKETS**

| (\$ in millions) | Three Months Ended | | |
|--------------------------|--------------------|--------|--------|
| | December 31, | | |
| | 2014 | 2013 | Change |
| Operating revenues: | | | |
| Premiums | \$ 64 | \$ 123 | (48) % |
| Policy fees | 49 | 29 | 69 |
| Net investment income | 435 | 550 | (21) |
| Total operating revenues | 548 | 702 | (22) |
| Benefits and expenses | 430 | 511 | (16) |
| Pre-tax operating income | \$ 118 | \$ 191 | (38) % |
| Premiums and deposits | 615 | 294 | NM |

Institutional Markets pre-tax operating income decreased to \$118 million, primarily due to lower returns on alternative investments compared to the prior-year quarter. The decrease in net investment income was partially offset by higher fee income driven by growth in assets under management, primarily from the stable value wrap business. The increase in premiums and deposits compared to the prior-year quarter was primarily driven by a \$450 million guaranteed investment contract issued in the fourth quarter of 2014.

CONSUMER INSURANCE

Consumer Insurance pre-tax operating income decreased to \$923 million in the fourth quarter of 2014 compared to \$1.2 billion in the prior-year quarter, which reflected lower net investment income, primarily from lower returns on alternative investments, and additional Life reserves, as discussed below. These items were partially offset by favorable performance from the businesses in the fourth quarter of 2014 compared to the prior-year quarter, which included effective crediting rate management that partially offset lower base yields; growth in policy fees and assets under management, primarily from strong sales of variable and index annuities in Retirement; and higher underwriting income in Personal Insurance, primarily from improved loss experience and lower general operating expenses.

RETIREMENT

| (\$ in millions) | Three Months Ended | | |
|--------------------------|--------------------|--------|--------|
| | December 31, | | |
| | 2014 | 2013 | Change |
| Operating revenues: | | | |
| Premiums | \$ 66 | \$ 68 | (3) % |
| Policy fees | 259 | 231 | 12 |
| Net investment income | 1,581 | 1,771 | (11) |
| Other income | 511 | 467 | 9 |
| Total operating revenues | 2,417 | 2,537 | (5) |
| Benefits and expenses | 1,695 | 1,580 | 7 |
| Pre-tax operating income | \$ 722 | \$ 957 | (25) % |
| Premiums and deposits | 6,003 | 6,742 | (11) |

Retirement pre-tax operating income of \$722 million for the fourth quarter of 2014 decreased from \$957 million in the prior-year quarter, primarily due to favorable equity market performance in the fourth quarter of 2013 that impacted alternative investment income, future policy benefits, and



related amortization of deferred policy acquisition costs. Declines in base investment yield compared to the prior-year quarter, due to reinvestment at rates below the weighted average yield of the overall portfolio, were partially offset by effective spread management achieved through disciplined new business pricing and management of renewal crediting rates.

Policy fees grew over the prior-year quarter on continued growth in assets under management, driven by strong sales of variable and index annuities in Retirement Income Solutions and separate account investment performance, partially offset by net outflows in Fixed Annuities and Group Retirement, which have been affected by the low interest rate environment and the loss of certain large group plans. Other income includes advisory fees, which also increased over the prior-year quarter from growth in assets under management.

Premiums and deposits decreased, primarily due to a decline in Retail Mutual Fund sales compared to the fourth quarter of 2013, partially offset by an 8 percent sales growth in Retirement Income Solutions, principally from index annuities.

LIFE

| <i>(\$ in millions)</i> | Three Months Ended | | |
|--|---------------------------|-------------|---------------|
| | December 31, | | |
| | 2014 | 2013 | Change |
| Operating revenues: | | | |
| Premiums | \$ 675 | \$ 665 | 2 % |
| Policy Fees | 365 | 345 | 6 |
| Net investment income | 536 | 586 | (9) |
| Total operating revenues | 1,576 | 1,596 | (1) |
| Benefits and expenses | 1,496 | 1,381 | 8 |
| Pre-tax operating income | \$ 80 | \$ 215 | (63) % |
| Premiums and deposits | 1,249 | 1,233 | 1 |
| Gross life insurance in force, end of period | \$ 1,000,703 | \$ 916,599 | 9 % |

Life pre-tax operating income of \$80 million decreased compared to the prior-year quarter, primarily due to a charge of approximately \$104 million in the fourth quarter of 2014 to increase reserves for incurred but not reported death claims, which reflected continuing efforts to identify deceased insureds and their beneficiaries where a valid claim has not been filed primarily in a legacy block of small face amount policies, pursuant to the resolution of a previously disclosed multi-state audit and market conduct examination. The decrease in pre-tax operating income also reflected lower net investment income compared to the fourth quarter of 2013, primarily from lower hedge fund alternative investment returns, as well as lower base yield from reinvestment at rates below the weighted average yield of the overall portfolio.

On December 31, 2014, AIG acquired Ageas Protect Limited, a leading provider of life protection products in the United Kingdom.

**PERSONAL INSURANCE**

| <i>(\$ in millions)</i> | Three Months Ended | | |
|---|---------------------------|-------------|---------------|
| | December 31, | | |
| | 2014 | 2013 | Change |
| Net premiums written | \$ 2,866 | \$ 2,962 | (3) % |
| Net premiums earned | 2,926 | 3,069 | (5) |
| Underwriting income (loss) | 39 | (132) | NM |
| Net investment income | 82 | 123 | (33) |
| Pre-tax operating income (loss) | \$ 121 | \$ (9) | NM % |
| Underwriting ratios: | | | |
| Loss ratio | 51.2 | 57.8 | (6.6) pts |
| Acquisition ratio | 28.7 | 26.0 | 2.7 |
| General operating expense ratio | 18.8 | 20.5 | (1.7) |
| Combined ratio | 98.7 | 104.3 | (5.6) |
| Accident year loss ratio, as adjusted | 52.1 | 58.2 | (6.1) |
| Accident year combined ratio, as adjusted | 99.6 | 104.7 | (5.1) pts |
| Catastrophe-related losses | \$ 8 | \$ 20 | |
| Severe losses | 13 | 17 | |
| Prior year loss reserve development (favorable) | | | |
| unfavorable, net of reinsurance and premium adjustments | (35) | (30) | |

Personal Insurance pre-tax operating income increased to \$121 million from the prior-year quarter due to improved underwriting results, partially offset by lower net investment income. The combined ratio decreased 5.6 points to 98.7 due to improvements in the loss ratio and general operating expense ratio, partially offset by an increase in the acquisition ratio.

The loss ratio decreased 6.6 points to 51.2, and the accident year loss ratio, as adjusted, decreased 6.1 points to 52.1, reflecting improvements across all lines of business. Further, lower catastrophe losses and higher favorable prior year loss reserve development also contributed to the lower loss ratio.

Improvement in the accident year loss ratio, as adjusted, for the U.S. warranty service programs business was largely offset by an increase in the related profit sharing arrangement, which contributed to the increase in the acquisition ratio. The general operating expense ratio decreased 1.7 points, primarily due to efficiencies from organizational realignment initiatives, partially offset by increased technology-related expenses.

Excluding the effects of foreign exchange, fourth quarter 2014 net premiums written increased 2 percent from the prior-year quarter. Personal Insurance continues to benefit from growth in the automobile and property lines of business, which was partially offset by declines in certain classes of the Accident and Health business, due to the focus on maintaining underwriting discipline.



CORPORATE AND OTHER

| (\$ in millions) | Three Months Ended | | |
|--|--------------------|--------|--------|
| | December 31, | | |
| | 2014 | 2013 | Change |
| Pre-tax operating income (loss): | | | |
| Direct Investment book | \$ 174 | \$ 418 | (58) % |
| Global Capital Markets | 27 | 194 | (86) |
| Runoff insurance lines | (422) | 369 | NM |
| Other businesses | 119 | 125 | (5) |
| AIG Parent and Other: | | | |
| Equity in pre-tax operating earnings of AerCap | 185 | - | NM |
| Fair value of PICC Group shares | 67 | - | NM |
| Corporate expenses, net | (236) | (218) | 8 |
| Severance expense | - | (265) | NM |
| Interest expense | (271) | (328) | (17) |
| Total AIG Parent and Other | (255) | (811) | (69) |
| Consolidation and elimination | - | 1 | NM |
| Pre-tax operating income (loss) | \$ (357) | \$ 296 | NM % |

DIB pre-tax operating income decreased in the fourth quarter of 2014 compared to the prior-year quarter, driven by lower asset appreciation and declines in net credit valuation adjustments on assets and liabilities for which the fair value option was elected, partially offset by lower interest expense on borrowing resulting from redemptions and repurchases of DIB debt in 2014.

Global Capital Markets pre-tax operating income decreased in the fourth quarter of 2014 compared to the prior-year quarter, due to declines in unrealized market valuation gains related to the super senior credit default swap (CDS) portfolio, and declines in net credit valuation adjustments on derivative assets and liabilities.

Runoff insurance lines pre-tax operating income decreased in the fourth quarter of 2014 compared to the prior-year quarter, primarily due to a discount charge due to the decline in the discount rate consistent with the movement of the forward U.S. Treasury curve during 2014, as well as accelerated reductions of loss reserves in the Excess Workers' Compensation class of business due to commutations of assumed reinsurance and individual claim settlements during 2014.

Interest expense declined in the fourth quarter of 2014 compared to the prior-year quarter due to ongoing liability management activities.

CONFERENCE CALL

AIG will host a conference call tomorrow, Friday, February 13, 2015, at 8:00 a.m. ET 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, sovereign bond issuers, the energy sector and currency exchange rates; AIG’s exposure to European governments and European financial institutions; AIG’s strategy for risk management; AIG’s generation of deployable capital; AIG’s return on equity and earnings per share; AIG’s strategies to grow net investment income, efficiently manage capital and reduce expenses; AIG’s strategies for customer retention, growth, product development, market position, financial results and reserves; and the revenues and combined ratios of AIG’s subsidiaries. It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include: changes in market conditions; the occurrence of catastrophic events, both natural and man-made; significant legal proceedings; the timing and applicable requirements of any new regulatory framework to which AIG is subject as a nonbank systemically important financial institution and as a global systemically important insurer; concentrations in AIG’s investment portfolios; actions by credit rating agencies; judgments concerning casualty insurance underwriting and insurance liabilities; judgments concerning the recognition of deferred tax assets; and such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2014, June 30, 2014 and March 31, 2014, 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 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, 2014 (which will be filed with the Securities and Exchange Commission). AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions, or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

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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 and representative of our business results. 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 of America.” 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 Fourth Quarter 2014 Financial Supplement available in the Investor Information section of AIG's website, www.aig.com.

Book Value Per Share Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value Per Share Excluding AOCI and DTA (Deferred Tax Assets) are used to show the amount of AIG's net worth on a per-share basis. AIG believes these measures are useful to investors because they eliminate the effect of non-cash items that can fluctuate significantly from period to period, including changes in fair value of AIG's available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. Book Value Per Share Excluding AOCI is derived by dividing Total AIG shareholders' equity, excluding AOCI, by Total common shares outstanding. Book Value Per Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, by Total common shares outstanding.

AIG uses the following operating performance measures because it believes they enhance the understanding of the underlying profitability of continuing operations and trends of AIG's business segments. AIG believes they also allow for more meaningful comparisons with AIG's insurance competitors. When AIG uses these measures, reconciliations to the most comparable GAAP measure are provided, on a consolidated basis.

After-tax operating income attributable to AIG is derived by excluding the following items from net income attributable to AIG: income or loss from discontinued operations; income and loss from divested businesses (including gain on the sale of International Lease Finance Corporation (ILFC) and certain post-acquisition transaction expenses incurred by AerCap Holdings N.V. (AerCap) in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and related tax effects); legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments; legal reserves and settlements related to "legacy crisis matters"; deferred income tax valuation allowance releases and charges; changes in fair value of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense); changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses; other income and expense — net, related to Corporate and Other runoff insurance lines; loss on extinguishment of debt; net realized capital gains and losses; and non-qualifying derivative hedging activities, excluding net realized capital gains and 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 as the plaintiff in connection with such legal matters. See page 15 for the reconciliation of Net income attributable to AIG to After-tax operating income attributable to AIG.

AIG uses the following operating performance measures within its Commercial Insurance and Consumer Insurance reportable segments as well as Corporate and Other.

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



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

Ratios: AIG, 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 losses and loss adjustment expenses, and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.

Accident year loss and combined ratios, as adjusted: both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each.

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

Pre-tax operating income is derived by excluding the following items from pre-tax income: 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 and losses; and changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses.

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

Corporate and Other

Pre-tax operating income and loss is derived by excluding the following items from pre-tax income and loss: certain legal reserves and settlements related to legacy crisis matters described above; loss on extinguishment of debt; net realized capital gains and losses; changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; income and loss from divested businesses, including Aircraft Leasing; and net gain or loss on sale of divested businesses (including gain on the sale of ILFC and certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and AIG's 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 global insurance organization serving customers in more than 100 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: [@AIG_LatestNews](https://twitter.com/AIG_LatestNews) | 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.
Selected Financial Data and Non-GAAP Reconciliation
(\$ in millions, except per share data)

| | Three Months Ended December 31, | | | Twelve Months Ended December 31, | | |
|--|---------------------------------|-----------------|------------------|----------------------------------|-----------------|------------------|
| | 2014 | 2013 | % Inc. (Dec.) | 2014 | 2013 | % Inc. (Dec.) |
| Reconciliations of Pre-tax and After-tax Operating Income: | | | | | | |
| <i>Pre-tax income from continuing operations</i> | \$ 729 | \$ 2,150 | (66.1)% | \$ 10,501 | \$ 9,368 | 12.1 % |
| Adjustments to arrive at Pre-tax operating income: | | | | | | |
| Changes in fair value of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense | (98) | 33 | NM | (260) | 161 | NM |
| Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses) | 127 | 112 | 13.4 | 217 | 1,608 | (86.5) |
| Other (income) expense - net | - | 72 | NM | - | 72 | NM |
| Loss on extinguishment of debt | 1,268 | 192 | NM | 2,282 | 651 | 250.5 |
| Net realized capital (gains) losses | (193) | 346 | NM | (739) | (1,939) | 61.9 |
| (Income) loss from divested businesses, including gain on sale of ILFC | 20 | 190 | (89.5) | (2,169) | 177 | NM |
| Legal settlements related to legacy crisis matters | (113) | (634) | 82.2 | (804) | (1,152) | 30.2 |
| Legal reserves related to legacy crisis matters | - | 19 | NM | 546 | 444 | 23.0 |
| Pre-tax operating income | <u>\$ 1,740</u> | <u>\$ 2,480</u> | (29.8) | <u>\$ 9,574</u> | <u>\$ 9,390</u> | 2.0 |
| <i>Net income attributable to AIG</i> | \$ 655 | \$ 1,978 | (66.9) | \$ 7,529 | \$ 9,085 | (17.1) |
| Adjustments to arrive at after-tax operating income (amounts are net of tax): | | | | | | |
| Uncertain tax positions and other tax adjustments | 73 | 65 | 12.3 | 59 | 791 | (92.5) |
| Deferred income tax valuation allowance releases | (20) | (540) | 96.3 | (181) | (3,237) | 94.4 |
| Changes in fair value of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense | (64) | 22 | NM | (169) | 105 | NM |
| Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses) | 82 | 74 | 10.8 | 141 | 1,148 | (87.7) |
| Other (income) expense - net | - | 47 | NM | - | 47 | NM |
| Loss on extinguishment of debt | 824 | 125 | NM | 1,483 | 423 | 250.6 |
| Net realized capital (gains) losses | (105) | 208 | NM | (470) | (1,285) | 63.4 |
| (Income) loss from discontinued operations | 35 | (11) | NM | 50 | (84) | NM |
| (Income) loss from divested businesses, including gain on sale of ILFC | (9) | 97 | NM | (1,462) | 117 | NM |
| Legal settlements related to legacy crisis matters | (100) | (399) | 74.9 | (350) | (460) | 23.9 |
| After-tax operating income attributable to AIG | <u>\$ 1,371</u> | <u>\$ 1,666</u> | (17.7) | <u>\$ 6,630</u> | <u>\$ 6,650</u> | (0.3) |
| Income (loss) per common share: | | | | | | |
| <i>Basic</i> | | | | | | |
| Income from continuing operations | \$ 0.50 | \$ 1.34 | (62.7) | \$ 5.31 | \$ 6.11 | (13.1) |
| Income (loss) from discontinued operations | (0.03) | 0.01 | NM | (0.04) | 0.05 | NM |
| Net income attributable to AIG | <u>\$ 0.47</u> | <u>\$ 1.35</u> | (65.2) | <u>\$ 5.27</u> | <u>\$ 6.16</u> | (14.4) |
| <i>Diluted</i> | | | | | | |
| Income from continuing operations | \$ 0.49 | \$ 1.33 | (63.2) | \$ 5.24 | \$ 6.08 | (13.8) |
| Income (loss) from discontinued operations | (0.03) | 0.01 | NM | (0.04) | 0.05 | NM |
| Net income attributable to AIG | <u>\$ 0.46</u> | <u>\$ 1.34</u> | (65.7) | <u>\$ 5.20</u> | <u>\$ 6.13</u> | (15.2) |
| After-tax operating income attributable to AIG per diluted share | <u>\$ 0.97</u> | <u>\$ 1.13</u> | (14.2)% | <u>\$ 4.58</u> | <u>\$ 4.49</u> | 2.0 |
| Weighted average shares outstanding: | | | | | | |
| Basic | 1,391.8 | 1,468.7 | | 1,428.0 | 1,474.2 | |
| Diluted | 1,412.2 | 1,480.7 | | 1,447.6 | 1,481.2 | |
| Return on equity (a) | 2.4 % | 7.9 % | | 7.1 % | 9.2 % | |
| Return on equity - after-tax operating income, excluding AOCI (b) | 5.7 % | 7.2 % | | 6.9 % | 7.4 % | |
| Return on equity - after-tax operating income, excluding AOCI and DTA (c) | 6.8 % | 8.8 % | | 8.4 % | 9.3 % | |
| As of period end: | | | | | | |
| Book value per common share (d) | | | | \$ 77.69 | \$ 68.62 | 13.2 |
| Book value per common share excluding accumulated other comprehensive income (e) | | | | \$ 69.98 | \$ 64.28 | 8.9 |
| Book value per common share excluding accumulated other comprehensive income and DTA (f) | | | | \$ 58.23 | \$ 52.12 | 11.7 % |
| Total common shares outstanding | | | | 1,375.9 | 1,464.1 | |

Financial highlights - notes

- (a) Computed as Annualized net income (loss) attributable to AIG divided by average AIG shareholders' equity. Equity includes DTA.
- (b) Computed as Annualized after-tax operating income attributable to AIG divided by average AIG shareholders' equity, excluding AOCI. Equity includes DTA.
- (c) Computed as Annualized after-tax operating income attributable to AIG divided by average AIG shareholders' equity, excluding AOCI and DTA.
- (d) Represents total AIG shareholders' equity divided by common shares outstanding.
- (e) Represents total AIG shareholders' equity, excluding AOCI, divided by common shares outstanding.
- (f) Represents total AIG shareholders' equity, excluding AOCI and DTA, divided by common shares outstanding.



American International Group, Inc.

Quarterly Financial Supplement
Fourth Quarter 2014

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

American International Group, Inc. Quarterly Financial Supplement

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

This Financial Supplement may include, and officers and representatives of American International Group, Inc. (AIG) may from time to time make, projections, goals, assumptions and statements that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections, goals, assumptions and statements are not historical facts but instead represent only AIG’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG’s control. These projections, goals, assumptions and statements include statements preceded by, followed by or including words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “view,” “target” or “estimate.” These projections, goals, assumptions and statements may address, among other things: AIG’s exposures to subprime mortgages, monoline insurers, the residential and commercial real estate markets, state and municipal bond issuers, sovereign bond issuers, the energy sector and currency exchange rates; AIG’s exposure to European governments and European financial institutions; AIG’s strategy for risk management; AIG’s generation of deployable capital; AIG’s return on equity and earnings per share; AIG’s strategies to grow net investment income, efficiently manage capital and reduce expenses; AIG’s strategies for customer retention, growth, product development, market position, financial results and reserves; and the revenues and combined ratios of AIG’s subsidiaries.

It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include:

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

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

American International Group, Inc. Non-GAAP Financial Measures

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

Book Value Per Share Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value Per Share Excluding AOCI and DTA (Deferred Tax Assets) are used to show the amount of our net worth on a per-share basis. We believe these measures are useful to investors because they eliminate the effect of non-cash items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. Book Value Per Share Excluding AOCI is derived by dividing Total AIG shareholders’ equity, excluding AOCI, by Total common shares outstanding. Book Value Per Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders’ equity, excluding AOCI and DTA, by Total common shares outstanding. The reconciliation to book value per common share, the most comparable GAAP measure, is presented on page 7 herein.

We use the following operating performance measures because we believe they enhance the understanding of the underlying profitability of continuing operations and trends of our business segments. We believe they also allow for more meaningful comparisons with our insurance competitors. When we use these measures, reconciliations to the most comparable GAAP measure are provided, on a consolidated basis.

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

- deferred income tax valuation allowance releases and charges
- changes in fair value of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense)
- changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses
- other income and expense — net, related to Corporate and Other runoff insurance lines
- loss on extinguishment of debt
- net realized capital gains and losses
- non-qualifying derivative hedging activities, excluding net realized capital gains and losses
- income or loss from discontinued operations
- income and loss from divested businesses, including:
 - gain on the sale of International Lease Finance Corporation (ILFC)
 - certain post-acquisition transaction expenses incurred by AerCap Holdings N.V. (AerCap) in connection with its acquisition of ILFC and the difference between expensing AerCap’s maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and related tax effects
- legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments
- legal reserves and settlements related to legacy crisis matters, which include favorable and unfavorable settlements related to events leading up to and resulting from our September 2008 liquidity crisis and legal fees incurred as the plaintiff in connection with such legal matters

General operating expenses, operating basis, is derived by making the following adjustments to general operating and other expenses: include (i) loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) investment expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) legal reserves related to legacy crisis matters and (v) other expense related to retroactive reinsurance agreement. We use general operating expenses, operating basis, because we believe it provides a more meaningful indication of our ordinary course of business operating costs.

We use the following operating performance measures within our Commercial Insurance and Consumer Insurance reportable segments as well as Corporate and Other.

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

- **Pre-tax operating income:** includes both underwriting income and loss and net investment income, but excludes net realized capital gains and losses, other income and expense — net and legal settlements related to legacy crisis matters described above. Underwriting income and loss is derived by reducing net premiums earned by losses and loss adjustment expenses incurred, acquisition expenses and general operating expenses.
- **Ratios:** We, along with most property and casualty insurance companies, use the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every \$100 of net premiums earned, the amount of losses and loss adjustment expenses, and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.

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

- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each.

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

- **Pre-tax operating income** is derived by excluding the following items from pre-tax income:

- changes in fair values of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense)
- net realized capital gains and losses
- changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses
- legal settlements related to legacy crisis matters described above

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

Corporate and Other — Pre-tax operating income and loss is derived by excluding the following items from pre-tax income and loss:

- loss on extinguishment of debt
- net realized capital gains and losses
- changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses
- income and loss from divested businesses, including Aircraft Leasing
- net gain or loss on sale of divested businesses, including
 - gain on the sale of ILFC and
 - certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and our share of AerCap's income taxes
- certain legal reserves and settlements related to legacy crisis matters described above

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

American International Group, Inc.
Consolidated Statement of Operations

Consolidated Results

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

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



American International Group, Inc.
Earnings Per Share Computations

Consolidated Results

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

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



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

Consolidated Results

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

See Accompanying Notes on Page 15.



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

Consolidated Results

(in millions, except per share data)

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

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

See Accompanying Notes on Page 15.



American International Group, Inc.
Selected Segment Data

Consolidated Results - Operating basis

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

See Accompanying Notes on Page 15.



American International Group, Inc.
General Operating and Other Expenses

Consolidated Results

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

See Accompanying Notes on Page 15.



American International Group, Inc.
Condensed Consolidated Balance Sheets

Consolidated Results

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

See Accompanying Notes on Page 15.



American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

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

See Accompanying Notes on Page 15.



American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

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

See Accompanying Notes on Page 15.



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

Consolidated Results

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

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

See Accompanying Notes on Page 15.

American International Group, Inc.
Debt and Capital

Consolidated Results

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

See accompanying notes on Page 15.

American International Group, Inc.
Notes

Consolidated Results

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

American International Group, Inc.
Operating Results

Commercial Insurance

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

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

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty

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

See Accompanying Notes on Page 25.

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

Commercial Insurance - Property Casualty

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

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty North America

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

See Accompanying Notes on Page 25.



American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty International

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

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Mortgage Guaranty

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

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

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

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

See Accompanying Notes on Page 25.



American International Group, Inc.
Operating Statistics

Commercial Insurance - Institutional Markets

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

See Accompanying Notes on Page 25.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Institutional Markets

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

See Accompanying Notes on Page 25.

Commercial Insurance

Basis of Presentation

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

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

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

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

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

Notes

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

American International Group, Inc.
Operating Results

Consumer Insurance

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

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Results

Consumer Insurance - Retirement

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Net Flows

Consumer Insurance - Retirement

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

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

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

(a) Excludes immediate annuities.

(b) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

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

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

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

See Accompanying Notes on Page 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

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

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 42 to 44.



American International Group, Inc. Guaranteed Benefits (11)

Consumer Insurance - Retirement

(in millions)

Account value by benefit type

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

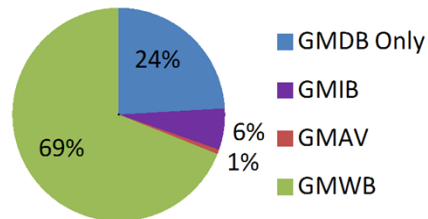
Liability by benefit type

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

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

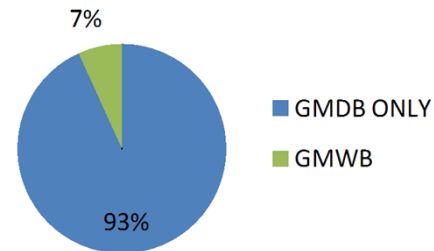
- (a) A guaranteed minimum death benefit is an amount paid from a variable annuity upon the death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar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

Retirement Income Solutions



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

Group Retirement



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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)

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

See Accompanying Notes on Pages 44 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance

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

See Accompanying Notes on Pages 42 to 44.

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

Consumer Insurance - Personal Insurance

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

See Accompanying Notes on Page 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance North America

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance International

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

See Accompanying Notes on Pages 42 to 44.

American International Group, Inc.

Notes

Consumer Insurance

Basis of Presentation:

Consumer Insurance presents its results in the following operating segments:

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

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

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

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

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

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

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

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

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

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

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

American International Group, Inc.
Notes (continued)

Consumer Insurance

Notes:

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

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

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

American International Group, Inc.
Notes (continued)

Consumer Insurance

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

American International Group, Inc.
Operating Results

Corporate and Other

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

See Accompanying Notes on Page 48.

American International Group, Inc.
Operating Results

Corporate and Other

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

See Accompanying Notes on Page 48.

American International Group, Inc.
Operating Statistics

Corporate and Other - Runoff Insurance Lines

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

American International Group, Inc.
Notes

Corporate and Other

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

American International Group, Inc.

Investments - Cash and Investments

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

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

Note:

(1) Includes Mortgage Guaranty.



American International Group, Inc

Investments - Other Invested Assets

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

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

Notes:

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

American International Group, Inc.

Investments - Returns On Alternative Investments (1)

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

Note:

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

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

American International Group, Inc.

Investments - Net Realized Capital Gains (Losses)

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

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

American International Group, Inc.

Supplemental Property Casualty Information*

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

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

American International Group, Inc. Acronyms

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