

2016 年第 2 四半期（4 月～6 月） 決算 短 信

会社名 アメリカン・インターナショナル・グループ・インク
 決算期 本決算：年 1 回（12 月）
 中間決算：四半期毎
 問い合わせ先 東京都港区元赤坂一丁目 2 番 7 号 赤坂 K タワー
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1. 本国における決算発表日 2016 年 8 月 2 日

2. 業績（注 1：下記の数字は 2016 年 6 月 30 日現在の会計方法に従い算出したものである。）

	第 2 四半期（4 月～6 月の 3 ヶ月間）		
	当年度（2016 年）	前年度（2015 年）	増減率
売上高又は営業収入	14,724 百万ドル	15,699 百万ドル	△6.2%
純利益（税引後）	1,913 百万ドル	1,800 百万ドル	6.3%
1 株当たり純利益（注 2）	1.68 ドル	1.32 ドル	27.3%

	今期累計額		
	当期	前年同期	増減率
売上高又は営業収入	26,503 百万ドル	31,674 百万ドル	△16.3%
純利益（税引後）	1,730 百万ドル	4,268 百万ドル	△59.5%
1 株当たり純利益（注 2）	1.49 ドル	3.10 ドル	△51.9%

	配当金の推移（注 3）		
	当年度（2016 年）	前年度（2015 年）	備考
第 1 四半期	0.32 ドル	0.125 ドル	
第 2 四半期	0.32 ドル	0.125 ドル	
第 3 四半期		0.28 ドル	
第 4 四半期		0.28 ドル	
合計		0.810 ドル	

（注 2） 1 株当たり純利益は、希薄化後である。

（注 3） 配当金は、各四半期に設定された基準日に基づき記載されている。

3. 概況・特記事項・その他

上記 2. の各数値は、会社の 2016 年 8 月 2 日付けプレス・リリースおよび Quarterly Financial Supplement Second Quarter 2016 から抜粋したものである。当該プレス・リリースおよび Quarterly Financial Supplement Second Quarter 2016 を添付する。



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AIG REPORTS SECOND QUARTER 2016 RESULTS

RETURN ON EQUITY INCREASES TO 8.6% FROM 6.8%

BOARD OF DIRECTORS AUTHORIZES REPURCHASE OF \$3.0 BILLION OF ADDITIONAL SHARES OF AIG COMMON STOCK

NEW YORK, August 2, 2016 – American International Group, Inc. (NYSE: AIG) today reported net income of \$1.9 billion, or \$1.68 per diluted share, for the second quarter of 2016, compared to \$1.8 billion, or \$1.32 per diluted share, in the prior-year quarter.

After-tax operating income was \$1.1 billion, or \$0.98 per diluted share, for the second quarter of 2016, compared to \$1.9 billion, or \$1.39 per diluted share, in the prior-year quarter.

“AIG’s second quarter results show strong improvement towards all the goals the Board and I announced in January,” said Peter D. Hancock, AIG President and Chief Executive Officer. “We have executed more quickly and smoothly than expected and our confidence in reaching our 2017 financial targets is high as our earnings become more sustainable.”

Year-over-year comparisons of net income and after-tax operating income were impacted by an adverse change in net loss reserve discount on workers’ compensation reserves of \$455 million after tax, or \$0.36 per diluted share. Year-over-year comparisons of net income and after-tax operating income also were impacted by a decline in earnings from market sensitive assets of \$631 million after tax, or \$0.44 per diluted share. This decline reflects the strong returns on market sensitive assets in the second quarter of 2015, as well as the impact of sales of assets as part of the plan to return capital to shareholders. The year-over-year comparison for net income was also favorably impacted by an increase in net realized capital gains of \$576 million after tax, or \$0.52 per diluted share.

Second Quarter Operating Highlights

ROE expansion - Return on Equity (ROE) was 8.6%, up from 6.8% in the prior-year quarter. Normalized ROE improved to 8.8% from 6.7% in the prior-year quarter. Both metrics benefited from operating margin improvement and a lower capital base from the active return of capital to shareholders.



Continued Commercial underwriting improvements - While higher catastrophe losses and the use of a lower discount rate for reserves contributed 11.6 points to the Commercial Property Casualty loss ratio of 75.0, our strategic actions improved the Accident Year Loss ratio, as adjusted, by 4.2 points from the prior-year quarter to 62.4, which is a 3.8 point improvement from the full year of 2015.

Consumer expense discipline - Strategic actions to reduce expenses in Consumer, particularly in Personal Insurance, drove improved operating margins. The Personal Insurance expense ratio declined by 7.0 points to 40.0 from the prior-year quarter.

Ongoing firm-wide focus on efficiency – For the first six months of 2016, general operating and other expenses declined 7% from the prior year. General operating expenses, operating basis, excluding the impact of foreign exchange, declined 11% from the prior year. The improvement was largely driven by lower employee-related expenses, benefits rationalization and professional fee declines.

Legacy actions underway - AIG continued to move forward on its action plan for managing its Legacy portfolio, a key contributor to AIG's capital return target. Monetizations of Legacy assets totaled \$4.3 billion over the last three quarters consistent with our continuing strategy to focus capital on core operations while optimizing the value realized from the transfer or sale of assets and liabilities.

Book value per share growth - Benefiting from the impact of lower interest rates on AOCI, earnings growth and accretive share repurchases, book value per share of \$83.08 grew 6% during the quarter. Book value per share, excluding AOCI and DTA, including dividend growth grew 5% to \$61.78, during the quarter.

Second Quarter Capital & Other Highlights

Total capital returned to shareholders was \$3.2 billion and included \$2.8 billion of repurchases of AIG Common Stock, \$90 million of warrant repurchases and \$350 million in shareholder dividends. From the end of the second quarter through August 2, 2016, AIG repurchased an additional \$698 million of AIG Common Stock resulting in a total year to date capital return of \$7.9 billion.

On August 2, 2016, the Board of Directors authorized the repurchase of additional shares of AIG Common Stock with an aggregate purchase price of up to \$3.0 billion, which increased AIG's remaining share repurchase authorization on such date to approximately \$4.0 billion. On August 2, 2016, AIG's Board of Directors declared a quarterly dividend of \$0.32 per share. AIG Parent liquidity was \$6.7 billion at June 30, 2016.

Pre-tax realized capital gains in the second quarter were \$1.0 billion and included \$928 million of gains from the sale of shares in PICC Property and Casualty Company Limited. Gross proceeds received by the Non-Life Insurance Companies from the sale were approximately \$1.25 billion, of which \$448 million was remitted to AIG Parent in the form of dividends and tax sharing payments.



"I want to thank our employees for their hard work and client focus while embracing widespread change in our management structure, asset and liability mix and operating workflow. Together we are reshaping AIG, investing in talent and technology to become our clients' most valued insurer," said Mr. Hancock.

SECOND QUARTER FINANCIAL SUMMARY*

<i>(\$ in millions, except per share amounts)</i>	Three Months Ended June 30,		
	2016	2015	Change
Net income	\$ 1,913	\$ 1,800	6 %
Earnings per diluted share	\$ 1.68	\$ 1.32	27
After-tax operating income	\$ 1,113	\$ 1,893	(41)
After-tax operating income per diluted common share	\$ 0.98	\$ 1.39	(29)
ROE	8.6 %	6.8 %	
ROE – after tax operating income, ex AOCI	5.4 %	7.8 %	
ROE – after tax operating income, ex AOCI & DTA	6.7 %	9.3 %	
Normalized ROE, ex AOCI & DTA	8.8 %	6.7 %	

	June 30,	March 31,	Change	December 31,	Change
	2016	2016		2015	
Period end:					
Book value per common share	\$ 83.08	\$ 78.28	6 %	\$ 75.10	11 %
Book value per common share, ex AOCI	75.45	73.40	3	72.97	3
Book value per common share, ex AOCI & DTA	61.03	58.52	4	58.94	4
Book value per common share, ex AOCI & DTA, including dividend growth	61.78	59.05	5	59.26	4

*Refer to the Comments on Regulation G and the tables that follow for a discussion of non-GAAP and other financial measures and the reconciliations of the non-GAAP financial measures to GAAP measures.



SEGMENT RESULTS

All operating segment comparisons that follow are to the second quarter of 2015 unless otherwise noted.

COMMERCIAL INSURANCE

PROPERTY CASUALTY

(\$ in millions)	Three Months Ended June 30,			
	2016	2015	Change	
Net premiums written	\$ 4,424	\$ 5,583	(21)	%
Net premiums earned	4,649	5,102	(9)	
Underwriting income (loss)	(100)	61	NM	
Net investment income	891	1,131	(21)	
Pre-tax operating income	\$ 791	\$ 1,192	(34)	
Underwriting ratios:				
Loss ratio	75.0	70.8	4.2	pts
Catastrophe losses and reinstatement premiums	(7.5)	(4.1)	(3.4)	
Prior year development net of premium adjustments	(1.0)	(5.3)	4.3	
Net reserve discount benefit (charge)	(4.1)	5.2	(9.3)	
Accident year loss ratio, as adjusted	62.4	66.6	(4.2)	
Acquisition ratio	15.4	15.1	0.3	
General operating expense ratio	11.7	12.9	(1.2)	
Expense ratio	27.1	28.0	(0.9)	
Combined ratio	102.1	98.8	3.3	
Catastrophe losses and reinstatement premiums	(7.5)	(4.1)	(3.4)	
Prior year development net of premium adjustments	(1.0)	(5.3)	4.3	
Net reserve discount benefit (charge)	(4.1)	5.2	(9.3)	
Accident year combined ratio, as adjusted	89.5	94.6	(5.1)	
Catastrophe-related losses	\$ 353	\$ 209	69	%
Severe losses	130	184	(29)	
Prior year loss reserve development (favorable)				
unfavorable, net of reinsurance and premium adjustments	58	279	(79)	
Net reserve discount charge (benefit)	191	(270)	NM	

Property Casualty pre-tax operating income declined to \$791 million, primarily reflecting the strong level of alternative investment income in the second quarter of 2015, as well as an underwriting loss in the current quarter driven by the effect of net loss reserve discount and higher catastrophe losses. The higher loss ratio was partially offset by a lower expense ratio. The current quarter loss ratio included a net loss reserve discount charge of \$191 million compared to a net loss reserve discount benefit of \$270 million in the prior-year quarter. In addition, catastrophe losses were \$353 million, up from \$209 million in the prior-year quarter. Pre-tax operating income



benefited from an improvement in accident year losses and lower net adverse prior year loss reserve development.

Property Casualty net adverse prior year loss reserve development, including premium adjustments, was \$58 million and included a \$100 million reserve charge associated with industry-wide rulings in Florida courts during the quarter that have increased the potential liability for workers' compensation claims in that state by reversing certain aspects of regulations in place since 2003. Excluding this charge, Property Casualty reserves developed favorably during the quarter.

The improvement in the accident year loss ratio, as adjusted, reflected the continued execution of our strategy to enhance risk selection, improve underwriting discipline and manage exposures, including the use of reinsurance, and lower overall severe losses. The accident year loss ratio, as adjusted, improved in Casualty, reflecting the non-renewal of certain underperforming classes of business, as well as the effect of reinsurance. Financial Lines improved across all regions due to our pricing discipline and Specialty benefited from lower severe and attritional losses. These declines in the accident year losses were partially offset by an increase in Property severe and attritional losses.

The expense ratio declined 0.9 points largely driven by a reduction in the general operating expense ratio of 1.2 points due to lower employee-related costs resulting from ongoing actions to streamline our management structure and general cost containment measures.

In line with our planned portfolio optimization efforts, net premiums written decreased 21%, or 20% excluding the impact of foreign exchange. This decrease was primarily due to the continued execution of our strategy to enhance risk selection in our Casualty and Property product portfolios, the non-renewal of certain underperforming classes of business, the increased use of reinsurance, and adherence to our underwriting discipline in competitive market conditions.



MORTGAGE GUARANTY

(\$ in millions)	Three Months Ended June 30,		
	2016	2015	Change
Net premiums written	\$ 244	\$ 277	(12) %
Net premiums earned	239	226	6
Underwriting income	151	122	24
Net investment income	36	35	3
Pre-tax operating income	\$ 187	\$ 157	19
Underwriting ratios:			
Loss ratio	10.5	19.5	(9.0) pts
Prior year loss development	5.0	7.5	(2.5)
Accident year loss ratio, as adjusted	15.5	27.0	(11.5)
Acquisition ratio	8.8	8.8	-
General operating expense ratio	17.6	17.7	(0.1)
Expense ratio	26.4	26.5	(0.1)
Combined ratio	36.9	46.0	(9.1)
Prior year loss development	5.0	7.5	(2.5)
Accident year combined ratio, as adjusted	41.9	53.5	(11.6)
Prior year loss reserve development (favorable)	\$ (12)	\$ (17)	29 %
New insurance written, domestic first-lien	\$ 12,985	\$ 15,190	(15)
Primary delinquency ratio	2.9%	3.6%	(19)
<i>Select Balance Sheet & other data:</i>			
Shareholders' equity (at period end)	\$ 3,468	\$ 3,247	7
First-lien primary insurance in force	\$ 186,406	\$ 174,250	7
In-force count	914,646	879,045	4

Mortgage Guaranty is primarily composed of the operations of United Guaranty Corporation. Mortgage Guaranty's pre-tax operating income increased to \$187 million, primarily due to the decline in incurred losses from lower delinquency rates, higher cure rates and an increase in premiums earned from the growth in policies in-force.

Domestic first-lien new insurance written decreased 15% to approximately \$13.0 billion, largely due to strong refinancing activity in early 2015. New business written in the second quarter of 2016 had an average FICO score of 742 and an average loan-to-value ratio of 92%, compared to an average FICO score of 752 and an average loan-to-value ratio of 91% in the prior-year quarter.

As of June 30, 2016, Mortgage Guaranty had estimated available assets under the Private Mortgage Insurer Eligibility Requirements of \$3.3 billion compared to minimum required assets of \$2.9 billion.

**INSTITUTIONAL MARKETS**

<i>(\$ in millions)</i>	Three Months Ended June 30,		
	2016	2015	Change
Operating revenues:			
Premiums	\$ 215	\$ 643	(67) %
Policy fees	50	50	0
Net investment income	430	479	(10)
Total operating revenues	695	1,172	(41)
Benefits and expenses	585	1,021	(43)
Pre-tax operating income	\$ 110	\$ 151	(27)
Premiums and deposits:			
Premiums	\$ 215	\$ 643	(67)
Deposits	288	26	NM
Other	3	11	(73)
Total premiums and deposits	\$ 506	\$ 680	(26)

Institutional Markets pre-tax operating income declined to \$110 million, primarily due to lower net investment income, reflecting lower income on alternative investments. The decreases in premiums, and benefits and expenses were primarily due to a large terminal funding annuity issued in the prior-year quarter. The decrease in premiums and deposits was partially offset by a \$254 million funding agreement issued in the current quarter.



CONSUMER INSURANCE

RETIREMENT

(\$ in millions)	Three Months Ended June 30,		
	2016	2015	Change
Operating revenues:			
Premiums	\$ 52	\$ 44	18 %
Policy fees	272	277	(2)
Net investment income	1,567	1,618	(3)
Advisory fee and other income	318	526	(40)
Total operating revenues	2,209	2,465	(10)
Benefits and expenses	1,468	1,661	(12)
Pre-tax operating income	\$ 741	\$ 804	(8)
Premiums and deposits ⁽¹⁾ :			
Premiums	\$ 52	\$ 44	18
Deposits	6,377	6,046	5
Other	2	(20)	NM
Total premiums and deposits ⁽¹⁾	\$ 6,431	\$ 6,070	6

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

Retirement pre-tax operating income declined to \$741 million, primarily due to lower net investment income on alternative investments, partially offset by a decrease in employee-related expenses. Premiums grew due to higher immediate annuity premiums in the Fixed Annuities product line. Premiums and deposits grew to \$6.4 billion, primarily due to higher sales in Fixed Annuities, Retail Mutual Funds and Group Retirement. The growth in sales and lower Group Retirement surrenders were the primary drivers of an improvement in net flows, which were up \$422 million from the prior-year quarter.

**LIFE**

(\$ in millions)	Three Months Ended		
	June 30,		
	2016	2015	Change
Operating revenues:			
Premiums	\$ 762	\$ 702	9 %
Policy fees	371	362	2
Net investment income	542	551	(2)
Other income	15	17	(12)
Total operating revenues	1,690	1,632	4
Benefits and expenses	1,506	1,483	2
Pre-tax operating income	\$ 184	\$ 149	23
Premiums and deposits:			
Premiums	\$ 762	\$ 702	9
Deposits	372	380	(2)
Other	183	167	10
Total premiums and deposits	\$ 1,317	\$ 1,249	5
Gross life insurance in force, end of period	1,033,691	1,016,632	2

Life pre-tax operating income increased to \$184 million, primarily due to more favorable mortality experience and lower domestic employee-related expenses, partially offset by lower net investment income on alternative investments. Growth in premiums, and in premiums and deposits, excluding the effect of foreign exchange, was 8% and 5%, respectively, which was principally driven by growth in international life and health.

**PERSONAL INSURANCE**

(\$ in millions)	Three Months Ended June 30,		
	2016	2015	Change
Net premiums written	\$ 2,922	\$ 2,930	- %
Net premiums earned	2,862	2,806	2
Underwriting income	126	7	NM
Net investment income	53	63	(16)
Pre-tax operating income (loss)	\$ 179	\$ 70	156
Underwriting ratios:			
Loss ratio	55.7	52.7	3.0 pts
Catastrophe losses and reinstatement premiums	(2.1)	(0.5)	(1.6)
Prior year development net of premium adjustments	1.4	0.6	0.8
Accident year loss ratio, as adjusted	55.0	52.8	2.2
Acquisition ratio	25.9	27.9	(2.0)
General operating expense ratio	14.1	19.1	(5.0)
Expense ratio	40.0	47.0	(7.0)
Combined ratio	95.7	99.7	(4.0)
Catastrophe losses and reinstatement premiums	(2.1)	(0.5)	(1.6)
Prior year development net of premium adjustments	1.4	0.6	0.8
Accident year combined ratio, as adjusted	95.0	99.8	(4.8)
Catastrophe-related losses	\$ 59	\$ 16	269 %
Severe losses	16	-	NM
Prior year loss reserve development (favorable)			
unfavorable, net of reinsurance and premium adjustments	(39)	(17)	(129)

Personal Insurance pre-tax operating income grew to \$179 million, reflecting improved underwriting results. The lower combined ratio was driven by an improvement in the expense ratio, partially offset by an increase in the loss ratio.

The increase in the loss ratio reflected higher catastrophe losses, partially offset by increased net favorable prior year loss reserve development. The increase in the accident year loss ratio, as adjusted, was primarily driven by a single large loss event impacting the personal property business in the U.S.

The improvement in the acquisition ratio reflected lower direct marketing expenses. The decrease in the general operating expense ratio primarily reflected lower employee-related expenses arising from organizational realignment activities together with lower strategic investment expenditures.

Net premiums written were broadly flat. Excluding the effects of foreign exchange, net premiums written decreased slightly due to a decline in automobile and personal property, partially offset by an increase in warranty service programs.



CORPORATE AND OTHER

(\$ in millions)	Three Months Ended		
	June 30,		
	2016	2015	Change
Pre-tax operating income (loss):			
Equity in pre-tax operating earnings of AerCap	\$ -	\$ 127	NM %
Fair value of PICC investments	(44)	170	NM
Income from other assets, net	215	509	(58)
Corporate general operating expenses	(289)	(268)	(8)
Interest expense	(261)	(278)	6
Run-off insurance lines	(164)	110	NM
Consolidation and elimination	(1)	2	NM
Pre-tax operating income (loss)	\$ (544)	\$ 372	NM

Corporate and Other reported a pre-tax operating loss of \$544 million compared to pre-tax operating income of \$372 million in the prior-year quarter, primarily due to lower earnings on Legacy investments at AIG Parent, for which the fair value option was elected, as well as the absence of equity earnings from shares in AerCap Holdings N.V., which was divested in 2015. Additionally, a net loss reserve discount charge associated with run-off insurance lines was recorded in the current quarter compared to a net loss reserve discount benefit in the prior-year quarter.

CONFERENCE CALL

AIG will host a conference call tomorrow, Wednesday, August 3, 2016, 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 Relations section at www.aig.com.

The conference call (including the conference call presentation material), the earnings release and the financial supplement may include, and officers and representatives of 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 “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “focused on achieving,” “view,” “target,” “goal” 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;



exposure to European governments and European financial institutions; strategy for risk management; sales of businesses; restructuring of business operations; generation of deployable capital; anticipated business or asset divestitures or monetizations; anticipated organizational and business changes; strategies to increase return on equity and earnings per common share; strategies to grow net investment income, efficiently manage capital, grow book value per share, and reduce expenses; anticipated restructuring charges and annual cost savings; strategies for customer retention, growth, product development, market position, financial results and reserves; and subsidiaries' revenues and combined ratios. 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; negative impacts on customers, business partners and other stakeholders; 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; AIG's ability to successfully manage run-off insurance portfolios; AIG's ability to successfully reduce costs and expenses and make business and organizational changes without negatively impacting client relationships or AIG's competitive position; AIG's ability to successfully dispose of or monetize, businesses or assets; judgments concerning the recognition of deferred tax assets; judgments concerning estimated restructuring charges and estimated cost savings; and such other factors discussed in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Part II, Item 1A. Risk Factors in AIG's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, 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, 2015. 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.

Nothing in this press release or in any oral statements made in connection with this press release is intended to constitute, nor shall it be deemed to constitute, an offer of any securities for sale or the solicitation of an offer to purchase any securities in any jurisdiction.

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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 its 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." The non-GAAP financial measures AIG presents may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in



accordance with Regulation G are included within the relevant tables or in the Second Quarter 2016 Financial Supplement available in the Investor Information section of AIG's website, www.aig.com.

Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (AOCI), Book Value Per Common Share Excluding AOCI and Deferred Tax Assets (DTA) and Book Value Per Common Share Excluding AOCI and DTA and Including Dividend Growth are used to show the amount of AIG's net worth on a per-share basis. AIG believes these measures are useful to investors because they eliminate 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. These measures also eliminate the asymmetrical impact resulting from changes in fair value of AIG's available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. AIG excludes deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Book Value Per Common Share. Book Value Per Common Share Excluding AOCI is derived by dividing Total AIG shareholders' equity, excluding AOCI, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA and including dividend growth is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, and including growth in quarterly dividends above \$0.125 per share to shareholders, by Total common shares outstanding.

Return on Equity – After-tax Operating Income Excluding AOCI and Return on Equity – After-tax Operating Income Excluding AOCI and DTA are used to show the rate of return on shareholders' equity. AIG believes these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of its available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of AIG's available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. AIG excludes deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Return on Equity. Return on Equity – After-tax Operating Income Excluding AOCI is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders' equity, excluding average AOCI. Return on Equity – After-tax Operating Income Excluding AOCI and DTA is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders' equity, excluding average AOCI and DTA.

Normalized Return on Equity, Excluding AOCI and DTA (Normalized ROE) further adjusts Return on Equity – After-tax Operating Income, Excluding AOCI and DTA for the effects of certain volatile or market-related items. AIG believes this measure is useful to investors because it presents the trends in AIG's consolidated return on equity without the impact of certain items that



can experience volatility in AIG's short-term results. Normalized Return on Equity, Excluding AOCI and DTA is derived by excluding the following tax adjusted effects from Return on Equity – After-tax Operating Income, Excluding AOCI and DTA: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) Direct Investment Book (DIB) and Global Capital Markets (GCM) returns; fair value changes on PICC investments; update of actuarial assumptions; net reserve discount change; Life insurance incurred but not reported death claim charge; and prior year loss reserve development.

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. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to AIG's current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that AIG believes to be common to the industry. For example, certain ratios and other metrics described below: 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; non-operating litigation reserves and settlements; reserve development related to non-operating run-off insurance business; restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify AIG's organization; deferred income tax valuation allowance releases and charges; changes in fair value of securities used to hedge guaranteed living benefits; changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses; other income and expense — net, related to Corporate and Other 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. See page 17 for the reconciliation of Net income attributable to AIG to After-tax operating income attributable to AIG.

Operating revenue excludes Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes).

General operating expenses, operating basis (GOE), 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) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating



litigation reserves and (v) other expense related to a retroactive reinsurance agreement. AIG also derive General operating expense savings on a gross basis, which represents changes during the period in General operating expenses, operating basis, before the effect of additional investments made during the period. AIG uses general operating expenses, operating basis, because it believes it provides a more meaningful indication of its ordinary course of business operating costs.

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 non-operating litigation reserves and settlements. Underwriting income and loss is derived by reducing net premiums earned by losses and loss adjustment expenses incurred, acquisition expenses and general operating expenses.

Ratios: 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. AIG's ratios are calculated using the relevant information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.

Accident year loss and combined ratios, as adjusted: both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders that meet the \$10 million threshold. AIG believes the as adjusted ratios are meaningful measures of its underwriting results on an on-going basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. AIG also excludes prior year development to provide transparency related to current accident year results.

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 value of securities used to hedge guaranteed living benefits; net realized capital gains and losses; changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; and non-operating litigation reserves and settlements.



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

Corporate and Other

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

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. Founded in 1919, today we provide a wide range of property casualty insurance, life insurance, retirement products, mortgage insurance and other financial services to customers in more than 100 countries and jurisdictions. Our diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. 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 and www.aig.com/strategyupdate | YouTube: www.youtube.com/aig | Twitter: @AIGinsurance | LinkedIn: <http://www.linkedin.com/company/aig>. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release.

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)

Reconciliations of Pre-tax and After-tax Operating Income (Loss)

	Three Months Ended June 30,					
	2016			2015		
	Pre-tax	Tax Effect	After-tax	Pre-tax	Tax Effect	After-tax
Operating income, including noncontrolling interests	\$ 1,620	\$ 503	\$ 1,117	\$ 2,868	\$ 985	\$ 1,883
Noncontrolling interest	-	-	(4)	-	-	10
Operating income, net of noncontrolling interests	<u>1,620</u>	<u>503</u>	<u>1,113</u>	<u>2,868</u>	<u>985</u>	<u>1,893</u>
Adjustments:						
Uncertain tax positions and other tax adjustments	-	(63)	63	-	(49)	49
Deferred income tax valuation allowance releases (charges)	-	35	(35)	-	(40)	40
Changes in fair value of securities used to hedge guaranteed living benefits	120	42	78	(87)	(30)	(57)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(64)	(22)	(42)	(28)	(10)	(18)
Other (income) expense - net	5	2	3	-	-	-
Loss on extinguishment of debt	(7)	(2)	(5)	(342)	(120)	(222)
Net realized capital gains	1,042	380	662	126	46	80
Noncontrolling interest on net realized capital gains	-	-	(7)	-	-	(1)
Income (loss) from discontinued operations	-	-	(10)	-	-	16
Income (loss) from divested businesses	225	79	146	(34)	(23)	(11)
Non-operating litigation reserves and settlements	7	2	5	49	18	31
Restructuring and other costs	(90)	(32)	(58)	-	-	-
Pre-tax income/net income attributable to AIG	<u>\$ 2,858</u>	<u>\$ 924</u>	<u>\$ 1,913</u>	<u>\$ 2,552</u>	<u>\$ 777</u>	<u>\$ 1,800</u>

	Six Months Ended June 30,					
	2016			2015		
	Pre-tax	Tax Effect	After-tax	Pre-tax	Tax Effect	After-tax
Operating income, including noncontrolling interests	\$ 2,574	\$ 686	\$ 1,888	\$ 5,395	\$ 1,810	\$ 3,585
Noncontrolling interest	-	-	(2)	-	-	(1)
Operating income, net of noncontrolling interests	<u>2,574</u>	<u>686</u>	<u>1,886</u>	<u>5,395</u>	<u>1,810</u>	<u>3,584</u>
Adjustments:						
Uncertain tax positions and other tax adjustments	-	142	(142)	-	(91)	91
Deferred income tax valuation allowance releases (charges)	-	(2)	2	-	53	(53)
Changes in fair value of securities used to hedge guaranteed living benefits	253	89	164	(43)	(15)	(28)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(24)	(8)	(16)	(82)	(29)	(53)
Other (income) expense - net	12	4	8	-	-	-
Loss on extinguishment of debt	(90)	(32)	(58)	(410)	(144)	(266)
Net realized capital gains (losses)	(64)	(7)	(57)	1,467	515	952
Noncontrolling interest on net realized capital gains (losses)	-	-	11	-	-	1
Income (loss) from discontinued operations	-	-	(57)	-	-	17
Income (loss) from divested businesses	223	78	145	(55)	(42)	(13)
Non-operating litigation reserves and settlements	38	13	25	56	20	36
Restructuring and other costs	(278)	(97)	(181)	-	-	-
Pre-tax income/net income attributable to AIG	<u>\$ 2,644</u>	<u>\$ 866</u>	<u>\$ 1,730</u>	<u>\$ 6,328</u>	<u>\$ 2,077</u>	<u>\$ 4,268</u>

American International Group, Inc.
Selected Financial Data and Non-GAAP Reconciliation (continued)
(\$ in millions, except per share data)

Summary of Key Financial Metrics

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	% Inc. (Dec.)	2016	2015	% Inc. (Dec.)
Income (loss) per common share:						
<i>Basic</i>						
Income from continuing operations	\$ 1.73	\$ 1.34	29.1 %	\$ 1.57	\$ 3.16	(50.3)%
Income (loss) from discontinued operations	(0.01)	0.01	NM	(0.05)	0.01	NM
Net income attributable to AIG	<u>\$ 1.72</u>	<u>\$ 1.35</u>	27.4	<u>\$ 1.52</u>	<u>\$ 3.17</u>	(52.1)
<i>Diluted</i>						
Income from continuing operations	\$ 1.69	\$ 1.31	29.0	\$ 1.54	\$ 3.09	(50.2)
Income (loss) from discontinued operations	(0.01)	0.01	NM	(0.05)	0.01	NM
Net income attributable to AIG	<u>\$ 1.68</u>	<u>\$ 1.32</u>	27.3	<u>\$ 1.49</u>	<u>\$ 3.10</u>	(51.9)
After-tax operating income attributable to AIG per diluted share	\$ 0.98	\$ 1.39	(29.5)%	\$ 1.62	\$ 2.60	(37.7)%
Weighted average shares outstanding:						
Basic	1,113.6	1,329.2		1,135.1	1,347.5	
Diluted	1,140.0	1,365.4		1,163.1	1,376.3	
Return on equity (a)	8.6 %	6.8 %		3.9 %	8.0 %	
Return on equity - after-tax operating income, excluding AOCI (b)	5.4 %	7.8 %		4.5 %	7.4 %	
Return on equity - after-tax operating income, excluding AOCI and DTA (c)	6.7 %	9.3 %		5.6 %	8.8 %	
As of period end:						
	June 30, 2016	March 31, 2016	December 31, 2015			
Total AIG shareholders' equity	\$ 89,946	\$ 88,518	\$ 89,658			
Accumulated other comprehensive income	8,259	5,525	2,537			
Total AIG shareholders' equity, excluding AOCI	81,687	82,993	87,121			
Deferred tax assets	15,614	16,825	16,751			
Total AIG shareholders' equity, excluding AOCI and DTA	66,073	66,168	70,370			
Add: Cumulative quarterly common stock dividends above \$0.125 per share	814	599	378			
Total AIG shareholders' equity, excluding AOCI and DTA, including dividend growth	<u>\$ 66,887</u>	<u>\$ 66,767</u>	<u>\$ 70,748</u>			
As of period end:						
	June 30, 2016	March 31, 2016	% Inc. (Dec.)	December 31, 2015	% Inc. (Dec.)	
Book value per common share (d)	\$ 83.08	\$ 78.28	6.1 %	\$ 75.10	10.6 %	
Book value per common share excluding AOCI (e)	\$ 75.45	\$ 73.40	2.8	\$ 72.97	3.4	
Book value per common share excluding AOCI and DTA (f)	\$ 61.03	\$ 58.52	4.3	\$ 58.94	3.5	
Book value per common share excluding AOCI and DTA, including dividend growth (g)	\$ 61.78	\$ 59.05	4.6 %	\$ 59.26	4.3 %	
Total common shares outstanding	1,082.7	1,130.7		1,193.9		

Financial highlights - notes

- (a) Computed as Annualized net income (loss) attributable to AIG divided by average AIG shareholders' equity. Equity includes AOCI and 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 Total common shares outstanding.
(e) Represents total AIG shareholders' equity, excluding AOCI, divided by Total common shares outstanding.
(f) Represents total AIG shareholders' equity, excluding AOCI and DTA, divided by Total common shares outstanding.
(g) Represents total AIG shareholders' equity, excluding AOCI and DTA, and including growth in quarterly dividends above \$0.125 per share to shareholders, divided by Total common shares outstanding.

American International Group, Inc.
Selected Financial Data and Non-GAAP Reconciliation (continued)
(\$ in millions, except per share amounts)

Reconciliations of General Operating Expenses, Operating basis to General Operating and Other Expenses, GAAP basis

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	% Inc. (Dec.)	2016	2015	% Inc. (Dec.)
Total general operating expenses, Operating basis	\$ 2,439	\$ 2,942	(17.1)%	\$ 5,031	\$ 5,726	(12.1)%
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(350)	(428)	18.2	(691)	(851)	18.8
Advisory fee expenses	173	341	(49.3)	490	673	(27.2)
Non-deferrable insurance commissions	121	126	(4.0)	243	254	(4.3)
Direct marketing and acquisition expenses, net of deferrals	133	101	31.7	277	241	14.9
Investment expenses reported as net investment income and other	(15)	(19)	21.1	(30)	(39)	23.1
Total general operating and other expenses included in pre-tax operating income	<u>2,501</u>	<u>3,063</u>	(18.3)	<u>5,320</u>	<u>6,004</u>	(11.4)
Restructuring and other costs	90	-	NM	278	-	NM
Other expense related to retroactive reinsurance agreement	(5)	-	NM	(12)	-	NM
Non-operating litigation reserves	-	27	NM	3	35	(91.4)
Total general operating and other expenses, GAAP basis	<u>\$ 2,586</u>	<u>\$ 3,090</u>	(16.3)%	<u>\$ 5,589</u>	<u>\$ 6,039</u>	(7.5)%

Reconciliations of Normalized and After-tax Operating Income Return on Equity, Excluding AOCI and DTA

	Three Months Ended June 30, 2016				Three Months Ended June 30, 2015			
	Pre-tax	Tax		ROE	Pre-tax	Tax		ROE
		Effect	After-tax			Effect	After-tax	
Return on Equity			\$ 1,913	8.6 %			\$ 1,800	6.8 %
Return on equity - after-tax operating income, excluding AOCI and DTA (a)	\$ 1,620	\$ 503	\$ 1,113	6.7 %	\$ 2,868	\$ 985	\$ 1,893	9.3 %
Adjustments to arrive at Normalized Return on Equity, Excluding AOCI and DTA:								
Catastrophe losses above (below) expectations	160	56	104	0.6	(39)	(14)	(25)	(0.1)
(Better) worse than expected alternative returns	5	1	4	-	(179)	(63)	(116)	(0.6)
(Better) worse than expected DIB & GCM returns	(42)	(14)	(28)	(0.1)	(312)	(109)	(203)	(1.0)
Fair value changes on PICC investments	85	30	55	0.3	(224)	(78)	(146)	(0.7)
Net reserve discount change	300	105	195	1.2	(400)	(140)	(260)	(1.3)
Life Insurance - IBNR death claims	-	-	-	-	-	-	-	-
Unfavorable prior year loss reserve development	29	10	19	0.1	329	115	214	1.1
Normalized Return on Equity, excluding AOCI and DTA	<u>\$ 2,157</u>	<u>\$ 691</u>	<u>\$ 1,462</u>	<u>8.8 %</u>	<u>\$ 2,043</u>	<u>\$ 696</u>	<u>\$ 1,357</u>	<u>6.7 %</u>
Average AIG Shareholders' equity			\$ 89,232				\$ 106,119	
Less: Average AOCI			6,892				9,139	
Less: Average DTA			16,220				15,428	
Effect of normalization on equity			175				(269)	
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA			<u>\$ 66,295</u>				<u>\$ 81,283</u>	

(a) After-tax operating income excludes Net income (loss) attributable to non-controlling interest of \$4 million and \$(10) million for the three months ended June 30, 2016 and 2015, respectively.

American International Group, Inc.
Selected Financial Data and Non-GAAP Reconciliation (continued)
(\$ in millions, except per share amounts)

Reconciliations of Normalized and After-tax Operating Income Return on Equity, Excluding AOCI and DTA (continued)

	Six Months Ended June 30, 2016				Six Months Ended June 30, 2015			
	Tax				Tax			
	Pre-tax	Effect	After-tax	ROE	Pre-tax	Effect	After-tax	ROE
<i>Return on Equity</i>			\$ 1,730	3.9 %			\$ 4,268	8.0 %
<i>Return on equity - after-tax operating income, excluding AOCI and DTA (a)</i>	\$ 2,574	\$ 686	\$ 1,886	5.6 %	\$ 5,395	\$ 1,810	\$ 3,584	8.8 %
<i>Adjustments to arrive at Normalized Return on Equity, Excluding AOCI and DTA:</i>								
Catastrophe losses above (below) expectations	183	64	119	0.3	(153)	(54)	(99)	(0.2)
(Better) worse than expected alternative returns	719	251	468	1.4	(320)	(112)	(208)	(0.5)
(Better) worse than expected DIB & GCM returns	353	124	229	0.7	(372)	(130)	(242)	(0.6)
Fair value changes on PICC investments	188	66	122	0.4	(278)	(97)	(181)	(0.4)
Net reserve discount change	290	102	188	0.6	(235)	(82)	(153)	(0.4)
Life Insurance - IBNR death claims	(25)	(9)	(16)	(0.1)	-	-	-	-
Unfavorable (favorable) prior year loss reserve development	(31)	(11)	(20)	(0.1)	365	128	237	0.6
Normalized Return on Equity, excluding AOCI and DTA	<u>\$ 4,251</u>	<u>\$ 1,273</u>	<u>\$ 2,976</u>	<u>8.8 %</u>	<u>\$ 4,402</u>	<u>\$ 1,463</u>	<u>\$ 2,938</u>	<u>7.3 %</u>
Average AIG Shareholders' equity			\$ 89,374				\$ 106,378	
Less: Average AOCI			5,440				9,631	
Less: Average DTA			16,397				15,671	
Effect of normalization on equity			116				(179)	
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA			<u>\$ 67,653</u>				<u>\$ 80,897</u>	

(a) After-tax operating income excludes Net income (loss) attributable to non-controlling interest of \$2 million and \$1 million for the six months ended June 30, 2016 and 2015, respectively.

Reconciliation of Property Casualty Accident Year Combined Ratio, as Adjusted

	Twelve Months Ended December 31, 2015
Underwriting ratios:	
Loss ratio	86.2
Catastrophe losses and reinstatement premiums	(2.9)
Prior year development net of premium adjustments	(17.5)
Net reserve discount benefit	0.4
Accident year loss ratio, as adjusted	66.2
Acquisition ratio	16.1
General operating expense ratio	12.7
Expense ratio	28.8
Combined ratio	115.0
Catastrophe losses and reinstatement premiums	(2.9)
Prior year development net of premium adjustments	(17.5)
Net reserve discount benefit	0.4
Accident year combined ratio, as adjusted	95.0



American International Group, Inc.

Quarterly Financial Supplement
Second Quarter 2016

All financial information in this document is unaudited. This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, 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 “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “focused on achieving,” “view,” “target,” “goal” 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; exposure to European governments and European financial institutions; strategy for risk management; sales of businesses; restructuring of business operations; generation of deployable capital; strategies to increase return on equity and earnings per common share; strategies to grow net investment income, efficiently manage capital, grow book value per share, and reduce expenses; anticipated restructuring charges and annual cost savings; anticipated business or asset divestitures or monetizations; anticipated organizational and business changes; strategies for customer retention, growth, product development, market position, financial results and reserves; and subsidiaries’ revenues and combined ratios.

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;
- negative impacts on customers, business partners and other stakeholders;
- 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;
- our ability to successfully manage run-off insurance portfolios;
- our ability to successfully reduce costs and expenses and make business and organizational changes without negatively impacting client relationships or our competitive position;
- our ability to successfully dispose of, or monetize, businesses or assets;
- judgments concerning the recognition of deferred tax assets;
- judgments concerning estimated restructuring charges and estimated cost savings; and
- such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, 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, 2015.

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

Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value Per Common Share Excluding AOCI and Deferred Tax Assets (DTA) are used to show the amount of our net worth on a per-share basis. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Book Value Per Common Share. Book Value Per Common Share Excluding AOCI is derived by dividing Total AIG shareholders’ equity, excluding AOCI, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders’ equity, excluding AOCI and DTA, by Total common shares outstanding. The reconciliation to book value per common share, the most comparable GAAP measure, is presented on page 7 herein.

Return on Equity – After-tax Operating Income Excluding AOCI and Return on Equity – After-tax Operating Income Excluding AOCI and DTA are used to show the rate of return on shareholders’ equity. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Return on Equity. Return on Equity – After-tax Operating Income Excluding AOCI is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders’ equity, excluding average AOCI. Return on Equity – After-tax Operating Income Excluding AOCI and DTA is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders’ equity, excluding average AOCI and DTA. The reconciliation to return on equity, the most comparable GAAP measure, is presented on page 7 herein.

Normalized Return on Equity, Excluding AOCI and DTA further adjusts Return on Equity – After-tax Operating Income, excluding AOCI and DTA for the effects of certain volatile or market related items. We believe this measure is useful to investors because it presents the trends in our consolidated return on equity without the impact of certain items that can experience volatility in our short-term results. Normalized Return on Equity, Excluding AOCI and DTA is derived by excluding the following tax adjusted effects from Return on Equity – After-tax Operating Income, Excluding AOCI and DTA: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) Direct Investment book (DIB) and Global Capital Markets (GCM) returns; fair value changes on PICC investments; update of actuarial assumptions; net reserve discount change; Life insurance incurred but not reported (IBNR) death claim charge; and prior year loss reserve development. The reconciliation to Return on Equity – After-tax Operating Income Excluding AOCI and DTA, is presented on page 14 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. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. For example, certain ratios and other metrics described below:

- deferred income tax valuation allowance releases and charges;
- changes in fair value of securities used to hedge guaranteed living benefits;
- changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses;
- other income and expense — net, related to Corporate and Other run-off insurance lines;
- loss on extinguishment of debt;
- net realized capital gains and losses;
- non-qualifying derivative hedging activities, excluding net realized capital gains and losses;
- income or loss from discontinued operations;
- income and loss from divested businesses, including:
 - gain on the sale of International Lease Finance Corporation (ILFC); and
 - certain post-acquisition transaction expenses incurred by AerCap Holdings N.V. (AerCap) in connection with its acquisition of ILFC and the difference between expensing AerCap’s maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and related tax effects;
- legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments;
- non-operating litigation reserves and settlements;
- reserve development related to non-operating run-off insurance business; and
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization.

Operating revenue excludes Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes).



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

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) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating litigation reserves and (v) other expense related to a retroactive reinsurance agreement. We 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 non-operating litigation reserves and settlements. Underwriting income and loss is derived by reducing net premiums earned by losses and loss adjustment expenses incurred, acquisition expenses and general operating expenses.
- **Ratios:** We, along with most property and casualty insurance companies, use the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every \$100 of net premiums earned, the amount of losses and loss adjustment expenses, and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. Our ratios are calculated using the relevant information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.
- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders, that meet the \$10 million threshold. We believe the as adjusted ratios are meaningful measures of our underwriting results on an on-going basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. We also exclude prior year development to provide transparency related to current accident year results.

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 value of securities used to hedge guaranteed living benefits;
 - net realized capital gains and losses;
 - changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; and
 - non-operating litigation reserves and settlements.

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

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

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

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

American International Group, Inc.
Consolidated Statement of Operations

Consolidated Results

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Revenues:							
Premiums	\$ 8,751	\$ 8,806	\$ 9,426	\$ 8,862	\$ 9,545	\$ 17,557	\$ 18,367
Policy fees	696	687	689	701	688	1,383	1,365
Net investment income:							
Interest and dividends	3,242	3,243	3,257	3,204	3,208	6,485	6,395
Alternative investments (1)	310	(366)	(106)	(18)	658	(56)	1,244
Other investment income (1)	240	250	158	153	77	490	294
Investment expenses	(109)	(114)	(126)	(133)	(117)	(223)	(269)
Total net investment income	3,683	3,013	3,183	3,206	3,826	6,696	7,664
Net realized capital gains (losses) (page 54)	1,042	(1,106)	(349)	(342)	126	(64)	1,467
Other income	552	379	882	395	1,514	931	2,811
Total revenues	14,724	11,779	13,831	12,822	15,699	26,503	31,674
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	6,872	6,387	10,758	6,936	7,100	13,259	13,651
Interest credited to policyholder account balances	961	950	973	881	942	1,911	1,877
Amortization of deferred policy acquisition costs	1,345	1,262	1,255	1,275	1,356	2,607	2,706
General operating and other expenses (page 9)	2,586	3,003	3,472	3,175	3,090	5,589	6,039
Interest expense	320	306	304	321	316	626	656
Loss on extinguishment of debt	7	83	-	346	342	90	410
Net (gain) loss on sale of divested businesses	(225)	2	1	3	1	(223)	7
Total benefits, losses and expenses	11,866	11,993	16,763	12,937	13,147	23,859	25,346
Income (loss) from continuing operations before income tax expense (benefit)	2,858	(214)	(2,932)	(115)	2,552	2,644	6,328
Income tax expense (benefit)	924	(58)	(1,083)	65	777	866	2,077
Income (loss) from continuing operations	1,934	(156)	(1,849)	(180)	1,775	1,778	4,251
Income (loss) from discontinued operations, net of income tax expense (benefit)	(10)	(47)	-	(17)	16	(57)	17
Net income (loss)	1,924	(203)	(1,849)	(197)	1,791	1,721	4,268
Net income (loss) from continuing operations attributable to noncontrolling interests	11	(20)	(8)	34	(9)	(9)	-
Net income (loss) attributable to AIG	\$ 1,913	\$ (183)	\$ (1,841)	\$ (231)	\$ 1,800	\$ 1,730	\$ 4,268
Effective tax rates	32.3%	27.1%	36.9%	N/M	30.4%	32.8%	32.8%

See Page 5 for the related earnings per share computations and Pages 14 to 15 for Accompanying Notes.



American International Group, Inc.
Earnings Per Share Computations

Consolidated Results

(in millions, except share data)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
GAAP Basis:							
Numerator for EPS:							
Income (loss) from continuing operations	\$ 1,934	\$ (156)	\$ (1,849)	\$ (180)	\$ 1,775	\$ 1,778	\$ 4,251
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	11	(20)	(8)	34	(9)	(9)	-
Income (loss) attributable to AIG common shareholders from continuing operations	1,923	(136)	(1,841)	(214)	1,784	1,787	4,251
Income (loss) from discontinued operations, net of income tax expense	(10)	(47)	-	(17)	16	(57)	17
Net income (loss) attributable to AIG common shareholders	\$ 1,913	\$ (183)	\$ (1,841)	\$ (231)	\$ 1,800	\$ 1,730	\$ 4,268
Denominator for EPS:							
Weighted average shares outstanding - basic	1,113,587,927	1,156,548,459	1,226,880,632	1,279,072,748	1,329,157,366	1,135,068,193	1,347,452,833
Dilutive shares	26,458,046	-	-	-	36,233,065	28,021,555	28,873,138
Weighted average shares outstanding - diluted (2)	1,140,045,973	1,156,548,459	1,226,880,632	1,279,072,748	1,365,390,431	1,163,089,748	1,376,325,971
Income per common share attributable to AIG:							
Basic:							
Income (loss) from continuing operations	\$ 1.73	\$ (0.12)	\$ (1.50)	\$ (0.17)	\$ 1.34	\$ 1.57	\$ 3.16
Income (loss) from discontinued operations	(0.01)	(0.04)	-	(0.01)	0.01	(0.05)	0.01
Net income (loss) attributable to AIG	\$ 1.72	\$ (0.16)	\$ (1.50)	\$ (0.18)	\$ 1.35	\$ 1.52	\$ 3.17
Diluted:							
Income (loss) from continuing operations	\$ 1.69	\$ (0.12)	\$ (1.50)	\$ (0.17)	\$ 1.31	\$ 1.54	\$ 3.09
Income (loss) from discontinued operations	(0.01)	(0.04)	-	(0.01)	0.01	(0.05)	0.01
Net income (loss) attributable to AIG	\$ 1.68	\$ (0.16)	\$ (1.50)	\$ (0.18)	\$ 1.32	\$ 1.49	\$ 3.10

See Page 6 for the related operating earnings per share computations and Pages 14 to 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					Six Months Ended	
	June 30,						
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Pre-tax income (loss) from continuing operations	\$ 2,858	\$ (214)	\$ (2,932)	\$ (115)	\$ 2,552	\$ 2,644	\$ 6,328
Adjustments to arrive at Pre-tax operating income (loss)							
Changes in fair value of securities used to hedge guaranteed living benefits	(120)	(133)	4	(4)	87	(253)	43
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	64	(40)	(69)	2	28	24	82
Loss on extinguishment of debt	7	83	-	346	342	90	410
Net realized capital (gains) losses (19)	(1,042)	1,106	349	342	(126)	64	(1,467)
(Income) loss from divested businesses (3)	(225)	2	1	3	34	(223)	55
Non-operating litigation reserves and settlements	(7)	(31)	4	(30)	(49)	(38)	(56)
Other (income) expense - net	(5)	(7)	233	-	-	(12)	-
Reserve development related to non-operating run-off insurance business	-	-	-	30	-	-	-
Restructuring and other costs (4)	90	188	222	274	-	278	-
Pre-tax operating income (loss)	<u>\$ 1,620</u>	<u>\$ 954</u>	<u>\$ (2,188)</u>	<u>\$ 848</u>	<u>\$ 2,868</u>	<u>\$ 2,574</u>	<u>\$ 5,395</u>
Net income (loss) attributable to AIG	\$ 1,913	\$ (183)	\$ (1,841)	\$ (231)	\$ 1,800	\$ 1,730	\$ 4,268
Adjustments to arrive at After-tax operating income (loss) (amounts net of tax, at a rate of 35%, except where noted):							
Uncertain tax positions and other tax adjustments	(63)	205	(30)	233	(49)	142	(91)
Deferred income tax valuation allowance (releases) charges (5)	35	(37)	49	8	(40)	(2)	53
Changes in fair value of securities used to hedge guaranteed living benefits	(78)	(86)	3	(3)	57	(164)	28
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	42	(26)	(45)	2	18	16	53
Loss on extinguishment of debt	5	54	-	225	222	58	266
Net realized capital (gains) losses (19)	(655)	701	215	262	(79)	46	(953)
(Income) loss from discontinued operations	10	47	-	17	(16)	57	(17)
(Income) loss from divested businesses (3)	(146)	1	2	1	11	(145)	13
Non-operating litigation reserves and settlements	(5)	(20)	3	(20)	(31)	(25)	(36)
Other (income) expense - net	(3)	(5)	151	-	-	(8)	-
Reserve development related to non-operating run-off insurance business	-	-	-	20	-	-	-
Restructuring and other costs (4)	58	122	145	177	-	181	-
After-tax operating income (loss)	<u>\$ 1,113</u>	<u>\$ 773</u>	<u>\$ (1,348)</u>	<u>\$ 691</u>	<u>\$ 1,893</u>	<u>\$ 1,886</u>	<u>\$ 3,584</u>
Weighted average shares outstanding - diluted for operating EPS	<u>1,140,045,973</u>	<u>1,186,133,523</u>	<u>1,226,880,632</u>	<u>1,319,428,918</u>	<u>1,365,390,431</u>	<u>1,163,089,748</u>	<u>1,376,325,971</u>
After-tax operating income (loss) per diluted share (2)	<u>\$ 0.98</u>	<u>\$ 0.65</u>	<u>\$ (1.10)</u>	<u>\$ 0.52</u>	<u>\$ 1.39</u>	<u>\$ 1.62</u>	<u>\$ 2.60</u>
Calculation of Effective tax rates:							
Pre-tax operating income (loss)	\$ 1,620	\$ 954	\$ (2,188)	\$ 848	\$ 2,868	\$ 2,574	\$ 5,395
Income tax benefit (expense)	(503)	(183)	843	(164)	(985)	(686)	(1,810)
Net income (loss) attributable to non-controlling interest	(4)	2	(3)	7	10	(2)	(1)
After-tax operating income (loss)	<u>\$ 1,113</u>	<u>\$ 773</u>	<u>\$ (1,348)</u>	<u>\$ 691</u>	<u>\$ 1,893</u>	<u>\$ 1,886</u>	<u>\$ 3,584</u>
Effective tax rates on pre-tax operating income (loss)	<u>31.0%</u>	<u>19.2%</u>	<u>38.5%</u>	<u>19.3%</u>	<u>34.3%</u>	<u>26.7%</u>	<u>33.5%</u>

See Accompanying Notes on Pages 14 to 15.



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

Consolidated Results

(in millions, except per share data)

Common Equity and Book Value Per Share Computations:

(as of period end)

	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Total AIG shareholders' equity (a)	\$ 89,946	\$ 88,518	\$ 89,658	\$ 98,999	\$ 104,258	\$ 89,946	\$ 104,258
Less: Accumulated other comprehensive income (AOCI)	8,259	5,525	2,537	6,557	7,620	8,259	7,620
Total AIG Shareholders' equity, excluding AOCI (b)	81,687	82,993	87,121	92,442	96,638	81,687	96,638
Less: Deferred tax assets (DTA)*	15,614	16,825	16,751	15,252	15,290	15,614	15,290
Total AIG Shareholders' equity, excluding AOCI and DTA (c)	\$ 66,073	\$ 66,168	\$ 70,370	\$ 77,190	\$ 81,348	\$ 66,073	\$ 81,348
Total common shares outstanding (d)	1,082.7	1,130.7	1,193.9	1,246.8	1,307.5	1,082.7	1,307.5
Book Value Per Share (a÷d)	\$ 83.08	\$ 78.28	\$ 75.10	\$ 79.40	\$ 79.74	\$ 83.08	\$ 79.74
Book Value Per Share, excluding AOCI (b÷d)	75.45	73.40	72.97	74.14	73.91	75.45	73.91
Book Value Per Share, excluding AOCI and DTA (c÷d)	\$ 61.03	\$ 58.52	\$ 58.94	\$ 61.91	\$ 62.22	\$ 61.03	\$ 62.22

Return On Equity (ROE) Computations:

Actual or Annualized net income (loss) attributable to AIG (a)	\$ 7,652	\$ (732)	\$ (7,364)	\$ (924)	\$ 7,200	\$ 3,460	\$ 8,536
Actual or Annualized after-tax operating income (loss) attributable to AIG (b)	\$ 4,452	\$ 3,092	\$ (5,392)	\$ 2,764	\$ 7,572	\$ 3,772	\$ 7,168
Average AIG Shareholders' equity (c)	\$ 89,232	\$ 89,088	\$ 94,329	\$ 101,629	\$ 106,119	\$ 89,374	\$ 106,378
Less: Average AOCI	6,892	4,031	4,547	7,089	9,139	5,440	9,631
Average AIG Shareholders' equity, excluding average AOCI (d)	82,340	85,057	89,782	94,540	96,980	83,934	96,747
Less: Average DTA	16,220	16,788	16,002	15,271	15,428	16,397	15,671
Average AIG Shareholders' equity, excluding average AOCI and DTA (e)	\$ 66,120	\$ 68,269	\$ 73,780	\$ 79,269	\$ 81,552	\$ 67,537	\$ 81,076
ROE (a÷c)	8.6%	(0.8%)	(7.8%)	(0.9%)	6.8%	3.9%	8.0%
ROE - after-tax operating income, excluding AOCI (b÷d)	5.4%	3.6%	(6.0%)	2.9%	7.8%	4.5%	7.4%
ROE - after-tax operating income, excluding AOCI and DTA (b÷e) (6)	6.7%	4.5%	(7.3%)	3.5%	9.3%	5.6%	8.8%
Normalized ROE - after-tax operating income, excluding AOCI and DTA (6)	8.8%	8.9%	6.7%	5.9%	6.7%	8.8%	7.3%

Common Stock Repurchase:

Aggregate repurchase of common stock	\$ 2,762	\$ 3,486	\$ 3,218	\$ 3,730	\$ 2,345	\$ 6,248	\$ 3,743
Total number of common shares repurchased**	50.1	63.2	52.9	61.0	39.7	113.3	68.6
Average price paid per share of common stock	\$ 55.19	\$ 55.17	\$ 60.83	\$ 61.15	\$ 59.15	\$ 58.62	\$ 54.65
Aggregate repurchase of warrants	90	173	-	-	-	263	-
Total number of warrants repurchased	5.0	10.0	-	-	-	15.0	-

Dividends:

Dividends Declared Per Common Share	\$ 0.320	\$ 0.320	\$ 0.280	\$ 0.280	\$ 0.125	\$ 0.640	\$ 0.250
Total Dividends Declared	\$ 350	\$ 363	\$ 341	\$ 352	\$ 165	\$ 713	\$ 335

* 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.

** Six months ended June 30, 2015 includes approximately 3.5 million shares of AIG Common Stock received in January 2015 upon the settlement of an accelerated stock repurchase agreement executed in the fourth quarter of 2014.

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
Selected Segment Data

Consolidated Results - Operating basis

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Total operating revenues: (7)							
Commercial Insurance							
Property Casualty	\$ 5,540	\$ 5,278	\$ 5,721	\$ 5,715	\$ 6,233	\$ 10,818	\$ 12,189
Mortgage Guaranty	275	261	260	266	261	536	525
Institutional Markets	695	619	1,144	578	1,172	1,314	1,796
Total Commercial Insurance	6,510	6,158	7,125	6,559	7,666	12,668	14,510
Consumer Insurance							
Retirement	2,209	2,114	2,242	2,203	2,465	4,323	4,853
Life	1,690	1,597	1,570	1,578	1,632	3,287	3,245
Personal Insurance	2,915	2,821	2,776	2,871	2,869	5,736	5,731
Total Consumer Insurance	6,814	6,532	6,588	6,652	6,966	13,346	13,829
Corporate and Other	450	206	631	109	1,119	656	2,161
Consolidation, eliminations and other adjustments	(205)	(159)	(157)	(141)	(116)	(364)	(275)
Total operating revenues	<u>\$ 13,569</u>	<u>\$ 12,737</u>	<u>\$ 14,187</u>	<u>\$ 13,179</u>	<u>\$ 15,635</u>	<u>\$ 26,306</u>	<u>\$ 30,225</u>
Total pre-tax operating income (loss):							
Commercial Insurance							
Property Casualty	\$ 791	\$ 720	\$ (2,338)	\$ 569	\$ 1,192	\$ 1,511	\$ 2,362
Mortgage Guaranty	187	163	180	162	157	350	302
Institutional Markets	110	6	33	84	151	116	298
Total Commercial Insurance	1,088	889	(2,125)	815	1,500	1,977	2,962
Consumer Insurance							
Retirement	741	461	600	635	804	1,202	1,604
Life	184	105	185	(40)	149	289	320
Personal Insurance	179	222	(32)	62	70	401	44
Total Consumer Insurance	1,104	788	753	657	1,023	1,892	1,968
Corporate and Other	(544)	(733)	(804)	(613)	372	(1,277)	534
Consolidation, eliminations and other adjustments	(28)	10	(12)	(11)	(27)	(18)	(69)
Total pre-tax operating income (loss)	<u>\$ 1,620</u>	<u>\$ 954</u>	<u>\$ (2,188)</u>	<u>\$ 848</u>	<u>\$ 2,868</u>	<u>\$ 2,574</u>	<u>\$ 5,395</u>

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
General Operating and Other Expenses

Consolidated Results

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
General operating expenses							
Commercial Insurance							
Property Casualty	\$ 543	\$ 585	\$ 598	\$ 657	\$ 658	\$ 1,128	\$ 1,287
Mortgage Guaranty	42	36	45	42	40	78	79
Institutional Markets	20	19	20	19	20	39	38
Total Commercial Insurance	605	640	663	718	718	1,245	1,404
Consumer Insurance							
Retirement	221	248	246	262	262	469	506
Life (8)	257	258	239	248	250	515	481
Personal Insurance	403	423	479	503	535	826	1,013
Total Consumer Insurance	881	929	964	1,013	1,047	1,810	2,000
Corporate and Other	465	467	468	300	443	932	876
Consolidation, eliminations and other adjustments	(189)	(119)	(139)	(133)	(91)	(308)	(191)
Total general operating expenses	1,762	1,917	1,956	1,898	2,117	3,679	4,089
Other acquisition expenses							
Commercial Insurance							
Property Casualty	163	171	191	190	203	334	390
Mortgage Guaranty	12	13	11	12	13	25	28
Institutional Markets	-	-	8	9	8	-	15
Total Commercial Insurance	175	184	210	211	224	359	433
Consumer Insurance							
Personal Insurance	137	135	162	160	154	272	314
Total Consumer Insurance	137	135	162	160	154	272	314
Total other acquisition expenses	312	319	372	371	378	631	747
Loss adjustment expenses							
Commercial Insurance - Property Casualty	235	237	257	272	313	472	617
Consumer Insurance - Personal Insurance	115	104	135	117	115	219	234
Total loss adjustment expenses	350	341	392	389	428	691	851
Investment and other expenses	15	15	20	17	19	30	39
Total general operating expenses, operating basis (9)	2,439	2,592	2,740	2,675	2,942	5,031	5,726
Reconciliation to general operating and other expenses, GAAP basis							
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(350)	(341)	(392)	(389)	(428)	(691)	(851)
Advisory fee expenses	173	317	337	339	341	490	673
Non-deferrable insurance commissions	121	122	127	123	126	243	254
Direct marketing and acquisition expenses, net of deferrals	133	144	218	200	101	277	241
Investment expenses reported as net investment income and other	(15)	(15)	(20)	(17)	(19)	(30)	(39)
Total general operating and other expenses included in pre-tax operating income	2,501	2,819	3,010	2,931	3,063	5,320	6,004
Restructuring and other costs (4)	90	188	222	274	-	278	-
Other expense related to retroactive reinsurance agreement	(5)	(7)	233	-	-	(12)	-
Non-operating litigation reserves	-	3	7	(30)	27	3	35
Total general operating and other expenses, GAAP basis	\$ 2,586	\$ 3,003	\$ 3,472	\$ 3,175	\$ 3,090	\$ 5,589	\$ 6,039

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
Condensed Consolidated Balance Sheets

Consolidated Results

(in millions)	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Assets:					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 262,089	\$ 253,785	\$ 248,245	\$ 252,954	\$ 255,066
Other bond securities, at fair value	15,335	15,344	16,782	16,822	16,598
Equity securities					
Common and preferred stock available for sale, at fair value	1,642	2,770	2,915	3,792	4,755
Other common and preferred stock, at fair value	661	877	921	1,066	1,323
Mortgage and other loans receivable, net of allowance	31,261	30,676	29,565	28,236	27,143
Other invested assets (page 52)	27,345	28,480	29,794	31,123	29,829
Short-term investments	12,334	10,914	10,132	12,408	13,865
Total investments	350,667	342,846	338,354	346,401	348,579
Cash	1,784	1,499	1,629	1,569	1,937
Accrued investment income	2,590	2,657	2,623	2,696	2,632
Premiums and other receivables, net of allowance	12,078	12,414	11,451	12,078	13,258
Reinsurance assets, net of allowance	21,441	21,332	20,413	20,542	21,361
Deferred income taxes	18,542	20,116	20,394	19,511	18,665
Deferred policy acquisition costs	10,487	10,800	11,115	10,537	10,270
Other assets	12,188	11,581	11,289	11,413	11,060
Separate account assets, at fair value	80,572	79,532	79,574	77,136	82,135
Total assets	\$ 510,349	\$ 502,777	\$ 496,842	\$ 501,883	\$ 509,897
Liabilities:					
Liability for unpaid losses and loss adjustment expenses	\$ 74,143	\$ 73,946	\$ 74,942	\$ 71,436	\$ 72,939
Unearned premiums	22,165	22,060	21,318	22,686	22,786
Future policy benefits for life and accident and health insurance contracts	45,982	44,573	43,585	42,991	42,787
Policyholder contract deposits	131,936	130,007	127,588	126,641	124,480
Other policyholder funds	4,292	4,203	4,212	4,192	4,378
Other liabilities	27,393	27,423	26,164	26,565	25,480
Long-term debt (page 13)	33,329	31,952	29,249	30,617	30,270
Separate account liabilities	80,572	79,532	79,574	77,136	82,135
Total liabilities	419,812	413,696	406,632	402,264	405,255
AIG shareholders' equity:					
Common stock	4,766	4,766	4,766	4,766	4,766
Treasury stock, at cost	(36,262)	(33,584)	(30,098)	(26,881)	(23,165)
Additional paid-in capital	81,232	81,415	81,510	81,435	81,330
Retained earnings	31,951	30,396	30,943	33,122	33,707
Accumulated other comprehensive income	8,259	5,525	2,537	6,557	7,620
Total AIG shareholders' equity	89,946	88,518	89,658	98,999	104,258
Non-redeemable noncontrolling interests	591	563	552	620	384
Total equity	90,537	89,081	90,210	99,619	104,642
Total liabilities and equity	\$ 510,349	\$ 502,777	\$ 496,842	\$ 501,883	\$ 509,897

See Accompanying Notes on Pages 14 to 15.



**American International Group, Inc.
Condensed Consolidating Balance Sheet**

Consolidated Results

	June 30, 2016 (13)			
(in millions)	Life Insurance Companies (10)	Non-Life Insurance Companies (11)	Corporate and Other (12)	AIG Inc.
Assets:				
Investments:				
Fixed maturity securities				
Bonds available for sale, at fair value	\$ 169,237	\$ 87,657	\$ 5,195	\$ 262,089
Other bond securities, at fair value	3,834	1,301	10,200	15,335
Equity securities				
Common and preferred stock available for sale, at fair value	156	1,954	(468)	1,642
Other common and preferred stock, at fair value	2	189	470	661
Mortgage and other loans receivable, net of allowance	24,768	8,834	(2,341)	31,261
Other invested assets (page 52)	10,535	10,314	6,496	27,345
Short-term investments	4,680	4,240	3,414	12,334
Total investments	<u>213,212</u>	<u>114,489</u>	<u>22,966</u>	<u>350,667</u>
Cash	482	1,211	91	1,784
Accrued investment income	1,747	795	48	2,590
Premiums and other receivables, net of allowance	1,892	6,508	3,678	12,078
Reinsurance assets, net of allowance	2,093	17,579	1,769	21,441
Deferred income taxes	-	4,923	13,619	18,542
Deferred policy acquisition costs	7,774	2,696	17	10,487
Other assets	3,501	8,634	53	12,188
Separate account assets, at fair value	80,563	-	9	80,572
Total assets	<u>\$ 311,264</u>	<u>\$ 156,835</u>	<u>\$ 42,250</u>	<u>\$ 510,349</u>
Liabilities:				
Liability for unpaid losses and loss adjustment expenses	\$ -	\$ 68,078	\$ 6,065	\$ 74,143
Unearned premiums	65	21,789	311	22,165
Future policy benefits for life and accident and health insurance contracts	45,251	606	125	45,982
Policyholder contract deposits	132,092	-	(156)	131,936
Other policyholder funds	2,701	1,583	8	4,292
Other liabilities	11,056	13,432	2,905	27,393
Long-term debt (page 13) (14)	2,499	2,191	28,639	33,329
Separate account liabilities	80,563	-	9	80,572
Total liabilities	<u>274,227</u>	<u>107,679</u>	<u>37,906</u>	<u>419,812</u>
AIG shareholders' equity:				
Accumulated other comprehensive income (loss) (15)	8,096	2,416	(2,253)	8,259
Other AIG shareholders' equity	28,665	46,592	6,430	81,687
Total AIG shareholders' equity	<u>36,761</u>	<u>49,008</u>	<u>4,177</u>	<u>89,946</u>
Non-redeemable noncontrolling interests	<u>276</u>	<u>148</u>	<u>167</u>	<u>591</u>
Total equity	<u>37,037</u>	<u>49,156</u>	<u>4,344</u>	<u>90,537</u>
Total liabilities and equity	<u>\$ 311,264</u>	<u>\$ 156,835</u>	<u>\$ 42,250</u>	<u>\$ 510,349</u>

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

	December 31, 2015 (13)			AIG Inc.
	Life Insurance Companies (10)	Non-Life Insurance Companies (11)	Corporate and Other (12)	
(in millions)				
Assets:				
Investments:				
Fixed maturity securities				
Bonds available for sale, at fair value	\$ 157,150	\$ 84,849	\$ 6,246	\$ 248,245
Other bond securities, at fair value	3,589	1,463	11,730	16,782
Equity securities				
Common and preferred stock available for sale, at fair value	144	2,821	(50)	2,915
Other common and preferred stock, at fair value	-	355	566	921
Mortgage and other loans receivable, net of allowance	23,979	8,278	(2,692)	29,565
Other invested assets (page 52)	12,398	10,571	6,825	29,794
Short-term investments	2,877	3,189	4,066	10,132
Total investments	<u>200,137</u>	<u>111,526</u>	<u>26,691</u>	<u>338,354</u>
Cash	557	1,011	61	1,629
Accrued investment income	1,755	807	61	2,623
Premiums and other receivables, net of allowance	1,830	5,642	3,979	11,451
Reinsurance assets, net of allowance	2,171	16,408	1,834	20,413
Deferred income taxes	-	5,044	15,350	20,394
Deferred policy acquisition costs	8,467	2,631	17	11,115
Other assets	3,018	7,299	972	11,289
Separate account assets, at fair value	79,564	-	10	79,574
Total assets	<u>\$ 297,499</u>	<u>\$ 150,368</u>	<u>\$ 48,975</u>	<u>\$ 496,842</u>
Liabilities:				
Liability for unpaid losses and loss adjustment expenses	\$ -	\$ 68,649	\$ 6,293	\$ 74,942
Unearned premiums	-	20,961	357	21,318
Future policy benefits for life and accident and health insurance contracts	42,893	564	128	43,585
Policyholder contract deposits	127,704	-	(116)	127,588
Other policyholder funds	2,624	1,579	9	4,212
Other liabilities	9,751	13,215	3,198	26,164
Long-term debt (page 13) (14)	2,654	609	25,986	29,249
Separate account liabilities	79,564	-	10	79,574
Total liabilities	<u>265,190</u>	<u>105,577</u>	<u>35,865</u>	<u>406,632</u>
AIG shareholders' equity:				
Accumulated other comprehensive income (loss)	1,686	1,240	(389)	2,537
Other AIG shareholders' equity	30,382	43,414	13,325	87,121
Total AIG shareholders' equity	<u>32,068</u>	<u>44,654</u>	<u>12,936</u>	<u>89,658</u>
Non-redeemable noncontrolling interests	<u>241</u>	<u>137</u>	<u>174</u>	<u>552</u>
Total equity	<u>32,309</u>	<u>44,791</u>	<u>13,110</u>	<u>90,210</u>
Total liabilities and equity	<u>\$ 297,499</u>	<u>\$ 150,368</u>	<u>\$ 48,975</u>	<u>\$ 496,842</u>

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
Debt and Capital

Consolidated Results

(in millions)	Debt and Hybrid Capital			Interest Expense			
	June 30, 2016	June 30, 2015	December 31, 2015	Three Months Ended		Six Months Ended	
				June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Financial debt:							
AIG notes and bonds payable	\$ 19,839	\$ 17,770	\$ 17,047	\$ 220	\$ 218	\$ 428	\$ 433
AIG subordinated debt	-	250	-	-	2	-	3
AIG Japan Holdings Kabushiki Kaisha	341		106	-	-	-	-
AIG Life Holdings, Inc. notes and bonds payable	281	284	284	5	5	10	10
AIG Life Holdings, Inc. junior subordinated debt	360	420	420	8	9	16	20
Total	20,821	18,724	17,857	233	234	454	466
Operating debt:							
MIP notes payable	1,477	1,534	1,372	13	15	26	44
Series AIGFP matched notes and bonds payable	36	37	34	-	-	-	-
Other AIG borrowings supported by assets (16)	3,747	4,269	3,670	-	-	-	-
Other subsidiaries	1,202	132	2	-	1	-	2
Borrowings of consolidated investments (13) (17)	5,185	3,960	4,987	59	37	108	71
Total	11,647	9,932	10,065	72	53	134	117
Hybrid - debt securities:							
Junior subordinated debt (18)	861	1,614	1,327	15	29	38	73
Total	\$ 33,329	\$ 30,270	\$ 29,249	\$ 320	\$ 316	\$ 626	\$ 656
AIG capitalization:							
Total equity	\$ 90,537	\$ 104,642	\$ 90,210				
Hybrid - debt securities (18)	861	1,614	1,327				
Total equity and hybrid capital	91,398	106,256	91,537				
Financial debt	20,821	18,724	17,857				
Total capital	\$ 112,219	\$ 124,980	\$ 109,394				
Ratios:							
Hybrid - debt securities / Total capital	0.8%	1.3%	1.2%				
Financial debt / Total capital	18.6%	15.0%	16.3%				
Total debt / Total capital	19.4%	16.3%	17.5%				

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
Notes

Consolidated Results

- (1) Beginning in 1Q16, the presentation of income on alternative investments has been refined to include only income from hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on a one-quarter lag. Other investment income primarily includes changes in market value of investments accounted for under the fair value option (including PICC Property & Casualty Company Limited (PICC P&C) held by Non-Life Insurance Companies), real estate income, life settlements, and income (loss) from equity method investments. Prior period disclosures have been reclassified to conform to this presentation.
- (2) For the quarters ended March 31, 2016, December 31, 2015 and September 30, 2015, because we reported a net loss and, in the quarter ended December 31, 2015, an after-tax operating loss, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts.
- (3) 2Q16 includes the sale of AIG Advisor Group. 2Q15 included 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.
- (4) Beginning in 3Q15, we launched broad initiatives designed to reduce operating expenses, improve efficiency and simplify our organization. These costs include employee severance and one-time termination benefits, modernization of our information technology platforms, and costs associated with consolidation of legal entities and exiting lower return lines of business.
- (5) Excludes a valuation allowance (release) charge of \$(350) million, \$(800) million and \$1.2 billion in 2Q16, 1Q16 and 4Q15, respectively, recorded in AOCI.
- (6) The reconciliation of After-tax operating income (loss) as reported to Normalized after-tax operating income (loss) and ROE-after-tax operating income (loss) to Normalized ROE are as follows:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
After-tax operating income (loss) as reported	\$ 1,113	\$ 773	\$ (1,348)	\$ 691	\$ 1,893	\$ 1,886	\$ 3,584
Adjustments to arrive at Normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	104	15	(87)	(333)	(25)	119	(99)
(Better) worse than expected alternative returns	4	464	344	298	(116)	468	(208)
(Better) worse than expected DIB & GCM returns	(28)	257	(3)	165	(203)	229	(242)
Fair value changes on PICC investments	55	67	(12)	167	(146)	122	(181)
Update of actuarial assumptions	-	-	(7)	11	-	-	-
Net reserve discount charge (benefit)	195	(7)	56	50	(260)	188	(153)
Life Insurance - IBNR death claims	-	(16)	(13)	-	-	(16)	-
Unfavorable (favorable) prior year loss reserve development	19	(39)	2,329	124	214	(20)	237
Normalized after-tax operating income (loss)	\$ 1,462	\$ 1,514	\$ 1,259	\$ 1,173	\$ 1,357	\$ 2,976	\$ 2,938
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA	\$ 66,295	\$ 68,269	\$ 75,029	\$ 78,973	\$ 81,283	\$ 67,653	\$ 80,897
ROE - after-tax operating income (loss), excluding AOCI and DTA (page 7)	6.7%	4.5%	(7.3%)	3.5%	9.3%	5.6%	8.8%
Impact of Normalizations	2.1%	4.4%	14.0%	2.4%	(2.6%)	3.2%	(1.5%)
Normalized ROE - after-tax operating income (loss), excluding AOCI and DTA	8.8%	8.9%	6.7%	5.9%	6.7%	8.8%	7.3%

Normalizing adjustments are tax affected using a 35% tax rate and computed based on average shareholders' equity, excluding AOCI and DTA, for the respective periods.

American International Group, Inc.
Notes (continued)

Consolidated Results

- (7) Operating revenue excludes Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). The reconciliation to GAAP total revenues is as follows:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Total operating revenues	\$ 13,569	\$ 12,737	\$ 14,187	\$ 13,179	\$ 15,635	\$ 26,306	\$ 30,225
Reconciling items:							
Changes in fair value of securities used to hedge guaranteed living benefits	120	133	(4)	4	(87)	253	(43)
Net realized capital gains (loss)	1,042	(1,106)	(349)	(342)	126	(64)	1,467
Income from divested businesses	-	-	-	-	(33)	-	(48)
Non-operating litigation settlements	7	34	3	-	76	41	91
Other	(14)	(19)	(6)	(19)	(18)	(33)	(18)
Total revenues	\$ 14,724	\$ 11,779	\$ 13,831	\$ 12,822	\$ 15,699	\$ 26,503	\$ 31,674

- (8) Includes general operating expenses from AIG Life Limited (formerly Ageas Protect Limited), which was acquired on December 31, 2014, and general operating expenses from Laya Healthcare, which was acquired on March 31, 2015. Also refer to Note (9).
- (9) Includes unallocated loss adjustment expenses, certain investment expenses and certain acquisition expenses (including the portion deferred for GAAP reporting). Excludes charges for non-operating litigation reserves, restructuring and other costs, and other expense related to a retroactive reinsurance agreement.
- (10) The Life Insurance Companies conduct business primarily through American General Life Insurance Company, The Variable Annuity Life Insurance Company, The United States Life Insurance Company in the City of New York, AIG Fuji Life Insurance Company Limited (Fuji Life) and AIG Life Limited.
- (11) The Non-Life Insurance Companies include property casualty and mortgage guaranty companies that conduct their business primarily through the following major operating companies: National Union Fire Insurance Company of Pittsburgh, Pa.; American Home Assurance Company; Lexington Insurance Company; Fuji Fire and Marine Insurance Company Limited; American Home Assurance Company, Ltd.; AIG Asia Pacific Insurance, Pte, Ltd.; AIG Europe Limited; and United Guaranty Residential Insurance Company. For the year ended December 31, 2015, Eaglestone Reinsurance Company (Eaglestone), a reinsurer of run-off lines of business from affiliates within Non-Life Insurance Companies, was transferred from the Non-Life Insurance Companies to Corporate and Other.
- (12) Includes AIG Parent, other assets and investments held by AIG Parent, AIG Life Holdings, Inc. (a non-operating holding company), Eaglestone, and consolidations, eliminations and other adjustments.
- (13) As of June 30, 2016, included debt of consolidated investment vehicles related to real estate investments of \$2.7 billion, affordable housing partnership investments of \$1.6 billion and other securitization vehicles of \$845 million. As of December 31, 2015, included debt of consolidated investment vehicles related to real estate investments of \$2.4 billion, affordable housing partnership investments of \$1.5 billion, and other securitization vehicles of \$1.0 billion. As of June 30, 2015, included debt of consolidated investment vehicles related to real estate investments of \$2.4 billion, affordable housing partnership investments of \$265 million and other securitization vehicles of \$1.2 billion.
- (14) The Life Insurance Companies' balance consists primarily of third-party debt related to other subsidiaries and consolidated investments in affordable housing partnerships.
- (15) Beginning in 1Q16, a \$1.8 billion deferred tax asset valuation allowance released to AOCI, which was previously reported in the Corporate & Other segment has been reclassified to Life Insurance Companies consistent with the reporting of the related gains on investments.
- (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 \$36 million and \$78 million for the three months ended June 30, 2016 and 2015, respectively, and \$63 million and \$91 million for the six months ended June 30, 2016 and 2015, respectively.
- (17) Includes the effect of consolidating previously unconsolidated partnerships.
- (18) 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.
- (19) The tax effect on net realized capital (gains) losses includes the impact of non-US tax rates lower than 35% applied to foreign exchange (gains) losses attributable to those jurisdictions where foreign earnings are considered to be indefinitely reinvested.

**American International Group, Inc.
Operating Results**

Commercial Insurance

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Revenues:							
Premiums	\$ 5,103	\$ 5,161	\$ 5,941	\$ 5,352	\$ 5,971	\$ 10,264	\$ 11,228
Policy fees	50	51	51	49	50	101	99
Net investment income	1,357	946	1,133	1,158	1,645	2,303	3,183
Total operating revenues	6,510	6,158	7,125	6,559	7,666	12,668	14,510
Benefits and expenses:							
Policyholder benefits and losses incurred	3,971	3,731	7,630	4,071	4,549	7,702	8,316
Interest credited to policyholder account balances	101	101	102	102	102	202	204
Amortization of deferred policy acquisition costs	530	542	573	580	593	1,072	1,189
General operating and other expenses*	820	895	945	991	922	1,715	1,839
Total benefits and expenses	5,422	5,269	9,250	5,744	6,166	10,691	11,548
Pre-tax operating income (loss)	\$ 1,088	\$ 889	\$ (2,125)	\$ 815	\$ 1,500	\$ 1,977	\$ 2,962

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

See Accompanying Notes on Pages 25 to 26.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 4,424	\$ 4,307	\$ 4,604	\$ 5,202	\$ 5,583	\$ 8,731	\$ 10,630
Net premiums earned	\$ 4,649	\$ 4,701	\$ 4,991	\$ 5,005	\$ 5,102	\$ 9,350	\$ 10,033
Losses and loss adjustment expenses incurred	3,489	3,208	6,634	3,666	3,614	6,697	6,974
Acquisition expenses:							
Amortization of deferred policy acquisition costs	521	534	564	571	586	1,055	1,174
Other acquisition expenses	196	231	263	252	183	427	392
Total acquisition expenses	717	765	827	823	769	1,482	1,566
General operating expenses	543	585	598	657	658	1,128	1,287
Underwriting income (loss)	(100)	143	(3,068)	(141)	61	43	206
Net investment income (loss):							
Interest and dividends	843	811	830	866	856	1,654	1,693
Alternative investments (1)	120	(136)	(40)	(55)	216	(16)	459
Other investment income (2)	(47)	(69)	(29)	(61)	96	(116)	90
Investment expenses	(25)	(29)	(31)	(40)	(37)	(54)	(86)
Total net investment income	891	577	730	710	1,131	1,468	2,156
Pre-tax operating income (loss)	\$ 791	\$ 720	\$ (2,338)	\$ 569	\$ 1,192	\$ 1,511	\$ 2,362
Underwriting ratios: (9)							
Loss ratio	75.0	68.2	132.9	73.2	70.8	71.6	69.5
Catastrophe losses and reinstatement premiums	(7.5)	(4.7)	(4.2)	(1.7)	(4.1)	(6.1)	(2.8)
Prior year development net of premium adjustments	(1.0)	0.4	(60.9)	(3.6)	(5.3)	(0.3)	(2.9)
Net reserve discount benefit (charge)	(4.1)	0.6	(1.4)	(0.8)	5.2	(1.8)	1.7
Accident year loss ratio, as adjusted	62.4	64.5	66.4	67.1	66.6	63.4	65.5
Acquisition ratio	15.4	16.3	16.6	16.4	15.1	15.9	15.6
General operating expense ratio	11.7	12.4	12.0	13.1	12.9	12.1	12.8
Expense ratio	27.1	28.7	28.6	29.5	28.0	28.0	28.4
Combined ratio	102.1	96.9	161.5	102.7	98.8	99.6	97.9
Catastrophe losses and reinstatement premiums	(7.5)	(4.7)	(4.2)	(1.7)	(4.1)	(6.1)	(2.8)
Prior year development net of premium adjustments	(1.0)	0.4	(60.9)	(3.6)	(5.3)	(0.3)	(2.9)
Net reserve discount benefit (charge)	(4.1)	0.6	(1.4)	(0.8)	5.2	(1.8)	1.7
Accident year combined ratio, as adjusted	89.5	93.2	95.0	96.6	94.6	91.4	93.9
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 353	\$ 222	\$ 213	\$ 88	\$ 209	\$ 575	\$ 280
Reinstatement premiums related to catastrophes	-	-	-	-	-	-	-
Reinstatement premiums related to prior year catastrophes	(11)	(10)	-	2	-	(21)	(7)
Severe losses (4)	130	109	172	209	184	239	318
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	36	(16)	3,040	156	267	20	284
(Additional) returned premium related to prior year development	22	6	(4)	30	12	28	23
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	58	(10)	3,036	186	279	48	307
Net reserve discount (benefit) charge	191	(26)	68	41	(270)	165	(177)
Net loss and loss expense reserve by line of business (at end of period):							
Casualty	\$ 30,662	\$ 31,207	\$ 32,620	\$ 31,228	\$ 31,753	\$ 30,662	\$ 31,753
Financial Lines	9,273	9,206	9,265	8,935	9,216	9,273	9,216
Specialty	4,781	4,711	5,197	5,685	5,861	4,781	5,861
Property	4,152	3,938	4,013	3,739	3,692	4,152	3,692
Total	\$ 48,868	\$ 49,062	\$ 51,095	\$ 49,587	\$ 50,522	\$ 48,868	\$ 50,522

See Accompanying Notes on Pages 25 to 26.



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

Commercial Insurance - Property Casualty

(in millions)	Quarterly					Six Months Ended	
	2Q16	1Q16	4Q15	3Q15	2Q15	June 30,	
						2016	2015
By Line of Business:							
Casualty	\$ 1,109	\$ 1,363	\$ 1,552	\$ 1,711	\$ 1,812	\$ 2,472	\$ 3,694
Property	1,442	1,024	1,043	1,482	1,628	2,466	2,635
Specialty	760	890	884	897	918	1,650	1,872
Financial lines	1,113	1,030	1,125	1,112	1,225	2,143	2,429
Total net premiums written	\$ 4,424	\$ 4,307	\$ 4,604	\$ 5,202	\$ 5,583	\$ 8,731	\$ 10,630
By Region:							
Americas	\$ 2,867	\$ 2,323	\$ 3,206	\$ 3,525	\$ 3,892	\$ 5,190	\$ 6,841
EMEA	1,101	1,559	923	1,158	1,231	2,660	2,847
Asia Pacific	456	425	475	519	460	881	942
Total net premiums written	\$ 4,424	\$ 4,307	\$ 4,604	\$ 5,202	\$ 5,583	\$ 8,731	\$ 10,630
Foreign exchange effect on worldwide premiums:							
Change in net premiums written							
Increase (decrease) in original currency over prior-year period (5)	(20.3) %	(12.0) %	1.5 %	(1.0) %	0.3 %	(16.4) %	2.9 %
Foreign exchange effect	(0.5)	(2.7)	(3.4)	(4.6)	(4.3)	(1.5)	(4.6)
Increase (decrease) as reported in U.S. dollars	(20.8) %	(14.7) %	(1.9) %	(5.6) %	(4.0) %	(17.9) %	(1.7) %

See Accompanying Notes on Pages 25 to 26.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty North America

(in millions)	Quarterly					Six Months Ended	
	2Q16	1Q16	4Q15	3Q15	2Q15	June 30, 2016	2015
Net premiums written	\$ 2,757	\$ 2,205	\$ 3,073	\$ 3,367	\$ 3,742	\$ 4,962	\$ 6,570
Net premiums earned	\$ 2,839	\$ 3,004	\$ 3,212	\$ 3,202	\$ 3,258	\$ 5,843	\$ 6,455
Losses and loss adjustment expenses incurred	2,383	2,253	5,199	2,592	2,519	4,636	5,001
Acquisition expenses:							
Amortization of deferred policy acquisition costs	249	282	313	314	320	531	645
Other acquisition expenses	97	139	153	158	71	236	191
Total acquisition expenses	346	421	466	472	391	767	836
General operating expenses	267	285	287	329	335	552	631
Underwriting income (loss)	(157)	45	(2,740)	(191)	13	(112)	(13)
Net investment income (loss):							
Interest and dividends	720	703	717	751	728	1,423	1,447
Alternative investments (1)	130	(134)	(19)	(63)	214	(4)	451
Other investment income (2)	(51)	(76)	(29)	(72)	82	(127)	70
Investment expenses	(20)	(27)	(24)	(29)	(24)	(47)	(62)
Total net investment income	779	466	645	587	1,000	1,245	1,906
Pre-tax operating income (loss)	\$ 622	\$ 511	\$ (2,095)	\$ 396	\$ 1,013	\$ 1,133	\$ 1,893
Underwriting ratios: (9)							
Loss ratio	83.9	75.0	161.9	80.9	77.3	79.3	77.5
Catastrophe losses and reinstatement premiums	(6.9)	(6.1)	(3.3)	(0.4)	(4.9)	(6.5)	(3.6)
Prior year development net of premium adjustments	(3.1)	(2.0)	(86.3)	(8.7)	(9.1)	(2.5)	(5.7)
Net reserve discount benefit (charge)	(6.7)	0.9	(2.1)	(1.2)	8.2	(2.8)	2.8
Accident year loss ratio, as adjusted	67.2	67.8	70.2	70.6	71.5	67.5	71.0
Acquisition ratio	12.2	14.0	14.5	14.7	12.0	13.1	13.0
General operating expense ratio	9.4	9.5	8.9	10.3	10.3	9.4	9.8
Expense ratio	21.6	23.5	23.4	25.0	22.3	22.5	22.8
Combined ratio	105.5	98.5	185.3	105.9	99.6	101.8	100.3
Catastrophe losses and reinstatement premiums	(6.9)	(6.1)	(3.3)	(0.4)	(4.9)	(6.5)	(3.6)
Prior year development net of premium adjustments	(3.1)	(2.0)	(86.3)	(8.7)	(9.1)	(2.5)	(5.7)
Net reserve discount benefit (charge)	(6.7)	0.9	(2.1)	(1.2)	8.2	(2.8)	2.8
Accident year combined ratio, as adjusted	88.8	91.3	93.6	95.6	93.8	90.0	93.8
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 196	\$ 184	\$ 104	\$ 15	\$ 160	\$ 380	\$ 230
Reinstatement premiums related to prior year catastrophes	(11)	(10)	-	-	-	(21)	(7)
Severe losses (4)	23	-	23	53	79	23	166
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	82	61	2,775	255	290	143	356
(Additional) returned premium related to prior year development	22	6	(4)	30	12	28	23
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	104	67	2,771	285	302	171	379
Net reserve discount (benefit) charge	\$ 191	\$ (26)	\$ 68	\$ 41	\$ (270)	\$ 165	\$ (177)

See Accompanying Notes on Pages 25 to 26.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Property Casualty International

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 1,667	\$ 2,102	\$ 1,531	\$ 1,835	\$ 1,841	\$ 3,769	\$ 4,060
Net premiums earned	\$ 1,810	\$ 1,697	\$ 1,779	\$ 1,803	\$ 1,844	\$ 3,507	\$ 3,578
Losses and loss adjustment expenses incurred	1,106	955	1,435	1,074	1,095	2,061	1,973
Acquisition expenses:							
Amortization of deferred policy acquisition costs	272	252	251	257	266	524	529
Other acquisition expenses	99	92	110	94	112	191	201
Total acquisition expenses	371	344	361	351	378	715	730
General operating expenses	276	300	311	328	323	576	656
Underwriting income (loss)	57	98	(328)	50	48	155	219
Net investment income:							
Interest and dividends	123	108	113	115	128	231	246
Alternative investments (1)	(10)	(2)	(21)	8	2	(12)	8
Other investment income (2)	4	7	-	11	14	11	20
Investment expenses	(5)	(2)	(7)	(11)	(13)	(7)	(24)
Total net investment income	112	111	85	123	131	223	250
Pre-tax operating income (loss)	\$ 169	\$ 209	\$ (243)	\$ 173	\$ 179	\$ 378	\$ 469
Underwriting ratios: (9)							
Loss ratio	61.1	56.3	80.7	59.6	59.4	58.8	55.1
Catastrophe losses and reinstatement premiums	(8.7)	(2.3)	(6.2)	(4.1)	(2.7)	(5.6)	(1.4)
Prior year development net of premium adjustments	2.6	4.6	(14.9)	5.4	1.3	3.5	2.1
Accident year loss ratio, as adjusted	55.0	58.6	59.6	60.9	58.0	56.7	55.8
Acquisition ratio	20.5	20.3	20.3	19.5	20.5	20.4	20.4
General operating expense ratio	15.2	17.7	17.5	18.2	17.5	16.4	18.3
Expense ratio	35.7	38.0	37.8	37.7	38.0	36.8	38.7
Combined ratio	96.8	94.3	118.5	97.3	97.4	95.6	93.8
Catastrophe losses and reinstatement premiums	(8.7)	(2.3)	(6.2)	(4.1)	(2.7)	(5.6)	(1.4)
Prior year development net of premium adjustments	2.6	4.6	(14.9)	5.4	1.3	3.5	2.1
Accident year combined ratio, as adjusted	90.7	96.6	97.4	98.6	96.0	93.5	94.5
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 157	\$ 38	\$ 109	\$ 73	\$ 49	\$ 195	\$ 50
Reinstatement premiums related to catastrophes	-	-	-	-	-	-	-
Reinstatement premiums related to prior year catastrophes	-	-	-	2	-	-	-
Severe losses (4)	107	109	149	156	105	216	152
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (46)	\$ (77)	\$ 265	\$ (99)	\$ (23)	\$ (123)	\$ (72)

See Accompanying Notes on Pages 25 to 26.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Mortgage Guaranty

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 244	\$ 231	\$ 241	\$ 274	\$ 277	\$ 475	\$ 535
Net premiums earned	\$ 239	\$ 225	\$ 224	\$ 232	\$ 226	464	456
Losses and loss adjustment expenses incurred	25	42	16	42	44	67	102
Acquisition expenses:							
Amortization of deferred policy acquisition costs	9	7	8	8	7	16	14
Other acquisition expenses	12	13	11	12	13	25	28
Total acquisition expenses	21	20	19	20	20	41	42
General operating expenses	42	36	45	42	40	78	79
Underwriting income	151	127	144	128	122	278	233
Net investment income	36	36	36	34	35	72	69
Pre-tax operating income	\$ 187	\$ 163	\$ 180	\$ 162	\$ 157	\$ 350	\$ 302
Underwriting ratios: (9)							
Loss ratio	10.5	18.7	7.1	18.1	19.5	14.4	22.4
Prior year loss development	5.0	2.2	15.2	7.8	7.5	3.7	3.7
Accident year loss ratio, as adjusted	15.5	20.9	22.3	25.9	27.0	18.1	26.1
Acquisition ratio	8.8	8.9	8.5	8.6	8.8	8.8	9.2
General operating expense ratio	17.6	16.0	20.1	18.1	17.7	16.8	17.3
Expense ratio	26.4	24.9	28.6	26.7	26.5	25.6	26.5
Combined ratio	36.9	43.6	35.7	44.8	46.0	40.0	48.9
Prior year loss development	5.0	2.2	15.2	7.8	7.5	3.7	3.7
Accident year combined ratio, as adjusted	41.9	45.8	50.9	52.6	53.5	43.7	52.6
Noteworthy Items (pre-tax):							
Prior year loss reserve development (favorable) unfavorable	\$ (12)	\$ (5)	\$ (34)	\$ (18)	\$ (17)	\$ (17)	\$ (17)
New insurance written	13,184	8,970	10,778	14,760	15,323	22,154	26,177
Net loss and loss expense reserve (at period end)	625	667	713	814	873	625	873
Shareholders' equity (at period end)	3,468	3,275	3,404	3,386	3,247	3,468	3,247
Shareholders' equity, excluding AOCI (at period end)	3,329	3,218	3,400	3,356	3,222	3,329	3,222
Domestic first liens:							
Number of primary paid claims	1,471	1,738	1,719	2,272	1,988	3,209	4,429
Gross paid claims	\$ 73	\$ 92	\$ 91	\$ 99	\$ 90	\$ 165	\$ 200

See Accompanying Notes on Pages 25 to 26.



American International Group, Inc.
Operating Statistics

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

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
First-lien primary new insurance written	\$ 12,985	\$ 8,827	\$ 10,627	\$ 14,483	\$ 15,190	\$ 21,812	\$ 25,732
First-lien primary persistency (twelve months)	82.2%	82.8%	81.6%	81.9%	82.2%	82.2%	82.2%
First-lien insurance primary in force (11)	\$ 186,406	\$ 184,201	\$ 183,220	\$ 180,349	\$ 174,250	\$ 186,406	\$ 174,250
Total first-lien primary risk in force - net of reinsurance (11)	\$ 47,719	\$ 47,325	\$ 47,013	\$ 46,168	\$ 44,723	\$ 47,719	\$ 44,723
Number of ending first lien primary delinquent loans (11)	26,260	27,500	30,471	31,125	31,891	26,260	31,891
First lien primary in force count (11)	914,646	908,851	907,130	898,933	879,045	914,646	879,045
Delinquency data:							
Primary delinquency ratio (11)	2.9%	3.0%	3.4%	3.5%	3.6%	2.9%	3.6%
Aging of primary delinquent inventory:							
3 or fewer payments missed	37.2%	34.0%	36.0%	34.6%	31.5%	37.2%	31.5%
4-11 payments missed	26.0%	27.8%	25.9%	24.8%	25.9%	26.0%	25.9%
12-23 payments missed	15.5%	15.5%	15.4%	16.1%	16.8%	15.5%	16.8%
24-35 payments missed	7.1%	7.2%	7.4%	8.0%	8.5%	7.1%	8.5%
More than 35 payments missed	14.2%	15.5%	15.3%	16.5%	17.3%	14.2%	17.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Risk in Force by Vintage year:							
2007 and prior	12%	13%	15%	15%	16%	12%	16%
2008	3%	3%	3%	4%	4%	3%	4%
2009	1%	1%	1%	1%	1%	1%	1%
2010	1%	1%	1%	1%	2%	1%	2%
2011	3%	4%	4%	4%	5%	3%	5%
2012	11%	12%	12%	13%	15%	11%	15%
2013	17%	18%	19%	20%	22%	17%	22%
2014	17%	19%	20%	21%	22%	17%	22%
2015	25%	26%	25%	21%	13%	25%	13%
2016	10%	3%	0%	0%	0%	10%	0%
Total	100%	100%	100%	100%	100%	100%	100%

See Accompanying Notes on Pages 25 to 26.



American International Group, Inc.
Operating Statistics

Commercial Insurance - Institutional Markets

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
	\$	\$	\$	\$	\$	\$	\$
Premiums and deposits (10)	506	304	797	159	680	810	826
Revenues:							
Premiums	215	235	726	115	643	450	739
Policy fees	50	51	51	49	50	101	99
Net investment income:							
Base portfolio (6)	371	377	367	363	358	748	712
Alternative investments (1)	46	(53)	(19)	39	117	(7)	237
Other enhancements (7)	13	9	19	12	4	22	9
Total net investment income	430	333	367	414	479	763	958
Total operating revenues	695	619	1,144	578	1,172	1,314	1,796
Benefits and expenses:							
Policyholder benefits and losses incurred	457	481	980	363	891	938	1,240
Interest credited to policyholder account balances	101	101	102	102	102	202	204
Acquisition expenses:							
Amortization of deferred policy acquisition costs	-	1	1	1	-	1	1
Other acquisition expenses	7	11	8	9	8	18	15
Total acquisition expenses	7	12	9	10	8	19	16
General operating expenses	20	19	20	19	20	39	38
Total benefits and expenses	585	613	1,111	494	1,021	1,198	1,498
Pre-tax operating income	110	6	33	84	151	116	298
General and separate account reserves:							
Future policyholder benefits	21,272	20,411	19,598	19,221	19,219	21,272	19,219
Policyholder contract deposits	9,762	9,597	9,628	9,780	9,712	9,762	9,712
Separate account reserves	6,540	6,457	6,592	6,682	6,901	6,540	6,901
Total general and separate account reserves	37,574	36,465	35,818	35,683	35,832	37,574	35,832

See Accompanying Notes on Pages 25 to 26.

American International Group, Inc.
Operating Statistics

Commercial Insurance - Institutional Markets

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Reserve rollforward:							
Balance at beginning of period, gross	\$ 35,815	\$ 35,823	\$ 35,400	\$ 35,523	\$ 35,120	\$ 35,823	\$ 35,080
Premiums and deposits (10)	506	304	797	159	680	810	826
Surrenders and withdrawals	(102)	(177)	(285)	(133)	(227)	(279)	(256)
Death and other contract benefits	(456)	(381)	(435)	(396)	(418)	(837)	(797)
Subtotal	(52)	(254)	77	(370)	35	(306)	(227)
Change in fair value of underlying assets and reserve accretion, net of policy fees	434	238	219	206	299	672	557
Cost of funds	101	101	102	102	102	202	204
Other reserve changes (including loss recognition)	(101)	(93)	25	(61)	(33)	(194)	(91)
Balance at end of period	36,197	35,815	35,823	35,400	35,523	36,197	35,523
Reserves related to unrealized investment appreciation	1,382	655	-	288	314	1,382	314
Reinsurance ceded	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Total insurance reserves	\$ 37,574	\$ 36,465	\$ 35,818	\$ 35,683	\$ 35,832	\$ 37,574	\$ 35,832
Reserves by line of business:							
Structured settlements	\$ 20,101	\$ 19,418	\$ 18,774	\$ 18,850	\$ 18,843	\$ 20,101	\$ 18,843
Terminal funding annuities	4,265	4,089	3,984	3,437	3,460	4,265	3,460
Corporate and bank-owned life insurance	4,803	4,735	4,715	4,734	4,814	4,803	4,814
High net worth products	2,037	2,014	2,186	2,259	2,367	2,037	2,367
Guaranteed investments contracts	4,096	3,930	3,918	4,151	4,073	4,096	4,073
Stable value wrap - separate account liability	2,272	2,279	2,241	2,252	2,275	2,272	2,275
Total insurance reserves	\$ 37,574	\$ 36,465	\$ 35,818	\$ 35,683	\$ 35,832	\$ 37,574	\$ 35,832
Stable value wraps (401k and bank-owned life insurance) - Assets under management (8)	\$ 36,510	\$ 36,244	\$ 35,298	\$ 32,430	\$ 32,588	\$ 36,510	\$ 32,588

See Accompanying Notes on Pages 25 to 26.



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, the 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 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, we estimate investable funds based primarily on loss reserves and unearned premiums. The net investment income allocation is calculated based on these estimated investable funds consistent with the approximate duration of the liabilities and a capital allocation for each operating segment.

For Commercial Insurance - Institutional Markets, net investment income is attributed based on invested assets from segregated product line portfolios held in our Life Insurance Companies. The fundamental investment strategy for these product line portfolios is to maintain primarily a diversified, high quality portfolio of fixed maturity securities and, to the extent practicable, to approximately match established duration targets based on characteristics of the underlying liabilities. All invested assets of the Life Insurance Companies in excess of liabilities are allocated based on internal estimates of target statutory capital for each product line.

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

Notes

- (1) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on 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) Natural catastrophe losses (CATs) are generally weather or seismic events having a net impact on AIG in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders that meet the \$10 million threshold.
- (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) Base portfolio investment income includes interest, dividends and foreclosed real estate income, net of investment expenses.
- (7) Net investment income-other enhancements include 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, including income of certain partnership entities that are required to be consolidated.
- (8) Comprises the notional value of (i) new stable value wrap contracts and (ii) stable value wrap contracts 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.
Notes (continued)

Commercial Insurance

(9) Underwriting ratios are computed as follows:

- a. Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
- b. Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE + Reinstatement premiums (RIPs) related to catastrophes] – Loss ratio
- c. Prior year development net of premium adjustments = [Loss and loss adjustment expenses incurred – Prior year loss reserve development (favorable) unfavorable (PYD), net of reinsurance] ÷ [NPE + RIPs related to prior year catastrophes + (Additional) returned premium related to prior year development] – Loss ratio
- d. Net reserve discount = -1*[Net reserve discount (benefit) charge ÷ NPE] (Note: any rounding will go into this line since Accident year loss ratio, as adjusted is calculated independently.)
- e. Accident year loss ratio, as adjusted = [Loss and loss adjustment expenses incurred – CATs – PYD – Net reserve discount (benefit) charge] ÷ [NPE + RIPs related to catastrophes + RIPs related to prior year catastrophes + (Additional) returned premium related to PYD]
- f. Acquisition ratio = Total acquisition expenses ÷ NPE
- g. General operating expense ratio = General operating expenses ÷ NPE
- h. Expense ratio = Acquisition ratio + General operating expenses ratio
- i. Combined ratio = Loss ratio + Expense ratio
- j. Accident year combined ratio = Accident year loss ratio, as adjusted + Expense ratio

(10) Premiums and deposits is a non-GAAP financial measure.

The following table presents a reconciliation of Institutional Markets premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits	\$ 506	\$ 304	\$ 797	\$ 159	\$ 680	\$ 810	\$ 826
Deposits	(288)	(61)	(65)	(33)	(26)	(349)	(71)
Other	(3)	(8)	(6)	(11)	(11)	(11)	(16)
Premiums	\$ 215	\$ 235	\$ 726	\$ 115	\$ 643	\$ 450	\$ 739

(11) In the second quarter of 2016, Mortgage Guaranty's number of delinquent loans and primary delinquency ratio were revised to remove modified pool policies and reflect primary first-lien only policies. Prior periods have been revised to conform to the current period presentation.

American International Group, Inc.
Operating Results

Consumer Insurance

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Revenues:							
Premiums	\$ 3,676	\$ 3,560	\$ 3,449	\$ 3,531	\$ 3,552	\$ 7,236	\$ 7,105
Policy fees	643	637	638	653	639	1,280	1,266
Net investment income	2,162	1,828	1,971	1,944	2,232	3,990	4,407
Other income	333	507	530	524	543	840	1,051
Total operating revenues	6,814	6,532	6,588	6,652	6,966	13,346	13,829
Benefits and expenses:							
Policyholder benefits and losses incurred	2,668	2,520	2,494	2,741	2,561	5,188	5,240
Interest credited to policyholder account balances	849	845	857	789	837	1,694	1,670
Amortization of deferred policy acquisition cost	785	769	741	694	737	1,554	1,452
General operating and other expenses*	1,408	1,610	1,743	1,771	1,808	3,018	3,499
Total benefits and expenses	5,710	5,744	5,835	5,995	5,943	11,454	11,861
Pre-tax operating income (1)	\$ 1,104	\$ 788	\$ 753	\$ 657	\$ 1,023	\$ 1,892	\$ 1,968

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

See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Operating Results

Consumer Insurance - Retirement

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits (2)	\$ 6,448	\$ 6,866	\$ 7,053	\$ 6,639	\$ 6,083	\$ 13,314	\$ 11,605
Revenues:							
Premiums	\$ 52	\$ 54	\$ 41	\$ 37	\$ 44	\$ 106	\$ 90
Policy fees	272	259	270	261	277	531	541
Net investment income:							
Base portfolio (3)	1,353	1,383	1,342	1,348	1,360	2,736	2,711
Alternative investments (4)	129	(131)	(34)	(3)	214	(2)	379
Other enhancements (5)	85	57	110	51	44	142	98
Total net investment income	1,567	1,309	1,418	1,396	1,618	2,876	3,188
Advisory fee and other income	318	492	513	509	526	810	1,034
Total operating revenues	2,209	2,114	2,242	2,203	2,465	4,323	4,853
Benefits and expenses:							
Policyholder benefits and losses incurred	114	124	105	198	116	238	208
Interest credited to policyholder account balances	728	723	734	665	715	1,451	1,424
Amortization of deferred policy acquisition costs	158	169	148	32	158	327	300
Non deferrable insurance commissions	74	72	72	72	69	146	138
Advisory fee expenses	173	317	337	339	341	490	673
General operating expenses	221	248	246	262	262	469	506
Total benefits and expenses	1,468	1,653	1,642	1,568	1,661	3,121	3,249
Pre-tax operating income (1)	\$ 741	\$ 461	\$ 600	\$ 635	\$ 804	\$ 1,202	\$ 1,604
Assets under management:							
General accounts	\$ 130,061	\$ 126,786	\$ 123,734	\$ 123,848	\$ 122,169	\$ 130,061	\$ 122,169
Separate accounts	73,385	72,425	72,314	69,807	74,523	73,385	74,523
Group retirement and retail mutual funds	30,651	29,437	27,735	26,679	28,207	30,651	28,207
Total assets under management	\$ 234,098	\$ 228,648	\$ 223,783	\$ 220,334	\$ 224,899	\$ 234,098	\$ 224,899

See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Net Flows

Consumer Insurance - Retirement

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Investment Products Net Flows:							
Premiums and deposits: (2)							
Fixed Annuities	\$ 1,208	\$ 1,634	\$ 1,247	\$ 1,121	\$ 650	\$ 2,842	\$ 1,334
Retirement Income Solutions	1,976	2,038	2,677	2,758	2,936	4,014	5,393
Retail Mutual Funds	1,410	1,325	1,169	843	922	2,735	1,779
Group Retirement	1,837	1,856	1,944	1,903	1,562	3,693	3,073
Total premiums and deposits	6,431	6,853	7,037	6,625	6,070	13,284	11,579
Surrenders and withdrawals:							
Fixed Annuities	(1,047)	(903)	(892)	(842)	(946)	(1,950)	(1,829)
Retirement Income Solutions	(710)	(659)	(759)	(771)	(823)	(1,369)	(1,574)
Retail Mutual Funds	(708)	(782)	(819)	(651)	(581)	(1,490)	(1,295)
Group Retirement	(1,668)	(1,677)	(2,246)	(2,428)	(1,819)	(3,345)	(3,831)
Total surrenders and withdrawals	(4,133)	(4,021)	(4,716)	(4,692)	(4,169)	(8,154)	(8,529)
Death and other contract benefits:							
Fixed Annuities	(589)	(572)	(520)	(616)	(644)	(1,161)	(1,191)
Retirement Income Solutions	(205)	(182)	(179)	(163)	(191)	(387)	(372)
Group Retirement	(150)	(144)	(138)	(139)	(134)	(294)	(273)
Total death and other contract benefits	(944)	(898)	(837)	(918)	(969)	(1,842)	(1,836)
Net flows: (6)							
Fixed Annuities	(428)	159	(165)	(337)	(940)	(269)	(1,686)
Retirement Income Solutions	1,061	1,197	1,739	1,824	1,922	2,258	3,447
Retail Mutual Funds	702	543	350	192	341	1,245	484
Group Retirement	19	35	(440)	(664)	(391)	54	(1,031)
Total net flows	\$ 1,354	\$ 1,934	\$ 1,484	\$ 1,015	\$ 932	\$ 3,288	\$ 1,214

See Accompanying Notes on Pages 43 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits (2)	\$ 1,221	\$ 1,645	\$ 1,259	\$ 1,132	\$ 661	\$ 2,866	\$ 1,356
Revenues:							
Premiums	\$ 48	\$ 49	\$ 36	\$ 34	\$ 43	\$ 97	\$ 84
Policy fees	4	4	5	(5)	5	8	9
Net investment income:							
Base portfolio (3)	698	708	702	718	723	1,406	1,456
Alternative investments (4)	57	(56)	(21)	1	103	1	187
Other enhancements (5)	46	27	55	24	24	73	54
Total net investment income	801	679	736	743	850	1,480	1,697
Total operating revenues	853	732	777	772	898	1,585	1,790
Benefits and expenses:							
Policyholder benefits and losses incurred	79	86	74	76	78	165	142
Interest credited to policyholder account balances	389	386	397	351	391	775	777
Amortization of deferred policy acquisition costs	79	80	82	36	72	159	142
Non deferrable insurance commissions	5	5	5	5	5	10	10
General operating expenses	39	43	37	42	38	82	78
Total benefits and expenses	591	600	595	510	584	1,191	1,149
Pre-tax operating income (1)	\$ 262	\$ 132	\$ 182	\$ 262	\$ 314	\$ 394	\$ 641
General and separate account reserves:							
Future policyholder benefits	\$ 2,995	\$ 2,896	\$ 2,869	\$ 2,893	\$ 2,935	\$ 2,995	\$ 2,935
Policyholder contract deposits and separate account reserves	52,518	52,608	52,151	52,076	52,080	52,518	52,080
Total general and separate account reserves	\$ 55,513	\$ 55,504	\$ 55,020	\$ 54,969	\$ 55,015	\$ 55,513	\$ 55,015

See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net investment spreads: (a)							
Base yield (7)	4.87%	4.98%	4.92%	4.99%	4.98%	4.93%	4.99%
Alternative investments (8)	0.19%	(0.51)%	(0.25)%	(0.22)%	0.36%	(0.16)%	0.29%
Other enhancements (9)	0.18%	0.05%	0.27%	0.05%	0.09%	0.11%	0.10%
Total yield	5.24%	4.52%	4.94%	4.82%	5.43%	4.88%	5.38%
Cost of funds (b)	2.76%	2.78%	2.79%	2.79%	2.77%	2.77%	2.78%
Net spread rate, as reported	2.48%	1.74%	2.15%	2.03%	2.66%	2.11%	2.60%
Base net investment spread (c)	2.11%	2.20%	2.13%	2.20%	2.21%	2.16%	2.21%
Surrender rates (10)	8.0%	6.9%	7.1%	6.5%	7.2%	7.4%	7.0%
DAC rollforward:							
Balance at beginning of period	\$ 931	\$ 1,111	\$ 935	\$ 869	\$ 723	\$ 1,111	\$ 817
Deferrals	29	39	30	27	15	68	31
Operating amortization	(79)	(80)	(82)	(36)	(72)	(159)	(142)
Change from realized gains (losses)	1	12	4	-	(2)	13	-
Change from unrealized gains (losses)	(161)	(151)	224	75	205	(312)	163
Balance at end of period	\$ 721	\$ 931	\$ 1,111	\$ 935	\$ 869	\$ 721	\$ 869
Reserve rollforward:							
Balance at beginning of period, gross	\$ 55,843	\$ 55,381	\$ 55,317	\$ 55,370	\$ 56,013	\$ 55,381	\$ 56,445
Premiums and deposits	1,221	1,645	1,259	1,132	661	2,866	1,356
Surrenders and withdrawals	(1,103)	(950)	(982)	(900)	(1,000)	(2,053)	(1,933)
Death and other contract benefits	(669)	(630)	(605)	(690)	(710)	(1,299)	(1,310)
Subtotal	(551)	65	(328)	(458)	(1,049)	(486)	(1,887)
Change in fair value of underlying assets and reserve accretion, net of policy fees	72	56	5	25	47	128	77
Cost of funds (b)	357	355	362	364	361	712	717
Other reserve changes (including loss recognition)	41	(14)	25	16	(2)	27	18
Balance at end of period	55,762	55,843	55,381	55,317	55,370	55,762	55,370
Reserves related to unrealized investment appreciation	109	21	-	15	9	109	9
Reinsurance ceded	(358)	(360)	(361)	(363)	(364)	(358)	(364)
Total insurance reserves	\$ 55,513	\$ 55,504	\$ 55,020	\$ 54,969	\$ 55,015	\$ 55,513	\$ 55,015

(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 43 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits (2)							
Variable Annuities	\$ 1,225	\$ 1,267	\$ 1,814	\$ 1,964	\$ 2,224	\$ 2,492	\$ 4,234
Index Annuities	755	773	867	797	714	1,528	1,163
Total Premiums and deposits	\$ 1,980	\$ 2,040	\$ 2,681	\$ 2,761	\$ 2,938	\$ 4,020	\$ 5,397
Revenues:							
Premiums	\$ (1)	\$ (2)	\$ (1)	\$ (2)	\$ (2)	\$ (3)	\$ (5)
Policy fees	172	163	167	166	168	335	326
Net investment income:							
Base portfolio (3)	170	178	151	138	127	348	244
Alternative investments (4)	29	(32)	(6)	(2)	41	(3)	68
Other enhancements (5)	14	5	9	8	5	19	9
Total net investment income	213	151	154	144	173	364	321
Advisory fee and other income	70	66	69	66	64	136	127
Total operating revenues	454	378	389	374	403	832	769
Benefits and expenses:							
Policyholder benefits and losses incurred	22	28	23	103	21	50	36
Interest credited to policyholder account balances	58	58	53	37	46	116	91
Amortization of deferred policy acquisition costs	58	68	51	8	61	126	111
Non deferrable insurance commissions	50	47	45	53	46	97	93
Advisory fee expenses	5	5	4	4	2	10	6
General operating expenses	63	63	61	63	68	126	126
Total benefits and expenses	256	269	237	268	244	525	463
Pre-tax operating income (1)	\$ 198	\$ 109	\$ 152	\$ 106	\$ 159	\$ 307	\$ 306
General and separate account reserves:							
Policyholder contract deposits and future policy benefits	\$ 17,479	\$ 16,120	\$ 14,561	\$ 13,771	\$ 11,784	\$ 17,479	\$ 11,784
Separate account reserves	41,890	41,085	40,746	39,043	40,896	41,890	40,896
Total general and separate account reserves	\$ 59,369	\$ 57,205	\$ 55,307	\$ 52,814	\$ 52,680	\$ 59,369	\$ 52,680

See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net investment spreads:							
Base yield (7)	4.58%	5.07%	4.74%	4.76%	4.76%	4.81%	4.75%
Alternative investments (8)	0.43%	(1.16)%	(0.55)%	(0.50)%	0.90%	-0.35%	0.72%
Other enhancements (9)	0.13%	(0.10)%	0.04%	0.04%	0.06%	0.02%	0.05%
Total yield	5.14%	3.81%	4.23%	4.30%	5.72%	4.48%	5.52%
Cost of funds (a)	1.54%	1.56%	1.48%	1.56%	1.65%	1.55%	1.73%
Net spread rate, as reported	3.60%	2.25%	2.75%	2.74%	4.07%	2.93%	3.79%
Base net investment spread (b)	3.04%	3.51%	3.26%	3.20%	3.11%	3.26%	3.02%
Surrender rates (10)	4.9%	4.8%	5.7%	6.0%	6.4%	4.8%	6.3%
DAC rollforward:							
Balance at beginning of period	\$ 2,142	\$ 2,142	\$ 1,911	\$ 1,728	\$ 1,545	\$ 2,142	\$ 1,529
Deferrals	124	121	169	170	177	245	321
Operating amortization	(58)	(68)	(51)	(8)	(61)	(126)	(111)
Change from realized gains (losses)	(30)	32	58	(9)	(25)	2	(62)
Change from unrealized gains (losses)	(100)	(85)	55	30	92	(185)	51
Balance at end of period	\$ 2,078	\$ 2,142	\$ 2,142	\$ 1,911	\$ 1,728	\$ 2,078	\$ 1,728
Reserve rollforward:							
Balance at beginning of period, gross	\$ 57,205	\$ 55,307	\$ 52,814	\$ 52,680	\$ 51,788	\$ 55,307	\$ 49,511
Premiums and deposits	1,980	2,040	2,681	2,761	2,938	4,020	5,397
Surrenders and withdrawals	(720)	(669)	(770)	(787)	(841)	(1,389)	(1,607)
Death and other contract benefits	(213)	(189)	(186)	(168)	(197)	(402)	(385)
Subtotal	1,047	1,182	1,725	1,806	1,900	2,229	3,405
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,106	540	706	(1,713)	(1,037)	1,646	(332)
Cost of funds (a)	53	50	46	44	42	103	85
Other reserve changes	(42)	126	16	(3)	(13)	84	11
Total insurance reserves	\$ 59,369	\$ 57,205	\$ 55,307	\$ 52,814	\$ 52,680	\$ 59,369	\$ 52,680

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 43 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits (2)	\$ 1,837	\$ 1,856	\$ 1,944	\$ 1,903	\$ 1,562	\$ 3,693	\$ 3,073
Revenues:							
Premiums	\$ 5	\$ 7	\$ 6	\$ 5	\$ 3	\$ 12	\$ 11
Policy fees	95	91	97	99	103	186	204
Net investment income:							
Base portfolio (3)	485	497	489	492	511	982	1,011
Alternative investments (4)	43	(43)	(7)	(2)	70	-	124
Other enhancements (5)	25	25	46	19	15	50	35
Total net investment income	553	479	528	509	596	1,032	1,170
Advisory fee and other income	52	52	55	54	55	104	110
Total operating revenues	705	629	686	667	757	1,334	1,495
Benefits and expenses:							
Policyholder benefits and losses incurred	13	10	8	19	17	23	30
Interest credited to policyholder account balances	281	279	284	277	278	560	556
Amortization of deferred policy acquisition costs	21	21	15	(12)	25	42	47
Non deferrable insurance commissions	19	20	22	14	18	39	35
Advisory fee expenses	17	17	22	22	13	34	29
General operating expenses	88	88	94	89	90	176	180
Total benefits and expenses	439	435	445	409	441	874	877
Pre-tax operating income (1)	\$ 266	\$ 194	\$ 241	\$ 258	\$ 316	\$ 460	\$ 618
General and separate account reserves:							
Future policy benefits	\$ 466	\$ 472	\$ 473	\$ 479	\$ 478	\$ 466	\$ 478
Policyholder contract deposits	38,866	38,276	37,901	37,669	37,540	38,866	37,540
Separate account reserves	31,464	31,309	31,536	30,733	33,593	31,464	33,593
Total general and separate account reserves	70,796	70,057	69,910	68,881	71,611	70,796	71,611
Group Retirement mutual funds	15,420	14,919	14,523	14,008	15,138	15,420	15,138
Total reserves and Group Retirement mutual funds	\$ 86,216	\$ 84,976	\$ 84,433	\$ 82,889	\$ 86,749	\$ 86,216	\$ 86,749

See Accompanying Notes on Pages 43 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net investment spreads:							
Base yield (7)	4.80%	4.95%	4.90%	4.90%	5.08%	4.87%	5.00%
Alternative investments (8)	0.23%	(0.59)%	(0.29)%	(0.25)%	0.42%	(0.18)%	0.34%
Other enhancements (9)	0.10%	0.09%	0.31%	0.05%	0.06%	0.10%	0.10%
Total yield	5.13%	4.45%	4.92%	4.70%	5.56%	4.79%	5.44%
Cost of funds (a)	2.90%	2.94%	2.95%	2.98%	2.94%	2.92%	2.96%
Net spread rate, as reported	2.23%	1.51%	1.97%	1.72%	2.62%	1.87%	2.48%
Base net investment spread (b)	1.90%	2.01%	1.95%	1.92%	2.14%	1.95%	2.04%
Surrender rates (10)	7.8%	7.9%	10.7%	11.4%	8.4%	7.8%	8.9%
DAC rollforward:							
Balance at beginning of period	\$ 949	\$ 1,007	970	\$ 885	\$ 813	\$ 1,007	\$ 839
Deferrals	18	19	25	23	15	37	30
Operating amortization	(21)	(21)	(15)	12	(25)	(42)	(47)
Change from realized gains (losses)	(1)	3	1	-	-	2	1
Change from unrealized gains (losses)	(43)	(59)	26	50	82	(102)	62
Balance at end of period	\$ 902	\$ 949	1,007	\$ 970	\$ 885	\$ 902	\$ 885
Reserve rollforward:							
Balance at beginning of period, gross	\$ 84,976	\$ 84,433	82,889	\$ 86,749	\$ 87,094	\$ 84,433	\$ 86,176
Premiums and deposits	1,837	1,856	1,944	1,903	1,562	3,693	3,073
Surrenders and withdrawals	(1,668)	(1,677)	(2,247)	(2,427)	(1,819)	(3,345)	(3,831)
Death and other contract benefits	(150)	(144)	(138)	(139)	(134)	(294)	(273)
Subtotal	19	35	(441)	(663)	(391)	54	(1,031)
Change in fair value of underlying assets and reserve accretion, net of policy fees	945	234	1,706	(3,477)	(227)	1,179	1,057
Cost of funds	276	274	279	280	273	550	547
Total reserves and Group Retirement mutual funds	\$ 86,216	\$ 84,976	84,433	\$ 82,889	\$ 86,749	\$ 86,216	\$ 86,749

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 43 to 46.



American International Group, Inc. Variable Annuity Guaranteed Benefits (11)

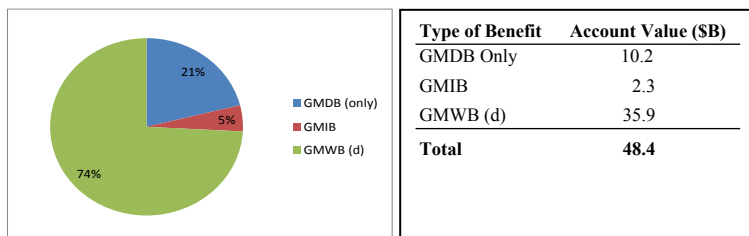
Consumer Insurance - Retirement

(in millions)

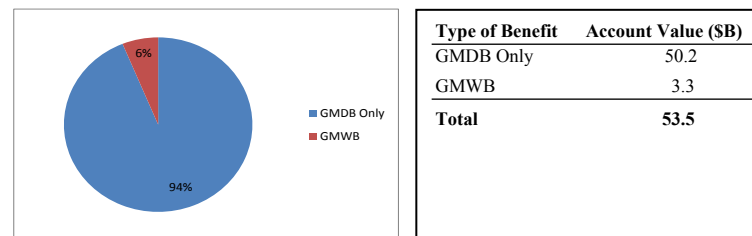
	Quarterly				
	2Q16	1Q16	4Q15	3Q15	2Q15
Account value by benefit type (a)					
Guaranteed Minimum Death Benefits (GMDB) only (b)	\$ 60,438	\$ 62,224	\$ 62,468	\$ 61,405	\$ 64,672
Guaranteed Minimum Income Benefits (GMIB) (c)	2,342	2,367	2,443	2,429	2,647
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	39,202	38,433	37,951	36,487	37,435
Liability by benefit type (a)					
Guaranteed Minimum Death Benefits (GMDB) (b)	\$ 461	\$ 462	\$ 464	\$ 471	\$ 397
Guaranteed Minimum Income Benefits (GMIB) (c)	25	26	27	27	16
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	2,710	2,097	1,234	1,398	456

- (a) Excludes assumed reinsurance business.
- (b) 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.
- (c) 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.
- (d) A guaranteed minimum withdrawal benefit creates a guaranteed income stream which, within certain parameters, may continue for the life of the annuitant even if the entire contract value has been reduced to zero. 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. Also includes guaranteed minimum accumulation benefit (GMAB), which ensures a return of premium invested at the end of 10 years, based on premiums invested in a defined period. The liability for GMAB at June 30, 2016 was \$11 million.

Retirement Income Solutions



Group Retirement



See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits (2)	\$ 1,317	\$ 1,251	\$ 1,279	\$ 1,223	\$ 1,249	\$ 2,568	\$ 2,472
Revenues:							
Premiums	\$ 762	\$ 736	\$ 674	\$ 675	\$ 702	\$ 1,498	\$ 1,410
Policy fees	371	378	368	392	362	749	725
Net investment income:							
Base portfolio (3)	482	484	497	484	482	966	963
Alternative investments (4)	35	(36)	(5)	-	62	(1)	106
Other enhancements (5)	25	20	19	12	7	45	24
Total net investment income	542	468	511	496	551	1,010	1,093
Other income (12)	15	15	17	15	17	30	17
Total operating revenues	1,690	1,597	1,570	1,578	1,632	3,287	3,245
Benefits and expenses:							
Policyholder benefits and losses incurred	961	942	868	1,037	965	1,903	1,907
Interest credited to policyholder account balances	121	122	123	124	122	243	246
Amortization of deferred policy acquisition costs	120	120	100	158	89	240	175
Non deferrable insurance commissions	47	50	55	51	57	97	116
General operating expenses	257	258	239	248	250	515	481
Total benefits and expenses	1,506	1,492	1,385	1,618	1,483	2,998	2,925
Pre-tax operating income (loss) (1)	\$ 184	\$ 105	\$ 185	\$ (40)	\$ 149	\$ 289	\$ 320
Gross life insurance in force, end of period:							
Domestic Life	\$ 928,422	\$ 928,485	\$ 929,401	\$ 920,665	\$ 916,307	\$ 928,422	\$ 916,307
International Life	105,269	104,816	103,001	100,484	100,325	105,269	100,325
Total	\$ 1,033,691	\$ 1,033,301	\$ 1,032,402	\$ 1,021,149	\$ 1,016,632	\$ 1,033,691	\$ 1,016,632

See Accompanying Notes on Pages 43 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)

	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Life and A&H CPPE sales: (13)							
Term	\$ 97	\$ 55	\$ 57	\$ 48	\$ 48	\$ 152	\$ 91
Whole Life	21	15	12	13	13	36	24
Universal life	18	18	26	25	26	36	49
Other life	7	6	16	5	7	13	37
Single premium and unscheduled deposits	2	1	1	3	3	3	6
A&H	17	20	17	16	13	37	25
Total	\$ 162	\$ 115	\$ 129	\$ 110	\$ 110	\$ 277	\$ 232
Life and A&H sales by distribution channel:							
Retail - Independent	\$ 140	\$ 96	\$ 103	\$ 87	\$ 84	\$ 236	\$ 186
Retail - Affiliated (Career and AIG Direct)	22	19	26	23	26	41	46
Total	\$ 162	\$ 115	\$ 129	\$ 110	\$ 110	\$ 277	\$ 232
Life and A&H sales by region:							
Domestic Life	\$ 68	\$ 67	\$ 75	\$ 66	\$ 62	\$ 135	\$ 117
International Life	94	48	54	44	48	142	115
Total	\$ 162	\$ 115	\$ 129	\$ 110	\$ 110	\$ 277	\$ 232
Surrender/lapse rates: (14)							
Domestic Life:							
Independent distribution	6.9%	5.7%	5.7%	5.2%	5.0%	6.3%	4.6%
Career distribution	6.9%	7.0%	7.2%	7.5%	7.1%	7.0%	7.3%
International Life	2.9%	2.8%	3.0%	2.9%	2.9%	2.9%	2.9%
DAC/VOBA rollforward:							
Balance at beginning of period	\$ 4,111	\$ 4,183	\$ 4,055	\$ 4,152	\$ 4,032	\$ 4,183	\$ 4,051
Deferrals	136	133	123	119	109	269	213
Operating amortization	(120)	(120)	(100)	(158)	(89)	(240)	(175)
Change from realized gains (losses)	3	2	3	7	(3)	5	(3)
Change from unrealized gains (losses)	(86)	(82)	79	(52)	92	(168)	85
Other changes	-	-	24	-	-	-	-
Foreign exchange translation	3	(5)	(1)	(13)	11	(2)	(19)
Balance at end of period	\$ 4,047	\$ 4,111	\$ 4,183	\$ 4,055	\$ 4,152	\$ 4,047	\$ 4,152
Reserve rollforward:							
Balance at beginning of period, gross	\$ 34,393	\$ 34,170	\$ 33,839	\$ 33,640	\$ 33,482	\$ 34,170	\$ 33,536
Premiums and deposits	1,292	1,236	1,279	1,223	1,249	2,528	2,472
Surrenders and withdrawals	(241)	(227)	(184)	(189)	(164)	(468)	(386)
Death and other contract benefits	(231)	(258)	(190)	(257)	(260)	(489)	(507)
Subtotal	820	751	905	777	825	1,571	1,579
Change in fair value of underlying assets and reserve accretion, net of policy fees	(241)	(178)	(208)	(266)	(186)	(419)	(328)
Cost of funds	121	122	123	124	122	243	246
Other reserve changes	(569)	(462)	(549)	(364)	(610)	(1,031)	(1,106)
Foreign exchange translation	234	(10)	60	(72)	7	224	(287)
Balance at end of period	34,758	34,393	34,170	33,839	33,640	34,758	33,640
Reinsurance ceded	(1,363)	(1,401)	(1,395)	(1,429)	(1,444)	(1,363)	(1,444)
Total insurance reserves	\$ 33,395	\$ 32,992	\$ 32,775	\$ 32,410	\$ 32,196	\$ 33,395	\$ 32,196
Domestic Life	29,195	29,240	29,176	29,037	28,899	29,195	28,899
International Life	4,200	3,752	3,599	3,373	3,297	4,200	3,297
Total insurance reserves	\$ 33,395	\$ 32,992	\$ 32,775	\$ 32,410	\$ 32,196	\$ 33,395	\$ 32,196

See Accompanying Notes on Pages 43 to 46.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 2,922	\$ 2,812	\$ 2,719	\$ 3,016	\$ 2,930	\$ 5,734	\$ 5,845
Net premiums earned	\$ 2,862	\$ 2,770	\$ 2,734	\$ 2,819	\$ 2,806	\$ 5,632	\$ 5,605
Losses and loss adjustment expenses incurred	1,593	1,454	1,521	1,506	1,480	3,047	3,125
Acquisition expenses:							
Amortization of deferred policy acquisition costs	507	480	493	504	490	987	977
Other acquisition expenses	233	242	315	296	294	475	572
Total acquisition expenses	740	722	808	800	784	1,462	1,549
General operating expenses	403	423	479	503	535	826	1,013
Underwriting income (loss)	126	171	(74)	10	7	297	(82)
Net investment income (loss):							
Interest and dividends	69	65	52	55	55	134	111
Alternative investments	(9)	(12)	(7)	-	7	(21)	16
Other investment income	(3)	2	-	1	5	(1)	7
Investment expenses	(4)	(4)	(3)	(4)	(4)	(8)	(8)
Total net investment income	53	51	42	52	63	104	126
Pre-tax operating income (loss)	\$ 179	\$ 222	\$ (32)	\$ 62	\$ 70	\$ 401	\$ 44
Underwriting ratios: (18)							
Loss ratio	55.7	52.5	55.6	53.4	52.7	54.1	55.8
Catastrophe losses and reinstatement premiums	(2.1)	(1.1)	(0.3)	(2.0)	(0.5)	(1.6)	(1.4)
Prior year development net of premium adjustments	1.4	1.8	(1.5)	1.6	0.6	1.6	0.2
Accident year loss ratio, as adjusted (19)	55.0	53.2	53.8	53.0	52.8	54.1	54.6
Acquisition ratio	25.9	26.1	29.6	28.4	27.9	26.0	27.6
General operating expense ratio	14.1	15.3	17.5	17.8	19.1	14.7	18.1
Expense ratio	40.0	41.4	47.1	46.2	47.0	40.7	45.7
Combined ratio	95.7	93.9	102.7	99.6	99.7	94.8	101.5
Catastrophe losses and reinstatement premiums	(2.1)	(1.1)	(0.3)	(2.0)	(0.5)	(1.6)	(1.4)
Prior year development net of premium adjustments	1.4	1.8	(1.5)	1.6	0.6	1.6	0.2
Accident year combined ratio, as adjusted	95.0	94.6	100.9	99.2	99.8	94.8	100.3
Noteworthy items (pre-tax):							
Catastrophe-related losses (15)	\$ 59	\$ 29	\$ 10	\$ 58	\$ 16	\$ 88	\$ 77
Severe losses (16)	16	-	-	-	-	16	12
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(39)	(48)	40	(46)	(17)	(87)	(13)
Net loss and loss expense reserve by line of business (at period end):							
Personal Lines	2,856	2,732	2,661	2,814	2,816	2,856	2,816
Accident and Health	1,730	1,647	1,662	1,600	1,667	1,730	1,667
Total	\$ 4,586	\$ 4,379	\$ 4,323	\$ 4,414	\$ 4,483	\$ 4,586	\$ 4,483

See Accompanying Notes on Pages 43 to 46.

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

Consumer Insurance - Personal Insurance

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
By Line of Business:							
Personal Lines	\$ 1,683	\$ 1,524	\$ 1,635	\$ 1,696	\$ 1,692	\$ 3,207	\$ 3,259
Accident and Health	1,239	1,288	1,084	1,320	1,238	2,527	2,586
Total net premiums written	\$ 2,922	\$ 2,812	\$ 2,719	\$ 3,016	\$ 2,930	\$ 5,734	\$ 5,845
By Region:							
Americas	\$ 981	\$ 952	\$ 904	\$ 1,047	\$ 947	\$ 1,933	\$ 1,859
EMEA	419	532	391	446	444	951	1,017
Asia Pacific	1,522	1,328	1,424	1,523	1,539	2,850	2,969
Total net premiums written	\$ 2,922	\$ 2,812	\$ 2,719	\$ 3,016	\$ 2,930	\$ 5,734	\$ 5,845
Foreign exchange effect on worldwide premiums:							
Change in net premiums written							
Increase (decrease) in original currency over prior-year period (17)	(0.7) %	0.8 %	3.6 %	3.5 %	2.0 %	- %	1.7 %
Foreign exchange effect	0.4	(4.3)	(8.7)	(10.4)	(9.8)	(1.9)	(9.0)
Increase (decrease) as reported in U.S. dollars	(0.3) %	(3.5) %	(5.1) %	(6.9) %	(7.8) %	(1.9) %	(7.3) %

See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance North America

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 862	\$ 823	\$ 749	\$ 874	\$ 800	\$ 1,685	\$ 1,572
Net premiums earned	\$ 834	\$ 805	\$ 783	\$ 795	\$ 799	\$ 1,639	\$ 1,579
Losses and loss adjustment expenses incurred	469	441	429	393	405	910	951
Acquisition expenses:							
Amortization of deferred policy acquisition costs	113	110	109	116	105	223	206
Other acquisition expenses	96	89	108	102	105	185	200
Total acquisition expenses	209	199	217	218	210	408	406
General operating expenses	86	97	86	107	121	183	209
Underwriting income (loss)	70	68	51	77	63	138	13
Net investment income:							
Interest and dividends	32	30	20	21	20	62	41
Alternative investments	10	(10)	(1)	(2)	6	-	13
Other investment income	(4)	(5)	-	(2)	3	(9)	3
Investment expenses	(2)	(2)	(1)	(1)	(1)	(4)	(2)
Total net investment income	36	13	18	16	28	49	55
Pre-tax operating income	\$ 106	\$ 81	\$ 69	\$ 93	\$ 91	\$ 187	\$ 68
Underwriting ratios: (18)							
Loss ratio	56.2	54.8	54.8	49.4	50.7	55.5	60.2
Catastrophe losses and reinstatement premiums	(1.5)	(2.8)	(0.6)	(0.6)	(2.0)	(2.1)	(4.8)
Prior year development net of premium adjustments	1.5	0.7	(1.1)	4.0	3.0	1.1	2.6
Accident year loss ratio, as adjusted (19)	56.2	52.7	53.1	52.8	51.7	54.5	58.0
Acquisition ratio	25.1	24.7	27.7	27.4	26.3	24.9	25.7
General operating expense ratio	10.3	12.0	11.0	13.5	15.1	11.2	13.2
Expense ratio	35.4	36.7	38.7	40.9	41.4	36.1	38.9
Combined ratio	91.6	91.5	93.5	90.3	92.1	91.6	99.1
Catastrophe losses and reinstatement premiums	(1.5)	(2.8)	(0.6)	(0.6)	(2.0)	(2.1)	(4.8)
Prior year development net of premium adjustments	1.5	0.7	(1.1)	4.0	3.0	1.1	2.6
Accident year combined ratio, as adjusted	91.6	89.4	91.8	93.7	93.1	90.6	96.9
Noteworthy items (pre-tax):							
Catastrophe-related losses (15)	\$ 13	\$ 22	\$ 5	\$ 5	\$ 16	\$ 35	\$ 77
Severe losses (16)	16	-	-	-	-	16	12
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (13)	\$ (5)	\$ 8	\$ (32)	\$ (24)	\$ (18)	\$ (42)

See Accompanying Notes on Pages 43 to 46.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance International

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 2,060	\$ 1,989	\$ 1,970	\$ 2,142	\$ 2,130	\$ 4,049	\$ 4,273
Net premiums earned	\$ 2,028	\$ 1,965	\$ 1,951	\$ 2,024	\$ 2,007	\$ 3,993	\$ 4,026
Losses and loss adjustment expenses incurred	1,124	1,013	1,092	1,113	1,075	2,137	2,174
Acquisition expenses:							
Amortization of deferred policy acquisition costs	394	370	384	388	385	764	771
Other acquisition expenses	137	153	207	194	189	290	372
Total acquisition expenses	531	523	591	582	574	1,054	1,143
General operating expenses	317	326	393	396	414	643	804
Underwriting income (loss)	56	103	(125)	(67)	(56)	159	(95)
Net investment income:							
Interest and dividends	37	35	32	34	35	72	70
Alternative investments	(19)	(2)	(6)	2	1	(21)	3
Other investment income	1	7	-	3	2	8	4
Investment expenses	(2)	(2)	(2)	(3)	(3)	(4)	(6)
Total net investment income	17	38	24	36	35	55	71
Pre-tax operating income (loss)	\$ 73	\$ 141	\$ (101)	\$ (31)	\$ (21)	\$ 214	\$ (24)
Underwriting ratios: (18)							
Loss ratio	55.4	51.6	56.0	55.0	53.6	53.5	54.0
Catastrophe losses and reinstatement premiums	(2.2)	(0.4)	(0.3)	(2.6)	-	(1.3)	-
Prior year development net of premium adjustments	1.2	2.2	(1.6)	0.7	(0.4)	1.7	(0.7)
Accident year loss ratio, as adjusted	54.4	53.4	54.1	53.1	53.2	53.9	53.3
Acquisition ratio	26.2	26.6	30.3	28.8	28.6	26.4	28.4
General operating expense ratio	15.6	16.6	20.1	19.6	20.6	16.1	20.0
Expense ratio	41.8	43.2	50.4	48.4	49.2	42.5	48.4
Combined ratio	97.2	94.8	106.4	103.4	102.8	96.0	102.4
Catastrophe losses and reinstatement premiums	(2.2)	(0.4)	(0.3)	(2.6)	-	(1.3)	-
Prior year development net of premium adjustments	1.2	2.2	(1.6)	0.7	(0.4)	1.7	(0.7)
Accident year combined ratio, as adjusted	96.2	96.6	104.5	101.5	102.4	96.4	101.7
Noteworthy items (pre-tax):							
Catastrophe-related losses (15)	\$ 46	\$ 7	\$ 5	\$ 53	\$ -	\$ 53	\$ -
Severe losses (16)	-	-	-	-	-	-	-
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (26)	\$ (43)	\$ 32	\$ (14)	\$ 7	\$ (69)	\$ 29

See Accompanying Notes on Pages 43 to 46.

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. Periods through 2Q16 also included results for AIG Advisor Group, our network of independent broker-dealers, which was sold in May 2016.

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

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, Ireland, Continental Europe, the Russian Federation, India, the Middle East and Africa).

Consumer Insurance products are distributed primarily to individual consumers or groups of consumers through a diverse, multi-channel distribution network that includes broker-dealers, agencies and independent marketing organizations, banks, brokers, partnerships, travel agents, affiliated financial advisors, and direct-to-consumer platforms.

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 Consumer Insurance - Personal Insurance, we estimate investable funds based primarily on loss reserves and unearned premiums. The net investment income allocation is calculated based on these estimated investable funds consistent with the approximate duration of the liabilities and a capital allocation for each operating segment.

For Consumer Insurance - Retirement and Consumer Insurance - Life, net investment income is attributed based on invested assets from segregated product line portfolios held in our Life Insurance Companies. The fundamental investment strategy for these product line portfolios is to maintain primarily a diversified, high quality portfolio of fixed maturity securities and, to the extent practicable, to approximately match established duration targets based on characteristics of the underlying liabilities. All invested assets of the Life Insurance Companies in excess of liabilities are allocated based on internal estimates of target statutory capital for each product line.

American International Group, Inc.
Notes (continued)

Consumer Insurance

Notes

- (1) Consumer pre-tax operating income and AIG consolidated pre-tax income in 4Q15 and 3Q15 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. The update of actuarial assumptions also included adjustments to reserves for universal life with secondary guarantees, group benefit claim reserves, loss recognition for certain long-term care products, and adjustments to the valuation of variable annuity GMWB features that are accounted for as embedded derivatives. Changes in the fair value of such embedded derivatives are recorded in net realized capital gains (losses) and, together with related DAC adjustments, are excluded from pre-tax operating income. In the aggregate, the net effect of adjustments to reflect the review and update of actuarial assumptions increased (decreased) pre-tax operating income as follows:

	Life		Fixed Annuities	Retirement Income Solutions		Group Retirement	Total Consumer	
	4Q15	3Q15	3Q15	4Q15	3Q15	3Q15	4Q15	3Q15
<i>(in millions)</i>								
Policy fees	\$ -	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21
Interest credited to policyholder account balances	-	-	47	-	19	8	-	74
Amortization of deferred policy acquisition costs	-	(48)	45	-	42	40	-	79
Policyholder benefits and claims incurred	11	(130)	-	-	(61)	-	11	(191)
Pre-tax operating income (loss)	\$ 11	\$ (157)	\$ 92	\$ -	\$ -	\$ 48	\$ 11	\$ (17)
Changes in DAC related to net realized capital gains (losses)	-	-	-	(10)	21	-	(10)	21
Net realized capital gains (losses)	-	-	-	37	(113)	74	37	(39)
Increase (decrease) to pre-tax income (loss)	\$ 11	\$ (157)	\$ 92	\$ 27	\$ (92)	\$ 122	\$ 38	\$ (35)

- (2) Premiums and deposits is a non-GAAP financial measure.

The following table presents a reconciliation of Retirement premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits*	\$ 6,431	\$ 6,853	\$ 7,037	\$ 6,625	\$ 6,070	\$ 13,284	\$ 11,579
Deposits	(6,377)	(6,801)	(6,999)	(6,542)	(6,046)	(13,178)	(11,537)
Other	(2)	2	3	(46)	20	-	48
Premiums	\$ 52	\$ 54	\$ 41	\$ 37	\$ 44	\$ 106	\$ 90

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

The following table presents a reconciliation of Retirement Fixed Annuity premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits*	\$ 1,208	\$ 1,634	\$ 1,247	\$ 1,121	\$ 650	\$ 2,842	\$ 1,334
Deposits	(1,160)	(1,589)	(1,215)	(1,042)	(629)	(2,749)	(1,303)
Other	-	4	4	(45)	22	4	53
Premiums	\$ 48	\$ 49	\$ 36	\$ 34	\$ 43	\$ 97	\$ 84

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

American International Group, Inc.
Notes (continued)

Consumer Insurance

The following table presents a reconciliation of Retirement Income Solutions premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits*	\$ 1,976	\$ 2,038	\$ 2,677	\$ 2,758	\$ 2,936	\$ 4,014	\$ 5,393
Deposits	(1,975)	(2,038)	(2,677)	(2,759)	(2,936)	(4,013)	(5,393)
Other	(2)	(2)	(1)	(1)	(2)	(4)	(5)
Premiums	\$ (1)	\$ (2)	\$ (1)	\$ (2)	\$ (2)	\$ (3)	\$ (5)

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

The following table presents a reconciliation of Retail Mutual Fund premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits	\$ 1,410	\$ 1,325	\$ 1,169	\$ 843	\$ 922	\$ 2,735	\$ 1,779
Deposits	(1,410)	(1,325)	(1,169)	(843)	(922)	(2,735)	(1,779)
Other	-	-	-	-	-	-	-
Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The following table presents a reconciliation of Group Retirement premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits	\$ 1,837	\$ 1,856	\$ 1,944	\$ 1,903	\$ 1,562	\$ 3,693	\$ 3,073
Deposits	(1,832)	(1,849)	(1,938)	(1,898)	(1,559)	(3,681)	(3,062)
Other	-	-	-	-	-	-	-
Premiums	\$ 5	\$ 7	\$ 6	\$ 5	\$ 3	\$ 12	\$ 11

The following table presents a reconciliation of Life premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Premiums and deposits*	\$ 1,317	\$ 1,251	\$ 1,279	\$ 1,223	\$ 1,249	\$ 2,568	\$ 2,472
Deposits	(372)	(364)	(413)	(369)	(380)	(736)	(758)
Other	(183)	(151)	(192)	(179)	(167)	(334)	(304)
Premiums	\$ 762	\$ 736	\$ 674	\$ 675	\$ 702	\$ 1,498	\$ 1,410

* Includes assumed premiums for certain Health products distributed by Laya Healthcare, which were assumed by a Commercial Insurance affiliate effective 1Q16.

American International Group, Inc.
Notes (continued)

Consumer Insurance

- (3) Base portfolio investment income includes interest, dividends and foreclosed real estate income, net of investment expenses.
- (4) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on a one-quarter lag.
- (5) Net investment income - other enhancements include call and tender income, changes in market value of investments accounted for under the fair value option, interest received on defaulted investments (other than foreclosed real estate) and other miscellaneous investment income, including income of certain partnership entities that are required to be consolidated.
- (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 withdrawal 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 actual or annualized surrenders and withdrawals as a percentage of average account value.
- (11) Consumer Insurance uses reinsurance, product design and hedging to mitigate risks related to guaranteed benefits in individual annuity contracts. Certain GMDB benefits written before 2004 and the majority of GMIB benefits (which are not currently offered) are reinsured. Risk mitigation product design features for GMWB include rider fees indexed to an equity market volatility index, required minimum allocations to fixed accounts, and the use of volatility control funds. After reflecting product risk-mitigating features, we hedge our remaining economic exposure to market risk within GMWB and GMAB liabilities (GMAB is not currently offered) through our variable annuity hedging program, which is designed to provide additional protection against large and combined movements in interest rates, equity prices, credit spreads and market volatility under multiple scenarios. See Enterprise Risk Management – Life Insurance Companies Key Insurance Risks – Variable Annuity Risk Management and Hedging Program in our Annual Report on Form 10-K for the year ended December 31, 2015 for an additional discussion.
- (12) Life - Other income is primarily related to Laya Healthcare commission and profit sharing revenues received from insurers for distribution of their products. We acquired Laya Healthcare on March 31, 2015.
- (13) Life 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. International lapse rates represent Fuji Life (Japan).
- (15) Natural catastrophe losses (CATs) are generally weather or seismic events having a net impact on AIG in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders that meet the \$10 million threshold.
- (16) Severe losses are defined as non-catastrophic individual first party losses greater than \$10 million, net of related reinsurance and salvage and subrogation.
- (17) Computed using a constant exchange rate for each period.
- (18) Underwriting ratios are computed as follows:
 - a) Loss ratio = Losses and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
 - b) CATs and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE + Reinstatement premiums (RIPs) related to catastrophes] – Loss ratio
 - c) Prior year development net of premium adjustments = [Loss and loss adjustment expenses incurred – Prior year loss reserve development (favorable) unfavorable (PYD), net of reinsurance] ÷ [NPE + RIPs related to prior year catastrophes + (Additional) returned premium related to prior year development] – Loss ratio
 - d) Net reserve discount = -1*[Net reserve discount (benefit) charge ÷ NPE] (Note: any rounding will go into this line since Accident year loss ratio, as adjusted is calculated independently.)
 - e) Accident year loss ratio, as adjusted = [Loss and loss adjustment expenses incurred – CATs – PYD – Net reserve discount (benefit) charge] ÷ [NPE + RIPs related to catastrophes + RIPs related to prior year catastrophes + (Additional) returned premium related to PYD]
 - f) Acquisition ratio = Total acquisition expenses ÷ NPE
 - g) General operating expense ratio = General operating expenses ÷ NPE
 - h) Expense ratio = Acquisition ratio + General operating expenses ratio
 - i) Combined ratio = Loss ratio + Expense ratio
 - j) Accident year combined ratio = Accident year loss ratio, as adjusted + Expense ratio
- (19) The 2Q16 accident year loss ratio, as adjusted, includes a single large loss event which totaled \$33 million, of which \$16 million was related to first party losses (meeting the definition of severe losses) and \$17 million was related to third party losses, impacting the personal property business in the U.S.

American International Group, Inc.
Operating Results

Corporate and Other

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Revenues:							
Premiums	\$ (16)	\$ 90	\$ 38	\$ 10	\$ 24	\$ 74	\$ 41
Net investment income	146	211	172	170	111	357	275
Other income (loss)	320	(95)	421	(71)	984	225	1,845
Total operating revenues	450	206	631	109	1,119	656	2,161
Benefits and expenses:							
Policyholder benefits and losses incurred	214	138	658	102	(28)	352	67
General operating expenses (1)	465	467	468	300	443	932	876
Interest expense	315	334	309	320	332	649	684
Total benefits and expenses	994	939	1,435	722	747	1,933	1,627
Pre-tax operating income (loss)	\$ (544)	\$ (733)	\$ (804)	\$ (613)	\$ 372	\$ (1,277)	\$ 534

See Accompanying Notes on Page 50.

American International Group, Inc.
Operating Results

Corporate and Other

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Pre-tax operating income (loss):							
Equity in pre-tax operating earnings of AerCap (2)	\$ -	\$ -	\$ -	\$ -	127	\$ -	\$ 255
Fair value of PICC investments	(44)	(75)	11	(195)	170	(119)	217
Income from other assets, net (3)	215	(138)	294	15	509	77	1,073
Corporate general operating expenses (1)	(289)	(294)	(332)	(133)	(268)	(583)	(520)
Interest expense (4)	(261)	(257)	(252)	(266)	(278)	(518)	(583)
Run-off insurance lines (page 49) (5)	(164)	31	(525)	(54)	110	(133)	91
Consolidation and eliminations	(1)	-	-	20	2	(1)	1
Pre-tax operating income (loss)	\$ (544)	\$ (733)	\$ (804)	\$ (613)	\$ 372	\$ (1,277)	\$ 534

See Accompanying Notes on Page 50.

American International Group, Inc.
Operating Statistics

Corporate and Other - Run-off Insurance Lines

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Property Casualty run-off business:							
Net premiums earned	\$ (17)	\$ 89	\$ 37	\$ 8	\$ 23	\$ 72	\$ 38
Losses and loss adjustment expenses incurred	204	126	623	118	(30)	330	63
General operating expenses	8	3	2	-	-	11	(1)
Underwriting income (loss)	(229)	(40)	(588)	(110)	53	(269)	(24)
Net investment income	65	73	59	59	58	138	116
Property Casualty run-off businesses	(164)	33	(529)	(51)	111	(131)	92
Life insurance run-off businesses, net	-	(2)	4	(3)	(1)	(2)	(1)
Pre-tax operating income (loss)	\$ (164)	\$ 31	\$ (525)	\$ (54)	\$ 110	\$ (133)	\$ 91
Noteworthy items (pre-tax):							
Property Casualty run-off business:							
Catastrophe-related losses	\$ 2	\$ -	\$ -	\$ 5	\$ -	\$ 2	\$ -
Prior year loss reserve development (favorable) unfavorable, net of reinsurance (6)	22	3	541	69	84	25	87
Net reserve discount (benefit) charge	109	17	18	37	(130)	126	(58)
Net loss and loss expense reserve (at period end) (7)	5,544	5,626	4,472	3,475	3,215	5,544	3,215
Future policy benefits for life and A&H contracts (at period end)	\$ 1,250	\$ 1,268	\$ 1,228	\$ 1,288	\$ 1,299	\$ 1,250	\$ 1,299

See Accompanying Notes on Page 50.

Corporate and Other

- (1) 3Q15 included a \$175 million pre-tax pension curtailment gain related to freezing of the AIG Retirement Plan, the Non-Qualified Retirement Income Plan and the Supplemental Executive Retirement Plan.
- (2) Represents AIG's share of AerCap's pre-tax operating income through the June 2015 date of sale of a majority of our ordinary shares of AerCap, 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.
- (3) Consists of the results of investments held by AIG Parent to support various corporate needs as well as the remaining positions of AIG Financial Products Corp. and related subsidiaries (collectively, AIGFP), life settlements, real estate, equipment leasing and lending and other secured lending investments held by AIG Parent and certain subsidiaries.
- (4) As a result of the progress of the wind down and de-risking activities of the Direct Investment Book (DIB) and the derivative portfolio of AIGFP included within Global Capital Markets (GCM), AIG has discontinued separate reporting of the DIB and GCM. Their results are reported within Income from other assets, net, beginning with the first quarter of 2015. This reporting aligns with the manner in which AIG manages its financial resources. Interest expense for 2Q16, 1Q16, 4Q15, 3Q15, and 2Q15 included \$13 million, \$13 million, \$13 million, \$13 million, and \$15 million, respectively, of interest expense previously reported in DIB results.
- (5) Property Casualty run-off insurance lines consists primarily of excess workers' compensation, asbestos and legacy environmental (1986 and prior); certain environmental liability, certain healthcare coverage, certain casualty and specialty coverages, and long-duration business in Japan. U.S. Life Insurance run-off 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. During the third and fourth quarters of 2015, certain environmental liability, healthcare, casualty and specialty coverages that are no longer offered by Commercial - Property Casualty were transferred to run-off Property Casualty insurance lines.
- (6) 4Q15 included \$311 million of net adverse prior year loss reserve development associated with certain environmental liability, healthcare, casualty and specialty coverages previously reported in Commercial - Property Casualty. 3Q15 included \$43 million of net adverse prior year loss reserve development associated with certain environmental liability, healthcare, casualty and specialty coverages previously reported in Commercial - Property Casualty, and excluded \$30 million of non-operating net adverse prior year loss reserve development.
- (7) In 1Q16, 4Q15, and 3Q15, \$1.3 billion, \$0.9 billion and \$0.3 billion, respectively, of loss reserves for certain environmental liability, casualty, healthcare, and specialty coverages, previously reported in Commercial Casualty and Specialty lines of business, were transferred to Other run-off insurance lines.

American International Group, Inc.

Investments - Cash and Investments

(in millions)	June 30, 2016 (3)			
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other (2)	AIG Inc.
Bonds available for sale, at fair value:				
U.S. government and government sponsored entities	\$ 808	\$ 654	\$ 805	\$ 2,267
Obligations of states, municipalities and political subdivisions	6,121	21,634	1,022	28,777
Non-U.S. governments	9,046	10,788	258	20,092
Corporate debt	105,489	33,389	3,283	142,161
Mortgage-backed, asset-backed and collateralized:				
RMBS	24,747	10,510	2,187	37,444
CMBS	11,332	3,472	170	14,974
CDO/ABS	11,694	7,210	(2,530)	16,374
Total mortgage-backed, asset-backed and collateralized	47,773	21,192	(173)	68,792
Total bonds available for sale, at fair value	169,237	87,657	5,195	262,089
Other bond securities, at fair value	3,834	1,301	10,200	15,335
Equity securities available for sale, at fair value	156	1,954	(468)	1,642
Other equity securities trading, at fair value	2	189	470	661
Mortgage and other loans receivable, net of allowance	24,768	8,834	(2,341)	31,261
Other invested assets	10,535	10,314	6,496	27,345
Cash and short-term investments	5,162	5,451	3,505	14,118
Total cash and investments	\$ 213,694	\$ 115,700	\$ 23,057	\$ 352,451

(in millions)	December 31, 2015 (3)			
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other (2)	AIG Inc.
Bonds available for sale, at fair value:				
U.S. government and government sponsored entities	\$ 765	\$ 614	\$ 465	\$ 1,844
Obligations of states, municipalities and political subdivisions	5,462	20,658	1,203	27,323
Non-U.S. governments	7,355	10,537	303	18,195
Corporate debt	99,821	32,673	3,494	135,988
Mortgage-backed, asset-backed and collateralized:				
RMBS	22,643	10,459	3,125	36,227
CMBS	10,248	3,105	218	13,571
CDO/ABS	10,856	6,803	(2,562)	15,097
Total mortgage-backed, asset-backed and collateralized	43,747	20,367	781	64,895
Total bonds available for sale, at fair value	157,150	84,849	6,246	248,245
Other bond securities, at fair value	3,589	1,463	11,730	16,782
Equity securities available for sale, at fair value	144	2,821	(50)	2,915
Other equity securities trading, at fair value	-	355	566	921
Mortgage and other loans receivable, net of allowance	23,979	8,278	(2,692)	29,565
Other invested assets	12,398	10,571	6,825	29,794
Cash and short-term investments	3,434	4,200	4,127	11,761
Total cash and investments	\$ 200,694	\$ 112,537	\$ 26,752	\$ 339,983

See Accompanying Notes on Page 56.



American International Group, Inc

Investments - Other Invested Assets

(in millions)	June 30, 2016 (3)			
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other (2)	AIG Inc.
Alternative investments (6)	\$ 7,128	\$ 7,964	\$ (120)	\$ 14,972
Investments in life settlements	-	-	3,565	3,565
Investment real estate (4)	3,338	1,419	2,583	7,340
Aircraft assets	-	-	427	427
All other investments (5)	69	931	41	1,041
	<u>\$ 10,535</u>	<u>\$ 10,314</u>	<u>\$ 6,496</u>	<u>\$ 27,345</u>

(in millions)	December 31, 2015 (3)			
	Life Insurance Companies	Non-Life Insurance Companies (1)	Corporate and Other (2)	AIG Inc.
Alternative investments (6)	\$ 9,356	\$ 8,852	\$ (58)	\$ 18,150
Investments in life settlements	-	-	3,606	3,606
Investment real estate	2,977	847	2,755	6,579
Aircraft assets	-	-	477	477
All other investments (5)	65	872	45	982
	<u>\$ 12,398</u>	<u>\$ 10,571</u>	<u>\$ 6,825</u>	<u>\$ 29,794</u>

See Accompanying Notes on Page 56.

American International Group, Inc.

Investments - Returns On Private Equity and Hedge Funds

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Investment income (7) (8)							
Private equity	\$ 100	\$ 114	\$ 23	\$ 229	\$ 291	\$ 214	\$ 569
Hedge funds	174	(537)	(220)	(324)	272	(363)	518
Total	\$ 274	\$ (423)	\$ (197)	\$ (95)	\$ 563	\$ (149)	\$ 1,087
Average invested assets							
Private equity	\$ 6,341	\$ 6,553	\$ 6,822	\$ 7,088	\$ 7,177	\$ 6,572	\$ 7,293
Hedge funds	8,830	10,143	11,048	11,263	11,127	10,007	10,881
Total	\$ 15,171	\$ 16,696	\$ 17,870	\$ 18,351	\$ 18,304	\$ 16,579	\$ 18,174
Annualized yields on carrying value							
Private equity	6.31 %	6.96 %	1.35 %	12.92 %	16.22 %	6.51%	15.60 %
Hedge funds	7.88	(21.18)	(7.97)	(11.51)	9.78	-7.25%	9.53
Total	7.22 %	(10.13)	(4.41)%	(2.07)%	12.30 %	-1.80%	11.96 %
Average invested assets							
Life Insurance Companies	\$ 7,096	\$ 8,177	\$ 9,224	\$ 9,941	\$ 10,051	\$ 8,166	\$ 9,968
Non-Life Insurance Companies	8,075	8,519	8,646	8,410	8,253	8,413	8,206
Total	\$ 15,171	\$ 16,696	\$ 17,870	\$ 18,351	\$ 18,304	\$ 16,579	\$ 18,174

Average Invested Assets by Accounting Method (8)

	June 30, 2016						
	Life Insurance Companies			Non-Life Insurance Companies			Total
	Equity Method	Fair Value Option	Other	Equity Method	Fair Value Option	Other	
Private Equity Funds (7)	\$ 1,346	\$ 130	\$ 799	\$ 2,301	\$ 330	\$ 1,435	\$ 6,341
Hedge Funds (7)	2,037	2,195	589	1,886	2,023	100	8,830
Total	\$ 3,383	\$ 2,325	\$ 1,388	\$ 4,187	\$ 2,353	\$ 1,535	\$ 15,171

See Accompanying Notes on Page 56.



American International Group, Inc.

Investments - Net Realized Capital Gains (Losses)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Life Insurance Companies							
Bonds available for sale	\$ 84	\$ (385)	\$ (62)	\$ (18)	\$ 63	\$ (301)	\$ 55
Stocks available for sale	20	-	-	(1)	3	20	4
Other transactions	137	101	(109)	2	(50)	238	54
Other than temporary impairments	(75)	(142)	(66)	(146)	(55)	(217)	(138)
Foreign exchange transactions	(113)	37	(49)	(7)	(13)	(76)	(35)
Derivative instruments (9)	19	(111)	(174)	47	346	(92)	517
Total pre-tax net realized capital gains (losses)	72	(500)	(460)	(123)	294	(428)	457
Non-Life Insurance Companies							
Bonds available for sale	53	(28)	20	4	60	25	98
Stocks available for sale	954	23	325	3	19	977	682
Other transactions	38	103	6	(6)	(15)	141	414
Other than temporary impairments	(31)	(62)	(38)	(125)	(30)	(93)	(75)
Foreign exchange transactions (10)	2	(459)	150	3	131	(457)	197
Derivative instruments	163	16	-	(18)	(37)	179	61
Total pre-tax net realized capital gains (losses)	1,179	(407)	463	(139)	128	772	1,377
Corporate and Other							
Bonds available for sale	(13)	51	(14)	(2)	12	38	13
Stocks available for sale	-	1	179	14	(1)	1	(174)
Other transactions (11)	(255)	(175)	(532)	(62)	(155)	(430)	(203)
Other than temporary impairments	(2)	-	(2)	(2)	(79)	(2)	(79)
Foreign exchange transactions	73	(98)	11	(12)	(52)	(25)	158
Derivative instruments	(12)	22	6	(16)	(21)	10	(82)
Total pre-tax net realized capital gains (losses)	(209)	(199)	(352)	(80)	(296)	(408)	(367)
Total AIG							
Bonds available for sale	124	(362)	(56)	(16)	135	(238)	166
Stocks available for sale	974	24	504	16	21	998	512
Other transactions (11)	(80)	29	(635)	(66)	(220)	(51)	265
Other than temporary impairments	(108)	(204)	(106)	(273)	(164)	(312)	(292)
Foreign exchange transactions	(38)	(520)	112	(16)	66	(558)	320
Derivative instruments	170	(73)	(168)	13	288	97	496
Total pre-tax net realized capital gains (losses)	\$ 1,042	\$ (1,106)	\$ (349)	\$ (342)	\$ 126	\$ (64)	\$ 1,467
Total net realized gains (losses), net of tax	\$ 655	\$ (701)	\$ (215)	\$ (262)	\$ 79	\$ (46)	\$ 953

See Accompanying Notes on Page 56.



American International Group, Inc.

Investments in People's Insurance Company of China (PICC)

(in millions)

PICC Fair Value Option Assets*

PICC Group (Ticker: 1339.HK)

	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Period end:							
Number of shares held	1,113	1,113	1,113	1,113	1,113	1,113	1,113
Fair Value	\$ 426	\$ 471	546	542	712	\$ 426	\$ 712
Activity for period:							
Net investment income	\$ -	\$ -	-	-	-	\$ -	\$ -
Other income	(44)	(75)	4	(170)	147	(119)	192
Dividend income	4	-	-	2	-	4	-

PICC Property & Casualty (Ticker: 2328.HK)

	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Period end:							
Number of shares held	111	178	178	254	254	111	254
Fair Value	\$ 173	\$ 327	\$ 355	\$ 494	\$ 580	\$ 173	\$ 580
Activity for period:							
Net investment income	\$ (41)	\$ (28)	\$ 8	\$ (60)	\$ 54	\$ (69)	\$ 61
Other income	-	-	-	(25)	23	-	25
Dividend income	5	8	-	11	-	13	-

(in millions)

PICC Available For Sale Assets*

PICC Property & Casualty (Ticker: 2328.HK)

	Quarterly					Six Months Ended June 30,	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Period end:							
Number of shares held	-	673	673	957	957	-	957
Fair Value	\$ -	\$ 1,233	\$ 1,339	\$ 1,860	\$ 2,181	\$ -	\$ 2,181
Dividend income	-	-	-	43	-	-	-
Balance sheet activity:							
Other comprehensive income	\$ -	\$ (105)	\$ 31	\$ (321)	\$ 290	\$ (105)	\$ 321

* As of June 30, 2016 all investments in PICC Group and PICC Property & Casualty are held by Non-Life Insurance Companies.

Consolidated Results

- (1) Includes the legal entities comprising the Mortgage Guaranty operating segment.
- (2) Includes consolidations, eliminations and other adjustments.
- (3) As of June 30, 2016, includes debt of consolidated investment vehicles related to real estate investments of \$2.5 billion, affordable housing partnership investments and securitizations of \$2.3 billion and other securitization vehicles and investments of \$273 million. At December 31, 2015, includes assets backed by debt of consolidated investment vehicles related to real estate investments of \$2.4 billion, affordable housing partnership investments and securitizations of \$2.2 billion, and other securitization vehicles and investments of \$359 million.
- (4) Includes the effect of consolidating previously unconsolidated partnerships.
- (5) Consists primarily of direct private equity investments.
- (6) Alternative investments include hedge funds, private equity funds and affordable housing partnerships.
- (7) Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on one-quarter lag.
- (8) Changes in the value of the underlying investments in hedge funds and private equity funds that are accounted for under the equity method or fair value option are recorded in earnings. Changes in the value of the investments in similar funds included in Other are primarily recorded in accumulated other comprehensive income (AOCI).
- (9) 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 hedge the liabilities.
- (10) 2Q16, 1Q16, 4Q15, 3Q15, and 2Q15 included \$105 million, \$(483) million, \$136 million, \$(48) million, and \$34 million, respectively, of foreign exchange gains (losses) primarily due to a short term intercompany balance that was matched with available for sale investments in fixed maturity securities denominated in the same foreign currencies. Unrealized gains and losses on the available for sale investments were recorded in other comprehensive income resulting in an immaterial impact on our overall equity or book value per share from this arrangement.
- (11) Includes impairments on investments in life settlements.

American International Group, Inc.

Supplemental Property Casualty Information*

(in millions)	Quarterly					Six Months Ended	
	2Q16	1Q16	4Q15	3Q15	2Q15	2016	2015
Net premiums written	\$ 7,348	\$ 7,139	\$ 7,328	\$ 8,218	\$ 8,512	\$ 14,487	\$ 16,474
Net premiums earned	\$ 7,494	\$ 7,560	\$ 7,762	\$ 7,832	\$ 7,931	15,054	15,676
Loss and loss adjustment expenses incurred	5,286	4,788	8,778	5,290	5,064	10,074	10,162
Acquisition expenses	1,457	1,487	1,635	1,623	1,553	2,944	3,115
General operating expenses	954	1,011	1,079	1,160	1,193	1,965	2,299
Underwriting income (loss)	(203)	274	(3,730)	(241)	121	71	100
Net investment income	1,009	701	831	821	1,252	1,710	2,398
Pre-tax operating income (loss)	\$ 806	\$ 975	\$ (2,899)	\$ 580	\$ 1,373	\$ 1,781	\$ 2,498
Underwriting ratios:							
Loss ratio	70.5	63.3	113.1	67.5	63.9	66.9	64.8
Catastrophe losses and reinstatement premiums	(5.5)	(3.3)	(2.9)	(1.9)	(2.9)	(4.4)	(2.3)
Prior year development net of premium adjustments	(0.3)	0.9	(46.6)	(2.5)	(4.3)	0.3	(2.3)
Net reserve discount	(4.0)	0.1	(1.1)	(1.0)	5.1	(2.0)	1.5
Accident year loss ratio, as adjusted	60.7	61.0	62.5	62.1	61.8	60.8	61.7
Acquisition ratio	19.4	19.7	21.1	20.7	19.6	19.6	19.9
General operating expense ratio	12.7	13.4	13.9	14.8	15.0	13.1	14.7
Expense ratio	32.1	33.1	35.0	35.5	34.6	32.7	34.6
Combined ratio	102.6	96.4	148.1	103.0	98.5	99.6	99.4
Catastrophe losses and reinstatement premiums	(5.5)	(3.3)	(2.9)	(1.9)	(2.9)	(4.4)	(2.3)
Prior year development net of premium adjustments	(0.3)	0.9	(46.6)	(2.5)	(4.3)	0.3	(2.3)
Net reserve discount	(4.0)	0.1	(1.1)	(1.0)	5.1	(2.0)	1.5
Accident year combined ratio, as adjusted	92.8	94.1	97.5	97.6	96.4	93.5	96.3
Noteworthy items (pre-tax):							
Catastrophe-related losses	\$ 414	\$ 251	\$ 223	\$ 151	\$ 225	\$ 665	\$ 357
Reinstatement premiums related to catastrophes	-	-	-	-	-	-	-
Reinstatement premiums related to prior year catastrophes	(11)	(10)	-	2	-	(21)	(7)
Severe losses	146	109	172	209	184	255	330
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	19	(61)	3,621	179	334	(42)	358
(Additional) returned premium related to prior year development	22	6	(4)	30	12	28	23
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	41	(55)	3,617	209	346	(14)	381
Net reserve discount (benefit) charge	300	(9)	86	78	(400)	291	(235)
Net loss and loss expense reserve (at period end)	\$ 58,998	\$ 59,067	\$ 59,890	\$ 57,476	\$ 58,220	\$ 58,998	\$ 58,220

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

American International Group, Inc.

Acronyms

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