平成 29 年８月３日

2017 年第２四半期（４月～６月）　決 算 短 信

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

１．本国における決算発表日　2017 年８月２日

２．業績（注１：下記の数字は 2017 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（2017 年）	前年度（2016 年）	増減率
売上高又は営業収入	12,502 百万ドル	14,724 百万ドル	△15.1%
純利益（税引後）	1,130 百万ドル	1,913 百万ドル	△40.9%
１株当たり純利益（注２）	1.19 ドル	1.68 ドル	△29.2%

	今期累計額		
	当期	前年同期	増減率
売上高又は営業収入	25,134 百万ドル	26,503 百万ドル	△5.2%
純利益（税引後）	2,315 百万ドル	1,730 百万ドル	33.8%
１株当たり純利益（注２）	2.37 ドル	1.49 ドル	59.1%

	配当金の推移　（注３）		
	当年度（2017 年）	前年度（2016 年）	備考
第１四半期	0.32 ドル	0.32 ドル	
第２四半期	0.32 ドル	0.32 ドル	
第３四半期		0.32 ドル	
第４四半期		0.32 ドル	
合計		1.28 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 2017 年８月２日付けプレス・リリースおよび Quarterly Financial Supplement Second Quarter 2017 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 2017 を添付する。

FOR IMMEDIATE RELEASE

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

Contacts:
Liz Werner (Investors): 212-770-7074; elizabeth.werner@aig.com
Fernando Melon (Investors): 212-770-4630; fernando.melon@aig.com
Claire Talcott (Media): 212-458-6343; claire.talcott@aig.com

AIG REPORTS SECOND QUARTER 2017 RESULTS

NEW YORK, August 2, 2017 - American International Group, Inc. (NYSE: AIG) today reported net income of $1.1 billion, or $1.19 per diluted share, for the second quarter 2017, compared to $1.9 billion, or $1.68 per diluted share, in the prior-year quarter, primarily reflecting net realized capital losses of $69 million compared to net realized capital gains of $1.0 billion a year ago.

After-tax operating income was $1.4 billion, or $1.53 per diluted share, for the second quarter 2017 compared to $1.3 billion, or $1.15 per diluted share.

"Our second quarter results show the value of AIG's diverse businesses and the opportunities we have to grow profitably," said Brian Duperreault, President and Chief Executive Officer. "We will build on AIG's strong franchise by maximizing the value of our international footprint, which distinguishes us from many of our competitors. While market conditions remain challenging, we are committed to disciplined underwriting and are focused on investing in profitable growth."

SECOND QUARTER FINANCIAL SUMMARY*

	Three Months Ended June 30,	
($ in millions, except per share amounts)	**2017**	**2016**
Net income	$ 1,130	$ 1,913
Net income per diluted share	$ 1.19	$ 1.68
After-tax operating income	$ 1,449	$ 1,313
After-tax operating income per diluted share	$ 1.53	$ 1.15
Return on equity	6.1 %	8.6 %
AIG Consolidated:		
Adjusted return on equity	10.5 %	7.9 %
Normalized return on equity	9.1 %	8.3 %
Core:		
Adjusted return on attributed equity - Core	10.5 %	9.6 %
Normalized return on attributed equity - Core (a)	9.9 %	10.1 %
Book value per common share	$ 81.62	$ 83.08
Book value per common share, excluding accumulated other comprehensive income	$ 76.12	$ 75.45

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

(a) The declines in Core Normalized ROE are largely due to the increase in second half 2016 U.S. Casualty loss estimates, which contributed 100 basis pts to the decline.

All comparisons are against the second quarter of 2016, unless otherwise indicated. Refer to the AIG Second Quarter 2017 Financial Supplement which is posted on AIG's website in the Investor Information section for further information.

FINANCIAL HIGHLIGHTS

ROE Trends – ROE and Adjusted ROE were 6.1% and 10.5%, respectively, in the second quarter. After normalizing our results, including for strong alternative investment returns and lower than expected catastrophe losses, Core Normalized ROE was 9.9%. Core Normalized ROE benefited from active capital management, expense efficiencies, and the performance of our Consumer business, offset by the increased Commercial loss estimates in the second half of 2016.

Continued Focus on Expenses – General operating and other expenses (GOE) declined $404 million or 15.6% to $2.2 billion. GOE, operating basis, declined 4% on a constant dollar basis excluding the GOE reductions due to the sales of United Guaranty Corporation and AIG Advisor Group, due to organizational simplification and better use of technology.

Underwriting Discipline – Continued execution of strategic portfolio actions resulted in a 15% decrease in net premiums written for Commercial Insurance, or 9% on a constant dollar basis excluding divestitures. Personal Insurance combined ratio of 91.1 benefited from favorable loss experience and lower catastrophe losses.

Strong Capital and Liquidity – In the second quarter, AIG repurchased 39.1 million common shares for $2.4 billion with a remaining authorization of approximately $2.5 billion, as of August 2, 2017.

AIG Parent liquidity stood at $7.8 billion. In the second quarter, AIG Parent received $1.7 billion of distributions from insurance subsidiaries in the form of cash and fixed maturity securities including tax sharing payments. During the quarter, Legacy Investments also returned $775 million of capital to Parent from asset monetizations and Parent received $391 million from the sale of Arch Capital Group Ltd. Common stock. After the sale, the Property Casualty Insurance Companies own 567,420 shares of Arch Capital Group Ltd. preferred stock.

CORE

Commercial Insurance Highlights – In the second quarter, Commercial Insurance pre-tax operating income declined reflecting higher Property losses and the impact of the second half 2016 increase in loss estimates. This was partially offset by lower catastrophe losses and higher alternative investment returns. Continued remediation in the U.S. Casualty and Global Property businesses accounted for a large majority of the decline in net premiums written which is consistent with AIG’s focus on risk selection.

- Pre-tax operating income included $21 million of adverse prior year reserve development, net of reinsurance in Liability and Financial Lines and $41 million of unfavorable prior year reserve development, net of reinsurance in Property and Special Risks. Prior year reserve development is net of the losses ceded to the NICO adverse development coverage (ADC) reinsurance agreement and the amortization of the deferred gain of the ADC cover.

- The loss ratio of 73.8 increased by 3.6 points in the second quarter 2017. The accident year loss ratio, as adjusted, of 66.1 increased by 4.4 points. Approximately 4.0 points of this increase related to the increase in second half 2016 loss estimates, which were primarily in the U.S. Casualty business. Taking into account the increased loss estimates, the remaining increase was primarily driven by higher Property losses.

- The expense ratio was 28.9 in the second quarter, slightly higher than that in the prior year quarter as improvements in GOE, ceding commissions received from reinsurers and a decline in commission expenses associated with the sale of Ascot Underwriting Holdings Ltd. were offset by the decline in premiums earned associated with our strategic portfolio actions.

- Commercial Insurance net premiums written decreased by 15% or 9% on a constant dollar basis excluding divestitures. The decrease was related to continued execution on our strategic portfolio actions throughout the second quarter of 2017 and challenging market conditions.

	Three Months Ended June 30,			
($ in millions)	**2017**	**2016**	**Change**	
Total Commercial Insurance				
Net premiums written	$ 3,826	$ 4,497	(15)	%
Pre-tax operating income	$ 716	$ 941	(24)	
Underwriting ratios:				
Loss ratio	73.8	70.2	3.6	pts
Expense ratio	28.9	28.1	0.8	
Combined ratio	102.7	98.3	4.4	
Liability and Financial Lines				
Net premiums written	$ 2,085	$ 2,321	(10)	%
Pre-tax operating income	$ 586	$ 815	(28)	
Underwriting ratios:				
Loss ratio	76.1	70.4	5.7	pts
Expense ratio	26.3	25.4	0.9	
Combined ratio	102.4	95.8	6.6	
Property and Special Risks				
Net premiums written	$ 1,741	$ 2,176	(20)	%
Pre-tax operating income	$ 130	$ 126	3	
Underwriting ratios:				
Loss ratio	70.8	69.7	1.1	pts
Expense ratio	32.1	31.7	0.4	
Combined ratio	102.9	101.4	1.5	

Consumer Insurance Highlights **–** In the second quarter, Consumer Insurance pre-tax operating income increased 33% reflecting improvements across all Consumer modules. Consumer Insurance benefited from improved underwriting results, expense reduction and stable earnings from our Retirement businesses.

- In Individual Retirement, improved base net investment spreads from disciplined pricing and active credit rate management, and lower DAC amortization and higher policy fee income related to better equity market performance were partially offset by lower alternative investment income. Net flows declined to negative $691 million for Individual Retirement primarily reflecting the uncertainties surrounding the impact and implementation of the DOL Fiduciary Rule.

- In Group Retirement, higher policy fee income reflecting improved equity markets and lower GOE were partially offset by lower base net investment income spreads and lower alternative investment income. Group Retirement net flows declined slightly to negative $181 million, primarily driven by slightly lower sales, and surrenders within expectations but higher than the prior-year quarter.

- In Life Insurance, higher pre-tax operating income reflected lower domestic GOE, lower DAC amortization on international business, and higher policy fee income from growth in universal life, partially offset by lower net investment income.

- Personal Insurance delivered strong results. Favorable loss experience and lower catastrophe losses, an improved expense ratio that reflected strategic and portfolio actions, together with growth in net investment income from alternative investments were partially offset by a lower earned premium base and lower net favorable prior year loss reserve development.

	Three Months Ended June 30,		
($ in millions)	**2017**	**2016**	**Change**
Total Consumer Insurance			
Premiums & Fees	$ 3,873	$ 3,888	- %
Net Investment Income	1,882	1,912	(2)
Operating Revenue	5,980	6,132	(2)
Benefits & Expenses	4,720	5,184	(9)
Pre-tax operating income	1,260	948	33
Individual Retirement			
Premiums & Fees	$ 223	$ 223	- %
Net Investment Income	1,003	1,020	(2)
Operating Revenue	1,383	1,509	(8)
Benefits & Expenses	825	1,004	(18)
Pre-tax operating income	558	505	10

($ in millions)	Three Months Ended June 30, 2017	2016	Change
Group Retirement			
Premiums & Fees	$ 105	$ 100	5 %
Net Investment Income	535	555	(4)
Operating Revenue	696	707	(2)
Benefits & Expenses	430	442	(3)
Pre-tax operating income	266	265	-
Life Insurance			
Premiums & Fees	$ 757	$ 703	8 %
Net Investment Income	261	271	(4)
Operating Revenue	1,030	988	4
Benefits & Expenses	924	962	(4)
Pre-tax operating income	106	26	308
Personal Insurance			
Net premiums written	$ 2,846	$ 2,924	(3) %
Pre-tax operating income	$ 330	$ 152	117
Underwriting ratios:			
Loss ratio	50.7	55.6	(4.9) pts
Expense ratio	40.4	41.4	(1.0)
Combined ratio	91.1	97.0	(5.9)

CONFERENCE CALL

AIG will host a conference call tomorrow, Thursday, August 3, 2017, at 9:00 a.m. ET to review these results. The call is open to the public and can be accessed via a live listen-only webcast in the Investor Relations section of www.aig.com. A replay will be available after the call at the same location.

# # #

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; actual and anticipated sales of businesses or asset divestitures or monetizations; restructuring of business operations, including anticipated restructuring charges and annual cost savings; generation of deployable capital; strategies to increase return on equity and earnings per share; strategies to grow net investment income, efficiently manage capital, grow book value per common share, and reduce expenses; anticipated organizational and business changes; strategies for customer retention, growth, product development, market position, financial results and reserves; management of the impact that innovation and technology changes may have on customer preferences, the frequency or severity of losses and/or the way AIG distributes and underwrites its products; segments' revenues and combined ratios; and management retention plans. 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 Legacy 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) in AIG's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 (which will be filed with the SEC), Part I, Item 2. MD&A in AIG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 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, 2016. 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.

# # #

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 "generally accepted accounting principles" 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 2017 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) and Book Value per Common Share, Excluding AOCI and Deferred Tax Assets (DTA) (Adjusted Book Value per Common Share) 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 these book value per common share metrics. Book value per common share, excluding AOCI, is derived by dividing Total AIG Shareholders' equity, excluding AOCI, by total common shares outstanding. Adjusted Book Value per Common Share is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA (**Adjusted Shareholders' Equity**), by total common shares outstanding.

AIG Return on Equity – After-tax Operating Income Excluding AOCI and DTA (Adjusted Return on Equity) is used to show the rate of return on shareholders' equity. AIG believes this measure is useful to investors because it eliminates 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. This measure also eliminates 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 Adjusted Return on Equity. Adjusted Return on Equity is derived by dividing actual or annualized after-tax operating income attributable to AIG by average Adjusted Shareholders' Equity.

AIG Normalized Return on Equity further adjusts Adjusted Return on Equity 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 is derived by excluding the following tax adjusted effects from Adjusted Return on Equity: 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; Life insurance incurred but not reported (IBNR) death claim charge; and prior year loss reserve development.

Core Attributed Equity is an attribution of total AIG Adjusted Shareholders' Equity to each of AIG's modules within Core based on AIG's internal capital model, which incorporates the respective risk profiles. Attributed equity represents AIG's best estimates based on current facts and circumstances and will change over time.

Core Return on Equity – After-tax Operating Income (Adjusted Return on Attributed Equity) is used to show the rate of return on attributed equity. Return on Attributed Equity is derived by dividing actual or annualized After-tax Operating Income by Average Attributed Equity.

Core Normalized Return on Attributed Equity (Normalized Return on Attributed Equity) further adjusts Adjusted Return on Attributed Equity 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 Return on Attributed Equity without the impact of certain items that can experience volatility in our short-term results. Normalized Return on Attributed Equity is derived by excluding the following tax adjusted effects from Return on Attributed Equity: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) DIB and GCM returns; fair value changes on PICC investments; update of actuarial assumptions; Life insurance IBNR death claim charge; and prior year loss reserve development.

After-tax Operating Income Attributable to Core is derived by subtracting attributed interest expense and income tax expense from pre-tax operating income. Attributed debt and the related interest expense is calculated based on AIG's internal capital model. Tax expense or benefit is calculated based on an internal attribution methodology that considers among other things the taxing jurisdiction in which the operating segments conduct business, as well as the deductibility of expenses in those jurisdictions.

Normalized After-tax Operating Income Attributable to Core further adjusts After-tax Operating Income attributable to Core for the effects of certain volatile or market related items. AIG believes this measure is useful to investors because it presents the trends in after tax operating income without the impact of certain items that can experience volatility in AIG's short-term results. Normalized After-tax Operating Income attributable to Core is derived by excluding the following tax adjusted effects from After-tax Operating Income: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) DIB and GCM returns; fair value changes on PICC investments; update of actuarial assumptions; Life insurance IBNR death claim charge; and prior year loss reserve development (PYD), net of reinsurance premium adjustments.

Operating Revenues exclude 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). Operating revenues is a GAAP measure for our operating segments.

General Operating Expenses, Operating Basis (Operating GOE), is derived by making the following adjustments to general operating and other expenses: include (i) certain loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating litigation reserves and (v) other expense related to an asbestos retroactive reinsurance agreement. AIG uses General operating expenses, operating basis, because AIG believes it provides a more meaningful indication of AIG's ordinary course of business operating costs, regardless of within which financial statement line item these expenses are reported externally within AIG's segment results. The majority of these expenses are employee-related costs. For example, Other acquisition expenses and losses and loss adjustment expenses primarily represent employee-related costs in the underwriting and claims functions, respectively. Excluded from this measure are non-operating expenses (such as restructuring costs and litigation reserves), direct marketing expenses, insurance company assessments and non-deferrable commissions. AIG also excludes the impact of foreign exchange and the expenses of AIG Advisor Group and UGC, which have been divested, when measuring period-over-period fluctuations in General Operating Expenses, Operating basis.

AIG uses the following operating performance measures because AIG 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.

Pre-tax Operating Income (PTOI) is derived by excluding the following items from income from continuing operations before income tax. This definition is consistent across AIG's modules (including geography). 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. PTOI is a GAAP measure for our operating segments.

- 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;
- loss (gain) 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;
- net loss reserve discount benefit (charge);
- pension expense related to a one-time lump sum payment to former employees;
- income and loss from divested businesses;
- 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 our organization; and
- the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

After-tax Operating Income Attributable to AIG (ATOI) is derived by excluding the tax effected PTOI adjustments described above and the following tax items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges; and
- uncertain tax positions and other tax items related to legacy matters having no relevance to our

current businesses or operating performance.

See page 12 for the reconciliation of Net income attributable to AIG to After-tax Operating Income Attributable to AIG.

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 (which for Commercial Insurance excludes net loss reserve discount), 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 segment 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 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. AIG believes the as adjusted ratios are meaningful measures of AIG's 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 exclude prior year development to provide transparency related to current accident year results.

Underwriting ratios are computed as follows:

- Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
- Acquisition ratio = Total acquisition expenses ÷ NPE
- General operating expense ratio = General operating expenses ÷ NPE
- Expense ratio = Acquisition ratio + General operating expense ratio
- Combined ratio = Loss ratio + Expense ratio
- Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/(-) Reinstatement premiums (RIPs) related to catastrophes +/(-) RIPs related to prior year catastrophes + (Additional) returned premium related to PYD on loss sensitive business + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
- Accident year combined ratio = AYLR + Expense ratio
- Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/(-) RIPs related to catastrophes] – Loss ratio
- Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – Prior year loss reserve development unfavorable (favorable) (PYD), net of reinsurance] ÷ [NPE +/(-)

RIPs related to prior year catastrophes + (Additional) returned premium related to PYD on loss sensitive business] – Loss ratio

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

# # #

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,					
	2017			2016		
	Pre-tax	Tax Effect	After-tax	Pre-tax	Tax Effect	After-tax
Pre-tax income (loss)/net income, including noncontrolling interests	$ 1,667	$ 557	$ 1,118	$ 2,858	$ 924	$ 1,917
Noncontrolling interest	-	-	12	-	-	(4)
Pre-tax income (loss)/net income attributable to AIG	1,667	557	1,130	2,858	924	1,913
Adjustments:						
Uncertain tax positions and other tax adjustments	-	(66)	66	-	63	(63)
Deferred income tax valuation allowance (releases) charges	-	8	(8)	-	(35)	35
Changes in fair value of securities used to hedge guaranteed living benefits	(80)	(28)	(52)	(120)	(42)	(78)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(58)	(20)	(38)	64	22	42
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	251	89	162	(5)	(2)	(3)
(Gain) loss on extinguishment of debt	(4)	(2)	(2)	7	2	5
Net realized capital (gains) losses	69	38	31	(1,042)	(380)	(662)
Noncontrolling interest on net realized capital (gains) losses	-	-	-	-	-	7
(Income) loss from discontinued operations	-	-	(8)	-	-	10
(Income) loss from divested businesses	60	40	20	(225)	(79)	(146)
Non-operating litigation reserves and settlements	(80)	(28)	(52)	(7)	(2)	(5)
Net loss reserve discount (benefit) charge	260	90	170	300	100	200
Pension expense related to a one-time lump sum payment to former employees	1	1	-	-	-	-
Restructuring and other costs	47	17	30	90	32	58
Pre-tax operating income/After-tax operating income	$ 2,133	$ 696	$ 1,449	$ 1,920	$ 603	$ 1,313

	Six Months Ended June 30,					
	2017			2016		
	Pre-tax	Tax Effect	After-tax	Pre-tax	Tax Effect	After-tax
Pre-tax income (loss)/net income, including noncontrolling interests	$ 3,394	$ 1,073	$ 2,324	$ 2,644	$ 866	$ 1,732
Noncontrolling interest	-	-	(9)	-	-	(2)
Pre-tax income (loss)/net income attributable to AIG	3,394	1,073	2,315	2,644	866	1,730
Adjustments:						
Uncertain tax positions and other tax adjustments	-	(16)	16	-	(142)	142
Deferred income tax valuation allowance releases	-	21	(21)	-	2	(2)
Changes in fair value of securities used to hedge guaranteed living benefits	(91)	(32)	(59)	(253)	(89)	(164)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(111)	(39)	(72)	24	8	16
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	265	93	172	(12)	(4)	(8)
(Gain) loss on extinguishment of debt	(5)	(2)	(3)	90	31	59
Net realized capital losses	184	85	99	64	7	57
Noncontrolling interest on net realized capital losses	-	-	5	-	-	(11)
(Income) loss from discontinued operations	-	-	(8)	-	-	57
(Income) loss from divested businesses	160	34	126	(223)	(78)	(145)
Non-operating litigation reserves and settlements	(86)	(30)	(56)	(38)	(13)	(25)
Net loss reserve discount (benefit) charge	235	81	154	291	99	192
Pension expense related to a one-time lump sum payment to former employees	1	1	-	-	-	-
Restructuring and other costs	228	80	148	278	98	180
Pre-tax operating income/After-tax operating income	$ 4,174	$ 1,349	$ 2,816	$ 2,865	$ 785	$ 2,078

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,		
	2017	2016	% Inc. (Dec.)	2017	2016	% Inc. (Dec.)
Income (loss) per common share:						
Basic						
Income from continuing operations	$ 1.21	$ 1.73	(30.1)%	$ 2.42	$ 1.57	54.1 %
Income (loss) from discontinued operations	0.01	(0.01)	NM	0.01	(0.05)	NM
Net income attributable to AIG	$ 1.22	$ 1.72	(29.1)	$ 2.43	$ 1.52	59.9
Diluted						
Income from continuing operations	$ 1.18	$ 1.69	(30.2)	$ 2.36	$ 1.54	53.2
Income (loss) from discontinued operations	0.01	(0.01)	NM	0.01	(0.05)	NM
Net income attributable to AIG	$ 1.19	$ 1.68	(29.2)	$ 2.37	$ 1.49	59.1
After-tax operating income attributable to AIG per diluted share (a)	$ 1.53	$ 1.15	33.0 %	$ 2.88	$ 1.79	60.9 %
Weighted average shares outstanding:						
Basic	925.8	1,113.6		953.1	1,135.1	
Diluted	948.2	1,140.0		976.6	1,163.1	
Return on equity (a)	6.1 %	8.6 %		6.2 %	3.9 %	
Adjusted return on equity (b)	10.5 %	7.9 %		10.0 %	6.2 %	

As of period end:	June 30, 2017	June 30, 2016
Total AIG shareholders' equity	$ 73,732	$ 89,946
Accumulated other comprehensive income (AOCI)	4,962	8,259
Total AIG shareholders' equity, excluding AOCI	68,770	81,687
Deferred tax assets	14,287	15,614
Total adjusted AIG shareholders' equity	$ 54,483	$ 66,073

As of period end:	June 30, 2017	June 30, 2016	% Inc. (Dec.)
Book value per common share (c)	$ 81.62	$ 83.08	(1.8)%
Book value per common share, excluding AOCI (d)	$ 76.12	$ 75.45	0.9
Adjusted book value per common share (e)	$ 60.31	$ 61.03	(1.2)
Total common shares outstanding	903.4	1,082.7	

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 Adjusted Shareholders' Equity.

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

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

(e) Represents Adjusted Shareholders' Equity, 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 and Other Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	**2016**	**% Inc. (Dec.)**	**2017**	**2016**	**% Inc. (Dec.)**
General operating and other expenses, GAAP basis	$ 2,182	$ 2,586	(15.6)%	$ 4,625	$ 5,589	(17.2)%
Restructuring and other costs	(47)	(90)	47.8	(228)	(278)	18.0
Other expense related to retroactive reinsurance agreement	-	5	NM	-	12	NM
Pension expense related to a one-time lump sum payment to former employees	(1)	-	NM	(1)	-	NM
Non-operating litigation reserves	74	-	NM	70	(3)	NM
Total general operating and other expenses included in pre-tax operating income	2,208	2,501	(11.7)	4,466	5,320	(16.1)
Loss adjustment expenses, reported as policyholder benefits and losses incurred	296	350	(15.4)	600	691	(13.2)
Advisory fee expenses	(77)	(173)	55.5	(154)	(490)	68.6
Non-deferrable insurance commissions and other	(130)	(121)	(7.4)	(262)	(243)	(7.8)
Direct marketing and acquisition expenses, net of deferrals, and other	(58)	(133)	56.4	(170)	(277)	38.6
Investment expenses reported as net investment income and other	9	15	(40.0)	17	30	(43.3)
Total general operating expenses, operating basis	2,248	2,439	(7.8)	4,497	5,031	(10.6)
Less: FX impact		12	NM		-	NM
Less: GOE of Advisor Group		25	NM		70	NM
Less: GOE of UGC		55	NM		105	NM
Total general operating expenses, Operating basis, Ex. FX & GOE of AIG Advisor Group and UGC	$ 2,248	$ 2,347	(4.2)%	$ 4,497	$ 4,856	(7.4)%

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

Reconciliations of Normalized and Adjusted Return on Equity

	Three Months Ended June 30, 2017				Three Months Ended June 30, 2016			
	Pre-tax	Tax Effect	After-tax	ROE	Pre-tax	Tax Effect	After-tax	ROE
Return on Equity			$ 1,130	6.1 %			$ 1,913	8.6 %
Adjusted Return on equity (a)	$ 2,133	$ 696	$ 1,449	10.5 %	$ 1,920	$ 603	$ 1,313	7.9 %
Adjustments to arrive at Normalized Return on Equity:								
Catastrophe losses above (below) expectations	(157)	(56)	(101)	(0.7)	26	9	17	0.1
(Better) worse than expected alternative returns (b)	(111)	(38)	(73)	(0.6)	5	1	4	-
(Better) worse than expected DIB & GCM returns	(142)	(49)	(93)	(0.7)	(42)	(14)	(28)	(0.1)
Fair value changes on PICC investments	(6)	(2)	(4)	-	85	30	55	0.3
Life Insurance - IBNR death claims	-	-	-	-	-	-	-	-
Unfavorable (favorable) prior year loss reserve development	126	44	82	0.6	29	10	19	0.1
Normalized Return on Equity	$ 1,843	$ 595	$ 1,260	9.1 %	$ 2,023	$ 639	$ 1,380	8.3 %
Average AIG Shareholders' equity				$ 73,901				$ 89,232
Less: Average AOCI				4,372				6,892
Less: Average DTA				14,436				16,220
Average adjusted shareholders' equity				$ 55,093				$ 66,120

(a) After-tax operating income excludes Net income (loss) attributable to non-controlling interest of $(12) million and $4 million for the three months ended June 30, 2017 and 2016, respectively.

(b) The expected rate of return on alternative investments used was 8% for all periods presented.

	Six Months Ended June 30, 2017				Six Months Ended June 30, 2016			
	Pre-tax	Tax Effect	After-tax	ROE	Pre-tax	Tax Effect	After-tax	ROE
Return on Equity			$ 2,315	6.2 %			$ 1,730	3.9 %
Adjusted Return on equity (a)	$ 4,174	$ 1,349	$ 2,816	10.0 %	$ 2,865	$ 785	$ 2,078	6.2 %
Adjustments to arrive at Normalized Return on Equity:								
Catastrophe losses above (below) expectations	(268)	(95)	(173)	(0.6)	(111)	(39)	(72)	(0.2)
(Better) worse than expected alternative returns (b)	(294)	(102)	(192)	(0.7)	719	251	468	1.4
(Better) worse than expected DIB & GCM returns	(187)	(65)	(122)	(0.4)	353	124	229	0.7
Fair value changes on PICC investments	(28)	(10)	(18)	(0.1)	188	66	122	0.4
Life Insurance - IBNR death claims	-	-	-	-	(25)	(9)	(16)	(0.1)
Unfavorable (favorable) prior year loss reserve development	158	55	103	0.4	(31)	(11)	(20)	(0.1)
Normalized Return on Equity	$ 3,555	$ 1,132	$ 2,414	8.6 %	$ 3,958	$ 1,167	$ 2,789	8.3 %
Average AIG Shareholders' equity				$ 74,700				$ 89,374
Less: Average AOCI				3,991				5,440
Less: Average DTA				14,547				16,397
Average adjusted shareholders' equity				$ 56,162				$ 67,537

(a) After-tax operating income also excludes Net income (loss) attributable to non-controlling interest of $9 million and $2 million for the six months ended June 30, 2017 and 2016, respectively.

(b) The expected rate of return on alternative investments used was 8% for all periods presented.

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

Reconciliations of Core Normalized and Adjusted Return on Equity

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Pre-tax operating income	$ 1,702	$ 1,713	$ 3,401	$ 2,860
Interest expense (benefit) on attributed financial debt	(43)	(22)	(86)	(45)
Operating income before taxes	1,745	1,735	3,487	2,905
Income tax expense (benefit)	561	507	1,117	786
After-tax operating income	1,184	1,228	2,370	2,119
Adjustments to arrive at Normalized Return on Equity:				
Catastrophe losses above (below) expectations	(100)	18	(170)	(69)
(Better) worse than expected alternative returns(a)	(54)	10	(177)	402
(Better) worse than expected DIB & GCM returns	(3)	1	(4)	3
Fair value changes on PICC investments	(4)	34	(18)	52
Unfavorable (favorable) prior year loss reserve development	83	5	114	(36)
Normalized after-tax operating income	$ 1,106	$ 1,296	$ 2,115	$ 2,471
Ending attributed equity	$ 44,571	$ 51,331	$ 44,571	$ 51,331
Average attributed equity	$ 44,898	$ 51,236	$ 45,816	$ 51,997
Adjusted return on attributed equity	10.5 %	9.6 %	10.3 %	8.2 %
Normalized return on attributed equity(b)	9.9 %	10.1 %	9.2 %	9.5 %

(a) The expected rate of return on alternative investments used was 8% for all periods presented.

(b) Normalizing adjustments are tax effected using a 35% tax rate and computed based on average attributed equity for the respective periods.

American International Group, Inc.
Selected Financial Data and Non-GAAP Reconciliation (continued)

Reconciliations of Accident Year Loss Ratio, as Adjusted and Combined Ratio, as Adjusted

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Commercial Insurance - Liability and Financial Lines				
Loss ratio	76.1	70.4	76.0	69.7
Catastrophe losses and reinstatement premiums	-	-	-	-
Prior year development, net of (additional) return premium on loss sensitive business	(1.8)	(3.3)	(2.6)	(1.7)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(1.6)	-	(0.8)	-
Accident year loss ratio, as adjusted	72.7	67.1	72.6	68.0
Combined ratio	102.4	95.8	103.9	96.3
Catastrophe losses and reinstatement premiums	-	-	-	-
Prior year development, net of (additional) return premium on loss sensitive business	(1.8)	(3.3)	(2.6)	(1.7)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(1.6)	-	(0.8)	-
Accident year combined ratio, as adjusted	99.0	92.5	100.5	94.6
Commercial Insurance - Property and Special Risks				
Loss ratio	70.8	69.7	68.6	67.9
Catastrophe losses and reinstatement premiums	(11.1)	(18.0)	(11.9)	(14.9)
Prior year development	(2.5)	2.3	(0.1)	1.7
Accident year loss ratio, as adjusted	57.2	54.0	56.6	54.7
Combined ratio	102.9	101.4	100.4	100.4
Catastrophe losses and reinstatement premiums	(11.1)	(18.0)	(11.9)	(14.9)
Prior year development	(2.5)	2.3	(0.1)	1.7
Accident year combined ratio, as adjusted	89.3	85.7	88.4	87.2
Total Commercial Insurance				
Loss ratio	73.8	70.2	72.8	68.9
Catastrophe losses and reinstatement premiums	(4.8)	(7.5)	(5.0)	(6.1)
Prior year development, net of (additional) return premium on loss sensitive business	(2.1)	(1.0)	(1.6)	(0.2)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(0.8)	-	(0.4)	-
Accident year loss ratio, as adjusted	66.1	61.7	65.8	62.6
Combined ratio	102.7	98.3	102.4	97.9
Catastrophe losses and reinstatement premiums	(4.8)	(7.5)	(5.0)	(6.1)
Prior year development, net of (additional) return premium on loss sensitive business	(2.1)	(1.0)	(1.6)	(0.2)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(0.8)	-	(0.4)	-
Accident year combined ratio, as adjusted	95.0	89.8	95.4	91.6
Consumer Insurance - Personal Insurance				
Loss ratio	50.7	55.6	53.3	54.2
Catastrophe losses and reinstatement premiums	(0.1)	(2.1)	(0.5)	(1.6)
Prior year development	0.2	1.4	-	1.5
Accident year loss ratio, as adjusted	50.8	54.9	52.8	54.1
Combined ratio	91.1	97.0	93.8	95.9
Catastrophe losses and reinstatement premiums	(0.1)	(2.1)	(0.5)	(1.6)
Prior year development	0.2	1.4	-	1.5
Accident year combined ratio, as adjusted	91.2	96.3	93.3	95.8

American International Group, Inc.

Quarterly Financial Supplement
Second Quarter 2017

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, 2017, which will be filed with the Securities and Exchange Commission.

American International Group, Inc.
Quarterly Financial Supplement

Contact: Investors
Liz Werner: (212) 770-7074; elizabeth.werner@aig.com
Fernando Melon: (212) 770-4630; fernando.melon@aig.com

Table of Contents **Page(s)**

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; actual and anticipated sales of businesses or asset divestitures or monetizations; restructuring of business operations, including anticipated restructuring charges and annual cost savings; generation of deployable capital; strategies to increase return on equity and earnings per share; strategies to grow net investment income, efficiently manage capital, grow book value per common share, and reduce expenses; anticipated organizational and business changes; strategies for customer retention, growth, product development, market position, financial results and reserves; management of the impact that innovation and technology changes may have on customer preferences, the frequency or severity of losses and/or the way AIG distributes and underwrites its products; segments' revenues and combined ratios; and management retention plans.

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 Legacy portfolios;
- AIG's ability to successfully reduce costs and expenses and make business and organizational changes without negatively impacting client relationships or its 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) in AIG's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 (which will be filed with the Securities and Exchange Commission), Part I, Item 2. MD&A in AIG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 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, 2016.

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 generally accepted accounting principles 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) (Adjusted Book Value per Common Share) 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 these book value per common share metrics. Book value per common share excluding AOCI, is derived by dividing Total AIG Shareholders' equity, excluding AOCI, by total common shares outstanding. Adjusted Book Value per Common Share is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA **(Adjusted Shareholders' Equity)**, by total common shares outstanding. The reconciliation to book value per common share, the most comparable GAAP measure, is presented on page 50 herein.

AIG Return on Equity – After-tax Operating Income Excluding AOCI and DTA (Adjusted Return on Equity) is used to show the rate of return on shareholders' equity. We believe this measure is useful to investors because it eliminates 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. This measure also eliminates 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 Adjusted Return on Equity. Adjusted Return on Equity is derived by dividing actual or annualized after-tax operating income attributable to AIG by average Adjusted Shareholders' Equity. The reconciliation to return on equity, the most comparable GAAP measure, is presented on page 50 herein.

AIG Normalized Return on Equity further adjusts Adjusted Return on Equity 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 is derived by excluding the following tax adjusted effects from Adjusted Return on Equity: 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; Life insurance incurred but not reported (IBNR) death claim charge; and prior year loss reserve development. The reconciliation to return on equity, the most comparable GAAP measure, is presented on page 50 herein.

Core, Legacy Portfolio and Geography Attributed Equity is an attribution of total AIG Adjusted Shareholders' Equity to each of our modules within Core, Legacy Portfolio and geographies based on our internal capital model, which incorporates the respective risk profiles. Attributed equity represents our best estimates based on current facts and circumstances and will change over time.

Core, Legacy Portfolio and Geography Return on Equity – After-tax Operating Income (Adjusted Return on Attributed Equity) is used to show the rate of return on attributed equity. Return on Attributed Equity is derived by dividing actual or annualized After-tax Operating Income by Average Attributed Equity. The reconciliations to Adjusted Return on Equity are presented on pages 52-59 herein.

Core, Legacy Portfolio and Geography Normalized Return on Attributed Equity (Normalized Return on Attributed Equity) further adjusts Adjusted Return on Attributed Equity 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 Return on Attributed Equity without the impact of certain items that can experience volatility in our short-term results. Normalized Return on Attributed Equity is derived by excluding the following tax adjusted effects from Return on Attributed Equity: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) DIB and GCM returns; fair value changes on PICC investments; update of actuarial assumptions; Life insurance IBNR death claim charge; and prior year loss reserve development. The reconciliations to Normalized Return on Equity are presented on pages 52-59 herein.

After-tax Operating Income Attributable to Core, Legacy Portfolio and Geography is derived by subtracting attributed interest expense and income tax expense from pre-tax operating income. Attributed debt and the related interest expense is calculated based on our internal capital model. Tax expense or benefit is calculated based on an internal attribution methodology that considers among other things the taxing jurisdiction in which the operating segments and geographies conduct business, as well as the deductibility of expenses in those jurisdictions. The reconciliations from Pre-Tax operating income to After-tax operating income attributed to Core, Legacy Portfolio and Geography are presented on pages 52-59 herein. Attributed debt is included on page 62 herein.

Normalized After-tax Operating Income Attributable to Core, Legacy Portfolio and Geography further adjusts After-tax Operating Income attributable to Core, Legacy Portfolio and Geography for the effects of certain volatile or market related items. We believe this measure is useful to investors because it presents the trends in after tax operating income without the impact of certain items that can experience volatility in our short-term results. Normalized After-tax Operating Income attributable to Core, Legacy Portfolio and Geography is derived by excluding the following tax adjusted effects from After-tax Operating Income: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) DIB and GCM returns; fair value changes on PICC investments; update of actuarial assumptions; Life insurance IBNR death claim charge; and prior year loss reserve development (PYD), net of reinsurance premium adjustments. The reconciliations from Pre-tax operating income to Normalized After-tax operating income attributed to Core, Legacy Portfolio and Geography are presented on page 52-59 herein. Attributed debt is included on pages 62 herein.

Normalized after-tax operating income (loss) per share is derived by dividing normalized after-tax operating income (loss) by diluted weighted average shares outstanding. We believe that the use of this measure is useful to investors because it presents our after-tax operating income on a per share basis without the impact of certain items that can experience volatility in our short-term results.

Operating Revenues exclude 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). Operating revenues is a GAAP measure for our operating segments.

General Operating Expenses, Operating Basis (Operating GOE), is derived by making the following adjustments to general operating and other expenses: include (i) certain loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating litigation reserves and (v) other expense related to an asbestos 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, regardless of within which financial statement line item these expenses are reported externally within our segment results. The majority of these expenses are employee-related costs. For example, Other acquisition expenses and losses and loss adjustment expenses primarily represent employee-related costs in the underwriting and claims functions, respectively. Excluded from this measure are non-operating expenses (such as restructuring costs and litigation reserves), direct marketing expenses, insurance company assessments and non-deferrable commissions. The reconciliation to general operating and other expenses, GAAP basis is included on page 63 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.

Pre-tax Operating Income (PTOI) is derived by excluding the following items from income from continuing operations before income tax. This definition is consistent across our modules (including geography). 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. PTOI is a GAAP measure for our operating segments.

- 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;
- loss (gain) 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;
- net loss reserve discount benefit (charge);
- pension expense related to a one-time lump sum payment to former employees;
- income and loss from divested businesses;
- 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 our organization; and
- the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

After-tax Operating Income attributable to AIG (ATOI) is derived by excluding the tax effected PTOI adjustments described above and the following tax items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges; and
- uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance

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 (which for Commercial Insurance excludes net loss reserve discount), 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 segment 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 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. We believe the as adjusted ratios are meaningful measures of our underwriting results on an ongoing 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.

Underwriting ratios are computed as follows:

a) Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
b) Acquisition ratio = Total acquisition expenses ÷ NPE
c) General operating expense ratio = General operating expenses ÷ NPE
d) Expense ratio = Acquisition ratio + General operating expense ratio
e) Combined ratio = Loss ratio + Expense ratio
f) Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/(-) Reinstatement premiums (RIPs) related to catastrophes +/(-) RIPs related to prior year catastrophes + (Additional) returned premium related to PYD on loss sensitive business + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
g) Accident year combined ratio = AYLR + Expense ratio
h) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/(-) RIPs related to catastrophes] – Loss ratio
i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – Prior year loss reserve development unfavorable (favorable) (PYD), net of reinsurance] ÷ [NPE +/(-) RIPs related to prior year catastrophes + (Additional) returned premium related to PYD on loss sensitive business] – Loss ratio

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.

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

Operating Modules

To align our financial reporting with the manner in which AIG's chief operating decision makers review the businesses to assess performance and make decisions about resources to be allocated, we have organized Commercial Insurance and Consumer Insurance into the following "modular" Core business units:

	Core							
	Commercial		Consumer					
Modules	Liability and Financial Lines	Property and Special Risks	Individual Retirement	Group Retirement	Life Insurance	Personal Insurance	Other Operations	Legacy Portfolio
Products/ Services	• Primary Casualty • Excess Casualty • Environmental • Management Liability • Professional Indemnity • M&A • Cyber	• Large Limit Property • Energy and Engineered Risks • Excess & Surplus • Programs • Marine • Aerospace • Credit Lines • Portfolio Solutions	• Variable Annuities • Index Annuities • Fixed Annuities • Retail Mutual Funds	• Group Retirement Plans • Individual Annuities • Advisory Services • Financial Planning	• Term • Universal Life • Health • Disability	• Auto • Property • Personal Accident • Travel • Warranty & Service	• Institutional Markets • United Guaranty (sold in 2016) • Fuji Life (sold on April 30, 2017) • Corporate Expenses • Debt and Equity Not Attributed to Modules	• Pre-2012 Payout Annuities • Run-Off Life Insurance Lines • Run-Off Property and Casualty Insurance Lines • Legacy Assets including DIB/GCM, Real Estate, and Life Settlements

Geography

We also review and assess the performance of our most significant legal entity insurance businesses across three key geographic areas: United States, Europe and Japan. United States includes the following major property and casualty and life insurance companies: National Union Fire Insurance Company of Pittsburgh, Pa., Lexington Insurance Company, American Home Assurance Company, American General Life Company, The Variable Annuity Life Insurance Company, and The United States Life Insurance Company in the City of New York. Europe consists of AIG Europe Limited and its branches, which are property and casualty companies. Japan includes the following major property and casualty insurance companies: Fuji Fire and Marine Insurance Company, AIUI Japan and American Home Assurance, Ltd. Other geography includes AIG Fuji Life Insurance Company, Ltd., United Guaranty Residential Insurance Company and AIG Asia Pacific Insurance, Pte, Ltd. Legacy Portfolio includes Eaglestone Reinsurance Company.

Throughout this Financial Supplement, we use the following terms:

Natural catastrophe losses 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.

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.

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.

American International Group, Inc.
Consolidated Financial Highlights

(in millions, except per share data)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Results of Operations Data (attributable to AIG)							
Net income (loss)	$ 1,130	$ 1,185	$ (3,041)	$ 462	$ 1,913	$ 2,315	$ 1,730
Net income (loss) per share:							
Basic	$ 1.22	$ 1.21	$ (2.96)	$ 0.43	$ 1.72	$ 2.43	$ 1.52
Diluted (1)	$ 1.19	$ 1.18	$ (2.96)	$ 0.42	$ 1.68	$ 2.37	$ 1.49
Weighted average shares outstanding:							
Basic	925.8	980.8	1,023.9	1,071.3	1,113.6	953.1	1,135.1
Diluted (1)	948.2	1,005.3	1,023.9	1,102.4	1,140.0	976.6	1,163.1
Effective tax rate	33.4 %	29.9 %	28.5 %	41.2 %	32.3 %	31.6 %	32.8 %
After-tax operating income (loss)	$ 1,449	$ 1,367	$ (2,787)	$ 1,115	$ 1,313	$ 2,816	$ 2,078
After-tax operating income (loss) per diluted share (1)	$ 1.53	$ 1.36	$ (2.72)	$ 1.01	$ 1.15	$ 2.88	$ 1.79
Weighted average diluted shares - operating (1)	948.2	1,005.3	1,023.9	1,102.4	1,140.0	976.6	1,163.1
Operating effective tax rate	32.6 %	32.0 %	27.9 %	32.0 %	31.4 %	32.3 %	27.4 %
General operating and other expenses	$ 2,182	$ 2,443	$ 2,864	$ 2,536	$ 2,586	$ 4,625	$ 5,589
General operating expenses, operating basis	2,248	2,249	2,477	2,444	2,439	4,497	5,031
Selected Balance Sheet data, at period end							
Total assets	$ 499,762	$ 500,162	$ 498,264	$ 514,568	$ 510,349	$ 499,762	$ 510,349
Long-term debt	31,812	30,747	30,912	32,277	33,329	31,812	33,329
AIG shareholders' equity	73,732	74,069	76,300	88,663	89,946	73,732	89,946
Adjusted Shareholders' Equity	54,483	55,703	58,300	64,039	66,073	54,483	66,073
Return On Equity (ROE, attributable to AIG)							
ROE	6.1 %	6.3 %	(14.7)%	2.1 %	8.6 %	6.2 %	3.9 %
Adjusted return on equity	10.5 %	9.6 %	(18.2)%	6.9 %	7.9 %	10.0 %	6.2 %
Adjusted return on attributed equity - Core*	10.5 %	10.2 %	(22.9)%	9.0 %	9.6 %	10.3 %	8.2 %
Adjusted return on attributed equity - Legacy Portfolio*	9.9 %	7.6 %	4.5 %	(1.8)%	2.4 %	8.8 %	(0.5)%
Normalized return on equity	9.1 %	8.1 %	4.8 %	8.1 %	8.3 %	8.6 %	8.3 %
Normalized return on attributed equity - Core*	9.9 %	8.7 %	3.8 %	8.1 %	10.1 %	9.2 %	9.5 %
Normalized return on attributed equity - Legacy Portfolio*	5.6 %	6.3 %	10.2 %	8.1 %	2.4 %	6.0 %	4.1 %

* Refer to pages 9, 10, and 11 for components of calculation.

See accompanying notes on page 15 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Consolidated Financial Highlights

(in millions, except per share data)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
AIG Capitalization							
Total equity	$ 74,324	$ 74,667	$ 76,858	$ 89,165	$ 90,537	$ 74,324	$ 90,537
Hybrid debt securities (6)	865	847	843	861	861	865	861
Total equity and hybrid debt	75,189	75,514	77,701	90,026	91,398	75,189	91,398
Financial debt (6)	21,668	20,437	20,404	20,841	20,821	21,668	20,821
Total capital	$ 96,857	$ 95,951	$ 98,105	$ 110,867	$ 112,219	$ 96,857	$ 112,219
Leverage Ratios							
Hybrid debt securities / Total capital	0.9 %	0.9 %	0.9 %	0.8 %	0.8 %	0.9 %	0.8 %
Financial debt / Total capital	22.4	21.3	20.8	18.8	18.6	22.4	18.6
Total hybrids and financial debt / Total capital	23.3 %	22.2 %	21.7 %	19.6 %	19.4 %	23.3 %	19.4 %
Common Stock Repurchases							
Aggregate repurchase of common stock	$ 2,415	$ 3,585	$ 2,954	$ 2,258	$ 2,762	$ 6,000	$ 6,248
Number of common shares repurchased	39.1	56.0	47.5	39.8	50.1	95.1	113.3
Average price paid per share of common stock	$ 61.72	$ 64.02	$ 62.10	$ 56.67	$ 55.19	$ 63.07	$ 58.62
Aggregate repurchases of warrants	$ -	$ -	$ 46	$ -	$ 90	$ -	$ 263
Number of warrants repurchased	-	-	2.4	-	5.0	-	15.0
Dividends							
Dividends declared per common share	$ 0.320	$ 0.320	$ 0.320	$ 0.320	$ 0.320	$ 0.640	$ 0.640
Total dividends declared	$ 290	$ 307	$ 321	$ 338	$ 350	$ 597	$ 713
Share Data (attributable to AIG, at period end)							
Common shares outstanding	903.4	942.5	995.3	1,042.9	1,082.7	903.4	1,082.7
Closing share price	$ 62.52	$ 62.43	$ 65.31	$ 59.34	$ 52.89	$ 62.52	$ 52.89
Book value per common share	81.62	78.59	76.66	85.02	83.08	81.62	83.08
Book value per common share, excluding AOCI	76.12	74.58	73.41	76.33	75.45	76.12	75.45
Adjusted book value per common share	60.31	59.10	58.57	61.41	61.03	60.31	61.03

See accompanying notes on page 15 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Consolidated Statement of Operations

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Revenues:							
Premiums	$ 7,614	$ 7,782	$ 8,255	$ 8,581	$ 8,751	$ 15,396	$ 17,557
Policy fees	725	724	703	646	696	1,449	1,383
Net investment income:							
Interest and dividends	3,014	3,063	3,202	3,213	3,242	6,077	6,485
Alternative investments	371	448	384	365	310	819	(56)
Other investment income	356	301	115	320	240	657	490
Investment expenses	(128)	(126)	(115)	(115)	(109)	(254)	(223)
Total net investment income	3,613	3,686	3,586	3,783	3,683	7,299	6,696
Net realized capital gains (losses)	(69)	(115)	(1,115)	(765)	1,042	(184)	(64)
Other income (2)	619	555	1,581	609	552	1,174	931
Total revenues	12,502	12,632	13,010	12,854	14,724	25,134	26,503
Benefits, losses and expenses							
Policyholder benefits and losses incurred	6,284	6,047	11,689	7,489	6,872	12,331	13,259
Interest credited to policyholder account balances	906	910	907	887	961	1,816	1,911
Amortization of deferred policy acquisition costs	1,115	1,108	896	1,018	1,345	2,223	2,607
General operating and other expenses	2,182	2,443	2,864	2,536	2,586	4,625	5,589
Interest expense	292	298	305	329	320	590	626
(Gain) loss on extinguishment of debt	(4)	(1)	(2)	(14)	7	(5)	90
Net (gain) loss on sale of divested businesses (3)	60	100	(194)	(128)	(225)	160	(223)
Total benefits, losses and expenses	10,835	10,905	16,465	12,117	11,866	21,740	23,859
Income (loss) from continuing operations before income taxes	1,667	1,727	(3,455)	737	2,858	3,394	2,644
Income tax (benefit) expense	557	516	(985)	304	924	1,073	866
Income (loss) from continuing operations	1,110	1,211	(2,470)	433	1,934	2,321	1,778
Income (loss) from discontinued operations, net of income taxes	8	-	(36)	3	(10)	8	(57)
Net income (loss)	1,118	1,211	(2,506)	436	1,924	2,329	1,721
Net income (loss) attributable to noncontrolling interests (2)	(12)	26	535	(26)	11	14	(9)
Net income (loss) attributable to AIG	$ 1,130	$ 1,185	$ (3,041)	$ 462	$ 1,913	$ 2,315	$ 1,730

See accompanying notes on page 15.

American International Group, Inc.
Selected Results of Operations Data by Module

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-Tax Operating Income (Loss)							
Commercial Insurance							
Liability and Financial Lines	$ 586	$ 574	$ (4,981)	$ 948	$ 815	$ 1,160	$ 1,384
Property and Special Risks	130	275	(42)	(263)	126	405	219
Total Commercial Insurance	716	849	(5,023)	685	941	1,565	1,603
Consumer Insurance							
Individual Retirement	558	539	542	920	505	1,097	807
Group Retirement	266	243	261	214	265	509	456
Life Insurance	106	54	(10)	(54)	26	160	27
Personal Insurance	330	212	176	148	152	542	362
Total Consumer Insurance	1,260	1,048	969	1,228	948	2,308	1,652
Other Operations	(302)	(246)	(183)	(164)	(162)	(548)	(401)
Consolidation, eliminations and other adjustments	28	48	42	(6)	(14)	76	6
Total Core	1,702	1,699	(4,195)	1,743	1,713	3,401	2,860
Legacy Portfolio	431	342	1,101	(99)	207	773	5
Total pre-tax operating income (loss)	$ 2,133	$ 2,041	$ (3,094)	$ 1,644	$ 1,920	$ 4,174	$ 2,865
After-Tax Operating Income (Loss)							
Commercial Insurance							
Liability and Financial Lines	$ 372	$ 307	$ (3,520)	$ 679	$ 528	$ 679	$ 902
Property and Special Risks	61	167	(56)	(192)	64	228	109
Total Commercial Insurance	433	474	(3,576)	487	592	907	1,011
Consumer Insurance							
Individual Retirement	370	363	363	596	328	733	530
Group Retirement	184	168	183	153	179	352	325
Life Insurance	65	30	(13)	(25)	12	95	10
Personal Insurance	200	130	102	79	83	330	204
Total Consumer Insurance	819	691	635	803	602	1,510	1,069
Other Operations	(68)	21	56	(114)	34	(47)	39
Total Core	1,184	1,186	(2,885)	1,176	1,228	2,370	2,119
Legacy Portfolio (4)	253	202	121	(58)	89	455	(39)
Net (income) loss attributable to NCI excluding income from Korea Fund	12	(21)	(23)	(3)	(4)	(9)	(2)
Total after-tax operating income	$ 1,449	$ 1,367	$ (2,787)	$ 1,115	$ 1,313	$ 2,816	$ 2,078

See accompanying notes on page 15 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Selected Results of Operations Data by Module

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Normalized After-Tax Operating Income (Loss)							
Commercial Insurance							
Liability and Financial Lines	$ 407	$ 319	$ (82)	$ 645	$ 622	$ 726	$ 1,149
Property and Special Risks	24	73	(73)	(40)	65	97	93
Total Commercial Insurance	**431**	**392**	**(155)**	**605**	**687**	**823**	**1,242**
Consumer Insurance							
Individual Retirement	359	343	345	346	311	702	614
Group Retirement	178	157	174	178	170	335	365
Life Insurance	62	26	(16)	33	7	88	28
Personal Insurance	157	85	85	41	76	242	161
Total Consumer Insurance	**756**	**611**	**588**	**598**	**564**	**1,367**	**1,168**
Other Operations	(81)	6	47	(142)	45	(75)	61
Total Core	**1,106**	**1,009**	**480**	**1,061**	**1,296**	**2,115**	**2,471**
Legacy Portfolio (4)	142	166	278	263	88	308	320
Net (income) loss attributable to NCI, excluding income from Korea Fund	12	(21)	(23)	(3)	(4)	(9)	(2)
Total normalized after-tax operating income (loss)	**$ 1,260**	**$ 1,154**	**$ 735**	**$ 1,321**	**$ 1,380**	**$ 2,414**	**$ 2,789**
Average Adjusted Shareholders' Equity attributed by module							
Commercial Insurance							
Liability and Financial Lines	$ 14,357	$ 16,656	$ 18,805	$ 19,365	$ 20,005	$ 15,896	$ 19,970
Property and Special Risks	8,179	8,271	8,494	8,796	8,930	8,244	8,934
Total Commercial Insurance	22,536	24,927	27,299	28,161	28,935	24,140	28,904
Consumer Insurance							
Individual Retirement	11,046	10,960	11,059	11,330	11,397	11,001	11,439
Group Retirement	6,057	6,010	6,064	6,193	6,210	6,033	6,233
Life Insurance	2,563	2,537	2,570	2,676	2,733	2,551	2,711
Personal Insurance	3,156	2,877	2,739	2,828	2,889	3,018	2,875
Total Consumer Insurance	22,822	22,384	22,432	23,027	23,229	22,603	23,258
Other Operations	(460)	(873)	571	954	(928)	(927)	(165)
Total Core	**44,898**	**46,438**	**50,302**	**52,142**	**51,236**	**45,816**	**51,997**
Legacy Portfolio	10,195	10,563	10,867	12,914	14,884	10,346	15,540
Total average adjusted shareholders' equity	**$ 55,093**	**$ 57,001**	**$ 61,169**	**$ 65,056**	**$ 66,120**	**$ 56,162**	**$ 67,537**

See accompanying notes on page 15 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Selected Results of Operations Data by Module

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Adjusted Return on Attributed Equity							
Commercial Insurance							
Liability and Financial Lines	10.4 %	7.4 %	(74.9)%	14.0 %	10.6 %	8.5 %	9.0 %
Property and Special Risks	3.0	8.1	(2.6)	(8.7)	2.9	5.5	2.4
Total Commercial Insurance	7.7	7.6	(52.4)	6.9	8.2	7.5	7.0
Consumer Insurance							
Individual Retirement	13.4	13.2	13.1	21.0	11.5	13.3	9.3
Group Retirement	12.2	11.2	12.1	9.9	11.5	11.7	10.4
Life Insurance	10.1	4.7	(2.0)	(3.7)	1.8	7.4	0.7
Personal Insurance	25.3	18.1	14.9	11.2	11.5	21.9	14.2
Total Consumer Insurance	14.4	**12.3**	**11.3**	**13.9**	**10.4**	13.4	**9.2**
Other Operations	NM	NM	NM	NM	NM	NM	NM
Total Core	**10.5**	**10.2**	**(22.9)**	**9.0**	**9.6**	**10.3**	**8.2**
Legacy Portfolio	9.9	7.6	4.5	(1.8)	2.4	8.8	(0.5)
Total adjusted return on attributed equity	**10.5 %**	**9.6 %**	**(18.2)%**	**6.9 %**	**7.9 %**	**10.0 %**	**6.2 %**
Normalized Return on Attributed Equity							
Commercial Insurance							
Liability and Financial Lines	11.3 %	7.7 %	(1.7)%	13.3 %	12.4 %	9.1 %	11.5 %
Property and Special Risks	1.2	3.5	(3.4)	(1.8)	2.9	2.4	2.1
Total Commercial Insurance	7.6	6.3	(2.3)	8.6	9.5	6.8	8.6
Consumer Insurance							
Individual Retirement	13.0	12.5	12.5	12.2	10.9	12.8	10.7
Group Retirement	11.8	10.4	11.5	11.5	11.0	11.1	11.7
Life Insurance	9.7	4.1	(2.5)	4.9	1.0	6.9	2.1
Personal Insurance	19.9	11.8	12.4	5.8	10.5	16.0	11.2
Total Consumer Insurance	13.3	10.9	10.5	10.4	9.7	12.1	10.0
Other Operations	NM	NM	NM	NM	NM	NM	NM
Total Core	**9.9**	8.7	3.8	8.1	10.1	**9.2**	9.5
Legacy Portfolio (4)	5.6	6.3	10.2	8.1	2.4	6.0	4.1
Total normalized return on attributed equity	**9.1 %**	**8.1 %**	**4.8 %**	**8.1 %**	**8.3 %**	**8.6 %**	**8.3 %**

See accompanying notes on page 15 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Selected Results of Operations Data by Module – General Operating Expenses

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
General Operating Expenses, Operating Basis							
Commercial Insurance							
Liability and Financial Lines	$ 285	$ 322	$ 337	$ 345	$ 332	$ 607	$ 702
Property and Special Risks	219	219	281	247	258	438	518
Total Commercial Insurance	504	541	618	592	590	1,045	1,220
Consumer Insurance							
Individual Retirement (8)	108	110	107	99	128	218	282
Group Retirement (8)	66	102	93	92	87	168	175
Life Insurance (8)	141	161	164	152	171	302	352
Personal Insurance	386	402	488	431	443	788	886
Total Consumer Insurance	701	775	852	774	829	1,476	1,695
Other Operations	406	300	341	350	301	706	659
Consolidations, eliminations, and other (8)	(65)	(76)	(78)	(49)	(75)	(141)	(123)
Total Core	1,546	1,540	1,733	1,667	1,645	3,086	3,451
Legacy Portfolio (8)	115	121	125	106	129	236	253
Total general operating expenses	**$ 1,661**	**$ 1,661**	**$ 1,858**	**$ 1,773**	**$ 1,774**	**$ 3,322**	**$ 3,704**
Other acquisition expenses							
Commercial Insurance							
Liability and Financial Lines	81	81	81	96	89	162	184
Property and Special Risks	73	68	73	75	73	141	149
Total Commercial Insurance	154	149	154	171	162	303	333
Consumer Insurance - Personal Insurance	128	127	139	145	138	255	273
Total other acquisition expenses	282	276	293	316	300	558	606
Loss adjustment expenses							
Commercial Insurance							
Liability and Financial Lines	144	158	157	175	187	302	376
Property and Special Risks	48	49	46	58	48	97	96
Total Commercial Insurance	192	207	203	233	235	399	472
Consumer Insurance - Personal Insurance	94	95	111	107	115	189	219
Legacy Portfolio - Legacy PC Runoff	10	2	-	-	-	12	-
Total loss adjustment expenses	296	304	314	340	350	600	691
Investment and other expenses	9	8	12	15	15	17	30
Total general operating expenses, operating basis	**$ 2,248**	**$ 2,249**	**$ 2,477**	**$ 2,444**	**$ 2,439**	**$ 4,497**	**$ 5,031**

See definition of General operating expenses, operating basis, on page 3 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Consolidated Balance Sheets

(in millions)	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Assets					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	$ 235,289	$ 230,698	$ 241,537	$ 260,649	$ 262,089
Other bond securities, at fair value	13,478	13,605	13,998	14,772	15,335
Equity securities					
Common and preferred stock available for sale, at fair value	1,605	2,099	2,078	1,544	1,642
Other common and preferred stock, at fair value	506	500	482	498	661
Mortgage and other loans receivable, net of allowance	34,642	33,878	33,240	32,413	31,261
Other invested assets	23,132	23,652	24,538	25,747	27,345
Short-term investments	12,094	11,073	12,302	10,745	12,334
Total investments	320,746	315,505	328,175	346,368	350,667
Cash	2,517	1,918	1,868	2,498	1,784
Accrued investment income	2,337	2,386	2,495	2,608	2,590
Premiums and other receivables, net of allowance	10,921	11,130	10,465	11,606	12,078
Reinsurance assets, net of allowance	34,510	34,140	21,901	21,706	21,441
Deferred income taxes	20,171	20,881	21,332	18,412	18,542
Deferred policy acquisition costs	11,063	11,091	11,042	10,537	10,487
Other assets	9,852	10,606	10,815	11,546	12,188
Separate account assets, at fair value	87,090	85,917	82,972	82,626	80,572
Assets held for sale (5)	555	6,588	7,199	6,661	-
Total assets	$ 499,762	$ 500,162	$ 498,264	$ 514,568	$ 510,349
Liabilities					
Liability for unpaid losses and loss adjustment expenses	$ 76,422	$ 76,050	$ 77,077	$ 72,487	$ 74,143
Unearned premiums	19,992	19,840	19,634	21,047	22,165
Future policy benefits for life and accident and health insurance contracts	43,252	42,719	42,204	47,848	45,982
Policyholder contract deposits	133,295	132,639	132,216	132,808	131,936
Other policyholder funds	4,613	3,719	3,989	4,418	4,292
Other liabilities	28,135	28,093	26,296	27,983	27,393
Long-term debt	31,812	30,747	30,912	32,277	33,329
Separate account liabilities	87,090	85,917	82,972	82,626	80,572
Liabilities held for sale (5)	827	5,771	6,106	3,909	-
Total liabilities	425,438	425,495	421,406	425,403	419,812
AIG shareholders' equity					
Common stock	4,766	4,766	4,766	4,766	4,766
Treasury stock, at cost	(47,329)	(44,915)	(41,471)	(38,518)	(36,262)
Additional paid-in capital	80,913	80,846	81,064	81,281	81,232
Retained earnings	30,420	29,591	28,711	32,077	31,951
Accumulated other comprehensive income	4,962	3,781	3,230	9,057	8,259
Total AIG shareholders' equity	73,732	74,069	76,300	88,663	89,946
Non-redeemable noncontrolling interests	592	598	558	502	591
Total equity	74,324	74,667	76,858	89,165	90,537
Total liabilities and equity	$ 499,762	$ 500,162	$ 498,264	$ 514,568	$ 510,349

See accompanying notes on page 15.

American International Group, Inc.
Debt and Capital

(in millions)	Debt and Hybrid Capital: June 30, 2017	June 30, 2016	December 31, 2016	Interest Expense: Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Financial Debt							
AIG notes and bonds payable	$ 20,686	$ 19,839	$ 19,432	$ 218	$ 220	$ 433	$ 428
AIG Japan Holdings Kabushiki Kaisha	340	341	330	1	-	1	-
AIG Life Holdings, Inc. notes and bonds payable	281	281	281	5	5	10	10
AIG Life Holdings, Inc. junior subordinated debt	361	360	361	8	8	15	16
Total	**21,668**	**20,821**	**20,404**	**232**	**233**	**459**	**454**
Operating Debt							
MIP notes payable	536	1,477	1,099	9	13	20	26
Series AIGFP matched notes and bonds payable	31	36	32	1	-	1	-
Other AIG borrowings supported by assets	3,085	3,747	3,428	-	-	-	-
Other subsidiaries	636	1,202	735	-	-	3	-
Borrowings of consolidated investments	4,991	5,185	4,371	38	59	80	108
Total	**9,279**	**11,647**	**9,665**	**48**	**72**	**104**	**134**
Hybrid - Debt Securities (6)							
Junior subordinated debt (7)	865	861	843	12	15	27	38
Total	**$ 31,812**	**$ 33,329**	**$ 30,912**	**$ 292**	**$ 320**	**$ 590**	**$ 626**
AIG Capitalization							
Total equity	$ 74,324	$ 90,537	$ 76,858				
Hybrid - debt securities (6) (7)	865	861	843				
Total equity and hybrid capital	75,189	91,398	77,701				
Financial debt	21,668	20,821	20,404				
Total capital	**$ 96,857**	**$ 112,219**	**$ 98,105**				
Ratios							
Hybrid - debt securities / Total capital	0.9 %	0.8 %	0.9 %				
Financial debt / Total capital	22.4	18.6	20.8				
Total debt / Total capital	23.3 %	19.4 %	21.7 %				

See accompanying notes on page 15.

(1) For the quarter ended December 31, 2016 because we reported a net loss and 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.

(2) 4Q16 primarily represents gain on the sale of AIG's non-controlling interest in an AIG sponsored Fund (Korea Fund).

(3) 2Q17 included held for sale impairment of Fuji Life and certain entities and operations being sold to Fairfax Financial Holdings Limited (Fairfax). 1Q17 included held for sale impairment of Fuji Life, United Guaranty Corporation, AIG Greece Representation of Insurance Enterprises S.A., and certain entities and operations being sold to Fairfax. 4Q16 included the sales of United Guaranty Corporation, Fuji Life, Ascot Corporate, AIG Taiwan Insurance Co., Ltd and certain entities and operations being sold to Fairfax. 3Q16 included the sale of NSM Insurance Group. 2Q16 included the sale of AIG Advisor Group.

(4) Legacy Portfolio excludes income from non-controlling interest related to the Korea Fund transaction.

(5) Assets and liabilities held for sale are comprised of United Guaranty Asia and certain entities and operations being sold to Fairfax.

(6) Hybrid debt securities and financial debt are attributed to our operating modules and Legacy Portfolio, as well as to the three key geographic modules. See details of attributed debt on page 62.

(7) The junior subordinated debt securities receive partial equity treatment from a major rating agency under its current policies but are recorded as long-term borrowings in the Condensed Consolidated Balance Sheets.

(8) Prior to 2Q17, for presentation purposes, interest expense related to affordable housing partnership investments was included in general operating expenses, operating basis with a corresponding offset in consolidations, eliminations and other since interest expense is excluded from general operating expenses, operating basis. Prior periods have been revised to conform with the current period presentation. This presentation change has no impact on general operating expenses, operating basis.

American International Group, Inc.
Commercial Insurance Operating Results

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Net premiums written	$ 3,826	$ 3,629	$ 3,702	$ 4,354	$ 4,497	$ 7,455	$ 8,872
Net premiums earned	$ 3,719	$ 3,752	$ 4,192	$ 4,475	$ 4,688	$ 7,471	$ 9,433
Losses and loss adjustment expenses incurred*	2,745	2,697	8,870	3,455	3,287	5,442	6,503
Acquisition expenses:							
Amortization of deferred policy acquisition costs	422	428	473	514	527	850	1,062
Other acquisition expenses	146	168	172	170	199	314	454
Total acquisition expenses	568	596	645	684	726	1,164	1,516
General operating expenses	504	541	618	592	590	1,045	1,220
Underwriting income (loss)	(98)	(82)	(5,941)	(256)	85	(180)	194
Net investment income (loss):							
Interest and dividends	615	651	775	790	814	1,266	1,590
Alternative investments	197	256	157	185	128	453	(11)
Other investment income (loss) (1)	32	51	8	(6)	(62)	83	(116)
Investment expenses	(30)	(27)	(22)	(28)	(24)	(57)	(54)
Total net investment income	814	931	918	941	856	1,745	1,409
Pre-tax operating income (loss)	**$ 716**	**$ 849**	**$ (5,023)**	**$ 685**	**$ 941**	**$ 1,565**	**$ 1,603**
Underwriting Ratios							
Loss ratio*	73.8	71.9	211.5	77.3	70.2	72.8	68.9
Acquisition ratio	15.3	15.9	15.4	15.3	15.5	15.6	16.1
General operating expense ratio	13.6	14.4	14.7	13.2	12.6	14.0	12.9
Expense ratio	28.9	30.3	30.1	28.5	28.1	29.6	29.0
Combined ratio	102.7	102.2	241.6	105.8	98.3	102.4	97.9
Accident year loss ratio, as adjusted**	66.1	65.5	78.2	64.7	61.7	65.8	62.6
Accident year combined ratio, as adjusted**	95.0	95.8	108.3	93.2	89.8	95.4	91.6
Noteworthy Items (pre-tax)							
Catastrophe-related losses	$ 178	$ 201	$ 338	$ 252	$ 353	$ 379	$ 575
Reinstatement premiums related to catastrophes	-	-	1	-	-	-	-
Reinstatement premiums related to prior year catastrophes	-	-	-	-	(11)	-	(21)
Severe losses	125	40	72	95	129	165	238
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	62	23	5,240	317	36	85	20
(Additional) return premium related to prior year development on loss sensitive business	23	23	16	(11)	22	46	28
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	85	46	5,256	306	58	131	48
Net liability for unpaid losses and loss adjustment expenses (at period end)	39,109	39,246	51,540	47,585	48,686	39,109	48,686

* Consistent with our definition of PTOI, excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

**Includes adjustment for ceded premiums under reinsurance contracts related to prior accident years of $47 million, which reduced the accident year loss ratio, as adjusted, in the three and six-month periods ended June 30, 2017.

See accompanying notes on page 19 and reconciliations of Non-GAAP financial measures beginning on page 48.

Commercial - Liability and Financial Lines Operating Results

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Net premiums written:							
U.S. Casualty (2)	$ 708	$ 754	$ 776	$ 941	$ 830	$ 1,462	$ 1,755
International Casualty	340	447	309	379	377	787	924
Financial Lines	1,037	1,015	1,075	1,069	1,114	2,052	2,151
Total net premiums written	$ 2,085	$ 2,216	$ 2,160	$ 2,389	$ 2,321	$ 4,301	$ 4,830
Net premiums earned	$ 2,110	$ 2,157	$ 2,400	$ 2,610	$ 2,726	$ 4,267	$ 5,560
Losses and loss adjustment expenses incurred*	1,606	1,639	7,491	1,768	1,920	3,245	3,875
Acquisition expenses:							
Amortization of deferred policy acquisition costs	198	211	236	242	304	409	620
Other acquisition expenses	72	102	69	76	57	174	158
Total acquisition expenses	270	313	305	318	361	583	778
General operating expenses	285	322	337	345	332	607	702
Underwriting income (loss)	(51)	(117)	(5,733)	179	113	(168)	205
Net investment income (loss):							
Interest and dividends	499	519	648	659	668	1,018	1,303
Alternative investments	129	161	112	132	93	290	(4)
Other investment income (loss) (1)	33	32	7	(3)	(42)	65	(80)
Investment expenses	(24)	(21)	(15)	(19)	(17)	(45)	(40)
Total net investment income	637	691	752	769	702	1,328	1,179
Pre-tax operating income (loss)	**$ 586**	**$ 574**	**$ (4,981)**	**$ 948**	**$ 815**	$ 1,160	$ **1,384**
Underwriting Ratios							
Loss ratio*	76.1	76.0	312.0	67.7	70.4	76.0	69.7
Acquisition ratio	12.8	14.5	12.7	12.2	13.2	13.7	14.0
General operating expense ratio	13.5	14.9	14.0	13.2	12.2	14.2	12.6
Expense ratio	26.3	29.4	26.7	25.4	25.4	27.9	26.6
Combined ratio	102.4	105.4	338.7	93.1	95.8	103.9	96.3
Accident year loss ratio, as adjusted**	72.7	72.5	91.4	68.0	67.1	72.6	68.0
Accident year combined ratio, as adjusted**	99.0	101.9	118.1	93.4	92.5	100.5	94.6
Noteworthy Items (pre-tax)							
Catastrophe-related losses	$ -	$ -	$ -	$ 4	$ -	$ -	$ -
Reinstatement premiums related to prior year catastrophes	-	-	-	1	-	-	-
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	21	58	5,283	(5)	76	79	74
(Additional) return premium related to prior year development on loss sensitive business	23	23	16	(11)	22	46	28
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	44	81	5,299	(16)	98	125	102
Net liability for unpaid losses and loss adjustment expenses (at period end)	32,453	32,941	44,209	39,977	40,968	32,453	40,968

* Consistent with our definition of PTOI, excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

** Includes adjustment for ceded premiums under reinsurance contracts related to prior accident years of $47 million, which reduced the accident year loss ratio, as adjusted, in the three and six-month periods ended June 30, 2017.

See accompanying notes on page 19 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Commercial - Property and Special Risks Operating Results

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Net premiums written:							
Property	$ 1,087	$ 621	$ 802	$ 1,151	$ 1,288	$ 1,708	$ 2,321
Special Risks	654	792	740	814	888	1,446	1,721
Total net premiums written	$ 1,741	$ 1,413	$ 1,542	$ 1,965	$ 2,176	$ 3,154	$ 4,042
Net premiums earned	$ 1,609	$ 1,595	$ 1,792	$ 1,865	$ 1,962	$ 3,204	$ 3,873
Losses and loss adjustment expenses incurred*	1,139	1,058	1,379	1,687	1,367	2,197	2,628
Acquisition expenses:							
Amortization of deferred policy acquisition costs	224	217	237	272	223	441	442
Other acquisition expenses	74	66	103	94	142	140	296
Total acquisition expenses	298	283	340	366	365	581	738
General operating expenses	219	219	281	247	258	438	518
Underwriting income (loss)	(47)	35	(208)	(435)	(28)	(12)	(11)
Net investment income (loss):							
Interest and dividends	116	132	127	131	146	248	287
Alternative investments	67	95	45	53	35	162	(7)
Other investment income (loss) (1)	1	19	1	(3)	(20)	20	(36)
Investment expenses	(7)	(6)	(7)	(9)	(7)	(13)	(14)
Total net investment income	177	240	166	172	154	417	230
Pre-tax operating income (loss) (3)	**$ 130**	**$ 275**	**$ (42)**	**$ (263)**	**$ 126**	$ 405	**$ 219**
Underwriting Ratios							
Loss ratio*	70.8	66.3	77.0	90.5	69.7	68.6	67.9
Acquisition ratio	18.5	17.7	19.0	19.6	18.6	18.1	19.1
General operating expense ratio	13.6	13.7	15.7	13.2	13.1	13.7	13.4
Expense ratio	32.1	31.4	34.7	32.8	31.7	31.8	32.5
Combined ratio	102.9	97.7	111.7	123.3	101.4	100.4	100.4
Accident year loss ratio, as adjusted	57.2	55.9	60.5	59.9	54.0	56.6	54.7
Accident year combined ratio, as adjusted	89.3	87.3	95.2	92.7	85.7	88.4	87.2
Noteworthy Items (pre-tax)							
Catastrophe-related losses	$ 178	$ 201	$ 338	$ 248	$ 353	$ 379	$ 575
Reinstatement premiums related to catastrophes	-	-	1	-	-	-	-
Reinstatement premiums related to prior year catastrophes	-	-	-	(1)	(11)	-	(21)
Severe losses	125	40	72	95	129	165	238
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	41	(35)	(43)	322	(40)	6	(54)
Net liability for unpaid losses and loss adjustment expenses (at period end)	6,656	6,305	7,331	7,608	7,718	6,656	7,718

* Consistent with our definition of PTOI, excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

See accompanying notes on page 19 and reconciliations of Non-GAAP financial measures beginning on page 48.

(1) Other investment income (loss) 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.

(2) U.S. Casualty net premiums written includes non-U.S. casualty exposures, primarily from intercompany reinsurance assumptions from International Casualty, of $158 million, $199 million, $153 million, $145 million, and $140 million in 2Q17, 1Q17, 4Q16, 3Q16 and 2Q16, respectively.

(3) In 2Q15, a United Guaranty (UGC) subsidiary and certain of our property casualty companies entered into a 50 percent quota share arrangement whereby the UGC subsidiary (1) ceded 50 percent of the risk relating to policies written in 2014 that were current as of January 1, 2015 and (2) ceded 50 percent of the risk relating to all policies written in 2015 and 2016, each in exchange for a 30 percent ceding commission and reimbursements of 50 percent of the losses and loss adjustment expenses incurred on covered policies. Beginning in 3Q16, the effects of these intercompany reinsurance arrangements are included in the results of Commercial Insurance and Other Operations for all periods presented. Previously, these arrangements were eliminated for purposes of segment reporting.

	Quarterly					Six Months Ended June 30,	
Impact of UGC reinsurance treaty in Commercial	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Accident year loss ratio, as adjusted - before UGC reinsurance treaty	67.6	66.4	79.3	65.5	62.4	67.0	63.2
Impact of UGC reinsurance treaty	(1.5)	(0.9)	(1.1)	(0.8)	(0.7)	(1.2)	(0.6)
Accident year loss ratio, as adjusted - as reported - Commercial	66.1	65.5	78.2	64.7	61.7	65.8	62.6
Pre-tax operating income (loss) - before UGC reinsurance treaty	$ 658	$ 812	$ (5,063)	$ 645	$ 905	$ 1,470	$ 1,537
Impact of UGC reinsurance treaty*	58	37	40	40	36	95	66
Pre-tax operating income (loss) - as reported - Commercial	$ 716	$ 849	$ (5,023)	$ 685	$ 941	$ 1,565	$ 2,987
Impact of UGC reinsurance treaty in PSR							
Accident year loss ratio, as adjusted - before UGC reinsurance treaty	60.3	57.7	62.5	61.8	55.4	59.1	56.7
Impact of UGC reinsurance treaty	(3.1)	(1.8)	(2.0)	(1.9)	(1.4)	(2.5)	(0.8)
Accident year loss ratio, as adjusted - as reported - PSR	57.2	55.9	60.5	59.9	54.0	56.6	55.9
Pre-tax operating income (loss) - before UGC reinsurance treaty	$ 72	$ 238	$ (82)	$ (303)	$ 90	$ 310	$ 1,114
Impact of UGC reinsurance treaty*	58	37	40	40	36	95	59
Pre-tax operating income (loss) - as reported - PSR	$ 130	$ 275	$ (42)	$ (263)	$ 126	$ 405	$ 1,173

* Prior to 1Q17, PSR and UGC each used models that are consistent with their core underlying business to defer and amortize ceding commissions related to the intercompany reinsurance agreement.

American International Group, Inc.
Consumer Insurance Operating Results

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Revenues:							
Premiums	$ 3,223	$ 3,141	$ 3,261	$ 3,313	$ 3,272	$ 6,364	$ 6,441
Policy fees	650	644	619	573	616	1,294	1,219
Net investment income	1,882	1,940	1,918	1,903	1,912	3,822	3,524
Advisory fee and other income	225	217	219	220	332	442	839
Total operating revenues	**5,980**	**5,942**	**6,017**	**6,009**	**6,132**	**11,922**	**12,023**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	2,069	2,174	2,157	2,367	2,236	4,243	4,334
Interest credited to policyholder account balances	789	788	807	755	823	1,577	1,643
Amortization of deferred policy acquisition costs	737	708	752	455	757	1,445	1,474
Non deferrable insurance commissions	123	130	119	116	119	253	231
Advisory fee expenses	79	76	79	76	173	155	490
General operating expenses*	905	995	1,111	989	1,055	1,900	2,157
Interest expense (15)	18	23	23	23	21	41	42
Total benefits, losses and expenses	**4,720**	**4,894**	**5,048**	**4,781**	**5,184**	**9,614**	**10,371**
Pre-tax operating income (1)	**$ 1,260**	**$ 1,048**	**$ 969**	**$ 1,228**	**$ 948**	**$ 2,308**	**$ 1,652**

* General operating expenses include other acquisition expenses.

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Premiums and deposits	**$ 2,892**	**$ 3,382**	**$ 3,078**	**$ 3,363**	**$ 4,611**	**$ 6,274**	**$ 9,621**
Revenues:							
Premiums	$ 31	$ 28	$ 34	$ 37	$ 45	$ 59	$ 92
Policy fees	192	185	181	183	178	377	345
Net investment income (loss):							
Base portfolio (2)	878	888	873	887	876	1,766	1,771
Alternative investments	44	60	65	67	86	104	(1)
Other enhancements (3)	81	59	72	55	58	140	89
Total net investment income	1,003	1,007	1,010	1,009	1,020	2,010	1,859
Advisory fee and other income	157	153	151	151	266	310	706
Total operating revenues	**1,383**	**1,373**	**1,376**	**1,380**	**1,509**	**2,756**	**3,002**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	36	37	40	(20)	71	73	153
Interest credited to policyholder account balances	412	415	425	370	446	827	889
Amortization of deferred policy acquisition costs	126	129	133	(119)	136	255	284
Non deferrable insurance commissions and other (14)	73	72	60	59	55	145	107
Advisory fee expenses	60	58	56	58	156	118	456
General operating expenses	108	110	107	99	128	218	282
Interest expense (15)	10	13	13	13	12	23	24
Total benefits, losses and expenses	**825**	**834**	**834**	**460**	**1,004**	**1,659**	**2,195**
Pre-tax operating income	**$ 558**	**$ 539**	**$ 542**	**$ 920**	**$ 505**	**$ 1,097**	**$ 807**
Noteworthy Items (pre-tax)							
Actuarial assumption update income (loss)	$ -	$ -	$ -	$ 369	$ -	$ -	$ -

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

Consumer Insurance - Individual Retirement (Variable and Index Annuities) Operating Statistics

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Assets under management:							
General accounts	$ 23,155	$ 21,936	$ 22,503	$ 22,982	$ 22,406	$ 23,155	$ 22,406
Separate accounts	46,273	45,224	43,463	43,247	41,890	46,273	41,890
Total assets under management	**$ 69,428**	**$ 67,160**	**$ 65,966**	**$ 66,229**	**$ 64,296**	**$ 69,428**	**$ 64,296**
Net investment spreads:							
Total yield	5.20 %	5.24 %	5.13 %	5.04 %	5.11 %	5.22 %	4.39 %
Less: Alternative investments (5)	(0.25)	(0.41)	(0.35)	(0.36)	(0.46)	(0.33)	0.37
Less: Other enhancements (6)	(0.36)	(0.24)	(0.27)	(0.24)	(0.11)	(0.30)	-
Base yield (7)	**4.59**	**4.59**	**4.51**	**4.44**	**4.54**	**4.59**	**4.76**
Cost of funds (a)	1.29	1.28	1.28	1.42	1.54	1.28	1.55
Base net investment spread (b)	3.30 %	3.31 %	3.23 %	3.02 %	3.00 %	3.31 %	3.21 %
DAC rollforward:							
Balance at beginning of period	$ 2,579	$ 2,533	$ 2,099	$ 2,080	$ 2,142	$ 2,533	$ 2,142
Deferrals	91	83	93	107	124	174	245
Operating amortization	(54)	(54)	(60)	(56)	(57)	(108)	(125)
Change from realized gains (losses)	55	57	267	(8)	(30)	112	2
Change from unrealized gains (losses)	(43)	(40)	134	(24)	(99)	(83)	(184)
Balance at end of period	**$ 2,628**	**$ 2,579**	**$ 2,533**	**$ 2,099**	**$ 2,080**	**$ 2,628**	**$ 2,080**
Reserve rollforward:							
Balance at beginning of period, gross	$ 63,155	$ 61,026	$ 61,332	$ 59,369	$ 57,205	$ 61,026	$ 55,307
Premiums and deposits	1,561	1,468	1,471	1,703	1,980	3,029	4,020
Surrenders and withdrawals	(988)	(935)	(864)	(779)	(720)	(1,923)	(1,389)
Death and other contract benefits	(208)	(210)	(197)	(206)	(213)	(418)	(403)
Subtotal	63,520	61,349	61,742	60,087	58,252	61,714	57,535
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,467	1,730	(900)	1,254	1,106	3,197	1,646
Cost of funds (a)	52	49	49	52	53	101	103
Other reserve changes	65	27	135	(61)	(42)	92	85
Balance at end of period	65,104	63,155	61,026	61,332	59,369	65,104	59,369
Reinsurance ceded	(41)	(42)	(43)	(20)	-	(41)	-
Total insurance reserves	**$ 65,063**	**$ 63,113**	**$ 60,983**	**$ 61,312**	**$ 59,369**	**$ 65,063**	**$ 59,369**

(a) Excludes the amortization of Sales Inducement Assets (SIA).
(b) Excludes the impact of alternative investments and other enhancements.
See accompanying notes on page 31.

American International Group, Inc.
Consumer Insurance - Individual Retirement (Fixed Annuities) Operating Statistics

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Assets under management:							
General accounts	$ 58,483	$ 59,002	$ 58,212	$ 60,775	$ 61,668	$ 58,483	$ 61,668
Separate accounts	32	32	31	31	31	32	31
Total assets under management	**$ 58,515**	**$ 59,034**	**$ 58,243**	**$ 60,806**	**$ 61,699**	**$ 58,515**	**$ 61,699**
Net investment spreads (c):							
Total yield	5.28 %	5.26 %	5.27 %	5.21 %	5.24 %	5.27 %	4.93 %
Less: Alternative investments (5)	(0.11)	(0.16)	(0.15)	(0.12)	(0.17)	(0.13)	0.13
Less: Other enhancements (6)	(0.27)	(0.16)	(0.26)	(0.14)	(0.18)	(0.22)	(0.12)
Base yield (7)	**4.90**	**4.94**	**4.86**	**4.95**	**4.89**	**4.92**	**4.94**
Cost of funds (a)	2.64	2.67	2.69	2.74	2.76	2.66	2.77
Base net investment spread (b)	**2.26 %**	**2.27 %**	**2.17 %**	**2.21 %**	**2.13 %**	**2.26 %**	**2.17 %**
DAC rollforward:							
Balance at beginning of period	$ 1,028	$ 1,067	$ 766	$ 720	$ 931	$ 1,067	$ 1,111
Deferrals	14	22	12	14	29	36	68
Operating amortization	(72)	(75)	(73)	175	(79)	(147)	(159)
Change from realized gains (losses)	(1)	(3)	(1)	-	1	(4)	13
Change from unrealized gains (losses)	(59)	17	363	(143)	(162)	(42)	(313)
Balance at end of period	**$ 910**	**$ 1,028**	**$ 1,067**	**$ 766**	**$ 720**	**$ 910**	**$ 720**
Reserve rollforward:							
Balance at beginning of period, gross	$ 51,912	$ 52,285	$ 52,910	$ 53,433	$ 53,498	$ 52,285	$ 52,955
Premiums and deposits	633	917	546	570	1,221	1,550	2,866
Surrenders and withdrawals	(902)	(901)	(970)	(946)	(1,103)	(1,803)	(2,053)
Death and other contract benefits	(613)	(593)	(508)	(527)	(594)	(1,206)	(1,150)
Subtotal	51,030	51,708	51,978	52,530	53,022	50,826	52,618
Change in fair value of underlying assets and reserve accretion, net of policy fees	49	59	6	68	49	108	83
Cost of funds (a)	329	333	345	355	356	662	710
Other reserve changes	(55)	(188)	(44)	(43)	6	(243)	22
Balance at end of period	51,353	51,912	52,285	52,910	53,433	51,353	53,433
Reinsurance ceded	(292)	(295)	(328)	(332)	(333)	(292)	(333)
Total insurance reserves	**$ 51,061**	**$ 51,617**	**$ 51,957**	**$ 52,578**	**$ 53,100**	**$ 51,061**	**$ 53,100**

(a) Excludes the amortization of deferred SIAs.
(b) Excludes the impact of alternative investments and other enhancements.
(c) Excludes immediate annuities.
See accompanying notes on page 31.

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Premiums and deposits:							
Fixed Annuities	$ 633	$ 917	$ 546	$ 570	$ 1,221	$ 1,550	$ 2,866
Variable Annuities	841	862	923	1,092	1,225	1,703	2,492
Index Annuities	720	606	548	611	755	1,326	1,528
Retail Mutual Funds	698	997	1,061	1,090	1,410	1,695	2,735
Total premiums and deposits	2,892	3,382	3,078	3,363	4,611	6,274	9,621
Surrenders and withdrawals:							
Fixed Annuities	(902)	(901)	(970)	(946)	(1,103)	(1,803)	(2,053)
Variable Annuities	(916)	(858)	(796)	(723)	(669)	(1,774)	(1,292)
Index Annuities	(72)	(77)	(68)	(56)	(51)	(149)	(97)
Retail Mutual Funds	(872)	(1,038)	(860)	(676)	(707)	(1,910)	(1,490)
Total surrenders and withdrawals	(2,762)	(2,874)	(2,694)	(2,401)	(2,530)	(5,636)	(4,932)
Death and other contract benefits:							
Fixed Annuities	(613)	(593)	(508)	(527)	(594)	(1,206)	(1,150)
Variable Annuities	(192)	(196)	(189)	(198)	(200)	(388)	(383)
Index Annuities	(16)	(14)	(8)	(8)	(13)	(30)	(20)
Total death and other contract benefits	(821)	(803)	(705)	(733)	(807)	(1,624)	(1,553)
Net flows (4):							
Fixed Annuities	(882)	(577)	(932)	(903)	(476)	(1,459)	(337)
Variable Annuities	(267)	(192)	(62)	171	356	(459)	817
Index Annuities	632	515	472	547	691	1,147	1,411
Retail Mutual Funds	(174)	(41)	201	414	703	(215)	1,245
Total net flows	**$ (691)**	**$ (295)**	**$ (321)**	**$ 229**	**$ 1,274**	**$ (986)**	**$ 3,136**
Surrender rates (8):							
Fixed Annuities	**7.0%**	**7.0%**	**7.4%**	**7.2%**	**8.3%**	**7.0%**	**7.8%**
Variable and Index Annuities	**6.2%**	**6.0%**	**5.7%**	**5.2%**	**4.9%**	**6.1%**	**4.8%**

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Premiums and deposits	**$ 1,802**	**$ 2,040**	**$ 2,056**	**$ 1,821**	**$ 1,837**	**$ 3,842**	**$ 3,693**
Revenues:							
Premiums	$ 4	$ 9	$ 6	$ 9	$ 5	$ 13	$ 12
Policy fees	101	99	98	99	95	200	186
Net investment income (loss):							
Base portfolio (2)	473	481	485	493	488	954	984
Alternative investments	23	31	33	33	42	54	-
Other enhancements (3)	39	43	40	28	25	82	50
Total net investment income	535	555	558	554	555	1,090	1,034
Advisory fee and other income	56	55	54	55	52	111	104
Total operating revenues	**696**	**718**	**716**	**717**	**707**	**1,414**	**1,336**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	5	21	(3)	14	10	26	17
Interest credited to policyholder account balances	284	278	286	289	281	562	560
Amortization of deferred policy acquisition costs	25	22	23	63	22	47	43
Non deferrable insurance commissions and other (14)	25	27	26	20	19	52	39
Advisory fee expenses	19	18	23	18	17	37	34
General operating expenses	66	102	93	92	87	168	175
Interest expense (15)	6	7	7	7	6	13	12
Total benefits, losses and expenses	**430**	**475**	**455**	**503**	**442**	**905**	**880**
Pre-tax operating income (loss)	**$ 266**	**$ 243**	**$ 261**	**$ 214**	**$ 265**	**$ 509**	**$ 456**
Noteworthy items (pre-tax)							
Actuarial assumption update income (loss)	$ -	$ -	$ -	$ (47)	$ -	$ -	$ -

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Consumer Insurance - Group Retirement Operating Statistics

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Assets under administration:							
General accounts	$ 46,922	$ 45,679	$ 46,385	$ 47,563	$ 46,913	$ 46,922	$ 46,913
Separate accounts	34,304	33,649	32,470	32,307	31,464	34,304	31,464
Group Retirement mutual funds	17,994	17,188	16,310	16,206	15,420	17,994	15,420
Total assets under administration	**$ 99,220**	**$ 96,516**	**$ 95,165**	**$ 96,076**	**$ 93,797**	**$ 99,220**	**$ 93,797**
Net investment spreads:							
Total yield	4.86 %	5.16 %	5.04 %	5.01 %	5.13 %	5.02 %	4.79 %
Less: Alternative investments (5)	(0.14)	(0.21)	(0.19)	(0.16)	(0.23)	(0.18)	0.18
Less: Other enhancements (6)	(0.25)	(0.26)	(0.25)	(0.14)	(0.09)	(0.26)	(0.10)
Base yield (7)	**4.47**	**4.69**	**4.60**	**4.71**	**4.81**	**4.58**	**4.87**
Cost of funds (a)	2.82	2.81	2.85	2.86	2.91	2.82	2.92
Base net investment spread (b)	1.65 %	1.88 %	1.75 %	1.85 %	1.90 %	1.76 %	1.95 %
Net flows:							
Premiums and deposits	$ 1,802	$ 2,040	$ 2,056	$ 1,821	$ 1,837	$ 3,842	$ 3,693
Surrenders and withdrawals	(1,835)	(2,288)	(2,448)	(1,796)	(1,668)	(4,123)	(3,345)
Death and other contract benefits	(148)	(134)	(141)	(122)	(140)	(282)	(273)
Total net flows	**$ (181)**	**$ (382)**	**$ (533)**	**$ (97)**	**$ 29**	**$ (563)**	**$ 75**
Surrender rates (8)	**8.0 %**	**10.2%**	**11.1%**	**8.3%**	**7.8%**	**9.1 %**	**7.9 %**
DAC rollforward:							
Balance at beginning of period	$ 949	$ 931	$ 843	$ 903	$ 951	$ 931	$ 1,009
Deferrals	21	18	23	20	18	39	37
Operating amortization	(25)	(22)	(23)	(63)	(22)	(47)	(43)
Change from realized gains (losses)	(1)	(1)	6	(8)	(1)	(2)	2
Change from unrealized gains (losses)	(18)	23	82	(9)	(43)	5	(102)
Balance at end of period	**$ 926**	**$ 949**	**$ 931**	**$ 843**	**$ 903**	**$ 926**	**$ 903**
Reserve rollforward:							
Balance at beginning of period, gross	$ 90,958	$ 88,622	$ 88,200	$ 85,943	$ 84,695	$ 88,622	$ 84,145
Premiums and deposits	1,802	2,040	2,056	1,821	1,837	3,842	3,693
Surrenders and withdrawals	(1,835)	(2,288)	(2,448)	(1,796)	(1,668)	(4,123)	(3,345)
Death and other contract benefits	(148)	(134)	(141)	(122)	(140)	(282)	(273)
Subtotal	90,777	88,240	87,667	85,846	84,724	88,059	84,220
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,593	2,444	676	2,074	943	4,037	1,173
Cost of funds (a)	279	274	279	280	276	553	550
Total insurance reserves and Group Retirement mutual funds	**$ 92,649**	**$ 90,958**	**$ 88,622**	**$ 88,200**	**$ 85,943**	**$ 92,649**	**$ 85,943**

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

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

Consumer Insurance - Individual and Group Retirement Variable Annuity Guaranteed Benefits (9)

(in millions)	Quarterly				
	2Q17	1Q17	4Q16	3Q16	2Q16
Account value by benefit type (a)					
Guaranteed Minimum Death Benefits (GMDB) only (b)	$ 65,785	$ 65,439	$ 64,029	$ 63,836	$ 60,438
Guaranteed Minimum Income Benefits (GMIB) (c)	2,362	2,360	2,316	2,358	2,342
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	42,952	41,885	40,557	40,367	39,202
Liability by benefit type (a)					
GMDB (b)	$ 377	$ 378	$ 392	$ 393	$ 461
GMIB (c)	11	9	10	11	25
GMWB (d)	1,917	1,671	1,777	2,793	2,710

(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. This benefit 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 in the contract. Contracts with a guaranteed living benefit also have a guaranteed minimum death benefit, but a policyholder can generally only receive payout from one guaranteed feature, i.e. the features are generally mutually exclusive.
(c) A guaranteed minimum income benefit guarantees a minimum level of periodic income payments upon annutization.
(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.

The following table presents the net increase (decrease) to consolidated pre-tax income from changes in the fair value of the GMWB embedded derivatives and related hedges:

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Change in fair value of embedded derivatives, excluding NPA	$ (19)	$ 591	$ 2,501	$ (626)	$ (885)	$ 572	$ (2,001)
Change in fair value of variable annuity hedging portfolio:							
Fixed maturity securities	80	11	(150)	17	120	91	253
Interest rate derivative contracts	213	(183)	(1,605)	27	534	30	1,384
Equity derivative contracts	(259)	(409)	(269)	(350)	(163)	(668)	(300)
Change in fair value of variable annuity hedging portfolio	34	(581)	(2,024)	(306)	491	(547)	1,337
Change in fair value of embedded derivatives, excluding NPA, net of hedging portfolio	15	10	477	(932)	(394)	25	(664)
Change in fair value of embedded derivatives due to NPA spread	(218)	(185)	(341)	(68)	(32)	(403)	123
Change in fair value of embedded derivatives due to change in NPA volume	79	(203)	(1,048)	708	418	(124)	621
Total change in NPA	(139)	(388)	(1,389)	640	386	(527)	744
Net impact on pre-tax income (loss)	**$ (124)**	**$ (378)**	**$ (912)**	**$ (292)**	**$ (8)**	**$ (502)**	**$ 80**

See accompanying notes on page 31.

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Premiums and deposits	**$ 947**	**$ 910**	**$ 911**	**$ 880**	**$ 879**	**$ 1,857**	**$ 1,728**
Revenues:							
Premiums	$ 400	$ 384	$ 339	$ 349	$ 360	$ 784	$ 719
Policy fees	357	360	340	291	343	717	688
Net investment income (loss):							
Base portfolio (2)	235	237	234	235	235	472	477
Alternative investments	10	13	16	15	21	23	1
Other enhancements (3)	16	10	13	17	15	26	27
Total net investment income	261	260	263	267	271	521	505
Advisory fee and other income (10)	12	9	14	14	14	21	29
Total operating revenues	**1,030**	**1,013**	**956**	**921**	**988**	**2,043**	**1,941**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	615	593	601	730	564	1,208	1,121
Interest credited to policyholder account balances	93	95	96	96	96	188	194
Amortization of deferred policy acquisition costs (16)	48	76	69	(43)	83	124	156
Non deferrable insurance commissions and other (14)	25	31	33	37	45	56	85
General operating expenses	141	161	164	152	171	302	352
Interest expense (15)	2	3	3	3	3	5	6
Total benefits, losses and expenses	**924**	**959**	**966**	**975**	**962**	**1,883**	**1,914**
Pre-tax operating income (loss)	**$ 106**	**$ 54**	**$ (10)**	**$ (54)**	**$ 26**	**$ 160**	**$ 27**
Noteworthy items (pre-tax)							
Actuarial assumption update income (loss)	$ -	$ -	$ -	$ (92)	$ -	$ -	$ -
Pre-tax operating income (loss) Domestic Life	$ 88	$ 62	$ -	$ (43)	$ 39	$ 150	$ 50
Pre-tax operating income (loss) International Life	$ 18	$ (8)	$ (10)	$ (11)	$ (13)	$ 10	$ (23)

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Consumer Insurance – Life Insurance Operating Statistics

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Gross life insurance in force, end of period:							
Domestic Life	$ 852,679	$ 847,182	$ 842,021	$ 836,476	$ 839,622	$ 852,679	$ 839,622
International Life	84,764	76,772	72,478	73,735	73,311	84,764	73,311
Total	$ 937,443	$ 923,954	$ 914,499	$ 910,211	$ 912,933	$ 937,443	$ 912,933
Life and A&H CPPE sales (11):							
Term	$ 53	$ 45	$ 47	$ 48	$ 49	$ 98	$ 98
Universal life	37	28	30	18	18	65	36
Other life	8	5	1	1	-	13	-
Single premium and unscheduled deposits	2	2	1	2	2	4	3
A&H	6	7	7	6	9	13	23
Total	$ 106	$ 87	$ 86	$ 75	$ 78	$ 193	$ 160
Surrender/lapse rates (12):							
Domestic Life:							
Independent distribution	5.07 %	5.08 %	5.30 %	6.74 %	7.16 %	5.08 %	6.53 %
Career distribution	6.40 %	6.94 %	7.32 %	7.65 %	7.21 %	6.67 %	7.33 %
DAC/VOBA rollforward:							
Balance at beginning of period	$ 3,105	$ 3,013	$ 2,868	$ 2,754	$ 2,845	$ 3,013	$ 2,888
Deferrals	113	115	110	104	86	228	186
Operating amortization	(48)	(76)	(69)	43	(83)	(124)	(156)
Change from realized gains (losses)	2	-	(1)	(1)	3	2	5
Change from unrealized gains (losses)	(30)	49	117	(27)	(79)	19	(146)
Foreign exchange translation	10	4	(12)	(5)	(18)	14	(23)
Balance at end of period	$ 3,152	$ 3,105	$ 3,013	$ 2,868	$ 2,754	$ 3,152	$ 2,754
Reserve rollfoward:							
Balance at beginning of period, gross	$ 18,533	$ 18,397	$ 18,306	$ 18,050	$ 18,103	$ 18,397	$ 18,006
Premiums and deposits	884	856	869	841	851	1,740	1,681
Surrenders and withdrawals	(136)	(158)	(169)	(149)	(171)	(294)	(332)
Death and other contract benefits	(159)	(131)	(128)	(144)	(121)	(290)	(250)
Subtotal	19,122	18,964	18,878	18,598	18,662	19,553	19,105
Change in fair value of underlying assets and reserve accretion, net of policy fees	(229)	(204)	(263)	(204)	(299)	(433)	(566)
Cost of funds	93	95	96	96	97	188	194
Other reserve changes	(305)	(326)	(300)	(178)	(388)	(631)	(655)
Foreign exchange translation	13	4	(14)	(6)	(22)	17	(28)
Balance at end of period	18,694	18,533	18,397	18,306	18,050	18,694	18,050
Reinsurance ceded	(1,075)	(1,074)	(1,085)	(1,079)	(1,086)	(1,075)	(1,086)
Total insurance reserves	$ 17,619	$ 17,459	$ 17,312	$ 17,227	$ 16,964	$ 17,619	$ 16,964
Domestic Life	17,436	17,304	17,179	17,109	16,867	17,436	16,867
International Life	183	155	133	118	97	183	97
Total insurance reserves	$ 17,619	$ 17,459	$ 17,312	$ 17,227	$ 16,964	$ 17,619	$ 16,964

See accompanying notes on page 31.

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Net premiums written	$ 2,846	$ 2,668	$ 2,810	$ 2,922	$ 2,924	$ 5,514	$ 5,733
Net premiums earned	$ 2,788	$ 2,720	$ 2,882	$ 2,918	$ 2,862	$ 5,508	$ 5,618
Losses and loss adjustment expenses incurred	1,413	1,523	1,519	1,643	1,591	2,936	3,043
Acquisition expenses:							
Amortization of deferred policy acquisition costs	538	481	527	554	516	1,019	991
Other acquisition expenses	204	220	259	215	226	424	462
Total acquisition expenses	742	701	786	769	742	1,443	1,453
General operating expenses	386	402	488	431	443	788	886
Underwriting income (loss)	247	94	89	75	86	341	236
Net investment income	83	118	87	73	66	201	126
Pre-tax operating income (loss)	**$ 330**	**$ 212**	**$ 176**	**$ 148**	**$ 152**	**$ 542**	**$ 362**
Underwriting Ratios							
Loss ratio	50.7	56.0	52.7	56.3	55.6	53.3	54.2
Acquisition ratio	26.6	25.8	27.3	26.4	25.9	26.2	25.9
General operating expense ratio	13.8	14.8	16.9	14.8	15.5	14.3	15.8
Expense ratio	40.4	40.6	44.2	41.2	41.4	40.5	41.7
Combined ratio	91.1	96.6	96.9	97.5	97.0	93.8	95.9
Accident year loss ratio, as adjusted (13)	50.8	55.0	51.7	56.5	54.9	52.8	54.1
Accident year combined ratio, as adjusted	91.2	95.6	95.9	97.7	96.3	93.3	95.8
Noteworthy Items (pre-tax)							
Catastrophe-related losses	$ 2	$ 27	$ 45	$ 27	$ 59	$ 29	$ 88
Severe losses	-	17	12	-	16	17	16
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	(4)	1	(15)	(33)	(39)	(3)	(87)
Net liability for unpaid losses and loss adjustment expenses (at period end)	4,262	4,405	4,400	4,806	4,586	4,262	4,586

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

(1) Consumer Insurance Pre-tax operating income in 3Q16 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, fees and separate account long-term asset growth rates. The update of actuarial assumptions also included adjustments to reserves for universal life with secondary guarantees. Consolidated pre-tax income in these periods also included adjustments to the valuation of variable annuity GMWB features that are accounted for as embedded derivatives, primarily due to updated assumptions for surrenders, mortality, risk margins and utilization of withdrawal benefits. 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 PTOI. In the aggregate, the net effect of adjustments to reflect the review and update of actuarial assumptions for Consumer Insurance products increased (decreased) PTOI and pre-tax income as follows:

(in millions)	3Q16				
	Life Insurance	**Individual Retirement -Fixed Annuities**	**Individual Retirement - Variable and Fixed Annuities**	**Group Retirement**	**Total Consumer**
Policy fees	$ (47)	$ -	$ -	$ -	$ (47)
Interest credited to policyholder account balances	-	79	(10)	(4)	65
Amortization of deferred policy acquisition costs	105	251	1	(43)	314
Policyholder benefits and claims incurred	(150)	-	48	-	(102)
Pre-tax operating income (loss)	**$ (92)**	**$ 330**	**$ 39**	**$ (47)**	**$ 230**
Changes in DAC related to net realized capital gains (losses)	-	-	15	(2)	13
Net realized capital gains (losses)	-	-	(13)	(43)	(56)
Increase (decrease) to pre-tax income (loss)	**$ (92)**	**$ 330**	**$ 41**	**$ (92)**	**$ 187**

(2) Base portfolio investment income includes interest, dividends and foreclosed real estate income, net of investment expenses.
(3) Net investment income - other enhancements includes 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.
(4) Net flows are provided for Individual Retirement 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.
(5) Includes incremental effect on base yield of alternative investments. Quarterly results are annualized.
(6) Includes incremental effect on base yield of other enhancements. Quarterly results are annualized.
(7) Includes return on base portfolio. Quarterly results are annualized.
(8) Annuity surrender rates represent actual or annualized surrenders and withdrawals as a percentage of average annuity reserves and Group Retirement mutual funds.
(9) Consumer Insurance uses reinsurance, product design and hedging to mitigate risks related to guaranteed benefits in individual annuity contracts. See Part II, Item 7, MD&A Enterprise Risk Management – Insurance Risks – Life Insurance Companies Key Insurance Risks – Variable Annuity Risk Management and Hedging Programs in our Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of our risk management related to these product features.
(10) Life Insurance - Other income is primarily related to Laya Healthcare commission and profit sharing revenues received from insurers for distribution of their products.
(11) Life Insurance sales are shown on a continuous payment premium equivalent (CPPE) basis. Life insurance sales include periodic premiums from new business expected to be collected over a one-year period and 10 percent of unscheduled and single premiums from new and existing policyholders. Sales of accident and health insurance represent annualized first-year premium from new policies.
(12) Life insurance lapse rates are reported on a 90-day lag basis to include grace period processing.
(13) 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.
(14) Beginning in 1Q17, Non deferrable insurance commissions and other includes risk charges related to statutory reinsurance that became effective in 2016 of certain life insurance reserves, which resulted in the release of statutory capital. The risk charges are allocated to the Consumer Insurance modules on the basis of attributed equity, consistent with the benefit from the reduced capital requirement.
(15) Prior to 2Q17, for presentation purposes, interest expense related to affordable housing partnership investments was included in general operating expenses. Prior periods have been revised to conform with the current period presentation. This presentation change has no impact on pre-tax operating income.
(16) 2Q17 includes lower international DAC amortization primarily due to new business and lapse assumptions.

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Revenues:							
Premiums	$ 531	$ 726	$ 657	$ 619	$ 685	$ 1,257	$ 1,350
Policy fees	44	44	46	44	45	88	89
Net investment income	170	162	206	197	196	332	367
Other income (loss)	154	158	94	143	88	312	206
Total operating revenues	899	1,090	1,003	1,003	1,014	1,989	2,012
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	474	717	491	460	519	1,191	1,046
Interest credited to policyholder account balances	62	58	61	59	61	120	124
Acquisition expenses:							
Amortization of deferred policy acquisition costs	(2)	(5)	22	21	19	(7)	33
Other acquisition expenses	17	22	28	29	27	39	59
Total acquisition expenses	15	17	50	50	46	32	92
General operating expenses	406	300	341	350	301	706	659
Interest expense	244	244	243	248	249	488	492
Total benefits, losses and expenses	1,201	1,336	1,186	1,167	1,176	2,537	2,413
Pre-tax operating income (loss) before consolidation and eliminations	**(302)**	**(246)**	**(183)**	**(164)**	**(162)**	**(548)**	**(401)**
Consolidation, eliminations and other adjustments	28	48	42	(6)	(14)	76	6
Pre-tax operating income (loss)	**$ (274)**	**$ (198)**	**$ (141)**	**$ (170)**	**$ (176)**	**$ (472)**	**$ (395)**
Pre-tax operating income (loss) by activities							
Mortgage Guaranty (a)	$ N/A	$ N/A	$ 121	$ 130	$ 145	$ N/A	271
Institutional Markets	63	62	73	69	74	125	121
Fuji Life (b)	27	16	11	7	1	43	(4)
Parent and Other:							
Corporate general operating expenses	(235)	(156)	(152)	(167)	(156)	(391)	(347)
Interest expense	(242)	(244)	(243)	(248)	(249)	(486)	(492)
Other income (expense), net	85	76	7	45	23	161	50
Total Parent and Other	(392)	(324)	(388)	(370)	(382)	(716)	(789)
Consolidation, eliminations and other adjustments	28	48	42	(6)	(14)	76	6
Pre-tax operating income (loss)	**$ (274)**	**$ (198)**	**$ (141)**	**$ (170)**	**$ (176)**	**$ (472)**	**$ (395)**

(a) Mortgage Guaranty was sold on December 31, 2016.

(b) On November 14, 2016, we entered into an agreement to sell Fuji Life to FWD Group. Fuji Life was classified as held for sale on our balance sheet as of March 31, 2017 and was sold on April 30, 2017.

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Other Operations – Institutional Markets Operating Results

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Premiums and deposits	**$ 150**	**$ 573**	**$ 1,168**	**$ 193**	**$ 503**	**$ 723**	**$ 792**
Revenues:							
Premiums	$ 84	$ 432	$ 159	$ 120	$ 227	$ 516	$ 480
Policy fees	44	44	46	44	45	88	89
Net investment income:							
Base portfolio (2)	136	128	130	131	130	264	256
Alternative investments	4	6	15	11	9	10	(2)
Other enhancements (3)	5	6	7	5	5	11	10
Total net investment income	145	140	152	147	144	285	264
Total operating revenues	**273**	**616**	**357**	**311**	**416**	**889**	**833**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	128	476	200	163	263	604	549
Interest credited to policyholder account balances	62	58	61	59	61	120	124
Acquisition expenses:							
Amortization of deferred policy acquisition costs	-	1	1	1	1	1	2
Other acquisition expenses	7	8	7	8	7	15	17
Total acquisition expenses	7	9	8	9	8	16	19
General operating expenses	13	11	15	11	10	24	20
Total benefits, losses and expenses	**210**	**554**	**284**	**242**	**342**	**764**	**712**
Pre-tax operating income	**$ 63**	**$ 62**	**$ 73**	**$ 69**	**$ 74**	**$ 125**	**$ 121**
General and separate account reserves							
Future policyholder benefits	$ 4,014	$ 3,962	$ 3,565	$ 3,435	$ 3,350	$ 4,014	$ 3,350
Policyholder contract deposits	7,648	7,550	7,457	7,159	6,990	7,648	6,990
Separate account reserves	3,780	4,300	4,360	4,371	4,578	3,780	4,578
Total general and separate account reserves	**15,442**	**15,812**	**15,382**	**14,965**	**14,918**	**15,442**	**14,918**

See accompanying notes on page 31 and reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Other Operations – Institutional Markets Reserve Data

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Reserve rollforward:							
Balance at beginning of period, gross	$ 15,815	$ 15,384	$ 14,968	$ 14,921	$ 14,469	$ 15,384	$ 14,216
Premiums and deposits	150	573	1,168	193	503	723	792
Surrenders and withdrawals	(564)	(199)	(979)	(208)	(53)	(763)	(96)
Death and other contract benefits	(108)	(95)	(117)	(93)	(192)	(203)	(407)
Subtotal	15,293	15,663	15,040	14,813	14,727	15,141	14,505
Change in fair value of underlying assets and reserve accretion, net of policy fees	47	56	41	54	101	103	161
Cost of funds	62	58	61	59	61	120	124
Other reserve changes	43	38	242	42	32	81	131
Balance at end of period	15,445	15,815	15,384	14,968	14,921	15,445	14,921
Reserves related to unrealized investment appreciation	-	-	1	-	-	-	-
Reinsurance ceded	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Total insurance reserves	**$ 15,442**	**$ 15,812**	**$ 15,382**	**$ 14,965**	**$ 14,918**	**$ 15,442**	**$ 14,918**
Reserves by line of business:							
Structured settlements	$ 2,714	$ 2,635	$ 2,525	$ 2,418	$ 2,244	$ 2,714	$ 2,244
Terminal funding annuities	1,880	1,889	1,578	1,575	1,545	1,880	1,545
Corporate and bank-owned life insurance	4,825	4,792	4,773	4,711	4,803	4,825	4,803
Guaranteed investments contracts	4,532	4,470	4,418	4,090	4,054	4,532	4,054
Stable value wrap - separate account liability	1,491	2,026	2,088	2,171	2,272	1,491	2,272
Total insurance reserves	**$ 15,442**	**$ 15,812**	**$ 15,382**	**$ 14,965**	**$ 14,918**	**$ 15,442**	**$ 14,918**
Stable value wraps (401k and bank-owned life insurance) - Assets under management*	**$ 36,605**	**$ 36,983**	**$ 36,280**	**$ 35,743**	**$ 36,510**	**$ 36,605**	**$ 36,510**

* Comprises the notional value of stable value wrap contracts, excluding the portion included in Total insurance reserves.

American International Group, Inc.
Legacy Portfolio Operating Results

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Revenues:							
Premiums	$ 146	$ 167	$ 148	$ 180	$ 114	$ 313	$ 346
Policy Fees	32	35	39	29	35	67	74
Net investment income	722	730	760	810	694	1,452	1,343
Other income (loss)	238	152	1,300	293	167	390	(72)
Total operating revenues	1,138	1,084	2,247	1,312	1,010	2,222	1,691
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	488	482	890	1,137	498	970	1,057
Interest credited to policyholder account balances	57	63	56	73	74	120	138
Acquisition expenses:							
Amortization of deferred policy acquisition costs	14	28	26	21	23	42	61
Other acquisition expenses	(1)	-	3	3	4	(1)	2
Total acquisition expenses	13	28	29	24	27	41	63
Non deferrable insurance commissions	6	6	1	1	2	12	8
General operating expenses	115	121	125	106	129	236	253
Interest expense (a)	28	42	45	70	73	70	167
Total benefits, losses and expenses	707	742	1,146	1,411	803	1,449	1,686
Pre-tax operating income (loss)	**$ 431**	**$ 342**	**$ 1,101**	**$ (99)**	**$ 207**	**$ 773**	**$ 5**
Pre-tax operating income (loss) by type							
Property and casualty run-off insurance lines	$ 57	$ 87	$ (331)	$ 68	$ (35)	$ 144	$ 26
Life insurance run-off lines	139	90	132	(510)	148	229	154
Legacy investments	235	165	1,300	343	94	400	(175)
Pre-tax operating income (loss)	**$ 431**	**$ 342**	**$ 1,101**	**$ (99)**	**$ 207**	**$ 773**	**$ 5**
Selected Balance Sheet Data							
Legacy investments, net of related debt	$ 5,961	$ 6,534	$ 6,733	$ 7,081	$ 8,135	$ 5,961	$ 8,135
Legacy property and casualty run-off insurance reserves (b)	6,548	6,726	6,871	7,023	7,145	6,548	7,145
Legacy life run-off insurance reserves	38,740	38,442	38,359	39,974	38,932	38,740	38,932
Attributed equity	9,912	10,477	10,649	11,086	14,742	9,912	14,742

(a) Includes inter-module interest expenses. Prior to 2Q17, for presentation purposes, Legacy Life Runoff interest expense related to affordable housing partnership investments was included in general operating expenses. Prior periods have been revised to conform with the current period presentation. This presentation change has no impact on pre-tax operating income.

(b) Includes a portion of reserves related to certain long-duration business in Japan, which is recorded in other policyholder funds on our Consolidated Balance Sheets.

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Legacy Property and Casualty Run-off Insurance Lines

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Net premiums earned	$ 22	$ 45	$ 30	$ 54	$ (18)	$ 67	$ 73
Losses and loss adjustment expenses incurred*	46	38	436	61	91	84	203
Total acquisition expenses	1	1	3	3	4	2	2
General operating expenses	9	7	4	4	6	16	13
Underwriting income (loss)	(34)	(1)	(413)	(14)	(119)	(35)	(145)
Net investment income	91	88	82	82	84	179	171
Pre-tax operating income (loss)	**$ 57**	**$ 87**	**$ (331)**	**$ 68**	**$ (35)**	**$ 144**	**$ 26**
Noteworthy Items (pre-tax)							
Catastrophe-related losses	$ -	$ -	$ -	$ 3	$ 2	$ -	$ 2
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(2)	(14)	371	6	22	(16)	25
Net liability for unpaid losses and loss adjustment expenses (at period end)**	$ 6,548	$ 6,726	$ 6,871	$ 7,023	$ 7,145	$ 6,548	$ 7,145

* Consistent with our definition of PTOI, excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related amortization of the deferred gain.

** Includes a portion of reserves related to certain long-duration business in Japan, which is recorded in Other policyholder funds on our Consolidated Balance Sheets.

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Legacy Life Insurance Run-off Lines

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Premiums and deposits	**$ 149**	**$ 160**	**$ 159**	**$ 167**	**$ 162**	**$ 309**	**$ 340**
Revenues:							
Premiums	$ 124	$ 122	$ 118	$ 126	$ 132	$ 246	$ 273
Policy fees	32	35	39	29	35	67	74
Net investment income:							
Base portfolio	423	441	455	459	455	864	926
Alternative investments	79	37	86	55	53	116	(7)
Other enhancements	40	44	34	43	30	84	53
Total net investment income	542	522	575	557	538	1,064	972
Other income	1	-	-	1	-	1	-
Total operating revenues	**699**	**679**	**732**	**713**	**705**	**1,378**	**1,319**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	442	444	454	1,076	407	886	854
Interest credited to policyholder account balances	57	63	56	73	74	120	138
Amortization of deferred policy acquisition costs	12	27	26	21	23	39	61
Non deferrable insurance commissions	6	6	1	1	2	12	8
General operating expenses	38	43	57	46	45	81	93
Interest expense*	5	6	6	6	6	11	11
Total benefits, losses and expenses	**560**	**589**	**600**	**1,223**	**557**	**1,149**	**1,165**
Pre-tax operating income (loss)	**$ 139**	**$ 90**	**$ 132**	**$ (510)**	**$ 148**	**$ 229**	**$ 154**
Noteworthy items (pre-tax)							
Future policy benefits for life and A&H contracts (at period end)	$ 30,996	$ 30,607	$ 30,442	$ 32,016	$ 30,927	$ 30,996	$ 30,927
Policyholder contract deposits	5,745	5,807	5,923	5,947	6,034	5,745	6,034
Separate account reserves	1,999	2,028	1,994	2,011	1,971	1,999	1,971
Total general and separate account reserves	38,740	38,442	38,359	39,974	38,932	38,740	38,932
Actuarial assumption update income (loss)	$ -	$ -	$ -	$ 614	$ -	$ -	$ -

* Prior to 2Q17, for presentation purposes, interest expense related to affordable housing partnership investments was included in general operating expenses. Prior periods have been revised to conform with the current period presentation. This presentation change has no impact on pre-tax operating income.

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Selected Results of Operations Data by Geography

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-Tax Operating Income (Loss)							
United States	$ 1,726	$ 1,814	$ (3,598)	$ 1,832	$ 1,788	$ 3,540	$ 2,948
Europe	64	28	(382)	66	106	92	311
Japan	125	115	92	36	74	240	128
Other	(213)	(258)	(307)	(191)	(255)	(471)	(527)
Total Core	1,702	1,699	(4,195)	1,743	1,713	3,401	2,860
Legacy Portfolio	431	342	1,101	(99)	207	773	5
Total pre-tax operating income	**$ 2,133**	**$ 2,041**	**$ (3,094)**	**$ 1,644**	**$ 1,920**	**$ 4,174**	**$ 2,865**
Normalized After-Tax Operating Income							
United States	$ 1,045	$ 1,013	$ 729	$ 1,265	$ 1,225	$ 2,058	$ 2,404
Europe	68	62	(111)	16	54	130	155
Japan	78	44	10	28	67	122	71
Other	(85)	(110)	(148)	(248)	(50)	(195)	(159)
Total Core	1,106	1,009	480	1,061	1,296	2,115	2,471
Legacy Portfolio*	142	166	278	263	88	308	320
Net income (loss) from NCI excluding income related to Korea Fund	12	(21)	(23)	(3)	(4)	(9)	(2)
Total normalized after-tax operating income	**$ 1,260**	**$ 1,154**	**$ 735**	**$ 1,321**	**$ 1,380**	**$ 2,414**	**$ 2,789**
Total Average Attributed Equity							
United States	$ 40,251	$ 42,303	$ 44,510	$ 45,915	$ 47,091	$ 41,636	$ 47,002
Europe	3,474	3,424	3,429	3,362	3,216	3,465	3,279
Japan	1,177	960	950	1,030	1,077	1,098	1,051
Other	(4)	(249)	1,413	1,835	(148)	(383)	665
Total Core	44,898	46,438	50,302	52,142	51,236	45,816	51,997
Legacy Portfolio	10,195	10,563	10,867	12,914	14,884	10,346	$ 15,540
Total average attributed equity	**$ 55,093**	**$ 57,001**	**$ 61,169**	**$ 65,056**	**$ 66,120**	**$ 56,162**	**$ 67,537**
Normalized Return on Attributed Equity							
United States	10.4 %	9.6 %	6.6 %	11.0 %	10.4 %	9.9 %	10.2 %
Europe	7.8	7.2	(12.9)	1.9	6.7	7.5	9.5
Japan	26.5	18.3	4.2	10.9	24.9	22.2	13.5
Other	NM	NM	NM	NM	NM	NM	NM
Total Core	9.9	8.7	3.8	8.1	10.1	9.2	9.5
Legacy Portfolio	5.6	6.3	10.2	8.1	2.4	6.0	4.1
Normalized return on equity	**9.1 %**	**8.1 %**	**4.8 %**	**8.1 %**	**8.3 %**	**8.6 %**	**8.3 %**

* Legacy Portfolio excludes income from non-controlling interest related to the Korea Fund transaction.

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Operating Results - United States

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Revenues:							
Premiums	$ 4,186	$ 4,544	$ 4,572	$ 4,711	$ 5,017	$ 8,730	$ 10,148
Policy fees	693	689	664	618	660	1,382	1,308
Net investment income	2,659	2,829	2,839	2,846	2,764	5,488	4,892
Advisory fee and other income	223	209	196	250	377	432	894
Total operating revenues	**7,761**	**8,271**	**8,271**	**8,425**	**8,818**	**16,032**	**17,242**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	3,242	3,581	8,877	4,030	3,869	6,823	7,753
Interest credited to policyholder account balances	851	846	868	814	883	1,697	1,767
Amortization of deferred policy acquisition costs	905	865	841	592	929	1,770	1,832
Other acquisition expenses	278	310	349	267	317	588	699
Advisory fee expenses	77	77	78	76	174	154	491
General operating expenses	645	747	837	730	776	1,392	1,624
Interest expense*	37	31	19	84	82	68	128
Total benefits, losses and expenses	**6,035**	**6,457**	**11,869**	**6,593**	**7,030**	**12,492**	**14,294**
Pre-tax operating income (loss)	**$ 1,726**	**$ 1,814**	**$ (3,598)**	**$ 1,832**	**$ 1,788**	**$ 3,540**	**$ 2,948**
Noteworthy Items (pre-tax)							
Catastrophe-related losses	$ 172	$ 188	$ 336	$ 240	$ 267	$ 360	$ 483
Severe losses	51	36	22	54	102	87	135
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	33	(23)	4,827	286	54	10	111

* Prior to 2Q17, for presentation purposes, interest expense related to affordable housing partnership investments was included in general operating expenses. Prior periods have been revised to conform with the current period presentation. This presentation change has no impact on pre-tax operating income.

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Operating Results - Europe

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Revenues:							
Premiums	$ 1,234	$ 1,188	$ 1,252	$ 1,278	$ 1,339	$ 2,422	$ 2,620
Net investment income	52	60	65	69	75	112	146
Total operating revenues	**1,286**	**1,248**	**1,317**	**1,347**	**1,414**	**2,534**	**2,766**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	802	836	1,317	838	820	1,638	1,549
Amortization of deferred policy acquisition costs	202	183	210	223	204	385	396
Other acquisition expenses	65	64	65	45	71	129	135
General operating expenses	153	137	107	175	213	290	375
Total benefits, losses and expenses	**1,222**	**1,220**	**1,699**	**1,281**	**1,308**	**2,442**	**2,455**
Pre-tax operating income (loss)	**$ 64**	**$ 28**	**$ (382)**	**$ 66**	**$ 106**	**$ 92**	**$ 311**
Noteworthy items (pre-tax)							
Catastrophe-related losses	$ 4	$ -	$ 5	$ -	$ 50	$ 4	$ 80
Severe losses	64	13	62	36	22	77	93
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	58	120	345	20	(7)	178	(29)

See reconciliations of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Operating Results - Japan

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Revenues:							
Premiums	$ 809	$ 837	$ 923	$ 906	$ 849	$ 1,646	$ 1,669
Net investment income	24	39	32	9	5	63	27
Total operating revenues	**833**	**876**	**955**	**915**	**854**	**1,709**	**1,696**
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	448	460	482	523	481	908	922
Amortization of deferred policy acquisition costs	35	42	44	45	44	77	83
Other acquisition expenses	55	72	99	108	71	127	177
General operating expenses	170	187	238	203	184	357	386
Total benefits, losses and expenses	**708**	**761**	**863**	**879**	**780**	**1,469**	**1,568**
Pre-tax operating income (loss)	**$ 125**	**$ 115**	**$ 92**	**$ 36**	**$ 74**	**$ 240**	**$ 128**
Noteworthy items (pre-tax)							
Catastrophe-related losses	$ -	$ -	$ (8)	$ 27	$ 41	$ -	$ 43
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	8	(13)	(11)	(6)	(10)	(5)	(34)

See reconciliation of Non-GAAP financial measures beginning on page 48.

American International Group, Inc.
Investments Portfolio Results by Asset Category and Annualized Yields

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Fixed Maturity Securities- AFS, ending carry value							
Yield (a)	4.70%	4.63%	4.75%	4.69%	4.70%	4.64%	4.70%
Investment income (b)	$ 2,635	$ 2,695	$ 2,862	$ 2,850	$ 2,857	$ 5,330	$ 5,693
Net realized capital gains (losses)	111	96	(15)	66	32	207	(530)
Ending carrying value	235,289	230,698	241,537	260,649	262,089	235,289	262,089
Fixed Maturity Securities- Other (c)							
Total Return (a)	11.44%	11.04%	-4.95%	9.82%	6.31%	11.22%	4.98%
Investment income (loss) (b)	$ 387	$ 381	$ (178)	$ 369	$ 242	$ 768	$ 394
Ending carrying value	13,478	13,605	13,998	14,772	15,335	13,478	15,335
Equity Securities- AFS, ending carry value							
Yield (a)	3.40%	1.25%	3.96%	2.33%	4.04%	2.27%	2.81%
Investment income (loss) (b)	$ 12	$ 5	$ 14	$ 7	$ 13	$ 17	$ 19
Net realized capital gains (losses)	75	(1)	6	50	973	74	994
Ending carrying value (e)	1,605	2,099	2,078	1,544	1,642	1,605	1,642
Equity Securities- Other, ending carry value (c)(d)							
Investment income (b)	$ 13	$ 26	$ (16)	$ 48	$ (77)	$ 39	$ (181)
Ending carrying value	506	500	482	498	661	506	661
Loans							
Yield (a)	4.70%	4.75%	4.74%	4.81%	4.92%	4.72%	5.09%
Investment income (b)	$ 402	$ 399	$ 389	$ 383	$ 381	$ 801	$ 776
Net realized capital gains (losses)	(24)	6	2	11	(30)	(18)	6
Ending carrying value	34,642	33,878	33,240	32,413	31,261	34,642	31,261
Short-term Investments							
Yield (a)	0.67%	0.54%	0.33%	0.40%	0.52%	0.59%	0.53%
Investment income (b)	$ 19	$ 16	$ 9	$ 11	$ 15	$ 35	$ 30
Ending carrying value	12,094	11,073	12,302	10,745	12,334	12,094	12,334

(a) Yields/Total Return are calculated using quarterly annualized investment income divided by average quarterly asset amortized cost for the interim periods.

(b) Investment Income includes amounts recorded in net investment income by our insurance subsidiaries and amounts recorded in other income by our non-insurance subsidiaries.

(c) Fixed Maturity Securities – Other and Equity Securities – Other are securities where we have elected the fair value option. Changes in the fair value for these securities are reported through investment income which can result in significant fluctuations in the total return.

(d) PICC Property & Casualty is the only investment included in the Equity Securities – Other. These securities are accounted for under the fair value option, fluctuations in value distort the annualized yield and therefore a yield is not presented.

(e) Includes Arch Capital Group Ltd. (Arch) convertible non-voting common-equivalent preferred shares.

American International Group, Inc.
Investments Portfolio Results by Asset Category and Annualized Yields

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Other invested assets - Hedge Funds/Private Equity (c)							
Yield (a)	11.96%	13.72%	10.10%	10.25%	7.31%	12.81%	-2.11%
Investment income (b)	$ 338	$ 404	$ 314	$ 336	$ 258	$ 742	$ (157)
Net realized capital gains (losses)	16	43	(11)	8	-	59	22
Ending carrying value	11,929	12,134	12,754	13,609	14,338	11,929	14,338
Other invested assets - Real Estate investments							
Yield (a)	1.08%	2.44%	71.30%	7.26%	5.99%	1.75%	7.02%
Investment income (b) (e)	$ 20	$ 42	$ 1,194	$ 126	$ 108	$ 62	$ 246
Net realized capital gains (losses)	33	(9)	43	15	27	24	28
Ending carrying value	7,188	7,057	6,900	6,494	7,340	7,188	7,340
Other invested assets - All other (d)							
Investment income (b) (f)	$ 135	$ 171	$ 179	$ 197	$ 149	$ 306	$ 334
Net realized capital gains (losses)	(56)	(128)	(336)	(115)	(120)	(184)	(171)
Ending carrying value	4,015	4,461	4,884	5,644	5,667	4,015	5,667
Total Other Invested Assets	**$ 23,132**	**$ 23,652**	**$ 24,538**	**$ 25,747**	**$ 27,345**	**$ 23,132**	**$ 27,345**
Total AIG							
Total Investments	**$ 320,746**	**$ 315,505**	**$ 328,175**	**$ 346,368**	**$ 350,667**	**$ 320,746**	**$ 350,667**
Total Investment Expenses	**$ 128**	**$ 126**	**$ 115**	**$ 115**	**$ 109**	**$ 254**	**$ 223**
Total Investment Income (b)	**$ 3,961**	**$ 4,139**	**$ 4,768**	**$ 4,327**	**$ 3,946**	**$ 8,100**	**$ 7,154**

(a) Yields are calculated using quarterly annualized investment income divided by the average quarterly asset amortized cost for the interim periods.

(b) Investment Income includes amounts recorded in net investment income by our insurance subsidiaries and amounts recorded in other income by our non-insurance subsidiaries.

(c) Other Invested Assets - Hedge Funds/Private Equity includes investments accounted for under the equity method of accounting, where changes in our share of the net asset values are recorded through investment income or investments where we have elected the fair value option, where changes in the fair value are reported through investment income.

(d) Other Invested Assets - All Other includes life settlements, long term time deposits, private common stock, affordable housing partnerships and aircraft assets. Due to the mix of investments included within this line item and their varied performance, annualized yield is not meaningful and therefore is not presented. The total carrying value for these is less than 2% of total investments.

(e) Includes approximately $514 million of income in 4Q16 that is not attributable to AIG and is recorded as a non-controlling interest.

(f) Includes Arch convertible non-voting common-equivalent preferred shares.

American International Group, Inc.
Investments - Net Realized Capital Gains (Losses)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Sales of fixed maturity securities	$ 165	$ 155	$ 104	$ 135	$ 124	$ 320	$ (238)
Sales of equity securities	81	1	6	53	974	82	998
Other-than-temporary impairments:							
Severity	(2)	-	-	(10)	(3)	(2)	(5)
Change in intent	(7)	(1)	(11)	(2)	(4)	(8)	(33)
Foreign currency declines	-	(10)	(4)	(7)	(1)	(10)	(7)
Issuer-specific credit events	(55)	(57)	(130)	(77)	(95)	(112)	(226)
Adverse projected cash flows	(3)	-	-	(6)	(5)	(3)	(41)
Total other-than-temporary impairments	(67)	(68)	(145)	(102)	(108)	(135)	(312)
Provision for loan losses	(24)	6	2	8	(30)	(18)	1
Foreign exchange transactions	74	159	(29)	(639)	(38)	233	(558)
Derivatives and hedge accounting*	(298)	(376)	(804)	(226)	170	(674)	97
Impairments on investments in life settlements	(46)	(41)	(68)	(80)	(92)	(87)	(249)
Other**	46	49	(181)	86	42	95	197
Total net realized capital gains (losses)	$ (69)	$ (115)	$ (1,115)	$ (765)	$ 1,042	$ (184)	$ (64)

* Included 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.

**Included loss on sale of a portion of our Life Settlement Portfolio of $89 million and $253 million in 1Q17 and 4Q16, respectively.

American International Group, Inc.
Prior Year Development by Module and Accident Year

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Commercial Insurance							
Liability and Financial Lines	$ 21	$ 58	$ 5,283	$ (5)	$ 76	$ 79	$ 74
Property and Special Risks	41	(35)	(43)	322	(40)	6	(54)
Total Commercial Insurance	**62**	**23**	**5,240**	**317**	**36**	**85**	**20**
Consumer Personal Insurance	(4)	1	(15)	(33)	(39)	(3)	**(87)**
Legacy Portfolio - Property and Casualty Run Off Insurance Lines	(2)	(14)	371	6	22	**(16)**	**25**
Other Operations*	-	-	(22)	(16)	(13)	-	**(18)**
Total prior year unfavorable (favorable) development**	**$ 56**	**$ 10**	**$ 5,574**	**$ 274**	**$ 6**	**$ 66**	**$ (60)**

* Represented prior year development from UGC, which was sold in 2016.

** Consistent with our definition of PTOI, the three-month and six-month periods ended June 30, 2017 exclude the portion of unfavorable prior year reserve development for which we have ceded the risk under the reinsurance agreements with National Indemnity Company (NICO), a subsidiary of Berkshire Hathaway Inc., of $273 million and $284 million, respectively, and related changes in amortization of the deferred gain of $20 million and $17 million, respectively. The amortization of the deferred gain includes $10 million and $5 million for the 2011 retroactive reinsurance agreement with NICO covering U.S. asbestos exposures for the three- and six-month periods ended June 30, 2017, respectively.

(in millions)

Prior year development by accident year:

Accident Year	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
2016	$ 58	$ (19)	$ -	$ -	$ -	$ 39	-
2015	(21)	(3)	1,284	78	(69)	(24)	$ (134)
2014	(23)	11	724	122	(25)	(12)	(68)
2013	(29)	(7)	434	36	(19)	(36)	(26)
2012	(18)	2	387	(1)	51	(16)	69
2011	8	8	186	11	(9)	16	17
2010	2	(7)	239	13	7	(5)	3
2009	9	(5)	334	27	19	4	24
2008	17	(6)	170	(20)	35	11	39
2007	(8)	8	288	1	7	-	7
2006	22	(2)	239	(3)	1	20	2
2005 and prior	39	30	1,289	10	8	69	7
Total prior year unfavorable (favorable) development	**$ 56**	**$ 10**	**$ 5,574**	**$ 274**	**$ 6**	**$ 66**	**$ (60)**

American International Group, Inc.
Prior Year Development by Accident Year:
Liability and Financial Lines and Property and Special Risks

(in millions)

Liability and Financial Lines:

	Quarterly					Six Months Ended June 30,	
Accident Year	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
2016	$ 3	$ 12	$ -	$ -	$ -	$ 15	-
2015	(45)	10	1,209	1	14	(35)	$ 19
2014	(8)	4	765	(1)	2	(4)	(4)
2013	(13)	4	467	(8)	-	(9)	(2)
2012	-	2	457	(25)	(19)	2	(22)
2011	16	1	193	(4)	-	17	5
2010	(3)	(5)	222	8	(2)	(8)	(4)
2009	8	(4)	353	30	24	4	23
2008	20	(8)	160	(7)	41	12	41
2007	5	4	275	4	4	9	4
2006	17	(2)	237	1	(1)	15	(1)
2005 and prior	21	40	945	(4)	13	61	15
Total prior year unfavorable (favorable) development	**$ 21**	**$ 58**	**$ 5,283**	**$ (5)**	**$ 76**	**$ 79**	**$ 74**

(in millions)

Property and Special Risks:

	Quarterly					Six Months Ended June 30,	
Accident Year	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
2016	$ 34	$ (16)	$ -	$ -	$ -	$ 18	-
2015	21	(23)	(9)	100	(67)	(2)	$ (125)
2014	(8)	6	(12)	125	(8)	(2)	(43)
2013	(2)	(8)	(3)	55	(13)	(10)	-
2012	(8)	(1)	(33)	26	71	(9)	106
2011	(4)	6	(15)	17	(6)	2	23
2010	4	(3)	3	6	9	1	9
2009	2	-	3	(2)	(1)	2	5
2008	(3)	-	2	(10)	(6)	(3)	(4)
2007	(6)	4	3	(2)	(3)	(2)	(3)
2006	-	-	(4)	(4)	(4)	-	(4)
2005 and prior	11	-	22	11	(12)	11	(18)
Total prior year unfavorable (favorable) development	**$ 41**	**$ (35)**	**$ (43)**	**$ 322**	**$ (40)**	**$ 6**	**$ (54)**

American International Group, Inc.
Adverse Development Cover

The table below shows the calculation of the inception to date deferred gain and the effect of discounting of loss reserves and amortization of the deferred gain. The deferred gain is amortized over the settlement period of the reinsured losses.

(in millions)	At Inception	Inception-To-Date 1Q17	Inception-To-Date 2Q17	2Q17 Change
Gross Covered Losses				
Covered reserves before discount	$ 33,510	$ 31,614	$ 30,399	$ (1,215)
Losses paid	7,543	9,454	11,010	1,556
Attachment point	(25,000)	(25,000)	(25,000)	-
Covered losses above attachment point	**$ 16,053**	**$ 16,068**	**$ 16,409**	**$ 341**
Deferred Gain Development				
Covered losses above attachment ceded to NICO (80%)*	$ 12,843	$ 12,854	$ 13,127	$ 273
Consideration paid including interest	(10,188)	(10,188)	(10,188)	-
Pre-tax deferred gain before discount and amortization	**2,655**	**2,666**	**2,939**	**273**
Discount on ceded losses	(1,539)	(1,655)	(1,547)	108
Pre-tax deferred gain before amortization	1,116	1,011	1,392	381
Amortization attributed to deferred gain at inception	-	(41)	(103)	(62)
Amortization attributed to changes in deferred gain**	-	(2)	(12)	(10)
Deferred gain liability reflected in AIG's balance sheet	**$ 1,116**	**$ 968**	**$ 1,277**	**$ 309**

Selected Balance Sheet for ADC	**1Q17**	**2Q17**
Reinsurance recoverable reported in Reinsurance assets, net of allowance	$ 11,199	$ 11,580
Ceded reserves reported in Liability for unpaid losses and loss adjustment expenses	11,199	11,580
Deferred gain reported in Other liabilities	968	1,277

Prior Year Development, Net of Reinsurance and Deferred Gain Amortization

(in millions)	Quarterly 1Q17	Quarterly 2Q17	Six Months Ended June 30, 2017
Unfavorable (favorable) prior year development on covered reserves before retroactive reinsurance and deferred gain amortization	$ 15	$ 341	$ 356
Prior year development ceded to NICO*	(11)	(273)	(284)
Subtotal	**4**	**68**	**72**
Amortization attributed to deferred gain at inception	(41)	(62)	(103)
Unfavorable (favorable) prior year development on covered reserves, net of reinsurance and deferred gain amortization	**(37)**	**6**	**(31)**
Unfavorable (favorable) prior year development on non-covered reserves	47	50	97
Total unfavorable (favorable) prior year development, net of reinsurance and deferred gain amortization	**$ 10**	**$ 56**	**$ 66**

* On January 20, 2017, we entered into an adverse development reinsurance agreement with NICO under which we transferred to NICO 80 percent of the reserve risk on substantially all of our U.S. Commercial long-tail exposures for accident years 2015 and prior.

** Excluded from our definition of PTOI

Table of Contents **Page(s)**

Earnings Per Share Computations

(in millions)	Quarterly					Six Months Ended June 30,	
GAAP Basis:	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Numerator for EPS:							
Income (loss) from continuing operations	$ 1,110	$ 1,211	$ (2,470)	$ 433	$ 1,934	$ 2,321	$ 1,778
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	(12)	26	535	(26)	11	14	(9)
Income (loss) attributable to AIG common shareholders from continuing operations	1,122	1,185	(3,005)	459	1,923	2,307	1,787
Income (loss) from discontinued operations, net of income tax expense	8	-	(36)	3	(10)	8	(57)
Net income (loss) attributable to AIG common shareholders	$ 1,130	$ 1,185	$ (3,041)	$ 462	$ 1,913	$ 2,315	$ 1,730
Denominator for EPS:							
Weighted average shares outstanding - basic	925.8	980.8	1,023.9	1,071.3	1,113.6	953.1	1,135.1
Dilutive shares*	22.4	24.5	-	31.1	26.4	23.5	28.0
Weighted average shares outstanding - diluted*	948.2	1,005.3	1,023.9	1,102.4	1,140.0	976.6	1,163.1
Income per common share attributable to AIG:							
Basic:							
Income (loss) from continuing operations	$ 1.21	$ 1.21	$ (2.93)	$ 0.43	$ 1.73	$ 2.42	$ 1.57
Income (loss) from discontinued operations	0.01	-	(0.03)	-	(0.01)	0.01	(0.05)
Net income (loss) attributable to AIG	$ 1.22	$ 1.21	$ (2.96)	$ 0.43	$ 1.72	$ 2.43	$ 1.52
Diluted*:							
Income (loss) from continuing operations	$ 1.18	$ 1.18	$ (2.93)	$ 0.42	$ 1.69	$ 2.36	$ 1.54
Income (loss) from discontinued operations	0.01	-	(0.03)	-	(0.01)	0.01	(0.05)
Net income (loss) attributable to AIG	$ 1.19	$ 1.18	$ (2.96)	$ 0.42	$ 1.68	$ 2.37	$ 1.49

* For the quarters where we reported a net loss, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts.

American International Group, Inc.
Reconciliation of Book Value Per Share and Return On Equity

(in millions, except per share data)

	Quarterly					Six Months Ended June 30,	
Book Value Per Share	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Total AIG shareholders' equity (a)	$ 73,732	$ 74,069	$ 76,300	$ 88,663	$ 89,946	$ 73,732	$ 89,946
Less: Accumulated other comprehensive income (AOCI)	4,962	3,781	3,230	9,057	8,259	4,962	8,259
Total AIG shareholders' equity, excluding AOCI (b)	68,770	70,288	73,070	79,606	81,687	68,770	81,687
Less: Deferred tax assets (DTA)	14,287	14,585	14,770	15,567	15,614	14,287	15,614
Total adjusted shareholders' equity (c)	54,483	55,703	58,300	64,039	66,073	54,483	66,073
Total common shares outstanding (d)	903.4	942.5	995.3	1,042.9	1,082.7	903.4	1,082.7
Book value per common share (a÷d)	$ 81.62	$ 78.59	$ 76.66	$ 85.02	$ 83.08	$ 81.62	$ 83.08
Book value per common share, excluding AOCI (b÷d)	76.12	74.58	73.41	76.33	75.45	76.12	75.45
Adjusted book value per common share (c÷d)	60.31	59.10	58.57	61.41	61.03	60.31	61.03
Return On Equity (ROE) Computations							
Actual or Annualized net income (loss) attributable to AIG (a)	$ 4,520	$ 4,740	$ (12,164)	$ 1,848	$ 7,652	$ 4,630	$ 3,460
Actual or Annualized after-tax operating income (loss) attributable to AIG (b)	$ 5,796	$ 5,468	$ (11,148)	$ 4,460	$ 5,252	$ 5,632	$ 4,156
Average AIG Shareholders' equity (c)	$ 73,901	$ 75,185	$ 82,482	$ 89,305	$ 89,232	$ 74,700	$ 89,374
Less: Average AOCI	4,372	3,506	6,144	8,658	6,892	3,991	5,440
Less: Average DTA	14,436	14,678	15,169	15,591	16,220	14,547	16,397
Average adjusted shareholders' equity (d)	55,093	57,001	61,169	65,056	66,120	56,162	67,537
ROE (a÷c)	6.1%	6.3%	(14.7%)	2.1%	8.6%	6.2%	3.9%
After-tax operating income (loss) as reported (e)	$ 1,449	$ 1,367	$ (2,787)	$ 1,115	$ 1,313	$ 2,816	$ 2,078
Adjustments to arrive at Normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(101)	(72)	(1)	(70)	17	(173)	(72)
(Better) worse than expected alternative returns (1)	(73)	(119)	(67)	(45)	4	(192)	468
(Better) worse than expected DIB & GCM returns	(93)	(29)	(49)	(68)	(28)	(122)	229
Fair value changes on PICC investments	(4)	(14)	7	(31)	55	(18)	122
Update of actuarial assumptions	-	-	-	250	-	-	-
Life Insurance - IBNR death claims	-	-	-	-	-	-	(16)
Unfavorable (favorable) prior year loss reserve development	82	21	3,632	170	19	103	(20)
Normalized after-tax operating income (loss) (f)	$ 1,260	$ 1,154	$ 735	$ 1,321	$ 1,380	$ 2,414	$ 2,789
Adjusted return on equity (b÷d)	10.5%	9.6%	(18.2%)	6.9%	7.9%	10.0%	6.2%
Normalized return on equity (f÷d) (2)	9.1%	8.1%	4.8%	8.1%	8.3%	8.6%	8.3%
Normalized after-tax operating income(loss) per share:							
Weighted average shares outstanding - diluted	948.2	1,005.3	1,058.0	1,102.4	1,140.0	976.6	1,163.1
Normalized after-tax operating income (loss) per share	$ 1.33	$ 1.15	$ 0.69	$ 1.20	$ 1.21	$ 2.47	$ 2.40

(1) The expected rate of return on alternative investments used was 8% for all periods presented.

(2) Normalizing adjustments are tax effected using a 35% tax rate and computed based on average attributed equity for the respective periods.

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

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax income (loss) from continuing operations	$ 1,667	$ 1,727	$ (3,455)	$ 737	$ 2,858	$ 3,394	$ 2,644
Adjustments to arrive at Pre-tax operating income (loss)							
Changes in fair value of securities used to hedge guaranteed living benefits	(80)	(11)	150	(17)	(120)	(91)	(253)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(58)	(53)	(286)	67	64	(111)	24
Loss (gain) on extinguishment of debt	(4)	(1)	(2)	(14)	7	(5)	90
Net realized capital (gains) losses	69	115	1,115	765	(1,042)	184	64
(Income) loss from divested businesses	60	100	(194)	(128)	(225)	160	(223)
Non-operating litigation reserves and settlements	(80)	(6)	2	(5)	(7)	(86)	(38)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	251	14	(27)	(3)	(5)	265	(12)
Net loss reserve discount (benefit) charge	260	(25)	(750)	32	300	235	291
Pension expense related to a one-time lump sum payment to former employees	1	-	147	-	-	1	-
Restructuring and other costs	47	181	206	210	90	228	278
Pre-tax operating income (loss)	$ 2,133	$ 2,041	$ (3,094)	$ 1,644	$ 1,920	$ 4,174	$ 2,865
Net income (loss) attributable to AIG	$ 1,130	$ 1,185	$ (3,041)	$ 462	$ 1,913	$ 2,315	$ 1,730
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 (a)	66	(50)	(247)	42	(63)	16	142
Deferred income tax valuation allowance (releases) charges (a)	(8)	(13)	87	(2)	35	(21)	(2)
Changes in fair value of securities used to hedge guaranteed living benefits	(52)	(7)	97	(11)	(78)	(59)	(164)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(38)	(34)	(186)	43	42	(72)	16
Loss (gain) on extinguishment of debt	(2)	(1)	(2)	(9)	5	(3)	59
Net realized capital (gains) losses (b)	31	73	750	526	(655)	104	46
(Income) loss from discontinued operations (a)	(8)	-	36	(3)	10	(8)	57
(Income) loss from divested businesses (c)	20	106	(8)	(83)	(146)	126	(145)
Non-operating litigation reserves and settlements	(52)	(4)	1	(3)	(5)	(56)	(25)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	162	10	(17)	(2)	(3)	172	(8)
Net loss reserve discount (benefit) charge	170	(16)	(487)	18	200	154	192
Pension expense related to a one-time lump sum payment to former employees	-	-	96	-	-	-	-
Restructuring and other costs	30	118	134	137	58	148	180
After-tax operating income (loss)	$ 1,449	$ 1,367	$ (2,787)	$ 1,115	$ 1,313	$ 2,816	$ 2,078
Calculation of Effective Tax Rates							
Pre-tax operating income (loss)	$ 2,133	$ 2,041	$ (3,094)	$ 1,644	$ 1,920	$ 4,174	$ 2,865
Income tax benefit (expense)	(696)	(653)	863	(526)	(603)	(1,349)	(785)
Net income (loss) attributable to noncontrolling interest	12	(21)	(556)	(3)	(4)	(9)	(2)
After-tax operating income (loss)	$ 1,449	$ 1,367	$ (2,787)	$ 1,115	$ 1,313	$ 2,816	$ 2,078
Effective tax rates on pre-tax operating income (loss)	32.6%	32.0%	27.9%	32.0%	31.4%	32.3%	27.4%

(a) Includes impact of tax only adjustments.
(b) The tax effect includes the impact of non-U.S. tax rates lower than 35% applied to foreign exchange (gains) or losses attributable to those jurisdictions where foreign earnings are considered to be indefinitely reinvested.
(c) The tax effect included the impact of non-U.S. tax rates lower than 35% applied to (income) or losses on dispositions by foreign affiliates whose tax bases in divested subsidiaries differed from U.S. GAAP carrying values.

Total Commercial Insurance

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax operating income (loss)	$ 716	$ 849	$ (5,023)	$ 685	$ 941	$ 1,565	$ 1,603
Interest expense on attributed financial debt	107	105	100	91	84	212	172
Operating income (loss) before taxes:	609	744	(5,123)	594	857	1,353	1,431
Income tax expense (benefit)	176	270	(1,547)	107	265	446	420
After-tax operating income (loss) (a)	$ 433	$ 474	$ (3,576)	$ 487	$ 592	$ 907	$ 1,011
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(60)	(42)	10	(47)	18	(102)	(49)
(Better) worse than expected alternative returns*	(33)	(70)	(3)	(23)	14	(103)	206
Fair value changes on PICC investments	-	-	(1)	(11)	25	-	42
Unfavorable (favorable) prior year loss reserve development	91	30	3,415	199	38	121	32
Normalized after-tax operating income (b)	$ 431	$ 392	$ (155)	$ 605	$ 687	$ 823	$ 1,242
Ending attributed equity	22,566	22,506	27,346	27,251	29,070	22,566	29,070
Average attributed equity (c)	22,536	24,927	27,299	28,161	28,935	24,140	28,904
Adjusted return on attributed equity (a÷c)	7.7 %	7.6 %	(52.4) %	6.9 %	8.2 %	7.5 %	7.0 %
Normalized return on attributed equity (b÷c)**	7.6 %	6.3 %	(2.3) %	8.6 %	9.5 %	6.8 %	8.6 %

Commercial Insurance - Liability and Financial Lines

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax operating income (loss)	$ 586	$ 574	$ (4,981)	$ 948	$ 815	$ 1,160	$ 1,384
Interest expense on attributed financial debt	73	71	63	55	50	144	102
Operating income (loss) before taxes:	513	503	(5,044)	893	765	1,016	1,282
Income tax expense (benefit)	141	196	(1,524)	214	237	337	380
After-tax operating income (loss) (a)	$ 372	$ 307	$ (3,520)	$ 679	$ 528	679	902
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(1)	(1)	(2)	1	(2)	(2)	(4)
(Better) worse than expected alternative returns*	(23)	(40)	(2)	(17)	14	(63)	154
Fair value changes on PICC investments	-	-	(1)	(8)	18	-	30
Unfavorable (favorable) prior year loss reserve development	59	53	3,443	(10)	64	112	67
Normalized after-tax operating income (b)	$ 407	$ 319	$ (82)	$ 645	$ 622	$ 726	$ 1,149
Ending attributed equity	14,376	14,338	18,973	18,636	20,094	14,376	20,094
Average attributed equity (c)	14,357	16,656	18,805	19,365	20,005	15,896	19,970
Adjusted return on attributed equity (a÷c)	10.4 %	7.4 %	(74.9) %	14.0 %	10.6 %	8.5 %	9.0 %
Normalized return on attributed equity (b÷c)**	11.3 %	7.7 %	(1.7) %	13.3 %	12.4 %	9.1 %	11.5 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
** Normalizing adjustments are tax effected including the impact of non-U.S. tax rates (25% for Europe and 30% for Japan) applied to the normalizing adjustments attributable to the respective geography. Normalized return on attributed equity is computed based on normalized after-tax operating income divided by average attributed equity for the respective periods.

Commercial Insurance - Property and Special Risks

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 130	$ 275	$ (42)	$ (263)	$ 126	$ 405	$ 219
Interest expense on attributed financial debt	34	34	37	36	34	68	70
Operating income (loss) before taxes:	96	241	(79)	(299)	92	337	149
Income tax expense (benefit)	35	74	(23)	(107)	28	109	40
After-tax operating income (loss) (a)	$ 61	$ 167	$ (56)	$ (192)	$ 64	228	109
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(59)	(41)	12	(48)	20	(100)	(45)
(Better) worse than expected alternative returns*	(10)	(30)	(1)	(6)	-	(40)	52
Fair value changes on PICC investments	-	-	-	(3)	7	-	12
Unfavorable (favorable) prior year loss reserve development	32	(23)	(28)	209	(26)	9	(35)
Normalized after-tax operating income (b)	$ 24	$ 73	$ (73)	$ (40)	$ 65	$ 97	$ 93
Ending attributed equity	$ 8,190	$ 8,168	$ 8,373	$ 8,615	$ 8,976	$ 8,190	$ 8,976
Average attributed equity (c)	8,179	8,271	8,494	8,796	8,930	8,244	8,934
Adjusted return on attributed equity (a÷c)	3.0 %	8.1 %	(2.6) %	(8.7) %	2.9 %	5.5 %	2.4 %
Normalized return on attributed equity (b÷c)**	1.2 %	3.5 %	(3.4) %	(1.8) %	2.9 %	2.4 %	2.1 %

Total Consumer Insurance

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 1,260	$ 1,048	$ 969	$ 1,228	$ 948	$ 2,308	$ 1,652
Interest expense on attributed financial debt	31	29	30	42	54	60	110
Operating income (loss) before taxes:	1,229	1,019	939	1,186	894	2,248	1,542
Income tax expense (benefit)	410	328	304	383	292	738	473
After-tax operating income (loss) (a)	$ 819	$ 691	$ 635	$ 803	$ 602	1,510	1,069
Adjustments to arrive at normalized after-tax operating income (loss):							
(Better) worse than expected alternative returns*	(20)	(53)	(28)	(11)	(15)	(73)	172
Update of actuarial assumptions	-	-	-	(150)	-	-	-
Catastrophe losses above (below) expectations	(43)	(28)	(8)	(22)	-	(71)	(20)
Fair value changes on PICC investments	-	-	-	(1)	2	-	3
Unfavorable (favorable) prior year loss reserve development	-	1	(11)	(21)	(25)	1	(56)
Normalized after-tax operating income (b)	$ 756	$ 611	$ 588	$ 598	$ 564	$ 1,367	$ 1,168
Ending attributed equity	23,046	22,596	22,168	22,696	23,357	$ 23,046	$ 23,357
Average attributed equity (c)	22,822	22,384	22,432	23,027	23,229	22,603	23,258
Adjusted return on attributed equity (a÷c)	14.4 %	12.3 %	11.3 %	13.9 %	10.4 %	13.4 %	9.2 %
Normalized return on attributed equity (b÷c)**	13.3 %	10.9 %	10.5 %	10.4 %	9.7 %	12.1 %	10.0 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
** Normalizing adjustments are tax effected including the impact of non-U.S. tax rates (25% for Europe and 30% for Japan) applied to the normalizing adjustments attributable to the respective geography. Normalized return on attributed equity is computed based on normalized after-tax operating income divided by average attributed equity for the respective periods.

American International Group, Inc.
Reconciliation of PTOI, ATOI and Normalized ATOI

Consumer Insurance - Individual Retirement

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax operating income	$ 558	$ 539	$ 542	$ 920	$ 505	$ 1,097	$ 807
Interest expense on attributed financial debt	-	-	-	7	15	-	30
Operating income (loss) before taxes:	558	539	542	913	490	1,097	777
Income tax expense (benefit)	188	176	179	317	162	364	247
After-tax operating income (a)	$ 370	$ 363	$ 363	$ 596	$ 328	733	530
Adjustments to arrive at normalized after-tax operating income (loss):							
(Better) worse than expected alternative returns*	(11)	(20)	(18)	(10)	(17)	(31)	84
Update of actuarial assumptions	-	-	-	(240)	-	-	-
Normalized after-tax operating income (b)	$ 359	$ 343	$ 345	$ 346	$ 311	$ 702	$ 614
Ending attributed equity	11,085	11,006	10,913	11,205	11,455	$ 11,085	$ 11,455
Average attributed equity (c)	11,046	10,960	11,059	11,330	11,397	11,001	11,439
Adjusted return on attributed equity (a÷c)	13.4 %	13.2 %	13.1 %	21.0 %	11.5 %	13.3 %	9.3 %
Normalized return on attributed equity (b÷c)**	13.0 %	12.5 %	12.5 %	12.2 %	10.9 %	12.8 %	10.7 %

Consumer Insurance - Group Retirement

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax operating income (loss)	$ 266	$ 243	$ 261	$ 214	$ 265	$ 509	$ 456
Interest expense on attributed financial debt	-	-	-	4	8	-	16
Operating income (loss) before taxes:	266	243	261	210	257	509	440
Income tax expense (benefit)	82	75	78	57	78	157	115
After-tax operating income (a)	$ 184	$ 168	183	153	179	352	325
Adjustments to arrive at normalized after-tax operating income (loss):							
(Better) worse than expected alternative returns*	(6)	(11)	(9)	(5)	(9)	(17)	40
Update of actuarial assumptions	-	-	-	30	-	-	-
Normalized after-tax operating income (b)	$ 178	$ 157	$ 174	$ 178	$ 170	$ 335	$ 365
Ending attributed equity	6,079	6,035	5,984	6,144	6,242	6,079	6,242
Average attributed equity (c)	6,057	6,010	6,064	6,193	6,210	6,033	6,233
Adjusted return on attributed equity (a÷c)	12.2 %	11.2 %	12.1 %	9.9 %	11.5 %	11.7 %	10.4 %
Normalized return on attributed equity (b÷c)**	11.8 %	10.4 %	11.5 %	11.5 %	11.0 %	11.1 %	11.7 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
**Normalizing adjustments are tax effected including the impact of non-U.S. tax rates (25% for Europe and 30% for Japan) applied to the normalizing adjustments attributable to the respective geography.
Normalized return on attributed equity is computed based on normalized after-tax operating income divided by average attributed equity for the respective periods.

Consumer Insurance - Life Insurance

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax operating income (loss)	$ 106	$ 54	$ (10)	$ (54)	$ 26	$ 160	$ 27
Interest expense on attributed financial debt	6	6	6	8	8	12	17
Operating income (loss) before taxes:	100	48	(16)	(62)	18	148	10
Income tax expense (benefit)	35	18	(3)	(37)	6	53	-
After-tax operating income (loss) (a)	$ 65	$ 30	$ (13)	$ (25)	$ 12	$ 95	$ 10
Adjustments to arrive at normalized after-tax operating income (loss):							
(Better) worse than expected alternative returns*	(3)	(4)	(3)	(2)	(5)	(7)	18
Update of actuarial assumptions	-	-	-	60	-	-	-
Normalized after-tax operating income (b)	$ 62	$ 26	$ (16)	$ 33	$ 7	$ 88	$ 28
Ending attributed equity	2,581	2,544	2,529	2,610	2,741	2,581	2,741
Average Attributed equity (c)	2,563	2,537	2,570	2,676	2,733	2,551	2,711
Adjusted return on attributed equity (a÷c)	10.1 %	4.7 %	(2.0) %	(3.7) %	1.8 %	7.4 %	0.7 %
Normalized return on attributed equity (b÷c)**	9.7 %	4.1 %	(2.5) %	4.9 %	1.0 %	6.9 %	2.1 %

Consumer Insurance - Personal Insurance

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Six Months Ended June 30, 2017	2016
Pre-tax operating income (loss)	$ 330	$ 212	$ 176	$ 148	$ 152	$ 542	$ 362
Interest expense on attributed financial debt	25	23	24	23	23	48	47
Operating income (loss) before taxes:	305	189	152	125	129	494	315
Income tax expense (benefit)	105	59	50	46	46	164	111
After-tax operating income (loss) (a)	$ 200	$ 130	$ 102	$ 79	$ 83	$ 330	$ 204
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(43)	(28)	(8)	(22)	-	(71)	(20)
(Better) worse than expected alternative returns*	-	(18)	2	6	16	(18)	30
Fair value changes on PICC investments	-	-	-	(1)	2	-	3
Unfavorable (favorable) prior year loss reserve development	-	1	(11)	(21)	(25)	1	(56)
Normalized after-tax operating income (b)	$ 157	$ 85	$ 85	$ 41	$ 76	$ 242	$ 161
Ending attributed equity	3,301	3,011	2,742	2,736	2,919	3,301	2,919
Average attributed equity (c)	3,156	2,877	2,739	2,828	2,889	3,018	2,875
Adjusted return on attributed equity (a÷c)	25.3 %	18.1 %	14.9 %	11.2 %	11.5 %	21.9 %	14.2 %
Normalized return on attributed equity (b÷c)**	19.9 %	11.8 %	12.4 %	5.8 %	10.5 %	16.0 %	11.2 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
** Normalizing adjustments are tax effected including the impact of non-U.S. tax rates (25% for Europe and 30% for Japan) applied to the normalizing adjustments attributable to the respective geography.
Normalized return on attributed equity is computed based on normalized after-tax operating income divided by average attributed equity for the respective periods.

American International Group, Inc.
Reconciliation of PTOI, ATOI and Normalized ATOI

Other Operations (including consolidations and eliminations)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ (274)	$ (198)	$ (141)	$ (170)	$ (176)	$ (472)	$ (395)
Interest expense (benefit) on attributed financial debt	(181)	(177)	(175)	(165)	(160)	(358)	(327)
Operating income (loss) before taxes:	(93)	(21)	34	(5)	(16)	(114)	(68)
Income tax expense (benefit)	(25)	(42)	(22)	109	(50)	(67)	(107)
After-tax operating income (loss) (a)	$ (68)	$ 21	$ 56	$ (114)	$ 34	(47)	39
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	3	-	-	-	-	3	-
(Better) worse than expected alternative returns*	(1)	-	(6)	1	11	(1)	24
(Better) worse than expected DIB & GCM returns	(3)	(1)	2	1	1	(4)	3
Fair value changes on PICC investments	(4)	(14)	9	(19)	7	(18)	7
Update of actuarial assumptions	-	-	-	1	-	-	-
Unfavorable (favorable) prior year loss reserve development	(8)	-	(14)	(12)	(8)	(8)	(12)
Normalized after-tax operating income (loss) (b)	$ (81)	$ 6	$ 47	$ (142)	$ 45	$ (75)	$ 61
Ending attributed equity	(1,041)	124	(1,863)	3,007	(1,096)	(1,041)	(1,096)
Average attributed equity (c)	(460)	(873)	571	954	(928)	(927)	(165)

Total Core

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 1,702	$ 1,699	$ (4,195)	$ 1,743	$ 1,713	$ 3,401	$ 2,860
Interest expense (benefit) on attributed financial debt	(43)	(43)	(45)	(32)	(22)	(86)	(45)
Operating income (loss) before taxes:	1,745	1,742	(4,150)	1,775	1,735	3,487	2,905
Income tax expense (benefit)	561	556	(1,265)	599	507	1,117	786
After-tax operating income (loss) (a)	$ 1,184	$ 1,186	$ (2,885)	$ 1,176	$ 1,228	$ 2,370	$ 2,119
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(100)	(70)	2	(69)	18	(170)	(69)
(Better) worse than expected alternative returns*	(54)	(123)	(37)	(33)	10	(177)	402
(Better) worse than expected DIB & GCM returns	(3)	(1)	2	1	1	(4)	3
Fair value changes on PICC investments	(4)	(14)	8	(31)	34	(18)	52
Update of actuarial assumptions	-	-	-	(149)	-	-	-
Unfavorable (favorable) prior year loss reserve development	83	31	3,390	166	5	114	(36)
Normalized after-tax operating income (b)	$ 1,106	$ 1,009	$ 480	$ 1,061	$ 1,296	$ 2,115	$ 2,471
Ending attributed equity	44,571	45,226	47,651	52,953	51,331	44,571	51,331
Average attributed equity (c)	44,898	46,438	50,302	52,142	51,236	45,816	51,997
Adjusted return on attributed equity (a÷c)	10.5 %	10.2 %	(22.9) %	9.0 %	9.6 %	10.3 %	8.2 %
Normalized return on attributed equity (b÷c)**	9.9 %	8.7 %	3.8 %	8.1 %	10.1 %	9.2 %	9.5 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
** Normalizing adjustments are tax effected using a 35% tax rate and computed based on average attributed equity for the respective periods.

American International Group, Inc.
Reconciliation of PTOI, ATOI and Normalized ATOI

Legacy Portfolio

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 431	$ 342	$ 1,101	$ (99)	$ 207	$ 773	$ 5
Interest expense on attributed financial debt	43	43	43	32	22	86	45
Operating income (loss) before taxes:	388	299	1,058	(131)	185	687	(40)
Income tax expense (benefit)	135	97	404	(73)	96	232	(1)
After-tax Non-controlling interest (income) loss on Korea Fund	-	-	(533)	-	-	-	-
After-tax operating income (loss) (a)	$ 253	$ 202	$ 121	$ (58)	$ 89	455	(39)
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(1)	(1)	(3)	(1)	(1)	(2)	(3)
(Better) worse than expected alternative returns*	(19)	3	(30)	(12)	(6)	(16)	66
(Better) worse than expected DIB & GCM returns	(90)	(28)	(50)	(69)	(29)	(118)	226
Fair value changes on PICC investments	-	-	(1)	-	21	-	70
Update of actuarial assumptions	-	-	-	399	-	-	-
Life Insurance - IBNR death claims	-	-	-	-	-	-	(16)
Unfavorable (favorable) prior year loss reserve development	(1)	(10)	241	4	14	(11)	16
Normalized after-tax operating income (b)	$ 142	$ 166	$ 278	$ 263	$ 88	$ 308	$ 320
Ending attributed equity	9,912	10,477	10,649	11,086	14,742	9,912	14,742
Average attributed equity (c)	10,195	10,563	10,867	12,914	14,884	10,346	15,540
Adjusted return on attributed equity (a÷c)	9.9 %	7.6 %	4.5 %	(1.8) %	2.4 %	8.8 %	(0.5) %
Normalized return on attributed equity (b÷c)**	5.6 %	6.3 %	10.2 %	8.1 %	2.4 %	6.0 %	4.1 %

* The expected rate of return on alternative investments used was 8% for all periods presented.

** Normalizing adjustments are tax effected using a 35% tax rate and computed based on average attributed equity for the respective periods.

American International Group, Inc.
Reconciliation of PTOI, ATOI and Normalized ATOI by Geography

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations - United States	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 1,726	$ 1,814	$ (3,598)	$ 1,832	$ 1,788	$ 3,540	$ 2,948
Interest expense on attributed financial debt	62	59	48	47	49	121	100
Operating income (loss) before taxes:	1,664	1,755	(3,646)	1,785	1,739	3,419	2,848
Income tax expense (benefit)	550	580	(1,239)	475	538	1,130	847
After-tax operating income (loss) (a)	$ 1,114	$ 1,175	$ (2,407)	$ 1,310	$ 1,201	$ 2,289	$ 2,001
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(63)	(36)	35	(29)	(10)	(99)	(54)
(Better) worse than expected alternative returns*	(58)	(111)	(37)	(41)	(26)	(169)	343
Fair value changes on PICC investments	-	-	-	(12)	25	-	42
Update of actuarial assumptions	-	-	-	(149)	-	-	-
Unfavorable (favorable) prior year loss reserve development	52	(15)	3,138	186	35	37	72
Normalized after-tax operating income (loss) (b)	$ 1,045	$ 1,013	$ 729	$ 1,265	$ 1,225	$ 2,058	$ 2,404
Ending attributed equity	40,302	40,199	44,406	44,613	47,216	40,302	47,216
Average attributed equity (c)	40,251	42,303	44,510	45,915	47,091	41,636	47,002
Adjusted return on attributed equity (a÷c)	11.1 %	11.1 %	(21.6) %	11.4 %	10.2 %	11.0 %	8.5 %
Normalized return on attributed equity (b÷c)**	10.4 %	9.6 %	6.6 %	11.0 %	10.4 %	9.9 %	10.2 %

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations - Europe	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 64	$ 28	$ (382)	$ 66	$ 106	$ 92	$ 311
Interest expense on attributed financial debt	12	11	13	16	19	23	38
Operating income (loss) before taxes:	52	17	(395)	50	87	69	273
Income tax expense (benefit)	13	(1)	(95)	9	25	12	78
After-tax operating income (loss) (a)	$ 39	$ 18	$ (300)	$ 41	$ 62	$ 57	$ 195
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(15)	(34)	(35)	(38)	(5)	(49)	(23)
(Better) worse than expected alternative returns*	-	-	-	-	2	-	2
Unfavorable (favorable) prior year loss reserve development	44	78	224	13	(5)	122	(19)
Normalized after-tax operating income (loss) (b)	$ 68	$ 62	$ (111)	$ 16	$ 54	$ 130	$ 155
Ending attributed equity	3,547	3,401	3,447	3,410	3,314	3,547	3,314
Average attributed equity (c)	3,474	3,424	3,429	3,362	3,216	3,465	3,279
Adjusted return on attributed equity (a÷c)	4.5 %	2.1 %	(35.0) %	4.9 %	7.7 %	3.3 %	11.9 %
Normalized return on attributed equity* (b÷c)**	7.8 %	7.2 %	(12.9) %	1.9 %	6.7 %	7.5 %	9.5 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
** Normalizing adjustments for U.S. are tax effected using a 35% tax rate and computed based on average attributed equity for the respective periods.
***Normalizing adjustments for Europe are tax effected using a 25% tax rate and computed based on average attributed equity for the respective periods.

American International Group, Inc.
Reconciliation of PTOI, ATOI and Normalized ATOI by Geography

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations - Japan	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Pre-tax operating income (loss)	$ 125	$ 115	$ 92	$ 36	$ 74	$ 240	$ 128
Interest expense on attributed financial debt	17	15	17	17	17	32	36
Operating income (loss) before taxes:	108	100	75	19	57	208	92
Income tax expense (benefit)	31	29	48	8	22	60	34
After-tax operating income (losses) (a)	$ 77	$ 71	$ 27	$ 11	$ 35	$ 148	$ 58
Adjustments to arrive at normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(8)	(8)	(14)	11	20	(16)	15
(Better) worse than expected alternative returns*	3	(11)	3	10	19	(8)	21
Unfavorable (favorable) prior year loss reserve development	6	(8)	(6)	(4)	(7)	(2)	(23)
Normalized after-tax operating income (loss) (b)	$ 78	$ 44	$ 10	$ 28	$ 67	$ 122	$ 71
Ending attributed equity	1,374	979	941	959	1,100	1,374	1,100
Average attributed equity (c)	1,177	960	950	1,030	1,077	1,098	1,051
Adjusted return on attributed equity (a÷c)	26.2 %	29.6 %	11.4 %	4.3 %	13.0 %	27.0 %	11.0 %
Normalized return on attributed equity (b÷c)**	26.5 %	18.3 %	4.2 %	10.9 %	24.9 %	22.2 %	13.5 %

* The expected rate of return on alternative investments used was 8% for all periods presented.
** Normalizing adjustments are tax effected using a 30% tax rate and computed based on average attributed equity for the respective periods.

American International Group, Inc.
Reconciliation of Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

Total Commercial Insurance

	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Loss ratio	73.8	71.9	211.5	77.3	70.2	72.8	68.9
Catastrophe losses and reinstatement premiums	(4.8)	(5.4)	(8.1)	(5.6)	(7.5)	(5.0)	(6.1)
Prior year development, net of (additional) return premium on loss sensitive business	(2.1)	(1.0)	(125.2)	(7.0)	(1.0)	(1.6)	(0.2)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(0.8)	-	-	-	-	(0.4)	-
Accident year loss ratio, as adjusted	**66.1**	**65.5**	**78.2**	**64.7**	**61.7**	**65.8**	**62.6**
Combined ratio	102.7	102.2	241.6	105.8	98.3	102.4	97.9
Catastrophe losses and reinstatement premiums	(4.8)	(5.4)	(8.1)	(5.6)	(7.5)	(5.0)	(6.1)
Prior year development, net of (additional) return premium on loss sensitive business	(2.1)	(1.0)	(125.2)	(7.0)	(1.0)	(1.6)	(0.2)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(0.8)	-	-	-	-	(0.4)	-
Accident year combined ratio, as adjusted	**95.0**	**95.8**	**108.3**	**93.2**	**89.8**	**95.4**	**91.6**

Commercial Insurance - Liability and Financial Lines

	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Loss ratio	76.1	76.0	312.0	67.7	70.4	76.0	69.7
Catastrophe losses and reinstatement premiums	-	-	-	(0.2)	-	-	-
Prior year development, net of (additional) return premium on loss sensitive business	(1.8)	(3.5)	(220.6)	0.5	(3.3)	(2.6)	(1.7)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(1.6)	-	-	-	-	(0.8)	-
Accident year loss ratio, as adjusted	**72.7**	**72.5**	**91.4**	**68.0**	**67.1**	**72.6**	**68.0**
Combined ratio	102.4	105.4	338.7	93.1	95.8	103.9	96.3
Catastrophe losses and reinstatement premiums	-	-	-	(0.2)	-	-	-
Prior year development, net of (additional) return premium on loss sensitive business	(1.8)	(3.5)	(220.6)	0.5	(3.3)	(2.6)	(1.7)
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(1.6)	-	-	-	-	(0.8)	-
Accident year combined ratio, as adjusted	**99.0**	**101.9**	**118.1**	**93.4**	**92.5**	**100.5**	**94.6**

Commercial Insurance - Property and Special Risks

	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Loss ratio	70.8	66.3	77.0	90.5	69.7	68.6	67.9
Catastrophe losses and reinstatement premiums	(11.1)	(12.6)	(18.9)	(13.3)	(18.0)	(11.9)	(14.9)
Prior year development	(2.5)	2.2	2.4	(17.3)	2.3	(0.1)	1.7
Accident year loss ratio, as adjusted	**57.2**	**55.9**	**60.5**	**59.9**	**54.0**	**56.6**	**54.7**
Combined ratio	102.9	97.7	111.7	123.3	101.4	100.4	100.4
Catastrophe losses and reinstatement premiums	(11.1)	(12.6)	(18.9)	(13.3)	(18.0)	(11.9)	(14.9)
Prior year development	(2.5)	2.2	2.4	(17.3)	2.3	(0.1)	1.7
Accident year combined ratio, as adjusted	**89.3**	**87.3**	**95.2**	**92.7**	**85.7**	**88.4**	**87.2**

American International Group, Inc.
Reconciliation of Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

Consumer Personal Insurance

	Quarterly					Six Months Ended June 30,	
	2Q17	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Loss ratio	50.7	56.0	52.7	56.3	55.6	53.3	54.2
Catastrophe losses and reinstatement premiums	(0.1)	(1.0)	(1.6)	(0.9)	(2.1)	(0.5)	(1.6)
Prior year development	0.2	-	0.6	1.1	1.4	-	1.5
Accident year loss ratio, as adjusted	**50.8**	**55.0**	**51.7**	**56.5**	**54.9**	**52.8**	**54.1**
Combined ratio	91.1	96.6	96.9	97.5	97.0	93.8	95.9
Catastrophe losses and reinstatement premiums	(0.1)	(1.0)	(1.6)	(0.9)	(2.1)	(0.5)	(1.6)
Prior year development	0.2	-	0.6	1.1	1.4	-	1.5
Accident year combined ratio, as adjusted	**91.2**	**95.6**	**95.9**	**97.7**	**96.3**	**93.3**	**95.8**

American International Group, Inc.
Attributed Debt and Leverage Ratios by Module *

(in millions)	Quarterly 2Q17	1Q17	4Q16	3Q16	2Q16	Leverage Ratio as of June 30, 2017	2016
Attributed Debt							
Commercial Insurance							
Liability and Financial Lines	$ 6,619	$ 6,417	$ 5,869	$ 5,231	$ 4,302	31.5%	17.6%
Property and Special Risks	3,055	2,936	3,084	3,392	2,968	27.2%	24.8%
Total Commercial Insurance	9,674	9,353	8,953	8,623	7,270	30.0%	20.0%
Consumer Insurance							
Individual Retirement	$ -	$ -	$ -	$ -	$ 1,250	0.0%	9.8%
Group Retirement	-	-	-	-	681	0.0%	9.8%
Life Insurance	516	516	516	551	738	16.7%	21.2%
Personal Insurance	2,655	2,299	2,206	2,467	2,098	44.6%	41.8%
Total Consumer Insurance	3,171	2,815	2,722	3,018	4,767	12.1%	16.9%
Other Operations	5,921	5,352	5,827	6,324	7,754	NM	NM
Total Core	18,766	17,520	17,502	17,965	19,791	29.6%	27.8%
Legacy Portfolio	3,767	3,764	3,745	3,737	1,891	27.5%	11.4%
Total Attributed Debt	$ 22,533	$ 21,284	$ 21,247	$ 21,702	$ 21,682	29.3%	24.7%
Attributed Debt by Geography							
United States	$ 5,535	$ 5,535	$ 4,637	$ 3,740	$ 4,223	12.1%	8.2%
Europe	1,146	901	1,021	1,209	1,596	24.4%	32.5%
Japan	2,057	1,626	1,591	2,056	1,671	60.0%	60.3%
Other	10,028	9,458	10,253	10,960	12,301	NM	NM
Total Core	18,766	17,520	17,502	17,965	19,791	29.6%	27.8%
Legacy Portfolio	3,767	3,764	3,745	3,737	1,891	27.5%	11.4%
Total Attributed Debt	$ 22,533	$ 21,284	$ 21,247	$ 21,702	$ 21,682	29.3%	24.7%
Consolidated Debt Attributed							
Total Financial debt	$ 21,668	$ 20,437	$ 20,404	$ 20,841	$ 20,821		
Hybrid debt securities - junior subordinated debt	865	847	843	861	861		
Total Debt Attributed	$ 22,533	$ 21,284	$ 21,247	$ 21,702	$ 21,682		

*Attribution of debt and equity is performed on an annual basis unless recalibration is needed. Attributed debt and equity are based on our internal capital model. Attributed equity is based on the module's risk profile, whereas debt is attributed on "frictional" capital requirements beyond internal capital. Leverage ratio for the modules is calculated as: Attributed debt/ [Attributed debt + Attributed equity].

American International Group, Inc.
Non-GAAP Reconciliation - General Operating and Other Expenses

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
General operating and other expenses, GAAP basis	**$ 2,182**	**$ 2,443**	**$ 2,864**	**$ 2,536**	**$ 2,586**	**$ 4,625**	**$ 5,589**
Restructuring and other costs	(47)	(181)	(206)	(210)	(90)	(228)	(278)
Other expense related to retroactive reinsurance agreement	-	-	10	(4)	5	-	12
Pension expense related to a one-time lump sum payment to former employees	(1)	-	(147)	-	-	(1)	-
Non-operating litigation reserves	74	(4)	(2)	2	-	70	(3)
Total general operating and other expenses included in pre-tax operating income	**2,208**	**2,258**	**2,519**	**2,324**	**2,501**	**4,466**	**5,320**
Loss adjustment expenses, reported as policyholder benefits and losses incurred	296	304	314	340	350	600	691
Advisory fee expenses	(77)	(77)	(79)	(76)	(173)	(154)	(490)
Non-deferrable insurance commissions and other	(130)	(132)	(117)	(107)	(121)	(262)	(243)
Direct marketing and acquisition expenses, net of deferrals, and other	(58)	(112)	(172)	(52)	(133)	(170)	(277)
Investment expenses reported as net investment income and other	9	8	12	15	15	17	30
Total general operating expenses, operating basis	**$ 2,248**	**$ 2,249**	**$ 2,477**	**$ 2,444**	**$ 2,439**	**$ 4,497**	**$ 5,031**

American International Group, Inc.
Non-GAAP Reconciliations - Premiums

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Consumer Insurance:							
Premiums and deposits	$ 5,641	$ 6,332	$ 6,045	$ 6,064	$ 7,327	$ 11,973	$ 15,042
Deposits	(5,042)	(5,756)	(5,463)	(5,495)	(6,748)	(10,798)	(13,902)
Other	(164)	(155)	(202)	(174)	(169)	(319)	(317)
Premiums	**$ 435**	**$ 421**	**$ 380**	**$ 395**	**$ 410**	**$ 856**	**$ 823**
Consumer Insurance - Individual Retirement:							
Premiums and deposits	$ 2,892	$ 3,382	$ 3,078	$ 3,363	$ 4,611	$ 6,274	$ 9,621
Deposits	(2,862)	(3,357)	(3,044)	(3,328)	(4,563)	(6,219)	(9,526)
Other	1	3	-	2	(3)	4	(3)
Premiums	**$ 31**	**$ 28**	**$ 34**	**$ 37**	**$ 45**	**$ 59**	**$ 92**
Consumer Insurance - Individual Retirement (Fixed Annuities):							
Premiums and deposits	$ 633	$ 917	$ 546	$ 570	$ 1,221	$ 1,550	$ 2,866
Deposits	(604)	(892)	(512)	(535)	(1,174)	(1,496)	(2,773)
Other	4	4	2	3	-	8	3
Premiums	**$ 33**	**$ 29**	**$ 36**	**$ 38**	**$ 47**	**$ 62**	**$ 96**
Consumer Insurance - Individual Retirement (Variable Annuities):							
Premiums and deposits	$ 841	$ 862	$ 923	$ 1,092	$ 1,225	$ 1,703	$ 2,492
Deposits	(841)	(862)	(923)	(1,092)	(1,225)	(1,703)	(2,492)
Other	(2)	(1)	(1)	(2)	(2)	(3)	(4)
Premiums	**$ (2)**	**$ (1)**	**$ (1)**	**$ (2)**	**$ (2)**	**$ (3)**	**$ (4)**
Consumer Insurance - Individual Retirement (Index Annuities):							
Premiums and deposits	$ 720	$ 606	$ 548	$ 611	$ 755	$ 1,326	$ 1,528
Deposits	(720)	(606)	(548)	(611)	(755)	(1,326)	(1,528)
Other	-	-	-	-	-	-	-
Premiums	**$ -**	**$ -**	**$ -**	**$ -**	**-**	**$ -**	**$ -**
Consumer Insurance - Individual Retirement (Retail Mutual Funds):							
Premiums and deposits	$ 698	$ 997	$ 1,061	$ 1,090	$ 1,410	$ 1,695	$ 2,735
Deposits	(698)	(997)	(1,061)	(1,090)	(1,410)	(1,695)	(2,735)
Other	-	-	-	-	-	-	-
Premiums	**$ -**	**$ -**	**$ -**	**$ -**	**-**	**$ -**	**$ -**
Consumer Insurance - Group Retirement:							
Premiums and deposits	$ 1,802	$ 2,040	$ 2,056	$ 1,821	$ 1,837	$ 3,842	$ 3,693
Deposits	(1,798)	(2,031)	(2,050)	(1,812)	(1,832)	(3,829)	(3,681)
Other	-	-	-	-	-	-	-
Premiums	**$ 4**	**$ 9**	**$ 6**	**$ 9**	**$ 5**	**$ 13**	**$ 12**
Consumer Insurance - Life Insurance:							
Premiums and deposits	$ 947	$ 910	$ 911	$ 880	$ 879	$ 1,857	$ 1,728
Deposits	(381)	(368)	(369)	(355)	(353)	(749)	(695)
Other	(166)	(158)	(203)	(176)	(166)	(324)	(314)
Premiums	**$ 400**	**$ 384**	**$ 339**	**$ 349**	**$ 360**	**$ 784**	**$ 719**
Institutional Markets:							
Premiums and deposits	$ 150	$ 573	$ 1,168	$ 193	$ 503	$ 723	$ 792
Deposits	(76)	(150)	(1,019)	(84)	(286)	(226)	(331)
Other	10	9	10	11	10	19	19
Premiums	**$ 84**	**$ 432**	**$ 159**	**$ 120**	**$ 227**	**$ 516**	**$ 480**
Legacy Life Insurance Run-off Lines:							
Premiums and deposits	$ 149	$ 160	$ 159	$ 167	$ 162	$ 309	$ 340
Deposits	(18)	(30)	(27)	(32)	(22)	(48)	(57)
Other	(7)	(8)	(14)	(9)	(8)	(15)	(10)
Premiums	**$ 124**	**$ 122**	**$ 118**	**$ 126**	**$ 132**	**$ 246**	**$ 273**

American International Group, Inc.
Supplemental Property Casualty Information (1)

(in millions)	Quarterly					Six Months Ended June 30,	
Results of Operations	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**2017**	**2016**
Net premiums written	$ 6,674	$ 6,301	$ 6,510	$ 7,278	$ 7,422	$ 12,975	$ 14,626
Net premiums earned	$ 6,529	$ 6,517	$ 7,104	$ 7,447	$ 7,532	$ 13,046	$ 15,124
Loss and loss adjustment expenses incurred (2)	4,205	4,258	10,825	5,159	4,969	8,463	9,749
Acquisition expenses	1,311	1,298	1,434	1,456	1,472	2,609	2,971
General operating expenses	899	950	1,110	1,027	1,039	1,849	2,119
Underwriting income (loss)	114	11	(6,265)	(195)	52	125	285
Net investment income (loss):							
Interest and dividends	775	776	894	907	945	1,551	1,844
Alternative investments	214	303	167	188	116	517	(32)
Other investment income	39	93	52	34	(27)	132	(43)
Investment expenses	(40)	(35)	(26)	(33)	(28)	(75)	(63)
Total net investment income	988	1,137	1,087	1,096	1,006	2,125	1,706
Pre-tax operating income (loss)	**$ 1,102**	**$ 1,148**	**$ (5,178)**	**$ 901**	**$ 1,058**	**$ 2,250**	**$ 1,991**
Underwriting Ratios							
Loss ratio (2)	64.4	65.3	152.4	69.3	66.0	64.9	64.5
Catastrophe losses and reinstatement premiums	(2.8)	(3.5)	(5.4)	(3.8)	(5.5)	(3.2)	(4.4)
Prior year development, net of (additional) return premium on loss sensitive business	(1.0)	(0.6)	(78.9)	(3.8)	(0.4)	(0.7)	0.2
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(0.5)	-	-	-	-	(0.2)	-
Accident year loss ratio, as adjusted	60.1	61.5	68.1	61.7	60.1	60.8	58.4
Acquisition ratio	20.1	19.9	20.2	19.6	19.5	20.0	19.6
General operating expense ratio	13.8	14.6	15.6	13.8	13.8	14.2	14.0
Expense ratio	33.9	34.5	35.8	33.4	33.3	34.2	33.6
Combined ratio	98.3	99.8	188.2	102.7	99.3	99.1	98.1
Catastrophe losses and reinstatement premiums	(2.8)	(3.5)	(5.4)	(3.8)	(5.5)	(3.2)	(4.4)
Prior year development, net of (additional) return premium on loss sensitive business	(1.0)	(0.6)	(78.9)	(3.8)	(0.4)	(0.7)	0.2
Adjustment for ceded premiums under reinsurance contracts related to prior accident years	(0.5)	-	-	-	-	(0.2)	-
Net reserve discount benefit (charge)	(4.0)	0.4	10.6	(0.4)	(4.0)	(1.8)	(1.9)
Accident year combined ratio, as adjusted	94.0	96.0	103.9	95.1	93.4	95.0	92.0

(1) Represents the aggregate operating results of Commercial Insurance - Property and Special Risks, Liability and Financial Lines, Consumer Insurance - Personal Insurance, and Property Casualty Run-off businesses reported in Legacy.

(2) Excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

American International Group, Inc.
Supplemental Property Casualty Information Continued (1)

(in millions)	Quarterly					Six Months Ended June 30,	
	2Q17	1Q17	4Q16	3Q16	2Q16	2017	2016
Foreign Exchange Effect on Worldwide Premiums							
Change in net premiums written - Liability and Financial Lines							
Increase (decrease) in original currency	(9)%	(10)%	(22)%	(23)%	(29)%	(10)%	(26)%
Foreign exchange effect	(1)	(2)	(1)	(1)	-	(1)	(1)
Increase (decrease) as reported in U.S. dollars	(10)%	(12)%	(23)%	(24)%	(29)%	(11)%	(27)%
Change in net premiums written - Property and Special Risks							
Increase (decrease) in original currency	(19)%	(23)%	(15)%	(6)%	(11)%	(21)%	1 %
Foreign exchange effect	(1)	(1)	(1)	(1)	-	(1)	(2)
Increase (decrease) as reported in U.S. dollars	(20)%	(24)%	(16)%	(7)%	(11)%	(22)%	(1)%
Change in net premiums written - Personal Insurance							
Increase (decrease) in original currency	(2)%	(6)%	(1)%	(5)%	(1)%	(4)%	- %
Foreign exchange effect	(1)	1	4	2	-	-	(2)
Increase (decrease) as reported in U.S. dollars	(3)%	(5)%	3 %	(3)%	(1)%	(4)%	(2)%
Noteworthy Items (pre-tax):							
Catastrophe-related losses	$ 180	$ 228	$ 383	$ 282	$ 414	$ 408	$ 665
Reinstatement premiums related to catastrophes	-	-	1	-	-	-	-
Reinstatement premiums related to prior year catastrophes	-	-	-	-	(11)	-	(21)
Severe losses	125	57	84	95	145	182	254
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	56	10	5,596	290	19	66	(42)
(Additional) return premium related to prior year development on loss sensitive business	23	23	16	(11)	22	46	28
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	$ 79	$ 33	$ 5,612	$ 279	$ 41	$ 112	$ (14)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	252	14	-	-	-	266	28
Prior year loss reserve development (favorable) unfavorable, net of reinsurance, (additional) return premium on loss sensitive business, and deferred retroactive reinsurance gains	331	47	5,612	279	41	378	14
Net reserve discount (benefit) charge							
Liability and Financial Lines	$ 156	$ (23)	$ (589)	$ 17	$ 191	$ 133	$ 165
Legacy Property and Casualty Run-off Insurance Reserves	(100)	(2)	(162)	15	109	102	126
Total net reserve discount (benefit) charge	$ 56	$ (25)	$ (751)	$ 32	$ 300	$ 235	$ 291
Net liability for unpaid losses and loss adjustment expenses (at period end)	$ 49,919	$ 50,377	$ 62,811	$ 59,414	$ 60,417	$ 49,919	$ 60,417

(1) Represents the aggregate operating results of Commercial Insurance - Property and Special Risks, Liability and Financial Lines, Consumer Insurance - Personal Insurance, and Property Casualty Run-off businesses reported in Legacy.

Bring on tomorrow

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 and other financial services to customers in more than 80 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 presentation.

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.