

## 2018 年第 3 四半期（7 月～9 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 東京都千代田区大手町一丁目 1 番 1 号 大手町パークビルディング  
 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) 6775-1000

1. 本国における決算発表日 2018 年 10 月 31 日

2. 業績（注 1：下記の数字は 2018 年 9 月 30 日現在の会計方法に従い算出したものである。）

	第 3 四半期（7 月～9 月の 3 ヶ月間）		
	当年度（2018 年）	前年度（2017 年）	増減率
売上高又は営業収入	11,486 百万ドル	11,751 百万ドル	△2.3%
純利益（税引後）	△1,259 百万ドル	△1,739 百万ドル	-
1 株当たり純利益（注 2）	△1.41 ドル	△1.91 ドル	-

	今期累計額		
	当期	前年同期	増減率
売上高又は営業収入	34,829 百万ドル	36,885 百万ドル	△5.6%
純利益（税引後）	616 百万ドル	576 百万ドル	6.9%
1 株当たり純利益（注 2）	0.67 ドル	0.60 ドル	11.7%

	配当金の推移（注 3）		
	当年度（2018 年）	前年度（2017 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	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 2018 年 10 月 31 日付けプレス・リリースおよび Quarterly Financial Supplement Third Quarter 2018 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 Third Quarter 2018 を添付する。



**FOR IMMEDIATE RELEASE**

**Press Release**

AIG  
175 Water Street  
New York, NY 10038  
[www.aig.com](http://www.aig.com)

**Contacts:**

Liz Werner (Investors): 212-770-7074; [elizabeth.werner@aig.com](mailto:elizabeth.werner@aig.com)  
Fernando Melon (Investors): 212-770-4630; [fernando.melon@aig.com](mailto:fernando.melon@aig.com)  
Daniel O'Donnell (Media): 212-770-3141; [daniel.odonnell@aig.com](mailto:daniel.odonnell@aig.com)  
Claire Talcott (Media): 212-458-6343; [claire.talcott@aig.com](mailto:claire.talcott@aig.com)

**AIG REPORTS THIRD QUARTER 2018 RESULTS**

- Net loss of \$1.3 billion, or \$1.41 per share, for the third quarter of 2018, compared to a net loss of \$1.7 billion, or \$1.91 per share, in the prior-year quarter
- Adjusted after-tax loss of \$301 million, or \$0.34 per share, for the third quarter of 2018, compared to an adjusted after-tax loss of \$1.1 billion, or \$1.22 per share, in the prior-year quarter
- Net pre-tax catastrophe losses of \$1.6 billion (\$1.3 billion after-tax or \$1.45 per share) within previously disclosed range
- Net prior year loss reserve development was flat year-to-date, including net unfavorable prior year loss reserve development of \$170 million in the third quarter of 2018
- General Insurance focus continues on key strategic priorities including underwriting, reinsurance and expense reduction
- Life and Retirement delivered another quarter of solid double-digit adjusted ROEs and sales growth in Individual and Group Retirement and Life Insurance
- Share and warrant repurchases of \$350 million for the third quarter of 2018 and \$1.0 billion year-to-date

NEW YORK, October 31, 2018 - American International Group, Inc. (NYSE: AIG) today reported a net loss of \$1.3 billion, or \$1.41 per share, for the third quarter of 2018, compared to a net loss of \$1.7 billion, or \$1.91 per share, in the prior-year quarter. Adjusted after-tax loss was \$301 million, or \$0.34 per share, for the third quarter of 2018, compared to an adjusted after-tax loss of \$1.1 billion, or \$1.22 per share, in the prior-year quarter.

“In the third quarter we continued to execute against our strategic priorities for delivering long-term, profitable growth,” said Brian Duperreault, President and Chief Executive Officer. “While managing a significant number of global catastrophic events, General Insurance continued to make progress against key initiatives, including improving underwriting capabilities, repositioning reinsurance structures, adding world class talent and driving efficiencies. We remain on track to produce an underwriting profit. Life and Retirement achieved increased sales and solid double digit returns, reflecting the strength of our product expertise and distribution networks.”

Mr. Duperreault added, “Looking ahead, we continue to work with a sense of urgency and are taking decisive actions across the company to position AIG for the future.”



THIRD QUARTER FINANCIAL SUMMARY\*

	Three Months Ended	
	September 30,	
	2018	2017
<i>(\$ in millions, except per share amounts)</i>		
Net loss	\$ (1,259)	\$ (1,739)
Net loss per diluted share	\$ (1.41)	\$ (1.91)
Adjusted after-tax loss	\$ (301)	\$ (1,111)
Adjusted after-tax loss per diluted share	\$ (0.34)	\$ (1.22)
Return on equity	(8.4)%	(9.5)%
Adjusted return on equity	(2.4)%	(8.4)%
Adjusted return on attributed equity - Core	(3.6)%	(11.6)%
Book value per common share	\$ 66.23	\$ 80.62
Book value per common share, excluding accumulated other comprehensive income	66.83	74.01
Adjusted book value per common share	55.58	57.44

\*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.

THIRD QUARTER 2018 HIGHLIGHTS

Previously Disclosed Pre-tax Catastrophe Losses of \$1.6 billion Reflect AIG’s Global Presence – Catastrophe losses in Japan represented over half of the overall catastrophe losses in the quarter. Our losses reflect the unique severity and frequency of one of Japan’s worst catastrophe seasons in 25 years and AIG’s footprint as the largest foreign-based insurer in the country. Japan catastrophe losses are net of \$264 million of reinsurance recoveries under our Japanese reinsurance program. Catastrophe losses in North America accounted for just under half of the overall catastrophe losses in the quarter and were largely due to Hurricane Florence and revisions to the loss estimates on the California mudslides. Validus’ net catastrophe losses totaled approximately \$200 million, which were mostly Japan-related. AIG estimates that it has exhausted approximately \$700 million of the \$750 million retention under its North America aggregate catastrophe reinsurance program following the California mudslides, Hurricane Florence and assuming the high end of the previously disclosed loss estimate range for Hurricane Michael.

General Insurance Accident Year Combined Ratio Slightly Deteriorates, Accident Year Loss Ratio Improves – Severe Loss Global Aggregate Cover Attaches – Third quarter General Insurance loss ratio of 88.6 included 22.0 points from the aforementioned catastrophe losses. The accident year loss ratio, as adjusted, of 63.6 improved on a sequential and year-over-year basis and included severe losses of \$153 million (2.2 pts). In the third quarter, AIG reached the attachment point on the property aggregate reinsurance cover for severe losses, offering a significant level of protection against additional severe losses in the fourth quarter. The third quarter expense ratio of 35.8 compared to the prior year quarter primarily reflected an increase in the North America acquisition ratio due to strategic changes in Personal Insurance business mix towards lower loss ratio and higher commission businesses. General operating expenses (GOE) of \$995 million increased 8.5% compared to the prior-year quarter. Excluding Validus



GOE of \$89 million, GOE decreased 1% compared to the prior-year quarter and decreased 5% on a sequential basis.

*Incremental Net Loss Reserve Development* – Net prior year loss reserve development year-to-date was favorable by \$3 million, and adverse by \$170 million for the quarter. North America Personal Insurance was adverse by \$148 million for the quarter driven largely by updated loss estimates for the 2017 California wildfires. North America Commercial Lines reserves were slightly favorable by \$14 million, as favorable development on Commercial Auto, short-tail lines and the amortization benefit from the adverse development cover (ADC) deferred gain were partially offset by the strengthening of Excess Casualty reserves. Excess Casualty development included higher loss activity related to construction defects claims and multi-year construction projects that cover all contractors on the site associated with accident years 2015 and prior, which are covered under the ADC. We also saw higher than expected loss severity for accident years 2016 and 2017. The 80% share of the 2015 and prior adverse reserve development that was ceded under the ADC and excluded from Adjusted pre-tax income was \$723 million. Paid claims related to the business covered by the ADC were \$1.2 billion and remain consistent with expectations.

*Agreement To Acquire Glatfelter Insurance Group* – Glatfelter Insurance Group is expected to bring high-quality program underwriting capabilities and accelerate the strategic positioning of our programs business.

*Life and Retirement Earnings Deliver Solid Double Digit Adjusted ROE* – Third quarter adjusted pre-tax income was \$713 million reflecting a negative pre-tax adjustment of \$98 million from our annual actuarial update. Adjusted ROE was 11.2% including the actuarial assumption update or approximately 13% excluding the after-tax impact of this item.

*Legacy Results Include Catastrophe Losses* – Third quarter adjusted pre-tax income of \$84 million, compared to \$286 million in the prior-year quarter, reflected lower net investment income, catastrophe losses in Japan of \$57 million and lower gain from fair value option assets, as well as the sale of the Life Settlement portfolio in 2017. The sale of 19.9% of AIG's ownership interest in Fortitude Holdings, the parent of Fortitude Re (formerly DSA Re), to The Carlyle Group L.P. is expected to close in the fourth quarter.

*Net Investment Income Reflects Strong Private Equity Returns* – Third quarter net investment income from our insurance companies, including the Legacy insurance portfolios, increased 1.4% from the prior-year quarter to \$3.4 billion. The third quarter included Validus and benefited from strong private equity returns. Net investment income from our insurance companies including the Legacy insurance portfolios, totaled \$9.9 billion for the first nine months of 2018.

*Liquidity and Capital* – As of September 30, 2018, AIG Parent liquidity stood at approximately \$4.5 billion. In the third quarter, AIG Parent received approximately \$1.8 billion of distributions from insurance subsidiaries in the form of cash and fixed maturity securities, including tax sharing payments. In the third quarter, AIG repurchased 6.6 million shares of common stock for \$348 million and warrants for \$2 million. AIG completed the acquisition of Validus for \$5.5 billion in the third quarter.



*Book Value per Common Share* – As of September 30, 2018, book value per common share was \$66.23 compared to \$72.49 at December 31, 2017. Book value per common share excluding accumulated other comprehensive income and deferred tax assets (Adjusted book value per common share) decreased 3.1% to \$55.58 in the third quarter primarily due to catastrophe losses and an increase in the ADC deferred gain.

**GENERAL INSURANCE**

(\$ in millions)	Three Months Ended September 30,		
	2018	2017	Change
<b>Total General Insurance</b>			
Gross premiums written	\$ 8,668	\$ 8,426	3 %
Net premiums written	\$ 6,835	\$ 6,577	4
Underwriting loss	\$ (1,726)	\$ (3,796)	55
Adjusted pre-tax loss	\$ (825)	\$ (2,933)	72
Underwriting ratios:			
Loss ratio	88.6	124.1	(35.5) pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(22.0)	(45.4)	23.4
Prior year development	(2.7)	(12.7)	10.0
Adjustments for ceded premium under reinsurance contracts and other	(0.3)	-	(0.3)
Accident year loss ratio, as adjusted	63.6	66.0	(2.4)
Expense ratio	35.8	33.0	2.8
Combined ratio	124.4	157.1	(32.7)
Accident year combined ratio, as adjusted	99.4	99.0	0.4



**General Insurance - North America**

(\$ in millions)	Three Months Ended September 30,		
	2018	2017	Change
<b>North America</b>			
Net premiums written	\$ 3,164	\$ 2,942	8 %
Commercial Lines	2,229	2,118	5
Personal Insurance	935	824	13
Underwriting loss	\$ (987)	\$ (2,940)	66
Commercial Lines	(609)	(2,684)	77
Personal Insurance	(378)	(256)	(48)
Adjusted pre-tax loss	\$ (160)	\$ (2,193)	93
<u>Underwriting ratios:</u>			
<b>North America</b>			
Loss ratio	98.8	175.0	(76.2) pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(23.7)	(78.8)	55.1
Prior year development	(4.8)	(19.0)	14.2
Adjustments for ceded premium under reinsurance contracts and other	(0.5)	-	(0.5)
Accident year loss ratio, as adjusted	69.8	77.2	(7.4)
Expense ratio	31.1	26.8	4.3
Combined ratio	129.9	201.8	(71.9)
Accident year combined ratio, as adjusted	100.9	104.0	(3.1)
<b>North America Commercial Lines</b>			
Loss ratio	98.5	205.0	(106.5) pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(21.6)	(95.7)	74.1
Prior year development	(0.6)	(25.6)	25.0
Adjustments for ceded premium under reinsurance contracts and other	(0.7)	-	(0.7)
Accident year loss ratio, as adjusted	75.6	83.7	(8.1)
Expense ratio	26.6	23.3	3.3
Combined ratio	125.1	228.3	(103.2)
Accident year combined ratio, as adjusted	102.2	107.0	(4.8)
<b>North America Personal Insurance</b>			
Loss ratio	99.8	96.4	3.4 pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(29.7)	(34.6)	4.9
Prior year development	(16.9)	(1.7)	(15.2)
Accident year loss ratio, as adjusted	53.2	60.1	(6.9)
Expense ratio	43.3	35.8	7.5
Combined ratio	143.1	132.2	10.9
Accident year combined ratio, as adjusted	96.5	95.9	0.6



All comparisons are against the third quarter of 2017, unless otherwise indicated. Refer to the AIG Third Quarter 2018 Financial Supplement, which is posted on AIG's website in the Investors section, for further information.

- Adjusted pre-tax loss of \$160 million included \$791 million of catastrophe-related losses, net of reinsurance, and \$88 million of severe losses. Net unfavorable prior year loss reserve development of \$134 million included \$148 million of unfavorable prior year loss development in Personal Insurance primarily related to development from 2017 catastrophe losses, partially offset by \$14 million of favorable prior year loss development from Commercial Lines which included the amortization of the deferred gain from the ADC with NICO. The increase in net investment income was primarily driven by the Validus acquisition.
- Net premiums written increased by 7.5%, largely due to additional premiums from the acquisition of Validus of \$275 million, lower ceded premiums due to changes in the 2018 reinsurance programs and growth in Personal Insurance businesses.
- The improvement in the North America loss ratio was driven by significantly lower catastrophe losses and lower unfavorable prior year loss reserve development. The accident year loss ratio, as adjusted, improved 7.4 points, benefiting from changes in portfolio mix and the impact of lower severe losses (1.1 pts) compared to the prior-year quarter, partially offset by the impact of changes in 2018 reinsurance programs. The third quarter 2017 included a year-to date increase in accident year loss estimates for Property.
- The increase in the expense ratio reflected a higher acquisition expense ratio driven by changes in Personal Insurance's portfolio mix and an increase in GOE related to strategic initiatives.

**General Insurance - International**

(\$ in millions)	Three Months Ended September 30,		
	2018	2017	Change
<b>International</b>			
Net premiums written	\$ 3,671	\$ 3,635	1 %
Commercial Lines	1,810	1,652	10
Personal Insurance	1,861	1,983	(6)
Underwriting loss	\$ (739)	\$ (856)	14
Commercial Lines	(423)	(956)	56
Personal Insurance	(316)	100	NM
Adjusted pre-tax loss	\$ (665)	\$ (740)	10



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(\$ in millions)	Three Months Ended September 30,		
	2018	2017	Change
<b>Underwriting ratios:</b>			
<b>International</b>			
Loss ratio	79.7	85.0	(5.3) pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(20.5)	(19.8)	(0.7)
Prior year development	(1.0)	(7.9)	6.9
Accident year loss ratio, as adjusted	58.2	57.3	0.9
Expense ratio	39.9	37.9	2.0
Combined ratio	119.6	122.9	(3.3)
Accident year combined ratio, as adjusted	98.1	95.2	2.9
<b>International Commercial Lines</b>			
Loss ratio	87.6	124.1	(36.5) pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(20.6)	(41.7)	21.1
Prior year development	(3.6)	(17.9)	14.3
Accident year loss ratio, as adjusted	63.4	64.5	(1.1)
Expense ratio	35.6	31.3	4.3
Combined ratio	123.2	155.4	(32.2)
Accident year combined ratio, as adjusted	99.0	95.8	3.2
<b>International Personal Insurance</b>			
Loss ratio	72.4	51.7	20.7 pts
<i>Impact on loss ratio:</i>			
Catastrophe losses and reinstatement premiums	(20.5)	(1.1)	(19.4)
Prior year development	1.5	0.7	0.8
Accident year loss ratio, as adjusted	53.4	51.3	2.1
Expense ratio	43.8	43.4	0.4
Combined ratio	116.2	95.1	21.1
Accident year combined ratio, as adjusted	97.2	94.7	2.5

All comparisons are against the third quarter of 2017, unless otherwise indicated. Refer to the AIG Third Quarter 2018 Financial Supplement, which is posted on AIG's website in the Investors section, for further information.

- Adjusted pre-tax loss of \$665 million included \$776 million of catastrophe-related losses, net of reinsurance, severe losses of \$65 million and unfavorable prior year loss reserve development of \$38 million. The decrease in net investment income reflects lower income from equity method investments and fair value option securities.
- Net premiums written increased slightly on a reported and constant dollar basis. The increase in net premiums written was due to the inclusion of additional premiums of \$165 million from the acquisition of Validus, growth in our European Financial Lines business and Accident and Health and Personal Lines businesses in Asia Pacific.
- The third quarter loss ratio was 79.7. The accident year loss ratio, as adjusted, increased 0.9 points to 58.2, driven by higher attritional losses in Commercial Lines, partially offset by lower severe losses (1.8 pts) compared to the prior-year quarter.





- The expense ratio increased due to a higher acquisition ratio from changes in business mix combined with changes in the 2018 reinsurance program.

**LIFE AND RETIREMENT**

(\$ in millions)	Three Months Ended September 30,		
	2018	2017	Change
<b>Life and Retirement</b>			
Premiums & Fees	\$ 943	\$ 2,001	(53) %
Net Investment Income	1,960	1,907	3
Adjusted Revenue	3,146	4,136	(24)
Benefits, losses and expenses	2,433	2,978	(18)
Adjusted pre-tax income	713	1,158	(38)
Premiums and deposits	6,779	6,797	-
<b>Individual Retirement</b>			
Premiums & Fees	\$ 213	\$ 212	- %
Net Investment Income	956	973	(2)
Adjusted Revenue	1,335	1,343	(1)
Benefits, losses and expenses	942	625	51
Adjusted pre-tax income	393	718	(45)
Premiums and deposits	3,616	2,526	43
Net flows	(545)	(718)	24
<b>Group Retirement</b>			
Premiums & Fees	\$ 124	\$ 121	2 %
Net Investment Income	531	524	1
Adjusted Revenue	718	702	2
Benefits, losses and expenses	476	453	5
Adjusted pre-tax income	242	249	(3)
Premiums and deposits	2,116	1,860	14
Net flows	(986)	(15)	NM
<b>Life Insurance</b>			
Premiums & Fees	\$ 520	\$ 727	(28) %
Net Investment Income	275	260	6
Adjusted Revenue	809	1,000	(19)
Benefits, losses and expenses	793	888	(11)
Adjusted pre-tax income	16	112	(86)
Premiums and deposits	978	935	5
<b>Institutional Markets</b>			
Premiums & Fees	\$ 86	\$ 941	(91) %
Net Investment Income	198	150	32
Adjusted Revenue	284	1,091	(74)
Benefits, losses and expenses	222	1,012	(78)
Adjusted pre-tax income	62	79	(22)
Premiums and deposits	69	1,476	(95)



All comparisons are against the third quarter of 2017, unless otherwise indicated. Refer to the AIG Third Quarter 2018 Financial Supplement, which is posted on AIG's website in the Investors section, for further information.

- In Individual Retirement, adjusted pre-tax income reflected net unfavorable adjustments as a result of the annual actuarial assumption update of \$52 million compared to net favorable adjustments of \$242 million in the prior-year quarter. Fee income increased primarily from strong levels of assets under management. Net investment income decreased due to lower yield enhancement income and alternative investment income. Net flows excluding Retail Mutual Funds were positive and reflected strong sales.
- In Group Retirement, adjusted pre-tax income reflected continued investments made in the business partially offset by higher fee income and advisory fee income primarily from strong levels of assets under administration. Yield enhancement income increased primarily due to increased income from bond call and tender and other investment income. Base spreads, excluding accretion and other investment income, were in line with the prior-year quarter. Group Retirement net flows reflect outflows due to the loss of two large plan accounts.
- In Life Insurance, adjusted pre-tax income reflected net unfavorable adjustments as a result of the annual actuarial assumption update of \$63 million compared to net favorable adjustments of \$29 million in the prior-year quarter. Mortality was favorable to pricing expectations.
- In Institutional Markets, adjusted pre-tax income reflected increased longevity, and lower policy fees, partially offset by strong in-force business and higher net investment income.

## **CONFERENCE CALL**

AIG will host a conference call tomorrow, Thursday, November 1, 2018 at 8:00 a.m. ET to review these results. The call is open to the public and can be accessed via a live listen-only webcast in the Investors section of [www.aig.com](http://www.aig.com). A replay will be available after the call at the same location.

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Additional supplementary financial data is available in the Investors section at [www.aig.com](http://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 and discuss, 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 a 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 relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, anticipated sales, monetization and/or acquisitions of businesses or assets, or successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results.

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 and industry conditions;
- negative impacts on customers, business partners and other stakeholders;
- the occurrence of catastrophic events, both natural and man-made;
- AIG’s ability to successfully reorganize its businesses, as well as improve profitability, without negatively impacting client relationships or its competitive position;
- AIG’s ability to successfully dispose of, monetize and/or acquire businesses or assets, or successfully integrate acquired businesses;
- changes in judgments concerning insurance underwriting and insurance liabilities;
- changes in judgments concerning potential cost saving opportunities;
- the impact of potential information technology, cybersecurity or data security breaches, including as a result of cyber-attacks or security vulnerabilities;
- disruptions in the availability of AIG’s electronic data systems or those of third parties;
- AIG’s ability to successfully manage Legacy portfolios;
- concentrations in AIG’s investment portfolios;
- actions by credit rating agencies;
- the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject, including as a global systemically important insurer;
- significant legal, regulatory or governmental proceedings;
- changes in judgments concerning the recognition of deferred tax assets; and
- such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 (which will be filed with the SEC), Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018, Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 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, 2017.

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



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## COMMENT ON REGULATION G

Throughout this press release, including the financial highlights, AIG presents its financial condition and results of operations in the way it believes will be most meaningful and representative of 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 Third Quarter 2018 Financial Supplement available in the Investor Information section of AIG’s website, [www.aig.com](http://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 – Adjusted After-tax 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 adjusted after-tax income attributable to AIG by average Adjusted Shareholders’ Equity.



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

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

**Adjusted After-tax Income Attributable to Core and Life and Retirement** is derived by subtracting attributed interest expense and income tax expense from adjusted pre-tax 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 segments conduct business, as well as the deductibility of expenses in those jurisdictions.

**Adjusted 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). Adjusted revenues is a GAAP measure for AIG's operating segments.

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.



**Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across AIG's segments. 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. APTI is a GAAP measure for AIG's segments. Excluded items include the following:

- 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;
- all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
- income or loss from discontinued operations;
- 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;
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify AIG's organization;
- the portion of favorable or unfavorable prior year reserve development for which AIG has ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
- net loss reserve discount benefit (charge); and
- integration and transaction costs associated with acquired businesses.

**Adjusted After-tax Income attributable to AIG (AATI)** is derived by excluding the tax effected APTI adjustments described above and the following tax items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges;
- changes in uncertain tax positions and other tax items related to legacy matters having no relevance to AIG's current businesses or operating performance; and
- net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act).

See page 16 for the reconciliation of Net income attributable to AIG to Adjusted After-tax 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 General 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 and man-made catastrophe losses are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and also include certain man-made events, such as terrorism and civil disorders that exceed the \$10 million threshold. AIG believes the as adjusted ratios are meaningful measures of AIG's underwriting results on an ongoing basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. AIG also excludes prior year development to provide transparency related to current accident year results.

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 related to catastrophes (CYRIPs) +/-(-) RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
- g) Accident year combined ratio, as adjusted = AYLR + Expense ratio
- h) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/-(-) CYRIPs] – Loss ratio
- i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/-(-) CYRIPs +/-(-) PYRIPs + (AP)RP] – Loss ratio – CAT 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, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.



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

# # #

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies 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. These 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](http://www.aig.com) | YouTube: [www.youtube.com/aig](http://www.youtube.com/aig) | Twitter: [@AIGinsurance](https://twitter.com/AIGinsurance) [www.twitter.com/AIGinsurance](https://www.twitter.com/AIGinsurance) | LinkedIn: [www.linkedin.com/company/aig](http://www.linkedin.com/company/aig). These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release.

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



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

**Reconciliations of Adjusted Pre-tax and After-tax Income (Loss)**

	<b>Three Months Ended September 30,</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Pre-tax</b>	<b>Tax Effect</b>	<b>After-tax</b>	<b>Pre-tax</b>	<b>Tax Effect</b>	<b>After-tax</b>
<b>Pre-tax income/net income (loss), including noncontrolling interests</b>	\$ (1,527)	\$ (307)	\$ (1,258)	\$ (2,803)	\$ (1,091)	\$ (1,714)
Noncontrolling interest	-	-	(1)	-	-	(25)
<b>Pre-tax income/net income (loss) attributable to AIG</b>	(1,527)	(307)	(1,259)	(2,803)	(1,091)	(1,739)
<b>Adjustments:</b>						
Changes in uncertain tax positions and other tax adjustments	-	(54)	54	-	(11)	11
Deferred income tax valuation allowance (releases) charges	-	(5)	5	-	2	(2)
Changes in fair value of securities used to hedge guaranteed living benefits	14	3	11	(26)	(9)	(17)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(76)	(16)	(60)	(84)	(29)	(55)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	605	128	477	(7)	(2)	(5)
(Gain) loss on extinguishment of debt	1	-	1	1	1	-
Net realized capital losses*	524	127	397	922	316	606
Noncontrolling interest on net realized capital losses	-	-	(1)	-	-	1
Loss from discontinued operations	-	-	39	-	-	1
(Income) loss from divested businesses	(2)	(1)	(1)	13	7	6
Non-operating litigation reserves and settlements	5	2	3	-	-	-
Net loss reserve discount (benefit) charge	(86)	(18)	(68)	48	20	28
Pension expense related to a one-time lump sum payment to former employees	-	-	-	49	16	33
Integration and transaction costs associated with acquired businesses	91	19	72	-	-	-
Restructuring and other costs	35	6	29	31	10	21
<b>Adjusted pre-tax loss/Adjusted after-tax loss</b>	<b>\$ (416)</b>	<b>\$ (116)</b>	<b>\$ (301)</b>	<b>\$ (1,856)</b>	<b>\$ (770)</b>	<b>\$ (1,111)</b>

	<b>Nine Months Ended September 30,</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Pre-tax</b>	<b>Tax Effect</b>	<b>After-tax</b>	<b>Pre-tax</b>	<b>Tax Effect</b>	<b>After-tax</b>
<b>Pre-tax income/net income (loss), including noncontrolling interests</b>	\$ 952	\$ 291	\$ 623	\$ 591	\$ (18)	\$ 610
Noncontrolling interest	-	-	(7)	-	-	(34)
<b>Pre-tax income/net income (loss) attributable to AIG</b>	952	291	616	591	(18)	576
<b>Adjustments:</b>						
Changes in uncertain tax positions and other tax adjustments	-	(53)	53	-	(27)	27
Deferred income tax valuation allowance (releases) charges	-	(42)	42	-	23	(23)
Changes in fair value of securities used to hedge guaranteed living benefits	127	27	100	(117)	(41)	(76)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(46)	(10)	(36)	(195)	(68)	(127)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	607	128	479	258	91	167
(Gain) loss on extinguishment of debt	10	2	8	(4)	(1)	(3)
Net realized capital losses*	388	97	291	1,106	401	705
Noncontrolling interest on net realized capital losses	-	-	(2)	-	-	6
(Income) loss from discontinued operations	-	-	40	-	-	(7)
(Income) loss from divested businesses	(35)	(8)	(27)	173	41	132
Non-operating litigation reserves and settlements	30	7	23	(86)	(30)	(56)
Net loss reserve discount (benefit) charge	(305)	(64)	(241)	283	101	182
Pension expense related to a one-time lump sum payment to former employees	-	-	-	50	17	33
Integration and transaction costs associated with acquired businesses	91	19	72	-	-	-
Restructuring and other costs	259	54	205	259	90	169
<b>Adjusted pre-tax income/Adjusted after-tax income</b>	<b>\$ 2,078</b>	<b>\$ 448</b>	<b>\$ 1,623</b>	<b>\$ 2,318</b>	<b>\$ 579</b>	<b>\$ 1,705</b>

\* Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication.

**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 September 30,			Nine Months Ended September 30,		
	2018	2017	% Inc. (Dec.)	2018	2017	% Inc. (Dec.)
<b>Loss per common share:</b>						
<i>Basic</i>						
Income (loss) from continuing operations	\$ (1.37)	\$ (1.91)	28.3 %	\$ 0.72	\$ 0.60	20.0 %
Income (loss) from discontinued operations	(0.04)	-	NM	(0.04)	0.01	NM
<b>Net income (loss) attributable to AIG</b>	<b>\$ (1.41)</b>	<b>\$ (1.91)</b>	<b>26.2</b>	<b>\$ 0.68</b>	<b>\$ 0.61</b>	<b>11.5</b>
<i>Diluted</i>						
Income (loss) from continuing operations	\$ (1.37)	\$ (1.91)	28.3	\$ 0.71	\$ 0.59	20.3
Income (loss) from discontinued operations	(0.04)	-	NM	(0.04)	0.01	NM
<b>Net income (loss) attributable to AIG</b>	<b>\$ (1.41)</b>	<b>\$ (1.91)</b>	<b>26.2</b>	<b>\$ 0.67</b>	<b>\$ 0.60</b>	<b>11.7</b>
<b>Adjusted after-tax income (loss) attributable to AIG per diluted share</b>	<b>\$ (0.34)</b>	<b>\$ (1.22)</b>	<b>72.1 %</b>	<b>\$ 1.77</b>	<b>\$ 1.77</b>	<b>- %</b>
<b>Weighted average shares outstanding:</b>						
Basic	895.2	908.7		902.1	938.1	
Diluted (a)(b)	895.2	908.7		916.8	961.3	
<b>Return on equity (c)</b>	(8.4)%	(9.5)%		1.3 %	1.0 %	
<b>Adjusted return on equity (d)</b>	(2.4)%	(8.4)%		4.3 %	4.1 %	

<b>As of period end:</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>September 30, 2017</b>	<b>December 31, 2017</b>
<b>Total AIG shareholders' equity</b>	\$ 58,586	\$ 61,186	\$ 72,468	\$ 65,171
Accumulated other comprehensive income (AOCI)	(536)	230	5,939	5,465
<b>Total AIG shareholders' equity, excluding AOCI</b>	<b>59,122</b>	<b>60,956</b>	<b>66,529</b>	<b>59,706</b>
Deferred tax assets (e)	9,953	9,853	14,897	10,492
<b>Total adjusted AIG shareholders' equity</b>	<b>\$ 49,169</b>	<b>\$ 51,103</b>	<b>\$ 51,632</b>	<b>\$ 49,214</b>

<b>As of period end:</b>	September 30,		% Inc. (Dec.)	September 30,		December 31,	
	2018	2018		2017	% Inc. (Dec.)	2017	% Inc. (Dec.)
<b>Book value per common share (f)</b>	\$ 66.23	\$ 68.65	(3.5)%	\$ 80.62	(17.8)%	\$ 72.49	(8.6)%
<b>Book value per common share, excluding AOCI (g)</b>	\$ 66.83	\$ 68.40	(2.3)	\$ 74.01	(9.7)	\$ 66.41	0.6
<b>Adjusted book value per common share (h)</b>	\$ 55.58	\$ 57.34	(3.1)	\$ 57.44	(3.2)	\$ 54.74	1.5
<b>Total common shares outstanding</b>	884.6	891.2		898.9		899.0	

**Financial highlights - notes**

- (a) For the three-month periods ended September 30, 2018 and 2017, because we reported net losses and adjusted after-tax losses, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts. The shares excluded from these calculations were 13,538,168 and 22,459,868 shares, respectively.
- (b) Diluted shares in the diluted EPS calculation represent basic shares for the three-month periods ended September 30, 2018 and 2017 due to the net losses in those periods.
- (c) Computed as Annualized net income (loss) attributable to AIG divided by average AIG shareholders' equity. Equity includes AOCI and DTA.
- (d) Computed as Annualized Adjusted after-tax income attributable to AIG divided by Adjusted Shareholders' Equity.
- (e) Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.
- (f) Represents total AIG shareholders' equity divided by Total common shares outstanding.
- (g) Represents total AIG shareholders' equity, excluding AOCI, divided by Total common shares outstanding.
- (h) Represents Adjusted Shareholders' Equity, divided by Total common shares outstanding.

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

**Reconciliations of Life and Retirement Adjusted Return on Equity**

	<b>Three Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Adjusted pre-tax income</b>	\$ 713	\$ 1,158
Interest expense on attributed financial debt	30	5
<b>Adjusted pre-tax income including attributed interest expenses</b>	683	1,153
Income tax expense	134	374
<b>Adjusted after-tax income</b>	549	779
<b>Ending adjusted attributed equity</b>	\$ 19,254	\$ 20,983
<b>Average adjusted attributed equity</b>	\$ 19,613	\$ 20,934
<b>Adjusted return on attributed equity</b>	11.2 %	14.9 %
Annual actuarial assumption update, net of tax	\$ (79)	
Adjusted return on attributed equity (excluding Annual actuarial assumption update)	12.8 %	

**Reconciliations of Core Adjusted Return on Equity**

	<b>Three Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Adjusted pre-tax loss</b>	\$ (500)	\$ (2,142)
Interest expense (benefit) on attributed financial debt	-	(42)
<b>Adjusted pre-tax loss including attributed interest expenses</b>	(500)	(2,100)
Income tax benefit	(134)	(849)
<b>Adjusted after-tax loss</b>	(366)	(1,251)
<b>Ending adjusted attributed equity</b>	\$ 40,358	\$ 41,751
<b>Average adjusted attributed equity</b>	\$ 41,097	\$ 43,161
<b>Adjusted return on attributed equity</b>	(3.6)%	(11.6)%

**Net Premiums Written - Change in Constant Dollar**

<b>General Insurance - International</b>	<b>Three Months Ended September 30, 2018</b>
<b>Foreign exchange effect on worldwide premiums:</b>	
<b>Change in net premiums written</b>	
Increase (decrease) in original currency	1.9 %
Foreign exchange effect	(0.9)
<b>Increase (decrease) as reported in U.S. dollars</b>	<b>1.0 %</b>

**Reconciliation of Insurance Company Net Investment Income**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Net investment income per Consolidated Statement of Operations</b>	\$ 3,396	\$ 3,416	\$ 9,722	\$ 10,715
Changes in fair value of securities used to hedge guaranteed living benefits	14	(26)	127	(117)
Net realized capital gains related to non-qualifying hedges	28	-	66	-
<b>Total Insurance Company Net investment income</b>	<b>\$ 3,438</b>	<b>\$ 3,390</b>	<b>\$ 9,915</b>	<b>\$ 10,598</b>

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

**Reconciliations of Premiums and Deposits**

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b><u>Individual Retirement:</u></b>		
Premiums	\$ 9	\$ 22
Deposits	3,609	2,504
Other	(2)	-
<b>Total premiums and deposits</b>	<b>\$ 3,616</b>	<b>\$ 2,526</b>
<b><u>Group Retirement:</u></b>		
Premiums	\$ 9	\$ 8
Deposits	2,107	1,852
Other	-	-
<b>Total premiums and deposits</b>	<b>\$ 2,116</b>	<b>\$ 1,860</b>
<b><u>Life Insurance:</u></b>		
Premiums	\$ 379	\$ 384
Deposits	410	371
Other	189	180
<b>Total premiums and deposits</b>	<b>\$ 978</b>	<b>\$ 935</b>
<b><u>Institutional Markets:</u></b>		
Premiums	\$ 46	\$ 897
Deposits	17	573
Other	6	6
<b>Total premiums and deposits</b>	<b>\$ 69</b>	<b>\$ 1,476</b>
<b><u>Total Life and Retirement:</u></b>		
Premiums	\$ 443	\$ 1,311
Deposits	6,143	5,300
Other	193	186
<b>Total premiums and deposits</b>	<b>\$ 6,779</b>	<b>\$ 6,797</b>

A large, white, sans-serif 'AIG' logo is mounted on a dark, curved building facade. The background of the entire page is a blue-tinted photograph of a modern building entrance with glass doors and a revolving door.

# American International Group, Inc.

Quarterly Financial Supplement  
Third Quarter 2018

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 September 30, 2018, which will be filed with the Securities and Exchange Commission.

**American International Group, Inc.**  
**Contact: Investors**  
**Liz Werner: (212) 770-7074; [elizabeth.werner@aig.com](mailto:elizabeth.werner@aig.com)**  
**Fernando Melon: (212) 770-4630; [fernando.melon@aig.com](mailto:fernando.melon@aig.com)**

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

This Financial Supplement may include, and officers and representatives of American International Group, Inc. (AIG) may from time to time make and discuss, 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 a 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 relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, anticipated sales, monetization and/or acquisitions of businesses or assets or successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results.

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 and industry conditions;
- negative impacts on customers, business partners and other stakeholders;
- the occurrence of catastrophic events, both natural and man-made;
- AIG’s ability to successfully reorganize its businesses, as well as improve profitability, without negatively impacting client relationships or its competitive position;
- AIG’s ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses;
- changes in judgments concerning insurance underwriting and insurance liabilities;
- changes in judgments concerning potential cost saving opportunities;
- the impact of potential information technology, cybersecurity or data security breaches, including as a result of cyber-attacks or security vulnerabilities;
- disruptions in the availability of AIG’s electronic data systems or those of third parties;
- AIG’s ability to successfully manage Legacy portfolios;
- concentrations in AIG’s investment portfolios;
- actions by credit rating agencies;
- the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject, including as a global systemically important insurer;
- significant legal, regulatory or governmental proceedings;
- changes in judgments concerning the recognition of deferred tax assets; and
- such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 (which will be filed with the Securities and Exchange Commission), Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018, Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 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, 2017.

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.

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.

**Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. 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. APTI is a GAAP measure for our segments. Excluded items include the following:

- 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;
- all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
- income or loss from discontinued operations;
- 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;
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
- 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;
- net loss reserve discount benefit (charge); and
- integration and transaction costs associated with acquired businesses.

**Adjusted After-tax Income attributable to AIG (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above and the following tax items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges;
- changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
- net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act).

**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 47 herein.

**AIG Return on Equity – Adjusted After-tax 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 adjusted after-tax income attributable to AIG by average Adjusted Shareholders’ Equity. The reconciliation to return on equity, the most comparable GAAP measure, is presented on page 47 herein.

**Core, General Insurance, Life and Retirement and Legacy Adjusted Attributed Equity** is an attribution of total AIG Adjusted Shareholders’ Equity to these segments based on our internal capital model, which incorporates the segments’ respective risk profiles. Adjusted attributed equity represents our best estimates based on current facts and circumstances and will change over time.

**Core, General Insurance, Life and Retirement and Legacy Return on Equity – Adjusted After-tax Income (Adjusted Return on Attributed Equity)** is used to show the rate of return on Adjusted Attributed Equity. Adjusted Return on Attributed Equity is derived by dividing actual or annualized Adjusted After-tax Income by Average Adjusted Attributed Equity. The reconciliations to Adjusted Return on Equity are presented on pages 13, 22, 36 and 49 herein.





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

**Adjusted After-tax Income Attributable to Core, General Insurance, Life and Retirement and Legacy** is derived by subtracting attributed interest expense and income tax expense from APTI. 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 segments conduct business, as well as the deductibility of expenses in those jurisdictions. The reconciliations from Adjusted pre-tax income to Adjusted after-tax income attributed to General Insurance, Life and Retirement, Core and Legacy are presented on pages 13, 22, 36 and 49 herein. Attributed debt is included on page 50 herein.

**Adjusted 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). Adjusted revenues is a GAAP measure for our operating segments.

**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 General 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. 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 related to catastrophes (CYRIPs)+/(-) RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
- g) Accident year combined ratio, as adjusted = AYLR + Expense ratio
- h) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/-(-) CYRIPs] – Loss ratio
- i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/-(-) CYRIPs +/-(-) PYRIPs + (AP)RP] – Loss ratio – CAT 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, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.

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

**Key Terms** - Throughout this Financial Supplement, we use the following terms:

**Natural and man-made catastrophe losses** are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and also include certain man-made events, such as terrorism and civil disorders that exceed the \$10 million threshold.

**Severe losses** are defined as non-catastrophic individual first-party losses, surety and trade credit 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. We use an 8% expected rate of return for the better (worse) than expected alternative investments line item for all periods presented herein.

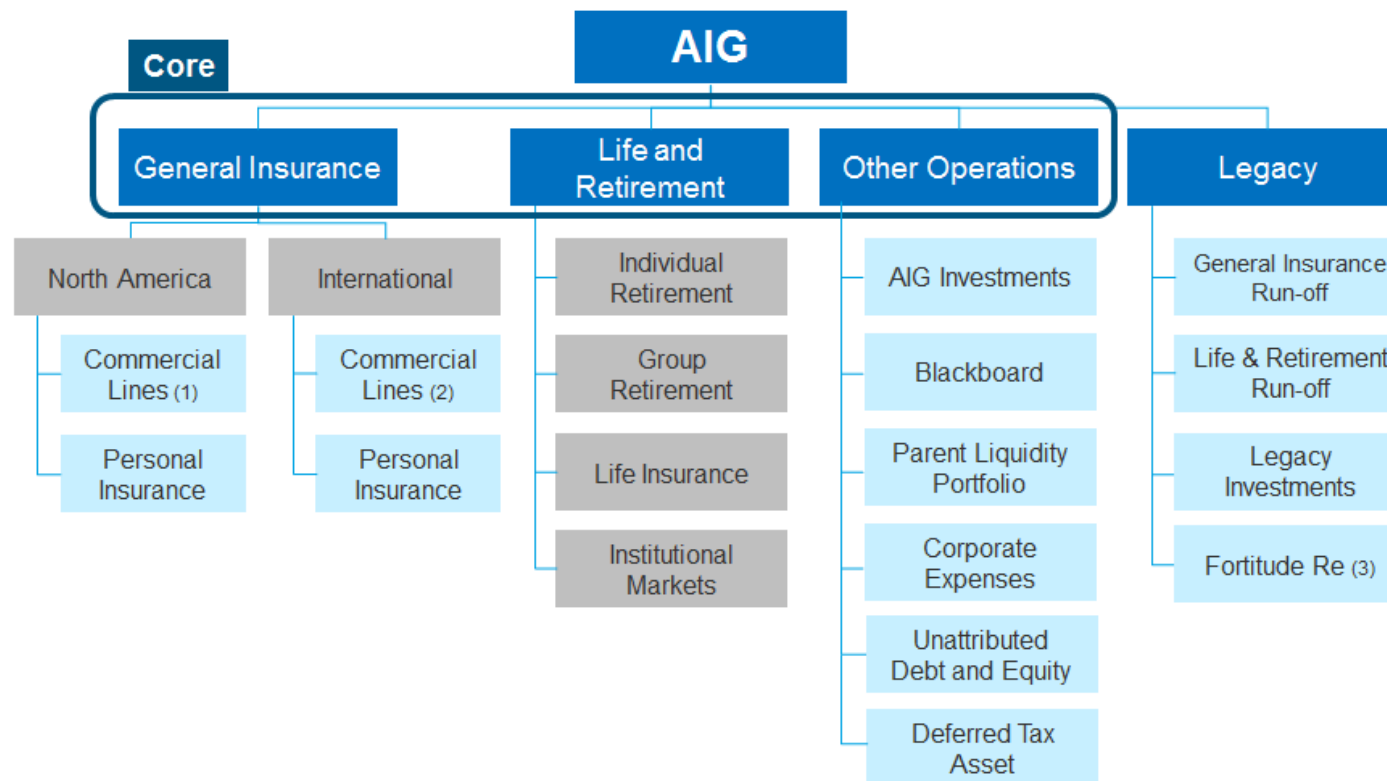


# American International Group, Inc.

## Overview

### Segment Reporting

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 organize our business units into General Insurance and Life and Retirement as follows:



### General Insurance

#### **Geography**

North America primarily includes insurance businesses in the United States, Canada and Bermuda. International includes insurance businesses in Japan, the United Kingdom, Europe, the Asia Pacific region, Puerto Rico, Australia and the Middle East. Geography results are presented before consideration of internal reinsurance agreements.

#### **Validus**

On July 18, 2018, we completed our acquisition of Validus Holdings, Ltd. (Validus), a leading provider of reinsurance, primary insurance, and asset management services. The results of Validus following the date of acquisition are reported in our General Insurance segment beginning in 3Q18.

- (1) North America Commercial Lines includes Validus Re, Alpha Cat, Western World and Crop Risk Services.
- (2) International Commercial Lines includes Talbot Holdings Ltd.

### Legacy

- (3) Fortitude Reinsurance Company, Ltd. (Fortitude Re), formerly known as DSA Reinsurance Company, Ltd., our Bermuda domiciled composite reinsurer, commenced operations in February 2018.



**American International Group, Inc.**  
**Consolidated Financial Highlights**

(in millions, except per share data)

	Quarterly					Nine Months Ended	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations Data (attributable to AIG)</b>							
Net income (loss)	\$ (1,259)	\$ 937	\$ 938	\$ (6,660)	\$ (1,739)	\$ 616	\$ 576
Net income (loss) per share:							
Basic	\$ (1.41)	\$ 1.04	\$ 1.03	\$ (7.33)	\$ (1.91)	\$ 0.68	\$ 0.61
Diluted (1)	\$ (1.41)	\$ 1.02	\$ 1.01	\$ (7.33)	\$ (1.91)	\$ 0.67	\$ 0.60
Weighted average shares outstanding:							
Basic	895.2	903.2	908.0	908.1	908.7	902.1	938.1
Diluted (1)	895.2	916.6	925.3	908.1	908.7	916.8	961.3
Effective tax rate	20.1 %	25.6 %	22.6 %	NM	38.9 %	30.6 %	NM
Adjusted after-tax income (loss)	\$ (301)	\$ 961	\$ 963	\$ 526	\$ (1,111)	\$ 1,623	\$ 1,705
Adjusted after-tax income (loss) per diluted share (1)	\$ (0.34)	\$ 1.05	\$ 1.04	\$ 0.57	\$ (1.22)	\$ 1.77	\$ 1.77
Weighted average diluted shares - operating (1)	895.2	916.6	925.3	928.3	908.7	916.8	961.3
Adjusted effective tax rate	27.9 %	25.1 %	20.0 %	38.9 %	41.5 %	21.6 %	25.0 %
<b>Selected Balance Sheet data, at period end</b>							
Total assets	\$ 504,860	\$ 496,829	\$ 499,143	\$ 498,301	\$ 503,073	\$ 504,860	\$ 503,073
Long-term debt	34,594	33,784	33,619	31,640	31,039	34,594	31,039
AIG shareholders' equity	58,586	61,186	62,792	65,171	72,468	58,586	72,468
Adjusted Shareholders' Equity	49,169	51,103	50,358	49,214	51,632	49,169	51,632
<b>Adjusted Attributed Equity *</b>							
General Insurance	\$ 26,910	\$ 24,146	\$ 23,887	\$ 25,244	\$ 24,979	\$ 26,910	\$ 24,979
Life and Retirement	19,254	19,972	19,931	20,304	20,983	19,254	20,983
Other Operations	(5,806)	(2,282)	(2,706)	(5,617)	(4,211)	(5,806)	(4,211)
<b>Total Core</b>	<b>40,358</b>	<b>41,836</b>	<b>41,112</b>	<b>39,931</b>	<b>41,751</b>	<b>40,358</b>	<b>41,751</b>
<b>Legacy</b>	<b>8,811</b>	<b>9,267</b>	<b>9,246</b>	<b>9,283</b>	<b>9,880</b>	<b>8,811</b>	<b>9,880</b>
<b>Total AIG adjusted attributed equity</b>	<b>\$ 49,169</b>	<b>\$ 51,103</b>	<b>\$ 50,358</b>	<b>\$ 49,214</b>	<b>\$ 51,631</b>	<b>\$ 49,169</b>	<b>\$ 51,631</b>
<b>Return On Equity (ROE, attributable to AIG)</b>							
ROE	(8.4)%	6.0 %	5.9 %	(38.7)%	(9.5)%	1.3 %	1.0 %
Adjusted return on equity	(2.4)%	7.6 %	7.7 %	4.2 %	(8.4)%	4.3 %	4.1 %
Adjusted return on attributed equity - Core**	(3.6)%	8.2 %	8.6 %	2.6 %	(11.6)%	4.4 %	3.3 %
Adjusted return on attributed equity - General Insurance**	(11.9)%	5.6 %	5.1 %	(1.6)%	(31.5)%	(0.7)%	(3.8)%
Adjusted return on attributed equity - Life and Retirement**	11.2 %	15.0 %	14.3 %	10.2 %	14.9 %	13.5 %	13.1 %
Adjusted return on attributed equity - Legacy Portfolio**	2.9 %	4.6 %	4.6 %	10.5 %	6.7 %	4.1 %	8.1 %

\* Attribution of adjusted equity is performed on an annual basis unless recalibration is needed (refer to page 50). Adjusted attributed equity is based on our internal capital model and on the risk profile of each business.

\*\* Refer to pages 13, 22, 36 and 49 for components of calculation.

See accompanying notes on page 12 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**Consolidated Financial Highlights**

(in millions, except per share data)

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>AIG Capitalization</b>							
Total equity	\$ 59,177	\$ 61,797	\$ 63,357	\$ 65,708	\$ 73,012	\$ 59,177	\$ 73,012
Hybrid debt securities (3)	1,552	1,554	1,592	841	836	1,552	836
Total equity and hybrid debt	60,729	63,351	64,949	66,549	73,848	60,729	73,848
Financial debt (3)	22,768	21,886	22,043	21,315	21,062	22,768	21,062
<b>Total capital</b>	<b>\$ 83,497</b>	<b>\$ 85,237</b>	<b>\$ 86,992</b>	<b>\$ 87,864</b>	<b>\$ 94,910</b>	<b>\$ 83,497</b>	<b>\$ 94,910</b>
<b>Leverage Ratios</b>							
Hybrid debt securities / Total capital	1.9 %	1.8 %	1.8 %	1.0 %	0.9 %	1.9 %	0.9 %
Financial debt / Total capital	27.3	25.7	25.3	24.3	22.2	27.3	22.2
<b>Total hybrids and financial debt / Total capital</b>	<b>29.2 %</b>	<b>27.5 %</b>	<b>27.1 %</b>	<b>25.3 %</b>	<b>23.1 %</b>	<b>29.2 %</b>	<b>23.1 %</b>
<b>Common Stock Repurchases</b>							
Aggregate repurchase of common stock	\$ 348	\$ 348	\$ 298	\$ -	\$ 275	\$ 994	\$ 6,275
Number of common shares repurchased	6.6	6.5	5.4	-	4.6	18.5	99.7
Average price paid per share of common stock	\$ 53.05	\$ 53.47	\$ 55.41	\$ -	\$ 60.49	\$ 53.88	\$ 62.95
Aggregate repurchase of warrants	\$ 2	\$ 2	\$ 2	\$ -	\$ 3	\$ 6	\$ 3
Number of warrants repurchased	0.1	0.2	0.1	-	0.2	0.4	0.2
<b>Dividends</b>							
Dividends declared per common share	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.96	\$ 0.96
Total dividends declared	\$ 283	\$ 286	\$ 289	\$ 288	\$ 287	\$ 858	\$ 884
<b>Share Data (attributable to AIG, at period end)</b>							
Common shares outstanding	884.6	891.2	897.7	899.0	898.9	884.6	898.9
Closing share price	\$ 53.24	\$ 53.02	\$ 54.42	\$ 59.58	\$ 61.39	\$ 53.24	\$ 61.39
Book value per common share	66.23	68.65	69.95	72.49	80.62	66.23	80.62
Book value per common share, excluding AOCI	66.83	68.40	67.48	66.41	74.01	66.83	74.01
Adjusted book value per common share	55.58	57.34	56.10	54.74	57.44	55.58	57.44

See accompanying notes on page 12 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**Consolidated Financial Highlights**

(in millions)

**Adjusted Pre-Tax Income (Loss) (\$)**

**General Insurance**

North America

International

Total General Insurance

**Life and Retirement**

Individual Retirement

Group Retirement

Life Insurance

Institutional Markets

Total Life and Retirement

Other Operations

Consolidation, eliminations and other adjustments

**Total Core**

**Total Legacy Portfolio**

**Total adjusted pre-tax income (loss)**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
\$ (160)	\$ 407	\$ 320	\$ 412	\$ (2,193)	\$ 567	\$ (644)	
(665)	161	190	(399)	(740)	(314)	(182)	
(825)	568	510	13	(2,933)	253	(826)	
393	462	499	474	718	1,354	1,815	
242	250	282	246	249	774	758	
16	175	52	2	112	243	272	
62	75	59	60	79	196	204	
713	962	892	782	1,158	2,567	3,049	
(417)	(374)	(342)	(366)	(366)	(1,133)	(1,039)	
29	(12)	11	-	(1)	28	75	
<b>(500)</b>	<b>1,144</b>	<b>1,071</b>	<b>429</b>	<b>(2,142)</b>	<b>1,715</b>	<b>1,259</b>	
84	134	145	411	286	363	1,059	
<b>\$ (416)</b>	<b>\$ 1,278</b>	<b>\$ 1,216</b>	<b>\$ 840</b>	<b>\$ (1,856)</b>	<b>\$ 2,078</b>	<b>\$ 2,318</b>	

**Noteworthy Profit and Loss Data**

**Revenue Items:**

Better (worse) than expected alternative returns

Better (worse) than expected DIB and GCM returns\*

Better (worse) than expected fair value changes on Fixed Maturity Securities -

Other accounted under fair value option\*\* (6)

Fair value changes on Equity Securities - Other (7)

**Expense Items:**

Catastrophe losses, net of reinsurance

Prior year loss reserve development (favorable) unfavorable, net of reinsurance

Severe losses, net of reinsurance

Annual actuarial assumption update

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
\$ 117	\$ (48)	\$ 103	\$ 62	\$ 104	\$ 172	\$ 403	
15	(19)	37	234	42	33	229	
(32)	(42)	(42)	306	57	(116)	365	
(13)	3	(31)	52	32	(41)	71	
\$ 1,624	\$ 150	\$ 376	\$ 766	\$ 3,016	\$ 2,150	\$ 3,424	
170	(63)	(110)	76	836	(3)	902	
153	293	135	51	243	581	425	
103	-	-	-	(270)	103	(270)	

\* DIB refers to Direct Investment Book and GCM refers to Global Capital Markets.

\*\* Includes the fair value changes on the DIB and GCM asset portfolios.

See accompanying notes on page 12 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**Consolidated Statement of Operations**

(in millions)

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Revenues:</b>							
Premiums	\$ 7,668	\$ 7,207	\$ 7,275	\$ 7,915	\$ 8,063	\$ 22,150	\$ 23,459
Policy fees	530	763	764	758	728	2,057	2,177
Net investment income:							
Interest and dividends	3,084	2,985	3,060	3,072	2,960	9,129	9,037
Alternative investments	329	171	337	301	355	837	1,174
Other investment income (loss)	98	35	(12)	221	237	121	894
Investment expenses	(115)	(126)	(124)	(130)	(136)	(365)	(390)
Total net investment income	3,396	3,065	3,261	3,464	3,416	9,722	10,715
Net realized capital gains (losses)	(511)	165	(19)	(274)	(922)	(365)	(1,106)
Other income	403	431	431	772	466	1,265	1,640
Total revenues	11,486	11,631	11,712	12,635	11,751	34,829	36,885
<b>Benefits, losses and expenses</b>							
Policyholder benefits and losses incurred	8,312	5,505	5,667	7,319	10,322	19,484	22,653
Interest credited to policyholder account balances	933	935	916	909	867	2,784	2,683
Amortization of deferred policy acquisition costs	1,118	1,337	1,358	1,153	912	3,813	3,135
General operating and other expenses	2,325	2,323	2,271	2,333	2,149	6,919	6,774
Interest expense	326	299	277	288	290	902	880
(Gain) loss on extinguishment of debt	1	5	4	(1)	1	10	(4)
Net (gain) loss on sale of divested businesses (2)	(2)	(25)	(8)	(241)	13	(35)	173
Total benefits, losses and expenses	13,013	10,379	10,485	11,760	14,554	33,877	36,294
<b>Income (loss) from continuing operations before income taxes</b>	(1,527)	1,252	1,227	875	(2,803)	952	591
<b>Income tax (benefit) expense</b>	(307)	321	277	7,544	(1,091)	291	(18)
<b>Income (loss) from continuing operations</b>	(1,220)	931	950	(6,669)	(1,712)	661	609
<b>Income (loss) from discontinued operations, net of income taxes</b>	(39)	-	(1)	(3)	(1)	(40)	7
<b>Net income (loss)</b>	(1,259)	931	949	(6,672)	(1,713)	621	616
<b>Net income (loss) attributable to noncontrolling interests</b>	-	(6)	11	(12)	26	5	40
<b>Net income (loss) attributable to AIG</b>	\$ (1,259)	\$ 937	\$ 938	\$ (6,660)	\$ (1,739)	\$ 616	\$ 576

See accompanying notes on page 12.



**American International Group, Inc.**  
**Consolidated Balance Sheets**

(in millions)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>Assets</b>					
<b>Investments:</b>					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 232,720	\$ 228,673	\$ 233,914	\$ 238,992	\$ 237,771
Other bond securities, at fair value	11,420	11,774	12,397	12,772	12,653
Equity securities					
Common and preferred stock available for sale, at fair value (8)	-	-	-	1,708	1,707
Other common and preferred stock, at fair value	1,443	1,675	1,725	589	538
Mortgage and other loans receivable, net of allowance	41,878	39,978	38,540	37,023	36,089
Other invested assets	19,739	20,648	21,183	20,822	22,590
Short-term investments	8,863	17,010	14,616	10,386	9,775
<b>Total investments</b>	<b>316,063</b>	<b>319,758</b>	<b>322,375</b>	<b>322,292</b>	<b>321,123</b>
Cash	2,741	2,135	2,103	2,362	2,433
Accrued investment income	2,524	2,449	2,390	2,356	2,416
Premiums and other receivables, net of allowance	12,238	10,860	11,107	10,248	11,156
Reinsurance assets, net of allowance	37,178	34,497	34,744	33,024	34,429
Deferred income taxes	15,088	14,753	14,558	14,033	20,954
Deferred policy acquisition costs	12,683	11,997	11,631	10,994	10,938
Other assets	13,300	9,634	9,646	10,194	10,324
Separate account assets, at fair value	93,045	90,746	90,589	92,798	89,300
<b>Total assets</b>	<b>\$ 504,860</b>	<b>\$ 496,829</b>	<b>\$ 499,143</b>	<b>\$ 498,301</b>	<b>\$ 503,073</b>
<b>Liabilities</b>					
Liability for unpaid losses and loss adjustment expenses	\$ 81,959	\$ 76,713	\$ 78,098	\$ 78,393	\$ 80,087
Unearned premiums	20,829	19,676	20,038	19,030	20,135
Future policy benefits for life and accident and health insurance contracts	44,374	44,608	44,895	45,432	44,055
Policyholder contract deposits	140,491	138,964	138,153	135,602	134,514
Other policyholder funds	3,738	3,482	3,473	3,648	3,678
Other liabilities	26,653	27,059	26,921	26,050	27,253
Long-term debt	34,594	33,784	33,619	31,640	31,039
Separate account liabilities	93,045	90,746	90,589	92,798	89,300
<b>Total liabilities</b>	<b>445,683</b>	<b>435,032</b>	<b>435,786</b>	<b>432,593</b>	<b>430,061</b>
<b>AIG shareholders' equity</b>					
Common stock	4,766	4,766	4,766	4,766	4,766
Treasury stock, at cost	(48,401)	(48,052)	(47,706)	(47,595)	(47,602)
Additional paid-in capital	81,008	80,924	80,841	81,078	80,976
Retained earnings	21,749	23,318	22,671	21,457	28,389
Accumulated other comprehensive income	(536)	230	2,220	5,465	5,939
<b>Total AIG shareholders' equity</b>	<b>58,586</b>	<b>61,186</b>	<b>62,792</b>	<b>65,171</b>	<b>72,468</b>
<b>Non-redeemable noncontrolling interests</b>	<b>591</b>	<b>611</b>	<b>565</b>	<b>537</b>	<b>544</b>
<b>Total equity</b>	<b>59,177</b>	<b>61,797</b>	<b>63,357</b>	<b>65,708</b>	<b>73,012</b>
<b>Total liabilities and equity</b>	<b>\$ 504,860</b>	<b>\$ 496,829</b>	<b>\$ 499,143</b>	<b>\$ 498,301</b>	<b>\$ 503,073</b>

See accompanying notes on page 12.



**American International Group, Inc.**  
**Segment Balance Sheets**

September 30, 2018

(in millions)	General Insurance	Life & Retirement	Other Operations (9)	Total Core	Legacy Portfolio (10) (11)	AOCI and DTA*	AIG Inc.
<b>Assets:</b>							
<b>Investments:</b>							
Fixed maturity securities							
Bonds available for sale, at fair value	\$ 64,768	\$ 119,978	\$ 3,493	\$ 188,239	\$ 41,362	\$ 3,119	\$ 232,720
Other bond securities, at fair value	1,048	3,270	2,794	7,112	4,308	-	11,420
Equity securities							
Common and preferred stock available for sale, at fair value (8)	-	-	-	-	-	-	-
Other common and preferred stock, at fair value	1,247	107	62	1,416	27	-	1,443
Mortgage and other loans receivable, net of allowance	9,673	28,761	(322)	38,112	3,766	-	41,878
Other invested assets	10,276	6,309	617	17,202	2,537	-	19,739
Short-term investments	3,889	3,313	866	8,068	795	-	8,863
<b>Total investments</b>	<b>90,901</b>	<b>161,738</b>	<b>7,510</b>	<b>260,149</b>	<b>52,795</b>	<b>3,119</b>	<b>316,063</b>
Cash	1,934	448	145	2,527	214	-	2,741
Accrued investment income	800	1,965	(335)	2,430	94	-	2,524
Premiums and other receivables, net of allowance	12,183	999	(999)	12,183	55	-	12,238
Reinsurance assets, net of allowance	26,609	1,594	(388)	27,815	9,363	-	37,178
Deferred income taxes	4,743	2,670	(2,942)	4,471	623	9,994	15,088
Deferred policy acquisition costs	2,982	8,982	-	11,964	719	-	12,683
Other assets	10,881	2,779	(2,618)	11,042	4,483	(2,225)	13,300
Separate account assets, at fair value	-	91,041	-	91,041	2,004	-	93,045
<b>Total assets</b>	<b>\$ 151,033</b>	<b>\$ 272,216</b>	<b>\$ 373</b>	<b>\$ 423,622</b>	<b>\$ 70,350</b>	<b>\$ 10,888</b>	<b>\$ 504,860</b>
<b>Liabilities:</b>							
Liability for unpaid losses and loss adjustment expenses	\$ 73,386	\$ -	\$ 173	\$ 73,559	\$ 8,400	\$ -	\$ 81,959
Unearned premiums	20,597	-	19	20,616	213	-	20,829
Future policy benefits for life and accident and health insurance contracts	939	13,853	(344)	14,448	29,926	-	44,374
Policyholder contract deposits	-	135,916	(124)	135,792	4,699	-	140,491
Other policyholder funds	-	476	-	476	3,262	-	3,738
Other liabilities	9,430	5,029	315	14,774	10,408	1,471	26,653
<b>Long-term debt:</b>							
Operating debt	5,133	3,458	(863)	7,728	2,546	-	10,274
Attributed debt	14,322	2,830	7,168	24,320	-	-	24,320
<b>Total Long-term debt</b>	<b>19,455</b>	<b>6,288</b>	<b>6,305</b>	<b>32,048</b>	<b>2,546</b>	<b>-</b>	<b>34,594</b>
Separate account liabilities	-	91,041	-	91,041	2,004	-	93,045
<b>Total liabilities</b>	<b>123,807</b>	<b>252,603</b>	<b>6,344</b>	<b>382,754</b>	<b>61,458</b>	<b>1,471</b>	<b>445,683</b>
<b>AIG Shareholders' equity</b>							
Adjusted attributed equity*	26,910	19,254	(5,806)	40,358	8,811	9,417	58,586
Non-redeemable noncontrolling interests	316	359	(165)	510	81	-	591
<b>Total Equity</b>	<b>27,226</b>	<b>19,613</b>	<b>(5,971)</b>	<b>40,868</b>	<b>8,892</b>	<b>9,417</b>	<b>59,177</b>
<b>Total liabilities and equity</b>	<b>\$ 151,033</b>	<b>\$ 272,216</b>	<b>\$ 373</b>	<b>\$ 423,622</b>	<b>\$ 70,350</b>	<b>\$ 10,888</b>	<b>\$ 504,860</b>

\* The segment balance sheets have been prepared consistent with our internal capital model and are based on Adjusted Attributed Equity (which excludes AOCI and DTA). See page 50 for further discussion.

See accompanying notes on page 12.





**American International Group, Inc.  
Debt and Capital**

(in millions)	Debt and Hybrid Capital			Interest Expense			
	September 30, 2018	September 30, 2017	December 31, 2017	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2017	2018	2017	2018	2017
<b>Financial Debt</b>							
AIG notes and bonds payable	\$ 20,887	\$ 20,078	\$ 20,339	\$ 218	\$ 218	\$ 638	\$ 651
AIG Japan Holdings Kabushiki Kaisha	339	342	334	-	-	1	1
AIG Life Holdings, Inc. notes and bonds payable	282	281	281	5	5	15	15
AIG Life Holdings, Inc. junior subordinated debt	361	361	361	7	7	22	22
Validus notes and bonds payable	360	-	-	6	-	6	-
Validus junior subordinated debt (12)	539	-	-	8	-	8	-
<b>Total</b>	<b>22,768</b>	<b>21,062</b>	<b>21,315</b>	<b>244</b>	<b>230</b>	<b>690</b>	<b>689</b>
<b>Operating Debt</b>							
MIP notes payable	-	535	356	1	3	4	23
Series AIGFP matched notes and bonds payable	21	31	21	-	-	-	1
Other AIG borrowings supported by assets	2,311	2,998	2,888	-	-	-	-
Other subsidiaries	230	556	190	1	2	1	5
Borrowings of consolidated investments	7,712	5,021	6,029	57	43	148	123
<b>Total</b>	<b>10,274</b>	<b>9,141</b>	<b>9,484</b>	<b>59</b>	<b>48</b>	<b>153</b>	<b>152</b>
<b>Hybrid - Debt Securities (3)</b>							
Junior subordinated debt (4)	1,552	836	841	23	12	59	39
<b>Total</b>	<b>\$ 34,594</b>	<b>\$ 31,039</b>	<b>\$ 31,640</b>	<b>\$ 326</b>	<b>\$ 290</b>	<b>\$ 902</b>	<b>\$ 880</b>
<b>AIG Capitalization</b>							
Total equity	\$ 59,177	\$ 73,012	\$ 65,708				
Hybrid - debt securities (3) (4)	1,552	836	841				
<b>Total equity and hybrid capital</b>	<b>60,729</b>	<b>73,848</b>	<b>66,549</b>				
Financial debt	22,768	21,062	21,315				
<b>Total capital</b>	<b>\$ 83,497</b>	<b>\$ 94,910</b>	<b>\$ 87,864</b>				
<b>Ratios</b>							
Hybrid - debt securities / Total capital	1.9 %	0.9 %	1.0 %				
Financial debt / Total capital	27.3	22.2	24.3				
Total debt / Total capital	29.2 %	23.1 %	25.3 %				

See accompanying notes on page 12.



## American International Group, Inc.

### Consolidated Notes

- (1) For the quarters ended September 30, 2018, December 31, 2017 and September 30, 2017, because 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. For the quarters ended September 30, 2018 and 2017, we also reported an adjusted after-tax loss, and therefore, all common stock equivalents are anti-dilutive and are excluded from the calculation of diluted shares and diluted per share amounts.
- (2) 4Q17 included the sale of certain group benefits business, primarily medical stop loss.
- (3) Hybrid debt securities and financial debt are attributed to our reportable segments. See details of attributed debt on page 50.
- (4) 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 Consolidated Balance Sheets.
- (5) Non-qualifying (economic) hedges or replications of investment assets included in APTI. Beginning in the first quarter of 2018, to align with the economic risk being hedged, Net realized capital gains (losses) related to non-qualifying hedges or replications of investment assets have been included in APTI within net investment income, interest credited to policyholder account balances, interest expense and other income. The impact to prior periods was immaterial. This has no impact on our consolidated statement of operations.
- (6) Represents the impact of fair value changes included in APTI on the Fixed Maturity Securities – Other accounted under the fair value option, rather than their impact on the income from continuing operations before tax expense. We use a 6% expected rate of return to calculate the better (worse) than expected fair value changes on the Fixed Maturity Securities – Other line item for all periods presented.
- (7) Represents the impact of fair value changes included in APTI on Equity Securities- Other, rather than their impact on the income from continuing operations before tax expense.
- (8) As a result of the adoption of the Financial Instruments Recognition and Measurement Standard on January 1, 2018, equity securities are no longer classified and accounted for as available-for-sale securities. Investment income includes amounts recorded in net investment income by our insurance subsidiaries and amounts recorded in other income by our non-insurance subsidiaries.
- (9) Other Operations includes inter segment eliminations for Core.
- (10) In February of 2018, we closed a series of affiliated reinsurance transactions impacting the Legacy Portfolio (the affiliated transactions). These affiliated transactions were designed to consolidate most of the Legacy Insurance Run-Off Lines into a single legal entity, Fortitude Re, a composite reinsurer domiciled in Bermuda, wholly owned by AIG. As of September 30, 2018, the affiliated transactions included the cession of approximately \$31 billion of reserves from the Legacy Life and Retirement Run-off Lines and approximately \$5 billion of reserves from the Legacy General Insurance Run-off Lines relating to business written by multiple wholly owned AIG subsidiaries. We used \$2.6 billion of existing Legacy Portfolio cash and investment assets to capitalize Fortitude Re in order to enable it to assume insurance risk and other economic risk from our affiliated U.S. and Bermuda domiciled insurance companies. These assets included approximately \$1.6 billion of capital release from Eaglestone Reinsurance Company, an affiliated entity, to AIG as a result of the commutation of certain property and casualty risks from other AIG subsidiaries which were subsequently ceded to Fortitude Re. In the second quarter of 2018, we formed Fortitude Group Holdings, LLC (Fortitude), a wholly-owned subsidiary of AIG to serve as a holding company for Fortitude Re.
- (11) The affiliated reinsurance transactions executed in the first quarter of 2018 with Fortitude Re resulted in prepaid insurance assets on the ceding subsidiaries' balance sheets of approximately \$2.5 billion (after-tax). These assets have been eliminated in AIG's consolidated financial statements since the counterparties were wholly-owned. In the event of a sale of a controlling interest in Fortitude, our Legacy Portfolio may recognize a loss for the portion of the unamortized balance of these assets and related deferred acquisition costs of \$0.5 billion (after-tax) that are not recoverable, if any, in the period in which our interest in Fortitude becomes non-controlling. This loss would be incremental to any gain or loss recognized on the sale of our controlling interest in Fortitude.
- (12) On October 30, 2018, Validus Reinsurance, Ltd. redeemed its outstanding Floating Rate Deferrable Interest Junior Subordinated Notes due July 30, 2037 at a redemption price of 100 percent of the principal amount, plus accrued and unpaid interest, for a net amount of approximately \$90 million.



**American International Group, Inc.**  
**General Insurance Results**

(in millions)

**Results of Operations (5) (7)**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Gross premiums written	\$ 8,668	\$ 8,653	\$ 9,205	\$ 7,278	\$ 8,426	\$ 26,526	\$ 25,781
Ceded premiums written	(1,833)	(1,676)	(3,034)	(1,386)	(1,849)	(6,543)	(6,235)
Net premiums written (1)	\$ 6,835	\$ 6,977	\$ 6,171	\$ 5,892	\$ 6,577	\$ 19,983	\$ 19,546
Net premiums earned (1) (2)	\$ 7,081	\$ 6,570	\$ 6,683	\$ 6,375	\$ 6,638	\$ 20,334	\$ 19,651
Losses and loss adjustment expenses incurred (3)	6,276	4,317	4,488	4,990	8,240	15,081	16,652
Acquisition expenses:							
Amortization of deferred policy acquisition costs	1,223	1,092	1,066	963	933	3,381	2,802
Other acquisition expenses	313	297	385	306	344	995	1,082
Total acquisition expenses	1,536	1,389	1,451	1,269	1,277	4,376	3,884
General operating expenses	995	953	995	962	917	2,943	2,750
<b>Underwriting income (loss) (1) (2)</b>	<b>(1,726)</b>	<b>(89)</b>	<b>(251)</b>	<b>(846)</b>	<b>(3,796)</b>	<b>(2,066)</b>	<b>(3,635)</b>
Net investment income (loss):							
Interest and dividends	697	632	660	680	677	1,989	2,090
Alternative investments	206	68	153	185	201	427	710
Other investment income (loss)	32	(5)	(21)	25	25	6	117
Investment expenses	(34)	(38)	(31)	(31)	(40)	(103)	(108)
Total net investment income	901	657	761	859	863	2,319	2,809
<b>Adjusted pre-tax income (loss)</b>	<b>(825)</b>	<b>568</b>	<b>510</b>	<b>13</b>	<b>(2,933)</b>	<b>253</b>	<b>(826)</b>
Interest expense on attributed financial debt	141	137	124	115	124	402	384
<b>Adjusted pre-tax income (loss) including attributed interest expense</b>	<b>(966)</b>	<b>431</b>	<b>386</b>	<b>(102)</b>	<b>(3,057)</b>	<b>(149)</b>	<b>(1,210)</b>
Income tax expense (benefit)	(206)	97	89	(2)	(1,054)	(20)	(444)
<b>Adjusted after-tax income (loss) (a)</b>	<b>\$ (760)</b>	<b>\$ 334</b>	<b>\$ 297</b>	<b>\$ (100)</b>	<b>\$ (2,003)</b>	<b>\$ (129)</b>	<b>\$ (766)</b>
Ending adjusted attributed equity	\$ 26,910	\$ 24,146	\$ 23,887	\$ 25,244	\$ 24,979	\$ 26,910	\$ 24,979
Average adjusted attributed equity (b)*	25,528	24,017	23,410	25,112	25,423	24,469	26,613
Adjusted return on attributed equity (a÷b)	(11.9) %	5.6 %	5.1 %	(1.6) %	(31.5) %	(0.7) %	(3.8) %
<b>Underwriting Ratios</b>							
Loss ratio (3)	88.6	65.7	67.2	78.3	124.1	74.2	84.7
Catastrophe losses and reinstatement premiums	(22.0)	(2.3)	(5.7)	(11.7)	(45.4)	(10.3)	(17.4)
Prior year development	(2.7)	0.8	1.6	(1.4)	(12.7)	(0.2)	(4.8)
Adjustments for ceded premium under reinsurance contracts and other (1) (2) (4)	(0.3)	1.2	-	-	-	0.3	(0.2)
Accident year loss ratio, as adjusted	63.6	65.4	63.1	65.2	66.0	64.0	62.3
Acquisition ratio	21.7	21.1	21.7	19.9	19.2	21.5	19.8
General operating expense ratio	14.1	14.5	14.9	15.1	13.8	14.5	14.0
Expense ratio	35.8	35.6	36.6	35.0	33.0	36.0	33.8
Combined ratio (3)	124.4	101.3	103.8	113.3	157.1	110.2	118.5
Accident year combined ratio, as adjusted (1) (2) (4)	99.4	101.0	99.7	100.2	99.0	100.0	96.1

\* See accompanying notes to Adjusted Attributed Equity on page 50.

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**General Insurance Operating Statistics**

(in millions)

**Noteworthy Items (pre-tax)**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Catastrophe-related losses, net of reinsurance	\$ 1,567	\$ 150	\$ 376	\$ 762	\$ 3,016	\$ 2,093	\$ 3,424
Reinstatement premiums related to catastrophes	(10)	-	-	(23)	-	(10)	-
Reinstatement premiums related to prior year catastrophes	2	-	-	-	-	2	-
Severe losses, net of reinsurance	153	293	135	51	243	581	425
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	172	(61)	(108)	80	837	3	919
(Additional) return premium related to prior year development on loss sensitive business	32	11	4	13	9	47	55
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	204	(50)	(104)	93	846	50	974
Better (worse) than expected alternative returns	67	(75)	8	35	43	-	229
Fair value changes on Fixed Maturity Securities - Other accounted under fair value option	45	(17)	26	24	34	54	120
Fair value changes on Equity Securities - Other	(30)	9	(46)	-	-	(67)	-
Net liability for unpaid losses and loss adjustment expenses (at period end)	48,177	44,605	46,032	46,669	47,374	48,177	47,374

**Net Premiums Written by product line**

**General Insurance:**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Property	\$ 901	\$ 989	\$ 175	\$ 696	\$ 926	\$ 2,065	\$ 2,634
Special Risks	911	660	734	646	669	2,305	2,115
Liability	1,204	1,165	1,339	847	1,143	3,708	3,392
Financial Lines	1,023	1,097	1,021	1,041	1,032	3,141	3,084
<b>Total Commercial Lines</b>	<b>4,039</b>	<b>3,911</b>	<b>3,269</b>	<b>3,230</b>	<b>3,770</b>	<b>11,219</b>	<b>11,225</b>
Personal Lines	1,537	1,712	1,558	1,501	1,615	4,807	4,742
Accident and Health	1,259	1,354	1,344	1,161	1,192	3,957	3,579
<b>Total Personal Insurance</b>	<b>2,796</b>	<b>3,066</b>	<b>2,902</b>	<b>2,662</b>	<b>2,807</b>	<b>8,764</b>	<b>8,321</b>
<b>General Insurance net premiums written</b>	<b>\$ 6,835</b>	<b>\$ 6,977</b>	<b>\$ 6,171</b>	<b>\$ 5,892</b>	<b>\$ 6,577</b>	<b>\$ 19,983</b>	<b>\$ 19,546</b>
<b>Foreign exchange effect on worldwide premiums:</b>							
<b>Change in net premiums written</b>							
Increase (decrease) in original currency (6)	4.5 %	2.2 %	(6.1) %	(9.0) %	(8.7) %	0.3 %	(9.8) %
Foreign exchange effect	(0.6)	2.4	4.1	(0.5)	(0.9)	2.0	(0.9)
Increase (decrease) as reported in U.S. dollars	3.9 %	4.6 %	(2.0) %	(9.5) %	(9.6) %	2.3 %	(10.7) %

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**General Insurance - North America Results**

(in millions)

**Results of Operations (7)**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Net premiums written (1)	\$ 3,164	\$ 3,236	\$ 2,039	\$ 2,583	\$ 2,942	\$ 8,439	\$ 8,390
Net premiums earned (1) (2)	\$ 3,302	\$ 2,892	\$ 2,692	\$ 2,727	\$ 2,887	\$ 8,886	\$ 8,728
Losses and loss adjustment expenses incurred (3)	3,264	2,115	2,153	2,264	5,053	7,532	9,382
Acquisition expenses:							
Amortization of deferred policy acquisition costs	534	430	358	335	307	1,322	970
Other acquisition expenses	92	102	154	83	127	348	402
Total acquisition expenses	626	532	512	418	434	1,670	1,372
General operating expenses	399	372	355	361	340	1,126	1,035
<b>Underwriting income (loss) (1) (2)</b>	<b>(987)</b>	<b>(127)</b>	<b>(328)</b>	<b>(316)</b>	<b>(2,940)</b>	<b>(1,442)</b>	<b>(3,061)</b>
Net investment income (loss):							
Interest and dividends	575	520	547	554	563	1,642	1,725
Alternative investments	206	68	151	185	194	425	684
Other investment income (loss)	68	(22)	(24)	14	18	22	85
Investment expenses	(22)	(32)	(26)	(25)	(28)	(80)	(77)
Total net investment income	827	534	648	728	747	2,009	2,417
<b>Adjusted pre-tax income (loss)</b>	<b>\$ (160)</b>	<b>\$ 407</b>	<b>\$ 320</b>	<b>\$ 412</b>	<b>\$ (2,193)</b>	<b>\$ 567</b>	<b>\$ (644)</b>

**Underwriting Ratios**

Loss ratio (3)	98.8	73.1	80.0	83.0	175.0	84.8	107.5
Catastrophe losses and reinstatement premiums	(23.7)	(3.7)	(11.1)	(24.5)	(78.8)	(13.4)	(29.9)
Prior year development	(4.8)	1.6	2.8	3.3	(19.0)	(0.5)	(5.9)
Adjustments for ceded premium under reinsurance contracts and other (1) (2) (4)	(0.5)	3.0	-	-	-	0.8	(0.3)
Accident year loss ratio, as adjusted	69.8	74.0	71.7	61.8	77.2	71.7	71.4
Acquisition ratio	19.0	18.4	19.0	15.3	15.0	18.8	15.7
General operating expense ratio	12.1	12.9	13.2	13.2	11.8	12.7	11.9
Expense ratio	31.1	31.3	32.2	28.5	26.8	31.5	27.6
Combined ratio (3)	129.9	104.4	112.2	111.5	201.8	116.3	135.1
Accident year combined ratio, as adjusted (1) (2) (4)	100.9	105.3	103.9	90.3	104.0	103.2	99.0

**Noteworthy Items (pre-tax)**

Catastrophe-related losses, net of reinsurance	\$ 791	\$ 107	\$ 299	\$ 682	\$ 2,275	\$ 1,197	\$ 2,613
Reinstatement premiums related to catastrophes	(10)	-	-	(23)	-	(10)	-
Reinstatement premiums related to prior year catastrophes	5	-	-	-	-	5	-
Severe losses, net of reinsurance	88	160	36	(13)	111	284	216
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	134	(54)	(78)	(97)	542	2	468
(Additional) return premium related to prior year development on loss sensitive business	32	11	4	13	9	47	55
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	166	(43)	(74)	(84)	551	49	523

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**General Insurance – North America - Commercial Lines Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations (7)</b>							
Net premiums written (1)	\$ 2,229	\$ 2,321	\$ 1,314	\$ 1,808	\$ 2,118	\$ 5,864	\$ 6,041
Net premiums earned (1) (2)	\$ 2,425	\$ 2,069	\$ 1,918	\$ 1,998	\$ 2,091	\$ 6,412	\$ 6,368
Losses and loss adjustment expenses incurred (3)	2,389	1,616	1,456	1,477	4,286	5,461	7,749
Acquisition expenses:							
Amortization of deferred policy acquisition costs	294	206	186	198	187	686	638
Other acquisition expenses	44	59	101	36	48	204	142
Total acquisition expenses	338	265	287	234	235	890	780
General operating expenses	307	279	264	271	254	850	782
<b>Underwriting income (loss) (1) (2)</b>	<b>\$ (609)</b>	<b>\$ (91)</b>	<b>\$ (89)</b>	<b>\$ 16</b>	<b>\$ (2,684)</b>	<b>\$ (789)</b>	<b>\$ (2,943)</b>
<b>Underwriting Ratios</b>							
Loss ratio (3)	98.5	78.1	75.9	73.9	205.0	85.2	121.7
Catastrophe losses and reinstatement premiums	(21.6)	(4.6)	(4.5)	(12.0)	(95.7)	(11.0)	(36.4)
Prior year development	(0.6)	4.2	6.9	4.9	(25.6)	3.2	(7.9)
Adjustments for ceded premium under reinsurance contracts and other (1) (2) (4)	(0.7)	4.5	-	-	-	1.1	(0.5)
Accident year loss ratio, as adjusted	75.6	82.2	78.3	66.8	83.7	78.5	76.9
Acquisition ratio	13.9	12.8	15.0	11.7	11.2	13.9	12.2
General operating expense ratio	12.7	13.5	13.8	13.6	12.1	13.3	12.3
Expense ratio	26.6	26.3	28.8	25.3	23.3	27.2	24.5
Combined ratio (3)	125.1	104.4	104.7	99.2	228.3	112.4	146.2
Accident year combined ratio, as adjusted (1) (2) (4)	102.2	108.5	107.1	92.1	107.0	105.7	101.4
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses, net of reinsurance	\$ 531	\$ 95	\$ 87	\$ 255	\$ 2,000	\$ 713	\$ 2,314
Reinstatement premiums related to catastrophes	(10)	-	-	(23)	-	(10)	-
Reinstatement premiums related to prior year catastrophes	5	-	-	-	-	5	-
Severe losses, net of reinsurance	76	143	36	(13)	100	255	188
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	(14)	(95)	(136)	(105)	528	(245)	462
(Additional) return premium related to prior year development on loss sensitive business	32	11	4	13	9	47	55
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	18	(84)	(132)	(92)	537	(198)	517

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**General Insurance – North America - Personal Insurance Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
Net premiums written	\$ 935	\$ 915	\$ 725	\$ 775	\$ 824	\$ 2,575	\$ 2,349
Net premiums earned	\$ 877	\$ 823	\$ 774	\$ 729	\$ 796	\$ 2,474	\$ 2,360
Losses and loss adjustment expenses incurred	875	499	697	787	767	2,071	1,633
Acquisition expenses:							
Amortization of deferred policy acquisition costs	240	224	172	137	120	636	332
Other acquisition expenses	48	43	53	47	79	144	260
Total acquisition expenses	288	267	225	184	199	780	592
General operating expenses	92	93	91	90	86	276	253
<b>Underwriting income (loss)</b>	<b>\$ (378)</b>	<b>\$ (36)</b>	<b>\$ (239)</b>	<b>\$ (332)</b>	<b>\$ (256)</b>	<b>\$ (653)</b>	<b>\$ (118)</b>
<b>Underwriting Ratios</b>							
Loss ratio	99.8	60.6	90.1	108.0	96.4	83.7	69.2
Catastrophe losses and reinstatement premiums	(29.7)	(1.4)	(27.4)	(58.6)	(34.6)	(19.6)	(12.7)
Prior year development	(16.9)	(5.0)	(7.5)	(1.1)	(1.7)	(9.9)	(0.2)
Accident year loss ratio, as adjusted	53.2	54.2	55.2	48.3	60.1	54.2	56.3
Acquisition ratio	32.8	32.4	29.1	25.2	25.0	31.5	25.1
General operating expense ratio	10.5	11.3	11.8	12.3	10.8	11.2	10.7
Expense ratio	43.3	43.7	40.9	37.5	35.8	42.7	35.8
Combined ratio	143.1	104.3	131.0	145.5	132.2	126.4	105.0
Accident year combined ratio, as adjusted	96.5	97.9	96.1	85.8	95.9	96.9	92.1
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses, net of reinsurance	\$ 260	\$ 12	\$ 212	\$ 427	\$ 275	\$ 484	\$ 299
Severe losses, net of reinsurance	12	17	-	-	11	29	28
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	148	41	58	8	14	247	6

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**General Insurance - International Results**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations (5)</b>							
Net premiums written	\$ 3,671	\$ 3,741	\$ 4,132	\$ 3,309	\$ 3,635	\$ 11,544	\$ 11,156
Net premiums earned	\$ 3,779	\$ 3,678	\$ 3,991	\$ 3,648	\$ 3,751	\$ 11,448	\$ 10,923
Losses and loss adjustment expenses incurred	3,012	2,202	2,335	2,726	3,187	7,549	7,270
Acquisition expenses:							
Amortization of deferred policy acquisition costs	689	662	708	628	626	2,059	1,832
Other acquisition expenses	221	195	231	223	217	647	680
Total acquisition expenses	910	857	939	851	843	2,706	2,512
General operating expenses	596	581	640	601	577	1,817	1,715
<b>Underwriting income (loss)</b>	(739)	38	77	(530)	(856)	(624)	(574)
Net investment income (loss):							
Interest and dividends	122	112	113	126	114	347	365
Alternative investments	-	-	2	-	7	2	26
Other investment income (loss)	(36)	17	3	11	7	(16)	32
Investment expenses	(12)	(6)	(5)	(6)	(12)	(23)	(31)
Total net investment income	74	123	113	131	116	310	392
<b>Adjusted pre-tax income (loss)</b>	\$ (665)	\$ 161	\$ 190	\$ (399)	\$ (740)	\$ (314)	\$ (182)
<b>Underwriting Ratios</b>							
Loss ratio	79.7	59.9	58.5	74.7	85.0	65.9	66.6
Catastrophe losses and reinstatement premiums	(20.5)	(1.2)	(1.9)	(2.2)	(19.8)	(7.8)	(7.5)
Prior year development	(1.0)	0.2	0.7	(4.8)	(7.9)	-	(4.1)
Accident year loss ratio, as adjusted	58.2	58.9	57.3	67.7	57.3	58.1	55.0
Acquisition ratio	24.1	23.3	23.5	23.3	22.5	23.6	23.0
General operating expense ratio	15.8	15.8	16.0	16.5	15.4	15.9	15.7
Expense ratio	39.9	39.1	39.5	39.8	37.9	39.5	38.7
Combined ratio	119.6	99.0	98.0	114.5	122.9	105.4	105.3
Accident year combined ratio, as adjusted	98.1	98.0	96.8	107.5	95.2	97.6	93.7
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses, net of reinsurance	\$ 776	\$ 43	\$ 77	\$ 80	\$ 741	\$ 896	\$ 811
Reinstatement premiums related to prior year catastrophes	(3)	-	-	-	-	(3)	-
Severe losses, net of reinsurance	65	133	99	64	132	297	209
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	38	(7)	(30)	177	295	1	451

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**General Insurance – International - Commercial Lines Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
Net premiums written	\$ 1,810	\$ 1,590	\$ 1,955	\$ 1,422	\$ 1,652	\$ 5,355	\$ 5,184
Net premiums earned	\$ 1,826	\$ 1,668	\$ 1,722	\$ 1,694	\$ 1,724	\$ 5,216	\$ 4,952
Losses and loss adjustment expenses incurred	1,599	1,138	1,110	1,660	2,140	3,847	4,153
Acquisition expenses:							
Amortization of deferred policy acquisition costs	297	248	263	251	237	808	679
Other acquisition expenses	82	92	81	87	81	255	258
Total acquisition expenses	379	340	344	338	318	1,063	937
General operating expenses	271	266	282	299	222	819	739
<b>Underwriting income (loss)</b>	<b>\$ (423)</b>	<b>\$ (76)</b>	<b>\$ (14)</b>	<b>\$ (603)</b>	<b>\$ (956)</b>	<b>\$ (513)</b>	<b>\$ (877)</b>
<b>Underwriting Ratios</b>							
Loss ratio	87.6	68.2	64.5	98.0	124.1	73.8	83.9
Catastrophe losses and reinstatement premiums	(20.6)	(1.6)	(4.5)	(2.7)	(41.7)	(9.2)	(15.9)
Prior year development	(3.6)	0.5	-	(11.4)	(17.9)	(1.1)	(9.3)
Accident year loss ratio, as adjusted	63.4	67.1	60.0	83.9	64.5	63.5	58.7
Acquisition ratio	20.8	20.4	20.0	20.0	18.4	20.4	18.9
General operating expense ratio	14.8	15.9	16.4	17.7	12.9	15.7	14.9
Expense ratio	35.6	36.3	36.4	37.7	31.3	36.1	33.8
Combined ratio	123.2	104.5	100.9	135.7	155.4	109.9	117.7
Accident year combined ratio, as adjusted	99.0	103.4	96.4	121.6	95.8	99.6	92.5
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses, net of reinsurance	\$ 376	\$ 27	\$ 77	\$ 45	\$ 719	\$ 480	\$ 784
Reinstatement premiums related to prior year catastrophes	(3)	-	-	-	-	(3)	-
Severe losses, net of reinsurance	65	133	99	64	132	297	209
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	68	(8)	(1)	193	309	59	460

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**General Insurance – International - Personal Insurance Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
Net premiums written	\$ 1,861	\$ 2,151	\$ 2,177	\$ 1,887	\$ 1,983	\$ 6,189	\$ 5,972
Net premiums earned	\$ 1,953	\$ 2,010	\$ 2,269	\$ 1,953	\$ 2,028	\$ 6,232	\$ 5,972
Losses and loss adjustment expenses incurred	1,413	1,064	1,225	1,066	1,047	3,702	3,117
Acquisition expenses:							
Amortization of deferred policy acquisition costs	392	414	445	376	390	1,251	1,154
Other acquisition expenses	139	103	150	136	136	392	422
Total acquisition expenses	531	517	595	512	526	1,643	1,576
General operating expenses	325	315	358	302	355	998	976
<b>Underwriting income (loss)</b>	\$ (316)	\$ 114	\$ 91	\$ 73	\$ 100	\$ (111)	\$ 303
<b>Underwriting Ratios</b>							
Loss ratio	72.4	52.9	54.0	54.6	51.7	59.4	52.2
Catastrophe losses and reinstatement premiums	(20.5)	(0.8)	-	(1.8)	(1.1)	(6.7)	(0.5)
Prior year development	1.5	-	1.3	0.8	0.7	1.0	0.2
Accident year loss ratio, as adjusted	53.4	52.1	55.3	53.6	51.3	53.7	51.9
Acquisition ratio	27.2	25.7	26.2	26.2	25.9	26.4	26.4
General operating expense ratio	16.6	15.7	15.8	15.5	17.5	16.0	16.3
Expense ratio	43.8	41.4	42.0	41.7	43.4	42.4	42.7
Combined ratio	116.2	94.3	96.0	96.3	95.1	101.8	94.9
Accident year combined ratio, as adjusted	97.2	93.5	97.3	95.3	94.7	96.1	94.6
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses, net of reinsurance	\$ 400	\$ 16	\$ -	\$ 35	\$ 22	\$ 416	\$ 27
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	(30)	1	(29)	(16)	(14)	(58)	(9)

See accompanying notes on page 21 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**General Insurance Notes**

- (1) Includes a reduction of \$24 million net premiums written and earned for deposit contracts related to earlier accident years in the three- and nine-month periods ended September 30, 2018.
- (2) Includes an additional \$115 million of net premiums earned for multi-year policies related to earlier accident years in the three-month period ended June 30, 2018 and the nine-month period ended September 30, 2018.
- (3) Consistent with our definition of APTI, excluded 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.
- (4) 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 nine-month period ended September 30, 2017.
- (5) As a result of the merger of AIUI Japan and Fuji Fire and Marine Insurance Company (Fuji), Fuji's fiscal reporting period was conformed to that of AIUI Japan. The three-month period ended March 31, 2018 and the nine-month period ended September 30, 2018 Results of Operations includes two additional months of Net premiums written, Net premiums earned, Losses and loss adjustment expenses incurred, and Adjusted pre-tax income of approximately \$300 million, \$300 million, \$200 million, and \$15 million, respectively.
- (6) Computed using current exchange rate for the corresponding periods in the prior year.
- (7) Validus participates in the market for insurance-linked securities (ILS) primarily through AlphaCat Managers, Ltd (AlphaCat Manager). AlphaCat Manager is an asset manager primarily for third party investors and in connection with the issuance of ILS invests in AlphaCat funds which are considered variable interest entities (VIEs). ILS are financial instruments for which the values are determined based on insurance losses caused primarily by natural catastrophes such as major earthquakes and hurricanes. We report the investment in AlphaCat funds as Other Invested Assets. We recognized approximately \$5 million and \$6 million of Net Investment Income and Miscellaneous Income (reported as a component of Net Premiums Earned), respectively, in 3Q18.

**American International Group, Inc.  
Life and Retirement Results**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
<b>Premiums and deposits:</b>	\$ 6,779	\$ 7,399	\$ 8,862	\$ 7,965	\$ 6,797	\$ 23,040	\$ 19,493
<b>Revenues:</b>							
Premiums	\$ 443	\$ 490	\$ 446	\$ 1,397	\$ 1,311	\$ 1,379	\$ 2,649
Policy fees	500	731	734	726	690	1,965	2,072
Net investment income (loss):							
Base portfolio (2)	1,779	1,795	1,758	1,750	1,713	5,332	5,160
Alternative investments	72	75	136	55	76	283	267
Other yield enhancements (3)	109	125	152	198	118	386	386
Total net investment income	1,960	1,995	2,046	2,003	1,907	6,001	5,813
Advisory fee and other income	243	249	234	256	228	726	670
<b>Total adjusted revenues</b>	<b>3,146</b>	<b>3,465</b>	<b>3,460</b>	<b>4,382</b>	<b>4,136</b>	<b>10,071</b>	<b>11,204</b>
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	962	770	830	1,833	1,537	2,562	3,414
Interest credited to policyholder account balances	877	869	854	855	808	2,600	2,505
Amortization of deferred policy acquisition costs	(60)	225	246	285	31	411	458
Non deferrable insurance commissions	145	135	139	136	149	419	417
Advisory fee expenses	88	86	76	86	83	250	238
General operating expenses	374	378	385	373	336	1,137	1,046
Interest expense	47	40	38	32	34	125	77
Total benefits, losses and expenses	<b>2,433</b>	<b>2,503</b>	<b>2,568</b>	<b>3,600</b>	<b>2,978</b>	<b>7,504</b>	<b>8,155</b>
<b>Adjusted pre-tax income (1)</b>	<b>713</b>	<b>962</b>	<b>892</b>	<b>782</b>	<b>1,158</b>	<b>2,567</b>	<b>3,049</b>
Interest expense on attributed financial debt	30	30	16	6	5	76	17
<b>Adjusted pre-tax income (loss) including attributed interest expense</b>	<b>683</b>	<b>932</b>	<b>876</b>	<b>776</b>	<b>1,153</b>	<b>2,491</b>	<b>3,032</b>
Income tax expense	134	186	174	252	374	494	990
<b>Adjusted after-tax income (loss) (a)</b>	<b>\$ 549</b>	<b>\$ 746</b>	<b>\$ 702</b>	<b>\$ 524</b>	<b>\$ 779</b>	<b>\$ 1,997</b>	<b>\$ 2,042</b>
Ending adjusted attributed equity	\$ 19,254	\$ 19,972	\$ 19,931	\$ 20,304	\$ 20,983	\$ 19,254	\$ 20,983
Average adjusted attributed equity (b)*	19,613	19,952	19,699	20,644	20,934	19,656	20,783
Adjusted return on attributed equity (a÷b)	11.2 %	15.0 %	14.3 %	10.2 %	14.9 %	13.5 %	13.1 %
<b>Noteworthy Items:</b>							
Annual actuarial assumption update (1)	\$ (98)	\$ -	\$ -	\$ -	\$ 284	\$ (98)	\$ 284
Better (worse) than expected alternative returns	31	31	95	12	31	157	119
Fair value changes on Fixed Maturity Securities - Other accounted under fair value option	25	29	18	81	56	72	179
Fair value changes on Equity Securities - Other	7	(5)	2	-	-	4	-

\* See accompanying notes to Adjusted Attributed Equity on page 50.

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**Life and Retirement - Individual Retirement Results**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
<b>Premiums and deposits</b>	<b>\$ 3,616</b>	<b>\$ 3,422</b>	<b>\$ 4,358</b>	<b>\$ 3,106</b>	<b>\$ 2,526</b>	<b>\$ 11,396</b>	<b>\$ 8,800</b>
<b>Revenues:</b>							
Premiums	\$ 9	\$ 16	\$ 12	\$ 10	\$ 22	\$ 37	\$ 81
Policy fees	204	202	204	200	190	610	567
Net investment income (loss):							
Base portfolio (2)	865	878	852	876	868	2,595	2,626
Alternative investments	36	38	68	29	41	142	145
Other yield enhancements (3)	55	59	64	125	64	178	212
Total net investment income	956	975	984	1,030	973	2,915	2,983
Advisory fee and other income	166	173	161	175	158	500	468
<b>Total adjusted revenues</b>	<b>1,335</b>	<b>1,366</b>	<b>1,361</b>	<b>1,415</b>	<b>1,343</b>	<b>4,062</b>	<b>4,099</b>
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	52	85	47	73	15	184	88
Interest credited to policyholder account balances	420	415	412	423	366	1,247	1,193
Amortization of deferred policy acquisition costs	196	130	134	180	(20)	460	235
Non deferrable insurance commissions and other (13)	81	80	81	81	82	242	227
Advisory fee expenses	62	67	54	62	61	183	179
General operating expenses	107	107	115	105	103	329	321
Interest expense	24	20	19	17	18	63	41
<b>Total benefits, losses and expenses</b>	<b>942</b>	<b>904</b>	<b>862</b>	<b>941</b>	<b>625</b>	<b>2,708</b>	<b>2,284</b>
<b>Adjusted pre-tax income (1)</b>	<b>\$ 393</b>	<b>\$ 462</b>	<b>\$ 499</b>	<b>\$ 474</b>	<b>\$ 718</b>	<b>\$ 1,354</b>	<b>\$ 1,815</b>
<b>Noteworthy Items (pre-tax)</b>							
Annual actuarial assumption update (1)	\$ (52)	\$ -	\$ -	\$ -	\$ 242	\$ (52)	\$ 242
Better (worse) than expected alternative returns	15	16	47	7	17	78	65

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**Life and Retirement - Individual Retirement (Variable and Index Annuities) Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Assets under management:</b>							
General accounts	\$ 26,525	\$ 26,288	\$ 26,115	\$ 24,754	\$ 23,858	\$ 26,525	\$ 23,858
Separate accounts	49,288	47,980	48,000	49,188	47,548	49,288	47,548
<b>Total assets under management</b>	<b>\$ 75,813</b>	<b>\$ 74,268</b>	<b>\$ 74,115</b>	<b>\$ 73,942</b>	<b>\$ 71,406</b>	<b>\$ 75,813</b>	<b>\$ 71,406</b>
<b>Net investment spreads:</b>							
Total yield	4.85 %	4.81 %	4.71 %	5.70 %	5.08 %	4.79 %	5.17 %
Less: Alternative investments (5)	(0.16)	(0.17)	(0.39)	(0.11)	(0.23)	(0.24)	(0.29)
Less: Other yield enhancements (6)	(0.04)	0.02	0.15	(1.05)	(0.19)	0.04	(0.27)
<b>Base yield (7)</b>	<b>4.65</b>	<b>4.66</b>	<b>4.47</b>	<b>4.54</b>	<b>4.66</b>	<b>4.59</b>	<b>4.61</b>
Cost of funds (a)	1.24	1.17	1.25	1.23	1.25	1.22	1.27
<b>Base net investment spread (b)</b>	<b>3.41 %</b>	<b>3.49 %</b>	<b>3.22 %</b>	<b>3.31 %</b>	<b>3.41 %</b>	<b>3.37 %</b>	<b>3.34 %</b>
<b>DAC rollforward:</b>							
Balance at beginning of period	\$ 3,088	\$ 2,954	\$ 2,789	\$ 2,699	\$ 2,628	\$ 2,789	\$ 2,533
Deferrals	109	101	86	91	77	296	251
Operating amortization	(164)	(60)	(61)	(86)	(2)	(285)	(110)
Change from realized gains (losses)	69	7	(31)	106	80	45	192
Change from unrealized gains (losses)	17	86	171	(21)	(84)	274	(167)
<b>Balance at end of period</b>	<b>\$ 3,119</b>	<b>\$ 3,088</b>	<b>\$ 2,954</b>	<b>\$ 2,789</b>	<b>\$ 2,699</b>	<b>\$ 3,119</b>	<b>\$ 2,699</b>
<b>Reserve rollforward:</b>							
Balance at beginning of period, gross	\$ 70,260	\$ 69,660	\$ 69,550	\$ 67,050	\$ 65,104	\$ 69,550	\$ 61,026
Premiums and deposits	2,009	1,728	2,660	1,555	1,337	6,397	4,366
Surrenders and withdrawals	(1,129)	(1,096)	(1,120)	(1,069)	(920)	(3,345)	(2,843)
Death and other contract benefits	(239)	(248)	(254)	(221)	(210)	(741)	(628)
Subtotal	70,901	70,044	70,836	67,315	65,311	71,861	61,921
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,604	205	(1,167)	2,118	1,822	642	5,019
Cost of funds (a)	62	55	57	54	53	174	154
Other reserve changes	(32)	(44)	(66)	63	(136)	(142)	(44)
Balance at end of period	72,535	70,260	69,660	69,550	67,050	72,535	67,050
Reinsurance ceded	(29)	(31)	(32)	(33)	(33)	(29)	(33)
<b>Total insurance reserves</b>	<b>\$ 72,506</b>	<b>\$ 70,229</b>	<b>\$ 69,628</b>	<b>\$ 69,517</b>	<b>\$ 67,017</b>	<b>\$ 72,506</b>	<b>\$ 67,017</b>

(a) Excludes the amortization of Sales Inducement Assets (SIA).

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

See accompanying notes on page 34.

**American International Group, Inc.**  
**Life and Retirement - Individual Retirement (Fixed Annuities) Operating Statistics**

(in millions)	Quarterly					Nine Months Ended	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Assets under management:</b>							
General accounts	\$ 54,725	\$ 54,783	\$ 56,663	\$ 58,442	\$ 58,894	\$ 54,725	\$ 58,894
Separate accounts	32	31	32	33	32	32	32
<b>Total assets under management</b>	<b>\$ 54,757</b>	<b>\$ 54,814</b>	<b>\$ 56,695</b>	<b>\$ 58,475</b>	<b>\$ 58,926</b>	<b>\$ 54,757</b>	<b>\$ 58,926</b>
<b>Net investment spreads (a):</b>							
Total yield	4.83 %	5.03 %	5.15 %	5.09 %	5.00 %	5.00 %	5.17 %
Less: Alternative investments (5)	(0.10)	(0.10)	(0.24)	(0.06)	(0.11)	(0.15)	(0.12)
Less: Other yield enhancements (6)	(0.16)	(0.21)	(0.31)	(0.29)	(0.21)	(0.22)	(0.23)
<b>Base yield (7)</b>	<b>4.57</b>	<b>4.72</b>	<b>4.60</b>	<b>4.74</b>	<b>4.68</b>	<b>4.63</b>	<b>4.82</b>
Cost of funds (b)	2.64	2.64	2.65	2.64	2.65	2.65	2.65
<b>Base net investment spread (c)</b>	<b>1.93 %</b>	<b>2.08 %</b>	<b>1.95 %</b>	<b>2.10 %</b>	<b>2.03 %</b>	<b>1.98 %</b>	<b>2.17 %</b>
<b>DAC rollforward:</b>							
Balance at beginning of period	\$ 1,062	\$ 1,007	\$ 884	\$ 896	\$ 910	\$ 884	\$ 1,067
Deferrals	30	28	19	19	13	77	49
Operating amortization	(32)	(70)	(73)	(94)	22	(175)	(125)
Change from realized gains (losses)	1	(1)	1	1	(1)	1	(5)
Change from unrealized gains (losses)	(4)	98	176	62	(48)	270	(90)
<b>Balance at end of period</b>	<b>\$ 1,057</b>	<b>\$ 1,062</b>	<b>\$ 1,007</b>	<b>\$ 884</b>	<b>\$ 896</b>	<b>\$ 1,057</b>	<b>\$ 896</b>
<b>Reserve rollforward:</b>							
Balance at beginning of period, gross	\$ 50,303	\$ 50,424	\$ 50,846	\$ 51,020	\$ 51,353	\$ 50,846	\$ 52,285
Premiums and deposits	1,165	1,125	797	868	592	3,087	2,142
Surrenders and withdrawals	(1,022)	(1,012)	(932)	(905)	(751)	(2,966)	(2,554)
Death and other contract benefits	(553)	(616)	(646)	(499)	(535)	(1,815)	(1,741)
Subtotal	49,893	49,921	50,065	50,484	50,659	49,152	50,132
Change in fair value of underlying assets and reserve accretion, net of policy fees	12	118	67	45	46	197	154
Cost of funds (b)	324	322	321	327	331	967	993
Other reserve changes	6	(58)	(29)	(10)	(16)	(81)	(259)
Balance at end of period	50,235	50,303	50,424	50,846	51,020	50,235	51,020
Reinsurance ceded	(290)	(291)	(292)	(289)	(291)	(290)	(291)
<b>Total insurance reserves</b>	<b>\$ 49,945</b>	<b>\$ 50,012</b>	<b>\$ 50,132</b>	<b>\$ 50,557</b>	<b>\$ 50,729</b>	<b>\$ 49,945</b>	<b>\$ 50,729</b>

(a) Excludes immediate annuities.

(b) Excludes the amortization of deferred SIAs.

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

See accompanying notes on page 34.

**American International Group, Inc.**  
**Life and Retirement - Individual Retirement Investment Products Net Flows**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Premiums and deposits:</b>							
Fixed Annuities	\$ 1,165	\$ 1,125	\$ 797	\$ 868	\$ 592	\$ 3,087	\$ 2,142
Variable Annuities	838	771	773	769	736	2,382	2,439
Index Annuities	1,171	957	739	786	601	2,867	1,927
Retail Mutual Funds	442	569	901	683	597	1,912	2,292
<b>Total premiums and deposits (4)</b>	<b>3,616</b>	<b>3,422</b>	<b>3,210</b>	<b>3,106</b>	<b>2,526</b>	<b>10,248</b>	<b>8,800</b>
<b>Surrenders and withdrawals:</b>							
Fixed Annuities	(1,022)	(1,012)	(932)	(905)	(751)	(2,966)	(2,554)
Variable Annuities	(1,006)	(977)	(1,019)	(974)	(843)	(3,002)	(2,617)
Index Annuities	(123)	(119)	(101)	(95)	(77)	(343)	(226)
Retail Mutual Funds	(1,218)	(1,499)	(1,078)	(834)	(828)	(3,795)	(2,738)
<b>Total surrenders and withdrawals</b>	<b>(3,369)</b>	<b>(3,607)</b>	<b>(3,130)</b>	<b>(2,808)</b>	<b>(2,499)</b>	<b>(10,106)</b>	<b>(8,135)</b>
<b>Death and other contract benefits:</b>							
Fixed Annuities	(553)	(616)	(646)	(499)	(535)	(1,815)	(1,741)
Variable Annuities	(215)	(222)	(231)	(199)	(194)	(668)	(582)
Index Annuities	(24)	(26)	(23)	(22)	(16)	(73)	(46)
<b>Total death and other contract benefits</b>	<b>(792)</b>	<b>(864)</b>	<b>(900)</b>	<b>(720)</b>	<b>(745)</b>	<b>(2,556)</b>	<b>(2,369)</b>
<b>Net flows (4):</b>							
Fixed Annuities	(410)	(503)	(781)	(536)	(694)	(1,694)	(2,153)
Variable Annuities	(383)	(428)	(477)	(404)	(301)	(1,288)	(760)
Index Annuities	1,024	812	615	669	508	2,451	1,655
Retail Mutual Funds	(776)	(930)	(177)	(151)	(231)	(1,883)	(446)
<b>Total net flows</b>	<b>\$ (545)</b>	<b>\$ (1,049)</b>	<b>\$ (820)</b>	<b>\$ (422)</b>	<b>\$ (718)</b>	<b>\$ (2,414)</b>	<b>\$ (1,704)</b>
<b>Surrender rates (8):</b>							
<b>Fixed Annuities</b>	<b>8.2%</b>	<b>8.1%</b>	<b>7.4%</b>	<b>7.1%</b>	<b>5.9%</b>	<b>7.9%</b>	<b>6.6%</b>
<b>Variable and Index Annuities</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.4%</b>	<b>6.3%</b>	<b>5.6%</b>	<b>6.3%</b>	<b>5.9%</b>

*See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.*



**American International Group, Inc.**  
**Life and Retirement - Group Retirement Results**

(in millions)

**Results of Operations**

**Premiums and deposits**

**Revenues:**

Premiums  
 Policy fees  
 Net investment income (loss):  
     Base portfolio (2)  
     Alternative investments  
     Other yield enhancements (3)  
     Total net investment income  
 Advisory fee and other income

**Total adjusted revenues**

**Benefits, losses and expenses:**

Policyholder benefits and losses incurred  
 Interest credited to policyholder account balances  
 Amortization of deferred policy acquisition costs  
 Non deferrable insurance commissions and other (13)  
 Advisory fee expenses  
 General operating expenses  
 Interest expense

**Total benefits, losses and expenses**

**Adjusted pre-tax income (loss) (1)**

**Noteworthy items (pre-tax)**

Annual actuarial assumption update (1)  
 Better (worse) than expected alternative returns

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Premiums and deposits</b>	<b>\$ 2,116</b>	<b>\$ 2,345</b>	<b>\$ 2,072</b>	<b>\$ 1,848</b>	<b>\$ 1,860</b>	<b>\$ 6,533</b>	<b>\$ 5,702</b>
<b>Revenues:</b>							
Premiums	\$ 9	\$ 15	\$ 6	\$ 6	\$ 8	\$ 30	\$ 21
Policy fees	115	112	112	114	113	339	313
Net investment income (loss):							
Base portfolio (2)	478	483	485	483	477	1,446	1,430
Alternative investments	19	19	36	16	22	74	76
Other yield enhancements (3)	34	40	61	51	25	135	108
Total net investment income	531	542	582	550	524	1,655	1,614
Advisory fee and other income	63	61	61	62	57	185	168
<b>Total adjusted revenues</b>	<b>718</b>	<b>730</b>	<b>761</b>	<b>732</b>	<b>702</b>	<b>2,209</b>	<b>2,116</b>
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	25	22	16	38	10	63	36
Interest credited to policyholder account balances	275	276	275	270	283	826	845
Amortization of deferred policy acquisition costs	7	26	25	25	12	58	59
Non deferrable insurance commissions and other (13)	30	28	29	28	28	87	80
Advisory fee expenses	26	19	22	24	22	67	59
General operating expenses	101	98	102	92	88	301	256
Interest expense	12	11	10	9	10	33	23
<b>Total benefits, losses and expenses</b>	<b>476</b>	<b>480</b>	<b>479</b>	<b>486</b>	<b>453</b>	<b>1,435</b>	<b>1,358</b>
<b>Adjusted pre-tax income (loss) (1)</b>	<b>\$ 242</b>	<b>\$ 250</b>	<b>\$ 282</b>	<b>\$ 246</b>	<b>\$ 249</b>	<b>\$ 774</b>	<b>\$ 758</b>
<b>Noteworthy items (pre-tax)</b>							
Annual actuarial assumption update (1)	\$ 17	\$ -	\$ -	\$ -	\$ 13	\$ 17	\$ 13
Better (worse) than expected alternative returns	8	8	25	5	9	41	35

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**Life and Retirement - Group Retirement Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Assets under administration:</b>							
General accounts	\$ 45,162	\$ 45,077	\$ 46,172	\$ 47,245	\$ 46,994	\$ 45,162	\$ 46,994
Separate accounts	37,284	36,325	35,847	36,419	35,196	37,284	35,196
Group Retirement mutual funds	20,214	20,065	19,952	20,160	19,135	20,214	19,135
<b>Total assets under administration</b>	<b>\$ 102,660</b>	<b>\$ 101,467</b>	<b>\$ 101,971</b>	<b>\$ 103,824</b>	<b>\$ 101,325</b>	<b>\$ 102,660</b>	<b>\$ 101,325</b>
<b>Net investment spreads:</b>							
Total yield	4.77 %	4.88 %	5.22 %	4.91 %	4.76 %	4.96 %	4.92 %
Less: Alternative investments (5)	(0.11)	(0.11)	(0.26)	(0.08)	(0.14)	(0.16)	(0.16)
Less: Other yield enhancements (6)	(0.17)	(0.21)	(0.43)	(0.34)	(0.12)	(0.27)	(0.21)
<b>Base yield (7)</b>	<b>4.49</b>	<b>4.56</b>	<b>4.53</b>	<b>4.49</b>	<b>4.50</b>	<b>4.53</b>	<b>4.55</b>
Cost of funds (a)	2.68	2.69	2.72	2.61	2.78	2.70	2.80
<b>Base net investment spread (b)</b>	<b>1.81 %</b>	<b>1.87 %</b>	<b>1.81 %</b>	<b>1.88 %</b>	<b>1.72 %</b>	<b>1.83 %</b>	<b>1.75 %</b>
<b>Net flows: (4)</b>							
Premiums and deposits	\$ 2,116	\$ 2,345	\$ 1,863	\$ 1,848	\$ 1,860	\$ 6,324	\$ 5,702
Surrenders and withdrawals	(2,957)	(2,638)	(2,467)	(2,156)	(1,740)	(8,062)	(5,863)
Death and other contract benefits	(145)	(166)	(151)	(145)	(135)	(462)	(417)
<b>Total net flows</b>	<b>\$ (986)</b>	<b>\$ (459)</b>	<b>\$ (755)</b>	<b>\$ (453)</b>	<b>\$ (15)</b>	<b>\$ (2,200)</b>	<b>\$ (578)</b>
<b>Surrender rates (8)</b>	<b>12.0 %</b>	<b>10.9 %</b>	<b>10.2 %</b>	<b>9.0 %</b>	<b>7.4 %</b>	<b>11.0 %</b>	<b>8.5 %</b>
<b>DAC rollforward:</b>							
Balance at beginning of period	\$ 998	\$ 980	\$ 928	\$ 919	\$ 926	\$ 928	\$ 931
Deferrals	23	19	17	25	16	59	55
Operating amortization	(7)	(26)	(25)	(25)	(12)	(58)	(59)
Change from realized gains (losses)	1	(1)	1	(4)	1	1	(1)
Change from unrealized gains (losses)	18	26	59	13	(12)	103	(7)
<b>Balance at end of period</b>	<b>\$ 1,033</b>	<b>\$ 998</b>	<b>\$ 980</b>	<b>\$ 928</b>	<b>\$ 919</b>	<b>\$ 1,033</b>	<b>\$ 919</b>
<b>Reserve rollforward:</b>							
Balance at beginning of period, gross	\$ 97,548	\$ 96,754	\$ 97,306	\$ 94,992	\$ 92,649	\$ 97,306	\$ 88,622
Premiums and deposits	2,116	2,345	2,072	1,848	1,860	6,533	5,702
Surrenders and withdrawals	(2,957)	(2,638)	(2,467)	(2,156)	(1,740)	(8,062)	(5,863)
Death and other contract benefits	(145)	(166)	(151)	(145)	(135)	(462)	(417)
Subtotal	96,562	96,295	96,760	94,539	92,634	95,315	88,044
Change in fair value of underlying assets and reserve accretion, net of policy fees	2,129	982	(270)	2,502	2,078	2,841	6,115
Cost of funds (a)	275	271	270	265	280	816	833
Other reserve changes	4	-	(6)	-	-	(2)	-
<b>Total insurance reserves and Group Retirement mutual funds</b>	<b>\$ 98,970</b>	<b>\$ 97,548</b>	<b>\$ 96,754</b>	<b>\$ 97,306</b>	<b>\$ 94,992</b>	<b>\$ 98,970</b>	<b>\$ 94,992</b>

(a) Excludes the amortization of SIAs.

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

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**Life and Retirement - Individual and Group Retirement Variable Annuity Guaranteed Benefits (9)**

(in millions)

	Quarterly				
	3Q18	2Q18	1Q18	4Q17	3Q17
<b>Account value by benefit type (a)</b>					
Guaranteed Minimum Death Benefits (GMDB) only (b)	\$ 69,364	\$ 68,232	\$ 67,822	\$ 68,608	\$ 67,294
Guaranteed Minimum Income Benefits (GMIB) (c)	2,339	2,317	2,338	2,419	2,392
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	45,150	44,113	44,267	45,289	43,937
<b>Liability by benefit type (a)</b>					
GMDB (b)	\$ 364	\$ 358	\$ 333	\$ 341	\$ 303
GMIB (c)	13	12	12	11	10
GMWB (d)	1,144	1,430	1,601	1,994	2,104

(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 annuitization.

(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					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Change in fair value of embedded derivatives, excluding update of actuarial assumptions and non-performance risk adjustment (NPA)	\$ 553	\$ 373	\$ 551	\$ 567	\$ 284	\$ 1,477	\$ 856
Change in fair value of variable annuity hedging portfolio:							
Fixed maturity securities	(13)	(37)	(77)	29	26	(127)	117
Interest rate derivative contracts	(257)	(184)	(406)	(80)	(20)	(847)	10
Equity derivative contracts	(332)	(154)	74	(369)	(310)	(412)	(978)
Change in fair value of variable annuity hedging portfolio	(602)	(375)	(409)	(420)	(304)	(1,386)	(851)
Change in fair value of embedded derivatives, excluding update of actuarial assumptions and NPA, net of hedging portfolio	(49)	(2)	142	147	(20)	91	5
Change in fair value of embedded derivatives due to NPA spread	(168)	100	72	(355)	(82)	4	(485)
Change in fair value of embedded derivatives due to change in NPA volume	(19)	(99)	(144)	(114)	(114)	(262)	(238)
Change in fair value of embedded derivatives due to update of actuarial assumptions	38	-	-	-	(188)	38	(188)
Total change due to update of actuarial assumptions and NPA	(149)	1	(72)	(469)	(384)	(220)	(911)
<b>Net impact on pre-tax income (loss)</b>	<b>\$ (198)</b>	<b>\$ (1)</b>	<b>\$ 70</b>	<b>\$ (322)</b>	<b>\$ (404)</b>	<b>\$ (129)</b>	<b>\$ (906)</b>

See accompanying notes on page 34.



**American International Group, Inc.**  
**Life and Retirement – Life Insurance Results**

(in millions)

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
<b>Premiums and deposits</b>	<b>\$ 978</b>	<b>\$ 980</b>	<b>\$ 969</b>	<b>\$ 963</b>	<b>\$ 935</b>	<b>\$ 2,927</b>	<b>\$ 2,792</b>
<b>Revenues:</b>							
Premiums	\$ 379	\$ 418	\$ 379	\$ 362	\$ 384	\$ 1,176	\$ 1,168
Policy fees	141	377	377	370	343	895	1,060
Net investment income (loss):							
Base portfolio (2)	252	255	253	242	233	760	705
Alternative investments	11	12	21	7	9	44	32
Other yield enhancements (3)	12	15	19	14	18	46	44
Total net investment income	275	282	293	263	260	850	781
Advisory fee and other income (10)	14	15	12	18	13	41	34
<b>Total adjusted revenues</b>	<b>809</b>	<b>1,092</b>	<b>1,061</b>	<b>1,013</b>	<b>1,000</b>	<b>2,962</b>	<b>3,043</b>
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	780	571	646	649	587	1,997	1,795
Interest credited to policyholder account balances	92	94	95	95	93	281	281
Amortization of deferred policy acquisition costs (14)	(265)	68	86	78	37	(111)	161
Non deferrable insurance commissions and other (13)	27	20	22	21	32	69	88
General operating expenses	152	158	154	164	135	464	437
Interest expense	7	6	6	4	4	19	9
<b>Total benefits, losses and expenses</b>	<b>793</b>	<b>917</b>	<b>1,009</b>	<b>1,011</b>	<b>888</b>	<b>2,719</b>	<b>2,771</b>
<b>Adjusted pre-tax income (loss) (1)</b>	<b>\$ 16</b>	<b>\$ 175</b>	<b>\$ 52</b>	<b>\$ 2</b>	<b>\$ 112</b>	<b>\$ 243</b>	<b>\$ 272</b>
<b>Noteworthy items (pre-tax)</b>							
Annual actuarial assumption update (1)	\$ (63)	\$ -	\$ -	\$ -	\$ 29	\$ (63)	\$ 29
Better (worse) than expected alternative returns	5	5	15	1	4	25	15
Adjusted pre-tax income (loss) Domestic Life	10	172	57	12	90	239	240
Adjusted pre-tax income (loss) International Life	6	3	(5)	(10)	22	4	32

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**Life and Retirement – Life Insurance Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Gross life insurance in force, end of period:</b>							
Domestic Life	\$ 858,203	\$ 869,270	\$ 865,395	\$ 857,577	\$ 857,445	\$ 858,203	\$ 857,445
International Life	120,428	113,303	111,259	99,212	92,877	120,428	92,877
<b>Total</b>	<b>\$ 978,631</b>	<b>\$ 982,573</b>	<b>\$ 976,654</b>	<b>\$ 956,789</b>	<b>\$ 950,322</b>	<b>\$ 978,631</b>	<b>\$ 950,322</b>
<b>Life and A&amp;H CPPE sales (11):</b>							
Term	\$ 62	\$ 63	\$ 58	\$ 54	\$ 52	\$ 183	\$ 150
Universal life	41	42	42	43	40	125	105
Other life	13	16	12	11	9	41	22
Single premium and unscheduled deposits	4	3	3	3	3	10	7
A&H	3	2	3	6	6	8	19
<b>Total</b>	<b>\$ 123</b>	<b>\$ 126</b>	<b>\$ 118</b>	<b>\$ 117</b>	<b>\$ 110</b>	<b>\$ 367</b>	<b>\$ 303</b>
<b>Surrender/lapse rates (12):</b>							
Domestic Life:							
Independent distribution	4.55 %	3.66 %	3.98 %	3.87 %	4.82 %	4.07 %	4.99 %
Career distribution	5.33 %	5.24 %	5.75 %	5.98 %	6.70 %	5.44 %	6.68 %
<b>DAC/VOBA rollforward:</b>							
Balance at beginning of period	\$ 3,331	\$ 3,224	\$ 3,009	\$ 3,012	\$ 3,152	\$ 3,009	\$ 3,013
Deferrals	140	147	127	137	109	414	337
Operating amortization	265	(68)	(86)	(78)	(37)	111	(161)
Change from realized gains (losses)	3	(5)	2	-	2	-	4
Change from unrealized gains (losses)	11	55	160	(39)	(249)	226	(230)
Foreign exchange translation	(4)	(22)	12	(23)	35	(14)	49
<b>Balance at end of period</b>	<b>\$ 3,746</b>	<b>\$ 3,331</b>	<b>\$ 3,224</b>	<b>\$ 3,009</b>	<b>\$ 3,012</b>	<b>\$ 3,746</b>	<b>\$ 3,012</b>
<b>Reserve rollforward:</b>							
Balance at beginning of period, gross	\$ 19,647	\$ 19,706	\$ 19,424	\$ 18,836	\$ 18,694	\$ 19,424	\$ 18,397
Premiums and deposits	887	892	884	884	860	2,663	2,600
Surrenders and withdrawals	(286)	(140)	(174)	(132)	(143)	(600)	(437)
Death and other contract benefits	(140)	(110)	(96)	(134)	(151)	(346)	(441)
Subtotal	20,108	20,348	20,038	19,454	19,260	21,141	20,119
Change in fair value of underlying assets and reserve accretion, net of policy fees	(229)	(295)	(247)	(214)	(242)	(771)	(675)
Cost of funds	92	94	95	95	93	281	281
Other reserve changes	93	(469)	(197)	85	(287)	(573)	(918)
Foreign exchange translation	(6)	(31)	17	4	12	(20)	29
Balance at end of period	20,058	19,647	19,706	19,424	18,836	20,058	18,836
Reinsurance ceded	(1,232)	(1,050)	(1,061)	(1,055)	(1,049)	(1,232)	(1,049)
<b>Total insurance reserves</b>	<b>\$ 18,826</b>	<b>\$ 18,597</b>	<b>\$ 18,645</b>	<b>\$ 18,369</b>	<b>\$ 17,787</b>	<b>\$ 18,826</b>	<b>\$ 17,787</b>
Domestic Life	18,514	18,322	18,377	18,134	17,577	18,514	17,577
International Life	312	275	268	235	210	312	210
<b>Total insurance reserves</b>	<b>\$ 18,826</b>	<b>\$ 18,597</b>	<b>\$ 18,645</b>	<b>\$ 18,369</b>	<b>\$ 17,787</b>	<b>\$ 18,826</b>	<b>\$ 17,787</b>

See accompanying notes on page 34.



**American International Group, Inc.**  
**Life and Retirement - Institutional Markets Results**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
<b>Premiums and deposits (15)</b>	\$ 69	\$ 652	\$ 1,463	\$ 2,048	\$ 1,476	\$ 2,184	\$ 2,199
<b>Revenues:</b>							
Premiums	\$ 46	\$ 41	\$ 49	\$ 1,019	\$ 897	\$ 136	\$ 1,379
Policy fees	40	40	41	42	44	121	132
Net investment income:							
Base portfolio (2)	184	179	168	149	135	531	399
Alternative investments	6	6	11	3	4	23	14
Other yield enhancements (3)	8	11	8	8	11	27	22
Total net investment income	198	196	187	160	150	581	435
Advisory fee and other income	-	-	-	1	-	-	-
<b>Total adjusted revenues</b>	<b>284</b>	<b>277</b>	<b>277</b>	<b>1,222</b>	<b>1,091</b>	<b>838</b>	<b>1,946</b>
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	105	92	121	1,073	925	318	1,495
Interest credited to policyholder account balances	90	84	72	67	66	246	186
Amortization of deferred policy acquisition costs	2	1	1	2	2	4	3
Non deferrable insurance commissions	7	7	7	6	7	21	22
General operating expenses	14	15	14	12	10	43	32
Interest expense	4	3	3	2	2	10	4
<b>Total benefits, losses and expenses</b>	<b>222</b>	<b>202</b>	<b>218</b>	<b>1,162</b>	<b>1,012</b>	<b>642</b>	<b>1,742</b>
<b>Adjusted pre-tax income</b>	<b>\$ 62</b>	<b>\$ 75</b>	<b>\$ 59</b>	<b>\$ 60</b>	<b>\$ 79</b>	<b>\$ 196</b>	<b>\$ 204</b>
<b>General and separate account reserves</b>							
Future policyholder benefits	\$ 5,899	\$ 5,887	\$ 5,890	\$ 5,867	\$ 4,871	\$ 5,899	\$ 4,871
Policyholder contract deposits	10,079	10,016	9,653	8,267	8,306	10,079	8,306
Separate account reserves	3,681	3,748	4,033	4,443	3,811	3,681	3,811
<b>Total general and separate account reserves</b>	<b>\$ 19,659</b>	<b>\$ 19,651</b>	<b>\$ 19,576</b>	<b>\$ 18,577</b>	<b>\$ 16,988</b>	<b>\$ 19,659</b>	<b>\$ 16,988</b>
<b>Noteworthy Items (pre-tax)</b>							
Better (worse) than expected alternative returns	\$ 3	\$ 2	\$ 8	\$ (1)	\$ 1	\$ 13	\$ 4

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**Life and Retirement – Institutional Markets Operating Statistics**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Reserve rollforward:</b>							
Balance at beginning of period, gross	\$ 19,694	\$ 19,579	\$ 18,580	\$ 16,991	\$ 15,445	\$ 18,580	\$ 15,384
Premiums and deposits (15)	69	652	1,463	2,048	1,476	2,184	2,199
Surrenders and withdrawals	(183)	(484)	(522)	(491)	(37)	(1,189)	(800)
Death and other contract benefits	(112)	(168)	(107)	(68)	(72)	(387)	(275)
Subtotal	19,468	19,579	19,414	18,480	16,812	19,188	16,508
Change in fair value of underlying assets and reserve accretion, net of policy fees	81	16	61	56	86	158	189
Cost of funds	90	84	72	67	66	246	186
Other reserve changes	63	15	32	(23)	27	110	108
Balance at end of period	19,702	19,694	19,579	18,580	16,991	19,702	16,991
Reinsurance ceded	(43)	(43)	(3)	(3)	(3)	(43)	(3)
<b>Total insurance reserves</b>	<b>\$ 19,659</b>	<b>\$ 19,651</b>	<b>\$ 19,576</b>	<b>\$ 18,577</b>	<b>\$ 16,988</b>	<b>\$ 19,659</b>	<b>\$ 16,988</b>
<b>Reserves by line of business:</b>							
Structured settlements	\$ 2,953	\$ 2,907	\$ 2,877	\$ 2,830	\$ 2,774	\$ 2,953	\$ 2,774
Pension risk transfer	3,608	3,634	3,659	3,671	2,700	3,608	2,700
Corporate and Bank-owned life insurance	4,895	4,863	4,856	4,889	4,863	4,895	4,863
Stable value wrap - separate account liability	1,376	1,458	1,734	2,097	1,499	1,376	1,499
Guaranteed investment contracts	6,827	6,789	6,450	5,090	5,152	6,827	5,152
<b>Total insurance reserves</b>	<b>\$ 19,659</b>	<b>\$ 19,651</b>	<b>\$ 19,576</b>	<b>\$ 18,577</b>	<b>\$ 16,988</b>	<b>\$ 19,659</b>	<b>\$ 16,988</b>
<b>Premiums and deposits by line of business:</b>							
Structured settlements	\$ 68	\$ 58	\$ 72	\$ 74	\$ 84	\$ 198	\$ 310
Pension risk transfer	1	43	(4)	974	842	40	1,163
Corporate and Bank-owned life insurance	-	-	-	1	-	-	-
Stable value wrap - separate account liability	-	-	-	599	-	-	-
Guaranteed investment contracts (15)	-	551	1,395	400	550	1,946	726
<b>Total premiums and deposits</b>	<b>\$ 69</b>	<b>\$ 652</b>	<b>\$ 1,463</b>	<b>\$ 2,048</b>	<b>\$ 1,476</b>	<b>\$ 2,184</b>	<b>\$ 2,199</b>
<b>Stable value wraps (401k and bank-owned life insurance) - Assets under management (a)</b>	<b>\$ 36,855</b>	<b>\$ 36,740</b>	<b>\$ 36,638</b>	<b>\$ 37,616</b>	<b>\$ 36,415</b>	<b>\$ 36,855</b>	<b>\$ 36,415</b>

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

See accompanying notes on page 34 and reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**Life and Retirement Notes**

- (1) Life and Retirement Adjusted pre-tax income in 3Q17 and 3Q18 included the net effect of adjustments to reflect the annual review and update of certain assumptions used to amortize DAC and related items for interest-sensitive products, including life and annuity spreads, mortality rates, lapse 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 lapses, 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 APTI. In the aggregate, the net effect of adjustments to reflect the review and update of actuarial assumptions for Life and Retirement products increased (decreased) APTI and pre-tax income as follows:

<i>(in millions)</i>	Life Insurance		Individual Retirement - Fixed Annuities		Individual Retirement - Variable and Index Annuities		Group Retirement		Total Life and Retirement	
	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18	3Q17
Policy fees	\$ (238)	\$ (9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (238)	\$ (9)
Interest credited to policyholder account balances	-	-	9	36	(14)	11	5	2	-	49
Amortization of deferred policy acquisition costs	337	34	32	94	(78)	55	16	11	307	194
Policyholder benefits and claims incurred	(162)	4	(1)	-	-	46	(4)	-	(167)	50
<b>Adjusted pre-tax income (loss)</b>	<b>\$ (63)</b>	<b>\$ 29</b>	<b>\$ 40</b>	<b>\$ 130</b>	<b>\$ (92)</b>	<b>\$ 112</b>	<b>\$ 17</b>	<b>\$ 13</b>	<b>\$ (98)</b>	<b>\$ 284</b>
Changes in DAC related to net realized capital gains (losses)	-	-	-	-	33	43	2	1	35	44
Net realized capital gains (losses)	28	-	-	-	(87)	(208)	4	(38)	(55)	(246)
<b>Increase (decrease) to pre-tax income (loss)</b>	<b>\$ (35)</b>	<b>\$ 29</b>	<b>\$ 40</b>	<b>\$ 130</b>	<b>\$ (146)</b>	<b>\$ (53)</b>	<b>\$ 23</b>	<b>\$ (24)</b>	<b>\$ (118)</b>	<b>\$ 82</b>

- (2) Base portfolio investment income includes interest, dividends, foreclosed real estate income, net of investment expenses and non-qualifying (economic) hedges.
- (3) Net investment income - other yield enhancements includes call and tender income, commercial mortgage loan prepayments, 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 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. In 1Q18, two large FHLB funding agreements were issued within Individual Retirement and Group Retirement totaling \$1.3 billion. The deposits from these agreements were excluded from the net flows of Individual Retirement (\$1.1 billion) and Group Retirement (\$0.2 billion), as net flows from these funding agreements are not considered part of the metric to measure core recurring performance.
- (5) Includes incremental effect on base yield of alternative investments. Quarterly results are annualized.
- (6) Includes incremental effect on base yield of other yield 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 other withdrawals as a percentage of average annuity reserves and Group Retirement mutual funds.
- (9) Life and Retirement 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 and Retirement Companies’ Key Risks – Variable Annuity Risk Management and Hedging Programs in our Annual Report on Form 10-K for the year ended December 31, 2017 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) 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 Life and Retirement segments on the basis of attributed equity, consistent with the benefit from the reduced capital requirement.
- (14) The nine-month period ended September 30, 2017 includes lower international DAC amortization in 2Q17 primarily due to new business and lapse assumptions.
- (15) 1Q18 includes deposits of \$1.4 billion of FHLB funding agreements. 2Q18 includes \$0.6 billion GIC issuance.



**American International Group, Inc.**  
**Other Operations Results**

(in millions)	Quarterly					Nine Months Ended	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
<b>Revenues:</b>							
Premiums	\$ 10	\$ 13	\$ 6	\$ 4	\$ (19)	\$ 29	\$ 722
Net investment income	9	(6)	(1)	-	6	2	53
Other income (loss)	116	162	145	182	140	423	452
Total adjusted revenues	135	169	150	186	127	454	1,227
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	12	6	6	5	11	24	598
Acquisition expenses:							
Amortization of deferred policy acquisition costs	3	2	1	(1)	-	6	(8)
Other acquisition expenses	-	(1)	1	-	(5)	-	19
Total acquisition expenses	3	1	2	(1)	(5)	6	11
General operating expenses	248	278	246	310	243	772	927
Interest expense	289	258	238	238	244	785	730
Total benefits, losses and expenses	552	543	492	552	493	1,587	2,266
<b>Adjusted pre-tax income (loss) before consolidation and eliminations</b>	<b>(417)</b>	<b>(374)</b>	<b>(342)</b>	<b>(366)</b>	<b>(366)</b>	<b>(1,133)</b>	<b>(1,039)</b>
Consolidation, eliminations and other adjustments	29	(12)	11	-	(1)	28	75
<b>Adjusted pre-tax income (loss)</b>	<b>\$ (388)</b>	<b>\$ (386)</b>	<b>\$ (331)</b>	<b>\$ (366)</b>	<b>\$ (367)</b>	<b>\$ (1,105)</b>	<b>\$ (964)</b>
<b>Adjusted Pre-tax income (loss) by activities</b>							
Fuji Life (a)	N/A	N/A	N/A	N/A	N/A	N/A	\$ 43
Parent and Other:							
Corporate general operating expenses	(182)	(184)	(153)	(206)	(172)	(519)	(563)
Interest expense	(289)	(258)	(238)	(239)	(243)	(785)	(729)
Other income (expense), net	54	68	49	79	49	171	210
Total Parent and Other	(417)	(374)	(342)	(366)	(366)	(1,133)	(1,082)
Consolidation, eliminations and other adjustments	29	(12)	11	-	(1)	28	75
<b>Adjusted pre-tax income (loss)</b>	<b>\$ (388)</b>	<b>\$ (386)</b>	<b>\$ (331)</b>	<b>\$ (366)</b>	<b>\$ (367)</b>	<b>\$ (1,105)</b>	<b>\$ (964)</b>
Interest expense on attributed financial debt	(171)	(167)	(150)	(152)	(171)	(488)	(529)
<b>Adjusted pre-tax income (loss) including attributed interest expense</b>	<b>(217)</b>	<b>(219)</b>	<b>(181)</b>	<b>(214)</b>	<b>(196)</b>	<b>(617)</b>	<b>(435)</b>
Income tax expense (benefit)	(62)	11	(49)	(50)	(169)	(100)	(280)
<b>Adjusted after-tax income (loss)</b>	<b>\$ (155)</b>	<b>\$ (230)</b>	<b>\$ (132)</b>	<b>\$ (164)</b>	<b>\$ (27)</b>	<b>\$ (517)</b>	<b>\$ (155)</b>
<b>Noteworthy Items (pre-tax):</b>							
Better (worse) than expected alternative returns	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 2
Better (worse) than expected DIB and GCM returns	-	-	-	1	-	-	6
Fair value changes on Fixed Maturity Securities - Other accounted under fair value option (b)	9	42	46	69	47	97	233
Fair value changes on Equity Securities - Other	9	1	11	52	32	21	71
<b>Parent Liquidity Portfolio Information:</b>							
Earnings on Parent liquidity portfolio	\$ 29	\$ 41	\$ 31	\$ 33	\$ 30	\$ 101	\$ 107
Interest expense, net of portion allocated to segments	(118)	(90)	(88)	(86)	(72)	(296)	(200)
Net interest expense on Parent liquidity portfolio	\$ (89)	\$ (49)	\$ (57)	\$ (53)	\$ (42)	\$ (195)	\$ (93)

(a) Fuji Life was sold on April 30, 2017.

(b) Includes the fair value changes on the DIB and GCM asset portfolios.

See reconciliations of Non-GAAP financial measures beginning on page 45.



**American International Group, Inc.**  
**Legacy Portfolio Results**

(in millions)

**Results of Operations**

**Revenues:**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Premiums	\$ 131	\$ 134	\$ 141	\$ 141	\$ 136	\$ 406	\$ 449
Policy Fees	30	32	30	32	38	92	105
Net investment income	610	623	565	634	690	1,798	2,142
Other income (loss)	43	(8)	100	349	149	135	539
Total adjusted revenues	814	781	836	1,156	1,013	2,431	3,235

**Benefits, losses and expenses:**

Policyholder benefits and losses incurred	545	453	506	528	500	1,504	1,470
Interest credited to policyholder account balances	57	63	59	60	61	179	181
Acquisition expenses:							
Amortization of deferred policy acquisition costs	25	19	18	6	28	62	70
Other acquisition expenses	1	-	1	-	1	2	-
Total acquisition expenses	26	19	19	6	29	64	70
Non deferrable insurance commissions	4	4	5	6	6	13	18
General operating expenses	91	100	94	126	98	285	334
Interest expense*	7	8	8	19	33	23	103
Total benefits, losses and expenses	730	647	691	745	727	2,068	2,176

**Adjusted pre-tax income (loss)**

**Adjusted pre-tax income (loss) by type**

General Insurance run-off lines	(37)	44	62	14	63	69	207
Life and Retirement run-off lines	68	58	28	98	79	154	308
Legacy investments	53	32	55	299	144	140	544

**Adjusted pre-tax income (loss)**

Interest expense on attributed financial debt	-	-	10	31	42	10	128
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**Adjusted pre-tax income (loss) including attributed interest expense**

Income tax expense (benefit)	18	27	29	129	79	74	311
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**Adjusted after-tax income (loss) (a)**

Ending adjusted attributed equity	\$ 8,811	\$ 9,267	\$ 9,246	\$ 9,283	\$ 9,880	\$ 8,811	\$ 9,880
Average adjusted attributed equity (b)**	9,039	9,257	9,265	9,582	9,896	9,152	10,230
Adjusted return on attributed equity (a÷b)	2.9 %	4.6 %	4.6 %	10.5 %	6.7 %	4.1 %	8.1 %

\* Includes inter-segment interest expenses.

\*\* See accompanying notes to Adjusted Attributed Equity on page 50.



**American International Group, Inc.  
Legacy Portfolio Results (continued)**

(in millions)

**Noteworthy Items (pre-tax)**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Catastrophe losses, net of reinsurance	\$ 57	\$ -	\$ -	\$ 4	\$ -	\$ 57	\$ -
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(2)	(2)	(2)	(4)	(1)	(6)	(17)
Annual actuarial assumption update	(5)	-	-	-	(14)	(5)	(14)
Better (worse) than expected alternative returns	19	(4)	-	15	29	15	53
Better (worse) than expected DIB and GCM returns	15	(19)	37	233	42	33	223
Fair value changes on Fixed Maturity Securities - Other accounted under fair value option*	41	63	34	298	89	138	357
Fair value changes on Equity Securities - Other	1	(2)	2	-	-	1	-
<b>Selected Balance Sheet Data</b>							
Legacy investments, net of related debt	\$ 2,512	\$ 2,834	\$ 2,779	\$ 3,670	\$ 5,811	\$ 2,512	\$ 5,811
Legacy General Insurance run-off reserves **	5,738	5,806	5,926	6,178	6,375	5,738	6,375
Legacy Life and Retirement run-off reserves	36,929	37,348	37,793	38,608	38,489	36,929	38,489

\* Includes the fair value changes on DIB and GCM asset portfolios.

\*\* 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 45.*

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

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Results of Operations</b>							
Net premiums earned	\$ 24	\$ 21	\$ 18	\$ 21	\$ 19	\$ 63	\$ 86
Losses and loss adjustment expenses incurred*	103	34	17	70	38	154	122
Total acquisition expenses	3	1	3	2	2	7	4
General operating expenses	10	12	8	9	6	30	22
Underwriting income (loss)	(92)	(26)	(10)	(60)	(27)	(128)	(62)
Net investment income	55	70	72	74	90	197	269
<b>Adjusted pre-tax income (loss)</b>	<b>\$ (37)</b>	<b>\$ 44</b>	<b>\$ 62</b>	<b>\$ 14</b>	<b>\$ 63</b>	<b>\$ 69</b>	<b>\$ 207</b>
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses, net of reinsurance	\$ 57	\$ -	\$ -	\$ 4	\$ -	\$ 57	\$ -
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(2)	(2)	(2)	(4)	(1)	(6)	(17)
Net liability for unpaid losses and loss adjustment expenses (at period end)**	5,738	5,806	5,926	6,178	6,375	5,738	6,375

\* Consistent with our definition of APTI, 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 45.*

**American International Group, Inc.**  
**Legacy Life and Retirement Run-off Lines**

(in millions)	Quarterly					Nine Months Ended	
	3Q18	2Q18	1Q18	4Q17	3Q17	September 30, 2018	September 30, 2017
<b>Results of Operations</b>							
<b>Premiums and deposits</b>	\$ 205	\$ 153	\$ 225	\$ 156	\$ 155	\$ 583	\$ 464
<b>Revenues:</b>							
Premiums	\$ 107	\$ 115	\$ 122	\$ 120	\$ 117	\$ 344	\$ 363
Policy fees	30	32	30	32	38	92	105
Net investment income:							
Base portfolio	432	413	421	443	424	1,266	1,288
Alternative investments	61	37	47	64	78	145	194
Other yield enhancements	14	23	22	44	35	59	119
Total net investment income	507	473	490	551	537	1,470	1,601
Other income	-	1	-	2	-	1	1
<b>Total adjusted revenues</b>	<b>644</b>	<b>621</b>	<b>642</b>	<b>705</b>	<b>692</b>	<b>1,907</b>	<b>2,070</b>
<b>Benefits, losses and expenses:</b>							
Policyholder benefits and losses incurred	441	427	482	458	462	1,350	1,348
Interest credited to policyholder account balances	57	63	59	60	61	179	181
Amortization of deferred policy acquisition costs	24	18	17	4	27	59	66
Non deferrable insurance commissions	4	4	5	6	6	13	18
General operating expenses	48	48	49	71	48	145	129
Interest expense	2	3	2	8	9	7	20
<b>Total benefits, losses and expenses</b>	<b>576</b>	<b>563</b>	<b>614</b>	<b>607</b>	<b>613</b>	<b>1,753</b>	<b>1,762</b>
<b>Adjusted pre-tax income (loss)</b>	<b>\$ 68</b>	<b>\$ 58</b>	<b>\$ 28</b>	<b>\$ 98</b>	<b>\$ 79</b>	<b>\$ 154</b>	<b>\$ 308</b>
<b>Noteworthy items (pre-tax)</b>							
Future policy benefits for life and A&H contracts (at period end)	\$ 29,604	\$ 30,018	\$ 30,355	\$ 31,005	\$ 30,845	\$ 29,604	\$ 30,845
Policyholder contract deposits	5,321	5,399	5,483	5,624	5,648	5,321	5,648
Separate account reserves	2,004	1,931	1,955	1,979	1,996	2,004	1,996
Total general and separate account reserves	\$ 36,929	\$ 37,348	\$ 37,793	\$ 38,608	\$ 38,489	\$ 36,929	\$ 38,489
Annual actuarial assumption update	\$ (5)	\$ -	\$ -	\$ -	\$ (14)	\$ (5)	\$ (14)

See reconciliations of Non-GAAP financial measures beginning on page 45.

**American International Group, Inc.**  
**Investments Portfolio Results**

(in millions)

	Quarterly					Nine Months Ended	
	3Q18	2Q18	1Q18	4Q17	3Q17	September 30,	2017
						2018	2017
<b>Fixed Maturity Securities- AFS, at fair value</b>							
Yield (a)	4.70%	4.54%	4.63%	4.67%	4.55%	4.62%	4.59%
Investment income (b)	\$ 2,650	\$ 2,547	\$ 2,609	\$ 2,625	\$ 2,543	\$ 7,806	\$ 7,852
Net realized capital gains (losses)	(23)	(50)	(76)	20	(18)	(149)	189
Ending carrying value	232,720	228,673	233,914	238,992	237,771	232,720	237,771
<b>Fixed Maturity Securities- Other, at fair value (c)</b>							
Total Return (a)	4.47%	4.39%	4.49%	17.16%	8.05%	4.55%	10.20%
Investment income (loss) (b)	\$ 121	\$ 117	\$ 124	\$ 472	\$ 226	\$ 362	\$ 889
Ending carrying value (d)	9,996	10,342	10,913	11,200	10,773	9,996	10,773
<b>Equity Securities- AFS, at fair value</b>							
Yield (a)	0.00%	0.00%	0.00%	3.76%	1.49%	0.00%	2.00%
Investment income (loss) (b)	\$ -	\$ -	\$ -	\$ 12	\$ 5	\$ -	\$ 22
Net realized capital gains (losses)	-	-	16	1	2	16	76
Ending carrying value (e)	-	-	-	1,708	1,707	-	1,707
<b>Equity Securities- Other, at fair value (c)</b>							
Investment income (b)	\$ (13)	\$ 3	\$ (31)	\$ 52	\$ 32	\$ (41)	\$ 71
Ending carrying value	1,443	1,675	1,725	589	538	1,443	538
<b>Mortgage and other loans receivable</b>							
Yield (a)	4.46%	4.58%	4.79%	4.99%	4.72%	4.60%	4.71%
Investment income (b)	\$ 456	\$ 449	\$ 452	\$ 456	\$ 417	\$ 1,357	\$ 1,217
Net realized capital gains (losses)	(99)	(28)	(24)	10	(36)	(151)	(54)
Ending carrying value	41,878	39,978	38,540	37,023	36,089	41,878	36,089
<b>Other Invested Assets:</b>							
<b>Other invested assets - Hedge Funds/Private Equity (e)</b>							
Yield (a)	12.48%	5.08%	11.51%	9.94%	11.21%	9.74%	12.30%
Investment income (b)	\$ 301	\$ 131	\$ 299	\$ 260	\$ 309	\$ 731	\$ 1,051
Net realized capital gains (losses)	(231)	-	-	(5)	(14)	(231)	44
Ending carrying value	9,221	10,030	10,642	10,764	11,484	9,221	11,484
<b>Other invested assets - Real Estate investments</b>							
Yield (a)	4.33%	1.73%	1.67%	1.82%	4.76%	2.60%	2.77%
Investment income (b)	\$ 96	\$ 38	\$ 35	\$ 36	\$ 87	\$ 169	\$ 148
Net realized capital gains (losses)	48	(54)	(6)	3	1	(12)	25
Ending carrying value	8,819	8,879	8,637	8,258	7,465	8,819	7,465
<b>Other invested assets - All other (g)</b>							
Investment income (b) (e)	\$ 17	\$ 43	\$ 54	\$ 73	\$ 98	\$ 114	\$ 404
Net realized capital gains (losses)	-	-	97	(14)	(321)	97	(505)
Ending carrying value	1,699	1,739	1,904	1,800	3,641	1,699	3,641
<b>Other Invested Assets - Total</b>	<b>\$ 19,739</b>	<b>\$ 20,648</b>	<b>\$ 21,183</b>	<b>\$ 20,822</b>	<b>\$ 22,590</b>	<b>\$ 19,739</b>	<b>\$ 22,590</b>
<b>Short-term Investments</b>							
Yield (a)	0.77%	0.67%	0.91%	1.26%	0.70%	0.83%	0.64%
Investment income (b)	\$ 25	\$ 27	\$ 28	\$ 32	\$ 19	\$ 80	\$ 54
Ending carrying value	8,863	17,010	14,616	10,386	9,775	8,863	9,775
<b>Total AIG</b>							
<b>Total Investments (d)</b>	<b>\$ 314,639</b>	<b>\$ 318,326</b>	<b>\$ 320,891</b>	<b>\$ 320,720</b>	<b>\$ 319,243</b>	<b>\$ 314,639</b>	<b>\$ 319,243</b>
<b>Total Investment Expenses</b>	<b>\$ 115</b>	<b>\$ 126</b>	<b>\$ 120</b>	<b>\$ 123</b>	<b>\$ 128</b>	<b>\$ 361</b>	<b>\$ 369</b>
<b>Total Gross Investment Income (b)</b>	<b>\$ 3,653</b>	<b>\$ 3,355</b>	<b>\$ 3,570</b>	<b>\$ 4,018</b>	<b>\$ 3,736</b>	<b>\$ 10,578</b>	<b>\$ 11,708</b>

See accompanying notes on page 41.



**American International Group, Inc.  
Investments Portfolio Results (Con't)**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Total Gross Investment Income - APTI basis</b>	\$ 3,653	\$ 3,355	\$ 3,570	\$ 4,018	\$ 3,736	\$ 10,578	\$ 11,708
Investment expenses	115	126	120	123	128	361	369
Investment income from non-insurance subsidiaries reported in other	100	100	102	460	218	302	741
<b>Total Insurance Company Net Investment Income</b>	<b>\$ 3,438</b>	<b>\$ 3,129</b>	<b>\$ 3,348</b>	<b>\$ 3,435</b>	<b>\$ 3,390</b>	<b>\$ 9,915</b>	<b>\$ 10,598</b>
<b>Breakdown by Segment:</b>							
General Insurance	901	657	761	859	863	2,319	2,809
Life and Retirement	1,960	1,995	2,046	2,003	1,907	6,001	5,813
Legacy Portfolio	610	623	565	634	690	1,798	2,142
Other Operations	9	(6)	(1)	-	6	2	53
Consolidations and Eliminations	(42)	(140)	(23)	(61)	(76)	(205)	(219)
<b>Total Insurance Company Net Investment Income</b>	<b>\$ 3,438</b>	<b>\$ 3,129</b>	<b>\$ 3,348</b>	<b>\$ 3,435</b>	<b>\$ 3,390</b>	<b>\$ 9,915</b>	<b>\$ 10,598</b>
<b>Items Excluded from GAAP Net Investment Income:</b>							
Changes in fair value of securities used to hedge guaranteed living benefits	14	36	77	(29)	(26)	127	(117)
Net realized capital gains (losses) related to non-qualifying hedges	28	28	10	-	-	66	-
<b>Net Investment Income per Consolidated Statement of Operations</b>	<b>\$ 3,396</b>	<b>\$ 3,065</b>	<b>\$ 3,261</b>	<b>\$ 3,464</b>	<b>\$ 3,416</b>	<b>\$ 9,722</b>	<b>\$ 10,715</b>

**Presentation Change to Investments Portfolio Results**

Beginning in the second quarter of 2018, investment income presented in the Investment Portfolio Results has been changed to an APTI basis. Prior periods presented have been revised to conform to the current period presentation.

**Notes to Investments Portfolio Results**

- (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) Fixed Maturity Securities - Other are securities for which we elected the fair value option. For Fixed Maturity Securities - Other and Equity Securities - Other, changes in the fair value of these securities are reported through investment income, which can result in significant fluctuation in the total return.
- (d) Excludes the carrying value of securities used to hedge guaranteed living benefits.
- (e) Includes Arch convertible non-voting common-equivalent preferred shares, which were fully sold in 1Q18.
- (f) 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.
- (g) Other Invested Assets - All Other includes long term time deposits, private common stock, affordable housing partnerships, aircraft assets, and our life settlement portfolio, of which we sold the remaining portion during 4Q17. 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.

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

(in millions)	Quarterly					Nine Months Ended	
	3Q18	2Q18	1Q18	4Q17	3Q17	September 30, 2018	2017
Sales of fixed maturity securities	\$ 11	\$ (13)	\$ 10	\$ 51	\$ 54	\$ 8	\$ 374
Sales of equity securities	-	-	16	2	4	16	86
<b>Other-than-temporary impairments:</b>							
Severity	-	-	-	-	-	-	(2)
Change in intent	(3)	-	(49)	-	(1)	(52)	(9)
Foreign currency declines	(1)	(6)	(6)	-	(1)	(13)	(11)
Issuer-specific credit events	(30)	(30)	(32)	(37)	(85)	(92)	(197)
Adverse projected cash flows	(1)	-	-	-	(1)	(1)	(4)
Total other-than-temporary impairments	(35)	(36)	(87)	(37)	(88)	(158)	(223)
Provision for loan losses	(23)	(26)	(24)	6	(38)	(73)	(56)
Foreign exchange transactions	(21)	(187)	53	190	66	(155)	299
Variable annuity embedded derivatives, net of related hedges	(185)	36	147	(351)	(430)	(2)	(1,023)
All other derivatives and hedge accounting	(1)	375	(225)	(151)	(136)	149	(217)
Impairments on investments in life settlements	-	-	-	-	(273)	-	(360)
Loss on sale of private equity funds	(311)	-	-	-	-	(311)	-
Other*	54	16	91	16	(81)	161	14
<b>Total net realized capital gains (losses)</b>	<b>\$ (511)</b>	<b>\$ 165</b>	<b>\$ (19)</b>	<b>\$ (274)</b>	<b>\$ (922)</b>	<b>\$ (365)</b>	<b>\$ (1,106)</b>

\*2Q18 included a \$48 million gain on the sale of our investment in Castle Holdings' aircraft assets. In 4Q17, we sold the remaining portion of our Life Settlement Portfolio and included a loss on sale of \$11 million and \$34 million in 4Q17 and 3Q17, respectively. The aggregate amount of loss on sale plus impairment of our Life Settlement Portfolio was \$11 million and \$307 million in 4Q17 and 3Q17, respectively.



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

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>General Insurance</b>							
North America							
Commercial Lines	\$ (14)	\$ (95)	\$ (136)	\$ (105)	\$ 528	\$ (245)	\$ 462
Personal Insurance	148	41	58	8	14	247	6
Total North America	134	(54)	(78)	(97)	542	2	468
International							
Commercial Lines	68	(8)	(1)	193	309	59	460
Personal Insurance	(30)	1	(29)	(16)	(14)	(58)	(9)
Total International	38	(7)	(30)	177	295	1	451
<b>Total General Insurance</b>	<b>172</b>	<b>(61)</b>	<b>(108)</b>	<b>80</b>	<b>837</b>	<b>3</b>	<b>919</b>
<b>Legacy Portfolio</b>	(2)	(2)	(2)	(4)	(1)	(6)	(17)
<b>Total prior year unfavorable (favorable) development*</b>	<b>\$ 170</b>	<b>\$ (63)</b>	<b>\$ (110)</b>	<b>\$ 76</b>	<b>\$ 836</b>	<b>\$ (3)</b>	<b>\$ 902</b>
(Additional) return premium related to prior year development on loss sensitive business	\$ 32	\$ 11	\$ 4	\$ 13	\$ 9	\$ 47	\$ 55

\* Includes the amortization attributed to the deferred gain at inception from the National Indemnity Company (NICO) adverse development reinsurance agreement of \$57 million, \$57 million, \$62 million, \$63 million and \$62 million for the three months ended September 30, June 30 and March 31, 2018, and December 31 and September 30, 2017, respectively. Consistent with our definition of APTI, prior year development excludes the portion of (favorable)/unfavorable prior year reserve development for which we have ceded the risk under the NICO reinsurance agreement of \$722 million, (\$19 million), \$9 million, \$72 million and \$3 million for the three months ended September 30, June 30 and March 31, 2018, and December 31 and September 30, 2017, respectively, and related changes in amortization of the deferred gain of \$118 million, \$13 million, (\$23 million), \$26 million and \$13 million over those same periods.

Prior year development by accident year:	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Accident Year							
2017	\$ (9)	\$ 39	\$ (17)	\$ -	\$ -	\$ 13	\$ -
2016	73	(15)	(60)	76	705	(2)	744
2015	(59)	(36)	(4)	20	52	(99)	28
2014	(28)	(98)	(14)	(6)	12	(140)	-
2013	(7)	(27)	(3)	(54)	(9)	(37)	(45)
2012	31	(74)	(9)	36	(42)	(52)	(58)
2011	18	(23)	(8)	(19)	21	(13)	37
2010	(7)	(14)	(3)	8	13	(24)	8
2009	31	-	(1)	60	4	30	8
2008 and prior*	127	185	9	(45)	80	321	180
<b>Total prior year unfavorable (favorable) development</b>	<b>\$ 170</b>	<b>\$ (63)</b>	<b>\$ (110)</b>	<b>\$ 76</b>	<b>\$ 836</b>	<b>\$ (3)</b>	<b>\$ 902</b>

\* Increase in prior year development for 2008 and prior in the three-month period ended September 30, 2018, is primarily related to U.S. Excess Casualty lines driven by adverse activity on construction defects claims and multi-year construction projects that cover all contractors on the site, where we continue to observe significant loss activity. Increase in the three-month period ended June 30, 2018, is primarily related to pre-1986 environmental liability driven by increasing severity of claims from excess casualty policies.

**American International Group, Inc.**  
**Adverse Development Cover**

The table below shows the calculation of the gain on the adverse development reinsurance agreement showing 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)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	3Q18 Change
<b>Gross Covered Losses</b>						
Covered reserves before discount	\$ 24,102	\$ 24,374	\$ 25,700	\$ 26,654	\$ 28,778	\$ (272)
Inception to date losses paid	18,234	17,058	15,751	14,788	12,631	1,176
Attachment point	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	-
<b>Covered losses above attachment point</b>	<b>\$ 17,336</b>	<b>\$ 16,432</b>	<b>\$ 16,451</b>	<b>\$ 16,442</b>	<b>\$ 16,409</b>	<b>\$ 904</b>
<b>Deferred Gain Development</b>						
Covered losses above attachment ceded to NICO (80%)*	\$ 13,869	\$ 13,146	\$ 13,161	\$ 13,153	\$ 13,127	\$ 723
Consideration paid including interest	(10,188)	(10,188)	(10,188)	(10,188)	(10,188)	-
<b>Pre-tax deferred gain before discount and amortization</b>	<b>3,681</b>	<b>2,958</b>	<b>2,973</b>	<b>2,965</b>	<b>2,939</b>	<b>723</b>
Discount on ceded losses	(1,693)	(1,647)	(1,667)	(1,539)	(1,494)	(46)
Pre-tax deferred gain before amortization	1,988	1,311	1,306	1,426	1,445	677
Inception to date amortization attributed to deferred gain at inception	(404)	(347)	(290)	(228)	(165)	(57)
Inception to date amortization attributed to changes in deferred gain**	(116)	(7)	(3)	(31)	(19)	(109)
<b>Deferred gain liability reflected in AIG's balance sheet</b>	<b>\$ 1,468</b>	<b>\$ 957</b>	<b>\$ 1,013</b>	<b>\$ 1,167</b>	<b>\$ 1,261</b>	<b>\$ 511</b>

**Prior Year Development, Net of Reinsurance and Deferred Gain Amortization**

	Quarterly				
	3Q18	2Q18	1Q18	4Q17	3Q17
Unfavorable (favorable) prior year development on covered reserves before retroactive reinsurance and deferred gain amortization	\$ 904	\$ (19)	\$ 9	\$ 33	-
Prior year development ceded to NICO*	(723)	15	(8)	(26)	-
<b>Subtotal</b>	<b>181</b>	<b>(4)</b>	<b>1</b>	<b>7</b>	<b>-</b>
Amortization attributed to deferred gain at inception	(57)	(57)	(62)	(63)	(62)
<b>Unfavorable (favorable) prior year development on covered reserves, net of reinsurance and deferred gain amortization</b>	<b>124</b>	<b>(61)</b>	<b>(61)</b>	<b>(56)</b>	<b>(62)</b>
Unfavorable (favorable) prior year development on non-covered reserves	46	(2)	(49)	132	898
<b>Total unfavorable (favorable) prior year development, net of reinsurance and deferred gain amortization</b>	<b>\$ 170</b>	<b>\$ (63)</b>	<b>\$ (110)</b>	<b>\$ 76</b>	<b>\$ 836</b>

\* 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 APTI.

**Selected Balance Sheet data for ADC**

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Reinsurance recoverable reported in Reinsurance assets, net of allowance	\$ 12,176	\$ 11,499	\$ 11,494	\$ 11,614	\$ 11,633
Ceded reserves reported in Liability for unpaid losses and loss adjustment expenses	12,176	11,499	11,494	11,614	11,633
Deferred gain reported in Other liabilities	1,468	957	1,013	1,167	1,261



**American International Group, Inc.**  
**Supplemental Information Table of Contents**

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**American International Group, Inc.**  
**Earnings Per Share Computations**

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>GAAP Basis:</b>							
<b>Numerator for EPS:</b>							
Income (loss) from continuing operations	\$ (1,220)	\$ 931	\$ 950	\$ (6,669)	\$ (1,712)	\$ 661	\$ 609
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	-	(6)	11	(12)	26	5	40
Income (loss) attributable to AIG common shareholders from continuing operations	(1,220)	937	939	(6,657)	(1,738)	656	569
Income (loss) from discontinued operations, net of income tax expense	(39)	-	(1)	(3)	(1)	(40)	7
Net income (loss) attributable to AIG common shareholders	\$ (1,259)	\$ 937	\$ 938	\$ (6,660)	\$ (1,739)	\$ 616	\$ 576
<b>Denominator for EPS:</b>							
Weighted average shares outstanding - basic*	895.2	903.2	908.0	908.1	908.7	902.1	938.1
Dilutive shares**	-	13.4	17.3	-	-	14.7	23.2
Weighted average shares outstanding - diluted**	895.2	916.6	925.3	908.1	908.7	916.8	961.3
<b>Income per common share attributable to AIG:</b>							
Basic:							
Income (loss) from continuing operations	\$ (1.37)	\$ 1.04	\$ 1.03	\$ (7.33)	\$ (1.91)	\$ 0.72	\$ 0.60
Income (loss) from discontinued operations	(0.04)	-	-	-	-	(0.04)	0.01
Net income (loss) attributable to AIG	\$ (1.41)	\$ 1.04	\$ 1.03	\$ (7.33)	\$ (1.91)	\$ 0.68	\$ 0.61
Diluted**:							
Income (loss) from continuing operations	\$ (1.37)	\$ 1.02	\$ 1.01	\$ (7.33)	\$ (1.91)	\$ 0.71	\$ 0.59
Income (loss) from discontinued operations	(0.04)	-	-	-	-	(0.04)	0.01
Net income (loss) attributable to AIG	\$ (1.41)	\$ 1.02	\$ 1.01	\$ (7.33)	\$ (1.91)	\$ 0.67	\$ 0.60

\* Includes vested shares under our share-based employee compensation plans.

\*\* 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. The shares excluded from the diluted EPS calculation were 13,538,168 shares in 3Q18.

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

(in millions, except per share data)

	Quarterly					As of September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Book Value Per Share</b>							
Total AIG shareholders' equity (a)	\$ 58,586	\$ 61,186	\$ 62,792	\$ 65,171	\$ 72,468	\$ 58,586	\$ 72,468
Less: Accumulated other comprehensive income (AOCI)	(536)	230	2,220	5,465	5,939	(536)	5,939
Total AIG shareholders' equity, excluding AOCI (b)	59,122	60,956	60,572	59,706	66,529	59,122	66,529
Less: Deferred tax assets (DTA)*	9,953	9,853	10,214	10,492	14,897	9,953	14,897
Total adjusted shareholders' equity (c)	49,169	51,103	50,358	49,214	51,632	49,169	51,632
Total common shares outstanding (d)	884.6	891.2	897.7	899.0	898.9	884.6	898.9
Book value per common share (a÷d)	\$ 66.23	\$ 68.65	\$ 69.95	\$ 72.49	\$ 80.62	\$ 66.23	\$ 80.62
Book value per common share, excluding AOCI (b÷d)	66.83	68.40	67.48	66.41	74.01	66.83	74.01
Adjusted book value per common share (c÷d)	55.58	57.34	56.10	54.74	57.44	55.58	57.44

	Quarterly					Nine Months Ended September 30,	
	3Q18	3Q18	1Q18	4Q17	3Q17	2018	2017
<b>Return On Equity (ROE) Computations</b>							
Actual or Annualized net income (loss) attributable to AIG (a)	\$ (5,036)	\$ 3,748	\$ 3,752	\$ (26,640)	\$ (6,956)	\$ 821	\$ 768
Actual or Annualized adjusted after-tax income (loss) attributable to AIG (b)	\$ (1,204)	\$ 3,844	\$ 3,852	\$ 2,104	\$ (4,444)	\$ 2,164	\$ 2,273
Average AIG Shareholders' equity (c)	\$ 59,886	\$ 61,989	\$ 63,982	\$ 68,820	\$ 73,100	\$ 61,934	\$ 74,142
Less: Average AOCI	(153)	1,225	3,843	5,702	5,451	1,845	4,477
Less: Average DTA	9,903	10,034	10,353	12,695	14,592	10,128	14,635
<b>Average adjusted shareholders' equity (d)</b>	<b>\$ 50,136</b>	<b>\$ 50,730</b>	<b>\$ 49,786</b>	<b>\$ 50,423</b>	<b>\$ 53,057</b>	<b>\$ 49,961</b>	<b>\$ 55,030</b>
ROE (a÷c)	(8.4%)	6.0%	5.9%	(38.7%)	(9.5%)	1.3%	1.0%
Adjusted return on equity (b÷d)	(2.4%)	7.6%	7.7%	4.2%	(8.4%)	4.3%	4.1%

\* Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.

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

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Pre-tax income (loss) from continuing operations</b>	\$ (1,527)	\$ 1,252	\$ 1,227	\$ 875	\$ (2,803)	\$ 952	\$ 591
<b>Adjustments to arrive at Adjusted pre-tax income (loss)</b>							
Changes in fair value of securities used to hedge guaranteed living benefits	14	36	77	(29)	(26)	127	(117)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(76)	(1)	31	(108)	(84)	(46)	(195)
Loss (gain) on extinguishment of debt	1	5	4	(1)	1	10	(4)
Net realized capital (gains) losses (a)	524	(155)	19	274	922	388	1,106
(Income) loss from divested businesses	(2)	(25)	(8)	(241)	13	(35)	173
Non-operating litigation reserves and settlements	5	12	13	(43)	-	30	(86)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	605	(32)	34	45	(7)	607	258
Net loss reserve discount (benefit) charge	(86)	(14)	(205)	(96)	48	(305)	283
Pension expense related to a one-time lump sum payment to former employees	-	-	-	10	49	-	50
Integration and transaction costs associated with acquired businesses	91	-	-	-	-	91	-
Restructuring and other costs	35	200	24	154	31	259	259
<b>Adjusted pre-tax income (loss)</b>	<b>\$ (416)</b>	<b>\$ 1,278</b>	<b>\$ 1,216</b>	<b>\$ 840</b>	<b>\$ (1,856)</b>	<b>\$ 2,078</b>	<b>\$ 2,318</b>
<b>Net income (loss) attributable to AIG</b>	<b>\$ (1,259)</b>	<b>\$ 937</b>	<b>\$ 938</b>	<b>\$ (6,660)</b>	<b>\$ (1,739)</b>	<b>\$ 616</b>	<b>\$ 576</b>
<b>Adjustments to arrive at Adjusted after-tax income (loss) (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):</b>							
Changes in uncertain tax positions and other tax adjustments	54	3	(4)	461	11	53	27
Deferred income tax valuation allowance (releases) charges	5	7	30	66	(2)	42	(23)
Impact of Tax Act	-	-	-	6,687	-	-	-
Changes in fair value of securities used to hedge guaranteed living benefits	11	28	61	(19)	(17)	100	(76)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(60)	(1)	25	(70)	(55)	(36)	(127)
Loss (gain) on extinguishment of debt	1	4	3	-	-	8	(3)
Net realized capital (gains) losses (a)(b)	396	(128)	21	170	607	289	711
(Income) loss from discontinued operations and divested businesses (b)	38	(20)	(5)	(156)	7	13	125
Non-operating litigation reserves and settlements	3	10	10	(28)	-	23	(56)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	477	(25)	27	30	(5)	479	167
Net loss reserve discount (benefit) charge	(68)	(11)	(162)	(60)	28	(241)	182
Pension expense related to a one-time lump sum payment to former employees	-	-	-	6	33	-	33
Integration and transaction costs associated with acquired businesses	72	-	-	-	-	72	-
Restructuring and other costs	29	157	19	99	21	205	169
<b>Adjusted after-tax income (loss)</b>	<b>\$ (301)</b>	<b>\$ 961</b>	<b>\$ 963</b>	<b>\$ 526</b>	<b>\$ (1,111)</b>	<b>\$ 1,623</b>	<b>\$ 1,705</b>
<b>Calculation of Effective Tax Rates</b>							
Adjusted pre-tax income (loss)	\$ (416)	\$ 1,278	\$ 1,216	\$ 840	\$ (1,856)	\$ 2,078	\$ 2,318
Income tax benefit (expense)	116	(321)	(243)	(327)	770	(448)	(579)
Noncontrolling interest	(1)	4	(10)	13	(25)	(7)	(34)
<b>Adjusted after-tax income (loss)</b>	<b>\$ (301)</b>	<b>\$ 961</b>	<b>\$ 963</b>	<b>\$ 526</b>	<b>\$ (1,111)</b>	<b>\$ 1,623</b>	<b>\$ 1,705</b>
<b>Effective tax rates on adjusted pre-tax income (loss)</b>	<b>27.9%</b>	<b>25.1%</b>	<b>20.0%</b>	<b>38.9%</b>	<b>41.5%</b>	<b>21.6%</b>	<b>25.0%</b>

(a) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication.

(b) Includes the impact of non-U.S. tax rates which differ from the applicable U.S. statutory tax rate and tax-only adjustments.



**American International Group, Inc.**

**Reconciliation of Adjusted Pre-tax and After-tax Income – Core Portfolio**

**Total Core**

(in millions)

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Adjusted pre-tax income (loss)</b>	\$ (500)	\$ 1,144	\$ 1,071	\$ 429	\$ (2,142)	\$ 1,715	\$ 1,259
Interest expense (benefit) on attributed financial debt	-	-	(10)	(31)	(42)	(10)	(128)
<b>Adjusted pre-tax income (loss) including attributed interest expenses:</b>	(500)	1,144	1,081	460	(2,100)	1,725	1,387
Income tax expense (benefit)	(134)	294	214	198	(849)	374	268
<b>Adjusted after-tax income (loss) (a)</b>	\$ (366)	\$ 850	\$ 867	\$ 262	\$ (1,251)	\$ 1,351	\$ 1,119
<b>Ending adjusted attributed equity</b>	<b>40,358</b>	<b>41,836</b>	<b>41,112</b>	<b>39,931</b>	<b>41,751</b>	<b>40,358</b>	<b>41,751</b>
<b>Average adjusted attributed equity (b)*</b>	<b>41,097</b>	<b>41,474</b>	<b>40,522</b>	<b>40,841</b>	<b>43,161</b>	<b>40,809</b>	<b>44,800</b>
<b>Adjusted return on attributed equity (a÷b)</b>	<b>(3.6) %</b>	<b>8.2 %</b>	<b>8.6 %</b>	<b>2.6 %</b>	<b>(11.6) %</b>	<b>4.4 %</b>	<b>3.3 %</b>

\* See accompanying notes to Adjusted Attributed Equity on page 50.

**American International Group, Inc.**  
**Attributed Debt and Adjusted Attributed Equity by Segment\***

(in millions)

	Quarterly				
	3Q18	2Q18	1Q18	4Q17	3Q17
<b><u>Attributed Debt (a)</u></b>					
General Insurance	\$ 14,322	\$ 12,862	\$ 12,862	\$ 10,819	\$ 10,819
Life and Retirement	2,830	2,830	2,830	516	516
Other Operations	7,168	7,748	7,943	8,785	6,799
<b>Total Core</b>	<b>24,320</b>	<b>23,440</b>	<b>23,635</b>	<b>20,120</b>	<b>18,134</b>
Legacy	-	-	-	2,036	3,764
<b>Total Attributed Debt</b>	<b>\$ 24,320</b>	<b>\$ 23,440</b>	<b>\$ 23,635</b>	<b>\$ 22,156</b>	<b>\$ 21,898</b>
<b><u>Consolidated Attributed Debt</u></b>					
Total Financial debt	\$ 22,768	\$ 21,886	\$ 22,043	\$ 21,315	\$ 21,062
Hybrid debt securities - junior subordinated debt	1,552	1,554	1,592	841	836
<b>Total Attributed Debt</b>	<b>\$ 24,320</b>	<b>\$ 23,440</b>	<b>\$ 23,635</b>	<b>\$ 22,156</b>	<b>\$ 21,898</b>
<b><u>Adjusted Attributed Equity (b)</u></b>					
General Insurance	\$ 26,910	\$ 24,146	\$ 23,887	\$ 25,244	\$ 24,979
Life and Retirement	19,254	19,972	19,931	20,304	20,983
Other Operations	(5,806)	(2,282)	(2,706)	(5,617)	(4,211)
<b>Total Core</b>	<b>40,358</b>	<b>41,836</b>	<b>41,112</b>	<b>39,931</b>	<b>41,751</b>
Legacy	8,811	9,267	9,246	9,283	9,880
<b>Total Adjusted Attributed Equity</b>	<b>\$ 49,169</b>	<b>\$ 51,103</b>	<b>\$ 50,358</b>	<b>\$ 49,214</b>	<b>\$ 51,631</b>

\* In accordance with our annual process, the opening balances (i.e. January 1, 2018) of attributed debt and attributed equity have been recalibrated based on our internal model.

(a) Attribution of debt is performed on an annual basis unless recalibration is needed. Attributed debt is based on our internal capital model. Attributed debt is attributed on "frictional" capital requirements beyond internal capital.

(b) Attribution of adjusted equity is performed on an annual basis unless recalibration is needed. Adjusted attributed equity is based on our internal capital model and on the model's risk profile of each business. The recalibrated adjusted attributed equity balances as of January 1, 2018 were \$22,933 million, \$19,467 million, (\$2,469) million and \$39,931 million for General Insurance, Life and Retirement, Other Operations and Core, respectively. There was no change for Legacy Portfolio. The calculation of average adjusted attributed equity for the three-month period ended March 31, 2018, six-month period ended June 30, 2018 and nine-month period ended September 30, 2018 is calculated using the recalibrated adjusted attributed equity as of January 1, 2018.



**American International Group, Inc.**  
**Supplemental General Insurance Information**  
**Commercial Lines Operating Statistics**

(in millions)

**Results of Operations (e)**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Net premiums written (a)	\$ 4,039	\$ 3,911	\$ 3,269	\$ 3,230	\$ 3,770	\$ 11,219	\$ 11,225
Net premiums earned (a) (b)	\$ 4,251	\$ 3,737	\$ 3,640	\$ 3,692	\$ 3,815	\$ 11,628	\$ 11,320
Losses and loss adjustment expenses incurred (c)	3,988	2,754	2,566	3,137	6,426	9,308	11,902
Acquisition expenses:							
Amortization of deferred policy acquisition costs	591	454	449	449	424	1,494	1,317
Other acquisition expenses	126	151	182	123	129	459	400
Total acquisition expenses	717	605	631	572	553	1,953	1,717
General operating expenses	578	545	546	570	476	1,669	1,521
<b>Underwriting income (loss) (a) (b)</b>	<b>\$ (1,032)</b>	<b>\$ (167)</b>	<b>\$ (103)</b>	<b>\$ (587)</b>	<b>\$ (3,640)</b>	<b>\$ (1,302)</b>	<b>\$ (3,820)</b>

**Underwriting Ratios**

Loss ratio (c)	93.8	73.7	70.5	85.0	168.4	80.0	105.1
Catastrophe losses and reinstatement premiums	(21.2)	(3.3)	(4.5)	(7.7)	(71.2)	(10.2)	(27.3)
Prior year development	(1.8)	2.6	3.7	(2.6)	(22.1)	1.3	(8.5)
Adjustments for ceded premium under reinsurance contracts and other (a) (b) (d)	(0.4)	2.3	-	-	-	0.6	(0.3)
Accident year loss ratio, as adjusted	70.4	75.3	69.7	74.7	75.1	71.7	69.0
Acquisition ratio	16.9	16.2	17.3	15.5	14.5	16.8	15.2
General operating expense ratio	13.6	14.6	15.0	15.4	12.5	14.4	13.4
Expense ratio	30.5	30.8	32.3	30.9	27.0	31.2	28.6
Combined ratio (c)	124.3	104.5	102.8	115.9	195.4	111.2	133.7
Accident year combined ratio, as adjusted (a) (b) (d)	100.9	106.1	102.0	105.6	102.1	102.9	97.6

**Noteworthy Items (pre-tax)**

Catastrophe-related losses	\$ 907	\$ 122	\$ 164	\$ 300	\$ 2,719	\$ 1,193	\$ 3,098
Reinstatement premiums related to catastrophes	(10)	-	-	(23)	-	(10)	-
Reinstatement premiums related to prior year catastrophes	2	-	-	-	-	2	-
Severe losses	141	276	135	51	232	552	397
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	54	(103)	(137)	88	837	(186)	922
(Additional) return premium related to prior year development on loss sensitive business	32	11	4	13	9	47	55
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and (additional) return premium on loss sensitive business	86	(92)	(133)	101	846	(139)	977

(a) Includes a reduction of \$24 million net premiums written and earned for deposit contracts related to earlier accident years in the three- and nine-month periods ended September 30, 2018.

(b) Includes an additional \$115 million of net premiums earned for multi-year policies related to earlier accident years in the three-month period ended June 30, 2018 and the nine-month period ended September 30, 2018.

(c) Consistent with our definition of APTI, 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.

(d) 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 nine-month period ended September 30, 2017.

(e) Validus participates in the market for insurance-linked securities (ILS) primarily through AlphaCat Managers, Ltd (AlphaCat Manager). AlphaCat Manager is an asset manager primarily for third party investors and in connection with the issuance of ILS invests in AlphaCat funds which are considered variable interest entities (VIEs). ILS are financial instruments for which the values are determined based on insurance losses caused primarily by natural catastrophes such as major earthquakes and hurricanes. We report the investment in AlphaCat funds as Other Invested Assets. We recognized approximately \$5 million and \$6 million of Net Investment Income and Miscellaneous Income (reported as a component of Net Premiums Earned), respectively, in 3Q18.



**American International Group, Inc.**  
**Supplemental General Insurance Information**  
**Personal Insurance Operating Statistics**

(in millions)

**Results of Operations**

	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
Net premiums written	\$ 2,796	\$ 3,066	\$ 2,902	\$ 2,662	\$ 2,807	\$ 8,764	\$ 8,321
Net premiums earned	\$ 2,830	\$ 2,833	\$ 3,043	\$ 2,683	\$ 2,823	\$ 8,706	\$ 8,331
Losses and loss adjustment expenses incurred	2,288	1,563	1,922	1,853	1,814	5,773	4,750
Acquisition expenses:							
Amortization of deferred policy acquisition costs	632	638	617	513	510	1,887	1,486
Other acquisition expenses	187	146	203	183	215	536	682
Total acquisition expenses	819	784	820	696	725	2,423	2,168
General operating expenses	417	408	449	392	441	1,274	1,229
<b>Underwriting income (loss)</b>	<b>\$ (694)</b>	<b>\$ 78</b>	<b>\$ (148)</b>	<b>\$ (258)</b>	<b>\$ (157)</b>	<b>\$ (764)</b>	<b>\$ 184</b>
<b>Underwriting Ratios</b>							
Loss ratio*	80.8	55.2	63.2	69.1	64.3	66.3	57.0
Catastrophe losses and reinstatement premiums	(23.3)	(1.0)	(7.0)	(17.3)	(10.6)	(10.3)	(3.9)
Prior year development	(4.1)	(1.5)	(1.0)	0.3	-	(2.2)	-
Accident year loss ratio, as adjusted	53.4	52.7	55.2	52.1	53.7	53.8	53.1
Acquisition ratio	28.9	27.7	26.9	25.9	25.7	27.8	26.0
General operating expense ratio	14.7	14.4	14.8	14.6	15.6	14.6	14.8
Expense ratio	43.6	42.1	41.7	40.5	41.3	42.4	40.8
Combined ratio*	124.4	97.3	104.9	109.6	105.6	108.7	97.8
Accident year combined ratio, as adjusted	97.0	94.8	96.9	92.6	95.0	96.2	93.9
<b>Noteworthy Items (pre-tax)</b>							
Catastrophe-related losses	\$ 660	\$ 28	\$ 212	\$ 462	\$ 297	\$ 900	\$ 326
Severe losses	12	17	-	-	11	29	28
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	118	42	29	(8)	-	189	(3)

\* Consistent with our definition of APTI, excludes 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.**  
**Non-GAAP Reconciliation – Premiums to Premiums and Deposits\***

<i>(in millions)</i>	Quarterly					Nine Months Ended September 30,	
	3Q18	2Q18	1Q18	4Q17	3Q17	2018	2017
<b>Individual Retirement:</b>							
Premiums	\$ 9	\$ 16	\$ 12	\$ 10	\$ 22	\$ 37	\$ 81
Deposits	3,609	3,408	4,347	3,096	2,504	11,364	8,723
Other	(2)	(2)	(1)	-	-	(5)	(4)
<b>Premiums and deposits</b>	<b>\$ 3,616</b>	<b>\$ 3,422</b>	<b>\$ 4,358</b>	<b>\$ 3,106</b>	<b>\$ 2,526</b>	<b>\$ 11,396</b>	<b>\$ 8,800</b>
<b>Individual Retirement (Fixed Annuities):</b>							
Premiums	\$ 10	\$ 17	\$ 13	\$ 14	\$ 20	\$ 40	\$ 82
Deposits	1,158	1,112	786	856	573	3,056	2,069
Other	(3)	(4)	(2)	(2)	(1)	(9)	(9)
<b>Premiums and deposits</b>	<b>\$ 1,165</b>	<b>\$ 1,125</b>	<b>\$ 797</b>	<b>\$ 868</b>	<b>\$ 592</b>	<b>\$ 3,087</b>	<b>\$ 2,142</b>
<b>Individual Retirement (Variable Annuities):</b>							
Premiums	\$ (1)	\$ (1)	\$ (1)	\$ (4)	\$ 2	\$ (3)	\$ (1)
Deposits	838	771	1,921	771	733	3,530	2,436
Other	1	1	1	2	1	3	4
<b>Premiums and deposits</b>	<b>\$ 838</b>	<b>\$ 771</b>	<b>\$ 1,921</b>	<b>\$ 769</b>	<b>\$ 736</b>	<b>\$ 3,530</b>	<b>\$ 2,439</b>
<b>Individual Retirement (Index Annuities):</b>							
Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits	1,171	957	739	786	601	2,867	1,927
Other	-	-	-	-	-	-	-
<b>Premiums and deposits</b>	<b>\$ 1,171</b>	<b>\$ 957</b>	<b>\$ 739</b>	<b>\$ 786</b>	<b>\$ 601</b>	<b>\$ 2,867</b>	<b>\$ 1,927</b>
<b>Individual Retirement (Retail Mutual Funds):</b>							
Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits	441	570	901	683	597	1,912	2,292
Other	-	-	-	-	-	-	-
<b>Premiums and deposits</b>	<b>\$ 441</b>	<b>\$ 570</b>	<b>\$ 901</b>	<b>\$ 683</b>	<b>\$ 597</b>	<b>\$ 1,912</b>	<b>\$ 2,292</b>
<b>Group Retirement:</b>							
Premiums	\$ 9	\$ 15	\$ 6	\$ 6	\$ 8	\$ 30	\$ 21
Deposits	2,107	2,330	2,066	1,842	1,852	6,503	5,681
Other	-	-	-	-	-	-	-
<b>Premiums and deposits</b>	<b>\$ 2,116</b>	<b>\$ 2,345</b>	<b>\$ 2,072</b>	<b>\$ 1,848</b>	<b>\$ 1,860</b>	<b>\$ 6,533</b>	<b>\$ 5,702</b>
<b>Life Insurance:</b>							
Premiums	\$ 379	\$ 418	\$ 379	\$ 362	\$ 384	\$ 1,176	\$ 1,168
Deposits	410	410	412	398	371	1,232	1,120
Other	189	152	178	203	180	519	504
<b>Premiums and deposits</b>	<b>\$ 978</b>	<b>\$ 980</b>	<b>\$ 969</b>	<b>\$ 963</b>	<b>\$ 935</b>	<b>\$ 2,927</b>	<b>\$ 2,792</b>
<b>Institutional Markets:</b>							
Premiums	\$ 46	\$ 41	\$ 49	\$ 1,019	\$ 897	\$ 136	\$ 1,379
Deposits	17	565	1,408	1,022	573	1,990	799
Other	6	46	6	7	6	58	21
<b>Premiums and deposits</b>	<b>\$ 69</b>	<b>\$ 652</b>	<b>\$ 1,463</b>	<b>\$ 2,048</b>	<b>\$ 1,476</b>	<b>\$ 2,184</b>	<b>\$ 2,199</b>
<b>Total Life and Retirement:</b>							
Premiums	\$ 443	\$ 490	\$ 446	\$ 1,397	\$ 1,311	\$ 1,379	\$ 2,649
Deposits	6,143	6,713	8,233	6,358	5,300	21,089	16,323
Other	193	196	183	210	186	572	521
<b>Premiums and deposits</b>	<b>\$ 6,779</b>	<b>\$ 7,399</b>	<b>\$ 8,862</b>	<b>\$ 7,965</b>	<b>\$ 6,797</b>	<b>\$ 23,040</b>	<b>\$ 19,493</b>

\* 1Q18 includes deposits in Individual Retirement (\$1.1 billion), Group Retirement (\$0.2 billion) and Institutional Markets (\$1.4 billion) of FHLB funding agreements.



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