AIG

Conference Call Presentation

Third Quarter 2018

NOVEMBER 1, 2018

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Note: Amounts presented may not foot due to rounding.

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Third Quarter 2018 Key Themes

Consolidated

Despite an active CAT quarter, progress towards improved profitability
- 3Q18 Adjusted After-Tax Loss (AATL) of $301M ($0.34/share)
- Adjusted Book Value Per Share of $55.58, down 3.1% during 3Q18 (0.8% due to increase in ADC deferred gain)
- Net investment income benefited from strong private equity returns

General Insurance

Continued progress on strategic priorities; results reflect higher than expected CATs
- CAT losses of $1.6B, net of reinsurance, driven by one of the worst CAT seasons for the industry in Japan in 25 years, Hurricane Florence and increased loss estimates on the California mudslides from earlier in 2018
- Validus drives growth in net premiums written of 4.5% YoY in constant dollars
- AYLR, as adjusted, of 63.6 improved sequentially and YoY reflecting portfolio actions and improved business mix
- Net severe loss impact of 2.2 pts largely in line with historical trend; $415M attachment point on aggregate cover reached
- General operating expense of $995M. GOE declined 5% sequentially, excluding Validus expenses of $89M.
- Net unfavorable PYD of $3M YTD; Net unfavorable PYD of $172M in 3Q18

Life and Retirement

Adjusted Pre-Tax Income (APTI) reflects annual actuarial assumption update
- APTI impact of annual actuarial assumption update was negative $98M in 3Q18 vs. positive $284M in 3Q17
- Adjusted ROE of 11.2%; approximately 13% excluding the impact of annual actuarial assumption update
- Premium and deposits YoY growth in all Individual Retirement annuity lines, Group Retirement and Life Insurance
- Positive net flows in Individual Retirement other than in Retail Mutual Funds
- Strong Assets Under Administration and Management in Individual Retirement, Group Retirement and Institutional Markets

Capital & Liquidity

Continued balance sheet strength and prudent capital management
- Maintained strong capital ratios and AIG Parent liquidity
- AIG Parent liquidity of $4.5B at quarter end
- Repurchased shares and warrants totaling $350M during 3Q18
- 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.

Consolidated Operating Financial Highlights

($ in millions, except per share amounts)	3Q17	3Q18
Adjusted Pre-tax Income (Loss):		
General Insurance		
North America	($2,193)	($160)
International	(740)	(665)
Total General Insurance	**(2,933)**	**(825)**
Life and Retirement		
Individual Retirement	718	393
Group Retirement	249	242
Life Insurance	112	16
Institutional Markets	79	62
Total Life and Retirement	**1,158**	**713**
Other Operations[1]	(367)	(388)
Total Core	**(2,142)**	**(500)**
Legacy Portfolio	286	84
Total adjusted pre-tax loss	**($1,856)**	**($416)**
Adjusted after-tax loss	**($1,111)**	**($301)**
Adjusted after-tax loss per share	**($1.22)**	**($0.34)**
Net loss attributable to AIG	**($1,739)**	**($1,259)**
Adjusted Return On Equity:		
Consolidated	**(8.4%)**	**(2.4%)**
Core	**(11.6%)**	**(3.6%)**
General Insurance	**(31.5%)**	**(11.9%)**
Life and Retirement	**14.9%**	**11.2%**
Legacy Portfolio	**6.7%**	**2.9%**
Book Value Per Common Share (BVPS):	**Dec. 31, 2017**	**Sept. 30, 2018**
BVPS	**$72.49**	**$66.23**
BVPS, excluding AOCI	**$66.41**	**$66.83**
Adjusted BVPS[2]	**$54.74**	**$55.58**

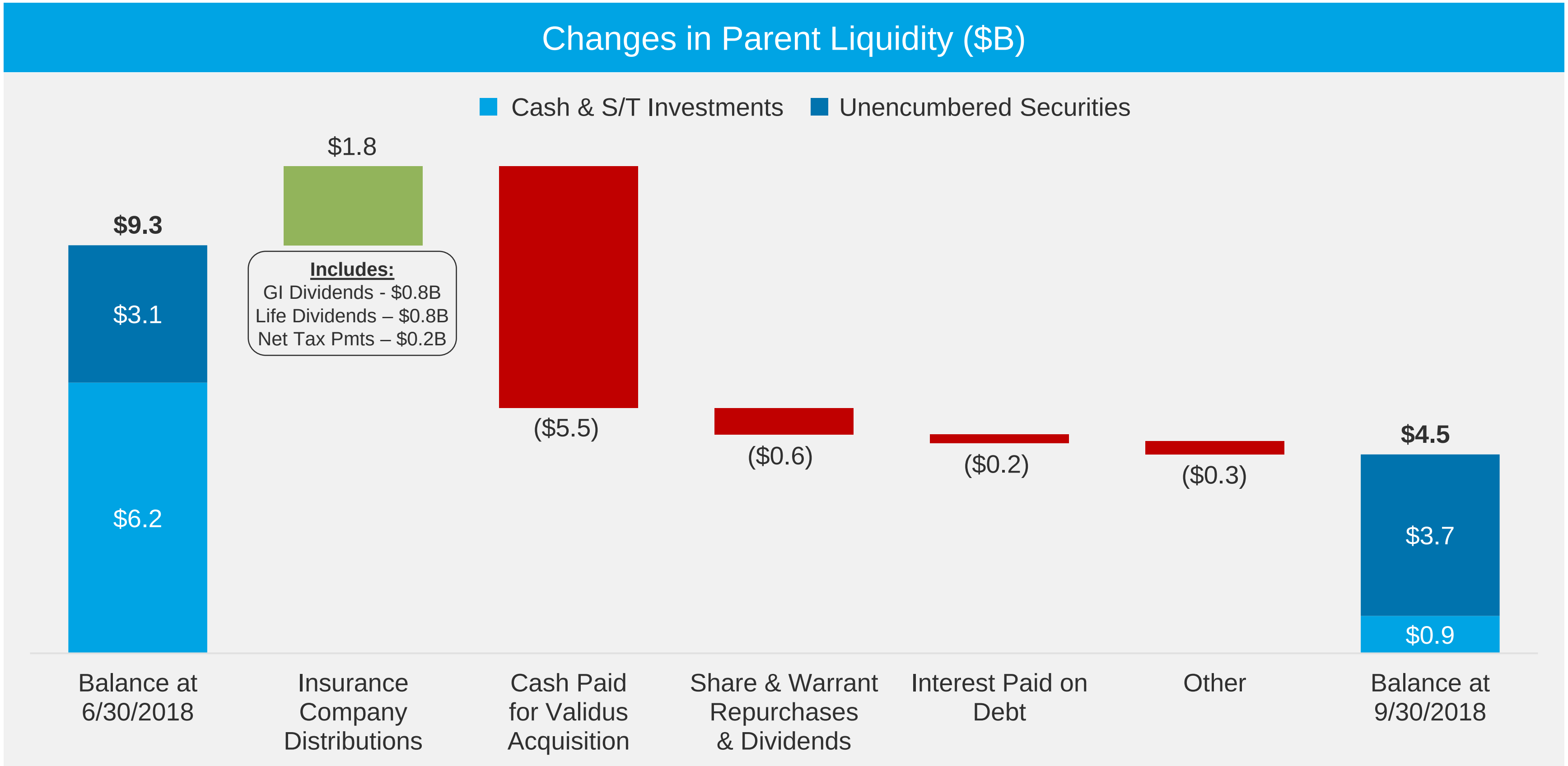
1) Includes consolidation, eliminations and other adjustments.
2) Book value per common share, ex. AOCI and DTA.

3Q18 Noteworthy Items

($ in millions)	3Q18 – Income / (Loss)	
Recurring items:	**Pre-tax**	**After-tax**
Catastrophe losses, net of reinsurance	($1,624)	($1,283)
Unfavorable prior year loss reserve development, net of reinsurance	(170)	(134)
Severe losses, net of reinsurance	(153)	(121)
Investment Performance:		
Better than expected alternative investment returns[1]	117	92
Lower than expected fair value changes on fixed maturity securities accounted under fair value option (including legacy DIB/GCM)[1]	(32)	(25)
Fair value option loss on equity securities	(13)	(10)
Other 3Q18 Items:		
Life and Retirement annual actuarial assumption update	(98)	(77)

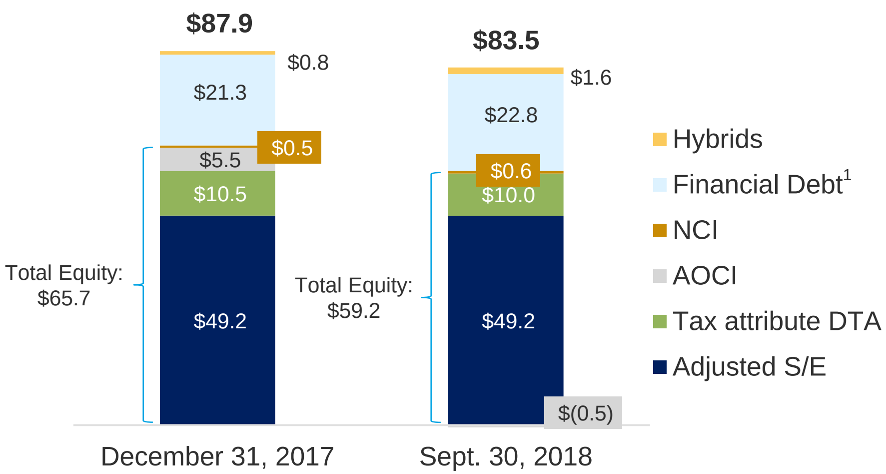
1) The expected rate of return is 8% for alternative investments and 6% for fair value option fixed maturity securities for all periods presented.

Parent Liquidity



Strong Capital Position

Capital Structure ($B)



Ratios:	Dec 31, 2017	Sept. 30, 2018
Hybrids / Total capital	1.0%	1.9%
Financial debt / Total capital	24.3%	27.3%
Total Hybrids & Financial debt / Total capital	25.3%	29.2%

Capital Return ($M)

	9M'18	3Q18
Share & warrant repurchases	$1,000	$350
Dividends declared	858	283
Total	$1,858	$633

Risk Based Capital Ratios[2]

Year-end	Life and Retirement Companies	General Insurance Companies
2016	509% (CAL)	411% (ACL)
2017	480% (CAL)	409% (ACL)

Credit Ratings[3]

	S&P	Moody's	Fitch	A.M. Best
AIG – Senior Debt	BBB+	Baa1	BBB+	NR
General Insurance – FSR	A+	A2	A	A
Life and Retirement – FSR	A+	A2	A+	A

1) Includes AIG notes, bonds, loans and mortgages payable, AIG Life Holdings, Inc. (AIGLH) notes and bonds payable and junior subordinated debt, and Validus notes and bonds payable and junior subordinated debt.
2) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. ACL is defined as Authorized Control Level and CAL is defined as Company Action Level. RBC ratio for Domestic Life and Retirement companies excludes holding company, AGC Life Insurance Company.
3) As of the date of this presentation, Moody's and A.M. Best have Stable outlooks; S&P has Negative outlooks and Fitch has Negative outlooks, with the exception of Life and Retirement, which is Stable. For General Insurance companies FSR and Life and Retirement companies FSR ratings only reflect those of the core insurance companies.

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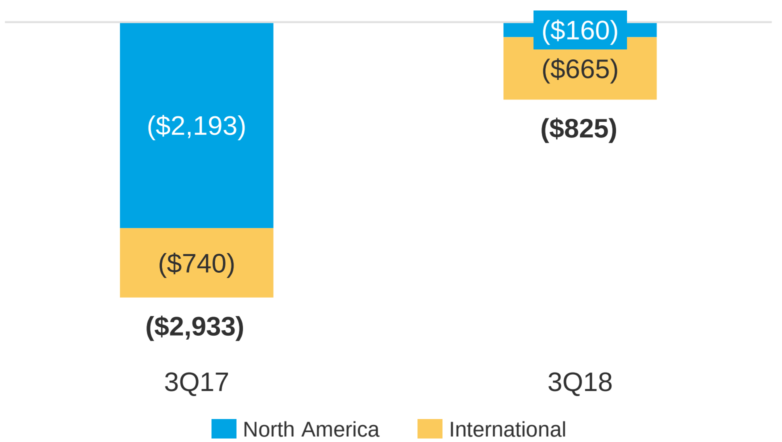
General Insurance

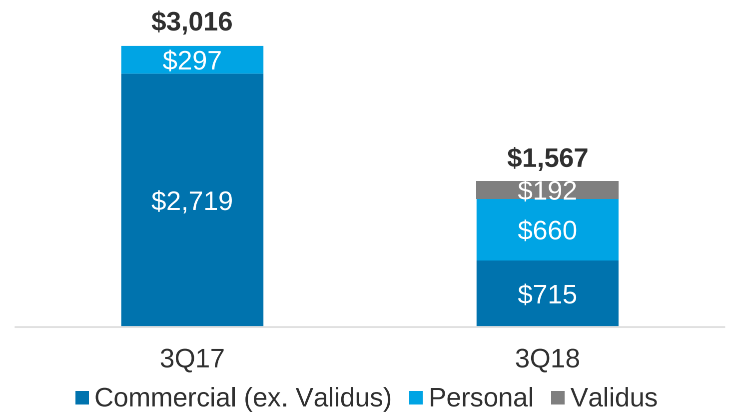
Peter Zaffino
Chief Executive Officer of General Insurance

General Insurance

Adjusted Pre-Tax Loss ($M)

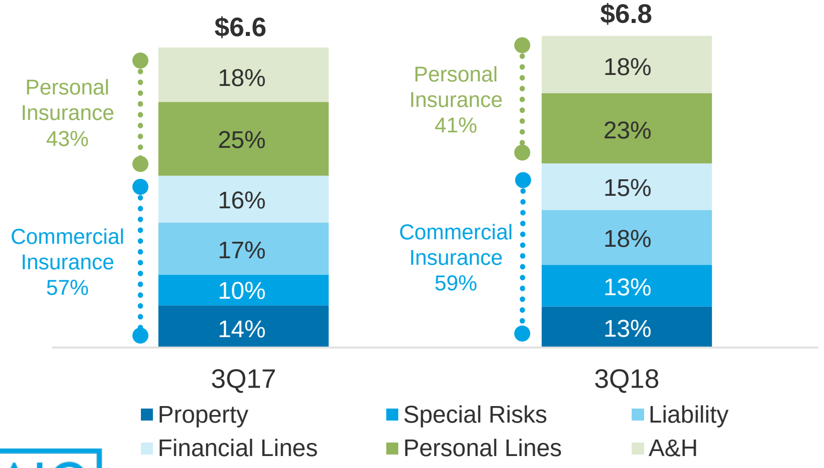


Catastrophe Losses, Net of Reinsurance ($M)

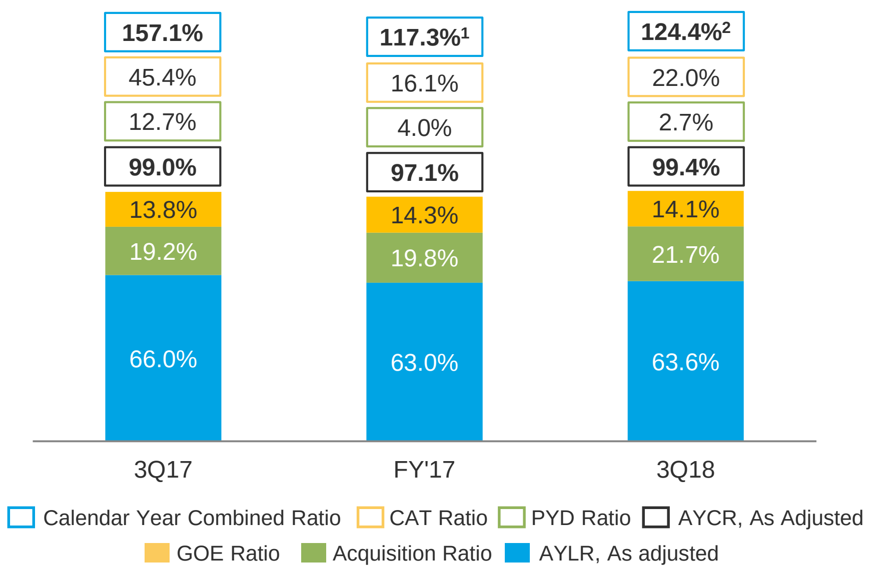


Net Premiums Written ($B)

NPW grew 5% YoY in constant dollars



Combined Ratios



1) Calendar year combined ratio includes an adjustment for ceded premiums under reinsurance contract in 2Q17.
2) Calendar year combined ratio includes an adjustment for deposit contracts related to earlier accident years in 3Q18.

Catastrophe Losses & Reinsurance

Pre-tax Catastrophe Losses, Net of Reinsurance

($ in millions)	3Q'18 Events			Prior-Quarter Development	Total
	Japan	United States	Other		
North America:					
Commercial (excl. Validus)	$23	$358	$4	($20)	$365
Commercial (Validus)	116	51	-	(1)	166
Total North America Commercial	**139**	**408**	**4**	**(20)**	**531**
Personal Insurance	-	74	-	187	260
Total North America	**139**	**482**	**4**	**166**	**791**
International;					
Commercial (excl. Validus)	326	8	15	1	350
Commercial (Validus)	8	17	2	-	26
Total Internal Commercial	**333**	**25**	**17**	**1**	**376**
Personal Insurance	399	-	-	1	400
Total International	**733**	**25**	**17**	**1**	**776**
Total General Insurance	**872**	**507**	**21**	**167**	**1,567**
Legacy	57	-	-	-	57
Total AIG	**$929**	**$507**	**$21**	**$167**	**$1,624**

3Q18 Key Takeaways

- During 3Q18, Validus' catastrophe losses totaled $192M, of which $124M related to events that took place in Japan.
- We estimate that we have exhausted approximately $700M of the $750M retention under our North America aggregate catastrophe reinsurance program following the California mudslides, Hurricane Florence and assuming the high end of the previously disclosed loss estimate range of $300 – $500M for Hurricane Michael, which is a fourth quarter event.
- North American events primarily related to Hurricane Florence and revisions to the loss estimates on 1Q18 California mudslides losses of ~$150M.
- Total International net catastrophe losses were largely driven by Typhoons Jebi & Trami in Japan.
- Total expected reinsurance recoveries related to AIG's Japan CAT reinsurance program were $264M.

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Note: Rounding may apply

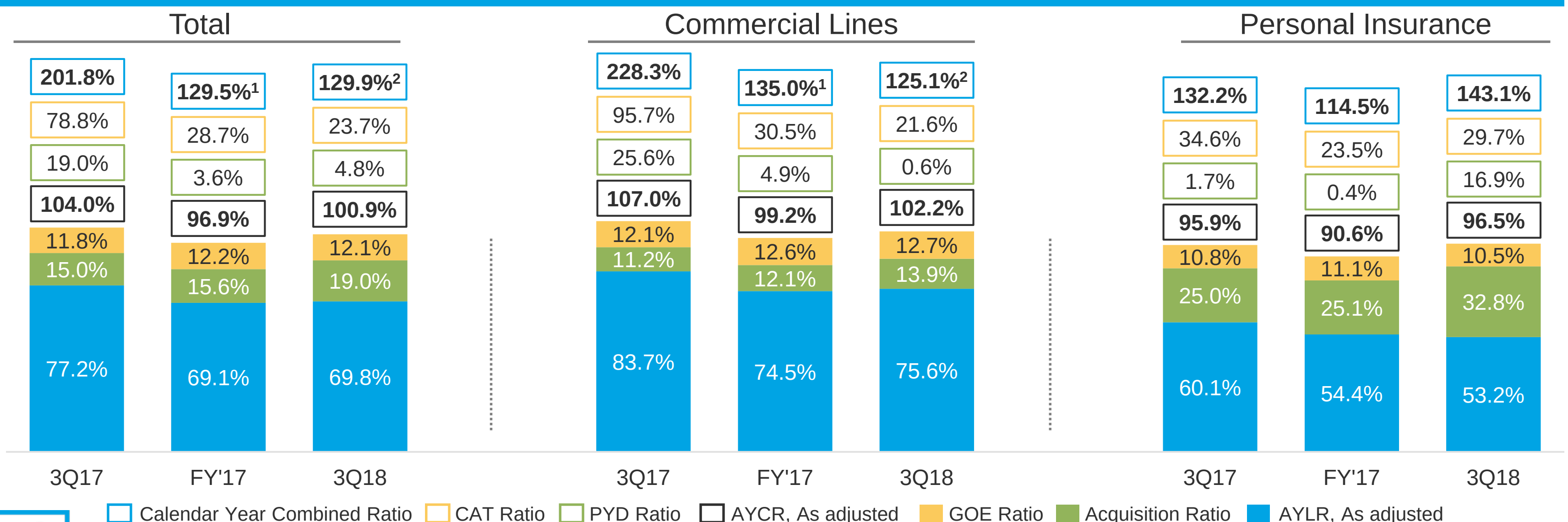
General Insurance – North America

($ in millions)	3Q17	3Q18
Net premiums written	**$2,942**	**$3,164**
Commercial Lines	2,118	2,229
Personal Insurance	824	935
Net premiums earned	**$2,887**	**$3,302**
Commercial Lines	2,091	2,425
Personal Insurance	796	877
Underwriting loss	**($2,940)**	**($987)**
Commercial Lines	(2,684)	(609)
Personal Insurance	(256)	(378)
Net investment income	**$747**	**$827**
Adjusted pre-tax loss	**($2,193)**	**($160)**

Key Takeaways:

- NPW growth of 7.5% reflects inclusion of Validus and growth in Travel business.
- AYLR, as adjusted, benefited from more moderate severe losses and improved business mix. Improvement in Property on a YTD basis.
- Higher acquisition ratio primarily reflects changes in business mix.
- Combined ratio of 129.9 reflects 23.7 pts of catastrophe losses and 4.8 pts of PYD; the latter primarily related to adverse development in Personal Insurance from prior year catastrophes.
- Increase in NII reflects inclusion of Validus.

Combined Ratios



1) Calendar year combined ratio includes an adjustment for ceded premiums under reinsurance contract in 2Q17.
2) Calendar year combined ratio includes an adjustment for deposit contracts related to earlier accident years in 3Q18.

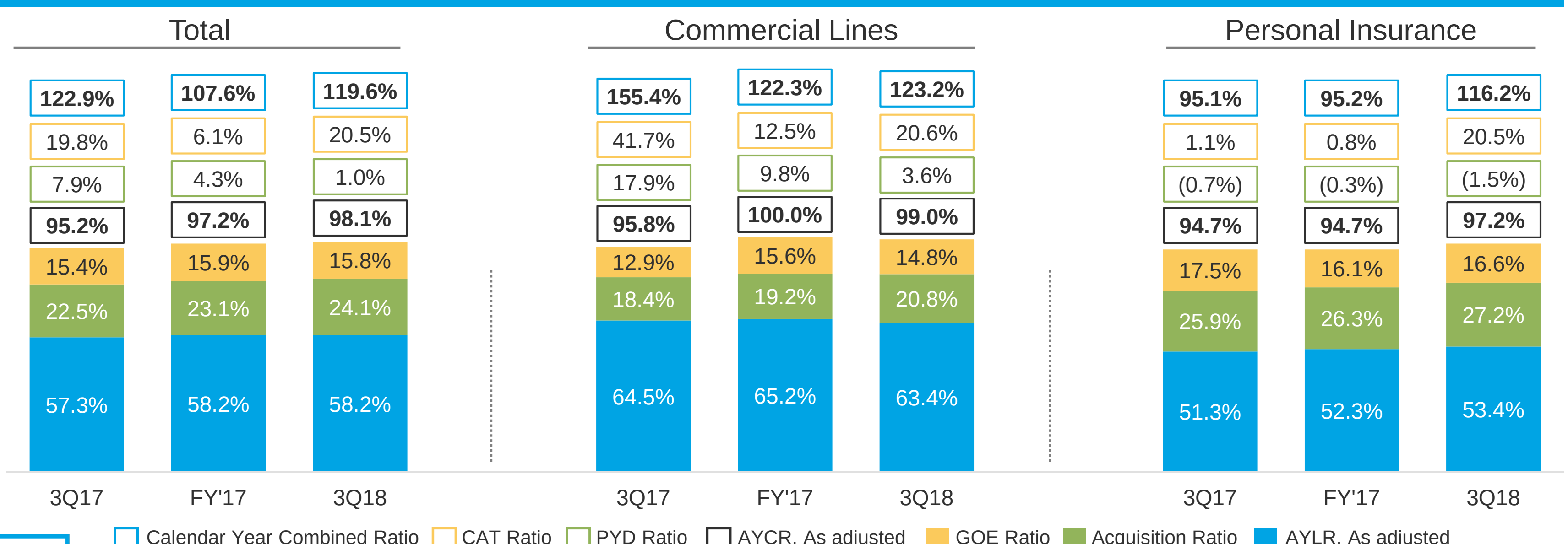
General Insurance – International

($ in millions)	3Q17	3Q18
Net premiums written	**$3,635**	**$3,671**
Commercial Lines	1,652	1,810
Personal Insurance	1,983	1,861
Net premiums earned	**$3,752**	**$3,779**
Commercial Lines	1,724	1,826
Personal Insurance	2,028	1,953
Underwriting loss	**($856)**	**($739)**
Commercial Lines	(956)	(423)
Personal Insurance	100	(316)
Net investment income	**$116**	**$74**
Adjusted pre-tax loss	**($740)**	**($665)**

Key Takeaways:

- NPW increased slightly YoY, excluding FX, primarily due to the inclusion of Validus, growth in the Financial Lines business in Europe, and higher premiums in Personal Insurance in Asia Pacific.
- Increase in AYLR, as adjusted, benefited from more moderate severe losses, more than offset by higher losses in Europe Financial Lines and Specialty.
- Acquisition expense ratio reflects changes to business mix and reinsurance.
- Combined ratio of 119.6 reflects 20.5 pts of catastrophe losses driven by multiple events in Japan.
- NII reflects lower income from equity method investments and fair value option securities.

Combined Ratios



Reserves

($ in millions) Unfavorable (Favorable)	9M'18	3Q18
General Insurance		
North America		
Commercial Lines	($245)	($14)
Personal Insurance	247	148
Total North America	**$2**	**$134**
International		
Commercial Lines	59	68
Personal Insurance	(58)	(30)
Total International	**1**	**38**
Total General Insurance	**3**	**172**
Legacy Portfolio	**(6)**	**(2)**
Total prior year loss reserve development, net*	**($3)**	**$170**
Additional return premium related to prior year development on loss sensitive business	**$47**	**$32**

3Q18 Key Takeaways

- AIG's Net adverse PYD of $170M includes net unfavorable PYD of $46M on reserves not covered by the ADC and net unfavorable PYD of $181M on reserves covered by the ADC, offset by the amortization of the deferred gain of $57M.
- Personal Insurance Net adverse PYD was largely driven by development on the California Wildfires.
- Total PYD charge of $950M, gross of the ADC. This includes a charge of $1.3B related to Excess Casualty driven primarily by construction defect exposures largely in accident years 2015 and prior, partially offset by favorable development in Commercial Auto and short-tail lines.

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* Includes amortization of the ADC deferred gain of $57M in 3Q18 and $176M for 9M18.

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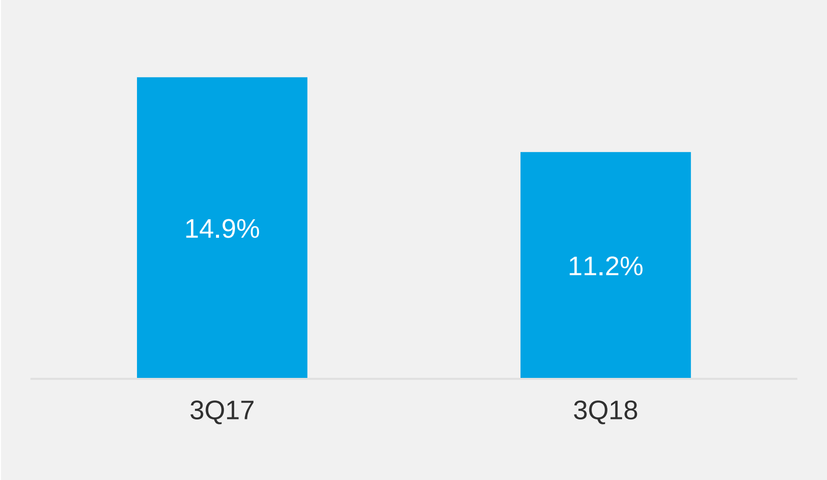
Life and Retirement

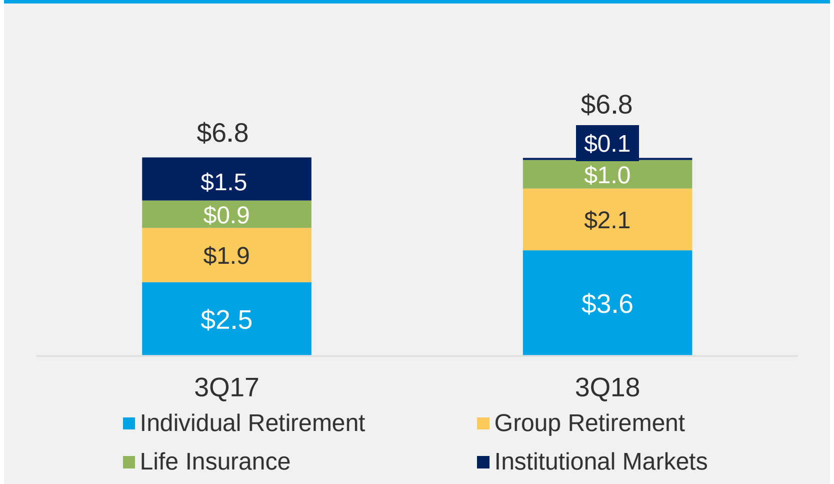
Kevin Hogan
Chief Executive Officer of Life and Retirement

Life and Retirement – Select Metrics

Adjusted ROE

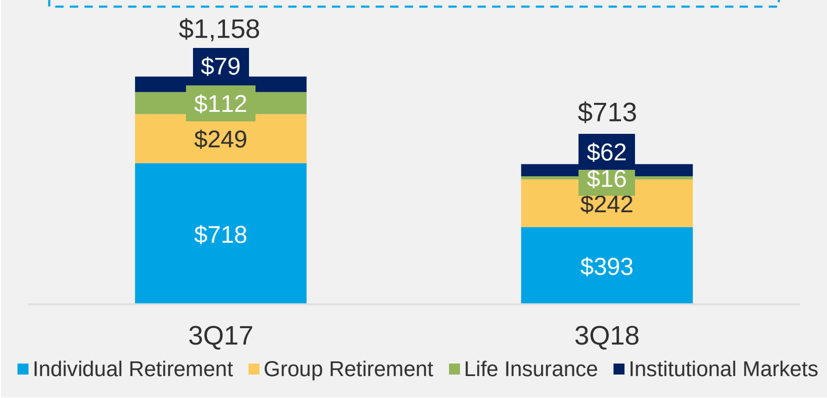


Premiums and Deposits ($B)

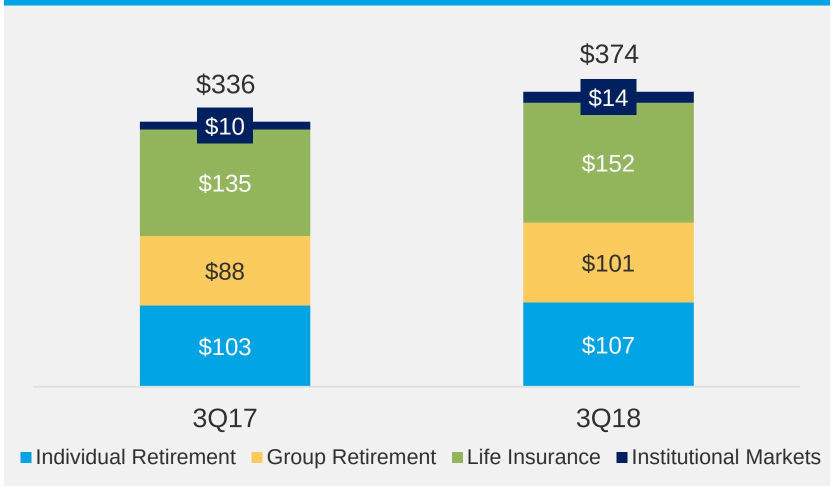


Adjusted Pre-Tax Income ($M)

Includes the impact of annual actuarial assumption update
3Q17 - $284M; 3Q18 - ($98M)



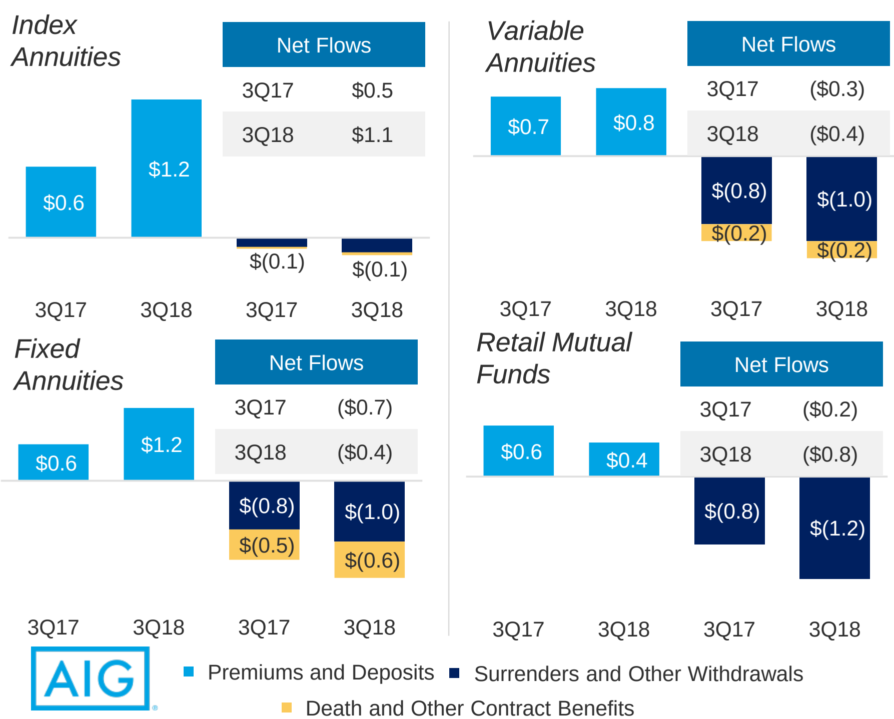
General Operating Expenses ($M)



Life and Retirement – Individual Retirement

($ in millions)	3Q17	3Q18
Premiums and deposits	$2,526	$3,616
Premiums	22	9
Policy fees	190	204
Net investment income	973	956
Advisory fee and other income	158	166
Total adjusted revenues	1,343	1,335
Benefits, losses and expenses	625	942
Adjusted pre-tax income	**$718**	**$393**
Annual actuarial assumption update	**$242**	**($52)**

Components of Net Flows by Segment ($B)



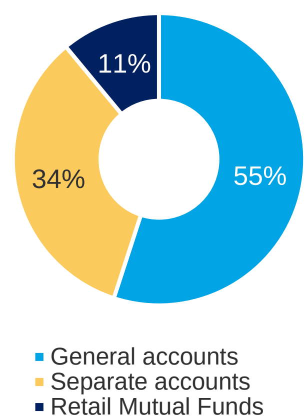
Key Takeaways

- Strong assets under administration during the quarter driven by equity market performance and higher Index Annuity deposits.
- Premiums and Deposits are stronger across all Annuity products. Higher surrenders and other withdrawals driven by improved interest rates, higher variable customer account values due to equity market growth, and continued headwinds in Retail Mutual Funds.
- Excluding Retail Mutual Funds, Individual Retirement has positive net flows driven by Indexed Annuities.
- Adjusted pre-tax income reflects the impact from annual actuarial assumption update and lower yield enhancements, offset by higher fee income and advisory fee income driven by growth in assets under administration.
- Continued active spread management; Variable and Index Annuities benefited from higher accretion and other investment income.

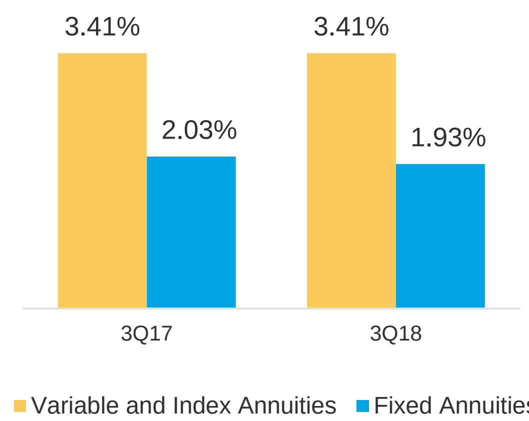
Assets Under Administration

As of September 30, 2018

$147.1B



Base Net Investment Spread



Life and Retirement – Group Retirement

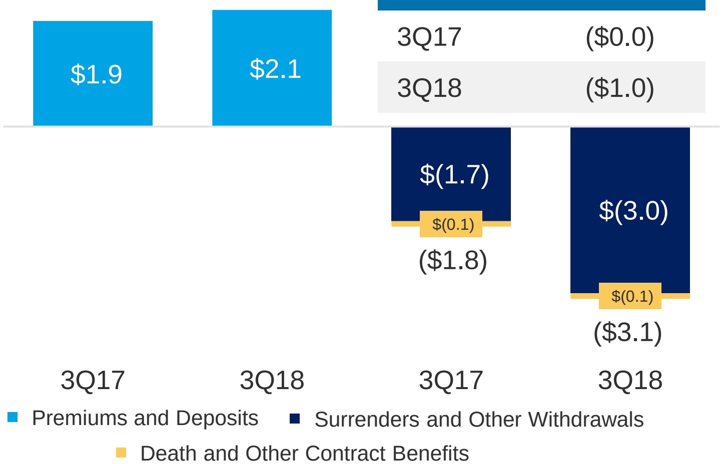
($ in millions)	3Q17	3Q18
Premiums and deposits	$1,860	$2,116
Premiums	8	9
Policy fees	113	115
Net investment income	524	531
Advisory fee and other income	57	63
Total adjusted revenues	702	718
Benefits, losses and expenses	453	476
Adjusted pre-tax income	**$249**	**$242**
Annual actuarial assumption update	**$13**	**$17**

Key Takeaways

- Premiums and deposits are higher than prior year period.
- Higher surrenders and other withdrawals principally driven by two large plan losses due to competitive pressures and other market factors.
- Assets under administration remained strong despite negative net flows.
- Adjusted pre-tax income reflected higher investments made in the business, offset by higher fee and advisory fee income driven by growth in assets under administration.
- Continued active spread management; benefited from higher unexpected accretion income.

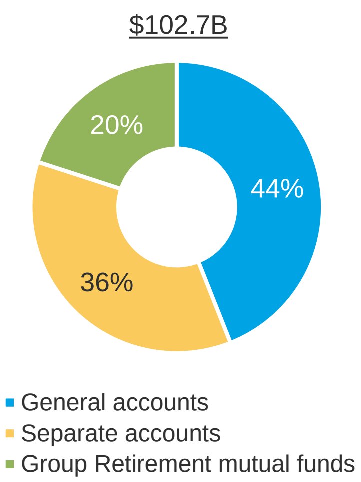
Components of Net Flows ($B)

Net Flows	
3Q17	($0.0)
3Q18	($1.0)

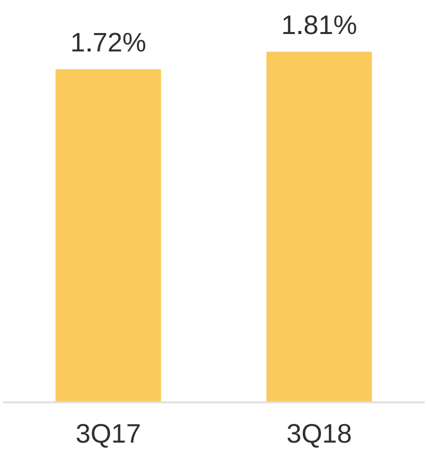


Assets Under Administration

As of September 30, 2018



Base Net Investment Spread



Life and Retirement – Life Insurance

($ in millions)	3Q17	3Q18
Premiums and deposits	$935	$978
Premiums	384	379
Policy fees	343	141
Net investment income	260	275
Advisory fee and other income[1]	13	14
Total adjusted revenues	1,000	809
Benefits, losses and expenses	888	793
Adjusted pre-tax income	**$112**	**$16**
Annual actuarial assumption update	**$29**	**($63)**

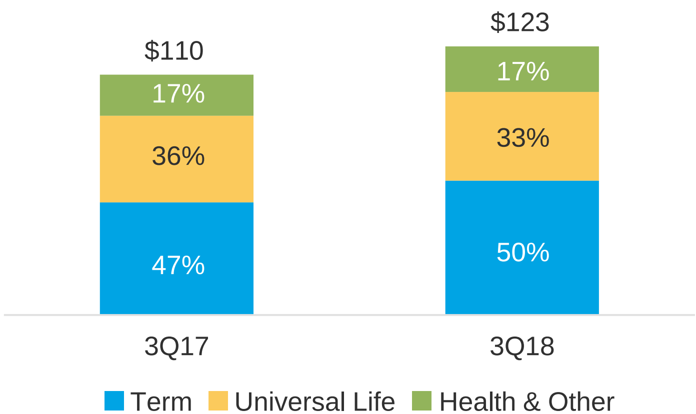
Key Takeaways

- Premiums and deposits reflect strong new business sales growth.
- Impact to adjusted pre-tax income of negative $63 million from annual actuarial assumption update, which included impact to policy fees of negative $238 million.
- 3Q18 mortality is favorable compared to pricing assumptions and prior year.

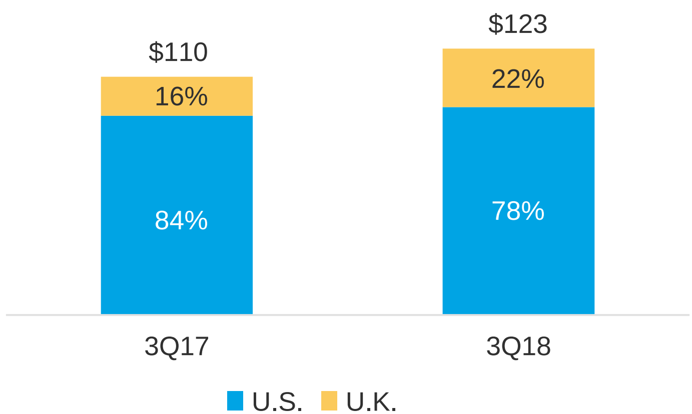
New Business Sales

($ in millions)

By Product



By Geography



1) Other income primarily related to commission and profit sharing revenues received by Laya Healthcare from the distribution of insurance products.

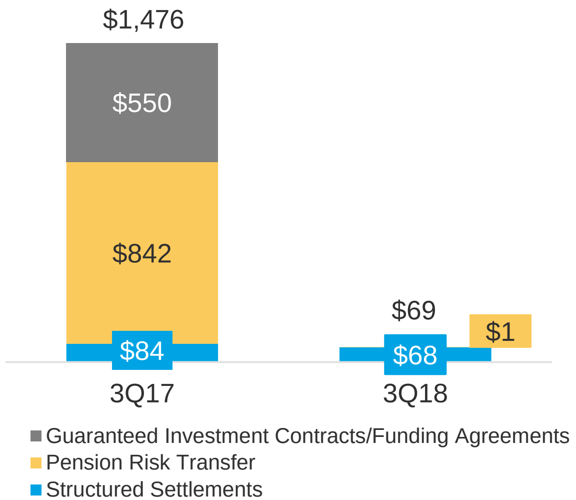
Life and Retirement – Institutional Markets

($ in millions)	3Q17	3Q18
Premiums and deposits	$1,476	$69
Premiums	897	46
Policy fees	44	40
Net investment income	150	198
Total adjusted revenues	1,091	284
Benefits, losses and expenses	1,012	222
Adjusted pre-tax income	**$79**	**$62**

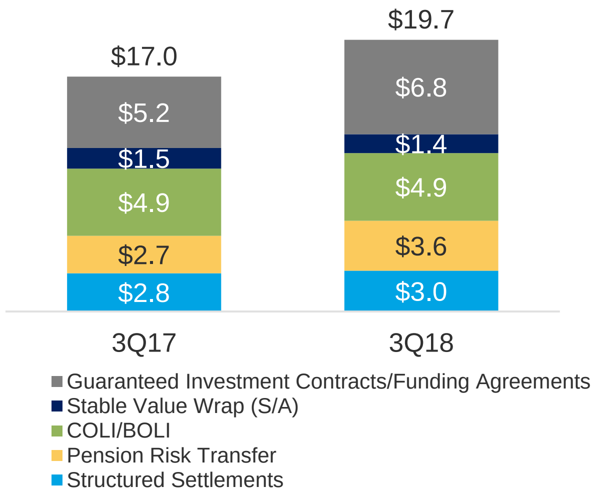
Key Takeaways

- Premiums and deposits are lower driven by large GIC and Pension Risk Transfer transactions that occurred in 3Q17.
- Growth of in-force business positively impacted by execution of opportunistic transactions over the last 12 months.
- The decline in adjusted pre-tax income is primarily driven by improved longevity on structured settlements, lower fee income and lower yield enhancements.

Premiums and Deposits ($M)



Reserves by Line of Business ($B)



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Q&A and Closing Remarks

Appendix

Legacy

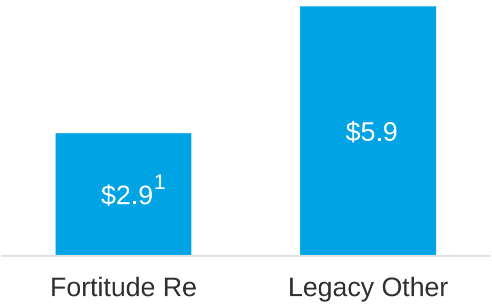
($ in millions)	3Q17	3Q18
General Insurance run-off lines	$63	($37)
Life and Retirement run-off lines	79	68
Legacy Investments	144	53
Adjusted pre-tax income	**$286**	**$84**

Key Takeaways

- General insurance run-off lines include $57 million of pre-tax catastrophe losses, net of reinsurance, related to Japan.
- Legacy investments impacted by the continued sale of non-insurance assets primarily driven by the sale of the Life Settlements portfolio in 2017 and lower gains of fair value option assets.
- Fortitude Re is a stand-alone run-off composite reinsurer with $42 billion of assets and $39 billion of insurance liabilities at September 30, 2018.
- 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.

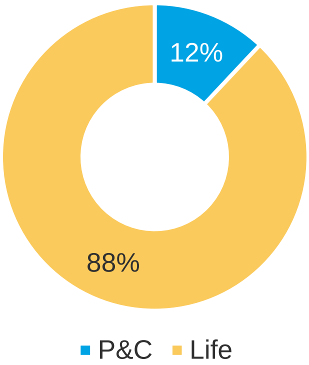
Adjusted Attributed Equity ($B)

As of September 30, 2018 = $8.8B



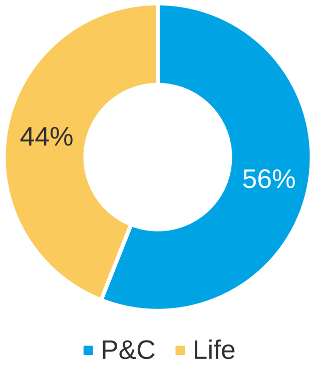
Fortitude Re Reserves ($B)

As of September 30, 2018 = $35.6B



Other Legacy Reserves ($B)

As of September 30, 2018 = $7.7B



1) Excludes the after-tax impact of the embedded derivative related to affiliate reinsurance transactions that is eliminated in consolidation.

Summary of Validus Purchase Accounting

($ in millions)	At July 18, 2018
Cash Consideration paid	$5,475
Total identifiable assets acquired	(3,478)
Goodwill recognized	**$1,997**

Identifiable assets acquired	Fair Value	Estimated Weighted Avg. Useful Life	Reporting Segment
Definite Lived intangibles			
Value of distribution network acquired (VODA)	$444	15 years	Other Operations
Value of business acquired (VOBA)	298	2 years	General Insurance
Indefinite Lived intangibles			
Syndicate capacity	193		
Other	75		
Total identifiable assets acquired	$1,010		

Key Takeaways

- We completed the acquisition of Validus on July 18, 2018 for $5.5B in cash consideration.
- VOBA approximates Validus' DAC that was written off in purchase accounting and will amortize over approximately two years, which is consistent with the amortization pattern previously used by Validus to amortize DAC.
- AlphaCat is not being consolidated by AIG. Net earnings from AlphaCat are included in the General Insurance segment.
- Integration and transaction costs associated with the acquisition of Validus were $91M in 3Q18 and are excluded from adjusted pre-tax income.

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Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

Throughout this presentation, 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. 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.

We may use certain non-GAAP operating performance measures as forward-looking financial targets or projections. These financial targets or projections are provided based on management's estimates. The most directly comparable GAAP financial targets or projections would be heavily dependent upon results that are beyond management's control and the outcome of these items could be significantly different than management's estimates. Therefore, we do not provide quantitative reconciliations for these financial targets or projections as we cannot predict with accuracy future actual events (e.g., catastrophe losses) and impacts from changes in macro-economic market conditions, including the interest rate environment (e.g. estimate for DIB & GCM returns, net reserve discount change and returns on alternative investments).

- **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.
- **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.
- **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.
- **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.
- **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.

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Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

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).

- **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.

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

- **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.

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Non-GAAP Reconciliations

Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)

	Quarterly	
	3Q17	3Q18
Pre-tax income (loss) from continuing operations	$ (2,803)	$ (1,527)
Adjustments to arrive at Adjusted pre-tax income (loss)		
Changes in fair value of securities used to hedge guaranteed living benefits	(26)	14
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(84)	(76)
Loss (gain) on extinguishment of debt	1	1
Net realized capital (gains) losses (a)	922	524
(Income) loss from divested businesses	13	(2)
Non-operating litigation reserves and settlements	-	5
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	(7)	605
Net loss reserve discount (benefit) charge	48	(86)
Pension expense related to a one-time lump sum payment to former employees	49	-
Integration and transaction costs associated with acquired businesses	-	91
Restructuring and other costs	31	35
Adjusted pre-tax income (loss)	**$ (1,856)**	**$ (416)**
Net income (loss) attributable to AIG	**$ (1,739)**	**$ (1,259)**
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):		
Changes in uncertain tax positions and other tax adjustments	11	54
Deferred income tax valuation allowance (releases) charges	(2)	5
Changes in fair value of securities used to hedge guaranteed living benefits	(17)	11
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(55)	(60)
Loss (gain) on extinguishment of debt	-	1
Net realized capital (gains) losses (a)(b)	607	396
(Income) loss from discontinued operations and divested businesses (b)	7	38
Non-operating litigation reserves and settlements	-	3
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	(5)	477
Net loss reserve discount (benefit) charge	28	(68)
Pension expense related to a one-time lump sum payment to former employees	33	-
Integration and transaction costs associated with acquired businesses	-	72
Restructuring and other costs	21	29
Adjusted after-tax income (loss)	**$ (1,111)**	**$ (301)**
Weighted average diluted shares outstanding (c)	908.7	895.2
Income per common share attributable to AIG (diluted)	$ (1.91)	$ (1.41)
Adjusted after-tax income per common share attributable to AIG (diluted)	(1.22)	(0.34)

(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.

(c) 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.

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Non-GAAP Reconciliations

Book Value Per Share and Return on Equity

(in millions, except per share data)

Book Value Per Share	**4Q17**	**2Q18**	**3Q18**
Total AIG shareholders' equity (a)	$ 65,171	$ 61,186	$ 58,586
Less: Accumulated other comprehensive income (AOCI)	5,465	230	(536)
Total AIG shareholders' equity, excluding AOCI (b)	59,706	60,956	59,122
Less: Deferred tax assets (DTA)*	10,492	9,853	9,953
Total adjusted shareholders' equity (c)	49,214	51,103	49,169
Total common shares outstanding (d)	899.0	891.2	884.6
Book value per common share (a÷d)	$ 72.49	$ 68.65	$ 66.23
Book value per common share, excluding AOCI (b÷d)	66.41	68.40	66.83
Adjusted book value per common share (c÷d)	54.74	57.34	55.58

(in millions)

	Quarterly	
Return On Equity (ROE) Computations	**3Q17**	**3Q18**
Actual or Annualized net loss attributable to AIG (a)	$ (6,956)	$ (5,036)
Actual or Annualized adjusted after-tax loss attributable to AIG (b)	$ (4,444)	$ (1,204)
Average AIG Shareholders' equity (c)	$ 73,100	$ 59,886
Less: Average AOCI	5,451	(153)
Less: Average DTA	14,592	9,903
Average adjusted shareholders' equity (d)	$ 53,057	$ 50,136
ROE (a÷c)	(9.5%)	(8.4%)
Adjusted return on equity (b÷d)	(8.4%)	(2.4%)

* 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.

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Non-GAAP Reconciliations

Return on Equity

General Insurance

(in millions)

	Quarterly	
	3Q17	**3Q18**
Adjusted pre-tax loss	$ (2,933)	$ (825)
Interest expense on attributed financial debt	124	141
Adjusted pre-tax loss including attributed interest expense	(3,057)	(966)
Income tax benefit	(1,054)	(206)
Adjusted after-tax loss (a)	**$ (2,003)**	**$ (760)**
Ending adjusted attributed equity	$ 24,979	$ 26,910
Average adjusted attributed equity (b)	25,423	25,528
Adjusted return on attributed equity (a÷b)	(31.5) %	(11.9) %

Life and Retirement

(in millions)

	Quarterly	
	3Q17	**3Q18**
Adjusted pre-tax income	**$ 1,158**	**$ 713**
Interest expense on attributed financial debt	5	30
Adjusted pre-tax income including attributed interest expense	1,153	683
Income tax expense	374	134
Adjusted after-tax income (a)	**$ 779**	**$ 549**
Ending adjusted attributed equity	$ 20,983	$ 19,254
Average adjusted attributed equity (b)	20,934	19,613
Adjusted return on attributed equity (a÷b)	14.9 %	11.2 %
Annual actuarial assumption update, net of tax		$ (79)
Adjusted return on attributed equity (excluding Annual actuarial assumption update)		12.8 %

Core

(in millions)

	Quarterly	
	3Q17	**3Q18**
Adjusted pre-tax loss	**$ (2,142)**	**$ (500)**
Interest expense (benefit) on attributed financial debt	(42)	-
Adjusted pre-tax loss including attributed interest expenses	(2,100)	(500)
Income tax benefit	(849)	(134)
Adjusted after-tax loss (a)	**$ (1,251)**	**$ (366)**
Ending adjusted attributed equity	**$ 41,751**	**$ 40,358**
Average adjusted attributed equity (b)	**43,161**	**41,097**
Adjusted return on attributed equity (a÷b)	**(11.6) %**	**(3.6) %**

Legacy

(in millions)

	Quarterly	
	3Q17	**3Q18**
Adjusted pre-tax income	**$ 286**	**$ 84**
Interest expense on attributed financial debt	42	-
Adjusted pre-tax income including attributed interest expense	**244**	**84**
Income tax expense	79	18
Adjusted after-tax income (a)	**$ 165**	**$ 66**
Ending adjusted attributed equity	$ 9,880	$ 8,811
Average adjusted attributed equity (b)	9,896	9,039
Adjusted return on attributed equity (a÷b)	6.7 %	2.9 %

Non-GAAP Reconciliations

Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

General Insurance

	Quarterly		
	3Q17	3Q18	FY'17
Loss ratio	124.1	88.6	83.2
Catastrophe losses and reinstatement premiums	(45.4)	(22.0)	(16.1)
Prior year development	(12.7)	(2.7)	(4.0)
Adjustment for ceded premium under reinsurance contract	-	(0.3)	(0.1)
Accident year loss ratio, as adjusted	66.0	63.6	63.0
Acquisition ratio	19.2	21.7	19.8
General operating expense ratio	13.8	14.1	14.3
Expense ratio	33.0	35.8	34.1
Combined ratio	157.1	124.4	117.3
Accident year combined ratio, as adjusted	99.0	99.4	97.1

General Insurance - North America

	Quarterly		
	3Q17	3Q18	FY'17
Loss ratio	175.0	98.8	101.7
Catastrophe losses and reinstatement premiums	(78.8)	(23.7)	(28.7)
Prior year development	(19.0)	(4.8)	(3.6)
Adjustment for ceded premium under reinsurance contract	-	(0.5)	(0.3)
Accident year loss ratio, as adjusted	77.2	69.8	69.1
Acquisition ratio	15.0	19.0	15.6
General operating expense ratio	11.8	12.1	12.2
Expense ratio	26.8	31.1	27.8
Combined ratio	201.8	129.9	129.5
Accident year combined ratio, as adjusted	104.0	100.9	96.9

General Insurance - North America - Commercial Lines

	Quarterly		
	3Q17	3Q18	FY'17
Loss ratio	205.0	98.5	110.3
Catastrophe losses and reinstatement premiums	(95.7)	(21.6)	(30.5)
Prior year development	(25.6)	(0.6)	(4.9)
Adjustment for ceded premium under reinsurance contract	-	(0.7)	(0.4)
Accident year loss ratio, as adjusted	83.7	75.6	74.5
Acquisition ratio	11.2	13.9	12.1
General operating expense ratio	12.1	12.7	12.6
Expense ratio	23.3	26.6	24.7
Combined ratio	228.3	125.1	135.0
Accident year combined ratio, as adjusted	107.0	102.2	99.2

General Insurance - North America - Personal Insurance

	Quarterly		
	3Q17	3Q18	FY'17
Loss ratio	96.4	99.8	78.3
Catastrophe losses and reinstatement premiums	(34.6)	(29.7)	(23.5)
Prior year development	(1.7)	(16.9)	(0.4)
Accident year loss ratio, as adjusted	60.1	53.2	54.4
Acquisition ratio	25.0	32.8	25.1
General operating expense ratio	10.8	10.5	11.1
Expense ratio	35.8	43.3	36.2
Combined ratio	132.2	143.1	114.5
Accident year combined ratio, as adjusted	95.9	96.5	90.6

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Non-GAAP Reconciliations

Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

General Insurance - International

	Quarterly 3Q17	Quarterly 3Q18	FY'17
Loss ratio	85.0	79.7	68.6
Catastrophe losses and reinstatement premiums	(19.8)	(20.5)	(6.1)
Prior year development	(7.9)	(1.0)	(4.3)
Accident year loss ratio, as adjusted	57.3	58.2	58.2
Acquisition ratio	22.5	24.1	23.1
General operating expense ratio	15.4	15.8	15.9
Expense ratio	37.9	39.9	39.0
Combined ratio	122.9	119.6	107.6
Accident year combined ratio, as adjusted	95.2	98.1	97.2

General Insurance - International - Commercial Lines

	Quarterly 3Q17	Quarterly 3Q18	FY'17
Loss ratio	124.1	87.6	87.5
Catastrophe losses and reinstatement premiums	(41.7)	(20.6)	(12.5)
Prior year development	(17.9)	(3.6)	(9.8)
Accident year loss ratio, as adjusted	64.5	63.4	65.2
Acquisition ratio	18.4	20.8	19.2
General operating expense ratio	12.9	14.8	15.6
Expense ratio	31.3	35.6	34.8
Combined ratio	155.4	123.2	122.3
Accident year combined ratio, as adjusted	95.8	99.0	100.0

General Insurance - International - Personal Insurance

	Quarterly 3Q17	Quarterly 3Q18	FY'17
Loss ratio	51.7	72.4	52.8
Catastrophe losses and reinstatement premiums	(1.1)	(20.5)	(0.8)
Prior year development	0.7	1.5	0.3
Accident year loss ratio, as adjusted	51.3	53.4	52.3
Acquisition ratio	25.9	27.2	26.3
General operating expense ratio	17.5	16.6	16.1
Expense ratio	43.4	43.8	42.4
Combined ratio	95.1	116.2	95.2
Accident year combined ratio, as adjusted	94.7	97.2	94.7

Net Premiums Written – Change in Constant Dollar

	General Insurance 3Q18	International 3Q18
Foreign exchange effect on worldwide premiums:		
Change in net premiums written		
Increase (decrease) in original currency	4.5 %	1.9 %
Foreign exchange effect	(0.6)	(0.9)
Increase (decrease) as reported in U.S. dollars	3.9 %	1.0 %
Impact of Validus	(6.7)	
Increase (decrease) in original currency excluding Validus and foreign exchange effect	(2.2) %	

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Non-GAAP Reconciliations

Premiums

(in millions)

	Quarterly	
Individual Retirement:	**3Q17**	**3Q18**
Premiums	$ 22	$ 9
Deposits	2,504	3,609
Other	-	(2)
Premiums and deposits	**$ 2,526**	**$ 3,616**
Individual Retirement (Fixed Annuities):		
Premiums	$ 20	$ 10
Deposits	573	1,158
Other	(1)	(3)
Premiums and deposits	**$ 592**	**$ 1,165**
Individual Retirement (Variable Annuities):		
Premiums	$ 2	$ (1)
Deposits	733	838
Other	1	1
Premiums and deposits	**$ 736**	**$ 838**
Individual Retirement (Index Annuities):		
Premiums	$ -	$ -
Deposits	601	1,171
Other	-	-
Premiums and deposits	**$ 601**	**$ 1,171**
Individual Retirement (Retail Mutual Funds):		
Premiums	$ -	$ -
Deposits	597	441
Other	-	-
Premiums and deposits	**$ 597**	**$ 441**
Group Retirement:		
Premiums	$ 8	$ 9
Deposits	1,852	2,107
Other	-	-
Premiums and deposits	**$ 1,860**	**$ 2,116**
Life Insurance:		
Premiums	$ 384	$ 379
Deposits	371	410
Other	180	189
Premiums and deposits	**$ 935**	**$ 978**
Institutional Markets:		
Premiums	$ 897	$ 46
Deposits	573	17
Other	6	6
Premiums and deposits	**$ 1,476**	**$ 69**
Total Life and Retirement:		
Premiums	$ 1,311	$ 443
Deposits	5,300	6,143
Other	186	193
Premiums and deposits	**$ 6,797**	**$ 6,779**

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