Fourth Quarter and Full Year 2019 Financial Results Presentation

February 13, 2020

Updated slide 21 & 22 on 2/13/2020 4:00pm

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This document and the remarks made orally may also contain certain non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the earnings release and Fourth Quarter 2019 Financial Supplement available in the Investor Information section of AIG's corporate website, www.aig.com, as well as in the Appendix to this presentation.

Note: Amounts presented may not foot due to rounding.

Strong 4Q19 and FY'19 results driven by General Insurance underwriting profit and stable Life and Retirement earnings

4Q19 Financial Results

- 4Q19 adjusted after-tax income* (AATI) of $919M ($1.03 per diluted share) versus 4Q18 adjusted after-tax loss (AATL) of $559M (-$0.63 per diluted share)
- 4Q19 adjusted pre-tax income* (APTI) of $1.2B versus 4Q18 adjusted pre-tax loss (APTL) of $669M primarily due to:
  - Improved GI AYCR, as adjusted*, of 95.8% compared to 98.8% in 4Q18
  - Lower CATs of $413M compared to $798M in 4Q18
  - Net favorable development of $153M compared to unfavorable $365M in 4Q18
  - NII increased to $3.5B reflecting higher alternative investment income ($288M vs. -$139M in 4Q18)
    - Annualized yield for alternative investment income was ~12%, above 8% yield assumption
  - 4Q18 Legacy L&R run-off included $105M of loss recognition expense on certain Accident and Health cancer and disability blocks

FY'19 Financial Results

- FY'19 AATI of $4.1B ($4.59 per diluted share) versus FY'18 AATI of $1.1B ($1.17 per diluted share)
- APTI of $5.5B increased from FY'18 primarily due to:
  - Improved GI AYCR, as adjusted, of 96.0% compared to 99.7% in FY'18
  - Lower CATs of $1.3B compared to $2.9B in FY'18
  - Net favorable development of $294M compared to unfavorable development of $362M in FY'18
  - Life and Retirement APTI of $3.5B and adjusted ROCE of 13.7%
  - NII increased to $14.4B, compared to $12.7B in FY'18 reflecting higher alternative investment income ($1.4B in FY'19)
- Lower adjusted effective tax rate of 22.1%

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Strong investment performance in 2019

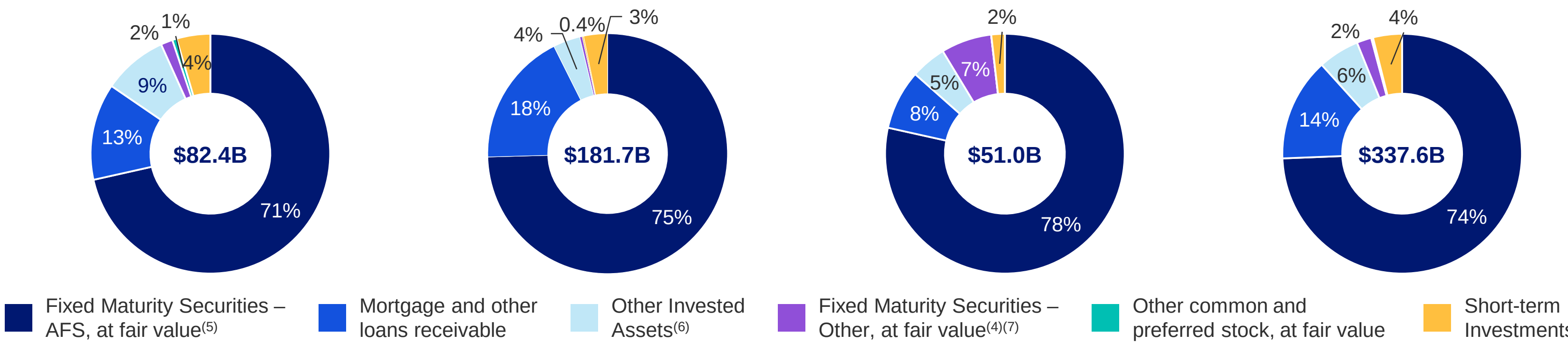
($ in millions, unless otherwise indicated)

Net Investment Income

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
General Insurance	$349	$766	$2,668	$3,444
Life and Retirement	1,921	2,071	7,922	8,461
Legacy	527	688	2,325	2,480
Other Operations	43	92	45	370
Consolidations and Eliminations	(27)	(155)	(232)	(365)
Total Net Investment Income - APTI Basis[1]	**$2,813**	**$3,462**	**$12,728**	**$14,390**
Add: Changes in Fair Value of Securities Used to Hedge Guaranteed Living Benefits	(1)	15	(128)	228
Add: Changes in the Fair Value of Equity Securities	0	153	0	159
Subtract: Net Realized Capital Gains Related to Economic Hedges and Other	58	43	124	158
Net Investment Income per Consolidated Statements of Operations	**$2,754**	**$3,587**	**$12,476**	**$14,619**

Invested Assets[3][4]

General Insurance | Life and Retirement | Legacy | Total AIG[2]



Source: AIG 4Q19 financial supplement.

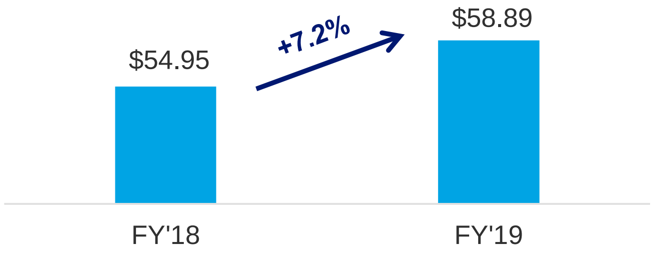
(1) For 4Q18 and prior periods, our non-insurance subsidiaries recorded investment income in other income. Beginning 1Q19, investment income represents amounts recorded in net investment income by our insurance and non-insurance subsidiaries. (2) Includes Other Operations and consolidations and eliminations (not shown). (3) Based on carrying value as of December 31, 2019. (4) Excludes the carrying value of securities used to hedge guaranteed living benefits. (5) As of December 31, 2019, our Fixed Maturity securities – AFS portfolio was approximately 80% fixed rate and 20% variable rate. Fixed Maturities securities – AFS values exclude AOCI for the segments, but includes AOCI for Total AIG (6) Other Invested Assets include hedge funds / private equity, real estate investments, long-term time deposits, private common stock and affordable housing partnerships. Hedge funds / private equity include 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 for which changes in the fair value are reported through investment income. (7) Fixed Maturity Securities – Other are securities for which we have elected the fair value option. Changes in the fair value of these securities are reported through net investment income, which can result in significant fluctuation in the total return. As of December 31, 2019, our Fixed Maturity Securities – Other portfolio of $8.3B was approximately 31% fixed rate and 69% variable rate.

Strengthened financial flexibility and improved Adjusted ROCE

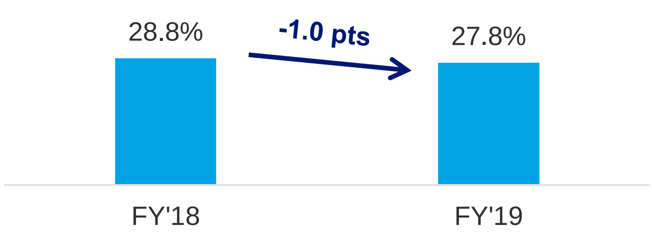
($ in millions, Except per Share Amounts)	Dec. 31, 2018	Dec. 31, 2019	Variance
Selected Balance Sheet Data			
Financial debt, including hybrids	$23,734	$23,349	($385)
AIG shareholders' total equity	56,361	65,675	9,314
Adjusted common shareholders' equity*	47,621	51,231	3,610
Total capital	$81,043	$90,776	$9,733
Leverage Ratios			
Debt & preferred stock to total capital ratio	29.3%	26.2%	(3.1) pts
Debt & preferred stock to total capital ratio (ex. AOCI)	28.8%	27.8%	(1.0) pts
Per Share Data			
Common shares outstanding	866.6	870.0	3.4
Book value per common share	$65.04	$74.93	15.2%
Book value per common share – ex. AOCI	$66.67	$69.20	3.8%
Adjusted book value per common share*	$54.95	$58.89	7.2%

Adjusted ROCE

Adjusted BVPS



Leverage Ratio (Ex. AOCI)



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Fourth Quarter 2019
Financial Detail

4Q19 APTI of $1.2B versus APTL in 4Q18 driven by improved underwriting results and higher net investment income

($ in millions, except per common share amounts)	4Q18	4Q19	Variances
Adjusted Pre-tax Income (Loss):			
General Insurance	($722)	$778	$1,500
Life and Retirement	623	839	216
Other Operations[1]	(420)	(586)	(166)
Total Core	**(519)**	**1,031**	**1,550**
Legacy Portfolio	(150)	177	327
Total adjusted pre-tax income (loss)	**($669)**	**$1,208**	**$1,877**
AATI(L)* attributable to AIG common shareholders	**($559)**	**$919**	**$1,478**
AATI(L)* per diluted share attributable to AIG common shareholders	**($0.63)**	**$1.03**	**$1.66**
Net income (loss) attributable to AIG common shareholders	**($622)**	**$922**	**$1,544**
Consolidated adjusted ROCE	**(4.6%)**	**7.3%**	**11.9 pts**
General Insurance Underwriting Ratios:			**B / (W)**
Loss ratio	80.1%	65.6%	14.5 pts
Less: impact on loss ratio			
Catastrophe losses and reinstatement premiums	(11.3%)	(6.5%)	4.8 pts
Prior year development	(5.3%)	2.2%	7.5 pts
Adjustments for ceded premium under reinsurance contracts and other	0.4%	0.3%	(0.1) pts
Accident year loss ratio, as adjusted	**63.9%**	**61.6%**	**2.3 pts**
Expense ratio	34.9%	34.2%	0.7 pts
Combined ratio	**115.0%**	**99.8%**	**15.2 pts**
Accident year combined ratio, as adjusted	**98.8%**	**95.8%**	**3.0 pts**

Key Takeaways

- General Insurance APTI increased significantly primarily due to:
  - Underwriting income of $12M including:
    - lower CATs of $411M,
    - net favorable PYD of $153M, and
    - improved AY results of $284M
  - Increased NII reflecting alternative investment income versus a loss in 4Q18
- Life and Retirement APTI increased primarily due to favorable impacts from equity market returns, favorable impacts from lower interest rates resulting in higher income on fair value option bonds and gains on calls, and higher assets driving higher base portfolio income; partially offset by spread compression due to lower reinvestment yields and slightly higher general operating expenses
- Other Operations APTL before consolidation and eliminations, increased slightly due to an increase in interest expense from consolidated investment entities of $44 million
- Legacy Portfolio APTI increased primarily due to higher NII and a $105M loss recognition expense on certain Accident and Health cancer and disability blocks in 4Q18
- Adjusted effective tax rate of 19.3%

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1) Includes corporate GOE not allocated to segments, certain compensation expenses not distributed to reporting segments, interest and other expenses as well as consolidation, eliminations and other adjustments.

4Q19 & 4Q18 noteworthy items

	4Q18 – Income / (Loss)			4Q19 – Income / (Loss)		
($ in millions)	Pre-tax	After-tax[4]	EPS (diluted)	Pre-tax	After-tax[4]	EPS (diluted)
Catastrophe losses, net of reinsurance[1]	($798)	($630)	($0.71)	($413)	($326)	($0.36)
(Unfavorable) favorable prior year loss reserve development, net of reinsurance	(365)	(288)	(0.32)	153	121	0.13
Actuarial assumption update in Legacy Life and Retirement run-off	(105)	(83)	(0.09)	-	-	-
Investment Performance:						
Better (worse) than expected alternative investment returns[2]	(340)	(269)	(0.30)	59	47	0.05
Better (worse) than expected DIB and GCM returns	(31)	(24)	(0.03)	60	47	0.05
Better than expected fair value changes on Fixed Maturity Securities – Other accounted under fair value option[2]	50	40	0.04	29	23	0.03
Changes in the fair value of Equity Securities[3]	(143)	(113)	(0.13)	-	-	-
Total noteworthy items	**($1,732)**	**($1,368)**	**($1.54)**	**($112)**	**($88)**	**($0.10)**

1) 4Q19 includes losses of ($411M) and ($2M), pre-tax, from General Insurance and Legacy General Insurance Run-off Lines, respectively. 4Q18 includes a loss of ($826M) and income of $28M, pre-tax, from General Insurance and Legacy General Insurance Run-off Lines, respectively.
2) The annualized expected rate of return is 8% for alternative investments and 6% for fair value option fixed maturity securities for all periods presented; fair value option fixed maturity securities includes the fair value changes on the DIB and GCM asset portfolios.
3) Beginning 1Q19, changes in the fair value of equity securities are excluded from APTI.
4) Computed using a U.S. statutory effective tax rate of 21%.

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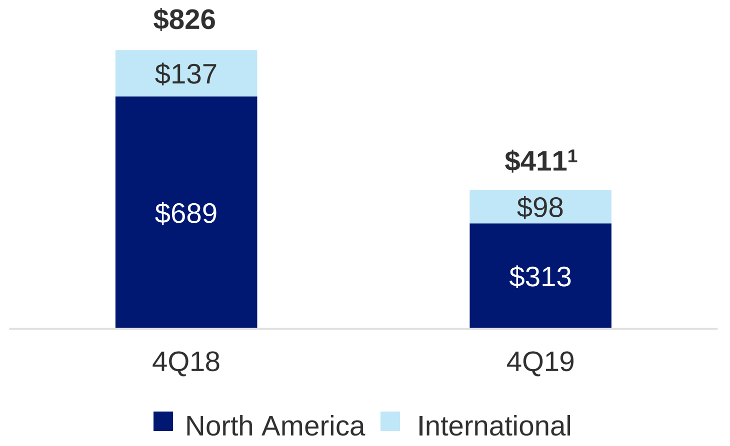
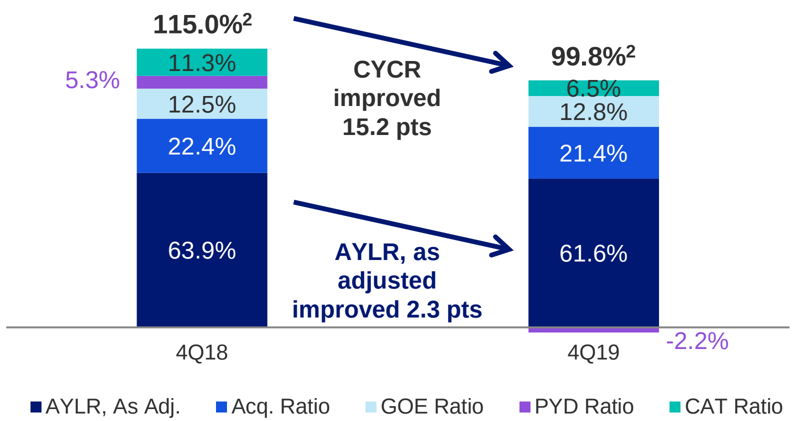
General Insurance: Continued improvement in Combined Ratio despite Typhoon Hagibis

($ in millions)	4Q18	4Q19
Net premiums written	**$6,424**	**$5,830**
Net premiums earned	**$7,171**	**$6,372**
Loss and loss adjustment expense	5,743	4,180
Acquisition expenses	1,605	1,362
General operating expenses	894	818
Underwriting income (loss)	**($1,071)**	**$12**
Net investment income	**$349**	**$766**
Adjusted pre-tax income (loss)	**($722)**	**$778**

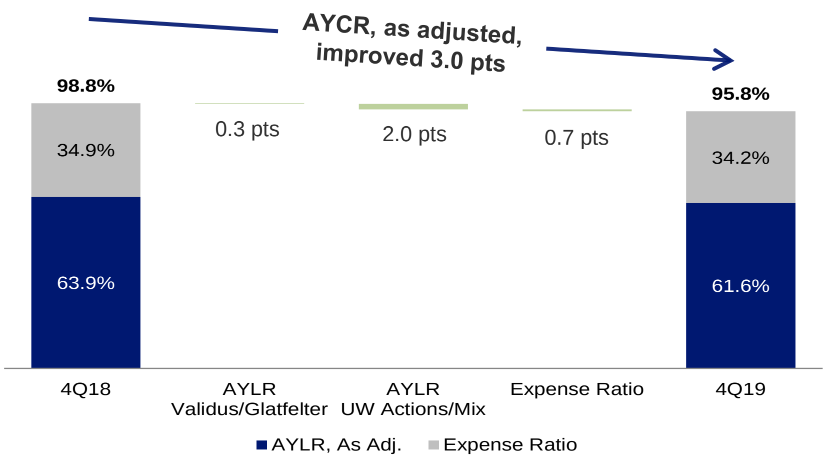
Catastrophe Losses, Net of Reinsurance ($M)



Calendar Year Combined Ratios



Accident Year Combined Ratios (excl. CATs) walk



1) Includes $233M from Typhoon Hagibis and $146M from Texas Tornadoes and California Wildfires.
2) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in 4Q18 and 4Q19.

General Insurance: North America underwriting results improving, driven by better Commercial AYLR and lower CATs

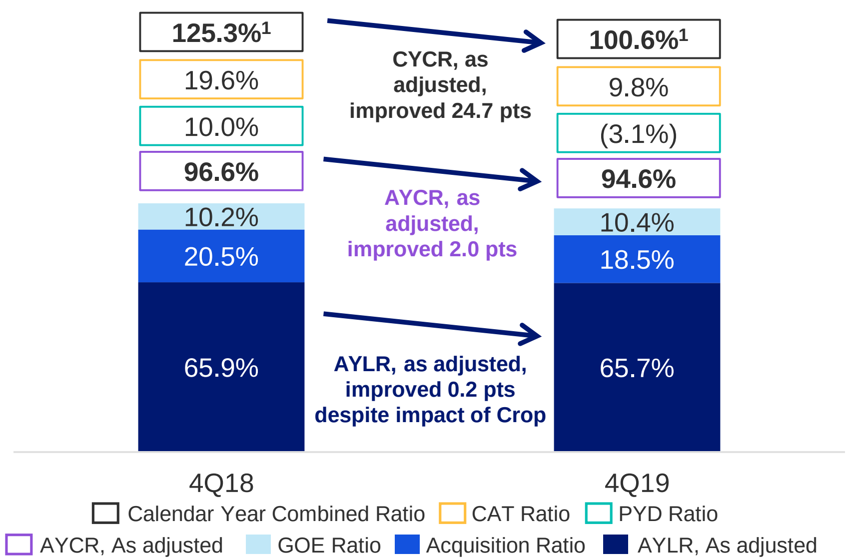
($ in millions)	4Q18	4Q19
Net premiums written	**$2,944**	**$2,814**
Commercial Lines	2,161	1,990
Personal Insurance	783	824
Net premiums earned	**$3,428**	**$3,140**
Commercial Lines	2,594	2,333
Personal Insurance	834	807
Underwriting income (loss)	**($871)**	**($19)**
Commercial Lines	(541)	(111)
Personal Insurance	(330)	92
Net investment income	**$296**	**$641**
Adjusted pre-tax income (loss)	**($575)**	**$622**

Key Takeaways:

- NPW decreased 4% due to underwriting actions and changes in reinsurance programs in 2019
- AYLR, as adjusted, decreased 0.2 pts due to beneficial impact of underwriting and reinsurance actions, partially offset by higher crop losses
- GOE ratio increased slightly as the decline in GOE was less than the decline in net premiums earned
- Acquisition ratio decreased 2.0 pts driven by changes in business mix

Underwriting Ratios:	4Q18	4Q19	B / (W)
Commercial Lines			
AY combined ratio, as adjusted	99.0%	95.4%	3.6 pts
Catastrophe losses and reinstatement premiums	9.8%	8.0%	1.8 pts
Prior year development	13.3%	2.1%	11.2 pts
Combined ratio[1]	**120.9%**	**104.8%**	**16.1 pts**
Personal Insurance			
AY combined ratio, as adjusted	89.8%	92.2%	(2.4) pts
Catastrophe losses and reinstatement premiums	49.8%	14.8%	35.0 pts
Prior year development	-	(17.8%)	17.8 pts
Combined ratio[1]	**139.6%**	**88.6%**	**51.0 pts**

North America Combined Ratio



1) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in 4Q18 and 4Q19.

General Insurance: International underwriting results continue to reflect better AYLR, as adjusted

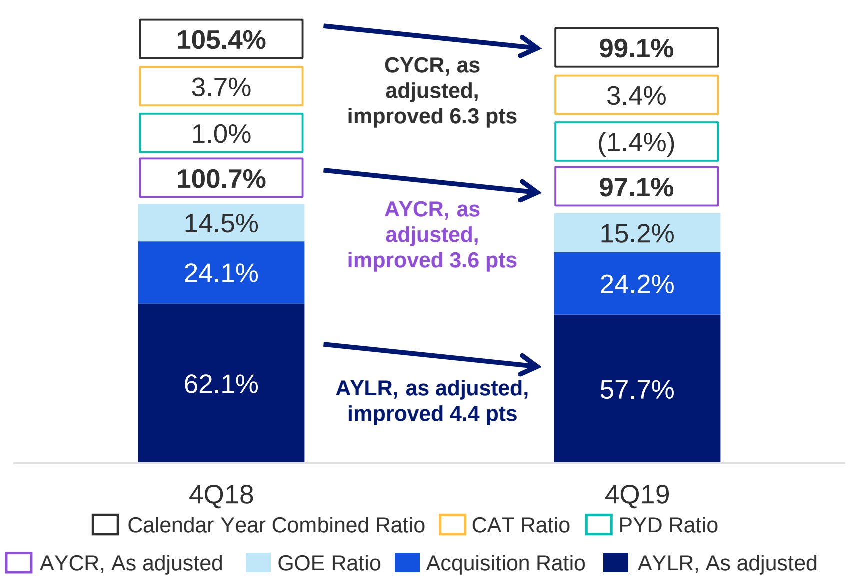
($ in millions)	4Q18	4Q19
Net premiums written	**$3,480**	**$3,016**
Commercial Lines	1,561	1,379
Personal Insurance	1,919	1,637
Net premiums earned	**$3,743**	**$3,232**
Commercial Lines	1,852	1,528
Personal Insurance	1,891	1,704
Underwriting income (loss)	**($200)**	**$31**
Commercial Lines	(251)	(25)
Personal Insurance	51	56
Net investment income	**$53**	**$125**
Adjusted pre-tax income (loss)	**($147)**	**$156**

Key Takeaways:

- NPW decreased 13% primarily due to underwriting actions and changes in reinsurance programs in 2019
- AYLR, as adjusted, decreased 4.4 pts primarily driven by Specialty Lines, Talbot (Lloyd's Syndicate) and Japanese Personal Auto
- GOE ratio increased 0.7 pts as the decline in GOE was less than the decline in net premiums earned
- Acquisition ratio was roughly flat

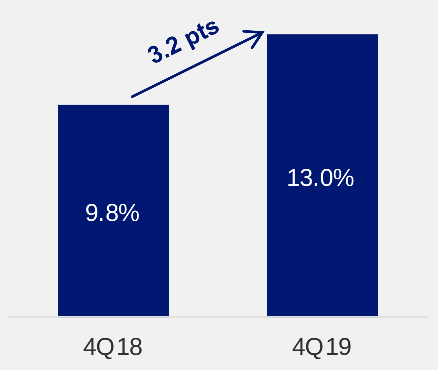
Underwriting Ratios:	4Q18	4Q19	B / (W)
Commercial Lines			
AY combined ratio, as adjusted	102.3%	97.2%	5.1 pts
Catastrophe losses and reinstatement premiums	7.2%	3.3%	3.9 pts
Prior year development	4.1%	1.1%	3.0 pts
Combined ratio	**113.6%**	**101.6%**	**12.0 pts**
Personal Insurance			
AY combined ratio, as adjusted	99.1%	97.0%	2.1 pts
Catastrophe losses and reinstatement premiums	0.2%	3.3%	(3.1) pts
Prior year development	(2.0%)	(3.5%)	1.5 pts
Combined ratio	**97.3%**	**96.8%**	**0.5 pts**

International Combined Ratio

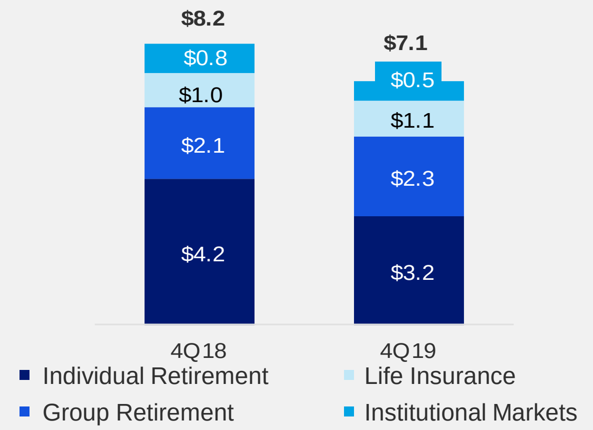


Life and Retirement: Reflects strong asset growth from new business and favorable equity markets, active spread management and favorable mortality, partially mitigated by continued headwinds from lower interest rates

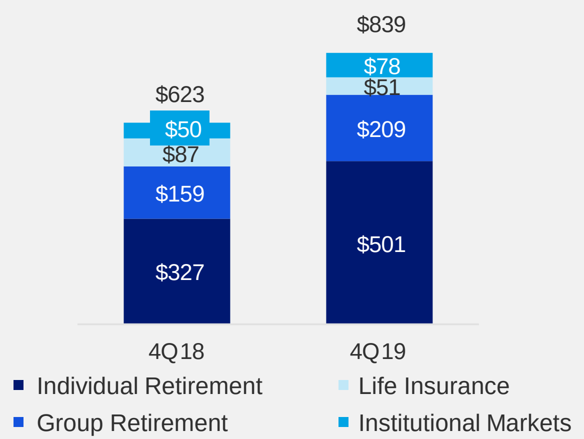
Adjusted Return on Common Equity



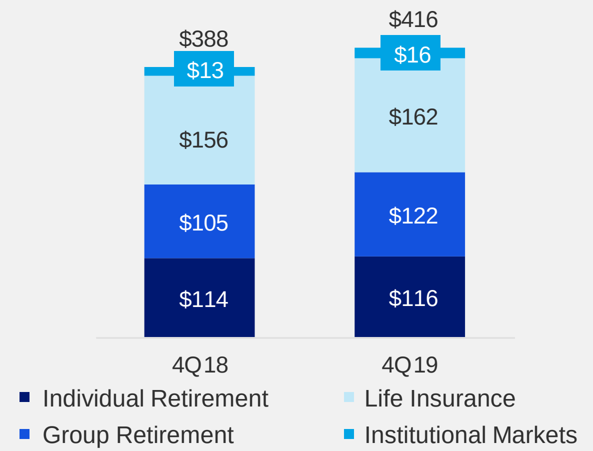
Premiums and Deposits ($B)



Adjusted Pre-Tax Income ($M)



General Operating Expenses ($M)



Life and Retirement: Individual Retirement reflects flat net flows for Annuity Business, asset growth and continued spread compression

($ in millions)	4Q18	4Q19
Premiums and deposits	$4,225	$3,156
Premiums	15	39
Policy fees	194	209
Net investment income	912	1,019
Advisory fee and other income	155	154
Total adjusted revenues	1,276	1,421
Benefits, losses and expenses	949	920
Adjusted pre-tax income (APTI)	**$327**	**$501**

Key Takeaways

- APTI improvement driven by favorable impacts from equity market returns and lower interest rates driving higher income on fair value option bonds
- Continued spread compression as a result of higher yielding assets rolling off the large in-force portfolio, while continuing to maintain pricing discipline
- Net flows, excluding Retail Mutual Funds, are lower than 4Q18 primarily due to lower interest rates driving lower Fixed Annuity sales
- Growth in assets under administration driven by strong equity market performance and higher Annuity net flows in the first half of 2019, partially offset by net redemptions in Retail Mutual Funds

Net Flows ($B)

Premiums and Deposits

Surrender and Other Withdrawals

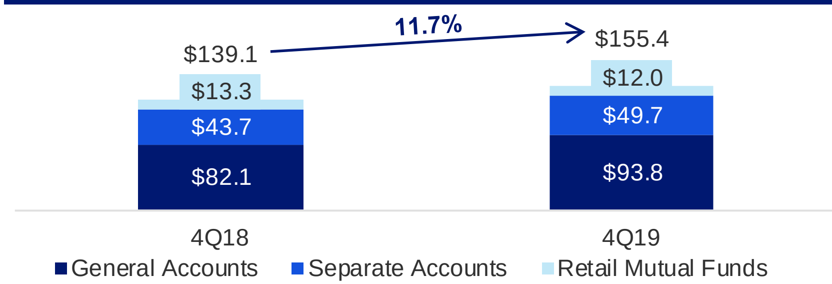
Net Flows[1]

4Q18	4Q19
($0.5)	($1.0)

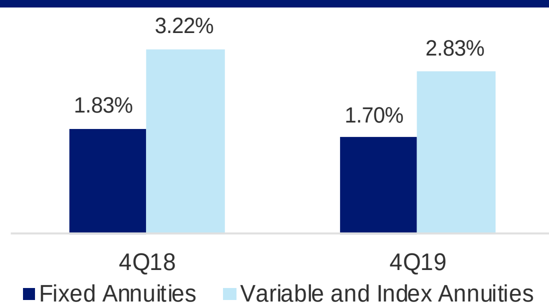
■ Fixed Annuities ■ Variable Annuities ■ Index Annuities ■ Retail Mutual Funds

1) Includes death and other contract benefits.

Assets Under Administration ($B)



Base Net Investment Spread



Life and Retirement: Group Retirement results reflect asset growth, active spread management and investments in business platform

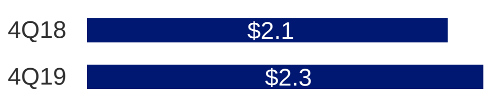
($ in millions)	4Q18	4Q19
Premiums and deposits	$2,106	$2,312
Premiums	4	2
Policy fees	107	112
Net investment income	517	537
Advisory fee and other income	54	71
Total adjusted revenues	682	722
Benefits, losses and expenses	523	513
Adjusted pre-tax income (APTI)	**$159**	**$209**

Key Takeaways

- APTI is higher than 4Q18 driven by favorable impacts from equity market returns, partially offset by costs for investments in operating platforms
- Continued to focus on active spread management in the current low interest rate environment. 4Q18 base net investments spread included a non-recurring item, after adjusting for this item, base net investment spread trends are within expectation
- Net flows are unfavorable to prior year primarily due to higher group surrenders, partially offset by higher group acquisition deposits
- Growth of assets under administration driven by robust market performance

Net Flows ($B)

Premiums and Deposits

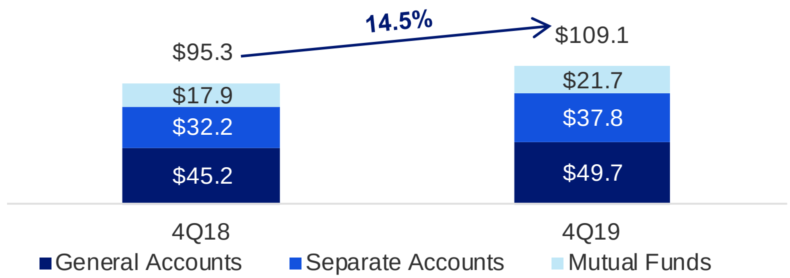


Surrender and Other Withdrawals

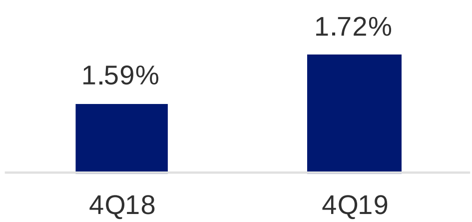
Net Flows[1]

4Q18	4Q19
($0.6)	($0.8)

Assets Under Administration ($B)



Base Net Investment Spread



1) Includes death and other contract benefits.

Life and Retirement: Life Insurance produced strong International sales and mortality trends within overall pricing assumptions

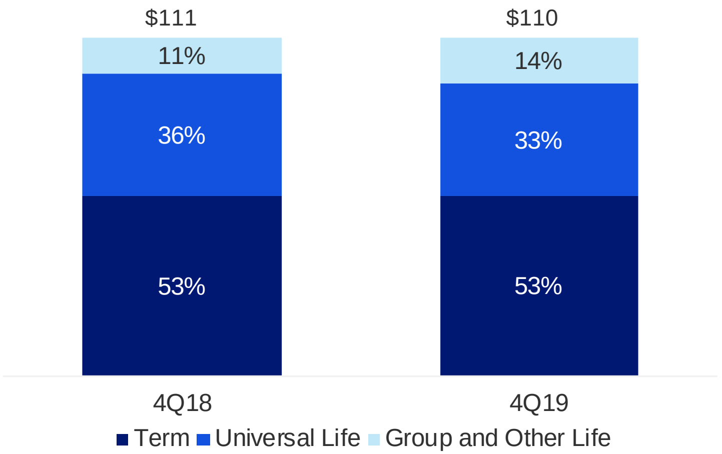
($ in millions)	4Q18	4Q19
Premiums and deposits	$987	$1,047
Premiums	378	405
Policy fees	363	386
Net investment income	287	288
Other income[1]	17	9
Total adjusted revenues	1,045	1,088
Benefits, losses and expenses	958	1,037
Adjusted pre-tax income (APTI)	**$87**	**$51**

Key Takeaways

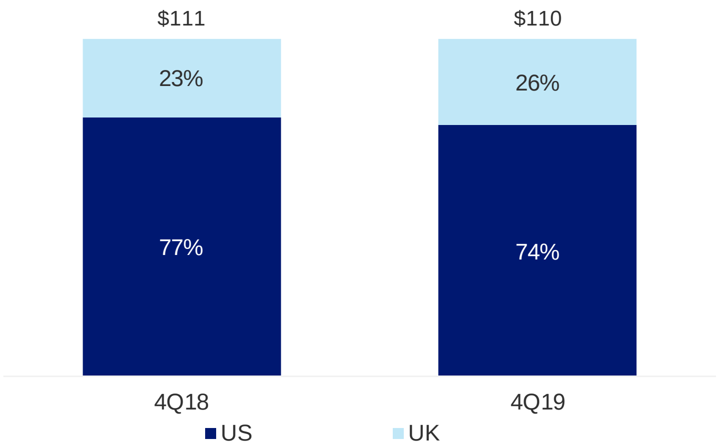
- APTI declined from 4Q18 as a result of 4Q18 positive reserve refinements, partially offset by improvement in mortality experience in 4Q19
- Growth in premiums and deposits reflects strong International Life sales
- Mortality was favorable to pricing assumptions

New Business Sales ($M)

By Product[2]



By Geography



1) Includes other income primarily related to commission and profit sharing revenues received by Laya Healthcare from the distribution of insurance products
2) Universal Life includes single premium and unscheduled deposits as of 2019 (formerly included with Group and Other Life); FY18 figure was restated to align with current presentation method

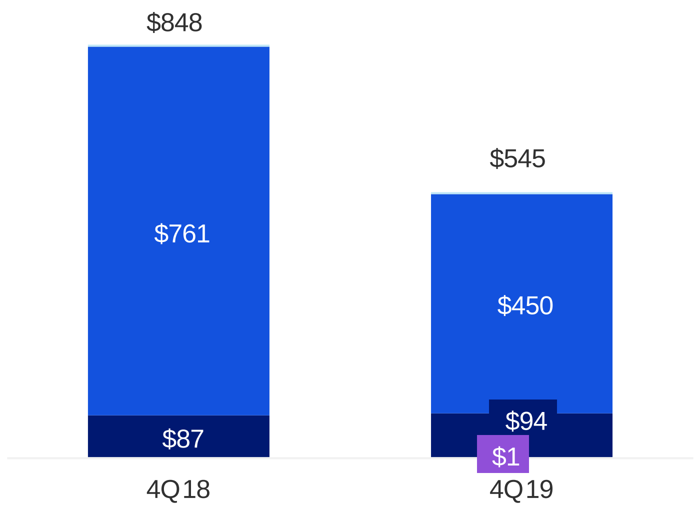
Life and Retirement: Institutional Markets driven by disciplined growth with improved margins

($ in millions)	4Q18	4Q19
Premiums and deposits	$848	$545
Premiums	816	501
Policy fees	40	41
Net investment income	205	227
Other income	1	0
Total adjusted revenues	1,062	769
Benefits, losses and expenses	1,012	691
Adjusted pre-tax income (APTI)	**$50**	**$78**

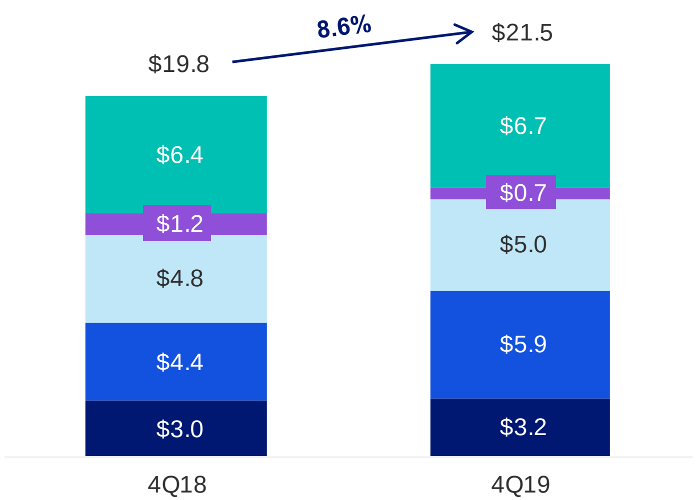
Key Takeaways

- Premiums and deposits are lower than 4Q18 as Pension Risk Transfer issuance declined
- Net investment income favorably impacted by increasing asset base driven by disciplined growth in the portfolio and favorable alternative asset returns
- Maintained pricing and expense discipline while opportunistically growing the portfolio

Premiums and Deposits ($M)



GAAP Reserves by Line of Business ($B)



■ Structured Settlements ■ Pension Risk Transfer ■ COLI/BOLI
■ Stable Value Wrap ■ Guaranteed Investment Contracts

Other Operations and Legacy Portfolio

($ in millions)	4Q18	4Q19
Other Operations Results:		
Total adjusted revenues	$182	$220
Benefits, losses and expenses:		
Policyholder benefits and losses incurred	15	10
Acquisition expenses	5	4
General operating expenses	332	342
Interest expense:		
Interest – Corporate	264	260
Interest – Other[1]	17	57
Total Interest expense	281	317
Total benefits, losses and expenses	633	673
Adjusted pre-tax loss before consolidation and eliminations	**($451)**	**($453)**
Consolidation, eliminations and other adjustments	31	(133)
Adjusted pre-tax loss	**($420)**	**($586)**

Other Operations Key Takeaways

- Other Operations APTL before consolidation and eliminations increased slightly due to an increase in interest expense from consolidated investment entities of $44 million

($ in millions)	4Q18	4Q19
Legacy Portfolio Results:		
General Insurance run-off lines	$7	($8)
Life and Retirement run-off lines	(137)	103
Legacy Investments	(20)	82
Adjusted pre-tax income	**($150)**	**$177**
Noteworthy Items (pre-tax):		
Catastrophe losses, net of reinsurance in General Insurance	**$28**	**($2)**
Annual actuarial assumption update charge in Life and Retirement	**($105)**	**$-**

Legacy Portfolio Key Takeaways

- Legacy Life and Retirement APTI increased due to higher NII and 4Q18 $105M loss recognition expense on certain Accident and Health cancer and disability blocks
- Legacy Investments adjusted pre-tax income increased primarily due to higher NII and lower GOE

1) Interest expense-other primarily represents interest expense on consolidated investment entities.

Full Year 2019
Financial Detail

FY'19 APTI of $5.5B increased $4.1B from FY'18 with lower CATs, net favorable PYD, improved General Insurance AY underwriting results and higher NII

($ in millions, except per common share amounts)	FY'18	FY'19	Variances
Adjusted Pre-tax Income (Loss):			
General Insurance	($469)	$3,533	$4,002
Life and Retirement	3,190	3,458	268
Other Operations[1]	(1,525)	(2,014)	(489)
Total Core	**1,196**	**4,977**	**3,781**
Legacy Portfolio	213	501	288
Total adjusted pre-tax income (loss)	**$1,409**	**$5,478**	**$4,069**
AATI* attributable to AIG common shareholders	**$1,064**	**$4,084**	**$3,020**
AATI* per diluted share attributable to AIG common shareholders	**$1.17**	**$4.59**	**$3.42**
Net income (loss) attributable to AIG common shareholders	**($6)**	**$3,326**	**$3,332**
Consolidated adjusted ROCE	**2.1%**	**8.3%**	**6.2 pts**
General Insurance Underwriting Ratios:			**B / (W)**
Loss ratio	75.7%	65.2%	10.5 pts
Less: impact on loss ratio			
Catastrophe losses and reinstatement premiums	(10.5%)	(4.8%)	5.7 pts
Prior year development	(1.5%)	1.1%	2.6 pts
Adjustments for ceded premium under reinsurance contracts and other	0.3%	0.1%	(0.2) pts
Accident year loss ratio, as adjusted	**64.0%**	**61.6%**	**2.4 pts**
Expense ratio	35.7%	34.4%	1.3 pts
Combined ratio	**111.4%**	**99.6%**	**11.8 pts**
Accident year combined ratio, as adjusted	**99.7%**	**96.0%**	**3.7 pts**

Key Takeaways

- General Insurance APTI increased significantly primarily due to:
  - lower CATs of $1.3B,
  - net favorable PYD of $294M,
  - improved AYCR, as adjusted, of 96.0%, and
  - and increased NII reflecting higher alternative investment income
- Life and Retirement APTI increased due to favorable impact from equity market returns, favorable impacts from lower interest rates resulting in higher income on fair value option bonds and gains on calls, and higher base investment spread resulting from new business; offset by base investment spread compression, impacts from Life reserve refinements, impacts from the year over year annual actuarial assumption updates and lower but still favorable mortality
- Other Operations APTL before consolidation and eliminations, increased due to higher GOE and an increase in interest expense from consolidated investment entities
- Legacy Portfolio APTI increased primarily due to higher NII and a loss recognition expense on certain Accident and Health cancer and disability blocks in 2018

* Refers to financial measure not calculated in accordance with generally accepted accounting principles (Non-GAAP); definitions and abbreviations of Non-GAAP measures and reconciliations to their closest GAAP measures can be found in this presentation under the heading Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.

1) Includes corporate GOE not allocated to segments, certain compensation expenses not distributed to reporting segments, interest and other expenses as well as consolidation, eliminations and other adjustments.

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FY’19 & FY’18 noteworthy items

	FY’18 – Income / (Loss)			FY’19 – Income / (Loss)		
($ in millions)	**Pre-tax**	**After-tax[5]**	**EPS (diluted)**	**Pre-tax**	**After-tax[5]**	**EPS (diluted)**
Catastrophe losses, net of reinsurance[1]	($2,948)	($2,329)	($2.56)	($1,273)	($1,006)	($1.13)
(Unfavorable) favorable prior year loss reserve development, net of reinsurance	(362)	(286)	(0.31)	294	232	0.26
Annual actuarial assumption update in Life and Retirement & Legacy[2]	(208)	(164)	(0.18)	(173)	(137)	(0.15)
Investment Performance:						
Better (worse) than expected alternative investment returns[3]	(168)	(133)	(0.15)	451	356	0.40
Better than expected DIB and GCM returns	2	2	0.00	60	47	0.05
Better than expected fair value changes on Fixed Maturity Securities – Other accounted under fair value option[3]	(66)	(52)	(0.06)	20	16	0.02
Changes in the fair value of Equity Securities[4]	(184)	(145)	(0.16)	-	-	-
Total noteworthy items	**($3,934)**	**($3,108)**	**($3.41)**	**($621)**	**($491)**	**($0.55)**

1) FY’19 includes losses of ($1,257M) and ($16M), pre-tax, from General Insurance and Legacy General Insurance Run-off Lines, respectively. FY’18 includes losses of ($2,919M) and ($29M), pre-tax, from General Insurance and Legacy General Insurance Run-off Lines, respectively.
2) FY’19 includes ($143M) and ($30M), pre-tax, from Life and Retirement and Legacy Life and Retirement Run-off Lines, respectively. FY’18 includes ($98M) and ($110M), pre-tax, from Life and Retirement and Legacy Life and Retirement Run-off Lines, respectively.
3) The annualized expected rate of return is 8% for alternative investments and 6% for fair value option fixed maturity securities for all periods presented; fair value option fixed maturity securities includes the fair value changes on the DIB and GCM asset portfolios.
4) Beginning 1Q19, changes in the fair value of equity securities are excluded from APTI.
5) Computed using a U.S. statutory effective tax rate of 21%.

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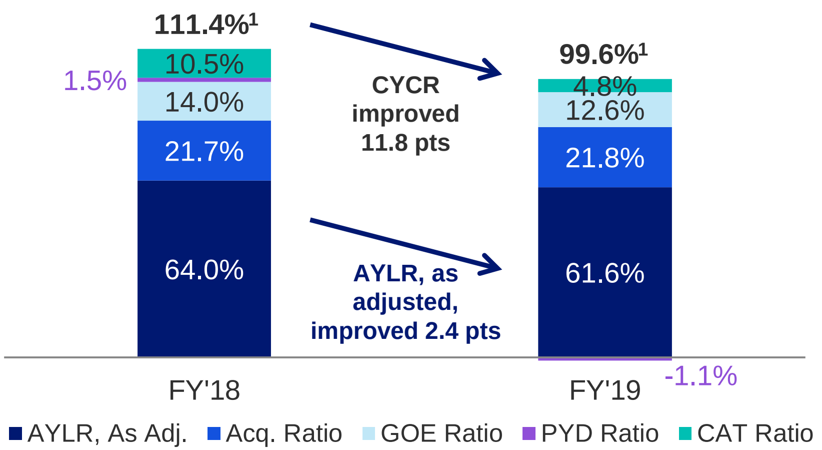
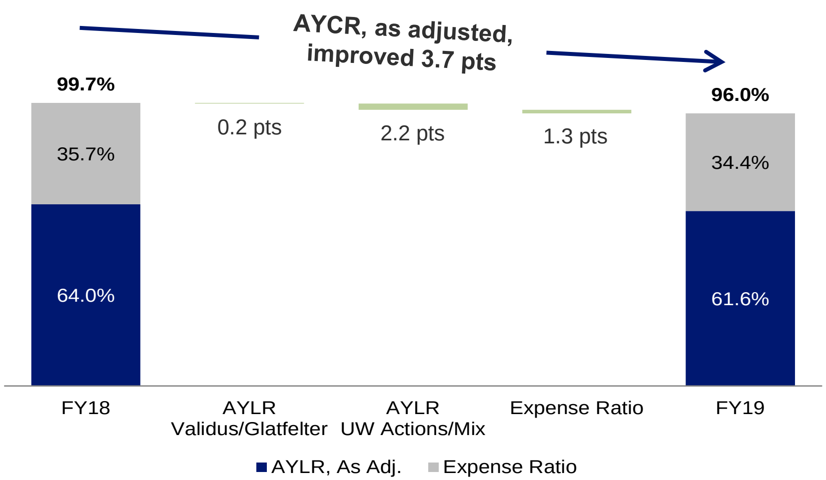
General Insurance: Underwriting results improved significantly from FY'18 due to improved AY results and lower CATs

Calendar Year Combined Ratios



Accident Year Combined Ratios (excl. CATs) walk



Key Takeaways

- Combined ratio of 99.6% in FY'19 improved 11.8 pts primarily due to:
  - Decrease in CAT ratio of 5.7 pts from FY'18; and
  - Net favorable PYD in FY'19 of 1.1% versus net unfavorable of 1.5% in FY'18
- AYCR, as adjusted, of 96.0% in FY'19 improved 3.7 pts primarily due to:
  - Decrease in AYLR, as adjusted, of 2.4 pts from FY'18 due to the beneficial impact from underwriting and reinsurance actions and inclusion of the acquisition of Glatfelter and Validus, partially offset by higher crop losses of 0.5 pts
- Underwriting expense ratio improved 1.3 pts from FY'18 largely driven by lower GOE ratio reflecting ongoing expense discipline

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1) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in FY'18 and FY'19.

General Insurance: North America accident year results improved and experienced lower CATs versus FY'18

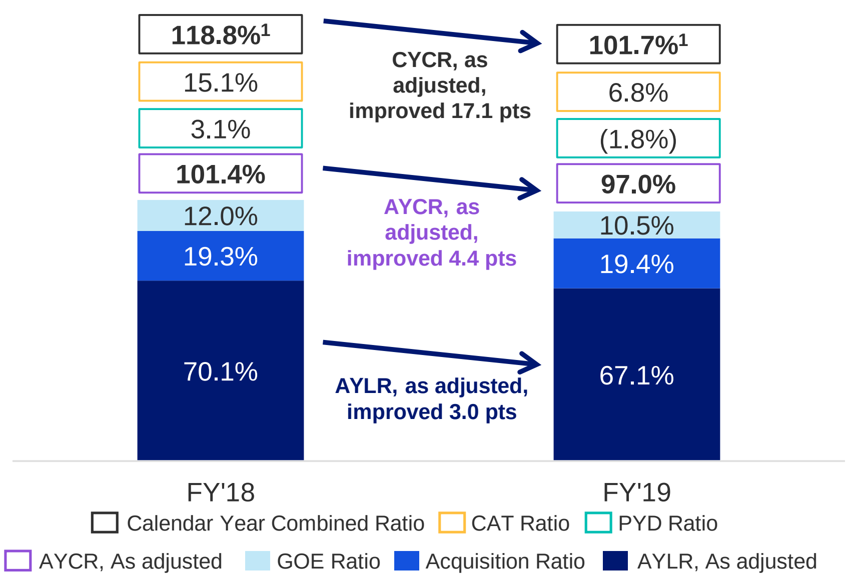
($ in millions)	FY'18	FY'19
Net premiums written	**$11,383**	**$12,103**
Commercial Lines	8,025	8,854
Personal Insurance	3,358	3,249
Net premiums earned	**$12,314**	**$12,853**
Commercial Lines	9,006	9,600
Personal Insurance	3,308	3,253
Underwriting loss	**($2,313)**	**($220)**
Commercial Lines	(1,330)	(216)
Personal Insurance	(983)	(4)
Net investment income	**$2,305**	**$2,929**
Adjusted pre-tax income (loss)	**($8)**	**$2,709**

Key Takeaways:

- NPW increased 6% due to the full year inclusion of the Validus and Glatfelter acquisitions, partially offset by underwriting actions and changes in reinsurance programs in 2019
- AYLR, as adjusted, decreased 3.0 pts due to the beneficial impact of underwriting and reinsurance actions, partially offset by higher crop losses of 1.0 pts
- GOE ratio declined, driven by continued expense discipline

Underwriting Ratios:	FY'18	FY'19	B / (W)
Commercial Lines			
AY combined ratio, as adjusted	103.6%	97.6%	6.0 pts
Catastrophe losses and reinstatement premiums	10.7%	6.2%	4.5 pts
Prior year development	1.5%	(1.3%)	2.8 pts
Combined ratio[1]	**114.7%**	**102.2%**	**12.5 pts**
Personal Insurance			
AY combined ratio, as adjusted	95.1%	95.0%	0.1 pts
Catastrophe losses and reinstatement premiums	27.2%	8.2%	19.0 pts
Prior year development	7.4%	(2.8%)	10.2 pts
Combined ratio[1]	**129.7%**	**100.1%**	**29.6 pts**

North America Combined Ratio



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1) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in FY'18 and FY'19.

General Insurance: International underwriting results reflect lower CATs and better AYLR, as adjusted

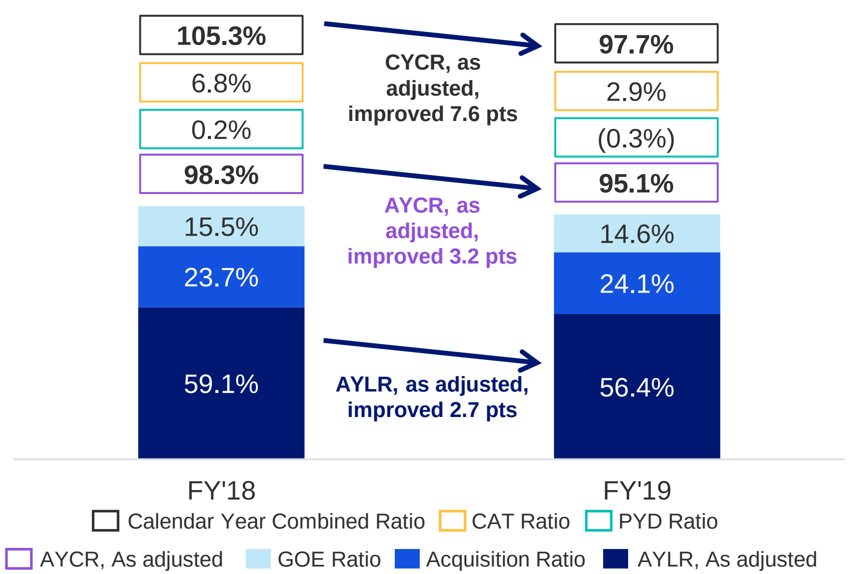
($ in millions)	FY'18	FY'19
Net premiums written	**$15,024**	**$12,989**
Commercial Lines	6,916	6,203
Personal Insurance	8,108	6,786
Net premiums earned	**$15,191**	**$13,585**
Commercial Lines	7,068	6,364
Personal Insurance	8,123	7,221
Underwriting income (loss)	**($824)**	**$309**
Commercial Lines	(764)	29
Personal Insurance	(60)	280
Net investment income	**$363**	**$515**
Adjusted pre-tax income (loss)	**($461)**	**$824**

Key Takeaways:

- NPW decreased 14% (11% excluding FX) primarily due to underwriting actions and changes in reinsurance programs in 2019, partially offset by the full year inclusion of the Validus acquisition
- AYLR, as adjusted, decreased 2.7 pts due to reduced net severity of loss events and beneficial impact of underwriting and reinsurance actions
- Acquisition ratio increased driven by changes in business mix
- GOE ratio declined, driven by continued expense discipline

Underwriting Ratios:	FY'18	FY'19	B / (W)
Commercial Lines			
AY combined ratio, as adjusted	100.3%	95.1%	5.2 pts
Catastrophe losses and reinstatement premiums	8.7%	3.1%	5.6 pts
Prior year development	1.8%	1.3%	0.5 pts
Combined ratio	**110.8%**	**99.5%**	**11.3 pts**
Personal Insurance			
AY combined ratio, as adjusted	96.7%	95.2%	1.5 pts
Catastrophe losses and reinstatement premiums	5.2%	2.8%	2.4 pts
Prior year development	(1.2%)	(1.8%)	0.6 pts
Combined ratio	**100.7%**	**96.2%**	**4.5 pts**

International Combined Ratio



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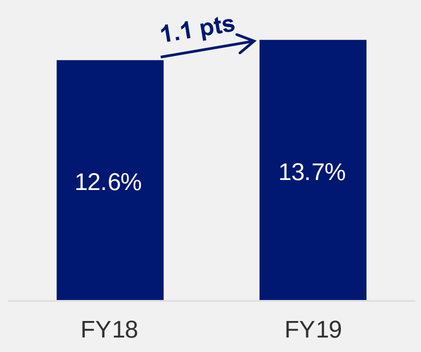
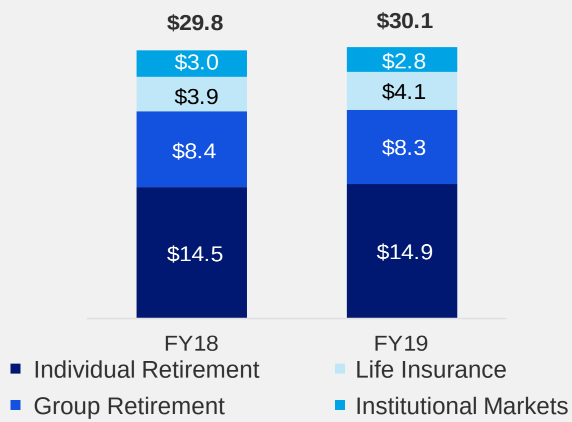
Life and Retirement: Reflects strong asset growth from new business and favorable equity markets, continued active spread management partially mitigated with continued headwinds from lower interest rates, and mortality trends remain favorable to pricing assumptions

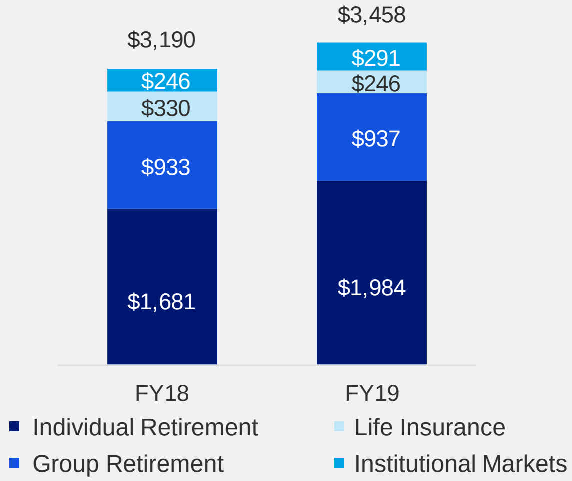
Adjusted Return on Common Equity



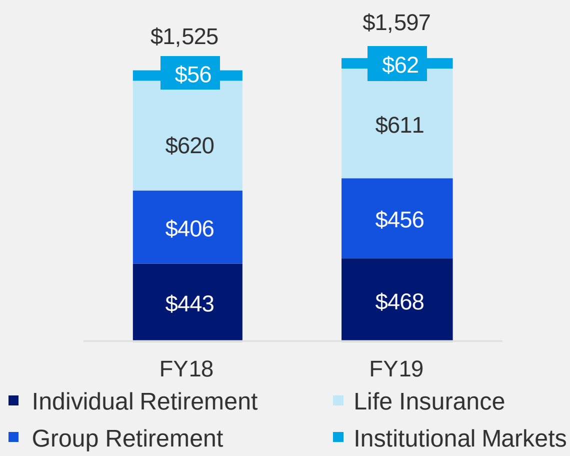
Premiums and Deposits ($B)[1]



Adjusted Pre-Tax Income[2] ($M)



General Operating Expenses ($M)



1) FHLB Funding Agreements issued within Individual Retirement and Group Retirement in 2018 totaling $1.3B are excluded as they are not considered part of the metric to measure core recurring performance.
2) Includes the impact from the annual actuarial assumption update of ($98M) and ($143M) at 3Q18 and 3Q19, respectively.

Life and Retirement: Individual Retirement reflects positive net flows for Annuity Business, asset growth and continued spread compression

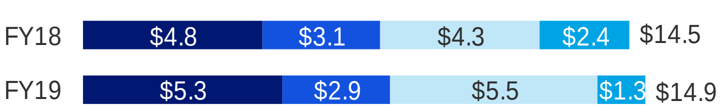
($ in millions)	FY18	FY19
Premiums and deposits[1]	$14,473	$14,899
Premiums	52	104
Policy fees	804	811
Net investment income	3,827	4,133
Advisory fee and other income	655	606
Total adjusted revenues	5,338	5,654
Benefits, losses and expenses	3,657	3,670
Adjusted pre-tax income (APTI)	**$1,681**	**$1,984**
Annual actuarial assumption update	($52)	($63)
APTI, excluding annual actuarial assumption update	**$1,733**	**$2,047**

Key Takeaways

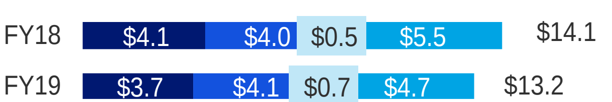
- APTI improvement driven by favorable impacts from equity market returns, impacts from lower interest rates driving higher income on fair value option bonds, and higher income resulting from growth in Index Annuity assets throughout 2019
- Continued spread compression trend as a result of higher yielding assets rolling off the large in-force portfolio, while continuing to maintain pricing discipline
- Positive net flows, excluding Retail Mutual Funds, primarily driven by strong Fixed and Index Annuity sales
- Growth in assets under administration driven by strong equity market performance and higher Annuity net flows in first half of 2019, partially offset by net redemptions in Retail Mutual Funds

Net Flows ($B)

Premiums and Deposits



Surrender and Other Withdrawals

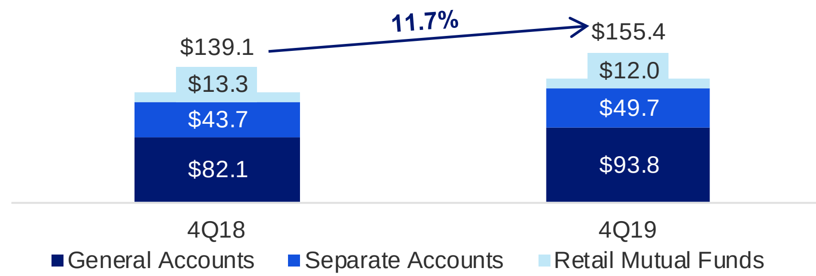


Net Flows[2]

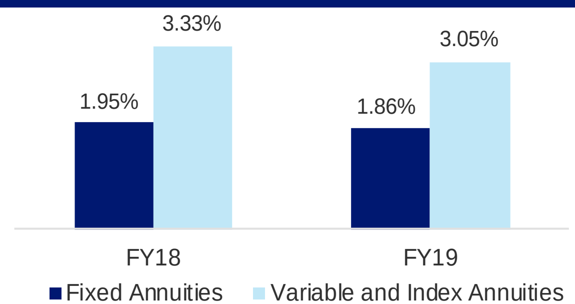
FY18	FY19
($2.9)	($1.5)

■ Fixed Annuities ■ Variable Annuities ■ Index Annuities ■ Retail Mutual Funds

Assets Under Administration ($B)



Base Net Investment Spread



1) Excludes FHLB Funding Agreement issued in 2018 ($1.1B)
2) Includes death and other contract benefits

Life and Retirement: Group Retirement results reflect asset growth, active spread management and investments in business platform

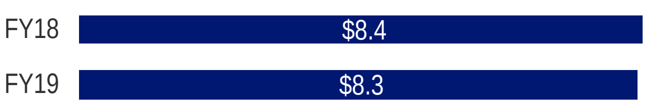
($ in millions)	FY18	FY19
Premiums and deposits	$8,430	$8,346
Premiums	34	16
Policy fees	446	429
Net investment income	2,172	2,240
Advisory fee and other income	239	262
Total adjusted revenues	2,891	2,947
Benefits, losses and expenses	1,958	2,010
Adjusted pre-tax income (APTI)	**$933**	**$937**
Annual actuarial assumption update	$17	($17)
APTI, excluding annual actuarial assumption update	**$916**	**$954**

Key Takeaways

- APTI is slightly higher than 2018 driven by favorable investment impacts and higher assets under management, partially offset by unfavorable year-over-year actuarial assumption updates and higher expenses related to investments in operating platforms
- Continued to focus on active spread management in the current low interest rate environment
- Full year net flows are favorable to prior year primarily due to higher group acquisition deposits and lower group surrenders
- Growth of assets under administration driven by robust market performance

Net Flows ($B)

Premiums and Deposits

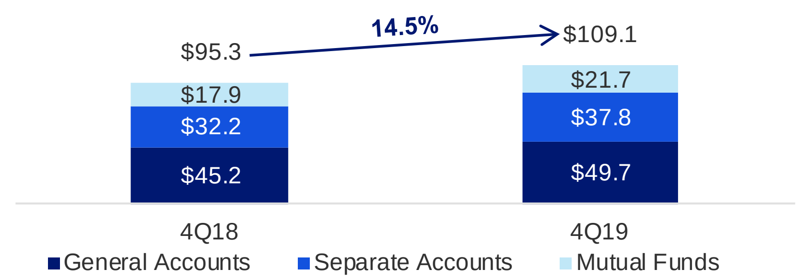


Surrender and Other Withdrawals

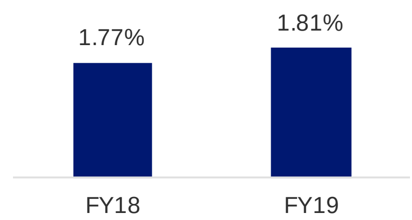
Net Flows[2]

FY18	FY19
($2.8)	($2.6)

Assets Under Administration ($B)



Base Net Investment Spread



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1) Excludes FHLB Funding Agreement issued in 2018 ($0.2B)
2) Includes death and other contract benefits

Life and Retirement: Life Insurance produced strong International sales and mortality trends within overall pricing assumptions

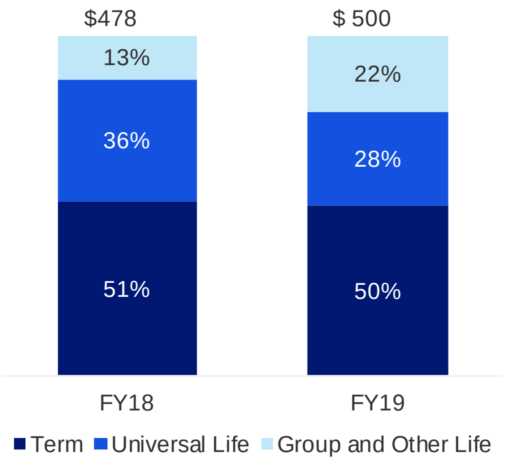
($ in millions)	FY18	FY19
Premiums and deposits	$3,914	$4,086
Premiums	1,554	1,619
Policy fees	1,258	1,488
Net investment income	1,137	1,203
Other income[1]	58	42
Total adjusted revenues	4,007	4,352
Benefits, losses and expenses	3,677	4,106
Adjusted pre-tax income (APTI)	**$330**	**$246**
Annual actuarial assumption update	($63)	($63)
APTI, excluding annual actuarial assumption update	**$393**	**$309**

Key Takeaways

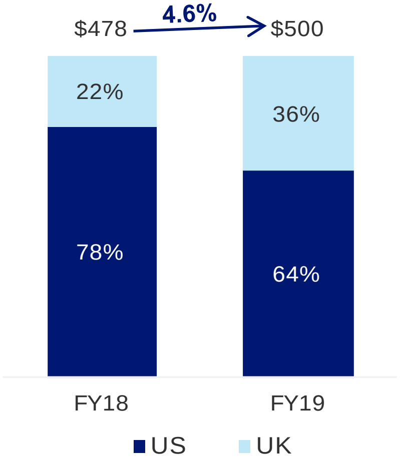
- APTI is lower than 2018 resulting from the unfavorable year over year change in reserves, 2019 included a reinsurance recoverable write-off and lower but still favorable mortality experience
- Growth in premiums and deposits reflects strong International Life sales
- Mortality trends remain favorable and within pricing assumptions

New Business Sales ($M)

By Product[2]



By Geography



1) Includes other income primarily related to commission and profit sharing revenues received by Laya Healthcare from the distribution of insurance products
2) Universal Life includes single premium and unscheduled deposits as of 2019 (formerly included with Group and Other Life); FY18 figure was restated to align with current presentation method

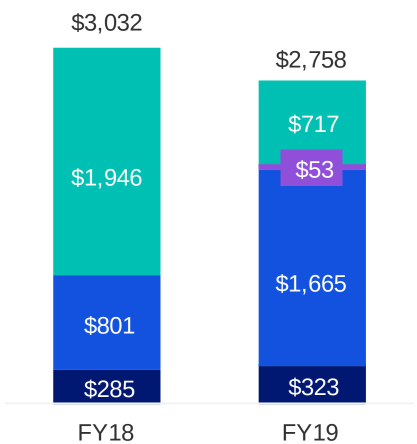
Life and Retirement: Institutional Markets driven by disciplined growth with improved margins

($ in millions)	FY18	FY19
Premiums and deposits	$3,032	$2,758
Premiums	952	1,861
Policy fees	161	165
Net investment income	786	885
Other income	1	1
Total adjusted revenues	1,900	2,912
Benefits, losses and expenses	1,654	2,621
Adjusted pre-tax income (APTI)	**$246**	**$291**
Annual actuarial assumption update	$0	$0
APTI, excluding annual actuarial assumption update	**$246**	**$291**

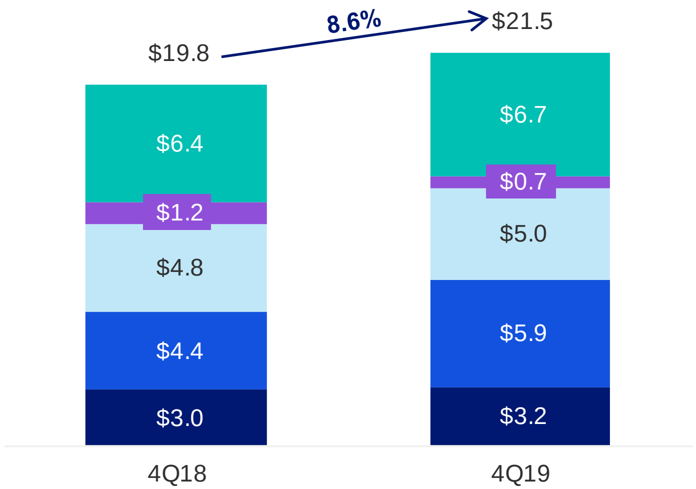
Key Takeaways

- Premiums and deposits reflect significant growth in Pension Risk Transfer throughout the year, offset by lower Guaranteed Investment Contracts
- Net investment income favorably impacted by increasing asset base driven by disciplined growth in the portfolio and favorable alternative asset returns
- Maintained pricing and expense discipline while opportunistically growing the portfolio

Premiums and Deposits ($M)



GAAP Reserves by Line of Business ($B)



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Other Operations and Legacy Portfolio

($ in millions)	FY'18	FY'19
Other Operations Results:		
Total adjusted revenues	$636	$845
Benefits, losses and expenses:		
Policyholder benefits and losses incurred	39	37
Acquisition expenses	11	18
General operating expenses	1,104	1,253
Interest expense:		
Interest – Corporate	1,013	1,043
Interest – Other[1]	53	203
Total Interest expense	1,066	1,246
Total benefits, losses and expenses	2,220	2,554
Adjusted pre-tax loss before consolidation and eliminations	**($1,584)**	**($1,709)**
Consolidation, eliminations and other adjustments	59	(305)
Adjusted pre-tax loss	**($1,525)**	**($2,014)**

Other Operations Key Takeaways

- Other Operations APTL before consolidation and eliminations, increased due to higher GOE and an increase in interest expense from consolidated investment entities

($ in millions)	FY'18	FY'19
Legacy Portfolio Results:		
General Insurance run-off lines	$76	$77
Life and Retirement run-off lines	17	244
Legacy Investments	120	180
Adjusted pre-tax income	**$213**	**$501**
Noteworthy Items (pre-tax):		
Catastrophe losses, net of reinsurance in General Insurance	**($29)**	**($16)**
Annual actuarial assumption update charge in Life and Retirement	**($110)**	**($30)**

Legacy Portfolio Key Takeaways

- Legacy Life and Retirement APTI increased due to higher net investment income and a loss recognition expense on certain Accident and Health cancer and disability blocks in 2018
- Legacy Investments adjusted pre-tax income increased due to lower GOE

1) Interest expense-other primarily represents interest expense on consolidated investment entities.

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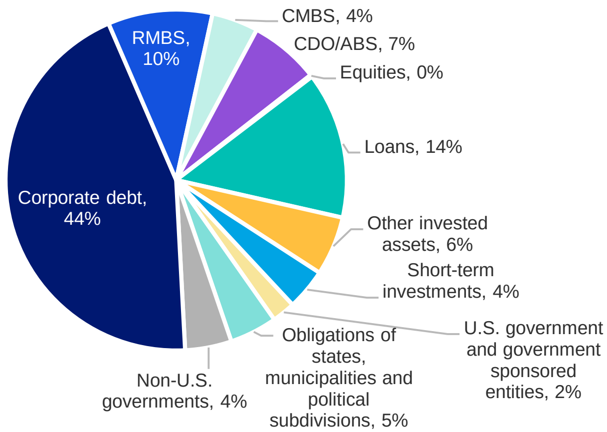
Invested assets portfolio composition

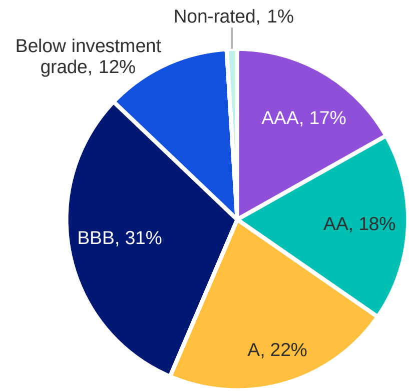
Total Invested Assets as of December 31, 2019 - $337.6 billion

Total Portfolio Composition

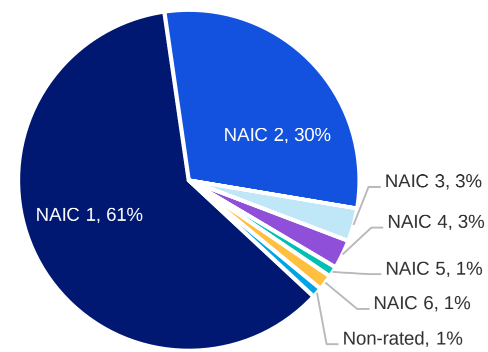


Bond Portfolio - $257.8 billion

By Agency Credit Rating

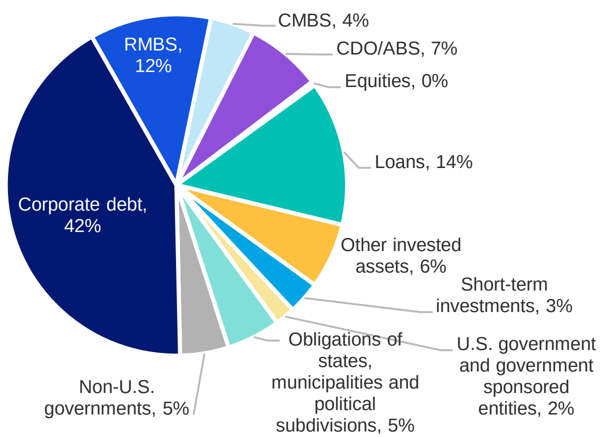


By NAIC Ratings



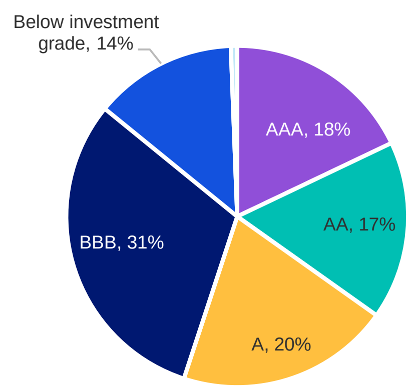
Total Invested Assets as of December 31, 2018 - $314.2 billion

Total Portfolio Composition

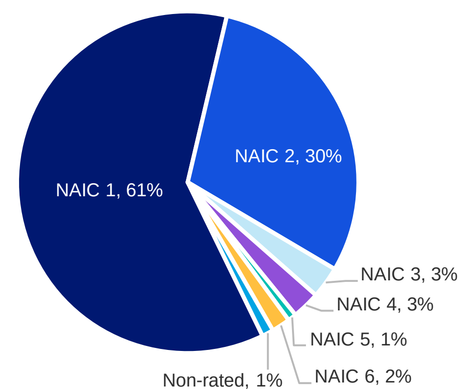


Bond Portfolio - $240.8 billion

By Agency Credit Rating



By NAIC Ratings



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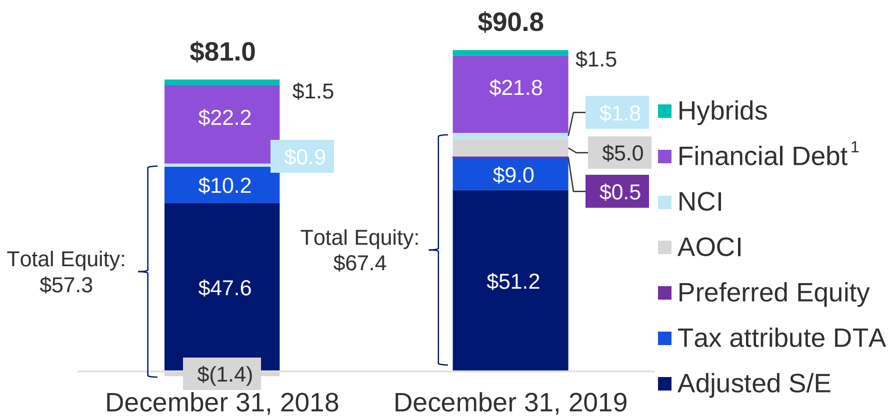
Capital position remains strong

Parent liquidity remains strong at $7.6B at 12/31/2019, including $1.7B for an expected tax settlement with the Internal Revenue Service, which could be made as early as the first quarter of 2020

Capital Structure ($B)



Risk Based Capital (RBC) Ratios[2]

Year-end	Life and Retirement Companies	General Insurance Companies
2018	389% (CAL)	394% (ACL)
2019 Estimated	395% - 405% (CAL)	410% - 415% (ACL)

Ratios:	Dec. 31, 2018	Dec. 31, 2019
Hybrids / Total capital	1.9%	1.7%
Financial debt / Total capital	27.4%	24.0%
Total Hybrids & Financial debt / Total capital	29.3%	25.7%
Preferred stock / Total capital	-	0.5%
Total debt and preferred stock / Total capital	29.3%	26.2%
Total debt and preferred stock / Total capital (ex. AOCI)	28.8%	27.8%

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.
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. 2018 RBC ratio for Life and Retirement reflects the impact of tax reform.
3) As of the date of this presentation, S&P, Moody's, and A.M. Best have Stable outlooks; 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.

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 Fourth Quarter 2019 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-common 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 Common Shareholders’ equity, excluding AOCI, by total common shares outstanding. Adjusted Book Value per Common Share is derived by dividing Total AIG common shareholders’ equity, excluding AOCI and DTA (**Adjusted Common Shareholders’ Equity**), by total common shares outstanding.
- **AIG Return on Common Equity (ROCE) – Adjusted After-tax Income Excluding AOCI and DTA (Adjusted Return on Common Equity)** is used to show the rate of return on common 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 Common Equity. Adjusted Return on Common Equity is derived by dividing actual or annualized adjusted after-tax income attributable to AIG common shareholders by average Adjusted Common Shareholders’ Equity.
- **Core, General Insurance, Life and Retirement and Legacy Adjusted Attributed Common Equity** is an attribution of total AIG Adjusted Common Shareholders’ Equity to these segments based on our internal capital model, which incorporates the segments’ respective risk profiles. Adjusted attributed common 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 Common Equity – Adjusted After-tax Income (Adjusted Return on Attributed Common Equity)** is used to show the rate of return on Adjusted Attributed Common Equity. Adjusted Return on Attributed Common Equity is derived by dividing actual or annualized Adjusted After-tax Income by Average Adjusted Attributed Common Equity.
- **Adjusted After-tax Income Attributable to Core, General Insurance, Life and Retirement and Legacy** is derived by subtracting attributed interest expense, income tax expense and attributed dividends on preferred stock from APTI. Attributed debt and the related interest expense and dividends on preferred stock are 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;
  - changes in the fair value of equity securities;
  - 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;
  - net loss reserve discount benefit (charge);
  - pension expense related to a one-time lump sum payment to former employees;
  - income and loss from divested businesses;
  - non-operating litigation reserves and settlements;
  - 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;
  - integration and transaction costs associated with acquired businesses;
  - losses from the impairment of goodwill; and
  - non-recurring external costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles.

- **Adjusted After-tax Income attributable to AIG Common Shareholders (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above, dividends on preferred stock, 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);

  and by excluding the net realized capital gains (losses) from noncontrolling interests.

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

Non-GAAP Reconciliations

Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Pre-tax income (loss) from continuing operations	$ (695)	$ 1,036	$ 257	$ 5,287
Adjustments to arrive at Adjusted pre-tax income (loss)				
Changes in fair value of securities used to hedge guaranteed living benefits	27	(11)	154	(194)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	40	(95)	(6)	(56)
Changes in the fair value of equity securities	-	(152)	-	(158)
Loss (gain) on extinguishment of debt	(3)	19	7	32
Net realized capital (gains) losses (a)	(195)	310	193	(448)
(Income) loss from divested businesses	(3)	71	(38)	75
Non-operating litigation reserves and settlements	(11)	(8)	19	(2)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	68	(56)	675	(267)
Net loss reserve discount (benefit) charge	(66)	35	(371)	955
Integration and transaction costs associated with acquired businesses	33	8	124	24
Restructuring and other costs	136	44	395	218
Professional fees related to regulatory or accounting changes	-	7	-	12
Adjusted pre-tax income (loss)	**$ (669)**	**$ 1,208**	**$ 1,409**	**$ 5,478**
After-tax net income (loss), including noncontrolling interests	**$ (560)**	**$ 869**	**$ 61**	**$ 4,169**
Noncontrolling interests (income) loss	(62)	60	(67)	(821)
Net income (loss) attributable to AIG	**$ (622)**	**$ 929**	**$ (6)**	**$ 3,348**
Dividends on preferred stock	-	7	-	22
Net income (loss) attributable to AIG common shareholders	**$ (622)**	**$ 922**	**$ (6)**	**$ 3,326**
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	(5)	7	48	30
Deferred income tax valuation allowance (releases) charges	(21)	(3)	21	(43)
Changes in fair value of securities used to hedge guaranteed living benefits	22	(9)	122	(154)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	33	(75)	(3)	(44)
Changes in the fair value of equity securities	-	(120)	-	(125)
Loss (gain) on extinguishment of debt	(2)	15	6	25
Net realized capital (gains) losses (a)(b)	(139)	254	152	(351)
(Income) loss from discontinued operations and divested businesses (b)	(1)	14	12	18
Non-operating litigation reserves and settlements	(8)	(7)	15	(2)
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	54	(45)	533	(211)
Net loss reserve discount (benefit) charge	(51)	28	(292)	754
Integration and transaction costs associated with acquired businesses	26	6	98	19
Restructuring and other costs	107	35	312	172
Professional fees related to regulatory or accounting changes	-	6	-	10
Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (c)	48	(109)	46	660
Adjusted after-tax income (loss) attributable to AIG common shareholders	**$ (559)**	**$ 919**	**$ 1,064**	**$ 4,084**
Weighted average diluted shares outstanding (d)	887.5	896.4	910.1	889.5
Income (loss) per common share attributable to AIG common shareholders (diluted)	$ (0.70)	$ 1.03	$ (0.01)	$ 3.74
Adjusted after-tax income (loss) per common share attributable to AIG common shareholders (diluted)	(0.63)	1.03	1.17	4.59

(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) Noncontrolling interests is primarily due to the 19.9 percent investment in Fortitude Group Holdings, LLC (Fortitude Holdings) by an affiliate of The Carlyle Group L.P. (Carlyle), which occurred in the fourth quarter of 2018. Carlyle is allocated 19.9 percent of Fortitude Holdings' standalone financial results. Fortitude Holdings' results are mostly eliminated in AIG's consolidated income from continuing operations given that its results arise from intercompany transactions. Noncontrolling interests is calculated based on the standalone financial results of Fortitude Holdings. The most significant component of Fortitude Holdings' standalone results includes the change in fair value of the embedded derivatives, which moved materially in the year due to lower rates and tightening credit spreads in the first nine months of 2019, but reversed trend in the fourth quarter of 2019, and which are recorded in net realized capital gains and losses of Fortitude Holdings. In accordance with AIG's adjusted after-tax income definition, realized capital gains and losses are excluded from noncontrolling interests.
(d) For the three-month period ended December 31, 2018, because we reported a net loss and an adjusted after-tax loss attributable to AIG common shareholders from continuing operations, 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 Common Share and Return on Common Equity

(in millions, except per common share data)

Book Value Per Common Share	**Twelve Months Ended December 31, 2018**	**2019**
Total AIG shareholders' equity	$ 56,361	$ 65,675
Less: Preferred equity	-	485
Total AIG common shareholders' equity (a)	56,361	65,190
Less: Accumulated other comprehensive income (AOCI)	(1,413)	4,982
Total AIG common shareholders' equity, excluding AOCI (b)	57,774	60,208
Less: Deferred tax assets (DTA)*	10,153	8,977
Total adjusted common shareholders' equity (c)	47,621	51,231
Total common shares outstanding (d)	866.6	870.0
Book value per common share (a÷d)	$ 65.04	$ 74.93
Book value per common share, excluding AOCI (b÷d)	66.67	69.20
Adjusted book value per common share (c÷d)	54.95	58.89

(in millions)

Return On Common Equity (ROCE) Computations	**Quarterly 4Q18**	**4Q19**	**Twelve Months Ended December 31, 2018**	**2019**
Actual or Annualized net income (loss) attributable to AIG common shareholders (a)	$ (2,488)	$ 3,688	$ (6)	$ 3,326
Actual or Annualized adjusted after-tax income attributable to AIG common shareholders (b)	$ (2,236)	$ 3,676	$ 1,064	$ 4,084
Average AIG Common Shareholders' equity (c)	$ 57,474	$ 65,154	$ 60,819	$ 62,205
Less: Average AOCI	(975)	5,299	1,193	3,261
Less: Average DTA	10,053	9,185	10,133	9,605
Average adjusted common shareholders' equity (d)	$ 48,396	$ 50,670	$ 49,493	$ 49,339
ROCE (a÷c)	(4.3%)	5.7%	0.0%	5.3%
Adjusted return on common equity (b÷d)	(4.6%)	7.3%	2.1%	8.3%

* 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.

AIG

Non-GAAP Reconciliations

Return on Common Equity

General Insurance (in millions)	Quarterly 4Q18	Quarterly 4Q19	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2019
Adjusted pre-tax income (loss)	$ **(722)**	$ **778**	$ (469)	$ 3,533
Interest expense on attributed financial debt	142	151	544	589
Adjusted pre-tax income (loss) including attributed interest expense	(864)	627	(1,013)	2,944
Income tax expense (benefit)	(100)	164	(120)	686
Adjusted after-tax income (loss)	$ **(764)**	$ **463**	$ **(893)**	$ **2,258**
Dividends declared on preferred stock	-	4	-	13
Adjusted after-tax income (loss) attributable to common shareholders (a)	$ **(764)**	$ **459**	$ **(893)**	$ **2,245**
Ending adjusted attributed common equity	$ 25,066	$ 25,142	$ 25,066	$ 25,142
Average adjusted attributed common equity (b)	25,988	25,109	24,588	25,078
Adjusted return on attributed common equity (a÷b)	(11.8) %	7.3 %	(3.6) %	9.0 %

Life and Retirement (in millions)	Quarterly 4Q18	Quarterly 4Q19	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2019
Adjusted pre-tax income	$ **623**	$ **839**	$ **3,190**	$ **3,458**
Interest expense on attributed financial debt	31	47	107	173
Adjusted pre-tax income including attributed interest expense	592	792	3,083	3,285
Income tax expense	116	158	610	652
Adjusted after-tax income	$ **476**	$ **634**	$ **2,473**	$ **2,633**
Dividends declared on preferred stock	-	3	-	9
Adjusted after-tax income attributable to common shareholders (a)	$ **476**	$ **631**	$ **2,473**	$ **2,624**
Ending adjusted attributed common equity	$ 19,695	$ 19,513	$ 19,695	$ 19,513
Average adjusted attributed common equity (b)	19,475	19,374	19,664	19,109
Adjusted return on attributed common equity (a÷b)	9.8 %	13.0 %	12.6 %	13.7 %

Core (in millions)	Quarterly 4Q18	Quarterly 4Q19	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2019
Adjusted pre-tax income (loss)	$ **(519)**	$ **1,031**	$ **1,196**	$ **4,977**
Interest expense (benefit) on attributed financial debt	-	-	(10)	-
Adjusted pre-tax income (loss) including attributed interest expense	(519)	1,031	1,206	4,977
Income tax expense (benefit)	(93)	196	281	1,106
Adjusted after-tax income (loss)	$ **(426)**	$ **835**	$ **925**	$ **3,871**
Dividends declared on preferred stock	-	7	-	22
Adjusted after-tax income (loss) attributable to common shareholders (a)	$ **(426)**	$ **828**	$ **925**	$ **3,849**
Ending adjusted attributed common equity	$ 38,735	$ 44,213	$ 38,735	$ 44,213
Average adjusted attributed common equity (b)	39,547	43,774	40,394	41,955
Adjusted return on attributed common equity (a÷b)	(4.3) %	7.6 %	2.3 %	9.2 %

Legacy (in millions)	Quarterly 4Q18	Quarterly 4Q19	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2019
Adjusted pre-tax income (loss)	$ **(150)**	$ **177**	$ **213**	$ **501**
Interest expense on attributed financial debt	-	-	10	-
Adjusted pre-tax income (loss) including attributed interest expense	**(150)**	**177**	**203**	**501**
Income tax expense (benefit)	(31)	37	43	105
Adjusted after-tax income (loss) attributable to common shareholders (a)	$ **(119)**	$ **140**	$ **160**	$ **396**
Ending adjusted attributed common equity	$ 8,886	$ 7,018	$ 8,886	$ 7,018
Average adjusted attributed common equity (b)	8,849	6,897	9,099	7,384
Adjusted return on attributed common equity (a÷b)	(5.4) %	8.1 %	1.8 %	5.4 %

AIG

Non-GAAP Reconciliations

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

General Insurance

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	80.1	65.6	75.7	65.2
Catastrophe losses and reinstatement premiums	(11.3)	(6.5)	(10.5)	(4.8)
Prior year development	(5.3)	2.2	(1.5)	1.1
Adjustments for ceded premium under reinsurance contracts and other	0.4	0.3	0.3	0.1
Accident year loss ratio, as adjusted	63.9	61.6	64.0	61.6
Acquisition ratio	22.4	21.4	21.7	21.8
General operating expense ratio	12.5	12.8	14.0	12.6
Expense ratio	34.9	34.2	35.7	34.4
Combined ratio	115.0	99.8	111.4	99.6
Accident year combined ratio, as adjusted	98.8	95.8	99.7	96.0

General Insurance - North America

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	94.6	71.7	87.5	71.8
Catastrophe losses and reinstatement premiums	(19.6)	(9.8)	(15.1)	(6.8)
Prior year development	(10.0)	3.1	(3.1)	1.8
Adjustments for ceded premium under reinsurance contracts and other	0.9	0.7	0.8	0.3
Accident year loss ratio, as adjusted	65.9	65.7	70.1	67.1
Acquisition ratio	20.5	18.5	19.3	19.4
General operating expense ratio	10.2	10.4	12.0	10.5
Expense ratio	30.7	28.9	31.3	29.9
Combined ratio	125.3	100.6	118.8	101.7
Accident year combined ratio, as adjusted	96.6	94.6	101.4	97.0

General Insurance - North America - Commercial Lines

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	93.6	80.7	87.6	76.8
Catastrophe losses and reinstatement premiums	(9.8)	(8.0)	(10.7)	(6.2)
Prior year development	(13.3)	(2.1)	(1.5)	1.3
Adjustments for ceded premium under reinsurance contracts and other	1.2	0.7	1.1	0.3
Accident year loss ratio, as adjusted	71.7	71.3	76.5	72.2
Acquisition ratio	16.5	13.2	14.6	14.5
General operating expense ratio	10.8	10.9	12.5	10.9
Expense ratio	27.3	24.1	27.1	25.4
Combined ratio	120.9	104.8	114.7	102.2
Accident year combined ratio, as adjusted	99.0	95.4	103.6	97.6

General Insurance - North America - Personal Insurance

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	98.0	45.7	87.3	57.0
Catastrophe losses and reinstatement premiums	(49.8)	(14.8)	(27.2)	(8.2)
Prior year development	-	17.8	(7.4)	2.8
Adjustments for ceded premium under reinsurance contract	-	0.6	-	0.3
Accident year loss ratio, as adjusted	48.2	49.3	52.7	51.9
Acquisition ratio	33.0	34.0	31.9	33.8
General operating expense ratio	8.6	8.9	10.5	9.3
Expense ratio	41.6	42.9	42.4	43.1
Combined ratio	139.6	88.6	129.7	100.1
Accident year combined ratio, as adjusted	89.8	92.2	95.1	95.0

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Non-GAAP Reconciliations

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

General Insurance - International

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	66.8	59.7	66.1	59.0
Catastrophe losses and reinstatement premiums	(3.7)	(3.4)	(6.8)	(2.9)
Prior year development	(1.0)	1.4	(0.2)	0.3
Accident year loss ratio, as adjusted	62.1	57.7	59.1	56.4
Acquisition ratio	24.1	24.2	23.7	24.1
General operating expense ratio	14.5	15.2	15.5	14.6
Expense ratio	38.6	39.4	39.2	38.7
Combined ratio	105.4	99.1	105.3	97.7
Accident year combined ratio, as adjusted	100.7	97.1	98.3	95.1

General Insurance - International - Commercial Lines

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	80.5	65.4	75.5	64.4
Catastrophe losses and reinstatement premiums	(7.2)	(3.3)	(8.7)	(3.1)
Prior year development	(4.1)	(1.1)	(1.8)	(1.3)
Accident year loss ratio, as adjusted	69.2	61.0	65.0	60.0
Acquisition ratio	19.8	21.8	20.2	21.0
General operating expense ratio	13.3	14.4	15.1	14.1
Expense ratio	33.1	36.2	35.3	35.1
Combined ratio	113.6	101.6	110.8	99.5
Accident year combined ratio, as adjusted	102.3	97.2	100.3	95.1

General Insurance - International - Personal Insurance

	Quarterly		Twelve Months Ended December 31,	
	4Q18	4Q19	2018	2019
Loss ratio	53.4	54.5	58.0	54.3
Catastrophe losses and reinstatement premiums	(0.2)	(3.3)	(5.2)	(2.8)
Prior year development	2.0	3.5	1.2	1.8
Accident year loss ratio, as adjusted	55.2	54.7	54.0	53.3
Acquisition ratio	28.2	26.3	26.8	26.9
General operating expense ratio	15.7	16.0	15.9	15.0
Expense ratio	43.9	42.3	42.7	41.9
Combined ratio	97.3	96.8	100.7	96.2
Accident year combined ratio, as adjusted	99.1	97.0	96.7	95.2

Net Premiums Written – Change in Constant Dollar

General Insurance - International

	Quarterly 4Q19	Twelve Months Ended December 31, 2019
Foreign exchange effect on worldwide premiums:		
Change in net premiums written		
Increase (decrease) in original currency	(13.3) %	(11.4) %
Foreign exchange effect	-	(2.1)
Increase (decrease) as reported in U.S. dollars	(13.3) %	(13.5) %

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Non-GAAP Reconciliations
Premiums*

(in millions)	Quarterly 4Q18	Quarterly 4Q19	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2019
Individual Retirement:				
Premiums	$ 15	$ 39	$ 52	$ 104
Deposits	4,213	3,121	15,577	14,804
Other	(3)	(4)	(8)	(9)
Premiums and deposits	**$ 4,225**	**$ 3,156**	**$ 15,621**	**$ 14,899**
Individual Retirement (Fixed Annuities):				
Premiums	$ 16	$ 33	$ 56	$ 80
Deposits	1,666	725	4,722	5,212
Other	(4)	(4)	(13)	(12)
Premiums and deposits	**$ 1,678**	**$ 754**	**$ 4,765**	**$ 5,280**
Individual Retirement (Variable Annuities):				
Premiums	$ (1)	$ 6	$ (4)	$ 24
Deposits	715	839	4,245	2,852
Other	1	-	4	3
Premiums and deposits	**$ 715**	**$ 845**	**$ 4,245**	**$ 2,879**
Individual Retirement (Index Annuities):				
Premiums	$ -	$ -	$ -	$ -
Deposits	1,383	1,362	4,250	5,466
Other	-	-	-	-
Premiums and deposits	**$ 1,383**	**$ 1,362**	**$ 4,250**	**$ 5,466**
Individual Retirement (Retail Mutual Funds):				
Premiums	$ -	$ -	$ -	$ -
Deposits	449	195	2,361	1,274
Other	-	-	-	-
Premiums and deposits	**$ 449**	**$ 195**	**$ 2,361**	**$ 1,274**
Group Retirement:				
Premiums	$ 4	$ 2	$ 34	$ 16
Deposits	2,102	2,310	8,605	8,330
Other	-	-	-	-
Premiums and deposits	**$ 2,106**	**$ 2,312**	**$ 8,639**	**$ 8,346**
Life Insurance:				
Premiums	$ 378	$ 405	$ 1,554	$ 1,619
Deposits	417	436	1,649	1,659
Other	192	206	711	808
Premiums and deposits	**$ 987**	**$ 1,047**	**$ 3,914**	**$ 4,086**
Institutional Markets:				
Premiums	$ 816	$ 501	$ 952	$ 1,861
Deposits	25	36	2,015	867
Other	7	8	65	30
Premiums and deposits	**$ 848**	**$ 545**	**$ 3,032**	**$ 2,758**
Total Life and Retirement:				
Premiums	$ 1,213	$ 947	$ 2,592	$ 3,600
Deposits	6,757	5,903	27,846	25,660
Other	196	210	768	829
Premiums and deposits	**$ 8,166**	**$ 7,060**	**$ 31,206**	**$ 30,089**

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* The twelve-month period ended December 31, 2018 includes deposits in Individual Retirement ($1.1 billion), Group Retirement ($0.2 billion) and Institutional Markets ($1.4 billion) of FHLB funding agreements.