Conference Call Presentation
Second Quarter 2019

August 8, 2019

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It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include: changes in market and industry conditions; the occurrence of catastrophic events, both natural and man-made; AIG’s ability to successfully reorganize its businesses and execute on its initiatives to improve its underwriting capabilities and reinsurance programs, as well as improve profitability, without negatively impacting client relationships or its competitive position; AIG’s ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses; actions by credit rating agencies; changes in judgments concerning insurance underwriting and insurance liabilities; changes in judgments concerning potential cost saving opportunities; the impact of potential information technology, cybersecurity or data security breaches, including as a result of cyber-attacks or security vulnerabilities; disruptions in the availability of AIG’s electronic data systems or those of third parties; the effectiveness of AIG’s strategies to recruit and retain key personnel and its ability to implement effective succession plans; negative impacts on customers, business partners and other stakeholders; AIG’s ability to successfully manage Legacy portfolios; concentrations in AIG’s investment portfolios; the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject; significant legal, regulatory or governmental proceedings; changes in judgments concerning the recognition of deferred tax assets and goodwill impairment; and such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (which will be filed with the Securities and Exchange Commission), Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019, and Part II, Item 7. MD&A and Part I, Item 1A. Risk Factors in AIG’s Annual Report on Form 10-K for the year ended December 31, 2018. AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

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 Second 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.

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Second Quarter 2019 Key Outcomes

Consolidated

2Q19 Adjusted After-Tax Income Attributable to AIG Common Shareholders (AATI) of $1.3B ($1.43/share)

- Adjusted Book Value Per Share of $56.89, up approximately 4% from $54.95 at year-end
- 2Q19 net investment income (NII) increased from 2Q18 largely due to favorable market performance and noteworthy income within the private equity portfolio

General Insurance

Delivered second consecutive quarter of calendar year and accident year underwriting profit as we continued to execute on our underwriting and reinsurance strategies and ongoing expense discipline

- 2Q19 accident year loss ratio, as adjusted, (AYLR) of 61.3% and accident year combined ratio, as adjusted, (AYCR) of 96.1%
- Net premiums written declined 3.7% on a foreign exchange constant basis from 2Q18 reflects underwriting discipline, partially offset by growth from the Validus & Glatfelter acquisitions
- GOE declined from 2Q18, reflecting continued expense discipline
- 2Q19 CAT losses of $174M, net of reinsurance
- Rate increases continue to accelerate

Life and Retirement

Solid Adjusted Pre-Tax Income (APTI) benefited from our broad platform and favorable market performance

- Adjusted 2Q19 ROCE of 17.3% versus 15.0% a year ago; APTI favorably impacted by non-recurring items and market impacts
- 2Q19 premium and deposits growth in Individual Retirement and Life Insurance
- Positive net flows for Index Annuities, as well as Pension Risk Transfer transactions, driving higher levels of assets

Capital & Liquidity

Continued balance sheet strength and prudent capital management

- AIG Parent liquidity of $6.0B at June 30, 2019. Insurance company distributions of $1.4B in 2Q19
- Total debt & preferred stock to Total capital ratio of 27.4% down from 29.3% at year-end 2018

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Consolidated Operating Financial Highlights

($ in millions, except per common share amounts)	2Q18	2Q19	
Adjusted Pre-tax Income (Loss):			
General Insurance			
North America	$407	$718	
International	161	262	
Total General Insurance	**568**	**980**	
Life and Retirement			
Individual Retirement	462	588	
Group Retirement	250	293	
Life Insurance	175	86	
Institutional Markets	75	82	
Total Life and Retirement	**962**	**1,049**	
Other Operations[1]	(386)	(471)	
Total Core	**1,144**	**1,558**	
Legacy Portfolio	134	119	
Total adjusted pre-tax income	**$1,278**	**$1,677**	
Adjusted after-tax income attributable to AIG common shareholders	**$961**	**$1,272**	
Adjusted after-tax income per diluted share attributable to AIG common shareholders	**$1.05**	**$1.43**	
Net income attributable to AIG common shareholders	**$937**	**$1,102**	
Adjusted Return On Common Equity:			
Consolidated	**7.6%**	**10.4%**	
Core	**8.2%**	**11.6%**	
General Insurance	**5.6%**	**10.3%**	
Life and Retirement	**15.0%**	**17.3%**	
Legacy Portfolio	**4.6%**	**5.2%**	
Book Value Per Common Share (BVPS):	**12/31/2018**	**6/30/2019**	**% Change**
BVPS	**$65.04**	**$73.63**	**13.2%**
BVPS, excluding AOCI	**$66.67**	**$67.90**	**1.8%**
Adjusted BVPS[2]	**$54.95**	**$56.89**	**3.5%**

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

Investments

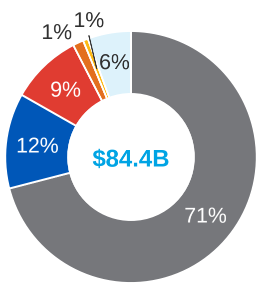
($ in millions, unless otherwise indicated)

Net Investment Income

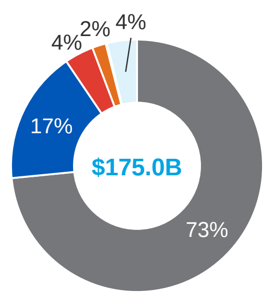
	First Half		Second Quarter	
	2018	2019	2018	2019
General Insurance	$1,418	$1,922	$657	$833
Life and Retirement	4,041	4,312	1,995	2,270
Legacy	1,188	1,178	623	603
Other Operations	(7)	187	(6)	96
Consolidations and Eliminations	(163)	(146)	(140)	(67)
Total Net Investment Income - APTI Basis[1]	**$6,477**	**$7,453**	**$3,129**	**$3,735**
Add: Changes in Fair Value of Securities Used to Hedge Guaranteed Living Benefits	(113)	189	(36)	84
Add: Changes in the Fair Value of Equity Securities	-	57	-	(22)
Subtract: Net Realized Capital Gains Related to Economic Hedges and Other	38	75	28	52
Net Investment Income per Consolidated Statements of Operations	**$6,326**	**$7,624**	**$3,065**	**$3,745**

Invested Assets[3][4]

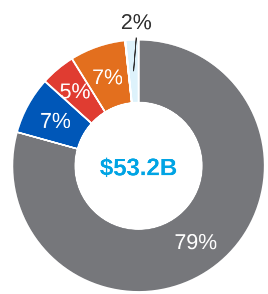
General Insurance



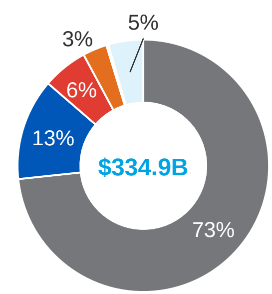
Life and Retirement



Legacy



Total AIG[2]

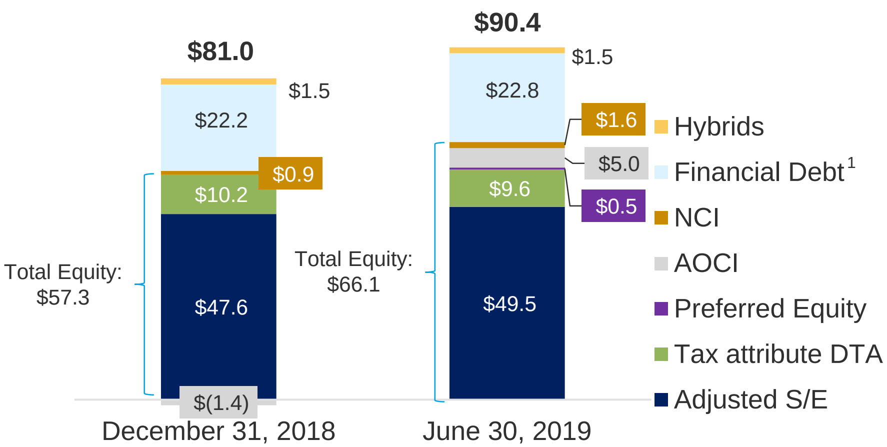


- Fixed Maturity Securities – AFS, at fair value[5]
- Mortgage and other loans receivable
- Other Invested Assets[6]
- Fixed Maturity Securities – Other, at fair value[4][7]
- Other common and preferred stock, at fair value
- Short-term Investments

Source: AIG 2Q19 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 June 30, 2019. (4) Includes the carrying value of securities used to hedge guaranteed living benefits. (5) As of June 30, 2019, our Fixed Maturity securities – AFS portfolio was approximately 80% fixed rate and 20% variable rate. (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 June 30, 2019, our Fixed Maturity securities – Other portfolio was approximately 41% fixed rate and 59% variable rate.

Strong Capital Position

Capital Structure ($B)



Ratios:	Dec. 31, 2018	June 30, 2019
Hybrids / Total capital	1.9%	1.7%
Financial debt / Total capital	27.4%	25.2%
Total Hybrids & Financial debt / Total capital	29.3%	26.9%
Preferred stock / Total capital	-	0.5%
Total debt and preferred stock / Total capital	29.3%	27.4%

Risk Based Capital (RBC) Ratios[2]

Year-end	Life and Retirement Companies	General Insurance Companies
2017	480% (CAL)	409% (ACL)
2018	389% (CAL)	394% (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.
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.

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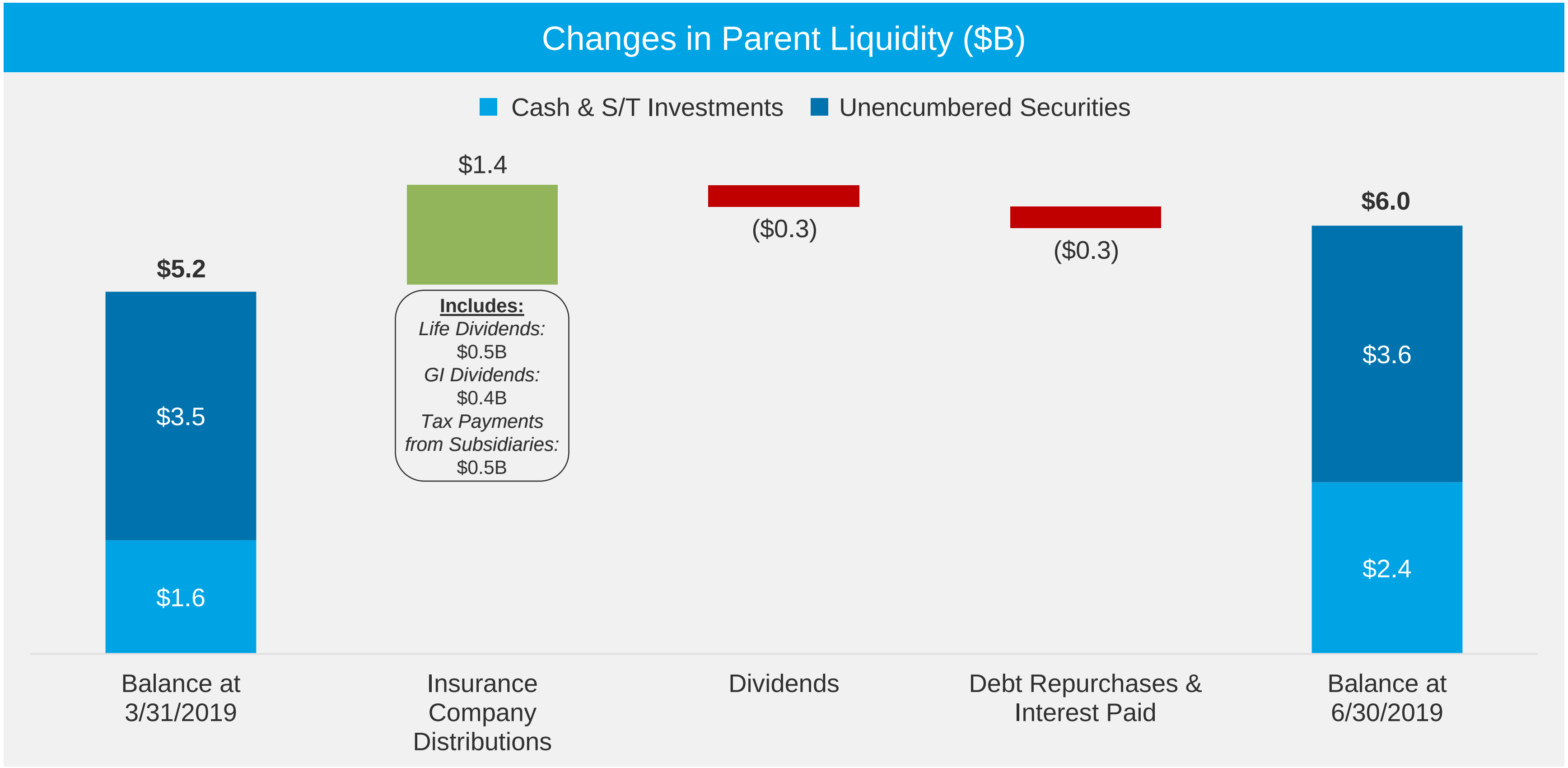
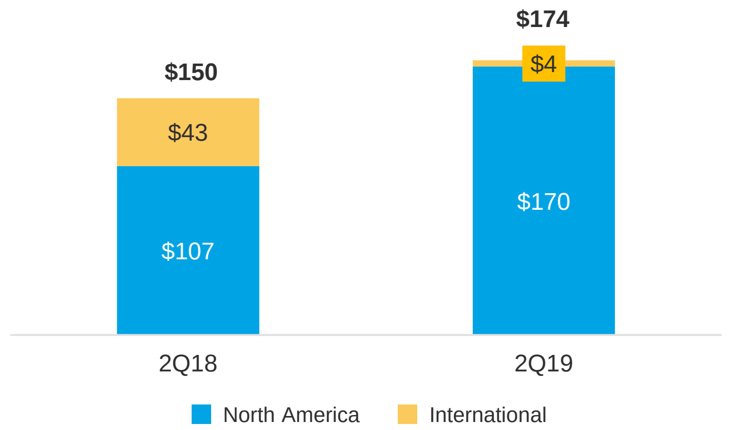
Parent Liquidity



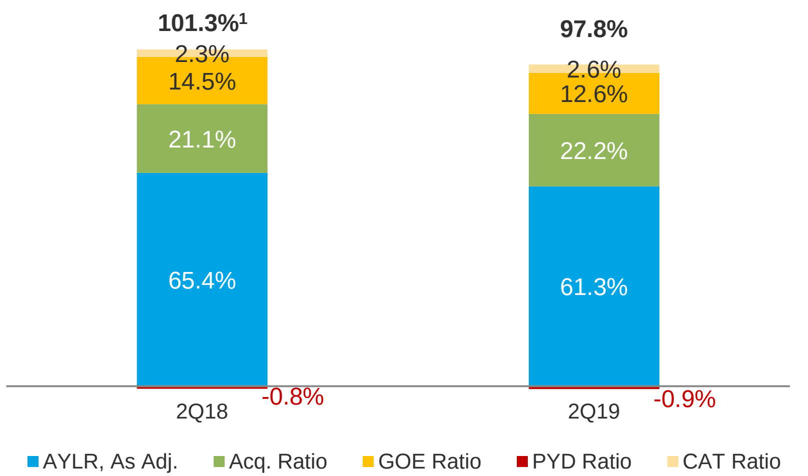
General Insurance – Select Metrics

($ in millions)	2Q18	2Q19
Net premiums written	**$6,977**	**$6,581**
Net premiums earned	**$6,570**	**$6,694**
Loss and loss adjustment expense	4,317	4,215
Acquisition expenses	1,389	1,488
General operating expenses	953	844
Underwriting income (loss)	**($89)**	**$147**
Net investment income	**$657**	**$833**
Adjusted pre-tax income	**$568**	**$980**

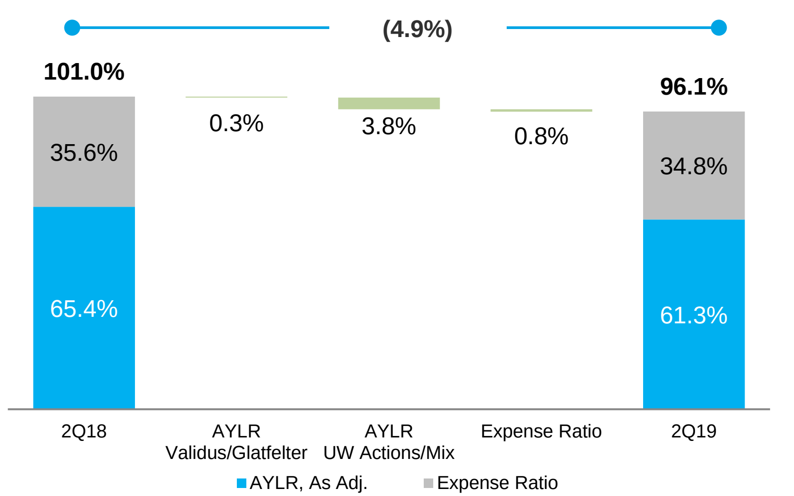
Catastrophe Losses, Net of Reinsurance ($M)



Calendar Year Combined Ratios



Accident Year Combined Ratios (excl. CATs/AALs) walk



1) Calendar year combined ratio includes an adjustment to net premiums earned in 2Q18 for multi-year policies related to earlier accident years.

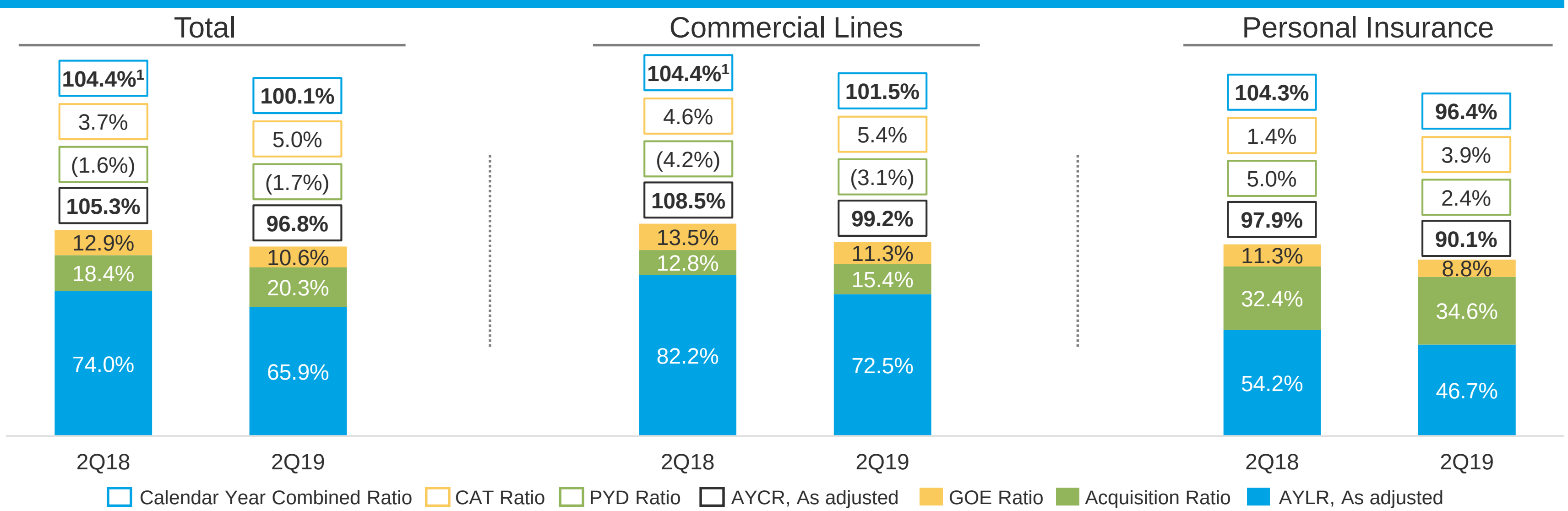
General Insurance – North America

($ in millions)	2Q18	2Q19
Net premiums written	**$3,236**	**$3,307**
Commercial Lines	2,321	2,364
Personal Insurance	915	943
Net premiums earned	**$2,892**	**$3,302**
Commercial Lines	2,069	2,457
Personal Insurance	823	845
Underwriting loss	**($127)**	**($5)**
Commercial Lines	(91)	(36)
Personal Insurance	(36)	31
Net investment income	**$534**	**$723**
Adjusted pre-tax income	**$407**	**$718**

Key Takeaways:

- NPW growth driven by strategic acquisitions partially offset by underwriting and reinsurance actions
- AYLR, as adjusted, improvement due to business mix changes including the Validus and Glatfelter acquisitions, improved new business and renewal terms, lower net severity of losses in Personal Insurance, and reinsurance
- Acquisition ratio increased driven by changes in business mix
- GOE declined, driven by continued expense discipline

Combined Ratios



1) Calendar year combined ratio includes an adjustment to net premiums earned in 2Q18 for multi-year policies related to earlier accident years.

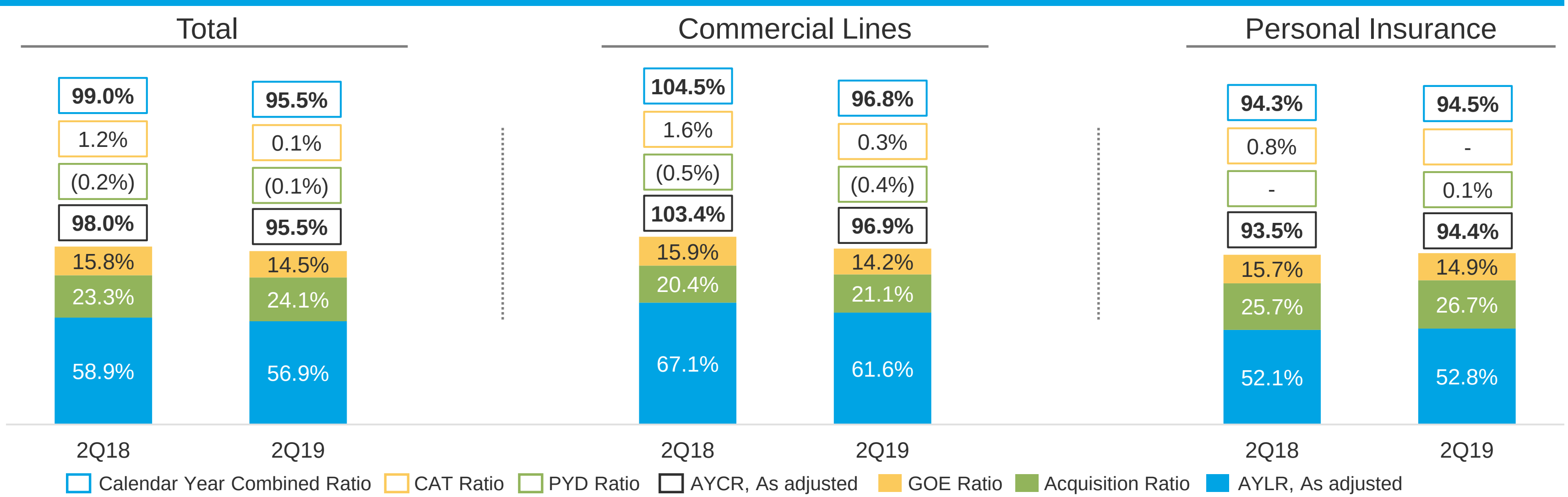
General Insurance – International

($ in millions)	2Q18	2Q19
Net premiums written	**$3,741**	**$3,274**
Commercial Lines	1,590	1,516
Personal Insurance	2,151	1,758
Net premiums earned	**$3,678**	**$3,392**
Commercial Lines	1,668	1,574
Personal Insurance	2,010	1,818
Underwriting income	**$38**	**$152**
Commercial Lines	(76)	51
Personal Insurance	114	101
Net investment income	**$123**	**$110**
Adjusted pre-tax income	**$161**	**$262**

Key Takeaways:

- NPW decreased primarily due to underwriting actions taken to strengthen the portfolio and to maintain pricing discipline, partially offset by the Validus acquisition
- AYLR, as adjusted, improvement due to change in mix of business and lower net severity of losses in Commercial Property
- Acquisition ratio increase driven by changes in business mix
- GOE declined, driven by continued expense discipline

Combined Ratios



Reserves

($ in millions) Unfavorable (Favorable)	2Q18	2Q19
General Insurance		
North America		
Commercial Lines	($95)	($81)
Personal Insurance	41	20
Total North America	**($54)**	**($61)**
International		
Commercial Lines	(8)	(6)
Personal Insurance	1	1
Total International	**(7)**	**(5)**
Total General Insurance	**(61)**	**(66)**
Legacy Portfolio	(2)	3
Total prior year loss reserve development, net	**($63)**	**($63)**
(Additional) return premium related to prior year development on loss sensitive business	**$11**	**$9**

2Q19 Key Takeaways

- AIG's net favorable PYD of $63M in 2Q19 is net of $126M of favorable PYD for which we have ceded the risk under the NICO reinsurance agreements
- 2Q19 includes $58M of amortization of the deferred gain related to the NICO adverse development reinsurance agreement

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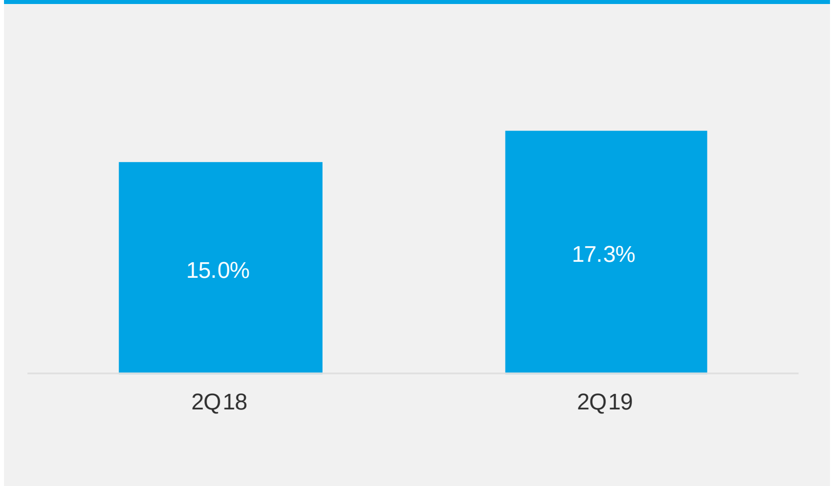
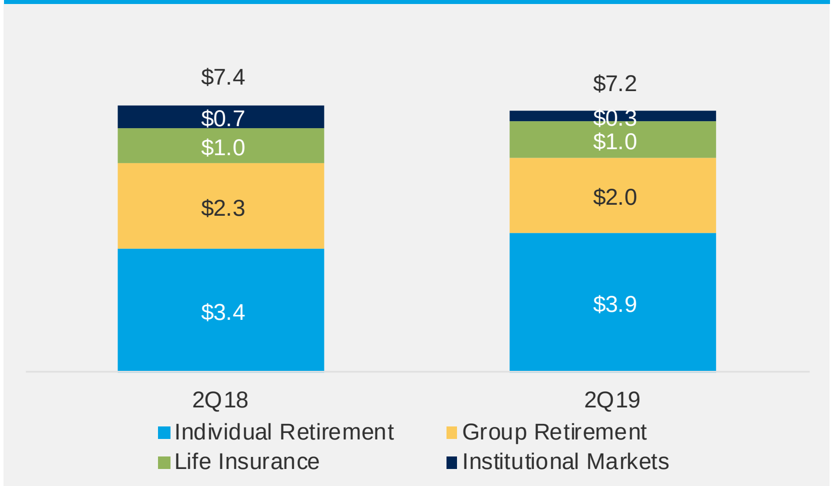
Life and Retirement – Select Metrics

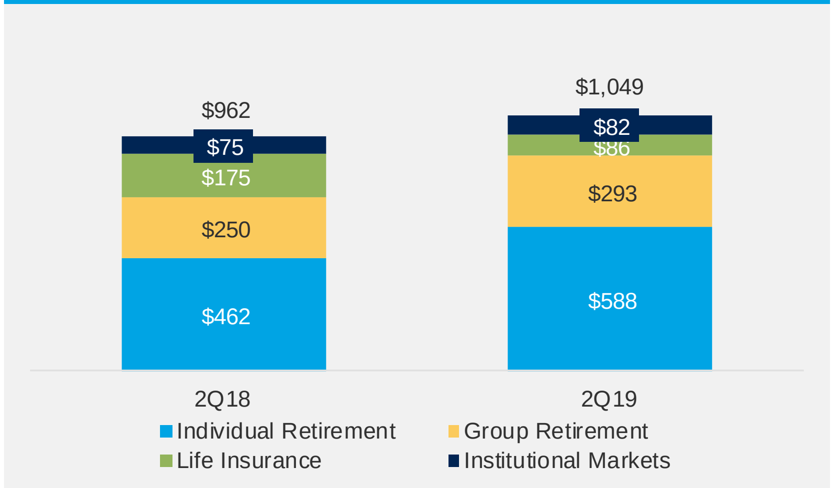
Adjusted Return on Common Equity



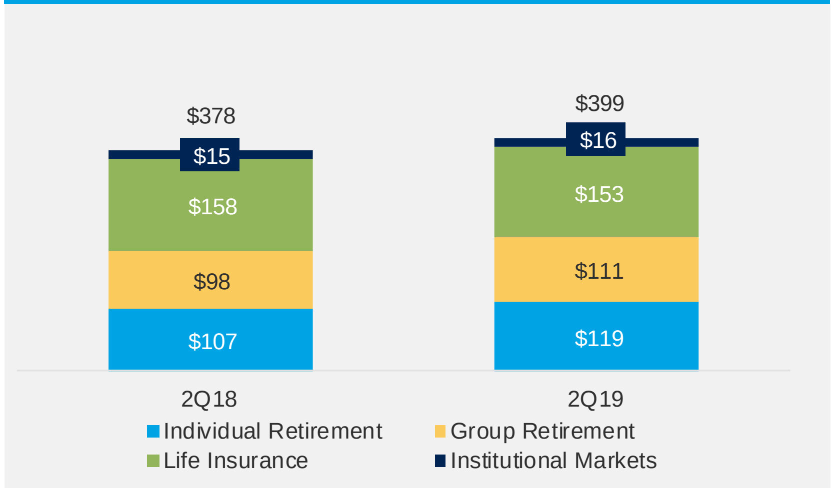
Premiums and Deposits ($B)



Adjusted Pre-Tax Income ($M)



General Operating Expenses ($M)



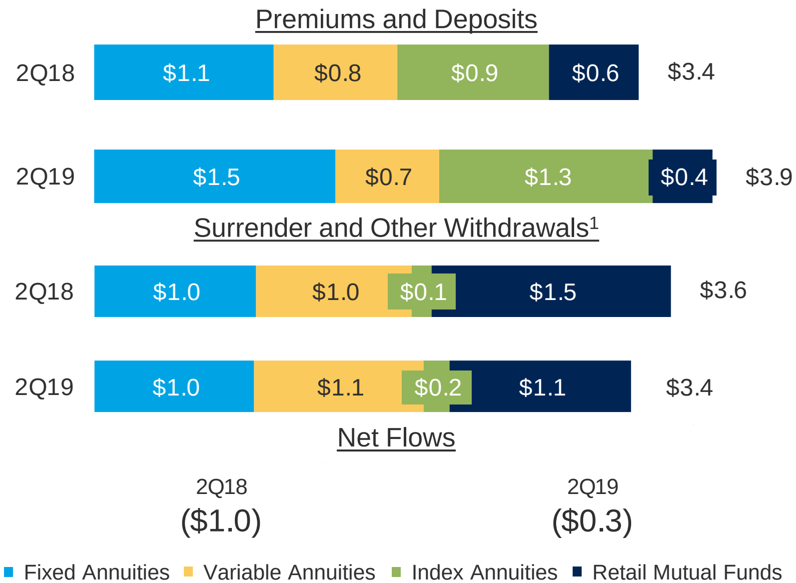
Life and Retirement – Individual Retirement

($ in millions)	2Q18	2Q19
Premiums and deposits	$ 3,422	$ 3,865
Premiums	16	16
Policy fees	202	205
Net investment income	975	1,094
Advisory fee and other income	173	151
Total adjusted revenues	1,366	1,466
Benefits, losses and expenses	904	878
Adjusted pre-tax income	**$ 462**	**$ 588**

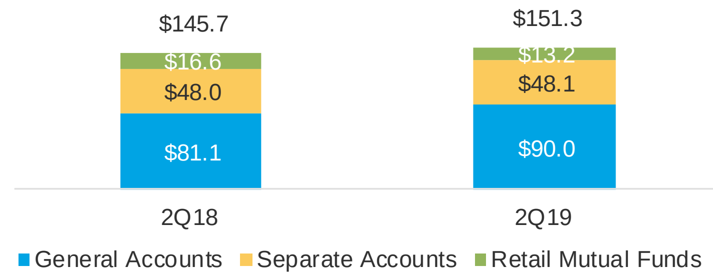
Key Takeaways

- Adjusted pre-tax income increased largely due to strong private equity returns and higher yield enhancements resulting from lower interest rates
- Positive net flows excluding Retail Mutual Funds primarily driven by strong Fixed and Index Annuity sales when compared to 2Q18
- Assets under administration increased due to strong equity market performance during the first half of 2019 combined with higher annuity deposits
- 2Q18 included $47 million of unfavorable actuarial adjustments

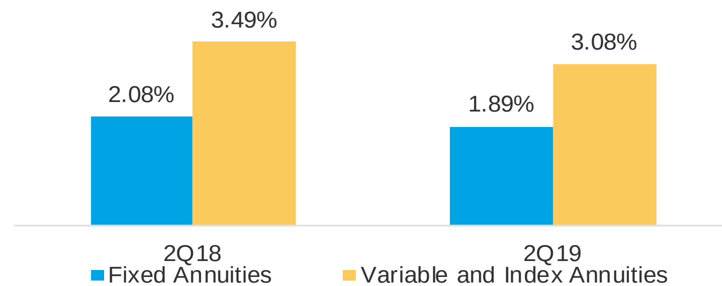
Net Flows ($B)



Assets Under Administration ($B)



Base Net Investment Spread



1) Excludes death and other contract benefits

Life and Retirement – Group Retirement

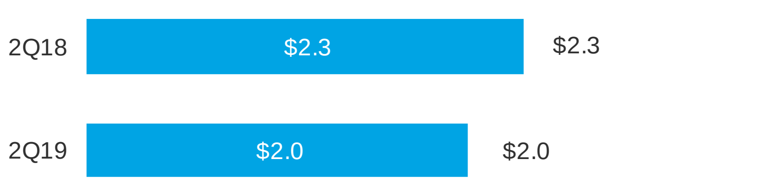
($ in millions)	2Q18	2Q19
Premiums and deposits	$ 2,345	$ 2,047
Premiums	15	5
Policy fees	112	106
Net investment income	542	618
Advisory fee and other income	61	61
Total adjusted revenues	730	790
Benefits, losses and expenses	480	497
Adjusted pre-tax income	**$ 250**	**$ 293**

Key Takeaways

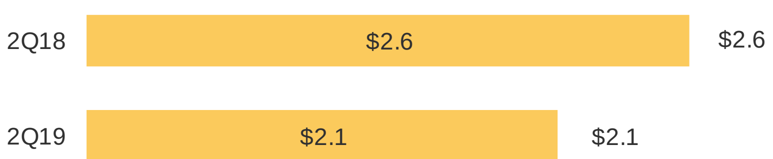
- New business declined as 2Q18 included two large plan acquisitions offset by higher individual product sales
- Adjusted pre-tax income increased largely due to strong private equity returns
- Net flows improved year-over-year primarily due to lower group surrenders
- Assets under administration increased due to strong equity market performance during the first half of 2019
- Base net investment spread is flat when compared to prior year

Net Flows ($B)

Premiums and Deposits



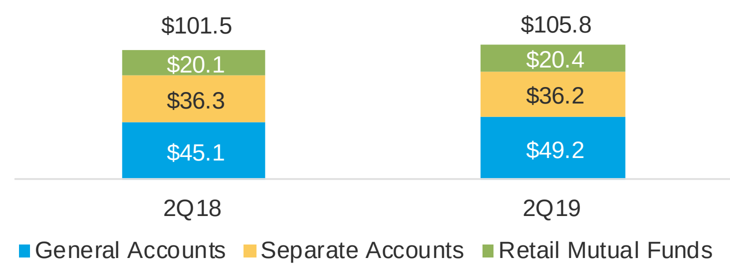
Surrender and Other Withdrawals[1]



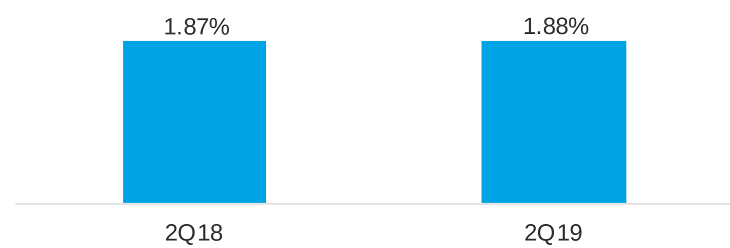
Net Flows

2Q18	2Q19
($0.5)	($0.2)

Assets Under Administration ($B)



Base Net Investment Spread



1) Excludes death and other contract benefits

Life and Retirement – Life Insurance

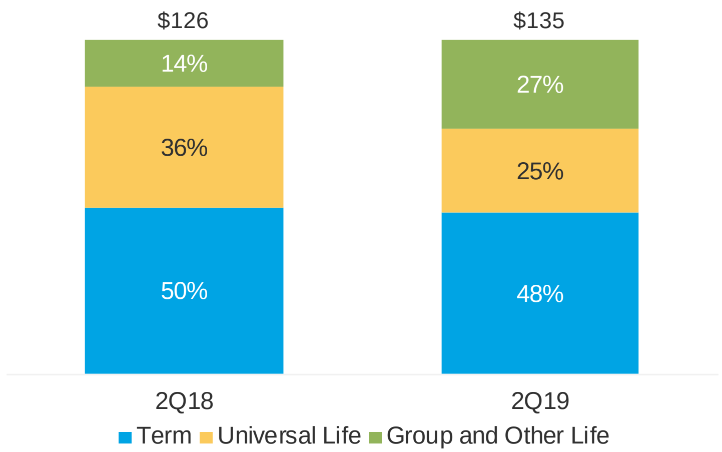
($ in millions)	2Q18	2Q19
Premiums and deposits	$ 980	$ 1,032
Premiums	418	425
Policy fees	377	381
Net investment income	282	335
Advisory fee and other income[1]	15	13
Total adjusted revenues	1,092	1,154
Benefits, losses and expenses	917	1,068
Adjusted pre-tax income	**$ 175**	**$ 86**

Key Takeaways

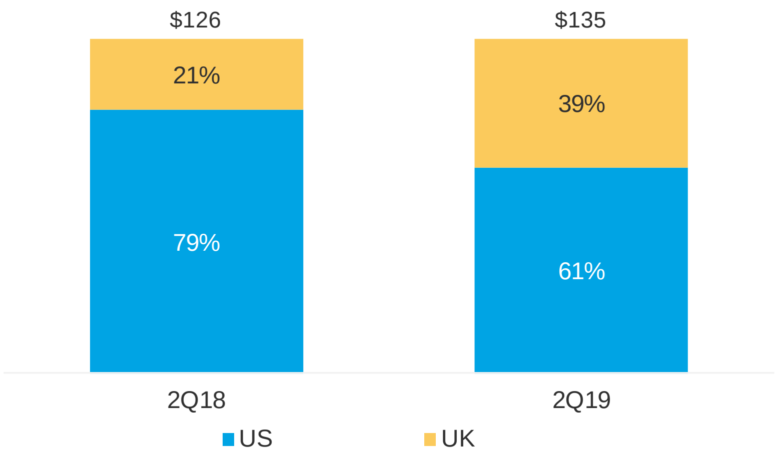
- Continued premiums and deposits growth includes strong international life sales
- Higher base investment income on a growing asset base and strong private equity and yield enhancement results offset by an allowance for reinsurance recoveries
- Mortality experience favorable to pricing assumptions and prior year
- 2Q18 included a $98 million benefit from actuarial adjustments

New Business Sales ($M)

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.

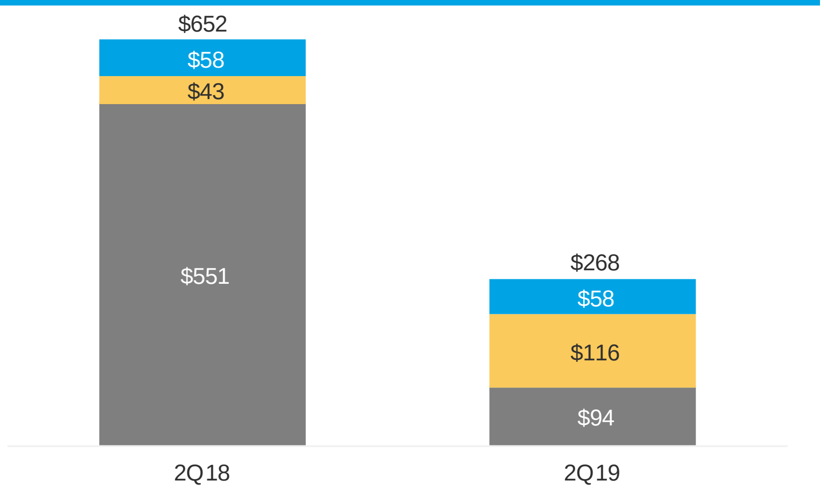
Life and Retirement – Institutional Markets

($ in millions)	2Q18	2Q19
Premiums and deposits	$ 652	$ 268
Premiums	41	152
Policy fees	40	43
Net investment income	196	223
Advisory fee and other income	0	0
Total adjusted revenues	277	418
Benefits, losses and expenses	202	336
Adjusted pre-tax income	**$ 75**	**$ 82**

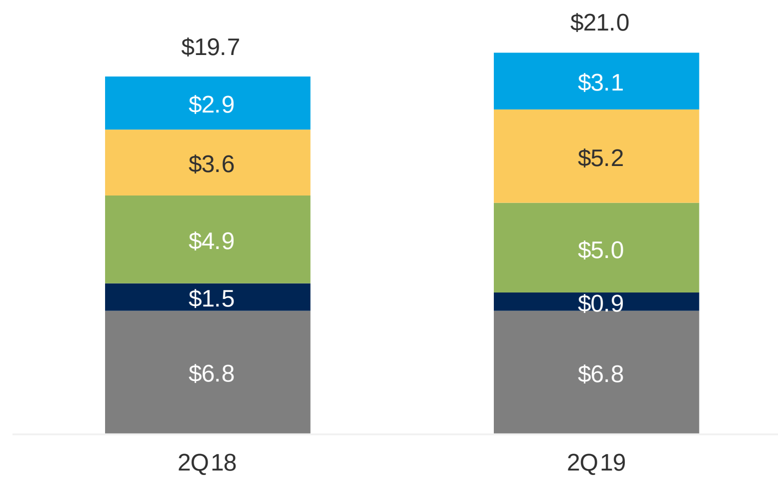
Key Takeaways

- Premiums and deposits are lower as 2Q18 included a large Guaranteed Investment Contract issuance, offset by slightly higher Pension Risk Transfer sales
- Adjusted pre-tax income increased as a result of higher net investment income on a growing asset base, strong private equity returns, and favorable mortality

Premiums and Deposits ($M)



GAAP Reserves by Line of Business ($B)



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

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Legacy

($ in millions)	2Q18	2Q19
General Insurance run-off lines	44	43
Life and Retirement run-off lines	58	38
Legacy Investments	32	38
Adjusted pre-tax income	**$134**	**$119**

Key Takeaways

- Life and Retirement run-off lines adjusted pre-tax income decreased primarily due to an increase in structured settlements reserves and lower premiums.
- Legacy Investments adjusted pre-tax income increased due to the decline in general operating expenses partially offset by the continued decrease in net assets of the portfolio.

Appendix

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 Second 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 and man-made catastrophe losses are generally weather or seismic events having a net impact on AIG in excess of $10 million each and also include certain man-made events, such as terrorism and civil disorders that exceed the $10 million threshold. 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 2Q18	Quarterly 2Q19
Pre-tax income from continuing operations	$ 1,252	$ 1,837
Adjustments to arrive at Adjusted pre-tax income		
Changes in fair value of securities used to hedge guaranteed living benefits	36	(75)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(1)	73
Changes in the fair value of equity securities	-	22
Loss on extinguishment of debt	5	15
Net realized capital (gains) losses (a)	(155)	(351)
(Income) loss from divested businesses	(25)	1
Non-operating litigation reserves and settlements	12	-
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	(32)	(125)
Net loss reserve discount (benefit) charge	(14)	212
Integration and transaction costs associated with acquired businesses	-	6
Restructuring and other costs	200	60
Professional fees related to regulatory or accounting changes	-	2
Adjusted pre-tax income	**$ 1,278**	**$ 1,677**
After-tax net income, including noncontrolling interests	**$ 931**	**$ 1,390**
Noncontrolling interests (income) loss	6	(281)
Net income attributable to AIG	**$ 937**	**$ 1,109**
Dividends on preferred stock	-	7
Net income attributable to AIG common shareholders	**$ 937**	**$ 1,102**
Adjustments to arrive at Adjusted after-tax income (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	3	27
Deferred income tax valuation allowance charges	7	7
Changes in fair value of securities used to hedge guaranteed living benefits	28	(59)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(1)	57
Changes in the fair value of equity securities	-	17
Loss on extinguishment of debt	4	11
Net realized capital (gains) losses (a)(b)	(126)	(265)
(Income) loss from discontinued operations and divested businesses (b)	(20)	2
Non-operating litigation reserves and settlements	10	1
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	(25)	(98)
Net loss reserve discount (benefit) charge	(11)	167
Integration and transaction costs associated with acquired businesses	-	5
Restructuring and other costs	157	47
Professional fees related to regulatory or accounting changes	-	2
Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (c)	(2)	249
Adjusted after-tax income attributable to AIG common shareholders	**$ 961**	**$ 1,272**
Weighted average diluted shares outstanding	916.6	888.3
Income per common share attributable to AIG common shareholders (diluted)	$ 1.02	$ 1.24
Adjusted after-tax income per common share attributable to AIG common shareholders(diluted)	1.05	1.43

(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 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 concerns gains related to the change in fair value of embedded derivatives, which moved materially in the quarter due to lower rates and tightening credit spreads, 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.

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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	**4Q18**	**1Q19**	**2Q19**
Total AIG shareholders' equity	$ 56,361	$ 60,787	$ 64,539
Less: Preferred equity	-	485	485
Total AIG common shareholders' equity (a)	56,361	60,302	64,054
Less: Accumulated other comprehensive income (AOCI)	(1,413)	2,128	4,991
Total AIG common shareholders' equity, excluding AOCI (b)	57,774	58,174	59,063
Less: Deferred tax assets (DTA)*	10,153	9,926	9,577
Total adjusted common shareholders' equity (c)	47,621	48,248	49,486
Total common shares outstanding (d)	866.6	869.7	869.9
Book value per common share (a÷d)	$ 65.04	$ 69.33	$ 73.63
Book value per common share, excluding AOCI (b÷d)	66.67	66.89	67.90
Adjusted book value per common share (c÷d)	54.95	55.47	56.89

(in millions)

	Quarterly	
Return On Common Equity (ROCE) Computations	**2Q18**	**2Q19**
Actual or Annualized net income attributable to AIG common shareholders (a)	$ 3,748	$ 4,408
Actual or Annualized adjusted after-tax income attributable to AIG common shareholders (b)	$ 3,844	$ 5,088
Average AIG Common Shareholders' equity (c)	$ 61,989	$ 62,178
Less: Average AOCI	1,225	3,560
Less: Average DTA	10,034	9,752
Average adjusted common shareholders' equity (d)	$ 50,730	$ 48,866
ROCE (a÷c)	6.0%	7.1%
Adjusted return on common equity (b÷d)	7.6%	10.4%

* 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 Common Equity

General Insurance

(in millions)

	Quarterly	
	2Q18	**2Q19**
Adjusted pre-tax income	**$ 568**	**$ 980**
Interest expense on attributed financial debt	137	147
Adjusted pre-tax income including attributed interest expense	431	833
Income tax expense	97	184
Adjusted after-tax income	**$ 334**	**$ 649**
Dividends declared on preferred stock	-	4
Adjusted after-tax income attributable to common shareholders (a)	**$ 334**	**$ 645**
Ending adjusted attributed common equity	$ 24,146	$ 25,282
Average adjusted attributed common equity (b)	24,017	25,054
Adjusted return on attributed common equity (a÷b)	5.6 %	10.3 %

Life and Retirement

(in millions)

	Quarterly	
	2Q18	**2Q19**
Adjusted pre-tax income	**$ 962**	**$ 1,049**
Interest expense on attributed financial debt	30	44
Adjusted pre-tax income including attributed interest expense	932	1,005
Income tax expense	186	201
Adjusted after-tax income	**$ 746**	**$ 804**
Dividends declared on preferred stock	-	3
Adjusted after-tax income attributable to common shareholders (a)	**$ 746**	**$ 801**
Ending adjusted attributed common equity	$ 19,972	$ 18,820
Average adjusted attributed common equity (b)	19,952	18,550
Adjusted return on attributed common equity (a÷b)	15.0 %	17.3 %

Core

(in millions)

	Quarterly	
	2Q18	**2Q19**
Adjusted pre-tax income	**$ 1,144**	**$ 1,558**
Interest expense on attributed financial debt	-	-
Adjusted pre-tax income including attributed interest expenses:	1,144	1,558
Income tax expense	294	340
Adjusted after-tax income	**$ 850**	**$ 1,218**
Dividends declared on preferred stock	-	7
Adjusted after-tax income attributable to common shareholders (a)	**$ 850**	**$ 1,211**
Ending adjusted attributed common equity	$ 41,836	$ 42,694
Average adjusted attributed common equity (b)	41,474	41,746
Adjusted return on attributed common equity (a÷b)	8.2 %	11.6 %

Legacy

(in millions)

	Quarterly	
	2Q18	**2Q19**
Adjusted pre-tax income	**$ 134**	**$ 119**
Interest expense on attributed financial debt	-	-
Adjusted pre-tax income including attributed interest expense	**134**	**119**
Income tax expense	27	26
Adjusted after-tax income attributable to common shareholders (a)	**$ 107**	**$ 93**
Ending adjusted attributed common equity	$ 9,267	$ 6,792
Average adjusted attributed common equity (b)	9,257	7,121
Adjusted return on attributed common equity (a÷b)	4.6 %	5.2 %

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Non-GAAP Reconciliations

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

General Insurance

	Quarterly	
	2Q18	2Q19
Loss ratio	65.7	63.0
Catastrophe losses and reinstatement premiums	(2.3)	(2.6)
Prior year development	0.8	0.9
Adjustments for ceded premium under reinsurance contracts and other	1.2	-
Accident year loss ratio, as adjusted	65.4	61.3
Acquisition ratio	21.1	22.2
General operating expense ratio	14.5	12.6
Expense ratio	35.6	34.8
Combined ratio	101.3	97.8
Accident year combined ratio, as adjusted	101.0	96.1

General Insurance - North America

	Quarterly	
	2Q18	2Q19
Loss ratio	73.1	69.2
Catastrophe losses and reinstatement premiums	(3.7)	(5.0)
Prior year development	1.6	1.7
Adjustments for ceded premium under reinsurance contracts and other	3.0	-
Accident year loss ratio, as adjusted	74.0	65.9
Acquisition ratio	18.4	20.3
General operating expense ratio	12.9	10.6
Expense ratio	31.3	30.9
Combined ratio	104.4	100.1
Accident year combined ratio, as adjusted	105.3	96.8

General Insurance - North America - Commercial Lines

	Quarterly	
	2Q18	2Q19
Loss ratio	78.1	74.8
Catastrophe losses and reinstatement premiums	(4.6)	(5.4)
Prior year development	4.2	3.1
Adjustments for ceded premium under reinsurance contracts and other	4.5	-
Accident year loss ratio, as adjusted	82.2	72.5
Acquisition ratio	12.8	15.4
General operating expense ratio	13.5	11.3
Expense ratio	26.3	26.7
Combined ratio	104.4	101.5
Accident year combined ratio, as adjusted	108.5	99.2

General Insurance - North America - Personal Insurance

	Quarterly	
	2Q18	2Q19
Loss ratio	60.6	53.0
Catastrophe losses and reinstatement premiums	(1.4)	(3.9)
Prior year development	(5.0)	(2.4)
Accident year loss ratio, as adjusted	54.2	46.7
Acquisition ratio	32.4	34.6
General operating expense ratio	11.3	8.8
Expense ratio	43.7	43.4
Combined ratio	104.3	96.4
Accident year combined ratio, as adjusted	97.9	90.1

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Non-GAAP Reconciliations

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

General Insurance - International

	Quarterly	
	2Q18	**2Q19**
Loss ratio	59.9	56.9
Catastrophe losses and reinstatement premiums	(1.2)	(0.1)
Prior year development	0.2	0.1
Accident year loss ratio, as adjusted	58.9	56.9
Acquisition ratio	23.3	24.1
General operating expense ratio	15.8	14.5
Expense ratio	39.1	38.6
Combined ratio	99.0	95.5
Accident year combined ratio, as adjusted	98.0	95.5

General Insurance - International - Commercial Lines

	Quarterly	
	2Q18	**2Q19**
Loss ratio	68.2	61.5
Catastrophe losses and reinstatement premiums	(1.6)	(0.3)
Prior year development	0.5	0.4
Accident year loss ratio, as adjusted	67.1	61.6
Acquisition ratio	20.4	21.1
General operating expense ratio	15.9	14.2
Expense ratio	36.3	35.3
Combined ratio	104.5	96.8
Accident year combined ratio, as adjusted	103.4	96.9

General Insurance - International - Personal Insurance

	Quarterly	
	2Q18	**2Q19**
Loss ratio	52.9	52.9
Catastrophe losses and reinstatement premiums	(0.8)	-
Prior year development	-	(0.1)
Accident year loss ratio, as adjusted	52.1	52.8
Acquisition ratio	25.7	26.7
General operating expense ratio	15.7	14.9
Expense ratio	41.4	41.6
Combined ratio	94.3	94.5
Accident year combined ratio, as adjusted	93.5	94.4

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Non-GAAP Reconciliations
Net Premiums Written – Change in Constant Dollar

Foreign exchange effect on worldwide premiums:	**General Insurance 2Q19**	**International 2Q19**
Change in net premiums written		
Increase (decrease) in original currency	(3.7) %	(8.2) %
Foreign exchange effect	(2.0)	(4.3)
Increase (decrease) as reported in U.S. dollars	(5.7) %	(12.5) %

General Insurance	**Quarterly**		**Percentage Change in**	
(in millions)	**2Q18**	**2Q19**	**U.S. dollars**	**Original Currency**
Net premiums written	$ 6,977	$ 6,581	(5.7) %	(3.7) %
Validus and Glatfelter	n/a	(751)	n/a	(11.0)
Net premiums written, excluding Validus and Glatfelter		5,830		(14.7) %

General Operating Expenses, excluding Validus and Glatfelter

General Insurance

(in millions)	**Quarterly 2Q18**	**Quarterly 2Q19**
General operating expenses	$ 953	$ 844
Validus and Glatfelter	-	(82)
FX impact	(24)	-
General operating expenses (excluding Validus and Glatfelter and FX impact)	$ 929	$ 762

Non-GAAP Reconciliations

Premiums

(in millions)

		Quarterly		
Individual Retirement:		**2Q18**		**2Q19**
Premiums	$	16	$	16
Deposits		3,408		3,852
Other		(2)		(3)
Premiums and deposits	**$**	**3,422**	**$**	**3,865**
Individual Retirement (Fixed Annuities):				
Premiums	$	17	$	16
Deposits		1,112		1,489
Other		(4)		(3)
Premiums and deposits	**$**	**1,125**	**$**	**1,502**
Individual Retirement (Variable Annuities):				
Premiums	$	(1)	$	-
Deposits		771		656
Other		1		-
Premiums and deposits	**$**	**771**	**$**	**656**
Individual Retirement (Index Annuities):				
Premiums	$	-	$	-
Deposits		957		1,342
Other		-		-
Premiums and deposits	**$**	**957**	**$**	**1,342**
Individual Retirement (Retail Mutual Funds):				
Premiums	$	-	$	-
Deposits		570		365
Other		-		-
Premiums and deposits	**$**	**570**	**$**	**365**
Group Retirement:				
Premiums	$	15	$	5
Deposits		2,330		2,042
Other		-		-
Premiums and deposits	**$**	**2,345**	**$**	**2,047**
Life Insurance:				
Premiums	$	418	$	425
Deposits		410		413
Other		152		194
Premiums and deposits	**$**	**980**	**$**	**1,032**
Institutional Markets:				
Premiums	$	41	$	152
Deposits		565		108
Other		46		8
Premiums and deposits	**$**	**652**	**$**	**268**
Total Life and Retirement:				
Premiums	$	490	$	598
Deposits		6,713		6,415
Other		196		199
Premiums and deposits	**$**	**7,399**	**$**	**7,212**