

2016 年第 3 四半期（7 月～9 月） 決 算 短 信

会社名 アメリカン・インターナショナル・グループ・インク
 決算期 本決算：年 1 回 （12 月）
 中間決算：四半期毎
 問い合わせ先 東京都港区元赤坂一丁目 2 番 7 号 赤坂 K タワー
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1. 本国における決算発表日 2016 年 11 月 2 日

2. 業績（注 1：下記の数字は 2016 年 9 月 30 日現在の会計方法に従い算出したものである。）

	第 3 四半期（7 月～9 月の 3 ヶ月間）		
	当年度（2016 年）	前年度（2015 年）	増減率
売上高又は営業収入	12,854 百万ドル	12,822 百万ドル	0.2%
純利益（税引後）	462 百万ドル	△231 百万ドル	-
1 株当たり純利益（注 2）	0.42 ドル	△0.18 ドル	-

	今期累計額		
	当期	前年同期	増減率
売上高又は営業収入	39,357 百万ドル	44,496 百万ドル	△11.5%
純利益（税引後）	2,192 百万ドル	4,037 百万ドル	△45.7%
1 株当たり純利益（注 2）	1.92 ドル	2.97 ドル	△35.4%

	配当金の推移（注 3）		
	当年度（2016 年）	前年度（2015 年）	備考
第 1 四半期	0.32 ドル	0.125 ドル	
第 2 四半期	0.32 ドル	0.125 ドル	
第 3 四半期	0.32 ドル	0.28 ドル	
第 4 四半期		0.28 ドル	
合計		0.810 ドル	

（注 2） 1 株当たり純利益は、希薄化後である。

（注 3） 配当金は、各四半期に設定された基準日に基づき記載されている。

3. 概況・特記事項・その他

上記 2. の各数値は、会社の 2016 年 11 月 2 日付けプレス・リリースおよび Quarterly Financial Supplement Third Quarter 2016 から抜粋したものである。当該プレス・リリースおよび Quarterly Financial Supplement Third Quarter 2016 を添付する。

AIG Reports Third Quarter 2016 Results

November 2, 2016 4:16 PM ET

Board of Directors Authorizes Repurchase of \$3.0 Billion of Additional Shares of AIG Common Stock

NEW YORK--(BUSINESS WIRE)--Nov. 2, 2016-- American International Group, Inc. (NYSE:AIG) today reported net income of \$462 million, or \$0.42 per diluted share, for the third quarter of 2016, compared to a net loss of \$231 million, or \$0.18 per diluted share, in the prior-year quarter.

Net income during the quarter included after-tax net realized capital losses of \$526 million, or \$0.48 per diluted share, which largely reflected higher foreign exchange losses related to the British pound weakening following the Brexit vote. The impact to reported book value was immaterial as these losses were largely offset by a corresponding impact on other comprehensive income.

After-tax operating income was \$1.1 billion, or \$1.00 per diluted share, for the third quarter of 2016, up from \$691 million, or \$0.52 per diluted share, in the prior-year quarter. Operating income for the third quarter of 2016 included a \$622 million (\$404 million after-tax or \$0.37 per diluted share) loss recognition expense in Institutional Markets related to updated mortality assumptions for legacy structured settlements. The assets and liabilities associated with these structured settlements will be reported as part of our Legacy portfolio as presented in our January 26th Strategy Update. The loss recognition expense was partially offset by a pre-tax benefit associated with the third quarter review of actuarial assumptions for the Consumer Life and Retirement businesses of \$238 million (\$154 million after-tax or \$0.14 per diluted share).

“We continue to execute on the strategic initiatives announced in January,” said Peter D. Hancock, AIG President and Chief Executive Officer. “The strategic divestitures that we announced this quarter, our portfolio management decisions, actions to run-off the legacy portfolio and capital allocation all exemplify our guiding principle of building economic value. We are successfully shaping and sculpting our company to be a leaner and more focused insurer. We remain committed to our 2017 financial targets, are ahead of plan in expense management, and continue to target a 6 point reduction in our Commercial accident year loss ratio, as adjusted, despite volatile quarterly results.”

Noteworthy Items

Expanding ROE - Return on Equity (ROE) was 2.1%, up 300 bps from the prior-year quarter. ROE reflects the elevated net realized capital losses discussed above. Normalized ROE improved to 7.1% from 5.9% in the prior-year quarter. Both metrics benefited from the active return of capital to shareholders and operating margin improvement. ROE benefited from higher returns on alternative investments which exceeded return expectations. Normalized ROE also reflected the seasonally higher third quarter expected catastrophe losses.

Reducing expenses - For the first nine months of 2016, general operating and other expenses declined 12% from the prior-year period. General operating expenses, operating basis, excluding the impact of foreign exchange and the reduction in general operating expenses associated with the sale of the Advisor Group, declined 10% from the prior-year nine month period. Lower employee-related expenses, rationalized employee benefits and professional fee reductions drove the improvement in our Commercial and Consumer businesses. Pre-tax restructuring charges during the quarter of \$210 million primarily related to our ongoing efficiency program.

Executing strategic transactions - AIG continued to move forward on its action plan for managing its Legacy portfolio, a key contributor to AIG’s capital return target. AIG entered into a reinsurance agreement involving certain whole life and universal life businesses of one of its domestic life insurance subsidiaries which resulted in a \$1.0 billion distribution of excess statutory capital to AIG Parent. In addition, monetizations of Legacy assets totaled \$900 million in the quarter and \$5.2 billion for the last four quarters, consistent with AIG’s continuing strategy to focus capital on core operations while

optimizing the value realized from the transfer or sale of assets and liabilities.

Value based divestitures - AIG continued to move forward on its strategic plan to further focus and streamline AIG's global insurance operations by agreeing to sell its 100% interest in United Guaranty Corporation and certain related affiliates (collectively, UGC or United Guaranty) and its 20% interest in Ascot Underwriting Holdings Ltd. and all of its interest in the related syndicate-funding subsidiary Ascot Corporate Name Ltd. In August, AIG sold its 95.3% controlling interest in NSM Insurance Group. Subsequent to the end of the quarter, AIG entered into an agreement with Fairfax Financial Holdings Limited to sell certain Latin American subsidiary operations, insurance operations in Turkey and the renewal rights for the portfolio of local business written by AIG's operations in Eastern Europe.

Actively returning capital to shareholders - Total capital returned to shareholders was \$2.6 billion in the third quarter of 2016 and included \$2.3 billion of repurchases of AIG Common Stock and \$338 million in shareholder dividends. From the end of the third quarter through November 2, 2016, AIG repurchased an additional \$946 million of AIG Common Stock resulting in a total year to date capital return of \$10.8 billion. On November 2, 2016, AIG's Board of Directors authorized an additional increase to its previous repurchase authorization of AIG Common Stock of \$3.0 billion, resulting in an aggregate remaining authorization on such date of approximately \$4.4 billion. On November 2, 2016, AIG's Board of Directors declared a cash dividend on AIG Common Stock of \$0.32 per share, payable on December 22, 2016 to shareholders of record on December 8, 2016.

Quarterly Commercial Insurance loss trends impacted by program business and property volatility – The Commercial Insurance loss ratio of 77.7 reflected higher catastrophe losses and unfavorable prior year loss reserve development net of premium adjustments, which contributed 12.6 points. Unfavorable prior year loss development of \$306 million was primarily driven by the U.S. program business which writes both casualty and property lines via MGAs and for which the third party administrators handle over half of the claims activity. Notably we experienced higher than expected loss emergence in the most recent calendar year from a small subset of these programs. The Commercial accident year loss ratio, as adjusted, improved 1.9 points from the same period last year largely due to continued remediation efforts, pricing strategy and reinsurance in Casualty.

Book value per share growth - Benefiting from the impact of lower interest rates on Accumulated Other Comprehensive Income (AOCI), earnings growth and accretive share repurchases, book value per share grew 2% during the quarter to \$85.02. Book value per share, excluding AOCI and Deferred Tax Assets (DTA), including dividend growth grew approximately 1% to \$62.39.

THIRD QUARTER FINANCIAL SUMMARY*

	Three Months Ended			
	September 30,			
(\$ in millions, except per share amounts)	2016	2015	Change	
Net income	\$ 462	\$ (231)	NM	%
Earnings per diluted share	\$ 0.42	\$ (0.18)	NM	
After-tax operating income	\$ 1,097	\$ 691	59	
After-tax operating income per diluted common share	\$ 1.00	\$ 0.52	92	
ROE	2.1	% (0.9)	%	
ROE – after tax operating income, ex AOCI & DTA	6.7	% 3.5	%	
Normalized ROE, ex AOCI & DTA	7.1	% 5.9	%	

	September 30, 2016	June 30, 2016	Change	December 31, 2015	Change
Period end:					
Book value per common share	\$ 85.02	\$ 83.08	2 %	\$ 75.10	13 %
Book value per common share, ex AOCI & DTA	61.41	61.03	1	58.94	4
Book value per common share, ex AOCI & DTA, including dividend growth	62.39	61.78	1	59.26	5

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

SEGMENT RESULTS

All operating segment comparisons that follow are to the third quarter of 2015 unless otherwise noted.

Beginning in the third quarter of 2016, in order to align our financial reporting with the manner in which our chief operating decision makers review the businesses to assess performance and make decisions about resources to be allocated, United Guaranty and Institutional Markets are presented in the Corporate and Other category for all periods presented. As a result, Commercial Insurance operations now consist of our commercial property and casualty business.

As a result of the transaction agreement to sell 100% of AIG's interest in UGC, the associated assets and liabilities of UGC have been classified as held-for sale at September 30, 2016.

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

Prior periods have been revised to conform to the current period presentation.

COMMERCIAL INSURANCE

	Three Months Ended		
	September 30,		
(\$ in millions)	2016	2015	Change
Net premiums written	\$ 4,357	\$ 5,275	(17) %
Net premiums earned	4,495	5,040	(11)
Underwriting loss	(236)	(118)	(100)
Net investment income	965	710	36
Pre-tax operating income	\$ 729	\$ 592	23
Underwriting ratios:			
Loss ratio	77.7	72.8	4.9 pts
Catastrophe losses and reinstatement premiums	(5.7)	(1.8)	(3.9)
Prior year development net of premium adjustments	(6.9)	(3.5)	(3.4)

Net reserve discount charge	(0.3)	(0.8)	0.5
Accident year loss ratio, as adjusted	64.8	66.7	(1.9)
Acquisition ratio	15.5	16.5	(1.0)
General operating expense ratio	12.1	13.0	(0.9)
Expense ratio	27.6	29.5	(1.9)
Combined ratio	105.3	102.3	3.0
Catastrophe losses and reinstatement premiums	(5.7)	(1.8)	(3.9)
Prior year development net of premium adjustments	(6.9)	(3.5)	(3.4)
Net reserve discount benefit (charge)	(0.3)	(0.8)	0.5
Accident year combined ratio, as adjusted	92.4	96.2	(3.8)
Catastrophe-related losses	\$ 253	\$ 88	188 %
Severe losses	95	209	(55)
Prior year unfavorable reserve development, net of reinsurance and premium adjustments	306	186	65
Net reserve discount charge	17	41	(59)

Commercial Insurance pre-tax operating income increased to \$729 million, primarily reflecting the higher returns on alternative investment income, and an increase in the fair market value of assets accounted for under the fair value option, partially offset by an increase in underwriting loss in the current quarter driven by higher catastrophe losses and higher net adverse prior year loss reserve development. The current quarter loss ratio included net adverse prior year loss reserve development, net of return premiums of \$306 million primarily from program business within Specialty, partially offset by favorable Property development. In addition, catastrophe losses increased to \$253 million from \$88 million in the prior-year quarter. Pre-tax operating income also benefited from an improvement in accident year losses, a lower net loss reserve discount charge and lower expenses.

The improvement in the accident year loss ratio, as adjusted, reflected the continued execution of our strategy to enhance risk selection, improve underwriting discipline and manage exposures, including the use of reinsurance, and lower overall severe losses. The accident year loss ratio, as adjusted, improved in Casualty, reflecting the non-renewal of certain underperforming classes of business, as well as the effect of reinsurance. Property improved due to lower severe losses. These declines in the accident year losses were partially offset by an increase in Specialty and competitive market conditions.

The expense ratio declined 1.9 points driven by decreases in both acquisition ratio and the general operating expense ratio. The acquisition ratio declined by 1.0 points, particularly in Casualty, primarily driven by lower net commission expenses reflecting the effect of reinsurance arrangements. The General operating expense ratio declined 0.9 points due to lower employee-related costs resulting from ongoing actions to streamline our management structure and general cost containment measures commenced in 2015.

In line with our planned portfolio optimization efforts, net premiums written decreased 17%. This decrease was primarily due to the continued execution of our strategy to enhance risk selection in our Casualty and Property product portfolios, the non-renewal of certain underperforming classes of business, the increased use of reinsurance, and adherence to our underwriting discipline in competitive market conditions.

CONSUMER INSURANCE

RETIREMENT

Three Months Ended

September 30,

(\$ in millions)	2016	2015	Change	
Operating revenues:				
Premiums	\$ 45	\$ 37	22	%
Policy fees	282	261	8	
Net investment income	1,552	1,396	11	
Advisory fee and other income	205	509	(60))
Total operating revenues	2,084	2,203	(5))
Benefits and expenses	976	1,568	(38))
Pre-tax operating income	\$ 1,108	\$ 635	74	
Premiums and deposits ⁽¹⁾ :				
Premiums	\$ 45	\$ 37	22	
Deposits	5,128	6,542	(22))
Other	(1)	46	NM	
Total premiums and deposits ⁽¹⁾	\$ 5,172	\$ 6,625	(22))

(1) Excludes activity related to closed blocks of fixed and variable annuities.

Retirement pre-tax operating income increased to \$1.1 billion, primarily due to a higher net positive adjustment from the review and update of actuarial assumptions and improved performance from alternative investments in hedge funds. The update of actuarial assumptions resulted in a net positive adjustment to pre-tax operating income of \$322 million, primarily due to lower surrender assumptions in Fixed Annuities, compared to a \$140 million net positive adjustment in the prior-year quarter. The increase in pre-tax operating income compared to the prior-year quarter also reflected the impact of better equity market performance on policyholder benefit expense and DAC amortization, and higher policy fees from growth in assets under management.

Premiums grew due to higher immediate annuity premiums in the Fixed Annuities product line. Premiums and deposits declined to \$5.2 billion, which reflected an industry-wide decline in variable annuities as well as our continued focus on disciplined pricing, resulting in lower sales in both Retirement Income Solutions and Fixed Annuities. These declines, which drove a decrease in net flows from the prior-year quarter, were partially offset by higher sales of Retail Mutual Funds and lower Group Retirement surrenders.

LIFE

Three Months Ended

September 30,

(\$ in millions)	2016	2015	Change	
Operating revenues:				
Premiums	\$791	\$675	17	%
Policy fees	314	392	(20)	
Net investment income	544	496	10	
Other income	13	15	(13)	
Total operating revenues	1,662	1,578	5	
Benefits and expenses	1,564	1,618	(3)	

Pre-tax operating income (loss)	\$ 98	\$ (40)	NM
Premiums and deposits:			
Premiums	\$ 791	\$ 675	17
Deposits	375	369	2
Other	197	179	10
Total premiums and deposits	\$ 1,363	\$ 1,223	11
Gross life insurance in force, end of period	1,038,846	1,021,149	2

Life pre-tax operating income increased to \$98 million, primarily due to a lower net negative adjustment from the review and update of actuarial assumptions, higher net investment income from alternative investments in hedge funds and yield enhancements and lower domestic general operating expenses. Excluding the effect of foreign exchange, growth in premiums and in premiums and deposits was 14% and 10%, respectively, both of which were principally driven by growth in international life and health sales. The update of actuarial assumptions resulted in a net negative adjustment to pre-tax operating income of \$84 million, primarily due to a refinement to reserves for universal life insurance with secondary guarantees due to lower assumed surrender rates, compared to a similar charge of \$157 million in the prior-year quarter.

PERSONAL INSURANCE

Three Months Ended

(\$ in millions)	September 30,		Change	
	2016	2015		
Net premiums written	\$ 2,919	\$ 3,016	(3)	%
Net premiums earned	2,915	2,819	3	
Underwriting income	111	10	NM	
Net investment income	67	52	29	
Pre-tax operating income	\$ 178	\$ 62	187	
Underwriting ratios:				
Loss ratio	56.3	53.4	2.9	pts
Catastrophe losses and reinstatement premiums	(0.9)	(2.0)	1.1	
Prior year development net of premium adjustments	1.1	1.6	(0.5)	
Accident year loss ratio, as adjusted	56.5	53.0	3.5	
Acquisition ratio	26.2	28.4	(2.2)	
General operating expense ratio	13.8	17.8	(4.0)	
Expense ratio	40.0	46.2	(6.2)	
Combined ratio	96.3	99.6	(3.3)	
Catastrophe losses and reinstatement premiums	(0.9)	(2.0)	1.1	
Prior year development net of premium adjustments	1.1	1.6	(0.5)	
Accident year combined ratio, as adjusted	96.5	99.2	(2.7)	
Catastrophe-related losses	\$ 26	\$ 58	(55)	%
Severe losses	-	-	NM	
Prior year loss reserve development (favorable), net of reinsurance and premium adjustments	(34)	(46)	26	

Personal Insurance pre-tax operating income grew to \$178 million, reflecting improved underwriting results. The lower combined ratio was principally driven by an improvement in the expense ratio.

The increase in the loss ratio reflected higher accident year losses and lower net favorable prior year loss reserve development, partially offset by reduced catastrophe losses. The increase in the accident year loss ratio, as adjusted, was primarily driven by a higher number of large but not severe losses particularly in the U.S. business.

The improvement in the acquisition ratio reflected lower direct marketing expenses. The decrease in the general operating expense ratio primarily reflected lower employee-related expenses arising from organizational realignment activities together with lower strategic investment expenditures.

Net premiums written decreased compared to the prior-year quarter. Excluding the effects of foreign exchange, net premiums written decreased by 6% primarily in Accident and Health, reflecting underwriting actions to strengthen our portfolio and maintain pricing discipline.

CORPORATE AND OTHER

	Three Months Ended		
	September 30,		
(\$ in millions)	2016	2015	Change
Pre-tax operating income (loss):			
Fair value of PICC investments	\$ 28	\$ (195)	NM %
Income from other assets, net	363	15	NM
Corporate general operating expenses	(276)	(133)	(108)
Interest expense	(261)	(266)	2
Institutional Markets	(526)	84	NM
Run-off insurance lines	22	(54)	NM
United Guaranty	130	133	(2)
Consolidation and elimination	(2)	20	NM
Pre-tax operating loss	\$ (522)	\$ (396)	(32)

Corporate and Other reported a pre-tax operating loss of \$522 million primarily due to a \$622 million loss recognition expense in Institutional Markets based on mortality experience studies that indicated increased longevity, particularly on disabled lives representing a legacy block of structured settlements underwritten pre-2010. This legacy block accounted for over 80% of this loss recognition expense and will be included as part of our Legacy portfolio at year-end. Corporate and Other results also reflected fair value gains on our People's Insurance Company (Group) of China Limited investment and an increase in Income from other assets, net. In addition, the prior-year quarter included a pension curtailment credit of \$175 million in Corporate general operating expenses.

CONFERENCE CALL

AIG will host a conference call tomorrow, Thursday, November 3, 2016, at 8:00 a.m. ET to review these results. The call is open to the public and can be accessed via a live listen-only webcast in the Investor Relations section of www.aig.com. A replay will be available after the call at the same location.

Additional supplementary financial data is available in the Investor Relations section at www.aig.com.

The conference call (including the conference call presentation material), the earnings release and the financial supplement

may include, and officers and representatives of AIG may from time to time make, projections, goals, assumptions and statements that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections, goals, assumptions and statements are not historical facts but instead represent only AIG’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG’s control. These projections, goals, assumptions and statements include statements preceded by, followed by or including words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “focused on achieving,” “view,” “target,” “goal” or “estimate.” These projections, goals, assumptions and statements may address, among other things, AIG’s: exposures to subprime mortgages, monoline insurers, the residential and commercial real estate markets, state and municipal bond issuers, sovereign bond issuers, the energy sector and currency exchange rates; exposure to European governments and European financial institutions; strategy for risk management; sales of businesses; restructuring of business operations; generation of deployable capital; anticipated business or asset divestitures or monetizations; anticipated organizational and business changes; strategies to increase return on equity and earnings per common share; strategies to grow net investment income, efficiently manage capital, grow book value per common share, and reduce expenses; anticipated restructuring charges and annual cost savings; strategies for customer retention, growth, product development, market position, financial results and reserves; and subsidiaries’ revenues and combined ratios. It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include: changes in market conditions; negative impacts on customers, business partners and other stakeholders; the occurrence of catastrophic events, both natural and man-made; significant legal proceedings; the timing and applicable requirements of any new regulatory framework to which AIG is subject as a nonbank systemically important financial institution and as a global systemically important insurer; concentrations in AIG’s investment portfolios; actions by credit rating agencies; judgments concerning casualty insurance underwriting and insurance liabilities; AIG’s ability to successfully manage run-off insurance portfolios; AIG’s ability to successfully reduce costs and expenses and make business and organizational changes without negatively impacting client relationships or AIG’s competitive position; AIG’s ability to successfully dispose of or monetize, businesses or assets, including its ability to successfully consummate the sale of United Guaranty Corporation (UGC or United Guaranty) and certain related affiliates to Arch Capital Group Ltd. (Arch); judgments concerning the recognition of deferred tax assets; judgments concerning estimated restructuring charges and estimated cost savings; and such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (which will be filed with the SEC), Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly periods ended June 30, 2016 and March 31, 2016, 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, 2015. 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.

Nothing in this press release or in any oral statements made in connection with this press release is intended to constitute, nor shall it be deemed to constitute, an offer of any securities for sale or the solicitation of an offer to purchase any securities in any jurisdiction.

COMMENT ON REGULATION G

Throughout this press release, including the financial highlights, AIG presents its financial condition and results of operations in the way it believes will be most meaningful and representative of its business results. Some of the measurements AIG uses are “non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for “accounting principles generally accepted in the United States.” The non-GAAP financial measures AIG presents may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the Third Quarter 2016 Financial Supplement available in the Investor Information section of AIG’s website, www.aig.com.

Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (AOCI), Book Value Per Common Share Excluding AOCI and Deferred Tax Assets (DTA) and Book Value Per Common Share Excluding AOCI and DTA and Including Dividend Growth are used to show the amount of AIG's net worth on a per-share basis. AIG believes these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of AIG's available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of AIG's available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. AIG excludes deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Book Value Per Common Share. Book Value Per Common Share Excluding AOCI is derived by dividing Total AIG shareholders' equity, excluding AOCI, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, by Total common shares outstanding. Book Value Per Common Share Excluding AOCI and DTA and including dividend growth is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, and including growth in quarterly dividends above \$0.125 per share to shareholders, by Total common shares outstanding.

Return on Equity – After-tax Operating Income Excluding AOCI and Return on Equity – After-tax Operating Income Excluding AOCI and DTA are used to show the rate of return on shareholders' equity. AIG believes these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of its available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of AIG's available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. AIG excludes deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Return on Equity. Return on Equity – After-tax Operating Income Excluding AOCI is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders' equity, excluding average AOCI. Return on Equity – After-tax Operating Income Excluding AOCI and DTA is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders' equity, excluding average AOCI and DTA.

Normalized Return on Equity, Excluding AOCI and DTA (Normalized ROE) further adjusts Return on Equity – After-tax Operating Income, Excluding AOCI and DTA for the effects of certain volatile or market-related items. AIG believes this measure is useful to investors because it presents the trends in AIG's consolidated return on equity without the impact of certain items that can experience volatility in AIG's short-term results. Normalized Return on Equity, Excluding AOCI and DTA is derived by excluding the following tax adjusted effects from Return on Equity – After-tax Operating Income, Excluding AOCI and DTA: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) Direct Investment book (DIB) and Global Capital Markets (GCM) returns; fair value changes on PICC investments; update of actuarial assumptions; net reserve discount change; Life insurance incurred but not reported death claim charge; and prior year loss reserve development.

AIG uses the following operating performance measures because it believes they enhance the understanding of the underlying profitability of continuing operations and trends of AIG's business segments. AIG believes they also allow for more meaningful comparisons with AIG's insurance competitors. When AIG uses these measures, reconciliations to the most comparable GAAP measure are provided on a consolidated basis.

After-tax operating income attributable to AIG is derived by excluding the following items from net income attributable to AIG. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to AIG's current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that AIG believes to be common to the industry. For example, certain ratios and other metrics

described below exclude: income or loss from discontinued operations; income and loss from divested businesses (including gain on the sale of International Lease Finance Corporation (ILFC) and certain post-acquisition transaction expenses incurred by AerCap Holdings N.V. (AerCap) in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and related tax effects); gain on sale of NSM Insurance Group (NSM) and AIG Advisor Group; legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments; non-operating litigation reserves and settlements; reserve development related to non-operating run-off insurance business; restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify AIG's organization; deferred income tax valuation allowance releases and charges; 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; other income and expense — net, related to Corporate and Other runoff insurance lines; loss on extinguishment of debt; net realized capital gains and losses; and non-qualifying derivative hedging activities, excluding net realized capital gains and losses. See page 15 for the reconciliation of Net income attributable to AIG to After-tax operating income attributable to AIG.

Operating revenue excludes 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).

General operating expenses, operating basis (GOE), is derived by making the following adjustments to general operating and other expenses: include (i) certain loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating litigation reserves and (v) other expense related to a retroactive reinsurance agreement. AIG also derives General operating expense savings on a gross basis, which represents changes during the period in General operating expenses, operating basis, before the effect of additional investments made during the period. AIG uses general operating expenses, operating basis, because it believes it provides a more meaningful indication of its ordinary course of business operating costs.

AIG uses the following operating performance measures within its Commercial Insurance and Consumer Insurance reportable segments as well as Corporate and Other.

Commercial Insurance; Consumer Insurance: Personal Insurance; Corporate and Other: United Guaranty

Pre-tax operating income: includes both underwriting income and loss and net investment income, but excludes net realized capital gains and losses, other income and expense — net, gain on the sale of NSM and non-operating litigation reserves and settlements. Underwriting income and loss is derived by reducing net premiums earned by losses and loss adjustment expenses incurred, acquisition expenses and general operating expenses.

Ratios: AIG, along with most property and casualty insurance companies, uses the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every \$100 of net premiums earned, the amount of losses and loss adjustment expenses, and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. AIG's ratios are calculated using the relevant information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.

Accident year loss and combined ratios, as adjusted: both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the

impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders that meet the \$10 million threshold. AIG believes the as adjusted ratios are meaningful measures of its underwriting results on an on-going basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. AIG also excludes prior year development to provide transparency related to current accident year results.

Consumer Insurance: Retirement and Life; Corporate and Other: Institutional Markets

Pre-tax operating income is derived by excluding the following items from pre-tax income: changes in fair value of securities used to hedge guaranteed living benefits; net realized capital gains and losses; gain on the sale of AIG Advisor Group; changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; and non-operating litigation reserves and settlements.

Premiums and deposits includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts and mutual funds.

Corporate and Other

Pre-tax operating income and loss is derived by excluding the following items from pre-tax income and loss: loss on extinguishment of debt; net realized capital gains and losses; changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; income and loss from divested businesses, including Aircraft Leasing; net gain or loss on sale of divested businesses (including gain on the sale of ILFC, and certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and AIG's share of AerCap's income taxes); non-operating litigation reserves and settlements; reserve development related to non-operating run-off insurance business; and restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify AIG's organization.

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

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today we provide a wide range of property casualty insurance, life insurance, retirement products, mortgage insurance and other financial services to customers in more than 100 countries and jurisdictions. Our diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at www.aig.com and www.aig.com/strategyupdate | YouTube: www.youtube.com/aig | Twitter: @AIGinsurance | LinkedIn: <http://www.linkedin.com/company/aig>. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release.

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

American International Group, Inc.

Selected Financial Data and Non-GAAP Reconciliation
(\$ in millions, except per share data)

Reconciliations of Pre-tax and After-tax Operating Income (Loss)

	Three Months Ended September 30,					
	2016			2015		
	Pre-tax	Tax Effect	After-tax	Pre-tax	Tax Effect	After-tax
Operating income, including noncontrolling interests	\$ 1,612	\$ 512	\$ 1,100	\$ 848	\$ 164	\$ 684
Noncontrolling interest	-	-	(3)	-	-	7
Operating income, net of noncontrolling interests	1,612	512	1,097	848	164	691
<i>Adjustments:</i>						
Uncertain tax positions and other tax adjustments	-	42	(42)	-	233	(233)
Deferred income tax valuation allowance releases (charges)	-	(2)	2	-	8	(8)
Changes in fair value of securities used to hedge						
guaranteed living benefits	17	6	11	4	1	3
Changes in benefit reserves and DAC, VOBA and						
SIA related to net realized capital gains (losses)	(67)	(24)	(43)	(2)	-	(2)
Other (income) expense - net	3	1	2	-	-	-
Gain (loss) on extinguishment of debt	14	5	9	(346)	(121)	(225)
Net realized capital losses	(765)	(210)	(555)	(342)	(121)	(221)
Noncontrolling interest on net realized capital losses	-	-	29	-	-	(41)
Income (loss) from discontinued operations	-	-	3	-	-	(17)
Net gain (loss) from divested businesses	128	45	83	(3)	(2)	(1)
Non-operating litigation reserves and settlements	5	2	3	30	10	20
Reserve development related to non-operating run-off						
insurance business	-	-	-	(30)	(10)	(20)
Restructuring and other costs	(210)	(73)	(137)	(274)	(97)	(177)
Pre-tax income/net income (loss) attributable to AIG	\$ 737	\$ 304	\$ 462	\$ (115)	\$ 65	\$ (231)

Nine Months Ended September 30,
2016

	Pre-tax	Tax Effect	After-tax		Pre-tax	Tax Effect	After-tax
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2015

Operating income, including noncontrolling interests	\$ 4,186	\$ 1,198	\$ 2,988	\$ 6,243	\$ 1,974	\$ 4,269
Noncontrolling interest	-	-	(5)	-	-	6
Operating income, net of noncontrolling interests	4,186	1,198	2,983	6,243	1,974	4,275
Adjustments:						
Uncertain tax positions and other tax adjustments	-	184	(184)	-	142	(142)
Deferred income tax valuation allowance releases (charges)	-	(4)	4	-	61	(61)
Changes in fair value of securities used to hedge						
guaranteed living benefits	270	95	175	(39)	(14)	(25)
Changes in benefit reserves and DAC, VOBA and						
SIA related to net realized capital gains (losses)	(91)	(32)	(59)	(84)	(29)	(55)
Other (income) expense - net	15	5	10	-	-	-
Gain (loss) on extinguishment of debt	(76)	(26)	(50)	(756)	(265)	(491)
Net realized capital gains (losses)	(829)	(217)	(612)	1,125	394	731
Noncontrolling interest on net realized capital gains (losses)	-	-	40	-	-	(40)
Loss from discontinued operations	-	-	(54)	-	-	-
Net gain (loss) from divested businesses	351	123	228	(58)	(44)	(14)
Non-operating litigation reserves and settlements	43	15	28	86	30	56
Reserve development related to non-operating run-off						
insurance business	-	-	-	(30)	(10)	(20)
Restructuring and other costs	(488)	(171)	(317)	(274)	(97)	(177)
Pre-tax income/net income attributable to AIG	\$ 3,381	\$ 1,170	\$ 2,192	\$ 6,213	\$ 2,142	\$ 4,037

American International Group, Inc.

Selected Financial Data and Non-GAAP Reconciliation (continued)

(\$ in millions, except per share data)

Summary of Key Financial Metrics

Three Months Ended September 30,			Nine Months Ended September 30,		
		% Inc.			% Inc.
2016	2015	(Dec.)	2016	2015	(Dec.)

Income (loss) per common share:
Basic

Income (loss) from continuing operations	\$	0.43	\$	(0.17)	NM	%	\$	2.02	\$	3.05	(33.8)	%
Loss from discontinued operations		-		(0.01)	NM			(0.05)		-		NM
Net income (loss) attributable to AIG	\$	0.43	\$	(0.18)	NM		\$	1.97	\$	3.05	(35.4)	

Diluted

Income (loss) from continuing operations	\$	0.42	\$	(0.17)	NM		\$	1.97	\$	2.97	(33.7)	
Loss from discontinued operations		-		(0.01)	NM			(0.05)		-		NM
Net income (loss) attributable to AIG	\$	0.42	\$	(0.18)	NM		\$	1.92	\$	2.97	(35.4)	

After-tax operating income

attributable to AIG per diluted share	\$	1.00	\$	0.52	92.3	%	\$	2.61	\$	3.15	(17.1)	%
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(a)

Weighted average shares outstanding:

Basic	1,071.3	1,279.1	1,113.7	1,324.4
Diluted (b)	1,102.4	1,279.1	1,142.7	1,357.1

Return on equity (c)	2.1	%	(0.9)	%	3.3	%	5.1	%
Return on equity - after-tax operating income, excluding AOCI (d)	5.4	%	2.9	%	4.8	%	6.0	%
Return on equity - after-tax operating income, excluding AOCI and DTA (e)	6.7	%	3.5	%	6.0	%	7.1	%

As of period end:	September 30, 2016	June 30, 2016	December 31, 2015
Total AIG shareholders' equity	\$ 88,663	\$ 89,946	\$ 89,658
Accumulated other comprehensive income	9,057	8,259	2,537
Total AIG shareholders' equity, excluding AOCI	79,606	81,687	87,121
Deferred tax assets	15,567	15,614	16,751
Total AIG shareholders' equity, excluding AOCI and DTA	64,039	66,073	70,370
Add: Cumulative quarterly common stock dividends above \$0.125 per share	1,020	814	378
Total AIG shareholders' equity, excluding AOCI and DTA, including dividend growth	\$ 65,059	\$ 66,887	\$ 70,748

As of period end:	September 30, 2016	June 30, 2016	% Inc. (Dec.)	December 31, 2015	% Inc. (Dec.)
Book value per common share (f)	\$ 85.02	\$ 83.08	2.3 %	\$ 75.10	13.2 %
Book value per common share excluding AOCI (g)	\$ 76.33	\$ 75.45	1.2	\$ 72.97	4.6
Book value per common share excluding AOCI and DTA (h)	\$ 61.41	\$ 61.03	0.6	\$ 58.94	4.2

Book value per common share excluding**AOCI and DTA, including**

dividend growth (i)	\$ 62.39	\$ 61.78	1.0	%	\$ 59.26	5.3	%
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Total common shares outstanding	1,042.9	1,082.7			1,193.9
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Financial highlights - notes

(a) For the quarter ended September 30, 2015, because we reported a net loss, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts. However, because we reported after-tax operating income, the calculation of after-tax operating income per diluted share includes 40,356,170 dilutive shares.

(b) Diluted shares in the diluted EPS calculation represent basic shares for the three-months ended September 30, 2015 due to the net loss in that period.

(c) Computed as Annualized net income (loss) attributable to AIG divided by average AIG shareholders' equity. Equity includes AOCI and DTA.

(d) Computed as Annualized after-tax operating income attributable to AIG divided by average AIG shareholders' equity, excluding AOCI. Equity includes DTA.

(e) Computed as Annualized after-tax operating income attributable to AIG divided by average AIG shareholders' equity, excluding AOCI and DTA.

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

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

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

(i) Represents total AIG shareholders' equity, excluding AOCI and DTA, and including growth in quarterly dividends above \$0.125 per share to shareholders, divided by Total common shares outstanding.

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

(\$ in millions, except per share amounts)

Reconciliations of General Operating Expenses, Operating basis to General Operating and Other Expenses, GAAP basis

	Three Months Ended September 30,				Nine Months Ended September 30,		
	2016	2015	% Inc. (Dec.)		2016	2015	% Inc. (Dec.)
Total general operating expenses, Operating basis	\$2,444	\$2,675	(8.6)	%	\$7,475	\$8,401	(11.0) %
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(340)	(389)	12.6		(1,031)	(1,240)	16.9
Advisory fee expenses	76	339	(77.6)		566	1,012	(44.1)
Non-deferrable insurance commissions	107	123	(13.0)		350	377	(7.2)
Direct marketing and acquisition expenses, net of deferrals	52	200	(74.0)		329	441	(25.4)
Investment expenses reported as net investment income and other	(15)	(17)	11.8		(45)	(56)	19.6
Total general operating and other expenses included in pre-tax operating income	2,324	2,931	(20.7)		7,644	8,935	(14.4)

Restructuring and other costs	210	274	(23.4)	488	274	78.1
Other expense related to retroactive reinsurance agreement	4	-	NM	(8)	-	NM
Non-operating litigation reserves	(2)	(30)	93.3	1	5	(80.0)
Total general operating and other expenses, GAAP basis	\$2,536	\$3,175	(20.1) %	\$8,125	\$9,214	(11.8) %

Reconciliations of General Operating Expenses, Operating basis, Excluding Foreign Exchange and General Operating

Expenses of AIG Advisor Group to General Operating and Other Expenses, GAAP basis

	Nine Months Ended September 30,		% Inc. (Dec.)	
	2016	2015		
Total general operating expenses, Operating basis, Ex. FX & GOE of AIG Advisor Group	\$7,407	\$8,213	(9.8)	%
Add: FX impact	-	27	NM	
Add: GOE of Advisor Group	68	161	(57.8)	
Total general operating expenses, operating basis	7,475	8,401	(11.0)	
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(1,031)	(1,240)	16.9	
Advisory fee expenses	566	1,012	(44.1)	
Non-deferrable insurance commissions	350	377	(7.2)	
Direct marketing and acquisition expenses, net of deferrals	329	441	(25.4)	
Investment expenses reported as net investment income	(45)	(56)	19.6	
Total general operating and other expenses, included in pre-tax operating income	7,644	8,935	(14.4)	
Restructuring and other costs	488	274	78.1	
Other expense related to retroactive reinsurance agreement	(8)	-	NM	
Non-operating litigation reserves	1	5	(80.0)	
Total general operating and other expenses, GAAP basis	\$8,125	\$9,214	(11.8) %	

American International Group, Inc.

Selected Financial Data and Non-GAAP Reconciliation (continued)

(\$ in millions, except per share amounts)

Reconciliations of Normalized and After-tax Operating Income Return on Equity, Excluding AOCI and DTA

Three Months Ended
September 30, 2016

Three Months Ended
September 30, 2015

	Tax					Tax				
	Pre-tax	Effect	After-tax	ROE		Pre-tax	Effect	After-tax	ROE	
Return on Equity			\$ 462	2.1	%			\$ (231)	(0.9)	%
Return on equity - after-tax operating income, excluding AOCI and DTA (a)	\$ 1,612	\$ 512	\$ 1,097	6.7	%	\$ 848	\$ 164	\$ 691	3.5	%
Adjustments to arrive at Normalized Return on Equity, Excluding AOCI and DTA:										
Catastrophe losses above (below) expectations	(358)	(125)	(233)	(1.4)		(513)	(180)	(333)	(1.7)	
(Better) worse than expected alternative returns	(70)	(25)	(45)	(0.2)		458	160	298	1.5	
(Better) worse than expected DIB & GCM returns	(104)	(36)	(68)	(0.4)		254	89	165	0.8	
Fair value changes on PICC investments	(47)	(16)	(31)	(0.2)		257	90	167	0.8	
Update of actuarial assumptions	384	134	250	1.5		17	6	11	0.1	
Net reserve discount change	32	11	21	0.1		78	28	50	0.3	
Life Insurance - IBNR death claims	-	-	-	-		-	-	-	-	
Unfavorable prior year loss reserve development	262	92	170	1.0		191	67	124	0.6	
Normalized Return on Equity, excluding AOCI and DTA	\$ 1,711	\$ 547	\$ 1,161	7.1	%	\$ 1,590	\$ 424	\$ 1,173	5.9	%
Average AIG Shareholders' equity				\$ 89,305				\$	101,629	
Less: Average AOCI				8,658					7,089	
Less: Average DTA				15,591					15,271	
Effect of normalization on equity				381					(296)	
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA				\$ 65,437				\$	78,973	

	Nine Months Ended September 30, 2016					Nine Months Ended September 30, 2015				
	Tax					Tax				
	Pre-tax	Effect	After-tax	ROE		Pre-tax	Effect	After-tax	ROE	
<i>Return on Equity</i>			\$ 2,192	3.3	%			\$ 4,037	5.1	%
<i>Return on equity - after-tax operating income, excluding AOCI and DTA (a)</i>	\$ 4,186	\$ 1,198	\$ 2,983	6.0	%	\$ 6,243	\$ 1,974	\$ 4,275	7.1	%
<i>Adjustments to arrive at Normalized Return on Equity, Excluding AOCI and DTA:</i>										
Catastrophe losses above (below) expectations	(175)	(61)	(114)	(0.2)		(668)	(236)	(432)	(0.7)	
(Better) worse than expected alternative returns	650	227	423	0.8		138	48	90	0.2	
(Better) worse than expected DIB & GCM returns	248	87	161	0.3		(117)	(40)	(77)	(0.1)	
Fair value changes on PICC investments	140	49	91	0.2		(23)	(9)	(14)	-	
Update of actuarial assumptions	384	134	250	0.5		17	6	11	-	
Net reserve discount change	323	114	209	0.4		(157)	(54)	(103)	(0.2)	
Life Insurance - IBNR death claims	(25)	(9)	(16)	-		-	-	-	-	
Unfavorable (favorable) prior year loss reserve development	231	81	150	0.3		555	194	361	0.6	
Normalized Return on Equity, excluding AOCI and DTA	\$ 5,962	\$ 1,820	\$ 4,137	8.3	%	\$ 5,988	\$ 1,883	\$ 4,111	6.9	%
Average AIG Shareholders' equity				\$ 89,196					\$ 104,534	
Less: Average AOCI				6,344					8,863	
Less: Average DTA				16,189					15,567	
Effect of normalization on equity				190					(148)	
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA				\$ 66,853					\$ 79,956	

(a) After-tax operating income excludes Net income (loss) attributable to non-controlling interest of \$3 million and \$(7) million for the three months ended September 30, 2016 and 2015, respectively. After-tax operating income is excludes Net income (loss) attributable to non-controlling interest of \$5 million and \$(6) million for the nine months ended September 30, 2016 and 2015, respectively.

Source: American International Group, Inc.

AIG

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American International Group, Inc.

Quarterly Financial Supplement
Third Quarter 2016

All financial information in this document is unaudited. This report should be read in conjunction with AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, which will be filed with the Securities and Exchange Commission.

American International Group, Inc.

Quarterly Financial Supplement

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

This Financial Supplement may include, and officers and representatives of American International Group, Inc. (AIG) may from time to time make, projections, goals, assumptions and statements that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections, goals, assumptions and statements are not historical facts but instead represent only AIG’s belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG’s control. These projections, goals, assumptions and statements include statements preceded by, followed by or including words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “focused on achieving,” “view,” “target,” “goal” or “estimate.” These projections, goals, assumptions and statements may address, among other things, AIG’s: exposures to subprime mortgages, monoline insurers, the residential and commercial real estate markets, state and municipal bond issuers, sovereign bond issuers, the energy sector and currency exchange rates; exposure to European governments and European financial institutions; strategy for risk management; sales of businesses; restructuring of business operations; generation of deployable capital; strategies to increase return on equity and earnings per common share; strategies to grow net investment income, efficiently manage capital, grow book value per common share, and reduce expenses; anticipated restructuring charges and annual cost savings; anticipated business or asset divestitures or monetizations; anticipated organizational and business changes; strategies for customer retention, growth, product development, market position, financial results and reserves; and subsidiaries’ revenues and combined ratios.

It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include:

- changes in market conditions;
- negative impacts on customers, business partners and other stakeholders;
- the occurrence of catastrophic events, both natural and man-made;
- significant legal proceedings;
- the timing and applicable requirements of any new regulatory framework to which AIG is subject as a nonbank systemically important financial institution and as a global systemically important insurer;
- concentrations in AIG’s investment portfolios;
- actions by credit rating agencies;
- judgments concerning casualty insurance underwriting and insurance liabilities;
- AIG’s ability to successfully manage run-off insurance portfolios;
- AIG’s ability to successfully reduce costs and expenses and make business and organizational changes without negatively impacting client relationships or its competitive position;
- AIG’s ability to successfully dispose of, or monetize, businesses or assets, including its ability to successfully consummate the sale of United Guaranty Corporation (UGC or United Guaranty) and certain related affiliates to Arch Capital Group Ltd. (Arch);
- judgments concerning the recognition of deferred tax assets;
- judgments concerning estimated restructuring charges and estimated cost savings; and
- such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (which will be filed with the Securities and Exchange Commission), Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, Part I, Item 2. MD&A and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, 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, 2015.

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



American International Group, Inc.

Non-GAAP Financial Measures

Throughout this Financial Supplement, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for “accounting principles generally accepted in the United States.” The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies.

Book Value Per Common Share Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value Per Common Share Excluding AOCl and Deferred Tax Assets (DTA) are used to show the amount of our net worth on a per-share basis. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Book Value Per Common Share. Book Value Per Common Share Excluding AOCl is derived by dividing Total AIG shareholders’ equity, excluding AOCl, by Total common shares outstanding. Book Value Per Common Share Excluding AOCl and DTA is derived by dividing Total AIG shareholders’ equity, excluding AOCl and DTA, by Total common shares outstanding. The reconciliation to book value per common share, the most comparable GAAP measure, is presented on page 7 herein.

Return on Equity – After-tax Operating Income Excluding AOCl and Return on Equity – After-tax Operating Income Excluding AOCl and DTA are used to show the rate of return on shareholders’ equity. 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 Return on Equity. Return on Equity – After-tax Operating Income Excluding AOCl is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders’ equity, excluding average AOCl. Return on Equity – After-tax Operating Income Excluding AOCl and DTA is derived by dividing actual or annualized after-tax operating income attributable to AIG by average AIG shareholders’ equity, excluding average AOCl and DTA. The reconciliation to return on equity, the most comparable GAAP measure, is presented on page 7 herein.

Normalized Return on Equity, Excluding AOCl and DTA further adjusts Return on Equity – After-tax Operating Income, excluding AOCl and DTA for the effects of certain volatile or market related items. We believe this measure is useful to investors because it presents the trends in our consolidated return on equity without the impact of certain items that can experience volatility in our short-term results. Normalized Return on Equity, Excluding AOCl and DTA is derived by excluding the following tax adjusted effects from Return on Equity – After-tax Operating Income, Excluding AOCl and DTA: the difference between actual and expected (i) catastrophe losses, (ii) alternative investment returns, and (iii) Direct Investment book (DIB) and Global Capital Markets (GCM) returns; fair value changes on PACC investments; update of actuarial assumptions; net reserve discount change; Life insurance incurred but not reported (IBNR) death claim charge; and prior year loss reserve development. The reconciliation to Return on Equity – After-tax Operating Income Excluding AOCl and DTA, is presented on page 14 herein.

We use the following operating performance measures because we believe they enhance the understanding of the underlying profitability of continuing operations and trends of our business segments. We believe they also allow for more meaningful comparisons with our insurance competitors. When we use these measures, reconciliations to the most comparable GAAP measure are provided on a consolidated basis.

After-tax operating income attributable to AIG is derived by excluding the following items from net income attributable to AIG. 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. For example, certain ratios and other metrics described below exclude:

- deferred income tax valuation allowance releases and charges;
- 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;
- other income and expense — net, related to Corporate and Other run-off insurance lines;
- loss on extinguishment of debt;
- net realized capital gains and losses;
- non-qualifying derivative hedging activities, excluding net realized capital gains and losses;
- income or loss from discontinued operations;
- income and loss from divested businesses, including:
 - gain on the sale of International Lease Finance Corporation (ILFC);
 - gain on the sale of NSM Insurance Group (NSM) and AIG Advisor Group; and
 - certain post-acquisition transaction expenses incurred by AerCap Holdings N.V. (AerCap) in connection with its acquisition of ILFC and the difference between expensing AerCap’s maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and related tax effects;
- legacy tax adjustments primarily related to certain changes in uncertain tax positions and other tax adjustments;
- non-operating litigation reserves and settlements;
- reserve development related to non-operating run-off insurance business; and
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization.

Operating revenue excludes 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).

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

General operating expenses, operating basis, is derived by making the following adjustments to general operating and other expenses: include (i) certain loss adjustment expenses, reported as policyholder benefits and losses incurred and (ii) certain investment and other expenses reported as net investment income, and exclude (i) advisory fee expenses, (ii) non-deferrable insurance commissions, (iii) direct marketing and acquisition expenses, net of deferrals, (iv) non-operating litigation reserves and (v) other expense related to a retroactive reinsurance agreement. We use general operating expenses, operating basis, because we believe it provides a more meaningful indication of our ordinary course of business operating costs.

We use the following operating performance measures within our Commercial Insurance and Consumer Insurance reportable segments as well as Corporate and Other.

Commercial Insurance; Consumer Insurance; Personal Insurance; Corporate and Other: United Guaranty

- **Pre-tax operating income:** includes both underwriting income and loss and net investment income, but excludes net realized capital gains and losses, other income and expense — net, gain on the sale of NSM, and non-operating litigation reserves and settlements. Underwriting income and loss is derived by reducing net premiums earned by losses and loss adjustment expenses incurred, acquisition expenses and general operating expenses.
- **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, 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 information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.
- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders, that meet the \$10 million threshold. We believe the as adjusted ratios are meaningful measures of our underwriting results on an on-going 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.

Consumer Insurance: Retirement and Life; Corporate and Other: Institutional Markets

- **Pre-tax operating income** is derived by excluding the following items from pre-tax income:
 - changes in fair value of securities used to hedge guaranteed living benefits;
 - net realized capital gains and losses;
 - gain on the sale of AIG Advisor Group;
 - changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses; and
 - non-operating litigation reserves and settlements.

Premiums and deposits: includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts and mutual funds.

Corporate and Other — Pre-tax operating income and loss is derived by excluding the following items from pre-tax income and loss:

- loss on extinguishment of debt;
- net realized capital gains and losses;
- changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses;
- income and loss from divested businesses, including Aircraft Leasing;
- net gain or loss on sale of divested businesses, including:
 - gain on the sale of ILFC; and
 - certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and our share of AerCap's income taxes;
- non-operating litigation reserves and settlements;
- reserve development related to non-operating run-off insurance business; and
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization.

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

American International Group, Inc.
Consolidated Statement of Operations

Consolidated Results

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Revenues:							
Premiums	\$ 8,581	\$ 8,751	\$ 8,806	\$ 9,426	\$ 8,862	\$ 26,138	\$ 27,229
Policy fees	646	696	687	689	701	2,029	2,066
Net investment income:							
Interest and dividends	3,213	3,242	3,243	3,257	3,204	9,698	9,599
Alternative investments (1)	365	310	(366)	(106)	(18)	309	1,226
Other investment income (1)	320	240	250	158	153	810	447
Investment expenses	(115)	(109)	(114)	(126)	(133)	(338)	(402)
Total net investment income	3,783	3,683	3,013	3,183	3,206	10,479	10,870
Net realized capital gains (losses) (page 54)	(765)	1,042	(1,106)	(349)	(342)	(829)	1,125
Other income	609	552	379	882	395	1,540	3,206
Total revenues	12,854	14,724	11,779	13,831	12,822	39,357	44,496
Benefits, losses and expenses:							
Policyholder benefits and losses incurred	7,489	6,872	6,387	10,758	6,936	20,748	20,587
Interest credited to policyholder account balances	887	961	950	973	881	2,798	2,758
Amortization of deferred policy acquisition costs	1,018	1,345	1,262	1,255	1,275	3,625	3,981
General operating and other expenses (page 9)	2,536	2,586	3,003	3,472	3,175	8,125	9,214
Interest expense	329	320	306	304	321	955	977
(Gain) loss on extinguishment of debt	(14)	7	83	-	346	76	756
Net (gain) loss on sale of divested businesses	(128)	(225)	2	1	3	(351)	10
Total benefits, losses and expenses	12,117	11,866	11,993	16,763	12,937	35,976	38,283
Income (loss) from continuing operations before income tax expense (benefit)	737	2,858	(214)	(2,932)	(115)	3,381	6,213
Income tax expense (benefit)	304	924	(58)	(1,083)	65	1,170	2,142
Income (loss) from continuing operations	433	1,934	(156)	(1,849)	(180)	2,211	4,071
Income (loss) from discontinued operations, net of income tax expense (benefit)	3	(10)	(47)	-	(17)	(54)	-
Net income (loss)	436	1,924	(203)	(1,849)	(197)	2,157	4,071
Net income (loss) from continuing operations attributable to noncontrolling interests	(26)	11	(20)	(8)	34	(35)	34
Net income (loss) attributable to AIG	\$ 462	\$ 1,913	\$ (183)	\$ (1,841)	\$ (231)	\$ 2,192	\$ 4,037
Effective tax rates	41.2%	32.3%	27.1%	36.9%	N/M	34.6%	34.5%

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Earnings Per Share Computations

Consolidated Results

(in millions, except share data)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
GAAP Basis:							
Numerator for EPS:							
Income (loss) from continuing operations	\$ 433	\$ 1,934	\$ (156)	\$ (1,849)	\$ (180)	\$ 2,211	\$ 4,071
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	(26)	11	(20)	(8)	34	(35)	34
Income (loss) attributable to AIG common shareholders from continuing operations	459	1,923	(136)	(1,841)	(214)	2,246	4,037
Income (loss) from discontinued operations, net of income tax expense	3	(10)	(47)	-	(17)	(54)	-
Net income (loss) attributable to AIG common shareholders	\$ 462	\$ 1,913	\$ (183)	\$ (1,841)	\$ (231)	\$ 2,192	\$ 4,037
Denominator for EPS:							
Weighted average shares outstanding - basic	1,071,295,892	1,113,587,927	1,156,548,459	1,226,880,632	1,279,072,748	1,113,650,878	1,324,407,969
Dilutive shares	31,104,878	26,458,046	-	-	-	29,049,329	32,700,815
Weighted average shares outstanding - diluted (2)	1,102,400,770	1,140,045,973	1,156,548,459	1,226,880,632	1,279,072,748	1,142,700,207	1,357,108,784
Income per common share attributable to AIG:							
Basic:							
Income (loss) from continuing operations	\$ 0.43	\$ 1.73	\$ (0.12)	\$ (1.50)	\$ (0.17)	\$ 2.02	\$ 3.05
Income (loss) from discontinued operations	-	(0.01)	(0.04)	-	(0.01)	(0.05)	-
Net income (loss) attributable to AIG	\$ 0.43	\$ 1.72	\$ (0.16)	\$ (1.50)	\$ (0.18)	\$ 1.97	\$ 3.05
Diluted:							
Income (loss) from continuing operations	\$ 0.42	\$ 1.69	\$ (0.12)	\$ (1.50)	\$ (0.17)	\$ 1.97	\$ 2.97
Income (loss) from discontinued operations	-	(0.01)	(0.04)	-	(0.01)	(0.05)	-
Net income (loss) attributable to AIG	\$ 0.42	\$ 1.68	\$ (0.16)	\$ (1.50)	\$ (0.18)	\$ 1.92	\$ 2.97

See Page 6 for the related operating earnings per share computations and Pages 14 to 15 for Accompanying Notes.

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

Consolidated Results

(in millions, except share data)

	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Pre-tax income (loss) from continuing operations	\$ 737	\$ 2,858	\$ (214)	\$ (2,932)	\$ (115)	\$ 3,381	\$ 6,213
Adjustments to arrive at Pre-tax operating income (loss)							
Changes in fair value of securities used to hedge guaranteed living benefits	(17)	(120)	(133)	4	(4)	(270)	39
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	67	64	(40)	(69)	2	91	84
(Gain) loss on extinguishment of debt	(14)	7	83	-	346	76	756
Net realized capital (gains) losses	765	(1,042)	1,106	349	342	829	(1,125)
Net (gain) loss on sale of divested businesses (3)	(128)	(225)	2	1	3	(351)	58
Non-operating litigation reserves and settlements	(5)	(7)	(31)	4	(30)	(43)	(86)
Other (income) expense - net	(3)	(5)	(7)	233	-	(15)	-
Reserve development related to non-operating run-off insurance business	-	-	-	-	30	-	30
Restructuring and other costs (4)	210	90	188	222	274	488	274
Pre-tax operating income (loss)	<u>\$ 1,612</u>	<u>\$ 1,620</u>	<u>\$ 954</u>	<u>\$ (2,188)</u>	<u>\$ 848</u>	<u>\$ 4,186</u>	<u>\$ 6,243</u>
Net income (loss) attributable to AIG	\$ 462	\$ 1,913	(183)	(1,841)	(231)	2,192	4,037
Adjustments to arrive at After-tax operating income (loss)							
(amounts net of tax, at a rate of 35%, except where noted):							
Uncertain tax positions and other tax adjustments	42	(63)	205	(30)	233	184	142
Deferred income tax valuation allowance (releases) charges (5)	(2)	35	(37)	49	8	(4)	61
Changes in fair value of securities used to hedge guaranteed living benefits	(11)	(78)	(86)	3	(3)	(175)	25
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	43	42	(26)	(45)	2	59	55
(Gain) loss on extinguishment of debt	(9)	5	54	-	225	50	491
Net realized capital (gains) losses (17)	526	(655)	701	215	262	572	(691)
(Income) loss from discontinued operations	(3)	10	47	-	17	54	-
Net (gain) loss on sale of divested businesses (3)	(83)	(146)	1	2	1	(228)	14
Non-operating litigation reserves and settlements	(3)	(5)	(20)	3	(20)	(28)	(56)
Other (income) expense - net	(2)	(3)	(5)	151	-	(10)	-
Reserve development related to non-operating run-off insurance business	-	-	-	-	20	-	20
Restructuring and other costs (4)	137	58	122	145	177	317	177
After-tax operating income (loss)	<u>\$ 1,097</u>	<u>\$ 1,113</u>	<u>\$ 773</u>	<u>\$ (1,348)</u>	<u>\$ 691</u>	<u>\$ 2,983</u>	<u>\$ 4,275</u>
Weighted average shares outstanding - diluted for operating EPS	<u>1,102,400,770</u>	<u>1,140,045,973</u>	<u>1,186,133,523</u>	<u>1,226,880,632</u>	<u>1,319,428,918</u>	<u>1,142,700,207</u>	<u>1,357,108,784</u>
After-tax operating income (loss) per diluted share (2)	<u>\$ 1.00</u>	<u>\$ 0.98</u>	<u>\$ 0.65</u>	<u>\$ (1.10)</u>	<u>\$ 0.52</u>	<u>\$ 2.61</u>	<u>\$ 3.15</u>
Calculation of Effective tax rates:							
Pre-tax operating income (loss)	\$ 1,612	\$ 1,620	954	(2,188)	848	4,186	6,243
Income tax benefit (expense)	(512)	(503)	(183)	843	(164)	(1,198)	(1,974)
Net income (loss) attributable to non-controlling interest	(3)	(4)	2	(3)	7	(5)	6
After-tax operating income (loss)	<u>\$ 1,097</u>	<u>\$ 1,113</u>	<u>\$ 773</u>	<u>\$ (1,348)</u>	<u>\$ 691</u>	<u>\$ 2,983</u>	<u>\$ 4,275</u>
Effective tax rates on pre-tax operating income (loss)	<u>31.8%</u>	<u>31.0%</u>	<u>19.2%</u>	<u>38.5%</u>	<u>19.3%</u>	<u>28.6%</u>	<u>31.6%</u>

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Return On Equity and Per Share Data

Consolidated Results

(in millions, except per share data)

Common Equity and Book Value Per Share Computations:

(as of period end)

	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Total AIG shareholders' equity (a)	\$ 88,663	\$ 89,946	\$ 88,518	\$ 89,658	\$ 98,999	\$ 88,663	\$ 98,999
Less: Accumulated other comprehensive income (AOCI)	9,057	8,259	5,525	2,537	6,557	9,057	6,557
Total AIG Shareholders' equity, excluding AOCI (b)	79,606	81,687	82,993	87,121	92,442	79,606	92,442
Less: Deferred tax assets (DTA)*	15,567	15,614	16,825	16,751	15,252	15,567	15,252
Total AIG Shareholders' equity, excluding AOCI and DTA (c)	\$ 64,039	\$ 66,073	\$ 66,168	\$ 70,370	\$ 77,190	\$ 64,039	\$ 77,190
Total common shares outstanding (d)	1,042.9	1,082.7	1,130.7	1,193.9	1,246.8	1,042.9	1,246.8
Book Value Per Share (a÷d)	\$ 85.02	\$ 83.08	\$ 78.28	\$ 75.10	\$ 79.40	\$ 85.02	\$ 79.40
Book Value Per Share, excluding AOCI (b÷d)	76.33	75.45	73.40	72.97	74.14	76.33	74.14
Book Value Per Share, excluding AOCI and DTA (c÷d)	\$ 61.41	\$ 61.03	\$ 58.52	\$ 58.94	\$ 61.91	\$ 61.41	\$ 61.91
<u>Return On Equity (ROE) Computations:</u>							
Actual or Annualized net income (loss) attributable to AIG (a)	\$ 1,848	\$ 7,652	\$ (732)	\$ (7,364)	\$ (924)	\$ 2,923	\$ 5,383
Actual or Annualized after-tax operating income (loss) attributable to AIG (b)	\$ 4,388	\$ 4,452	\$ 3,092	\$ (5,392)	\$ 2,764	\$ 3,977	\$ 5,700
Average AIG Shareholders' equity (c)	\$ 89,305	\$ 89,232	\$ 89,088	\$ 94,329	\$ 101,629	\$ 89,196	\$ 104,534
Less: Average AOCI	8,658	6,892	4,031	4,547	7,089	6,344	8,863
Average AIG Shareholders' equity, excluding average AOCI (d)	80,647	82,340	85,057	89,782	94,540	82,852	95,671
Less: Average DTA	15,591	16,220	16,788	16,002	15,271	16,189	15,567
Average AIG Shareholders' equity, excluding average AOCI and DTA (e)	\$ 65,056	\$ 66,120	\$ 68,269	\$ 73,780	\$ 79,269	\$ 66,663	\$ 80,104
ROE (a÷c)	2.1%	8.6%	(0.8%)	(7.8%)	(0.9%)	3.3%	5.1%
ROE - after-tax operating income, excluding AOCI (b÷d)	5.4%	5.4%	3.6%	(6.0%)	2.9%	4.8%	6.0%
ROE - after-tax operating income, excluding AOCI and DTA (b÷e) (6)	6.7%	6.7%	4.5%	(7.3%)	3.5%	6.0%	7.1%
Normalized ROE - after-tax operating income, excluding AOCI and DTA (6)	7.1%	8.8%	8.9%	6.7%	5.9%	8.3%	6.9%
<u>Common Stock Repurchase:</u>							
Aggregate repurchase of common stock	\$ 2,258	\$ 2,762	\$ 3,486	\$ 3,218	\$ 3,730	\$ 8,506	\$ 7,473
Total number of common shares repurchased**	39.8	50.1	63.2	52.9	61.0	153.1	129.6
Average price paid per share of common stock	\$ 56.67	\$ 55.19	\$ 55.17	\$ 60.83	\$ 61.15	\$ 55.57	\$ 57.71
Aggregate repurchase of warrants	-	90	173	-	-	263.0	-
Total number of warrants repurchased	-	5.0	10.0	-	-	15.0	-
<u>Dividends:</u>							
Dividends Declared Per Common Share	\$ 0.320	\$ 0.320	\$ 0.320	\$ 0.280	\$ 0.280	\$ 0.960	\$ 0.530
Total Dividends Declared	\$ 338	\$ 350	\$ 363	\$ 341	\$ 352	\$ 1,051	\$ 687

* Represents U.S. tax attributes related to net operating loss carryforwards and foreign tax credits. Amounts are estimates based on projections of full year attribute utilization.

** Nine months ended September 30, 2015 includes approximately 3.5 million shares of AIG Common Stock received in January 2015 upon the settlement of an accelerated stock repurchase agreement executed in the fourth quarter of 2014.

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
Selected Segment Data

Consolidated Results - Operating basis

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Total operating revenues: (7)							
Commercial Insurance	\$ 5,460	\$ 5,593	\$ 5,323	\$ 5,763	\$ 5,750	\$ 16,376	\$ 17,993
Consumer Insurance							
Retirement	2,084	2,209	2,114	2,242	2,203	6,407	7,056
Life	1,662	1,690	1,597	1,570	1,578	4,949	4,823
Personal Insurance	2,982	2,915	2,821	2,776	2,871	8,718	8,602
Total Consumer Insurance	6,728	6,814	6,532	6,588	6,652	20,074	20,481
Corporate and Other	1,557	1,364	1,038	1,989	911	3,959	5,338
Consolidation, eliminations and other adjustments	(149)	(202)	(156)	(153)	(134)	(507)	(408)
Total operating revenues	\$ 13,596	\$ 13,569	\$ 12,737	\$ 14,187	\$ 13,179	\$ 39,902	\$ 43,404
Total pre-tax operating income (loss):							
Commercial Insurance	\$ 729	\$ 827	\$ 750	\$ (2,311)	\$ 592	\$ 2,306	\$ 2,990
Consumer Insurance							
Retirement	1,108	741	461	600	635	2,310	2,239
Life	98	184	105	185	(40)	387	280
Personal Insurance	178	179	222	(32)	62	579	106
Total Consumer Insurance	1,384	1,104	788	753	657	3,276	2,625
Corporate and Other	(522)	(289)	(600)	(628)	(396)	(1,411)	697
Consolidation, eliminations and other adjustments	21	(22)	16	(2)	(5)	15	(69)
Total pre-tax operating income (loss)	\$ 1,612	\$ 1,620	\$ 954	\$ (2,188)	\$ 848	\$ 4,186	\$ 6,243

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
General Operating and Other Expenses

Consolidated Results

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
General operating expenses							
Commercial Insurance	\$ 545	\$ 543	\$ 585	\$ 598	\$ 657	\$ 1,673	\$ 1,944
Consumer Insurance							
Retirement	198	221	248	246	262	667	768
Life	242	257	258	239	248	757	729
Personal Insurance	401	403	423	479	503	1,227	1,516
Total Consumer Insurance	841	881	929	964	1,013	2,651	3,013
Corporate and Other (18)	524	535	537	547	372	1,596	1,396
Consolidation, eliminations and other adjustments	(137)	(185)	(121)	(134)	(123)	(443)	(302)
Total general operating expenses	1,773	1,774	1,930	1,975	1,919	5,477	6,051
Other acquisition expenses							
Commercial Insurance	171	163	171	191	190	505	580
Consumer Insurance - Personal Insurance	145	137	135	162	160	417	474
Total other acquisition expenses	316	300	306	353	350	922	1,054
Loss adjustment expenses							
Commercial Insurance	233	235	237	257	272	705	889
Consumer Insurance - Personal Insurance	107	115	104	135	117	326	351
Total loss adjustment expenses	340	350	341	392	389	1,031	1,240
Investment and other expenses	15	15	15	20	17	45	56
Total general operating expenses, operating basis (8)	2,444	2,439	2,592	2,740	2,675	7,475	8,401
Reconciliation to general operating and other expenses, GAAP basis							
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(340)	(350)	(341)	(392)	(389)	(1,031)	(1,240)
Advisory fee expenses	76	173	317	337	339	566	1,012
Non-deferrable insurance commissions	107	121	122	127	123	350	377
Direct marketing and acquisition expenses, net of deferrals	52	133	144	218	200	329	441
Investment expenses reported as net investment income and other	(15)	(15)	(15)	(20)	(17)	(45)	(56)
Total general operating and other expenses included in pre-tax operating income	2,324	2,501	2,819	3,010	2,931	7,644	8,935
Restructuring and other costs (4)	210	90	188	222	274	488	274
Other expense related to retroactive reinsurance agreement	4	(5)	(7)	233	-	(8)	-
Non-operating litigation reserves	(2)	-	3	7	(30)	1	5
Total general operating and other expenses, GAAP basis	\$ 2,536	\$ 2,586	\$ 3,003	\$ 3,472	\$ 3,175	\$ 8,125	\$ 9,214

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Condensed Consolidated Balance Sheets

Consolidated Results

(in millions)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Assets:					
Investments:					
Fixed maturity securities					
Bonds available for sale, at fair value	\$ 260,649	\$ 262,089	\$ 253,785	\$ 248,245	\$ 252,954
Other bond securities, at fair value	14,772	15,335	15,344	16,782	16,822
Equity securities					
Common and preferred stock available for sale, at fair value	1,544	1,642	2,770	2,915	3,792
Other common and preferred stock, at fair value	498	661	877	921	1,066
Mortgage and other loans receivable, net of allowance	32,413	31,261	30,676	29,565	28,236
Other invested assets (page 52)	25,747	27,345	28,480	29,794	31,123
Short-term investments	10,745	12,334	10,914	10,132	12,408
Total investments	346,368	350,667	342,846	338,354	346,401
Cash	2,498	1,784	1,499	1,629	1,569
Accrued investment income	2,608	2,590	2,657	2,623	2,696
Premiums and other receivables, net of allowance	11,606	12,078	12,414	11,451	12,078
Reinsurance assets, net of allowance	21,706	21,441	21,332	20,413	20,542
Deferred income taxes	18,412	18,542	20,116	20,394	19,511
Deferred policy acquisition costs	10,537	10,487	10,800	11,115	10,537
Other assets	11,546	12,188	11,581	11,289	11,413
Separate account assets, at fair value	82,626	80,572	79,532	79,574	77,136
Assets held for sale (19)	6,661	-	-	-	-
Total assets	\$ 514,568	\$ 510,349	\$ 502,777	\$ 496,842	\$ 501,883
Liabilities:					
Liability for unpaid losses and loss adjustment expenses	\$ 72,487	\$ 74,143	\$ 73,946	\$ 74,942	\$ 71,436
Unearned premiums	21,047	22,165	22,060	21,318	22,686
Future policy benefits for life and accident and health insurance contracts	47,848	45,982	44,573	43,585	42,991
Policyholder contract deposits	132,808	131,936	130,007	127,588	126,641
Other policyholder funds	4,418	4,292	4,203	4,212	4,192
Other liabilities	27,983	27,393	27,423	26,164	26,565
Long-term debt (page 13)	32,277	33,329	31,952	29,249	30,617
Separate account liabilities	82,626	80,572	79,532	79,574	77,136
Liabilities held for sale (19)	3,909	-	-	-	-
Total liabilities	425,403	419,812	413,696	406,632	402,264
AIG shareholders' equity:					
Common stock	4,766	4,766	4,766	4,766	4,766
Treasury stock, at cost	(38,518)	(36,262)	(33,584)	(30,098)	(26,881)
Additional paid-in capital	81,281	81,232	81,415	81,510	81,435
Retained earnings	32,077	31,951	30,396	30,943	33,122
Accumulated other comprehensive income	9,057	8,259	5,525	2,537	6,557
Total AIG shareholders' equity	88,663	89,946	88,518	89,658	98,999
Non-redeemable noncontrolling interests	502	591	563	552	620
Total equity	89,165	90,537	89,081	90,210	99,619
Total liabilities and equity	\$ 514,568	\$ 510,349	\$ 502,777	\$ 496,842	\$ 501,883

See Accompanying Notes on Pages 14 to 15.



American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

	September 30, 2016 (12)			
	Life Insurance Companies (9)	Non-Life Insurance Companies (10)	Corporate and Other (11)	AIG Inc.
(in millions)				
Assets:				
Investments:				
Fixed maturity securities				
Bonds available for sale, at fair value	\$ 171,375	\$ 82,625	\$ 6,649	\$ 260,649
Other bond securities, at fair value	3,828	1,409	9,535	14,772
Equity securities				
Common and preferred stock available for sale, at fair value	209	1,837	(502)	1,544
Other common and preferred stock, at fair value	3	-	495	498
Mortgage and other loans receivable, net of allowance	24,773	9,419	(1,779)	32,413
Other invested assets (page 52)	9,486	10,923	5,338	25,747
Short-term investments	4,613	3,672	2,460	10,745
Total investments	<u>214,287</u>	<u>109,885</u>	<u>22,196</u>	<u>346,368</u>
Cash	733	1,331	434	2,498
Accrued investment income	1,971	913	(276)	2,608
Premiums and other receivables, net of allowance	2,017	5,992	3,597	11,606
Reinsurance assets, net of allowance	2,178	17,788	1,740	21,706
Deferred income taxes	-	4,787	13,625	18,412
Deferred policy acquisition costs	7,951	2,640	(54)	10,537
Other assets	4,072	8,709	(1,235)	11,546
Separate account assets, at fair value	82,616	-	10	82,626
Assets held for sale (19)	-	886	5,775	6,661
Total assets	<u>\$ 315,825</u>	<u>\$ 152,931</u>	<u>\$ 45,812</u>	<u>\$ 514,568</u>
Liabilities:				
Liability for unpaid losses and loss adjustment expenses	\$ 31	\$ 66,566	\$ 5,890	\$ 72,487
Unearned premiums	75	20,998	(26)	21,047
Future policy benefits for life and accident and health insurance contracts	47,070	641	137	47,848
Policyholder contract deposits	133,013	-	(205)	132,808
Other policyholder funds	2,797	1,613	8	4,418
Other liabilities	11,515	13,964	2,504	27,983
Long-term debt (page 13) (13)	3,230	1,946	27,101	32,277
Separate account liabilities	82,616	-	10	82,626
Liabilities held for sale (19)	-	900	3,009	3,909
Total liabilities	<u>280,347</u>	<u>106,628</u>	<u>38,428</u>	<u>425,403</u>
AIG shareholders' equity:				
Accumulated other comprehensive income (loss) (14)	8,345	3,277	(2,565)	9,057
Other AIG shareholders' equity	26,857	42,950	9,799	79,606
Total AIG shareholders' equity	<u>35,202</u>	<u>46,227</u>	<u>7,234</u>	<u>88,663</u>
Non-redeemable noncontrolling interests	<u>276</u>	<u>76</u>	<u>150</u>	<u>502</u>
Total equity	<u>35,478</u>	<u>46,303</u>	<u>7,384</u>	<u>89,165</u>
Total liabilities and equity	<u>\$ 315,825</u>	<u>\$ 152,931</u>	<u>\$ 45,812</u>	<u>\$ 514,568</u>

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Condensed Consolidating Balance Sheet

Consolidated Results

	December 31, 2015 (12)			
	Life Insurance Companies (9)	Non-Life Insurance Companies (10)	Corporate and Other (11)	AIG Inc.
(in millions)				
Assets:				
Investments:				
Fixed maturity securities				
Bonds available for sale, at fair value	\$ 157,150	\$ 80,759	\$ 10,336	\$ 248,245
Other bond securities, at fair value	3,589	1,463	11,730	16,782
Equity securities				
Common and preferred stock available for sale, at fair value	144	2,821	(50)	2,915
Other common and preferred stock, at fair value	-	355	566	921
Mortgage and other loans receivable, net of allowance	23,979	8,277	(2,691)	29,565
Other invested assets (page 52)	12,398	10,569	6,827	29,794
Short-term investments	2,877	3,066	4,189	10,132
Total investments	200,137	107,310	30,907	338,354
Cash	557	974	98	1,629
Accrued investment income	1,755	768	100	2,623
Premiums and other receivables, net of allowance	1,830	5,817	3,804	11,451
Reinsurance assets, net of allowance	2,171	16,382	1,860	20,413
Deferred income taxes	-	4,564	15,830	20,394
Deferred policy acquisition costs	8,467	2,595	53	11,115
Other assets	3,018	7,215	1,056	11,289
Separate account assets, at fair value	79,564	-	10	79,574
Total assets	\$ 297,499	\$ 145,625	\$ 53,718	\$ 496,842
Liabilities:				
Liability for unpaid losses and loss adjustment expenses	\$ -	\$ 67,916	\$ 7,026	\$ 74,942
Unearned premiums	-	20,331	987	21,318
Future policy benefits for life and accident and health insurance contracts	42,893	564	128	43,585
Policyholder contract deposits	127,704	-	(116)	127,588
Other policyholder funds	2,624	1,579	9	4,212
Other liabilities	9,751	13,133	3,280	26,164
Long-term debt (page 13) (13)	2,654	609	25,986	29,249
Separate account liabilities	79,564	-	10	79,574
Total liabilities	265,190	104,132	37,310	406,632
AIG shareholders' equity:				
Accumulated other comprehensive income (loss)	1,686	1,236	(385)	2,537
Other AIG shareholders' equity	30,382	40,120	16,619	87,121
Total AIG shareholders' equity	32,068	41,356	16,234	89,658
Non-redeemable noncontrolling interests	241	137	174	552
Total equity	32,309	41,493	16,408	90,210
Total liabilities and equity	\$ 297,499	\$ 145,625	\$ 53,718	\$ 496,842

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Debt and Capital

Consolidated Results

(in millions)	Debt and Hybrid Capital			Interest Expense			
	September 30,	September 30,	December 31,	Three Months Ended		Nine Months Ended	
	2016	2015	2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Financial debt:							
AIG notes and bonds payable	\$ 19,836	\$ 17,935	\$ 17,047	\$ 220	\$ 214	\$ 648	\$ 647
AIG subordinated debt	-	-	-	-	1	-	4
AIG Japan Holdings Kabushiki Kaisha	364	107	106	1	-	1	-
AIG Life Holdings, Inc. notes and bonds payable	281	284	284	5	5	15	15
AIG Life Holdings, Inc. junior subordinated debt	360	420	420	8	9	24	29
Total	20,841	18,746	17,857	234	229	688	695
Operating debt:							
MIP notes payable	1,457	1,391	1,372	13	13	39	57
Series AIGFP matched notes and bonds payable	33	36	34	1	-	1	-
Other AIG borrowings supported by assets (15)	3,664	3,985	3,670	-	-	-	-
Other subsidiaries	1,246	28	2	4	-	4	2
Borrowings of consolidated investments (12)	4,175	5,096	4,987	62	55	170	126
Total	10,575	10,536	10,065	80	68	214	185
Hybrid - debt securities:							
Junior subordinated debt (16)	861	1,335	1,327	15	24	53	97
Total	\$ 32,277	\$ 30,617	\$ 29,249	\$ 329	\$ 321	\$ 955	\$ 977
AIG capitalization:							
Total equity	\$ 89,165	\$ 99,619	\$ 90,210				
Hybrid - debt securities (16)	861	1,335	1,327				
Total equity and hybrid capital	90,026	100,954	91,537				
Financial debt	20,841	18,746	17,857				
Total capital	\$ 110,867	\$ 119,700	\$ 109,394				
Ratios:							
Hybrid - debt securities / Total capital	0.8%	1.1%	1.2%				
Financial debt / Total capital	18.8%	15.7%	16.3%				
Total debt / Total capital	19.6%	16.8%	17.5%				

See Accompanying Notes on Pages 14 to 15.

American International Group, Inc.
Notes

Consolidated Results

- (1) Beginning in 1Q16, the presentation of income on alternative investments has been refined to include only income from hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on a one-quarter lag. Other investment income primarily includes changes in market value of investments accounted for under the fair value option (including PICC Property & Casualty Company Limited (PICC P&C) held by Non-Life Insurance Companies), real estate income, life settlements, and income (loss) from equity method investments. Prior period disclosures have been reclassified to conform to this presentation.
- (2) For the quarters ended March 31, 2016, December 31, 2015 and September 30, 2015, because we reported a net loss and, in the quarter ended December 31, 2015, an after-tax operating loss, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts.
- (3) 3Q16 primarily represents a \$105 million gain on the sale of AIG's controlling interest in NSM. 2Q16 included the sale of AIG Advisor Group. The nine months ended September 30, 2015 included certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights assets over the remaining lease term as compared to the remaining economic life of the related aircraft and our share of AerCap's income taxes.
- (4) Beginning in 3Q15, we launched broad initiatives designed to reduce operating expenses, improve efficiency and simplify our organization. These costs include employee severance and one-time termination benefits, modernization of our information technology platforms, and costs associated with consolidation of legal entities and exiting lower return lines of business.
- (5) Excludes a valuation allowance (release) charge of \$(350) million, \$(800) million and \$1.2 billion in 2Q16, 1Q16 and 4Q15, respectively, recorded in AOCI.
- (6) The reconciliation of After-tax operating income (loss) as reported to Normalized after-tax operating income (loss) and ROE-after-tax operating income (loss) to Normalized ROE are as follows:

<i>(in millions)</i>	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
After-tax operating income (loss) as reported	\$ 1,097	\$ 1,113	\$ 773	\$ (1,348)	\$ 691	\$ 2,983	\$ 4,275
Adjustments to arrive at Normalized after-tax operating income (loss):							
Catastrophe losses above (below) expectations	(233)	104	15	(87)	(333)	(114)	(432)
(Better) worse than expected alternative returns	(45)	4	464	344	298	423	90
(Better) worse than expected DIB & GCM returns	(68)	(28)	257	(3)	165	161	(77)
Fair value changes on PICC investments	(31)	55	67	(12)	167	91	(14)
Update of actuarial assumptions	250	-	-	(7)	11	250	11
Net reserve discount charge (benefit)	21	195	(7)	56	50	209	(103)
Life Insurance - IBNR death claims	-	-	(16)	(13)	-	(16)	-
Unfavorable (favorable) prior year loss reserve development	170	19	(39)	2,329	124	150	361
Normalized after-tax operating income (loss)	\$ 1,161	\$ 1,462	\$ 1,514	\$ 1,259	\$ 1,173	\$ 4,137	\$ 4,111
Normalized Average AIG Shareholders' equity, excluding average AOCI and DTA	\$ 65,437	\$ 66,295	\$ 68,269	\$ 75,029	\$ 78,973	\$ 66,853	\$ 79,956
ROE - after-tax operating income (loss), excluding AOCI and DTA (page 7)	6.7%	6.7%	4.5%	(7.3%)	3.5%	6.0%	7.1%
Impact of Normalizations	0.4%	2.1%	4.4%	14.0%	2.4%	2.3%	(0.2%)
Normalized ROE - after-tax operating income (loss), excluding AOCI and DTA	7.1%	8.8%	8.9%	6.7%	5.9%	8.3%	6.9%

Normalizing adjustments are tax affected using a 35% tax rate and computed based on average shareholders' equity, excluding AOCI and DTA, for the respective periods.

American International Group, Inc.
Notes (continued)

Consolidated Results

- (7) Operating revenues exclude Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). The reconciliation to GAAP total revenues is as follows:

<i>(in millions)</i>	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Total operating revenues	\$ 13,596	\$ 13,569	\$ 12,737	\$ 14,187	\$ 13,179	\$ 39,902	\$ 43,404
Reconciling items:							
Changes in fair value of securities used to hedge guaranteed living benefits	17	120	133	(4)	4	270	(39)
Net realized capital gains (loss)	(765)	1,042	(1,106)	(349)	(342)	(829)	1,125
Income from divested businesses	-	-	-	-	-	-	(48)
Non-operating litigation settlements	1	7	34	3	-	42	91
Other	5	(14)	(19)	(6)	(19)	(28)	(37)
Total revenues	\$ 12,854	\$ 14,724	\$ 11,779	\$ 13,831	\$ 12,822	\$ 39,357	\$ 44,496

- (8) Includes certain unallocated loss adjustment expenses, certain investment expenses and certain acquisition expenses (including the portion deferred for GAAP reporting). Excludes charges for non-operating litigation reserves, restructuring and other costs, and other expense related to a retroactive reinsurance agreement.
- (9) The Life Insurance Companies conduct business primarily through American General Life Insurance Company, The Variable Annuity Life Insurance Company, The United States Life Insurance Company in the City of New York, AIG Fuji Life Insurance Company Limited (Fuji Life) and AIG Life Limited.
- (10) The Non-Life Insurance Companies include property casualty companies that conduct their business primarily through the following major operating companies: National Union Fire Insurance Company of Pittsburgh, Pa.; American Home Assurance Company; Lexington Insurance Company; Fuji Fire and Marine Insurance Company Limited; American Home Assurance Company, Ltd.; AIG Asia Pacific Insurance, Pte, Ltd.; AIG Europe Limited; For the year ended December 31, 2015, Eaglestone Reinsurance Company (Eaglestone), a reinsurer of run-off lines of business from affiliates within Non-Life Insurance Companies, was transferred from Non-Life Insurance Companies to Corporate and Other. Beginning 3Q16, the mortgage guaranty companies that conduct their business primarily through United Guaranty Residential Insurance Company were transferred from Non-Life Insurance Companies to Corporate and Other.
- (11) Includes AIG Parent, other assets and investments held by AIG Parent, AIG Life Holdings, Inc. (a non-operating holding company), Eaglestone, and consolidations, eliminations and other adjustments. Beginning 3Q16, includes mortgage guaranty companies that conduct their business primarily through United Guaranty Residential Insurance Company.
- (12) As of September 30, 2016, included debt of consolidated investment vehicles related to real estate investments of \$1.7 billion, affordable housing partnership investments of \$1.7 billion and other securitization vehicles of \$781 million. As of December 31, 2015, included debt of consolidated investment vehicles related to real estate investments of \$2.4 billion, affordable housing partnership investments of \$1.5 billion, and other securitization vehicles of \$1.0 billion. As of September 30, 2015, included debt of consolidated investment vehicles related to real estate investments of \$2.4 billion, affordable housing partnership investments of \$1.5 billion and other securitization vehicles of \$1.1 million.
- (13) The Life Insurance Companies' debt consists primarily of third-party debt related to other subsidiaries and consolidated investments in affordable housing partnerships.
- (14) Beginning in 1Q16, a \$1.8 billion deferred tax asset valuation allowance released to AOCI, which was previously reported in the Corporate & Other segment has been reclassified to Life Insurance Companies consistent with the reporting of the related gains on investments.
- (15) Borrowings are carried at fair value with fair value adjustments reported in Other income on the Consolidated Statement of Operations. Contractual interest payments amounted to \$38 million and \$39 million for the three months ended September 30, 2016 and 2015, respectively, and \$101 million and \$130 million for the nine months ended September 30, 2016 and 2015, respectively.
- (16) The junior subordinated debentures receive partial equity treatment from a major rating agency under its current policies but are recorded as long-term borrowings on the Condensed Consolidated Balance Sheets.
- (17) The tax effect on net realized capital (gains) losses includes the impact of non-U.S. tax rates lower than 35% applied to foreign exchange (gains) losses attributable to those jurisdictions where foreign earnings are considered to be indefinitely reinvested.
- (18) Prior to 3Q16, we presented United Guaranty and Institutional Markets as operating segments of Commercial Insurance. Beginning in 3Q16, in order to align our financial reporting with the manner in which our chief operating decision makers review the businesses to assess performance and make decisions about resources to be allocated, United Guaranty and Institutional Markets are presented in the Corporate and Other category for all periods presented. As a result, Commercial Insurance operations now consist of our commercial property and casualty business. See also note 7 on page 21.
- (19) Assets and liabilities held for sale at September 30, 2016 are comprised of UGC, certain real estate investments, and our interest in Ascot Underwriting Holdings Ltd. and related syndicate-funding subsidiary Ascot Corporate Name Ltd.

American International Group, Inc.
Operating Statistics

Commercial Insurance

(in millions)

	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 4,357	\$ 4,495	\$ 4,369	\$ 4,671	\$ 5,275	\$ 13,221	\$ 16,157
Net premiums earned	\$ 4,495	\$ 4,702	\$ 4,746	\$ 5,033	\$ 5,040	\$ 13,943	\$ 15,127
Losses and loss adjustment expenses incurred	3,491	3,490	3,210	6,636	3,668	10,191	10,644
Acquisition expenses:							
Amortization of deferred policy acquisition costs	517	537	547	577	581	1,601	1,771
Other acquisition expenses	178	196	231	263	252	605	644
Total acquisition expenses	695	733	778	840	833	2,206	2,415
General operating expenses	545	543	585	598	657	1,673	1,944
Underwriting income (loss)	(236)	(64)	173	(3,041)	(118)	(127)	124
Net investment income (loss):							
Interest and dividends	820	843	811	830	866	2,474	2,559
Alternative investments (1)	182	120	(136)	(40)	(55)	166	404
Other investment income (2)	(8)	(47)	(69)	(29)	(61)	(124)	29
Investment expenses	(29)	(25)	(29)	(31)	(40)	(83)	(126)
Total net investment income	965	891	577	730	710	2,433	2,866
Pre-tax operating income (loss) (7)	\$ 729	\$ 827	\$ 750	\$ (2,311)	\$ 592	\$ 2,306	\$ 2,990
Underwriting ratios: (6)							
Loss ratio	77.7	74.2	67.6	131.8	72.8	73.1	70.4
Catastrophe losses and reinstatement premiums	(5.7)	(7.5)	(4.6)	(4.2)	(1.8)	(5.9)	(2.5)
Prior year development net of premium adjustments	(6.9)	(0.9)	0.3	(60.3)	(3.5)	(2.4)	(3.1)
Net reserve discount benefit (charge)	(0.3)	(4.1)	0.6	(1.4)	(0.8)	(1.4)	0.9
Accident year loss ratio, as adjusted (7)	64.8	61.7	63.9	65.9	66.7	63.4	65.7
Acquisition ratio	15.5	15.6	16.4	16.7	16.5	15.8	16.0
General operating expense ratio	12.1	11.5	12.3	11.9	13.0	12.0	12.9
Expense ratio	27.6	27.1	28.7	28.6	29.5	27.8	28.9
Combined ratio	105.3	101.3	96.3	160.4	102.3	100.9	99.3
Catastrophe losses and reinstatement premiums	(5.7)	(7.5)	(4.6)	(4.2)	(1.8)	(5.9)	(2.5)
Prior year development net of premium adjustments	(6.9)	(0.9)	0.3	(60.3)	(3.5)	(2.4)	(3.1)
Net reserve discount benefit (charge)	(0.3)	(4.1)	0.6	(1.4)	(0.8)	(1.4)	0.9
Accident year combined ratio, as adjusted	92.4	88.8	92.6	94.5	96.2	91.2	94.6
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 253	\$ 353	\$ 222	\$ 213	\$ 88	\$ 828	\$ 368
Reinstatement premiums related to catastrophes	-	-	-	-	-	-	-
Reinstatement premiums related to prior year catastrophes	-	(11)	(10)	-	2	(21)	(5)
Severe losses (4)	95	130	109	172	209	334	527
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	317	36	(16)	3,040	156	337	440
(Additional) returned premium related to prior year development	(11)	22	6	(4)	30	17	53
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	306	58	(10)	3,036	186	354	493
Net reserve discount (benefit) charge	17	191	(26)	68	41	182	(136)
Net loss and loss expense reserve by line of business (at end of period):							
Casualty	\$ 29,924	\$ 30,662	\$ 31,207	\$ 32,620	\$ 31,228	\$ 29,924	\$ 31,228
Financial Lines	9,014	9,273	9,206	9,265	8,935	9,014	8,935
Specialty	5,249	4,781	4,711	5,197	5,685	5,249	5,685
Property	3,587	4,152	3,938	4,013	3,739	3,587	3,739
Total	\$ 47,774	\$ 48,868	\$ 49,062	\$ 51,095	\$ 49,587	\$ 47,774	\$ 49,587

See Accompanying Notes on Pages 20 to 21. Prior periods have been restated to reflect intercompany reinsurance agreement. See Note 7 on page 21.

American International Group, Inc.
Net Premiums Written by Line of Business and Region

Commercial Insurance

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
By Line of Business:							
Casualty	\$ 1,252	\$ 1,109	\$ 1,363	\$ 1,552	\$ 1,711	\$ 3,724	\$ 5,405
Property	1,253	1,442	1,024	1,043	1,482	3,719	4,117
Specialty	784	831	952	951	970	2,567	3,094
Financial lines	1,068	1,113	1,030	1,125	1,112	3,211	3,541
Total net premiums written	\$ 4,357	\$ 4,495	\$ 4,369	\$ 4,671	\$ 5,275	\$ 13,221	\$ 16,157
By Region:							
Americas	\$ 2,865	\$ 2,938	\$ 2,385	\$ 3,273	\$ 3,598	\$ 8,188	\$ 10,691
EMEA	975	1,101	1,559	923	1,158	3,635	4,005
Asia Pacific	517	456	425	475	519	1,398	1,461
Total net premiums written	\$ 4,357	\$ 4,495	\$ 4,369	\$ 4,671	\$ 5,275	\$ 13,221	\$ 16,157
Foreign exchange effect on worldwide premiums:							
Change in net premiums written							
Increase (decrease) in original currency over prior-year period (5)	(16.8) %	(22.5) %	(10.8) %	3.0 %	0.3 %	(17.0) %	3.6 %
Foreign exchange effect	(0.6)	(0.4)	(2.7)	(3.4)	(4.5)	(1.2)	(4.6)
Increase (decrease) as reported in U.S. dollars	(17.4) %	(22.9) %	(13.5) %	(0.4) %	(4.2) %	(18.2) %	(1.0) %

See Accompanying Notes on Pages 20 to 21.

American International Group, Inc.
Operating Statistics

Commercial Insurance - North America

(in millions)	Quarterly					Nine Months Ended	
						September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 2,761	\$ 2,828	\$ 2,267	\$ 3,140	\$ 3,440	\$ 7,856	\$ 10,262
Net premiums earned	\$ 2,772	\$ 2,892	\$ 3,049	\$ 3,254	\$ 3,237	\$ 8,713	\$ 9,746
Losses and loss adjustment expenses incurred	2,441	2,384	2,255	5,201	2,594	7,080	7,597
Acquisition expenses:							
Amortization of deferred policy acquisition costs	244	265	295	326	324	804	985
Other acquisition expenses	75	97	139	153	158	311	349
Total acquisition expenses	319	362	434	479	482	1,115	1,334
General operating expenses	277	267	285	287	329	829	960
Underwriting income (loss)	(265)	(121)	75	(2,713)	(168)	(311)	(145)
Net investment income (loss):							
Interest and dividends	701	720	703	717	751	2,124	2,198
Alternative investments (1)	182	130	(134)	(19)	(63)	178	388
Other investment income (2)	(13)	(51)	(76)	(29)	(72)	(140)	(2)
Investment expenses	(26)	(20)	(27)	(24)	(29)	(73)	(91)
Total net investment income	844	779	466	645	587	2,089	2,493
Pre-tax operating income (loss) (7)	\$ 579	\$ 658	\$ 541	\$ (2,068)	\$ 419	\$ 1,778	\$ 2,348
Underwriting ratios: (6)							
Loss ratio	88.1	82.4	74.0	159.8	80.1	81.3	77.9
Catastrophe losses and reinstatement premiums	(7.4)	(6.7)	(6.1)	(3.2)	(0.4)	(6.8)	(2.5)
Prior year development net of premium adjustments	(11.6)	(3.2)	(1.9)	(85.2)	(8.6)	(5.3)	(6.6)
Net reserve discount benefit (charge)	(0.6)	(6.5)	0.9	(2.0)	(1.2)	(2.1)	1.4
Accident year loss ratio, as adjusted	68.5	66.0	66.9	69.4	69.9	67.1	70.2
Acquisition ratio	11.5	12.5	14.2	14.7	14.9	12.8	13.7
General operating expense ratio	10.0	9.2	9.3	8.8	10.2	9.5	9.9
Expense ratio	21.5	21.7	23.5	23.5	25.1	22.3	23.6
Combined ratio	109.6	104.1	97.5	183.3	105.2	103.6	101.5
Catastrophe losses and reinstatement premiums	(7.4)	(6.7)	(6.1)	(3.2)	(0.4)	(6.8)	(2.5)
Prior year development net of premium adjustments	(11.6)	(3.2)	(1.9)	(85.2)	(8.6)	(5.3)	(6.6)
Net reserve discount benefit (charge)	(0.6)	(6.5)	0.9	(2.0)	(1.2)	(2.1)	1.4
Accident year combined ratio, as adjusted	90.0	87.7	90.4	92.9	95.0	89.4	93.8
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 205	\$ 196	\$ 184	\$ 104	\$ 15	\$ 585	\$ 245
Reinstatement premiums related to prior year catastrophes	(1)	(11)	(10)	-	-	(22)	(7)
Severe losses (4)	39	23	-	23	53	62	219
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	328	82	61	2,775	255	471	611
(Additional) returned premium related to prior year development	(11)	22	6	(4)	30	17	53
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	317	104	67	2,771	285	488	664
Net reserve discount (benefit) charge	\$ 17	\$ 191	\$ (26)	\$ 68	\$ 41	\$ 182	\$ (136)

See Accompanying Notes on Pages 20 to 21. Prior periods have been restated to reflect intercompany reinsurance agreement. See Note 7 on page 21.

American International Group, Inc.
Operating Statistics

Commercial Insurance - International

(in millions)	Quarterly					Nine Months Ended	
						September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 1,596	\$ 1,667	\$ 2,102	\$ 1,531	\$ 1,835	\$ 5,365	\$ 5,895
Net premiums earned	\$ 1,723	\$ 1,810	\$ 1,697	\$ 1,779	\$ 1,803	\$ 5,230	\$ 5,381
Losses and loss adjustment expenses incurred	1,050	1,106	955	1,435	1,074	3,111	3,047
Acquisition expenses:							
Amortization of deferred policy acquisition costs	273	272	252	251	257	797	786
Other acquisition expenses	103	99	92	110	94	294	295
Total acquisition expenses	376	371	344	361	351	1,091	1,081
General operating expenses	268	276	300	311	328	844	984
Underwriting income (loss)	29	57	98	(328)	50	184	269
Net investment income:							
Interest and dividends	119	123	108	113	115	350	361
Alternative investments (1)	-	(10)	(2)	(21)	8	(12)	16
Other investment income (2)	5	4	7	-	11	16	31
Investment expenses	(3)	(5)	(2)	(7)	(11)	(10)	(35)
Total net investment income	121	112	111	85	123	344	373
Pre-tax operating income (loss)	\$ 150	\$ 169	\$ 209	\$ (243)	\$ 173	\$ 528	\$ 642
Underwriting ratios: (6)							
Loss ratio	60.9	61.1	56.3	80.7	59.6	59.5	56.6
Catastrophe losses and reinstatement premiums	(2.7)	(8.7)	(2.3)	(6.2)	(4.1)	(4.7)	(2.3)
Prior year development net of premium adjustments	0.6	2.6	4.6	(14.9)	5.4	2.6	3.2
Accident year loss ratio, as adjusted	58.8	55.0	58.6	59.6	60.9	57.4	57.5
Acquisition ratio	21.8	20.5	20.3	20.3	19.5	20.9	20.1
General operating expense ratio	15.6	15.2	17.7	17.5	18.2	16.1	18.3
Expense ratio	37.4	35.7	38.0	37.8	37.7	37.0	38.4
Combined ratio	98.3	96.8	94.3	118.5	97.3	96.5	95.0
Catastrophe losses and reinstatement premiums	(2.7)	(8.7)	(2.3)	(6.2)	(4.1)	(4.7)	(2.3)
Prior year development net of premium adjustments	0.6	2.6	4.6	(14.9)	5.4	2.6	3.2
Accident year combined ratio, as adjusted	96.2	90.7	96.6	97.4	98.6	94.4	95.9
Noteworthy items (pre-tax):							
Catastrophe-related losses (3)	\$ 48	\$ 157	\$ 38	\$ 109	\$ 73	\$ 243	\$ 123
Reinstatement premiums related to catastrophes	-	-	-	-	-	-	-
Reinstatement premiums related to prior year catastrophes	1	-	-	-	2	1	2
Severe losses (4)	56	107	109	149	156	272	308
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (11)	\$ (46)	\$ (77)	\$ 265	\$ (99)	\$ (134)	\$ (171)

See Accompanying Notes on Pages 20 to 21.

Commercial Insurance

Basis of Presentation

Commercial Insurance operates in three major geographic areas: the Americas (which includes the United States, Canada, Latin America, the Caribbean and Bermuda), Asia Pacific (which includes Japan and other Asia Pacific nations, including China, Korea, Singapore, Vietnam, Thailand, Australia and Indonesia), and EMEA (which includes the United Kingdom, Continental Europe, the Russian Federation, India, the Middle East and Africa). Commercial Insurance products for large and small businesses are primarily distributed through a network of independent retail and wholesale brokers, and through an independent agency network in the Asia Pacific and EMEA regions. Major lines of business include Casualty, Property, Specialty and Financial Lines.

Net investment income is attributed to the operating segments of Commercial Insurance and Consumer Insurance based on internal models consistent with the nature of the underlying businesses.

For Commercial Insurance, we estimate investable funds based primarily on loss reserves and unearned premiums. The net investment income allocation is calculated based on these estimated investable funds consistent with the approximate duration of the liabilities and a capital allocation for each operating segment.

Notes

- (1) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on one-quarter lag.
- (2) Other investment income is comprised principally of real estate income, changes in market value of investments accounted for under the fair value option, and income (loss) from equity method investments.
- (3) Natural catastrophe losses (CATs) are generally weather or seismic events having a net impact on AIG in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders that meet the \$10 million threshold.
- (4) Severe losses are defined as non-catastrophic individual first-party losses and surety losses greater than \$10 million, net of related reinsurance and salvage and subrogation.
- (5) Computed using a constant exchange rate for each period.
- (6) Underwriting ratios are computed as follows:
 - a. Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
 - b. Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE + Reinstatement premiums (RIPs) related to catastrophes] – Loss ratio
 - c. Prior year development net of premium adjustments = [Loss and loss adjustment expenses incurred – Prior year loss reserve development (favorable) unfavorable (PYD), net of reinsurance] ÷ [NPE + RIPs related to prior year catastrophes + (Additional) returned premium related to prior year development] – Loss ratio
 - d. Net reserve discount = -1*[Net reserve discount (benefit) charge ÷ NPE] (Note: any rounding will go into this line since Accident year loss ratio, as adjusted is calculated independently.)
 - e. Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD – Net reserve discount (benefit) charge] ÷ [NPE + RIPs related to catastrophes + RIPs related to prior year catastrophes + (Additional) returned premium related to PYD]
 - f. Acquisition ratio = Total acquisition expenses ÷ NPE
 - g. General operating expense ratio = General operating expenses ÷ NPE
 - h. Expense ratio = Acquisition ratio + General operating expenses ratio
 - i. Combined ratio = Loss ratio + Expense ratio
 - j. Accident year combined ratio = AYLR + Expense ratio

American International Group, Inc.
Notes (continued)

Commercial Insurance

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

Prior periods have been revised to conform to the current period presentation.

	Quarterly							Nine Months Ended September 30,		Year Ended December 31,
	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	2016	2015	2015
Commercial Insurance										
Accident year loss ratio, as adjusted - previously reported	65.6	62.4	64.5	66.4	67.1	66.6	64.4	64.1	66.1	66.2
Impact of UGC reinsurance treaty	(0.8)	(0.7)	(0.6)	(0.5)	(0.4)	(0.6)	-	(0.7)	(0.4)	-
Accident year loss ratio, as adjusted - revised	64.8	61.7	63.9	65.9	66.7	66.0	64.4	63.4	65.7	66.2
Pre-tax operating income (loss) - previously reported	\$ 689	\$ 791	\$ 720	\$ (2,338)	\$ 569	\$ 1,192	\$ 1,170	\$ 2,200	\$ 2,931	\$ 593
Impact of UGC reinsurance treaty*	40	36	30	27	23	35	1	106	59	86
Pre-tax operating income (loss) - revised	\$ 729	\$ 827	\$ 750	\$ (2,311)	\$ 592	\$ 1,227	\$ 1,171	\$ 2,306	\$ 2,990	\$ 679

* Commercial Insurance and United Guaranty each use models that are consistent with their core underlying business to defer and amortize ceding commissions related to the intercompany reinsurance agreement. The difference in pre-tax operating income arising from the use of these different models is eliminated for AIG consolidated reporting.

American International Group, Inc.
Operating Results

Consumer Insurance

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Revenues:							
Premiums	\$ 3,751	\$ 3,676	\$ 3,560	\$ 3,449	\$ 3,531	\$ 10,987	\$ 10,636
Policy fees	596	643	637	638	653	1,876	1,919
Net investment income	2,163	2,162	1,828	1,971	1,944	6,153	6,351
Other income	218	333	507	530	524	1,058	1,575
Total operating revenues	6,728	6,814	6,532	6,588	6,652	20,074	20,481
Benefits and expenses:							
Policyholder benefits and losses incurred	2,833	2,668	2,520	2,494	2,741	8,021	7,981
Interest credited to policyholder account balances	779	849	845	857	789	2,473	2,459
Amortization of deferred policy acquisition cost	493	785	769	741	694	2,047	2,146
General operating and other expenses*	1,239	1,408	1,610	1,743	1,771	4,257	5,270
Total benefits and expenses	5,344	5,710	5,744	5,835	5,995	16,798	17,856
Pre-tax operating income (1)	\$ 1,384	\$ 1,104	\$ 788	\$ 753	\$ 657	\$ 3,276	\$ 2,625

* Includes general operating expenses, non-deferrable commissions, other acquisition expenses and advisory fees and other expenses.

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Results

Consumer Insurance - Retirement

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits (2)	\$ 5,184	\$ 6,448	\$ 6,866	\$ 7,053	\$ 6,639	\$ 18,498	\$ 18,244
Revenues:							
Premiums	\$ 45	\$ 52	\$ 54	\$ 41	\$ 37	\$ 151	\$ 127
Policy fees	282	272	259	270	261	813	802
Net investment income:							
Base portfolio (3)	1,371	1,353	1,383	1,342	1,348	4,107	4,059
Alternative investments (4)	99	129	(131)	(34)	(3)	97	376
Other enhancements (5)	82	85	57	110	51	224	149
Total net investment income	1,552	1,567	1,309	1,418	1,396	4,428	4,584
Advisory fee and other income	205	318	492	513	509	1,015	1,543
Total operating revenues	2,084	2,209	2,114	2,242	2,203	6,407	7,056
Benefits and expenses:							
Policyholder benefits and losses incurred	19	114	124	105	198	257	406
Interest credited to policyholder account balances	659	728	723	734	665	2,110	2,089
Amortization of deferred policy acquisition costs	(56)	158	169	148	32	271	332
Non deferrable insurance commissions	80	74	72	72	72	226	210
Advisory fee expenses	76	173	317	337	339	566	1,012
General operating expenses	198	221	248	246	262	667	768
Total benefits and expenses	976	1,468	1,653	1,642	1,568	4,097	4,817
Pre-tax operating income (1)	\$ 1,108	\$ 741	\$ 461	\$ 600	\$ 635	\$ 2,310	\$ 2,239
Assets under management:							
General accounts	\$ 130,849	\$ 130,061	\$ 126,786	\$ 123,734	\$ 123,848	\$ 130,849	\$ 123,848
Separate accounts	75,586	73,385	72,425	72,314	69,807	75,586	69,807
Group retirement and retail mutual funds	32,310	30,651	29,437	27,735	26,679	32,310	26,679
Total assets under management	\$ 238,745	\$ 234,098	\$ 228,648	\$ 223,783	\$ 220,334	\$ 238,745	\$ 220,334

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Net Flows

Consumer Insurance - Retirement

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Investment Products Net Flows:							
Premiums and deposits: (2)							
Fixed Annuities	\$ 560	\$ 1,208	\$ 1,634	\$ 1,247	\$ 1,121	\$ 3,402	\$ 2,455
Retirement Income Solutions	1,701	1,976	2,038	2,677	2,758	5,715	8,151
Retail Mutual Funds	1,090	1,410	1,325	1,169	843	3,825	2,622
Group Retirement	1,821	1,837	1,856	1,944	1,903	5,514	4,976
Total premiums and deposits	5,172	6,431	6,853	7,037	6,625	18,456	18,204
Surrenders and withdrawals:							
Fixed Annuities	(899)	(1,047)	(903)	(892)	(842)	(2,849)	(2,671)
Retirement Income Solutions	(768)	(710)	(659)	(759)	(771)	(2,137)	(2,345)
Retail Mutual Funds	(676)	(708)	(782)	(819)	(651)	(2,166)	(1,946)
Group Retirement	(1,796)	(1,668)	(1,677)	(2,246)	(2,428)	(5,141)	(6,259)
Total surrenders and withdrawals	(4,139)	(4,133)	(4,021)	(4,716)	(4,692)	(12,293)	(13,221)
Death and other contract benefits:							
Fixed Annuities	(542)	(589)	(572)	(520)	(616)	(1,703)	(1,807)
Retirement Income Solutions	(201)	(205)	(182)	(179)	(163)	(588)	(535)
Group Retirement	(132)	(150)	(144)	(138)	(139)	(426)	(412)
Total death and other contract benefits	(875)	(944)	(898)	(837)	(918)	(2,717)	(2,754)
Net flows: (6)							
Fixed Annuities	(881)	(428)	159	(165)	(337)	(1,150)	(2,023)
Retirement Income Solutions	732	1,061	1,197	1,739	1,824	2,990	5,271
Retail Mutual Funds	414	702	543	350	192	1,659	676
Group Retirement	(107)	19	35	(440)	(664)	(53)	(1,695)
Total net flows	\$ 158	\$ 1,354	\$ 1,934	\$ 1,484	\$ 1,015	\$ 3,446	\$ 2,229

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits (2)	\$ 570	\$ 1,221	\$ 1,645	\$ 1,259	\$ 1,132	\$ 3,436	\$ 2,488
Revenues:							
Premiums	\$ 38	\$ 48	\$ 49	\$ 36	\$ 34	\$ 135	\$ 118
Policy fees	4	4	4	5	(5)	12	4
Net investment income:							
Base portfolio (3)	703	698	708	702	718	2,109	2,174
Alternative investments (4)	40	57	(56)	(21)	1	41	188
Other enhancements (5)	37	46	27	55	24	110	78
Total net investment income	780	801	679	736	743	2,260	2,440
Total operating revenues	822	853	732	777	772	2,407	2,562
Benefits and expenses:							
Policyholder benefits and losses incurred	60	79	86	74	76	225	218
Interest credited to policyholder account balances	306	389	386	397	351	1,081	1,128
Amortization of deferred policy acquisition costs	(175)	79	80	82	36	(16)	178
Non deferrable insurance commissions	5	5	5	5	5	15	15
General operating expenses	38	39	43	37	42	120	120
Total benefits and expenses	234	591	600	595	510	1,425	1,659
Pre-tax operating income (1)	\$ 588	\$ 262	\$ 132	\$ 182	\$ 262	\$ 982	\$ 903
General and separate account reserves:							
Future policyholder benefits	\$ 3,108	\$ 2,995	\$ 2,896	\$ 2,869	\$ 2,893	\$ 3,108	\$ 2,893
Policyholder contract deposits and separate account reserves	51,949	52,518	52,608	52,151	52,076	51,949	52,076
Total general and separate account reserves	\$ 55,057	\$ 55,513	\$ 55,504	\$ 55,020	\$ 54,969	\$ 55,057	\$ 54,969

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Fixed Annuities)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net investment spreads: (a)							
Base yield (7)	4.93%	4.87%	4.98%	4.92%	4.99%	4.93%	4.99%
Alternative investments (8)	0.14%	0.19%	(0.51)%	(0.25)%	(0.22)%	(0.06)%	0.12%
Other enhancements (9)	0.15%	0.18%	0.05%	0.27%	0.05%	0.12%	0.08%
Total yield	5.22%	5.24%	4.52%	4.94%	4.82%	4.99%	5.19%
Cost of funds (b)	2.74%	2.76%	2.78%	2.79%	2.79%	2.76%	2.78%
Net spread rate, as reported	2.48%	2.48%	1.74%	2.15%	2.03%	2.23%	2.41%
Base net investment spread (c)	2.19%	2.11%	2.20%	2.13%	2.20%	2.17%	2.21%
Surrender rates (10)	6.9%	8.0%	6.9%	7.1%	6.5%	7.3%	6.8%
DAC rollforward:							
Balance at beginning of period	\$ 721	\$ 931	\$ 1,111	\$ 935	\$ 869	\$ 1,111	\$ 817
Deferrals	14	29	39	30	27	82	58
Operating amortization	175	(79)	(80)	(82)	(36)	16	(178)
Change from realized gains (losses)	-	1	12	4	-	13	-
Change from unrealized gains (losses)	(144)	(161)	(151)	224	75	(456)	238
Balance at end of period	\$ 766	\$ 721	\$ 931	\$ 1,111	\$ 935	\$ 766	\$ 935
Reserve rollforward:							
Balance at beginning of period, gross	\$ 55,762	\$ 55,843	\$ 55,381	\$ 55,317	\$ 55,370	\$ 55,381	\$ 56,445
Premiums and deposits	570	1,221	1,645	1,259	1,132	3,436	2,488
Surrenders and withdrawals	(947)	(1,103)	(950)	(982)	(900)	(3,000)	(2,833)
Death and other contract benefits	(602)	(669)	(630)	(605)	(690)	(1,901)	(2,000)
Subtotal	(979)	(551)	65	(328)	(458)	(1,465)	(2,345)
Change in fair value of underlying assets and reserve accretion, net of policy fees	99	72	56	5	25	227	102
Cost of funds (b)	357	357	355	362	364	1,069	1,081
Other reserve changes (including loss recognition)	(54)	41	(14)	25	16	(27)	34
Balance at end of period	55,185	55,762	55,843	55,381	55,317	55,185	55,317
Reserves related to unrealized investment appreciation	230	109	21	-	15	230	15
Reinsurance ceded	(358)	(358)	(360)	(361)	(363)	(358)	(363)
Total insurance reserves	\$ 55,057	\$ 55,513	\$ 55,504	\$ 55,020	\$ 54,969	\$ 55,057	\$ 54,969

(a) Excludes immediate annuities.

(b) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits (2)							
Variable Annuities	\$ 1,092	\$ 1,225	\$ 1,267	\$ 1,814	\$ 1,964	\$ 3,584	\$ 6,198
Index Annuities	611	755	773	867	797	2,139	1,960
Total Premiums and deposits	\$ 1,703	\$ 1,980	\$ 2,040	\$ 2,681	\$ 2,761	\$ 5,723	\$ 8,158
Revenues:							
Premiums	\$ (2)	\$ (1)	\$ (2)	\$ (1)	\$ (2)	\$ (5)	\$ (7)
Policy fees	178	172	163	167	166	513	492
Net investment income:							
Base portfolio (3)	183	170	178	151	138	531	382
Alternative investments (4)	26	29	(32)	(6)	(2)	23	66
Other enhancements (5)	17	14	5	9	8	36	17
Total net investment income	226	213	151	154	144	590	465
Advisory fee and other income	74	70	66	69	66	210	193
Total operating revenues	476	454	378	389	374	1,308	1,143
Benefits and expenses:							
Policyholder benefits and losses incurred	(59)	22	28	23	103	(9)	139
Interest credited to policyholder account balances	65	58	58	53	37	181	128
Amortization of deferred policy acquisition costs	55	58	68	51	8	181	119
Non deferrable insurance commissions	55	50	47	45	53	152	146
Advisory fee expenses	7	5	5	4	4	17	10
General operating expenses	59	63	63	61	63	185	189
Total benefits and expenses	182	256	269	237	268	707	731
Pre-tax operating income (1)	\$ 294	\$ 198	\$ 109	\$ 152	\$ 106	\$ 601	\$ 412
General and separate account reserves:							
Policyholder contract deposits and future policy benefits	\$ 18,065	\$ 17,479	\$ 16,120	\$ 14,561	\$ 13,771	\$ 18,065	\$ 13,771
Separate account reserves	43,247	41,890	41,085	40,746	39,043	43,247	39,043
Total general and separate account reserves	\$ 61,312	\$ 59,369	\$ 57,205	\$ 55,307	\$ 52,814	\$ 61,312	\$ 52,814

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Retirement Income Solutions)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net investment spreads:							
Base yield (7)	4.47%	4.58%	5.07%	4.74%	4.76%	4.69%	4.75%
Alternative investments (8)	0.34%	0.43%	(1.16)%	(0.55)%	(0.50)%	(0.10)%	0.28%
Other enhancements (9)	0.24%	0.13%	(0.10)%	0.04%	0.04%	0.10%	0.05%
Total yield	5.05%	5.14%	3.81%	4.23%	4.30%	4.69%	5.08%
Cost of funds (a)	1.42%	1.54%	1.56%	1.48%	1.56%	1.51%	1.67%
Net spread rate, as reported	3.63%	3.60%	2.25%	2.75%	2.74%	3.18%	3.41%
Base net investment spread (b)	3.05%	3.04%	3.51%	3.26%	3.20%	3.18%	3.08%
Surrender rates (10)	5.2%	4.9%	4.8%	5.7%	6.0%	5.0%	6.2%
DAC rollforward:							
Balance at beginning of period	\$ 2,078	\$ 2,142	\$ 2,142	\$ 1,911	\$ 1,728	\$ 2,142	\$ 1,529
Deferrals	107	124	121	169	170	352	491
Operating amortization	(55)	(58)	(68)	(51)	(8)	(181)	(119)
Change from realized gains (losses)	(8)	(30)	32	58	(9)	(6)	(71)
Change from unrealized gains (losses)	(23)	(100)	(85)	55	30	(208)	81
Balance at end of period	\$ 2,099	\$ 2,078	\$ 2,142	\$ 2,142	\$ 1,911	\$ 2,099	\$ 1,911
Reserve rollforward:							
Balance at beginning of period, gross	\$ 59,369	\$ 57,205	\$ 55,307	\$ 52,814	\$ 52,680	\$ 55,307	\$ 49,511
Premiums and deposits	1,703	1,980	2,040	2,681	2,761	5,723	8,158
Surrenders and withdrawals	(779)	(720)	(669)	(770)	(787)	(2,168)	(2,394)
Death and other contract benefits	(206)	(213)	(189)	(186)	(168)	(608)	(553)
Subtotal	718	1,047	1,182	1,725	1,806	2,947	5,211
Change in fair value of underlying assets and reserve accretion, net of policy fees	1,254	1,106	540	706	(1,713)	2,900	(2,045)
Cost of funds (a)	52	53	50	46	44	155	129
Other reserve changes	(61)	(42)	126	16	(3)	23	8
Balance at end of period	61,332	59,369	57,205	55,307	52,814	61,332	52,814
Reinsurance ceded	(20)	-	-	-	-	(20)	-
Total insurance reserves	\$ 61,312	\$ 59,369	\$ 57,205	\$ 55,307	\$ 52,814	\$ 61,312	\$ 52,814

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 38 to 41.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits (2)	\$ 1,821	\$ 1,837	\$ 1,856	\$ 1,944	\$ 1,903	\$ 5,514	\$ 4,976
Revenues:							
Premiums	\$ 9	\$ 5	\$ 7	\$ 6	\$ 5	\$ 21	\$ 16
Policy fees	99	95	91	97	99	285	303
Net investment income:							
Base portfolio (3)	485	485	497	489	492	1,467	1,503
Alternative investments (4)	33	43	(43)	(7)	(2)	33	122
Other enhancements (5)	28	25	25	46	19	78	54
Total net investment income	546	553	479	528	509	1,578	1,679
Advisory fee and other income	55	52	52	55	54	159	164
Total operating revenues	709	705	629	686	667	2,043	2,162
Benefits and expenses:							
Policyholder benefits and losses incurred	18	13	10	8	19	41	49
Interest credited to policyholder account balances	288	281	279	284	277	848	833
Amortization of deferred policy acquisition costs	64	21	21	15	(12)	106	35
Non deferrable insurance commissions	20	19	20	22	14	59	49
Advisory fee expenses	18	17	17	22	22	52	51
General operating expenses	92	88	88	94	89	268	269
Total benefits and expenses	500	439	435	445	409	1,374	1,286
Pre-tax operating income (1)	\$ 209	\$ 266	\$ 194	\$ 241	\$ 258	\$ 669	\$ 876
General and separate account reserves:							
Future policy benefits	\$ 490	\$ 466	\$ 472	\$ 473	\$ 479	\$ 490	\$ 479
Policyholder contract deposits	39,463	38,866	38,276	37,901	37,669	39,463	37,669
Separate account reserves	32,307	31,464	31,309	31,536	30,733	32,307	30,733
Total general and separate account reserves	72,260	70,796	70,057	69,910	68,881	72,260	68,881
Group Retirement mutual funds	16,206	15,420	14,919	14,523	14,008	16,206	14,008
Total reserves and Group Retirement mutual funds	\$ 88,466	\$ 86,216	\$ 84,976	\$ 84,433	\$ 82,889	\$ 88,466	\$ 82,889

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Retirement (Group Retirement)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net investment spreads:							
Base yield (7)	4.70%	4.80%	4.95%	4.90%	4.90%	4.82%	4.97%
Alternative investments (8)	0.17%	0.23%	(0.59)%	(0.29)%	(0.25)%	(0.06)%	0.14%
Other enhancements (9)	0.14%	0.10%	0.09%	0.31%	0.05%	0.11%	0.08%
Total yield	5.01%	5.13%	4.45%	4.92%	4.70%	4.87%	5.19%
Cost of funds (a)	2.87%	2.90%	2.94%	2.95%	2.98%	2.90%	2.96%
Net spread rate, as reported	2.14%	2.23%	1.51%	1.97%	1.72%	1.97%	2.23%
Base net investment spread (b)	1.83%	1.90%	2.01%	1.95%	1.92%	1.92%	2.01%
Surrender rates (10)	8.2%	7.8%	7.9%	10.7%	11.4%	7.9%	9.9%
DAC rollforward:							
Balance at beginning of period	\$ 902	\$ 949	\$ 1,007	970	\$ 885	\$ 1,007	\$ 839
Deferrals	20	18	19	25	23	57	53
Operating amortization	(64)	(21)	(21)	(15)	12	(106)	(35)
Change from realized gains (losses)	(8)	(1)	3	1	-	(6)	1
Change from unrealized gains (losses)	(9)	(43)	(59)	26	50	(111)	112
Balance at end of period	\$ 841	\$ 902	\$ 949	1,007	\$ 970	\$ 841	\$ 970
Reserve rollforward:							
Balance at beginning of period, gross	\$ 86,216	\$ 84,976	\$ 84,433	82,889	\$ 86,749	\$ 84,433	\$ 86,176
Premiums and deposits	1,821	1,837	1,856	1,944	1,903	5,514	4,976
Surrenders and withdrawals	(1,796)	(1,668)	(1,677)	(2,247)	(2,427)	(5,141)	(6,258)
Death and other contract benefits	(132)	(150)	(144)	(138)	(139)	(426)	(412)
Subtotal	(107)	19	35	(441)	(663)	(53)	(1,694)
Change in fair value of underlying assets and reserve accretion, net of policy fees	2,077	945	234	1,706	(3,477)	3,256	(2,420)
Cost of funds	280	276	274	279	280	830	827
Total reserves and Group Retirement mutual funds	\$ 88,466	\$ 86,216	\$ 84,976	84,433	\$ 82,889	\$ 88,466	\$ 82,889

(a) Excludes the amortization of sales inducement assets.

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

See Accompanying Notes on Pages 38 to 41.

**American International Group, Inc.
Variable Annuity Guaranteed Benefits (11)**

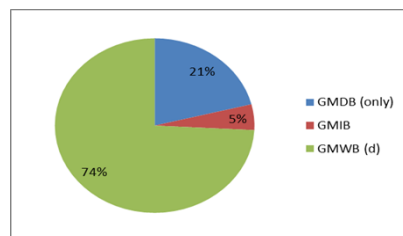
Consumer Insurance - Retirement

(in millions)

	Quarterly				
	3Q16	2Q16	1Q16	4Q15	3Q15
Account value by benefit type (a)					
Guaranteed Minimum Death Benefits (GMDB) only (b)	\$ 63,836	\$ 60,438	\$ 62,224	\$ 62,468	\$ 61,405
Guaranteed Minimum Income Benefits (GMIB) (c)	2,358	2,342	2,367	2,443	2,429
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	40,367	39,202	38,433	37,951	36,487
Liability by benefit type (a)					
Guaranteed Minimum Death Benefits (GMDB) (b)	\$ 393	\$ 461	\$ 462	\$ 464	\$ 471
Guaranteed Minimum Income Benefits (GMIB) (c)	11	25	26	27	27
Guaranteed Minimum Withdrawal Benefits (GMWB) (d)	2,793	2,710	2,097	1,234	1,398

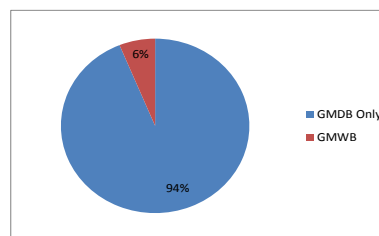
- (a) Excludes assumed reinsurance business.
- (b) A guaranteed minimum death benefit is an amount paid from a variable annuity upon the death of the owner. This benefit protects beneficiaries from market volatility and may be different than the account value. Each of these benefits may be subject to a maximum amount based on age of owner or dollar amount. "Guaranteed Minimum Death Benefits only" signifies that no other guarantees are present. Contracts with a guaranteed living benefit also have a guaranteed minimum death benefit.
- (c) A guaranteed minimum income benefit establishes a minimum amount available to be annuitized regardless of actual performance in the product. The benefit is not available until a set number of years after contract issue.
- (d) A guaranteed minimum withdrawal benefit creates a guaranteed income stream which, within certain parameters, may continue for the life of the annuitant even if the entire contract value has been reduced to zero. The fair value of GMWB embedded derivatives is based on actuarial and capital market assumptions related to projected cash flows of rider fees and claims over the expected lives of the contracts. Also includes guaranteed minimum accumulation benefit (GMAB), which ensures a return of premium invested at the end of 10 years, based on premiums invested in a defined period. The liability for GMAB at September 30, 2016 was \$11 million.

Retirement Income Solutions



Type of Benefit	Account Value (\$B)
GMDB Only (b)	10.4
GMIB (c)	2.4
GMWB (d)	37.1
Total	49.9

Group Retirement



Type of Benefit	Account Value (\$B)
GMDB Only (b)	53.5
GMWB (d)	3.3
Total	56.8

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits (2)	\$ 1,363	\$ 1,317	\$ 1,251	\$ 1,279	\$ 1,223	\$ 3,931	\$ 3,695
Revenues:							
Premiums	\$ 791	\$ 762	\$ 736	\$ 674	\$ 675	\$ 2,289	\$ 2,085
Policy fees	314	371	378	368	392	1,063	1,117
Net investment income:							
Base portfolio (3)	484	482	484	497	484	1,450	1,447
Alternative investments (4)	28	35	(36)	(5)	-	27	106
Other enhancements (5)	32	25	20	19	12	77	36
Total net investment income	544	542	468	511	496	1,554	1,589
Other income (12)	13	15	15	17	15	43	32
Total operating revenues	1,662	1,690	1,597	1,570	1,578	4,949	4,823
Benefits and expenses:							
Policyholder benefits and losses incurred	1,174	961	942	868	1,037	3,077	2,944
Interest credited to policyholder account balances	120	121	122	123	124	363	370
Amortization of deferred policy acquisition costs	1	120	120	100	158	241	333
Non deferrable insurance commissions	27	47	50	55	51	124	167
General operating expenses	242	257	258	239	248	757	729
Total benefits and expenses	1,564	1,506	1,492	1,385	1,618	4,562	4,543
Pre-tax operating income (loss) (1)	\$ 98	\$ 184	\$ 105	\$ 185	\$ (40)	\$ 387	\$ 280
Gross life insurance in force, end of period:							
Domestic Life	\$ 926,958	\$ 928,422	\$ 928,485	\$ 929,401	\$ 920,665	\$ 926,958	\$ 920,665
International Life	111,888	105,269	104,816	103,001	100,484	111,888	100,484
Total	\$ 1,038,846	\$ 1,033,691	\$ 1,033,301	\$ 1,032,402	\$ 1,021,149	\$ 1,038,846	\$ 1,021,149

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Life

(in millions)

	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Life and A&H CPPE sales: (13)							
Term	\$ 129	\$ 97	\$ 55	\$ 57	\$ 48	\$ 281	\$ 139
Whole Life	21	21	15	12	13	57	37
Universal life	18	18	18	26	25	54	74
Other life	11	7	6	16	5	24	42
Single premium and unscheduled deposits	1	2	1	1	3	4	9
A&H	15	17	20	17	16	52	41
Total	\$ 195	\$ 162	\$ 115	\$ 129	\$ 110	\$ 472	\$ 342
Life and A&H sales by distribution channel:							
Retail - Independent	\$ 173	\$ 140	\$ 96	\$ 103	\$ 87	\$ 409	\$ 273
Retail - Affiliated (Career and AIG Direct)	22	22	19	26	23	63	69
Total	\$ 195	\$ 162	\$ 115	\$ 129	\$ 110	\$ 472	\$ 342
Life and A&H sales by region:							
Domestic Life	\$ 62	\$ 68	\$ 67	\$ 75	\$ 66	\$ 197	\$ 183
International Life	133	94	48	54	44	275	159
Total	\$ 195	\$ 162	\$ 115	\$ 129	\$ 110	\$ 472	\$ 342
Surrender/lapse rates: (14)							
Domestic Life:							
Independent distribution	6.5%	6.9%	5.7%	5.7%	5.2%	6.4%	5.0%
Career distribution	7.9%	6.9%	7.0%	7.2%	7.5%	7.3%	5.0%
International Life	3.0%	2.9%	2.8%	3.0%	2.9%	2.9%	5.0%
DAC/VOBA rollforward:							
Balance at beginning of period	\$ 4,047	\$ 4,111	\$ 4,183	\$ 4,055	\$ 4,152	\$ 4,183	\$ 4,051
Deferrals	172	136	133	123	119	441	332
Operating amortization	(1)	(120)	(120)	(100)	(158)	(241)	(333)
Change from realized gains (losses)	(1)	3	2	3	7	4	4
Change from unrealized gains (losses)	(26)	(86)	(82)	79	(52)	(194)	33
Other changes	-	-	-	24	-	-	-
Foreign exchange translation	28	3	(5)	(1)	(13)	26	(32)
Balance at end of period	\$ 4,219	\$ 4,047	\$ 4,111	\$ 4,183	\$ 4,055	\$ 4,219	\$ 4,055
Reserve rollforward:							
Balance at beginning of period, gross	\$ 34,758	\$ 34,393	\$ 34,170	\$ 33,839	\$ 33,640	\$ 34,170	\$ 33,536
Premiums and deposits	1,330	1,292	1,236	1,279	1,223	3,858	3,695
Surrenders and withdrawals	(226)	(241)	(227)	(184)	(189)	(694)	(575)
Death and other contract benefits	(229)	(231)	(258)	(190)	(257)	(718)	(764)
Subtotal	875	820	751	905	777	2,446	2,356
Change in fair value of underlying assets and reserve accretion, net of policy fees	(183)	(241)	(178)	(208)	(266)	(602)	(594)
Cost of funds	121	121	122	123	124	364	370
Other reserve changes	(368)	(569)	(462)	(549)	(364)	(1,399)	(1,470)
Foreign exchange translation	377	234	(10)	60	(72)	601	(359)
Balance at end of period	35,580	34,758	34,393	34,170	33,839	35,580	33,839
Reinsurance ceded	(1,357)	(1,363)	(1,401)	(1,395)	(1,429)	(1,357)	(1,429)
Total insurance reserves	\$ 34,223	\$ 33,395	\$ 32,992	\$ 32,775	\$ 32,410	\$ 34,223	\$ 32,410
Domestic Life	29,430	29,195	29,240	29,176	29,037	29,430	29,037
International Life	4,793	4,200	3,752	3,599	3,373	4,793	3,373
Total insurance reserves	\$ 34,223	\$ 33,395	\$ 32,992	\$ 32,775	\$ 32,410	\$ 34,223	\$ 32,410

See Accompanying Notes on Pages 38 to 41.



American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 2,919	\$ 2,922	\$ 2,812	\$ 2,719	\$ 3,016	\$ 8,653	\$ 8,861
Net premiums earned	\$ 2,915	\$ 2,862	\$ 2,770	\$ 2,734	\$ 2,819	\$ 8,547	\$ 8,424
Losses and loss adjustment expenses incurred	1,640	1,593	1,454	1,521	1,506	4,687	4,631
Acquisition expenses:							
Amortization of deferred policy acquisition costs	548	507	480	493	504	1,535	1,481
Other acquisition expenses	215	233	242	315	296	690	868
Total acquisition expenses	763	740	722	808	800	2,225	2,349
General operating expenses	401	403	423	479	503	1,227	1,516
Underwriting income (loss)	111	126	171	(74)	10	408	(72)
Net investment income (loss):							
Interest and dividends	62	69	65	52	55	196	166
Alternative investments	7	(9)	(12)	(7)	-	(14)	16
Other investment income	1	(3)	2	-	1	-	8
Investment expenses	(3)	(4)	(4)	(3)	(4)	(11)	(12)
Total net investment income	67	53	51	42	52	171	178
Pre-tax operating income (loss)	\$ 178	\$ 179	\$ 222	\$ (32)	\$ 62	\$ 579	\$ 106
Underwriting ratios: (18)							
Loss ratio	56.3	55.7	52.5	55.6	53.4	54.8	55.0
Catastrophe losses and reinstatement premiums	(0.9)	(2.1)	(1.1)	(0.3)	(2.0)	(1.3)	(1.6)
Prior year development net of premium adjustments	1.1	1.4	1.8	(1.5)	1.6	1.4	0.7
Accident year loss ratio, as adjusted (19)	56.5	55.0	53.2	53.8	53.0	54.9	54.1
Acquisition ratio	26.2	25.9	26.1	29.6	28.4	26.0	27.9
General operating expense ratio	13.8	14.1	15.3	17.5	17.8	14.4	18.0
Expense ratio	40.0	40.0	41.4	47.1	46.2	40.4	45.9
Combined ratio	96.3	95.7	93.9	102.7	99.6	95.2	100.9
Catastrophe losses and reinstatement premiums	(0.9)	(2.1)	(1.1)	(0.3)	(2.0)	(1.3)	(1.6)
Prior year development net of premium adjustments	1.1	1.4	1.8	(1.5)	1.6	1.4	0.7
Accident year combined ratio, as adjusted	96.5	95.0	94.6	100.9	99.2	95.3	100.0
Noteworthy items (pre-tax):							
Catastrophe-related losses (15)	\$ 26	\$ 59	\$ 29	\$ 10	\$ 58	\$ 114	\$ 135
Severe losses (16)	-	16	-	-	-	16	12
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	(34)	(39)	(48)	40	(46)	(121)	(59)
Net loss and loss expense reserve by line of business (at period end):							
Personal Lines	2,998	2,856	2,732	2,661	2,814	2,998	2,814
Accident and Health	1,808	1,730	1,647	1,662	1,600	1,808	1,600
Total	\$ 4,806	\$ 4,586	\$ 4,379	\$ 4,323	\$ 4,414	\$ 4,806	\$ 4,414

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Net Premiums Written by Line of Business and Region

Consumer Insurance - Personal Insurance

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
By Line of Business:							
Personal Lines	\$ 1,710	\$ 1,683	\$ 1,524	\$ 1,635	\$ 1,696	\$ 4,917	\$ 4,955
Accident and Health	1,209	1,239	1,288	1,084	1,320	3,736	3,906
Total net premiums written	\$ 2,919	\$ 2,922	\$ 2,812	\$ 2,719	\$ 3,016	\$ 8,653	\$ 8,861
By Region:							
Americas	\$ 961	\$ 981	\$ 952	\$ 904	\$ 1,047	\$ 2,894	\$ 2,906
EMEA	415	419	532	391	446	1,366	1,463
Asia Pacific	1,543	1,522	1,328	1,424	1,523	4,393	4,492
Total net premiums written	\$ 2,919	\$ 2,922	\$ 2,812	\$ 2,719	\$ 3,016	\$ 8,653	\$ 8,861
Foreign exchange effect on worldwide premiums:							
Change in net premiums written							
Increase (decrease) in original currency over prior-year period (17)	(6.2) %	(0.7) %	0.8 %	3.6 %	3.5 %	(2.2) %	2.3 %
Foreign exchange effect	3.0	0.4	(4.3)	(8.7)	(10.4)	(0.1)	(9.5)
Increase (decrease) as reported in U.S. dollars	(3.2) %	(0.3) %	(3.5) %	(5.1) %	(6.9) %	(2.3) %	(7.2) %

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance North America

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 830	\$ 862	\$ 823	\$ 749	\$ 874	\$ 2,515	\$ 2,446
Net premiums earned	\$ 810	\$ 834	\$ 805	\$ 783	\$ 795	\$ 2,449	\$ 2,374
Losses and loss adjustment expenses incurred	477	469	441	429	393	1,387	1,344
Acquisition expenses:							
Amortization of deferred policy acquisition costs	117	113	110	109	116	340	322
Other acquisition expenses	91	96	89	108	102	276	302
Total acquisition expenses	208	209	199	217	218	616	624
General operating expenses	85	86	97	86	107	268	316
Underwriting income (loss)	40	70	68	51	77	178	90
Net investment income:							
Interest and dividends	32	32	30	20	21	94	62
Alternative investments	14	10	(10)	(1)	(2)	14	11
Other investment income	(1)	(4)	(5)	-	(2)	(10)	1
Investment expenses	(2)	(2)	(2)	(1)	(1)	(6)	(3)
Total net investment income	43	36	13	18	16	92	71
Pre-tax operating income	\$ 83	\$ 106	\$ 81	\$ 69	\$ 93	\$ 270	\$ 161
Underwriting ratios: (18)							
Loss ratio	58.9	56.2	54.8	54.8	49.4	56.6	56.6
Catastrophe losses and reinstatement premiums	(1.4)	(1.5)	(2.8)	(0.6)	(0.6)	(1.8)	(3.4)
Prior year development net of premium adjustments	2.4	1.5	0.7	(1.1)	4.0	1.5	3.1
Accident year loss ratio, as adjusted (19)	59.9	56.2	52.7	53.1	52.8	56.3	56.3
Acquisition ratio	25.7	25.1	24.7	27.7	27.4	25.2	26.3
General operating expense ratio	10.5	10.3	12.0	11.0	13.5	10.9	13.3
Expense ratio	36.2	35.4	36.7	38.7	40.9	36.1	39.6
Combined ratio	95.1	91.6	91.5	93.5	90.3	92.7	96.2
Catastrophe losses and reinstatement premiums	(1.4)	(1.5)	(2.8)	(0.6)	(0.6)	(1.8)	(3.4)
Prior year development net of premium adjustments	2.4	1.5	0.7	(1.1)	4.0	1.5	3.1
Accident year combined ratio, as adjusted	96.1	91.6	89.4	91.8	93.7	92.4	95.9
Noteworthy items (pre-tax):							
Catastrophe-related losses (15)	\$ 11	\$ 13	\$ 22	\$ 5	\$ 5	\$ 46	\$ 82
Severe losses (16)	-	16	-	-	-	16	12
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (19)	\$ (13)	\$ (5)	\$ 8	\$ (32)	\$ (37)	\$ (74)

See Accompanying Notes on Pages 38 to 41.

American International Group, Inc.
Operating Statistics

Consumer Insurance - Personal Insurance International

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 2,089	\$ 2,060	\$ 1,989	\$ 1,970	\$ 2,142	\$ 6,138	\$ 6,415
Net premiums earned	\$ 2,105	\$ 2,028	\$ 1,965	\$ 1,951	\$ 2,024	\$ 6,098	\$ 6,050
Losses and loss adjustment expenses incurred	1,163	1,124	1,013	1,092	1,113	3,300	3,287
Acquisition expenses:							
Amortization of deferred policy acquisition costs	431	394	370	384	388	1,195	1,159
Other acquisition expenses	124	137	153	207	194	414	566
Total acquisition expenses	555	531	523	591	582	1,609	1,725
General operating expenses	316	317	326	393	396	959	1,200
Underwriting income (loss)	71	56	103	(125)	(67)	230	(162)
Net investment income:							
Interest and dividends	30	37	35	32	34	102	104
Alternative investments	(7)	(19)	(2)	(6)	2	(28)	5
Other investment income	2	1	7	-	3	10	7
Investment expenses	(1)	(2)	(2)	(2)	(3)	(5)	(9)
Total net investment income	24	17	38	24	36	79	107
Pre-tax operating income (loss)	\$ 95	\$ 73	\$ 141	\$ (101)	\$ (31)	\$ 309	\$ (55)
Underwriting ratios: (18)							
Loss ratio	55.2	55.4	51.6	56.0	55.0	54.1	54.3
Catastrophe losses and reinstatement premiums	(0.7)	(2.2)	(0.4)	(0.3)	(2.6)	(1.1)	(0.8)
Prior year development net of premium adjustments	0.7	1.2	2.2	(1.6)	0.7	1.4	(0.3)
Accident year loss ratio, as adjusted	55.2	54.4	53.4	54.1	53.1	54.4	53.2
Acquisition ratio	26.4	26.2	26.6	30.3	28.8	26.4	28.5
General operating expense ratio	15.0	15.6	16.6	20.1	19.6	15.7	19.8
Expense ratio	41.4	41.8	43.2	50.4	48.4	42.1	48.3
Combined ratio	96.6	97.2	94.8	106.4	103.4	96.2	102.6
Catastrophe losses and reinstatement premiums	(0.7)	(2.2)	(0.4)	(0.3)	(2.6)	(1.1)	(0.8)
Prior year development net of premium adjustments	0.7	1.2	2.2	(1.6)	0.7	1.4	(0.3)
Accident year combined ratio, as adjusted	96.6	96.2	96.6	104.5	101.5	96.5	101.5
Noteworthy items (pre-tax):							
Catastrophe-related losses (15)	\$ 15	\$ 46	\$ 7	\$ 5	\$ 53	\$ 68	\$ 53
Severe losses (16)	-	-	-	-	-	-	-
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	\$ (15)	\$ (26)	\$ (43)	\$ 32	\$ (14)	\$ (84)	\$ 15

See Accompanying Notes on Pages 38 to 41.

Consumer Insurance

Basis of Presentation:

Consumer Insurance presents its results in the following operating segments:

Retirement: product lines include Fixed Annuities, with products including deferred fixed annuities and immediate annuities; Retirement Income Solutions, with products including variable and index annuities; Group Retirement, with products including retirement plans, annuity and investment products for employees of education, healthcare and other sponsoring companies; and Retail Mutual Funds. Periods through 2Q16 also included results for AIG Advisor Group, our network of independent broker-dealers, which was sold in May 2016.

Life: includes the following product lines: Traditional Life, Universal Life, International Life, Accident & Health (A&H), Endowments and Group Benefits of the Life Insurance Companies.

Personal Insurance: Personal Insurance - North America and Personal Insurance - International include the following product lines: Automobile, Property, Warranty Service Programs, and A&H and Group Benefits of the Non-Life Insurance Companies.

Selected operating statistics are provided for the Fixed Annuities, Retirement Income Solutions, and Group Retirement product lines in the Retirement operating segment, as well as the Personal Insurance - North America and Personal Insurance - International in the Personal Insurance operating segment. Operating statistics are not separately presented for Advisory Services and Retail Mutual Funds, which are included in the Retirement operating segment.

Consumer Insurance operations are conducted through the Life Insurance Companies as well as the Non-Life Insurance Companies.

Consumer Insurance operates in three major geographic areas: the Americas (which includes the United States, Canada, Latin America, the Caribbean and Bermuda), Asia Pacific (which includes Japan, China, Korea, Singapore, Vietnam, Thailand, Australia, Indonesia and other Asia Pacific nations), and EMEA (which includes the United Kingdom, Ireland, Continental Europe, the Russian Federation, India, the Middle East and Africa).

Consumer Insurance products are distributed primarily to individual consumers or groups of consumers through a diverse, multi-channel distribution network that includes broker-dealers, agencies and independent marketing organizations, banks, brokers, partnerships, travel agents, affiliated financial advisors, and direct-to-consumer platforms.

Net investment income is attributed to the operating segments of Commercial Insurance and Consumer Insurance based on internal models consistent with the nature of the underlying businesses.

For Consumer Insurance - Personal Insurance, we estimate investable funds based primarily on loss reserves and unearned premiums. The net investment income allocation is calculated based on these estimated investable funds consistent with the approximate duration of the liabilities and a capital allocation for each operating segment.

For Consumer Insurance - Retirement and Consumer Insurance - Life, net investment income is attributed based on invested assets from segregated product line portfolios held in our Life Insurance Companies. The fundamental investment strategy for these product line portfolios is to maintain primarily a diversified, high quality portfolio of fixed maturity securities and, to the extent practicable, to approximately match established duration targets based on characteristics of the underlying liabilities. All invested assets of the Life Insurance Companies in excess of liabilities are allocated based on internal estimates of target statutory capital for each product line.

American International Group, Inc.
Notes (continued)

Consumer Insurance

Notes

- (1) Consumer Insurance pre-tax operating income in 3Q16, 4Q15 and 3Q15 included the net effect of adjustments to reflect the review and update of certain assumptions used to amortize DAC and related items for interest-sensitive products, including life and annuity spreads, mortality rates, surrender rates, fees and separate account long-term asset growth rates. The update of actuarial assumptions also included adjustments to reserves for universal life with secondary guarantees and, in the 2015 periods only, group benefit claim reserves and loss recognition for certain long-term care products. Consolidated pre-tax income in these periods also included adjustments to the valuation of variable annuity GMWB features that are accounted for as embedded derivatives, primarily due to updated assumptions for surrenders, mortality, risk margins and utilization of withdrawal benefits. Changes in the fair value of such embedded derivatives are recorded in net realized capital gains (losses) and, together with related DAC adjustments, are excluded from pre-tax operating income. In the aggregate, the net effect of adjustments to reflect the review and update of actuarial assumptions for Consumer Insurance products increased (decreased) pre-tax operating income and pre-tax income as follows:

	Life			Fixed Annuities		Retirement Income Solutions			Group Retirement		Total Consumer		
<i>(in millions)</i>	3Q16	4Q15	3Q15	3Q16	3Q15	3Q16	4Q15	3Q15	3Q16	3Q15	3Q16	4Q15	3Q15
Policy fees	\$ (54)	\$ -	\$ 21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (54)	\$ -	\$ 21
Interest credited to policyholder account balances	-	-	-	79	47	(10)	-	19	(4)	8	65	-	74
Amortization of deferred policy acquisition costs	116	-	(48)	251	45	1	-	42	(43)	40	325	-	79
Policyholder benefits and claims incurred	(146)	11	(130)	-	-	48	-	(61)	-	-	(98)	11	(191)
Pre-tax operating income (loss)	\$ (84)	\$ 11	\$ (157)	\$ 330	\$ 92	\$ 39	\$ -	\$ -	\$ (47)	\$ 48	\$ 238	\$ 11	\$ (17)
Changes in DAC related to net realized capital gains (losses)	-	-	-	-	-	15	(10)	21	(2)	-	13	(10)	21
Net realized capital gains (losses)	-	-	-	-	-	(13)	37	(113)	(43)	74	(56)	37	(39)
Increase (decrease) to pre-tax income (loss)	\$ (84)	\$ 11	\$ (157)	\$ 330	\$ 92	\$ 41	\$ 27	\$ (92)	\$ (92)	\$ 122	\$ 195	\$ 38	\$ (35)

- (2) Premiums and deposits is a non-GAAP financial measure.

The following table presents a reconciliation of Retirement premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits*	\$ 5,172	\$ 6,431	\$ 6,853	\$ 7,037	\$ 6,625	\$ 18,456	\$ 18,204
Deposits	(5,128)	(6,377)	(6,801)	(6,999)	(6,542)	(18,306)	(18,079)
Other	1	(2)	2	3	(46)	1	2
Premiums	\$ 45	\$ 52	\$ 54	\$ 41	\$ 37	\$ 151	\$ 127

* Excludes activity related to closed blocks of fixed and variable annuities.

The following table presents a reconciliation of Retirement Fixed Annuity premiums and deposits to GAAP premiums:

<i>(in millions)</i>	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits*	\$ 560	\$ 1,208	\$ 1,634	\$ 1,247	\$ 1,121	\$ 3,402	\$ 2,455
Deposits	(524)	(1,160)	(1,589)	(1,215)	(1,042)	(3,273)	(2,345)
Other	2	-	4	4	(45)	6	8
Premiums	\$ 38	\$ 48	\$ 49	\$ 36	\$ 34	\$ 135	\$ 118

* Excludes activity related to closed blocks of fixed and variable annuities.

American International Group, Inc.
Notes (continued)

Consumer Insurance

The following table presents a reconciliation of Retirement Income Solutions premiums and deposits to GAAP premiums:

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits*	\$ 1,701	\$ 1,976	\$ 2,038	\$ 2,677	\$ 2,758	\$ 5,715	\$ 8,151
Deposits	(1,702)	(1,975)	(2,038)	(2,677)	(2,759)	(5,715)	(8,152)
Other	(1)	(2)	(2)	(1)	(1)	(5)	(6)
Premiums	\$ (2)	\$ (1)	\$ (2)	\$ (1)	\$ (2)	\$ (5)	\$ (7)

* Excludes activity related to closed blocks of fixed and variable annuities.

The following table presents a reconciliation of Retail Mutual Fund premiums and deposits to GAAP premiums:

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits	\$ 1,090	\$ 1,410	\$ 1,325	\$ 1,169	\$ 843	\$ 3,825	\$ 2,622
Deposits	(1,090)	(1,410)	(1,325)	(1,169)	(843)	(3,825)	(2,622)
Other	-	-	-	-	-	-	-
Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The following table presents a reconciliation of Group Retirement premiums and deposits to GAAP premiums:

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits	\$ 1,821	\$ 1,837	\$ 1,856	\$ 1,944	\$ 1,903	\$ 5,514	\$ 4,976
Deposits	(1,812)	(1,832)	(1,849)	(1,938)	(1,898)	(5,493)	(4,960)
Other	-	-	-	-	-	-	-
Premiums	\$ 9	\$ 5	\$ 7	\$ 6	\$ 5	\$ 21	\$ 16

The following table presents a reconciliation of Life premiums and deposits to GAAP premiums:

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits*	\$ 1,363	\$ 1,317	\$ 1,251	\$ 1,279	\$ 1,223	\$ 3,931	\$ 3,695
Deposits	(375)	(372)	(364)	(413)	(369)	(1,111)	(1,127)
Other	(197)	(183)	(151)	(192)	(179)	(531)	(483)
Premiums	\$ 791	\$ 762	\$ 736	\$ 674	\$ 675	\$ 2,289	\$ 2,085

* Includes assumed premiums for certain Health products distributed by Laya Healthcare, which were assumed by a Commercial Insurance affiliate effective 1Q16.

American International Group, Inc.
Notes (continued)

Consumer Insurance

- (3) Base portfolio investment income includes interest, dividends and foreclosed real estate income, net of investment expenses.
- (4) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on a one-quarter lag.
- (5) Net investment income - other enhancements include call and tender income, changes in market value of investments accounted for under the fair value option, interest received on defaulted investments (other than foreclosed real estate) and other miscellaneous investment income, including income of certain partnership entities that are required to be consolidated.
- (6) Net flows are provided for Fixed Annuities, Retirement Income Solutions, Retail Mutual Funds and Group Retirement. Annuity net flows represent premiums and deposits less death, surrender and other withdrawal benefits. Net flows related to mutual funds represent deposits less withdrawals. Life Insurance, Advisory Services, Group Benefits and Personal Insurance are not included in net flows. Net flows exclude activity related to closed blocks of fixed and variable annuities.
- (7) Includes return on base portfolio. Quarterly results are annualized.
- (8) Includes incremental effect on base yield of alternative investments. Quarterly results are annualized.
- (9) Includes incremental effect on base yield of other enhancements. Quarterly results are annualized.
- (10) Annuity surrender rates represent actual or annualized surrenders and withdrawals as a percentage of average account value.
- (11) Consumer Insurance uses reinsurance, product design and hedging to mitigate risks related to guaranteed benefits in individual annuity contracts. Certain GMDB benefits written before 2004 and the majority of GMIB benefits (which are not currently offered) are reinsured. Risk mitigation product design features for GMWB include rider fees indexed to an equity market volatility index, required minimum allocations to fixed accounts, and the use of volatility control funds. After reflecting product risk-mitigating features, we hedge our remaining economic exposure to market risk within GMWB and GMAB liabilities (GMAB is not currently offered) through our variable annuity hedging program, which is designed to provide additional protection against large and combined movements in interest rates, equity prices, credit spreads and market volatility under multiple scenarios. See Enterprise Risk Management – Life Insurance Companies Key Insurance Risks – Variable Annuity Risk Management and Hedging Program in our Annual Report on Form 10-K for the year ended December 31, 2015 for an additional discussion.
- (12) Life - Other income is primarily related to Laya Healthcare commission and profit sharing revenues received from insurers for distribution of their products. We acquired Laya Healthcare on March 31, 2015.
- (13) Life and A&H sales are shown on a continuous payment premium equivalent (CPPE) basis. Life insurance sales include periodic premiums from new business expected to be collected over a one-year period and 10 percent of unscheduled and single premiums from new and existing policyholders. Sales of A&H insurance represent annualized first-year premium from new policies.
- (14) Life insurance lapse rates are reported on a 90-day lag basis to include grace period processing. International lapse rates represent Fuji Life (Japan).
- (15) Natural catastrophe losses (CATs) are generally weather or seismic events having a net impact on AIG in excess of \$10 million each. Catastrophes also include certain man-made events, such as terrorism and civil disorders that meet the \$10 million threshold.
- (16) Severe losses are defined as non-catastrophic individual first party losses greater than \$10 million, net of related reinsurance and salvage and subrogation.
- (17) Computed using a constant exchange rate for each period.
- (18) Underwriting ratios are computed as follows:
 - a) Loss ratio = Losses and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
 - b) CATs and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE + Reinstatement premiums (RIPs) related to catastrophes] – Loss ratio
 - c) Prior year development net of premium adjustments = [Loss and loss adjustment expenses incurred – Prior year loss reserve development (favorable) unfavorable (PYD), net of reinsurance] ÷ [NPE + RIPs related to prior year catastrophes + (Additional) returned premium related to prior year development] – Loss ratio
 - d) Net reserve discount = -1*[Net reserve discount (benefit) charge ÷ NPE] (Note: any rounding will go into this line since Accident year loss ratio, as adjusted is calculated independently.)
 - e) Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD – Net reserve discount (benefit) charge] ÷ [NPE + RIPs related to catastrophes + RIPs related to prior year catastrophes + (Additional) returned premium related to PYD]
 - f) Acquisition ratio = Total acquisition expenses ÷ NPE
 - g) General operating expense ratio = General operating expenses ÷ NPE
 - h) Expense ratio = Acquisition ratio + General operating expenses ratio
 - i) Combined ratio = Loss ratio + Expense ratio
 - j) Accident year combined ratio = AYLR + Expense ratio
- (19) The 2Q16 accident year loss ratio, as adjusted, includes a single large loss event which totaled \$33 million, of which \$16 million was related to first party losses (meeting the definition of severe losses) and \$17 million was related to third party losses, impacting the personal property business in the U.S.

American International Group, Inc.
Operating Results

Corporate and Other

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Revenues:							
Premiums	\$ 337	\$ 384	\$ 505	\$ 945	\$ 323	\$ 1,226	\$ 1,505
Policy fees	51	50	51	51	49	152	148
Net investment income	721	612	580	575	618	1,913	1,920
Other income (loss)	448	318	(98)	418	(79)	668	1,765
Total operating revenues	1,557	1,364	1,038	1,989	911	3,959	5,338
Benefits and expenses:							
Policyholder benefits and losses incurred	1,116	695	659	1,651	505	2,470	1,913
Interest credited to policyholder account balances	115	101	101	102	102	317	306
Amortization of deferred policy acquisition costs	10	7	7	8	8	24	21
General operating expenses* (1)	524	535	537	547	372	1,596	1,396
Interest expense	314	315	334	309	320	963	1,005
Total benefits and expenses	2,079	1,653	1,638	2,617	1,307	5,370	4,641
Pre-tax operating income (loss)	\$ (522)	\$ (289)	\$ (600)	\$ (628)	\$ (396)	\$ (1,411)	\$ 697

* Includes general operating expenses, commissions and other acquisition expenses.

See Accompanying Notes on Pages 49 to 50.

American International Group, Inc.
Operating Results

Corporate and Other

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Pre-tax operating income (loss):							
Equity in pre-tax operating earnings of AerCap (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255
Fair value of PICC investments (15)	28	(44)	(75)	11	(195)	(91)	22
Income from other assets, net (3)	363	215	(138)	294	15	440	1,088
Corporate general operating expenses (1)	(276)	(289)	(294)	(332)	(133)	(859)	(653)
Interest expense	(261)	(261)	(257)	(252)	(266)	(779)	(849)
Run-off insurance lines (page 44) (4)	22	(164)	31	(525)	(54)	(111)	37
United Guaranty (page 45)	130	145	126	143	133	401	394
Institutional Markets (page 47) (5)	(526)	110	6	33	84	(410)	382
Consolidation and eliminations	(2)	(1)	1	-	20	(2)	21
Pre-tax operating income (loss)	\$ (522)	\$ (289)	\$ (600)	\$ (628)	\$ (396)	\$ (1,411)	\$ 697

See Accompanying Notes on Pages 49 to 50.

American International Group, Inc.
Operating Statistics

Corporate and Other - Run-off Insurance Lines

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Commercial run-off business:							
Net premiums earned	\$ 54	\$ (17)	\$ 89	\$ 37	\$ 8	\$ 126	\$ 46
Losses and loss adjustment expenses incurred	77	204	126	623	118	407	181
General operating expenses	(3)	8	3	2	-	8	(1)
Underwriting income (loss)	(20)	(229)	(40)	(588)	(110)	(289)	(134)
Net investment income	64	65	73	59	59	202	175
Commercial run-off businesses	44	(164)	33	(529)	(51)	(87)	41
Life insurance run-off businesses, net	(22)	-	(2)	4	(3)	(24)	(4)
Pre-tax operating income (loss)	\$ 22	\$ (164)	\$ 31	\$ (525)	\$ (54)	\$ (111)	\$ 37
Noteworthy items (pre-tax):							
Commercial run-off business:							
Catastrophe-related losses	\$ 3	\$ 2	\$ -	\$ -	\$ 5	\$ 5	\$ 5
Prior year loss reserve development (favorable) unfavorable, net of reinsurance (6)	6	22	3	541	69	31	156
Net reserve discount (benefit) charge	15	109	17	18	37	141	(21)
Net loss and loss expense reserve (at period end) (7)	5,375	5,544	5,626	4,472	3,475	5,375	3,475
Future policy benefits for life and A&H contracts (at period end)	\$ 1,338	\$ 1,250	\$ 1,268	\$ 1,228	\$ 1,288	\$ 1,338	\$ 1,288

See Accompanying Notes on Pages 49 to 50.

American International Group, Inc.
Operating Statistics

Corporate and Other - United Guaranty

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 158	\$ 171	\$ 170	\$ 175	\$ 199	\$ 499	\$ 484
Net premiums earned	\$ 180	\$ 185	\$ 180	\$ 181	\$ 198	545	600
Losses and loss adjustment expenses incurred	28	24	40	13	40	92	141
Acquisition expenses:							
Amortization of deferred policy acquisition costs	8	7	6	7	7	21	20
Other acquisition expenses	11	10	12	11	12	33	36
Total acquisition expenses	19	17	18	18	19	54	56
General operating expenses	35	35	32	43	40	102	112
Underwriting income	98	109	90	107	99	297	291
Net investment income	32	36	36	36	34	104	103
Pre-tax operating income (9)	\$ 130	\$ 145	\$ 126	\$ 143	\$ 133	\$ 401	\$ 394
Underwriting ratios: (8)							
Loss ratio	15.6	13.0	22.2	7.2	20.2	16.9	23.5
Prior year loss development	8.9	6.5	2.8	18.8	9.1	6.1	5.8
Accident year loss ratio, as adjusted (9)	24.5	19.5	25.0	26.0	29.3	23.0	29.3
Acquisition ratio	10.6	9.2	10.0	9.9	9.6	9.9	9.3
General operating expense ratio	19.4	18.9	17.8	23.8	20.2	18.7	18.7
Expense ratio	30.0	28.1	27.8	33.7	29.8	28.6	28.0
Combined ratio	45.6	41.1	50.0	40.9	50.0	45.5	51.5
Prior year loss development	8.9	6.5	2.8	18.8	9.1	6.1	5.8
Accident year combined ratio, as adjusted	54.5	47.6	52.8	59.7	59.1	51.6	57.3
Noteworthy Items (pre-tax):							
Prior year loss reserve development (favorable) unfavorable	\$ (16)	\$ (12)	\$ (5)	\$ (34)	\$ (18)	\$ (33)	\$ (35)
New insurance written	13,005	13,184	8,970	10,778	14,760	35,159	40,937
Net loss and loss expense reserve (at period end)	585	649	692	713	841	585	841
Shareholders' equity (at period end)	3,430	3,253	3,135	3,300	3,312	3,430	3,312
Shareholders' equity, excluding AOCI (at period end)	3,302	3,114	3,096	3,296	3,282	3,302	3,282
Domestic first liens:							
Number of primary paid claims	1,588	1,471	1,738	1,719	2,272	4,797	6,701
Gross paid claims	\$ 74	\$ 73	\$ 92	\$ 91	\$ 99	\$ 239	\$ 299

See Accompanying Notes on Page 49-50. Prior periods have been restated to reflect intercompany reinsurance agreement. See Note 9 on page 50.

American International Group, Inc.
Operating Statistics

Corporate and Other - United Guaranty Domestic First-Lien, Delinquencies and Gross Risk in Force by Vintage

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
First-lien primary new insurance written	\$ 12,762	\$ 12,985	\$ 8,827	\$ 10,627	\$ 14,483	\$ 34,574	\$ 40,215
First-lien primary persistency (twelve months)	80.6%	82.2%	82.8%	81.6%	81.9%	80.6%	81.9%
First-lien insurance primary in force	\$ 186,383	\$ 186,406	\$ 184,201	\$ 183,220	\$ 180,349	\$ 186,383	\$ 180,349
Total first-lien primary risk in force - net of reinsurance	\$ 35,235	\$ 35,646	\$ 36,201	\$ 36,628	\$ 36,883	\$ 35,235	\$ 36,883
Number of ending first lien primary delinquent loans	26,302	26,260	27,500	30,471	31,125	26,302	31,125
First lien primary in force count	912,410	914,646	908,851	907,130	898,933	912,410	898,933
Delinquency data:							
Primary delinquency ratio	2.9%	2.9%	3.0%	3.4%	3.5%	2.9%	3.5%
Aging of primary delinquent inventory:							
3 or fewer payments missed	38.0%	37.2%	34.0%	36.0%	34.6%	38.0%	34.6%
4-11 payments missed	24.7%	26.0%	27.8%	25.9%	24.8%	24.7%	24.8%
12-23 payments missed	14.7%	15.5%	15.5%	15.4%	16.1%	14.7%	16.1%
24-35 payments missed	6.9%	7.1%	7.2%	7.4%	8.0%	6.9%	8.0%
More than 35 payments missed	15.7%	14.2%	15.5%	15.3%	16.5%	15.7%	16.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Risk in Force by Vintage year:							
2007 and prior	11%	12%	13%	15%	15%	11%	15%
2008	3%	3%	3%	3%	4%	3%	4%
2009	1%	1%	1%	1%	1%	1%	1%
2010	1%	1%	1%	1%	1%	1%	1%
2011	3%	3%	4%	4%	4%	3%	4%
2012	10%	11%	12%	12%	13%	10%	13%
2013	15%	17%	18%	19%	20%	15%	20%
2014	16%	17%	19%	20%	21%	16%	21%
2015	23%	25%	26%	25%	21%	23%	21%
2016	17%	10%	3%	0%	0%	17%	0%
Total	100%	100%	100%	100%	100%	100%	100%

See Accompanying Notes on Pages 49 to 50.

American International Group, Inc.
Operating Statistics

Corporate and Other - Institutional Markets

(in millions)

	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Premiums and deposits (13)	\$ 203	\$ 506	\$ 304	\$ 797	\$ 159	\$ 1,013	\$ 985
Revenues:							
Premiums	\$ 103	\$ 215	\$ 235	\$ 726	\$ 115	\$ 553	\$ 854
Policy fees	51	50	51	51	49	152	148
Net investment income:							
Base portfolio (10)	366	371	377	367	363	1,114	1,075
Alternative investments (11)	54	46	(53)	(19)	39	47	276
Other enhancements (12)	25	13	9	19	12	47	21
Total net investment income	445	430	333	367	414	1,208	1,372
Total operating revenues	599	695	619	1,144	578	1,913	2,374
Benefits and expenses:							
Policyholder benefits and losses incurred	993	457	481	980	363	1,931	1,603
Interest credited to policyholder account balances	102	101	101	102	102	304	306
Acquisition expenses:							
Amortization of deferred policy acquisition costs	2	-	1	1	1	3	2
Other acquisition expenses	9	7	11	8	9	27	24
Total acquisition expenses	11	7	12	9	10	30	26
General operating expenses	19	20	19	20	19	58	57
Total benefits and expenses	1,125	585	613	1,111	494	2,323	1,992
Pre-tax operating income (loss)	\$ (526)	\$ 110	\$ 6	\$ 33	\$ 84	\$ (410)	\$ 382
General and separate account reserves:							
Future policyholder benefits	\$ 22,256	\$ 21,272	\$ 20,411	\$ 19,598	\$ 19,221	\$ 22,256	\$ 19,221
Policyholder contract deposits	9,892	9,762	9,597	9,628	9,780	9,892	9,780
Separate account reserves	6,373	6,540	6,457	6,592	6,682	6,373	6,682
Total general and separate account reserves	\$ 38,521	\$ 37,574	\$ 36,465	\$ 35,818	\$ 35,683	\$ 38,521	\$ 35,683

See Accompanying Notes on Pages 49 to 50.

American International Group, Inc.
Operating Statistics

Corporate and Other - Institutional Markets

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Reserve rollforward:							
Balance at beginning of period, gross	\$ 36,197	\$ 35,815	\$ 35,823	\$ 35,400	\$ 35,523	\$ 35,823	\$ 35,080
Premiums and deposits (13)	203	506	304	797	159	1,013	985
Surrenders and withdrawals	(228)	(102)	(177)	(285)	(133)	(507)	(389)
Death and other contract benefits	(430)	(456)	(381)	(435)	(396)	(1,267)	(1,193)
Subtotal	(455)	(52)	(254)	77	(370)	(761)	(597)
Change in fair value of underlying assets and reserve accretion, net of policy fees	364	434	238	219	206	1,036	763
Cost of funds	102	101	101	102	102	304	306
Other reserve changes (including loss recognition)	607	(101)	(93)	25	(61)	413	(152)
Balance at end of period	36,815	36,197	35,815	35,823	35,400	36,815	35,400
Reserves related to unrealized investment appreciation	1,711	1,382	655	-	288	1,711	288
Reinsurance ceded	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Total insurance reserves	\$ 38,521	\$ 37,574	\$ 36,465	\$ 35,818	\$ 35,683	\$ 38,521	\$ 35,683
Reserves by line of business:							
Structured settlements	\$ 20,936	\$ 20,101	\$ 19,418	\$ 18,774	\$ 18,850	\$ 20,936	\$ 18,850
Terminal funding annuities	4,426	4,265	4,089	3,984	3,437	4,426	3,437
Corporate and bank-owned life insurance	4,711	4,803	4,735	4,715	4,734	4,711	4,734
High net worth products	2,081	2,037	2,014	2,186	2,259	2,081	2,259
Guaranteed investments contracts	4,196	4,096	3,930	3,918	4,151	4,196	4,151
Stable value wrap - separate account liability	2,171	2,272	2,279	2,241	2,252	2,171	2,252
Total insurance reserves	\$ 38,521	\$ 37,574	\$ 36,465	\$ 35,818	\$ 35,683	\$ 38,521	\$ 35,683
Stable value wraps (401k and bank-owned life insurance) - Assets under management (14)	\$ 35,743	\$ 36,510	\$ 36,244	\$ 35,298	\$ 32,430	\$ 35,743	\$ 32,430

See Accompanying Notes on Pages 49 to 50.

Corporate and Other

Basis of presentation

For Corporate and Other - Institutional Markets, net investment income is attributed based on invested assets from segregated product line portfolios held in our Life Insurance Companies. The fundamental investment strategy for these product line portfolios is to maintain primarily a diversified, high quality portfolio of fixed maturity securities and, to the extent practicable, to approximately match established duration targets based on characteristics of the underlying liabilities. All invested assets of the Life Insurance Companies in excess of liabilities are allocated based on internal estimates of target statutory capital for each product line.

Net investment income for Corporate and Other - United Guaranty is attributed based on legal entity invested assets.

Notes

- (1) 3Q15 included a \$175 million pre-tax pension curtailment gain related to freezing of the AIG Retirement Plan, the Non-Qualified Retirement Income Plan and the Supplemental Executive Retirement Plan.
- (2) Represents AIG's share of AerCap's pre-tax operating income through the June 2015 date of sale of a majority of our ordinary shares of AerCap, which excludes certain post-acquisition transaction expenses incurred by AerCap in connection with its acquisition of ILFC and the difference between expensing AerCap's maintenance rights asset over the remaining lease term as compared to the remaining economic life of the aircraft and our share of AerCap's income taxes.
- (3) Consists of the results of investments held by AIG Parent to support various corporate needs as well as the remaining positions of AIG Financial Products Corp. and related subsidiaries (collectively, AIGFP), life settlements, real estate, equipment leasing and lending and other secured lending investments held by AIG Parent and certain subsidiaries.
- (4) Commercial run-off insurance lines consists primarily of excess workers' compensation, asbestos and legacy environmental (1986 and prior); certain environmental liability, certain healthcare coverage, certain casualty and specialty coverages, and long-duration business in Japan. U.S. Life Insurance run-off insurance lines include American Security Life Insurance Company Limited, AIG Life Insurance Company (Switzerland) Ltd. and a reinsurance transaction of American International Reinsurance Company, Ltd. During the third and fourth quarters of 2015, certain environmental liability, healthcare, casualty and specialty coverages that are no longer offered by Commercial were transferred to run-off Commercial insurance lines.
- (5) 3Q16 includes the impact of \$622 million loss recognition as a result of the update of actuarial assumptions.
- (6) 4Q15 included \$311 million of net adverse prior year loss reserve development associated with certain environmental liability, healthcare, casualty and specialty coverages previously reported in Commercial. 3Q15 included \$43 million of net adverse prior year loss reserve development associated with certain environmental liability, healthcare, casualty and specialty coverages previously reported in Commercial, and excluded \$30 million of non-operating net adverse prior year loss reserve development.
- (7) In 1Q16, 4Q15, and 3Q15, \$1.3 billion, \$0.9 billion and \$0.3 billion, respectively, of loss reserves for certain environmental liability, of loss reserves for certain environmental liability, casualty, healthcare, and specialty coverages, previously reported in Commercial Casualty and Specialty lines of business, were transferred to Other run-off insurance lines.
- (8) Underwriting ratios are computed as follows:
 - a. Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
 - b. Prior year loss development = [Loss and loss adjustment expenses incurred – Prior year loss reserve development (favorable) unfavorable (PYD)] ÷ NPE – Loss ratio
 - c. Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – PYD] ÷ NPE
 - d. Acquisition ratio = Total acquisition expenses ÷ NPE
 - e. General operating expense ratio = General operating expenses ÷ NPE
 - f. Expense ratio = Acquisition ratio + General operating expenses ratio
 - g. Combined ratio = Loss ratio + Expense ratio
 - h. Accident year combined ratio, as adjusted = AYLR + Expense ratio

American International Group, Inc.
Notes (continued)

Corporate and Other

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

Prior periods have been revised to conform to the current period presentation.

								Nine Months Ended September 30,		Year Ended December 31,
Quarterly										
United Guaranty	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	2016	2015	2015
Accident year loss ratio, as adjusted - previously reported	19.4	15.5	20.9	22.3	25.9	27.0	25.2	18.7	26.0	25.1
Impact of UGC reinsurance treaty	5.1	4.0	4.1	3.7	3.4	7.5	-	4.3	3.3	3.5
Other	-	-	-	-	-	-	0.3	-	-	-
Accident year loss ratio, as adjusted - revised	24.5	19.5	25.0	26.0	29.3	34.5	25.5	23.0	29.3	28.6
Pre-tax operating income (loss) - previously reported	\$ 172	\$ 187	\$ 163	\$ 180	\$ 162	\$ 157	\$ 145	\$ 522	\$ 464	\$ 644
Impact of UGC reinsurance treaty *	(45)	(42)	(35)	(34)	(30)	(38)	-	(122)	(68)	(102)
Other	3	-	(2)	(3)	1	(2)	(1)	1	(2)	(5)
Pre-tax operating income (loss) - revised	\$ 130	\$ 145	\$ 126	\$ 143	\$ 133	\$ 117	\$ 144	\$ 401	\$ 394	\$ 537

* Commercial Insurance and United Guaranty each use models that are consistent with their core underlying business to defer and amortize ceding commissions related to the intercompany reinsurance agreement. The difference in pre-tax operating income arising from the use of these different models is eliminated for AIG consolidated reporting.

- (10) Base portfolio investment income includes interest, dividends and foreclosed real estate income, net of investment expenses.
- (11) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships. Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on one-quarter lag.
- (12) Net investment income-other enhancements include call and tender income, changes in market value of investments accounted for under the fair value option, interest received on defaulted investments and other miscellaneous investment income, including income of certain partnership entities that are required to be consolidated.
- (13) Premiums and deposits is a non-GAAP financial measure.

The following table presents a reconciliation of Institutional Markets premiums and deposits to GAAP premiums:

(in millions)	Quarterly						Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15		2016	2015
Premiums and deposits	\$ 203	\$ 506	\$ 304	\$ 797	\$ 159		\$ 1,013	\$ 985
Deposits	(95)	(288)	(61)	(65)	(33)		(444)	(104)
Other	(5)	(3)	(8)	(6)	(11)		(16)	(27)
Premiums	\$ 103	\$ 215	\$ 235	\$ 726	\$ 115		\$ 553	\$ 854

- (14) Comprises the notional value of (i) new stable value wrap contracts and (ii) stable value wrap contracts novated from AIG Global Capital Markets and rewritten as group annuity contracts. Excludes the portion of stable value wraps included in Total insurance reserves.
- (15) Represents fair value adjustments related to our holding of 1.113 billion shares of The People's Insurance Company (Group) of China Limited (PICC) (ticker: 1339HK).

American International Group, Inc.

Investments - Cash and Investments

(in millions)	September 30, 2016 (2)			
	Life Insurance Companies	Non-Life Insurance Companies	Corporate and Other (1)	AIG Inc.
Bonds available for sale, at fair value:				
U.S. government and government sponsored entities	\$ 788	\$ 611	\$ 824	\$ 2,223
Obligations of states, municipalities and political subdivisions	6,180	19,350	1,048	26,578
Non-U.S. governments	9,598	10,689	419	20,706
Corporate debt	106,337	30,210	4,657	141,204
Mortgage-backed, asset-backed and collateralized:				
RMBS	24,712	10,868	2,235	37,815
CMBS	11,499	3,253	321	15,073
CDO/ABS	12,261	7,644	(2,855)	17,050
Total mortgage-backed, asset-backed and collateralized	48,472	21,765	(299)	69,938
Total bonds available for sale, at fair value	171,375	82,625	6,649	260,649
Other bond securities, at fair value	3,828	1,409	9,535	14,772
Equity securities available for sale, at fair value	209	1,837	(502)	1,544
Other equity securities trading, at fair value	3	-	495	498
Mortgage and other loans receivable, net of allowance	24,773	9,419	(1,779)	32,413
Other invested assets	9,486	10,923	5,338	25,747
Cash and short-term investments	5,346	5,003	2,894	13,243
Total cash and investments	\$ 215,020	\$ 111,216	\$ 22,630	\$ 348,866

(in millions)	December 31, 2015 (2)			
	Life Insurance Companies	Non-Life Insurance Companies	Corporate and Other (1)	AIG Inc.
Bonds available for sale, at fair value:				
U.S. government and government sponsored entities	\$ 765	\$ 591	\$ 488	\$ 1,844
Obligations of states, municipalities and political subdivisions	5,462	19,215	2,646	27,323
Non-U.S. governments	7,355	10,480	360	18,195
Corporate debt	99,821	30,465	5,702	135,988
Mortgage-backed, asset-backed and collateralized:				
RMBS	22,643	10,457	3,127	36,227
CMBS	10,248	2,923	400	13,571
CDO/ABS	10,856	6,628	(2,387)	15,097
Total mortgage-backed, asset-backed and collateralized	43,747	20,008	1,140	64,895
Total bonds available for sale, at fair value	157,150	80,759	10,336	248,245
Other bond securities, at fair value	3,589	1,463	11,730	16,782
Equity securities available for sale, at fair value	144	2,821	(50)	2,915
Other equity securities trading, at fair value	-	355	566	921
Mortgage and other loans receivable, net of allowance	23,979	8,277	(2,691)	29,565
Other invested assets	12,398	10,569	6,827	29,794
Cash and short-term investments	3,434	4,040	4,287	11,761
Total cash and investments	\$ 200,694	\$ 108,284	\$ 31,005	\$ 339,983

See Accompanying Notes on Page 55.

American International Group, Inc.

Investments - Other Invested Assets

(in millions)	September 30, 2016 (2)			
	Life Insurance Companies	Non-Life Insurance Companies	Corporate and Other (1)	AIG Inc.
Alternative investments (4)	\$ 6,090	\$ 8,274	\$ (137)	\$ 14,227
Investments in life settlements	-	-	3,577	3,577
Investment real estate	3,298	1,694	1,502	6,494
Aircraft assets	-	-	356	356
All other investments (3)	98	955	40	1,093
	<u>\$ 9,486</u>	<u>\$ 10,923</u>	<u>\$ 5,338</u>	<u>\$ 25,747</u>

(in millions)	December 31, 2015 (2)			
	Life Insurance Companies	Non-Life Insurance Companies	Corporate and Other (1)	AIG Inc.
Alternative investments (4)	\$ 9,356	\$ 8,852	\$ (58)	\$ 18,150
Investments in life settlements	-	-	3,606	3,606
Investment real estate	2,977	847	2,755	6,579
Aircraft assets	-	-	477	477
All other investments (3)	65	870	47	982
	<u>\$ 12,398</u>	<u>\$ 10,569</u>	<u>\$ 6,827</u>	<u>\$ 29,794</u>

See Accompanying Notes on Page 55.

American International Group, Inc.

Investments - Returns On Private Equity and Hedge Funds

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Investment income (5) (6)							
Private equity	\$ 113	\$ 100	\$ 114	\$ 23	\$ 229	\$ 327	\$ 798
Hedge funds	214	174	(537)	(220)	(324)	(149)	194
Total	\$ 327	\$ 274	\$ (423)	\$ (197)	\$ (95)	\$ 178	\$ 992
Average invested assets							
Private equity	\$ 6,049	\$ 6,341	\$ 6,553	\$ 6,822	\$ 7,088	\$ 6,441	\$ 7,242
Hedge funds	8,053	8,830	10,143	11,048	11,263	9,519	10,977
Total	\$ 14,102	\$ 15,171	\$ 16,696	\$ 17,870	\$ 18,351	\$ 15,960	\$ 18,219
Annualized yields on carrying value							
Private equity	7.47 %	6.31 %	6.96 %	1.35 %	12.92 %	6.77 %	14.69 %
Hedge funds	10.63	7.88	(21.18)	(7.97)	(11.51)	(2.09)	2.36
Total	9.28 %	7.22 %	(10.13) %	(4.41) %	(2.07) %	1.49 %	7.26 %
Average invested assets							
Life Insurance Companies	\$ 5,983	\$ 7,096	\$ 8,177	\$ 9,224	\$ 9,941	\$ 7,620	\$ 9,962
Non-Life Insurance Companies	8,119	8,075	8,519	8,646	8,410	8,340	8,257
Total	\$ 14,102	\$ 15,171	\$ 16,696	\$ 17,870	\$ 18,351	\$ 15,960	\$ 18,219

Average Invested Assets by Accounting Method (6)

	September 30, 2016						
	Life Insurance Companies			Non-Life Insurance Companies			Total
	Equity Method	Fair Value Option	Other	Equity Method	Fair Value Option	Other	
Private Equity Funds (5)	\$ 1,289	\$ 141	\$ 723	\$ 2,184	\$ 352	\$ 1,360	\$ 6,049
Hedge Funds (5)	1,656	1,712	462	1,822	2,214	187	8,053
Total	\$ 2,945	\$ 1,853	\$ 1,185	\$ 4,006	\$ 2,566	\$ 1,547	\$ 14,102

See Accompanying Notes on Page 55.

Investments - Net Realized Capital Gains (Losses)

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Life Insurance Companies							
Bonds available for sale	\$ 75	\$ 84	\$ (385)	\$ (62)	\$ (18)	\$ (226)	\$ 37
Stocks available for sale	3	20	-	-	(1)	23	3
Other transactions	78	137	101	(109)	2	316	56
Other than temporary impairments	(66)	(75)	(142)	(66)	(146)	(283)	(284)
Foreign exchange transactions	(13)	(113)	37	(49)	(7)	(89)	(42)
Derivative instruments (7)	(293)	19	(111)	(174)	47	(385)	564
Total pre-tax net realized capital gains (losses)	(216)	72	(500)	(460)	(123)	(644)	334
Non-Life Insurance Companies							
Bonds available for sale	68	55	(33)	19	1	90	98
Stocks available for sale	50	954	23	325	3	1,027	685
Other transactions	40	38	103	6	(6)	181	408
Other than temporary impairments	(36)	(31)	(62)	(38)	(125)	(129)	(200)
Foreign exchange transactions (8)	(576)	5	(459)	150	3	(1,030)	200
Derivative instruments	(4)	163	16	-	(18)	175	42
Total pre-tax net realized capital gains (losses)	(458)	1,184	(412)	462	(142)	314	1,233
Corporate and Other							
Bonds available for sale	(8)	(15)	56	(13)	1	33	15
Stocks available for sale	-	-	1	179	14	1	(160)
Other transactions (9)	(104)	(255)	(175)	(532)	(62)	(534)	(265)
Other than temporary impairments	-	(2)	-	(2)	(2)	(2)	(81)
Foreign exchange transactions	(50)	70	(98)	11	(12)	(78)	146
Derivative instruments	71	(12)	22	6	(16)	81	(97)
Total pre-tax net realized capital gains (losses)	(91)	(214)	(194)	(351)	(77)	(499)	(442)
Total AIG							
Bonds available for sale	135	124	(362)	(56)	(16)	(103)	150
Stocks available for sale	53	974	24	504	16	1,051	528
Other transactions (9)	14	(80)	29	(635)	(66)	(37)	199
Other than temporary impairments	(102)	(108)	(204)	(106)	(273)	(414)	(565)
Foreign exchange transactions	(639)	(38)	(520)	112	(16)	(1,197)	304
Derivative instruments	(226)	170	(73)	(168)	13	(129)	509
Total pre-tax net realized capital gains (losses)	<u>\$ (765)</u>	<u>\$ 1,042</u>	<u>\$ (1,106)</u>	<u>\$ (349)</u>	<u>\$ (342)</u>	<u>\$ (829)</u>	<u>\$ 1,125</u>
Total net realized gains (losses), net of tax	<u>\$ (526)</u>	<u>\$ 655</u>	<u>\$ (701)</u>	<u>\$ (215)</u>	<u>\$ (262)</u>	<u>\$ (572)</u>	<u>\$ 691</u>

See Accompanying Notes on Page 55.

Consolidated Results

- (1) Includes consolidations, eliminations and other adjustments.
- (2) Includes assets backed by debt of consolidated investment vehicles. These vehicles include debt related to real estate investments of \$1.7 billion, affordable housing partnership investments and securitizations of \$1.7 billion and other securitization vehicles and investments of \$781 million at September 30, 2016 and debt related to real estate investments of \$2.4 billion, affordable housing partnership investments and securitizations of \$2.2 billion, and other securitization vehicles and investments of \$359 million at December 31, 2015.
- (3) Consists primarily of long-term time deposits and direct private equity investments.
- (4) Alternative investments include hedge funds, private equity funds and affordable housing partnerships.
- (5) Hedge funds for which we elected the fair value option are recorded as of the balance sheet date. Other hedge funds are generally reported on a one-month lag, while private equity funds are generally reported on one-quarter lag.
- (6) Changes in the value of the underlying investments in hedge funds and private equity funds that are accounted for under the equity method or fair value option are recorded in earnings. Changes in the value of the investments in similar funds included in Other are primarily recorded in accumulated other comprehensive income (AOCI).
- (7) Includes changes in the fair value of embedded derivatives and a portion of associated fees for variable annuity living benefit features (primarily GMWB) and changes in fair value of hedging instruments purchased to hedge the liabilities.
- (8) 3Q16, 2Q16, 1Q16, 4Q15, and 3Q15 included \$(528) million, \$105 million, \$(483) million, \$136 million, and \$(48) million, respectively, of foreign exchange gains (losses) primarily due to a short term intercompany balance that was matched with available for sale investments in fixed maturity securities denominated in the same foreign currencies. Unrealized gains and losses on the available for sale investments were recorded in other comprehensive income resulting in an immaterial impact on our overall equity or book value per share from this arrangement.
- (9) Includes impairments on investments in life settlements.

American International Group, Inc.

Supplemental Property Casualty Information*

(in millions)	Quarterly					Nine Months Ended September 30,	
	3Q16	2Q16	1Q16	4Q15	3Q15	2016	2015
Net premiums written	\$ 7,278	\$ 7,419	\$ 7,201	\$ 7,395	\$ 8,291	\$ 21,898	\$ 25,017
Net premiums earned	\$ 7,464	\$ 7,547	\$ 7,605	\$ 7,804	\$ 7,867	22,616	23,597
Loss and loss adjustment expenses incurred	5,208	5,287	4,790	8,780	5,292	15,285	15,456
Acquisition expenses	1,458	1,473	1,500	1,648	1,633	4,431	4,764
General operating expenses	943	954	1,011	1,079	1,160	2,908	3,459
Underwriting income (loss)	(145)	(167)	304	(3,703)	(218)	(8)	(82)
Net investment income	1,096	1,009	701	831	821	2,806	3,219
Pre-tax operating income (loss)	\$ 951	\$ 842	\$ 1,005	\$ (2,872)	\$ 603	\$ 2,798	\$ 3,137
Underwriting ratios:							
Loss ratio	69.8	70.1	63.0	112.5	67.3	67.6	65.5
Catastrophe losses and reinstatement premiums	(3.8)	(5.5)	(3.3)	(2.9)	(2.0)	(4.2)	(2.2)
Prior year development net of premium adjustments	(3.8)	(0.4)	0.8	(46.3)	(2.5)	(1.1)	(2.4)
Net reserve discount	(0.4)	(3.9)	0.1	(1.1)	(1.0)	(1.4)	0.7
Accident year loss ratio, as adjusted	61.8	60.3	60.6	62.2	61.8	60.9	61.6
Acquisition ratio	19.5	19.5	19.7	21.1	20.8	19.6	20.2
General operating expense ratio	12.6	12.6	13.3	13.8	14.7	12.9	14.7
Expense ratio	32.1	32.1	33.0	34.9	35.5	32.5	34.9
Combined ratio	101.9	102.2	96.0	147.4	102.8	100.1	100.4
Catastrophe losses and reinstatement premiums	(3.8)	(5.5)	(3.3)	(2.9)	(2.0)	(4.2)	(2.2)
Prior year development net of premium adjustments	(3.8)	(0.4)	0.8	(46.3)	(2.5)	(1.1)	(2.4)
Net reserve discount	(0.4)	(3.9)	0.1	(1.1)	(1.0)	(1.4)	0.7
Accident year combined ratio, as adjusted	93.9	92.4	93.6	97.1	97.3	93.4	96.5
Noteworthy items (pre-tax):							
Catastrophe-related losses	\$ 282	\$ 414	\$ 251	\$ 223	\$ 151	\$ 947	\$ 508
Reinstatement premiums related to catastrophes	-	-	-	-	-	-	-
Reinstatement premiums related to prior year catastrophes	-	(11)	(10)	-	2	(21)	(5)
Severe losses	95	146	109	172	209	350	539
Prior year development:							
Prior year loss reserve development (favorable) unfavorable, net of reinsurance	289	19	(61)	3,621	179	247	537
(Additional) returned premium related to prior year development	(11)	22	6	(4)	30	17	53
Prior year loss reserve development (favorable) unfavorable, net of reinsurance and premium adjustments	278	41	(55)	3,617	209	264	590
Net reserve discount (benefit) charge	32	300	(9)	86	78	323	(157)
Net loss and loss expense reserve (at period end)	\$ 57,955	\$ 58,998	\$ 59,067	\$ 59,890	\$ 57,476	\$ 57,955	\$ 57,476

* Represents the aggregate operating results of Commercial Insurance, Consumer Insurance - Personal Insurance, and Property Casualty run-off businesses reported in Corporate and Other.

American International Group, Inc.

Acronyms

A&H	Accident and Health Insurance
ABS	Asset-Backed Securities
AOCI	Accumulated Other Comprehensive Income
CDO	Collateralized Debt Obligations
CMBS	Commercial Mortgage-Backed Securities
CPPE	Continuous Payment Premium Equivalent
DAC	Deferred Acquisition Costs
DTA	Deferred Tax Assets
GAAP	Accounting principles generally accepted in the United States of America
GMAB	Guaranteed Minimum Accumulation Benefits
GMDB	Guaranteed Minimum Death Benefits
GMIB	Guaranteed Minimum Income Benefits
GMWB	Guaranteed Minimum Withdrawal Benefits
RMBS	Residential Mortgage-Backed Securities
ROE	Return on Equity
SIA	Sales Inducement Assets
VOBA	Value of Business Acquired