Hi, I'm Rob Schimek, CEO of Commercial at AIG. AIG is very proud of its core Commercial Insurance franchise. We have a differentiated value proposition that positions us well to realize our vision to be our clients' most valued insurer. Our strategy, which I will discuss in this video, will build upon the unique strengths of our platform.

Some of our most distinct capabilities include a multinational footprint serving clients in over 200 countries and jurisdictions, market leadership in Financial Lines and many Specialty products and a team of underwriters with unmatched expertise in handling complex risks.

But perhaps what matters most is that we stand by our promises. We are there to help our clients when bad things happen, and we pay over $100 million in claims each business day.

These capabilities have historically made AIG a strong, reliable business partner for our clients and brokers, and we will continue to build on them to provide the level of service you would expect of AIG.

We recently shared our strategy to deliver value to all our stakeholders, including our clients, our broker partners and our shareholders.

In Commercial Insurance, we committed to make operating improvements that would reduce our Accident Year Loss Ratio by approximately 6 points by year-end 2017.

Our strategy has two primary components:

The first component is expanding our use of reinsurance to help us effectively manage our capital while improving our Commercial loss ratio. Reinsurance is a valuable tool that will enable us to significantly enhance our performance without disrupting our valued client and broker relationships.

The second component of our strategy is narrowing our focus with respect to products, clients, brokers and geographies. This includes investing in growth areas where we have a sustainable competitive advantage AND where we offer a superior value proposition to our clients, while also remediating or exiting underperforming areas of our business. We will continue to invest in clients that prioritize strong risk management and see AIG as a valuable partner, concentrating our efforts where we can provide the most value for our clients. As you would expect, we are making decisions with respect to narrowing our focus using data and micro-segmentation tools in an extremely targeted manner.

We have prepared a few slides to provide further clarity to the actions we are taking.

Slide 1:
This green line represents the Accident Year Loss Ratio excluding catastrophes. As you can see, we have improved it nearly 11 points since 2011, including the effect of prior year development for those accident years.

Our rate of improvement was strong from 2011 through 2013. While the trend slowed in 2014 and 2015, we made significant and important advancements in our underwriting tools and analytics during those years.

The bars in the chart show that we have not significantly sacrificed size as we improved our Accident Year Loss Ratio. AIG maintained its strong presence in the Commercial insurance market and upheld its commitment to providing clients with the insurance products and services they required over those years.

The shading in the bars highlights our change in business mix, as we reduced writings in poorer performing areas of U.S. Casualty from 39% in 2011 to 27% in 2015, to improve the Commercial portfolio.

It is important to emphasize that AIG remains a market leader in U.S. Casualty, a position that we wish to continue to hold. We expect that U.S. Casualty will always be an important part of our product mix. We have a strong team, have built data and analytics capabilities and are frequently recognized in the marketplace for our Casualty claims handling expertise. We are proud of the capabilities we have built and will continue investing in this vital part of our business.

However, U.S. Casualty is a longer tail line of business that is inherently more risky, consumes more capital and is more significantly impacted by the sustained low interest rate environment than many of the shorter tail products in our business mix. As a result of these factors and the competitive market environment, we must make some targeted decisions to change our business mix.

Here you see our goal to reduce the Accident Year Loss Ratio by an additional 6 points by 2017. We believe this is achievable by increasing the pace of the actions we have taken since 2011, growing in areas of strategic opportunity and using the tools and analytics we have developed to remediate and further optimize our business mix in 2016 and 2017.

Slide 2:
This slide shows the wide dispersion in the Accident Year Loss Ratio excluding catastrophes across the many distinct sub-segments and geographies that make up our diverse book of Commercial business.

The line chart indicates that across our $20 billion in Net Premiums Earned, our loss ratios range from as low as 30% to above 100% for a handful of sub-segments across our broad global network.

This picture illustrates an important point. We do not need to improve the Accident Year Loss Ratio for all sub-segments by 6 points.

People frequently talk about the insurance market like it is one single dimension. However, AIG offers hundreds of combinations of products in hundreds of jurisdictions.

By growing the low loss ratio business and remediating or exiting the challenged sub-segments that are well above our target, we believe that our targeted 6 point improvement for the overall Commercial business can be realized without a significant degree of disruption in the marketplace.

As we look at the actions we will take across sub-segments, we've grouped the sub-segments into three Product Sets.

We intend to grow the 15% of the Commercial portfolio included within Product Set 1.

This business includes the lowest loss ratio sub-segments, which ran at an average of approximately 41% .

We will expand our presence in the many products and geographies within this Product Set where we have strong competitive advantages and offer a compelling value proposition—opportunities like M&A and many of our international businesses, including Casualty.

So, as you can see, a big piece of our strategy is focused on growth in the markets where we think we can add value for our clients and achieve our targeted returns.

We plan to maintain or improve the sub-segments in Product Set 2.

The business captured here represents 70% of total premiums with an average Accident Year

Loss Ratio of approximately 66%.

There is some very attractive business in the lower loss ratio sub-segments within this Product Set, including our Financial Lines and Specialty businesses in various geographies.

We see our advancements in data analytics and the increased use of our underwriting tools making the most impact within this Product Set.

The higher loss ratio sub-segments in this Product Set are where we intend to expand our use of quota share reinsurance, primarily in U.S. Casualty. Our strategy marks somewhat of a return to our roots, where we will partner with reinsurers as a capital protection mechanism and remain a long-term, sustainable insurance provider for our clients. What is so attractive to us about this strategy is that it will not change the customer experience for our valued clients and brokers.

Here, let me observe an important point. 85% of the Commercial portfolio falls into Product Sets 1 and 2, and the average Accident Year Loss Ratio for the sub-segments in both Product Sets combined is approximately 62%, which is already within arm's reach of our 2017 target.

We will remediate the high loss ratio business in Product Set 3. This represents the 15% of the Commercial business that ran at an average Accident Year Loss Ratio of approximately 91%.

We have focused our efforts on remediating or exiting the worst performing accounts in those sub-segments and geographies with the highest loss ratios.

We have already notified the market of all lines we intend to exit. For example, Pollution Legal Liability in the U.S. and Canada and Excess Auto Liability for Trucking are two coverages we have announced that we will no longer write, and both fall within Product Set 3.

Our actions here also include aggressively reducing our relationships with unprofitable customers purchasing only one or two products.

Our strategy is not a one size fits all approach. We will use the data and analytical tools we have invested in to significantly differentiate and determine where we should focus our resources to effectively serve our most valued clients.

I hope that these slides are helpful as you look to understand Commercial's strategy.

Our strategy is clear, and we anticipate a steady pace of improvement heading towards 2017 fueled by the actions we have just reviewed and the outstanding professionals we have in place at AIG.

In closing, we are committed to achieving our goal of improving Commercial's Accident Year Loss Ratio by 6 points, and we are confident that our plans will enable us to accomplish our goals and help AIG to maximize its value.

And, most importantly, we will achieve our vision to be our clients' most valued insurer by continuing to stay true to our client and broker partners, offering innovative products and value added services and providing superior claims handling. Thank you for your continued partnership with AIG.

Cautionary Statement Regarding Forward Looking Information and Other Matters

These materials include 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," "view," "target," "goal" or "estimate." 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; 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; judgments concerning the recognition of deferred tax assets; judgments concerning estimated restructuring charges and estimated cost savings; completion of the year end audit process; and such other factors discussed in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Part II, Item 1A. Risk Factors in AIG's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, Part I, Item 2. MD&A in AIG's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, Part I, Item 2. MD&A in AIG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 and Part I, Item 1A. Risk Factors and Part II, Item 7. MD&A in AIG's Annual Report on Form 10-K for the year ended December 31, 2014.

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Nothing in these materials or in any oral statements made in connection with these materials 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 these materials, 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 Appendix to these materials.

Book Value Per Share Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value Per Share Excluding AOCI and Deferred Tax Assets (DTA) 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 the effect of non-cash 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. Deferred tax assets represent 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. Book Value Per Share Excluding AOCI is derived by dividing Total AIG shareholders' equity, excluding AOCI, by Total common shares outstanding. Book Value Per Share Excluding AOCI and DTA is derived by dividing Total AIG shareholders' equity, excluding AOCI and DTA, 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 the effect of non-cash items that can fluctuate significantly from period to period, including changes in fair value of available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. Deferred tax assets represent 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. 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 further adjusts Return on Equity – After-tax Operating Income, Excluding AOCI and DTA for the effects of certain volatile or market-related items. 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: catastrophe losses compared to expectations; alternative investment returns compared to expectations; DIB/GCM returns compared to expectations; fair value changes on PICC investments; update of actuarial assumptions; net reserve discount change; Life insurance IBNR death claim charge; and prior year loss reserve development.

Normalized Return on Equity, Excluding AOCI and DTA – Operating and Legacy Portfolios further adjust Normalized Return on Equity, Excluding AOCI and DTA for the allocation to the operating businesses of Corporate GOE, Parent Financial Debt and the related Interest Expense.

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: 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); 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 our organization; deferred income tax valuation allowance releases and charges; changes in fair value of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense); 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; and net realized capital gains and losses; non-qualifying derivative hedging activities, excluding net realized capital gains and losses.

Operating revenue excludes Net realized capital gains (losses), Aircraft leasing revenues, income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense (included in Net investment income for GAAP purposes).

General operating expenses, operating basis, is derived by making the following adjustments to general operating and other expenses: include (i) 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 uses general operating expenses, operating basis, because it believes it provides a more meaningful indication of 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: Property Casualty and Mortgage Guaranty; Consumer Insurance: Personal Insurance

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, 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. 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. Catastrophe losses are generally weather or seismic events having a net impact in excess of $10 million each.

Commercial Insurance: Institutional Markets; Consumer Insurance: Retirement and Life

Pre-tax operating income is derived by excluding the following items from pre-tax income: non-operating litigation reserves and settlements; changes in fair values of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense); net realized capital gains and losses; and changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses.

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: non-operating litigation reserves and settlements; reserve development related to non-operating run-off insurance business; 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); 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.