



An Overview of AIG

A Leading Provider of Property & Casualty Insurance, Life Insurance and Retirement Solutions

June 2020

Cautionary Statement Regarding Forward-Looking Information



This document and the remarks made within this presentation may include, and officers and representatives of American International Group, Inc. (AIG) may from time to time make and discuss, 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 a 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 relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, the effect of catastrophes and macroeconomic events, such as COVID-19, anticipated dispositions, monetization and/or acquisitions of businesses or assets, or successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results. 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: the adverse impact of COVID-19, including with respect to AIG’s business, financial condition and results of operations; changes in market and industry conditions, including the significant global economic slowdown, general market declines and disruptions to AIG’s operations driven by COVID-19 and responses thereto, including new or changed governmental policy and regulatory actions; the occurrence of catastrophic events, both natural and man-made, including COVID-19, pandemics and the effects of climate change; AIG’s ability to effectively execute on AIG 200 operational programs designed to achieve underwriting excellence, modernization of AIG’s operating infrastructure, enhanced user and customer experiences and unification of AIG; AIG’s ability to successfully manage Legacy Portfolios; changes in judgments concerning potential cost saving opportunities; actions by credit rating agencies; changes in judgments concerning insurance underwriting and insurance liabilities; the impact of potential information technology, cybersecurity or data security breaches, including as a result of cyber-attacks or security vulnerabilities, the likelihood of which may increase due to extended remote business operations as a result of COVID-19; disruptions in the availability of AIG’s electronic data systems or those of third parties; the effectiveness of strategies to recruit and retain key personnel and to implement effective succession plans; the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject; significant legal, regulatory or governmental proceedings; concentrations in AIG’s investment portfolios; changes to the valuation of AIG’s investments; AIG’s ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses; changes in judgments concerning the recognition of deferred tax assets and the impairment of goodwill; the effectiveness of our risk management policies and procedures, including with respect to our business continuity and disaster recovery plans; 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 March 31, 2020, 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, 2019.

COVID-19 is adversely affecting, and is expected to continue to adversely affect, our business, financial condition and results of operations. The ultimate impact of COVID-19 will depend on future developments that are uncertain and cannot be predicted, including the scope and duration of the crisis and actions taken by governmental and regulatory authorities in response thereto. Even after the crisis subsides, it is possible that the U.S. and other major economies will experience a prolonged recession, in which event our businesses, results of operations and financial condition could be materially and adversely affected. Statements about the effects of COVID-19 on our business, financial condition and results of operations may constitute forward-looking statements and are subject to the risk that the actual impacts may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the COVID-19 and actions taken by governmental and regulatory authorities in response to mitigate its impact.

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

This document and the remarks made orally may also contain certain non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the earnings release and First Quarter 2020 Financial Supplement available in the Investor Information section of AIG’s corporate website, www.aig.com, as well as in the Appendix to this presentation.

Note: Amounts presented may not foot due to rounding.

AIG is Focused on Building Long-Term Value for Shareholders by Becoming a Top-performing Company and Leading Insurance Franchise



World-Class Insurance Franchises

that are among the leaders in their geographies and segmentations, providing differentiated service and expertise.

Breadth of Loyal Customers

including millions of clients and policyholders ranging from multi-national Fortune 500 companies to individuals throughout the world.

Broad and Long-Standing Distribution Relationships

with brokers, agents, advisors, banks and other distributors across all lines of business.

Highly-Engaged Global Workforce

of approximately 46,000 employees in more than 80 countries and jurisdictions.

Balance Sheet Quality and Strength

as demonstrated by over \$60 billion in shareholders' equity and AIG Parent liquidity of \$7.5 billion as of March 31, 2020¹.

1) In addition, AIG issued \$4.1B of debt on May 11, 2020.

AIG's World Class Franchises Comprise a Diverse and Unique Business Mix



About AIG

As a leading global insurer with property and casualty, accident & health, life insurance and annuities we help businesses and individuals around the world protect their assets, manage risks, and provide for retirement security.

Adjusted After-tax Income Attributable to AIG Common Shareholders*

FY2019 of \$4.1B (\$4.59/diluted share)

1Q20 of \$99M (\$0.11/diluted share)

Balance Sheet Strength (\$B)

3/31/2020

Total Assets	\$510
Total Investments	\$332
General Insurance Reserves (excludes Legacy) ¹	\$70
Life and Retirement Insurance Reserves & Mutual Fund Assets (excludes separate accounts & Legacy)	\$194
Adjusted common shareholders' equity*	\$52

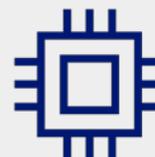
* Refers to financial measure not calculated in accordance with generally accepted accounting principles (Non-GAAP); definitions and abbreviations of Non-GAAP measures and reconciliations to their closest GAAP measures can be found in this presentation under the heading Glossary of Non-GAAP Financial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

1) Represents gross liability for unpaid losses and loss adjustment expenses.

2) Aligns to 2019 10-K business segment reporting; not based on legal entities.

3) The graph represents Adjusted revenues excluding revenues from our Legacy Portfolio operations of \$3B and consolidation and eliminations of (\$0.7B). Refer to page 191 of the 2019 10-K for reconciliation to total revenues.

Core Businesses

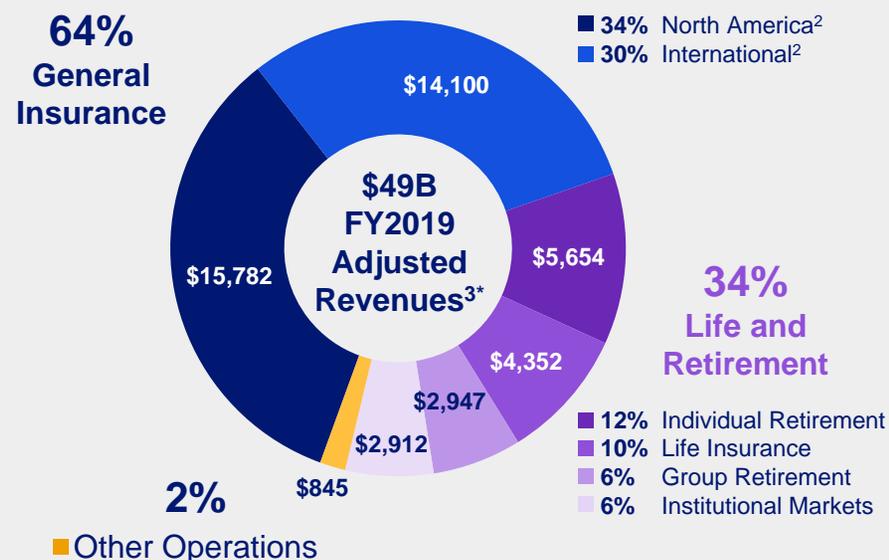


General Insurance is a leading global provider of insurance products and services for commercial and personal insurance customers.



Life and Retirement U.S. and U.K. businesses bring together a broad portfolio of life insurance, retirement and institutional products offered through an extensive, multichannel distribution network.

Diversified Revenue Mix (\$M)



General Insurance: Offering a Breadth of Products and Services to Clients Through a Global Franchise and Distribution Network



Commercial Clients

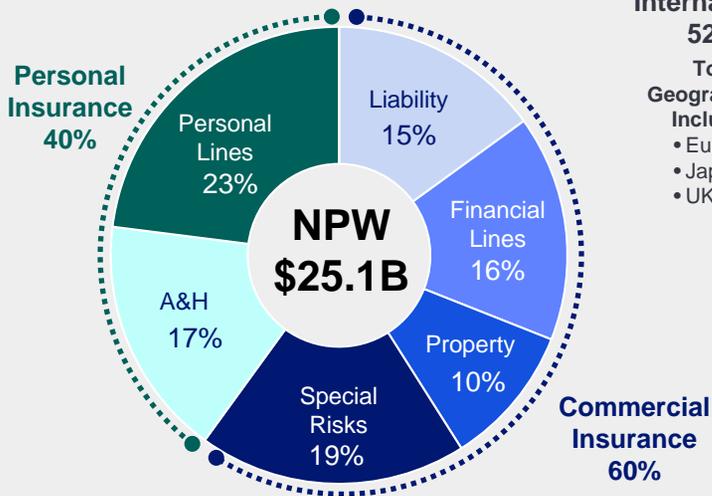
- Liability
- Financial Lines
- Property
- Special Risks
- AIG Re

Personal Customers

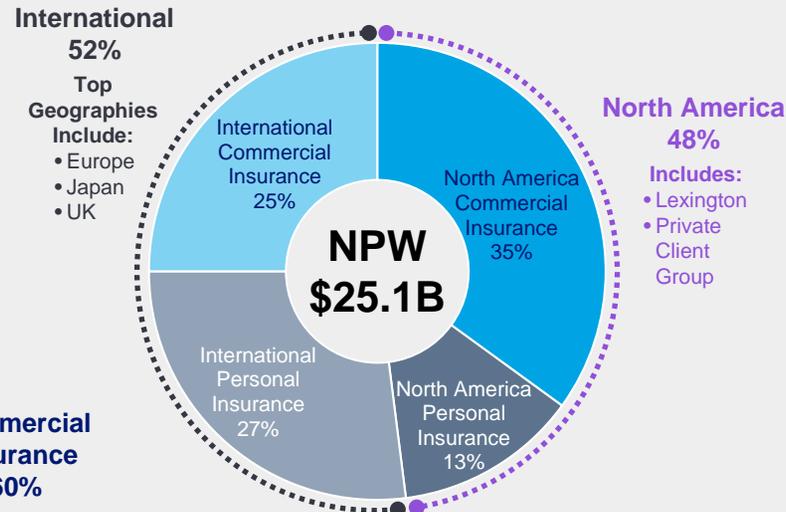
- Private Client Group serving High Net Worth clients
- Personal Auto (including Japanese Personal Auto)
- Personal Property
- Warranty
- Travel
- Accident & Health



2019 NPW by Business Segment¹



2019 NPW by Geography^{1,2}



Distribution Channels



Liability: Products include general liability, environmental, commercial automobile liability, workers' compensation, excess casualty and crisis management insurance products. Casualty also includes risk-sharing and other customized structured programs for large corporate and multinational customers.

Financial Lines: Products include professional liability insurance for a range of businesses and risks, including D&O, mergers and acquisitions, fidelity, employment practices, fiduciary liability, cyber risk, kidnap and ransom, and errors and omissions insurance.

Special Risks: Products include aerospace, environmental, political risk, trade credit, portfolio solutions, energy-related property insurance products, surety, marine and crop insurance.

1) The results of AIG's assumed reinsurance business, which principally includes Validus Re, are included in the North America segment and Special Risks business segment in the charts above.

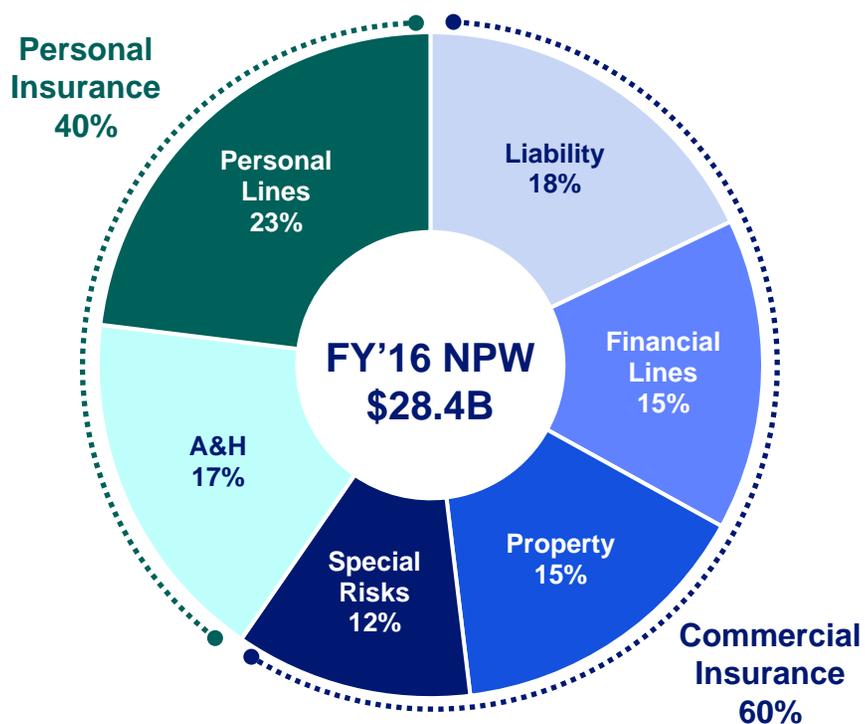
2) Aligns to 2019 10-K business segment reporting; not based on legal entities.

General Insurance: Executing on Strategy to Improve Results through Underwriting Excellence, Revised Risk Appetite and Reduced Risk and Volatility through Reinsurance



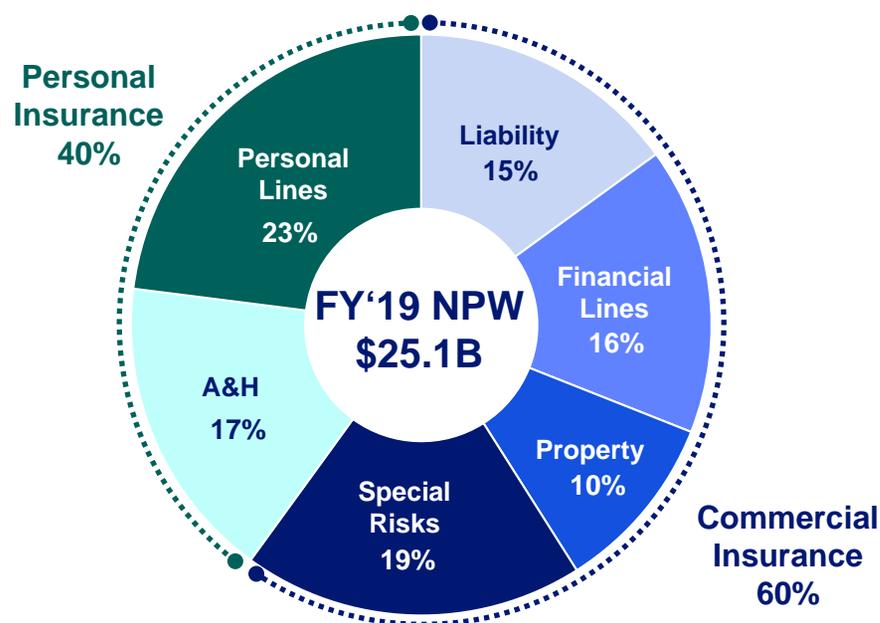
Delivery of underwriting profitability in 2019 demonstrates the first full year of reduction in Property and Liability limits and refocus on Specialty Risks, including Excess & Surplus and AIG's assumed reinsurance business

2016 Net Premiums Written



**Combined Ratio
118.9%**

2019 Net Premiums Written¹



**Combined Ratio
99.6%**

+19.3 pts improvement in 3 years

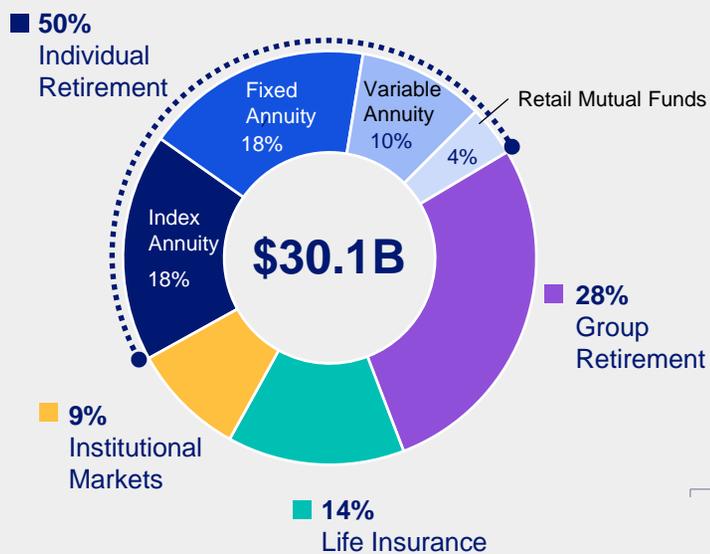
1) The results of AIG's assumed reinsurance business, which principally includes Validus Re, are included in the North America segment and Special Risks business segment in the charts above.

Life and Retirement: Broad Market Leadership Position Reflects Deep Product Expertise and Diversified Distribution Network

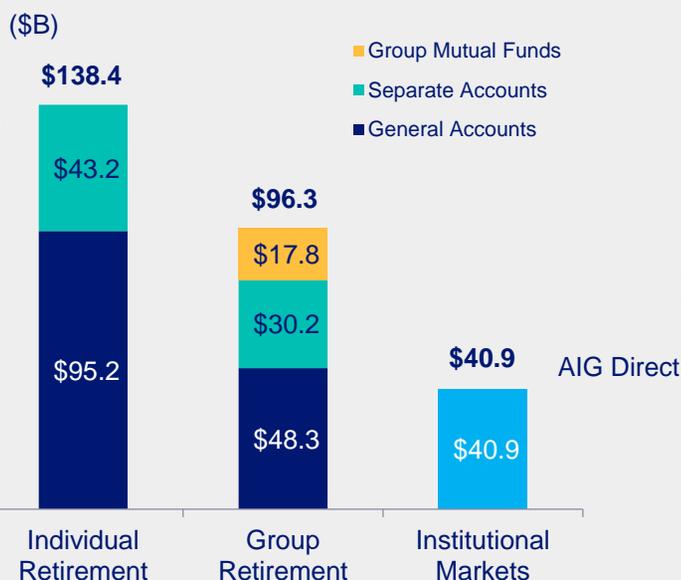


Market Position ¹					
Annuities	Rank	Group Retirement	Rank	Life Insurance	Rank
Total Annuity Sales	#2	Total K-12 Assets	#2	Total Life Issued	#7
Fixed-Rate Deferred Annuity Sales	#2	Total Higher Education Assets	#3	Term Life Sales	#6
Index Annuity Sales	#2	Total Healthcare Assets	#4	Universal Life Sales	#11
Variable Annuity Sales	#6				
Structured Settlements Annuity Sales	#6				

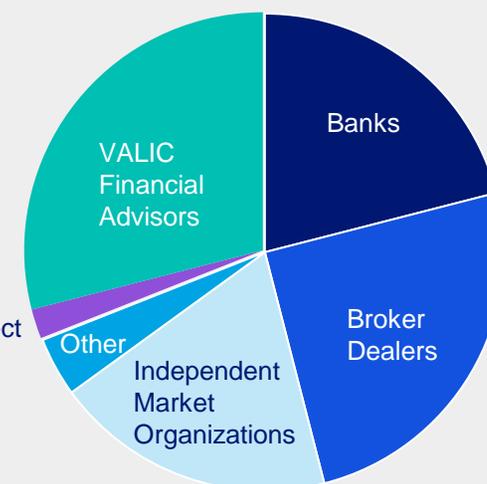
2019 Premiums & Deposits by Business Segment



Assets Under Management / Administration as of 3/31/20²



2019 Sales Breakdown by Distribution Channel



1) Annuities and Life Insurance market positions based on LIMRA rankings for 1Q20; Group Retirement market positions based on LIMRA rankings for FY'19.
 2) Assets Under Management / Administration chart above exclude Retail Mutual Funds and assets supporting the Life Insurance business.

Management Team Leading Transformative Improvements at AIG



Six new Executive Leadership appointments since May 2017

 <p>Brian Duperreault <i>Chief Executive Officer</i></p> <p>Joined AIG in May 2017</p>	 <p>Peter Zaffino <i>President & COO, AIG; CEO, General Insurance</i></p> <p>Joined AIG in July 2017</p>	 <p>Mark Lyons <i>EVP & Chief Financial Officer</i></p> <p>Joined AIG in June 2018</p>	 <p>Lucy Fato <i>EVP & General Counsel</i></p> <p>Joined AIG in October 2017</p>	 <p>Doug Dachille <i>EVP & Chief Investment Officer</i></p>	 <p>Kevin Hogan <i>EVP & CEO, Life and Retirement</i></p>
 <p>Karen Ling <i>EVP & Chief Human Resources Officer</i></p> <p>Joined AIG in July 2019</p>	 <p>John Repko <i>EVP & Chief Information Officer</i></p> <p>Joined AIG in Sept. 2018</p>	 <p>Naohiro Mouri <i>EVP & Chief Auditor</i></p> <p>Promoted in March 2018</p>	 <p>Alessandra Quane <i>EVP & Chief Risk Officer</i></p>		

Legend:
New Hire

Enhancing Next Layer of Leadership with the Promotion and Hiring of Several Key Business Leaders

Highlighted below are a selection of top industry leaders recruited or promoted to drive improvements and change across AIG

General Insurance		Life and Retirement	
 <p>Allison Barrett <i>Head of Multinational General Insurance</i></p> <p>Joined AIG in December 2019</p>	 <p>Thomas Bolt <i>Chief Underwriting Officer General Insurance</i></p> <p>Joined AIG in January 2018</p>	 <p>Terri Fiedler <i>CEO Financial Distributors Life and Retirement</i></p> <p>Promoted in May 2019</p>	
 <p>Charles Fry <i>Head of Reinsurance General Insurance</i></p> <p>Joined AIG in October 2017</p>	 <p>Jon Hancock <i>CEO International General Insurance</i></p> <p>Joined AIG in June 2020</p>	 <p>Sharon French <i>CEO Life & Retirement Funds Life and Retirement</i></p> <p>Joined in June 2019</p>	
 <p>David McElroy <i>CEO North America General Insurance</i></p> <p>Joined AIG in October 2018</p>	 <p>Richard Olsen <i>Chief Actuary General Insurance</i></p> <p>Joined AIG in August 2019</p>	 <p>Rob Scheinerman <i>CEO Retirement Services Life and Retirement</i></p> <p>Promoted in July 2019</p>	
 <p>Michael Price <i>Head of Global Services Businesses & COO, General Insurance</i></p> <p>Joined AIG in Dec. 2018</p>	 <p>Chris Schaper <i>CEO AIG Re General Insurance</i></p> <p>Joined AIG in July 2019</p>	 <p>Todd Solash <i>CEO Individual Retirement Life and Retirement</i></p> <p>Promoted in July 2019</p>	
 <p>Anthony Vidovich <i>Chief Claims Officer General Insurance</i></p> <p>Joined AIG in May 2018</p>	 <p>Kathleen Zortman <i>CEO Private Client Group General Insurance</i></p> <p>Joined AIG in July 2019</p>	 <p>Adam Winslow <i>CEO Life Insurance Life and Retirement</i></p> <p>Promoted in February 2020</p>	

We Are Committed to Corporate Responsibility Through an Evolving Environmental, Social, and Governance (ESG) Framework



AIG Foundation Reinstated in 2020

- As part of our commitment to our global communities, AIG in 2020 re-instated the AIG Foundation with an inaugural \$5M contribution

Board-Level Governance and Oversight

- Nominating and Corporate Governance Committee oversees sustainability, corporate citizenship and public policy matters
- Nominating and Corporate Governance Committee and the Board receive regular reports on sustainability-related matters

Sustainability Leadership and Reporting Milestones

First-ever [Chief Sustainability Officer](#) appointed in 2019 to lead the development of a company-wide sustainability strategy; Sustainability Integration Team launched in 2020 to identify and drive strategy within their respective areas across the company



Published our inaugural [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) report in July 2019 to provide greater Transparency and align reporting activities with industry standards

Committed to Sustainability via Strategic Partnerships



- Partnering with Wood Group Plc** to create a Resilience Framework that helps our clients and communities arrive at more resilient solutions for urban development projects through a multi-tiered approach for design and construction
- Membership in the Insurance Development Forum**, a public/private partnership whose mission is to optimize the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic risks
- Partnering with the Foundation for Financial Planning** as AIG Retirement Services promotes financial security by connecting the financial planning community to people in need.

Please visit our [Corporate Responsibility site](#) for more details

AIG's Capital Position Remains Strong at the Holding Company and Principal Insurance Companies

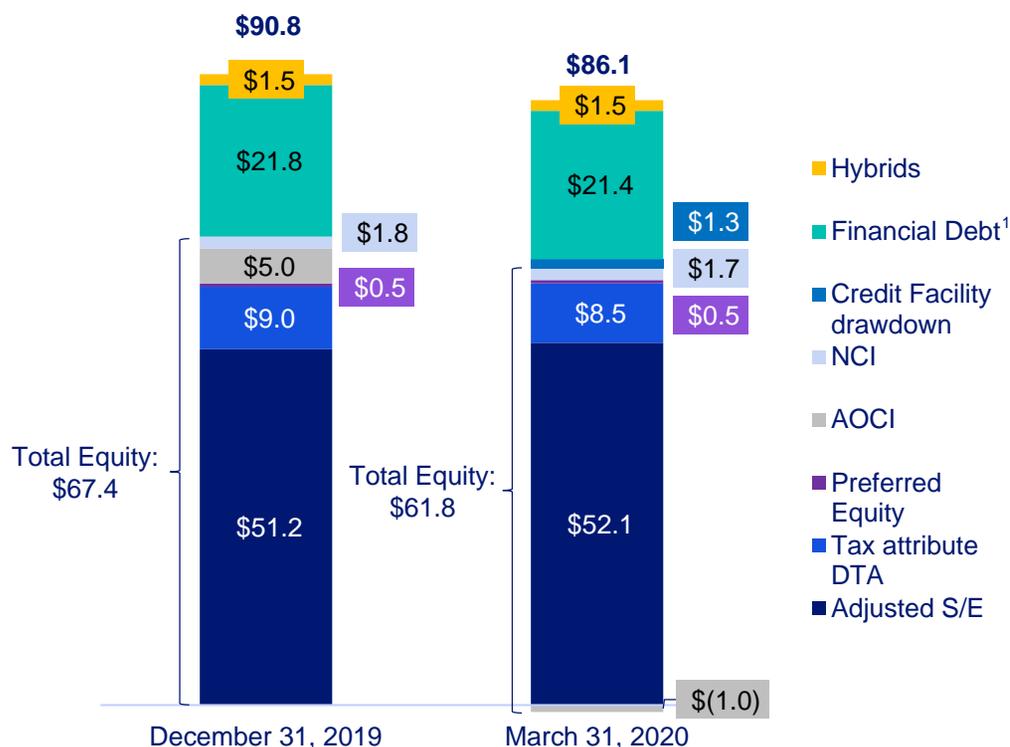


\$7.5B holding company liquidity at March 31, 2020; In addition, AIG issued \$4.1B of debt on May 11

Capital Structure (\$B)

Debt and Preferred Stock / Total Capital

December 31, 2019	March 31, 2020
26.2% (as reported)	28.8% (as reported)
27.8% (ex. AOCI)	28.4% (ex. AOCI)



Risk Based Capital (RBC) Ratios²

Year End	Life and Retirement Companies	General Insurance Companies
2019	402% (CAL)	419% (ACL)

Both the Life and Retirement and General Insurance fleet RBC ratios improved between 2019 and 1Q20

Credit Ratings³

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

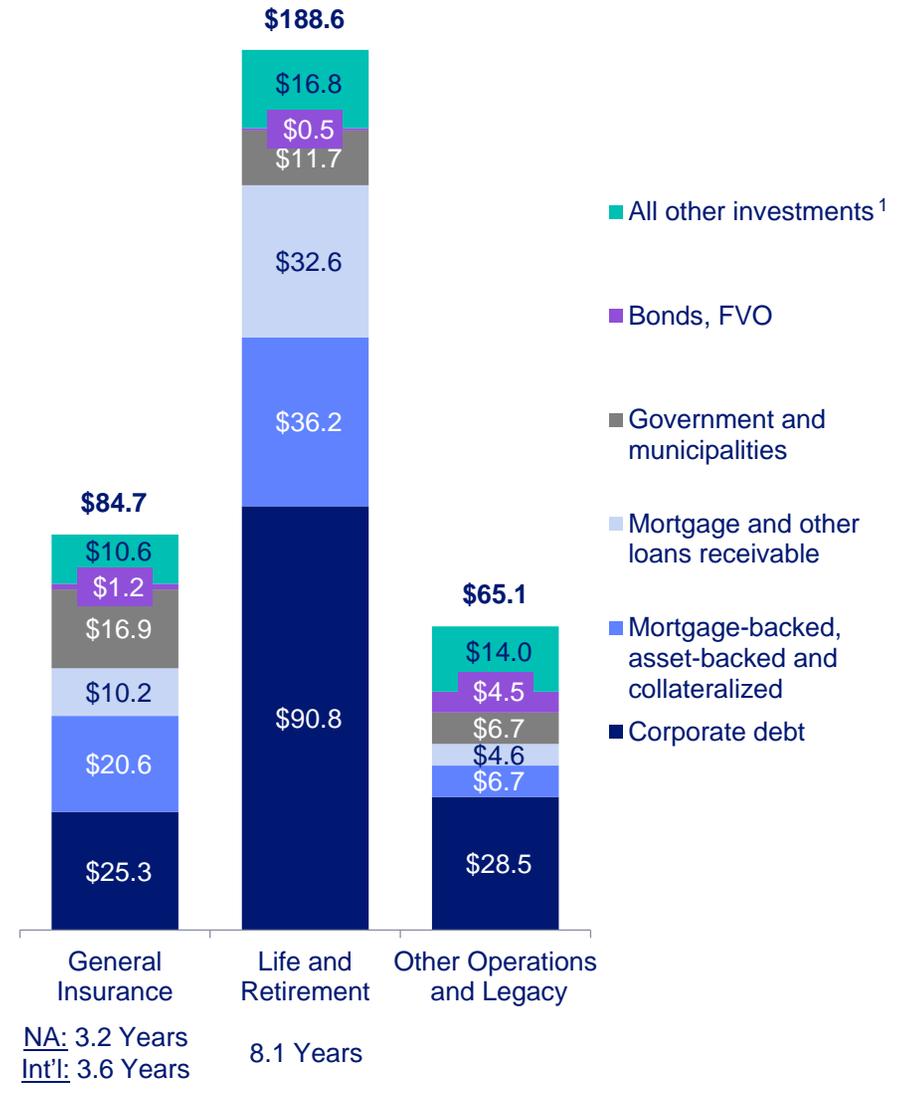
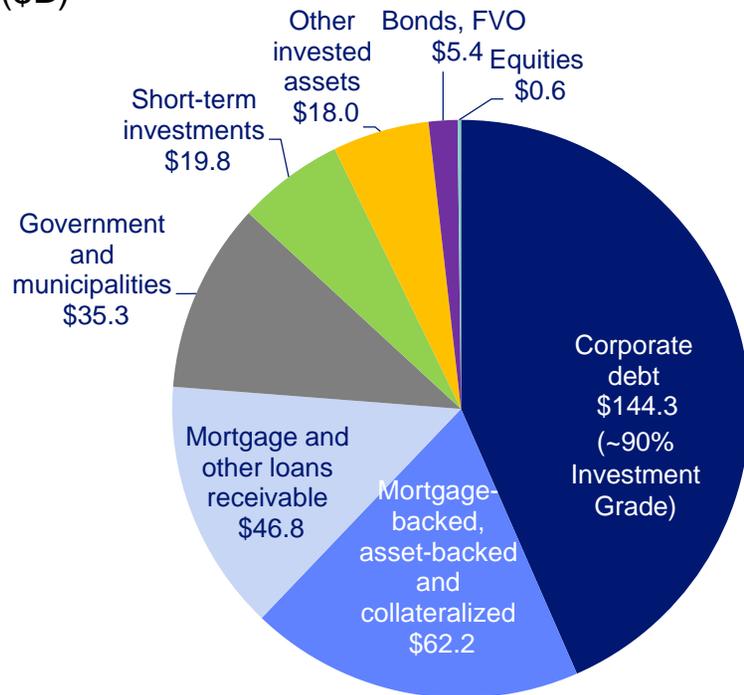
- 1) Includes AIG notes, bonds, loans and mortgages payable, AIG Life Holdings, Inc. (AIGLH) notes and bonds payable and junior subordinated debt, and Validus notes and bonds payable.
- 2) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. 2019 RBC ratios are not indicative of current RBC ratios. ACL is defined as Authorized Control Level and CAL is defined as Company Action Level. RBC ratio for Domestic Life and Retirement companies excludes holding company, AGC Life Insurance Company.
- 3) As of the date of this presentation, S&P, Moody's, and A.M. Best have Stable outlooks. Fitch has a Negative outlook, with the exception of the Non-Life Insurance Companies, which is Stable. For General Insurance companies FSR and Life and Retirement companies FSR, ratings only reflect those of the core insurance companies.

\$332B Investment Portfolio at March 31, 2020 Significantly De-risked Since 2015

- As a major global multi-line or composite insurer in the U.S., AIG's consolidated investment portfolio is frequently compared to Life-only or P&C-only peers as opposed to multi-line peers, which tend to have very different asset allocation, duration and credit characteristics due to the very different liability and product profiles.
- AIG's investment portfolio has been significantly de-risked over the last 5 years and with \$332B in assets, is well diversified, with solid credit characteristics.

Investment Portfolio Composition by Segment (\$B)

Investment Portfolio Composition – \$332B (\$B)



Avg. Duration of Fixed Maturity Securites¹

NA: 3.2 Years
Int'l: 3.6 Years

8.1 Years

Note: Amounts shown for segments are before consolidations and eliminations.

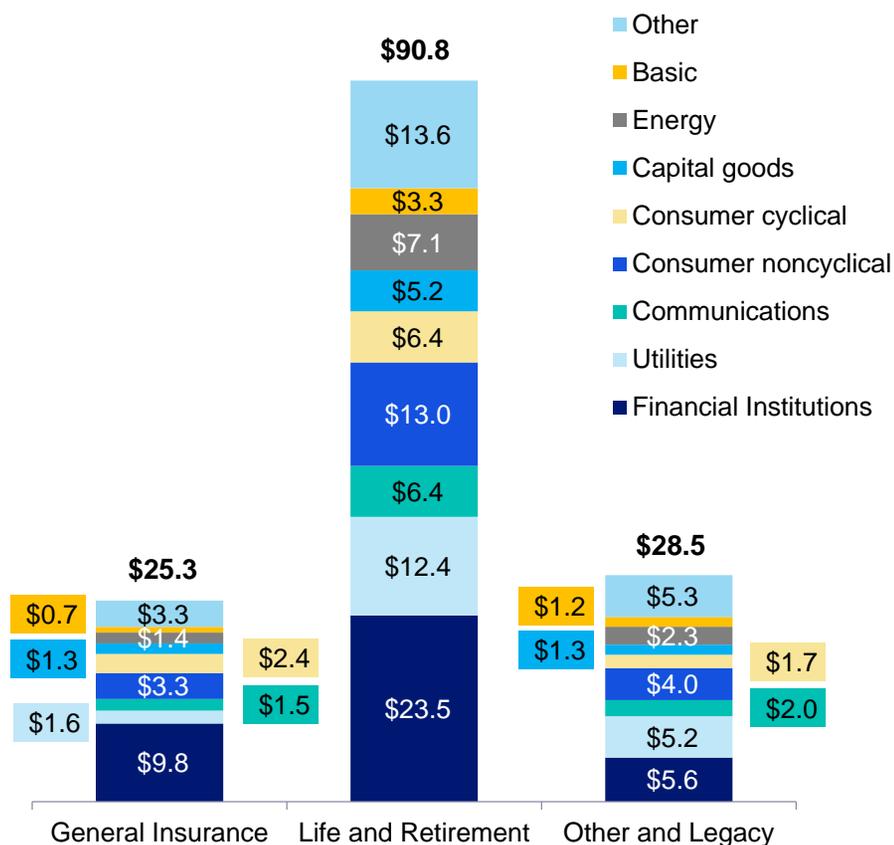
1) All other investments includes other invested assets, short-term investments, and equities.

Corporate Debt Portfolio Held Primarily in Life and Retirement

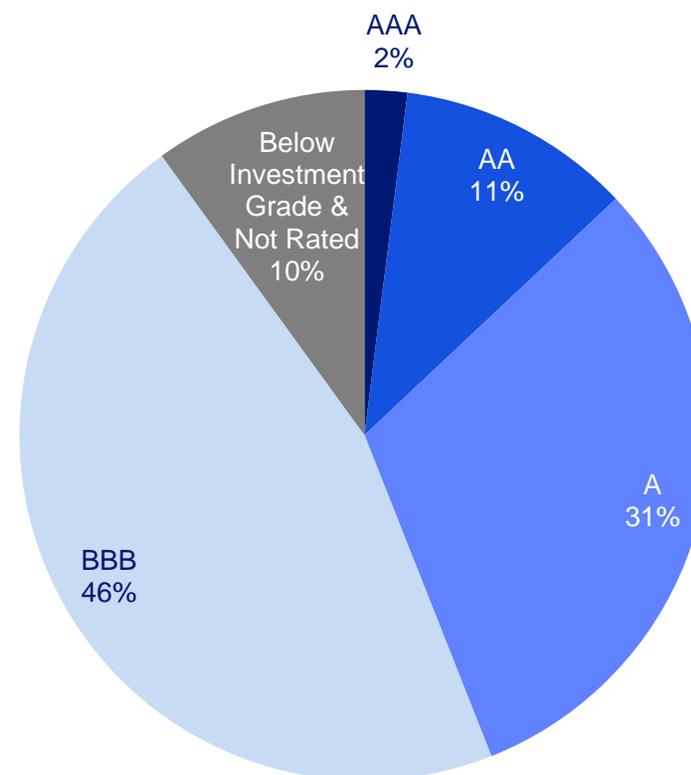


AIG's investment portfolio is well diversified by asset class and industry sector; \$130B (or 90%) of AIG's corporate debt portfolio is rated investment-grade

Corporate Debt by Sector
March 31, 2020 – \$144B



Corporate Debt by Credit Rating
March 31, 2020 – \$144B



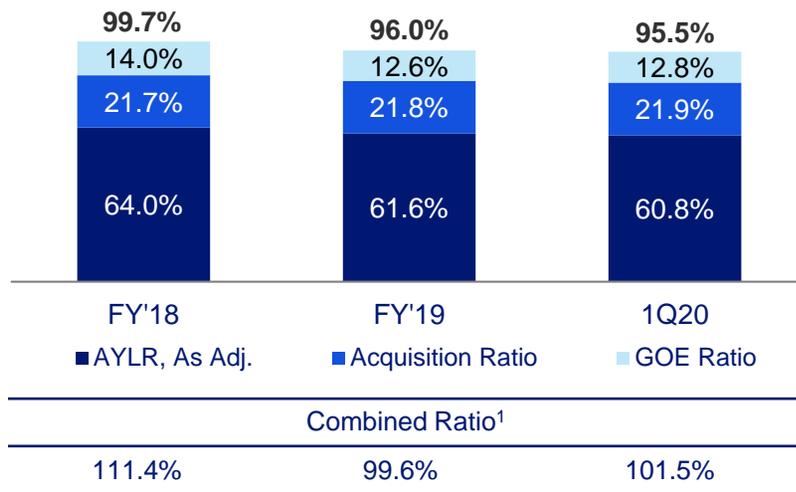
Note: Amounts shown for segments are before consolidations and eliminations.

2019 Financial Results Reflect Continued Improvement in General Insurance and Solid Life and Retirement Earnings; 1Q20 Results Impacted by Current Environment

General Insurance Delivered Consistent AY U/W Profit; 1Q20 results impacted by COVID-19

Results benefitted from changes in business mix and continued underwriting actions taken to strengthen our portfolio

Accident Year Combined Ratio, As Adjusted



1Q20 Catastrophe Losses Related to COVID-19

\$272M estimated COVID-19 net losses related to Travel, Contingency, Commercial Property, Trade Credit, Workers' Compensation and Validus Re

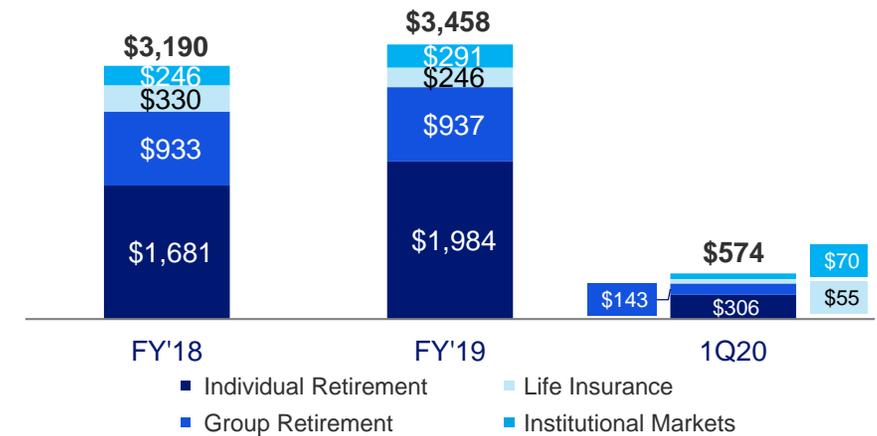
Efficient Management of Legacy Portfolio

On June 2, 2020, we completed the sale of a majority interest in Fortitude Group Holdings, LLC, the reinsurer of the majority of AIG's Legacy Portfolio, to The Carlyle Group and T&D Holdings following its announcement on November 25, 2019

Life & Retirement Continued to Deliver Solid Returns; 1Q20 results impacted by capital markets

Results reflected ongoing strategy to leverage our broad product portfolio and diverse distribution network to satisfy customer needs (\$MM)

Adjusted Pre-tax Income²



Net Investment Income, APTI Basis

Investment strategies tailored to Life and Retirement, General Insurance and Legacy; along with asset liability management, investments target an asset allocation mix that provides diversification from an asset class, sector, issuer, and geographic perspective



1) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in FY'18, FY'19, and 1Q20, respectively.

2) Life and Retirement adjusted pre-tax income includes net investment income.

Operational Priorities for 2020 and Beyond: Creating Value Through Profitable Growth and Instilling a Culture of Underwriting and Operational Excellence



Business Mix & Targeted Growth

Build on strategic portfolio improvement and product diversity by investing in attractive growth opportunities in our best-performing businesses or new areas, and optimizing our global footprint

AIG 200

AIG 200 is a global initiative to achieve transformational change at AIG and \$1B of GOE savings; Execute multi-year efficiency initiatives to support underwriting excellence, modernize our operating infrastructure, enhance user and customer experiences and become a more unified company

Underwriting Excellence & Disciplined Product Pricing

Maintain discipline in risk selection for General Insurance by continuing to use recently implemented underwriting framework and guidelines to enhance the existing portfolio; Continue long-standing disciplined approach in Life & Retirement with respect to product pricing and features

Capital Management

Generate and redeploy capital for the best long-term value creation for shareholders

Leadership, Culture and Talent

Continue to attract and develop world-class employees while furthering our commitment to diversity and inclusion

Effective Risk Management

Continue to manage risk and volatility for the company by maintaining discipline in underwriting, de-risking the investment portfolio, and optimizing reinsurance; Consistent with the objective of de-risking the balance sheet, AIG completed the sale of majority interest in Fortitude Group Holdings, LLC, whose group companies include Fortitude Re, to The Carlyle Group and T&D Holdings on June 2, 2020



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

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

Throughout this presentation, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “Non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for generally accepted accounting principles in the United States. The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the First Quarter 2020 Financial Supplement available in the Investor Information section of AIG’s website, www.aig.com.

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

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

- **Adjusted Revenues** exclude Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). Adjusted revenues is a GAAP measure for our operating segments.
- **Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. APTI is a GAAP measure for our segments. Excluded items include the following:
 - changes in fair value of securities used to hedge guaranteed living benefits;
 - changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses;
 - changes in the fair value of equity securities;
 - loss (gain) on extinguishment of debt;
 - all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
 - income or loss from discontinued operations;
 - net loss reserve discount benefit (charge);
 - pension expense related to a one-time lump sum payment to former employees;
 - income and loss from divested businesses;
 - non-operating litigation reserves and settlements;
 - restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
 - the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
 - integration and transaction costs associated with acquired businesses;
 - losses from the impairment of goodwill; and
 - non-recurring costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles.
- **Adjusted After-tax Income attributable to AIG Common Shareholders (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above, dividends on preferred stock, and the following tax items from net income attributable to AIG:
 - deferred income tax valuation allowance releases and charges;
 - changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
 - net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act);and by excluding the net realized capital gains (losses) from noncontrolling interests.

Glossary of Non-GAAP Financial Measures

Glossary of Non-GAAP

- **Ratios:** We, along with most property and casualty insurance companies, use the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every \$100 of net premiums earned, the amount of losses and loss adjustment expenses (which for General Insurance excludes net loss reserve discount), and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. Our ratios are calculated using the relevant segment information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.
- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and man-made catastrophe losses, such as terrorism and civil disorders that exceed the \$10 million threshold. We believe that as adjusted ratios are meaningful measures of our underwriting results on an ongoing basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. We also exclude prior year development to provide transparency related to current accident year results.

Underwriting ratios are computed as follows:

- a) Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
 - b) Acquisition ratio = Total acquisition expenses ÷ NPE
 - c) General operating expense ratio = General operating expenses ÷ NPE
 - d) Expense ratio = Acquisition ratio + General operating expense ratio
 - e) Combined ratio = Loss ratio + Expense ratio
 - f) Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/- Reinstatement premiums related to catastrophes (CYRIPs) +/- RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
 - g) Accident year combined ratio, as adjusted = AYLR + Expense ratio
 - h) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/- CYRIPs] – Loss ratio
 - i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/- CYRIPs +/- PYRIPs + (AP)RP] – Loss ratio – CAT ratio
- **Premiums and deposits:** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.

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

Non-GAAP Reconciliations

Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)

	FY'19	1Q20
Pre-tax income from continuing operations	\$ 5,287	\$ 2,558
Adjustments to arrive at Adjusted pre-tax income		
Changes in fair value of securities used to hedge guaranteed living benefits	(194)	7
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(56)	538
Changes in the fair value of equity securities	(158)	191
Loss (gain) on extinguishment of debt	32	17
Net realized capital (gains) losses (a)	(448)	(3,502)
(Income) loss from divested businesses	75	216
Non-operating litigation reserves and settlements	(2)	(6)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(267)	(8)
Net loss reserve discount charge	955	56
Integration and transaction costs associated with acquired businesses	24	2
Restructuring and other costs	218	90
Professional fees related to regulatory or accounting changes	12	13
Adjusted pre-tax income	\$ 5,478	\$ 172
After-tax net income, including noncontrolling interests	\$ 4,169	\$ 1,654
Noncontrolling interests (income) loss	(821)	95
Net income attributable to AIG	\$ 3,348	\$ 1,749
Dividends on preferred stock	22	7
Net income attributable to AIG common shareholders	\$ 3,326	\$ 1,742
Adjustments to arrive at Adjusted after-tax income (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):		
Changes in uncertain tax positions and other tax adjustments	30	5
Deferred income tax valuation allowance (releases) charges (b)	(43)	283
Changes in fair value of securities used to hedge guaranteed living benefits	(154)	5
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(44)	425
Changes in the fair value of equity securities	(125)	151
Loss (gain) on extinguishment of debt	25	13
Net realized capital (gains) losses (a)(c)	(351)	(2,735)
(Income) loss from discontinued operations and divested businesses (c)	18	171
Non-operating litigation reserves and settlements	(2)	(5)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(211)	(6)
Net loss reserve discount charge	754	44
Integration and transaction costs associated with acquired businesses	19	2
Restructuring and other costs	172	71
Professional fees related to regulatory or accounting changes	10	10
Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (d)	660	(77)
Adjusted after-tax income attributable to AIG common shareholders	\$ 4,084	\$ 99
Weighted average diluted shares outstanding	889.5	878.9
Income per common share attributable to AIG common shareholders (diluted)	\$ 3.74	\$ 1.98
Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)	4.59	0.11

(a) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication.

(b) First quarter 2020 includes valuation allowance established against a portion of foreign tax credit and separate return limitation year net operating loss carryforwards of AIG's U.S. federal consolidated income tax group.

(c) Includes the impact of non-U.S. tax rates which differ from the applicable U.S. statutory tax rate and tax-only adjustments.

(d) Noncontrolling interests is primarily due to the 19.9 percent investment in Fortitude Group Holdings, LLC (Fortitude Holdings) by an affiliate of The Carlyle Group L.P. (Carlyle), which occurred in the fourth quarter of 2018. Carlyle is allocated 19.9 percent of Fortitude Holdings' standalone financial results. Fortitude Holdings' results are mostly eliminated in AIG's consolidated income from continuing operations given that its results arise from intercompany transactions. Noncontrolling interests is calculated based on the standalone financial results of Fortitude Holdings. The most significant component of Fortitude Holdings' standalone results is the change in fair value of the embedded derivatives which changes with movements in interest rates and credit spreads, and which is recorded in net realized capital gains and losses of Fortitude Holdings. In accordance with AIG's adjusted after-tax income definition, realized capital gains and losses are excluded from noncontrolling interests.

Non-GAAP Reconciliations

Adjusted Revenues - Consolidated

(in millions)

Revenues

Adjustments to arrive at Adjusted revenues:

Changes in fair value of securities used to hedge guaranteed living benefits

Changes in the fair value of equity securities

Other (income) expense – net

Net realized capital (gains) losses (a)

Non-operating litigation reserves and settlements

Adjusted revenues

FY'19	
\$	49,746
	(228)
	(158)
	(46)
	(388)
	(9)
\$	48,917

(a) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication.

Adjusted Common Shareholders' Equity

(in millions)

Total AIG shareholders' equity

Less: Preferred equity

Total AIG common shareholders' equity

Less: Accumulated other comprehensive income (AOCI)

Total AIG common shareholders' equity, excluding AOCI

Less: Deferred tax assets (DTA) (a)

Total adjusted common shareholders' equity

Three Months Ended March 31, 2020	
\$	60,173
	485
	59,688
	(994)
	60,682
	8,535
\$	52,147

(a) Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.

Non-GAAP Reconciliations

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

General Insurance

	FY'16	FY'18	FY'19	1Q20
Loss ratio	84.8	75.7	65.2	66.8
Catastrophe losses and reinstatement premiums	(4.4)	(10.5)	(4.8)	(6.9)
Prior year development	(18.5)	(1.5)	1.1	0.9
Adjustments for ceded premium under reinsurance contracts and other	-	0.3	0.1	-
Accident year loss ratio, as adjusted	61.9	64.0	61.6	60.8
Acquisition ratio	19.8	21.7	21.8	21.9
General operating expense ratio	14.3	14.0	12.6	12.8
Expense ratio	34.1	35.7	34.4	34.7
Combined ratio	118.9	111.4	99.6	101.5
Accident year combined ratio, as adjusted	96.0	99.7	96.0	95.5

Premiums to Premiums and Deposits

(in millions)

Life and Retirement

	FY'19
Premiums	\$ 3,600
Deposits	25,660
Other	829
Premiums and deposits	\$ 30,089

Non-GAAP Reconciliations

Reconciliation of Net Investment Income

(in millions)

	<u>FY'18</u>	<u>FY'19</u>	<u>1Q20</u>
Net investment income per Consolidated Statements of Operations	\$ 12,476	\$ 14,619	\$ 2,508
Changes in fair value of securities used to hedge guaranteed living benefits	128	(228)	(13)
Changes in the fair value of equity securities	-	(159)	191
Net realized capital gains related to economic hedges and other	<u>124</u>	<u>158</u>	<u>13</u>
Total Net investment income - APTI Basis	<u>\$ 12,728</u>	<u>\$ 14,390</u>	<u>\$ 2,699</u>