UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2016

AMERICAN INTERNATIONAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-8787	13-2592361
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

175 Water Street
New York, New York 10038
(Address of principal executive offices)

Registrant's telephone number, including area code: (212) 770-7000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 — Financial Information

Item 2.02. Results of Operations and Financial Condition.

American International Group, Inc. (the "Company") is furnishing supplemental slides, which have been added to the Investor Presentation that was furnished to the Securities and Exchange Commission on January 26, 2016 (the "Supplemented January 26th Investor Presentation") attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein. The Supplemented January 26th Investor Presentation, which the Company may use from time to time in presentations to investors and other stakeholders, will also be available on the Company's website at www.aig.com.

In addition, the Company is furnishing an analysis by management consulting firm Oliver Wyman, attached as Exhibit 99.2 to this Current Report on Form 8-K, and a memorandum of Sullivan & Cromwell LLP, attached as Exhibit 99.3 to this Current Report on Form 8-K, both of which are incorporated by reference herein.

The information in Item 2.02 of this Current Report on Form 8-K, including the exhibits hereto, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Furthermore, Item 2.02 of this Current Report on Form 8-K, including the exhibits hereto, shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d)	**Exhibits.**
99.1	Supplemented January 26th Investor Presentation.
99.2	Analysis of Oliver Wyman dated February 1, 2016.
99.3	Memorandum of Sullivan & Cromwell LLP dated February 1, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: February 2, 2016

By:	/s/ James J. Killerlane III
Name:	James J. Killerlane III
Title:	Associate General Counsel and Assistant Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Supplemented January 26th Investor Presentation.
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Exhibit 99.1

AIG

Strategic Actions to Maximize Shareholder Value

January 26, 2016

Cautionary Statement Regarding Forward Looking Information and Other Matters

This document and the remarks made within this presentation 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,” “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.

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 Appendix to this presentation.

Nothing in this presentation or in any oral statements made in connection with this presentation 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.

Vision for AIG

Douglas M. Steenland, Non-Executive Chairman

"AIG is committed to serving all its stakeholders by:

i) delivering first quartile total shareholder return to its shareholders,

ii) providing risk expertise and dependable long-term balance sheet strength for its customers,

iii) having a culture of strict adherence to both the letter and spirit of regulatory requirements; and

iv) maintaining an environment that attracts and retains world class employees."

"Over the past several years, AIG has had superior total shareholder returns, and tens of billions of dollars have been unlocked for shareholders. The Board and management are committed to continuing to deliver shareholder value."

Peter D. Hancock, President and CEO

"Today, AIG announces steps to narrow its focus, improve its financial performance, and return capital to shareholders. While we take these steps to maximize shareholder value, we continue to think holistically about all of our stakeholders. Importantly, we are committed to being our clients' most valued insurer."

AIG Announces Actions to Create a Leaner, More Profitable and Focused Insurer

2016-2017 Board Approved Actions	
Strategic Actions	• Return at least $25 bn of capital to shareholders • Pursue an active divestiture program, including initially the 19.9% IPO of UGC as first step towards full separation and sale of AIG Advisor Group, while preserving the value of deferred tax assets • Could consider separation of even larger modular business units of the Commercial and Consumer segments over time with deferred tax asset (DTA) utilization, contingent on improvements in the credit risk profile and operating performance
Organizational Changes	• Reorganizing operating model into "modular", self-contained business units to enhance transparency and accountability, driving performance improvement and strategic flexibility over time • Introduce new Legacy Portfolio, including the 28% capital allocated, to enhance transparency and highlight the progress to over 10% ROE by 2017 for Operating Portfolio
Operating Improvements	• Reduce firmwide general operating expenses (GOE) (1) by $1.6 bn • Improve Commercial P&C accident year loss ratio (1) by 6 points

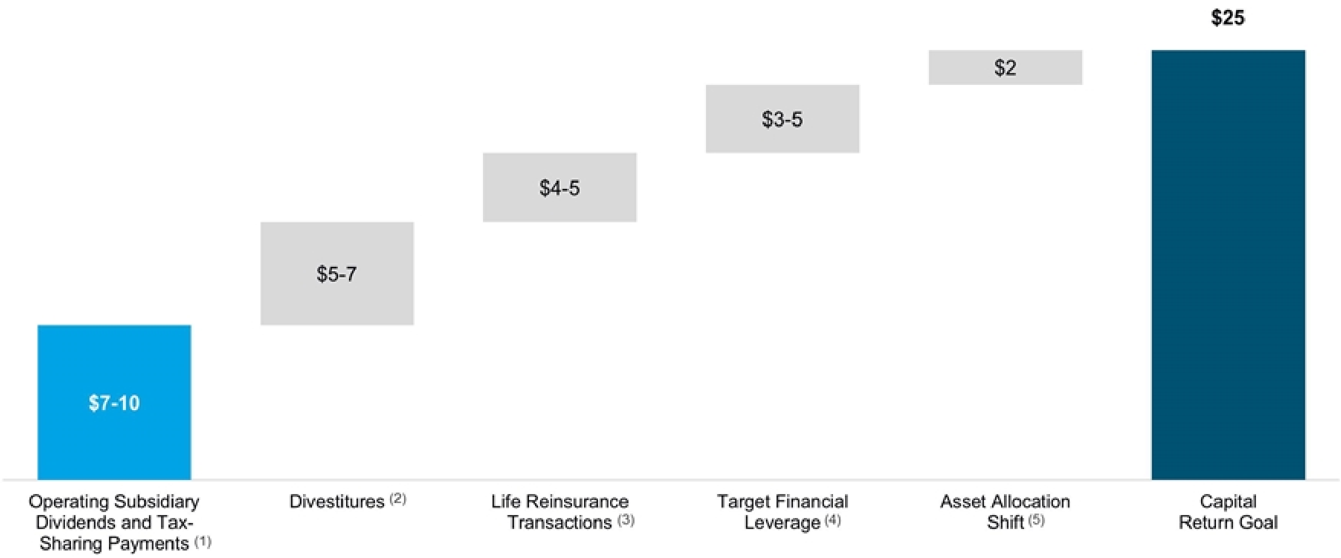
Notes: (1) Non-GAAP financial measure. See appendix.

Return Significant Capital to Our Shareholders in 2016-2017

Return at least $25 bn of capital to shareholders through dividends and share repurchases

Capital return goal can be achieved notwithstanding strengthening of reserves in 4Q'15

Projected Sources for 2016-2017 Capital Return Goal ($ bn)



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Notes: (1) Dividends and tax-sharing payments (including monetization of deferred tax asset) to Parent, net of Parent operating expenses, debt interest expense, and capital contributions. (2) Includes 19.9% IPO of UGC. (3) Series of reinsurance transactions on certain books of life insurance liabilities in process. (4) Contingent on improvements in operating performance and interest coverage. (5) Plan to monetize a significant portion of our hedge fund investments to reduce capital charges and increase projected distributions.

Divestitures – No Sacred Cows

Specific actions taken and a clear framework for future transactions

Announced Divestitures

- UGC – planned IPO of up to 19.9% in mid-2016, subject to regulatory and GSE approval, as first step towards full separation
- AIG Advisor Group – announced sale to Lightyear Capital and PSP Investments; expected closing in 2Q 2016, subject to regulatory approval

Strategic Framework for Evaluating Divestitures

Does the business help us...

- Meet or exceed the cost of capital?
- Create diversification benefits, capital efficiencies or scale economies?
- Maintain a competitive advantage?
- Create client specific insight and risk expertise through proprietary data, analytics and research?
- Enhance our ability to serve clients?
- Optimize free cash flow profile to support active capital management?
- Preserve strong credit ratings and key stakeholder relations?
- Maximize value of deferred tax asset?

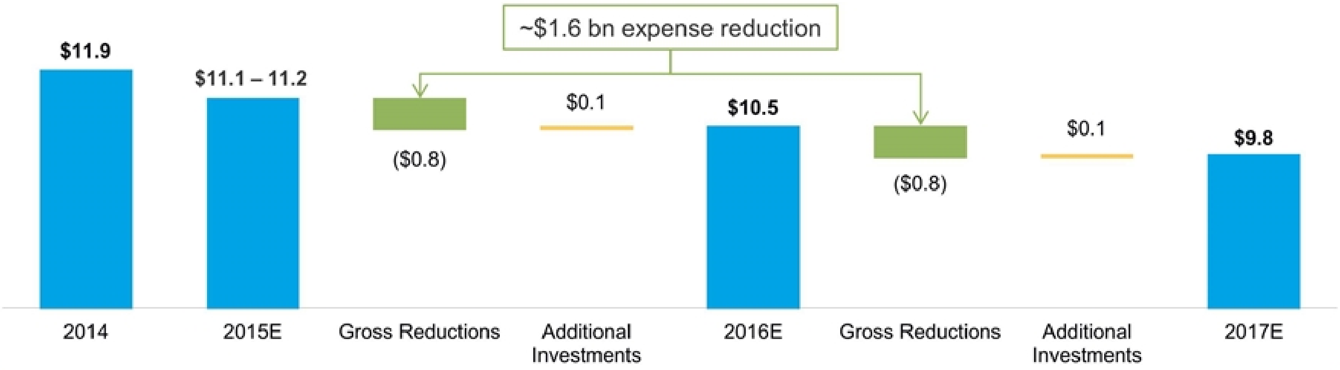
If the answer is "no" to some or a majority of these questions, then we will explore alternatives, including exiting such businesses opportunistically and to maximize value

Substantial Expense Reductions

Reduce GOE by an additional ~$1.6 bn by 2017 (~$1.4 bn net of reinvestments), while preserving our focus on customers and strong controls

Gross reductions represent 14% of 2015 GOE over two-year period

Operating GOE (1) ($ bn)



Selected 2016-2017 Actions

- Continue to consolidate activities and de-layer
- Increase utilization of shared services and outsourcing
- Continue to move operations to lower-cost locations
- Further increase automation

Notes: (1) Non-GAAP financial measure. See appendix.

Specific Actions to Improve Commercial P&C Loss Ratio

Recent investments in systems and analytic tools enable us to pursue more aggressive initiatives

- Expand and optimize the use of reinsurance and other risk mitigating strategies
- Address unprofitable single and two-product clients
- Accelerate micro-segmentation of risks using internal and external data
- Exit or remediate targeted sub-segments of underperforming portfolios
- Narrow geographic footprint while continuing to maintain and improve multinational capabilities

Accident year loss ratio (1) improvement of 4 points by 2016 and cumulative 6 points by 2017

Notes: (1) Non-GAAP financial measure. See appendix.

Organizational Transparency

Modular operating model and new Legacy Portfolio to enhance transparency and accountability

New Legacy Portfolio to consist of non-strategic assets, including tax attribute DTA, businesses and products AIG intends to exit and select low returning legacy insurance products

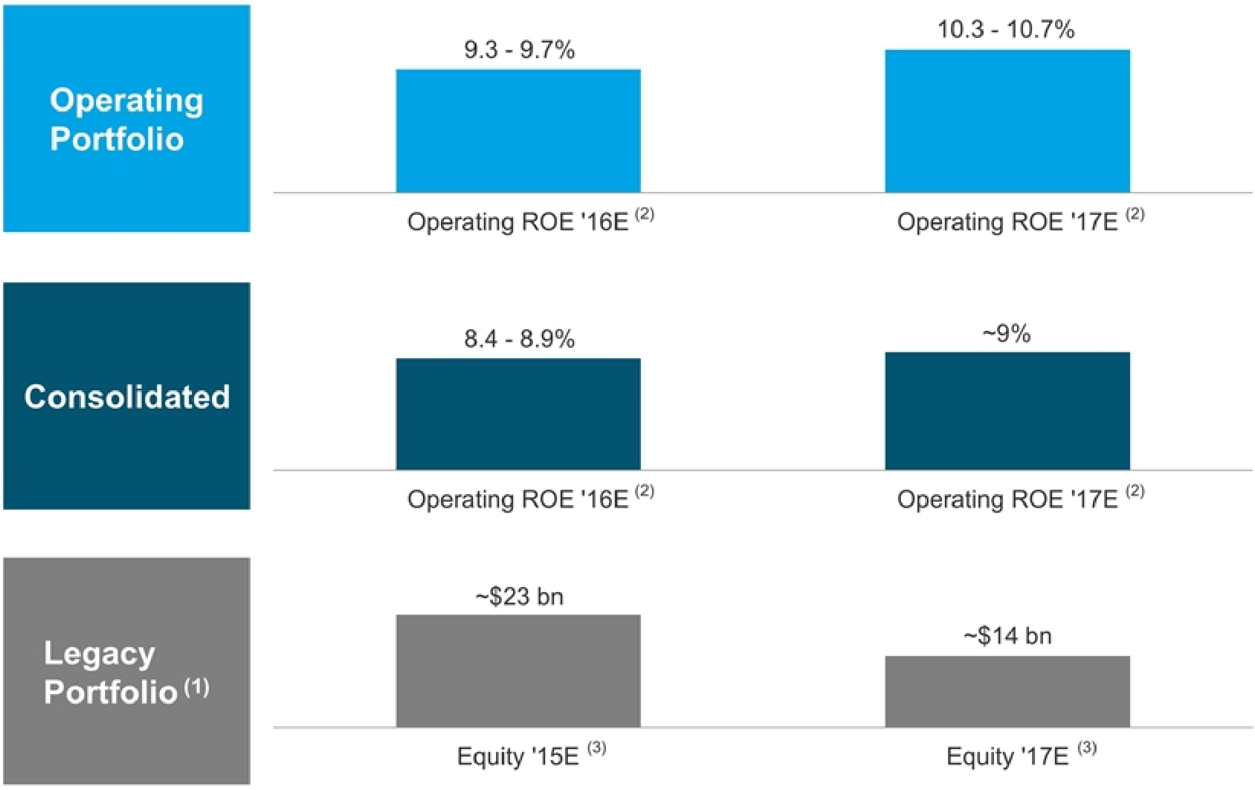
	Operating Portfolio	Legacy Portfolio [1]
Objectives	Operating ROE improvement across modular, focused business units	Value-maximization and capital release from monetizing or running off non-strategic assets
Business / Assets	▪ 9 modular business units within Commercial and Consumer initially ▪ Commercial – Liability and Financial Lines – Property and Special Risks – U.S. Commercial – Europe Commercial ▪ Consumer – U.S. Individual Retirement – U.S. Group Retirement – Life, Health and Disability – Personal Insurance (P&C) – Japan	▪ Tax attributes (DTA) ▪ Discontinued / run-off businesses and businesses AIG intends to exit – Advisor Group – P&C run-off portfolios [2] – Life run-off portfolios ▪ Pre-2012 Structured Settlements ▪ Non-strategic legacy assets – Life settlements – ML III equity – PICC stake held by Parent – Former DIB/GCM – Legacy GRE portfolio
Adj. Equity [3]:	~$56 bn	~$22 bn (ex. DTA) ~$37 bn (incl. DTA)
Est. 2015 ROE [4]:	~7.5% (after-tax) ~11.5% (pre-tax)	~5% (ex. DTA) ~3% (incl. DTA)

Notes: (1) Legacy Portfolio assets may evolve over time. (2) Could include select U.S. Casualty and Specialty products. (3) Shareholders' Equity excluding AOCI and adjusted for leverage as of September 30, 2015; non-GAAP financial measure. (4) Normalized operating ROE excluding AOCI & DTA, a non-GAAP financial measure, adjusted for allocation of Corporate GOE and pushdown of parent debt; estimate for full year 2015. Preliminary estimates based on current attribution of businesses to Operating and Legacy Portfolios together with current assumption of internal leverage which could change over time.

Clear and Achievable Financial Targets

Consolidated Operating ROE of ~9% by 2017, reflecting 10.3 - 10.7% in the Operating Portfolio

Legacy Portfolio [1] is a source of capital release totaling ~$9 bn by 2017



Notes: (1) Legacy Portfolio assets may evolve over time. (2) Normalized operating ROE excluding AOCI & DTA, a non-GAAP financial measure. Operating Portfolio normalized operating ROE adjusted for allocation of Corporate GOE and pushdown of parent debt. See appendix. (3) Average Shareholders' Equity excluding AOCI & DTA and adjusted for the allocation of Corporate GOE and pushdown of parent debt to the Operating Portfolio; non-GAAP financial measure.

Our Actions Maximize Value for Shareholders

A near-term break-up of AIG would detract from shareholder value

→ *Less capital would be available for distribution to shareholders because of loss of diversification benefits*

→ *Loss of value from DTA, including ability to utilize foreign tax credits*

→ *Non-bank SIFI designation not currently a binding capital constraint and designation does not impose significant incremental compliance costs*

2016-2017 Strategic Plan Maximizes Value for Shareholders

Strategic Actions	Organizational Changes	Operating Improvements
• Capital return • Divestitures	• Modular operating model • Legacy Portfolio	• GOE reductions • Commercial P&C underwriting

Appendix – Supporting Materials

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General Operating Expense Reductions

Actions have been announced or are planned to drive Operating GOE reductions

Action Taken to Date or Currently Underway Will Start Being Realized in Early 2016

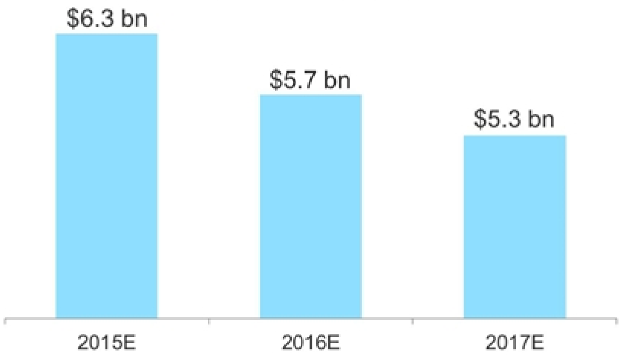
- Reduced staff by ~300 of top 1,400 employees, ~$250 mm annual run rate savings beginning in Q1 2016
- Additional staff reductions planned in 2016 will generate at least ~$250 mm in additional run-rate savings
- Froze the pension plan, ~$100 mm annual savings
- Migrated ~1,300 employees to shared services centers in lower-labor-cost geographies since 2014. More planned for 2016, which is expected to increase the total to ~6,300
- Consolidated policy offerings in Japan and aligning distribution channels in the US

2016 Quarterly Expense Trends

Actions are projected to impact expense trends throughout the year…

Annualized Total Direct Compensation [(1)]

…driven primarily by people-related expenses, the largest component of Operating GOE



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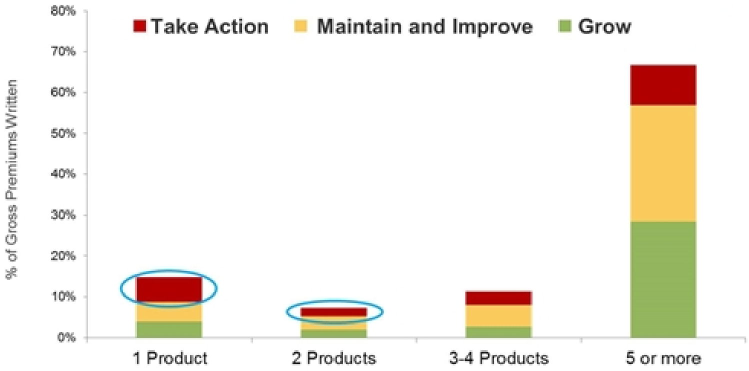
Notes: (1) Total annualized fixed and variable compensation including benefits.

Commercial Insurance – Operating Actions

Actions to sharpen Commercial focus will improve profitability

Reinsurance	▪ Expand current utilization of reinsurance and other risk mitigating strategies to further enhance capital efficiencies
Client Focus	▪ Refine our focus on client segmentation
Risk Selection	▪ Accelerate micro-segmentation to improve the quality of remaining risks
Portfolio "Exits"	▪ Exit or remediate targeted sub-segments of underperforming portfolios
Geographic Footprint	▪ Narrow geographic footprint while continuing to maintain and improve multinational capabilities

Commercial GPW for Clients Purchasing at Least One U.S. Casualty Policy



% of Clients	78%	5%	5%	12%

Successful execution in these areas and other AIG-wide initiatives expected to produce the following benefits by 2017:

Accident year loss ratio (1) improvement of 6 points

~+$1.2 bn PTOI

Notes: (1) Non-GAAP financial measure. See appendix.

Consumer Insurance – Operating Actions

Actions to sharpen Consumer focus will improve profitability

U.S. Retirement

- Absorb impact of proposed DOL[1] rules; invest in most attractive post-DOL opportunities across the market

Leverage Successes

- Expand on successes in High Net Worth and Service businesses

Reduce Footprint

- Reduce Personal Insurance footprint to 15 countries for individual products

Number of Countries Selling Personal Insurance

	2010A	2015A	2017E
Individual	71	62	15
Group	81	66	35

Reinsurance

- Expand reinsurance utilization for inefficient segments of U.S. Life business

Japan

- Achieve a large majority of benefits from transformation of Japan

Successful execution in these areas and other AIG-wide initiatives expected to produce the following benefit by 2017:

~+$0.8 bn PTOI

Notes: (1) Department of Labor.

Legacy Portfolio – Background

With $22 bn of equity in the Legacy Portfolio generating an ROE of ~3% to 5% [1], the goal is to release ~$9 bn of capital by 2017

Legacy Portfolio's 2016 Actions

- Actively seek to release capital in the Legacy Portfolio through sales, reinsurance, securitizations, active claims management and commutation of large policies

Legacy Management Skills and Expertise

- Execution expertise as evidenced by the wind down of AIG Financial Products and the disposal of over 30 companies, including ILFC and Aercap
- Professional leadership of Eaglestone, a runoff operation, with skills and capacity to do more
- Significant investment in deep analysis of legacy reserves
- Ability to optimize against AIG's unique tax position and local regulatory capital requirements

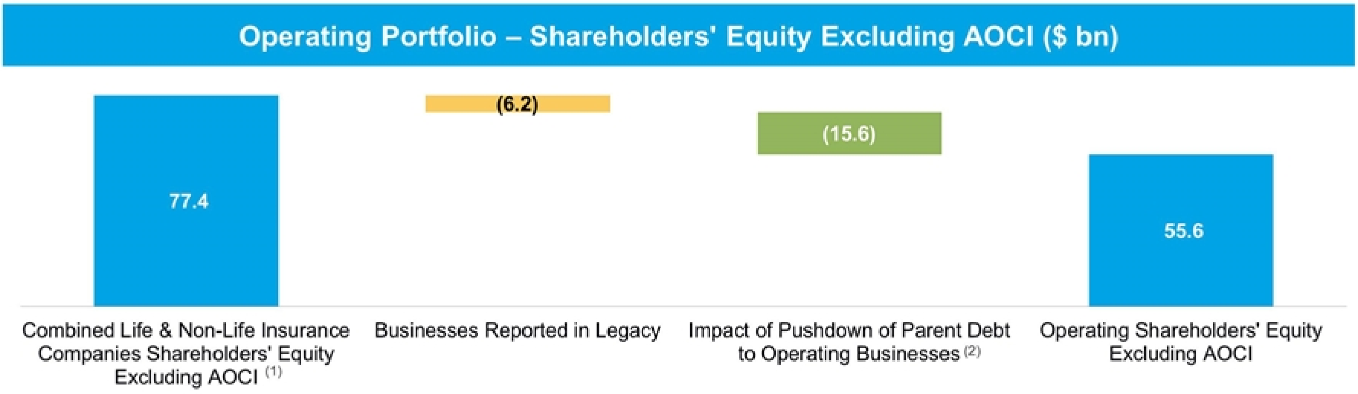
Issues

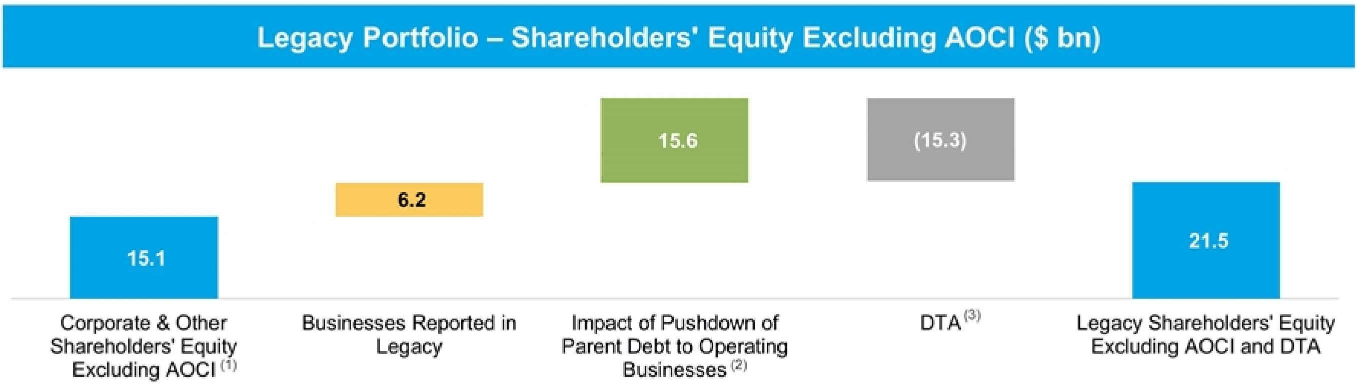
- Make appropriate trade off between pace of monetization and impact to book value
- Unique scale, complexity and duration of assets and liabilities
- Suppressed ROE on structured settlements from historical capital gains harvesting
- Low ROE on Life Settlements
- Potential volatility of legacy P&C reserves

AIG

Notes: (1) Normalized operating ROE excluding AOCI & DTA, a non-GAAP financial measure, adjusted for allocation of Corporate GOE and pushdown of parent debt. Preliminary estimates based on assumed attribution of businesses and leverage assumptions which may change over time.

Allocation of Shareholders' Equity to Operating and Legacy Portfolios





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Notes: (1) September 30, 2015 AIG Shareholders' Equity (excluding AOCI) as reported in the 3rd quarter Financial Supplement. (2) Levers the operating portfolio to 20% for Non-life and 25% for Life (calculated as Financial Debt + Hybrid Debt / Total Capital) by transferring in a portion of parent financial debt. (3) Represents U.S. tax attributes related to net operating loss and foreign tax credit carryforwards. Amounts are estimates based on projections of full year attribute utilization.

Capital Position and Framework

We manage leverage, coverage and liquidity at the Parent and the operating subsidiaries to target levels while meeting the constraints from multiple regulatory and rating agencies

Business Unit Capital / Liquidity ($ bn)			
Capital / Liquidity Targets	**3Q 2015**	**Target**	**Comment**
P&C U.S. Pool RBC (1)	401%	400 - 420%	In range
L&R RBC (1)(2)	497%	425 - 470%	Moving into range in 2016/2017
Debt to Total Capital	16.8%	20 - 25%	Move up as operating income increases to support fixed charge coverage ratio
Parent liquidity assets	$11 bn	$6 - 8 bn	Covers annual operating cash flow, dividends, interest and contingent capital needs

	Insurance Company Regimes (3)				Rating Agencies			Consolidated Company	
Regulator	NAIC across 50 states	Japan	UK	Canada	Moody's	S&P	A.M. Best	Federal Reserve	IAIS / FSB
Regime	RBC	SMR	Solvency II	MCT	Local Capital by Legal Entity	Consol. Model	BCAR	TBD	BCR / HLA / ICS

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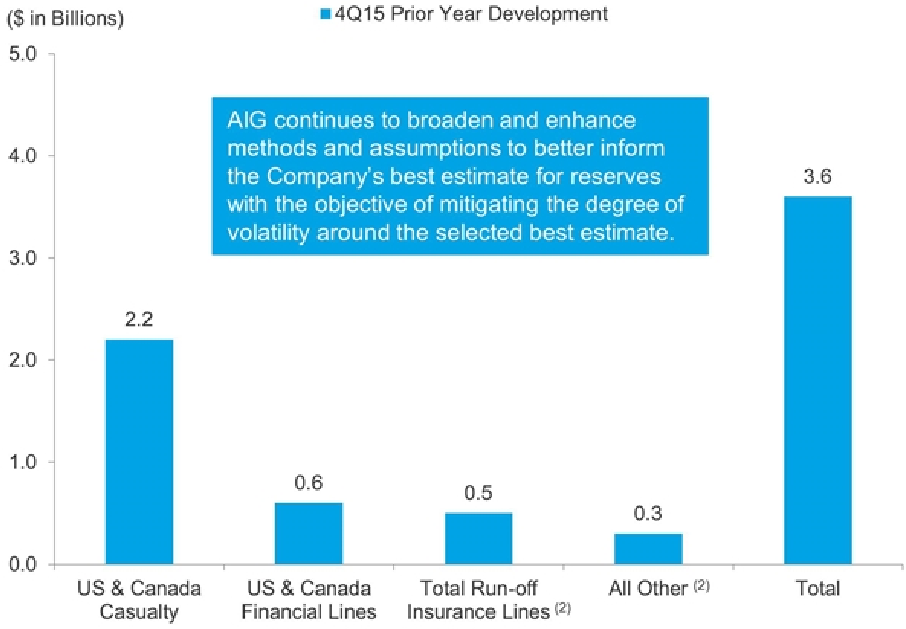
Notes: (1) Estimated for 3Q 2015. The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. (2) Excludes AGC Life for 3Q 2015. (3) Not a fully inclusive list of regulators; regimes include countries where AIG has the largest operations.

Fourth Quarter 2015 Prior Year Development

AIG strengthened Non-Life reserves by $3.6 bn, or 6% of its $58.3 bn [1] carried reserves as of September 30, 2015. Accident years 2005-2014 represent $2.3 bn, resulting in an increase in the overall accident year loss ratio in this period by 0.7 points on average



AIG continues to broaden and enhance methods and assumptions to better inform the Company's best estimate for reserves with the objective of mitigating the degree of volatility around the selected best estimate.

Of the $3.6 billion reserve strengthening:

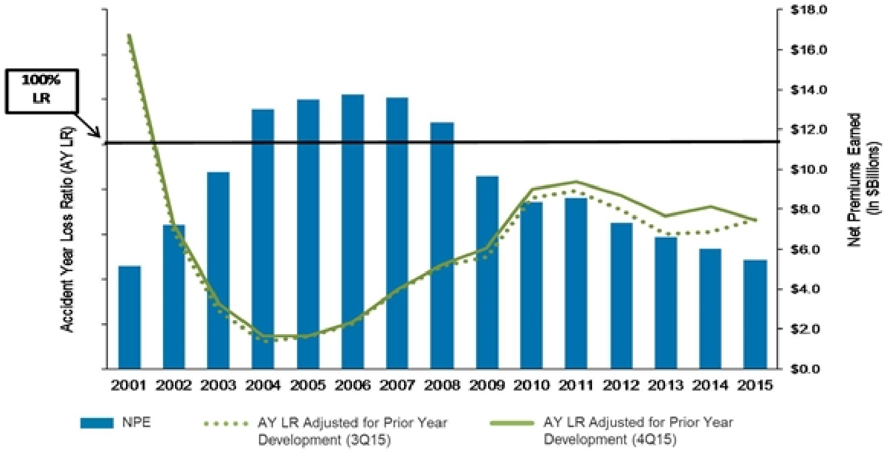
- 35% is attributable to accident years 2004 and prior
  - Reflects significant deterioration in certain class action claims that have complex coverage issues
  - Updates to industry asbestos-related assumptions impacted the run-off portfolio
- 41% is attributable to accident years 2011-2014
  - After a reserve strengthening of $400 million, Financial Lines and International Casualty remain above AIG's current profitability targets
  - U.S. and Canada Casualty represents $1 billion of the reserve strengthening
    - Approximately half relates to updated assumptions informed by AIG's current view of the trend for older accident years
    - The other half is primarily attributable to a higher number of severe losses

Notes: (1) Includes Mortgage Guaranty. (2) Run-off contains retained asbestos and environmental exposures as well as other run-off divisions. All Other is predominantly International Casualty business.

U.S. Casualty Actions Related to Prior Year Development

AIG has taken significant actions to mitigate U.S. Casualty exposures since 2011, and in 2016 AIG has aggressively accelerated the pace of remediation and exits from targeted underperforming sub-segments

U.S. Casualty Accident Year Loss Ratio Adjusted for Prior Year Development[1]



Reduced exposure in long-tailed U.S. Casualty will assist in reducing reserve estimation volatility.

U.S. Casualty Actions: 2011-2015

- Reduced writings in U.S. Casualty by 30%, shifting the mix of business toward shorter tail exposures
- Exited substantially all stand-alone excess workers' compensation, one of the highest risk lines of business
- Achieved aggregate rate change of +20% since 2011
- Transferred $1.5 billion of reserves on runoff business to Eaglestone for active runoff and capital management since the initial transfer

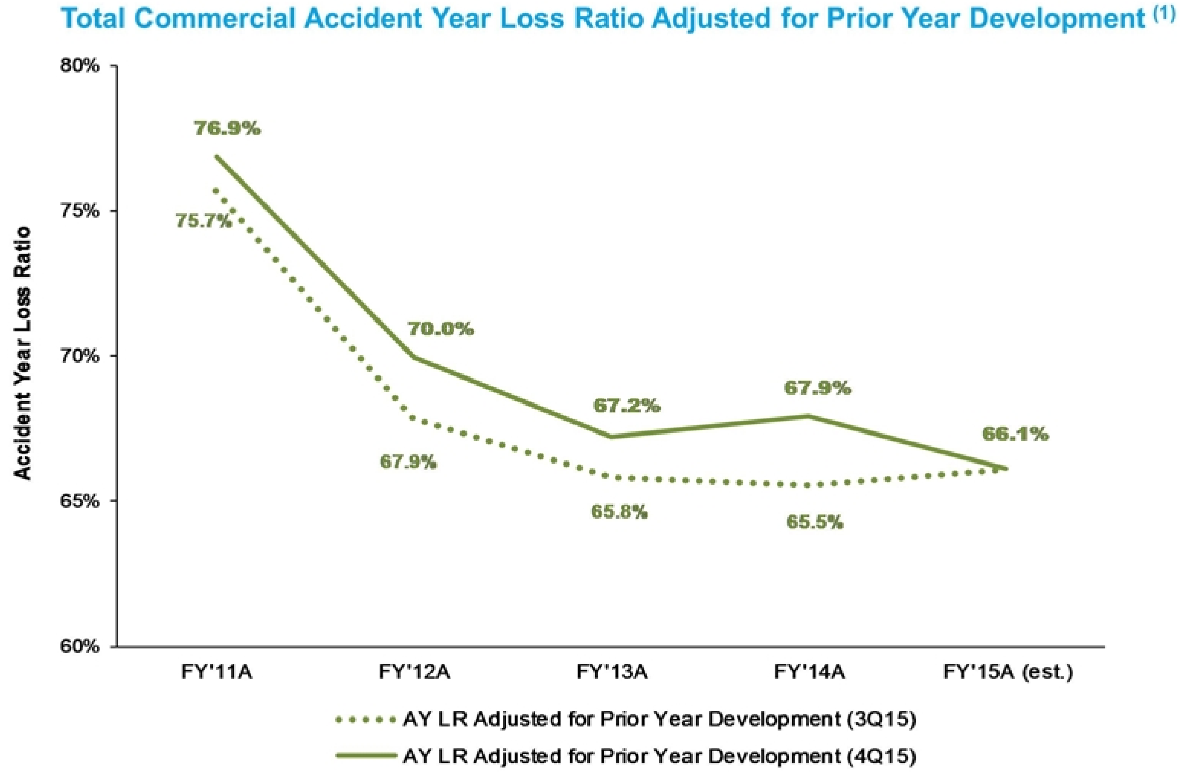
U.S. Casualty Actions in Progress: 2016-2017

- Cease writing business in targeted sub-segments of underperforming portfolios
- Aggressive underwriting remediation, including revisiting rates, terms and conditions in underperforming portfolios
- Continue to enhance and enforce loss mitigation actions

Notes: (1) Accident year loss ratio adjusted for prior year development represents reported accident year loss ratios adjusted to exclude catastrophe losses and reflect prior year development in the appropriate accident year. The 3Q15 ratios are based on prior year development through September 30, 2015, while the 4Q15 ratio reflects development for the full year including the fourth quarter strengthening.

Continued Improvement in AIG Commercial Accident Year Loss Ratio

AIG's Commercial Accident Year Loss Ratio improvement trajectory continues despite the reserve strengthening.



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Notes: (1) Accident year loss ratio adjusted for prior year development represents reported accident year loss ratios adjusted to exclude catastrophe losses and reflect prior year development in the appropriate accident year. The 3Q15 ratios are based on prior year development through September 30, 2015, while the 4Q15 ratio reflects development for the full year including the fourth quarter strengthening.

Diversification Represents an Important Source of Value for AIG's Shareholders

Shareholders have much more to lose from underestimating diversification benefits than to gain from actions that reduce diversification such as separating AIG's businesses

- Insurance is by its nature a risk aggregation business
  - To ensure that clients have confidence buying new insurance – and having their claims paid – an insurer must carefully manage risk
- Three principal tools to manage this risk: (1) diversification, (2) reinsurance and (3) conservative reserve and capital levels
  - The costs, benefits and practicality of each method is a function of the size and duration of the underlying risks
  - Given its history, AIG has a unique portfolio of risks including large and long duration casualty P&C exposures
- Regulators play an important role ensuring companies prudently manage risk on behalf of policyholders
  - Ability to veto strategies that endanger policyholders, including limiting dividends from regulated insurance companies
- AIG actively utilizes reinsurance, however diversification has been a more practical and cost effective way to manage risk
  - Following dramatic actions to reduce overall risk since 2008, U.S. life and retirement remains the most sizable source of diversification for our long-term casualty P&C risks
- Separating life & retirement would remove this important source of diversification and negatively impact shareholder value
  - In order to prudently manage risk on behalf of all its stakeholders following a separation, AIG would need to purchase significantly more reinsurance (at a high cost) and/or hold more equity capital in our insurance companies – reducing both ROE and the amount of capital returned to shareholders
- **Based on internal estimates, the recent IAIS Insurance Capital Standard field test and S&P's capital model, the capital diversification benefit between AIG's Life and Non-Life businesses is between $5bn and $10bn**
  - Standardized models indicate sizable quantitative diversification benefits, but do not fully capture the qualitative benefits given the scale and nature of AIG's portfolio
  - This cost from the loss of diversification benefit is in addition to the significant tax friction associated with a separation

AIG

OLIVER WYMAN

AMERICAN INTERNATIONAL GROUP

FEBRUARY 1ST, 2016

Added February 1, 2016

REPORT QUALIFICATIONS/ASSUMPTIONS & LIMITING CONDITIONS

- This report was prepared pursuant to the terms of Oliver Wyman's engagement by AIG pursuant to the Statement of Work entered into by Oliver Wyman and AIG (the "SOW") and is prepared in the form consistent therewith. This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.
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- The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. In particular, actual results could be impacted by future events which cannot be predicted or controlled, including, without limitation, changes in business strategies, the development of future products and services, changes in market and industry conditions, the outcome of contingencies, changes in management, changes in law or regulations. Oliver Wyman accepts no responsibility for actual results or future events.
- The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.
- All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of AIG. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties.
- This report is for the exclusive use of AIG. There are no third party beneficiaries with respect to this report, and Oliver Wyman does not accept any liability to any third party. In particular, Oliver Wyman shall not have any liability to any third party in respect of the contents of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein.
- Oliver Wyman is part of a family of companies, including its parent, Marsh & McLennan Companies, Inc., and its sister companies Marsh, Guy Carpenter and Mercer. The sister companies have a substantial commercial relationship with AIG which benefits Marsh, Guy Carpenter and Mercer. Sister company colleagues did not have any involvement in Oliver Wyman's engagement by AIG or the delivery of this report.

Added February 1, 2016

Background

AIG Inc. and its subsidiaries operate under several external capital regimes including state and sovereign regulators as well as rating agencies

Summary of select relevant standards

Insurance Capital Standard ("ICS")[1]

- Financial Stability Board tasked International Association of Insurance Supervisors (IAIS), which includes the Federal Reserve Board (FRB), to develop the ICS framework
- First round of "field testing" completed[2]
- As a G-SII, and an Internationally Active Insurance Group ("IAIG") AIG will need to comply with ICS
- ICS will likely be applicable to the P&C companies even if a Life spin-off were to occur[3]

Regulations for nonbank SIFIs

- SIFI designation entails FRB supervision
- FRB is still developing the capital framework

Standard & Poor's (S&P)

- Ratings use a combination of qualitative and quantitative information
- Capital adequacy (available vs. required) is a key input into ratings
- Required capital in the S&P model explicitly quantifies diversification benefits at multiple levels

Moody's & A.M. Best

- No consolidated capital model for AIG Inc.
- Quantitative models for insurance subs
- Qualitative assessment includes benefits for diversification

1. In the case of AIG, the sovereign lead regulator (NY Federal Reserve Bank) would have the authority to implement the ICS standards
2. ICS is expected to expected be adopted and implemented in 2020
3. IAIG includes insurers with premiums written in at least 3 jurisdictions and at least 10% of premiums outside of home jurisdictions; size threshold of $50 BN in assets or $10 BN in premiums. AIG P&C business would qualify under those criteria

Added February 1, 2016

Executive Summary

- AIG Inc.'s ability to return capital to shareholders is governed, among other factors, by two constraints:
  - Maintaining credit ratings
  - Meeting regulatory capital requirements
- Under both constraints, cross P&C / Life diversification benefits, which are only available with AIG remaining a multiline business, are quantified using established capital calculation methodologies. For instance:
  - S&P's consolidated capital model estimates a $5-10BN *reduction* in required capital for AIG as a whole compared to the sum of standalone required capital across AIG's Life and P&C entities[1]
  - Moody's and A.M. Best explicitly make reference to the value of diversification in determining overall credit ratings[2]
  - Under the emerging ICS standard, the results of the IAIS mandated "field test" indicate that AIG Inc. would require substantially less capital as a whole vs. the sum of standalone Life and P&C entities individually
- AIG will also need to comply with any capital constraints imposed by the FRB – however, no such rules exist currently
- Based on the aforementioned, the loss of diversification benefits if a Life/P&C split occurred would impose additional capital constraints and as a result would likely impact AIG's ability to return capital to shareholders

1. Source: Consolidated AIG Inc. S&P capital model as provided to Oliver Wyman by AIG
2. A.M. Best and Moody's do not deploy a quantitative capital model at the AIG Inc. consolidated level

Added February 1, 2016

Diversification benefits calculated by S&P model[1] (methodology)

	Diversification category	Description	Applicable to	
A	Within P&C Within Life Within Investments[2]	Reduction in risk due to the diversity of products & risk types within business lines (e.g., the offsetting effect of longevity and mortality risks)	✓ AIG Inc. ✓ AIG business units as standalone entities	C *Subject To 50% S&P **Haircut***
B	Across Life and P&C	Reduction in overall risk profile due to exposure to two heterogeneous segments of the industry	✓ AIG Inc. × AIG business units as standalone entities	C *Subject To 50% S&P **Haircut***
D	Asset-Liability Management (ALM) offset	Reduced potential for losses due to the aggregate impact of interest rate movements on businesses with offsetting asset/liability duration profiles	✓ AIG Inc. • *Partially applicable to AIG business units based on distribution of parental assets between business units*	***Not*** *Subject To 50% S&P Haircut*

1. Source: Consolidated AIG Inc. S&P capital model as provided to Oliver Wyman by AIG
2. Some of these diversification benefits may be lost if calculated separately for AIG subsidiaries as standalone companies

Added February 1, 2016

Diversification benefits calculated by latest S&P consolidated model for AIG

	Risk factor / business line diversification type	Gross diversification benefits ($BN)[1] Status quo	Post splitting of business	Net diversification benefits of maintaining status quo ($BN)
A	Within P&C	2.2	2.2	0
	Within Life	0.4	0.4	0
	Within Investments	2.5	2.5[4]	0
B	Life vs. P&C	4.1	-	4.1
	Business line diversification benefits	9.3[5]	5.2[5]	4.1
C	Business line diversification benefits post S&P haircut (50%)	4.7 *(=9.3*50%)*	2.6 *(=5.2*50%)*	2.1
D	ALM offset benefit	7.5	2.1[2]	5.4
	Total diversification benefits (S&P)	**12.2**	**4.7**	**7.5**

Calculated $7.5BN net diversification benefit is:

- Derived from S&P's capital model
- Inclusive of S&P's 50% haircut
- A net benefit - after accounting for diversification benefits that would remain post-split such as intra-BU diversification

Estimated range: $5-10BN[3]

1. All numbers based on S&P Insurance Capital Model results, targeting AA rating, as provided by AIG to Oliver Wyman (without independent verification of the model by Oliver Wyman)
2. Midpoint estimate based on equal distribution of parental assets to Life and P&C entities post-split
3. Minimum of range based on assumption that all of parental assets are assigned to Life entity. Conversely, the maximum of the range is based on the parental assets being assigned to the P&C entity
4. Some of these diversification benefits may be lost if calculated separately for AIG subsidiaries as standalone companies. Therefore, the diversification benefits of maintaining status quo may be understated
5. Numbers do not add-up in this view due to rounding

Added February 1, 2016

APPENDIX

Added February 1, 2016

Diversification benefits: other ratings agencies

*"A breakup of AIG and loss of SIFI status (assuming this were the effect) would be **credit negative** for the company, **removing the diversification benefit** of the multiline insurance operations…"*

– Moody's

*The top-down analysis includes the exposure to risk generated by activities at the parent/holding company, […] as well as the **benefits of earnings diversification** that may come from being a member of a diversified organization.*

– A.M. Best

Source: Moody's Nov 2, 2015 Credit Outlook, "Activist Investor Carl Icahn's Push for AIG Breakup Is Credit Negative" ; A.M. Best's Dec 18, 2015 Credit Rating Methodology

Added February 1, 2016

Global regulatory regimes explicitly incorporate diversification benefits
Insurance Capital Standard and Solvency II

Description

- ICS proposal recognizes diversification at multiple levels including **within** risk types including:
  - Life and Non-life insurance risk
  - Market risk (e.g., interest rate risk diversification)
- ICS also considers diversification **across** each of these risk types
- Certain diversification benefits that are applicable to AIG Inc. both within risk types and across risk types would only be partially applicable (or non-applicable) to AIG subsidiaries as standalone entities[1]
- Solvency II also explicitly recognizes diversification benefits at a Group level when assessing solvency capital requirements

ICS intra-life insurance risk correlation matrix

	Mortality	Longevity	Morbidity /disability	Lapse	Expe-nses
Mortality	100%	-25%	25%	0%	25%
Longevity	-25%	100%	0%	25%	25%
Morbidity/ disability	25%	0%	100%	0%	50%
Lapse	0%	25%	0%	100%	50%
Expenses	25%	25%	50%	50%	100%

ICS cross risk correlation matrix

Risk	Non-life	Catast-rophe	Life	Market	Credit
Non-life	100%	25%	**0%**	25%	25%
Catast-rophe	25%	100%	25%	25%	25%
Life	**0%**	25%	100%	25%	25%
Market	25%	25%	25%	100%	25%
Credit	25%	25%	25%	25%	100%

Source: AIG Inc. template for IAIS field testing as provided to Oliver Wyman by AIG; numbers may be subject to change with the finalization of ICS

1. For instance, the 0% correlation between Life and Non-life risks will result in substantial reduction of diversification benefits under a Life separation scenario

Added February 1, 2016

DTAs are an Important Source of Liquidity and Capital Supporting Capital Management

Key Facts

- Tax attribute DTAs are principally composed of net operating loss deductions (NOLs) and credits for foreign taxes paid (FTCs)
- As of 12/31/15, AIG estimates that it has tax attribute DTAs totaling approximately $16.7 bn, including $5.3 bn relating to FTCs and $11.4 bn relating to NOLs
- AIG is actively pursuing strategies to protect the value of the DTA and accelerate the use of FTCs before they expire

Utilization of Tax Attributes

- NOLs are first applied to 100% of non-life taxable income and up to 35% of life taxable income
- Thereafter, the tax on the remaining life taxable income can be offset by FTCs
  - Annual FTC utilization is limited by foreign source income and current year FTCs are utilized before any carryovers
- AIG estimates that the tax attribute DTAs will be utilized over the next 6 to 7 years, and all prior to any expiration [1]
- Based upon business strategies and planning, AIG expects ~$2.0-2.5 bn FTC utilization over the next 2 years [1]

AIG

Notes: (1) This forecast is based on assumptions about the timing of implementation and size of business and tax strategies, future macroeconomic and AIG-specific conditions and events, and other matters. To the extent actual experience differs or strategies are implemented or abandoned, AIG's taxes and the timing of utilization of AIG's tax attributes could be materially affected.

Impact of Potential Separation on DTA

- A separation of AIG's life business would impair the value of AIG's tax attribute DTAs
  - Without Life income, FTCs generally cannot be used as credits since NOLs must be used first
  - Without Life income, NOL usage would slow down, reducing the value of the tax attribute DTAs
  - A taxpayer may elect, on a year-to-year basis, to treat foreign taxes paid as a deduction at 35% rather than an FTC at 100%
    - However, AIG has already received substantial benefits (in excess of 35%) from FTCs from some prior years and AIG would have to reverse those benefits under IRS rules to claim the deductions
    - As a result, AIG estimates that no more than $3.1 bn of its FTCs can be used as deductions without incurring a cost in excess of the benefit (1)
- AIG continually evaluates additional strategies to optimize utilization of tax attribute DTAs that could be developed and implemented prior to or subsequent to any hypothetical separation
- AIG estimates a significant loss in present value of tax attribute DTAs from the separation of the life business. Over time, as AIG implements its business strategies and utilizes tax attributes, the potential value lost in a separation would be reduced

Estimated Loss in Present Value (1)				
Total NPV of Tax Attribute DTA	$15.5 bn @ 2.25% Discount Rate (2)		$12.3 bn @ 10% Discount Rate (3)	
Separation Date	% of Total Tax Attribute DTAs Lost	Estimated Loss ($ bn)	% of Total Tax Attribute DTAs Lost	Estimated Loss ($ bn)
Early 2016	30%	4.6	39%	4.8
1/1/2017	22%	3.4	29%	3.5
1/1/2018	13%	2.1	16%	2.0

Notes: (1) This forecast is based on assumptions about the timing of implementation and size of business and tax strategies, future macroeconomic and AIG-specific conditions and events, and other matters. To the extent actual experience differs or strategies are implemented or abandoned, AIG's taxes and the timing of utilization of AIG's tax attributes could be materially affected. (2) Approximate 10-Year US Treasury yield. (3) Illustrative cost of equity.

Utilization of Tax Attributes

- AIG's projected use of attributes is based upon steps intended to maximize use of FTCs in 2016 and 2017
  - Use of FTCs and NOLs is impacted by business and planning strategies that accelerate approximately $11 billion of income into 2016 and 2017 above projected life business income
  - The aggregate tax basis of life invested assets is substantially higher than the estimated value; however, our planning items include the acceleration of approximately $300 million of gains on certain investments
- Taking these steps into account, AIG projects that life taxable income will exceed foreign source income (FSI) in 2016 and 2017
  - Additional acceleration of life taxable income into those years is projected to result in cash taxes being paid notwithstanding the continued existence of FTCs and NOLs
  - Strategies for accelerating FSI could be limited by regulatory and foreign tax constraints
- Gains in nonlife companies, while accelerating use of NOLs, will not accelerate use of FTCs until all NOLs are utilized
  - AIG's sale of PICC shares did not accelerate use of FTCs because the shares were not owned by the life companies
- A separation of AIG's P&C business would result in (i) an expiration of a significant portion of NOLs and, thus, impair the value of AIG's tax attributes, and (ii) a reduction in FSI and consequently an increase in cash tax payments
  - AIG estimates that there will be a greater loss of tax attributes on a separation of PC business than estimated for a separation of life business

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Added February 1, 2016

Utilization of Tax Attributes (continued)

- In general, a tax attribute is valuable if it:
  - Is used to shelter regular business income and any growth initiatives that would otherwise be subject to tax currently
  - Is used to shelter income generated by an income acceleration strategy that produces offsetting deductions in the near future (but after attributes would otherwise expire); or
  - Would provide value to a buyer for which the buyer would pay (such as step-up in basis of assets)
- There is no value to an attribute if it is used to shelter taxable income that could otherwise be avoided or deferred for extended periods of time
  - Thus, there is generally little value in using tax attributes to shelter gain on the sale of subsidiary stock if that stock could be disposed of in a tax-free transaction
- There are a number of tax rules that could reduce the value of AIG's tax attributes after a sale or separation, including section 382, which would substantially slow the use of NOLs, FTCs and other credits after a more than 50% change in stock ownership
- In the aggregate, we estimate that the basis of subsidiaries of our life insurance companies is approximately equal to or higher than the estimated value expected to be realized in a disposition
  - Even in the case of a business that would be valued in excess of its basis, there could be tax costs (e.g., cash tax acceleration due to FSI limitations), in addition to other non-tax considerations (e.g., ratings impact, capital and dividends)

AIG's Regulatory Environment

- Global insurance enterprises are subject to group-wide consolidated supervision by one of its primary regulators. Therefore, even if AIG were no longer designated as a non-bank SIFI, it would still be subject to the remaining layers of regulation

- AIG is regulated by the Federal Reserve as a non-bank SIFI under Dodd-Frank and certain other federal agencies, by the insurance departments of 50 U.S. states and the District of Columbia, and by the insurance and financial conduct regulators in over 80 non-U.S. jurisdictions

- In addition, AIG has been designated as a global systemically important insurer (G-SII) by the Financial Stability Board and qualifies as an internationally active insurance group subject to certain international prudential standards, including evolving capital standards

- Designation as a non-bank SIFI or G-SII is based not only on size but also on complexity, activities, and interconnectedness with and perceived impact on the global financial infrastructure

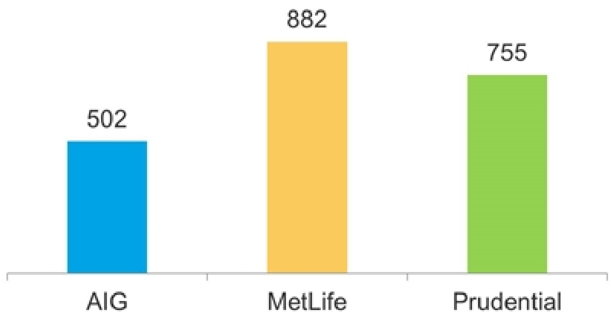
AIG's Regulatory Environment (continued)

- Supervision by the Federal Reserve as a non-bank SIFI requires AIG to incur modest incremental costs (estimated at $100-150 million annually), but even if designation as a SIFI were eliminated, consolidated group-wide supervision under any regulator will require additional costs
- AIG's risk profile is different, and in some cases significantly, from other non-bank SIFIs like MetLife (life insurance) and GE Capital (deposit taking) and from banking organizations, and the impact of regulation will not be the same for entities with different risk profiles
- The Collins Amendment in December 2014 was modified by the Insurance Capital Standards Clarification Act of 2014, making it clear that the Federal Reserve Board is not required to apply bank-based risk and leverage capital requirements of Dodd-Frank to an insurance company
- At this stage, the extent and substance of the capital and other prudential rules for non-bank SIFIs and large, international insurers are not fully known; AIG will be able to review and comment on those rules when issued and it will make a further assessment at that time
- Also, MetLife's legal challenge to the entire non-bank SIFI process is ongoing; a decision in MetLife's litigation later this year may provide further clarity on the regulatory requirements and may well be applicable to AIG's status
- It is imprudent for AIG to make fundamental structural changes to its business model until the applicable rules and regulations are issued and evaluated with respect to not only SIFIs but also G-SIIs and internationally active insurance groups

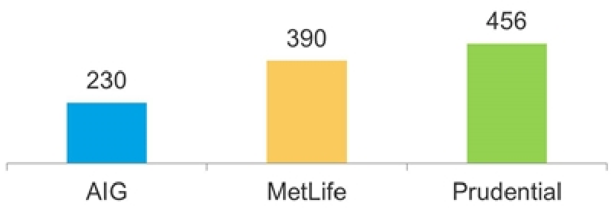
AIG's Risk Profile

AIG has a lower risk profile than other non-bank SIFIs across key metrics

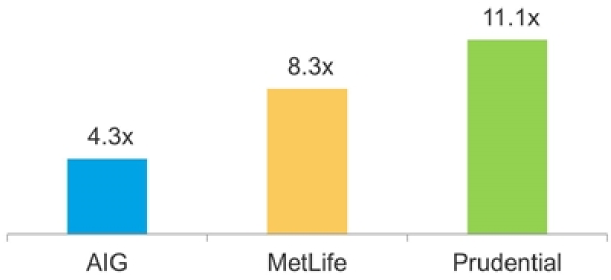
Total Assets ($ bn)



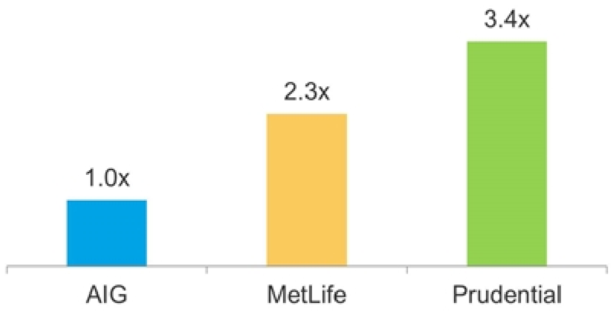
Total Gross Notional Derivatives ($ bn) (1)



Leverage Ratio (x) (2)



VA Assets / Total Equity (3)



AIG

Notes: Figures are as of Sep 30, 2015. (1) Calculated as sum of the gross notional amounts of derivative assets and liabilities. AIG data includes derivatives for portfolio hedging purposes. (2) Calculated as Total Assets ex. Separate Account Assets / Shareholders' Equity. (3) Calculation based on: Total VA Assets as reported in J.P. Morgan 12/1/15 Equity Research report divided by Total Equity.

2015 Short- and Long-Term Incentive Compensation

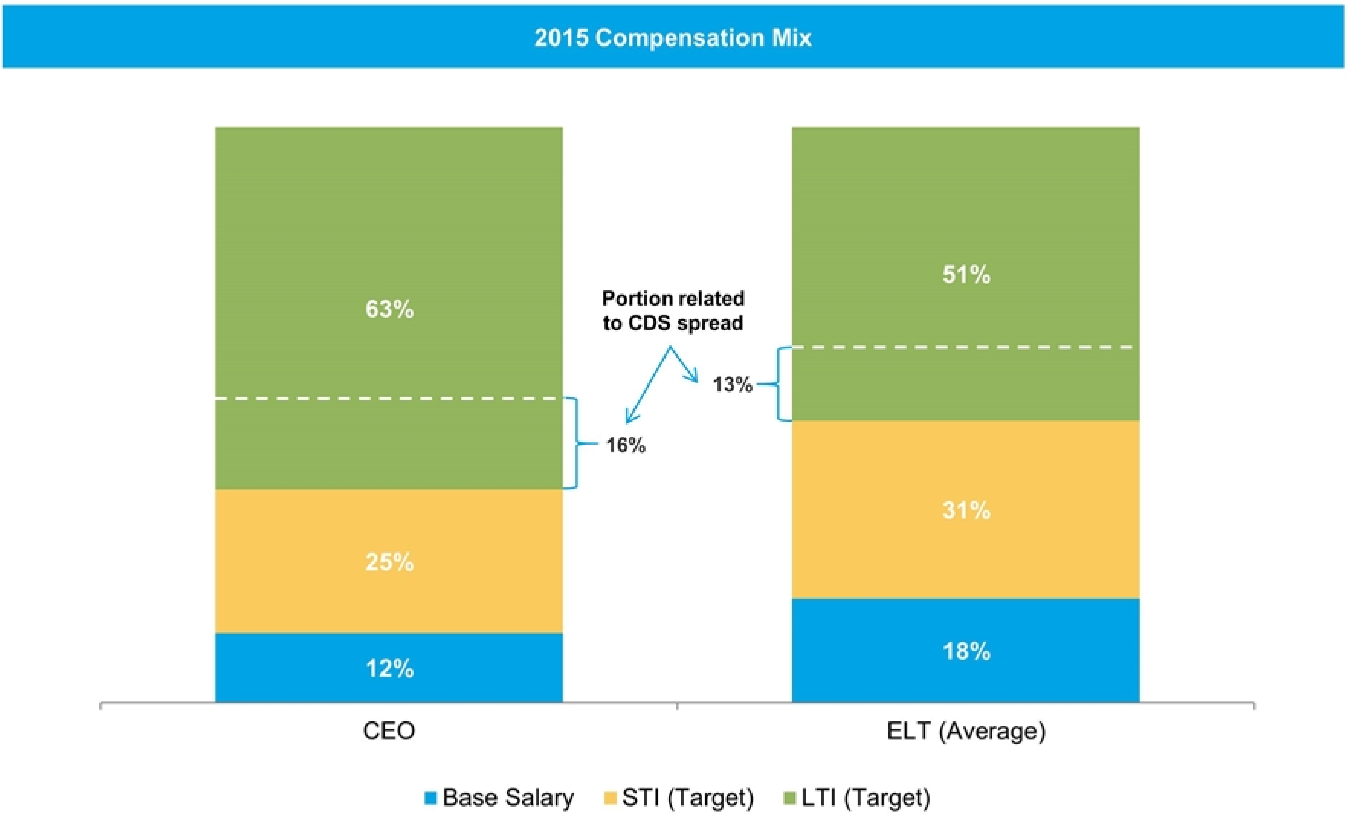
Incentive compensation aligned with creating value for shareholders

Weighting / Category	Metric	Rationale
Short-Term Incentives		
30% Business Profitability Reward short-term profitability of the insurance businesses, normalized	• Normalized Insurance Company PTOI	• Reward executional excellence reflected in profitability of our primary businesses
30% AIG Profitability Focus on goals for AIG and reward capital management actions, normalized	• Normalized AIG ROE ex AOCI and DTA	• Inject capital markets discipline as higher ROE companies generally achieve higher valuations
20% Expense Management Incentivize expense management, normalized	• Normalized AIG "gross" GOE	• Reward ongoing expense management by measuring the cost of conducting normal business operations.
10% Growth / Risk Reward risk-adjusted growth in Property Casualty and Personal Insurance	• Normalized production RAP [1] in Property Casualty and Personal Insurance	• Reward profitability of new business written, adjusted for cost of risk taken. • RAP [1] for Property Casualty and Personal Insurance • VONB [2] for Life and Retirement, Institutional Markets, and Mortgage Guaranty
10% Growth / Risk Reward risk-adjusted growth in Retirement, Life, Institutional Markets and Mortgage Guaranty	• Normalized VONB [2] in Retirement, Life, Institutional Markets and Mortgage Guaranty	
Long-Term Incentives		
75% Growth / Profitability Reward long-term profitability outperformance relative to peers	• Total shareholder returns compared to peers	• A transparent, consistent measure of AIG's total return to equity investors by adding share price appreciation plus dividends, expressed as an annualized percentage
25% Risk Ensure risk is well controlled and aligned with shareholder value by targeting CDS spread relative with peers and penalizing excessive risk-taking	• Final CDS spread compared to peers	• Measures the market's perceived risk of AIG's debt versus the debt of our peers in the marketplace. • The spreads measure the riskiness of debt • Smaller spreads indicate a lower perceived risk of a loan default.

Notes: (1) Risk-adjusted profitability. (2) Value of new business.

Strong Alignment Across Organization

Significant long-term component of CEO and Executive Leadership Team (ELT) compensation



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Potential Risks to Meeting Our Objectives [1]

External	▪ Macroeconomic environment impacting operations or investments ▪ Catastrophe activity
P&C Underwriting	▪ P&C pricing environment affecting the timing and magnitude of underwriting improvements ▪ Tail-risk uncertainty in U.S. long-tail reserves
Operational	▪ Timing of technology implementation and business process outsourcing that drive expense reductions ▪ Higher than expected employee turnover as a result of uncertainty from organizational and operational changes
Other	▪ Market conditions not supportive of asset sales and divestitures on attractive terms ▪ Changes in standards and approvals from insurance and other regulators, and rating agencies

AIG

Notes: (1) See page 2 regarding cautionary statement regarding forward looking information and other matters.

Board and Governance

Board Composition Aligned with Business Needs

Highly Engaged and Balanced Board with Substantial & Diverse Expertise Necessary to Evaluate and Oversee Strategic Action Plan

Key Attributes

- Deep experience in business transformations and strategic restructurings
- Experience managing large, complex, international institutions
- Strong risk oversight and management experience
- High level of financial and accounting expertise
- Highly relevant global consumer, commercial and industrial backgrounds

Professional Experience

- Insurance and reinsurance
- Financial services, banking industry and asset management
- Operations
- Information technology
- Regulatory markets, government, academia and research
- Public company accounting

Board of Directors


George L. Miles
Director Since 2005


W. Don Cornwell
Director Since 2011


Suzanne Nora Johnson
Director Since 2008


John H. Fitzpatrick
Director Since 2011


Christopher S. Lynch
Director Since 2009


William G. Jurgensen
Director Since 2013


Robert S. Miller
Director Since 2009


Theresa M. Stone
Director Since 2013


Douglas M. Steenland
Independent Chairman
Director Since 2009


Peter R. Fisher
Director Since 2014


Ronald A. Rittenmeyer
Director Since 2010


Peter D. Hancock
Director Since 2014


Henry S. Miller
Director Since 2010


Linda A. Mills
Director Since 2015

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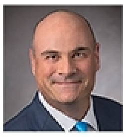
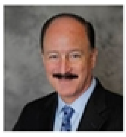
AIG's Executive Leadership Team



Peter D. Hancock, President and CEO
- Recognized authority on risk management, who has focused entire 30-year career on financial services
- Spent 20+ years at JPMorgan, established Global Derivatives Group, ran Global Fixed Income and Global Credit portfolio, served as CFO and Chief Risk Officer

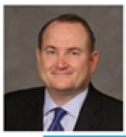
Douglas Dachille, Chief Investment Officer
- Proven leader in financial services and investments, with 25+ years in creating asset management solutions and a deep understanding of client liabilities
- Prior to AIG, was Chief Investment Officer and Co-Founder of First Principles Capital Management LLC



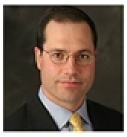
Philip Fasano, Chief Information Officer
- Information technology leader, who has served as CIO of several high-profile financial services firms over 30 years
- Prior to AIG, was CIO of Kaiser Permanente

Martha Gallo, Chief Auditor
- Business leader and change agent with 30+ years in operations, technology, finance, and risk management
- Prior to AIG, held executive roles at JPMorgan Chase including Head of Compliance and Regulatory Management, and General Auditor

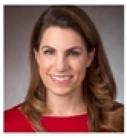
David Herzog, Chief Financial Officer [1]
- Chief Financial Officer until the filing of AIG's 2015 Form 10-K
- Experience in insurance financial and operations leadership, specializing in life companies
- David has been with AIG for 15 years; named CFO in 2008



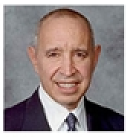
Kevin Hogan, CEO, Consumer
- Insurance leader with 30+ years providing property casualty, life, and retirement solutions to consumers worldwide
- Prior to returning to AIG, was CEO of Global Life, Zurich Insurance Group



Jeffrey Hurd, EVP Transformation, Human Resources, and Administration
- Leader in executing transformative organizational change
- Has been with AIG for 18 years, leveraging expertise in legal, compliance, administration, M&A, and human resources



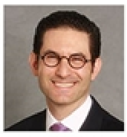
Seraina Maag, CEO, Regional Management & Operations
- Financial services expert who has held leadership roles in insurance and banking
- Prior to AIG, served as Chief Executive of North American Property & Casualty for XL Group



Thomas Russo, General Counsel
- Legal strategist and thought leader on financial market issues, who has authored 70+ articles on financial market regulation
- Prior to AIG, was General Counsel of Lehman Brothers and a senior partner at Cadwalader, Wickersham &Taft

Sid Sankaran, Chief Risk Officer [1]
- Financial services expert with deep background in capital, actuarial, risk, strategy and performance management
- Prior to AIG, was a partner in the Finance and Risk practice at Oliver Wyman Financial Services

Robert S. Schimek, CEO Commercial
- Financial services expert who has held various leadership roles at AIG, including managing the two largest commercial insurance markets, the U.S. and U.K.
- Prior to AIG, was a partner at Deloitte & Touche, serving financial institution clients such as MetLife, The Prudential, and Merrill Lynch for 18 years



Brian Schreiber, Chief Strategy Officer
- M&A and strategy expert, who was instrumental in designing and executing plan to repay U.S. government investment in AIG
- Most recently, was Deputy Chief Investment Officer and also served as AIG Global Treasurer

Notes: (1) David Herzog is Chief Financial Officer until the filing of AIG's 2015 Form 10-K, at which time Sid Sankaran will succeed him and Alessa Quane will become Chief Risk Officer.

Board Policies Foster Independence & Accountability

- Independent Chairman is required by by-laws
- Independent Chairman role is refreshed regularly
  - Annual review of Independent Chairman
  - Chairman generally does not serve for longer than a 5 year term
  - Douglas M. Steenland appointed effective July 1, 2015
- All directors are independent except for CEO
- All directors may contribute to agenda for Board meetings
- Former CEO cannot serve on the Board after leaving CEO position
- Annual evaluations of Board, individual directors and all committees
- No re-nomination for director attending < 75% of meetings for two consecutive years
- AIG bylaw provides proxy access right to holders of 3% of shares for 3 years
- Committee structure organized around key strategic issues and designed to facilitate regular and robust dialogue

Robust Duties for Independent Chairman

- Oversee Board meeting agenda preparation
- Chair Board meetings and Independent Directors executive sessions
- Lead CEO review process and management succession
- Regular interaction with the CEO including the discussion of strategic initiatives and their implementation
- Lead Board review of strategic initiatives and plans
- Oversee distribution of information and reports to Board
- Oversee annual Board and Board committees' self-evaluation process
- Serve as non-voting member of each Board committee
- Liaise with shareholders

AIG

Robust Committee Design to Facilitate Dialogue and Efficiency

Committee Structure	
Risk & Capital	Audit
Compensation & Management Resources	Nominating & Corporate Governance
Regulatory, Compliance & Public Policy	Technology

- Committee structure organized around key strategic issues to oversee management and decision making process
- Frequent meetings helped to shepherd AIG through crisis period and continue
- Committee chairs regularly coordinate with one another to ensure appropriate information sharing
- All committees provide a summary of significant actions to full Board
- Risk and Capital Committee and the Audit Committee report to the Board regarding risk management issues
- Committee meetings scheduled to allow all directors to attend each meeting, with many directors attending such meetings
- Each committee conducts annual self assessment and review of Charter

Board of Directors Full Professional History

W. Don Cornwell

Mr. Cornwell is the former Chairman of the Board and Chief Executive Officer of Granite Broadcasting Corporation, serving from 1988 until his retirement in August 2009, and Vice Chairman until December 2009. Mr. Cornwell spent 17 years at Goldman, Sachs & Co. where he served as Chief Operating Officer of the Corporate Finance Department from 1980 to 1988 and Vice President of the Investment Banking Division from 1976 to 1988. Mr. Cornwell is currently a director of Avon Products, Inc., where he is Chairman of the Finance Committee and a member of the Audit Committee, and Pfizer Inc., where he is Chairman of the Audit Committee and a member of the Compensation, Regulatory and Compliance, and Science and Technology Committees.

Peter R. Fisher

Mr. Fisher is a Senior Fellow at the Center for Global Business and Government, and also a Senior Lecturer, at the Tuck School of Business at Dartmouth College, positions he has held since July 2013. Mr. Fisher previously served as an officer of BlackRock, Inc. and certain of its subsidiaries (BlackRock) from 2004 through 2013, as a Senior Managing Director (2010 to 2013) and a Managing Director (2004 to 2009). While at BlackRock, Mr. Fisher served as Head (2010 to 2013) and as Co-Head (2008 to 2009) of BlackRock's Fixed Income Portfolio Management Group, overseeing portfolio managers responsible for more than $1 trillion of fixed income client accounts and funds, and as Chairman of BlackRock Asia (2005 to 2007). Mr. Fisher has been a Senior Director of the BlackRock Investment Institute since March 2013, and has served in such capacity as an independent consultant since January 2014. Prior to joining BlackRock in 2004, Mr. Fisher served as Under Secretary of the U.S. Department of the Treasury for Domestic Finance from 2001 to 2003, and, in that capacity, served on the board of the Securities Investor Protection Corporation, as a member of the Airline Transportation Stabilization Board and as the U.S. Treasury representative to the Pension Benefit Guaranty Corporation. From 2007 to 2013, Mr. Fisher was a non-executive director of the Financial Services Authority of the United Kingdom, where he was a member of the Risk Committee. Mr. Fisher also worked at the Federal Reserve Bank of New York from 1985 to 2001, ending his service there as an Executive Vice President and Manager of the System Open Market Account.

John H. Fitzpatrick

Mr. Fitzpatrick has been Chairman of White Oak Global Advisors, an asset management firm lending to small and medium sized companies since September 1, 2015, and Oak Street Management Co., LLC, an insurance / management consulting company, and Oak Family Advisors, LLC, a registered investment advisor, since 2010. In May 2014, he completed a two-year term as Secretary General of The Geneva Association. From 2006 to 2010, Mr. Fitzpatrick was a partner at Pension Corporation and a director of Pension Insurance Corporation Ltd. From 1998 to 2006, he was a member of Swiss Re's Executive Board Committee and served at Swiss Re as Chief Financial Officer, Head of the Life and Health Reinsurance Business Group and Head of Financial Services. From 1996 to 1998, Mr. Fitzpatrick was a partner in insurance private equity firms sponsored by Zurich Financial Services, Credit Suisse and Swiss Re. From 1990 to 1996, Mr. Fitzpatrick served as the Chief Financial Officer and a Director of Kemper Corporation, a NYSE-listed insurance and financial services organization where he started his career in corporate finance in 1978. From February 2010 until March 2011, Mr. Fitzpatrick was a director of Validus Holdings, Ltd., where he served on the Audit and Finance Committees. Mr. Fitzpatrick is a Certified Public Accountant and a Chartered Financial Analyst.

Board of Directors Full Professional History

Peter D. Hancock

Mr. Hancock has been AIG's President and Chief Executive Officer since September 2014, when he also joined the Board of Directors. Previously, he served as AIG's Executive Vice President—Property and Casualty Insurance and joined AIG in February 2010 as Executive Vice President, Finance, Risk and Investments. From December 2008 to February 2010, Mr. Hancock served as Vice Chairman of KeyCorp, where he was responsible for Key National Banking. Previously, Mr. Hancock co-founded and served as President of Integrated Finance Limited, an advisory firm specializing in strategic risk management, asset management, and innovative pension solutions. Mr. Hancock also spent 20 years at J.P. Morgan, beginning in 1980, where he established the Global Derivatives Group, ran the Global Fixed Income business and Global Credit portfolio, and served as the firm's Chief Financial Officer and Chief Risk Officer.

William G. Jurgensen

Mr. Jurgensen is the former Chief Executive Officer of Nationwide Mutual Insurance Company and Nationwide Financial Services, Inc., serving from May 2000 to February 2009. During this time, he also served as director and Chief Executive Officer of several other companies within the Nationwide enterprise. Prior to his time in the insurance industry, he spent 27 years in the commercial banking industry. Before joining Nationwide, Mr. Jurgensen was an Executive Vice President with BankOne Corporation (now a part of JPMorgan Chase & Co.) where he was responsible for corporate banking products, including capital markets, international banking and cash management. He managed the merger integration between First Chicago Corporation and NBD Bancorp, Inc. and later was Chief Executive Officer for First Card, First Chicago's credit card subsidiary. At First Chicago, he was responsible for retail banking and began his career there as Chief Financial Officer in 1990. Mr. Jurgensen started his banking career at Norwest Corporation (now a part of Wells Fargo & Company) in 1973. The majority of Mr. Jurgensen's career has involved capital markets, securities trading and investment activities, with the balance in corporate banking. Mr. Jurgensen has been a director of ConAgra Foods, Inc. since 2002, where he has served on the Audit Committee and currently serves on the Human Resources and the Nominating, Governance and Public Affairs Committees. He was also a director of The Scotts Miracle-Gro Company from 2009 to 2013, where he served on the Audit, Finance, and Governance and Nominating Committees.

Christopher S. Lynch

Mr. Lynch has been an independent consultant since 2007, providing a variety of services to public and privately held financial intermediaries, including corporate restructuring, risk management, strategy, governance, financial accounting and regulatory reporting and troubled-asset management. Mr. Lynch is the former National Partner in Charge of KPMG LLP's Financial Services Line of Business. He held a variety of positions with KPMG from 1979 to 2007, including chairing KPMG's Americas Financial Services Leadership team and being a member of the Global Financial Services Leadership and the U.S. Industries Leadership teams. Mr. Lynch has experience as an audit signing partner under Sarbanes Oxley for some of KPMG's largest financial services clients. He also served as a Partner in KPMG's National Department of Professional Practice and as a Practice Fellow at the Financial Accounting Standards Board. Mr. Lynch is a member of the Advisory Board of the Stanford Institute for Economic Policy Research and a member of the National Audit Committee Chair Advisory Council of the National Association of Corporate Directors. Mr. Lynch is currently Non-Executive Chairman of the Federal Home Loan Mortgage Corporation, where he is also Chairman of the Executive Committee.

Board of Directors Full Professional History

George L. Miles, Jr.

Mr. Miles has been Chairman Emeritus since April 2012 and is the former Executive Chairman of The Chester Group, Inc. (formerly known as Chester Engineers, Inc.) serving from October 2010 to April 2012 and the former President and Chief Executive Officer of WQED Multimedia, serving from 1994 to 2010. Mr. Miles served as an Executive Vice President and Chief Operating Officer of WNET/Thirteen from 1984 to 1994. Prior to WNET/Thirteen, he was Business Manager and Controller of KDKA-TV and KDKA Radio in Pittsburgh; Controller and Station Manager of WPCQ in Charlotte; Vice President and Controller of Westinghouse Broadcasting Television Group in New York; and Station Manager of WBZ-TV in Boston. Mr. Miles is currently a director of HFF, Inc., where he is Chairman of the Audit Committee and serves on the Compensation Committee, Harley-Davidson, Inc., where he serves on the Audit and Nominating and Corporate Governance Committees and EQT Corporation, where he serves on the Executive Committee and as Chairman of the Corporate Governance Committee. Mr. Miles formerly served as a director of WESCO International, Inc., where he served on the Compensation Committee. Mr. Miles is a Certified Public Accountant. In light of Mr. Miles' experience in accounting as well as his professional experience across the operations and technology industry.

Henry S. Miller

Mr. Miller co-founded and has been Chairman of Marblegate Asset Management, LLC since 2009. Mr. Miller was co-founder, Chairman and a Managing Director of Miller Buckfire & Co., LLC, an investment bank, from 2002 to 2011 and Chief Executive Officer from 2002 to 2009. Prior to founding Miller Buckfire & Co., LLC, Mr. Miller was Vice Chairman and a Managing Director at Dresdner Kleinwort Wasserstein and its predecessor company Wasserstein Perella & Co., where he served as the global head of the firm's financial restructuring group. Prior to that, Mr. Miller was a Managing Director and Head of both the Restructuring Group and Transportation Industry Group of Salomon Brothers Inc. From 1989 to 1992, Mr. Miller was a managing director and, from 1990 to 1992, co-head of investment banking at Prudential Securities. Mr. Miller is currently a director of The Interpublic Group of Companies, Inc., where he serves on the Corporate Governance Committee and the Finance Committee. Mr. Miller was also a director of Ally Financial Inc. from 2012 until July 2014, where he served on the Risk and Compliance Committee.

Robert S. Miller

Mr. Miller is President, Chief Executive Officer and a director of International Automotive Components Group S.A. He has also been Chairman of MidOcean Partners, a leading middle market private equity firm, since December 2009. Mr. Miller was Chief Executive Officer of Hawker Beechcraft, Inc., a manufacturer of aircraft, serving from February 2012 to February 2013. He also served as the Executive Chairman of the Delphi Corporation from 2007 to 2009. He was previously Chairman and Chief Executive Officer of Delphi Corporation from 2005 to 2007. Prior to joining Delphi Corporation, Mr. Miller served in a number of corporate restructuring situations, including as Chairman and Chief Executive Officer of Bethlehem Steel Corporation, Chairman and Chief Executive Officer of Federal Mogul Corporation, Chairman and Chief Executive Officer of Waste Management, Inc., and Executive Chairman of Morrison Knudsen Corporation. He has also served as Vice Chairman and Chief Financial Officer of Chrysler Corporation. Mr. Miller is a director of The Dow Chemical Company, where he is a member of the Governance and the Environment, Health, Safety and Technology Committees, Symantec Corporation, where he is a member of the Audit and Nominating and Governance Committees, and WL Ross Holding Corp., where he is a Chairman of the Compensation Committee and serves on the Audit Committee. Mr. Miller has also served as a director of Sbarro, Inc. and UAL Corporation (United Airlines).

Board of Directors Full Professional History

Linda A. Mills

Ms. Mills is the former Corporate Vice President of Operations for Northrop Grumman Corporation, with responsibility for driving effective operations to enable top performance, innovation and affordability. During her 12 years with Northrop Grumman, Ms. Mills held a number of positions, including Corporate Vice President and President of Information Systems and Information Technology sectors; President of the Civilian Agencies Group; and Vice President of Operations and Process in the firm's Information Technology Sector. Prior to joining Northrop Grumman, Ms. Mills was Vice President of Information Systems and Processes at TRW, Inc. She began her career as an engineer at Bell Laboratories, Inc. Ms. Mills also serves on the board of Navient Corporation where she is the Chair of the Compensation Committee and serves on the Finance & Operations Committee.

Suzanne Nora Johnson

Ms. Nora Johnson is the former Vice Chairman of The Goldman Sachs Group, Inc., serving from 2004 to 2007. During her 21 years at Goldman Sachs, she also served as the Chairman of the Global Markets Institute, Head of the Global Investment Research Division and Head of the Global Investment Banking Healthcare Business. Ms. Nora Johnson is currently a director of Intuit Inc., where she is Lead Director, Chairman of the Compensation and Organizational Development Committee and serves on the Nominating and Governance Committee, Pfizer Inc., where she serves on the Audit, Compensation and Science and Technology Committees, and Visa Inc., where she is Chairman of the Compensation Committee and serves on the Nominating and Corporate Governance Committee.

Ronald A. Rittenmeyer

Mr. Rittenmeyer is the former Chairman, President and Chief Executive Officer of Expert Global Solutions, Inc. (formerly known as NCO Group, Inc.), a global provider of business process outsourcing services, serving from 2011 to 2014. Mr. Rittenmeyer is also the former Chairman, Chief Executive Officer and President of Electronic Data Systems Corporation, serving from 2005 to 2008. Prior to that, Mr. Rittenmeyer was a Managing Director of the Cypress Group, a private equity firm, serving from 2004 to 2005. Mr. Rittenmeyer also served as Chairman, Chief Executive Officer and President of Safety-Kleen Corp. from 2001 to 2004. Among his other leadership roles, Mr. Rittenmeyer served as President and Chief Executive Officer of AmeriServe Food Distribution Inc. from 2000 to 2001, Chairman, Chief Executive Officer and President of RailTex, Inc. from 1998 to 2000, President and Chief Operating Officer of Ryder TRS, Inc. from 1997 to 1998, President and Chief Operating Officer of Merisel, Inc. from 1995 to 1996 and Chief Operating Officer of Burlington Northern Railroad Co. from 1994 to 1995. Mr. Rittenmeyer is currently a director of IMS Health Holdings, Inc., where he is Chairman of the Audit Committee and serves on the Leadership Development and Compensation Committee, and of Tenet Healthcare Corporation, where he is Chairman of the Health Information Technology Committee and serves on the Audit, Compensation and Executive Committees.

Board of Directors Full Professional History

Douglas M. Steenland

Mr. Steenland is the former Chief Executive Officer of Northwest Airlines Corporation, serving from 2004 to 2008, and President, serving from 2001 to 2004. Prior to that, he served in a number of Northwest Airlines executive positions after joining Northwest Airlines in 1991, including Executive Vice President, Chief Corporate Officer and Senior Vice President and General Counsel. Mr. Steenland retired from Northwest Airlines upon its merger with Delta Air Lines, Inc. Prior to joining Northwest Airlines, Mr. Steenland was a senior partner at a Washington, D.C. law firm that is now part of DLA Piper. Mr. Steenland is currently a director of Travelport Limited, where he serves as Chairman of the Nominating and Corporate Governance Committee, Performance Food Group Company, where he serves as a member of the Audit Committee and Compensation Committee, and Hilton Worldwide Holdings Inc., where he serves as Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee. Mr. Steenland has also served as a director of Delta Air Lines, Inc., Chrysler Group LLC (now FCA US LLC), where he served as Chairman of the Audit Committee, International Lease Finance Corporation (ILFC), a former AIG subsidiary, now a part of AerCap Holdings N.V., Digital River, Inc., where he was Chairman of the Compensation Committee and served on the Finance and Nominating and Corporate Governance Committees, and Northwest Airlines Corporation.

Theresa M. Stone

Ms. Stone is the former Executive Vice President and Treasurer of the Massachusetts Institute of Technology (MIT), serving from February 2007 until October 2011. In her role as Executive Vice President and Treasurer, Ms. Stone served as MIT's Chief Financial Officer and was also responsible for MIT's operations, including capital projects, campus planning, facilities operations, information technology, environmental health and safety, human resources, medical services and police. Ms. Stone also served as the Special Assistant to the President of MIT from October 2011 to January 2012. From November 2001 to March 2006, Ms. Stone served as Executive Vice President and Chief Financial Officer of Jefferson-Pilot Corporation (now Lincoln Financial Group) and, from 1997 to 2006, she also served as President of Jefferson-Pilot Communications. Ms. Stone also served as the President of Chubb Life Insurance Company from 1994 to 1997. From 1990 - 1994, Ms. Stone served as Senior Vice President - Acquisitions - of The Chubb Corporation, in which role she advised the Chairman and CEO on domestic and international property casualty and life insurance strategy, acquisitions and divestitures. Ms. Stone also served as a director of the Federal Reserve Bank of Richmond from 2003 to 2007 and as Deputy Chairman from 2005 to 2007. As an investment banker at Morgan Stanley from 1976 - 1990, Ms. Stone advised clients primarily in the insurance and financial services industries on corporate finance and merger and acquisition transactions. Ms. Stone served as a director of Progress Energy, Inc. from 2005 to 2012, where she served as Chairman of the Audit and Corporate Performance Committee and a member of the Executive, Finance and Governance Committees. She also served as a director of Duke Energy Corporation during July 2012 following the company's merger with Progress Energy Inc.

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

Glossary of Non-GAAP Financial Measures

AIG

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.

- **Book Value Per Share Excluding Accumulated Other Comprehensive Income (AOCI), Book Value Per Share Excluding AOCI and Deferred Tax Assets (DTA) and Book Value Per Share Excluding AOCI and DTA and Including Dividend Growth** 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 the effect of non-cash 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. 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. Book Value Per 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 dividends to shareholders, by Total common shares outstanding.

- **After-tax operating income attributable to AIG** is derived by excluding the following items from net income attributable to AIG:
  - – 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 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); 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.

- **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. We believe 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 our 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.

Glossary of Non-GAAP Financial Measures (continued)

AIG

- **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
  - 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.
- **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. We use general operating expenses, operating basis, because we believe it provides a more meaningful indication of our ordinary course of business operating costs.

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:** 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. 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.
- **Ultimate accident year loss ratio adjusted for prior year development:** represents reported accident year loss ratios adjusted to exclude catastrophe losses and reflect prior year development in the appropriate accident year. The 3Q15 ratios are based on prior year development through September 30, 2015, while the 4Q15 ratio reflects development for the full year including our fourth quarter strengthening.
- **Normalized production risk-adjusted profitability (RAP):** for Property Casualty and Personal Insurance operating segments is the underwriting profit or loss for Property Casualty and Personal Insurance operating segments plus net investment income, net of the cost of capital. Underwriting profit or loss is based on net premium written during the performance year, estimated ultimate loss ratio adjusted for catastrophic annual average losses, and variable expenses. The net investment income is imputed based upon the prevailing interest rate environment of the performance year. The cost of capital is the product of the capital deployed and the cost of capital rate. The capital deployed is based on an internal capital allocation model and reflects the capital needed for the business underwritten during the performance period. The cost of capital rate is derived from an internal capital asset pricing model. This result is adjusted to normalize for the impact of fluctuations in foreign exchange rates.

Glossary of Non-GAAP Financial Measures (continued)

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

- **Pre-tax operating income** is derived by excluding the following items from pre-tax income:
  - changes in fair values of fixed maturity securities designated to hedge living benefit liabilities (net of interest expense);
  - net realized capital gains and losses;
  - changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains and losses;
  - 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.
- **Normalized value of new business (VONB):** for Retirement, Life, Institutional Markets and Mortgage Guaranty operating segments is the sum of (i) with respect to the Retirement, Life and Institutional Markets operating segments, the present value, measured at point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period, as adjusted to normalize fixed annuity sales and margins based on indexing fixed annuity sales to the prevailing interest rate environment and (ii) with respect to the Mortgage Guaranty operating segment, the present value, measured at point of sale, of projected after-tax cash flow profits emerging in the future from new business sold in the period.

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
  - 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.

Acronyms

- **YTD** – Year-to-date
- **YoY** – Year-over-year
- **NPW** – Net premiums written
- **AUM** – Assets under management
- **FX** – Foreign exchange
- **AOCI** – Accumulated other comprehensive income
- **DTA** – Deferred tax assets
- **PYD** – Prior year loss reserve development
- **RAP** – Risk-adjusted profitability
- **VONB** – Value of new business

AIG

Non-GAAP Reconciliations

Reconciliation of General Operating Expenses

($ in Billions)	2014	2015E
Total general operating expenses, Operating basis	**$ 11.9**	**$ 11.2**
Loss adjustment expenses, reported as policyholder benefits and losses incurred	(1.7)	(1.6)
Advisory fee expenses	1.3	1.3
Non-deferrable insurance commissions	0.5	0.5
Direct marketing and acquisition expenses, net of deferrals	0.6	0.7
Investment expenses reported as net investment income	(0.1)	(0.1)
Total general operating and other expenses included in pre-tax operating income	**12.6**	**12.0**
Restructuring and other costs	-	0.5
Other expense related to retroactive reinsurance agreement	-	0.2
Non-operating litigation reserves	0.5	0.0
Total general operating and other expenses, GAAP basis	**$ 13.1**	**$ 12.8**

Reconciliation of AIG Shareholders' Equity, Ex. AOCI and DTA

($ in Billions) As of September 30, 2015	Life Insurance Companies	Non-Life Insurance Companies	Total Life and Non-Life Insurance Companies	Corporate and Other	AIG Inc.
Total AIG shareholders' equity	$35.3	$48.8	$84.1	$14.9	$99.0
Less: Accumulated other comprehensive income (AOCI)	(4.4)	(2.3)	(6.7)	0.2	(6.6)
Total AIG shareholders' equity, excluding AOCI	30.9	46.5	77.4	15.1	92.4
Less: Deferred tax assets (DTA)[3]	0.0	0.0	0.0	(15.3)	(15.3)
Total AIG shareholders' equity, excluding AOCI and DTA	**$30.9**	**$46.5**	**$77.4**	**($0.2)**	**$77.2**

Reconciliation to Operating and Legacy Portfolio Shareholders' Equity, Ex. AOCI and DTA:	Operating Portfolio	Legacy Portfolio	AIG Inc.
Total AIG shareholders' equity, excluding AOCI and DTA	$77.4	($0.2)	$77.2
Transfer equity of legacy portfolio[1]	(6.2)	6.2	0.0
Push down of Parent debt[2]	(15.6)	15.6	0.0
Total AIG shareholders' equity, excluding AOCI and DTA	**$55.6**	**$21.5**	**$77.2**

AIG

Notes: (1) Represents transfer of the equity associated with discontinued/run-off businesses (primarily Eaglestone and Life run-off portfolios) and pre-2012 structured settlements to the legacy portfolio. (2) Represents the allocation of financial debt to the operating portfolio at leverage of 20% for Non-life and 25% for Life (calculated as Financial Debt + Hybrid Debt / Total Capital) by transferring in a portion of parent financial debt. (3) 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.

Exhibit 99.2

OLIVER WYMAN

AMERICAN INTERNATIONAL GROUP

FEBRUARY 1ST, 2016

MARSH & McLENNAN COMPANIES

REPORT QUALIFICATIONS/ASSUMPTIONS & LIMITING CONDITIONS

- This report was prepared pursuant to the terms of Oliver Wyman's engagement by AIG pursuant to the Statement of Work entered into by Oliver Wyman and AIG (the "SOW") and is prepared in the form consistent therewith. This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.
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Background

AIG Inc. and its subsidiaries operate under several external capital regimes including state and sovereign regulators as well as rating agencies

Summary of select relevant standards

Insurance Capital Standard ("ICS")[1]

- Financial Stability Board tasked International Association of Insurance Supervisors (IAIS), which includes the Federal Reserve Board (FRB), to develop the ICS framework
- First round of "field testing" completed[2]
- As a G-SII, and an Internationally Active Insurance Group ("IAIG") AIG will need to comply with ICS
- ICS will likely be applicable to the P&C companies even if a Life spin-off were to occur[3]

Regulations for nonbank SIFIs

- SIFI designation entails FRB supervision
- FRB is still developing the capital framework

Standard & Poor's (S&P)

- Ratings use a combination of qualitative and quantitative information
- Capital adequacy (available vs. required) is a key input into ratings
- Required capital in the S&P model explicitly quantifies diversification benefits at multiple levels

Moody's & A.M. Best

- No consolidated capital model for AIG Inc.
- Quantitative models for insurance subs
- Qualitative assessment includes benefits for diversification

1. In the case of AIG, the sovereign lead regulator (NY Federal Reserve Bank) would have the authority to implement the ICS standards
2. ICS is expected to expected be adopted and implemented in 2020
3. IAIG includes insurers with premiums written in at least 3 jurisdictions and at least 10% of premiums outside of home jurisdictions; size threshold of $50 BN in assets or $10 BN in premiums. AIG P&C business would qualify under those criteria

Executive Summary

- AIG Inc.'s ability to return capital to shareholders is governed, among other factors, by two constraints:
  - Maintaining credit ratings
  - Meeting regulatory capital requirements
- Under both constraints, cross P&C / Life diversification benefits, which are only available with AIG remaining a multiline business, are quantified using established capital calculation methodologies. For instance:
  - S&P's consolidated capital model estimates a $5-10BN *reduction* in required capital for AIG as a whole compared to the sum of standalone required capital across AIG's Life and P&C entities[1]
  - Moody's and A.M. Best explicitly make reference to the value of diversification in determining overall credit ratings[2]
  - Under the emerging ICS standard, the results of the IAIS mandated "field test" indicate that AIG Inc. would require substantially less capital as a whole vs. the sum of standalone Life and P&C entities individually
- AIG will also need to comply with any capital constraints imposed by the FRB – however, no such rules exist currently
- Based on the aforementioned, the loss of diversification benefits if a Life/P&C split occurred would impose additional capital constraints and as a result would likely impact AIG's ability to return capital to shareholders

1. Source: Consolidated AIG Inc. S&P capital model as provided to Oliver Wyman by AIG
2. A.M. Best and Moody's do not deploy a quantitative capital model at the AIG Inc. consolidated level

Diversification benefits calculated by S&P model[1] (methodology)

Diversification category	Description	Applicable to	
A **Within P&C** **Within Life** **Within Investments**[2]	Reduction in risk due to the diversity of products & risk types within business lines (e.g., the offsetting effect of longevity and mortality risks)	✓ AIG Inc. ✓ AIG business units as standalone entities	**C** *Subject To 50% S&P **Haircut*** (applies to A and B)
B **Across Life and P&C**	Reduction in overall risk profile due to exposure to two heterogeneous segments of the industry	✓ AIG Inc. ✗ AIG business units as standalone entities	
D **Asset-Liability Management (ALM) offset**	Reduced potential for losses due to the aggregate impact of interest rate movements on businesses with offsetting asset/liability duration profiles	✓ AIG Inc. • *Partially applicable to AIG business units based on distribution of parental assets between business units*	***Not** Subject To 50% S&P Haircut*

1. Source: Consolidated AIG Inc. S&P capital model as provided to Oliver Wyman by AIG
2. Some of these diversification benefits may be lost if calculated separately for AIG subsidiaries as standalone companies

Diversification benefits calculated by latest S&P consolidated model for AIG

	Risk factor / business line diversification type	Gross diversification benefits ($BN)[1]: Status quo		Gross diversification benefits ($BN)[1]: Post splitting of business		Net diversification benefits of maintaining status quo ($BN)
A	Within P&C	2.2		2.2		0
A	Within Life	0.4		0.4		0
A	Within Investments	2.5		2.5[4]		0
B	Life vs. P&C	4.1		-		4.1
	Business line diversification benefits	9.3[5]	−	5.2[5]	=	4.1
C	Business line diversification benefits post S&P haircut (50%)	4.7 *(=9.3*50%)*		2.6 *(=5.2*50%)*		2.1
D	ALM offset benefit	7.5		2.1[2]		5.4
	Total diversification benefits (S&P)	**12.2**	−	**4.7**	=	**7.5**

Calculated $7.5BN net diversification benefit is:

- Derived from S&P's capital model
- Inclusive of S&P's 50% haircut
- A net benefit - after accounting for diversification benefits that would remain post-split such as intra-BU diversification

Estimated range: $5-10BN[3]

1. All numbers based on S&P Insurance Capital Model results, targeting AA rating, as provided by AIG to Oliver Wyman (without independent verification of the model by Oliver Wyman)
2. Midpoint estimate based on equal distribution of parental assets to Life and P&C entities post-split
3. Minimum of range based on assumption that all of parental assets are assigned to Life entity. Conversely, the maximum of the range is based on the parental assets being assigned to the P&C entity
4. Some of these diversification benefits may be lost if calculated separately for AIG subsidiaries as standalone companies. Therefore, the diversification benefits of maintaining status quo may be understated
5. Numbers do not add-up in this view due to rounding

APPENDIX

Diversification benefits: other ratings agencies

*"A breakup of AIG and loss of SIFI status (assuming this were the effect) would be **credit negative** for the company, **removing the diversification benefit** of the multiline insurance operations…"*

– Moody's

*The top-down analysis includes the exposure to risk generated by activities at the parent/holding company, […] as well as the **benefits of earnings diversification** that may come from being a member of a diversified organization.*

– A.M. Best

Source: Moody's Nov 2, 2015 Credit Outlook, "Activist Investor Carl Icahn's Push for AIG Breakup Is Credit Negative" ; A.M. Best's Dec 18, 2015 Credit Rating Methodology

Global regulatory regimes explicitly incorporate diversification benefits
Insurance Capital Standard and Solvency II

Description

- ICS proposal recognizes diversification at multiple levels including **within** risk types including:
  - Life and Non-life insurance risk
  - Market risk (e.g., interest rate risk diversification)
- ICS also considers diversification **across** each of these risk types
- Certain diversification benefits that are applicable to AIG Inc. both within risk types and across risk types would only be partially applicable (or non-applicable) to AIG subsidiaries as standalone entities[1]
- Solvency II also explicitly recognizes diversification benefits at a Group level when assessing solvency capital requirements

ICS intra-life insurance risk correlation matrix

	Mortality	Longevity	Morbidity /disability	Lapse	Expe-nses
Mortality	100%	-25%	25%	0%	25%
Longevity	-25%	100%	0%	25%	25%
Morbidity/ disability	25%	0%	100%	0%	50%
Lapse	0%	25%	0%	100%	50%
Expenses	25%	25%	50%	50%	100%

ICS cross risk correlation matrix

Risk	Non-life	Catast-rophe	Life	Market	Credit
Non-life	100%	25%	**0%**	25%	25%
Catast-rophe	25%	100%	25%	25%	25%
Life	**0%**	25%	100%	25%	25%
Market	25%	25%	25%	100%	25%
Credit	25%	25%	25%	25%	100%

Source: AIG Inc. template for IAIS field testing as provided to Oliver Wyman by AIG; numbers may be subject to change with the finalization of ICS

1. For instance, the 0% correlation between Life and Non-life risks will result in substantial reduction of diversification benefits under a Life separation scenario

Exhibit 99.3

February 1, 2016

MEMORANDUM TO: American International Group, Inc.

FROM: Andrew P. Solomon
Eli D. Jacobson
S. Eric Wang
Alex P. Apostolopoulos

RE: Utilization of AIG's Tax Attributes

This memorandum discusses (i) the current tax attribute profile of American International Group, Inc. ("AIG"), (ii) the effect on such tax attribute profile of the distribution of either AIG's domestic life insurance companies (and the related Life Insurance and Retirement business segment ("L&R")) or the other, property and casualty, businesses conducted by AIG, and (iii) the availability of other strategies to preserve or utilize such tax attributes as part of the separation.[1]

1 The discussion in part II below has been based on materials we have obtained from you and upon your interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated by the Department of the Treasury (the "Treasury Regulations" or "Treas. Regs.") and the Internal Revenue Service ("IRS") thereunder. You have not asked us to analyze, and we have not independently examined, the relevant provisions in the Code and the Treasury Regulations nor have you asked us to affirm the positions you have taken or the judgments you have made in determining the amount of tax credits, net operating losses or other tax attributes potentially available to AIG, or the amount of reserves, if any, taken against such attributes in determining AIG's deferred tax asset for financial statement purposes. References to "Sections" herein are to sections in the Code and the Treasury Regulations.

I. Executive Summary

1. AIG currently expects to fully utilize its tax attributes of approximately $32.6 billion of NOL carryovers (expiring 2028-2031) and $5.3 billion of FTC carryovers (majority expiring 2019-2020) during the next eight years.

    a. Approximately $2 to $2.5 billion in FTC carryovers are expected to be utilized over the next two years.

    b. As a result, AIG expects not to pay any tax on more than $45 billion of taxable income.

2. AIG is currently in a unique position to utilize its tax attributes.

    a. NOL carryovers are first applied to 100% of nonlife taxable income and up to 35% of life taxable income.

    b. Thereafter, the tax on the remaining 65% of life taxable income can be offset by FTCs.

    c. Annual FTC utilization is limited by foreign-source income.

3. A distribution of the L&R or non-L&R companies in the near future would impose significant obstacles to the ability to utilize such tax attributes prior to expiration. Given that the detriment would be more significant if the non-L&R companies were distributed, if a separation were to occur, it would be more prudent to separate the L&R companies from AIG.

    a. If the L&R companies were distributed, (i) AIG's remaining FTC carryovers post-distribution would likely expire unused (due to lack of taxable income after NOLs) and (ii) AIG's remaining NOL carryovers would take longer to be utilized (because of reduced income in the group).

b. If the non-L&R companies (but for AIG-FP) were distributed, (i) AIG's remaining FTC carryovers post-distribution would likely expire unused (due to lack of foreign-source income) and (ii) AIG's remaining NOL carryovers would take significantly longer to be utilized (because they would be usable against only 35% of the remaining life companies' income) and a significant portion thereof would likely expire unutilized.

c. Any distributed company would have limited, if any, tax attributes.

4. Strategies involving taxable sales or combinations with third-party companies could not be used to monetize AIG's tax attributes in whole or substantial part.

5. Based on AIG's projections, in case of a separation of the L&R companies from AIG, at most $3.1 billion in FTC carryovers could be converted into deductions without incurring a net loss from today's position. In case such a separation were to occur today, such a conversion would have the likely effect of reducing the DTA attributable to the FTCs from $5.3 billion to $1.08 billion rather than to eliminate it completely.

6. Delaying the separation of the AIG businesses would mitigate the impact of the separation, as more tax attributes would be utilized prior to separation.

a. Based on AIG's projections, the loss in present value of its tax attributes resulting from a separation of the L&R companies from AIG is approximately 29-39% in the case of a separation in early 2016, approximately 21-28% in the case of a separation in early 2017, and approximately 13-16% in the case of a separation in early 2018.

II. AIG Is Currently in a Unique Position to Utilize Its Tax Attributes.

A. AIG's Tax Attributes

Based on the most recent estimates, on a consolidated basis, AIG has the following tax attributes, in approximate amounts:

- $32.6 billion of net operating loss ("NOL") carryovers, and
- $5.3 billion of foreign tax credit ("FTC") carryovers.

These attributes yield a combined deferred tax asset ("DTA") of $16.7 billion, $11.4 billion of which is attributable to the NOL carryovers and $5.3 billion of which is attributable to the FTC carryovers.[2]

Almost the entirety of the NOL carryovers, if unutilized, expires during the taxable years 2028 and 2031, while the FTC carryovers, if unutilized, expire during the taxable years 2016 to 2024, with approximately $0.6 billion set to expire in the current taxable year and the largest part of such FTC carryovers, $2.9 billion in aggregate, set to expire in taxable years 2019 and 2020.

The NOL and FTC carryovers were incurred by AIG itself or by AIG Financial Products Corporation ("AIG-FP").

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2 As of September 30, 2015, AIG had recorded a DTA of $15.25 billion on its balance sheet and had not established a valuation allowance based on its determination that it was more likely than not that the NOLs and FTCs would be utilized prior to their expiry. *See* Form 10-Q, filed by AIG for the quarterly period ended September 30, 2015, at page 63 (Notes to Condensed Consolidated Financial Statements (unaudited), item 1, note 13). As of September 30, 2015, based on a presentation received from AIG showing AUD RES figures and non-AUD RES figures, a FIN 48 reserve with respect to approximately $2.3 billion of NOL carryovers and approximately $1.5 billion of FTC carryovers existed, and the DTA has been calculated taking into account such reserve. Therefore, AIG has potentially available a total of approximately $6.8 billion in FTC carryovers and approximately $34.9 billion in NOL carryovers.

B. <u>General Limitations on Utilization of AIG's Tax Attributes</u>

As an initial matter, currently generated losses and FTCs are used before any carryovers may be used. AIG does not expect to operate in an NOL position in the near future and, in certain situations, it can employ strategies to delay the generation of FTCs, although it projects that it will generate approximately between $80 million and $100 million of additional FTCs in each of the taxable years 2016 through 2022.

In general, consolidated groups utilize NOL carryovers before any currently generated FTCs or FTC carryovers may be used.[3] In the case of consolidated groups that include both life companies and nonlife companies, nonlife NOLs may generally offset no more than 35% of the taxable income generated by the life companies in a given taxable year.[4] As a result, subject to the discussion below, up to 65% of the taxable income generated by the life companies in a given taxable year could be offset by FTCs generated in that taxable year and, thereafter, by FTC carryovers.

A taxpayer's utilization of FTCs (including carryovers) is also generally limited to 35% multiplied by its foreign-source income in a given taxable year.[5]

AIG generates certain amounts of foreign-source income each taxable year (almost exclusively in the non-L&R segment). In addition, AIG has a "consolidated overall domestic loss" ("<u>CODL</u>") of approximately $60 billion. As a result, on a consolidated basis for each taxable year, 50% of any net U.S.-source taxable income (after taking into account NOL carryovers) is recharacterized as foreign-source income.[6]

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3 *See* Treas. Regs. Section 1.1502-4(d).
4 *See* Treas. Regs. Section 1.1502-47.
5 Section 904(a).
6 Section 904(g)(1). The foreign-source income that is currently offset by NOL carryovers creates additional CODL (based on the assumption that the NOL carryovers are domestic losses).

Thus, with certain computational adjustments, the maximum amount of FTCs that may be used in a given taxable year is the lesser of (i) 35% of 65% of the taxable income generated by the domestic life companies and (ii) 35% of AIG's foreign-source income. Because current year FTCs are used before carryovers, the amount of the FTC carryovers that may be used in any taxable year is calculated by reducing the maximum amount so determined by the FTCs incurred in such taxable year. Most of the companies in the L&R segment are life companies, and none of the companies in the non-L&R segment are life companies.

C. Current Utilization Expectation Given Current Utilization Strategies

AIG currently expects that the NOL carryovers will be utilized before their expiry without the need of special strategies to accelerate income. However, because the domestic life company taxable income is not, by itself, adequate fully to utilize the FTC carryovers before their expiry, the AIG Tax Department has implemented and anticipates implementing certain strategies that accelerate the taxable income of the life companies in a manner sufficient to utilize all FTCs before expiry. Some of these strategies involve an acceleration of income with a reversal of income in the future, generating future tax benefits.[7]

7 We have not independently examined each of the strategies you have undertaken, and have not been asked whether, in our judgment, they are effective to accelerate income in the manner intended.

In some of the projections of income prepared by AIG, federal income tax may be payable by AIG in the near future with a reversal of the relevant amount in later years. While this may affect the amount of cash tax payable, it does not increase the total amount of federal income tax recorded for financial statement purposes.

III. A Distribution of the L&R or Non-L&R Businesses in the Near Future Would Impose Significant Obstacles on the Ability of the Separated Entities to Utilize AIG's Tax Attributes.

This part discusses some of the effects of a tax-free distribution of either the L&R companies or AIG's other businesses (except for AIG-FP). As further discussed below in this part, these transactions would likely have a significant negative impact on the ability of AIG's consolidated tax attributes to be utilized and would result in significant additional federal taxes being due by the separated entities than would be due absent the separation. Given that the detriment would be larger if the non-L&R companies were distributed, if a separation were to occur, it would be more prudent to separate the L&R companies from AIG. In either case, as a result, a significant portion of the DTA would likely have to be written off.

However, we note that if such a distribution were to occur after the utilization of most of the currently existing FTC carryovers (which is currently projected to occur by 2021), the negative impact of such a distribution on the ability of the separated entities to utilize AIG's tax attributes would be significantly reduced, and that, in general, as time passes and FTC carryovers are utilized, the negative impact of such a distribution declines. Thus, based on AIG's projections, the loss in present value of its tax attributes resulting from a separation of the L&R companies from AIG is approximately 29-39% in the case of a separation in early 2016, approximately 21-28% in the case of a separation in early 2017, and approximately 13-16% in the case of a separation in early 2018.[8]

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8 We note that, if either distribution described in this part were done by way of a split-off, any percentage increase in ownership of AIG by the relevant shareholders and groups resulting from the split-off (*i.e*., as a result of not tendering AIG stock for stock of the distributed entity) would be taken into account for purposes of whether an "ownership change" has occurred for purposes of Section 382. If, taken together with other transactions engaged in by AIG, *e.g*., repurchases, that are relevant in this determination, an "ownership change" occurs as a result of such a split-off, the consequences would be similar to those described further below in part IV.A, that is, the FTC carryovers would most likely expire unutilized.

A. Distribution of L&R Companies

If AIG were to distribute the L&R Companies, it would retain most, if not all, of the NOL and FTC carryovers.[9] Following such distribution, because there would no longer be any life companies in the consolidated group, all of AIG's income would be offset first by NOL carryovers (*i.e.*, before any tax could be offset by retained FTC carryovers). Based on current projections, it is expected that, by the time the NOL carryovers would be exhausted, most, if not all, of the retained FTC carryovers would have expired unutilized.[10] In addition, the L&R companies, following separation, likely would have limited, if any, NOL or FTC carryovers to offset their taxable income after the separation.

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9 *See* Treas. Regs. Sections 1.1502-21(b), 1.1502-79(d). However, AIG's CODL account would be reduced based on, in general, the relative proportion of the value of the domestic assets of the L&R Companies to the domestic assets of the entire AIG group before such distribution. Treas. Regs. Section 1.1502-9(c)(2).

10 AIG might then elect to instead deduct the foreign taxes that gave rise to such FTC carryovers. This possibility is discussed in more detail below in part IV.C.

B. Distribution of Non-L&R Businesses

If AIG were to distribute the non-L&R business except for AIG-FP (which cannot be separated from AIG because of guarantees provided by AIG to the creditors of AIG-FP), it would retain most, if not all, of the NOL and FTC carryovers.[11] It would also retain a portion of its CODL account based generally on the relative proportion of the value of the retained domestic assets to the domestic assets of the entire AIG group before such distribution.[12] In such case, the utilization of retained NOL and FTC carryovers would be subject to the same constraints as described above in part II (because the consolidated group would continue to include both life and nonlife companies), except that, given such constraints, significantly fewer of the retained NOL carryovers would likely be able to be utilized. The NOL carryovers, which would stay with AIG and the L&R companies, could not be used fully against life company income (and there would be much less nonlife income against which to use the NOL carryovers). Utilization of FTC carryovers likewise would be significantly constrained by the lack of foreign-source income. In other words, because (i) the retained life companies would generate life company income, (ii) only 35% of life company income can be offset by NOL carryovers, and (iii) AIG and AIG-FP and any nonlife companies in the L&R segment would likely have little nonlife income or foreign-source income, the use of (a) NOL carryovers would be reduced and (b) FTC carryovers would be significantly constrained by the absence of any material foreign-source income in the L&R segment (although, as is currently the case, a portion of the domestic-source income in the L&R segment would be recharacterized as foreign-source given the retained portion of the CODL account). In addition, the distributed non-L&R business likely would have limited, if any, NOL or FTC carryovers to offset taxable income generated subsequent to the separation, notwithstanding that the distributed entity could utilize such carryovers more efficiently than the group consisting of the L&R segment plus AIG and AIG-FP.

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11 *See* note 9, *supra*.

12 *Id.*

IV. Additional and Other Strategies That May Be Contemplated to Monetize the Tax Attributes Appear Not to Be Capable of Doing So.

As discussed in part III, distributing either the L&R or the non-L&R businesses in the near future would likely have a significant negative impact on the ability to utilize AIG's consolidated tax attributes and would result in significant additional federal taxes being due by the separated entities than would be due absent the separation. This part discusses additional and other strategies which may be utilized to mitigate this impact.

A. Combination with a Third Party

1. AIG

As discussed above, the major disadvantage for AIG in case of a separation discussed in part III is that it will likely not be able to utilize, in the case of a distribution of the L&R businesses, many, if not all, of its retained FTC carryovers or, in the case of a distribution of the non-L&R businesses, significant amounts of its retained NOL and FTC carryovers. This effect likely would not be able to be mitigated by having a third party acquire AIG.

Any such acquisition would likely be treated as an “ownership change” for purposes of Section 382 (the Code provision that polices loss trafficking),[13] and, therefore, the utilization of any retained NOL and FTC carryovers would be limited under Sections 382 and 383 (generally, for each taxable year, to offset taxable income in an amount equal to the value of AIG at the time of the ownership change multiplied by the long-term tax-exempt rate for such year, currently 2.65%[14]).[15]

Because the limitation on the use of FTC carryovers as a result of an ownership change is calculated after determining the limitation on the use of NOL carryovers,[16] the combined entity would first have to exhaust the NOL carryovers in any post-acquisition year before any limitation amount would be available to utilize FTC carryovers. As a result, the FTC carryovers would most likely expire unutilized.

2. The Distributed Entity

As discussed above, the major disadvantage for the distributed entity of separating the L&R businesses from the non-L&R businesses is that such entity will likely have limited, if any, NOL or FTC carryovers to offset taxable income generated subsequent to the separation, which would be of particular negative consequence in the case where the non-L&R businesses (but for AIG-FP) were distributed.

It would theoretically be possible for the distributed AIG entity to be acquired by a third party with significant tax attributes and for such third party to utilize its own tax attributes to offset the taxable income generated by the distributed AIG entity, but even that strategy is limited by the Code and the acquiring company’s NOL and FTC

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13 Generally, and as relevant here, an ownership change results when more than 50% of the equity interests in a corporation are acquired by an unrelated party. If AIG were larger than the other party, Sections 382 and 383 may be avoided. However, it is unlikely that any such other party would have sufficient income to utilize all of the NOL carryovers prior to the expiration of the FTC carryovers.

14 Rev. Rul. 2016-1, 2016-2 I.R.B. 262.

15 See Treas. Regs. Sections 1.1502-21(g), 1.1502-94, 1.1502-96, 1.1502-98.

16 Treas. Regs. Sections 1.383-1(b), -1(c)(6).

carryovers could not be used to offset tax on the recognition of built-in gains by the distributed AIG entity.[17] In addition, such a strategy would obviously employ the tax attributes of the acquirer that it could potentially have used against its own income or that of another target, and in the case where the L&R segment is distributed, a five-year prohibition against consolidating the life companies within the L&R segment with the acquirer's nonlife companies would apply.[18] For these reasons, it seems unlikely that an acquirer would pay AIG shareholders any additional amount because the acquirer had the ability to shelter the distributed AIG entity's income.

B. Taxable Disposition of the Stock and/or Assets of the Life Companies

A taxable disposition by AIG of the stock or assets of the companies in the L&R segment (in the case of a stock sale, by way of a disposition by a domestic life company of stock in its subsidiaries along with its life insurance assets) to a buyer who would compensate AIG for the basis step-up could potentially generate taxable income in the life companies which would have the effect of increasing one of the two limitations on the amount of FTC carryovers that may be used in the taxable year of the disposition. However, we understand that neither transaction would be likely to produce any significant amount of life income (given that the basis in the stock and assets is estimated to be approximately the same and also the same as the value of the life companies). Even if this estimation were inaccurate, utilization of $5.2 billion of FTC carryovers would require that approximately $22 billion of gain be realized on the sale of the life companies and/or their assets. Therefore, it appears unlikely that significant amounts of FTC carryovers could be utilized through this strategy.

17 Section 384.

18 *See* Treas. Regs. Section 1.1502-47(d)(12).

For the sake of completeness, even if the sale of the life companies were to generate sufficient gain, the foreign source income limitation would likely then apply. As noted above, with certain computational adjustments, the maximum amount of FTCs that may be used in a given taxable year is the lesser of (i) 35% of 65% of the taxable income generated by the domestic life companies and (ii) 35% of AIG's foreign-source income. Foreign-source income would, in this case, amount to the sum of (i) any foreign- source income generated by the AIG consolidated group in the taxable year of the disposition and (ii) 50% of 65% of the taxable income generated by the life companies (including income generated from the taxable disposition). If this sum is less than 65% of the taxable income generated by the domestic life companies for such taxable year, the amount of the shortfall would be taxable to AIG, and cash tax would have to be paid. While AIG could attempt to increase its foreign-source income through additional sales of non-U.S. property and casualty businesses, fully monetizing the value of AIG's tax attributes through such sales is unlikely. Such transactions would need to (i) comply with any applicable regulatory constraints, (ii) avoid triggering additional foreign tax and / or bringing up additional current FTCs and (iii) be done with buyers who will pay for the use of tax attributes that would otherwise be used against income (absent a separation).

C. <u>Electing to Deduct Certain Foreign Taxes Rather Than to Credit Them in Case of a Separation of the L&R Companies from AIG</u>

As noted above, upon a separation of the L&R companies from AIG, AIG would likely lose the ability to utilize most, if not all, FTC carryovers remaining after the separation. In order to attempt to mitigate this effect, AIG could elect to deduct its foreign taxes rather than credit them for any open tax years.[19]

19 *See* Section 901(a) and Treas. Regs. Section 1.901-1(d) (permitting a taxpayer to choose or change whether to credit or deduct foreign taxes paid at any time before six months after the expiration of the period to which the taxpayer and the IRS agreed pursuant to Section 6511(c) and Section 6501(c)(4)). We understand from you that the statutes of limitations with respect to all the relevant years have been extended by agreement with the IRS with respect to all relevant matters. As a mechanical matter, changing the election in any particular tax year would require filing an amended tax return for that year.

If, for a particular taxable year, AIG were to retroactively elect to deduct foreign taxes paid rather than to credit them, AIG would not be permitted to utilize any credits for taxes paid or deemed paid for that year or apply any FTC carryovers to that year.[20] Thus, for any taxable year, it would be prudent for AIG to elect to deduct foreign taxes paid rather than credit them only if AIG would not otherwise benefit from utilizing credits attributable to such foreign taxes and/or FTC carryovers during such year to shelter at least 35% of life taxable income for such year (since the value of a deduction equals 35% of the value of a credit).

Based upon your review of the relevant open tax years, you have determined that it would not be prudent to make this election except for the taxable years 2010 through 2013. If such an election were made with respect to those years, it would affect approximately $3.1 billion in foreign taxes paid. Assuming that the resulting deduction can be fully utilized, this election would reduce the DTA attributable to the foreign taxes (that are chosen to be deducted rather than credited) by 65%. As a result, the current $5.3 billion DTA attributable to FTC carryovers would become a DTA of approximately $3.28 billion, of which $2.2 billion would be attributable to FTC carryovers and $1.08 would be attributable to NOL carryovers. However, because, as

20 Sections 275(a)(4), 904(c).

described above, the majority of the remaining FTCs would likely expire unutilized upon a separation of the L&R companies from AIG, a valuation allowance would likely have to be taken against the $2.2 billion of the DTA attributable to FTC carryovers, resulting in a reduction of the DTA from $5.2 billion to $1.08 billion (rather than to zero in the absence of the election to deduct foreign taxes paid in the years 2010 to 2013).

There are two attendant effects if this election were made. First, you have informed us that the period during which AIG anticipates utilizing its NOL carryovers would be expected to be extended by approximately three years in case a deduction election were made in connection with a separation transaction (which increases the risk of their expiration prior to their utilization). Second, cash tax may need to be paid in some of those years, and interest on such tax would also need to be paid (given that only 35% of the life income for such years could be offset by NOLs and NOL carryovers), although the amount of such tax would likely be small given the previous usage of FTCs and FTC carryovers in those years.

D. Additional Tax Planning Strategies

Additional tax planning strategies could be implemented by AIG and/or the distributed entity, similar to those described in part II.C above, to accelerate further income and increase the amount of foreign-source income, but based on current projections and the strategies that are currently under consideration, it appears unlikely that such an approach would significantly mitigate the negative impact resulting from the separation described in part III or could materially alter the analysis of strategies described in this part IV. Most of the strategies require significant time to implement, their volume cannot be increased without limitation, and they depend upon the availability of foreign-source income to be effective. Thus, even if implementation of the strategies involving the acceleration of income in the life companies could be compressed into 2016 and 2017, that strategy would likely cause the foreign source income limitation on the use of FTC carryovers to become effective, and utilization of FTC carryovers would continue to be restricted.

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E.D.J.
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