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): June 2, 2020

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 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value $2.50 Per Share	AIG	New York Stock Exchange
Warrants (expiring January 19, 2021)	AIG WS	New York Stock Exchange
5.75% Series A-2 Junior Subordinated Debentures	AIG 67BP	New York Stock Exchange
4.875% Series A-3 Junior Subordinated Debentures	AIG 67EU	New York Stock Exchange
Stock Purchase Rights		New York Stock Exchange
Depositary Shares Each Representing a 1/1,000th Interest in a Share of Series A 5.85% Non-Cumulative Perpetual Preferred Stock	AIG PRA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Section 2 — Financial Information

Item 2.01. Completion of Acquisition or Disposition of Assets.

On June 2, 2020, American International Group, Inc. (“AIG”) completed the sale of a majority of the interests in Fortitude Group Holdings, LLC (“Fortitude Holdings”) to Carlyle FRL, L.P. (“Carlyle FRL”), an investment fund advised by an affiliate of The Carlyle Group Inc. (“Carlyle”), and T&D United Capital Co., Ltd. (“T&D”), a subsidiary of T&D Holdings, Inc., under the terms of a membership interest purchase agreement (the “Membership Interest Purchase Agreement”) entered into on November 25, 2019 by and among AIG, Fortitude Holdings, Carlyle FRL, Carlyle, T&D and T&D Holdings, Inc. (the “Majority Interest Fortitude Sale”). AIG established Fortitude Reinsurance Company Ltd. (“Fortitude Re”), a wholly owned subsidiary of Fortitude Holdings, in 2018 in connection with a series of affiliated reinsurance transactions related to AIG’s Legacy Portfolio. As of March 31, 2020, these reinsurance transactions included the cession of approximately $30 billion of reserves from AIG’s Legacy Life and Retirement Run-Off Lines and approximately $4 billion of reserves from AIG’s Legacy General Insurance Run-Off Lines, related to business written by multiple wholly-owned AIG subsidiaries. As of closing of the Majority Interest Fortitude Sale, these reinsurance transactions are no longer considered affiliated transactions and Fortitude Re is the reinsurer of the majority of AIG’s Legacy Portfolio. As these reinsurance transactions are structured as modified coinsurance and loss portfolio transfers with funds withheld, following the closing of the Majority Interest Fortitude Sale, AIG will continue to reflect the invested assets, which consist mostly of available for sale securities, supporting Fortitude Re’s obligations, in AIG’s financial statements.

AIG sold a 19.9 percent ownership interest in Fortitude Holdings to TC Group Cayman Investments Holdings, L.P. (“TCG”), an affiliate of Carlyle, in November 2018 (the “2018 Fortitude Sale”). As a result of completion of the Majority Interest Fortitude Sale, Carlyle FRL purchased from AIG a 51.6 percent ownership interest in Fortitude Holdings and T&D purchased from AIG a 25 percent ownership interest in Fortitude Holdings; AIG retained a 3.5 percent ownership interest in Fortitude Holdings and one seat on its Board of Managers. The approximately $2.2 billion of proceeds received by AIG at closing include (i) the approximately $1.8 billion under the Majority Interest Fortitude Sale, which is subject to a post-closing purchase price adjustment pursuant to which AIG will pay Fortitude Re for certain adverse development in property casualty related reserves, based on an agreed methodology, that may occur on or prior to December 31, 2023, up to a maximum payment of $500 million; and (ii) a $383 million purchase price adjustment from Carlyle FRL and T&D, corresponding to their respective portions of a proposed $500 million non-pro rata distribution from Fortitude Holdings that was not received by AIG prior to the closing.

In connection with the Majority Interest Fortitude Sale, AIG, Fortitude Holdings, and TCG have agreed that, effective as of the closing, (i) AIG's investment commitment targets under the 2018 Fortitude Sale (whereby AIG had agreed to invest certain amounts into various Carlyle strategies and to make certain minimum investment management fee payments by November 2021) have been assumed by Fortitude Holdings and AIG has been released therefrom, (ii) the purchase price adjustment that AIG had agreed to provide TCG in the 2018 Fortitude Sale (whereby AIG had agreed to reimburse TCG for adverse development in property casualty related reserves, based on an agreed methodology, that may occur on or prior to December 31, 2023, up to the value of TCG's investment in Fortitude Holdings) has been terminated, and (iii) TCG remains obligated to pay AIG $115 million of deferred consideration upon settlement of the post-closing purchase price adjustment referred to above. This latter amount is composed of $95 million of deferred consideration contemplated as part of the 2018 Fortitude Sale, together with $19.9 million in respect of TCG's 19.9 percent share of the unpaid portion of the $500 million non-pro rata dividend to be paid to AIG under the 2018 Fortitude Sale (TCG paid $79.6 million to AIG on May 26, 2020). In addition, the 2018 Capital Maintenance Agreement between AIG and Fortitude Re and the letters of credit issued in support of Fortitude Re and subject to reimbursement by AIG in the event of a drawdown were terminated as of the closing of the Majority Interest Fortitude Sale. Upon closing of the Majority Interest Fortitude Sale, AIG entered into a transition services agreement with Fortitude Holdings for the provision of transition services for a period after closing, and letter of credit agreements with certain financial institutions, which issued letters of credit in support of certain General Insurance subsidiaries that have reinsurance agreements in place with Fortitude Re in the amount of $600 million. These letters of credit are subject to reimbursement by AIG in the event of a drawdown by these insurance subsidiaries.

AIG previously disclosed that it expected to contribute approximately $1.45 billion of the proceeds of the Majority Interest Fortitude Sale to certain of its insurance company subsidiaries for a period of time following the closing of the transaction. Following closing, AIG will contribute $700 million of the proceeds of the Majority Interest Fortitude Sale to certain of its General Insurance subsidiaries and $135 million of the proceeds of the Majority Interest Fortitude Sale to certain of its Life and Retirement subsidiaries. AIG retained $615 million of the proceeds it had previously expected to contribute to certain of its Life and Retirement subsidiaries; as a result of the lower contribution, AIG expects to receive reduced dividend distributions from such Life and Retirement subsidiaries in 2020 compared to its original plan.

The foregoing description of the Majority Interest Fortitude Sale does not purport to be complete and is qualified in its entirety by reference to the full text of the Membership Interest Purchase Agreement, which is filed as Exhibit 2.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Section 8 – Other Events

Item 8.01 Other Events.

On June 2, 2020, AIG, Carlyle and T&D issued a joint press release announcing the completion of the Majority Interest Fortitude Sale. A copy of that press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(b) Pro forma financial information

The unaudited pro forma condensed consolidated financial statements related to the Majority Interest Fortitude Sale are attached as Exhibit 99.2.

(d) Exhibits

2.1	Membership Interest Purchase Agreement, by and among American International Group, Inc., Fortitude Group Holdings, LLC, Carlyle FRL, L.P., Carlyle Group Inc., T&D United Capital Co., Ltd. and T&D Holdings, Inc., dated as of November 25, 2019, incorporated by reference to Exhibit 2.1 to AIG's Current Report on Form 8-K filed with the SEC on November 25, 2019.
99.1	Press release issued by American International Group, Inc., The Carlyle Group Inc. and T&D Holdings, Inc., dated June 2, 2020.
99.2	American International Group, Inc. unaudited pro forma condensed consolidated balance sheet as of March 31, 2020 and unaudited pro forma condensed consolidated statement of income for the three months ended March 31, 2020 and for the year ended December 31, 2019, together with notes to the unaudited pro forma condensed consolidated financial statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

EXHIBIT INDEX

Exhibit No.	Description
2.1	Membership Interest Purchase Agreement, by and among American International Group, Inc., Fortitude Group Holdings, LLC, Carlyle FRL, L.P., Carlyle Group Inc., T&D United Capital Co., Ltd. and T&D Holdings, Inc., dated as of November 25, 2019, incorporated by reference to Exhibit 2.1 to AIG's Current Report on Form 8-K filed with the SEC on November 25, 2019.
99.1	Press release issued by American International Group, Inc., The Carlyle Group Inc. and T&D Holdings, Inc., dated June 2, 2020.
99.2	American International Group, Inc. unaudited pro forma condensed consolidated balance sheet as of March 31, 2020 and unaudited pro forma condensed consolidated statement of income for the three months ended March 31, 2020 and for the year ended December 31, 2019, together with notes to the unaudited pro forma condensed consolidated financial statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: June 3, 2020	By:	/s/ Kristen W. Prohl
	Name:	Kristen W. Prohl
	Title:	Assistant Secretary

Exhibit 99.1

Contacts:

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T&D
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The Carlyle Group and T&D Holdings Complete Acquisition of Majority Interest in Fortitude Group Holdings from AIG

Fortitude Group Holdings launches as an independent provider of run-off management solutions, backed by a long-term shareholder base and strong capital position

NEW YORK, June 2, 2020 and TOKYO, June 3, 2020 -- The Carlyle Group (NASDAQ: CG) and T&D Holdings (TYO: 8795) announced today that they have completed their acquisition of a 76.6% interest in Fortitude Group Holdings, whose group companies include Fortitude Re, from American International Group, Inc. (NYSE: AIG). The transaction, which was first announced in November 2019, closed following receipt of required regulatory approvals and customary closing conditions. At closing, AIG received approximately $2.2 billion in sale proceeds, including the purchase price of $1.8 billion along with additional consideration paid in accordance with the terms of the purchase agreement.

Fortitude Re is the reinsurer of approximately $30 billion of reserves from AIG's Legacy Life and Retirement Run-Off Lines and approximately $4 billion of reserves from AIG's Legacy General Insurance Run-Off Lines related to business written by multiple wholly-owned AIG subsidiaries.

Brian Duperreault, AIG's Chief Executive Officer, said, "Closing this transaction marks the completion of a significant milestone in AIG's strategy to efficiently manage our legacy liabilities while strengthening our balance sheet and upholding our commitments to regulators and policyholders. Fortitude Re will continue to be an important partner for AIG, and I would like to thank colleagues across AIG and everyone who has worked diligently towards today's announcement."

Kewsong Lee, Carlyle's Co-Chief Executive Officer, said, "Our partnership with Fortitude Re represents an important strategic investment that is focused on growing the platform to bring innovative solutions to the insurance industry. Fortitude Re has performed remarkably well in the current environment thanks to its robust risk management, and we believe it is well-positioned to deliver sustainable growth and profitability. We thank AIG and T&D for their continued partnership and look forward to working together to drive value for all of Fortitude Re's stakeholders."

Hirohisa Uehara, T&D's Representative Director and President, said, "Despite increasing uncertainty due to the COVID-19 outbreak around the globe, the successful completion of this transaction is significantly meaningful for T&D and a strategically important step towards continued growth of Fortitude Re and our future business collaboration. T&D will focus on supporting Fortitude Re by contributing our expertise in life insurance business in Japan to create synergies with our domestic life insurance business as well as to diversify our business portfolio. We look forward to working together with Fortitude Re, AIG and Carlyle in the closed block business."

Ownership interest in Fortitude Re post-closing remains as outlined in the transaction announcement: Carlyle and a newly created Carlyle-managed fund hold 71.5 percent, which includes the 19.9 percent stake acquired by Carlyle in November 2018, T&D holds 25 percent and AIG holds 3.5 percent.

Additional information about Fortitude Re is available on its website at https://www.fortitude-re.com/.

Additional information from AIG regarding the closing of the transaction will be available in the Investors section of AIG's website, https://www.aig.com.

Additional information about T&D's minority investment will be available in disclosures T&D will file today with the Tokyo Stock Exchange, which will also be posted on the "News Releases" page of its website: https://www.td-holdings.co.jp/en/news/.

About AIG

American International Group, Inc. (AIG) is a leading global insurance organization. AIG member companies provide a wide range of property casualty insurance, life insurance, retirement solutions, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange. Additional information about AIG can be found at www.aig.com. References to additional information about AIG have been provided as a convenience, and the information contained on such website is not incorporated by reference into this press release.

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global investment firm with deep industry expertise that deploys private capital across four business segments: Corporate Private Equity, Real Assets, Global Credit and Investment Solutions. With $217 billion of assets under management as of March 31, 2020, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. The Carlyle Group employs more than 1,775 people in 32 offices across six continents. Further information is available at www.carlyle.com. Follow The Carlyle Group on Twitter @OneCarlyle.

About T&D Holdings

T&D Holdings, Inc. (T&D) is a publicly listed insurance holdings company of T&D Insurance Group, which is comprised of three core life insurers, Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company. Its headquarters is located in Tokyo, Japan. As of March 31, 2020, total assets of T&D were JPY 16,520 billion. Daido Life has had a long-term business partnership with AIG in Japan since 1971. In June 2019, T&D established a wholly owned investment subsidiary, T&D United Capital Co., Ltd. which is the entity that has acquired a 25 percent ownership interest in Fortitude Group Holdings directly, with an aim of accelerating the strategic initiatives of T&D.

AIG Forward-Looking Statements

Certain statements in this press release may include projections, goals, assumptions and statements that may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and AIG may make related oral forward-looking statements on or following the date hereof. These projections, goals, assumptions and statements are not historical facts but instead represent only AIG's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG's control. These projections, goals, assumptions and statements include statements preceded by, followed by or including words such as "will," "believe," "anticipate," "expect," "intend," "plan," "focused on achieving," "view," "target," "goal," or "estimate." 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.

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.

The Carlyle Group Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, contingencies, our dividend policy, our expectations regarding the impact of COVID-19, and other non-historical statements. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 12, 2020, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

This release does not constitute an offer for any Carlyle fund.

T&D Holdings Forward-Looking Statements

Statements in this press release that relate to future results and events are forward-looking statements based on T&D's current expectations. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Actual events may differ materially from those indicated by such forward-looking statements. In addition, the forward-looking statements represent T&D's views as of the date on which such statements were made. Subsequent events and developments could cause T&D's views to change. Although T&D may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing T&D's views as of any date subsequent to the date hereof.

American International Group, Inc.
Unaudited Pro Forma Condensed Consolidated Financial Statements

On June 2, 2020, American International Group, Inc. (“AIG”) completed the sale of a majority of the interests in Fortitude Group Holdings, LLC (“Fortitude Holdings”) to Carlyle FRL, L.P. (“Carlyle FRL”), an investment fund advised by an affiliate of The Carlyle Group Inc. (“Carlyle”), and T&D United Capital Co., Ltd. (“T&D”), a subsidiary of T&D Holdings, Inc., under the terms of a membership interest purchase agreement (the “Membership Interest Purchase Agreement”) entered into on November 25, 2019 by and among AIG, Fortitude Holdings, Carlyle FRL, Carlyle, T&D and T&D Holdings, Inc. (the “Majority Interest Fortitude Sale”). AIG established Fortitude Reinsurance Company Ltd. (“Fortitude Re”), a wholly owned subsidiary of Fortitude Holdings, in 2018 in connection with a series of affiliated reinsurance transactions related to AIG’s Legacy Portfolio. As of March 31, 2020, these reinsurance transactions included the cession of approximately $30 billion of reserves from AIG’s Legacy Life and Retirement Run-Off Lines and approximately $4 billion of reserves from AIG’s Legacy General Insurance Run-Off Lines, related to business written by multiple wholly-owned AIG subsidiaries. As of closing of the Majority Interest Fortitude Sale, these reinsurance transactions are no longer considered affiliated transactions and Fortitude Re is the reinsurer of the majority of AIG’s Legacy Portfolio. As these reinsurance transactions are structured as modified coinsurance and loss portfolio transfers with funds withheld, following the closing of the Majority Interest Fortitude Sale, AIG will continue to reflect the invested assets, which consist mostly of available for sale securities, supporting Fortitude Re’s obligations, in AIG’s financial statements.

AIG sold a 19.9 percent ownership interest in Fortitude Holdings to TC Group Cayman Investments Holdings, L.P. (“TCG”), an affiliate of Carlyle, in November 2018 (the “2018 Fortitude Sale”). As a result of completion of the Majority Interest Fortitude Sale, Carlyle FRL purchased from AIG a 51.6 percent ownership interest in Fortitude Holdings and T&D purchased from AIG a 25 percent ownership interest in Fortitude Holdings; AIG retained a 3.5 percent ownership interest in Fortitude Holdings and one seat on its Board of Managers. The approximately $2.2 billion of proceeds received by AIG at closing include (i) the approximately $1.8 billion under the Majority Interest Fortitude Sale, which is subject to a post-closing purchase price adjustment pursuant to which AIG will pay Fortitude Re for certain adverse development in property casualty related reserves, based on an agreed methodology, that may occur on or prior to December 31, 2023, up to a maximum payment of $500 million; and (ii) a $383 million purchase price adjustment from Carlyle FRL and T&D, corresponding to their respective portions of a proposed $500 million non-pro rata distribution from Fortitude Holdings that was not received by AIG prior to the closing.

In connection with the Majority Interest Fortitude Sale, AIG, Fortitude Holdings, and TCG have agreed that, effective as of the closing, (i) AIG’s investment commitment targets under the 2018 Fortitude Sale (whereby AIG had agreed to invest certain amounts into various Carlyle strategies and to make certain minimum investment management fee payments by November 2021) have been assumed by Fortitude Holdings and AIG has been released therefrom, (ii) the purchase price adjustment that AIG had agreed to provide TCG in the 2018 Fortitude Sale (whereby AIG had agreed to reimburse TCG for adverse development in property casualty related reserves, based on an agreed methodology, that may occur on or prior to December 31, 2023, up to the value of TCG’s investment in Fortitude Holdings) has been terminated, and (iii) TCG remains obligated to pay AIG $115 million of deferred consideration upon settlement of the post-closing purchase price adjustment referred to above. This latter amount is composed of $95 million of deferred consideration contemplated as part of the 2018 Fortitude Sale, together with $19.9 million in respect of TCG’s 19.9 percent share of the unpaid portion of the $500 million non-pro rata dividend to be paid to AIG under the 2018 Fortitude Sale (TCG paid $79.6 million to AIG on May 26, 2020). In addition, the 2018 Capital Maintenance Agreement between AIG and Fortitude Re and the letters of credit issued in support of Fortitude Re and subject to reimbursement by AIG in the event of a drawdown were terminated as of the closing of the Majority Interest Fortitude Sale. Upon closing of the Majority Interest Fortitude Sale, AIG entered into a transition services agreement with Fortitude Holdings for the provision of transition services for a period after closing, and letter of credit agreements with certain financial institutions, which issued letters of credit in support of certain General Insurance subsidiaries that have reinsurance agreements in place with Fortitude Re in the amount of $600 million. These letters of credit are subject to reimbursement by AIG in the event of a drawdown by these insurance subsidiaries.

The following unaudited pro forma condensed consolidated financial statements and accompanying notes present the impact of the events directly attributable to the Majority Interest Fortitude Sale on the historical condensed consolidated financial statements of AIG.

The unaudited pro forma condensed consolidated financial statements include historical unaudited amounts as of and for the three months ended March 31, 2020 and information derived from the audited amounts for the year ended December 31, 2019.

The unaudited pro forma condensed consolidated financial statements give effect to the Majority Interest Fortitude Sale as if it had occurred on (i) March 31, 2020 for purposes of the unaudited pro forma condensed consolidated balance sheet and (ii) January 1, 2019 for purposes of the unaudited condensed consolidated statements of income for the three months ended March 31, 2020 and for the year ended December 31, 2019. The historical financial information has been adjusted in the unaudited pro forma condensed consolidated financial statements to give pro forma effect to events that are directly attributable to the Majority Interest Fortitude Sale, which includes adjusting the pro forma financial information for items related to the 2018 Fortitude Sale which will also be impacted by the Majority Interest Sale, and that are factually supportable and are expected to have a continuing impact on AIG’s financial statements. Actual results may differ from pro forma adjustments.

At March 31, 2020, the pro forma financial statements reflect a total after-tax decrease to total AIG shareholders' equity of $3.9 billion which includes AIG's recognition of the loss related to the prepaid insurance assets and deferred acquisition costs recorded by the ceding subsidiaries associated with the affiliated reinsurance transactions executed with Fortitude Re. The $3.9 billion reduction to AIG shareholders' equity is comprised of a $5.2 billion after-tax loss recorded in retained earnings which is offset in part by a $1.3 billion increase in accumulated other comprehensive income. The $5.2 billion after-tax loss is comprised of (i) a $2.7 billion (after-tax) loss related to the write-off of $2.3 billion (after-tax) of prepaid insurance assets and $0.4 billion (after-tax) of deferred acquisition costs and (ii) $2.5 billion (after-tax) loss related to the incremental loss on the Majority Interest Fortitude Sale. The $1.3 billion (after-tax) increase in accumulated other comprehensive income is due to the release of shadow adjustments primarily related to future policy benefits concurrent with the closing of the Majority Interest Fortitude Sale. As a result of significant unrealized appreciation of investments in a sustained low interest rate environment coupled with widening corporate credit spreads AIG recorded shadow adjustments which reflected the change in future policy benefit liabilities with an offset to other comprehensive income.

The total after-tax pro forma loss of $3.9 billion is based upon market conditions that existed as of March 31, 2020 and other assumptions stated in these unaudited pro forma condensed consolidated financial statements, and accordingly, the amount of such loss and changes recorded in AIG's second quarter financial statements will differ from the amounts presented herein.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the accompanying notes. The unaudited pro forma condensed consolidated financial statements were derived in part from, and should be read in conjunction with, the historical unaudited interim condensed consolidated financial statements of AIG included in AIG's Quarterly Report on Form10-Q for the three months ended March 31, 2020 and the historical audited consolidated financial statements of AIG included in AIG's Annual Report on Form 10-K for the year ended December 31, 2019.

The unaudited pro forma condensed consolidated financial statements (i) are presented based on information currently available, (ii) are intended for informational purposes only, and (iii) are not intended to reflect the results of operations or the financial position of the AIG that would have resulted had the Majority Interest Fortitude Sale been effective as of and during the periods presented or the results that may be obtained by AIG in the future. The unaudited pro forma condensed consolidated financial statements as of and for the periods presented do not reflect future events that are not directly attributable to the Majority Interest Fortitude Sale and that may occur after the Majority Interest Fortitude Sale. Future results may vary significantly from the results reflected in the unaudited pro forma condensed consolidated financial statements.

American International Group, Inc.
Pro Forma Condensed Consolidated Balance Sheet *(unaudited)*

(in millions, except for share data)	March 31, 2020 (As Reported)	Pro Forma Adjustments	Notes	**March 31, 2020 (As Adjusted)**
Assets:				
Investments:				
Fixed maturity securities:				
Bonds available for sale, at fair value	$ 241,776	$ -		**$ 241,776**
Other bond securities, at fair value	5,353	-		**5,353**
Equity securities, at fair value	624	-		**624**
Mortgage and other loans receivable	46,844	-		**46,844**
Other invested assets	17,966	100	(1)	**18,066**
Short-term investments, including restricted cash of $324	19,773	-		**19,773**
Total investments	332,336	100		**332,436**
Cash	2,738	1,698	(2)	**4,436**
Accrued investment income	2,312	-		**2,312**
Premiums and other receivables, net of allowance for credit losses and disputes	12,072	-		**12,072**
Reinsurance assets, net of allowance for credit losses and disputes	39,927	34,125	(3)	**74,052**
Deferred income taxes	13,975	698	(4)	**14,673**
Deferred policy acquisition costs	11,889	(454)	(5)	**11,435**
Other assets, net of allowance for credit losses, including restricted cash of $257	16,392	(2,527)	(6)	**13,865**
Separate account assets, at fair value	78,836	-		**78,836**
Total assets	$ 510,477	$ 33,640		**$ 544,117**
Liabilities:				
Liability for unpaid losses and loss adjustment expenses, net of allowance for credit losses	$ 77,747	$ -		**$ 77,747**
Unearned premiums	20,128	-		**20,128**
Future policy benefits for life and accident and health insurance contracts	49,803	(884)	(5)	**48,919**
Policyholder contract deposits	154,067	-		**154,067**
Other policyholder funds	3,460	-		**3,460**
Other liabilities	29,183	39,473	(6)(7)	**68,656**
Long-term debt	25,268	-		**25,268**
Debt of consolidated investment entities	10,142	-		**10,142**
Separate account liabilities	78,836	-		**78,836**
Total liabilities	448,634	38,589		**487,223**
Contingencies, commitments and guarantees				
AIG shareholders' equity:				
Series A Non-cumulative preferred stock and additional paid in capital, $5.00 par value; 100,000,000 shares authorized; shares issued: 2020 - 20,000; liquidation preference $500	485	-		**485**
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued: 2020 - 1,906,671,492	4,766	-		**4,766**
Treasury stock, at cost; 2020 - 1,045,380,884 shares of common stock	(49,334)	-		**(49,334)**
Additional paid-in capital	81,188	37	(6)	**81,225**
Retained earnings	24,062	(5,245)	(8)	**18,817**
Accumulated other comprehensive income (loss)	(994)	1,302	(5)(9)	**308**
Total AIG shareholders' equity	60,173	(3,906)		**56,267**
Non-redeemable noncontrolling interests	1,670	(1,043)	(9)	**627**
Total equity	61,843	(4,949)		**56,894**
Total liabilities and equity	$ 510,477	$ 33,640		**$ 544,117**

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

American International Group, Inc.

Pro Forma Condensed Consolidated Statement of Income *(unaudited)*

(dollars in millions, except for common share data)	Three Months Ended March 31, 2020 (As Reported)	Pro Forma Adjustments	Notes	**Three Months Ended March 31, 2020 (As Adjusted)**
Revenues:				
Premiums	$ 7,443	$ (55)	(3)	**$ 7,388**
Policy fees	755	(23)	(3)	**732**
Net investment income	2,508	(35)	(10)	**2,473**
Net realized capital gains (losses)	3,519	245	(7)(10)	**3,764**
Other income	218	-		**218**
Total revenues	14,443	132		**14,575**
Benefits, losses and expenses:				
Policyholder benefits and losses incurred	6,325	(436)	(3)	**5,889**
Interest credited to policyholder account balances	957	(40)	(3)	**917**
Amortization of deferred policy acquisition costs	1,862	(12)	(11)	**1,850**
General operating and other expenses	2,153	(18)	(12)	**2,135**
Interest expense	355	-		**355**
(Gain) loss on extinguishment of debt	17	-		**17**
Net (gain) loss on sale of divested businesses	216	-		**216**
Total benefits, losses and expenses	11,885	(506)		**11,379**
Income from continuing operations before income tax expense	2,558	638		**3,196**
Income tax expense	904	134	(13)	**1,038**
Income from continuing operations	1,654	504		**2,158**
Income (loss) from discontinued operations, net of income taxes	-	-		**-**
Net income	1,654	504		**2,158**
Less:				
Net income (loss) from continuing operations attributable to noncontrolling interests	(95)	113	(14)	**18**
Net income attributable to AIG	1,749	391		**2,140**
Less: Dividends on preferred stock	7	-		**7**
Net income attributable to AIG common shareholders	$ 1,742	$ 391		**$ 2,133**
Income per common share attributable to AIG common shareholders:				
Basic:				
Income from continuing operations	$ 1.99			**$ 2.44**
Income from discontinued operations	$ -			**$ -**
Net income attributable to AIG common shareholders	$ 1.99			**$ 2.44**
Diluted:				
Income from continuing operations	$ 1.98			**$ 2.43**
Income from discontinued operations	$ -			**$ -**
Net income attributable to AIG common shareholders	$ 1.98			**$ 2.43**
Weighted average shares outstanding:				
Basic	874,213,630			**874,213,630**
Diluted	878,866,213			**878,866,213**

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

American International Group, Inc.
Pro Forma Condensed Consolidated Statement of Income *(unaudited)*

(dollars in millions, except for common share data)	Year Ended December 31, 2019 (As Reported)	Pro Forma Adjustments	Notes	**Year Ended December 31, 2019 (As Adjusted)**
Revenues:				
Premiums	$ 30,561	$ (260)	(3)	**$ 30,301**
Policy fees	3,015	(92)	(3)	**2,923**
Net investment income	14,619	(88)	(10)	**14,531**
Net realized capital gains (losses)	632	(5,818)	(7)(10)	**(5,186)**
Other income	919	-		**919**
Total revenues	49,746	(6,258)		**43,488**
Benefits, losses and expenses:				
Policyholder benefits and losses incurred	25,402	(1,792)	(3)	**23,610**
Interest credited to policyholder account balances	3,832	(169)	(3)	**3,663**
Amortization of deferred policy acquisition costs	5,164	(49)	(11)	**5,115**
General operating and other expenses	8,537	(118)	(12)	**8,419**
Interest expense	1,417	-		**1,417**
(Gain) loss on extinguishment of debt	32	-		**32**
Net (gain) loss on sale of divested businesses	75	(98)	(15)	**(23)**
Total benefits, losses and expenses	44,459	(2,226)		**42,233**
Income from continuing operations before income tax expense	5,287	(4,032)		**1,255**
Income tax expense	1,166	(847)	(13)	**319**
Income from continuing operations	4,121	(3,185)		**936**
Income (loss) from discontinued operations, net of income taxes	48	-		**48**
Net income	4,169	(3,185)		**984**
Less:				
Net income (loss) from continuing operations attributable to noncontrolling interests	821	(734)	(14)	**87**
Net income attributable to AIG	3,348	(2,451)		**897**
Less: Dividends on preferred stock	22	-		**22**
Net income attributable to AIG common shareholders	$ 3,326	$ (2,451)		**$ 875**
Income per common share attributable to AIG common shareholders:				
Basic:				
Income from continuing operations	$ 3.74			**$ 0.95**
Income from discontinued operations	$ 0.05			**$ 0.05**
Net income attributable to AIG common shareholders	$ 3.79			**$ 1.00**
Diluted:				
Income from continuing operations	$ 3.69			**$ 0.93**
Income from discontinued operations	$ 0.05			**$ 0.05**
Net income attributable to AIG common shareholders	$ 3.74			**$ 0.98**
Weighted average shares outstanding:				
Basic	876,750,264			**876,750,264**
Diluted	889,511,946			**889,511,946**

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

The following pro forma adjustments have been presented in the unaudited pro forma condensed consolidated financial statements:

(1) Adjustment to reflect the fair value of AIG's 3.5 percent retained interest in Fortitude Holdings at the date of closing of the Majority Interest Fortitude Sale. AIG's investment in Fortitude Holdings will be carried at cost upon deconsolidation.

(2) Adjustment to reflect (i) approximately $1.8 billion of proceeds received by AIG under the Majority Interest Fortitude Sale (ii) a $383 million purchase price adjustment from Carlyle FRL and T&D, corresponding to their respective portions of a proposed $500 million non-pro rata distribution from Fortitude Holdings that was not received by AIG prior to the closing (iii) the receipt on May 26, 2020 of approximately $80 million of deferred compensation from TCG under the terms of the 2018 Fortitude Sale and (iv) a $561 million payment to Fortitude Re to purchase certain investment securities.

(3) Adjustments to reflect reinsurance transactions between AIG and Fortitude Re that were previously eliminated in consolidation, but that have a continuing impact on AIG subsequent to the closing of the Majority Interest Fortitude Sale.

(4) Adjustments to reflect, at the date of closing of the Majority Interest Fortitude Sale, the recognition of net deferred tax assets and liabilities directly attributable to the Majority Interest Fortitude Sale.

(5) Adjustments to reflect, at the date of closing of the Majority Interest Fortitude Sale (i) a write-off of the Deferred policy acquisition costs (DAC) and value of business acquired (VOBA) that were determined to no longer be recoverable and (ii) the $1.3 billion release of shadow adjustments in accumulated other comprehensive income primarily related to future policy benefits concurrent with the closing of the Majority Interest Fortitude Sale. As a result of significant unrealized appreciation of investments in a sustained low interest rate environment coupled with widening corporate credit spreads AIG recorded shadow adjustments which reflected the change in future policy benefit liabilities with an offset to other comprehensive income.

(6) Adjustments to reflect, at the date of closing of the Majority Interest Fortitude Sale (i) the removal of approximately $2.5 billion of assets and $14 million of liabilities held for sale, (ii) the reversal of AIG's payable due to TCG related to adverse development in the property and casualty related reserves agreed to as part of the 2018 Fortitude Sale ($37 million) as TCG owns a minority interest in Fortitude Re, the payable to TCG has been reversed through additional paid-in capital, (iii) an approximate $80 million reduction in the receivable from TCG related to the $500 million non-pro rata distributions and (iv) the fair value of certain post closing purchase price adjustment and indemnifications to Fortitude Re ($112 million) recorded in other liabilities.

(7) Adjustment to reflect the establishment of the funds withheld payable of approximately $39.4 billion related to the reinsurance transactions between AIG and Fortitude Re.

These reinsurance transactions between AIG and Fortitude Re were structured as modified coinsurance ("modco") and loss portfolio transfer arrangements with funds withheld ("funds withheld"). In modco and funds withheld arrangements, the investments supporting the reinsurance agreements, and which reflect the consideration that would be paid to the reinsurer for entering into the transaction, are withheld by, and therefore continue to reside on the balance sheet of the ceding company (i.e., AIG) thereby creating an obligation for the ceding company to pay the reinsurer (i.e., Fortitude Re) at a later date. Additionally, as AIG maintains ownership of these investments AIG will maintain its existing accounting for these assets (e.g., the changes in fair value of available for sale securities will be recognized within other comprehensive income). As a result of the deconsolidation, AIG has established a funds withheld payable to Fortitude Re while simultaneously establishing a reinsurance asset representing reserves for the insurance coverage that Fortitude Re has assumed. The funds withheld payable contains an embedded derivative, and therefore, changes in fair value of the embedded derivative related to the funds withheld payable are recognized in earnings through realized capital gains (losses). This embedded derivative is considered a total return swap with contractual returns that are attributable to various assets and liabilities associated with these reinsurance agreements.

There is a diverse pool of assets supporting the modco and funds withheld arrangements. While the majority of these assets are available for sale fixed maturities, the primary remaining asset classes include commercial loans, real estate partnerships, private equity and hedge funds, policy loans and derivatives.

(8) Adjustments to reflect the impact to AIG retained earnings from the pro forma adjustments described herein as well as the loss on the sale of Fortitude Holdings.

At March 31, 2020, the pro forma financial statements reflect a total after-tax decrease to total AIG shareholders' equity of $3.9 billion which includes AIG's recognition of the loss related to the prepaid insurance assets and deferred acquisition costs recorded by the ceding subsidiaries associated with the affiliated reinsurance transactions executed with Fortitude Re. The $3.9 billion reduction to AIG shareholders' equity is comprised of a $5.2 billion after-tax loss recorded in retained earnings which is offset in part by a $1.3 billion increase in accumulated other comprehensive income. The $5.2 billion after-tax loss is comprised of (i) a $2.7 billion (after-tax) loss related to the write-off of $2.3 billion (after-tax) of prepaid insurance assets and $0.4 billion (after-tax) of deferred acquisition costs and (ii) $2.5 billion (after-tax) loss related to the incremental loss on the Majority Interest Fortitude Sale. The $1.3 billion (after-tax) increase in accumulated other comprehensive income is due to the release of shadow adjustments primarily related to future policy benefits concurrent with the closing of the Majority Interest Fortitude Sale. As a result of significant unrealized appreciation of investments in a sustained low interest rate environment coupled with widening corporate credit spreads AIG recorded shadow adjustments which reflected the change in future policy benefit liabilities with an offset to other comprehensive income.

The total after-tax pro forma loss of $3.9 billion is based upon market conditions that existed as of March 31, 2020 and other assumptions stated in these unaudited pro forma condensed consolidated financial statements, and accordingly, the amount of such loss and changes recorded in AIG's second quarter financial statements will differ from the amounts presented herein.

(9) Adjustments to reflect, at the date of closing of the Majority Interest Fortitude Sale (i) the removal of the accumulated other comprehensive income associated with Fortitude Holdings ($44 million) and (ii) the elimination of TCG's noncontrolling interest in Fortitude Holdings ($1.0 billion).

(10) Adjustments to eliminate Net investment income and Net realized capital gains / losses related to invested assets owned by Fortitude Holdings for the three months ended March 31, 2020 and the year ended December 31, 2019. Fortitude Holdings had net realized gains of approximately $0 and $11 million for the three months ended March 31, 2020, and the year ended December 31, 2019, respectively.

(11) Adjustments to eliminate amortization of DAC and Value of Business Acquired that would not have been recognized if the Majority Interest Fortitude Sale occurred on January 1, 2019.

(12) Adjustments to eliminate general operating expenses incurred by Fortitude Holdings.

(13) Adjustments to reflect the income tax impact associated with the pro forma adjustments. Income tax impacts were computed using the federal statutory tax rate of 21 percent.

(14) Adjustments to reflect the elimination of TCG's noncontrolling interest in Fortitude Holdings.

(15) Adjustment to eliminate the held for sale loss accrual on Fortitude Holdings.