

The image shows the AIG logo in white, set within a dark rectangular frame on a building's facade. The background is a blue-tinted photograph of a modern building entrance with glass doors and a revolving door. A person is visible walking through the revolving door on the right side of the frame.

AIG

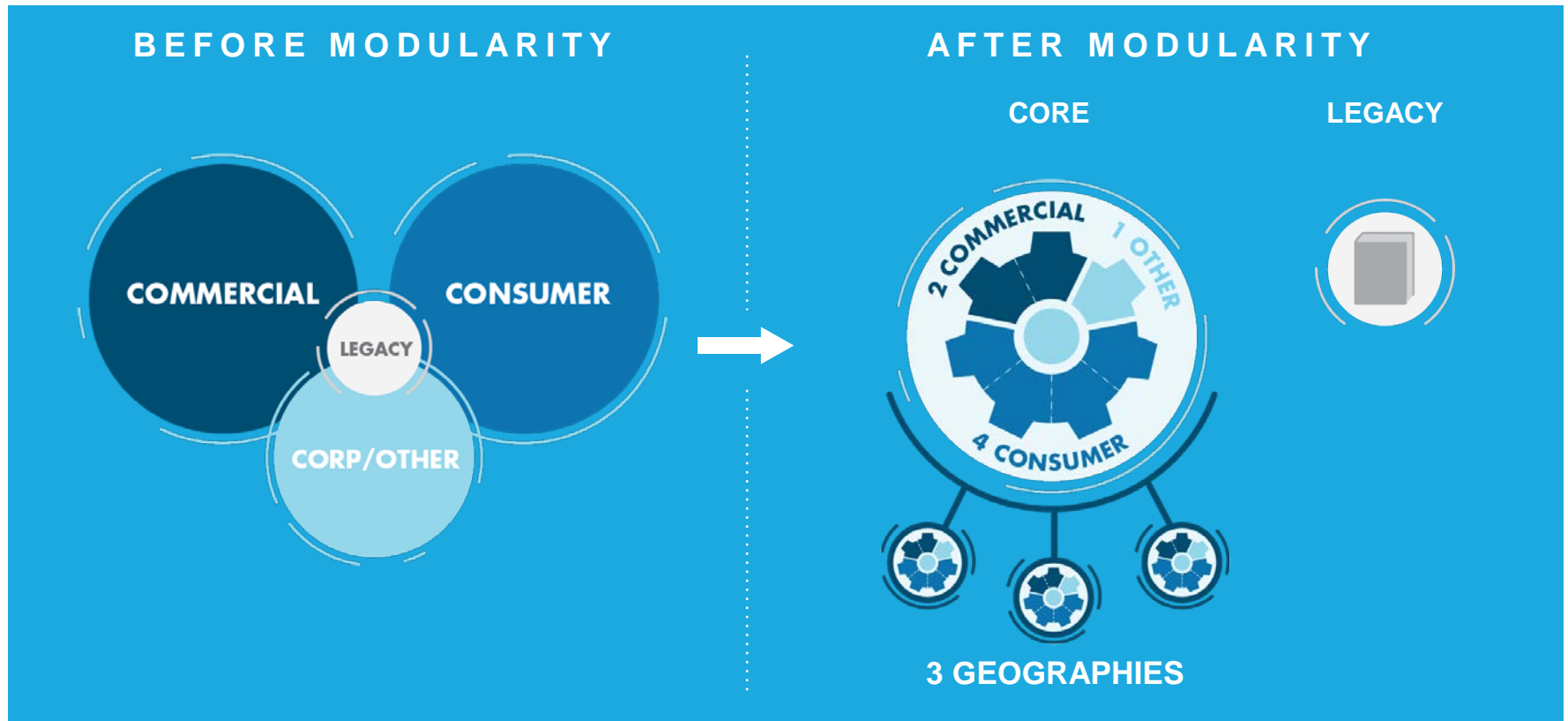


Modularity Overview

February 14, 2017

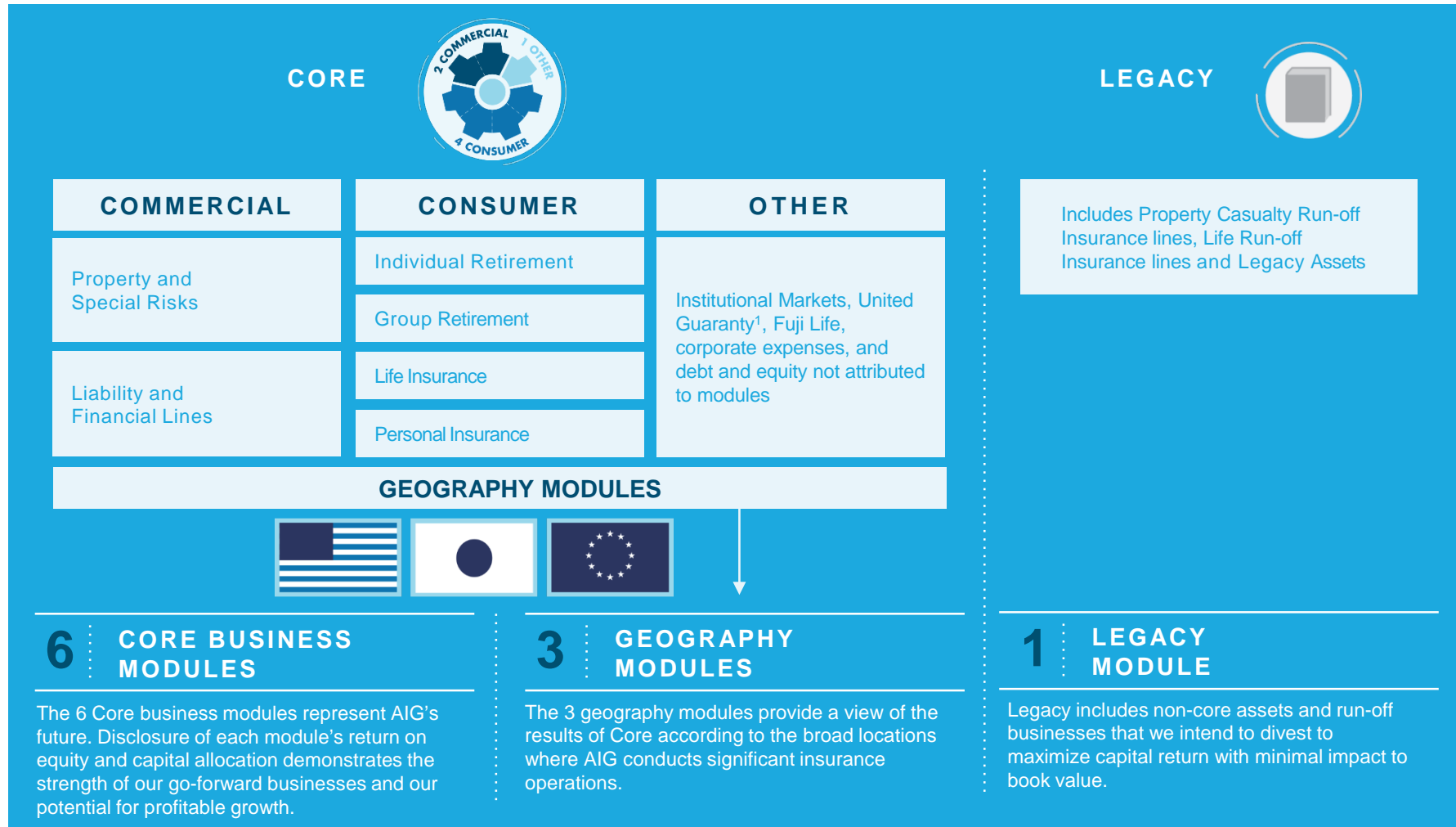
Why Modularity?

Our new modular management framework gives our stakeholders greater **transparency** into our Core businesses, **empowers** our leaders to make decisions for better business performance, and increases **efficiency** so we can focus more on **profitability**.



The Modules

A coherent structure of measurable business modules with the services and capabilities required to most efficiently meet our clients' needs.



(1) United Guaranty included in Other Module for reporting of historical results. AIG successfully completed the sale for United Guaranty to Arch Capital Group Limited on December 31, 2016

The Benefits of Modularity

THREE KEY BENEFITS



1 : GREATER TRANSPARENCY

Granular measurement and financial disclosure highlights specific performance of each module. We can amplify our competitive strengths, and move quickly to address challenges.



2 : MORE EMPOWERED

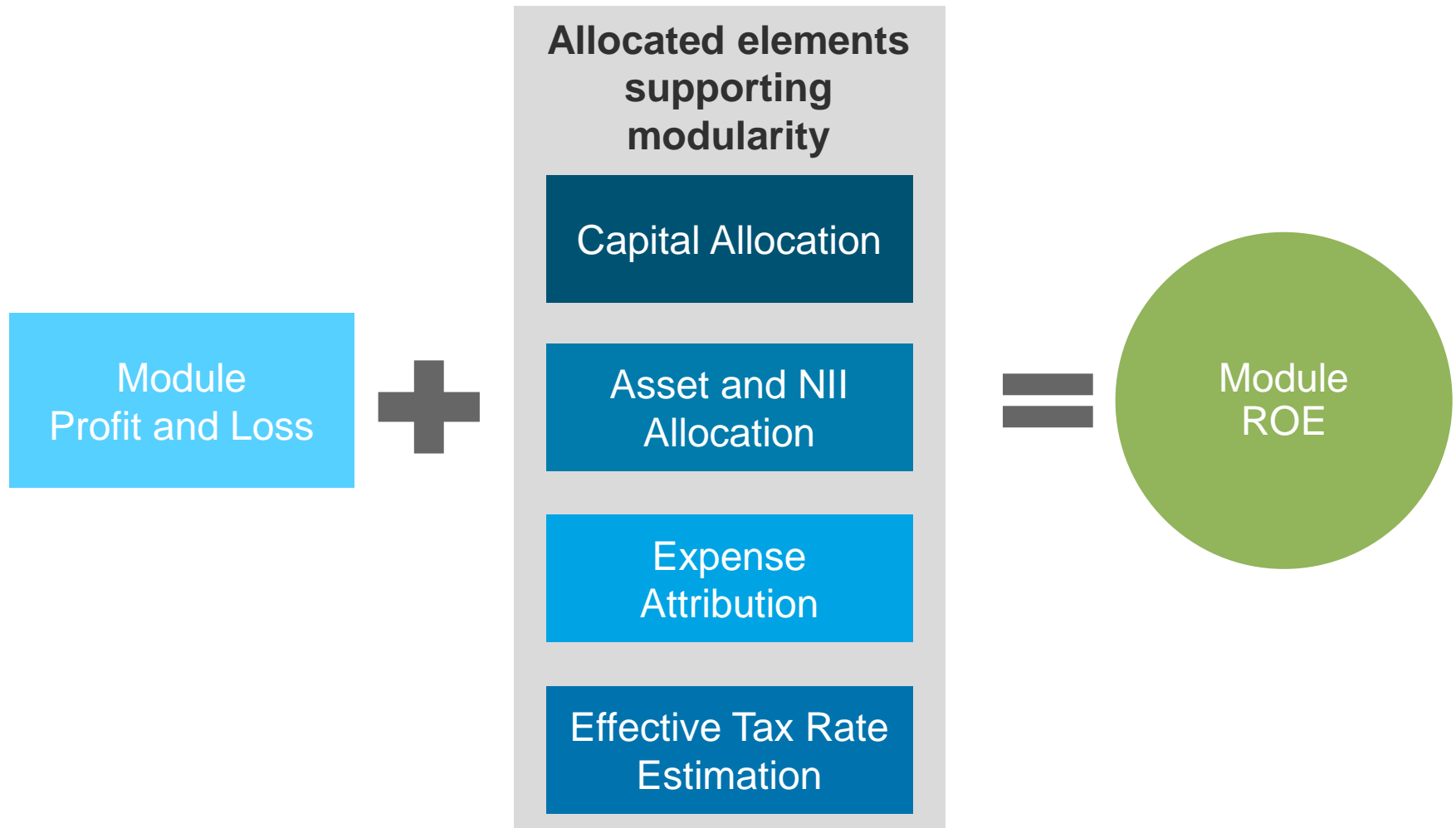
Each module combines the services and capabilities required to efficiently meet our clients' needs, further empowering leaders to make decisions for the future success of the businesses and AIG as a whole.



3 : EFFICIENCY AND PROFITABILITY

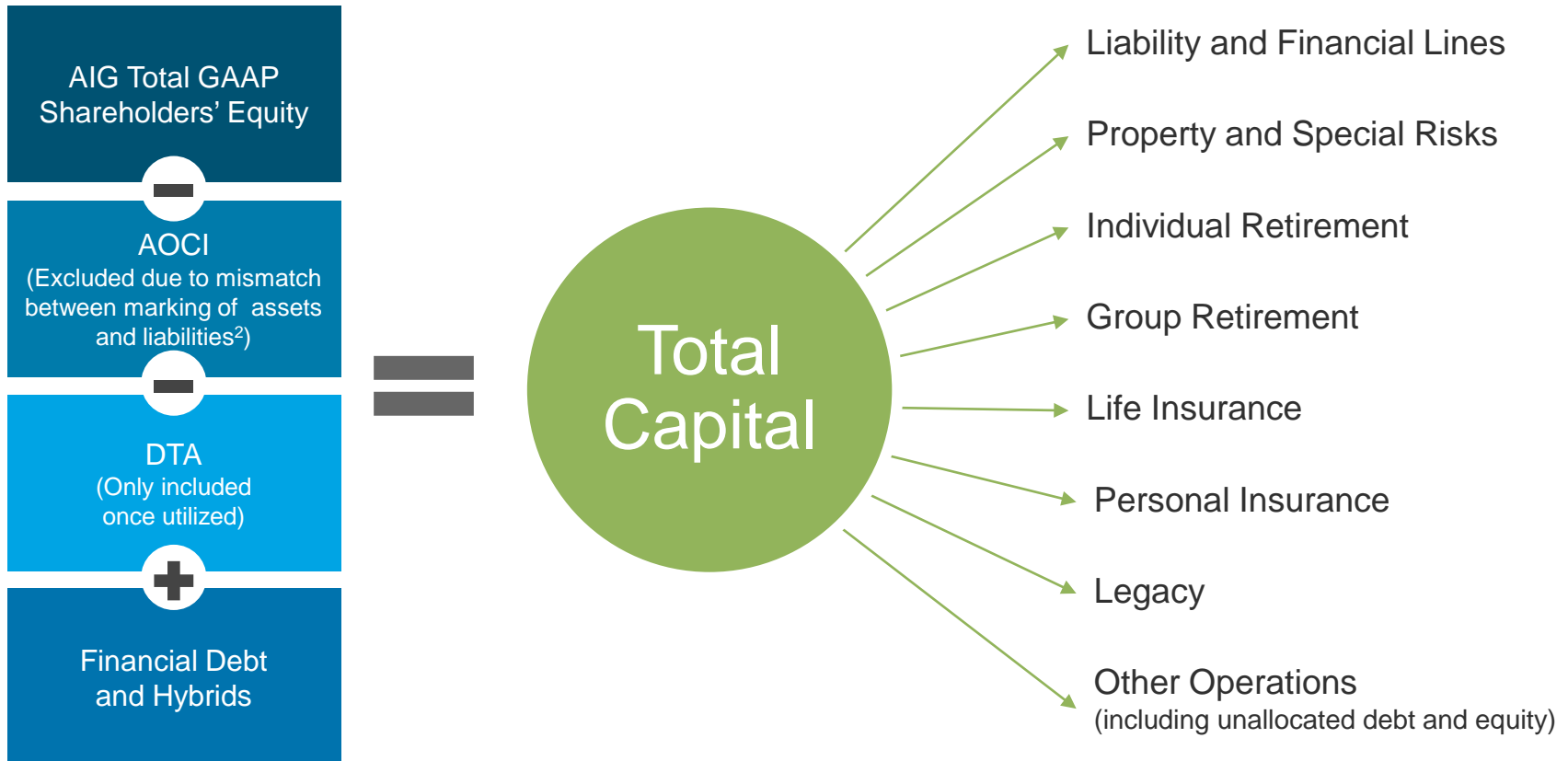
Modularity reduces complexity, eliminates duplication, and promotes greater efficiency so we can focus more on profitability.

Modular financial disclosures enable more granular view of performance



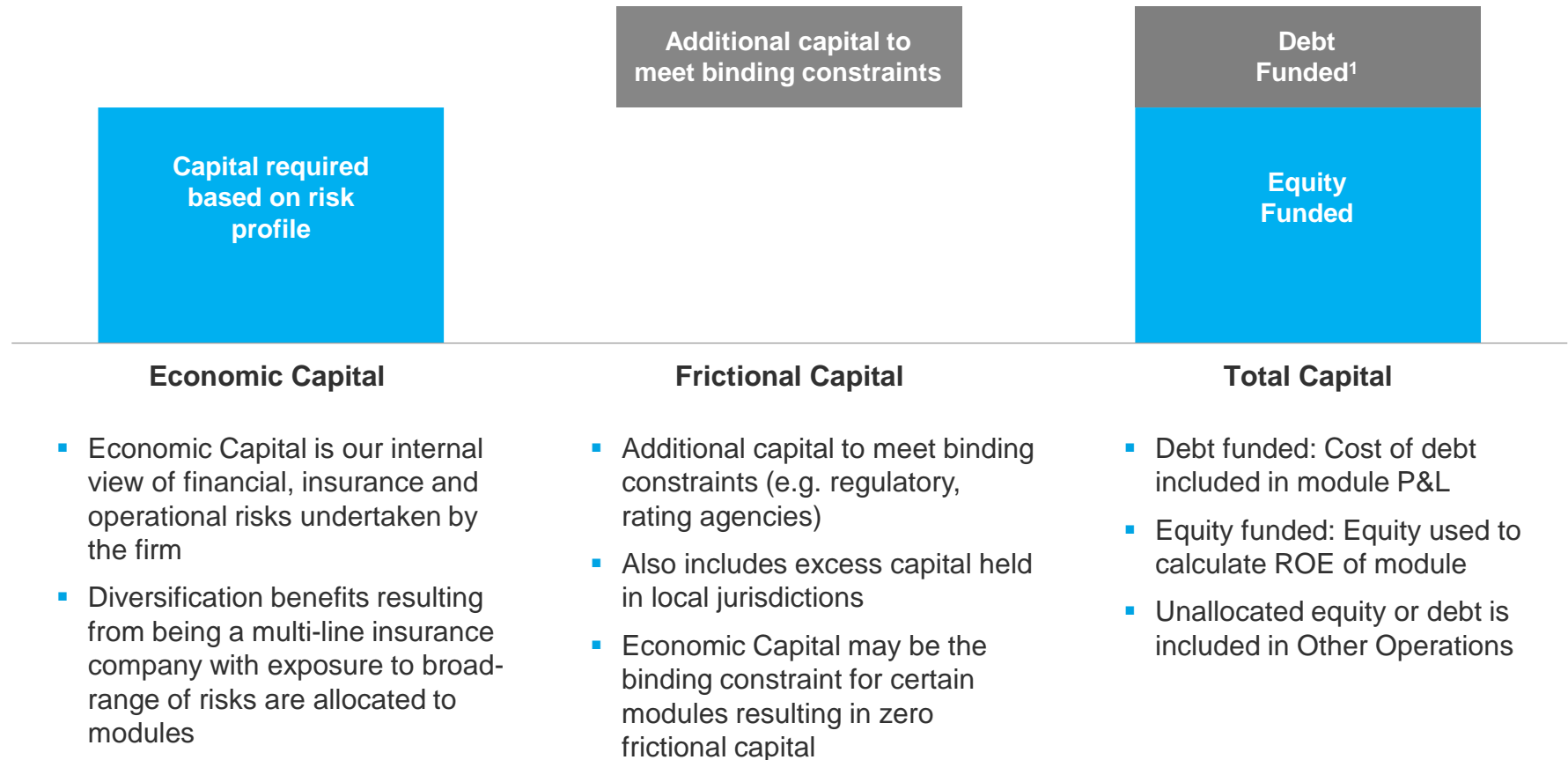
Capital Allocation: Approach

- Allocate equity and debt from AIG's capital structure on an annual basis
- Equity¹ for each module based on its risk profile, measured using AIG's Economic Capital Model
- Diversification benefit allocated to individual modules
- Allocate AIG's total financial debt based on 'frictional' capital representing other capital requirements above economic capital (e.g. regulators, rating agencies)



1) Equity allocated to modules in form of GAAP Shareholders' Equity excluding AOCI and DTA
2) Includes CTA adjustments

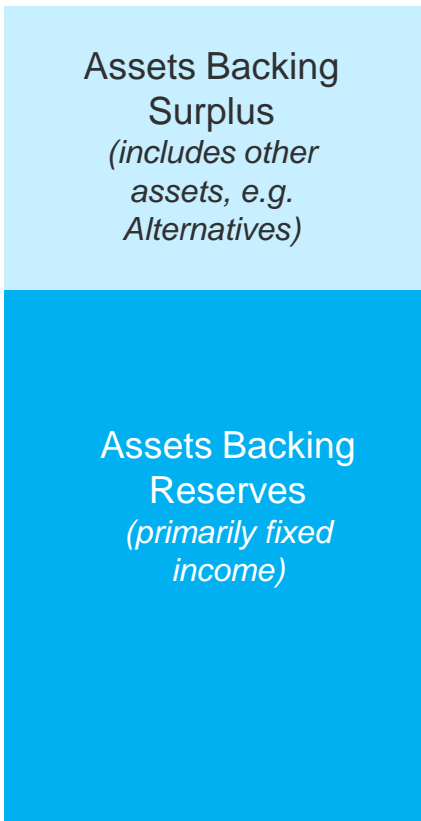
Capital Allocation: Considers Economic and Frictional Capital



Asset and NII Allocation: Approach

Asset allocation aligns assets with characteristics of liabilities and capital usage within a module

Asset Composition

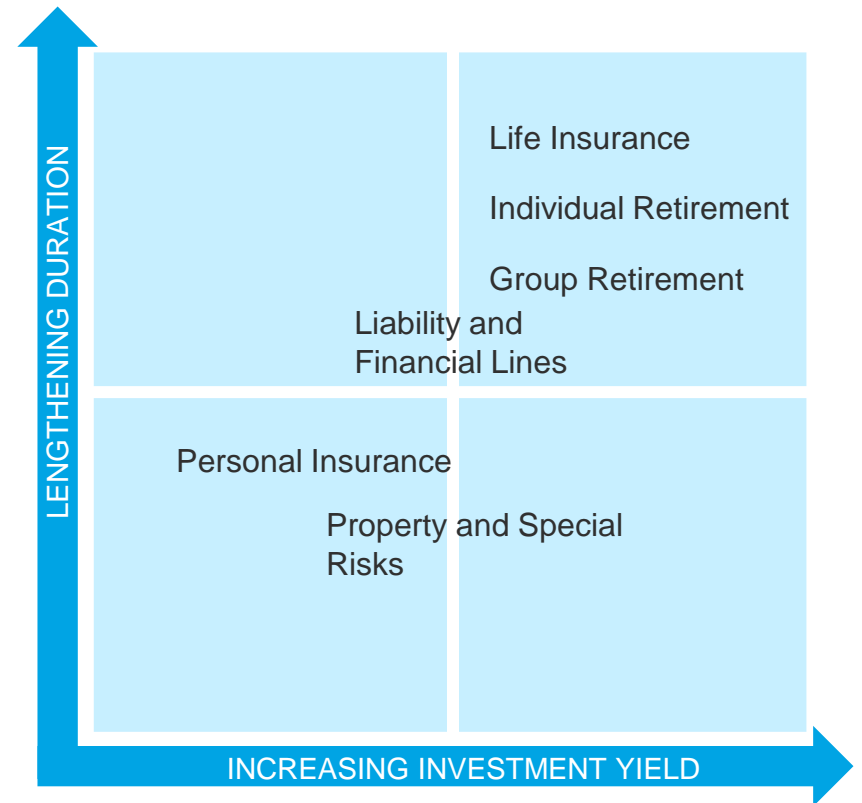


Assets backing surplus allocated based on economic capital requirements



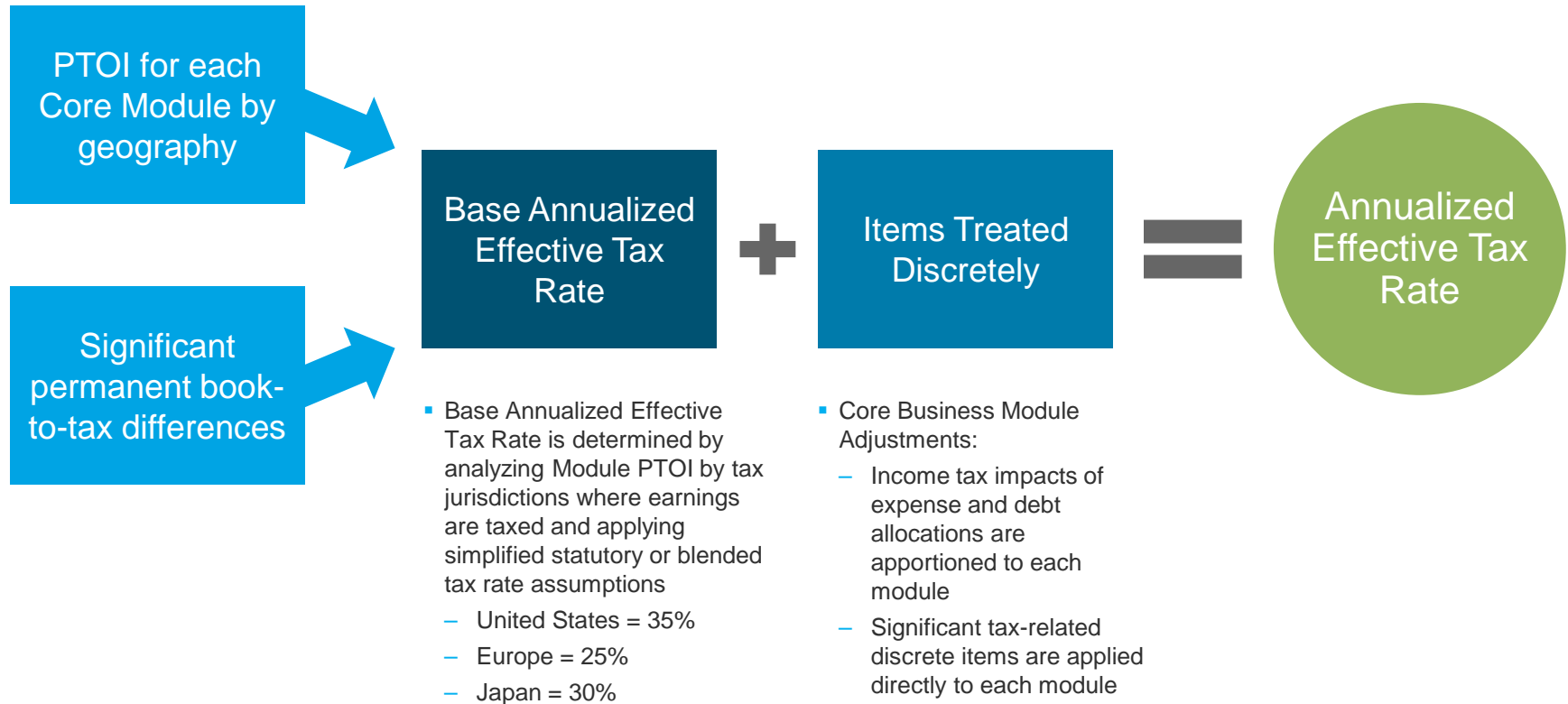
Assets backing reserves allocated to match duration and currency, and account for concentrations

Module Asset Backing Reserve Characteristics



Effective Tax Rate Estimation: Approach

- Allocate income taxes as reported to each core business and geographic module
- Apply an Annualized Effective Tax Rate to pre-tax operating income in interim periods



Modularity Supports AIG's Hierarchy of Goals

Modular management framework empowers AIG leaders with the tools to enhance Intrinsic Value and achieve Return on Equity improvement.

