AMERICAN INTERNATIONAL GROUP INC
Form DEF 14A
March 27, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

American International Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)
Title of each class of securities to which transaction applies:

(2)
Aggregate number of securities to which transaction applies:

(3)
Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 ( ):

(4)
Proposed maximum aggregate value of transaction:

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Total fee paid:

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Amount Previously Paid:

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Form, Schedule or Registration Statement No.:

(3)
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Date Filed:

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March 27, 2018

Dear Fellow AIG Shareholder,

Throughout 2017, AIG made changes to its leadership and operational structure to better pursue our strategy of delivering sustainable, profitable growth. Looking ahead, your Board of Directors and leadership team remain committed to building long-term value for you, our shareholders, and we believe ongoing dialogue with you will help deliver on this commitment.

This 2018 Proxy Statement, along with our 2017 Annual Report, provide additional detail on AIG's strategy and the important progress we made in 2017 towards achieving it. We encourage you to review these materials and vote on the proposals presented in this Proxy Statement.

We also invite you to join us at the 2018 Annual Meeting of Shareholders, which will be held on Wednesday, May 9, 2018, at 11:00 a.m., at 175 Water Street, New York, NY. We recommend voting in advance of the meeting, even if you plan to attend in person. Every vote matters.

Thank you for your continued investment in AIG.

Sincerely,

Douglas M. Steenland Independent Chairman of the Board	Brian Duperreault President and Chief Executive Officer

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American International Group, Inc.
175 Water Street, New York, N.Y. 10038

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 9, 2018

March 27, 2018

To the Shareholders of
AMERICAN INTERNATIONAL GROUP, INC.:

The Annual Meeting of Shareholders of AMERICAN INTERNATIONAL GROUP, INC. (AIG) will be held at 175 Water Street, New York, New York, on May 9, 2018, at 11:00 a.m., for the following purposes:

1. To elect the eleven nominees specified under "Proposal 1—Election of Directors" as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;

2. To vote, on a non-binding advisory basis, to approve executive compensation;

3. To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2018; and

4. To transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 19, 2018 will be entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 9, 2018. The Proxy Statement and 2017 Annual Report to Shareholders and other Soliciting Material are available in the Investors section of AIG's corporate website at www.aig.com.

By Order of the Board of Directors
ROSE MARIE E. GLAZER
Corporate Secretary

If you plan on attending the meeting, please remember to bring photo identification with you. In addition, if you hold shares in "street name" and would like to attend the meeting, you must bring an account statement or other acceptable evidence of ownership of AIG Common Stock as of the close of business on March 19, 2018. Even if you intend to be present at the meeting, to ensure your shares are represented, please vote your shares over the internet or by telephone, or sign and date your proxy and return it at once by mail.

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American International Group, Inc.
175 Water Street, New York, N.Y. 10038
PROXY STATEMENT
March 27, 2018

TIME AND DATE	11:00 a.m. on Wednesday, May 9, 2018.
PLACE	175 Water Street, New York, New York 10038.
MAILING DATE	This Proxy Statement, 2017 Annual Report and proxy card or voting instructions were either made available to you over the internet or mailed to you on or about March 27, 2018.
ITEMS OF BUSINESS	• To elect the eleven nominees specified under “Proposal 1—Election of Directors” as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified; • To vote, on a non-binding advisory basis, to approve executive compensation; • To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG’s independent registered public accounting firm for 2018; and • To transact any other business that may properly come before the meeting.
RECORD DATE	You can vote if you were a shareholder of record at the close of business on March 19, 2018.
INSPECTION OF LIST OF SHAREHOLDERS OF RECORD	A list of the shareholders of record as of March 19, 2018 will be available for inspection during ordinary business hours during the ten days prior to the meeting at AIG’s offices, 175 Water Street, New York, New York 10038.
ADDITIONAL INFORMATION	Additional information regarding the matters to be acted on at the meeting is included in this proxy statement.
PROXY VOTING	YOU CAN VOTE YOUR SHARES OVER THE INTERNET OR BY TELEPHONE. IF YOU RECEIVED A PAPER PROXY CARD BY MAIL, YOU MAY ALSO VOTE BY SIGNING, DATING AND RETURNING THE PROXY CARD IN THE ENVELOPE PROVIDED.

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EXECUTIVE SUMMARY

This summary highlights information contained in this Proxy Statement. It does not contain all of the information you should consider in making a voting decision, and you should read the entire Proxy Statement carefully before voting. These proxy materials are first being sent to shareholders of American International Group, Inc., a Delaware corporation (AIG), commencing on or about March 27, 2018. For information on the details of the voting process and how to attend the AIG Annual Meeting of Shareholders to be held on May 9, 2018, or at any adjournment thereof (Annual Meeting or 2018 Annual Meeting of Shareholders), please see "Voting Instructions and Information" on page 80.

Voting Matters and Vote Recommendation

Proposals	Board Vote Recommendation	For More Information, see:
1. Election of 11 Directors	FOR EACH DIRECTOR NOMINEE	Proposal 1—Election of Directors, page 6
2. Advisory vote on executive compensation	FOR	Proposal 2—Non-Binding Advisory Vote to Approve Executive Compensation, page 74
3. Ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018	FOR	Proposal 3—Ratification of Selection of PricewaterhouseCoopers LLP, page 77

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PROPOSAL 1—ELECTION OF DIRECTORS

The following table provides summary information about each of our eleven director nominees. AIG aims to maintain a balanced and independent board that is committed to representing the long-term interests of AIG's shareholders, and which has the substantial and diverse expertise necessary to oversee AIG's strategic and business planning as well as management's approach to addressing the significant risks and challenges facing AIG. Each nominee is elected annually by a majority of votes cast.

Name	Age	Director Since	Occupation/Background	Independent	Other Public Boards	Current Committee Memberships(1)
W. Don Cornwell	70	2011	Former Chairman and CEO of Granite Broadcasting Corporation		Avon Products, Inc.; Pfizer Inc.	CMRC (Chair) NCGC
Brian Duperreault	70	2017	President and CEO of AIG		Johnson Controls International plc	
John H. Fitzpatrick	61	2011	Former Secretary General of The Geneva Association; Former Chief Financial Officer, Head of the Life and Health Reinsurance Business Group and Head of Financial Services of Swiss Re			RCC (Chair) Audit
William G. Jurgensen	66	2013	Former CEO of Nationwide Insurance		Lamb Weston Holdings, Inc.	Audit (Chair) RCC
Christopher S. Lynch	60	2009	Former National Partner in Charge of Financial Services of KPMG LLP		Federal Home Loan Mortgage Corporation	NCGC (Chair) RCC Tech
Henry S. Miller	72	2010	Chairman of Marblegate Asset Management, LLC; Former Chairman and Managing Director of Miller Buckfire & Co., LLC		The Interpublic Group of Companies, Inc.	RCC Regulatory
Linda A. Mills	68	2015	Former Corporate Vice President of Operations of Northrop Grumman Corporation		Navient Corporation	Audit CMRC Tech
Suzanne Nora Johnson	60	2008	Former Vice Chairman of The Goldman Sachs Group, Inc.		Intuit Inc.; Pfizer Inc.; Visa Inc.	CMRC NCGC Tech
Ronald A. Rittenmeyer	70	2010	Executive Chairman and CEO of Tenet Healthcare Corporation; Former Chairman and CEO of Millennium Health, LLC; Former Chairman, CEO and President of Electronic Data Systems Corporation		Avaya Holdings Corp.; IQVIA Holdings Inc.; Tenet Healthcare Corporation	Tech (Chair) Audit CMRC

Douglas M. Steenland	66	2009	Former President and CEO of Northwest Airlines Corporation	Hilton Worldwide Holdings Inc.; Performance Food Group Company; Travelport Worldwide Limited	(2)
Theresa M. Stone	73	2013	Former Executive Vice President and Treasurer of the Massachusetts Institute of Technology; Former Executive Vice President and Chief Financial Officer of Jefferson-Pilot Corporation; Former President of Chubb Life Insurance Company		Regulatory (Chair) Audit

(1)
The full Committee names are as follows:

Audit—Audit Committee
CMRC—Compensation and Management Resources Committee
NCGC—Nominating and Corporate Governance Committee
Regulatory—Regulatory, Compliance and Public Policy Committee
RCC—Risk and Capital Committee
Tech—Technology Committee
(2)
Mr. Steenland, as Independent Chairman of the Board, is an ex-officio, non-voting member of each of the Committees.

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We believe our nominees' diverse and complementary set of skills, along with the Board's balanced tenure mix, creates a well-functioning, highly qualified and independent Board of Directors. The Board has identified the following key qualifications and the range of professional experience as relevant and aligned to our current and future strategy and business needs.

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Strong Corporate Governance Practices

The AIG Board is committed to good corporate governance and regularly reviews our practices, corporate governance developments and shareholder feedback to ensure continued effectiveness.

AIG has a highly engaged Board with balanced tenure and substantial and diverse expertise necessary to evaluate and oversee strategy and performance.

Independent Chairman is required in AIG's By-laws.

Independent Chairman role is clearly defined and the Chairman generally does not serve longer than a five-year term.

Directors are elected annually by a majority of votes cast (in uncontested elections).

All directors are independent (except CEO).

Former AIG CEOs cannot serve on the Board.

The Board, through the Nominating and Corporate Governance Committee, conducts annual evaluations of the Board and individual directors, and all Board Committees conduct annual self-evaluations.

No director attending less than 75% of meetings for two consecutive years will be re-nominated.

Directors generally may not stand for election after reaching age 75.

All directors may contribute to the agenda for Board meetings.

The Board Committee structure is organized around key strategic issues and designed to facilitate dialogue and efficiency.

Board Committee Chairs generally do not serve longer than a five-year term.

The Board provides strong risk management oversight including through the Risk and Capital Committee, Audit Committee and other Board Committees.

AIG has an extensive shareholder engagement program with director participation.

AIG's By-laws include a proxy access right for shareholders.

PROPOSAL 2—NON-BINDING ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Leadership and Strategic Change in 2017

In 2017, AIG undertook significant changes to our leadership, operational structure and strategic vision. During this time of transition at AIG and in our Executive Leadership Team, the Compensation and Management Resources Committee considered the challenge of promoting stability and sustainable, profitable growth as it made a number of significant decisions with respect to our executive compensation program.

Key Actions Taken by our Board and Accomplishments across AIG in 2017

- Brian Duperreault appointed AIG President, CEO and a director in May 2017
- Following Mr. Duperreault's appointment, five additional new members of our Executive Leadership Team appointed in 2017
- Actions to diversify our business and pursue profitable growth reflected in our agreement in January 2018 to acquire Validus
- Significant reduction in general operating expenses, adjusted basis* (over $2.3 billion since end of 2015)
- AIG pre-tax income of $1.5 billion and adjusted pre-tax income* of over $3.0 billion in 2017 despite record catastrophe losses
- Increased investments in enhancing underwriting tools and strengthened reserves in General Insurance
- New enterprise-wide organizational structure announced in September 2017 to increase responsiveness and accountability
- As part of new organizational structure, creation of General Insurance and Life and Retirement segments, and introduction of Blackboard, our technology-driven subsidiary
- AIG's regulatory designation as a nonbank systemically important financial institution was rescinded
- Return of approximately $20.6 billion of capital to shareholders since end of 2015 through dividends and share and warrant repurchases
- Solid performance in our Life and Retirement segment with assets under management at historical highs
- Actions to form DSA Reinsurance Company, Ltd. (DSA Re), which will serve as AIG's main run-off reinsurer, allowing AIG to consolidate its legacy books and leverage operational efficiencies

*

General operating expenses, adjusted basis, and Adjusted pre-tax income are non-GAAP financial measures. See pages 38-39 and 64-65 of AIG's 2017 Annual Report on Form 10-K for how these measures are calculated.

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Chief Executive Officer Compensation

In connection with Mr. Duperreault's appointment, the Committee established his 2017 annual compensation consistent with AIG's pre-established program (as shown to the right). In addition, Mr. Duperreault was granted a one-time award of stock options to purchase 1,500,000 shares of our common stock. These options only have value to the extent our stock price increases and have a limited seven-year term, providing a concentrated window for share price improvement. Two-thirds of the options have heightened performance requirements, vesting only if AIG's stock price increases by at least $10, $20 or $30. We believe this award properly motivates Mr. Duperreault to create sustainable, profitable growth for AIG, aligning his interests with those of our shareholders.

Other Measures to Support Leadership Transition

To promote stability during the search for, and transition to, a new Chief Executive Officer, the duration of which was unknown at the time, the Committee entered into a transition arrangement with our prior Chief Executive Officer and determined to make one-time grants of restricted stock units to members of our Executive Leadership Team at that time. These awards were aimed to facilitate a successful transition and foster the execution of any change in strategic vision for AIG following the appointment of new leadership. These awards have more conservative termination treatment to foster retention.

2017 Annual Compensation Structure and Pay Decisions

Our executive compensation program in 2017 continued to reflect our emphasis on performance-based pay, long-term incentives and alignment with sound risk management. The following table summarizes the earned 2017 short-term incentive and long-term incentive for the 2015 to 2017 performance period for each current named executive officer.

2017 Earned Performance-Based Compensation (% of Target)

Named Executive Officer	2017 Short-Term Incentive Cash, earned based on company and individual performance	2015-2017 Long-Term Incentive Equity, earned based on relative total shareholder return (75%) and final credit default swap spread (25%)
Brian Duperreault	100%	Not a Participant (Joined AIG in 2017)
Siddhartha Sankaran	92%	25%
Douglas A. Dachille	110%	25%
Kevin T. Hogan	110%	25%

Peter Zaffino	95%	Not a Participant (Joined AIG in 2017)

PROPOSAL 3—RATIFICATION OF SELECTION OF PRICEWATERHOUSECOOPERS LLP

We are asking shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018.

The Audit Committee annually evaluates the qualifications, performance and independence of the independent auditor, including the lead partner. As a result of this evaluation, the Audit Committee and Board believe the continued retention of PricewaterhouseCoopers LLP is in the best interests of AIG and its shareholders.

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PROPOSAL 1—ELECTION OF DIRECTORS

AIG's Board of Directors currently consists of thirteen directors. All directors serve a one-year term. We are asking our shareholders to re-elect eleven directors at the Annual Meeting, to hold office until the next annual election and until their successors are duly elected and qualified or their earlier resignation. Each of Messrs. Peter R. Fisher and Samuel J. Merksamer separately informed AIG that he would not be standing for re-election to the Board at the Annual Meeting, and they will no longer serve on the Board once their terms end at the Annual Meeting. The Board would like to thank Messrs. Fisher and Merksamer for their service and valuable contributions as directors.

It is the intention of the persons named in the accompanying form of proxy to vote for the election of the nominees listed below. All of the nominees are currently members of AIG's Board of Directors. It is not expected that any of the nominees will become unavailable for election as a director, but if any should become unavailable prior to the Annual Meeting, proxies will be voted for such persons as the persons named in the accompanying form of proxy may determine in their discretion.

Directors will be elected by a majority of the votes cast by the shareholders of AIG's common stock, par value $2.50 per share (AIG Common Stock), which votes cast are either "for" or "against" election. Pursuant to AIG's By-laws and Corporate Governance Guidelines, each nominee has submitted to the Board an irrevocable resignation from the Board that would become effective upon (1) the failure of such nominee to receive the required vote at the shareholder meeting and (2) Board acceptance of such resignation. In the event that a nominee fails to receive the required vote, AIG's Nominating and Corporate Governance Committee will then make a recommendation to the Board on the action to be taken with respect to the resignation. The Board will accept such resignation unless the Nominating and Corporate Governance Committee recommends and the Board determines that the best interests of AIG and its shareholders would not be served by doing so.

The Board believes that, if elected, the nominees will continue to provide effective oversight of AIG's business and continue to advance our shareholders' interests by drawing upon their collective qualifications, skills and experiences, as summarized on page 3.

Below are biographies of each of the nominees for director, including the principal occupation or affiliation and public company directorships held by each nominee during the past five years. All of the nominees have extensive direct experience in the oversight of public companies as a result of their service on AIG's Board and/or the boards of other public companies and/or as a result of their involvement in the other organizations described below.

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W. DON CORNWELL

Former Chairman of the Board and Chief Executive
Officer of Granite Broadcasting Corporation

Director since: 2011
Age: 70
Committees:
- Compensation and Management Resources (Chair)
- Nominating and Corporate Governance

Other Directorships:
- Current: Avon Products, Inc.; Pfizer Inc.

CAREER HIGHLIGHTS

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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Cornwell's experience in finance and strategic business transformations, as well as his professional experience across the financial services industry, AIG's Board has concluded that Mr. Cornwell should be re-elected to the Board.

BRIAN DUPERREAULT

President and Chief Executive Officer of AIG

Director since: 2017
Age: 70
Other Directorships:
- Current: Johnson Controls International plc (formerly Tyco International, plc)

CAREER HIGHLIGHTS

Mr. Duperreault has been AIG's President and Chief Executive Officer since May 2017, when he also joined the Board of Directors. Previously, Mr. Duperreault was the Chief Executive Officer of Hamilton Insurance Group, Ltd. (Hamilton), a Bermuda-based holding company of property and casualty insurance and reinsurance operations in Bermuda, the U.S. and the UK, from December 2013 to May 2017, and served as Chairman of Hamilton from February 2016 to May 2017. He served as President and Chief Executive Officer of Marsh & McLennan Companies, Inc. from February 2008 until his retirement in December 2012. Before joining Marsh, he served as non-executive Chairman of ACE Limited from 2006 through the end of 2007 and as Chief Executive Officer from October 1994 to May 2004. Prior to joining ACE, Mr. Duperreault served in various senior executive positions with AIG and its affiliates from 1973 to 1994.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Duperreault's deep experience in the insurance industry, his history with AIG and his management of large, complex, international institutions, AIG's Board has concluded that Mr. Duperreault should be re-elected to the Board.

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JOHN H. FITZPATRICK

Former Secretary General of The Geneva Association; Former Chief Financial Officer, Head of the Life and Health Reinsurance Business Group and Head of Financial Services of Swiss Re

Director since: 2011
Age: 61
Committees:
- Risk and Capital (Chair)
- Audit

Other Directorships:
- None

CAREER HIGHLIGHTS

Mr. Fitzpatrick has been Chairman of Oak Street Management Co., LLC, an insurance/management consulting company, and Oak Family Advisors, LLC, a registered investment advisor, since 2010. He was Chairman of White Oak Global Advisors LLC, an asset management firm lending to small and medium sized companies, from September 2015 to September 2017. In 2014, Mr. Fitzpatrick completed a two-year term as Secretary General of The Geneva Association. From 2006 to 2010, he was a partner at Pension Corporation and a director of Pension Insurance Corporation Ltd. From 1998 to 2006, Mr. Fitzpatrick 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 New York Stock Exchange (NYSE)-listed insurance and financial services organization where he started his career in corporate finance in 1978. Mr. Fitzpatrick is a Certified Public Accountant and a Chartered Financial Analyst.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Fitzpatrick's broad experience in the insurance and reinsurance industry, as well as his professional experience in insurance policy and regulation, AIG's Board has concluded that Mr. Fitzpatrick should be re-elected to the Board.

WILLIAM G. JURGENSEN

Former Chief Executive Officer of Nationwide Insurance

Director since: 2013
Age: 66
Committees:
- Audit (Chair)
- Risk and Capital

Other Directorships:
- Current: Lamb Weston Holdings, Inc.
-

CAREER HIGHLIGHTS

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

Former (past 5 years):
Conagra Foods, Inc.; The Scotts Miracle-Gro Company

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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Jurgensen's experience in insurance, financial services and risk management, AIG's Board has concluded that Mr. Jurgensen should be re-elected to the Board.

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CHRISTOPHER S. LYNCH

Former National Partner in Charge of Financial Services of KPMG LLP

Director since: 2009
Age: 60
Committees:

- Nominating and Corporate Governance (Chair)
- Risk and Capital
- Technology

Other Directorships:

- Current: Federal Home Loan Mortgage Corporation

CAREER HIGHLIGHTS

Mr. Lynch has been an independent consultant since 2007, providing a variety of services to public and privately held companies, including enterprise strategy, corporate restructuring, risk management, governance, financial accounting and regulatory reporting, and troubled-asset management. Prior to that, Mr. Lynch was the former National Partner in Charge of KPMG LLP's Financial Services Line of Business. He held a variety of positions with KPMG over his 29 year career, 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 was an audit signing partner under Sarbanes-Oxley and served as lead or client service partner 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 Audit Committee Chair Advisory Council of the National Association of Corporate Directors.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Lynch's experience in finance, accounting and risk management and strategic business transformations, as well as his professional experience across the financial services industry, AIG's Board has concluded that Mr. Lynch should be re-elected to the Board.

HENRY S. MILLER

Chairman of Marblegate Asset Management, LLC; Former Chairman and Managing Director of Miller Buckfire & Co., LLC

Director since: 2010
Age: 72
Committees:

- Regulatory, Compliance and Public Policy
- Risk and Capital

Other Directorships:

- Current: The Interpublic Group of Companies, Inc.

CAREER HIGHLIGHTS

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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Miller's experience in strategic business transformations as well as his professional experience across the financial services industry, AIG's Board has concluded that Mr. Miller should be re-elected to the Board.

- Former (past 5 years):
  Ally Financial Inc.

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LINDA A. MILLS — Former Corporate Vice President of Operations of Northrop Grumman Corporation

Director since: 2015
Age: 68
Committees:

- Audit
- Compensation and Management Resources
- Technology

Other Directorships:

- Current: Navient Corporation

CAREER HIGHLIGHTS

Ms. Mills is the former Corporate Vice President of Operations for Northrop Grumman Corporation, with responsibility for operations, including risk management, engineering and information technology. During her 12 years with Northrop Grumman, from 2002 to 2014, Ms. Mills held a number of operational 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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Ms. Mills' in-depth experience with large and complex, often international, operations, risk management, information technology and cyber security, and her success in managing a significant line of business at Northrop Grumman, AIG's Board has concluded that Ms. Mills should be re-elected to the Board.

SUZANNE NORA JOHNSON — Former Vice Chairman of The Goldman Sachs Group, Inc.

Director since: 2008
Age: 60
Committees:

- Compensation and Management Resources
- Nominating and Corporate Governance
- Technology

Other Directorships:

-

CAREER HIGHLIGHTS

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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Ms. Nora Johnson's experience in managing large, complex, international institutions, her experience in finance as well as her professional experience across the financial services industry, AIG's Board has concluded that Ms. Nora Johnson should be re-elected to the Board.

Current: Intuit Inc.; Pfizer
Inc.; Visa Inc.

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RONALD A. RITTENMEYER

Executive Chairman and Chief Executive Officer of
Tenet Healthcare Corporation; Former Chairman and Chief Executive Officer of Millennium Health,
LLC; Former Chairman, Chief Executive Officer and President of Electronic Data Systems Corporation

Director since: 2010
Age: 70
Committees:
- Technology (Chair)
- Audit
- Compensation and Management Resources

Other Directorships:
- Current: Avaya Holdings Corp.; IQVIA Holdings Inc. (formerly Quintiles IMS Holdings, Inc.); Tenet Healthcare Corporation

CAREER HIGHLIGHTS

Mr. Rittenmeyer has served as Executive Chairman and Chief Executive Officer of Tenet Healthcare Corporation since August 2017 and October 2017, respectively, and also serves as the Chairman of Tenet's Executive Committee. Mr. Rittenmeyer is the former Chairman and Chief Executive Officer of Millennium Health, LLC, a health solutions company, serving from 2016 to 2017. 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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Rittenmeyer's experience in managing large, complex, international institutions, his experience in finance and strategic business transformations as well as his professional experience across the financial services industry and technology industry, AIG's Board has concluded that Mr. Rittenmeyer should be re-elected to the Board.

DOUGLAS M. STEENLAND

Former President and Chief Executive Officer of Northwest Airlines Corporation

Director since: 2009
Age: 66
Committees:
- As Independent Chairman, Mr. Steenland is an ex-officio,

CAREER HIGHLIGHTS

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.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Mr. Steenland's experience in managing large, complex, international institutions and his experience in strategic business transformations, AIG's Board has concluded that Mr. Steenland should be re-elected to the Board.

non-voting member of all Board committees

Other Directorships:

- Current: Hilton Worldwide Holdings Inc.; Performance Food Group Company; Travelport Worldwide Limited

- Former (past 5 years): Chrysler Group LLC; International Lease Finance Corporation; Digital River, Inc.

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THERESA M. STONE

Former Executive Vice President and Treasurer of the Massachusetts Institute of Technology;
Former Executive Vice President and Chief Financial Officer of Jefferson-Pilot Corporation;
Former President of Chubb Life Insurance Company

Director since: 2013
Age: 73
Committees:

- Regulatory, Compliance and Public Policy (Chair)
- Audit

Other Directorships:

- None

CAREER HIGHLIGHTS

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 to 1994, Ms. Stone served as Senior Vice President—Acquisitions of The Chubb Corporation, in which role she advised the Chairman and Chief Executive Officer 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. Ms. Stone began her career as an investment banker, advising clients primarily in the insurance and financial services industries on financial and strategic matters.

KEY EXPERIENCE AND QUALIFICATIONS

In light of Ms. Stone’s broad experience in both business and academia and her expertise in insurance, finance and management, AIG’s Board has concluded that Ms. Stone should be re-elected to the Board.

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CORPORATE GOVERNANCE
GOVERNANCE
AIG's Board regularly reviews corporate governance developments and modifies its Corporate Governance Guidelines, charters and practices from time to time. AIG's current Corporate Governance Guidelines (which include our Director Independence Standards) and the charters of the Audit Committee, the Compensation and Management Resources Committee, the Nominating and Corporate Governance Committee, the Regulatory, Compliance and Public Policy Committee, the Risk and Capital Committee and the Technology Committee are available in the Corporate Governance section of AIG's corporate website at www.aig.com or in print by writing to American International Group, Inc., 175 Water Street, New York, New York 10038, Attention: Investor Relations.

AIG's Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics and Code of Conduct for employees are both available in the Corporate Governance section of AIG's corporate website at www.aig.com or in print by writing to American International Group, Inc., 175 Water Street, New York, New York 10038, Attention: Investor Relations. Any amendment to AIG's Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics and any waiver applicable to AIG's directors, executive officers or senior financial officers will be posted on AIG's website within the time period required by the United States Securities and Exchange Commission (SEC) and the NYSE.

Strong Corporate Governance Practices
The AIG Board is committed to good corporate governance and regularly reviews our practices, corporate governance developments and shareholder feedback to ensure continued effectiveness.

AIG has a highly engaged Board with balanced tenure and substantial and diverse expertise necessary to evaluate and oversee strategy and performance.

Independent Chairman is required in AIG's By-laws.

Independent Chairman role is clearly defined and the Chairman generally does not serve longer than a five-year term.

Directors are elected annually by a majority of votes cast (in uncontested elections).

All directors are independent (except CEO).

Former AIG CEOs cannot serve on the Board.

The Board, through the Nominating and Corporate Governance Committee, conducts annual evaluations of the Board and individual directors, and all Board Committees conduct annual self-evaluations.

No director attending less than 75% of meetings for two consecutive years will be re-nominated.

Directors generally may not stand for election after reaching age 75.

All directors may contribute to the agenda for Board meetings.

The Board Committee structure is organized around key strategic issues and designed to facilitate dialogue and efficiency.

Board Committee Chairs generally do not serve longer than a five-year term.

The Board provides strong risk management oversight including through the Risk and Capital Committee, Audit Committee and other Board Committees.

AIG has extensive shareholder engagement program with director participation.

AIG's By-laws include a proxy access right for shareholders.

Director Independence and Effectiveness

AIG aims to maintain a balanced and independent board that is committed to representing the long-term interests of AIG's shareholders, and which has the substantial and diverse expertise necessary to oversee AIG's strategic and business planning as well as management's approach to addressing significant risks and challenges facing AIG.

Director Independence Assessment. Using the AIG Director Independence Standards, the Board, on the recommendation of the Nominating and Corporate Governance Committee, determined that each of AIG's ten

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non-management director nominees—Mss. Nora Johnson, Mills and Stone and Messrs. Cornwell, Fitzpatrick, Jurgensen, Lynch, Henry S. Miller, Rittenmeyer and Steenland—are independent under NYSE listing standards and the AIG Director Independence Standards. Mr. Duperreault is the only director nominee who holds an AIG management position and, therefore, is not an independent director. Messrs. Fisher and Merksamer, who are not standing for re-election to the Board, and Messrs. George L. Miles, Jr. and Robert S. Miller, who retired from the Board at the 2017 Annual Meeting, were also determined by the Board, on the recommendation of the Committee, to be independent under the NYSE listing standards and the AIG Director Independence Standards. Mr. John A. Paulson, whom the Nominating and Corporate Governance Committee determined not to nominate for re-election to the Board at the 2017 Annual Meeting, did not provide us with the information necessary for the Board to evaluate his independence under the NYSE listing standards as part of our 2018 process. The Board had determined him to be independent in advance of 2017 Annual Meeting.

In making the independence determinations, the Nominating and Corporate Governance Committee and the Board of Directors considered relationships arising from: (1) contributions by AIG to charitable organizations with which Mss. Nora Johnson and Stone and Messrs. Jurgensen, Lynch, Henry S. Miller and Rittenmeyer or members of their immediate families are affiliated; (2) in the case of certain directors, investments and insurance products provided to them by AIG in the ordinary course of business and on the same terms made available to third parties; (3) in the case of Mr. Fisher, payments made in the ordinary course of business between AIG and BlackRock, Inc.; (4) in the case of Mr. Lynch, the summer internship in 2014 and the offer, acceptance and commencement of full-time employment of his son with AIG in 2016; and (5) in the case of Mr. Robert S. Miller, payments made in the ordinary course of business between AIG and International Automotive Components Group S.A. None of these relationships exceeded the thresholds set forth in the AIG Director Independence Standards.

The Nominating and Corporate Governance Committee and the Board of Directors also considered the relationships between AIG and MidOcean, a private equity firm. Mr. Robert S. Miller is the Chairman of the investment advisor of MidOcean and several AIG affiliates are committed to invest an aggregate of $110,000,000 in two funds advised by the investment advisor of MidOcean and made capital contributions to these funds of $230,425 and $0 in 2017 and 2018, respectively, pursuant to these commitments. AIG's commitments to invest predate Mr. Miller becoming a director of AIG and his involvement with MidOcean. Mr. Miller has relinquished any profit interest in these funds to the extent arising from any funds contributed by AIG or affiliates of AIG.

Independent Chairman. AIG's By-laws require that the role of the Chairman be separate from that of the Chief Executive Officer and that the Chairman be an independent director. AIG believes that this structure is optimal because it permits the Chairman to focus on the governance of the Board and to interact with AIG's various stakeholders while permitting the Chief Executive Officer to focus more on AIG's business. AIG's Corporate Governance Guidelines provide for an annual review of the Chairman and that the Chairman generally not serve for longer than a five-year term. Our current Chairman, Mr. Steenland, has served in this position since 2015.

The duties of the Chairman are clearly defined and include:

- Overseeing Board meeting agenda preparation in consultation with the Chief Executive Officer;
- Chairing Board meetings and executive sessions of the independent directors;
- Leading the Chief Executive Officer review process and discussions regarding management succession;
- Interacting regularly with the Chief Executive Officer, including discussing strategic initiatives and their implementation;
-

Overseeing distribution of information and reports to the Board;

•

Overseeing the Board and Board Committees' annual self-evaluation process;

•

Serving as non-voting member of each Board Committee; and

•

Participating in engagement with shareholders.

Director Tenure and Board Refreshment. Board composition, supplemented by a thoughtful approach to refreshment, is a priority for AIG. The Board believes that it is desirable to maintain a mix of longer-tenured, experienced directors and newer directors with fresh perspectives.

The average tenure of the independent director nominees is approximately seven years. In addition, under AIG's Corporate Governance Guidelines, the Chairman and Committee Chairs generally do not serve for longer than a five-year term and former Chief Executive Officers of AIG cannot serve as directors. No individual may stand for election as a director after reaching the age of 75, and the Board may only waive this requirement for a one-year period if, on the recommendation of the Nominating and Corporate Governance Committee, it determines such waiver to be in the best interests of AIG.

Director and Board Accountability and Evaluations. The AIG Board believes that self-evaluations of the Board, the standing Committees of the Board and individual directors are important elements of corporate governance. Pursuant to AIG’s Corporate Governance Guidelines, the Board, acting through the Nominating and Corporate Governance Committee and under the general oversight of the Chairman, conducts an annual self-evaluation and evaluation of each member of the Board, and each standing Committee conducts an annual self-evaluation.

The Board considers director attendance at Board and Committee meetings an essential duty of a director. As a result, AIG’s Corporate Governance Guidelines also provide that any director who, for two consecutive calendar years, attends fewer than 75 percent of the total regular meetings of the Board and the meetings of all Committees of which such director is a voting member, will not be nominated for re-election at the annual meeting in the next succeeding calendar year, absent special circumstances that may be taken into account by the Board and the Nominating and Corporate Governance Committee in making its recommendations to the Board. As described below, all director nominees satisfied this attendance threshold.

Oversight of Risk Management

The Board oversees the management of risk (including, for example, risks related to market conditions, reserves, catastrophes, investments, liquidity, capital and cybersecurity) through the complementary functioning of the Risk and Capital Committee and the Audit Committee and interaction with other Committees of the Board. The Risk and Capital Committee oversees AIG’s Enterprise Risk Management (ERM) as one of its core responsibilities and reviews AIG’s significant risk assessment and risk management policies. The Audit Committee also discusses the guidelines and policies governing the process by which AIG assesses and manages risk and considers AIG’s major risk exposures and how they are monitored and controlled. The Chairs of the two Committees then coordinate with each other and the Chairs of the other Committees of the Board to help ensure that each Committee has received the information that it needs to carry out its responsibilities with respect to risk management. Both the Risk and Capital Committee and the Audit Committee report to the Board with respect to any notable risk management issues. The Compensation and Management Resources Committee, in conjunction with AIG’s Chief Risk Officer, is responsible for reviewing the relationship between AIG’s risk management policies and practices and the incentive compensation arrangements applicable to senior executives. For further information regarding the annual risk assessment of compensation plans, see “Report of the Compensation and Management Resources Committee.”

Board Meetings and Attendance

There were 14 meetings of the Board during 2017. The independent directors meet in executive session, without the Chief Executive Officer present, in conjunction with each regularly scheduled Board meeting. Mr. Steenland, as Independent Chairman of the Board, presided at the executive sessions. For 2016 and 2017, all of the directors attended at least 75 percent of the aggregate of all meetings of the Board and of the Committees of the Board on which they served.

Pursuant to the Corporate Governance Guidelines, all directors are expected to attend the Annual Meeting. All directors standing for election at the 2017 Annual Meeting attended the 2017 Annual Meeting.

Shareholder Engagement

Fostering long-term relationships with our shareholders and maintaining their trust is a priority for the Board. Engagement with shareholders helps us gain useful feedback on a wide variety of topics, including corporate governance, executive compensation, corporate social responsibility, business strategy and performance and related matters. Shareholder feedback also helps in better tailoring the public information provided to address the interests and inquiries of shareholders.

Accordingly, AIG has long maintained an active, ongoing dialogue with shareholders and other stakeholders. As part of this process, the Independent Chairman and the Chief Executive Officer periodically participate in meetings with shareholders to discuss and obtain feedback on a variety of matters. Topics covered in these

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discussions include our corporate strategy, management succession, corporate governance and Board practices and our executive compensation program.

These efforts are complementary to outreach conducted by our Chief Executive Officer and other members of senior management through AIG's Investor Relations department as they regularly meet with shareholders and participate in investor conferences in the United States and abroad. Investor presentations are made available in the Investors—Webcasts and Presentations section of AIG's corporate website at www.aig.com.

Shareholder feedback is communicated directly to our directors and helps inform Board discussions on a range of key areas. Going forward, as we continue to execute against our strategy, substantive shareholder engagement will remain a priority for our Board and management team.

Director Recommendations by Shareholders. The Nominating and Corporate Governance Committee considers shareholder feedback when considering whether to recommend that the Board nominate a director for re-election, and takes into account the views of interested shareholders as appropriate when filling a vacancy on the Board. The Nominating and Corporate Governance Committee gives appropriate consideration to candidates for the Board submitted by shareholders and evaluates such candidates in the same manner as other candidates identified by or submitted to the Committee.

Proxy Access. AIG's By-laws permit eligible shareholders with a significant long-term interest in AIG to include their own director nominees in AIG's proxy statement for the annual meeting. The Board believes such proxy access is an additional mechanism for Board accountability and for ensuring that Board nominees are supported by AIG's long-term shareholders.

Under the proxy access by-law, a shareholder, or a group of up to 20 shareholders, owning three percent or more of AIG Common Stock continuously for at least three years may nominate and include in AIG's annual meeting proxy materials director nominees constituting up to the greater of two individuals or 20 percent of the Board of Directors, so long as the shareholder(s) and the nominee(s) satisfy the requirements specified in AIG's By-laws. Shareholders who wish to submit director nominees for election at the 2019 Annual Meeting of Shareholders pursuant to the proxy access by-law may do so in compliance with the procedures described in "Other Matters—Shareholder Proposals for the 2019 Annual Meeting."

Communicating with Directors

AIG has adopted procedures on reporting of concerns regarding accounting and other matters and on communicating with non-management directors. These procedures are available in the Corporate Governance section of AIG's corporate website at www.aig.com.

Shareholders and other interested parties may communicate with any of the independent directors, including the Chairman and Committee Chairs, by writing in care of Vice President—Corporate Governance, American International Group, Inc., 175 Water Street, New York, New York 10038 or by email to: boardofdirectors@aig.com.

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REPORT OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Overview

The role of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members and recommend these individuals to the Board for nomination, election or appointment as members of the Board and its Committees, to advise the Board on corporate governance matters and to oversee the evaluation of the Board and its Committees.

Committee Organization

Committee Charter. The Nominating and Corporate Governance Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aig.com.

Independence. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent, as required by NYSE listing standards.

Conduct of meetings and governance process. During 2017, the Nominating and Corporate Governance Committee held 6 meetings. In discussing governance initiatives and in preparation for meetings, the Chairman of the Board, the Chair of the Nominating and Corporate Governance Committee and the Vice President—Corporate Governance met and consulted frequently with the other Committee and Board members.

Board Membership and Composition

Nomination and Election of Directors. The Nominating and Corporate Governance Committee evaluated and recommended to the Board of Directors the eleven nominees under "Proposal 1—Election of Directors" who are standing for election at the 2018 Annual Meeting of Shareholders. In making its determinations, the Committee considered the criteria set forth in AIG's Corporate Governance Guidelines. These criteria are: high personal and professional ethics, values and integrity; ability to work together as part of an effective, collegial group; commitment to representing the long-term interests of AIG; skill, expertise, diversity, background, and experience with businesses and other organizations that the Board deems relevant; the interplay of the individual's experience with the experience of other Board members; the contribution represented by the individual's skills and experience to ensuring that the Board has the necessary tools to perform its oversight function effectively; ability and willingness to commit adequate time to AIG over an extended period of time; and the extent to which the individual would otherwise be a desirable addition to the Board and any Committees of the Board.

A description of the nominees recommended by the Nominating and Corporate Governance Committee is set forth under "Proposal 1—Election of Directors." The process for identification of director nominees when standing for election for the first time is provided below in "—Committees—Nominating and Corporate Governance Committee."

Independence. The Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, determined that each of AIG's ten non-management director nominees is independent within the meaning of the NYSE listing standards and the AIG Director Independence Standards. Mr. Duperreault is the only director nominee who holds an AIG management position and, therefore, is not an independent director.

Diversity Consideration. The Nominating and Corporate Governance Committee does not have a specific diversity policy. Rather, the Nominating and Corporate Governance Committee considers diversity in terms of ethnicity and gender as factors in evaluating director candidates and also considers diversity in the broader sense of how a candidate's experience and skills could assist the Board in light of the Board's then composition. 40 percent of AIG's independent director nominees are women or ethnically diverse.

Conclusion

During 2017, the Nominating and Corporate Governance Committee performed its duties and responsibilities under the Nominating and Corporate Governance Committee charter.

Nominating and Corporate Governance Committee
American International Group, Inc.
Christopher S. Lynch, Chair
W. Don Cornwell
Samuel J. Merksamer
Suzanne Nora Johnson

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COMMITTEES

AIG's Board Committee structure is organized around key strategic issues to facilitate oversight of management. Committee Chairs regularly coordinate with one another to ensure appropriate information sharing. To further facilitate information sharing, all Committees provide a summary of significant actions to the full Board, and Committee meetings are scheduled to allow all directors to attend each meeting, with many directors attending such meetings. As required under AIG's Corporate Governance Guidelines, each standing Committee conducts an annual self-assessment and review of its charter.

The following table sets forth the current membership on each standing Committee of the Board and the number of Committee meetings held in 2017. Mr. Duperreault does not serve on any Committees of the Board. Mr. Steenland serves as an ex-officio member of each Committee.

Director	Audit Committee	Compensation and Management Resources Committee	Nominating and Corporate Governance Committee	Regulatory, Compliance and Public Policy Committee	Risk and Capital Committee	Technology Committee
W. Don Cornwell		C				
Peter R. Fisher*						
John H. Fitzpatrick					C	
William G. Jurgensen	C					
Christopher S. Lynch			C			
Samuel J. Merksamer*						
Henry S. Miller						
Linda A. Mills						
Suzanne Nora Johnson						
Ronald A. Rittenmeyer						C
Douglas M. Steenland						
Theresa M. Stone				C		
Number of meetings in 2017	10	9	6	4	12	4

C
= Chair

= Member

Mr. Steenland, as Independent Chairman of the Board, is an ex-officio, non-voting member.

*
Messrs. Fisher and Merksamer are not standing for re-election to the Board at the Annual Meeting.

Audit Committee

The Audit Committee, which held 10 meetings during 2017, assists the Board in its oversight of AIG's financial statements, including internal control over financial reporting, and compliance with legal and regulatory requirements; the qualifications, independence and performance of AIG's independent registered public accounting firm; and the performance of AIG's internal audit function. As part of these oversight responsibilities, the Audit Committee discusses with senior management the guidelines and policies by which AIG assesses and manages risk. In carrying out its risk management oversight responsibilities, the Audit Committee coordinates with the Risk and Capital Committee to help ensure the Board and each Committee has received the information it needs to carry out their responsibilities with respect to risk management. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of AIG's independent registered public accounting firm. In its oversight of AIG's internal audit function, the Audit Committee also is involved in the appointment or removal, performance reviews and determining the compensation of AIG's Chief Internal Auditor. The Audit Committee's assistance in the Board of Directors' oversight of AIG's compliance with legal and regulatory requirements primarily focuses on the effect of such matters on AIG's financial statements, financial reporting and internal control over financial reporting. In considering AIG's compliance with legal and regulatory requirements, the Audit Committee also takes into account the oversight of legal and regulatory matters by the Regulatory, Compliance and Public Policy Committee.

The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Audit Committee are independent under both NYSE listing standards and SEC rules. The Board has also determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Audit Committee are financially literate and have accounting or related financial management expertise, each as defined by NYSE listing standards, and that Messrs. Fitzpatrick, Jurgensen, Rittenmeyer and Steenland (as an ex-officio member) and Ms. Stone are audit committee financial experts, as defined under SEC rules. Although designated as audit committee financial experts, no member of the Committee is an accountant for AIG or, under SEC rules, an "expert" for purposes of the liability provisions of the Securities Act of 1933, as amended (the Securities Act), or for any other purpose.

Compensation and Management Resources Committee

The Compensation and Management Resources Committee, which held 9 meetings during 2017, is responsible for determining and approving the compensation awarded to AIG's Chief Executive Officer (subject to ratification or approval by the Board), approving the compensation awarded to the other senior executives under its purview (which includes all of the named executives in the 2017 Summary Compensation Table) and reviewing and approving the performance measures and goals relevant to such compensation. The Compensation and Management Resources Committee is also responsible for making recommendations to the Board with respect to AIG's compensation programs for senior executives and other employees; for reviewing, in conjunction with AIG's Chief Risk Officer, the relationship between AIG's risk management policies and practices and the incentive compensation arrangements applicable to senior executives; and for overseeing AIG's management development and succession planning programs. These responsibilities, which may not be delegated to persons who are not members of the Compensation and Management Resources Committee, are set forth in the Committee's charter, which is available in the Corporate Governance section of AIG's corporate website at www.aig.com.

Our Chief Executive Officer participates in meetings of the Compensation and Management Resources Committee and makes recommendations with respect to the annual compensation of employees under the Committee's purview other than himself. Pursuant to AIG's By-laws, the Board ratifies or approves the determination of the Compensation and Management Resources Committee as to the compensation paid or to be paid to AIG's Chief Executive Officer. The Compensation and Management Resources Committee does not determine the compensation of the Board of Directors. The compensation of directors is recommended by the Nominating and Corporate Governance Committee and is approved by the Board.

To provide independent advice, the Compensation and Management Resources Committee engaged Frederic W. Cook & Co. (FW Cook) as a consultant and has used the services of FW Cook since 2005. The Compensation and Management Resources Committee directly engaged FW Cook to provide independent, analytical and evaluative advice about AIG's compensation programs for senior executives, including comparisons to industry peers and comparisons to "best practices" in general. FW Cook reports directly to the Chair of the Compensation and Management Resources Committee. A senior consultant of FW Cook regularly attends Committee meetings and provides information on compensation trends along with specific views on AIG's compensation programs.

FW Cook has provided advice to the Nominating and Corporate Governance Committee on AIG director compensation and market practices with respect to director compensation. Other than services provided to the Compensation and Management Resources Committee and the Nominating and Corporate Governance Committee, neither FW Cook nor any of its affiliates provided any other services to AIG. For services related to board and executive officer compensation, FW Cook was paid $261,310 in 2017.

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The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Compensation and Management Resources Committee are independent under NYSE listing standards and SEC rules.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee held 6 meetings in 2017. The Board of Directors has determined that all members of the Nominating and Corporate Governance Committee are independent under NYSE listing standards. The primary responsibilities of the Nominating and Corporate Governance Committee are to identify individuals qualified to become Board members, consistent with criteria approved by the Board of Directors, and recommend these individuals to the Board of Directors for nomination, election or appointment as members of the Board and its Committees, to advise the Board on corporate governance matters and to oversee the evaluation of the Board and its Committees. The Nominating and Corporate Governance Committee also periodically reviews and makes recommendations to the Board regarding the form and amount of director compensation.

The AIG Corporate Governance Guidelines include characteristics that the Nominating and Corporate Governance Committee considers important for nominees for director and information for shareholders with respect to director nominations. The Nominating and Corporate Governance Committee will consider director nominees recommended by shareholders and will evaluate shareholder nominees on the same basis as all other nominees. Shareholders who wish to submit nominees for director for consideration by the Nominating and Corporate Governance Committee by submitting names and supporting information to: Chair, Nominating and Corporate Governance Committee, c/o Vice President—Corporate Governance, American International Group, Inc., 175 Water Street, New York, New York 10038. In addition, AIG's By-laws permit a shareholder, or a group of up to 20 shareholders, owning three percent or more of AIG Common Stock continuously for at least three years to nominate and include in AIG's annual meeting proxy materials director nominees constituting up to the greater of two individuals or 20 percent of the Board of Directors, so long as the shareholder(s) and the nominee(s) satisfy the requirements specified in AIG's By-laws(as further described above in "—Governance—Shareholder Engagement—Proxy Access").

Regulatory, Compliance and Public Policy Committee

The Regulatory, Compliance and Public Policy Committee held 4 meetings in 2017. The Regulatory, Compliance and Public Policy Committee assists the Board in its oversight of AIG's handling of legal, regulatory and compliance matters and reviews AIG's position and policies that relate to current and emerging corporate social responsibility and political and public policy issues. The Regulatory, Compliance and Public Policy Committee's duties and responsibilities include reviewing periodically with management AIG's relations with regulators and governmental agencies, and any significant legal, compliance and regulatory matters that have arisen, and coordinating with the Audit Committee and other Committees of the Board on such matters to the extent appropriate; serving as the representative of the Board to AIG's regulators; reviewing periodically management's development of legal and regulatory compliance policies and procedures and implementation of AIG's compliance program; and receiving reports from the Chief Internal Auditor regarding internal audit's reviews of AIG's legal, regulatory and compliance functions and periodically reviewing such reports with the Chief Internal Auditor. The Regulatory, Compliance and Public Policy Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aig.com.

The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Regulatory, Compliance and Public Policy Committee are independent under NYSE listing standards and SEC rules.

Risk and Capital Committee

The Risk and Capital Committee held 12 meetings in 2017. The Risk and Capital Committee reports to and assists the Board in overseeing and reviewing information regarding AIG's ERM, including the significant policies, procedures, and practices employed to manage liquidity risk, credit risk, market risk, operational risk and insurance risk. The Risk and Capital Committee also assists the Board in its oversight responsibilities by reviewing and making recommendations to the Board with respect to AIG's financial and investment policies, provides strategic guidance to management as to AIG's capital structure and financing, the allocation of capital to its

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businesses, methods of financing its businesses and other related strategic initiatives. The Risk and Capital Committee also approves issuances, investments, dispositions and other transactions and matters as authorized by the Board. The Risk and Capital Committee also coordinates with the Audit Committee to help ensure the Board and each Committee has received the information it needs to carry out their responsibilities with respect to risk management. The Risk and Capital Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aig.com.

The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Risk and Capital Committee are independent under NYSE listing standards and SEC rules.

Technology Committee

The Technology Committee held 4 meetings in 2017. The Technology Committee assists the Board in its oversight of AIG's information technology projects and initiatives by, among other things, reviewing the financial, tactical and strategic benefits of proposed significant information technology-related projects and initiatives, reviewing and making recommendations to the Board regarding significant information technology investments in support of AIG's information technology strategy, and reviewing AIG's risk management and risk assessment guidelines and policies regarding information technology security, including the quality and effectiveness of AIG's information technology security and disaster recovery capabilities. The Technology Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aig.com.

The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Technology Committee are independent under NYSE listing standards and SEC rules.

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COMPENSATION OF DIRECTORS
The following table describes the compensation structure for AIG's non-management directors in 2017.
Compensation Structure for Non-Management Directors

Base Annual Retainer	
Cash Retainer	$ 150,000
Deferred Stock Units (DSUs) Award	$ 130,000
Annual Independent Chairman Cash Retainer	$ 260,000
Annual Committee Chair Retainers	
Audit Committee	$ 40,000
Risk and Capital Committee	$ 40,000
Compensation and Management Resources Committee	$ 30,000
Other Committees	$ 20,000

Non-management directors can elect to receive annual retainer amounts and Committee retainer amounts in the form of DSUs and are also eligible for the AIG Matching Grants Program on the same terms and conditions that apply to AIG employees. See "Committees" for information on current Committee memberships.
Each DSU provides that one share of AIG Common Stock will be delivered when a director ceases to be a member of the Board and includes dividend equivalent rights that entitle the director to a quarterly payment, in the form of DSUs, equal to the amount of any regular quarterly dividend that would have been paid by AIG if the shares of AIG Common Stock underlying the DSUs had been outstanding. DSUs are granted under the AIG 2013 Omnibus Incentive Plan (2013 Omnibus Incentive Plan).
In March 2018, the Nominating and Corporate Governance Committee completed its annual review of the AIG non-management director compensation program. The director compensation program was evaluated using the same peer group used for the executive compensation program. Based on that review, the Nominating and Corporate Governance Committee recommended to the Board, and the Board approved, effective as of the date of the Annual Meeting:

- a decrease in the cash retainer component of the non-management director annual retainer amount from $150,000 to $125,000; and

- an increase in the DSU component of the non-management director annual retainer amount from $130,000 to $170,000 to (i) replace the decrease in the cash component with equity, (ii) increase the ratio of equity to cash components and (iii) increase the total non-management director annual retainer amount to better align the director compensation program with the peer group.

Under director stock ownership guidelines, non-management directors should own a number of shares of AIG Common Stock (including deferred stock and DSUs) with a value equal to at least five times the annual retainer for non-management directors.
Neither Mr. Duperreault nor Mr. Peter Hancock, our former President and Chief Executive Officer, received any compensation for service as a director.
FW Cook provided advice to the Nominating and Corporate Governance Committee with respect to AIG director compensation and related market practices. Both the cash and equity components of non-management director compensation remain subject to the shareholder-approved limits established in the 2013 Omnibus Incentive Plan.

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The following table contains information with respect to the compensation of the individuals who served as non-management directors of AIG for all or part of 2017.

2017 Non-Management Director Compensation

Non-Management Members of the Board in 2017	Fees Earned or Paid in Cash(1)	Stock Awards(2)	All Other Compensation(3)	Total
W. Don Cornwell	$ 180,000	$ 129,978	$ 10,000	$ 319,978
Peter R. Fisher	$ 150,000	$ 129,978	$ 0	$ 279,978
John H. Fitzpatrick	$ 190,000	$ 129,978	$ 0	$ 319,978
William G. Jurgensen	$ 190,000	$ 129,978	$ 0	$ 319,978
Christopher S. Lynch	$ 160,110	$ 129,978	$ 0	$ 290,088
Samuel J. Merksamer	$ 150,000	$ 129,978	$ 0	$ 279,978
George L. Miles, Jr.	$ 74,175	$ 0	$ 0	$ 74,175
Henry S. Miller	$ 150,000	$ 129,978	$ 10,000	$ 289,978
Robert S. Miller	$ 74,175	$ 0	$ 0	$ 74,175
Linda A. Mills	$ 150,000	$ 129,978	$ 10,000	$ 289,978
Suzanne Nora Johnson	$ 159,890	$ 129,978	$ 10,000	$ 299,868
John A. Paulson	$ 74,175	$ 0	$ 0	$ 74,175
Ronald A. Rittenmeyer	$ 170,000	$ 129,978	$ 0	$ 299,978
Douglas M. Steenland	$ 410,000	$ 129,978	$ 0	$ 539,978
Theresa M. Stone	$ 170,000	$ 129,978	$ 10,000	$ 309,978

(1)

This column represents annual retainer fees and Committee Chair retainer fees. For Mr. Lynch, the amount includes a prorated Committee Chair retainer fee for his service as Chair of the Nominating and Corporate Governance Committee, effective as of the date of the 2017 Annual Meeting. For Ms. Nora Johnson, the amount includes a prorated annual Committee Chair retainer fee for her service as Chair of the Nominating and Corporate Governance Committee until the date of the 2017 Annual Meeting. For Messrs. Miles, Robert S. Miller and Paulson, the amounts include prorated annual retainer fees for their service as directors until the date of the 2017 Annual Meeting. For Mr. Miles, the amount does not include (i) $856,774, which represents the value of shares of AIG Common Stock delivered when he ceased to be a member of the Board as of the 2017 Annual Meeting in accordance with the terms of DSUs previously granted and reported, (ii) $21,630, which represents a cash payment with respect to the final dividend equivalents on his DSUs payable prior to delivery of the underlying shares and warrant equivalents granted to him related to DSUs issued prior to the dividend of warrants by AIG to its shareholders on January 13, 2011 and (iii) $5,626, which represents the delivery of previously granted and reported deferred AIG Common Stock, the deferral of which ended when he ceased to be a member of the Board. For Mr. Robert S. Miller, the amount does not include (i) $840,206, which represents the value of shares of AIG Common Stock delivered when he ceased to be a member of the Board as of the 2017 Annual Meeting in accordance with the terms of DSUs previously granted and reported and (ii) $18,484, which represents a cash payment with respect to the final dividend equivalents on his DSUs payable prior to delivery of the underlying shares and warrant equivalents granted to him related to DSUs granted prior to the warrant distribution. For Mr. Paulson, the amount does not include (i) $323,299, which represents the value of shares of AIG Common Stock delivered when he ceased to be a member of the Board as of the 2017 Annual Meeting in accordance with the terms of DSUs previously granted and reported and (ii) $1,467, which represents a cash payment with respect to the final dividend equivalents on his DSUs payable prior to delivery of the underlying shares.

(2)
This column represents the grant date fair value of DSUs granted in 2017 to directors, based on the closing sale price of AIG Common Stock on the date of grant.

(3)
This column represents charitable contributions by AIG under AIG’s Matching Grants Program.

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The following table sets forth information with respect to the stock awards outstanding at December 31, 2017 for the non-management directors of AIG. None of the non-management directors hold option awards.

Outstanding Stock Awards at December 31, 2017

Non-Management Members of the Board in 2017	Deferred Stock Units(1)
W. Don Cornwell	15,472
Peter R. Fisher	8,750
John H. Fitzpatrick	14,332
William G. Jurgensen	10,850
Christopher S. Lynch	15,621
Samuel J. Merksamer	4,441
George L. Miles, Jr.	0
Henry S. Miller	15,621
Robert S. Miller	0
Linda A. Mills	6,197
Suzanne Nora Johnson	18,908
John A. Paulson	0
Ronald A. Rittenmeyer	15,621
Douglas M. Steenland	15,621
Theresa M. Stone	24,148

(1)
DSUs shown include DSUs awarded in 2017 and prior years, director’s fees deferred into DSUs and DSUs awarded as dividend equivalents. Receipt of shares of AIG Common Stock underlying DSUs is deferred until the director ceases to be a member of the Board. DSUs granted prior to April 2010 were granted under the Amended and Restated AIG 2007 Stock Incentive Plan (2007 Stock Incentive Plan). DSUs granted after April 2010 and prior to May 15, 2013 were granted under the AIG 2010 Stock Incentive Plan (2010 Stock Incentive Plan) and DSUs granted commencing on or after May 15, 2013 were granted under the 2013 Omnibus Incentive Plan.

COMPENSATION AND MANAGEMENT RESOURCES COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During his or her service on the Compensation and Management Resources Committee, no member served as an officer or employee of AIG at any time or had any relationship with AIG requiring disclosure as a related-party transaction under SEC rules. During 2017, none of AIG’s executive officers served as a director of another entity, one of whose executive officers served on the Compensation and Management Resources Committee; and none of AIG’s executive officers served as a member of the compensation committee of another entity, one of whose executive officers served as a member of the Board of Directors of AIG.

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OWNERSHIP OF CERTAIN SECURITIES

The following table contains information regarding the only persons who, to the knowledge of AIG, beneficially own more than five percent of AIG Common Stock at January 31, 2018.

	Shares of Common Stock Beneficially Owned	
Name and Address	Number	Percent
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	64,406,363(1)	7.1%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	57,556,990(2)	6.4%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	61,323,039(3)	6.8%

(1)
Based on a Schedule 13G/A filed on February 8, 2018 by BlackRock, Inc. reporting beneficial ownership as of December 31, 2017. Item 4 to this Schedule 13G/A provides details as to the voting and investment power of BlackRock, Inc. as well as the right to acquire AIG Common Stock within 60 days. All information provided in "Ownership of Certain Securities" with respect to this entity is provided based solely on information set forth in the Schedule 13G/A. This information may not be accurate or complete and AIG takes no responsibility therefor and makes no representation as to its accuracy or completeness as of the date hereof or any subsequent date.

(2)
Based on a Schedule 13G/A filed on February 14, 2018 by Capital Research Global Investors reporting beneficial ownership as of December 31, 2017. Item 4 to this Schedule 13G/A provides details as to the voting and investment power of Capital Research Global Investors as well as the right to acquire AIG Common Stock within 60 days. All information provided in "Ownership of Certain Securities" with respect to this entity is provided based solely on information set forth in the Schedule 13G/A. This information may not be accurate or complete and AIG takes no responsibility therefor and makes no representation as to its accuracy or completeness as of the date hereof or any subsequent date.

(3)
Based on a Schedule 13G/A filed on February 12, 2018 by The Vanguard Group reporting beneficial ownership as of December 31, 2017. Item 4 to this Schedule 13G/A provides details as to the voting and investment power of The Vanguard Group as well as the right to acquire AIG Common Stock within 60 days. All information provided in "Ownership of Certain Securities" with respect to this entity is provided based solely on information set forth in the Schedule 13G/A. This information may not be accurate or complete and AIG takes no responsibility therefor and makes no representation as to its accuracy or completeness as of the date hereof or any subsequent date.

The following table summarizes the ownership of AIG Common Stock by the current directors, by the current and former executive officers named in the 2017 Summary Compensation Table in “Executive Compensation—2017 Compensation” and by the current directors and current executive officers as a group.

	AIG Common Stock Owned Beneficially as of January 31, 2018	
	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class
W. Don Cornwell	18,054	(3)
Douglas A. Dachille	3,740	(3)
Brian Duperreault	80,000	0.01%
Peter R. Fisher	17,797	(3)
John H. Fitzpatrick	14,408	(3)
Peter D. Hancock	131,457	0.01%
Kevin T. Hogan	77,676	0.01%
William G. Jurgensen	25,908	(3)
Christopher S. Lynch	18,874	(3)
Samuel J. Merksamer	4,464	(3)
Henry S. Miller	15,704	(3)
Linda A. Mills	6,230	(3)
Suzanne Nora Johnson	19,008	(3)
Ronald A. Rittenmeyer	15,704	(3)
Siddhartha Sankaran	88,683	0.01%
Robert S. Schimek	165,427(4)	0.02%
Peter Y. Solmssen	41,306	(3)
Douglas M. Steenland	15,704	(3)
Theresa M. Stone	24,991	(3)
Peter Zaffino	0	(3)
All current Directors and current Executive Officers of AIG as a group (24 individuals)	487,669	0.05%

(1)
Amount of equity securities shown includes (i) shares receivable upon the exercise of warrants which may be exercised within 60 days as follows: Hancock—17,831 shares, Hogan—135 shares, Schimek—9,713 shares and all current directors and current executive officers of AIG as a group—272 shares; (ii) net shares received in February 2018 upon settlement of one-third of the 2015 long-term incentive awards that vested in January 2018: Dachille—3,740 shares, Hancock—6,788 shares, Hogan—3,056 shares, Sankaran—1,385 shares, Schimek—1,821 shares and all current executive officers of AIG as a group—12,556 shares; and (iii) DSUs granted to each non-management director with delivery of the underlying AIG Common Stock deferred until such director ceases to be a member of the Board as follows: Cornwell—15,554 shares, Fisher—8,797 shares, Fitzpatrick—14,408 shares, Jurgensen—10,908 shares, Lynch—15,704 shares Merksamer—4,464 shares, H. Miller—15,704 shares, Mills—6,230 shares, Nora Johnson—19,008 shares, Rittenmeyer—15,70 shares, Steenland—15,704 shares, and Stone—24,991 shares.

(2)
Amount of equity securities shown excludes the following securities owned by or held in trust for members of the named individual's immediate family as to which securities such individual has disclaimed beneficial ownership: Hancock—32 shares and Fitzpatrick—100 shares.

(3)
Less than .01 percent.

(4)
Mr. Schimek, a former executive officer, has pledged 70,000 shares, which he pledged prior to the prohibition beginning in 2018. No current executive officer or director has pledged any shares of AIG Common Stock. For information on AIG's pledging policy, please see "Executive Compensation—Compensation Discussion and Analysis—Other Considerations".

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (Exchange Act) requires directors, certain officers, and greater than ten percent holders of AIG Common Stock to file reports with respect to their ownership of AIG equity securities. Based solely on the review of the Forms 3, 4 and 5 and amendments thereto furnished to AIG and certain representations made to AIG, AIG believes that the only filing deficiencies under Section 16(a) by its directors, officers and greater than ten percent holders during 2017 were (i) an amendment to the original Form 3 filed by Kevin T. Hogan in 2013 (the amendment corrected the number of warrants held indirectly by Mr. Hogan at the time he became an officer) and (ii) a late report by Donnalee A. DeMaio reporting a grant of restricted stock units. In addition, AIG was unable to confirm that Mr. Paulson did not fail to file a Form 5 for 2017, because Mr. Paulson did not provide us with the SEC-required written representation.

RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Employment of a Family Member

The spouse of Alessandrea C. Quane, AIG's Executive Vice President and Chief Risk Officer, is a non-executive officer employee of AIG. Ms. Quane has been an employee of AIG since 1996 and an executive officer since February 2016. Mr. Quane has been an employee of AIG since 1996. His 2017 base salary and short-term incentive award was approximately $522,000 in the aggregate, and his 2017 target long-term incentive award was approximately $400,000. He also received benefits generally available to all employees. The compensation for this employee was determined in accordance with our standard employment and compensation practices applicable to employees with similar responsibilities and positions.

Transactions with Hamilton Insurance Group, Two Sigma Insurance Quantified and Attune Holdings

On May 14, 2017, AIG entered into a waiver agreement with Hamilton (the Hamilton Waiver Agreement) pursuant to which AIG paid Hamilton $20 million in exchange for Hamilton's release of Mr. Duperreault from restrictive covenants that would prevent or restrict Mr. Duperreault from being employed by AIG or serving on the Board. Pursuant to the Hamilton Waiver Agreement, AIG will make an additional payment of $20 million contingent upon the completion of Mr. Duperreault's second year as Chief Executive Officer of AIG, which would continue to be payable in the event Mr. Duperreault is no longer employed as AIG's Chief Executive Officer at such time due to his death or disability. In addition, Hamilton has advised AIG that, in connection with Mr. Duperreault's appointment as AIG's President and Chief Executive Officer effective May 14, 2017, Hamilton has cancelled or agreed to repurchase all of Mr. Duperreault's equity and equity-related interests in Hamilton and its affiliates. As noted above, Mr. Duperreault was a founding member of Hamilton, served as Chief Executive Officer of Hamilton from 2013 to 2017 and as Chairman from 2016 to 2017 and, as of May 12, 2017, held shares and warrants representing approximately 1.6 percent of Hamilton's outstanding common stock. In addition, Attune Holdings, LLC (Attune) and certain affiliates of Hamilton and Two Sigma Insurance Quantified, LP (Two Sigma) entered into a waiver and agreement waiving their respective rights to enforce certain employee non-solicitation restrictions relating to Attune, a joint venture in which affiliates of AIG, Hamilton and Two Sigma are equal parties. Attune was formed in September 2016 by affiliates of AIG, Hamilton and Two Sigma as a technology-enabled platform to serve the U.S. small to medium sized enterprise commercial insurance market. To date, affiliates of AIG have made four separate $5 million capital contributions to Attune totaling $20 million. In addition to having had an indirect ownership interest in Attune by virtue of his prior equity interests in Hamilton, Mr. Duperreault has served as Chairman of Attune since its formation in September 2016.

Also on May 14, 2017, AIG entered into a memorandum of understanding (the MOU) with Hamilton and Two Sigma. Under the terms of the MOU, AIG agreed in principle to acquire all of the outstanding shares of Hamilton U.S. Holdings, Inc. (HUSA), a wholly owned subsidiary of Hamilton. Following the execution of definitive agreements and the receipt of regulatory approvals, AIG acquired HUSA, now operating as Blackboard U.S. Holdings, Inc. (Blackboard), and HUSA's subsidiaries on October 2, 2017 for a purchase price of approximately $127 million. The MOU also provides that AIG will in good faith offer Hamilton the opportunity to participate in a significant volume of new ceded reinsurance for six years. Hamilton has elected to participate in AIG's reinsurance panel for certain ceded reinsurance. All pricing and other terms and conditions offered to Hamilton are on arms'-length, market terms, and Hamilton's involvement in AIG's reinsurance panel is subject to the requirements of AIG's risk management framework. Ms. Macia, an executive officer of AIG and the Chief Executive Officer of Blackboard, was the former

Chief Executive Officer of HUSA (prior to the name change) and, as of March 15, 2018, did not hold any shares of Hamilton's common stock.

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The MOU also called for AIG and Two Sigma to negotiate in good faith the terms of a development contract pursuant to which Two Sigma and AIG will develop a next generation insurance platform for AIG's use. Pursuant to the terms of the MOU, AIG delivered a non-refundable, good faith initial installment to Two Sigma of $37.5 million, which amount will be used towards the development of the platform while the relationship is being finalized and will be applied towards the eventual compensation to be paid to Two Sigma under any definitive development contract ultimately agreed to. The ultimate cost for the development of the platform is currently estimated to be approximately $250 million over a five-year period. To date, the parties have executed a term sheet outlining the broad terms of the development effort and are negotiating the terms of the definitive development contract.

On May 14, 2017, affiliates of AIG, Hamilton and Two Sigma agreed to expand the scope of Attune's target market for small to medium enterprise businesses to include companies with annual revenues of up to $35 million.

Related-Party Transactions Approval Policy

The Board of AIG has adopted a related-party transaction approval policy. Under this written policy, any transaction that involves more than $120,000 and would be required to be disclosed in AIG's Proxy Statement, between AIG or any of its subsidiaries and any director or executive officer, or their related persons, must be approved by the Nominating and Corporate Governance Committee (or, in certain circumstances where it is impractical or undesirable to seek the approval of the full Committee, by its Chair, acting on behalf of the full Committee). In determining to approve a related-party transaction, the Nominating and Corporate Governance Committee or its Chair, as applicable, considers:

- Whether the terms of the transaction are fair to AIG and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or employee of AIG;
- Whether there are demonstrable business reasons for AIG to enter into the transaction;
- Whether the transaction would impair the independence of a director; and
- Whether the transaction would present an improper conflict of interest for any director, executive officer or employee of AIG, taking into account the size of the transaction, the overall financial position of the director, executive officer or employee, the direct or indirect nature of the interest of the director, executive officer or employee in the transaction, the ongoing nature of any proposed relationship and any other factors the Nominating and Corporate Governance Committee or its Chair, as applicable, deems relevant.

AIG has not identified any transaction since the beginning of 2017 with respect to which the requirements of the related-party transaction approval policy were not followed. Mr. Paulson did not provide us with the information we requested to allow us to confirm compliance for Mr. Paulson and his related parties.

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OUR EXECUTIVE OFFICERS

Information concerning the executive officers of AIG as of the date hereof is set forth below.

Name	Title	Age	Served as Officer Since
Brian Duperreault	President and Chief Executive Officer	70	2017
Douglas A. Dachille	Executive Vice President and Chief Investment Officer	53	2015
Lucy Fato	Executive Vice President and General Counsel	51	2017
Martha Gallo	Executive Vice President and Chief Information Officer	60	2015
Kevin T. Hogan	Executive Vice President—Life & Retirement	55	2013
Thomas B. Leonardi	Executive Vice President—Government Affairs, Public Policy and Communications	64	2017
Claudine M. Macartney	Executive Vice President and Chief Human Resources Officer	49	2017
Seraina Macia	Executive Vice President	49	2017
Naohiro Mouri	Executive Vice President and Chief Auditor	59	2018
Alessandrea C. Quane	Executive Vice President and Chief Risk Officer	48	2016
Siddhartha Sankaran	Executive Vice President and Chief Financial Officer	40	2010
Peter Zaffino	Executive Vice President—General Insurance and Global Chief Operating Officer	51	2017

All of AIG's executive officers are elected to one-year terms, but serve at the pleasure of the Board of Directors. Each of Mss. Macartney and Quane and Mr. Sankaran has, for more than five years, occupied a senior management position with AIG or one or more of its subsidiaries. There are no arrangements or understandings between any executive officer and any other person pursuant to which the executive officer was elected to such position.

For information on Mr. Duperreault's experience, please see "Proposal 1—Election of Directors."

Douglas A. Dachille joined AIG in September 2015 as Executive Vice President and Chief Investment Officer. Before joining AIG, from September 2003, Mr. Dachille served as Chief Executive Officer of First Principles Capital Management, LLC (First Principles), an investment management firm acquired by AIG as a wholly-owned subsidiary. Prior to co-founding First Principles, from May 2002, he was President and Chief Operating Officer of Zurich Capital Markets, an integrated alternative investment asset management and structured product subsidiary of Zurich Financial Services. He began his career at JPMorgan Chase, where he served as Global Head of Proprietary Trading and co-Treasurer.

Lucy Fato joined AIG in October 2017 as Executive Vice President and General Counsel. Prior to joining AIG, she was Managing Director, Head of the Americas & General Counsel of Nardello & Co. LLC. Previously, she worked at S&P Global (formerly known as McGraw Hill Financial) where she served as Executive Vice President & General Counsel from August 2014 to October 2015, and as a Consultant from October 2015 to October 2016. Prior to that, Ms. Fato was Vice President, Deputy General Counsel & Corporate Secretary at Marsh & McLennan Companies from September 2005 to July 2014. Ms. Fato began her legal career at Davis Polk & Wardwell LLP where she was a partner in the Capital Markets Group.

Martha Gallo is Executive Vice President and Chief Information Officer. She joined AIG in May 2015 as Executive Vice President and Chief Auditor. Prior to joining AIG, Ms. Gallo served in a variety of roles at JPMorgan Chase since 1981, most recently as Head of Compliance and Regulatory Management from October 2011 to January 2013, and, previously, as General Auditor from April 2005.

Kevin T. Hogan is Executive Vice President—Life & Retirement and joined AIG as Chief Executive Officer of AIG Global Consumer Insurance in October 2013. Mr. Hogan joined Zurich Insurance Group in December 2008, serving as Chief Executive Officer of Global Life Americas until June 2010 and as Chief Executive Officer of Global Life from July 2010 to August 2013. From 1984 to 2008, Mr. Hogan held various positions with AIG, including Chief Operating Officer of American International Underwriters, AIG's Senior Life Division Executive for China and

Taiwan and Chief Distribution Officer, Foreign Life and Retirement Services.

Thomas B. Leonardi joined AIG as Executive Vice President—Government Affairs, Public Policy and Communications in November 2017. From January 2015 to October 2017, he was a Senior Advisor to Evercore's

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Investment Advisory business. Previously, from February 2011 to December 2014, Mr. Leonardi was Commissioner of the Connecticut Insurance Department and, for 22 years prior to his appointment as Commissioner, he was Chairman and Chief Executive Officer of Northington Partners Inc., a Connecticut-based venture capital and investment banking boutique.

Seraina Macia joined AIG as Executive Vice President in July 2017 to lead Blackboard, our technology-driven subsidiary. She joined AIG from Hamilton Insurance Group, Ltd., where she served as Chief Executive Officer of Hamilton USA since October 2016. She was previously at AIG as Executive Vice President and Chief Executive Officer of Regional Management & Operations from December 2015 to February 2016 and Senior Vice President and Chief Executive Officer of the EMEA Region from November 2013 to December 2015. Prior to AIG, from September 2010, she served as Chief Executive of North American Property & Casualty at the XL Group. Prior to joining XL Group, Ms. Macia served in various roles at Zurich Insurance Group, including as President and Chief Financial Officer of Zurich North America's Commercial Specialties business unit and as head of Investor Relations and Rating Agencies for Zurich Financial Services. Previously, Ms. Macia was a founding partner and financial analyst for NZB Neue Zuercher Bank, and she held various management positions in underwriting and finance at Swiss Reinsurance in Switzerland and Australia. Ms. Macia became a member of the Board of Directors and a member of the Audit Committee of Credit Suisse Group AG and Credit Suisse AG in April 2015.

Naohiro Mouri is Executive Vice President and Chief Auditor. He joined AIG in July 2015 as Senior Managing Director of Asia Pacific Internal Audit. Previously, from November 2013 to July 2015, he was a Statutory Executive Officer, Senior Vice President and Chief Auditor for MetLife Japan and, from July 2007 to November 2013, he was Chief Auditor at JP Morgan Chase for Asia Pacific. He has also held chief auditor positions at Shinsei Bank, Morgan Stanley Japan and Deutsche Bank Japan.

Peter Zaffino is Executive Vice President—General Insurance and Global Chief Operating Officer. Prior to joining AIG in July 2017, he served in various roles at Marsh & McLennan Companies, where he was Chairman of the Risk and Insurance Services Segment since May 2015 and Chief Executive Officer of Marsh since 2011. Previously at Marsh & McLennan Companies, Mr. Zaffino was President and Chief Executive Officer of Guy Carpenter, a position he assumed in early 2008. He was also an Executive Vice President of Guy Carpenter and held a number of senior positions, including Head of Guy Carpenter's U.S. Treaty Operations and Head of the firm's Global Specialty Practices. Mr. Zaffino has over 25 years of experience in the insurance and reinsurance industry. Prior to joining Guy Carpenter in 2001, he held several senior positions, most recently serving in an executive role with a GE Capital portfolio company.

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EXECUTIVE COMPENSATION

REPORT OF THE COMPENSATION AND MANAGEMENT RESOURCES COMMITTEE

Overview

The Compensation and Management Resources Committee determines and approves the compensation awarded to AIG's Chief Executive Officer (subject to ratification or approval by the Board) and approves the compensation awarded to the other senior executives under its purview, oversees AIG's compensation and benefits programs for other employees and makes recommendations to the Board with respect to these programs where appropriate. The Compensation and Management Resources Committee also oversees AIG's management development and succession planning programs and produces this Report on annual compensation. In carrying out these responsibilities, our objective is to maintain responsible compensation practices that attract, develop and retain high-performing senior executives and other key employees while avoiding incentives that encourage employees to take unnecessary or excessive risks that could threaten the value of AIG.

Our executive compensation program includes the following features:

- Balanced mix of base, short-term and long-term pay. Annual target long-term incentive opportunity comprises the largest component of an executive's annual target total direct compensation under our pay structure, which also includes a market-competitive base salary and annual target short-term incentive opportunity. We believe this structure provides an appropriate balance of fixed and variable compensation, drives achievement of AIG's short- and long-term objectives and business strategies and aligns the economic interests of our executives with the long-term interests of AIG and our shareholders.

- Defined earn-out ranges for incentive awards. Executive incentive awards are subject to a defined earn-out framework. For our Executive Leadership Team, 2017 short-term incentive awards can range from 0 to 200 percent of target and performance share units (PSUs) granted under 2017 long-term incentive awards can range from 0 to 200 percent of target, in each case, taking into account performance against pre-established goals for Company performance and, for short-term incentives, evaluations of individual performance.

- Long-term incentives reward performance and manage risk. For our Executive Leadership Team, 2017 long-term incentive awards are 70 percent in the form of PSUs and 30 percent in the form of restricted stock units (RSUs), with both types of units vesting at the end of a three-year period. PSUs are earned based on achieving total shareholder return (TSR) over the performance period measured relative to AIG's peers (which is targeted at median). The TSR metric is balanced by using relative option adjusted spreads (OAS) as a gating metric to manage risk, such that, if our relative OAS percentile is below the 20th percentile of the peer group, the payout level resulting from the relative TSR score is reduced by half. RSUs, which were introduced in 2017 and help further balance risk in our long-term incentive program, are earned based on continued employment through the three-year period.

- Share ownership guidelines and holding requirements. Executive officers must retain 50 percent of the after-tax shares they receive as compensation until they achieve a specified ownership level of AIG Common Stock, further fostering an ownership culture focused on long-term performance.

- Robust Recovery Policy. At least 75 percent of each executive's annual target total direct compensation is subject to our clawback policy, which applies while awards are outstanding and to covered incentive compensation paid in the year preceding the triggering event.

Risk and Compensation Plans

AIG remains committed to continually evaluating and enhancing our risk management control environment, risk management processes and enterprise risk management functions, including through enhancements to its risk governance framework. AIG's compensation practices are essential parts of the company's approach to risk management, and the Committee regularly monitors AIG's compensation programs to ensure they align with sound risk management principles. Since 2009, the Committee's charter has expressly included the Committee's duty to meet periodically to discuss and review, in consultation with the Chief Risk Officer, the relationship between AIG's risk management policies and practices and the incentive compensation arrangements applicable to senior executives.

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In July 2017, the Committee conducted its annual review with AIG's Chief Risk Officer of AIG's compensation plans to ensure that they appropriately balance risk and reward. As recommended by AIG's Chief Risk Officer, the Committee continued to focus its review on incentive-based compensation plans, which totaled 102 active plans with approximately 66,000 participants as of June 2017. (Some employees are eligible to participate in more than one plan.)

AIG's Enterprise Risk Management (ERM) conducted its annual risk assessment to evaluate AIG's active incentive plans. Since 2014, AIG risk officers have assigned a risk rating of low, medium or high to each active incentive plan. In assigning the risk rating, AIG risk officers considered, among other things, whether the plan features include capped payouts or deferrals and/or clawbacks, whether the plan design or administration leads to outsized risk taking, and whether payments are based on pre-established performance goals including risk-adjusted metrics. For the 2017 annual risk review, ERM reviewed all plans previously rated medium risk and a sample of plans previously rated low risk (there were no plans previously rated high risk). Also as part of its 2017 risk review, ERM reviewed 2016 incentive payouts to identify any significant variability in payouts that may be indicative of plan features that encourage excessive risk-taking or fraudulent behavior. As of July 2017, no plans were categorized as high risk. As part of this risk review, and as discussed with the Committee, ERM concluded that AIG's compensation policies and practices do not encourage unnecessary or excessive risk-taking and have the appropriate safeguards in place to discourage fraudulent behavior.

Compensation Discussion and Analysis

The Compensation Discussion and Analysis that follows discusses the principles the Committee has been using to guide its compensation decisions for senior executives. The Committee has reviewed and discussed the Compensation Discussion and Analysis with management. FW Cook has also reviewed and discussed the Compensation Discussion and Analysis on behalf of the Committee with management and outside counsel. Based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in AIG's Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Annual Report on Form 10-K).

Compensation and Management Resources Committee
American International Group, Inc.
W. Don Cornwell, Chair
Linda A. Mills
Suzanne Nora Johnson
Ronald A. Rittenmeyer

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COMPENSATION DISCUSSION AND ANALYSIS

In 2017, AIG undertook significant changes to our leadership, operational structure and strategic vision. During this time of transition at AIG and in our Executive Leadership Team, the Committee considered the challenge of promoting stability and sustainable, profitable growth as it made a number of significant decisions with respect to our executive compensation program, as we describe in this Compensation Discussion and Analysis.

Leadership and Strategic Change in 2017

In May 2017, the Board appointed Brian Duperreault as President and Chief Executive Officer and a director, replacing Peter D. Hancock.

Following his appointment, Mr. Duperreault announced changes to our strategy to position AIG for sustainable, profitable growth; implemented changes to our operating structure designed to maximize the strengths of our global platform and provide our businesses with the greatest competitive advantage; and prioritized reshaping our leadership team to drive our transformation. In addition, in January 2018, we announced an agreement to acquire Validus Holdings, Ltd. (Validus), a transaction that represents a significant step forward in our strategy for profitable growth as it brings new business and capabilities to AIG, expands the bench of management and deepens underwriting talent.

The following are key actions taken by our Board and accomplishments across AIG in 2017:

2017 Changes and Accomplishments Across AIG

- Brian Duperreault appointed AIG President, CEO and a director in May 2017
- New enterprise-wide organizational structure announced in September 2017 to increase responsiveness and accountability
- Following Mr. Duperreault's appointment, five additional new members of our Executive Leadership Team appointed in 2017
- As part of new organizational structure, creation of General Insurance and Life and Retirement segments, and introduction of Blackboard, our technology-driven subsidiary
- Actions to diversify our business and pursue profitable growth reflected in our agreement in January 2018 to acquire Validus
- AIG's regulatory designation as a nonbank systemically important financial institution was rescinded
- Significant reduction in general operating expenses, adjusted basis* (over $2.3 billion since end of 2015)
- Return of approximately $20.6 billion of capital to shareholders since end of 2015 through dividends and share and warrant repurchases
- AIG pre-tax income of $1.5 billion and adjusted pre-tax income* of over $3.0 billion in 2017 despite record catastrophe losses
- Solid performance in our Life and Retirement segment with assets under management at historical highs
- Increased investments in enhancing underwriting tools and strengthened reserves in General Insurance
- Actions to form DSA Reinsurance Company, Ltd. (DSA Re), which will serve as AIG's main run-off reinsurer, allowing AIG to consolidate its legacy books and leverage operational efficiencies

*

General operating expenses, adjusted basis, and Adjusted pre-tax income are non-GAAP financial measures. See pages 38-39 and 64-65 of AIG's 2017 Annual Report on Form 10-K for how these measures are calculated.

The following are new Executive Leadership Team members appointed in 2017 following Mr. Duperreault's appointment:

- Lucy Fato, who was hired as our new General Counsel;
- Thomas B. Leonardi, who was hired to lead a newly formed Government Affairs, Public Policy and Communications department;
- Claudine M. Macartney, our Chief Human Resources Officer, who was elevated to the Executive Leadership Team;
- Seraina Macia, who was hired to lead Blackboard, our new technology-driven subsidiary; and
- Peter Zaffino, who was hired to lead our recently reorganized General Insurance business and serve as our Global Chief Operating Officer.

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The transition also included a number of key departures as Mr. Duperreault assembled his leadership team, including Jeffrey J. Hurd, our former Chief Operating Officer; Robert S. Schimek, who led our prior Commercial Insurance business; and Peter Y. Solmssen, our former General Counsel.

Compensation Decisions to Support our Transformation

Chief Executive Officer Compensation Structure

In connection with Mr. Duperreault's appointment, the Committee established his 2017 annual compensation as described further below, consistent with AIG's pre-established program for the other members of our Executive Leadership Team and competitive market practice. In addition, Mr. Duperreault was granted a one-time award of stock options to purchase 1,500,000 shares of AIG Common Stock to align his interests directly and transparently with those of our shareholders. The exercise price of these options was $61.82, the closing price of common stock on the day Mr. Duperreault's appointment was announced. These options will only have value to the extent our stock price increases from that level, and all of them have a limited seven-year term, which is shorter than the market standard and provides a concentrated window for share price improvement. In addition, two-thirds of the options have heightened performance requirements, vesting only if AIG's stock price increases by at least $10, $20 or $30 (for 300,000, 300,000 and 400,000 options, respectively) over the closing price of our common stock before Mr. Duperreault joined AIG. The Committee believes this award properly motivates Mr. Duperreault to create sustainable, profitable growth for AIG, aligning his interests with those of our shareholders. In addition, following his appointment, Mr. Duperreault purchased approximately $5 million of AIG Common Stock in the open market using his own funds. Other than his one-time alignment award and a make-whole cash payment for equity awards Mr. Duperreault forfeited to join AIG, Mr. Duperreault does not have any special employment arrangements with us. The specifics of Mr. Duperreault's arrangements are provided under "—Leadership and Strategic Change—President and Chief Executive Officer."

Arrangements for our Former Chief Executive Officer

In March 2017, AIG announced Mr. Hancock's intention to resign, and following the announcement, AIG began a comprehensive search for a successor and entered into an agreement with Mr. Hancock providing for his service throughout 2017 until a successor was named. The agreement provided that Mr. Hancock would participate in our 2017 annual compensation structure for our Executive Leadership Team (including proration of short-term incentive for full months served) and that his severance rights would be fixed as of his resignation announcement. As additional consideration for his agreement to serve until a successor was named, the Committee provided for a $5 million transition payment subject to his provision of a valid release and his service through the transition to our new President and Chief Executive Officer, the duration of which was unknown at the time, providing stability in an uncertain period for AIG. Mr. Hancock did not receive any additional economic benefits, other than those to which he was already entitled under our 2012 Executive Severance Plan. These arrangements for Mr. Hancock were described in our 2017 Proxy Statement, together with the Committee's decision that Mr. Hancock did not earn a short-term incentive award for 2016. The specifics of Mr. Hancock's arrangements are provided under "—Named Executive Officers who Separated in 2017."

Other Measures to Support Leadership Transition

To promote stability during the search for, and transition to, a new Chief Executive Officer, the Committee determined to make one-time grants of restricted stock units in March 2017 to members of our Executive Leadership Team at that time. The awards cliff-vest on the second anniversary of the grant date subject to continued employment (or the participant's earlier termination without cause) and are not eligible for qualifying resignation or retirement treatment. The awards were aimed to retain leaders in critical positions to facilitate a successful transition and foster the implementation and execution of any change in strategic vision for AIG following appointment of new leadership. The awards were entirely in the form of stock units to align with AIG performance and have no interim delivery before the two-year term, which the Committee believes is an appropriate timeframe by which any period of transition will have occurred. In the interests of transparency, these awards were publicly announced at the time of grant and described in our 2017 Proxy Statement. These awards are described below under "—Leadership and Strategic Change—Transition RSU Awards."

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2017 Annual Compensation Structure

Guided by our compensation philosophy, our 2017 annual compensation program focuses on providing a balance of fixed and variable pay, driving achievement of AIG’s short- and long-term business objectives and strategies and aligning the economic interests of our executives with the long-term interests of AIG and our shareholders:

- Balanced Structure: Annual total direct compensation for our Executive Leadership Team consists of market-competitive base salary, approximately 20 to 35 percent annual target short-term incentive opportunity and at least 40 percent annual target long-term incentive opportunity.
- Emphasis on Long-Term Incentives: At least 75 percent of each Executive Leadership Team member’s annual target total direct compensation is “at risk” and the majority of incentive pay opportunity is provided in equity, in the form of PSUs and RSUs, vesting after a three-year period.
- Direct Link to AIG Performance: 70 percent of long-term incentives for our Executive Leadership Team are in the form of PSUs that are earned over a three-year period based on achieving total shareholder return (TSR) measured relative to AIG’s peers, and balanced by using option adjusted spread (OAS) relative to peers.
- Robust Recovery Policy: At least 75 percent of each Executive Leadership Team member’s annual target total direct compensation is subject to our clawback policy, which applies while awards are outstanding and to covered compensation paid in the year preceding the triggering event.

Compensation Philosophy

We structure our compensation program and make enterprise-wide compensation decisions consistent with our compensation philosophy. Our compensation philosophy centers around the following objectives:

- Attracting and retaining the strongest employees and leaders for AIG’s various business needs by providing market-competitive compensation opportunities.

- Creating a culture of pay for performance by providing total direct compensation opportunities that reward employees for individual, business unit and company-wide performance.

- Providing a market-competitive, performance-driven compensation structure through a four-part program that takes into account base salary, annual incentives, long-term incentives and benefits and perquisites.

- Motivating all AIG employees to deliver sustainable, profitable growth balanced with risk to drive long-term value creation for shareholders.

- Aligning the long-term economic interests of key employees with those of shareholders by ensuring that a meaningful component of each key employee's compensation is provided in equity.

- Avoiding incentives that encourage employees to take unnecessary or excessive risks that could threaten the value of AIG by appropriately balancing risk and reward as well as rewarding both annual and long-term performance.

- Maintaining strong corporate governance practices by meeting evolving standards of compensation governance and complying with regulations applicable to employee compensation.

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Consistent with this philosophy, our short-term and long-term incentive programs are designed to provide appropriate upside opportunity and downside risk and reinforce alignment with shareholder interests. The Committee evaluates and adjusts the programs annually based on strategic priorities, stakeholder feedback and market considerations.

Compensation Best Practices

What we do:	What we don't do:
Pay for performance	
Comprehensive clawback policy	× No golden parachute tax gross-ups
Share ownership guidelines and holding requirements	× No excessive pension payments, perquisites or other benefits
All employees and directors prohibited from hedging AIG securities	× No equity grants below 100% of fair market value
Executive officers and directors prohibited from pledging AIG securities	× No dividends or dividend equivalents paid on unvested long-term incentive awards
Double-trigger change-in-control benefits	× No repricing of underwater stock options or stock appreciation rights
Annual risk assessment of compensation plans	
Independent compensation consultant	

2017 Compensation Structure—Annual Direct Compensation Components

The 2017 compensation structure for our Executive Leadership Team consists of market-competitive base salary, approximately 20 to 35 percent annual target short-term incentive opportunity and at least 40 percent annual target long-term incentive opportunity. An executive's total annual direct compensation target is determined based on his or her position, skills and experience and demonstrated performance, as well as market practice, and is then allocated in accordance with the compensation structure. Consistent with our compensation philosophy, we believe this structure provides an appropriate balance of fixed and variable pay, drives achievement of AIG's short- and long-term business objectives and strategies and aligns the economic interests of our executives with the long-term interests of AIG and our shareholders.

In the first quarter of 2017, the Committee established annual base salaries (effective as of January 1, 2017), short-term incentive opportunities and long-term incentive opportunities for our executives. For executives hired in 2017, including Messrs. Duperreault and Zaffino, the Committee established these opportunities upon hire.

The 2017 annual target total direct compensation opportunity for each of our current named executives is set forth in the following table.

Named Executive Officer	Annual Base Salary	Target Short-Term	Target Long-Term	Total

		Incentive	Incentive	
Brian Duperreault, President and Chief Executive Officer	$ 1,600,000	$ 3,200,000*	$ 11,200,000	$ 16,000,000
Siddhartha Sankaran, Executive Vice President and Chief Financial Officer	$ 1,000,000	$ 1,700,000	$ 3,300,000	$ 6,000,000
Peter Zaffino Executive Vice President—General Insurance and Global Chief Operating Officer	$ 1,250,000	$ 3,000,000	$ 4,250,000	$ 8,500,000
Douglas A. Dachille, Executive Vice President and Chief Investment Officer	$ 1,000,000	$ 2,000,000	$ 4,000,000	$ 7,000,000
Kevin T. Hogan, Executive Vice President—Life & Retirement	$ 1,000,000	$ 1,900,000	$ 3,600,000	$ 6,500,000

*
Represents Mr. Duperreault's full year short-term incentive target. His earned award was prorated for service during 2017.

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Base Salary.
An executive's base salary is established based on his or her experience, performance and salaries for comparable positions at competitors, but will not exceed 25 percent of the executive's annual target total direct compensation opportunity. This allocation is intended to fairly compensate the executive for the responsibilities of his or her position, achieve an appropriate balance of fixed and variable pay and provide the executive with sufficient liquidity to discourage excessive risk-taking. Annual base salary is paid in cash.
Short-Term Incentive.
Our short-term incentive, which represents approximately 20 to 35 percent of an Executive Leadership Team member's annual target total direct compensation opportunity, is designed to reward annual performance and drive near-term business objectives and strategies. It consists of an annual cash award with individual target amounts that reflect business unit or corporate function responsibilities and experience. For our current named executives, short-term incentive awards are generally earned based on a combination of pre-established goals for Company performance and an assessment of individual performance, with a potential range from 0 to 200 percent of target. The Committee has discretion to determine the final award amount and, as explained below, considers Company achievement of performance metrics, individual achievement of pre-established goals and, for 2017, the changes to our operating structure and strategy. All short-term incentive awards earned by our executives are subject to our clawback policy.
Company Performance. In March 2017, the Committee established metrics to provide a basis for evaluating overall Company performance. This "Company score" is based on metrics that apply to all our named executives and ranges from 0 to 125 percent of target. The Committee established these performance metrics before Mr. Duperreault joined AIG, and accordingly they reflect AIG's pre-existing strategy and goals. Although the metrics do not fully align with the new strategy articulated by Mr. Duperreault, the Committee determined not to replace them for 2017. Instead, the Committee considered the new strategy and other significant Company-wide changes in 2017 as a qualitative factor in determining the individual performance and final earned award for the current named executives.
To simplify the program and increase the weighting of return on equity (ROE) and risk-adjusted growth metrics as compared to our 2016 program, the 2017 metrics were reduced from five to three and consist of: Core Normalized ROE, Normalized Production Risk-Adjusted Profitability (Normalized Production RAP) and Normalized Value of New Business (Normalized VoNB). Core Normalized ROE, which makes up 70 percent of the score, measures profitability and is targeted based on an improvement in Core Normalized ROE relative to 2016. Normalized Production RAP and Normalized VoNB each make up 15 percent of the score and measure risk-adjusted growth.
We normalize our short-term incentive metrics for both favorable and adverse prior year developments and other factors to tie compensation directly to results that participants achieve during the performance year (which, given the nature of our business, could otherwise be overwhelmed by prior year reserve development and/or catastrophe events, for example). In addition, for 2017, we adjusted the metrics for the impact of certain strategic choices by management that were not contemplated when the metrics were established. For our long-term incentive program, we use other market-based metrics, measured relative to peers, to capture the full range of our financial performance over the medium to long term.

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In the first quarter of 2018, the Committee reviewed performance compared to the Company performance metrics. The Company score was 66 percent, as follows:

*

The threshold, target and maximum for Normalized Production RAP and Normalized VoNB were updated to reflect the impact of foreign exchange rates. In addition, the Core Normalized ROE and Normalized Production RAP metrics were adjusted for the impact of certain strategic choices by management that were not contemplated when the metrics were established. These performance metrics are non-GAAP financial measures. See Appendix A for an explanation of how these measures are calculated for AIG from our audited financial statements.

Individual Performance. Individual performance is based on an assessment by our Chief Executive Officer and his recommendation to the Committee. Our Chief Executive Officer's individual performance is based on an assessment by the Committee. In past years, members of our Executive Leadership Team were the only participants in our short-term incentive program whose award was based on the Company score and not also an assessment of individual performance. In March 2017, the Committee determined to include an assessment of individual performance both because it provides for a more complete assessment of our executives' achievements and would allow the Committee to take into account operational and strategic changes during the year.

2017 Individual Performance Results. In the first quarter of 2018, the Committee assessed each current named executive's individual performance as summarized below.

Chief Executive Officer. In assessing Mr. Duperreault's individual performance, the Committee considered his contributions to AIG, including the following key achievements:

Significant Achievements

- Established new enterprise-wide organizational structure, including the replacement of our Commercial and Consumer segments with General Insurance and Life and Retirement, to improve AIG's core operating units and drive growth.

- Reshaped AIG's Executive Leadership Team and recruited diverse, experienced talent into key leadership positions.

- Launched a new long-term Company strategy and completed multiple initiatives to accelerate the ability of AIG to grow profitable business, including the launch of Blackboard and formation of DSA Re to act as AIG's main run-off reinsurer.

- Engaged proactively with investors and rating agencies to increase shareholder confidence and initiated efforts to improve employee engagement.

- Led efforts to rebalance AIG’s financial portfolio to maximize investment returns while reducing risk from catastrophes and long-tail exposure.

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Chief Financial Officer. In assessing Mr. Sankaran's individual performance, the Committee considered Mr. Duperreault's evaluation of Mr. Sankaran's contributions to AIG, including the following key achievements:

Significant Achievements

- Maintained strength of AIG's balance sheet despite reserve additions and record year for natural catastrophes, and helped drive approximately $7.5 billion in capital returns.
- Provided leadership in AIG's efforts with financial regulators regarding its regulatory designation as a nonbank systemically important financial institution, which was rescinded in 2017.
- Led strategy related to AIG's legacy portfolio, including sale of non-insurance assets and formation of DSA Re, allowing AIG to consolidate its legacy books and leverage operational efficiencies.
- Improved and reengineered AIG's general ledger reporting infrastructure through standardizing reporting across businesses, decommissioning disparate reporting tools and accelerating the reporting close process.
- Played critical role in maintaining stability within AIG and communicating with outside stakeholders during transition to new Chief Executive Officer.

Executive Vice President—General Insurance and Global Chief Operating Officer. In assessing Mr. Zaffino's individual performance, the Committee considered Mr. Duperreault's evaluation of Mr. Zaffino's contributions to AIG, including the following key achievements:

Significant Achievements

- Led the design of General Insurance's new organizational structure to improve alignment with clients and distribution partners, emphasize certain key business lines and improve the quality and efficiency of decision making.
- Introduced a high level three-year strategic vision for General Insurance focusing on improving core performance and profitable growth.
- Recruited and appointed experienced, talented leaders to key roles throughout General Insurance and AIG.
- Drove fundamental enhancements to General Insurance's reinsurance strategy and designed a program to reduce exposure to tail events and financial volatility.
- Provided strategic input on AIG's business position to our Chief Executive Officer and individual business leaders to improve performance and played an active role in identifying merger and acquisition opportunities.

The Committee also noted that while the 2017 financial results of General Insurance were below expectations and contributed to the level of the Company score, Mr. Zaffino did not join AIG until July 2017.

Executive Vice President and Chief Investment Officer. In assessing Mr. Dachille's individual performance, the Committee considered Mr. Duperreault's evaluation of Mr. Dachille's contributions to AIG, including the following key achievements:

Significant Achievements

- Completed sale of AIG's life settlements portfolio, resulting in a complete exit from the portfolio.

- Successfully identified and sold a portfolio of over $10 billion in assets to fund the adverse development reinsurance agreement with National Indemnity Company.

- Reduced significantly AIG's hedge fund portfolio in 2017, and reallocated remaining hedge fund holdings primarily to equity-oriented funds, increasing return on regulatory capital in 2017.

- Established a new securitization platform for AIG's residential loans, allowing AIG to become a more significant participant in the loan market and be able to more effectively manage risk.

- Achieved lower than budgeted general operating expenses for the Investments function in 2017 and successfully managed operational risk of Investments activity.

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Executive Vice President—Life & Retirement. In assessing Mr. Hogan's individual performance, the Committee considered Mr. Duperreault's evaluation of Mr. Hogan's contributions to AIG, including the following key achievements:

Significant Achievements

- Led Life and Retirement to deliver ROE above AIG's cost of equity, return approximately $1.5 billion in capital to AIG in the form of dividends and loan repayments, and managed expenses, despite challenging market conditions.
- Completed sale and transition of Fuji Life Insurance Company, Ltd.
- Recruited and appointed leaders to key management positions, including new leaders of Group Retirement and Individual Retirement, and addressed critical succession planning needs.
- Created new operations control functions to effectively identify and manage risk, focusing on key control areas such as customer complaints, vendor governance, regulatory exam responses and business continuity planning.
- Strengthened asset liability management strategy across Life and Retirement business units.

Determination of Earned Short-Term Incentive Awards.

Short-term incentive awards for the Executive Leadership Team are generally based on a combination of Company and individual performance and can range from 0 to 200 percent of target. In determining 2017 short-term incentive awards for our current named executive officers, although the Committee took into account the results of the Company score, the Committee exercised its discretion in determining the final earned award for each current named executive. In exercising this discretion, the Committee considered the significant enterprise-wide changes and accomplishments achieved by AIG in 2017, including, but not limited to, the transition to our new Chief Executive Officer and new composition of our Executive Leadership Team, changes to AIG's strategy and operating structure, including the replacement of our Commercial and Consumer segments with General Insurance and Life and Retirement, and the execution of key initiatives to position AIG for sustainable, profitable growth. The Committee, after discussions with Mr. Duperreault, determined that these fundamental changes in our leadership, operational structure and strategy should be reflected in our annual awards for 2017. Taking the Company score, individual performance and these factors into account, the Committee determined (and, for Mr. Duperreault, the Board ratified) the following earned 2017 short-term incentive amounts for our named executives:

Named Executive Officer	Individual Target Amount*	Percent of Target Earned	Earned Award Amount
Brian Duperreault	$ 2,133,333	100%	$ 2,133,333
Siddhartha Sankaran	$ 1,700,000	92%	$ 1,564,000
Peter Zaffino	$ 3,000,000	95%	$ 2,850,000
Douglas Dachille	$ 2,000,000	110%	$ 2,200,000
Kevin Hogan	$ 1,900,000	110%	$ 2,090,000
Former Executive Officer			
Peter Hancock	$ 1,066,667	66%**	$ 704,000
Robert Schimek	$ 1,458,333	66%**	$ 962,500

Peter Solmssen	$ 1,275,000	66%**	$ 841,500

*
Prorated for Mr. Duperreault and former executive officers based on the number of months served during 2017.

**
Earned awards for our former executive officers are determined based solely on Company performance, pursuant to our 2012 Executive Severance Plan.

The 2017 short-term incentive award was paid in full in cash in the first quarter of 2018 and is subject to our clawback policy.
Long-Term Incentive.
Our long-term incentive comprises the largest percentage of an executive's annual target compensation opportunity, representing at least 40 percent of his or her annual target total direct compensation opportunity. We

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believe that providing a significant portion of executives' compensation in equity and earned over a three-year period will drive long-term value creation for our shareholders and appropriately account for the time horizon of risks. Our 2017 long-term incentive program consists of grants of PSUs, earned between 0 and 200 percent of target based on achievement of performance criteria during a three-year performance period, and grants of RSUs, earned based on continued employment through the three-year period, each of which vests after the three-year period. For members of our Executive Leadership Team, 2017 long-term incentive awards consist 70 percent of PSUs and 30 percent of RSUs. We believe providing this mix of PSUs and RSUs, which we have introduced into our long-term incentive program for the first time in 2017, each with a three-year time-horizon, will enhance our ability to sustain a high-performance culture and attract and retain key talent through providing competitive compensation opportunities that do not incentivize excessive risk taking. The following table illustrates our outstanding long-term incentive awards.

Grant of 2017 Long-Term Incentive Awards

To determine long-term incentive grants, the Committee approves (and, for Mr. Duperreault, the Board ratifies) the target dollar amount of an executive's long-term incentive award, which is then converted to a number of PSUs and RSUs based on the average closing price of AIG Common Stock over the calendar month preceding the reference date rounded down to the nearest whole unit. In general, the reference date refers to the grant date in the case of annual awards, the date of the offer of employment to a new hire or the effective date of a recipient's promotion. For members of our Executive Leadership Team, grants are 70 percent in the form of PSUs and 30 percent in the form of RSUs, with both types of units vesting and settling in AIG Common Stock after the three-year performance period in January 2020. The award for our former Chief Executive Officer, Mr. Hancock, was 50 percent in the form of PSUs and 50 percent in the form of RSUs. Earned PSUs can range from 0 to 200 percent of the target PSU grant subject to achievement of pre-established Company-wide performance metrics over the three-year period, as described below, and RSUs vest subject to continued employment through the three-year period. Grants are made pursuant to the AIG Long Term Incentive Plan (the LTI Plan).

For 2017, as with our 2016 long-term incentive program, PSUs are earned based on achieving relative TSR to align with our business strategy and evaluate long-term performance relative to peers. To protect against excessive risk-taking, the TSR metric is balanced by using relative OAS as a gating metric. OAS is a measurement of the spread of a fixed income security's return and the risk-free rate of return, which is adjusted to take into account embedded options. Relative OAS acts as a measure of our relative creditworthiness and serves only as a gating metric such that, if our relative OAS percentile is below the 20th percentile of our peer group, the payout level resulting from the relative TSR score is reduced by half.

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The table below summarizes the performance metrics used for the 2017 to 2019 performance period. Earned awards are based 100 percent on relative TSR, which is targeted at median. Actual performance below threshold will result in a 0 percent payout. Relative OAS acts as a gating metric to protect against excessive risk-taking and will reduce the payout level (if any) resulting from the relative TSR score in half if our relative OAS percentile is below the 20th percentile of the peer group. Results will be certified by the Committee in the first quarter of 2020.

Metric	Weighting	Threshold	Target	Maximum
Relative TSR	100%	25th percentile	50th percentile	75th percentile
Relative OAS		Acts as a gating metric: If OAS percentile is less than 20th percentile of peer group, the payout level is reduced by half.		
	Payout:	50%	100%	200%

For the 2017 to 2019 performance period, TSR is measured relative to the 18 peers noted in the table below. Relative OAS is also measured against these peers, excluding AEGON, N.V., Allianz Group, AXA Group, Prudential plc, The Travelers Companies, Inc., Tokio Marine Holdings, Inc. and Zurich Financial Services AG because these companies do not have USD-denominated senior unsecured debt outstanding.

Peers		
AEGON, N.V.	Lincoln National Corporation	Swiss Re Group
Allianz Group	Manulife Financial Corporation	The Travelers Companies, Inc.
AXA Group	MetLife, Inc.	Tokio Marine Holdings, Inc.
Chubb Limited	Principal Financial Group, Inc.	Voya Financial, Inc.
CNA Financial Corporation	Prudential Financial, Inc.	XL Group Ltd.
Hartford Financial Services Group Inc.	Prudential plc	Zurich Financial Services AG

The peer group above, which is the same group as for our 2016 long-term incentive awards, includes public companies against which AIG benchmarks financial performance and competes for market share and talent.

For each company in the peer group, TSR will be measured by (1) the sum of (a) the company's adjusted share price at the end of the performance period minus the company's adjusted share price at the beginning of the performance period (in each case, as reported by Bloomberg, adjusted for stock dividend distributions and stock splits and using a 30-day period prior to quarter close for the beginning and end of the performance period) plus (b) non-stock dividends declared during the performance period and reinvested in the company's shares on the ex-dividend date, divided by (2) the company's adjusted share price at the beginning of the performance period (as reported by Bloomberg, adjusted for stock dividend distributions and stock splits and using a 30-day period prior to quarter close for the beginning of the performance period).

For AIG and each company in the peer group that have USD-denominated senior unsecured debt outstanding, OAS will be measured based on the OAS for each company as reported by Bloomberg, and AIG's relative OAS percentile will be determined by the average monthly AIG OAS percentile, as compared to the peer group, over the three-year performance period.

Any earned PSUs and RSUs will vest in January 2020 and will be settled in AIG Common Stock. Dividend equivalent rights in the form of additional PSUs and RSUs also accrue commencing with the first dividend record date of AIG Common Stock following the grant date, are subject to the same vesting, and in the case of PSUs, performance conditions, as the underlying units, and are paid when such related earned shares (if any) are delivered. The number of additional PSUs and RSUs earned at any such time will be equal to (i) the cash dividend amount per share of AIG Common Stock times (ii) the number of PSUs and RSUs covered by the award (and, unless otherwise determined by AIG, any dividend equivalent units previously credited under the award) that have not been previously settled through the delivery of shares (or cash) prior to such date, divided by the fair market value of a share of AIG Common Stock on the applicable dividend record date.

Adjudication of 2015 Long-Term Incentive Awards

The three-year performance period for our 2015 long-term incentive awards ended on December 31, 2017, and the Committee assessed performance in the first quarter 2018 and certified the results, which are shown in the following table. The metrics for 2015 long-term incentive awards, which were 100 percent in the form of PSUs, comprised relative TSR (weighted 75 percent) and relative final credit default swap (CDS) spread (weighted 25 percent), in each case measured relative to a peer group. As shown in the table, our TSR relative to the peers was below threshold and 75 percent of awards were not earned:

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Performance Metric	Threshold	Target	Maximum	Actual	% Achieved	Weighting	% Achieved (Weighted)
Relative TSR	25th percentile	55th percentile	75th percentile	16th percentile	0%	75%	0%
Relative Final CDS Spread	5th percentile	20th to 80th percentile	95th percentile	40th percentile	100%	25%	25%
Payout:	50%	100%	150%				25%

One-third of the earned PSUs settled in shares of AIG Common Stock in the first quarter of 2018. The remaining two-thirds of earned PSUs will vest one-third each in January 2019 and 2020 and be settled in AIG Common Stock.

2017 Compensation Structure—Indirect Compensation Components

Welfare and Other Indirect Benefits. AIG's senior executives generally participate in the same broad-based health, life and disability benefit programs as AIG's other employees.

Retirement Benefits. AIG provides retirement benefits to eligible employees, including both defined contribution plans (such as 401(k) plans) and traditional pension plans (called defined benefit plans). These plans can be either tax-qualified or non-qualified.

AIG's only active defined contribution plan for the named executives is a 401(k) plan, which is tax-qualified. The plan was amended effective January 1, 2012 to provide all participants with a match of 100 percent of the first 6 percent of their eligible compensation contributed up to the Internal Revenue Service (IRS) compensation limit ($270,000 for 2017). Accordingly, for the named executives in 2017, AIG matched a percentage of their contributions to the 401(k) plan up to $16,200. Effective January 1, 2016, AIG also provides a contribution of 3 percent of eligible compensation to all employees eligible to participate in the 401(k) plan, in addition to the 6 percent matching contribution, subject to IRS limits. Our 401(k) plan is described in greater detail in "—2017 Compensation—Post-Employment Compensation."

AIG does not have any active defined benefit plans. As of January 1, 2016, benefit accruals under the AIG Retirement Plan (the Qualified Retirement Plan) and the AIG Non-Qualified Retirement Income Plan (the Non-Qualified Retirement Plan) were frozen. Each of these plans provides for a benefit based on years of service and average final salary and also based on pay credits and interest credits. As a result of the January 1, 2016 freeze, the Qualified Retirement Plan and the Non-Qualified Retirement Plan were closed to new participants, and current participants no longer earn additional benefits (however, interest credits will continue to be earned by participants under these plans). These plans and their benefits are described in greater detail in "—2017 Compensation—Post-Employment Compensation—Pension Benefits."

Perquisites and Other Compensation. To facilitate the performance of their management responsibilities, AIG provides some employees, including the named executives, with corporate aircraft usage (including by an executive's spouse when traveling with the executive on business travel), use of company pool cars and drivers or parking, legal services, financial, estate and tax planning and other benefits categorized as "perquisites" or "other" compensation under the SEC rules. The Committee also approved the use of AIG-owned corporate aircraft and corporate aircraft owned by a third-party vendor by our Chief Executive Officer for personal travel and an allowance of such travel of up to $195,000 per year. Our Chief Executive Officer is required to reimburse to AIG the cost of using such corporate aircraft for personal travel beyond the $195,000 per year allowance. The calculation of the cost of the Chief Executive Officer's personal corporate aircraft usage is based on the aggregate incremental cost to AIG of the personal travel, which may include, for AIG-owned corporate aircraft, direct operating cost of the aircraft, including fuel, additives and lubricants, maintenance, airport fees and assessments, crew expenses and in-flight supplies and catering, as applicable, and for corporate aircraft owned by a third-party vendor, the cost-per-flight-hour charge by the vendor as well as costs of fuel, taxes, crew expenses and airport fees and assessments, as applicable.

Termination Benefits and Policies. AIG provides severance benefits to its executives to offer competitive total compensation packages, ensure executives' ongoing retention when considering potential transactions that may create uncertainty as to their future employment with AIG and enable AIG to obtain a release of employment-related claims.

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In 2012, the Committee established the 2012 Executive Severance Plan (the 2012 ESP), which replaced AIG's prior Executive Severance Plan established in March 2008. The 2012 ESP extends to AIG executives in grade level 27 or above, including the named executives, and other executives who participated in the prior plan. For purposes of the 2012 ESP, a participant's grade level is the highest level at which he or she was employed at any time in the 12 months immediately prior to the qualifying termination.
The 2012 ESP provides for severance payments and benefits upon a termination by AIG without "cause" or if a qualifying executive terminates for "good reason," including, for qualifying executives, after a "change in control." In the event of a qualifying termination, a participant is generally eligible to receive severance in an amount equal to the product of a multiplier times the sum of salary and three-year-average annual incentives. The multiplier is either 1 or 1.5 depending on the executive's grade level and increases to 1.5 or 2 for qualifying terminations within two years following a Change in Control. If a qualifying termination occurs within twelve months after a participant experiences a reduction in his or her base salary or annual short-term incentive opportunity, the severance payment will be calculated as if the qualifying termination occurred immediately prior to the reduction. In any event, executives in grade level 27 or above who participated in the prior plan, which includes Messrs. Hancock, Sankaran and Schimek, may not receive less than the severance they would have received under the prior plan.
Leadership and Strategic Change
President and Chief Executive Officer. Pursuant to his May 14, 2017 offer letter, Mr. Duperreault was granted a one-time, sign-on award of stock options to purchase 1,500,000 shares of AIG Common Stock with an exercise price equal to $61.82, the closing price per share of AIG Common Stock on the grant date, the day Mr. Duperreault's appointment was announced.
Two-thirds of the stock options will vest only if AIG's stock price increases significantly over the closing price of our common stock on May 12, 2017, the last trading day before Mr. Duperreault joined AIG, and the remaining one-third will vest subject to Mr. Duperreault's continued service. All of the options will only have value if AIG's stock price increases from the date Mr. Duperreault joined AIG and have a seven-year term, which is shorter than the market standard and provides a concentrated window for share price improvement. The Committee believes this award properly motivates Mr. Duperreault to create sustainable, profitable growth for AIG, aligning his interests with those of our shareholders.
The stock options vest as follows:

- Stock options for 500,000 shares will vest in equal, annual installments on each of the first three anniversaries of the grant date (the Time-Vesting Options);
- Stock options for 300,000 shares will vest only if, for twenty consecutive trading days, the closing price per share of AIG Common Stock is at least $10.00 over $60.99, but in no event will these stock options vest faster than in equal, annual installments on each of the first three anniversaries of the grant date (the $10 Performance Options);
- Stock options for 300,000 shares will vest only if, for twenty consecutive trading days, the closing price per share of AIG Common Stock is at least $20.00 over $60.99; and
- Stock options for 400,000 shares will vest only if, for twenty consecutive trading days, the closing price per share of AIG Common Stock is at least $30.00 over $60.99.

Pursuant to a Stock Option Award Agreement, if Mr. Duperreault is terminated for "cause" by AIG, all of his stock options, whether vested or unvested, will immediately terminate and be forfeited. If Mr. Duperreault is terminated by AIG without "cause" or resigns for "good reason," any vested stock options will remain exercisable for three years after his termination, any unvested Time-Vesting Options will vest and remain exercisable for three years after his termination, and any other unvested stock options will continue to be eligible to vest based on stock performance and remain exercisable for three years after his termination (and the $10 Performance Options will be deemed to have attained their three-year anniversary time-vesting requirement). In no event will any stock options remain exercisable after May 15, 2024, the initial seven-year expiration date.

Under his Stock Option Award Agreement, Mr. Duperreault agreed to perpetual non-disparagement and confidentiality covenants and to a non-solicitation covenant that applies during his employment and for a period of one year following his termination. All bonuses and equity-based awards granted to Mr. Duperreault are subject to our clawback policy.

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Also pursuant to his offer letter, Mr. Duperreault was paid a one-time, make-whole cash award of $12 million as compensation for unvested equity awards from his former employer forfeited by him in connection with his appointment as President and Chief Executive Officer. Other than this one-time make-whole cash payment and the stock option award described above, Mr. Duperreault does not have any special employment arrangements with us.

Executive Vice President—General Insurance and Global Chief Operating Officer. Mr. Zaffino joined AIG in July 2017 and leads our recently reorganized General Insurance business in addition to serving as our Global Chief Operating Officer. Pursuant to his July 3, 2017 offer letter and in consideration of compensation foregone from his former employer, Mr. Zaffino was granted a one-time sign-on award of stock options and cash having a combined target value of $15 million. The portion of the sign-on award in the form of stock options was a grant of options to purchase 1,000,000 shares of AIG Common Stock with an exercise price equal to $64.53, the closing price per share of AIG Common Stock on the grant date.

As described below, two-thirds of the stock options will vest only if AIG's stock price increases significantly over the closing price of our common stock on the grant date, and the remaining one-third will vest subject to Mr. Zaffino's continued service. All of the options will only have value if AIG's stock price increases from the date of grant and have a seven-year term, which is shorter than the market standard and provides a concentrated window for share price improvement. The Committee believes this award properly motivates Mr. Zaffino to create sustainable, profitable growth for AIG, aligning his interests with those of our shareholders.

The stock options will vest as follows:

- Stock options for 333,000 shares will vest in equal, annual installments on each of the first three anniversaries of the grant date (the Time-Vesting Options);
- Stock options for 200,000 shares will vest only if, for twenty consecutive trading days, the closing price per share of AIG Common Stock is at least $10.00 over $64.53, but in no event will these stock options vest faster than in equal, annual installments on each of the first three anniversaries of the grant date (the $10 Performance Options);
- Stock options for 200,000 shares will vest only if, for twenty consecutive trading days, the closing price per share of AIG Common Stock is at least $20.00 over $64.53; and
- Stock options for 267,000 shares will vest only if, for twenty consecutive trading days, the closing price per share of AIG Common Stock is at least $30.00 over $64.53.

Pursuant to a Stock Option Award Agreement, if Mr. Zaffino is terminated for "cause" by AIG, all of his stock options, whether vested or unvested, will immediately terminate and be forfeited. If Mr. Zaffino is terminated by AIG without "cause" or resigns for "good reason," any vested stock options will remain exercisable for three years after his termination, any unvested Time-Vesting Options will vest and be exercisable for three years after his termination, and any other unvested stock options will continue to be eligible to vest based on stock performance and become exercisable for three years after his termination (and the $10 Performance Options will be deemed to have attained the three-year anniversary time-vesting requirement). In no event will any stock options remain exercisable after July 24, 2024, the initial seven-year expiration date.

The remainder of Mr. Zaffino's sign-on award in the amount of $4,793,733 (representing $15 million minus the grant date fair value of the stock options described above) was a cash award, fifty percent of which was paid in February 2018. The remaining fifty percent will be paid in January 2019, subject to Mr. Zaffino's continued employment.

Mr. Zaffino also entered into a non-solicitation and non-disclosure agreement, pursuant to which he agreed to perpetual non-disparagement and confidentiality covenants and to a non-solicitation covenant that applies during his employment and for a period of one year following his termination. All bonuses and equity-based awards granted to

Mr. Zaffino are subject to our clawback policy.

Transition RSU Awards. In March 2017, in connection with the announcement of Mr. Hancock's resignation, in order to promote stability during the search for, and transition to, a new Chief Executive Officer, the Committee made one-time grants of RSUs to members of our Executive Leadership Team at that time. The awards were aimed to retain leaders in critical positions in a period of uncertainty to facilitate a successful transition and foster the implementation and execution of any change in strategic vision for AIG following appointment of new

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leadership. Members of our Executive Leadership Team at that time, including Messrs. Sankaran, Dachille, Hogan, Schimek and Solmssen, each received a grant of RSUs made under the LTI Plan, equal to one times his or her 2017 annual target total direct compensation. The grants were made entirely in the form of stock units to align with AIG performance and have no interim delivery before two years, which the Committee believes is an appropriate timeframe by which any period of transition will have occurred. The awards vest subject to the participant's continued employment through the two-year period (or the participant's earlier termination without cause) and are not eligible for qualifying resignation or retirement treatment under the LTI Plan.

Named Executive Officers who Separated in 2017

Mr. Hancock. In March 2017, AIG announced Mr. Hancock's intention to resign as our President and Chief Executive Officer. Following the announcement, we began a comprehensive search for a successor and entered into an agreement with Mr. Hancock providing for his service throughout 2017 until a successor was named. Mr. Hancock separated from AIG on May 14, 2017 when Mr. Duperreault, our new President, Chief Executive Officer and director, was appointed. Pursuant to his Transition Agreement entered into with AIG on March 17, 2017, Mr. Hancock participated in our 2017 annual compensation structure for our Executive Leadership Team, and, upon his separation, received a lump sum payment of $5 million for his service through the transition to our new President and Chief Executive Officer, the duration of which was unknown at the time, providing stability in an uncertain period for AIG. Mr. Hancock did not receive any additional benefits under the Transition Agreement, other than those to which he was already entitled. Mr. Hancock's severance benefits were fixed as of the March 2017 announcement, and upon his separation Mr. Hancock received benefits consistent with a termination without cause under the 2012 ESP. Accordingly, pursuant to the 2012 ESP, as a participant in the prior ESP plan, Mr. Hancock received a lump sum severance payment of $9,528,890 and was entitled to continued health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), a $40,000 payment that may be applied toward continued health coverage and life insurance, outplacement services and one year of additional age and service for purposes of determining eligibility to participate in any AIG retiree medical plan. In addition, Mr. Hancock was entitled to one year of additional service credit and credit for additional age solely for purposes of determining vesting and eligibility for retirement, including early retirement, under the Non-Qualified Retirement Plan. Mr. Hancock was not vested in or eligible for early retirement benefits under the Non-Qualified Retirement Plan upon his separation. Mr. Hancock forfeited these benefits upon his separation from AIG. Mr. Hancock elected to receive his early retirement benefits under the Qualified Retirement Plan effective March 1, 2018. Mr. Hancock's separation benefits, including the treatment of his outstanding long-term incentive awards, are discussed further in "—2017 Compensation—Potential Payments on Termination—Quantification of Termination Payments and Benefits."

Upon his separation, Mr. Hancock entered into a Release and Restrictive Covenant Agreement with AIG in which he agreed to one-year non-solicitation, six-month non-competition, perpetual non-disparagement and confidentiality covenants and a release of claims in favor of AIG.

Mr. Schimek. Mr. Schimek separated from AIG on October 31, 2017 and entered into a Release Agreement and Restrictive Covenant Agreement (Release Agreement) with AIG. Mr. Schimek received no additional benefits under the Release Agreement, other than those he was already entitled to, as described herein. Under the Release Agreement, pursuant to the 2012 ESP, Mr. Schimek was entitled to termination without cause benefits as a participant in the prior plan. Accordingly, Mr. Schimek received a lump sum severance payment of $4,618,111 and was entitled to continued health coverage under COBRA, a $40,000 payment that may be applied toward continued health coverage and life insurance, outplacement services and one year of additional age and service for purposes of determining eligibility to participate in any AIG retiree medical plan. Mr. Schimek was not vested in or eligible for early retirement benefits under the Non-Qualified Retirement Plan upon his separation. Mr. Schimek forfeited these benefits upon his separation from AIG. Mr. Schimek elected to receive his early retirement benefits under the Qualified Retirement Plan effective April 1, 2018. Mr. Schimek's separation benefits, including the treatment of his outstanding long-term incentive awards, are discussed further in "—2017 Compensation—Potential Payments on Termination—Quantification of Termination Payments and Benefits."

In the Release Agreement, Mr. Schimek agreed to one-year non-solicitation, six-month non-competition, perpetual non-disparagement and confidentiality covenants and a release of claims in favor of AIG.

Mr. Solmssen. Mr. Solmssen separated from AIG on October 16, 2017 and entered into a Release Agreement with AIG. Mr. Solmssen received no additional benefits under the Release Agreement, other than

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those he was already entitled to, as described herein. Under the Release Agreement, pursuant to the 2012 ESP, Mr. Solmssen was entitled to termination without cause benefits. Accordingly, Mr. Solmssen received a lump sum severance payment of $4,050,000 and was entitled to continued health coverage under COBRA, a $40,000 payment that may be applied toward continued health coverage and life insurance, outplacement services and one year of additional age and service for purposes of determining eligibility to participate in any AIG retiree medical plan.

Mr. Solmssen's separation benefits, including the treatment of his outstanding long-term incentive awards, are discussed further in "—2017 Compensation—Potential Payments on Termination—Quantification of Termination Payments and Benefits."

In the Release Agreement, Mr. Solmssen agreed to one-year non-solicitation, six-month non-competition, perpetual non-disparagement and confidentiality covenants and a release of claims in favor of AIG.

Process for Compensation Decisions

Role of the Committee. The Committee determines and approves the compensation of AIG's Chief Executive Officer, and the Board approves or ratifies the amounts to be awarded to him. After considering the recommendation of AIG's Chief Executive Officer, the Committee also approves the compensation of other key employees under its purview, which includes all of the other named executives. The Committee also makes recommendations to the Board with respect to AIG's compensation programs for other key employees and oversees AIG's management development and succession planning programs. Attendance at Committee meetings generally includes members of the executive team as appropriate, including representatives from internal legal and human resources, outside counsel, and the Committee's independent consultant.

Consultants. To provide independent advice, the Committee has used the services of Frederic W. Cook & Co. (FW Cook) since 2005. A senior consultant of FW Cook regularly attends the Committee's meetings and is instructed to provide independent, analytical and evaluative advice about AIG's compensation programs for senior executives, including views of how the program and proposals compare to market practices in financial services and general industry and to "best practices." FW Cook responds on a regular basis to questions from the Committee and the Committee's other advisors, providing its opinions with respect to the design and implementation of current or proposed compensation programs, including the 2017 executive compensation structure. FW Cook also participated in the Committee meeting in which the compensation risk assessment discussed under "—Report of the Compensation and Management Resources Committee—Risk and Compensation Plans" was conducted and previously advised that the process was thorough and well designed. In compliance with SEC and NYSE rules, in February 2017 and February 2018, the Committee reviewed various items related to FW Cook's relationship to AIG, the members of the Committee and AIG's executive officers. The Committee confirmed that neither FW Cook nor any of its affiliates provides any other services to AIG or its management except with respect to director compensation, and that FW Cook had no business or personal relationship with any member of the Committee or executive officer that raised a conflict of interest with respect to FW Cook's work for the AIG Board. The Committee also received information on the fees paid to FW Cook by AIG as a percentage of FW Cook's total revenue and FW Cook's ownership of any AIG Common Stock. Considering this information, the Committee determined that FW Cook is independent and that its work has not raised any conflict of interest.

In 2017, the Committee also considered materials prepared by Johnson Associates related to market compensation levels. Johnson Associates was engaged by AIG to assist with this work. In particular, Johnson Associates prepared reports presenting market comparisons of total compensation levels for existing employees, new hires and promotions with respect to positions within the Committee's purview. The Committee performed a review of Johnson Associates' services similar to the review of FW Cook described above. The Committee noted that FW Cook reviewed the reports prepared by Johnson Associates prior to consideration by the Committee and determined that this appropriately addressed any conflict of interest raised by Johnson Associates' work or business relationship with AIG.

Consideration of Shareholder Feedback. The Committee values feedback from AIG's shareholders, including the feedback received through our say-on-pay advisory vote. Since 2010, AIG has held an annual say-on-pay advisory vote. In the most recent advisory vote, approximately 98 percent of the votes cast by shareholders were in favor of the 2016 compensation of our named executives as disclosed in our 2017 Proxy Statement. While the Committee believes this level of approval indicates strong support for our compensation program philosophy, goals and structure, we remain committed to periodic shareholder engagement to gather

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input on AIG's executive compensation program and other practices. Feedback from our shareholders is communicated directly to our directors and helps inform Committee and Board discussions. Going forward, shareholders' views will continue to serve as a valuable resource for the Committee, especially as it continues to focus on aligning our executive compensation program with AIG's evolving business strategy.

Consideration of Competitive Compensation Levels. In 2017, the Committee considered information from data disclosed in surveys, market practices and levels disclosed in proxy statements and employment contracts from a number of peer companies (Broad Data), as well as Johnson Associates' benchmarks, which reflect proprietary data, third-party references and market impressions and judgment. The companies used in the Broad Data set were: Aetna, Inc., AFLAC, The Allstate Corporation, American Express Company, Ameriprise Financial, Inc., Bank of America Corporation, Bank of New York Mellon, BlackRock, Inc., Capital One Financial Corp., Chubb Group, CIGNA Corporation, Citigroup Inc., Hartford Financial Services, Invesco Ltd., JP Morgan Chase & Co., Lincoln National Corporation, Marsh & McLennan Companies, Inc., MetLife Inc., Principal Financial Group, Inc., Prudential Financial Inc., T. Rowe Price Group, Inc., The Travelers Companies Inc., U.S. Bancorp and Wells Fargo & Company.

Other Considerations

Clawback Policy. In 2013, the Committee adopted and implemented a comprehensive Clawback Policy to encourage sound risk management and individual accountability. The Clawback Policy covers all executive officers and any other employee as determined by the Committee and applies to covered compensation for such executive officers and employees. Covered compensation generally includes any bonus, equity or equity-based award or other incentive compensation granted to an executive officer or employee while he or she is subject to the Policy, which includes our incentive awards since 2013. In the event that the Committee determines that a triggering event under the Clawback Policy has occurred, the Committee may require an executive officer or other covered employee to forfeit and/or repay all or any portion of any unpaid covered compensation or covered compensation paid in the 12 months (or such longer period of time as required by any applicable statute or government regulation) preceding the event. Triggering events generally include a material financial restatement; the award or receipt of covered compensation based on materially inaccurate financial statements or performance metrics that are materially inaccurately determined; a failure of risk management, including in a supervisory role, or material violation of AIG's risk policies; and an action or omission that results in material financial or reputational harm to AIG.

Share Ownership Guidelines and Holding Requirements. AIG's share ownership guidelines establish levels of ownership of AIG Common Stock at five times salary for the Chief Executive Officer and three times salary for other executive officers, which included the other named executives during 2017. Until the guidelines are met, such employees are required to retain 50 percent of the shares of AIG Common Stock received upon the exercise, vesting or payment of certain equity-based awards granted by AIG. Shares held for purposes of the guidelines may include stock owned outright by the officer or his or her spouse and earned but unvested share-based awards. In general, executive officers are required to comply with the guidelines until six months after they cease to be executive officers.

No-Hedging and No-Pledging Policies. AIG's Code of Conduct and Insider Trading Policy prohibit employees from engaging in hedging transactions with respect to any of AIG's securities, including by trading in any derivative security relating to AIG's securities. In addition, beginning in March 2018, AIG's Insider Trading Policy prohibits all future pledging of AIG's securities by executive officers and directors. None of AIG's current executive officers or directors have pledged any of AIG&