AMERICAN INTERNATIONAL GROUP INC
Form 10-Q
November 02, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015 **Commission File Number 1-8787**

American International Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-2592361**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
175 Water Street, New York, New York	**10038**
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 29, 2015, there were 1,237,012,512 shares outstanding of the registrant’s common stock.

AMERICAN INTERNATIONAL GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED

September 30, 2015

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PART I – FINANCIAL INFORMATION

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American International Group, Inc.

CONDENSED Consolidated Balance Sheets *(unaudited)*

	Sep
(in millions, except for share data)	
Assets:	
Investments:	
Fixed maturity securities:	
Bonds available for sale, at fair value (amortized cost: 2015 - $241,985; 2014 - $243,307)	$
Other bond securities, at fair value (See Note 5)	
Equity Securities:	
Common and preferred stock available for sale, at fair value (cost: 2015 - $1,806; 2014 - $1,930)	
Other common and preferred stock, at fair value (See Note 5)	
Mortgage and other loans receivable, net of allowance (portion measured at fair value: 2015 - $11; 2014 - $6)	
Other invested assets (portion measured at fair value: 2015 - $9,333; 2014 - $9,394)	
Short-term investments (portion measured at fair value: 2015 - $2,733; 2014 - $1,684)	
Total investments	
Cash	
Accrued investment income	
Premiums and other receivables, net of allowance	
Reinsurance assets, net of allowance	
Deferred income taxes	
Deferred policy acquisition costs	
Other assets, including restricted cash of $247 in 2015 and $2,025 in 2014	
Separate account assets, at fair value	
Total assets	$
Liabilities:	
Liability for unpaid losses and loss adjustment expenses	$
Unearned premiums	
Future policy benefits for life and accident and health insurance contracts	
Policyholder contract deposits (portion measured at fair value: 2015 - $2,287; 2014 - $1,561)	

Other policyholder funds (portion measured at fair value: 2015 - $8; 2014 - $8)
Other liabilities (portion measured at fair value: 2015 - $298; 2014 - $350)
Long-term debt (portion measured at fair value: 2015 - $3,985; 2014 - $5,466)
Separate account liabilities
Total liabilities
Contingencies, commitments and guarantees (see Note 9)

AIG shareholders' equity:
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued: 2015 - 1,906,671,492 and 2014 - 1,906,671,492
Treasury stock, at cost; 2015 - 659,876,877 shares; 2014 - 530,744,521 shares
Additional paid-in capital
Retained earnings
Accumulated other comprehensive income
Total AIG shareholders' equity
Non-redeemable noncontrolling interests
Total equity
Total liabilities and equity **$**

See accompanying Notes to Condensed Consolidated Financial Statements.

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Item 1 / Financial statements

American International Group, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) *(unaudited)*

	Three Months Ended September 30,	
(dollars in millions, except per share data)	**2015**	2014
Revenues:		
Premiums	**$ 8,862**	$ 9,486
Policy fees	**701**	677
Net investment income	**3,206**	4,028
Net realized capital gains (losses):		
Total other-than-temporary impairments on available for sale securities	**(225)**	(34)
Portion of other-than-temporary impairments on available for sale fixed maturity securities recognized in Other comprehensive income (loss)	**(17)**	(1)
Net other-than-temporary impairments on available for sale securities recognized in net income (loss)	**(242)**	(35)
Other realized capital gains (losses)	**(100)**	571
Total net realized capital gains (losses)	**(342)**	536
Aircraft leasing revenue	**-**	-
Other income	**395**	1,970
Total revenues	**12,822**	16,697
Benefits, losses and expenses:		
Policyholder benefits and losses incurred	**6,936**	7,203
Interest credited to policyholder account balances	**881**	882
Amortization of deferred policy acquisition costs	**1,275**	1,288
General operating and other expenses	**3,175**	3,151
Interest expense	**321**	430
Aircraft leasing expenses	**-**	-
Loss on extinguishment of debt	**346**	742
Net (gain) loss on sale of divested businesses	**3**	(18)
Total benefits, claims and expenses	**12,937**	13,678
Income (loss) from continuing operations before income tax expense	**(115)**	3,019
Income tax expense	**65**	820
Income (loss) from continuing operations	**(180)**	2,199
Income (loss) from discontinued operations, net of income tax expense	**(17)**	2
Net income (loss)	**(197)**	2,201
Less:		
Net income (loss) from continuing operations attributable to noncontrolling interests	**34**	9

Net income (loss) attributable to AIG	**$**	**(231)**	$	2,192	**$**
Income (loss) per common share attributable to AIG:					
Basic:					
Income (loss) from continuing operations	**$**	**(0.17)**	$	1.54	**$**
Income (loss) from discontinued operations	**$**	**(0.01)**	$	-	**$**
Net income (loss) attributable to AIG	**$**	**(0.18)**	$	1.54	**$**
Diluted:					
Income (loss) from continuing operations	**$**	**(0.17)**	$	1.52	**$**
Income (loss) from discontinued operations	**$**	**(0.01)**	$	-	**$**
Net income (loss) attributable to AIG	**$**	**(0.18)**	$	1.52	**$**
Weighted average shares outstanding:					
Basic		**1,279,072,748**		1,419,239,774	
Diluted		**1,279,072,748**		1,442,067,842	
Dividends declared per common share	**$**	**0.280**	$	0.125	**$**

See accompanying Notes to Condensed Consolidated Financial Statements.

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Item 1 / Financial statements

American International Group, Inc.

CONDENSED Consolidated Statements of Comprehensive Income (Loss) *(unaudited)*

(in millions)	Three Months Ended September 30, 2015	2014	Nine Mont Ended September 2015	
Net income (loss)	**$ (197)**	$2,201	**$ 4,071**	$ 6
Other comprehensive income (loss), net of tax				
Change in unrealized appreciation (depreciation) of fixed maturity investments on which other-than-temporary credit impairments were taken	**(61)**	59	**(169)**	
Change in unrealized appreciation (depreciation) of all other investments	**(857)**	(168)	**(3,309)**	4
Change in foreign currency translation adjustments	**(238)**	(78)	**(734)**	
Change in retirement plan liabilities adjustment	**92**	6	**148**	
Other comprehensive income (loss)	**(1,064)**	(181)	**(4,064)**	4
Comprehensive income (loss)	**(1,261)**	2,020	**7**	1
Comprehensive income (loss) attributable to noncontrolling interests	**33**	8	**30**	
Comprehensive income (loss) attributable to AIG	**$(1,294)**	$2,012	**$ (23)**	$1

See accompanying Notes to Consolidated Financial Statements.

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Item 1 / Financial statements

American International Group, Inc.

CONDENSED CONSOLIDATED Statements of Equity *(unaudited)*

(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income
Nine Months Ended September 30, 2015					
Balance, beginning of year	**$ 4,766**	**$ (19,218)**	**$ 80,958**	**$ 29,775**	**$ 10,617**
Purchase of common stock	**-**	**(7,663)**	**-**	**-**	**-**
Net income attributable to AIG or noncontrolling interests	**-**	**-**	**-**	**4,037**	**-**
Dividends	**-**	**-**	**-**	**(687)**	**-**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(4,060)**
Deferred income taxes	**-**	**-**	**(7)**	**-**	**-**
Net increase due to acquisitions and consolidations	**-**	**-**	**-**	**-**	**-**
Contributions from noncontrolling interests	**-**	**-**	**-**	**-**	**-**
Distributions to noncontrolling interests	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**484**	**(3)**	**-**
Balance, end of period	**$ 4,766**	**$ (26,881)**	**$ 81,435**	**$ 33,122**	**$ 6,557**
Nine Months Ended September 30, 2014					
Balance, beginning of year	$ 4,766	$ (14,520)	$ 80,899	$ 22,965	$ 6,360
Purchase of common stock	-	(3,200)	-	-	-
Net income (loss) attributable to AIG or noncontrolling interests	-	-	-	6,874	-
Dividends	-	-	-	(539)	-
Other comprehensive income (loss)	-	-	-	-	4,971
Net decrease due to dispositions	-	-	-	-	-
Contributions from noncontrolling interests	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	-
Other	-	-	5	-	-
Balance, end of period	$ 4,766	$ (17,720)	$ 80,904	$ 29,300	$ 11,331

See accompanying Notes to Condensed Consolidated Financial Statements.

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Item 1 / Financial statements

American International Group, Inc.

CONDENSED Consolidated Statements of Cash Flows *(unaudited)*

Nine Months Ended September 30, *(in millions)*		**2015**	201
Cash flows from operating activities:			
Net income	$	4,071	$ 6,84
Loss from discontinued operations		-	[illegible]
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income (loss):			
Net gains on sales of securities available for sale and other assets		(660)	(60
Net (gain) loss on sale of divested businesses		10	(2,19
Losses on extinguishment of debt		756	1,0
Unrealized gains in earnings - net		(550)	(79
Equity in income from equity method investments, net of dividends or distributions		(684)	(1,10
Depreciation and other amortization		3,502	3,3
Impairments of assets		886	4
Changes in operating assets and liabilities:			
Insurance reserves		(1,618)	1
Premiums and other receivables and payables - net		(389)	[illegible]
Reinsurance assets and funds held under reinsurance treaties		1,396	(6
Capitalization of deferred policy acquisition costs		(4,376)	(4,54
Current and deferred income taxes - net		1,736	2,2
Other, net		(1,846)	(51
Total adjustments		(1,837)	(2,50
Net cash provided by operating activities		2,234	4,3
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales or distributions of:			
Available for sale investments		20,846	16,0
Other securities		4,895	3,9
Other invested assets		7,015	3,0
Divested businesses, net		-	2,3
Maturities of fixed maturity securities available for sale		18,427	18,6
Principal payments received on and sales of mortgage and other loans receivable		3,298	2,5
Purchases of:			
Available for sale investments		(36,333)	(34,63
Other securities		(1,622)	(30
Other invested assets		(2,675)	(3,20

Mortgage and other loans receivable	**(6,845)**	(4,94
Net change in restricted cash	**1,476**	(66
Net change in short-term investments	**(1,028)**	2,34
Other, net	**(774)**	(29
Net cash provided by investing activities	**6,680**	4,86
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholder contract deposits	**12,216**	12,31
Policyholder contract withdrawals	**(10,801)**	(11,03
Issuance of long-term debt	**6,449**	5,82
Repayments of long-term debt	**(8,343)**	(11,56
Purchase of Common Stock	**(7,473)**	(3,40
Dividends paid	**(687)**	(53
Other, net	**(425)**	(1,20
Net cash (used in) financing activities	**(9,064)**	(9,60
Effect of exchange rate changes on cash	**(39)**	(1
Net decrease in cash	**(189)**	(39
Cash at beginning of year	**1,758**	2,24
Change in cash of businesses held-for-sale	**-**	8
Cash at end of period	**$ 1,569**	$ 1,93

Supplementary Disclosure of Condensed Consolidated Cash Flow Information

Cash paid during the period for:		
Interest	**$ 1,112**	$ 2,496
Taxes	**$ 406**	$ 614
Non-cash investing/financing activities:		
Interest credited to policyholder contract deposits included in financing activities	**$ 2,801**	$ 3,007
Non-cash consideration received from sale of ILFC	**$ -**	$ 4,586
Non-cash consideration received from sale of AerCap	**$ 500**	$ -

See accompanying Notes to Condensed Consolidated Financial Statements.

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Item 1 / NOTE 1. BASIS OF PRESENTATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. BASIS OF PRESENTATION

American International Group, Inc. (AIG) is a leading global insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through one of the most extensive worldwide property casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG Common Stock, par value $2.50 per share (AIG Common Stock), is listed on the New York Stock Exchange (NYSE: AIG) and the Tokyo Stock Exchange. Unless the context indicates otherwise, the terms “AIG,” “we,” “us” or “our” mean American International Group, Inc. and its consolidated subsidiaries and the term “AIG Parent” means American International Group, Inc. and not any of its consolidated subsidiaries.

These unaudited Condensed Consolidated Financial Statements do not include all disclosures that are normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) and should be read in conjunction with the audited Consolidated Financial Statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2014 (2014 Annual Report). The condensed consolidated financial information as of December 31, 2014 included herein has been derived from audited Consolidated Financial Statements in the 2014 Annual Report.

Certain of our foreign subsidiaries included in the Condensed Consolidated Financial Statements report on different fiscal-period bases. The effect on our condensed consolidated financial condition and results of operations of all material events occurring at these subsidiaries through the date of each of the periods presented in these Condensed Consolidated Financial Statements has been recorded. In the opinion of management, these Condensed Consolidated Financial Statements contain normal recurring adjustments, including eliminations of material intercompany accounts and transactions, necessary for a fair statement of the results presented herein.

Interim-period operating results may not be indicative of the operating results for a full year. We evaluated the need to recognize or disclose events that occurred subsequent to September 30, 2015 and prior to the issuance of these Condensed Consolidated Financial Statements.

Sale of ILFC and shares of AerCap

On May 14, 2014, we completed the sale of 100 percent of the common stock of International Lease

Finance Corporation (ILFC) to AerCap Ireland Limited, a wholly owned subsidiary of AerCap Holdings N.V. (AerCap), in exchange for total consideration of approximately $7.6 billion, including cash and 97.6 million newly-issued AerCap common shares (the AerCap Transaction). The total value of the consideration was based in part on AerCap's closing price per share of $47.01 on May 13, 2014. ILFC's results of operations are reflected in Aircraft leasing revenue and Aircraft leasing expenses in the Condensed Consolidated Statements of Income (Loss) through the date of the completion of the sale.

In June 2015, we sold 86.9 million ordinary shares of AerCap by means of an underwritten public offering of 71.2 million ordinary shares and a private sale of 15.7 million ordinary shares to AerCap. We received cash proceeds of approximately $3.7 billion, reflecting proceeds of approximately $3.4 billion from the underwritten offering and cash proceeds of $250 million from the private sale of shares to AerCap. In connection with the closing of the private sale of shares to AerCap, we also received $500 million of 6.50% fixed-to-floating rate junior subordinated notes issued by AerCap Global Aviation Trust and guaranteed by AerCap and certain of its subsidiaries. These notes, included in Bonds available for sale, mature in 2045 and are callable beginning in 2025. We accounted for our interest in AerCap using the equity method of accounting through the date of the June 2015 sale, and as available for sale thereafter. In August 2015, we sold our remaining 10.7 million ordinary shares of AerCap by means of an underwritten public offering and received proceeds of approximately $500 million.

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Item 1 / NOTE 1. BASIS OF PRESENTATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires the application of accounting policies that often involve a significant degree of judgment. Accounting policies that we believe are most dependent on the application of estimates and assumptions are considered our critical accounting estimates and are related to the determination of:

- income tax assets and liabilities, including recoverability of our net deferred tax asset and the predictability of future tax operating profitability of the character necessary to realize the net deferred tax asset;
- liability for unpaid losses and loss adjustment expenses;
- reinsurance assets;
- valuation of future policy benefit liabilities and timing and extent of loss recognition;
- valuation of liabilities for guaranteed benefit features of variable annuity products;
- estimated gross profits to value deferred acquisition costs for investment oriented products;
- impairment charges, including other than temporary impairments on available for sale securities, impairments on investments in life settlements and goodwill impairment;
- liability for legal contingencies; and
- fair value measurements of certain financial assets and liabilities.

These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial condition, results of operations and cash flows could be materially affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During 2015

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure

In January 2014, the Financial Accounting Standards Board (FASB) issued an accounting standard that clarifies that a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, so that the loan is derecognized and the real estate property is recognized, when either (i) the creditor obtains legal title to the residential real estate property upon completion of a foreclosure or (ii) the borrower conveys all interest in the residential real estate property to the creditor to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement.

We adopted the standard on its required effective date of January 1, 2015. The adoption of this standard had no material effect on our consolidated financial condition, results of operations or cash flows.

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Item 1 / NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Reporting Discontinued Operations

In April 2014, the FASB issued an accounting standard that changes the requirements for presenting a component or group of components of an entity as a discontinued operation and requires new disclosures. Under the standard, the disposal of a component or group of components of an entity should be reported as a discontinued operation if the disposal represents a

strategic shift that has (or will have) a major effect on an entity's operations and financial results. Disposals of equity method investments, or those reported as held-for-sale, must be presented as a discontinued operation if they meet the new definition. The standard also requires entities to provide disclosures about the disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation.

We adopted the standard on its required effective date of January 1, 2015 on a prospective basis. The adoption of this standard had no material effect on our consolidated financial condition, results of operations or cash flows.

Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures

In June 2014, the FASB issued an accounting standard that changes the accounting for repurchase-to-maturity transactions and repurchase financing arrangements. It also requires additional disclosures about repurchase agreements and other similar transactions. The standard aligns the accounting for repurchase-to-maturity transactions and repurchase agreements executed as repurchase financings with the accounting for other typical repurchase agreements such that they all will be accounted for as secured borrowings. The standard eliminates sale accounting for repurchase-to-maturity transactions and supersedes the standard under which a transfer of a financial asset and a contemporaneous repurchase financing could be accounted for on a combined basis as a forward agreement.

We adopted the standard on its required effective date of January 1, 2015 on a prospective basis. The adoption of this standard had no material effect on our consolidated financial condition, results of operations or cash flows.

Future Application of Accounting Standards

Revenue Recognition

In May 2014, the FASB issued an accounting standard that supersedes most existing revenue recognition guidance. The standard excludes from its scope the accounting for insurance contracts, leases, financial instruments, and certain other agreements that are governed under other GAAP guidance, but could affect the revenue recognition for certain of our other activities.

The standard is effective for interim and annual reporting periods beginning after December 15, 2017 and may be applied retrospectively or through a cumulative effect adjustment to retained earnings at the date of adoption. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. We plan to adopt the standard on its required effective date of January 1, 2018 and are assessing the impact of the standard on our consolidated financial condition, results of operations and cash flows.

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Item 1 / NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Accounting for Share-Based Payments with Performance Targets

In June 2014, the FASB issued an accounting standard that clarifies the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The standard requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition.

The standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The standard may be applied prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. We plan to adopt the standard on its required effective date of January 1, 2016 and do not expect the adoption of the standard to have a material effect on our consolidated financial condition, results of operations or cash flows.

Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity

In August 2014, the FASB issued an accounting standard that allows a reporting entity to measure the financial assets and financial liabilities of a qualifying consolidated collateralized financing entity using the fair value of either its financial assets or financial liabilities, whichever is more observable.

The standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The standard may be applied retrospectively or through a cumulative effect adjustment to retained earnings at the date of adoption. We plan to adopt the standard on its required effective date of January 1, 2016 and are assessing the impact of the standard on our consolidated financial condition, results of operations and cash flows.

Consolidation: Amendments to the Consolidation Analysis

In February 2015, the FASB issued an accounting standard that affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; eliminate the presumption that a general partner should consolidate a limited partnership; affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds.

The standard is effective for interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. The standard may be applied retrospectively or through a cumulative effect adjustment to retained earnings as of the beginning of the year of adoption. We plan to adopt the standard on its required effective date of January 1, 2016 and are assessing the impact of the standard on our consolidated financial condition, results of operations and cash flows.

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Item 1 / NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued an accounting standard that provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance does not change generally accepted accounting principles applicable to a customer's accounting for service contracts. Consequently, all software licenses will be accounted for consistent with other licenses of intangible assets.

The standard is effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted. The standard may be adopted prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. We plan to adopt the standard on its required effective date of January 1, 2016 and do not expect the adoption of the standard to have a material effect on our consolidated financial condition, results of operations or cash flows.

Short Duration Insurance Contracts

In May 2015, the FASB issued an accounting standard that requires additional disclosures (including accident year information) for short-duration insurance contracts. New disclosures about the liability for unpaid losses and loss adjustment expenses will be required of public business entities for annual periods beginning after December 15, 2015. The annual disclosures by accident year include: disaggregated net incurred and paid claims development tables segregated by business type (not required to exceed 10 years), reconciliation of total net reserves included in development tables to the reported liability for unpaid losses and loss adjustment expenses, incurred but not reported (IBNR) information, quantitative information and a qualitative description about claim frequency, and the average annual percentage payout of incurred claims. Further, the new standard requires, when applicable, disclosures about discounting liabilities for unpaid losses and loss adjustment expenses and significant changes and reasons for changes in methodologies and assumptions used to determine unpaid losses and loss adjustment expenses. In addition, the roll forward of the liability for unpaid losses and loss adjustment expenses currently disclosed in annual financial statements will be required for interim periods beginning in the first quarter of 2017. Early adoption of the new annual and interim disclosures is permitted.

We plan to adopt the standard on its required effective date. Because the new standard does not affect accounting recognition or measurement, the adoption of the standard will have no effect on our consolidated financial condition, results of operations, or cash flows.

3. SEGMENT INFORMATION

We report our results of operations consistent with the manner in which our chief operating decision makers review the business to assess performance and allocate resources through two reportable segments: Commercial Insurance and Consumer Insurance as well as a Corporate and Other category. The Corporate and Other category consists of businesses and items not allocated to our reportable segments.

We evaluate performance based on revenue and pre-tax operating income (loss). Pre-tax operating income (loss) is derived by excluding certain items from net income (loss) attributable to AIG. See the table below for items excluded from pre-tax operating income (loss).

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Item 1 / NOTE 3. SEGMENT INFORMATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The following tables present our operations by reportable segment:

	2015		
Three Months Ended September 30,	Total	Pre-Tax Operating	
(in millions)	Revenues	Income (Loss)	Reve
Commercial Insurance			
Property Casualty	$ 5,715	$ 569	$
Mortgage Guaranty	266	162	
Institutional Markets	578	84	
Total Commercial Insurance	6,559	815	
Consumer Insurance			
Retirement	2,203	635	
Life	1,578	(40)	
Personal Insurance	2,871	62	
Total Consumer Insurance	6,652	657	
Corporate and Other*	109	(613)	
AIG consolidation and elimination	(141)	(11)	
Total AIG consolidated revenues and pre-tax operating income	13,179	848	1
Reconciling items from Total revenues and Pre-tax operating income (loss) to revenues and pre-tax income (loss):			
Changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	4	4	
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains	-	(2)	
Loss on extinguishment of debt	-	(346)	
Net realized capital gains (loss)	(342)	(342)	
Net gain (loss) on sale of divested businesses	-	(3)	
Non-operating litigation reserves and settlements	-	30	
Reserve development related to non-operating run-off insurance business	-	(30)	
Restructuring and other costs	-	(274)	
Other	(19)	-	
Revenues and pre-tax income (loss)	$ 12,822	$ (115)	$ 1

	2015	
		Pre-Tax

Nine Months Ended September 30,	Total	Operating	
(in millions)	Revenues	Income (Loss)	Reve
Commercial Insurance			
Property Casualty	**$ 17,904**	**$ 2,931**	$ 1
Mortgage Guaranty	**791**	**464**	
Institutional Markets	**2,374**	**382**	
Total Commercial Insurance	**21,069**	**3,777**	2
Consumer Insurance			
Retirement	**7,056**	**2,239**	
Life	**4,823**	**280**	
Personal Insurance	**8,602**	**106**	
Total Consumer Insurance	**20,481**	**2,625**	2
Corporate and Other*	**2,270**	**(79)**	
AIG consolidation and elimination	**(416)**	**(80)**	
Total AIG consolidated revenues and pre-tax operating income	**43,404**	**6,243**	4

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Item 1 / NOTE 3. SEGMENT INFORMATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Reconciling items from Total revenues and Pre-tax operating income (loss) to revenues and pre-tax income:				
Changes in fair values of fixed maturity securities designated to hedge living benefit liabilities, net of interest expense	**(39)**	**(39)**	162	162
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains	**-**	**(84)**	-	(90)
Loss on extinguishment of debt	**-**	**(756)**	-	(1,014)
Net realized capital gains	**1,125**	**1,125**	546	546
Net gain (loss) on sale of divested businesses	**(48)**	**(58)**	1,602	2,189
Non-operating litigation reserves and settlements	**91**	**86**	691	145
Reserve development related to non-operating run-off insurance business	**-**	**(30)**	-	-
Restructuring and other costs	**-**	**(274)**	-	-
Other	**(37)**	**-**	-	-
Revenues and pre-tax income	**$ 44,496**	**$ 6,213**	$ 48,996	$ 9,772

* Corporate and Other includes income from assets held by AIG Parent and other corporate subsidiaries.

4. FAIR VALUE MEASUREMENTS

Fair Value Measurements on a Recurring Basis

Assets and liabilities recorded at fair value in the Condensed Consolidated Balance Sheets are measured and classified in accordance with a fair value hierarchy consisting of three “levels” based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that we have the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. We do not adjust the quoted price for such instruments.

- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

- **Level 3:** Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, we must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents information about assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value measurement based on the observability of the inputs used:

September 30, 2015				Counterparty	Cash	
(in millions)	Level 1	Level 2	Level 3	Netting	Collateral	
Assets:						
Bonds available for sale:						
U.S. government and government sponsored entities	$ 8	$ 1,874	$ -	$ -	$ -	$ 1
Obligations of states, municipalities and political subdivisions	-	25,406	2,140	-	-	27
Non-U.S. governments	709	17,688	31	-	-	18
Corporate debt	-	137,646	2,476	-	-	140
RMBS	-	18,766	16,859	-	-	35
CMBS	-	10,988	2,729	-	-	13
CDO/ABS	-	9,526	6,108	-	-	15
Total bonds available for sale	717	221,894	30,343	-	-	252
Other bond securities:						
U.S. government and government sponsored entities	155	3,658	-	-	-	3
Obligations of states, municipalities and political subdivisions	-	75	-	-	-	
Non-U.S. governments	-	2	-	-	-	
Corporate debt	-	1,233	16	-	-	1
RMBS	-	784	1,501	-	-	2
CMBS	-	600	219	-	-	
CDO/ABS	-	1,432	7,147	-	-	8
Total other bond securities	155	7,784	8,883	-	-	16
Equity securities available for sale:						
Common stock	2,961	-	-	-	-	2
Preferred stock	23	-	-	-	-	
Mutual funds	806	2	-	-	-	
Total equity securities available for sale	3,790	2	-	-	-	3
Other equity securities	1,044	-	22	-	-	1
Mortgage and other loans receivable	-	-	11	-	-	
Other invested assets	2	4,371	4,960	-	-	9
Derivative assets:						

Interest rate contracts	-	4,070	13	-	-	4
Foreign exchange contracts	-	836	-	-	-	
Equity contracts	121	14	40	-	-	
Commodity contracts	-	-	-	-	-	
Credit contracts	-	-	3	-	-	
Other contracts	-	-	27	-	-	
Counterparty netting and cash collateral	-	-	-	(1,691)	(2,129)	(3,
Total derivative assets	121	4,920	83	(1,691)	(2,129)	1
Short-term investments	1,032	1,701	-	-	-	2
Separate account assets	72,370	4,766	-	-	-	77
Total	$ 79,231	$245,438	$ 44,302	$ (1,691)	$(2,129)	$365
Liabilities:						
Policyholder contract deposits	$ -	$ 38	$ 2,249	$ -	$ -	$ 2
Other policyholder funds	-	8	-	-	-	

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Item 1 / NOTE 4. FAIR VALUE MEASUREMENTS

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Derivative liabilities:						
Interest rate contracts	-	2,787	71	-	-	2,858
Foreign exchange contracts	-	1,208	7	-	-	1,215
Equity contracts	-	82	1	-	-	83
Commodity contracts	-	-	-	-	-	-
Credit contracts	-	-	531	-	-	531
Other contracts	-	1	78	-	-	79
Counterparty netting and cash collateral	-	-	-	(1,691)	(910)	(2,601)
Total derivative liabilities	-	4,078	688	(1,691)	(910)	2,165
Long-term debt	-	3,795	190	-	-	3,985
Other liabilities	116	182	-	-	-	298
Total	$ 116	$ 8,101	$ 3,127	$ (1,691)	$ (910)	$ 8,743

December 31, 2014 *(in millions)*	Level 1	Level 2	Level 3	Counterparty Netting	Cash Collateral	
Assets:						
Bonds available for sale:						
U.S. government and government sponsored entities	$ 322	$ 2,670	$ -	$ -	$ -	$ 2
Obligations of states, municipalities and political subdivisions	-	25,500	2,159	-	-	27
Non-U.S. governments	742	20,323	30	-	-	21
Corporate debt	-	142,550	1,883	-	-	144
RMBS	-	20,715	16,805	-	-	37
CMBS	-	10,189	2,696	-	-	12
CDO/ABS	-	7,165	6,110	-	-	13
Total bonds available for sale	1,064	229,112	29,683	-	-	259
Other bond securities:						
U.S. government and government sponsored entities	130	5,368	-	-	-	5
Obligations of states, municipalities and political subdivisions	-	122	-	-	-	
Non-U.S. governments	-	2	-	-	-	
Corporate debt	-	719	-	-	-	
RMBS	-	989	1,105	-	-	2
CMBS	-	708	369	-	-	1
CDO/ABS	-	2,751	7,449	-	-	10
Total other bond securities	130	10,659	8,923	-	-	19
Equity securities available for sale:						
Common stock	3,626	2	1	-	-	3
Preferred stock	25	-	-	-	-	
Mutual funds	738	3	-	-	-	

Total equity securities available for sale	4,389	5	1	-	-	4
Other equity securities	1,024	25	-	-	-	1
Mortgage and other loans receivable	-	-	6	-	-	
Other invested assets	2	3,742	5,650	-	-	9
Derivative assets:						
Interest rate contracts	2	3,729	12	-	-	3
Foreign exchange contracts	-	839	1	-	-	
Equity contracts	98	58	51	-	-	
Commodity contracts	-	-	-	-	-	
Credit contracts	-	-	4	-	-	
Other contracts	-	-	31	-	-	
Counterparty netting and cash collateral	-	-	-	(2,102)	(1,119)	(3,
Total derivative assets	100	4,626	99	(2,102)	(1,119)	1

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Short-term investments	584	1,100	-	-	-	1,684
Separate account assets	73,939	6,097	-	-	-	80,036
Total	$ 81,232	$ 255,366	$ 44,362	$ (2,102)	$ (1,119)	$ 377,739
Liabilities:						
Policyholder contract deposits	$ -	$ 52	$ 1,509	$ -	$ -	$ 1,561
Other policyholder funds	-	8	-	-	-	8
Derivative liabilities:						
Interest rate contracts	-	3,047	86	-	-	3,133
Foreign exchange contracts	-	1,482	9	-	-	1,491
Equity contracts	-	98	4	-	-	102
Commodity contracts	-	6	-	-	-	6
Credit contracts	-	-	982	-	-	982
Other contracts	-	-	90	-	-	90
Counterparty netting and cash collateral	-	-	-	(2,102)	(1,429)	(3,531)
Total derivative liabilities	-	4,633	1,171	(2,102)	(1,429)	2,273
Long-term debt	-	5,253	213	-	-	5,466
Other liabilities	34	316	-	-	-	350
Total	$ 34	$ 10,262	$ 2,893	$ (2,102)	$ (1,429)	$ 9,658

* Represents netting of derivative exposures covered by a qualifying master netting agreement.

Transfers of Level 1 and Level 2 Assets and Liabilities

Our policy is to record transfers of assets and liabilities between Level 1 and Level 2 at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market.

During the three- and nine-month periods ended September 30, 2015, we transferred $188 million and $450 million, respectively, of securities issued by Non-U.S. government entities from Level 1 to Level 2, because they are no longer considered actively traded. For similar reasons, during the nine-month period ended September 30, 2015, we transferred $180 million of securities issued by the U.S. government and government sponsored entities from Level 1 to Level 2, while we had no material transfers of these securities from Level 1 to Level 2 during the three-month period ended September 30, 2015. We had no material transfers from Level 2 to Level 1 during the three- and nine-month periods ended September 30, 2015.

During the three- and nine-month periods ended September 30, 2014, we transferred $32 million and $330 million, respectively, of securities issued by Non-U.S. government entities from Level 1 to Level 2, because they are no longer considered actively traded. For similar reasons, during the three- and nine-month periods ended September 30, 2014, we transferred $4 million and $107 million, respectively, of securities issued by the U.S. government and government sponsored entities from Level 1 to Level 2. We had no material transfers from Level 2 to Level 1 during the three- and nine-month periods ended September 30, 2014.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Changes in Level 3 Recurring Fair Value Measurements

The following tables present changes during the three- and nine-month periods ended September 30, 2015 and 2014 in Level 3 assets and liabilities measured at fair value on a recurring basis, and the realized and unrealized gains (losses) related to the Level 3 assets and liabilities in the Condensed Consolidated Balance Sheets at September 30, 2015 and 2014:

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issues and Settlements, Net	Gro Transfe
Three Months Ended September 30, 2015					
Assets:					
Bonds available for sale:					
Obligations of states, municipalities and political subdivisions	$ 2,180	$ (1)	$ (15)	$ 16	$
Non-U.S. governments	33	-	(1)	(1)	
Corporate debt	2,118	5	2	(63)	9
RMBS	17,097	265	(151)	(352)	
CMBS	2,677	17	(15)	50	
CDO/ABS	6,071	8	57	(21)	
Total bonds available for sale	30,176	294	(123)	(371)	9
Other bond securities:					
Corporate debt	16	-	-	-	
RMBS	1,337	(4)	-	169	
CMBS	223	(1)	-	(8)	
CDO/ABS	7,426	85	-	(415)	
Total other bond securities	9,002	80	-	(254)	
Equity securities available for sale:					
Common stock	-	-	-	-	
Total equity securities available for sale	-	-	-	-	
Other equity securities	22	-	-	-	
Mortgage and other loans receivable	6	-	-	5	
Other invested assets	5,075	(52)	(90)	64	

Total	$ 44,281	$ 322	$ (213)	$ (556)	$ 1,0
Liabilities:					
Policyholder contract deposits	$ (1,232)	$ (871)	$ -	$ (146)	$
Derivative liabilities, net:					
Interest rate contracts	(62)	(3)	-	7	
Foreign exchange contracts	(7)	(1)	-	1	
Equity contracts	63	(21)	-	(3)	
Commodity contracts	-	-	-	-	
Credit contracts	(551)	11	-	12	
Other contracts	(16)	(12)	-	(23)	
Total derivative liabilities, net[(a)]	(573)	(26)	-	(6)	
Long-term debt[(b)]	(193)	3	-	-	
Total	$ (1,998)	$ (894)	$ -	$ (152)	$

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Item 1 / NOTE 4. FAIR VALUE MEASUREMENTS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in millions)	Fair Value Beginning of Period[(a)]	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issues and Settlements, Net	Gr… Transf…
Nine Months Ended September 30, 2015					
Assets:					
Bonds available for sale:					
Obligations of states, municipalities and political subdivisions	$ 2,159	$ -	$ (94)	$ 174	$
Non-U.S. governments	30	-	(2)	3	
Corporate debt	1,883	19	(31)	(209)	1,4
RMBS	16,805	804	(322)	(428)	
CMBS	2,696	63	(45)	97	
CDO/ABS	6,110	138	(110)	98	
Total bonds available for sale	29,683	1,024	(604)	(265)	1,4
Other bond securities:					
Corporate debt	-	-	-	-	
RMBS	1,105	22	-	389	
CMBS	369	7	-	(162)	
CDO/ABS	7,449	482	-	(1,341)	6
Total other bond securities	8,923	511	-	(1,114)	6
Equity securities available for sale:					
Common stock	1	2	-	(3)	
Total equity securities available for sale	1	2	-	(3)	
Other equity securities	-	-	-	-	
Mortgage and other loans receivable	6	-	-	5	
Other invested assets	5,650	475	(639)	(522)	1
Total	$ 44,263	$ 2,012	$ (1,243)	$ (1,899)	$ 2,2
Liabilities:					
Policyholder contract deposits	$ (1,509)	$ (410)	$ -	$ (330)	$
Derivative liabilities, net:					
Interest rate contracts	(74)	(3)	-	19	
Foreign exchange contracts	(8)	2	-	(1)	
Equity contracts	47	(15)	-	7	
Commodity contracts	-	-	-	-	

Credit contracts	(978)	171	-	279
Other contracts	(59)	61	-	(53)
Total derivative liabilities, net[(a)]	(1,072)	216	-	251
Long-term debt[(b)]	(213)	5	-	18
Total	$ (2,794) $	(189) $	- $	(61) $

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Item 1 / NOTE 4. FAIR VALUE MEASUREMENTS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in millions)	Fair value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issues and Settlements, Net	G Trans
Three Months Ended September 30, 2014					
Assets:					
Bonds available for sale:					
Obligations of states, municipalities and political subdivisions	$ 1,991	$ (1)	$ (11)	$ 43	$
Non-U.S. governments	25	-	-	1	
Corporate debt	2,196	2	(22)	(73)	
RMBS	16,328	264	(49)	375	
CMBS	5,917	27	(39)	14	
CDO/ABS	7,431	18	(2)	692	
Total bonds available for sale	33,888	310	(123)	1,052	
Other bond securities:					
RMBS	1,062	-	-	(39)	
CMBS	757	(24)	-	(20)	
CDO/ABS	8,397	257	-	(451)	
Total other bond securities	10,216	233	-	(510)	
Equity securities available for sale:					
Common stock	-	-	1	-	
Preferred stock	-	-	-	-	
Mutual funds	-	-	-	-	
Total equity securities available for sale	-	-	1	-	
Mortgage and other loans receivable	6	-	-	-	
Other invested assets	5,824	(7)	90	65	
Total	$ 49,934	$ 536	$ (32)	$ 607	$
Liabilities:					
Policyholder contract deposits	$ (842)	$ (155)	$ 8	$ (2)	$
Derivative liabilities, net:					
Interest rate contracts	(67)	(3)	-	1	
Foreign exchange contracts	(9)	-	-	2	
Equity contracts	91	6	-	2	
Commodity contracts	1	(1)	-	-	

Credit contracts	(1,085)	75	-	(8)
Other contracts	(53)	14	4	(20)
Total derivatives liabilities, net[(a)]	(1,122)	91	4	(23)
Long-term debt[(b)]	(394)	21	-	1
Total	$ (2,358) $	(43) $	12 $	(24) $

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in millions)		Fair value Beginning of Period		Net Realized and Unrealized Gains (Losses) Included in Income		Other Comprehensive Income (Loss)		Purchases, Sales, Issues and Settlements, Net		Gr Transf
Nine Months Ended September 30, 2014										
Assets:										
Bonds available for sale:										
Obligations of states, municipalities and political subdivisions[c]	$	1,080	$	(1)	$	180	$	896	$	
Non-U.S. governments		16		-		(1)		7		
Corporate debt		1,255		8		31		(140)		1,3
RMBS		14,941		759		211		999		1
CMBS		5,735		50		201		(43)		
CDO/ABS		6,974		70		1		1,426		2
Total bonds available for sale		30,001		886		623		3,145		1,7
Other bond securities:										
RMBS		937		51		-		33		
CMBS		844		14		-		(151)		
CDO/ABS		8,834		926		-		(1,338)		
Total other bond securities		10,615		991		-		(1,456)		
Equity securities available for sale:										
Common stock		1		-		1		-		
Preferred stock		-		-		-		-		
Mutual funds		-		-		-		-		
Total equity securities available for sale		1		-		1		-		
Mortgage and other loans receivable		-		-		-		6		
Other invested assets		5,930		80		139		99		1
Total	$	46,547	$	1,957	$	763	$	1,794	$	1,9
Liabilities:										
Policyholder contract deposits	$	(312)	$	(687)	$	(16)	$	24	$	
Derivative liabilities, net:										
Interest rate contracts		(100)		(2)		-		33		
Foreign exchange contracts		-		3		-		(10)		
Equity contracts		49		14		-		(12)		
Commodity contracts		1		-		-		-		

Credit contracts	(1,280)	229	-	33	
Other contracts	(109)	49	51	(46)	
Total derivatives liabilities, net[(a)]	(1,439)	293	51	(2)	
Long-term debt[(b)]	(370)	13	-	34	(
Total	$ (2,121)	$ (381)	$ 35	$ 56	$ (

(a) Total Level 3 derivative exposures have been netted in these tables for presentation purposes only.

(b) Includes guaranteed investment agreements (GIAs), notes, bonds, loans and mortgages payable.

(c) Purchases, Sales, Issues and Settlements, Net primarily reflect the effect of consolidating previously unconsolidated securitization vehicles.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Net realized and unrealized gains and losses related to Level 3 items shown above are reported in the Condensed Consolidated Statements of Income (Loss) as follows:

(in millions)	Net Investment Income	Net Realized Capital Gains (Losses)	Other Income	Total
Three Months Ended September 30, 2015				
Bonds available for sale	**$ 304**	**$ (15)**	**$ 5**	**$ 294**
Other bond securities	**7**	**-**	**73**	**80**
Equity securities available for sale	**-**	**-**	**-**	**-**
Other invested assets	**(25)**	**(22)**	**(5)**	**(52)**
Policyholder contract deposits	**-**	**(871)**	**-**	**(871)**
Derivative liabilities, net	**-**	**(17)**	**(9)**	**(26)**
Long-term debt	**-**	**-**	**3**	**3**
Three Months Ended September 30, 2014				
Bonds available for sale	$ 320	$ (22)	$ 12	$ 310
Other bond securities	(3)	-	236	233
Equity securities available for sale	-	-	-	-
Other invested assets	18	(20)	(5)	(7)
Policyholder contract deposits	-	(155)	-	(155)
Derivative liabilities, net	18	(1)	74	91
Long-term debt	-	-	21	21
Nine Months Ended September 30, 2015				
Bonds available for sale	**$ 926**	**$ (14)**	**$ 112**	**$ 1,024**
Other bond securities	**48**	**3**	**460**	**511**
Equity securities available for sale	**-**	**2**	**-**	**2**
Other invested assets	**61**	**355**	**59**	**475**
Policyholder contract deposits	**-**	**(410)**	**-**	**(410)**
Derivative liabilities, net	**-**	**(12)**	**228**	**216**
Long-term debt	**-**	**-**	**5**	**5**
Nine Months Ended September 30, 2014				
Bonds available for sale	$ 922	$ (73)	$ 37	$ 886
Other bond securities	97	2	892	991
Equity securities available for sale	-	-	-	-
Other invested assets	107	(33)	6	80
Policyholder contract deposits	-	(687)	-	(687)
Derivative liabilities, net	49	4	240	293

Long-term debt	-	-	13	13

The following tables present the gross components of purchases, sales, issues and settlements, net, shown above, for the three- and nine-month periods ended September 30, 2015 and 2014 related to Level 3 assets and liabilities in the Condensed Consolidated Balance Sheets:

(in millions)	Purchases	Sales	Settlements	Purchase Sales, Issues ar Settlements, Net
Three Months Ended September 30, 2015				
Assets:				
Bonds available for sale:				
Obligations of states, municipalities and political subdivisions	**$ 35**	**$ -**	**$ (19)**	**$ 1**
Non-U.S. governments	**3**	**(1)**	**(3)**	**(**
Corporate debt	**32**	**-**	**(95)**	**(6**

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Item 1 / NOTE 4. FAIR VALUE MEASUREMENTS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

RMBS		**449**	**(29)**	**(772)**	**(35**
CMBS		**50**	**-**	**-**	**5**
CDO/ABS		**160**	**(9)**	**(172)**	**(2**
Total bonds available for sale		**729**	**(39)**	**(1,061)**	**(37**
Other bond securities:					
RMBS		**218**	**(6)**	**(43)**	**1(**
CMBS		**-**	**-**	**(8)**	**(**
CDO/ABS		**10**	**(5)**	**(420)**	**(41**
Total other bond securities		**228**	**(11)**	**(471)**	**(25**
Equity securities available for sale		**-**	**-**	**-**	
Mortgage and other loans receivable		**5**	**-**	**-**	
Other invested assets		**193**	**-**	**(129)**	**(**
Total assets	**$**	**1,155$**	**(50)$**	**(1,661)$**	**(55**
Liabilities:					
Policyholder contract deposits	**$**	**-$**	**(122)$**	**(24)$**	**(14**
Derivative liabilities, net		**1**	**-**	**(7)**	**(**
Long-term debt[(b)]		**-**	**-**	**-**	
Total liabilities	**$**	**1$**	**(122)$**	**(31)$**	**(15**
Three Months Ended September 30, 2014					
Assets:					
Bonds available for sale:					
Obligations of states, municipalities and political subdivisions	$	66$	(3)$	(20)$	4
Non-U.S. governments		1	-	-	
Corporate debt		22	-	(95)	(7
RMBS		1,062	(62)	(625)	37
CMBS		276	(167)	(95)	1
CDO/ABS		1,085	(68)	(325)	69
Total bonds available for sale		2,512	(300)	(1,160)	1,05
Other bond securities:					
RMBS		-	(3)	(36)	(3
CMBS		-	(9)	(11)	(2
CDO/ABS		6	(4)	(453)	(45
Total other bond securities		6	(16)	(500)	(51
Equity securities available for sale		-	-	-	
Other invested assets		276	-	(211)	(

	Purchases	Sales	Settlements	Purchase Sales, Issues ar Settlements, Net
Total assets	$ 2,794	$ (316)	$ (1,871)	$ 60
Liabilities:				
Policyholder contract deposits	$ -	$ (36)	$ 34	$ (
Derivative liabilities, net	-	(2)	(21)	(2
Long-term debt[(b)]	-	-	1	
Total liabilities	$ -	$ (38)	$ 14	$ (2
(in millions)	Purchases	Sales	Settlements	Purchase Sales, Issues ar Settlements, Net
Nine Months Ended September 30, 2015				
Assets:				
Bonds available for sale:				
Obligations of states, municipalities and political subdivisions	**$ 258**	**$ (22)**	**$ (62)**	**$ 17**
Non-U.S. governments	**11**	**(1)**	**(7)**	
Corporate debt	**220**	**(60)**	**(369)**	**(20**

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RMBS	**1,856**	**(194)**	**(2,090)**	**(428)**
CMBS	**192**	**(27)**	**(68)**	**97**
CDO/ABS	**1,021**	**(210)**	**(713)**	**98**
Total bonds available for sale	**3,558**	**(514)**	**(3,309)**	**(265)**
Other bond securities:				
RMBS	**527**	**(16)**	**(122)**	**389**
CMBS	**-**	**(79)**	**(83)**	**(162)**
CDO/ABS	**236**	**(376)**	**(1,201)**	**(1,341)**
Total other bond securities	**763**	**(471)**	**(1,406)**	**(1,114)**
Equity securities available for sale	**-**	**(2)**	**(1)**	**(3)**
Mortgage and other loans receivable	**5**	**-**	**-**	**5**
Other invested assets	**497**	**(587)**	**(432)**	**(522)**
Total assets	**$ 4,823**	**$ (1,574)**	**$ (5,148)**	**$ (1,899)**
Liabilities:				
Policyholder contract deposits	**$ -**	**$ (307)**	**$ (23)**	**$ (330)**
Derivative liabilities, net	**18**	**-**	**233**	**251**
Long-term debt[b]	**-**	**-**	**18**	**18**
Total liabilities	**$ 18**	**$ (307)**	**$ 228**	**$ (61)**
Nine Months Ended September 30, 2014				
Assets:				
Bonds available for sale:				
Obligations of states, municipalities and political subdivisions[c]	$ 1,002	$ (35)	$ (71)	$ 896
Non-U.S. governments	8	-	(1)	7
Corporate debt	141	(8)	(273)	(140)
RMBS	2,814	(88)	(1,727)	999
CMBS	368	(224)	(187)	(43)
CDO/ABS	2,307	(70)	(811)	1,426
Total bonds available for sale	6,640	(425)	(3,070)	3,145
Other bond securities:				
RMBS	162	(22)	(107)	33
CMBS	-	(15)	(136)	(151)
CDO/ABS	50	(19)	(1,369)	(1,338)
Total other bond securities	212	(56)	(1,612)	(1,456)
Equity securities available for sale	-	-	-	-
Mortgage and other loans receivable	6	-	-	6

Other invested assets	709	(1)	(609)	99
Total assets	$ 7,567	$ (482)	$ (5,291)	$ 1,794
Liabilities:				
Policyholder contract deposits	$ -	$ (94)	$ 118	$ 24
Derivative liabilities, net	1	(2)	(1)	(2)
Long-term debt[(b)]	-	-	34	34
Total liabilities	$ 1	$ (96)	$ 151	$ 56

(a) There were no issuances during the three- and nine-month periods ended September 30, 2015 and 2014, respectively.

(b) Includes GIAs, notes, bonds, loans and mortgages payable.

(c) Purchases primarily reflect the effect of consolidating previously unconsolidated securitization vehicles.

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Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 in the tables above. As a result, the unrealized gains (losses) on instruments held at September 30, 2015 and 2014 may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable inputs (e.g., changes in unobservable long-dated volatilities).

Transfers of Level 3 Assets and Liabilities

We record transfers of assets and liabilities into or out of Level 3 classification at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. The Net realized and unrealized gains (losses) included in income (loss) or Other comprehensive income (loss) as shown in the table above excludes $17 million and $35 million of net gains related to assets and liabilities transferred into Level 3 during the three- and nine-month periods ended September 30, 2015, respectively, and includes $3 million and $6 million of net gains related to assets and liabilities transferred out of Level 3 during the three- and nine-month periods ended September 30, 2015, respectively.

The Net realized and unrealized gains (losses) included in income (loss) or Other comprehensive income (loss) as shown in the table above excludes $2 million of net losses and $35 million of net gains related to assets and liabilities transferred into Level 3 during the three- and nine-month periods ended September 30, 2014, respectively, and includes $52 million and $50 million of net gains related to assets and liabilities transferred out of Level 3 during the three- and nine-month periods ended September 30, 2014, respectively.

Transfers of Level 3 Assets

During the three- and nine-month periods ended September 30, 2015 and 2014, transfers into Level 3 assets primarily included certain investments in RMBS, CDO/ABS and private placement corporate debt. The transfers of investments in RMBS and CDO/ABS into Level 3 assets were due to decreases in market transparency and liquidity for individual security types. Transfers of investments in private placement corporate debt into Level 3 assets were primarily the result of limited market pricing information that required us to determine fair value for these securities based on inputs that are adjusted to better reflect our own assumptions regarding the characteristics of a specific security or associated market liquidity.

During the three- and nine-month periods ended September 30, 2015 and 2014, transfers out of Level 3 assets primarily related to certain investments in corporate debt, RMBS, CDO/ABS, and investments in hedge funds. Transfers of certain investments in corporate debt, RMBS, and CDO/ABS out of Level 3 assets were based on consideration of market liquidity as well as related transparency of pricing and associated observable inputs for these investments. The transfers of certain hedge fund investments out of Level 3 assets were primarily the result of easing of certain fund-imposed redemption restrictions.

Transfers of Level 3 Liabilities

There were no significant transfers of derivative or other liabilities into or out of Level 3 for the three- and nine-month periods ended September 30, 2015 and 2014.

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Quantitative Information About Level 3 Fair Value Measurements

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level 3 instruments, and includes only those instruments for which information about the inputs is reasonably available to us, such as data from third party valuation service providers and from internal valuation models. Because input information from third parties with respect to certain Level 3 instruments (primarily CDO/ABS) may not be reasonably available to us, balances shown below may not equal total amounts reported for such Level 3 assets and liabilities**:**

(in millions)		Fair Value at September 30, 2015	Valuation Technique	Unobservable Input	Range (Weighted Average)
Assets:					
Obligations of states, municipalities and political subdivisions	$	1,199	Discounted cash flow	Yield[(b)]	4.34% - 5.16% (4.75%)
Corporate debt		1,506	Discounted cash flow	Yield[(b)]	3.91% - 5.80% (4.85%)
RMBS		17,609	Discounted cash flow	Constant prepayment rate[(a)(c)]	0.93% - 8.91% (4.92%)
				Loss severity[(a)(c)]	45.29% - 77.96% (61.63%)
				Constant default rate[(a)(c)]	3.47% - 9.01% (6.24%)
				Yield[(c)]	3.02% - 5.96% (4.49%)
CDO/ABS		3,217	Discounted cash flow	Yield[(c)]	2.79% - 4.33% (3.56%)

CMBS	**2,656**	Discounted cash flow	Yield[b]	0.00% - 18.45% (6.07%)
Liabilities:				
Policyholder contract deposits				
GMWB	**1,392**	Discounted cash flow	Equity implied volatility[b]	6.00% - 39.00%[d]
			Base lapse rate[b]	0.50% - 30.00%[d]
			Dynamic lapse rate[b]	0.07% - 45.00%[d]
			Mortality rate[b]	0.05% - 35.00%[d]
			Utilization rate[b]	1.00% - 65.00%[d]
Index Annuities	**556**	Discounted cash flow	Lapse rate	0.75% - 66.00%[d]
			Mortality rate	0.02% - 44.06%[d]
Indexed Life	**295**	Discounted cash flow	Equity implied volatility	10.00% to 25.00%[d]
			Base lapse rate	2.00% to 19.00%[d]
			Mortality rate	0.00% to 20.00%[d]

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(in millions)		Fair Value at December 31, 2014	Valuation Technique	Unobservable Input	Range (Weighted Average)
Assets:					
Obligations of states, municipalities and political subdivisions	$	1,178	Discounted cash flow	Yield[b]	3.9% - 4.62% (4.26%)
Corporate debt		1,145	Discounted cash flow	Yield[b]	3.46% - 8.75% (6.10%)
RMBS		17,353	Discounted cash flow	Constant prepayment rate[a][c]	0.59% - 9.35% (4.97%)
				Loss severity[a][c]	46.04% - 79.56% (62.80%)
				Constant default rate[a][c]	3.67% - 9.96% (6.82%)
				Yield[c]	2.67% - 6.64% (4.65%)
CDO/ABS		5,282	Discounted cash flow	Yield[c]	4.70% - 9.70% (7.10%)
CMBS		2,687	Discounted cash flow	Yield[b]	0.00% - 17.29% (6.06%)
Liabilities:					
Policyholder contract deposits					
GMWB		890	Discounted cash flow	Equity implied volatility[b]	6.00% - 39.00%[d]
				Base lapse rate[b]	1.00% - 40.00%[d]
				Dynamic lapse rate[b]	0.20% - 60.00%[d]
				Mortality rate[b]	0.10% - 35.00%[d]

			Utilization rate[b]	0.50% - 30.00%[d]
Index Annuities	294	Discounted cash flow	Lapse rate	0.75% - 66.00%[d]
			Mortality rate	0.02% - 44.06%[d]
Indexed Life	259	Discounted cash flow	Equity implied volatility	10.00% to 25.00%[d]
			Base lapse rate	2.00% to 19.00%[d]
			Mortality rate	0.00% to 20.00%[d]
Total derivative liabilities, net[e]	791	BET	Recovery rate[b]	5.00% - 23.00% (13.00%)
			Diversity score[b]	8 - 25 (13)
			Weighted average life[b]	2.67 - 10.49 years (4.65 years)

(a) The unobservable inputs and ranges for the constant prepayment rate, loss severity and constant default rate relate to each of the individual underlying mortgage loans that comprise the entire portfolio of securities in the RMBS and CDO securitization vehicles and not necessarily to the securitization vehicle bonds (tranches) purchased by us. The ranges of these inputs do not directly correlate to changes in the fair values of the tranches purchased by us because there are other factors relevant to the fair values of specific tranches owned by us including, but not limited to, purchase price, position in the waterfall, senior versus subordinated position and attachment points.

(b) Represents discount rates, estimates and assumptions that we believe would be used by market participants when valuing these assets and liabilities.

(c) Information received from independent third-party valuation service providers.

(d) Represents actual maximum and minimum, not weighted average rates.

(e) Beginning in the third quarter of 2015, we have begun valuing these transactions using prices obtained from vendors and/or counterparties and discontinued use of the BET model.

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The ranges of reported inputs for Corporate debt, RMBS, CDO/ABS, and CMBS valued using a discounted cash flow technique consist of one standard deviation in either direction from the value weighted average. The preceding table does not give effect to our risk management practices that might offset risks inherent in these investments.

Sensitivity to Changes in Unobservable Inputs

We consider unobservable inputs to be those for which market data is not available and that are developed using the best information available to us about the assumptions that market participants would use when pricing the asset or liability. Relevant inputs vary depending on the nature of the instrument being measured at fair value. The following paragraphs provide a general description of sensitivities of significant unobservable inputs along with interrelationships between and among the significant unobservable inputs and their impact on the fair value measurements. The effect of a change in a particular assumption in the sensitivity analysis below is considered independently of changes in any other assumptions. In practice, simultaneous changes in assumptions may not always have a linear effect on the inputs discussed below. Interrelationships may also exist between observable and unobservable inputs. Such relationships have not been included in the discussion below. For each of the individual relationships described below, the inverse relationship would also generally apply.

Obligations of States, Municipalities and Political Subdivisions

The significant unobservable input used in the fair value measurement of certain investments in obligations of states, municipalities and political subdivisions is yield. In general, increases in the yield would decrease the fair value of investments in obligations of states, municipalities and political subdivisions.

Corporate Debt

Corporate debt securities included in Level 3 are primarily private placement issuances that are not traded in active markets or that are subject to transfer restrictions. Fair value measurements consider illiquidity and non transferability. When observable price quotations are not available, fair value is determined based on discounted cash flow models using discount rates based on credit spreads, yields or price levels of publicly traded debt of the issuer or other comparable securities, considering illiquidity and structure. The significant unobservable input used in the fair value measurement of corporate debt is the yield. The yield is affected by the market movements in credit spreads and U.S. Treasury yields. In addition, the migration in credit quality of a given security generally has a corresponding effect on the fair value measurement of the security. For example, a downward migration of credit quality would increase spreads. Holding U.S. Treasury rates constant, an increase in corporate credit spreads would decrease the fair value of corporate debt.

RMBS and CDO/ABS

The significant unobservable inputs used in fair value measurements of RMBS and CDO/ABS valued by third party valuation service providers are constant prepayment rates (CPR), loss severity, constant default rates (CDR), and yield. A change in the assumptions used for the probability of default will generally be accompanied by a corresponding change in the assumption used for the loss severity and an inverse change in the assumption used for prepayment rates. In general, increases in CPR, loss severity, CDR, and yield, in isolation, would result in a decrease in the fair value measurement. Changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship between the directional change of each input is not usually linear.

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CMBS

The significant unobservable input used in fair value measurements for CMBS is the yield. Prepayment assumptions for each mortgage pool are factored into the yield. CMBS generally feature a lower degree of prepayment risk than RMBS because commercial mortgages generally contain a penalty for prepayment. In general, increases in the yield would decrease the fair value of CMBS.

Policyholder contract deposits

Embedded derivatives within Policyholder contract deposits relate to guaranteed minimum withdrawal benefits (GMWB) within variable annuity products and certain enhancements to interest crediting rates based on market indices within equity index annuities and guaranteed investment contracts (GICs). GMWB represents our largest exposure of these embedded derivatives. The carrying value of the GMWB may fluctuate significantly based on interest rates and the performance of the equity markets and therefore, at certain points in time, the carrying value may be a net asset rather than a net liability. The principal unobservable input used for GMWBs and embedded derivatives in equity index annuities measured at fair value is equity implied volatility. For GMWBs, other significant unobservable inputs include base and dynamic lapse rates, mortality rates, and utilization rates. Lapse, mortality, and utilization rates may vary significantly depending upon age groups and duration. In general, increases in volatility and utilization rates will increase the fair value of the liability associated with GMWB, while increases in lapse rates and mortality rates will decrease the fair value of the liability.

Derivative liabilities – credit contracts

The significant unobservable inputs used for Derivative liabilities – credit contracts are recovery rates, diversity scores, and the weighted average life of the portfolio. AIG non performance risk is also considered in the measurement of the liability.

An increase in recovery rates and diversity score will decrease the fair value of the liability. An increase in the weighted average life will increase the fair value measurement of the liability.

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Investments in Certain Entities Carried at Fair Value Using Net Asset Value Per Share

The following table includes information related to our investments in certain other invested assets, including private equity funds and hedge funds that calculate net asset value per share (or its equivalent). For these investments, which are measured at fair value on a recurring basis, we use the net asset value per share to measure fair value.

		September 30, 2015		December 31, 2014	
(in millions)	Investment Category Includes	Fair Value Using Net Asset Value Per Share (or its equivalent)	Unfunded Commitments	Fair Value Using Net Asset Value Per Share (or its equivalent)	Unfunded Commitments
Investment Category					
Private equity funds:					
Leveraged buyout	Debt and/or equity investments made as part of a transaction in which assets of mature companies are acquired from the current shareholders, typically with the use of financial leverage	**$ 1,941**	**$ 423**	$ 2,275	$ 450
Real Estate / Infrastructure	Investments in real estate properties and infrastructure positions, including power plants and other energy generating facilities	**328**	**202**	384	227
Venture capital	Early-stage, high-potential, growth companies expected to generate a return through an eventual realization event, such as an initial public	**118**	**53**	121	26

	offering or sale of the company				
Distressed	Securities of companies that are in default, under bankruptcy protection, or troubled	**158**	**42**	164	43
Other	Includes multi-strategy, mezzanine and other strategies	**288**	**260**	216	234
Total private equity funds		**2,833**	**980**	3,160	980
Hedge funds:					
Event-driven	Securities of companies undergoing material structural changes, including mergers, acquisitions and other reorganizations	**1,242**	**-**	1,109	-
Long-short	Securities that the manager believes are undervalued, with corresponding short positions to hedge market risk	**2,998**	**8**	2,428	1
Macro	Investments that take long and short positions in financial instruments based on a top-down view of certain economic and capital market conditions	**552**	**-**	498	-
Distressed	Securities of companies that are in default, under bankruptcy protection or troubled	**736**	**10**	731	5
Emerging markets	Investments in the financial markets of developing countries	**358**	**-**	308	-
Other	Includes multi-strategy, relative value and other strategies	**162**	**-**	125	-
Total hedge funds		**6,048**	**18**	5,199	6
Total		**$ 8,881**	**$ 998**	$ 8,359	$ 986

Private equity fund investments included above are not redeemable, because distributions from the funds will be received when underlying investments of the funds are liquidated. Private equity funds are generally expected to have 10 year lives at their inception, but these lives may be extended at the fund manager's discretion, typically in one- or two year increments. At September 30, 2015, assuming average original expected lives of 10 years for the funds, 82 percent of the total fair value using net asset value per share (or its equivalent) presented above would have expected remaining lives of three years or less, 5 percent between four and six years and 13 percent between seven and 10 years.

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The hedge fund investments included above are generally redeemable monthly (14 percent), quarterly (48 percent), semi annually (14 percent) and annually (24 percent), with redemption notices ranging from one day to 180 days. At September 30, 2015, however, investments representing approximately 45 percent of the total fair value of the hedge fund investments cannot be redeemed, either in whole or in part, because the investments include various contractual restrictions. The majority of these contractual restrictions, which may have been put in place at the fund's inception or thereafter, have pre defined end dates and are generally expected to be lifted by the end of 2016. The fund investments for which redemption is restricted only in part generally relate to certain hedge funds that hold at least one investment that the fund manager deems to be illiquid.

Fair Value Option

The following table presents the gains and losses recorded related to the eligible instruments for which we elected the fair value option:

	Gain (Loss) Three Months Ended September 30,		Gain (Loss) Nine Months Ended September 30,	
(in millions)	**2015**	2014	**2015**	2014
Assets:				
Bond and equity securities	**$ (106)**	$ 252	**$ 495**	$ 1,529
Alternative Investments[(a)]	**(115)**	73	**148**	245
Other, including Short-term investments	**-**	2	**2**	7
Liabilities:				
Long-term debt[(b)]	**(144)**	23	**(89)**	(186)
Other liabilities	**-**	(4)	**(3)**	(10)
Total gain (loss)	**$ (365)**	$ 346	**$ 553**	$ 1,585

(a) Includes hedge funds, private equity funds and other investment partnerships.

(b) Includes GIAs, notes, bonds, loans and mortgages payable.

We recognized losses of $18 million and $7 million during the three- and nine-month periods ended September 30, 2015, respectively, and gains of $8 million and losses of $14 million during the three- and nine-month periods ended September 30, 2014, respectively, attributable to the observable effect of changes in credit spreads on our own liabilities for which the fair value option was elected. We calculate the effect of these credit spread changes using discounted cash flow techniques that incorporate current market interest rates, our observable credit spreads on these liabilities and other factors that mitigate the risk of nonperformance such as cash collateral posted.

The following table presents the difference between fair values and the aggregate contractual principal amounts of mortgage and other loans receivable and long-term debt for which the fair value option was elected:

	September 30, 2015			December 31, 2014		
(in millions)	Fair Value	Outstanding Principal Amount	Difference	Fair Value	Outstanding Principal Amount	Difference
Assets:						
Mortgage and other loans receivable	**$ 11**	**$ 9**	**$ 2**	$ 6	$ 4	$ 2
Liabilities:						
Long-term debt*	**$ 3,985**	**$ 2,883**	**$ 1,102**	$ 5,466	$ 4,101	$ 1,365

* Includes GIAs, notes, bonds, loans and mortgages payable.

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Fair Value Measurements on a Non-Recurring Basis

The following table presents assets measured at fair value on a non-recurring basis at the time of impairment and the related impairment charges recorded during the periods presented:

	Assets at Fair Value				Impairment Charges			
	Non-Recurring Basis				Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	Level 1	Level 2	Level 3	Total	**2015**	2014	**2015**	2014
September 30, 2015								
Other investments	**$ -**	**$ -**	**$ 986**	**$ 986**	**$ 22**	$ 62	**$ 74**	$ 117
Investments in life settlements	**-**	**-**	**633**	**633**	**58**	52	**200**	139
Other assets	**-**	**-**	**12**	**12**	**4**	1	**12**	2
Total	**$ -**	**$ -**	**$ 1,631**	**$ 1,631**	**$ 84**	$ 115	**$ 286**	$ 258
December 31, 2014								
Other investments	$ -	$ -	$ 790	$ 790				
Investments in life settlements	-	-	537	537				
Other assets	-	-	1	1				
Total	$ -	$ -	$ 1,328	$ 1,328				

Fair Value Information About Financial Instruments Not Measured at Fair Value

The following table presents the carrying value and estimated fair value of our financial instruments not measured at fair value and indicates the level in the fair value hierarchy of the estimated fair value measurement based on the observability of the inputs used:

	Estimated Fair Value				Carrying
(in millions)	Level 1	Level 2	Level 3	Total	Value
September 30, 2015					
Assets:					
Mortgage and other loans receivable	**$ -**	**$ 202**	**$ 29,134**	**$ 29,336**	**$ 28,225**
Other invested assets	**-**	**486**	**3,000**	**3,486**	**4,338**

Short-term investments	**-**	**9,675**	**-**	**9,675**	**9,675**
Cash	**1,569**	**-**	**-**	**1,569**	**1,569**
Liabilities:					
Policyholder contract deposits associated with investment-type contracts	**-**	**268**	**115,672**	**115,940**	**107,422**
Other liabilities	**-**	**1,756**	**-**	**1,756**	**1,756**
Long-term debt	**-**	**22,993**	**4,742**	**27,735**	**26,734**
December 31, 2014					
Assets:					
Mortgage and other loans receivable	$ -	$ 449	$ 26,157	$ 26,606	$ 24,984
Other invested assets	-	593	2,882	3,475	4,352
Short-term investments	-	9,559	-	9,559	9,559
Cash	1,758	-	-	1,758	1,758
Liabilities:					
Policyholder contract deposits associated with investment-type contracts	-	244	119,268	119,512	106,395
Other liabilities	-	1,120	-	1,120	1,120
Long-term debt	-	24,749	2,932	27,681	25,751

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Item 1 / NOTE 5. INVESTMENTS

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5. INVESTMENTS

Securities Available for Sale

The following table presents the amortized cost or cost and fair value of our available for sale securities:

(in millions)	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Othe Te Impa in
September 30, 2015					
Bonds available for sale:					
U.S. government and government sponsored entities	**$ 1,705**	**$ 179**	**$ (2)**	**$ 1,882**	**$**
Obligations of states, municipalities and political subdivisions	**26,305**	**1,361**	**(120)**	**27,546**	
Non-U.S. governments	**17,940**	**818**	**(330)**	**18,428**	
Corporate debt	**134,852**	**8,032**	**(2,762)**	**140,122**	
Mortgage-backed, asset-backed and collateralized:					
RMBS	**32,891**	**3,046**	**(312)**	**35,625**	
CMBS	**13,014**	**775**	**(72)**	**13,717**	
CDO/ABS	**15,278**	**505**	**(149)**	**15,634**	
Total mortgage-backed, asset-backed and collateralized	**61,183**	**4,326**	**(533)**	**64,976**	
Total bonds available for sale[(b)]	**241,985**	**14,716**	**(3,747)**	**252,954**	
Equity securities available for sale:					
Common stock	**986**	**1,993**	**(18)**	**2,961**	
Preferred stock	**19**	**4**	**-**	**23**	
Mutual funds	**801**	**43**	**(36)**	**808**	
Total equity securities available for sale	**1,806**	**2,040**	**(54)**	**3,792**	
Total	**$ 243,791**	**$ 16,756**	**$ (3,801)**	**$ 256,746**	**$**
December 31, 2014					
Bonds available for sale:					
U.S. government and government sponsored entities	$ 2,806	$ 204	$ (18)	$ 2,992	$
Obligations of states, municipalities and political subdivisions	25,979	1,729	(49)	27,659	
Non-U.S. governments	20,280	966	(151)	21,095	

Corporate debt		134,961	10,594	(1,122)	144,433
Mortgage-backed, asset-backed and collateralized:					
RMBS		34,377	3,435	(292)	37,520
CMBS		12,129	815	(59)	12,885
CDO/ABS		12,775	628	(128)	13,275
Total mortgage-backed, asset-backed and collateralized		59,281	4,878	(479)	63,680
Total bonds available for sale[(b)]		243,307	18,371	(1,819)	259,859
Equity securities available for sale:					
Common stock		1,185	2,461	(17)	3,629
Preferred stock		21	4	-	25
Mutual funds		724	54	(37)	741
Total equity securities available for sale		1,930	2,519	(54)	4,395
Total	$	245,237$	20,890$	(1,873)$	264,254$

(a) Represents the amount of other-than-temporary impairments recognized in Accumulated other comprehensive income. Amount includes unrealized gains and losses on impaired securities relating to changes in the fair value of such securities subsequent to the impairment measurement date.

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(b) At September 30, 2015 and December 31, 2014, bonds available for sale held by us that were below investment grade or not rated totaled $35.4 billion and $35.1 billion, respectively.

Securities Available for Sale in a Loss Position

The following table summarizes the fair value and gross unrealized losses on our available for sale securities, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less than 12 Months		12 Months or More		Total	
(in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gr Unreali Los
September 30, 2015						
Bonds available for sale:						
U.S. government and government sponsored entities	**$ 121**	**$ 2**	**$ 1**	**$ -**	**$ 122**	**$**
Obligations of states, municipalities and political subdivisions	**3,190**	**103**	**259**	**17**	**3,449**	
Non-U.S. governments	**4,140**	**194**	**725**	**136**	**4,865**	
Corporate debt	**32,818**	**1,858**	**4,664**	**904**	**37,482**	**2,**
RMBS	**5,056**	**82**	**4,146**	**230**	**9,202**	
CMBS	**2,239**	**46**	**571**	**26**	**2,810**	
CDO/ABS	**4,686**	**44**	**2,018**	**105**	**6,704**	
Total bonds available for sale	**52,250**	**2,329**	**12,384**	**1,418**	**64,634**	**3,**
Equity securities available for sale:						
Common stock	**96**	**18**	**6**	**-**	**102**	
Mutual funds	**297**	**28**	**16**	**8**	**313**	
Total equity securities available for sale	**393**	**46**	**22**	**8**	**415**	
Total	**$52,643**	**$ 2,375**	**$12,406**	**$ 1,426**	**$65,049**	**$ 3,**
December 31, 2014						
Bonds available for sale:						
U.S. government and government sponsored entities	$ 526	$ 5	$ 281	$ 13	$ 807	$
Obligations of states, municipalities and political subdivisions	495	9	794	40	1,289	
Non-U.S. governments	1,606	42	1,690	109	3,296	
Corporate debt	12,132	450	11,570	672	23,702	1,

RMBS	4,621	109	3,996	183	8,617	
CMBS	220	1	2,087	58	2,307	
CDO/ABS	3,857	50	1,860	78	5,717	
Total bonds available for sale	23,457	666	22,278	1,153	45,735	1,
Equity securities available for sale:						
Common stock	88	16	2	1	90	
Mutual funds	280	37	64	-	344	
Total equity securities available for sale	368	53	66	1	434	
Total	$23,825	$ 719	$22,344	$ 1,154	$46,169	$ 1,

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At September 30, 2015, we held 12,631 and 198 individual fixed maturity and equity securities, respectively, that were in an unrealized loss position, of which 1,966 individual fixed maturity securities were in a continuous unrealized loss position for 12 months or more. We did not recognize the unrealized losses in earnings on these fixed maturity securities at September 30, 2015 because we neither intend to sell the securities nor do we believe that it is more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. For fixed maturity securities with significant declines, we performed fundamental credit analyses on a security-by-security basis, which included consideration of credit enhancements, expected defaults on underlying collateral, review of relevant industry analyst reports and forecasts and other available market data.

Contractual Maturities of Fixed Maturity Securities Available for Sale

The following table presents the amortized cost and fair value of fixed maturity securities available for sale by contractual maturity:

	Total Fixed Maturity Securities Available for Sale		Fixed Maturity Securities in a Loss Position Available for Sale	
September 30, 2015 *(in millions)*	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 10,295	$ 10,412	$ 945	$ 926
Due after one year through five years	46,854	49,320	7,176	6,915
Due after five years through ten years	55,985	57,443	17,681	16,601
Due after ten years	67,668	70,803	23,330	21,476
Mortgage-backed, asset-backed and collateralized	61,183	64,976	19,249	18,716
Total	$ 241,985	$ 252,954	$ 68,381	$ 64,634
December 31, 2014				
Due in one year or less	$ 9,821	$ 9,975	$ 637	$ 620
Due after one year through five years	48,352	50,873	6,669	6,529
Due after five years through ten years	62,685	65,889	12,873	12,338
Due after ten years	63,168	69,442	10,255	9,607
Mortgage-backed, asset-backed and collateralized	59,281	63,680	17,120	16,641
Total	$ 243,307	$ 259,859	$ 47,554	$ 45,735

Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

The following table presents the gross realized gains and gross realized losses from sales or maturities of our available for sale securities:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015		2014		**2015**		2014	
(in millions)	Gross Realized Gains	Gross Realized Losses	Gross Realized Gains	Gross Realized Losses	Gross Realized Gains	Gross Realized Losses	Gross Realized Gains	Gross Realized Losses
Fixed maturity securities	**$ 96**	**$ 112**	$ 118	$ 21	**$ 439**	**$ 289**	$ 528	$ 65
Equity securities	**24**	**8**	33	4	**544**	**16**	102	10
Total	**$ 120**	**$ 120**	$ 151	$ 25	**$ 983**	**$ 305**	$ 630	$ 75

For the three- and nine-month periods ended September 30, 2015, the aggregate fair value of available for sale securities sold was $6.9 billion and $20.9 billion, respectively, which resulted in net realized capital gains of zero and $0.7 billion, respectively.

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For the three- and nine-month periods ended September 30, 2014, the aggregate fair value of available for sale securities sold was $4.2 billion and $16.2 billion, respectively, which resulted in net realized capital gains of $0.1 billion and $0.5 billion, respectively.

Other Securities Measured at Fair Value

The following table presents the fair value of other securities measured at fair value based on our election of the fair value option:

	September 30, 2015		December 31, 2014	
(in millions)	Fair Value	Percent of Total	Fair Value	Percent of Total
Fixed maturity securities:				
U.S. government and government sponsored entities	**$ 3,813**	**21 %**	$ 5,498	27%
Obligations of states, municipalities and political subdivisions	**75**	**-**	122	1
Non-U.S. governments	**2**	**-**	2	-
Corporate debt	**1,249**	**7**	719	3
Mortgage-backed, asset-backed and collateralized:				
RMBS	**2,285**	**13**	2,094	10
CMBS	**819**	**5**	1,077	5
CDO/ABS and other collateralized*	**8,579**	**48**	10,200	49
Total mortgage-backed, asset-backed and collateralized	**11,683**	**66**	13,371	64
Total fixed maturity securities	**16,822**	**94**	19,712	95
Equity securities	**1,066**	**6**	1,049	5
Total	**$ 17,888**	**100 %**	$ 20,761	100%

* Includes $748 million and $859 million of U.S. Government agency-backed ABS at September 30, 2015 and December 31, 2014, respectively.

Net Investment Income

The following table presents the components of Net investment income:

Three Months Ended	Nine Months Ended

	September 30,		September 30,	
(in millions)	**2015**	2014	**2015**	2014
Fixed maturity securities, including short-term investments	**$ 2,794**	$ 3,022	**$ 8,477**	$ 9,264
Equity securities	**(5)**	135	**76**	67
Interest on mortgage and other loans	**360**	318	**1,046**	947
Alternative investments*	**88**	636	**1,471**	2,108
Real estate	**66**	25	**116**	86
Other investments	**36**	25	**86**	34
Total investment income	**3,339**	4,161	**11,272**	12,506
Investment expenses	**133**	133	**402**	398
Net investment income	**$ 3,206**	$ 4,028	**$ 10,870**	$ 12,108

* Includes hedge funds, private equity funds, affordable housing partnerships, investments in life settlements and other investment partnerships.

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Net Realized Capital Gains and Losses

The following table presents the components of Net realized capital gains (losses):

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2015**	2014	**2015**	2014
Sales of fixed maturity securities	**$ (16)**	$ 97	**$ 150**	$ 463
Sales of equity securities	**16**	29	**528**	92
Other-than-temporary impairments:				
Severity	**(10)**	-	**(12)**	-
Change in intent	**(81)**	(14)	**(193)**	(20)
Foreign currency declines	**(5)**	(3)	**(37)**	(13)
Issuer-specific credit events	**(176)**	(31)	**(314)**	(124)
Adverse projected cash flows	**(1)**	(2)	**(9)**	(7)
Provision for loan losses	**32**	(11)	**43**	9
Foreign exchange transactions	**(16)**	350	**304**	329
Derivative instruments	**13**	102	**509**	(114)
Impairments on investments in life settlements	**(58)**	(52)	**(200)**	(139)
Other	**(40)**	71	**356** *	70
Net realized capital gains (losses)	**$ (342)**	$ 536	**$ 1,125**	$ 546

* Includes realized gains due to the sale of Class B shares of Prudential Financial, Inc. and common shares of Springleaf Holdings, Inc. and realized losses on the sale of ordinary shares of AerCap.

Change in Unrealized Appreciation (Depreciation) of Investments

The following table presents the increase (decrease) in unrealized appreciation (depreciation) of our available for sale securities and other investments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2015**	2014	**2015**	2014
Increase (decrease) in unrealized appreciation (depreciation) of investments:				

Fixed maturity securities	**$ (1,180)**	$ (1,515)	**$ (5,583)**	$ 6,123
Equity securities	**(384)**	303	**(479)**	348
Other investments	**(85)**	94	**(625)**	127
Total Increase (decrease) in unrealized appreciation (depreciation) of investments	**$ (1,649)**	$ (1,118)	**$ (6,687)**	$ 6,598

Evaluating Investments for Other-Than-Temporary Impairments

For a discussion of our policy for evaluating investments for other-than-temporary impairments, see Note 6 to the Consolidated Financial Statements in the 2014 Annual Report.

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Credit Impairments

The following table presents a rollforward of the cumulative credit losses in other-than-temporary impairments recognized in earnings for available for sale fixed maturity securities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2015**	2014	**2015**	2014
Balance, beginning of period	**$ 2,238**	$ 3,166	**$ 2,659**	$ 3,872
Increases due to:				
Credit impairments on new securities subject to impairment losses	**51**	13	**101**	35
Additional credit impairments on previously impaired securities	**37**	5	**84**	59
Reductions due to:				
Credit impaired securities fully disposed of for which there was no prior intent or requirement to sell	**(63)**	(116)	**(213)**	(528)
Credit impaired securities for which there is a current intent or anticipated requirement to sell	**(1)**	-	**(1)**	-
Accretion on securities previously impaired due to credit*	**(197)**	(183)	**(565)**	(544)
Other	**-**	-	**-**	(9)
Balance, end of period	**$ 2,065**	$ 2,885	**$ 2,065**	$ 2,885

* Represents both accretion recognized due to changes in cash flows expected to be collected over the remaining expected term of the credit impaired securities and the accretion due to the passage of time.

Purchased Credit Impaired (PCI) Securities

We purchase certain RMBS securities that have experienced deterioration in credit quality since their issuance. We determine, based on our expectations as to the timing and amount of cash flows expected to be received, whether it is probable at acquisition that we will not collect all contractually required payments for these PCI securities, including both principal and interest after considering the effects of prepayments. At acquisition, the timing and amount of the undiscounted future cash flows expected to be received on each PCI security is determined based on our best estimate using key assumptions, such as interest rates, default rates and prepayment speeds. At acquisition, the difference between the undiscounted expected future cash flows of the PCI securities and the recorded investment in the securities represents the initial accretable yield, which is accreted into Net investment income over their remaining lives on a level yield basis. Additionally, the difference between the contractually required payments on the PCI securities and the undiscounted expected future cash flows represents the non accretable difference at acquisition. The accretable yield and the non accretable difference will change over time, based on actual payments received and changes in estimates of undiscounted expected future cash flows, which are discussed further below.

On a quarterly basis, the undiscounted expected future cash flows associated with PCI securities are re evaluated based on updates to key assumptions. Declines in undiscounted expected future cash flows due to further credit deterioration as well as changes in the expected timing of the cash flows can result in the recognition of an other than temporary impairment charge, as PCI securities are subject to our policy for evaluating investments for other than temporary impairment. Changes to undiscounted expected future cash flows due solely to the changes in the contractual benchmark interest rates on variable rate PCI securities will change the accretable yield prospectively. Significant increases in undiscounted expected future cash flows for reasons other than interest rate changes are recognized prospectively as adjustments to the accretable yield.

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The following tables present information on our PCI securities, which are included in bonds available for sale:

(in millions)	**At Date of Acquisition**
Contractually required payments (principal and interest)	**$ 32,656**
Cash flows expected to be collected*	**26,444**
Recorded investment in acquired securities	**17,662**

* Represents undiscounted expected cash flows, including both principal and interest.

(in millions)	**September 30, 2015**	December 31, 2014
Outstanding principal balance	**$ 17,017**	$ 16,962
Amortized cost	**12,408**	12,216
Fair value	**13,426**	13,462

The following table presents activity for the accretable yield on PCI securities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2015**	2014	**2015**	2014
Balance, beginning of period	**$ 6,833**	$ 7,042	**$ 6,865**	$ 6,940
Newly purchased PCI securities	**136**	358	**551**	1,127
Disposals	**-**	-	**(13)**	-
Accretion	**(220)**	(223)	**(661)**	(654)
Effect of changes in interest rate indices	**4**	(96)	**(140)**	(327)
Net reclassification from (to) non-accretable difference, including effects of prepayments	**180**	30	**331**	25
Balance, end of period	**$ 6,933**	$ 7,111	**$ 6,933**	$ 7,111

Pledged Investments

Secured Financing and Similar Arrangements

We enter into secured financing transactions whereby certain securities are sold under agreements to repurchase (repurchase agreements), in which we transfer securities in exchange for cash, with an agreement by us to repurchase the same or substantially similar securities. At September 30, 2015, our secured financing transactions also include those that involve the transfer of securities to financial institutions in exchange for cash (securities lending agreements). In all of these secured financing transactions, the securities transferred by us (pledged collateral) may be sold or repledged by the counterparties. These agreements are recorded at their contracted amounts plus accrued interest, other than those that are accounted for at fair value.

Pledged collateral levels are monitored daily and are generally maintained at an agreed-upon percentage of the fair value of the amounts borrowed during the life of the transactions. In the event of a decline in the fair value of the pledged collateral under these secured financing transactions, we may be required to transfer cash or additional securities as pledged collateral under these agreements. At the termination of the transactions, we and our counterparties are obligated to return the amounts borrowed and the securities transferred, respectively.

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The following table presents the fair value of securities pledged to counterparties under secured financing transactions, including repurchase and securities lending agreements:

(in millions)	**September 30, 2015**	December 31, 2014
Fixed maturity securities available for sale	**$ 996**	$ -
Other bond securities, at fair value	**$ 994**	$ 2,122

At September 30, 2015, amounts borrowed under repurchase and securities lending agreements totaled $1.9 billion.

At September 30, 2015, outstanding overnight and continuous repurchase agreements were collateralized by U.S. government bond securities, at fair value, of $155 million. Repurchase agreements with remaining contractual maturities of 31 - 90 days, 91 - 364 days and 365 days or greater were collateralized by Corporate bond securities, at fair value, of $73 million, $690 million, and $76 million, respectively. Repurchase agreements with remaining contractual maturities up to 30 days were collateralized by U.S. government bond securities, available for sale, of $15 million.

Securities lending agreements outstanding at September 30, 2015 had remaining contractual maturities of 31 - 90 days and the securities pledged to counterparties included $856 million of Corporate bond securities and $125 million of Non-U.S. government securities, all classified as available for sale.

We also enter into agreements in which securities are purchased by us under agreements to resell (reverse repurchase agreements), which are accounted for as secured financing transactions and reported as short-term investments or other assets, depending on their terms. These agreements are recorded at their contracted resale amounts plus accrued interest, other than those that are accounted for at fair value. In all reverse repurchase transactions, we take possession of or obtain a security interest in the related securities, and we have the right to sell or repledge this collateral received.

The following table presents information on the fair value of securities pledged to us under reverse repurchase agreements:

(in millions)	**September 30, 2015**	December 31, 2014
Securities collateral pledged to us	**$ 2,969**	$ 2,506
Amount sold or repledged by us	**$ 126**	$ 131

Insurance - Statutory and Other Deposits

Total carrying values of cash and securities deposited by our insurance subsidiaries under requirements of regulatory authorities or other insurance-related arrangements, including certain annuity-related obligations and certain reinsurance treaties, were $5.5 billion and $5.9 billion at September 30, 2015 and December 31, 2014, respectively.

Other Pledges and Restrictions

Certain of our subsidiaries are members of Federal Home Loan Banks (FHLBs) and such membership requires the members to own stock in these FHLBs. We owned an aggregate of $48 million and $44 million of stock in FHLBs at September 30, 2015 and December 31, 2014, respectively. In addition, our subsidiaries have pledged securities available for sale with a fair value of $1.2 billion and $0.5 billion at September 30, 2015 and December 31, 2014, respectively, associated with advances from the FHLBs.

Certain GIAs have provisions that require collateral to be posted or payments to be made by us upon a downgrade of our long-term debt ratings. The actual amount of collateral required to be posted to the counterparties in the event of such downgrades, and the aggregate amount of payments that we could be required to make, depend on market conditions, the fair value of outstanding affected transactions and other factors prevailing at and after the time of the downgrade. The fair value of

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securities pledged as collateral with respect to these obligations was approximately $2.6 billion and $3.5 billion at September 30, 2015 and December 31, 2014, respectively. This collateral primarily consists of securities of the U.S. government and government sponsored entities and generally cannot be repledged or resold by the counterparties.

At September 30, 2015, $391 million of short-term investments were held in escrow accounts or were otherwise subject to restriction as to their use.

6. LENDING ACTIVITIES

The following table presents the composition of Mortgage and other loans receivable, net:

(in millions)	September 30, 2015	December 31, 2014
Commercial mortgages*	$ 20,818	$ 18,909
Life insurance policy loans	2,625	2,710
Commercial loans, other loans and notes receivable	4,999	3,642
Total mortgage and other loans receivable	28,442	25,261
Allowance for losses	(206)	(271)
Mortgage and other loans receivable, net	$ 28,236	$ 24,990

* Commercial mortgages primarily represent loans for offices, retail, apartments and industrial properties, with exposures in California and New York representing the largest geographic concentrations (aggregating approximately 12 percent and 21 percent, respectively, at September 30, 2015, and 14 percent and 18 percent, respectively, at December 31, 2014).

The following table presents the credit quality indicators for commercial mortgages:

(dollars in millions)	Number of Loans	Class Apartments	Offices	Retail	Industrial	Hotel	Others	Total[c]	Percent of Total $
September 30, 2015									
Credit Quality Indicator:									
In good standing	956	$ 3,628	$ 7,375	$ 4,435	$ 1,980	$ 1,972	$ 1,030	$ 20,420	98%
Restructured[a]	9	-	150	25	18	16	6	215	1
90 days or less delinquent	5	-	-	-	6	-	-	6	-
>90 days delinquent or in									

process of foreclosure	**5**	**-**	**177**	**-**	**-**	**-**	**-**	**177**	**1**
Total[b]	**975**	**$ 3,628**	**$ 7,702**	**$ 4,460**	**$ 2,004**	**$ 1,988**	**$ 1,036**	**$ 20,818**	**100%**
Allowance for loan losses		**$ 29**	**$ 62**	**$ 35**	**$ 14**	**$ 13**	**$ 9**	**$ 162**	**1%**
December 31, 2014									
Credit Quality Indicator:									
In good standing	1,007	$ 3,384	$ 6,100	$ 3,807	$ 1,689	$ 1,660	$ 1,812	$ 18,452	98%
Restructured[a]	7	-	343	7	-	17	-	367	2
90 days or less delinquent	6	-	-	10	-	-			