

American International Group, Inc.
Finance Committee
October 10, 2007

- The minutes of meeting held August 1, 2007 were approved.
- Mr. Schreiber updated the Committee on the AGLA securitization and reported that integration planning for 21st century is going well, with greater savings expected than had been predicted.
- Mr. Neuger reported that AIG has bought out the 45 percent partner and now owns 90 percent and occupies 30 percent of the Hong Kong Building.
- Mr. Neuger also reported that the Kushner transaction is closing with \$50 million of additional preferred equity and the Bulgarian telecommunication transaction is 90 percent closed.
- The committee recommends that Charter of Finance Committee be amended to read in it's entirely as set forth in Exhibit A.
- Management recommend that the June 13th Committee resolution delegating certain authority to Management to amended to remove the reference 21st Century Insurance Group and to add an appropriate reference to AIG Trading Group Inc. Full detail of resolutions is provided for in the minutes, also see below:
- It was resolved that "Authorized officers" shall mean each of the following persons: employees of the corporation with the title President, CEO, COO, CFO, Executive V.P, Chief Investment Officer, Chief Risk Officer, General Counsel, Senior V.P- (Financial Services, Strategic Planning, Investments) Vice President – Real Estate Investment, Secretary, treasurer, or Comptroller of the Corporation, and each authorized officer is authorized to delegate the authority granted to them in these resolutions.
- The Committee adopted a resolution superseding certain resolution adopted at the finance committee held on June 13, 2007, pertaining to any security, loan, credit facility, borrowing, guarantee, letter of credit, collateral security interest or pledge or other obligation issued or incurred.
- It was resolved that any previous action taken by an Authorized officer including any certificate or securities in connection with the filing with SEC of a shelf registration statement and the public offering of securities is ratified, confirmed and approved in all respects.
- Those certain resolutions adopted on march 14, 2007 as they relate to the securities of AIG program Funding, Inc or any subsidiary("PF Guarantees") shall remain in full force and effect, provided, that monetary limitation on such PF Guarantees.
- The Corporation is authorized to issue and sell up to \$50 billion, in the aggregate of debt securities,...., non-convertible, non-exchangeable preferred stock of the corporation, secured or unsecured warrants, purchase contracts...and other securities,(other than common stock, par value \$2.50 per share, of the Corporation or other securities exchangeable for or convertible into common stock
- Each Authorized officer is authorized to execute and deliver all document, contracts and instruments evidencing or representing securities on behalf of the corporation.
- Each Authorized officer is authorized to form one or more business trust, partnerships, corporations, or other entities for the purpose of issuing and selling

securities, the proceeds from which sale may or may not be used by trust to purchase securities of the corporation, of any other entity, of a type or types determined by any authorized officer

- The Corporation is authorized to incur up to \$20 billion, in the aggregate outstanding at any one time, of loans.
- Mr. Adamczyk reviewed the securities lending program, noting that the program has generated \$750 million in pre-tax income in the Past 10 years, \$200 million 2006. He reported that liquid assets of approximately \$20 billion now exceed open loans
- Mr. Lewis pointed out that with respect to rated credit exposures, 93 percent were rated BBB or better, based upon AIG's independent assessment.
- Mr. Lewis also pointed out that the largest credit exposures by obligor-type, which increased primarily because of the cash position to the banks and cross-border exposures to Hong-Kong, had decreased because of several AIGFP structured transactions had rolled off.
- Mr. Lewis reported that the American General Finance residential mortgage portfolio is holding up well, with delinquency rate rising slightly in the quarter from 2.0 percent to approximately 2.2 percent.
- United Guaranty Corporation faces challenges in its subprime portfolio, where delinquency rate have risen to approximately 13 percent.
- Mr. Lewis noted AIG yield exposure in major currencies, noting that the economic exposure is smaller than the GAAP exposure, Mr. Lewis pointed out that the net short exposure to the Taiwanese dollar as of September 2007 was \$ 8 billion.
- The committee approved the securities transaction for July and August.
- Mr. Thompson noted that AIG's alternative investment portfolio, as of June 30, 2007 included 25.5 billion in partnership assets, \$ billion in non-partnership assets, \$2.1 billion in direct private equity, 3.2 billion in unfunded commitments, and \$14.9 billion of client assets, managed by AIG Investments and SunAmerican portfolio.
- Mr. Thompson also reported that new activity in 2007 was divided between significant investments in developed market infrastructure, including 3.2 billion closed in AIG Highstar, and positive opportunities in emerging markets.