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MINUTES OF MEETING

OF THE

FINANCE COMMITTEE

OF

AMERICAN INTERNATIONAL GROUP, INC.

Held December 13, 2007

A meeting of the Finance Committee of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held on December 13, 2007, at 70 Pine Street, New York, New York pursuant to notice duly given to all members of the Committee.

Present: Messrs. Martin S. Feldstein
Fred H. Langhammer (by telephone)
Morris W. Offit
Martin J. Sullivan
Robert B. Willumstad, ex officio

Also present were Messrs. S. Bensinger, W. Dooley, B. Schreiber and E. Litzky and Mesdames. S. Kelly and K. Shannon, and for portions of the meeting, Messrs. J. Cassano, H. Danielsson, R. Gender, E. Habayeb, R. Lewis, W. Neuger and R. Scott.

All members being present, the meeting proceeded.

The Chairman of the Committee, Morris W. Offit, presided and the Secretary, Kathleen E. Shannon, recorded the minutes of the meeting.

Mr. Schreiber updated the Committee on the progress of a number of transactions, including the new structure without participation by the monolines for the AGLA securitization, possible strategic initiatives in bancassurance, capital markets and private banking with a major bank, and the sale of AIG's shares of Allied World Assurance Company for close to $530 million in a transaction reviewed by the Complex Structured Finance Transaction Committee. In response to Mr. Offit's question about how AIG can be proactive in the unsettled markets, Mr. Schreiber suggested partnering with reputable parties such as financial institutions seeking capital. Mr. Willumstad asked whether the UniBanco partnership is a model for future efforts, and Mr. Schreiber responded that the company is looking at 50/50 joint ventures in China and Turkey. He added that the India business is fine but the ownership remains stuck at 26 percent, and the reputational benefit of the Tata relationship provides only limited distribution opportunities. Mr. Schreiber also said that regional banks may provide significant opportunities.

Mr. Schreiber next gave a brief presentation on earnings per share and return on average equity targets, pointing out the effects of revenue growth, constant margins and capital management, as well as peer target comparisons.

Mr. Willumstad left the meeting and Mr. Dooley described the proposed purchase of a portfolio of consumer finance loans from Equity One, Inc., a subsidiary of Popular Financial Holdings. He said the purchased loans would go into American General Finance's branch network and give them an additional 133,500 new accounts, at a purchase price of approximately $1.5 billion. After discussion of the due diligence process conducted by AGF with respect to the loans, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that this Committee has reviewed and recommends that the Board approve the purchase by American General Finance, Inc. of a portfolio of 133,500 accounts totaling $1.45 billion from Equity One, Inc., a wholly-owned subsidiary of Popular Financial Holdings.

Mr. Schreiber described other transactions involving AIG Consumer Finance Group, Inc., including finance and auto loans in the Philippines and a consumer company in Colombia. He also explained that small, early acquisitions in asset management and consumer finance in India are intended to start a footprint for AIG and brand AIG in the marketplace. Finally, Mr. Schreiber commented on a proposed joint venture credit card business in India where the joint venture entity would hold the receivables and insurance products would be sold through the brand network of the bank partner.

Mr. Willumstad returned to the meeting and Mr. Neuger joined the meeting. Mr. Neuger provided an update on certain private equity activities, including the going private of a South American airline, the delays in transfer of the Ports business, the launch of the Bulgarian telecom tender offer and the agreement to sell the Korean telecom company. With respect to real estate operations, Mr. Neuger reported that the Hong Kong building is now 90 percent owned and alternatives to the Japanese REIT are now being considered. He said that the Seoul project had become quite political, and that AIG Real Estate Investments is looking at a large brownfield portfolio in the UK.

Mr. Neuger described efforts to encourage investment by sovereign wealth funds in AIG's private equity and real estate funds, and said that AIG companies are working on pension products for Brunei and have engaged a professor to help put on seminars in China.

Messrs. Cassano, Danielsson, Gender, Habayeb, Lewis and Scott then joined the meeting.

The minutes of the meeting held October 10, 2007 were approved.

Mr. Gender provided cash flow information and reported the short term money market rates and totals. He said that AIG's spreads had increased dramatically in November but had declined from 80 basis points to the 50s since the investor conference. He noted that bank spreads had shown the same movement, and Prudential spreads had widened significantly as had those of other life companies, but property/casualty company spreads have not changed, reflecting that they have no significant exposure to residential mortgage backed securities.

Mr. Gender reported that a 10 year $2.5 billion debt offering was launched on December 7th with overall coupons up 40 basis points from rates six months earlier, giving the company additional liquidity. He added that American General Finance had also issued $3 billion of debt. Mr. Gender said that the original $5 billion of DART share repurchases had been completed on November 21st and two additional DART programs for $1 billion each, one of which will be a delayed program, will be paired with the new hybrid issuances and will wind up at the latest by mid-May.

Mr. Scott reported "business as usual" for the securities lending program, with $16 billion of cash collateral currently held for the $88 billion portfolio. He explained that a number of contingency plans have been implemented including a $3.5 billion contingency funding plan executable on short notice for the domestic pool as well as plans for internal trades in the overseas pools to add liquidity.

Mr. Dooley pointed out that the Committee materials included the same overview of the super senior credit default swap portfolio presented at the investor day presentation. Mr. Cassano explained that AIGFP's underwriting standard is to create future looking scenarios to assure that no realized losses are expected. Mr. Offit commented that returns of this business need to offset the discount resulting from the lack of understanding of the business and Mr. Langhammer commented on the confusion over the definition of "super senior". Mr. Dooley noted that until recently, the AIGFP business was the lowest consumer of AIG's capital under rating agency models. Mr. Cassano said that the period of severe aberrations and dislocation requires a reassessment of the business and risk, but the business still creates a 50 percent return on equity. He pointed out that AIGFP's regulatory capital business will go away as bank requirements change and he expects that it will take a year to 24 months to resurrect the structured credit business.

Mr. Cassano described the models used to determine the super senior attachment points and noted that AIGFP never relies on the rating agencies analysis. He reported that AIGFP has limited exposure to the most problematic business but he does wish that he had stopped writing the super senior business one quarter earlier. Mr. Cassano described the stress tests applied to the AIGFP portfolio, and explained why the portfolio includes some 2006 and 2007 vintages where the managers could continue to buy and substitute. He described how the structure of the transactions further removes AIGFP from risk.

Mr. Willumstad asked Mr. Cassano to describe other scenarios and Mr. Cassano assured the Committee that in even the worst possible situation, the AIGFP exposure is limited, as the super senior level is paid earlier as the lower levels are not paid when there is a problem. Mr. Cassano reported that the portfolio has a 4.2 year average life, and Treasury plans to get more money to mortgagees will benefit AIGFP by preserving cash flows over a longer period of time. He added that the present value of the earnings from the multi-sector CDOs is approximately $250 million.

Mr. Bensinger next requested the Committee's approval of the contribution of the shares of 21st Century Insurance Group acquired by AIG in connection with the acquisition of the minority shareholdings to AIG Property Casualty Group, Inc. After discussion, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the contribution by the Corporation of all of the shares held by the Corporation of 21st Century Insurance Group to the additional paid-in capital of AIG Property Casualty Group, Inc. be and the same hereby is, approved, ratified and confirmed.

Mr. Bensinger next requested approval of contributions of the shares of the AIG Life Insurance Company and American International Assurance Company of New York to the intermediate holding company for AIG's domestic life insurance subsidiaries, AIG Life Holdings (US), Inc., formerly American General Corporation. After discussion, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the contribution by the Corporation of all of the shares held by the Corporation of AIG Life Insurance Company to the additional paid-in capital of AIG Life Holdings (US), Inc. be and the same hereby is, approved, ratified and confirmed.

> RESOLVED, that the contribution by the Corporation of all of the shares held by the Corporation of American International Life Assurance Company of New York to the additional paid-in capital of AIG Life Holdings (US), Inc. be and the same hereby is, approved, ratified and confirmed.

Mr. Offit next asked the Committee to approve the securities transactions for September and October. Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that all purchases and sales of securities transacted during September and October 2007 as presented to this meeting, be, and they are hereby ratified and approved.

Mr. Lewis next updated the Committee on credit, market and insurance risk exposures, reporting no substantive changes in the overall credit exposures, with concentrations in money center or global bank groups and liquidity housed in banks. He explained the AIGFP exposure to Brookfield, a zero coupon swap, which accretes over time and is regularly monitored.

Mr. Lewis next briefly summarized AIG's residential mortgage exposures in AIG Investments and United Guaranty Corporation, noting that UGC expects continued losses in 2008. Mr. Lewis reported that the business of American General Finance is holding up quite well against market competitors and is within its targets. He said AGF never relaxed underwriting standards in the branch network.

Mr. Lewis reviewed the asset liability mismatch used to improve returns in Taiwan, which creates foreign exchange exposures. He said that NT dollar exposure is significant, and the application of the economic capital model to Nan Shan shows a deficiency in capital, so a capital infusion of up to $1 billion may be necessary.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.

Kathleen E. Shannon
Secretary

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