Rec'd from Mary Pendergast 5/15/08

MINUTES OF MEETING

OF THE

FINANCE COMMITTEE

OF

AMERICAN INTERNATIONAL GROUP, INC.

Held April 17, 2008

A meeting of the Finance Committee of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held on April 17, 2008, at 2:00 p.m. at The St. Regis Hotel, Two East 55th Street, New York, New York pursuant to notice duly given to all members of the Committee.

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

Also present were Director Frank G. Zarb, a non-voting member of the Committee, Messrs. S. Bensinger, J. Frenkel, E. Litzky and B. Schreiber and Mesdames. S. Kelly and K. Shannon. Also present for portions of the meeting were W. Dooley, R. Gender, E. Habayeb, D. Herzog, 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. Gender gave a brief review of cash flows for the year to date, noting the good flows in fixed annuities and explaining that cash flows for the Matched Investment Program were reduced because there had been no issuances for the program in the first quarter. He reported that the debt programs had been fairly inactive during the first quarter, although in March International Lease Finance Corporation offered $1 billion of five year notes at a 222 basis point spread. Mr. Gender said that spreads widened during the first quarter, peaking in mid-March, and retreating after Federal Reserve actions. Mr. Gender also reported that all share repurchases under the December DART transactions had now settled and the program was complete.

Mr. Gender next presented Management's request for approval of certain transfers of funds to AIG Capital Corporation and its subsidiaries and for other related intercompany funding transactions in order to establish the new commercial paper program for AIG Capital. He explained that the new program is expected to replace the AIG Funding, Inc. guaranteed commercial paper program as the primary source of short term finding for certain AIG Capital subsidiaries, and will be a 4(2) program rather than a 3(a)(3) program, which is what necessitates the various funds movements. After discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

WHEREAS, American International Group, Inc. (the "Corporation") desires to assist its wholly owned subsidiary AIG Capital Corporation ("AIG Capital") in establishing and implementing a commercial paper program and, accordingly, transitioning the funding of the operations of AIG Capital and its subsidiaries from proceeds received from the issuance and sale of commercial paper by AIG Funding, Inc.("AIG Funding") and other sources to proceeds received from the issuance and sale of commercial paper by AIG Capital and other sources;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation be, and hereby is, authorized to make all such loans, capital contributions or other commitments to AIG Capital and its subsidiaries that may be necessary, desirable or appropriate in order to establish and implement a new commercial paper program of AIG Capital and to transition the funding of the operations of AIG Capital and its subsidiaries from proceeds received from the issuance and sale of commercial paper by AIG Funding and other sources to proceeds received from the issuance and sale of commercial paper by AIG Capital and other sources, and to enter into at any time and from time to time, any agreement, document or other instrument necessary to effect such loan, capital contribution or other commitment; and be it

FURTHER RESOLVED that any officer of the Corporation be, and each of them hereby is, authorized to execute, in the name and on behalf of the Corporation, any agreement, document or other instrument and to execute and deliver, or cause to be executed and delivered, in the name and on behalf of the Corporation, to AIG Capital or any of its subsidiaries each such agreement, document or instrument (and any subsequent amendments or waivers thereto), in each case as any such officer may determine in connection with such loan, capital contribution or other commitment; and that each such agreement, document or instrument shall be in such form and contain such terms and provisions as any such officer may approve, such approval to be conclusively evidenced by the execution thereof; and be it

FURTHER RESOLVED, that any officer of the Corporation be, and each of them hereby is, authorized, in the name and on behalf of the Corporation, to take any and all actions, and to do, or authorize to be done, all such things as such officer may determine to be necessary, desirable or appropriate to effectuate the purposes of the foregoing resolutions; and be it

FURTHER RESOLVED, that any officer of the Corporation may, at any time or from time to time, authorize any other persons designated by such officer or any attorney-in-fact to take, in the name and on behalf of the Corporation, any and all actions that such officer is authorized to take under these resolutions, in each case as any such officer may determine to be necessary, desirable or appropriate in carrying out these resolutions.

Mr. Gender next presented Management's request that the Corporation make a commitment to deposit into the securities lending pool such amounts as are necessary to make whole the pool and make up capital shortfalls (for the benefit of the insurance company and other subsidiaries who participate in the pool as lenders) for losses realized by the pool in connection with the sale of the collateral from the pool to insurance company subsidiaries and third parties. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Finance Committee hereby approves, and recommends that the Board of Directors approves the following resolutions:

RESOLVED, that the President, any Executive Vice President, any Senior Vice President and any Vice President of the Corporation, together with the Secretary or the Treasurer of the Corporation be, and hereby are, authorized to enter into one or more agreements providing that the Corporation will deposit into any accounts managed by the subsidiaries of the Corporation in connection with the securities lending programs of the Corporation and its subsidiaries(the "GSL Pools"), such amounts as shall equal losses realized by such GSL Pools in connection with sales of the collateral held in the GSL Pools, and be it

FURTHER RESOLVED that any officer of the Corporation be, and each of them hereby is, authorized to execute, in the name and on behalf of the Corporation, such additional documents or instruments as any such officer may determine to be appropriate or necessary in connection with the foregoing agreements, in such form and with such terms and provisions as any such officer may approve, such approval to be conclusively evidenced by the execution thereof; and be it

FURTHER RESOLVED, that any officer of the Corporation be, and each of them hereby is, authorized, in the name and on behalf of the Corporation, to take any and all actions, and to do, or authorize to be done, all such things as such officer may determine to be necessary, desirable or appropriate to effectuate the purposes of the foregoing resolutions; and be it

FURTHER RESOLVED, that any officer of the Corporation may, at any time or from time to time, authorize any other persons designated by such officer or any attorney-in-fact to take, in the name and on behalf of the Corporation, any and all actions that such officer is authorized to take under these resolutions, in each case as any such officer may determine to be necessary, desirable or appropriate in carrying out these resolutions.

Mr. Litzky reviewed proposed changes to the Committee Charter in connection with the Committee's annual review. He indicated that the proposed amendments include a change to clarify the oversight duties and responsibilities of the Committee with respect to securities lending activity, and certain technical amendments. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Finance Committee hereby approves, and recommends to the Nominating and Governance Committee, amendments to the Finance Committee Charter as set forth in Exhibit A to the minutes of this meeting.

Messrs. Herzog, Lewis and Scott left the meeting.

Mr. Offit introduced the Liquidity and Capital Review prepared under the direction of Mr. Gender that had been distributed to Committee members prior to the meeting. He explained that Management had reviewed AIG's capital and liquidity positions including an assessment of vulnerabilities under extreme stress scenarios and, as indicated in the presentation distributed to the members, has concluded that AIG should raise approximately $21 billion in a combination of debt and equity credit securities. Mr. Bensinger advised the Committee that an alternative approach, involving use of a reinsurance structure, is no longer under consideration, as the potential counterparty has decided not to quote on the structure.

Mr. Offit suggested that the Committee focus on the AIG Financial Products Corp. super senior credit default swap portfolio, as the other portfolios causing the decline in book value in all likelihood should be largely self correctible over time, and he requested that Mr. Habayeb describe the different pools making up the super senior portfolio. An update to the AIGFP liquidity position (page 36 in the presentation) was distributed to the meeting participants. Mr. Habayeb explained that the super senior portfolio was comprised of three pools, regulatory capital, corporate arbitrage and multi-sector CDOs. He said that as of March 31, AIGFP has posted collateral of approximately $200 million for regulatory capital transactions, approximately $300 million for corporate arbitrage transactions and approximately $7.7 billion for transactions in the multi-sector CDO pool, or a total of approximately $8.2 billion, in connection with transactions with an aggregate notional value of approximately $58 billion. Mr. Habayeb added that additional transactions with an aggregate notional value of approximately $8 billion could be eligible to require collateral posting if AIG's rating is downgraded or if the AAA tranches junior to AIGFP's obligations are downgraded. Mr. Habayeb reviewed the additional collateral which would be required, estimated cumulative losses and the average price valuations on the transactions eligible for collateral posting under increasingly more severe stress scenarios.

Mr. Dooley described the specifics of the collateral dispute with Goldman Sachs, which represents $3.1 billion of the total collateral posted at March 31. He explained the wide variation in the prices between the parties and indicated that Goldman had previously been hesitant to use the process called for by the International Swap Dealers

Association documentation, a polling of dealers to obtain prices. He also indicated that there are continuing discussions with Goldman to attempt to arrive at a compromise resolution on collateral.

Mr. Offit led the participants in an extended discussion of the additional sensitivity analyses on the margin calls on the multi-sector portfolio, indicating that he had asked Management to consider an array of possibilities in order to determine the outer limits of likely events so that the impact of these scenarios on AIG's capital position could be considered and addressed when appropriate. Mr. Offit pointed out that the average price on the transactions eligible for collateral posting ranged from 74 percent with respect to the collateral posted as of March 31 to 22 percent for the most severe of the scenarios considered, and opined that valuations of less than 56 percent seem to be unlikely. It was noted, however, that further unrealized valuation losses could reduce reported Shareholders' Equity, and although Management believes that realized losses will be significantly less than the unrealized valuation losses, raising new equity to provide an additional cushion against unforeseen events in this highly uncertain market would be prudent.

Mr. Bensinger advised the Committee that the most recent evaluations of the unrealized depreciation of the investment portfolios at March 31, concluded the previous evening, indicate that the other comprehensive loss is much greater than previously estimated, so that consolidated shareholders equity at March 31, 2008 is now estimated at approximately $81 billion to $82 billion. In response to queries on how the rating agencies view unrealized losses and whether the additional loss created a greater risk of a ratings downgrade, Mr. Bensinger said while historically unrealized losses have not been considered significant, he believes that the rating agencies are now likely to view realized and unrealized losses more similarly. Mr. Bensinger noted that although to date the rating agencies have not made capital an issue, an additional infusion of capital would most likely mitigate but not eliminate the risk of a rating downgrade. He added that a two notch downgrade would trigger additional liquidity issues as transactions with an aggregate notional value of approximately $8 billion would be eligible to require collateral posting.

Mr. Sullivan advised the Committee that in light of the most recent estimate of unrealized losses, Management believes it makes sense to go forward and raise capital, but he requested that the Committee give Management flexibility in determining an appropriate amount. Mr. Schreiber commented on the impact of the losses on AIG's tangible capital level.

In light of the size and importance of the regulatory capital portfolio in the analysis of capital needs, Mr. Habayeb led the Committee in a detailed review of the collateral requirements for the transactions included within that portfolio. He indicated that the portfolio had been carefully reviewed, and Management continues to believe that the portfolio will terminate over the next several years, as the capital relief is no longer required by the counterparties due to Basel II implementation, even though the underlying amortization covers a much longer period of time. Mr. Habayeb also reviewed the corporate arbitrage portfolio.

A discussion followed on the impact of the various losses on the capital requirements for the insurance companies. It was pointed out that unrealized losses are not normally included in statutory financial statements, but any securities for which an other-than-temporary impairment charge is taken will flow through to statutory results as well.

Mr. Bensinger indicated that Management recommends that AIG raise as much long term debt as possible consistent with the limitations imposed by the rating agencies. He said that Standard & Poor's has the most lenient model, with Moody's and Fitch more difficult, and using the new estimate of unrealized losses, there is only limited leverage capacity under the Moody's model and with Fitch the leverage threshold is breached.

Mr. Offit led a discussion on the appropriate level of equity capital that AIG should attempt to raise and the various structures that could be utilized. He said that his recommendation that AIG raise $15 billion was initially anchored to collateral stress scenario two, but with the additional markdowns, $20 billion might be more appropriate. Mr. Feldstein commented that it is not clear whether the Federal Reserve will open its window to insurance companies. Mr. Gender said that Management proposes to use Citibank and JPMorganChase as investment bank advisors to explore the various alternatives, and many major banks would be involved in the offering. Mr. Langhammer stressed the importance that the issuance be viewed as a capital strengthening, and suggested that sovereign wealth funds not be utilized. Mr. Feldstein requested that the possibility of using a rights offering be explored. After further discussion, upon motion duly made, seconded and unanimously carried, in was

> RESOLVED, that this Committee hereby authorizes the appropriate officers of the Corporation to explore the issuance of $10 billion to $20 billion in equity financing using such structures as such officers deem appropriate, together with the issuance of the maximum amount of debt associated therewith deemed appropriate by such officers.

Mr. Offit requested that the Committee be kept updated on Management's efforts regarding the equity and debt financings, and it was agreed that a telephone conference call would be held within the next 10 days.

Messrs. Dooley, Gender and Habayeb left the meeting. Mr. Robert Jacobson joined the meeting for the presentation of the Project Honor transaction. Mr. Schreiber described a two-step plan which includes a proposal to recapitalize Transatlantic Holdings, Inc. with dual classes of stock to enable AIG to hold 80 percent of the shares and thereafter splitting off the company in a tax-free transaction. He described both the benefits and the risks involved in the transaction. Mr. Jacobson said that the next step would be for Mr. Sullivan and Mr. Schreiber to speak to TRH management and start the process of drafting the request for a private letter ruling from the Internal Revenue Service. After further discussion, the Committee authorized Management to commence the split-off process by discussing the proposal with TRH management and working with TRH to seek the private letter ruling.

Messrs. Dooley, Lewis and Neuger rejoined the meeting. Mr. Neuger described the Roppongi redevelopment project, a large multi-use project in the land accumulation stage where AIG Global Real Estate Investment Corp. is partnering with the Mori organization. He said that Committee approval was being sought because the AGREIC part of the $5.2 billion project was currently being funded by AIG, although a single purpose fund is considered the eventual likely structure. In response to questions on the exit strategy, Mr. Neuger said that the sale of individual buildings or the entire project to a core investor is the most likely. Mr. Langhammer commented that the location of the project is prime Tokyo real estate, and an original Mori development in the area has been successful. After discussion, the Committee approved and determined to recommend to the Board the approval of the Roppongi development project.

Mr. Neuger next updated the Committee on investments that had been warehoused, the Bulgarian telecommunications transaction and the Ports transaction. With respect to Bulgarian telecommunications, he indicated that nearly all of the investment had been sold at cost, with AIG recovering the expenses of the warehousing and earning its profit from the carried interest on the overall transaction. Mr. Neuger said that 60 percent of the Ports investment will be sold at the carrying cost into the Highstar fund and AIG is selling the balance, other than $150 million to $200 million, to third parties. A short discussion followed on the funding of the Roppongi project, and Mr. Neuger explained that the project is cash flow positive and future funding will come from debt issuances by AIG Capital Corporation, which will be able to utilize higher leverage ratios than AIG.

Mr. Lewis began the Enterprise Risk Management presentation by describing the milestones already achieved in the remediation of the significant deficiency in access, authority and responsibility of critical control functions, including the mitigating controls put in place in the fourth quarter for the year end process, the announcement that the Chief Risk Officer now reports to the AIG Chief Executive Officer, and the agreement with the Group Executive Committee of new guiding principles for the new ERM framework. Mr. Lewis reported that the guiding principles provide that all business units are fully accountable for all risks within their businesses; they should be involved in determining an appropriate risk appetite for their businesses; they need to have sufficient risk management at the business unit level; and there is a solid reporting line to the Chief Risk Officer in ERM from the risk management function in each business unit. Mr. Langhammer asked how the structure would impact past strategies, and Mr. Lewis responded that past decisions on asset allocation and concentration of risks might have been more mutual. In response to Mr. Willumstad's inquiry on whether ERM would now be able to look horizontally across the organization and leverage across businesses, Mr. Lewis said that under the new principles, ERM would be able to look horizontally across the organization and that the existing risk governance processes would be enhanced, giving ERM the authority and process to share formally and regularly in the processes at the business units and leverage across the organization. He explained that if there were differences of opinion, the business units could not execute contrary to ERM decisions, absent a successful appeal directly to the Chief Executive Officer.

Mr. Lewis next described the processes being built out across the organization to allocate capital and aggregate risk exposures, by putting individual risk committees in place for each business segment, which will then report to a Group Risk Committee responsible for risk strategy and active capital management. He said that the appropriate structure going forward, to provide both a horizontal and vertical management of risks, would be determined after a gap analysis of the current arrangements. Mr. Lewis reported that Deloitte had studied the current arrangements against leading practices and had provided recommendations for better collaboration and management of risks across the organization. It was agreed that the executive summary of the Deloitte study would be provided to Committee members.

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

> RESOLVED, that all purchases and sales of securities transacted during January, February and March 2008 as presented to this meeting, be, and they are hereby ratified and approved.

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

Kathleen E. Shannon

Secretary

Exhibit A

AMERICAN INTERNATIONAL GROUP, INC.
FINANCE COMMITTEE CHARTER
(Amended ~~November~~May 14, ~~2007~~2008)

I. Purpose of Committee

The Finance Committee (the "Committee") of the Board of Directors (the "Board") of American International Group, Inc. ("AIG") (i) assists the Board in its oversight responsibilities by reviewing and making recommendations to the Board with respect to AIG's financial and investment policies, (ii) provides strategic guidance to management as to AIG's capital structure, use of capital in its businesses, methods of financing its businesses and other related strategic initiatives, (iii) has the power to approve issuances, investments, dispositions and other transactions and matters in the amounts delegated to the Committee by the Board (other than those reserved to the Board pursuant to AIG's policy for transactions and matters requiring Board approval (the "Board Approval Policy")), and (iv) counsels and advises finance, investment or other similar committees of AIG's subsidiaries, or if no such committee exists at a subsidiary, the Board of Directors of such subsidiary.[1]

II. Committee Membership

The Committee shall be comprised of at least three directors, including the Chief Executive Officer, each of whom shall serve at the pleasure of the Board and a majority of whom shall be "independent" under the rules of the New York Stock Exchange, Inc. ("NYSE")~~-and any other applicable law, rule or regulation~~. The Board shall appoint a Chairman of the Committee.

Determinations of independence shall be made by the Board as the Board interprets such qualifications in its business judgment and in accordance with ~~applicable law and Securities and Exchange Commission ("SEC") and~~ NYSE rules, regulations and standards.

III. Organization

The Committee will meet at least four times each year or more frequently as it deems necessary or appropriate to carry out its duties and responsibilities.

The Chairman shall, in consultation with management and other Committee members, set the agenda for and preside at meetings of the Committee. The Secretary of AIG or another designated individual shall record and keep minutes of all Committee meetings.

All action taken by the Committee shall be reported to the Board as the Committee deems appropriate or as the Board may request.

IV. Committee Duties and Responsibilities

To the extent not covered by the Board Approval Policy, the following are the duties and responsibilities of the Committee:

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1 For purposes of this Charter, AIG's subsidiaries shall not include Transatlantic Holdings, Inc.

A. *Capital Structure and Financing*

- Approve the issuance by AIG of one or more series of debt securities, shares of non-convertible, non-exchangeable preferred stock, promissory notes, commercial paper, guarantees, keep well and support agreements or other similar securities or instruments (or any programs relating to the foregoing), the entering into of repurchase and reverse repurchase agreements, borrowing facilities, loan agreements, reimbursement agreements, letter of credit facilities, collateral security or pledge agreements and other arrangements with banks and other lenders and similar or related transactions.

- Approve any issuance of common stock of AIG, including securities convertible into or exchangeable for common stock of AIG up to a level specified by the Board.

- Review and recommend approval by the Board of issuances of common stock of AIG, including securities convertible into or exchangeable for common stock of AIG above any level specified by the Board.

- Review quarterly, or more frequently as the Committee may deem appropriate, reports concerning the capital structure and financing activities of AIG and subsidiaries of AIG.

- Approve capitalization of new subsidiaries of AIG and approve capital contributions and intercompany indebtedness and other support provided to existing subsidiaries of AIG above any level delegated to management.

- Review and recommend approval by the Board of dividend proposals and policies relating to AIG common stock.

- Review and recommend the number of shares or aggregate value of any AIG common stock purchases in the open market or in other transactions in connection with any ~~buyback~~repurchase program to be authorized by the Board and, subject to any limit established by the Board, authorize the timing, price and manner of any common stock purchases by AIG.

B. *Mergers and Acquisitions*

- Recommend to the Board approval of any transaction by AIG or any of its subsidiaries involving the acquisition or disposition by AIG or any of its subsidiaries of a business or entity where the aggregate amount of consideration from AIG or any of its subsidiaries (including the assumption of debt and other liabilities), or received by AIG or any of its subsidiaries, exceeds the amount delegated to management by the Board.

C. *Management of Investments*

- Review the asset and liability management policies of AIG and its subsidiaries.

- Review the cash management policies of AIG and its subsidiaries.

- ~~Approve~~Review securities lending ~~agreements and other similar transactions~~policies and related arrangements.

- Review quarterly, or more frequently as the Committee may deem appropriate, reports concerning the invested assets of AIG and its subsidiaries, including financial performance, and the asset and liability management of AIG and its subsidiaries.

D. *Risk Management*

- Management shall review with the Committee, as the Committee may deem appropriate, reports concerning AIG's exposures to market, liquidity, credit and operational risks in so far as those exposures relate to financial, transactional and other matters considered by the Committee as part of its duties and responsibilities under this Charter.

E. *Operations*

- Review and recommend approval by the Board of the annual budget of AIG.

- Approve proposals for capital or other expenditures in excess of the level delegated to management by the Board for a transaction or series of related transactions, including the acquisition, expansion, leasing, construction and disposition of offices and other facilities and the acquisition or licensing of computer hardware, software or other systems.

V. Committee Self-Assessment

The Committee shall conduct an annual evaluation of its performance and report the results of such review to the Board. In connection with that annual review, the Committee shall also recommend to the Board any modifications of this Charter that the Committee deems necessary or appropriate. The format of the self-assessment shall be determined by the Committee.

VI. Resources and Authority of the Committee

The Committee shall have direct access to, and complete and open communication with, senior management and may obtain advice and assistance from internal legal, accounting, and other advisors to assist it. In performing its functions, the Committee is entitled to rely on the findings of fact, advice, reports and opinions of management as well as legal, accounting and other advisors retained by AIG. The Committee may retain, if appropriate, independent legal, accounting, and other advisors to assist it, and may determine the compensation of such advisors, and AIG shall be responsible for any costs or expenses so incurred.