

MINUTES OF A MEETING OF DIRECTORS  
AMERICAN INTERNATIONAL GROUP, INC.

Held July 16, 2008

A meeting of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held at 70 Pine Street, New York, New York on July 16, 2008 at 9:45 A.M., pursuant to notice duly given to each of the Directors in accordance with the By-Laws.

Present: Messrs. Stephen F. Bollenbach  
Martin S. Feldstein  
Richard C. Holbrooke  
Fred H. Langhammer  
George L. Miles, Jr.  
Morris W. Offit  
James F. Orr, III  
Michael H. Sutton  
Edmund S.W. Tse  
Robert B. Willumstad

Mesdames Ellen V. Futter  
Virginia M. Rometty

Also present were retired Director Frank G. Zarb, Mr. James G. Gamble of Simpson Thacher & Bartlett LLP, Steven J. Bensinger, Executive Vice President and Chief Financial Officer, Anastasia D. Kelly, Executive Vice President and General Counsel, Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel and Eric N. Litzky, Vice President - Corporate Governance, and for a portion of the meeting, Richard H. Booth, Senior Vice President & Chief Administrative Officer, David L. Herzog, Senior Vice President & Comptroller, Brian Schreiber, Senior Vice President – Strategic Planning and Robert Gender, Treasurer.

All of the Directors being present, the meeting proceeded.

The Chairman, Mr. Robert B. Willumstad, presided and the Secretary, Ms. Kathleen E. Shannon, recorded the minutes of the meeting.

Messrs. Tse, Bensinger and Litzky and Mesdames Kelly and Shannon then left the meeting and the outside Directors and Mr. Willumstad met in executive session. Mr. Willumstad [more to come]

Messrs. Tse, Bensinger and Litzky and Mesdames Kelly and Shannon then rejoined the meeting.

Mr. Willumstad proposed approval of the minutes of prior meetings. Upon motion duly made, seconded and unanimously carried, the minutes of the following meetings were approved.

Board of Directors

May 5, 2008

May 6, 2008

May 8, 2008

May 14, 2008

June 15, 2008

Audit Committee

May 5, 2008

Compensation and Management

Resources Committee

November 9, 2007

February 26, 2007

March 11, 2008

Finance Committee

May 5, 2008

Nominating and Corporate

Governance Committee

March 11, 2008

Regulatory, Compliance

and Legal Committee

March 12, 2008

Mr. Willumstad asked the Board to formalize the previously announced appointment of Richard H. Booth as Senior Vice President & Chief Administrative Officer. Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Richard H. Booth be, and hereby is, elected Senior Vice President & Chief Administrative Officer to serve until his successor is qualified and elected.

Mr. Willumstad advised the Board that the early snapshot of the second quarter focused on liquidity issues, potential asset sales and transactions and expense reduction. Messrs. Booth, Gender, Herzog and Schreiber then joined the meeting.

Mr. Bensinger reviewed the estimated shareholders' equity roll forward as of the current date, a decline of over \$1 billion from March 31<sup>st</sup>, reflecting the GAAP net loss and unrealized depreciation of investments. He said that the increase in shareholders' equity from the common share issuance was eroded by the valuation losses, and the final amount could change as the review of goodwill is ongoing. With respect to estimated results, Mr. Bensinger reported that credit markets declined sharply again in late June into July, irrespective of quality, so that the AIGFP valuation adjustment caused an overall operating loss. He added that partnership income showed a very noticeable decline, United Guaranty operating losses increased significantly, prior year development of loss reserves is adverse, largely for 2002 and prior years, and the general deterioration in pricing both domestically and overseas in general insurance is becoming more acute.

Mr. Bensinger next provided an overview of securities lending activities, emphasizing key points: the change in the market with collateral received declining from 102 percent and the differential between the market value of assets in the securities lending pool and the settlement value of the liability is widening. He reviewed the borrowers using the program, and indicated that they continue to roll their positions. In response to inquiries from Board members, Mr. Bensinger explained the way in which the program works, liquidity issues with the program and the difficulties with exiting the business. He added that if overall market conditions become reflective of the move to provide less than 102 percent collateral pushed by certain of AIG's counterparties, the program may need to change accordingly.

Mr. Gender detailed the use to date of the proceeds from the capital raising activities. He said that \$12.3 billion remained at the parent level at that date with \$3.4 billion having previously been provided to AIG Financial Products Corp. and an additional \$1.3 billion to be funded that day. Mr. Gender advised the Board that Treasury forecasts cash flows on an ongoing basis, and the additional need that day resulted from Fidelity not rolling a \$1 billion note. He explained that AIGFP's liquidity risks stem from its debt obligations and the obligations to post collateral arising in connection with pricing declines in the credit default swaps and rating downgrades in connection with the guaranteed investment agreements. In response to a Director inquiry, Mr. Gender said that AIGFP negotiates with every counterparty on valuation and the proper amount of collateral.

Mr. Gender outlined AIG's most significant areas of significant liquidity risk: commercial paper programs, AIGFP, global securities lending and ALICO money market products. He said that AIG's commercial paper programs are all active, with no problems to date, although the market is much more tentative and it is harder to issue on a longer term basis. With respect to securities lending, Mr. Gender said that the assets of the insurance companies are available to provide cash to repay counterparties. He added that the ALICO money market deposits had historically been run with a significant mismatch in duration, but currently 50 percent of the assets backing the deposits would be liquid within 90 days, and ALICO has the ability, if necessary, to freeze withdrawals if a run were to start. In response to a Director inquiry, Mr. Gender stated that AIGFP presents the greatest risk, because it is very difficult to

predict collateral calls and the market effect of a downgrade in AIG's ratings. Mr. Gender then reviewed with the Board two scenarios Management has developed to test AIG's ability to meet its near-term obligations and maintain solvency and confidence, and responded to questions. He described various plans to mitigate the risks, and efforts to liquify assets of AIGFP and to negotiate committed lines.

Mr. Schreiber next described a project known internally as Project Metropolis, which is intended to address AIGFP credit and liquidity issues. He explained that a third party would guarantee certain obligations of AIGFP, so AIGFP would effectively be renting that party's credit ratings. A discussion followed on the potential benefits of membership in the Federal Home Loan Bank system by the insurance company subsidiaries, and the capacity and willingness of third party banks to facilitate access to the Federal Reserve Bank window.

Mr. Schreiber updated the Board on a number of small potential transactions, at various stages of development, and reported that AIG has withdrawn from consideration of a Turkish bancassurance transaction. He also advised the Board that his group is considering dispositions of non-core assets that could be monetized, and he updated them on the status of certain more significant potential transactions. Mr. Schreiber also described types of transactions under consideration to enhance AIG's capital and liquidity positions, such as reinsurance and structured transactions, tracking stocks for various operations, private placements to important financial partners around the world, and new types of securitizations.

Mr. Booth described the growth in expenses over recent periods and high priority opportunities for comprehensive, cost effective reductions in certain areas such as customer call centers and use of consultants. He said that obtaining data is the key to determining where cuts can be made, and Management believes that there is the potential for annual run rate savings of \$2 billion to \$3 billion. Mr. Booth reported that the sale of the 72 Wall Street building is under consideration, and other opportunities around the world are being explored. He added that each of the business units own their expenses and will be held fully accountable, and he noted that AIG does not have sufficient scale in all locations. Mr. Willumstad added that Management needs to determine how to use the regional structure of AIG to leverage its scale. After responding to additional questions, Messrs. Booth, Gender, Herzog and Schreiber then left the meeting.

Mr. Sutton presented the report of the Audit Committee, describing the meetings held in June and the prior day where the Committee provided continuing oversight on the financial close process, received an update on Project Fire, reviewed the PricewaterhouseCoopers LLP audit plan and prepared for the upcoming second quarter close review process.

Mr. Offit said he had no significant matters to report on activities of the Finance Committee, but invited all Board members to the Committee meeting to be held following the Board meeting.

Mr. Miles presented the report of the Nominating and Corporate Governance Committee, and requested that the Board accept the nomination of the Committee and elect Suzanne Nora Johnson to serve as a Board member. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Board of Directors shall consist of 13 members;

FURTHER RESOLVED, that Suzanne Nora Johnson be, and hereby is, elected a Director of the Corporation;

FURTHER RESOLVED, that this Board hereby accepts and adopts the determination by the Nominating and Corporate Governance Committee of this Board that Suzanne Nora Johnson is "independent" as defined under the rules of the New York Stock Exchange and the Corporation's Director Independence Standards;

FURTHER RESOLVED, that this Board hereby recommends to the Compensation and Management Resources Committee of this Board, that the Compensation and Management Resources Committee grant under the Amended and Restated American International Group, Inc. 2007 Stock Incentive Plan deferred stock units relating to the shares of the Corporation's common stock, \$2.50 par value per share ("Common Stock"), the number of which shall be calculated by dividing the amount of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) by the closing sale price of the Common Stock on the New York Stock Exchange on the date hereof.

Mr. Miles next presented the recommendation of the Committee, based upon an independent study of the security needs of the Chairman and Chief Executive Officer, that the Board adopt a policy requiring that Mr. Willumstad travel only by private



aircraft. After discussion, upon motion duly made, seconded and unanimously carried, it was resolved as follows:

WHEREAS, the Chairman and Chief Executive Officer of the Corporation, Robert B. Willumstad, is a prominent executive;

WHEREAS, in performing services for the Corporation it is expected that Mr. Willumstad will become involved in public debates with respect to controversial issues; and

WHEREAS, Mr. Willumstad is routinely featured in newspapers and other media around the world; and

WHEREAS, in performing services for the Corporation it is expected that Mr. Willumstad will travel to locations where there may be an increased threat of terrorism and crime;

WHEREAS, the Nominating and Corporate Governance Committee has recommended to this Board that, when Mr. Willumstad travels by air, he should travel by private aircraft;

NOW THEREFORE, IT IS HEREBY RESOLVED, that this Board has considered the security risk created by Mr. Willumstad traveling by commercial aircraft and has determined that Mr. Willumstad should at all times travel, at the Corporation's expense, by use of private aircraft.

Mr. Miles next advised the Board that after a review of the roles and responsibilities of the Lead Director, the Committee was recommending a \$40,000 annual additional retainer to the Lead Director. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that additional fees of \$40,000 per annum be paid to that director of the Corporation who serves as the Lead Director, payable in cash or in Deferred Stock Units at the election of such director.

Mr. Holbrooke gave the report of the Public Policy and Social Responsibility Committee, providing updates on diversity and AIG's charitable activities.

Mr. Orr reported that the Compensation and Management Resources Committee had discussed a proposed special retention program and reviewed the incentive compensation programs of AIGFP, AIG Investments and International Lease Finance Corporation.

Ms. Kelly presented certain amendments to the Insider Trading Policy as previously adopted following review by the Independent Consultant. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the American International Group, Inc, Insider Trading Policy be, and hereby is, amended and restated to read in its entirety as attached as Exhibit A to the minutes of this meeting.

Mr. Bollenbach reported on the activities of the Regulatory, Compliance and Legal Committee. He said that Kathleen Chagnon would be replaced as Chief Compliance Officer, and Suzanne Folsom would fill the role on a temporary basis and is a candidate for the position. Mr. Bollenbach added that Ms. Kelly had provided the Committee with a full update on litigation matters and Ms. Folsom had reported on regulatory issues.

Mr. Willumstad updated the Board on plans for the strategic planning session to be held on September 16<sup>th</sup> and 17<sup>th</sup> in the Boardroom at 175 Water Street. He said that a full review of AIG operations is planned, bringing in the senior team to gain an understanding of AIG's strategic position in its various businesses, and the presentations will be fairly detailed and numbers driven.

Messrs. Willumstad, Bensinger, Tse and Litzky and Mesdames Kelly and Shannon left the meeting and the outside members of the Board met in executive session to ratify the Chief Executive Officer compensation arrangements as approved and recommended by the Compensation and Management Resources Committee. After discussion, upon motion duly made, seconded and unanimously carried, by vote of all Non-Management directors, the compensation for the CEO as approved by the Compensation and Management Resources Committee was ratified and confirmed.

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

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Secretary

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Chairman of the Board