

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

Held May 8, 2008

A meeting of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held by telephone conference call on May 8, 2008 at 9:00 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
Martin J. Sullivan
Michael H. Sutton
Edmund S.W. Tse
Robert B. Willumstad**

**Mesdames Ellen V. Futter
Virginia M. Rometty**

**Absent: Messrs. Marshall A. Cohen
Stephen L. Hammerman
Frank G. Zarb**

Also present were Messrs. Richard I. Beattie, James G. Gamble and Michael Nathan of Simpson Thacher & Bartlett LLP, Messrs. Michael Wiseman and Robert Reeder of Sullivan & Cromwell 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

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Counsel and Eric N. Litzky, Vice President - Corporate Governance and, for a portion of the meeting, Messrs. Tim Ryan and Henry Daubeney of PricewaterhouseCoopers LLP, Messrs. Tim Main and Kevin Willsey of JPMorgan Chase, Messrs. John Chirico and Richard Spiro of Citibank, William N. Dooley, Senior Vice President – Financial Services, David Herzog, Senior Vice President and Comptroller, Robert E. Lewis, Senior Vice President and Chief Risk Officer, Brian Schreiber, Senior Vice President – Strategic Planning, and Elias Habayeb, Financial Services Division Chief Financial Officer.

A majority of the Directors being present, a quorum existed and the meeting proceeded.

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

Mr. Bensinger explained that as part of their due diligence process, JPMorgan Chase conducted its own due diligence analysis of the AIGFP multisector super senior credit default swap portfolio, using a combination of the AIG stress inputs and market pricing resulting in an estimate of approximately \$9 billion to \$11 billion for potential credit impairment losses. He said that this amount compares to the approximately \$1.2 billion to \$2.4 billion in ultimate realized losses from the AIG calculation, which in turn compared to an aggregate of \$20.6 billion in cumulative unrealized valuation losses on the portfolio through first quarter 2008. In response to Mr. Langhammer, Mr. Lewis confirmed that JPMorgan Chase assumes higher housing price depreciation by implying it from current RMBS market price data. Management also confirmed that AIG would disclose in the offering documents the fact that a sophisticated market participant had conducted a different analysis of potential economic losses and disclose the figures JPMorgan Chase had calculated.

Mr. Herzog added that the JPMorgan Chase estimate of ultimate realized losses would be included in the Form 10-Q without specific attribution and there would also be additional language on the potential for events of default in the AIGFP super senior credit default swap portfolios.

Mr. Herzog noted that JPMorgan Chase also did an analysis on the mark-to-market valuation of the multisector credit default swap portfolio. Mr. Habayeb explained that JPMorgan Chase took 30 to 40 transactions, or approximately 50 percent of the notional amount of the portfolio, modeled the valuation for those transactions and extrapolated those amounts to the rest of the portfolio, for an aggregate of approximately \$25 billion to \$30 billion.

Mr. Feldstein then joined the meeting.

Mr. Habayeb explained that he and Mr. Lewis had met with JPMorgan Chase to understand their approach. He said that using AIG protocols, available current market prices provided by JPMorgan Chase were incorporated into the valuation process. Mr. Habayeb explained that AIG's protocol involves looking to the highest credible market price and comparing the resulting valuation to the BET model. Incorporating the information about market pricing obtained from JPMorgan Chase into the process AIG used for its 2007 Form 10-K resulted in an increase in the aggregate mark-to-market loss for the multisector portfolio of between \$2 million and \$338 million, or an immaterial effect on the AIGFP book. Mr. Habayeb added that in a number of cases, the market

pricing provided by JPMorgan Chase was more favorable to AIG than the market information AIG had previously obtained and used in its own calculations. With respect to the corporate arbitrage portfolio, Mr. Habayeb reported that the differences in valuation were insignificant, an aggregate decrease of \$1.3 billion compared to \$1.1 billion. With respect to the regulatory capital portfolio, Mr. Habayeb explained that JPMorgan Chase had calculated a valuation decline of approximately \$5 billion, while Citigroup had calculated a decline of less than \$1 million. He pointed out that neither of these valuations give credence to what AIG considers the most important data point, the continuing terminations of these transactions without losses. Mr. Habayeb said that AIG continues to be comfortable with the approach used, considering this observable market data the most relevant criteria, but AIG is continuously monitoring the situation. In response to a Board member's query, Mr. Habayeb said that investors will not be provided with this level of detail on the valuation process.

Mr. Ryan described the key PwC procedures for a quarterly review, including the SAS 100 review, an analysis of key management judgments on valuation, reserves, contingencies and unrecognized tax benefits, testing of various controls and review of the Form 10-Q and key disclosures. Mr. Ryan explained the emphasis given in the quarter to the AIGFP valuation process specifically. Mr. Ryan said that PwC continues to be comfortable with the AIG process and results. With respect to the corporate book, he said that the additional information from JPMorgan Chase is not materially different. In explaining PwC's comfort with the zero valuation for the regulatory capital portfolio, Mr. Ryan said that the valuations of \$750,000 to \$5 billion in losses do not give weight

to the most important criteria of AIGFP's own transactions cancelling out at zero. He cautioned, however, that if the trend changes or the terminations stop, valuation losses could occur in future periods, and the portfolio must be closely monitored. In discussing the multi-sector portfolio, Mr. Ryan pointed out that the JPMorgan Chase calculation, which would be considered additional data to be considered for GAAP valuation purposes, already falls within AIG's range of \$13 billion to \$30 billion in valuation losses, so PwC continues to be comfortable with Management's judgments in both the December 31, 2007 and March 31, 2008 valuations.

**REDACTED FOR
PRIVILEGE**

All participants in the meeting other than Board members and internal and outside lawyers then left the meeting.

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PRIVILEGE**

Further, he said that Management and PwC have reported that they each engaged in a process to review JPMorgan's analyses of sub-prime economic exposure and mark-to-market losses. Mr. Gamble pointed out that the JPMorgan Chase estimate of ultimate realized losses from the multisector credit default swap portfolio is now included in the disclosure documents, as is additional disclosure on the regulatory capital book. He further stated that in addition to the Management and PwC reports the Board had just received, Messrs. Willumstad, Offit and Sutton had discussions with the appropriate individuals in Management and at PwC regarding the examination by Management and PwC of the JPMorgan analyses relating to both economic loss estimates and mark-to-market analyses. Management and PwC each reported that they had completed a review of JPMorgan's analysis and considered whether it impacted their judgments regarding AIG's financial statements. Both Management and PwC concluded that JPMorgan's analyses did not change their views.

**REDACTED FOR
PRIVILEGE**

Mr. Bollenbach then joined the meeting.

Mr. Sullivan requested that the Board consider appropriate dividend action at this meeting rather than deferring to the customary time at the annual Board meeting in conjunction with the Shareholders Meeting, so that the marketing materials for the offerings could be updated accordingly. He said that the Corporation has an unbroken record of dividend increases, and described the dividend policy providing that under ordinary circumstances, AIG's plan will be to increase its common stock dividend by approximately 20 percent annually. Mr. Sullivan explained that after consideration of this policy, his recommendation is that the Board increase the dividend by 10 percent, which would result in an annual increase of \$200 million in the amount paid out, an amount he said could be deemed not significant although optically, the action could be challenged.

**REDACTED FOR
PRIVILEGE**

Mr. Bensinger reported that in light of responses from Standard & Poors on the ratings actions to be expected based on various scenarios, Management recommends that the offerings be launched with an initial maximum amount of \$12.5 billion, including up to \$7.5 billion in equity components, with flexibility to go to higher amounts. He explained that S&P had indicated that capital raising of \$12.5 billion would result in a two notch downgrade, while \$15 billion (including the hybrids) would result in a one notch downgrade action. Mr. Feldstein asked whether debt would satisfy the rating agency criteria, and Mr. Bensinger responded that he expects that the common stock component will need to increase, probably to \$5 billion, depending on market demand. Mr. Bensinger added that he expects that S&P and Moody's will initially lower the ratings by one notch after release of the earnings and the announcement of the capital raising, while Fitch will defer any action.

**REDACTED FOR
PRIVILEGE**

Discussion of the appropriate size of the offerings continued.

Thereafter, upon motion duly made by Mr. Offit, reflecting the recommendation of the Finance Committee, seconded and unanimously carried, it was resolved as follows:

RESOLVED, that this Board of Directors hereby approves the Corporation's raising of capital in an amount of up to \$12.5 billion as set forth in Exhibit A to the minutes of this meeting.

Mr. Sullivan next recommended approval of a dividend increase as previously discussed. After further discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that out of the funds of the Corporation legally available therefor a dividend of \$0.22 per share is declared upon the Common Stock of the Corporation, payable September 19, 2008 to stockholders of record as of September 5, 2008.

Mr. Bensinger advised the Board that Management expected that the issuance of securities in connection with the capital raising transactions will exhaust substantially all of the securities registered and available for issuance through the current universal shelf registration statement. Therefore, Mr. Bensinger requested Board approval of the filing of a new universal shelf registration statement in an amount of \$25 billion as soon as practicable after the closing of the capital raising transactions. After discussion, upon motion duly made, seconded and unanimously carried it was

RESOLVED, that the Board of Directors deems it advisable and in the best interest of the Corporation to proceed with one or more registrations under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the issuance, offering and sale from time to time, of (i) senior debt securities and subordinated debt securities of the Corporation, in one or more series, which may be convertible into or exchangeable or exercisable for other debt securities, Common Stock (as defined below) or shares of preferred stock of the Corporation and/or depositary shares representing such shares, and/or the debt or equity securities of other entities, (ii) warrants, purchase contracts and/or other securities of the Corporation to purchase or sell, or which are convertible into, exercisable or exchangeable

for, or whose cash value is determined by reference to or is linked to the performance or level of, one or more of the following: (a) securities (including, but not limited to, common or other equity securities) of one or more entities (including the Corporation), (b) one or more currencies, (c) one or more commodities, (d) one or more indices or baskets of securities, currencies, commodities or other financial, economic or other measures or instruments (including the occurrence or non-occurrence of any event or circumstance) and/or (e) any other financial, economic or other measure or instrument (including the occurrence or non-occurrence of any event or circumstance), (iii) junior subordinated debentures of the Corporation, (iv) shares of preferred stock of the Corporation in one or more series and depository shares representing such shares, (v) shares of Common Stock, \$2.50 par value ("Common Stock") of the Corporation, (vi) units comprised of any combination of the securities referred to above, (vii) Trust Securities (as defined below), (viii) guarantees of the Corporation with respect to any of the above referenced Trust Securities, (ix) senior debt securities of AIG Program Funding, Inc. or any other direct or indirect wholly-owned subsidiary of the Corporation ("Program Funding"), in one or more series, (x) warrants, purchase contracts and/or other securities of Program Funding to purchase or sell, or which are convertible into, exercisable or exchangeable for, or whose cash value is determined by reference to or is linked to the performance or level of, one or more of the following: (a) securities (including, but not limited to, common or other equity securities) of one or more entities (including the Corporation), (b) one or more currencies, (c) one or more commodities, (d) one or more indices or baskets of securities, currencies, commodities or other financial, economic or other measures or instruments (including the occurrence or non-occurrence of any event or circumstance) and/or (e) any other financial, economic or other measure or instrument (including the occurrence or non-occurrence of any event or circumstance), (xi) units comprised of any combination of debt securities, warrants and purchase contracts or other securities of Program Funding, and/or (xii) guarantees of the Corporation with respect to the above referenced securities of Program Funding, at an initial aggregate offering price (or the equivalent thereof in any other currency, currencies or currency units) of up to \$25,000,000,000 (collectively, the "Registered Securities"); provided that the limit on the initial aggregate offering price

amount set forth in this resolution may be increased by any Authorized Officer (as defined below) to any amounts permitted under one or more registration statements that may be filed pursuant to Rule 462(b) under the Securities Act, subject to any limitations on the borrowing capacity of the Corporation authorized by the Board of Directors of the Corporation or any committee thereof or other person authorized thereby from time to time; and

RESOLVED, that the registration of Registered Securities, from time to time and in whole or in part, pursuant to one or more registration statements as authorized or approved by any Authorized Officer (collectively, the "Registration Statements") is hereby approved and the filing of the Registration Statements with the Securities and Exchange Commission (the "SEC"), together with all exhibits, certificates, letters, applications and other documents connected therewith, that may be filed with the SEC with respect to the registration and offering of the Registered Securities at any time or from time to time, are hereby approved, and each Authorized Officer is hereby authorized to execute, in the name and on behalf of the Corporation and, where applicable, on behalf of any Trust (as defined below), in the name of the Corporation as depositor, sponsor or originator of such Trust, and to direct any Administrative Trustee (as defined below) to execute, any Registration Statement, in each case in such form or with such changes as may be approved by any such Authorized Officer, such authorization or approval to be conclusively evidenced by the execution thereof; and

RESOLVED, that each Authorized Officer is hereby authorized to prepare, execute and file with the SEC, or cause to be prepared, executed and filed with the SEC, in the name and on behalf of the Corporation and, where applicable, on behalf of any Trust in the name and on behalf of the Corporation, as depositor, sponsor or originator of such Trust, and to direct any Administrative Trustee to prepare, execute and file, with the SEC, or cause to be prepared, executed and filed with the SEC, any registration statement under Rule 462 under the Securities Act to increase the initial aggregate offering price of Registered Securities registered under a Registration Statement or otherwise (it being understood that the term "Registration Statement" used herein will include, without limitation, any such registration statement under Rule 462(b), any

amendments, including post-effective amendments, to the Registration Statements, and any preliminary or final prospectuses or supplements to the prospectuses contained therein (together with all exhibits, certificates, letters, applications and other documents connected therewith), in each case, in such form or with such changes as may be authorized or approved by any such Authorized Officer, and to take any and all other action, in each case at such time, in such manner and in such form as any such Authorized Officer shall believe necessary, desirable or appropriate in connection with the Registration Statements or with the issuance, offering or sale of Registered Securities; and that each Authorized Officer and any Administrative Trustee is hereby further authorized to request acceleration of the effective date of any and all of the Registration Statements and any post-effective amendments thereto; and

RESOLVED, that the Authorized Officers and counsel to the Corporation is each hereby authorized to act for, and in the name and on behalf of, the Corporation, and, where applicable, any Trust, before the SEC or any other entity or person in connection with any matter relating to the Registration Statements or prospectuses contained therein, or any supplements or amendments thereto; and

RESOLVED, that each Authorized Officer is hereby authorized to determine the jurisdictions (inside or outside the United States) in which appropriate action shall be taken to qualify or register for sale all or such part of the Registered Securities as any such Authorized Officer may believe necessary, desirable or appropriate; that each Authorized Officer is hereby authorized to perform, in the name and on behalf of the Corporation, and, where applicable, on behalf of any Trust in the name of the Corporation, as depositor, sponsor or originator of such Trust, and to direct any Administrative Trustee to perform, any and all such acts as such Authorized Officer may believe necessary, desirable or appropriate in order to comply with the applicable laws of any such jurisdictions, and in connection therewith to execute and file all requisite papers and documents, including applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and that the execution by any such Authorized Officer of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor

from the Corporation and, where applicable, any Trust, and the approval and ratification by the Corporation and any Trust of the papers and documents so executed and the action so taken; and

RESOLVED, that each Authorized Officer is hereby authorized to make, in the name and on behalf of the Corporation and, where applicable, on behalf of any Trust in the name of the Corporation, as depositor, sponsor or originator of such Trust, and to direct any Administrative Trustee to make application to any securities exchange or exchanges, quotation services or other similar entities (inside or outside the United States) if and as any such Authorized Officer shall believe necessary, desirable or appropriate for the listing thereon of any of the Registered Securities and in connection therewith to appoint one or more listing agents and to prepare, execute and file, or cause to be prepared, executed and filed, an application or applications for such listing or quotation and any and all supplements and amendments thereto and any additional certificates, documents, letters and other instruments which any such Authorized Officer may believe necessary, desirable or appropriate; that each such Authorized Officer and Administrative Trustee, or such other person as any such Authorized Officer or Administrative Trustee may designate in writing, is hereby authorized to appear before any official or officials, or before any body of any such exchange, quotation service or other similar entity, with authority to make such changes in such applications, supplements, amendments, certificates, documents, letters or other instruments and to execute and deliver such agreements relative thereto, including, without limitation, listing or quotation agreements and applications, fee agreements and indemnity agreements, as any such Authorized Officer may believe necessary, desirable or appropriate in order to comply with the requirements of any such exchange or to effect or maintain such listing or quotation; and

RESOLVED, that to the extent any Authorized Officer determines that any of the Registered Securities are required to be registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each Authorized Officer is hereby authorized to make, in the name and on behalf of the Corporation, and where applicable, on behalf of any Trust in the name of the Corporation, as depositor,

sponsor or originator of such Trust, and to direct any Administrative Trustee to make application to the SEC for registration of such Registered Securities under the Exchange Act, and to prepare, execute and file, or cause to be prepared, executed and filed with the SEC and any securities exchange or quotation service an application or applications for such registration and any and all supplements and amendments thereto and any additional certificates, documents, letters and other instruments which any such Authorized Officer may believe necessary, desirable or appropriate; and

RESOLVED, that each Authorized Officer and, where applicable, any Administrative Trustee is hereby authorized and directed to assist any selling agents, purchasing agents or underwriters in respect of any Registered Securities in any filing with the Financial Industry Regulatory Authority ("FINRA") that is necessary, desirable or appropriate in connection with the filing of the Registration Statements or any offering pursuant thereto; and

RESOLVED, that the Corporation's Secretary (or any other person designated by an Authorized Officer) is designated as the agent for service of process and a person authorized to receive on behalf of the Corporation and any Trust notices and communications from the SEC with respect to the Registration Statements and any amendments and supplements thereto; and

RESOLVED, that notwithstanding any of these resolutions, each Authorized Officer and, where applicable, Administrative Trustee may, at any time or from time to time, authorize any officer of the Corporation, any other persons designated by any Authorized Officer or any attorney-in-fact to take, in the name and on behalf of the Corporation or any Trust, as applicable, any and all actions that such Authorized Officer or Administrative Trustee is authorized to take under these resolutions, including the preparation, execution and delivery of any filings with the SEC or other regulatory or self-regulatory body and any other agreement or other document, in each case as such Authorized Officer or Administrative Trustee, as applicable, may determine to be necessary or desirable in carrying out these resolutions; and (i) any such action taken by any officer of the Corporation, any other person designated by any Authorized Officer or any attorney-in-fact pursuant to any such authorization by an Authorized Officer or Administrative Trustee shall be

deemed to have the same force and effect under these resolutions as if taken directly by such Authorized Officer or Administrative Trustee pursuant to these resolutions, and (ii) any action taken by any officer of the Corporation, any other person designated by any Authorized Officer or Administrative Trustee or any attorney-in-fact shall be conclusively deemed to have been taken pursuant to such an authorization by an Authorized Officer or Administrative Trustee if such action is authorized in a writing (which may be as general or specific as any Authorized Officer or Administrative Trustee determines is necessary, desirable or appropriate in carrying out these resolutions) signed by an Authorized Officer or Administrative Trustee, as applicable, it being understood that such an authorization by an Authorized Officer or Administrative Trustee need not be made in writing; and

RESOLVED, that the Board of Directors shall be deemed and conclusively presumed by these resolutions to have adopted, and the Secretary, or any Assistant Secretary of the Corporation is hereby authorized to certify the adoption by the Board of Directors of, any resolution not inconsistent with these resolutions which may be required or requested by any governmental agent, administration, commission or department of the United States of America or any state or other jurisdiction of the United States of America, or any country, province or other jurisdiction outside the United States of America, or any other person or entity in connection with the registration, qualification, exemption from registration, creation, issuance, offering, sale, delivery or trading of the Registered Securities, with a copy of any such resolutions to be included in the minutes of the Corporation; and

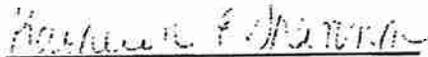
RESOLVED, that the execution, delivery or filing of any document relating to the matters contemplated by these resolutions by an Authorized Officer or Administrative Trustee (or by any person acting pursuant to written authorization of any Authorized Officer or Administrative Trustee) shall be deemed to be conclusive evidence that such action has been authorized by the Board of Directors; and

RESOLVED, that any actions taken by any Authorized Officer, or by other officers of, or counsel to, the Corporation or its subsidiaries prior to the date hereof which action would

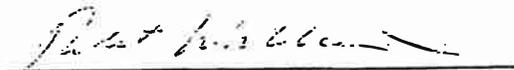
have been authorized by the foregoing resolutions had such action been taken by an Authorized Officer after the date hereof, be, and the same hereby are, ratified, confirmed and approved in all respects; and

RESOLVED, that for purposes of these resolutions, (1) "Authorized Officers" shall mean each or any of the President and Chief Executive Officer, the Chief Financial Officer, the Treasurer and the Secretary acting alone or together, (2) "Trust" shall mean one or more business trusts, partnerships, corporations or other entities, formed under the laws of any one or more jurisdictions selected by an Authorized Officer, for the purpose of issuing and selling the common securities and/or preferred securities or other similar securities or debt securities or other evidences of indebtedness of such trust (collectively, the "Trust Securities"), the proceeds from which sale may be used by such Trust to purchase securities of the Corporation of a type or types determined by any Authorized Officer; and (3) "Administrative Trustee" shall mean one or more employees of the Corporation or any of its subsidiaries who shall be appointed by an Authorized Officer to act as a director, manager, trustee, trustee administrator or attorney-in-fact or agent for such Trust, as such Authorized Officer shall believe necessary, desirable or appropriate.

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



Secretary



Chairman of the Board