5-6-2008

AIG Board of Directors Minutes 5/6/2008

American International Group, Inc. (AIG)

MINUTES OF A MEETING OF DIRECTORS

AMERICAN INTERNATIONAL GROUP, INC.

Held May 6, 2008

A meeting of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held May 6, 2008 at 11:00 A.M., by telephone, upon Waiver of Notice.

Present:	Messrs.	Stephen F. Bollenbach (by telephone) Martin S. Feldstein (by telephone) Richard C. Holbrooke (by telephone) George L. Miles, Jr. (by telephone) Morris W. Offit (by telephone) James F. Orr III (by telephone) Martin J. Sullivan Michael H. Sutton (by telephone) Robert B. Willumstad (by telephone) Frank G. Zarb (by telephone)
	Ms.	Ellen V. Futter (by telephone)
Absent:	Messrs.	Marshall A. Cohen Stephen L. Hammerman Fred H. Langhammer Edmund S.W. Tse
	Ms.	Virginia M. Rometty

Also present were Messrs. James G. Gamble and Michael Nathan of Simpson Thacher & Bartlett LLP, Messrs. Michael Wiseman, Robert Reeder and Robert DeLamater of Sullivan & Cromwell, LLP, Messrs. Timothy Ryan, Henry Daubeny and James Scanlan of PricewaterhouseCoopers LLP, Steven J. Bensinger, Executive Vice President and Chief Financial Officer, Anastasia D. Kelly, Executive Vice President and General Counsel, William N. Dooley, Senior Vice President - Financial Services, Robert

E. Lewis, Senior Vice President and Chief Risk Officer, Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel, Robert A. Gender, Vice President and Treasurer, Eric N. Litzky, Vice President - Corporate Governance and Elias Habayeb, Chief Financial Officer for the AIG Financial Services Division.

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. Gamble noted that the Finance Committee had recommended that the Board approve the issuance of equity in the form of common stock and equity units, and at this meeting, Management was seeking preliminary approval of the transaction so that pre-marketing activities could begin. He said that a formal due diligence session, to be followed by a request for final approval, would occur on Thursday morning, May 8. Mr. Gamble advised the Board that, subject to completion of the due diligence process, Simpson Thacher & Bartlett LLP was prepared to recommend preliminary approval, certain issues having now been resolved. Mr. Gamble described the issues raised the prior day and their resolution as follows:

1) Valuation of the AIGFP corporate credit default swap portfolio: Mr. Gamble advised the Board that the valuation by JPMorgan Chase differed from AIG's valuation by an inmaterial amount.

2) Valuation of the AIGFP regulatory capital credit default swap portfolio: Mr. Gamble explained that the JPMorgan Chase valuation loss of $1 to $5 billion did not give the same degree of consideration as AIG and PricewaterhouseCoopers LLP did to the continuing unwinding of these transactions by AIGFP's counterparties. He said that PwC and AIG agreed that the terminations are a powerful data point supporting the zero valuation at March 31, 2008.

3) Valuation of the AIGFP multi-sector super senior credit default swap portfolio: Mr. Gamble reported that the JPMorgan Chase cash flow analysis of this portfolio showed a valuation loss of $25 to $30 billion, using the cash flows of approximately 50 percent of the portfolio and extrapolating to the balance of the portfolio. He explained that when AIG took the JPMorgan Chase data and used the AIG processes, there was no material difference between the valuations, and AIG and PwC were comfortable that there is no reason to modify the AIG processes.

4) The economic loss modeling: Mr. Gamble said that AIG's credit stressed model resulted in projected credit impairment losses of $1.25 to $2.4 billion, while the JPMorgan Chase calculation effectively relies on current market prices, resulting in projected losses of $9 to $11 billion. He said that AIG remains comfortable with its model, but both amounts will be disclosed in the Form 10-Q disclosure document.

Messrs. Beinsinger, Ryan and Reeder concurred with Mr. Gamble's descriptions of the issues and their resolution on behalf of AIG, PwC and Sullivan & Cromwell, respectively.

Mr. Willumstad advised the other Board members that he and Messrs. Gamble and Sutton had participated in a call with PwC and were satisfied with the due diligence. A discussion followed on the practical issues arising from the inclusion of the JPMorgan Chase estimate in the disclosure materials. Mr. Sullivan said that AIG would disclose that AIG has no intent to update the JPMorgan Chase estimate in future disclosure documents. Mr. Reeder confirmed that so long as the disclosure clearly indicated that the amount is not AIG's estimate, updating will not be required. Mr. Gamble read the proposed disclosure language to the Board. Thereafter, upon the request of Mr. Sullivan and upon motion made by Mr. Offit on behalf of the Finance Committee, with Ms. Futer abstaining because of her membership on the JPMorgan Chase Board, the Board authorized the preliminary pre-marketing activities for the proposed $12.5 billion equity offering. Mr. Sullivan explained that the pre-marketing efforts would focus on key existing shareholders and potential strategic new investors, describing the rationale behind the offering, and the Board will be updated on these efforts before formal approval is sought on Thursday.

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

Kathleen E. Shannon
Secretary

Robert Willumstad
Chairman of the Board