MINUTES OF MEETING

OF THE

AUDIT COMMITTEE

OF

AMERICAN INTERNATIONAL GROUP, INC.

Held March 11, 2008

A meeting of the Audit Committee of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held on March 11, 2008 at 9:00 A.M., at 70 Pine Street, New York, New York, pursuant to notice duly given to each of the members in accordance with the By-Laws.

Present:	Messrs.	Michael H. Sutton, Chairman
		Stephen F. Bollenbach
		George L. Miles, Jr.
		Morris W. Offit
		Robert Willumstad, *ex-officio*

Also present were Directors Frank G. Zarb, a non-voting member of the Committee, Marshall A. Cohen and Virginia M. Rometty (both by telephone), Messrs. Tim Ryan, Henry Daubeney and Michael McColgan from PricewaterhouseCoopers LLP ("PwC"), Mr. James Cole of Bryan Cave LLP, Mr. James Gamble of Simpson Thacher & Bartlett LLP, Mr. Robert DeLaMater of Sullivan & Cromwell LLP, President and Chief Executive Officer Martin J. Sullivan, Executive Vice President and Chief Financial Officer Steven J. Bensinger, Executive Vice President and General Counsel Anastasia D. Kelly, Senior Vice

President and Comptroller David Herzog, Senior Vice President and Chief Risk Officer Robert E. Lewis, Senior Vice President and Director of Internal Audit Michael E. Roemer, Senior Vice President, Secretary and Deputy General Counsel Kathleen E. Shannon, Vice President – Corporate Governance Eric N. Litzky, Paulette Mullings-Bradnock of Internal Audit, and, for portions of the meeting, Liz Flynn and Joseph Amicucci.

The Chairman of the Committee, Michael H. Sutton, presided and the Secretary, Kathleen E. Shannon, recorded the minutes of the meeting.

The Committee first met in executive session with Mr. Roemer. Mr. Roemer provided the Audit Committee members with a copy of the AIG Financial Products Corp. (AIGFP) Valuation Remediation Plan. He also discussed the plan for reviewing AIGFP's Regulatory Capital and Corporate Credit Default Swap Portfolios.

Mr. Ryan reported that, as previously discussed, key points included in the executive summary relate to internal control and valuation issues, with a new material weakness in control over the super senior valuation process and oversight thereof and a new significant deficiency in control over access, roles and responsibilities of critical control functions. He said that the new material weakness resulted from the large errors in connection with the models used by AIGFP, the lack of timely elevation of key data on the negative basis and collateral issues to the AIG level, and the fact that AIGFP had designed a valuation process that did not allow the involvement of Enterprise Risk Management and the AIG Finance function in developing the approach. Mr. Ryan noted that ERM and Finance were heavily involved in the significant efforts in the last weeks of the process used for the 2007 year end valuation, and making that process repeatable in the first quarter of 2008 will be a challenge.

Mr. Miles noted that the conditions described by Mr. Ryan have existed previously, both at AIGFP and other financial services operations, and Mr. Ryan responded that a key issue was the size of the numbers in relation to the financial results. Mr. Daubeney added that the continued stress of the environment was important, and he opined that if International Lease Finance Corporation were to face the same environment, there could be similar issues.

Mr. Ryan commented that in many respects the new significant deficiency is more important than the material weakness. He described the assessment process used by the

PwC team in viewing issues such as the late adjustment to the super senior credit default swap portfolio for the third quarter, the securities lending issues and the Nan Shan trade, and their conclusion that there is a common control issue and root cause for these problems – ERM and Finance do not have the appropriate access and the lack of clarity around roles and responsibilities of critical control functions. Mr. Ryan said that PwC has talked at length with Management and the Committee on the organizational and people changes they believe necessary to deal with this deficiency. Mr. Ryan explained the rationale as to why this new issue is a significant deficiency rather than a material weakness, noting that the likelihood that the deficiency would result in a material misstatement was less when dealing with ILFC valuation issues than the AIGFP issues. Mr. Miles asked whether the material weakness would have occurred if controls such as dual reporting had been successfully implemented at an earlier date, and Mr. Ryan responded that the likelihood of a material misstatement would have been less. Mr. Sullivan commented that remediation of the material weakness and the significant deficiency are being addressed simultaneously.

REDACTED FOR PRIVILEGE

With respect to valuation issues, Mr. Ryan said that the first quarter will be challenging with widening spreads and signs from the market that issues will continue. Mr. Sutton stressed that timely communication will be essential. Mr. Ryan added that he and Mr. Bensinger and Mr. Sullivan have spoken about not losing focus and are looking at other areas where the current economic conditions could cause issues such as AIGFP's regulatory book. Messrs. Zarb and Willumstad led a discussion on the appropriate elements of a capital plan for this period of economic uncertainty. Mr. Bensinger pointed out that the economic capital model is still indicating $14.5 to $19.5 billion of excess capital and AIG's core earning power is still strong, even though there are challenges in certain of the financial services businesses and with income from alternative investments. He added that the rating agencies have not indicated that capital is an issue; rather, the size of the valuation losses is what the rating agencies have said will put pressure on the ratings. Mr. Offit suggested that the concern is more with liquidity than with capital. Mr. Bensinger agreed, but pointed out that liquidity is being built in securities lending and AIGFP, as well as in the life and retirement services operations. Mr. Zarb requested that a plan that anticipates a worst case scenario be developed, and Mr. Sutton suggested that the Finance Committee should provide oversight.

Mr. Ryan provided PwC's broad perspective on AIG's internal control over financial reporting, with key points being the problem is not just at AIGFP, and until the root cause issues are addressed, AIG will continue to be at risk for surprises, delay or restatement. Mr. Ryan pointed out areas where there is good progress, including (1) the very good quality control unit in corporate comptrollers that is functioning well, (2) DBG's remediation of the agency integration and reconciliation significant deficiencies, (3) the experienced financial management at the center and in foreign locations supporting the life and retirement services CFO, as well as the increase in U.S. GAAP knowledge in the field, and (4) the remediation of the material weakness in income tax to a significant deficiency, hiring key people and bringing unsubstantiated balances to an acceptable level. Mr. Ryan said that the multiyear processes to fix these controls continues and in these areas compensating controls help ensure the accuracy of the financial statements. Mr. Ryan then described areas where progress has been less than PwC expected, where root causes were in many respects not new and which were contributing factors to some of the control breakdowns in 2007: (1) addressing the workload and span of control issues of senior management including the Chief Financial Officer, Chief Risk Officer and Financial Services Division CFO, (2) increasing the level of management experience in dealing with the necessary changes, (3) aligning AIG's organizational structure to facilitate change, particularly with respect to clarifying the roles and responsibilities of critical control functions, (4) addressing areas where dual reporting in Finance is not working as intended, (5) continuing to foster an environment where communications with respect to risk and control issues are elevated quickly, candidly and on a timely basis, and (6) following up on known areas of concern before issues arise. Mr. Ryan pointed out that all six of these areas were contributing factors to the new material weakness, the new significant deficiency and other control breakdowns, and create a risk of delay and restatement in the future, although where the issues will next surface can't be known. The Committee members stressed that Management needs to address these issues and create a specific plan, because currently things feel out of control in the reporting process each semester.

Mr. Miles asked whether the material weakness would exist if the priorities of the past three years had been reversed. Mr. Ryan opined that had AIG dealt with the dual reporting issue earlier, there might not have been a material weakness. In response to an inquiry as to the relevance of compensation practices to the material weakness, Mr. Ryan said that PwC has not yet gone through their review of 2007 compensation in connection with preparation of the Proxy Statement.

Mr. Herzog reviewed the executive summary of accounting matters. He explained the steps involved in the implementation of FAS 157/159 Fair Value Measurement Standard/Fair Value Option Standard and expressed Management's confidence that the implementation will be successful. Mr. Herzog noted that FAS 107 will require updating, for disclosure in the 2008 Form 10-K, of the fair value of AIG's financial assets and liabilities, even if they are not carried at fair value in the financial statements. He reported that AIG had elected fair value measurement of certain life products, to better align the reporting with the economics, as well as the preponderance of the AIGFP products, resulting in reductions to opening retained earnings for 2008 of approximately $600 million and up to $800 million, respectively.

REDACTED FOR PRIVILEGE

The participants other than Mr. Gamble and the PwC representatives left the meeting and the Committee met with the PwC representatives in executive session.

Among the items discussed were the first quarter valuation challenges given continued market deterioration, AIG's capital and liquidity positions, and the six root causes and related remediation considerations. The PwC representatives then left the meeting and Mr. Sullivan rejoined the meeting. Mr. Sullivan and the Committee discussed remediation issues. Mr. Sullivan then left the meeting and the Committee then met in executive session.

There being no further business to come before the meeting, the meeting was adjourned.

Secretary