

MINUTES OF MEETING
OF THE
STOCK OPTION AND COMPENSATION COMMITTEE
OF
THE BOARD OF DIRECTORS
AMERICAN INTERNATIONAL GROUP, INC.

Held January 26, 2004

A meeting of the Stock Option and Compensation Committee of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held on January 26, 2004, at 2:00 P.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. Marshall A. Cohen, Chairman
Frank J. Hoenemeyer (via telephone)
Richard C. Holbrooke

Also present were Director M. Bernard Aidinoff, Mr. Axel Freudmann, Senior Vice President-Human Resources and Ms. Kathleen E. Shannon, Secretary of the Corporation.

All of the members of the Committee being present, the meeting proceeded.

Mr. Marshall A. Cohen, Chairman of the Committee, presided and the Secretary, Ms. Kathleen E. Shannon, recorded the minutes.

The Chairman reported that, as instructed by the Committee, he had engaged Watson Wyatt to work with Mr. Freudmann and Ms. Shannon to develop a plan that would allow compensation in excess of \$1 million paid in 2004 to be deductible. He introduced Diane Lerner of Watson Wyatt who reviewed their recommendations for a plan designed only to deal with the tax issue, not with the broader issue of developing a plan to actually set compensation for senior executives. Ms. Lerner described the requirements to obtain tax-deductibility under Section 162(m), explained the differences between traditional plans and the bonus pool formula plan which Watson Wyatt is recommending and the reasons for that recommendation. She explained that the recommended plan would set maximums for a bonus pool and individual bonuses for those officers at the Executive Vice President or more senior levels (which includes all those to whom Section 162(m) might possibly be applicable) but would contemplate use of negative discretion to reduce the bonuses actually awarded to traditional levels. Ms. Lerner responded to a number of questions from Committee members. She added that the proposed plan would give both management and the Committee maximum discretion.

After a thorough discussion, the Committee requested that Ms. Lerner gather and provide to the members information with respect to the metrics used in similar plans by peer companies. The Committee also requested that Ms. Shannon work with the Chief Financial Officer to determine what metrics might be appropriate and the pool which would have resulted if various alternatives had been used over the last five years. The Committee requested that counsel prepare a draft of the plan as recommended for consideration at the next meeting.

Ms. Lerner then left the meeting.

Ms. Shannon then presented management's recommendations for several option grants. After full discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that pursuant to the 1999 Stock Option Plan, this Committee hereby grants stock options vesting over four years relating to shares of this Corporation's Common Stock to certain employees in accordance with the list attached hereto as Exhibit A, noting the number of shares with respect to which options are so granted and the designation of whether all or any part of such options are incentive stock options, at a price which shall be the closing price of the Common Stock on the New York Stock Exchange on this date.

The Committee decided to meet on February 19 following the Finance Committee meeting, and the Chairman noted that the Agenda for that meeting would include determining the Chief Executive Officer's bonus for 2003, finalizing the 162(m) plan for recommendation to the Board, and approving the Committee report for the Proxy Statement and additional disclosure with respect to the opportunity to invest in C.V. Starr & Co., Inc.

Ms. Shannon, Mr. Freudmann and Mr. Aidinoff left the meeting and the Committee met in executive session.

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

Lathleen E. Shanno
Secretary

EXHIBIT A

<u>Employee</u>	<u>Number of Shares</u>
David Jorgensen	1,000 incentive stock options
John Leone	300 incentive stock options
Jenni Sparks	1,000 incentive stock options
Robert Thielmann	2,000 incentive stock options
Simon Warner	300 incentive stock options

SO&CC 1/26/04