

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

Held February 19, 2004

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A meeting of the Stock Option and Compensation Committee of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held on February 19, 2004 at 11:00 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. Marshall A. Cohen (via telephone)  
Frank J. Hoenemeyer (via telephone)  
Richard C. Holbrooke (via telephone)

Also present were Director M. Bernard Aidinoff, Chairman and Chief Executive Officer, M.R. Greenberg and Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel of the Corporation.

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

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

Mr. Cohen noted the outstanding 2003 financial results and indicated that Mr. Greenberg's bonus would be determined after discussion of the proposed 2004 Chief Executive Officer Compensation Plan.

Mr. Cohen noted that the proposed plan was essentially the same plan approved by the shareholders and utilized from 1997 through 2001 with the following changes as discussed at the meeting on February 9:

- The maximum bonus payable under the plan increases from \$8 million in 2004 to \$9 million in 2005 to \$10 million in 2006 through 2008.
- The threshold for exclusion of catastrophe losses is set at \$100 million.
- Realized capital gains and losses are excluded from the calculation of net income.

Mr. Cohen pointed out that the sensitivity analysis included with the committee materials shows that these changes would not have changed the amount calculated under the plan in the years since 1997 by any material amount. Mr. Hoenemeyer asked whether shareholders equity or increase in book value might be appropriate as additional measurement criteria, and the Committee determined not to include shareholders equity but to include the change in book value as consistent with measurements under the SICO plans. The Committee also requested that the plan as recommended to the Board for

approval provide that it cannot be altered or amended without shareholder approval unless the proposed alteration or amendment does not require shareholder approval under Section 162(m). After further discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Committee hereby recommends that the Board of Directors of the Corporation approve the American International Group, Inc. Chief Executive Officer Annual Compensation Plan as presented to this Committee with the changes requested in the minutes of this meeting.

Mr. Greenberg then left the meeting so that the Committee could consider payment of a bonus to him. It was noted that the Corporation had posted outstanding results for 2003 and under the plan being considered for 2004, the maximum bonus would be \$8,000,000. Members of the Committee expressed their opinions on the appropriate size of an increase beyond the \$5,000,000 which was paid for 2002. The Committee reviewed the accomplishments of the Chief Executive Officer in relation to the strategic plans and goals of the organization, and determined that payment of a bonus was appropriate. After full discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the payment to the Chief Executive Officer of a bonus for the year ended December 31, 2003 in the amount of \$6,500,000 be, and the same hereby is, approved, ratified and confirmed.

Mr. Cohen asked the Committee members to think about appropriate criteria and thresholds to be used in establishing goals under the new plan for 2004, as the

Committee would make those determinations in March.

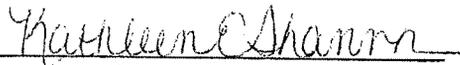
Mr. Cohen next asked Mr. Michael Wiseman of Sullivan and Cromwell to join the meeting to explain for the benefit of the Committee members his analysis on the proper characterization and disclosure of the economic interests of certain AIG officers in C.V. Starr & Co., Inc. Mr. Wiseman stated that the proper characterization of a Starr interest is that it is an investment opportunity where the individual puts his or her personal funds at risk, with a substantial risk of forfeiture. Mr. Wiseman noted that this was similar to other investment opportunities provided by AIG and other financial institutions, and should be disclosed in the Certain Transactions portion of the Proxy Statement rather than as compensation. He added that other financial institutions, such as JPMorgan Chase have provided similar disclosure and even where such firms make contributions on behalf of employees or provide leverage for their investments, the benefit received by the employee is not treated as compensation. Mr. Wiseman said that Ms. Shannon would provide a draft of the suggested Proxy Statement disclosure to Committee members shortly. He assured the Committee that the analysis and disclosure he had described is the right treatment and agreed to provide a memorandum to the Committee to that effect.

Mr. Cohen indicated that given the determination that the investment opportunity is not to be considered compensation, the responsibility for review of the transactions would not be within the purview of this Committee, but he emphasized that the information should continue to be provided to the Committee for its information each year.

A discussion ensued on the proper information to be disclosed in the Proxy Statement, and the distinctions between the Starr investment opportunity and the Starr International Company, Inc. Deferred Compensation Profit Participation Plan, which is a compensation program provided by SICO for AIG employees, were explained to the Committee members.

Mr. Cohen asked the Secretary to provide a draft of the Committee report for the Proxy Statement to the members for their review and to schedule a meeting in March to set the goals for the new CEO plan.

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

  
Secretary