

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

Held December 16, 2002

A meeting of the Stock Option and Compensation Committee of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held on December 16, 2002, at 2:30 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. Barber B. Conable, Chairman
Marshall A. Cohen
Frank J. Hoenemeyer
Richard C. Holbrooke

Also present were the Chairman, M.R. Greenberg, Director M. Bernard Aidinoff, Mr. Axel Freudmann, Senior Vice President-Human Resources, Ms. Jacqueline Shadoan - Aguanno, Senior Director - Compensation and Ms. Kathleen E. Shannon, Secretary of the Corporation.

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

Mr. Barber B. Conable, Chairman of the Committee, presided and the Secretary, Ms. Kathleen E. Shannon, recorded the minutes.

Mr. Greenberg advised the Committee that as a result of the contractual arrangements with Messrs. John Graf and Rodney Martin resulting from the acquisition of American General Corporation, they would be among the four highest paid executive officers other than himself for 2002. Mr. Greenberg also announced that Mr. Edward Matthews would retire as an employee and become a consultant to the Corporation working three days a week. Mr. Greenberg led the Committee in a discussion of the Corporation's compensation structure, including the appropriate role for options and restricted stock units. The Chairman described the deferred compensation received by AIG employees pursuant to the Starr International Company, inc. Deferred Compensation Profit Participation Plans and the benefit received by AIG as a result of these plans without expense to AIG.

The Committee then reviewed certain information on the earnings, return on equity, underwriting results and compensation of executive officers of peer companies and discussed appropriate measures of the performance of the highest paid executive officers other than the Chief Executive Officer. After full discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the bonus for 2002 performance, the 2003 base salary and the participation in the 2003-4 Supplemental Bonus Program for each of the executive officers of the Corporation as set forth in the schedule attached hereto as

Exhibit A be, and the same hereby are, approved, ratified and confirmed.

The Committee then directed that the Secretary work with appropriate advisors in preparing a draft of that portion of the Report of the Stock Option and Compensation Committee that will reflect the executive compensation actions taken at this meeting.

Mr. Greenberg provided the Committee with information on the compensation of key officers of the financial services operations of the Corporation and responded to questions. Thereafter, he left the meeting.

Mr. Freudmann next presented to the Committee management's recommendations with respect to granting of options to purchase Common Stock of the Corporation. After full discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that pursuant to the 1999 Employee Stock Option Plan, this Committee hereby grants (i) 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 B, 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 and (ii) five year cliff vesting options relating to shares of this Corporation's Common Stock to employees of this Corporation's subsidiary American General Finance Corp. in accordance with the list attached hereto as Exhibit C, noting the number of shares with respect to which options are so granted, at a price which shall be the closing price of the Common Stock on the New York Stock Exchange on this date.

Mr. Freudmann next presented management's recommendations with respect to granting of restricted stock units relating to the Corporation's Common Stock. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that pursuant to the 2002 Stock Incentive Plan, this Committee hereby grants restricted stock units relating to shares of this Corporation's Common Stock vesting December 16, 2006 to certain employees in accordance with the list attached hereto as Exhibit D, noting the number of shares with respect to which such restricted stock units are so granted.

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


Secretary