MINUTES OF THE

2008 ANNUAL MEETING OF DIRECTORS OF

AIG FINANCIAL PRODUCTS CORP.

A meeting of the Board of Directors of AIG Financial Products Corp., a Delaware corporation (the "corporation"), was held at 70 Pine Street, New York, New York on June 11, 2008.

Attendance

The following directors were present:

Steven J. Bensinger
William N. Dooley
Martin S. Feldstein (delayed arrival as noted below)
Martin J. Sullivan

being a majority of the directors of the corporation and constituting a quorum for the transaction of business. Also present were Diane Cenci, Elias Habayeb, Anastasia Kelly, William Kolbert, Robert Lewis, Pierre Micottis, Douglas Poling, William Shirley and Patricia Skigen.

By unanimous consent, Mr. Shirley served as Secretary of the meeting and kept a record of the proceedings.

Approval of Prior Board Meeting Minutes

The first order of business to come before the meeting was the approval of the minutes of the prior meeting of the directors of the corporation. The matter having been fully discussed, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the Minutes of the Meeting of Directors of the corporation held on March 12, 2008, a copy of which was distributed to each Director prior to today's meeting, are hereby ratified and approved.

Election of Officers

The next order of business to come before the meeting was the election of officers to carry on the business of the corporation. The matter having been fully discussed, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the following persons are hereby elected to the executive offices and any other offices set forth opposite their names to hold office, subject to the By-laws, until the next annual meeting of the Board of Directors of this corporation and until their respective successors are elected and qualified:

William N. Dooley	Chairman, President and Chief Executive Officer
William Kolbert	Executive Vice President and Chief Administrative Officer

William A. Shirley	Executive Vice President, General Counsel and Secretary
Diane Cenci	Chief Financial Officer and Treasurer

RESOLVED FURTHER, that the foregoing appointments of executive officers replace and supersede all existing appointments and any person who has not been re-appointed as an executive officer will cease to be an executive officer and to have the powers of such executive officer and, in particular, will have no authority or power whatsoever to bind this corporation.

RESOLVED FURTHER, that the following persons are hereby elected to the offices set forth opposite their names to hold office, subject to the By-laws and as provided below:

James Bridgwater	Executive Vice President
Jason DeSantis	Executive Vice President
Andrew Forster	Executive Vice President
Alan Frost	Executive Vice President
Mauro Gabriele	Executive Vice President
James Haas	Executive Vice President
Ilyas Kanaan	Executive Vice President
Jonathan Liebergall	Executive Vice President
Pierre Micottis	Executive Vice President
Paul Miron	Executive Vice President
Nigel Pentland	Executive Vice President
Douglas L. Poling	Executive Vice President
Martin Wayne	Executive Vice President

RESOLVED FURTHER, that the President is hereby empowered pursuant to the By-laws to appoint, remove and define the powers and duties of any Executive Vice President, Managing Director, Vice President, Assistant Vice President, Assistant Treasurer, Assistant Secretary, other employee or agent (not including any executive officer).

RESOLVED FURTHER, that each Assistant Secretary shall have all of the powers and duties of the Secretary.

Appointment of Trading Officers

The next order of business to come before the meeting was the appointment of trading officers. The matter having been fully discussed, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the following persons are hereby authorized, subject to the By-laws and as provided below, to act in the name of and on behalf of the corporation (including, without limitation, to execute and take any steps in relation to any agreement, confirmation or commitment by this corporation) (i) with respect to its origination, investment, commitment, trading, marketing and other activities involving interest rate swaps, currency swaps, credit default swaps (including swaps linked to a single reference entity or obligation or to a portfolio of reference entities or obligations), commodities swaps (including swaps linked to a single commodity, a basket of commodities, commodity indices and a basket of commodity indices) and equity-linked swaps (including swaps linked to a single equity security, a basket of equity securities and equity indices) (and options to enter into or modify such contracts), purchases and sales of foreign currencies and commodities (including purchases or sales for spot or forward delivery), transactions in debt securities, equity securities and other instruments (including purchases or sales for spot or forward delivery) issued by domestic or foreign governments, corporations, trusts, partnerships and other entities, matched book transactions (including transactions involving securities of U.S. agencies (including FNMA, FHLMC and GNMA) and repurchase and reverse repurchase agreements), securities loans, investment contracts, debt service reserve lines of credit, exchange traded futures and options, the creation and trading of over-the-counter options on swaps, government securities, currencies, commodities, debt and equity securities and securities indices and interest rates (including caps, floors, and collars), and the trading of debt securities of all kinds (including equity-linked, credit-linked and commodities-linked debt securities) and with respect to any other activity whatsoever carried on by this corporation with the approval of the President or the Chief Administrative Officer and (ii) in connection with such transactions to enter into brokerage agreements, collateral agreements and other arrangements for the purpose of obtaining and/or providing credit support for any related liabilities or to enter into arrangements for the purpose of the margining or financing of such positions, and that such actions heretofore taken by any of the following persons on behalf of the corporation are hereby ratified, approved and confirmed:

Scott Acheychek
Thomas Artarit
Thomas Athan
Laxminarian Athreya
Matthias Bouquet
Adam Budnick
Salvatore Busacca
Joseph Buthorn
Ernesto Cartiera
John Catizone
Diane Cenci
Peter Chabot
Jared Champion
David Chang
Mark Chase
Leo Chien
Laurent Chouillet
Robert D'Aquino
Jason DeSantis
Stephen Dittrich
William N. Dooley
Gary Domenico
Joseph Donovan
Kenneth Farrar
Raul J. Feliciano
Thomas Fewings
Christine Filanowski
Mark Fornasiero
Andrew Forster
Jonathan Fraade
Alan Frost
Joseph Gelsomino
Carl Giesler
Jeffrey Gladstein
Sree Kumar Gullapalli
James D. Haas
Tsutomu Hishikawa
Steven F. Homscheid
Matthew Jacobs
Todd Johnson
Felix Kaiser
Ilyas Kanaan
Arzhang Kaynama
Stephen Kelly
Sean Kemery
William Kolbert
Thomas Kushner
Jonathan Liebergall
Nathaniel Litwak
Nelson Louie
Imran Mahar
Jennifer Marlow
Mark McDivitt
Philip Meir
Eric Milhoua
Salvatore Minardi
Jeffrey Mini
Paul Miron
Benjamin Mitchell
Brendan Moynihan
Richard Neuendorff
Benjamin Patch
Nigel Pentland
Thomas Plagemann
Douglas L. Poling
Gary Portugal
Timothy Prister
Daniel Raab
Sai Raman
Ann Reed
Jean-Noel Renard
Paul Schreiner
Spencer Schubert
Rudolph Shally
Sheridan Teasel
Christian Toft
Peter Trager
Akhil Unni
Ryan Vetter
Thomas F. Ward
Martin Wayne
Naoki Yoshida

RESOLVED FURTHER, that the foregoing appointments of trading officers replace and supersede all appointments existing at the date hereof and any person who has not been re-appointed as a trading officer will cease from the date hereof to be a trading officer and to have the powers of such officers and, in particular, will, from the date hereof, have no authority or power whatsoever to bind this corporation.

RESOLVED FURTHER, that the President is hereby empowered pursuant to the By-laws to appoint, remove and define the powers and duties of any trading officer, and that all appointments and removals of such officers by the President since June 13, 2007 are hereby approved, ratified and confirmed.

Authorization of Matters Relating to Banking Arrangements

The next order of business to come before the meeting was the authorization of matters relating to bank accounts (whether for cash, securities or otherwise) and other banking arrangements of the corporation. The matter having been fully discussed, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the President, the Chief Administrative Officer or the Chief Financial Officer, together with any one of the President, the Chief Administrative Officer, the Chief Financial Officer and any Executive Vice President, be hereby authorized (i) to decide upon the appointment of any banking institutions as depositories of the funds and assets of the corporation, the opening of accounts of the corporation and the entering into of banking arrangements by the corporation with any such banking institution, the closing of any such accounts or of any existing accounts of the corporation with any banking institution and the termination of any such banking arrangements or of any existing banking arrangements of the corporation with any banking institution; (ii) to take such steps as may from time to time be required in connection with the operation of the existing bank accounts and the existing banking arrangements of the corporation, the closing of any such accounts or the termination of any such arrangements, the opening of further bank accounts of the corporation and the entering into of further banking arrangements by the corporation with any banking institution and the operation of such further bank accounts and banking arrangements and to sign such documents (including, but not limited to, account agreements, resolutions, mandates and custody agreements) as may from time to time be required in connection therewith in such form as the two signatories may approve (including, if appropriate, as if the same were resolutions of the Board of Directors); (iii) to decide upon and notify to any banking institution with which the corporation does business the authorized signatories for any bank account or other banking arrangement of the corporation now existing or to be opened or entered into hereafter (including, for the avoidance of doubt, the removal of any persons from or the addition of any persons to any list of authorized signatories) (provided that the President, the Chief Administrative Officer or the Chief Financial Officer can authorize the removal of any person from any list of authorized signatories) and to authorize any such banking institution to honor checks, bills, promissory notes and other instruments made, drawn, endorsed or executed by any such signatory and to act on any instructions relating to the accounts, banking arrangements or transactions of the corporation given by any such signatory (within any such limitations as may from time to time be decided upon by the President, the Chief Administrative Officer or the Chief Financial Officer, together with any one of the President, the Chief Administrative Officer, the Chief Financial Officer and any Executive Vice President, and notified to such banking institution).

Authorization of Matters Relating to Borrowing Transactions

The next order of business to come before the meeting was the authorization of persons empowered to enter into agreements with respect to credit facilities or financing in the ordinary course of business of the corporation. The matter having been fully discussed, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the President or the Chief Administrative Officer be hereby authorized to execute and take any steps in relation to any agreement or commitment by this corporation with respect to credit facilities, financings, issuances of debt securities or other borrowing transactions on behalf of this corporation and to delegate the foregoing authority to any trading officer or officers designated in writing by the President or Chief Administrative Officer, as the case may be.

Decrease in Number of Directors

The next order of business to come before the meeting was the proposal to decrease the number of members of the Board to four. It was noted that, prior to the meeting, M. Bernard Aidinoff and John M. Foster had informed Mr. Dooley that they would not be standing for reelection as directors, with Mr. Foster then submitting his resignation prior to the meeting. The matter having been fully discussed, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that, pursuant to Section 1 of Article III of the By-laws of the corporation, the Board is hereby decreased to four members, effective immediately, and hereafter shall consist of four members.

Update Regarding the Corporation's Super Senior Credit Derivative Portfolio

The next order of business to come before the meeting was a review of the corporation's super senior credit derivative portfolio. Mr. Micottis distributed a presentation to the Board (attached), and directed their attention to page 1 of the presentation, which showed, by reference to several ABX indices, changes in market levels since the end of the first quarter. He noted that recent remittance reports for both April and May indicated that delinquencies on subprime mortgages continue to rise, though they are doing so at a slower pace than previously. He further noted that in June the market has continued to deteriorate. Directing the Board's attention to page 2, Mr. Micottis noted that commercial mortgage-backed security index spreads have tightened since the first quarter and that these movements are strongly correlated with the equity markets. Mr. Micottis then turned to pages 3 and 4 of the presentation, explaining the price sensitivity of different portions of the corporation's multi-sector CDO credit derivative portfolio to changes in market prices; he noted that the largest sensitivities, in terms of types of underlying assets, are to subprime and certain prime and RMBS securities and that the total sensitivity of the portfolio to a one dollar change in market prices is approximately $780 million; and that the greatest sensitivity of the portfolio to price changes in different vintages is to the subprime 2004 and 2005 vintages and the RMBS Alt A 2005 vintages. Mr. Habayeb noted that these sensitivities represent potential valuation changes that, were they to occur, would have an impact on the corporation's income statement. With reference to pages 5 and 6 of the presentation, Mr. Micottis then discussed the modified BET valuation changes for the months of April and May of this year, noting that changes for the month of April were based on prices received from CDO managers and that changes for May were based on IDC prices, which were used to generate a pricing-change matrix for the month of May. In aggregate, this analysis demonstrates that, since the end of the first quarter, it is estimated that the valuation of the corporation's multi-sector CDO credit derivative portfolio has decreased by approximately $1.2 billion. Mr. Bensinger suggested that the corporation test the effectiveness of the IDC analysis employed for the month of May by applying the same methodology to the months of March and April and comparing the results with the results based on the prices provided by CDO managers.

At this point in the meeting, Mr. Feldstein arrived, and Mr. Micottis returned to pages 4, 5 and 6 of the presentation and briefly recapped the matters discussed in that regard. In response to a question from Mr. Feldstein, it was noted that PricewaterhouseCoopers has agreed with the methodology that the corporation is currently using to value the multi-sector CDO portfolio, and that they should be interested in the possibility of using the IDC estimation approach to update, before the second quarter Form 10-Q, valuations based the then most recent CDO manager prices.

Mr. Micottis then turned to the corporate arbitrage credit derivative portfolio, noting at the outset the manner in which market prices for corporate spreads have moved both in the United States and in Europe by reference to pages 7 and 8 of the presentation. He noted, with reference to page 9 of the presentation, that the largest sensitivities in this portfolio were in the seven-year maturity category and that, as indicated on pages 10 and 11 of the presentation, he estimated that there had been a net appreciation in this portfolio during the months of April and May. Mr. Micottis agreed with Mr. Bensinger's observation that since the beginning of June, corporate credit spreads had again widened significantly. Mr. Bensinger indicated that such widening may have reversed gains during the first part of the quarter.

Mr. Micottis directed the Board to page 12 of the presentation and noted that the collateral posting requirements associated with the super senior portfolio have continued to rise since the end of the quarter, reaching a total of $11.9 billion as of early June. Mr. Shirley noted that the two counterparties with which the corporation currently has significant remaining collateral valuation disputes are Goldman Sachs and UBS, noting that Goldman Sachs continues to call for approximately $6.6 billion of collateral versus the approximately $4.9 billion of collateral that the corporation has agreed to post, and that UBS has called for approximately $1.5 billion of collateral, whereas AIG-FP has been willing to post approximately $760 million. Mr. Shirley explained that there were active and ongoing discussions with UBS aimed toward resolving the dispute, but that, by contrast, in the case of Goldman there were no ongoing discussions, as Goldman had previously indicated that, though they would continue to make collateral calls at a level higher than the amount of collateral posted, they would not invoke dispute resolution mechanisms unless there were significant market moves. Mr. Dooley noted that to date UBS has refused to provide the model that they are using to produce their valuations. Mr. Micottis noted that, as reflected on page 12 of the presentation, Merrill Lynch has provided price updates on a number of transactions that they have funded or managed, reflecting prices that are down by 2.5 points on average for transactions that they funded and down by 4 points on average for transactions that they manage. Mr. Habayeb suggested that the principal conclusion to be drawn from this information is that prices continue to decline, although it appears that the declines have not been of the same magnitude as in previous periods.

Mr. Micottis then discussed six underlying CDO transactions where events of default have occurred. As reflected on page 13 of the presentation, one of these CDOs has been accelerated, and the acceleration has led to a physical settlement of the related CDS transaction between the corporation and Goldman Sachs; the CDS with Merrill Lynch in respect to the same CDO has not been called for settlement by Merrill. The description of the settlement of the Goldman CDS transaction prompted Mr. Bensinger to ask whether this meant that the corporation had suffered an economic loss because cash "went out of the door"; Mr. Habayeb responded that, though it did not result in a credit loss, it resulted in a realized loss under GAAP due to the CDS transaction being replaced by a position in the underlying CDO security. There then ensued a general discussion of the various aspects of the broader portfolio of underlying CDOs and related CDS transactions that could result in a requirement that the corporation physically settle those CDS, including a discussion of the relationship between events of default under the CDOs, accelerations of the CDOs, determinations of the existence of credit events under related CDS, and related contractual control rights.

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Ms. Cenci then turned to the subject of the corporation's remediation plan for the material weakness in respect of the valuation of the super senior portfolio. She distributed a presentation to the Board (attached) and directed their attention to page 1, noting that the material weakness was principally associated with insufficient resources to design and carry out effective controls related to these valuations, insufficient controls over, and validation of, certain third party data, and communication in regard to monitoring. Drawing the Board's attention to page 2, she noted that the corporation's initial effort in addressing the material weakness was to develop and implement a stabilization plan, in advance of full formal remediation. She noted, as reflected on page 2, that the corporation had adopted a structured approach to managing the quarterly evaluation and disclosure process, which operates throughout each quarter, that additional personnel resources were being provided both by AIG and through consultancy arrangements with Ernst & Young, and that the corporation continues its active efforts to recruit additional permanent staff and has also redeployed certain existing staff. In response to a question, Ms. Cenci confirmed that PricewaterhouseCoopers has been involved in reviewing the corporation's plans as it addresses the material weakness. Ms. Cenci also noted that as part of the stabilization effort, there had been improvements in transparency and communication and enhancements to technological and other processes related to valuations. Ms. Cenci went on to describe the broader remediation plan, which is based upon reorganization and expansion of several functions, including the formation of an accounting valuation team, the expansion of the middle office function, and the expansion of the corporation's corporate governance team. Finally, as reflected on page 4, she noted several concrete means by which communication, oversight and monitoring were expected to be improved. She noted in particular that the corporation would be seeking to hire new employees to take both senior and junior roles in the new accounting valuation team, and that four of the five Ernst & Young consultants were currently working in this area pending the arrival of permanent hires. She noted that the expansion of the middle office would relieve the asset desk and other front office personnel of some of their responsibilities related to monitoring events of default and other life cycle events for complex structured transactions such as those in the CDS portfolio, and that a former employee of MBIA had already been hired for this function.

<u>Recap of Revenues, Capital, Value at Risk, Reserves and Credit Exposures</u>

The next order of business to come before the meeting was a review of the corporation's financial condition and performance based on its Recap of Revenues, Capital, Value at Risk, Reserves and

Credit Exposures as of May 31, 2008, which had been previously circulated to the directors. Mr. Dooley drew the attention of the Board to page 3 of the Recap, noting that year-to-date revenues are down significantly from revenues for the same period last year. He noted that, in particular, the corporation's CPRD book, which had been developed in Japan over several years, has been a source of trading losses recently. Mr. Micottis described this trading book and the losses in greater detail, noting that each transaction was long-dated and that the versions of these transactions subject to calls and market-level triggers are difficult to hedge, as no static hedge is possible. He also noted that, though the corporation has rights to call these transactions, doing so in the current market environment, where the Japanese yen is strong relative to the US dollar, would be uneconomic. Mr. Kolbert noted, in connection with the overall results referenced on page 3 of the Recap, that TDG accruals were down substantially as a result of transaction unwinds that resulted, as discussed in prior meetings, from a proposed change in tax regulations that was promulgated by the IRS in 2007; he noted further that, as the corporation is not currently able to invest cash in replacement transactions, it is difficult to regenerate the revenues that had been produced by the unwound transactions. Mr. Kolbert also indicated that the corporation is suffering the economic effects of the negative carry associated with holding cash, as the return on short-term investments is less than the cost of related borrowing.

<u>Update Regarding Regulatory Matters</u>

The next order of business to come before the meeting was an update regarding certain regulatory matters.

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Review of IRS Challenge of Transactions Involving Foreign Tax Credits

The next order of business to come before the meeting was a review of the IRS challenge of certain transactions entered into by the corporation.

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The payment involved is expected to amount to approximately $675 million (including interest). Mr. Bensinger noted that any portion of the amount paid that was eventually refunded would bear interest at a statutory rate that has recently been at or above LIBOR.

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Continuation of
Update Regarding the Corporation's Super Senior Credit Derivative Portfolio

The next order of business to come before the meeting was a return to the update regarding the corporation's super senior derivatives portfolio. Mr. Micottis drew the attention of the Board to page 13 of his presentation, noting that several of the CDOs underlying the corporation's super senior portfolio had suffered events of default, with one having been accelerated resulting in physical settlement of a CDS transaction with Goldman Sachs. He further noted that the corporation maintains a watch list of transactions which indicate the potential for an event of default or other adverse action.

There then ensued a conversation regarding Project Max, with Mr. Micottis indicating that Deutsche Bank had recently indicated its intent to utilize the remaining $5.4 billion of the Project Max put facility. He noted that the corporation does not believe that Deutsche Bank's doing so would be consistent with the original business deal, but that transaction documentation does not support this position, as the availability of the facility is tied to outstanding notes not having been put to the corporation, rather than to the success of remarketing efforts generally; in the present circumstances, Deutsche Bank has itself purchased the notes when it has not been able to remarket them successfully to investors, which has thus avoided the notes being put to the corporation and the unused portion of the facility becoming unavailable as a result. Mr. Micottis then described to the Board a restructuring of the transaction that is under discussion with Deutsche Bank, which would involve the corporation taking a fully-funded position in the underlying notes, with financing provided by Deutsche Bank for the same period of time as Deutsche Bank is currently committed to financing any notes that are put to the corporation.

Mr. Micottis then described to the Board how two transactions that had previously been classified as regulatory capital transactions had been reclassified recently as part of the arbitrage book; this resulted from discussions with counterparties suggesting that the their motivation for maintaining the transactions may now go beyond regulatory capital relief. On the subject of regulatory capital trades more generally, Mr. Micottis noted that counterparties continue to put such trades back to the corporation, though at a somewhat slower pace than earlier in the year; this appears to represent a seasonal effect, and the corporation expects the pace of termination notices to pick up again in the future.

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

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Secretary of the Meeting