

November 29, 2007

American International Group

Dear _____:

Boston Common Asset Management, LLC (Boston Common), an asset manager serving investors concerned about the social and environmental impact as well as financial return of their investments Please include the enclosed proposal in the Proxy Statement and Form of Proxy relating to the 2008 Annual Meeting of the stockholders of American International Group.

Recent news coverage has raised our interest about the level of political spending, direct and indirect, engaged in by companies in which we invest. Many are involved directly through political contributions they make with corporate funds (popularly known as soft money) and indirectly through payments they make to trade associations and other tax exempt organizations that are used for political purposes. Current law does not require companies to disclose their direct or indirect political expenditures. We have also been greatly troubled by press accounts of Washington lobbying and political activities and the threat negative media attention can pose to shareholder value.

We are particularly concerned about allegations that were raised in 2006 about American International Group (AIG) trying to use their subsidiaries to evade caps on corporation donations allowed in the New York State fall 2006 elections. AIG was able to give up to 20 times the limit allowed by enlisting its subsidiaries to donate. Common Cause, a group that analyzed campaign finance data for the 2006 elections, cited that there was a common AIG bank account used for all the donations and that the checks were sequentially numbered.

Studies released and a survey commissioned by the Center for Political Accountability, a public interest advocacy group, highlight the legal and reputational risks that company-funded political activity creates for shareholder value. The risks include:

- Illegal soft money contributions that could lead to costly legal action.
- Direct and indirect company political spending used for unintended purposes that can cause public relations repercussions.
- Company political contributions or payments made to trade associations and other tax-exempt organizations inadvertently ending up with groups and candidates

whose positions conflict with the corporate donor's publicly stated policies and guidelines, potentially damaging a company's reputation.

In response to these risks, a growing number of institutional investors have been urging companies to adopt political disclosure and accountability. These actions seek information to assess the level and types of such contributions and payments to trade associations and other tax-exempt organizations used for political purposes and to help them evaluate the risks that political spending poses to companies.

We write to urge American International Group to adopt greater political disclosure and accountability. Doing so would be demonstrative of good corporate governance, is relatively straightforward to put into practice, and would show management's commitment to protecting the company's reputation and shareholder value. A growing number of companies are updating their websites to include information on political spending after encouragement from investors.

Specifically, we are writing to urge you to:

- Develop and put in place policies or guidelines for the company to follow on direct and indirect political spending with corporate funds, including payments to trade associations and other tax-exempt organizations used for political purposes, and Board-level oversight.
- Disclose the policies or guidelines on the company website, along with the political contributions made with corporate funds (popularly known as soft money) and company payments to trade associations and other tax exempt organizations that are used for political purposes.

A [model code of conduct on corporate political spending](#) and accountability developed by the Center for Political Accountability may be helpful for framing your company's policies.

As a shareholder in American International Group, we hope that you will join other leading companies, such as Pfizer, Aetna, American Electric Power, General Dynamics and General Electric, that have agreed to require board-level oversight of political spending and to disclose their soft money contributions and trade association spending in reports for investors. Shareholder resolutions calling for these actions were voted on at more than 50 companies in the 2007 proxy season.

Therefore, we are submitting the enclosed shareholder proposal for inclusion in the 2008 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 (the "Act"). Boston Common Asset Management is filing this resolution on behalf of its clients and is the beneficial owner, as defined in Rule 13d-3 of the Act, of the 71,758 shares. Boston Common has held at least \$2,000 in market value of these securities for more than one year as of the filing date and will continue to hold at least the requisite number of shares for proxy resolutions through the stockholders' meeting. Verification of ownership will be provided upon request. Boston

Common is sponsoring this resolution as the primary filer. A representative of the filers will attend the stockholders' meeting to move the resolution as required.

We look forward to hearing about the steps that you plan on taking to enhance political transparency and accountability.

Please don't hesitate to contact me with any questions at lcompere@bostoncommonasset.com or (617) 720-5557.

Sincerely,

Lauren Compere
Director of Shareholder Advocacy

Resolved, that the shareholders of American International Group (“Company”) hereby request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:
 - a. An accounting of the Company’s funds that are used for political contributions or expenditures as described above;
 - b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and
 - c. The internal guidelines or policies, if any, governing the Company’s political contributions and expenditures.

The report shall be presented to the board of directors’ audit committee or other relevant oversight committee and posted on the company’s website to reduce costs to shareholders.

Stockholder Supporting Statement

As long-term shareholders of American International Group, we support transparency and accountability in corporate spending on political activities. These activities include direct and indirect political contributions to candidates, political parties or political organizations; independent expenditures; or electioneering communications on behalf of a federal, state or local candidate.

Disclosure is consistent with public policy, in the best interest of the company and its shareholders, and critical for compliance with recent federal ethics legislation. Absent a system of accountability, company assets can be used for policy objectives that may be inimical to the long-term interests of and may pose risks to the company and its shareholders.

American International Group contributed at least \$3.3 million in corporate funds since the 2002 election cycle. (CQ’s PoliticalMoneyLine: <http://moneyline.cq.com/pml/home.do> and National Institute on Money in State Politics: <http://www.followthemoney.org/index.phtml>.)

However, relying on publicly available data does not provide a complete picture of the Company’s political expenditures. For example, the Company’s payments to trade associations used for political activities are undisclosed and unknown. In many cases, even management does not know how trade associations use their company’s money politically. The proposal asks the Company to disclose all of its political contributions, including payments to trade associations and other tax exempt organizations. This would bring our Company in line with a growing number of leading companies, including Pfizer, Aetna and American Electric Power that support political disclosure and accountability and present this information on their websites.

The Company’s Board and its shareholders need complete disclosure to be able to fully evaluate the political use of corporate assets. Thus, we urge your support for this critical governance reform.