

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 30, 1998

REGISTRATION STATEMENT NO.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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 FORM S-8  
 REGISTRATION STATEMENT  
 UNDER THE  
 SECURITIES ACT OF 1933  
 -----

AMERICAN INTERNATIONAL GROUP, INC.  
 (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
 (STATE OR OTHER JURISDICTION OF  
 INCORPORATION OR ORGANIZATION)

13-2592361  
 (I.R.S. EMPLOYER  
 IDENTIFICATION NO.)

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 70 PINE STREET, NEW YORK, NEW YORK 10270  
 (ADDRESS, INCLUDING ZIP CODE, OF PRINCIPAL EXECUTIVE OFFICES)

1998 AIG UNITED KINGDOM SHARES/SAVE PLAN  
 1998 AIG IRELAND SHARES/SAVE PLAN  
 (FULL TITLE OF THE PLANS)

KATHLEEN E. SHANNON  
 VICE PRESIDENT  
 70 PINE STREET  
 NEW YORK, NEW YORK 10270  
 (212) 770-7000  
 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,  
 INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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 CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$2.50 par value.....	100,000 shares	\$134.22	\$13,422,000	\$3,960

- This registration statement also relates to an indeterminate number of additional shares of Common Stock that may be issued pursuant to anti-dilution and adjustment provisions of the above-referenced plans.
- Estimated solely for purposes of calculating the registration fee. Such estimate has been computed in accordance with Rule 457(h) and is based upon the average of the high and low sales prices of the Common Stock of American International Group, Inc. on June 23, 1998 as reported on the New York Stock Exchange Composite Tape.

## PART I

## INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

All information required by Part I to be contained in the prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act.

## PART II

## INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

## ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents have been filed by AIG with the Commission (File No. 1-8787) and are incorporated herein by reference:

(1) AIG's Annual Report on Form 10-K for the year ended December 31, 1997;

(2) AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998;

(3) AIG's Current Report on Form 8-K, dated February 10, 1998; and

(4) The description of Common Stock contained in the Registration Statement on Form 8-A, dated September 20, 1984, filed pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

All documents filed by AIG pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold, or which deregisters all such securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

## ITEM 4. DESCRIPTION OF SECURITIES

The Common Stock is registered under Section 12(b) of the Exchange Act.

## ITEM 5. INTEREST OF NAMED EXPERTS AND COUNSEL

The consolidated financial statements of AIG and its subsidiaries and the related financial statement schedules of AIG included in its most recent Annual Report on Form 10-K, incorporated herein by reference, are so incorporated in reliance upon the reports of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

This Registration Statement relates only to previously issued shares of Common Stock. As a result, no opinion with respect to the validity of the shares of Common Stock registered hereunder is required.

## ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Restated Certificate of Incorporation of the Company (the "Certificate") provides that the Company shall indemnify to the full extent permitted by law any person made, or threatened to be made, a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the Company or serves or served any other

enterprise at the request of the Company. Section 6.4 of the Company's By-laws contains a similar provision.

The Certificate also provides that a director will not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that such an exemption from liability or limitation thereof is not permitted by the Delaware General Corporation Law (the "GCL").

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Section 145 of the GCL permits indemnification against expenses, fines, judgments and settlements incurred by any director, officer or employee of the registrant in the event of pending or threatened civil, criminal, administrative or investigative proceedings, if such person was, or was threatened to be made, a party by reason of the fact that he is or was a director, officer or employee of the Company. Section 145 also provides that the indemnification provided for therein shall not be deemed exclusive of any other rights to which those seeking indemnification may otherwise be entitled. In addition, the registrant and its subsidiaries maintain a directors' and officers' liability insurance policy.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not applicable.

ITEM 8. EXHIBITS

The exhibits are listed in the exhibit index.

ITEM 9. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona

fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any

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action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York, on the 30th day of June, 1998.

AMERICAN INTERNATIONAL GROUP, INC.

By /s/ M. R. GREENBERG

(M. R. Greenberg, Chairman)

KNOW ALL MEN BY THESE PRESENTS: that each person whose signature appears below constitutes and appoints M.R. Greenberg, Edward E. Matthews and Howard I. Smith, and each of them, as true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection herewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ M.R. GREENBERG ----- (M. R. Greenberg)	Chairman, Chief Executive Officer, and Director (Principal Executive Officer)	June 30, 1998
/s/ HOWARD I. SMITH ----- (Howard I. Smith)	Executive Vice President and Director (Principal Financial and Accounting Officer)	June 30, 1998
/s/ M. BERNARD AIDINOFF -----	Director	June 30, 1998

(M. Bernard Aidinoff)

Director

-----  
(Lloyd M. Bentsen)

/s/ PEI-YUAN CHIA

Director

June 30, 1998

-----  
(Pei-yuan Chia)

Director

-----  
(Marshall A. Cohen)

/s/ BARBER B. CONABLE, JR.

Director

June 30, 1998

-----  
(Barber B. Conable, Jr.)

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SIGNATURE

TITLE

DATE

-----  
/s/ MARTIN S. FELDSTEIN

Director

June 30, 1998

-----  
(Martin S. Feldstein)

Director

-----  
(Leslie L. Gonda)

/s/ EVAN G. GREENBERG

Director

June 30, 1998

-----  
(Evan G. Greenberg)

Director

-----  
(Carla A. Hills)

Director

-----  
(Frank J. Hoenemeyer)

/s/ EDWARD E. MATTHEWS

Director

June 30, 1998

-----  
(Edward E. Matthews)

Director

-----  
(Dean P. Phypers)

/s/ THOMAS R. TIZZIO

Director

June 30, 1998

-----  
(Thomas R. Tizzio)

Director

-----  
(Edmund S.W. Tse)

/s/ FRANK G. WISNER

Director

June 30, 1998

-----  
(Frank G. Wisner)

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EXHIBIT INDEX

EXHIBIT

NUMBER	DESCRIPTION	LOCATION
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4	(a) The Registrant's 1998 AIG United Kingdom Sharesave Plan.....	Filed as exhibit hereto.
	(b) The Registrant's 1998 AIG Ireland Sharesave Plan.....	Filed as exhibit hereto.
5	Opinion re validity.....	Not applicable.
15	Letter re unaudited interim financial information.....	None.
23	Consents of experts and counsel	
	(a) Coopers & Lybrand L.L.P.....	Filed as exhibit hereto.
24	Power of Attorney.....	Included in signature pages.

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 Rules of the  
 AIG United Kingdom  
 Sharesave Plan  
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June 1998

Rules of the AIG United Kingdom  
 Sharesave Plan

1 DEFINITIONS

In these Rules:

1.1 the following words and expressions have the following meanings:

- "Act" the Income and Corporation Taxes Act 1988;
- "Associated Company" an associated company of the Company within the meaning of Section 187(2) of the Act;
- "Auditors" the auditors nominated by the Directors for the purposes of the Plan;
- "Bonus Date" the date on which a bonus becomes payable under the relevant Savings Contract after payment of 36 Savings Contributions;
- "Business Day" any day on which Shares may be dealt in on the New York Stock Exchange;
- "Committee" a duly authorised committee appointed by the Directors with the first members of the UK Share Plans Committee currently intended to be Howard I. Smith, Nicholas C. Walsh, David Healey and Brian McLoughlin;
- "Company" American International Group, Inc.;
- "Contractual Savings Scheme" the arrangement specified for the time being by the Committee under which Savings Contributions are made by a Participant in accordance with the Plan, such arrangement being a certified contractual savings scheme within the meaning of Section 326 of the Act which has been approved by the Commissioners of Inland Revenue for the purposes of Schedule 9 to the Act;
- "Control" the meaning given to that expression in Section 840 of the Act;
- "Date of Exercise" the meaning given to that expression in Rule 5.2
- "Date of Grant" the date on which the Committee grants an Option in accordance with the terms of Rule 2;

"Date of Invitation"	the date on which any notice is given pursuant to Rule 2.1;
"Directors"	The board of directors for the time being of the Company or the Executive Committee thereof;
"Eligible Employee"	any person (including a full-time director) who at any Date of Invitation is in the employment of any Participating Company and who is then chargeable to tax in respect of such employment under Case 1 of Schedule E and who has been in the employment of any company within the Group (or any company which becomes a company within the Group) for a continuous period of not less than one year; or such other person in the employment of a Participating Company as the Committee with the agreement of the Secretary or Assistant Secretary of the Company may decide. For the purposes of this paragraph "full-time" shall mean having a normal contractual working week of 25 hours or more, excluding meal breaks;
"Employment"	employment with the Company and/or any company under the Control of the Company or any Associated Company or with any Jointly-owned Company and "ceasing to be in Employment" shall be construed as ceasing to be employed by all such companies;
"Exchange Rate"	the actual rate of exchange prevailing on conversion at the Date of Exercise of a Participant's payment for the exercise an Option from Pounds Sterling to US Dollars;
"Exercise Notice"	the meaning given to that expression in Rule 4.3;
"Group"	the Company and all its Subsidiaries and Jointly-owned Companies;
"Jointly-owned Company"	(a) a company which is not under the Control of any single person; and  (b) under the Control of two persons between them one of such persons being the Company; and

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- (c) not a participating company in any other company's group scheme (as those terms are defined in paragraph 1 of Schedule 9 to the Act)

and any other company which is under the Control of a company which meets the conditions in paragraphs (a), (b) and (c) above and is not itself a participating company in any other company's group scheme (as those terms are defined in paragraph 1 of Schedule 9 to the Act);



"Minimum Savings Contribution" (pounds)10 or such other amount specified by the Committee from time to time, which shall be no greater than the amount for the time being specified by paragraph 24(2)(b) of Schedule 9 to the Act and no lower than the minimum Savings Contribution permitted by the relevant Contractual Savings Scheme;

"Option" the right granted or to be granted on any particular Date of Grant to acquire Shares in accordance with the Rules;

"Option Certificate" a certificate evidencing an Option as referred to in Rule 2.6;

"Option Price" the price in US Dollars for the acquisition of a Share comprised in any Option which shall be determined by the Committee and shall (subject to the provisions of Rules 6 and 7.3) be not less than an amount equal to 85 per cent of the closing sale price of a Share as derived from the New York Stock Exchange on the Business Day last preceding the relevant Date of Invitation;

"Participant" any person (including, where the context permits, the legal personal representatives of such a person) who holds an Option;

"Participating Company" the Company and any other company within the Group which the Committee has determined shall be a Participating Company for the purposes of the Plan provided that any Jointly-owned Company which ceases to be a Jointly-owned Company and which does not then become a Subsidiary shall cease to be a Participating Company;

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"Plan" this Plan, being the AIG United Kingdom Sharesave Plan as adopted by the Executive Committee of the board of directors of the Company on ( ) June 1998 and as amended from time to time;

"Record Date" in relation to any particular payment of dividend or other right attaching to Shares the date on which any shareholder must duly appear in the books of the Company as such in order to be entitled to such dividend or other right;

"Redundancy" redundancy within the meaning of the Employment Rights Act 1996;

"Retirement" retirement on reaching age 65 or any other age at which a Participant is bound to retire in accordance with the terms of his contract of employment;

"Rules" these rules together with any amendment thereto effected in accordance with Rule 9;

"Savings Contract" a savings contract entered into under a Contractual Savings Scheme;

"Savings Contract Repayment" in respect of a Savings Contract an amount in US Dollars at the relevant Exchange Rate of the repayment of a person's Savings Contributions plus any bonus or, if the Option is exercised before the Bonus Date, any interest;

"Savings Contribution" the amount payable per month by a Participant by way of contributions under a Savings Contract in respect of any Option which amount shall normally be paid by means of periodic deductions from the Participant's remuneration by his employer and shall be an integral multiple of (pounds)1 and shall be not less than the Minimum Savings Contribution;

"Share" a share in the common stock of the Company which complies with the provisions of paragraphs 10 to 14 of Schedule 9 to the Act;

"Subsidiary" a company which is both under the Control of the Company and a subsidiary of the Company within the meaning of Section 736 of the Companies Act 1985;

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"Withdrawal Notice" the meaning given to that expression by Rule 4.3.

1.2 Where the context so admits

1.2.1 words importing the singular shall include the plural and vice versa and words importing the masculine shall include the feminine;

1.2.2 any reference to a statute (or a particular Chapter, Part or Section thereof) shall mean and include any statutory modification or re-enactment thereof for the time being in force and any regulations made thereunder; and

1.2.3 at any time at which US Dollar equivalents fail to be determined under Rule 3, the exchange rate shall be the average Pound Sterling for US Dollar spot rate quoted by such bank as the Committee shall nominate for the purposes of the Plan at 11 a.m. on such date.

2 OFFER AND GRANT OF OPTIONS

2.1 At such time as the Committee shall in its absolute discretion determine following the date of approval of the Plan by the Commissioners of Inland Revenue, but normally on the 1st of January, April, July and October in each year, it may, subject to the limit specified in Rule 3.1, give notice to each Eligible Employee on similar terms that he is invited to apply for an Option and such notice shall specify:

2.1.1 the Option Price;

2.1.2 the period, being not less than fourteen days nor more than twenty-one days from the Date of Invitation during which he may apply for an Option in accordance with Rule 2.2;

2.1.3 the Minimum Savings Contribution in respect of the offer;

2.1.4 the maximum aggregate Savings Contribution permitted under Rule 3.2; and

2.1.5 the maximum Savings Contribution in respect of the offer permitted under Rule 3.3.

2.2 Subject to Rule 2.7, following any notice to an Eligible Employee by the Committee pursuant to Rule 2.1, he may apply for an Option by completing and returning an application in such form (not inconsistent with the provisions of the Plan) as the Committee may from time to time determine. Such form shall specify the Savings Contribution which he wishes to pay and authorise the deduction of the Savings Contribution from his remuneration. It must be accompanied by a signed form of application concerning his entry into a Savings Contract, such form to be in terms acceptable to the body administering the Contractual Savings Scheme.

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2.3 Within thirty days following the Business Day referred to in the definition of Option Price in Rule 1.1 the Committee shall, in respect of each Eligible Employee who has made a valid application and who remains in the employment of any Participating Company, grant an Option stated to be over the number of Shares the aggregate of the Option Prices of which is as nearly as possible equal to, but not in excess of, the Savings Contract Repayment.

2.4 Notwithstanding any provision of any other of these Rules whatsoever:

2.4.1 the Plan shall not form part of any contract of employment between the Company, a Subsidiary or any Associated Company and any Participant and it shall not confer on any Participant any legal or equitable rights (other than those constituted by the Options themselves) whatsoever against the Company, a Subsidiary or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, a Subsidiary or any Associated Company;

2.4.2 the benefits to the Participants under the Plan shall not form part of their wages or remuneration or count as pay or remuneration for pension or other purposes;

2.4.3 the Grant of Options to a Participant is a matter entirely separate from any pension right or entitlement he may have and from his terms and conditions of employment and participation in the Plan shall in no respect whatever affect his pension rights or entitlements or terms or conditions of employment and in particular (but without limiting the generality of the foregoing) any Participant who ceases to be an employee of any Company in the Group shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Plan which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise howsoever and notwithstanding that he may have been dismissed wrongfully or unfairly (within the meaning of the Employment Rights Act 1996).

2.5 An Option shall be personal to the Participant and shall not be assignable and any purported assignment, transfer, charge, disposal or dealing with the rights or interests of the Participant under the Plan shall render the Option void. However, on the death of a Participant, an Option shall be capable of being exercised by his legal personal representatives in accordance with the provisions of Rule 4.

2.6 As soon as is practicable upon the grant of an Option to a person pursuant to Rule 2.3 the Committee shall issue to the said person an Option Certificate evidencing such Option. The Option Certificate shall specify the estimated number of Shares comprised in the Option based on current exchange rates, the Date of Grant and the Option Price in respect of each such Share and shall be otherwise in such form (not inconsistent with the provisions of the Plan) as the Committee may from time to time determine. If any such certificate shall be worn out, defaced, destroyed or lost, it may

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be renewed on such evidence being provided and on such terms as the Committee may reasonably require.

- 2.7 No Option shall be granted to any person unless he is an employee of a Participating Company on the Date of Grant or if such person is ineligible to participate in the Plan by virtue of the provisions of paragraph 8 of Schedule 9 to the Act.

### 3 OVERALL PLAN AND INDIVIDUAL PARTICIPATION LIMITS

The Plan will be subject to the following participation limits:

- 3.1 the maximum number of Shares which may be made available for the Plan and the AIG Ireland Sharesave Plan is 100,000 (or such greater number as the Directors may determine) provided that this limit shall only be applied on the issue of an invitation pursuant to Rule 2.1 and aggregate Shares which have been issued or transferred on the exercise of Options together with an estimate based on current exchange rates of the Shares subject to subsisting Options and Shares which are likely to be applied for in respect of the proposed invitation;
- 3.2 the aggregate of the Savings Contributions being made at any time by a Participant under the Plan (and any contributions then being made under certified contractual savings schemes linked to any other savings-related scheme or schemes approved under Schedule 9 to the Act) shall not exceed (pounds)250 per month (or such other amount as the Committee may determine as may be permitted pursuant to paragraph 24 of Schedule 9 to the Act); and
- 3.3 the aggregate of the Savings Contributions which an Eligible Employee may apply to make in a year under the Plan shall not exceed
- 3.3.1 ten per cent of his basic rate of pay at the Date of Invitation; or
- 3.3.2 when aggregated with one-third of the bonus payable at the Bonus Date, the Pounds Sterling equivalent of US \$10,000 as at the Business Day applicable for determining the Option Price (or such other limit as the Directors may determine), provided that any existing Savings Contributions will not thereby be reduced.

### 4 EXERCISE AND LAPSE OF OPTIONS

- 4.1 An Option shall be capable of being exercised in whole or in part following the earliest of:

4.1.1 the Bonus Date if the Participant is an employee or director of a Participating Company;

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4.1.2 the Bonus Date if the Participant is an employee or director of a company which is not a Participating Company but which is an Associated Company or a company of which the Company has Control;

4.1.3 the death of the Participant;

4.1.4 the Participant ceasing to be in Employment by reason of his Retirement, injury, disability or Redundancy;

4.1.5 the Participant ceasing to be in Employment more than three years from its Date of Grant by reason of retirement on receipt of a pension under any pension scheme of which he is a member in respect of his Employment;

4.1.6 the Participant ceasing to be in Employment by reason that his Employment is in a company of which the Company ceases to have Control, or it relates to a business or part of a business which is transferred to a person who is neither an Associated Company of the Company nor a company of which the Company has Control;

4.1.7 the Participant reaching age 65 and continuing to be in Employment in which case the right to exercise an Option under this sub-paragraph is available for a period of six months following attainment of such age provided that if he does not exercise such Option within the said period of six months he will nevertheless be able to exercise the Option on the next earliest event covered by this Rule 4.1;

4.1.8 the date on which an Option becomes exercisable pursuant to Rule 7 or Rule 8;

provided that

(I) no Option shall be capable of being exercised other than at a time when the Participant is in Employment except in the circumstances described in Rules 4.1.3, 4.1.4, 4.1.5 and 4.1.6; and

(II) no Option shall be capable of being exercised at a time when paragraph 8 of Schedule 9 to the Act would disqualify the Participant from being granted an Option, nor by the personal representatives of a Participant who was so precluded at the date of his death.

4.2 In no event shall an Option be capable of being exercised in respect of a number of Shares the aggregate Option Prices of which exceed the repayment made (including any bonus or interest but excluding the repayment of any contributions the due date for payment of which falls more than one month after the date on which repayment is made) to the Participant under the related Savings Contract.

4.3 An Option shall lapse to the extent that it has not been exercised by the earliest of:

4.3.1 the expiry of six months from the Bonus Date except where the death of the Participant occurs before the expiry of such period;

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4.3.2 if the Participant dies before the Bonus Date, the expiry of twelve months from the date of death of the Participant;

4.3.3 the expiry of twelve months from the Bonus Date where the death of the Participant occurs within six months after the Bonus Date;

4.3.4 the expiry of six months from the date on which the Participant ceased to be in Employment in the circumstances described in Rules 4.1.4, 4.1.5 or 4.1.6, except where the death of the Participant occurs before the expiry of such period;

4.3.5 the date on which the Participant ceases to be in Employment for any reason other than death or any of the circumstances referred to Rule 4.1.4, 4.1.5 or 4.1.6;

4.3.6 the Participant's right to continue making the related Savings Contributions lapsing in respect of an Option in accordance with the provisions of the Contractual Savings Scheme before the Participant has made all the Savings Contributions required by the Contractual Savings Scheme unless such Option has already become exercisable under the provisions of this Rule;

4.3.7 the receipt by the body administering the Contractual Savings Scheme of a Withdrawal Notice in respect of the Savings Contract relative to such Option provided that such Option is not then capable of being exercised; and

4.3.8 the date on which an Option lapses pursuant to Rule 7 or Rule 8.

The Participant may direct at any time by notice (referred to as a "Withdrawal Notice") given in writing in a form acceptable to the body administering the Contractual Savings Scheme that he wishes such repayment as is then due to him to be made under the Savings Contract relative to any Option and in addition, if such notice is given in respect of the

Savings Contract relative to any Option which the Participant then wishes to exercise in whole or in part, notice to that effect shall be given to the Company in such form as the Committee may prescribe (referred to as an "Exercise Notice").

## 5 MANNER OF EXERCISE OF OPTIONS

5.1 In order to exercise an Option the Participant shall give to the Committee (or its nominated agent) an Exercise Notice stating that the Option is to be exercised on the Date of Exercise in respect of that number of Shares the aggregate Option Prices of which are as nearly as possible equal to, but not in excess of, the US Dollar equivalent at the relevant Exchange Rate of the Sterling amount specified in the Exercise Notice which must be equal to or less than the repayment due under the related Savings Contract that he wishes to be applied in respect of the exercise of the Option. Such Exercise Notice shall be accompanied by payment (or an authority to obtain such payment from the body administering the Savings Contract) in full of the Sterling amount specified. It shall be the responsibility of the Participant to obtain any

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exchange control consents or other authorities required to enable him to exercise his Option and receive the Shares to be transferred or issued in respect thereof.

5.2 The Date of Exercise shall be the fifteenth day of the calendar month following the month in which the Committee receives the Exercise Notice, Option Certificate and Sterling proceeds of repayment under the Savings Contract specified in the Exercise Notice (provided that if such day is not a working day in the United Kingdom the next working day) or, if earlier, the last day of any period referred to in Rule 4.3.

5.3 Subject to such consents or other required action of any competent authority under regulations or enactments for the time being in force as may be necessary, within thirty days after the Date of Exercise the Company shall arrange for the transfer or issue of the appropriate number of shares and the transferee or allottee shall be entered in the books of the Company in respect of these Shares. The said Shares shall rank in full for all dividends and other rights to which a right arises by reference to a Record Date falling on or after the date on which the transferee or allottee is entered in the books of the Company and shall in all other respects rank pari passu with the other issued Shares of the same class and shall be acquired subject to the Company's By-laws.

5.4 Where an Option is exercised in part, it shall lapse to the extent of the unexercised balance.

5.5 The Company shall ensure that sufficient Shares are always available to satisfy in full all outstanding Options.

## 6 VARIATION OF SHARE CAPITAL

In the event of any variation of share capital, capitalisation or rights issue or rights offer or any consolidation, sub-division or reduction of capital or other issue or reorganisation by the Company, the limit specified in Rule 3.1, the number of Shares subject to any Option and the Option Price for each of those Shares shall be adjusted in such manner as the Auditors shall confirm in writing to be, in their opinion fair and reasonable (except in the case of a capitalisation issue) provided that:

6.1 the aggregate amount payable on the exercise of an Option in full is neither materially changed nor increased beyond the expected repayment under the Savings Contract at the Bonus Date;

6.2 no adjustment shall be made without the prior approval of the Commissioners of Inland Revenue; and

6.3 following the adjustment the Shares continue to satisfy the conditions specified in paragraphs 10 to 14 inclusive of Schedule 9 to the Act.

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## 7 TAKEOVER OR RECONSTRUCTION

7.1 If any person obtains Control of the Company as a result of making

7.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or

7.1.2 a general offer to acquire all the shares in the Company which are of the same class as the Shares over which Options have been granted

then, subject to Rule 4.3, a Participant will be entitled to exercise his Option within six months following the later of the date on which Control of the Company passes and the date on which the offer becomes unconditional.

7.2 If any person becomes bound or entitled to acquire shares in the Company under the Delaware company law equivalent of Sections 428 to 430F of the Companies Act 1985 then, subject to Rule 4.3, a Participant will be entitled to exercise his Option at any time when that person remains so bound or entitled, on the expiry of which period all outstanding Options shall lapse.

7.3 If as a result of the event specified in Rule 7.1 any company (the "Acquiring Company") has obtained Control of the Company or has become bound or entitled as mentioned in Rule 7.2, a Participant may, with the agreement of the Acquiring Company and during the appropriate period as defined in paragraph 15(2) of Schedule 9 to the Act, release all or part of his rights under the Plan (the "Old Rights") in consideration of the grant to him of rights (the "New Rights") which satisfy the conditions of paragraph 15(3) of the said Schedule, and the New Rights shall be deemed to have been granted at the time when the Old Rights were granted.

7.4 In the application of the Rules to the New Rights, the term "Company" in Rules 4, 5, 6, 7, 8 and 9.6 shall be taken as referring to the company over whose share capital the New Rights are granted, and the other expressions which are defined in Rule 1 hereof and occur in those Rules shall be interpreted as though the word "Company" were so defined.

7.5 For the purposes of this Rule 7 (other than Rule 7.3) a person shall be deemed to have obtained Control of a company if he and others acting in concert with him have together obtained Control of it.

7.6 The exercise of an Option pursuant to the preceding provisions of this Rule shall be subject to the provisions of Rule 5 above.

7.7 The Committee shall use reasonable endeavours to notify any Participant forthwith of any event of which they have actual notice arising pursuant to this Rule which concerns any Option held by him for the time being.

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## 8 VOLUNTARY WINDING UP

If the Delaware company law equivalent of a resolution for the voluntary winding up of the Company shall be passed the Committee shall give notice thereof to all Participants and thereupon each Participant shall (subject to Rule 4.3), forthwith and until the expiry of six months from the date on which such resolution was passed, be entitled to exercise any Option then held by him in the manner provided in Rule 5 at the expiry of which period all unexercised Options shall lapse.

## 9 AMENDMENT AND ADMINISTRATION

9.1 The Plan may be amended by resolution of the Directors provided that no amendment shall:

- 9.1.1 operate to his disadvantage any rights already acquired by a Participant under the Plan without his consent;
- 9.1.2 have effect until it has been approved by the Commissioners of Inland Revenue.
- 9.2 Notwithstanding Rule 9.1.1 but subject to Rule 9.1.2, the Directors may by resolution amend the Plan in any way but only to the extent necessary or desirable to secure or maintain the approval of the Plan by the Commissioners of Inland Revenue under Schedule 9 to the Act.
- 9.3 Subject as herein otherwise expressly provided the Directors' and the Committee's decision on any matter concerning the Plan shall be final and binding.
- 9.4 The costs of the operation of the Plan shall be borne by the Company.
- 9.5 The Plan and Options granted under it shall be governed by and construed in accordance with English Law (except where otherwise stated) and all disputes shall be referred for resolution to the courts of England.
- 9.6 In any matter in which they are required to act hereunder the Auditors shall be deemed to be acting as experts and not as arbitrators and the Arbitration Acts 1950-1979 shall not apply hereto.
- 9.7 All notices under the Plan shall be in writing and, if to the Company, shall be either delivered in person to the Company Secretary or sent to the Company's registered office for the time being (or to such other address as the Committee may from time to time specify) and, if to a Participant, shall be delivered personally to him at his place of work or sent by first-class post to the Participant at the address which he shall give in writing to the Company for this purpose, or, failing any such address, his last known place of abode. All notices to the Company, however sent, shall be deemed to be served only upon actual receipt thereof by the Company Secretary or (as the case may be) at the appropriate address as determined above. Notices to the Participant shall, if delivered personally to him at his place of work, be deemed to be served upon such delivery and, if sent by first-class post to the appropriate address as determined above, shall be deemed to be served forty-eight hours after the posting to such address

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of a properly addressed and prepaid envelope containing such notice.

#### 10 TERMINATION

The Directors may at any time resolve that no further offers of participation shall be made under the Plan but in such event the subsisting rights of Participants will not thereby be affected.

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 RULES OF THE  
 AIG IRELAND  
 SHARES/SAVE PLAN  
 -----

February 1998

RULES OF THE  
 AIG IRELAND SHARES/SAVE PLAN

1 DEFINITIONS

In these Rules:

1.1 The following words and expressions have the following meanings:

- "Act" Taxes Consolidation Act, 1997 of the Republic of Ireland;
- "Associated Company" any company which is an associated company of the Company within the meaning that the expression bears in Section 432 of the Act;
- "Auditors" the auditors nominated by the Directors for the purposes of the Plan;
- "Available Shares" in respect of any Date of Invitation such number of the Shares as the Committee may determine as being available for the grant of Options;
- "Business Day" any day on which Shares may be dealt in on the New York Stock Exchange;
- "Committee" a duly authorised committee appointed by the Directors with the first members of the Ireland Share Plans Committee currently intended to be Howard J. Smith, Sean Hehir, David Kent, Brian McLoughlin, Niall Summerville and Michael Mongan;
- "Company" American International Group, Inc.;
- "Contractual Savings Scheme" a scheme for regular monthly saving over three years being an Instalment Savings Agreement authorised under Section 53 of the Finance Act 1970 of the Republic of Ireland ("ISA") continuing by automatic annual renewal and/or such other arrangement as may be approved by the Committee;
- "Control" the meaning given to that expression in

Section 11 of the Act;

"Date of Grant" the date on which the Committee grants an Option in accordance with the terms of Rule 2;

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"Date of Invitation" the date on which any notice is given pursuant to Rule 2.1;

"Directors" The board of directors for the time being of the Company or the Executive Committee thereof;

"Eligible Employee" any person (including a full-time director) who at any Date of Invitation is in the employment of any Participating Company and who is then chargeable to tax in respect of such employment under Schedule E of the Act and who has been in the employment of any company within the Group (or any company which becomes a company within the Group) for a continuous period of not less than one year other than a person who participates in the AIG United Kingdom Sharesave Plan or the AIG Stock Purchase Plan; or such other person in the employment of a Participating Company as the Committee with the agreement of the Corporate Secretary's Department of the Company may decide. For the purposes of this paragraph "full time" shall mean having a normal contractual working week of 25 hours or more, excluding meal breaks;

"Employment" employment with the Company and/or any company under the Control of the Company or Associated Company and "ceasing to be in Employment" shall be construed as ceasing to be employed by all such companies;

"Exercise Date" the later of three years after the Date of Grant of the Option and the date of the payment of the 36th Savings Contribution under the relevant Savings Contract;

"Exercise Notice" the meaning given to that expression in Rule 4.3;

"Group" the Company and all its Subsidiaries;

"Minimum Savings Contribution" IR (pound sterling) 20 or such other amount as may be specified by the Committee from time to time;

"Option" the right granted or to be granted on any particular Date of Grant acquire Shares in accordance with the Rules;

"Option Certificate" a certificate evidencing an Option as referred to in Rule 2.9;

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"Option Price" the price in US Dollars for the acquisition of a Share comprised in any Option which shall be determined by the Committee and shall (subject to the provisions of Rules 6 and 7.3) be not less than an amount equal to 85 per cent of the closing [sale] price of a Share as derived from the New York Stock Exchange on the Business Day last preceeding the relevant Date of Invitation;

"Participant" any person (including, where the context permits, the legal personal representatives of such a

person) who holds an Option;

"Participating Company" any company within the Group which the Committee has determined shall be a Participating Company for the purposes of the Plan;

"Plan" this Plan, being the AIG Ireland Sharesave Plan as adopted by the Directors on [date] and as amended from time to time;

"Record Date" in relation to any particular payment of dividend or other right attaching to Shares the date on which any shareholder must duly appear in the books of the Company as such in order to be entitled to such dividend or other right;

"Redundancy" the meaning given to that expression by the Redundancy Payments Acts 1967 to 1979 of the Republic of Ireland;

"Retirement" retirement at the age at which a Participant is bound to retire in accordance with the terms of his contract of employment;

"Rules" these rules together with any amendment thereto effected in accordance with Rule 9;

"Savings Contract" a contract entered into by a Participant in respect of any particular Option for regular monthly saving over three years, being an ISA or such other arrangement as may be approved by the Committee;

"Savings Contract Repayment" the US Dollar equivalent (taking the exchange rate as at the dealing day for determining the Option Price) of the amount that would be repayable under the Contractual Savings Scheme at the guaranteed rates of return at the date the Savings Contract is entered into assuming that twelve monthly payments are made each year on time under the relevant Savings Contract and that following the completion of each series of twelve monthly payments the amount saved will be left on deposit until the Exercise Date provided that where the Savings Contract is made up wholly or partly of schemes other than ISAs, the guaranteed rates of return shall be the projected amount repayable under the Contractual Savings Scheme calculated as above as if the Savings Contract were made up only of an ISA;

"Savings Contribution" the amount payable per month by a Participant by way of contributions under a Savings Contract in respect of any Option which amount shall normally be paid by means of periodic deductions from the Participant's remuneration by his employer and shall be an integral multiple of IR (pound sterling) 1 and shall not be less than the Minimum Savings Contribution;

"Share" a share in the common stock of the Company;

"Subsidiary" a company which is under the Control of the Company;

"Withdrawal Notice" the meaning given to that expression by Rule 4.3.

1.2 WHERE THE CONTEXT SO ADMITS

- 1.2.1 words importing the singular shall include the plural and vice versa and words importing the masculine shall include the feminine;
- 1.2.2 any reference to a statute (or a particular Chapter, Part or Section thereof) shall mean and include any statutory modification or re-enactment thereof for the time being in force and any regulations made thereunder; and
- 1.2.3 at any time at which US Dollar equivalents fail to be determined, the exchange rate shall be the average Irish Pound for US Dollar spot rate quoted by such bank as the Committee shall nominate for the purposes of the Plan [at 11 a.m.] on such date.

2 OFFER AND GRANT OF OPTIONS

- 2.1 At such time as the Committee shall in its absolute discretion determine, but normally on the 1st of January, April, July and October in each year, it may, subject to the limit specified in Rule 3.1, give notice to each Eligible Employee that he is invited to apply for an Option and such notice shall specify;

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- 2.1.1 the Option Price;
  - 2.1.2 the period, being not less than fourteen days nor more than twenty-one days from the Date of Invitation during which he may apply for an Option in accordance with Rule 2.2;
  - 2.1.3 the Minimum Savings Contribution in respect of the offer;
  - 2.1.4 the maximum aggregate Savings Contribution permitted under Rule 3.2; and
  - 2.1.5 the maximum Savings Contribution in respect of the offer permitted under Rule 3.3.
- 2.2 Following any notice to an Eligible Employee by the Committee pursuant to Rule 2.1, he may apply for an Option by completing and returning an application in such form (not inconsistent with the provisions of the Plan) as the Committee may from time to time determine. Such form shall specify the Savings Contribution which he wishes to pay and authorise the deduction of the Savings Contribution from his remuneration. It must be accompanied by a signed form of application concerning his entry into a Savings Contract, such form to be in terms acceptable to the body administering the Contractual Savings Scheme.
- 2.3 Within thirty days following the Business Day referred to in the definition of Option Price in Rule 1.1 (unless the provisions of Rule 2.4 or 2.5 apply) the Committee shall, in respect of each Eligible Employee who has made a valid application and who remains in the employment of any Participating Company, grant an Option over the number of Shares the aggregate of the Option Prices of which is as nearly as possible equal to, but not in excess of, the Savings Contract Repayment.
- 2.4 If the number of Available Shares is insufficient to enable the Committee to satisfy in full all the applications received by them pursuant to notices given to Eligible Employees on the relevant Date of Invitation, it shall forthwith upon the expiry of the period given to the Eligible Employees for application for an Option as referred to in Rule 2.1 either:
- 2.4.1 determine a maximum Savings Contribution (which shall not exceed the limits contained in Rule 3) in respect of such applications and where the Savings Contribution specified by any person exceeds that maximum Savings Contribution so determined reduce the Savings Contribution so specified to the amount of that

maximum Savings Contribution provided that where the Savings Contribution specified by any person is equal to or lower than that maximum Savings Contribution that Eligible Employee's Savings Contribution shall not be affected; and/or

- 2.4.2 make (as nearly as may be) pro rata reductions to the Savings Contribution specified by each person who has applied for an Option provided that where such reduction would result in the Savings Contribution being less than the Minimum Savings Contribution the said Savings Contribution shall be equal to the Minimum Savings Contribution;

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and grant an Option to each such person over the number of Shares in respect of which the amount of the aggregate of the Option Prices is as nearly as possible equal to, but not in excess of, to the Savings Contract Repayment relating to the Savings Contribution as so reduced.

- 2.5 If the number of Available Shares is insufficient to enable the Committee to grant an Option to each person who has applied for such in respect of a Savings Contribution equal to the Minimum Savings Contribution either the Committee shall select by ballot the applications in respect of which Options will be granted or no Options shall be granted pursuant to notices given by the Committee under Rule 2.1 on the relevant Date of Invitation.

- 2.6 Where Options are granted pursuant to Rule 2.4 or 2.5 the period between the dealing day referred to in the definition of Option Price and the Date of Grant shall not exceed forty-two days.

- 2.7 Notwithstanding any provision of any other of these Rules whatsoever:

2.7.1 the Plan shall not form part of any contract of employment between the Company, a Subsidiary or any Associated Company and any Participant and it shall not confer on any Participant any legal or equitable rights (other than those constituted by the Options themselves) whatsoever against the Company, a Subsidiary or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, a Subsidiary or any Associated Company;

2.7.2 the benefits to the Participants under the Plan shall not form part of their wages or remuneration or count as pay or remuneration for pension or other purposes;

2.7.3 the Grant of Options to a Participant is a matter entirely separate from any pension right or entitlement he may have and from his terms and conditions of employment and participation in the Plan shall in no respect whatever affect his pension rights or entitlements or terms or conditions of employment and in particular (but without limiting the generality of the foregoing) any Participant who ceases to be an employee of any Company in the Group shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Plan which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise howsoever and notwithstanding that he may have been dismissed wrongfully or unfairly.

- 2.8 An Option shall be personal to the Participant and shall not be assignable and any purported assignment, transfer, charge, disposal or dealing with the rights or interests of the Participant under the Plan shall render the Option void. However, on the death of a Participant, an Option shall be capable of being exercised by his legal personal representatives in accordance with the provisions of Rule 4.

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- 2.9 As soon as is practicable upon the grant of an Option to a person pursuant to Rules 2.3, 2.4 or 2.5 the Committee shall issue to the said person an Option Certificate evidencing such Option. The Option Certificate shall specify the number of Shares comprised in the Option, the Date of Grant and the Option Price in respect of each such Share and shall be otherwise in such form (not inconsistent with the provisions of the Plan) as the Committee may from time to time determine. If any such certificate shall be worn out, defaced, destroyed or lost, it may be renewed on such evidence being provided and on such terms as the Committee may reasonably require.

### 3 OVERALL PLAN AND INDIVIDUAL PARTICIPATION LIMITS

The Plan will be subject to the following participation limits:

- 3.1 the maximum number of Shares which may be made available for the Plan and the AIG United Kingdom Sharesave Plan is [50,000 - 75,000] (or such greater number as the Directors may determine);
- 3.2 the aggregate of the Savings Contributions being made at any time by a Participant under the Plan shall not exceed IR (pound sterling) 300 per month; and
- 3.3 the aggregate of the Savings Contributions which an Eligible Employee may apply to make in a year under the Plan shall not
- 3.3.1 exceed ten per cent of his basic rate of pay at the Date of Invitation; or
- 3.3.2 give rise to a Savings Contract Repayment which, when multiplied by one-third, would exceed the Irish Pounds equivalent of US \$10,000 as at the dealing day applicable for determining the Option Price (or such other limit as the Directors may determine), provided that any existing Savings Contributions will not thereby be reduced.

### 4 EXERCISE AND LAPSE OF OPTIONS

- 4.1 An Option shall be capable of being exercised in whole or in part following the earliest of:-
- 4.1.1 the Exercise Date;
- 4.1.2 the death of the Participant;
- 4.1.3 the Participant ceasing to be in Employment by reason of his Retirement, injury, disability or Redundancy;
- 4.1.4 the Participant ceasing to be in Employment by reason that his Employment is in a company of which the Company ceases to have Control, or it relates to a business or part of a business which is transferred to a person who is neither an Associated Company of the Company nor a company of which the Company has Control;

- 4.1.5 the Participant reaching age 65 and continuing to be in Employment in which case the right to exercise an Option under this sub-paragraph is available for a period of six months following attainment of such age provided that if he does not exercise such Option within the said period of six months he will nevertheless be able to exercise the Option on the next earliest event covered by this Rule 4.1;
- 4.1.6 the date on which an Option becomes exercisable pursuant to Rule 7 or Rule 8:

provided that no Option shall be capable of being exercised other than at a time when the Participant is in Employment except in the circumstances described in Rules 4.1.2, 4.1.3 and 4.1.4.

- 4.2 Subject to Rule 5.4, no Option shall be capable on the Exercise Date of being exercised in respect of a number of Shares the aggregate Option Prices of which exceed the Savings Contract Repayment under the related

Savings Contract.

- 4.3 An Option shall lapse to the extent that it has not been exercised by the earliest of:--
- 4.3.1 the expiry of six months from the Exercise Date except where the death of the Participant occurs before the expiry of such period;
  - 4.3.2 if the Participant dies before the Exercise Date, the expiry of twelve months from the date of death of the Participant;
  - 4.3.3 the expiry of twelve months from the Exercise Date where the death of the Participant occurs within six months after the Exercise Date;
  - 4.3.4 the expiry of six months from the date on which the Participant ceased to be in Employment in the circumstances described in Rules 4.1.3 or 4.1.4 except where the death of the Participant occurs before the expiry of such period;
  - 4.3.5 the date on which the Participant ceases to be in Employment for any reason other than death or any of the circumstances referred to Rules 4.1.3 or 4.1.4;
  - 4.3.6 the Participant's right to continue making the related Savings Contributions lapsing in respect of an Option in accordance with the provisions of the Contractual Savings Scheme before the Participant has made all the Savings Contributions required by the Contractual Savings Scheme or the Participant missing six Savings Contributions unless such Option has already become exercisable under the provisions of this Rule;
  - 4.3.7 the receipt by the body administering the Contractual Savings Scheme of a Withdrawal Notice in respect of the Savings Contract relative to such Option provided that such Option is not then capable of being exercised;
  - 4.3.8 the date on which an Option lapses pursuant to Rule 7 or Rule 8; and
  - 4.3.9 seven years after the relevant Date of Grant.

The Participant may direct at any time by notice (referred to as a Withdrawal Notice) given in writing in a form acceptable to the body administering the Contractual Savings Scheme that he wishes such repayment as is then due to him to be made under the Savings Contract relative to any Option and in addition, if such notice is given in respect of the Savings Contract relative to any Option which the Participant then wishes to exercise in whole or in part, notice to that effect shall be given to the Company in such form as the Committee may prescribe (referred to as an "Exercise Notice").

## 5 MANNER OF EXERCISE OF OPTIONS

### 5.1

- 5.1.1 An Option shall be exercised by the Participant giving to the Committee (or its nominated agent) an Exercise Notice to be followed by a remittance for the US Dollar equivalent (as at the date of receipt by the Committee of the Exercise Notice) of the Option Price for the total number of Shares in respect of which the Option is exercised which must be equal to or less than the Savings Contract Repayment provided that if the Option is exercised before the Exercise Date, the maximum number of Shares in respect of which an Option may be exercised shall be calculated by the following formula:

$$\begin{array}{rcl} \text{number of Shares under} & & \text{number of} \\ \text{relevant Option} & \times & \text{Contributions completed} \end{array}$$

5.1.2 It shall be the responsibility of the Participant to obtain any necessary exchange control consents or other authorities required to enable him to exercise his Option and receive the Shares to be transferred or issued in respect thereof. For the avoidance of doubt, the money for the payment of the relevant number of Shares on the exercise of an Option need not be withdrawn from the Savings Contract.

5.2 Subject to such consents or other required action of any competent authority under regulations or enactments for the time being in force as may be necessary the Company shall within [thirty days] after receipt by the Company of the Exercise Notice and remittance in accordance with Rule 5.1, arrange for the transfer or issue of the appropriate number of shares and the transferee or allottee shall be entered in the books of the Company in respect of those Shares. The said Shares shall rank in full for all dividends and other rights to which a right arises by reference to a Record Date falling on or after the date on which the transferee or allottee is entered in the books of the Company and shall in all other respects rank pari passu with the other issued Shares of the same class and shall be acquired subject to the Company's By-laws.

5.3 Where an Option is exercised in part, it shall lapse to the extent of the unexercised balance.

5.4 The Company shall ensure that sufficient Shares are always available to satisfy in full all outstanding Options.

5.5 On the allotment of Shares following the exercise of any Option, the Company shall, as soon as is practical, apply to the New York Stock Exchange for the relevant Shares to be admitted to listing.

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## 6 VARIATION OF SHARE CAPITAL

In the event of any variation of share capital, capitalisation or rights issue or rights offer or any consolidation, sub-division or reduction of capital or other issue or reorganisation by the Company, the limit specified in Rule 3.1, the number of Shares subject to any Option and the Option Price for each of those Shares shall be adjusted in such manner as the Auditors shall confirm in writing to be, in their opinion fair and reasonable (except in the case of a capitalisation issue) provided that the aggregate amount payable on the exercise of an Option in full is neither materially changed nor increased beyond the expected repayment under the Savings Contract at the Exercise Date.

## 7 TAKEOVER OR RECONSTRUCTION

7.1 If any person obtains Control of the Company as a result of making

7.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company or

7.1.2 a general offer to acquire all the shares in the Company which are of the same class as the Shares over which Options have been granted

then, subject to Rule 4.3, a Participant will be entitled to exercise his Option within six months following the later of the date on which Control of the Company passes and the date on which the offer becomes unconditional.

7.2 If any person becomes bound or entitled to acquire shares in the Company under the Delaware company law equivalent of Sections 428 to 430F of the Companies Act 1985 of the United Kingdom then, subject to Rule 4.3, a Participant will be entitled to exercise his Option at any time when that person remains so bound or entitled, on the expiry of which period all outstanding Options shall lapse.

7.3 If as a result of the event specified in Rule 7.1 any company (the



"Acquiring Company") has obtained Control of the Company or has become bound or entitled as mentioned in Rule 7.2, a Participant may, with the agreement of the Acquiring Company and during the appropriate period, release all or part of his rights under the Plan (the "Old Rights") in consideration of the grant to him of rights (the "New Rights") and the New Rights shall be deemed to have been granted at the time when the Old Rights were granted.

7.4 In the application of the Rules to the New Rights, the term "Company" in Rules 4, 5, 6, 7, 8 and 9.5 shall be taken as referring to the company over whose share capital the New Rights are granted, and the other expressions which are defined in Rule 1 hereof and occur in those Rules shall be interpreted as though the word "Company" were so defined.

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7.5 For the purposes of this Rule 7 (other than Rule 7.3) a person shall be deemed to have obtained Control of a company if he and others acting in concert with him have together obtained Control of it.

7.6 The exercise of an Option pursuant to the preceding provisions of this Rule shall be subject to the provisions of Rule 5 above.

7.7 The Committee shall use reasonable endeavours to notify any Participant forthwith of any event of which they have actual notice arising pursuant to this Rule which concerns any Option held by him for the time being.

#### 8 VOLUNTARY WINDING UP

If the Delaware company law equivalent of a resolution for the voluntary winding up of the Company shall be passed the Committee shall give notice thereof to all Participants and thereupon each Participant shall (subject to Rule 4.3), forthwith and until the expiry of six months from the date on which such resolution was passed, be entitled to exercise any Option then held by him in the manner provided in Rule 5 at the expiry of which period all unexercised Options shall lapse.

#### 9 AMENDMENT AND ADMINISTRATION

9.1 The Plan may be amended by resolution of the Directors provided that no amendment shall operate to offset to his disadvantage any rights already acquired by a Participant without his consent.

9.2 Subject as herein otherwise expressly provided the Directors' and the Committee's decision on any matter concerning the Plan shall be final and binding.

9.3 The costs of the operation of the Plan shall be borne by the Company.

9.4 In any matter in which they are required to act hereunder the Auditors shall be deemed to be acting as experts and not as arbitrators.

9.5 All notices under the Plan shall be in writing and, if to the Company, shall be either delivered in person to the Company Secretary or sent to the Company's registered office for the time being (or to such other address as the Committee may from time to time specify) and, if to a Participant, shall be delivered personally to him at his place of work or sent by post to the Participant at the address which he shall give in writing to the Company for this purpose, or, failing any such address, his last known place of abode. All notices to the Company, however sent, shall be deemed to be served only upon actual receipt thereof by the Company Secretary or (as the case may be) at the appropriate address as determined above. Notices to the Participant shall, if delivered personally to him at his place of work, be deemed to be served upon such delivery and, if sent by post to the appropriate address as determined above, shall be deemed to be served forty-eight hours after the posting to such address of a properly addressed and prepaid envelope containing such notice.

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9.6 The Plan and all Options granted under it shall be governed and construed in accordance with Irish law (except where otherwise stated) and all disputes shall be referred for resolution to the courts of the Republic of Ireland.

10 Termination

The Directors may at any time resolve that no further offers of participation shall be made under the Plan but in such event the subsisting rights of Participants will not thereby be affected.

## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this Registration Statement on Form S-8 and in the Prospectus which forms a part of the Registration Statement of our report dated February 10, 1998, on our audits of the consolidated financial statements and financial statement schedules of American International Group, Inc. and subsidiaries as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, which report is included in the Company Annual Report on Form 10-K. We also consent to the reference to our firm in Item 5 of the Registration Statement and under the caption "Experts" in the Prospectus.

/s/ COOPERS & LYBRAND L.L.P.

Coopers & Lybrand L.L.P.

New York, New York  
June 30, 1998