

AMERICAN INTERNATIONAL GROUP, INC.

CHIEF EXECUTIVE OFFICER ANNUAL COMPENSATION PLAN

For each calendar year beginning with 1997, the Chief Executive Officer of American International Group, Inc. ("AIG") shall be paid a bonus under this AIG Chief Executive Officer Annual Compensation Plan (the "Plan") based upon performance goals established for such year by the Stock Option and Compensation Committee of the Board of Directors (the "Committee"). The performance goals for each year shall be selected no later than March 30 of each year using one or more of the following criteria: return on equity; net income; increases in net income over one or more prior years; earnings per share; increases in share value as measured by stock price performance; combined loss and expense ratio; and expansion of geographic and product markets. The maximum bonus for any Plan year shall not exceed five times the Chief Executive's annual base salary for the Plan year, which maximum bonus shall in no event exceed \$5,000,000. The annual base salary of the Chief Executive Officer shall be established by the Committee no later than the date the performance goals are established for the calendar year and shall in no event exceed \$1,000,000. The Committee shall have the authority to reduce any bonus earned by the Chief Executive Officer for any Plan year.

For purposes of this Plan, Net Income shall mean AIG's net income for the calendar year, including realized capital gains and losses as reflected in the financial statements of AIG and its consolidated subsidiaries for such year, but excluding the effect of catastrophic losses for such period in excess of \$50,000,000 and the effect of any changes in accounting principles that may be required by the Financial Accounting Standards Board subsequent to March 17, 1997. Catastrophic losses shall mean losses which would be deemed catastrophic under the standards established by the National Association of

Insurance Commissioners. Return on Equity shall mean Net Income expressed as a percentage of common stockholders equity at the beginning of the calendar year, exclusive of unrealized appreciation or depreciation of investments, net of taxes.

The Board of Directors may from time to time alter or amend the Plan or any part thereof, provided that no alteration or amendment may be made without the approval of shareholders if such approval is required by Section 162(m) of the Internal Revenue Code to allow compensation payable hereunder to be tax deductible pursuant to such section.