

AIG Holders Seek Alternative to U.S. Plan

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Major shareholders concerned about **American International Group** Inc.'s \$85 billion loan agreement with the federal government plan to meet Monday to discuss alternatives to the bailout plan, according to a person familiar with the matter.

Meanwhile, departed Chief Executive Robert Willumstad, who was replaced in Treasury's rescue of the insurance giant, told the company Sunday that he won't accept his severance payment of \$22 million, according to a person familiar with Mr. Willumstad's decision.

Shareholders who are dissatisfied with the deal are exploring ways to quickly pay off the loan, which gave the federal government the right to take 80% of the insurer. Under this scenario, AIG would not only sell assets, but

also raise capital in other ways, potentially leaving shareholders better off. AIG had no choice but to accept the federal help last week, when large sums of private money weren't available.

Among the shareholders exploring the idea are some of

Greenberg represented at Monday's meeting. One person involved in the matter said Mr. Greenberg is "of a like mind" with the shareholders about coming up with a new plan. Mr. Greenberg heads a firm that is AIG's largest shareholder.

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AIG's largest mutual-fund holders, according to a person familiar with the matter. Mickey Kantor, a cabinet member under former President Bill Clinton, is representing some shareholders.

David Boies, an attorney for the company's former CEO Maurice R. "Hank" Greenberg, says the intention is to have Mr.

Big AIG shareholders banded together in May, as the company's stock spiraled downward, in a successful effort to oust then-CEO Martin Sullivan. Two major fund managers, Shelby Davis of Davis Selected Advisers LP and Bill Miller of Legg Mason Inc., and billionaire Eli Broad, a former AIG director, sent a letter to the compa-

ny's board saying there had been "an unequivocal loss of investor confidence."

Late last week, AIG's board decided that Mr. Willumstad's termination was "not for cause" and that it would fulfill its contractual several obligation of a \$22 million payment.

But Mr. Willumstad wrote in a weekend email to his successor, Edward Liddy, that he would "forgo the severance." He said that he wasn't able to "execute the restructuring" plan he developed in his three-month tenure as CEO because of circumstances that predated his term, as well as the capital-markets upheaval. Also, he added, "I prefer not to receive severance while shareholders and employees have lost considerable value in their AIG shares."

The severance had been negotiated to lure Mr. Willumstad to AIG three months ago. He gave up as much as \$50 million to leave a private-equity firm he headed.