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Treasury to Invest in AIG Restructuring Under the Emergency Economic Stabilization Act

United States: Department of the Treasury

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Treasury to Invest in AIG Restructuring Under the Emergency Economic Stabilization Act

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Washington, DC -- The Treasury Department today announced that it will purchase \$40 billion in senior preferred stock from the American International Group (AIG) as part of a comprehensive plan to restructure federal assistance to the systemically important company. Together with steps taken by the Treasury, this restructuring will improve the ability of the firm to execute its asset disposition plan in an orderly manner. AIG will use the equity to pay down the Federal Reserve's secured lending facility.

Under the agreement AIG must be in compliance with the executive compensation and corporate governance requirements of Section 111 of the Emergency Economic Stabilization Act. AIG must comply with the most stringent limitations on executive compensation for its top five senior executive officers under the Emergency Economic Stabilization Act. Treasury is also requiring golden parachute limitations and a freeze on the size of the annual bonus for the top 70 company executives. Additionally, AIG must continue to maintain and enforce newly adopted restrictions put in place by the new management, including restrictions on executive expenses and lobbying as well as corporate governance requirements, including formation of a risk management committee under the board of directors.

Treasury exercised its authority to purchase troubled assets under the Emergency Economic Stabilization Act.

-30-

REPORTS

- [AIG Term Sheet](#)