

# AIG: "RETENTION" PAYMENTS FOR LEAVING?!?!?!?

I wanted to make one more point about the revelation from Andrew Cuomo's letter to Barney Frank that some of those getting "retention" bonuses are gone from AIG.

Eleven of the individuals who received "retention" bonuses of \$1 million or more are no longer working at AIG, including one who received \$4.6 million;

"Retention" bonuses for those who left? That's even nuttier than paying the guys who broke the global finance system millions for staying!

Here's what AIG said about the purpose of those bonuses.

In the first quarter of 2008, AIGFP adopted a retention plan for about 400 employees that provided guaranteed payments to employees if they worked through specified payment dates (or either resigned for good reason or was terminated without cause before the relevant dates). At the time, AIGFP was expected to have a valuable, on-going role at AIG. The plan was implemented because there was a significant risk of departures among employees at AIGFP, and given the \$2.7 trillion of derivative positions at AIGFP at that time, retention incentives appeared to be in the best interest of all of AIG's stakeholders.

Now, we still don't know shit about these contracts—even Cuomo, who has at least seen the contracts, doesn't know who got them. But assuming this white paper is not lying (which I wouldn't guarantee), then the people who have

left AIG but got the "retention" bonuses fall into one of three categories:

1. Still employed by AIGFP as of a specified payment date, but left after that date
2. Terminated without cause
3. Resigned "for good reason"—whatever that means

In other words, either they've got the retention bonuses tied to dates that mature long before the bonuses themselves do (which seems unlikely, but so do these bonuses more generally), some of these 11 people were terminated without cause even knowing they'd get humongous bonuses anyway, or they resigned "for good reason." Since the first two seem so stupid, I'm going to guess that these 11 people fall into the last category (but that's just a wildarsed guess).

So what does "for good reason" mean?