

**BEST**

## AIG

Investors had ample reason for the jitters when the American International Group (AIG) kicked off its annual meeting in August 2005. In the months leading up to it, accounting investigations had vaporized \$50 bn in market capitalization. After ousting its CEO, Maurice Greenberg, the insurance giant restated \$3.9 bn in net income. On the horizon loomed a costly civil lawsuit brought by New York's former attorney general, Eliot Spitzer, and months of investigations.

But the heads of AIG saw the AGM as an opportunity to build bridges with shareholders. They reported on their progress turning the company around – and signaled that its days of

defense were behind it. Greenberg had previously accused regulators of 'turning foot faults into murder'. This time, acting chairman Frank Zarb assured shareholders that the company now had a productive, 'professional' relationship with those investigating its accounting and planned full cooperation.

He listed a series of reforms, and took questions from shareholders. AIG's CFO pledged to improve internal controls and the board voted to increase the quarterly dividend. And shareholders responded by reelecting the board. Although there may still be some dark days ahead, many shareholders said they left the

meeting feeling better about the company's prospects.

