

AIG sells Alico to MetLife for \$15.5bn

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AIG on Monday took another step away from its troubled past, selling Alico, its non-US life assurance business, to its US rival MetLife for \$15.5bn in cash and securities in a deal that will enable it to settle part of its debts to US taxpayers.

The acquisition of Alico – one of the cornerstones of AIG's overseas success over more than seven decades – will transform MetLife from a company largely focused on the US into a group with 90m customers in 64 countries.

The long-awaited sale of Alico, first reported by the FT in July, will give the US government an indirect stake of up to 20 per cent in MetLife alongside its 80 per cent ownership of AIG.

Although the US authorities will not be allowed to vote against decisions taken by other MetLife shareholders, the federal government will find itself in the unusual position of owning large stakes in two of the country's largest insurers.

Bill Toppeta, president of MetLife's international business, told the FT the government's stake was "not an issue". "Having the interests of the US government and US taxpayers aligned with those of MetLife is a positive," he said.

Under the deal, a special purpose vehicle controlled by the New York Federal Reserve will receive \$6.8bn in cash and \$8.7bn in MetLife shares and other securities. The cash will go towards repaying some of the \$9bn in preferred equity the Fed injected into the vehicle after one of its many bail-outs of AIG.

The SPV will be allowed to begin selling some MetLife shares nine months after the Alico sale is completed. MetLife said it expected the deal to close at the end of the year.

The divestments of Alico and AIA would leave AIG with a debt of about \$8bn to the New York Fed as well as \$47bn worth of bail-out funds.

Shares in MetLife were 5.1 per cent higher at \$40.90 in New York, while AIG's shares were up 3.6 per cent at \$29.10.

Fonte: Financial Times, London, Mar. 8th 2010, Companies, online.