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# AIG Unit Feels Effects of Pay Limits

*Retirement of ILFC's Plueger After Other Departures Catches Insiders Off Guard*

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Federal pay restrictions played a role in the surprise departure of the head of the aircraft-leasing unit of [American International Group Inc.](#), according to people familiar with the matter.

However, the government-controlled insurance giant expects to have little difficulty in filling one of the most influential posts in global aviation, with likely candidates coming from smaller rivals to its International Lease Finance Corp. unit, the people said.

The retirement on Friday of John Plueger as ILFC's acting chief executive—less than two months after he was named to the post—caught associates and AIG insiders off guard. ILFC had recently completed a key debt raising, and its financial situation was widely seen to be stabilizing.

Mr. Plueger's decision came shortly after U.S. pay czar Kenneth Feinberg announced 2010 pay determinations for top employees at AIG and other companies that have received large amounts of U.S. aid.

AIG continues to struggle to retain and motivate top employees, in part because of salary caps imposed by the Treasury's pay czar. Last week, Mr. Feinberg allowed just five individuals out of AIG's 25 most highly paid employees to receive more than \$500,000 in cash for 2010, even though the company had asked that 10 people get more than that amount. In late 2009, AIG's then-general counsel Anastasia Kelly resigned after her pay was significantly reduced by Mr. Feinberg.

In February, Mr. Plueger, 55 years old, was named acting CEO after ILFC co-founder Steven Udvar-Hazy left to start a new company called Air Lease LLC. Mr. Plueger had been at ILFC for 23 years and was its president and chief operating officer since 1995. He had indicated as recently as last week that he planned to stay on, according to one associate.

The pay issue "was a factor" in Mr. Plueger's decision to retire, according to a person familiar with the matter. It was so unexpected that there was no mention of the move in ILFC's recent disclosure documents for a \$2 billion sale of bonds and \$1.3 billion loan issuance, the person added. Mr. Plueger was unavailable for comment.

Alan Lund, another ILFC veteran and its chief financial officer, will step up to become interim CEO while the company focuses on seeking what the person familiar with the matter described as "a world-class CEO" to be ILFC's permanent leader.

ILFC, one of the world's largest aircraft-leasing firms, has remained profitable through the downturn and has one of industry's leanest management teams, employing less than 180 staffers. The departures of Messrs. Plueger and Udvar-Hazy, along with ILFC's general counsel, Julie Sackman—who is retiring May 1—mean the company would have lost three of its five-person executive management team in a span of four months.

Company officials believe federal pay limits shouldn't hinder ILFC's recruitment effort, given that AIG recently made several high-level appointments from the outside, a person familiar with the matter said.

AIG said Friday that ILFC still planned "limited" aircraft sales to meet its debt commitments. It is still pursuing deals that could raise as much as \$3.5 billion and has received bids from leasing companies based in Singapore and Hong Kong, according to people familiar with the situation.

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