3 Companies facing cash crunch oblivion. A bankruptcy, an desperation sale and pure desperation. What do all 3 companies have in common ? Share buybacks. Billions and Billions and Billions in share buybacks over the last 18 months.

AIG

March 2, 2007

BOSTON (MarketWatch) — Shares of American International Group Inc. got an early lift Friday, gaining as the company reported higher fourth-quarter net income and said its board has approved a major stock-repurchase plan.

Merrill Lynch

May 1, 2007The investment bank **Merrill Lynch** said yesterday that it would buy back as much as $6 billion of its common stock over time, as the firm looks to return capital that is building up on its balance sheet to investors.

Merrill Lynch has generated strong earnings in recent quarters, helped by areas like trading and private equity.

Those results have allowed Merrill to return more money to investors. In February 2006, Merrill Lynch announced a $6 billion share buyback authorization, and in October of last year, a $5 billion authorization.

As of the end of the first quarter, Merrill Lynch had $1.2 billion still outstanding on the October authorization, the company said early this month.

Merrill Lynch has been buying back more than $2 billion of shares a quarter since the beginning of 2006. Before that, it was buying closer to $1 billion of shares a quarter.

Based on Friday's close of $90.11, the most recent $6 billion authorization could buy back about 66.6 million shares, or nearly 8 percent of the average basic number of shares listed in its most recent quarterly results.

Lehman Brothers

NEW YORK, Jan 29 2008 (Reuters) – **Lehman Brothers** Holdings Inc, the Wall Street investment bank, on Tuesday raised its common stock dividend 13 percent and said its board of directors authorized the buyback of up to 100 million shares.

New York-based Lehman said the buyback program covers nearly 19 percent of its 530.6 million shares outstanding at year end, and supersedes a prior authorization.

The shares covered by the new program are worth about $6.25 billion, based on Lehman's Tuesday closing price. Lehman shares rose $1.90, or 3.1 percent, on Tuesday to close at $62.53 on the New York Stock Exchange.

Can anyone say "financial engineering" ? think all 3 companies could have used that cash they spent trying to pump up their stock prices ? All that cash going to people who sold the stocks, huge losses going to those who held the stock. Thats why dividends are far better than share buybacks. At least in this case all shareholders could have gotten something back other than "the bag" remaining shareholders continue to hold.

Again, there is no risk to CEOs for playing these financial engineering games. All it does it pump up the stock. They sell into the rise and put money in the bank.

One last point, has the irony of 3 of largest companies in the country who make their money giving financial and insurance advice to companies and individuals, are facing ruin from the advice they gave themselves ? If this isnt a lesson to every individual who is taking advice from an investment firm, i dont know what is.