Brian Peters/NY/FRS
09/14/2008 07:55 PM

To Sarah Dahlgren/NY/FRS@FRS
cc
bcc
Subject Fw: AIG update

Please circulate as appropriate.

Adam Ashcraft

----- Original Message -----
From: Adam Ashcraft
Sent: 09/14/2008 07:50 PM EDT
To: Patricia Mosser; Alejandro LaTorre; Brian Peters; Christine Cumming; Christopher Calabia; Elise Liebers; Hayley Boesky; Jim Mahoney; Paul Whynott; Richard Charlton; Tobias Adrian; William Walsh; Azish Filabi; Terrence Checki; Brian Madigan; Scott Alvarez; Deborah Bailey; Jon Greenlee
Subject: Re: AIG update

They could easily making one last attempt to get access to the window before making an unpleasant choice

I don't think tonight is an important deadline as they need cash for tuesday

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Sent from my BlackBerry Wireless Handheld

Patricia Mosser

----- Original Message -----
From: Patricia Mosser
Sent: 09/14/2008 06:40 PM EDT
To: Adam Ashcraft; Alejandro LaTorre; Brian Peters; Christine Cumming; Christopher Calabia; Elise Liebers; Hayley Boesky; Jim Mahoney; Patricia Mosser; Paul Whynott; Richard Charlton; Tobias Adrian; William Walsh; Azish Filabi; Terrence Checki; Brian Madigan; Scott Alvarez; Deborah Bailey; Jon Greenlee
Subject: AIG update

From AIG CFO and Vice Chm:

The capital injection plan that AIG and NYSID outlined earlier for us is now in serious doubt, due to withdrawal of one of the private equity investors, JC Flowers. That plan combined private equity investment with asset sales, upstreaming of assets from P&C insurance subs to the parent, and a "wrap" of their GICs by Berkshire Hathaway to prevent the need to post collateral.

In the new plan, Flowers would provide equity jointly with Allianz insurance. We have very few details, but on the surface, it appears to be closer to a takeover offer. Effectively AIG would increase their shares outstanding by more than 100%, allowing Allianz and Flowers to control the firm. The offer is also contingent upon AIG getting access to Fed lending facilities. AIG believes the offer is not realistic -- both from an equity delusion standpoint and based on their conversations with us. They will keep us updated on future developments.