

From: Cassano@aigfpc.com
Sent: 11/01/2007 05:18:28 AM
To: Habayeb, Elias
Subject: RE: gs call material
Attachments: (001) Margin Call Report GSI vs. AIG FINANCIAL PRODUCTS CORP.msg; Margin Call Report GSI vs. AIG FINANCIAL PRODUCTS CORP.msg; RE Margin Call Report GSI vs. AIG FINANCIAL PRODUCTS CORP.msg; sidel.pdf

Elias

I attach a pdf version of the letter agreement we signed with Goldman related to collateral in respect of the CDS in question.

I also attach two of the e-mail requests for Collateral that our collateral group received from Goldman: (1) Initial request reflecting a Goldman valuation for the CDS (2) Most recent request (yesterday's) reflecting a Goldman valuation for the CDS.

Requests of this sort have been received daily. At the time we negotiated the letter agreement, we asked Goldman to stop sending the requests pending resolution of the dispute over valuation. They indicated that their automated internal processes generated the requests in a manner that could not be stopped without significant effort. As a result, we added a provision to the letter agreement confirming that we would be deemed to dispute each request for collateral related to the CDS in question -- without the need to dispute each individually, which is what we had been doing up until that point. In this regard, I attach the e-mail that we sent to dispute the initial request attached above:

There may also have been ad hoc e-mail correspondence on the subject between the our front office (e.g., Andrew, Al, Tom) and theirs, but I haven't tried to track this down.

I think it is clear from the countersigned letter agreement that we have a bona fide dispute with GS . It is not unusual even in the best of times with normal liquidity to dispute the calls . One other thing to note that I did not mention on yesterday's call with PWC is that we have ,I believe only one other collateral call from one counterpart SocGen which was spurred by GS calling them . In that case we also disputed the call and have not heard from SocGen again on that specific call.

I am available to discuss let me know what time and I will call in when you meet with Henry and Tim. This is all so Bob Sullivan he really loves the last minute dramatics .

We are pulling together details of the trades but I am not sure what additional color that will add . I will forward that to you in a separate note .

Finally I heard last night briefly about some questions from PWC regarding marks on the cmbms synthetic portfolio I will track down the uissue with the wilton guys in the morning .

Joe

From: Habayeb, Elias [mailto:Elias.Habayeb@aig.com]
Sent: Thursday, November 01, 2007 3:19 AM
To: Cassano, Joseph
Subject: RE:

thanks

From: Cassano@aigfpc.com [mailto:Cassano@aigfpc.com]
Sent: Wednesday, October 31, 2007 2:58 PM
To: elias.habayeb@aig.com
Subject: Re:

Hi

All of the guys involved have gone for the day. I will see what we can put together for the morning.

Joe

Sent from
Joe Cassano
Banque AIG London Branch

-----Original Message-----

From: Habayeb, Elias <Elias.Habayeb@aig.com>
To: Cassano, Joseph
Sent: Wed Oct 31 18:41:38 2007
Subject:

Joe,

Just got off the phone with PwC as a follow up to the call with had a couple of hours ago.

They want to know how much of the total collateral relates to each individual transaction. Effectively, \$x million

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to transaction A. \$y million to transaction B,

Also, they want to see copies of the written correspondence between AIGFP and GS.

Do you know who I can reach out to help me collect this information?

Thanks

Elias