

**From:** [Deborah P Bailey](#)  
**To:** **Chairman** [Donald L Kohn](#); [Randall S Kroszner](#); [Elizabeth A Duke](#); [Kevin Warsh](#); [Brian F Madigan](#); [Scott Alvarez](#)  
**Cc:** [Roger Cole](#)  
**Subject:** Fw: AIG update  
**Date:** 09/14/2008 06:47 PM  
**Importance:** High

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Please see the update from Trish. The capital injection by JC Flowers seems in jeopardy.

----- Forwarded by Deborah P Bailey/BOARD/FRS on 09/14/2008 06:42 PM -----

**Patricia Mosser/ NY/ FRS@FRS**

09/14/2008 06:36 PM

To Adam Ashcraft/NY/FRS@FRS, Alejandro LaTorre/NY/FRS@FRS, Brian Peters/NY/FRS@FRS, Christine Cumming/NY/FRS@FRS, Christopher Calabia/NY/FRS@FRS, Elise Liebers/NY/FRS@FRS, Hayley Boesky/NY/FRS@FRS, Jim Mahoney/NY/FRS@FRS, Patricia Mosser/NY/FRS@FRS, Paul Whynott/NY/FRS@FRS, Richard Charlton/NY/FRS@FRS, Tobias Adrian/NY/FRS@FRS, William Walsh/NY/FRS@FRS, Azish Filabi/NY/FRS@FRS, Terrence Checki/NY/FRS, Brian F Madigan/BOARD/FRS@BOARD, Scott Alvarez/BOARD/FRS@BOARD, Deborah P Bailey/BOARD/FRS@BOARD, Jon D Greenlee/BOARD/FRS@BOARD

cc

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.