
From: Alderson Smith, Martin
To: Leung, Antony
CC: Studzinski, John
Sent: 9/16/2008 3:17:14 PM
Subject: Re: CONFIDENTIAL: Phone call from Chairman Lou

Allianz is not excluded...they are not necessarily working with JC Flowers, even though they were associated with JCF's abotive approach on Saturday.
MAS

From: Leung, Antony
To: Schwarzman, Stephen
Cc: James, Tony; Moran, Garrett; Solotar, Joan; Whitney, Kenneth; Studzinski, John; Newman, Arthur; Alderson Smith, Martin
Sent: Tue Sep 16 11:01:20 2008
Subject: RE: CONFIDENTIAL: Phone call from Chairman Lou

As mentioned to you on phone, Lou called me after his call to you.

We talked a bit more on AIG. Told him that the Asian life and general insurance business is very attractive.

He asked whether there are strategic investors ie other insurance companies that they can partner with. I said Alliance is a possibility but we need to check whether they are excluded together with JC Flowers (Martin, can you advise?). But there should be no shortage of partners since this asset is very appealing. I asked what about China Life? He said their decision making process is too long.

He also asked how much time they would have. Told him that things are moving very fast. If they want to be involved now, it may be a couple of days. Otherwise they may have to buy from either the bank consortium or the trustee under Chapter 11.

I will call him tomorrow for update.

Separately I am contacting senior decision makers here to see whether they can make a more substantial investment such as the whole foreign life and general insurance business. Martin was kind enough to talk to me amidst his busy schedule. I understand the valuation is between 60 to 100 billion dollars for the foreign piece.

Antony

From: Schwarzman, Stephen
Sent: 16 September 2008 21:37
To: Leung, Antony
Cc: James, Tony; Moran, Garrett; Solotar, Joan; Whitney, Kenneth; Studzinski, John; Newman, Arthur; Alderson Smith, Martin
Subject: CONFIDENTIAL: Phone call from Chairman Lou
Sensitivity: Confidential

I received a call last night at home at 11:15 p.m. from Chairman Lou Jiwei of China Investment Corporation. He was on the phone with a female translator. He wanted to know, at the opening of the call, how Blackstone was doing in the current unsettled environment. I reassured him that we were in very good shape with no exposure to Lehman or

to AIG or to Merrill, other than the exposure of AIG as a Limited Partner to us, funded through insurance companies which were solvent. I explained to Chairman Lou the difference between a firm like ours, with extremely low levels of borrowings, as compared to the big financial institutions with leverage of 24-30x, with their mismatch between long-term assets and short-term liabilities. After I explained this difference in real detail, he seemed to relax and asked about the general market environment and where opportunities might be created for CIC, which I discussed in a general way.

Chairman Lou then brought up CIC's potential interest in AIG. He said it was a shame that Blackstone is representing AIG because he would have loved to have worked with us on this situation to get our advice. I described the general background of the AIG situation and its relatively short time dimension. Chairman Lou said that CIC had a very serious interest in AIG and, in effect, wanted to have a road map in terms of what was going on. I confirmed with him that Deutsche Bank was representing CIC, and that he should have his Deutsche Bank representative contact Martin Alderson Smith directly to lay out whatever was on CIC's mind regarding AIG.

I probed with Chairman Lou as to how big CIC could be in the AIG situation. Chairman Lou reiterated that CIC was not interested in controlling or running any business, but operated with other general partners. He said, of course, that \$75 billion was too much of CIC's resources to invest in AIG. I told him of the current evaluation by JPMorgan and Goldman Sachs and that they would be looking for commitments of \$5 billion-to-\$10 billion apiece to lay off their exposure if they reached an agreement with AIG on a loan package. Chairman Lou reiterated that if they had enough time, they could be a very significant investor, but they would have to go to the State Council for approvals and, I assume, additional monies from other Chinese entities.

We finished the phone call talking again about the general market conditions. Chairman Lou said he appreciated the advice and the phone call. I encouraged him to call me or any of us if he wanted any direct advice or insight into what was going on in the US markets, given the current instability.

We were on the phone call for approximately one hour.

Steve

STEPHEN A. SCHWARZMAN | THE BLACKSTONE GROUP

Chairman & CEO

345 Park Avenue | 31st Floor | New York, NY 10154

(212) 583-5823 P | (212) 583-5719 F

schwarzman@blackstone.com