

From: "huebner, marshall s." <marshall.huebner@dpw.com>
Sent: Wed Sep 17 2008 16:35:30 EDT
To: <thomas.baxter@ny.frb.org>;
Subject: Re: AIG Credit Agreement

I agree on the CA review. That was, as you know, our plan, and we will get it to your team as soon as we can.

We will jump on the ownership alternatives asap. That is what I was fretting was showing the least progress, so I appreciate the update.

A call is being scheduled with the NY ID - Eric is agreeing to take the lead in a national battle plan on the regulatory change in control point. This is a good development.

Do you know of any update from Treasury on the NOL issue? If they can waive the Freddie/Fannie magic wand again, a serious multibillion dollar problem melts away in toto.

From: Thomas.Baxter@ny.frb.org
To: Huebner, Marshall S.
Sent: Wed Sep 17 16:31:23 2008
Subject: AIG Credit Agreement

Marshall,

Just so you know, I told Dan that I must approve the Credit Agreement before we send it to AIG. Of course, our review here at the Fed will be accelerated. The sooner you can get it to us, the better. On another related point, the Treasury is now focused on the myriad legal issues arising from the equity participation. Consequently, I have been asked to reconsider my position that the Federal Reserve Bank of New York, which technically is not a part of the United States Government, may hold the participation. Of course, control is the key issue. We cannot have control. Someone at Davis Polk might want to think through (a) warrants that are exercisable upon sale, and (b) holding shares in a voting trust, where the trustee votes with management. I find it somewhat ironic that the Federal Reserve has required foreign government-owned banks that acquired control of U.S. banks without obtaining our approval for the change in control to use the voting trust to resolve the violation. In any event, we look forward to reviewing your draft. All the best, Tom.

Thomas C. Baxter, Jr.
General Counsel and Executive Vice President
Federal Reserve Bank of New York