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Scott G. Alvarez Handwritten Notes Regarding Conference Call (9/16/2008)

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9/16/08

Paulson

BB, DK,
KW

Conf Call

* - 80% liquidity by end of year

* - 50% value on resale of all firm

- no option for sale to investors
at this point as whole firm, unaided

(1) bankruptcy

(2) Govt support
↳ bridge to sale of assets

- how will AIG relationships to money funds
play out
↳ b/c AAA rated, AIG-GIC
are in their plans, 401(k) etc

↳ Euro banks insured

- legislation: is it scary or reassuring?

↳ HP: shouldn't rush up to Hill
screaming emergency
↳ instead: Hill asked
for leg broadly needed

Concern about
both failure and
bad market reaction
& raise alarms

should there be
tax on the
financial system

↳ put in wind-down
legis + add fiscal
support

②

- what abt emergency response to HIG?

hb: can do liquidity
w/ Treas assurance of support
+ will go to Cong w/ legis framework

Plan

- decide over course of day
 - sufficient fn
to allow HIG to be sold
in orderly way
 - not facil merger (BS)
 - HP: go to Cong + get legis
to take off Fed balance
sheet + have approp
tools to deal w/ fn crisis
- in case not enough, need to keep working
towards final, broader legis plan
to be able to escalate to help system
- HP: Treas will spend time on Cong strategy

3

believe us cos are sound

however HE has taken risks
that impact org + fin system

- possible to get private sector funds?
to go in w/ Fed.
↳ talk to TG

- develop points on differences