1-24-2008

AIG Email between Neil Wright Andrew Forster regarding Forster proposal

Neil Wright
Andrew Forster

https://elischolar.library.yale.edu/ypfs-documents/5311
We can redraw facilities for the amount of collateral we post so the usage is determined by the mtm not the notional. Sorry I can see that is clear as mud...will explain tomorrow...but that is only one of the issues...have run this past everyone over last 24 hours and just wanted to post you that I haven't got positive response so think we will need to set up that senior call to agree next steps

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----- Original Message -----  
From: Forster@aigfpc.com <Forster@aigfpc.com>  
To: Wright, Neil  
Sent: Thu Jan 24 19:40:37 2008  
Subject: Re: Your proposal  

Its not clear to be honest - I don't see how your funding capacity changes. You are cash neutral now and that does not change and the amount of bonds you fund is clearly the same

-----Original Message-----  
From: Wright, Neil <neil.wright@gs.com>  
To: Forster, Andrew  
Sent: Thu Jan 24 19:38:09 2008  
Subject: RE: Your proposal  

legal/compliance have problems with the self referencing derivative aspect / there are issues with the unsecured exposure and where we have these assets in funding facilities, the amount of financing used with 3rd parties is reduced to the mark to market level ..so by bringing the asset value to par we lose $4bn or so of funding capacity in those facilities..therefore liquidity aspect we thought we were solving is not actually helped..ie. where we gain on not posting collateral, we lose in funding capacity...not sure if this is clear..will try to explain better tomorrow if not
Can u give me a quick guide as to why? I will call tomorrow but I'd appreciate some colour now?

-----Original Message-----
From: Wright, Neil <neil.wright@gs.com>
To: Forster, Andrew
Subject: Your proposal

Andrew I have run your proposal up the flag-pole as requested and am afraid it is not going to work for various reasons which I will fill you in on tomorrow when you are back. Maybe we could chat when you get in..
The information contained herein is being furnished for discussion purposes only and may be subject to completion or amendment through the delivery of additional documentation. This communication does not constitute an offer to sell or the solicitation of an offer to purchase any security, future or other financial instrument or product. The information contained herein (including historical prices or values) has been obtained from sources that we consider to be reliable; however, we make no representation as to, and accept no responsibility or liability for, the accuracy or completeness of the information contained herein. Such information is presented as of the date and, if applicable, time indicated. We do not accept any responsibility for updating any such information. Any projections, valuations and statistical analyses contained herein have been provided to assist the recipient in the evaluation of the matters described herein; such projections, valuations and analyses may be based on subjective assessments and assumptions and may utilize one among alternative methodologies that produce differing results; accordingly, such projections, valuations and statistical analyses are not to be viewed as facts and should not be relied upon as an accurate representation of future events.

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To be honest I think we should just do that now and be done with it.

----- Original Message ----- 
From: Forster@aigfpc.com <Forster@aigfpc.com> 
To: Wright, Neil 
Sent: Thu Jan 24 20:12:19 2008 
Subject: Re: Your proposal 

I think we just do bids then.

-----Original Message----- 
From: Wright, Neil <neil.wright@gs.com> 
To: Forster, Andrew 
Sent: Thu Jan 24 20:08:33 2008 
Subject: Re: Your proposal 

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To: Forster, Andrew  
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