From: Athan, Tom
Sent: Thursday, August 02, 2007 12:15 AM
To: Forster, Andrew
Subject: Halo called needed tomorrow AM with you and Joe ....

Tough conf call with Goldman. They are not budging and are acting
irrational. They insist on "actionable firm bids and firm offers" to
come up with a "mid market quotation". I cant tell you all the details
of the call by email but we agreed that we needed to escalate this
within AIG FP and we would talk in the AM and get back to GS by noon NY
time. I feel we need Joe to understand the situation 100% and let him
decide how he wants to proceed. I played almost every card I had, legal
wording, market practice, intent of the language, meaning of the CSA,
and also stressed the potential damage to the relationship and GS said
that this has gone to the "highest Ievels" at GS and they feel that the
CSA has to work or they cannot do synthetic trades anymore across the
firm in these types of instruments. They called this a "test case" many
times on the call. It seems Ram has put himself in a bind that the firm
is watching him here to see how he works this out and anything
otherthan getting collateral close to liquidiation levels will be
considered a failure. Someone (like Joe) might need to convince a
senior person that there is an alternative way to look at this
situation.
I have offered a pretty good solution (I think) that we can discuss.
I can come in whenever to do the Halo. Bill Shirley needs to be on it
as well so he can confirm our legal stance because it is critical to
our decisions. He is supposed to be out tomorrow but has changed his
flights to come in and can be available from 7:45AM but has to leave to
by 9AM.
Can you talk to Joe and perhaps do an 8am Halo? If you think we should
do something differently email me asap. I will wake up a 5:30-6am and
check emails to see how you want to handle it but I think a 1 hour Halo
with Joe is the way to go.
Cheers.
Tom
BTW- This isnt what I signed up. Where are the big trades, high fives
and celebratory closing dinners you promised?...