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From: Habayeb, Elias

Sent: Thursday, September 06, 2007 4:01 AM

To: Cassano, Joseph

Cc: Dooley, William

Subject: FW:

Joe,

The reason I am reaching out to you is that Mark asked me today to coordinate this request directly with you, which I am happy to do. Over the past two to three weeks, Mark Balfan and I have been talking about setting up a call with the right individual(s) at AIGFP [thinking at the time that Andy is the most likely candidate] to discuss the valuation approach for the SS CDS come September 30, 2007. While everyone is comfortable with the conclusions reached in the past, the question is whether something different needs to be done come September 30, 2007 given the current dislocation and turmoil in the marketplace. Also, since 1 counterparty made a collateral call on certain of the SS CDS transactions with us, understanding the unique circumstances behind this one, what, if any, impact this may have on the valuations of these derivatives. Mark mentioned to me that you and Andy are already working on something. As a side note, I also understand from one of my contacts that the investment bank he works for is exploring using pricing models come September 30.

Historically, they followed the same approach AIGFP did. As you can imagine, given the attention this received during the past quarter, chances are it is going to get additional attention this quarter end. Separately, I am also interested in having a discussion about two other items to understand how they may be impacted by the current turmoil in the marketplace.

1. The counterparty credit valuation adjustment (CVA) - the question I have is whether we should consider accelerating the adoption of the proposed CVA methodology for FAS 157 to September 30 on the basis that it may be a more refined approach to determining the CVA in light of the current environment?

2. Valuation and impairment assessment on the investment securities - while I understand the process followed in the past to obtain valuations at each quarter end, I do have questions about whether we expect to have some challenges obtaining quotes come this september? If so, what is the game plan to come up with valuations? If we disagree with the quotes received, what is the plan? etc.

I understand everyone is busy and focused on the market and liquidity as they should. However, to the extent possible, I would like to have these discussions by mid-september to help us prepare for the quarter end and make sure everyone has thought through what needs to be done come September 30 to minimize (and hopefully get rid of) any last minute fire drills.

I look forward to getting guidance from you on how to proceed forward.

Thanks

Elias