

Sent: Monday, July 23, 2007 5:48 AM
To: McGinn, Kevin; Diaz, Ed; Forster, Andrew
Subject: RE: Non-SS Tranches in SS Deals
Kevin ,

We have fully disclosed to the rating agencies how we conduct our synthetic credit business along with the totality of our business. We have been very clear to let them know that we on occasion will take on the lower tranches of super senior transactions we are involved. The rating agencies seem to be indifferent to whether you own triple B through Triple A tranches as either synthetic or cash investments. I think there's a general mis-understanding (let's call it a senior moment) among the senior management at AIG as to what we have and do represent to the rating agencies. I can not remember the last time Bob was in a meeting with me and the representatives of the rating agencies.

It may be that he has not heard us describe the business as of late. To add to this in our regular quarterly reporting of our business to S&P we include all tranches of our cash and synthetic portfolio. We will continue to fully disclose the precise nature of our risk to the agencies.

There is no concern that we have not kept the agencies up to speed as we continue to evolve and change the business parameters at FP. One last question, I am surprised to your use of the word modifier honest when asking for a dialogue on this point. As you pride yourself on your grammar, syntax and word use, and I take it that your choice of words are carefully chosen, It compels me to ask you if there is anytime in past in which you felt that your dialogue with me or any of my colleagues has been anything less than honest?

Joe