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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 relationship 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 if 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 A/R
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/ fin 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