

Cubbon, George

From: Brown, PaulA@Comptroller's
Sent: Tuesday, August 01, 2000 10:28 AM
To: Cubbon, George
Cc: Krupp, Richard
Subject: RE: Change of plans - Outline of Capco closing and related documents

Importance: High

Yes that is the plan. Will inform you of actual transfer dates of the capital contribution as the closing date of the transaction becomes final.

Paul A. Brown
Director
Financial Planning and Analysis
American International Group, Inc.
70 Pine Street, 39th Floor
New York, NY 10270
212 770 7631
fax 212 785 0599

CONFIDENTIALITY NOTICE

The information contained in this message may be legally privileged or confidential - intended only for the use of the individual or entity named above. If you are not the intended recipient, you are notified that any dissemination, distribution, or copying of this message is strictly prohibited, please notify me immediately so that I can arrange to have it sent to the proper individual.

-----Original Message-----

From: Cubbon, George
Sent: Tuesday, August 01, 2000 8:11 AM
To: Brown, PaulA@Comptroller's
Cc: Krupp, Richard
Subject: RE: Change of plans - Outline of Capco closing and related documents

Paul, I will be on vacation from (and including) August 18.

Paul, our main issue on the Capco transaction will be cashflow. Will AIG be contributing the \$170million additional capital to AIRCO before the preferred shares must be paid for? If this cash is to be moved to AIG by way of a dividend from the DBG companies, has this been set up?

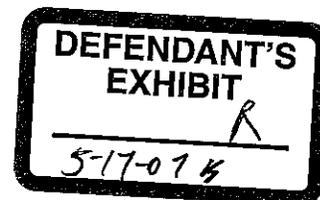
Richard, now that it has been decided that AIRCO's involvement will be as a preferred shareholder, our accounting should be relatively simple.

-----Original Message-----

From: Brown, PaulA@Comptroller's
Sent: Monday, July 31, 2000 3:45 PM
To: Cubbon, George; Murphy, Michael
Cc: Umansky, Joseph
Subject: Change of plans - Outline of Capco closing and related documents
Importance: High

In respect of the proposed Capco transaction we would like AIRCO to take the role of the purchaser of the Preferred Shares. We do not need AIRCO to provide the loans to the common shareholders per my previous e-mail on this topic.

Attached is a proposed closing schedule, the dates are still open until everyone agrees. Obviously there is a lot here to digest so please don not hesitate to call me. Andrew Holland has been providing help on the legal side.



ATTACHMENT

The tentative schedule for closing is as follows ;

1. Capco will be arranging a meeting with the Barbados Regulators for later this week. Attached is an outline of the proposed revision to the Capco business plan, we will forward the financial statements of the Preferred holder shortly.

If there are no pending requests from the Regulators. We propose the signing date of the Subscription and Operating Agreement be August 18, 2000. Capco should hold a Shareholder and Board meeting August 18, 2000 to;

- authorize the amendment to the Articles for the Preferred Shares,
 - authorize the signing the Subscription and Operating agreement,
 - receive the resignation of all directors except for J.Marion and T.Carmichael,
 - appoint Martin Hole as the third director,
 - authorize the appointment of AIGIC as investment manager of both the 114 Trust assets and the Non 114 investment account,
 - provide a board resolution regarding the establishment and appointment of Citibank N.A. as the 114 account Trustee,
 - to approve management proceeding with the closing and associated documents,
 - any other matters.
2. We will close the transaction August 25, 2000. This will involve;
 - a certificate for bringing reps and warranties to closing date,
 - the payments for the Common and Preferred stock to Capco,
 - Issuance of respective cross receipts.

Please respond with any comments on the Subscription and Operating Agreement by end of day Wednesday August 2nd, the remainder by Friday August 4th. There have been no changes of substance to these documents other than the holder option redeem price being reduced to \$20,000 per share.

As soon as possible would Capco distribute the proposed schedule 2.5 (list of contracts still in effect) and 2.6 (June 30, 2000 financial statements). Could we also receive a copy of the stock certificates to be issued for review and inclusion of their certificate numbers in the investor pledge agreements.

<< File: Subscription & Operating Agreement 7-31.doc >> << File: Terms of Preferred 7-31.doc >>

Paul A. Brown
Director
Financial Planning and Analysis
American International Group, Inc.