

Wash
TALKING POINTS FOR MEETING WITH ED GRAY

1. FHLBB examination activities must stop now. If Chairman Gray attempts to argue that he is not involved with the examination, the point must be made aggressively that: (a) Lincoln has been told on numerous occasions that its exam is being directed out of "Washington," that it is being continued because of orders from "Washington" and that San Francisco personnel are very sensitive because of the involvement of "Washington" and (b) THE PURPOSE OF THIS MEETING IS TO GET HIM INVOLVED AS THE CHAIRMAN OF THE FHLBB AND TO RESOLVE THE EXAM IN A FAIR AND EQUITABLE MANNER AS FOLLOWS:

2. Lincoln is willing to (a) withdraw its lawsuit attacking the Board's authority to issue the Direct Investment Regulation; (b) withdraw its Motion for Recusal by Ed Gray; (c) divest itself of all insured deposits over a ten-year period in accordance with policies espoused by E. Gerald Corrigan, President of the Federal Reserve Bank of New York (see Exhibit 1); and (d) comply with additional concessions previously outlined (see Exhibit 2).

3. The FHLBB must disengage IMMEDIATELY, put a "hold" on all exam-related letters and activities, and simply structure a settlement in accordance with the terms described above. The settlement must include specific FHLBB recognition that current direct investments are grandfathered for purposes of both direct investment regulation and the net worth regulation. The settlement must not be in the form of a Supervisory Agreement or Cease and Desist Order, rather, the FHLBB's final examination letter and Lincoln's response should serve as the basis for the settlement.

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EX. 200