Tim,

Attached is a document that summarizes some of our discussion earlier. The key takeaway is that AIG could be more systemic in nature than Lehman due to the retail dimension of its business. Insolvency should be managed in a way that insulates the retail activity from contagion arising from the wholesale part. Stating the obvious, intervention needs to insulate retail activities (inc. those in the parent, like stable value wraps) in a way that inspires confidence among the public to avoid a potential crisis of confidence. Coordination issues among state regulators could make this difficult.

The counterparty exposure figures you asked for will be sent by Supervision under a separate cover.

Regards,

Alex