Temporary Liquidity Guarantee Program – Debt Guarantee Program

On October 14, 2008, the Federal Deposit Insurance Corporation (FDIC), together with the U.S. Treasury and Federal Reserve, announced the establishment of the Temporary Liquidity Guarantee Program (TLGP) to help restore market confidence and encourage liquidity in the banking system. The FDIC stated that its guarantee of qualifying debt under the Debt Guarantee Program "*is backed by the full faith and credit of the United States.*"

What is guaranteed?

Senior unsecured debt with a maturity period of more than 30 days including:

- Federal funds purchased
- Promissory notes
- Commercial paper
- Unsubordinated, unsecured notes including zero-coupon bonds
- U.S. dollar denominated certificates of deposit owed to an insured depository institution, an insured credit union as defined by the Federal Credit Union Act, or a foreign bank
- U.S. dollar denominated deposits held in an International Banking Facility of an insured depository institution, owed to an insured depository institution or a foreign bank
- U.S. dollar denominated deposits on the books and records of foreign branches of U.S. insured depository institutions that are owed to an insured depository institution or a foreign bank.

The senior unsecured debt must be issued at any time between October 14, 2008 and June 30, 2009, and may be denominated in foreign currency (except for deposits to foreign banks). S&P, Moody's and Fitch have announced that they will assign the eligible debt securities guaranteed by FDIC the rating of AAA/Aaa/AAA for long term debt or A-1+/P-1/F1+ for short term debt.

All structured products are excluded.

Guarantee period

Qualifying debt will be guaranteed up to its maturity date or until June 30, 2012, whichever is earlier.

Who is eligible to participate?

Entities meeting at least one of the criteria listed below, on or before December 5, 2008, are eligible to participate in the Program:

- FDIC-insured depository institutions
- U.S. banks or thrift holding companies that control a FDIC-insured depository institution
- Affiliates of FDIC-insured depository institutions, designated by the FDIC as an eligible entity

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Entities that become eligible after December 5, 2008, must secure the FDIC's approval for participation in this program.

An entity may choose to opt out of the program; however, the decision is irrevocable. A list of eligible entities that have opted out will be published on the FDIC's website. If the FDIC terminates the participation of any entity, all previously issued guaranteed debt will continue to be guaranteed.

How much is guaranteed?

The amount outstanding at any time must not exceed 125 percent of par value of a participating entity's senior unsecured debt, outstanding as of September 30, 2008, and scheduled to mature on or before June 30, 2009.

For FDIC-insured institutions with no qualifying debt or those with only federal funds purchased on September 30, 2008, the debt guarantee limit will be 2 percent of their consolidated total liabilities as of that date. For other eligible participants, the amount must be approved by the FDIC, which may make exceptions to an entity's limit at its discretion.

When is the guarantee triggered?

Upon a participating entity's uncured failure to make a timely payment of principal or interest as required under an FDIC-guaranteed debt instrument, the FDIC will make the scheduled payments of principal and interest pursuant to the terms of the debt through maturity.

If the debt defaulted prior to June 30, 2012, but is scheduled to mature after June 30, 2012, the FDIC may, at its discretion, elect to make a final payment of all outstanding principal and interest due and will not be liable for any prepayment penalty.

Demands for payment must be made through an authorized representative (unless an individual is not represented by an authorized representative) with a proof of claim within 60 days of the occurrence of the payment default upon which the demand is based. Upon receipt of a conforming proof of claim, the FDIC will make payment of the amount guaranteed.

Can a participating entity choose to issue debt that will not be guaranteed?

Once an entity has reached its guarantee limit, it may issue debt that is not guaranteed by the program, but the entity must specifically disclose that such debt is not guaranteed.

Otherwise, a participating entity may issue only non-guaranteed debt that matures after June 30, 2012, and pay a 37.5 bps fee to the FDIC based on the debt outstanding on September 30, 2008, scheduled to mature on or before June 30, 2009.

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Cost of guarantee

For debt with a maturity of	The annualized assessment rate (in basis points) is
180 days or less (excluding overnight debt)	50
181-364 days	75
365 days or greater	100

For debt maturing after June 30, 2012, the date used as the maturity date for the calculation of the guarantee fee is June 30, 2012.

In cases where the insured deposit institutions affiliated with the participant form less than 50 percent of the consolidated holding company's assets, the rate shall increase by 10 bps.

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