

March 16, 2009

MEMORANDUM TO: Public Comment File

FROM: Steve Burton
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SUBJECT: Conference Call with Barclays Capital

On March 4, 2009 the FDIC published in the Federal Register an Interim Rule with request for comments on a modification of the Temporary Liquidity Guarantee Program (TLGP) to guarantee newly issued senior unsecured debt that has a feature to convert the debt to common equity on or before June 30, 2012.

On March 6, 2009, FDIC staff had a conference call with representatives of Barclays Capital (Barclays). During the call, FDIC representatives outlined the intended purpose of the proposed modification: to provide participants in the TLGP debt guarantee program greater flexibility in attracting longer term sources of funding while at the same time reducing the exposure of issuing entities to rollover risk. FDIC representative also confirmed key features of the modification including the guarantee of timely principal and interest payments for qualifying senior unsecured debt issues through the date of conversion of the debt into common equity, and the availability of the modification to both holding companies and insured subsidiaries that are participating in the debt guarantee program.

Also during the call, representatives of Barclays discussed features of mandatory convertible debt being issued in the market including unit structures designed to ensure tax deductibility of interest payments, different conversion options, and variable conversion rates. FDIC representatives encouraged Barclays to provide their suggestions during the comment period pertaining to alternative mandatory convertible debt structures insofar as these alternatives align with the intent of the modification and the overall objectives of the TLGP program.