

MEMORANDUM

TO: Public File – Notice of Proposed Rulemaking Regarding the Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues (RIN 3064-AD48)

FROM: James D. Weinberger, CFA, FRM
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DATE: November 13, 2009

SUBJECT: Discover Bank Conference Call

On November 13, 2009, FDIC staff (James Weinberger, Robert Storch, Michael Phillips, Mark Handzlik, and Tom Gallagher) participated in a teleconference meeting with representatives from Discover Bank. The following representatives of Discover Bank were on the call:

Roy Guthrie, Chief Financial Officer
Mark Zarske, Chief Accounting Officer
Chris Green, Assistant Legal Counsel
Ed McGrogan, Vice President Regulatory Reporting

Discover Bank requested this conference call to clarify statements made in the letter from Discover Financial Services' comment letter dated October 15, 2009, with respect to the interagency Notice of Proposed Rulemaking regarding the risk-based capital treatment of securitization assets that are consolidated on banks' balance sheets under FAS 166 and 167.

During the conference call, the following topics were addressed by the Discover Bank representatives: (1) the appropriate transition period for the implementation by banks of FAS 166/167 for securitization assets, (2) the appropriate adjustment of the amount of Allowance for Loan Loss ("ALLL") as Tier 2 capital in light of the consolidation on banks' balance sheets for such securitization assets, and (3) the appropriate capital treatment of deferred tax assets as a result of the implementation of FAS 166/167. All of these topics were covered in Discover Financial Services' comment letter dated October 15, 2009.