



NEWS RELEASE

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FDIC CHAIRMAN SEIDMAN ANNOUNCES PUBLIC SALE OF CONTINENTAL ILLINOIS STOCK

The Federal Deposit Insurance Corporation today announced its intention to sell a portion of its stock holdings in Continental Illinois National Bank & Trust Company before the end of the year.

A registration statement will be filed shortly with the Securities and Exchange Commission for 50 million shares of Continental Illinois Corporation common stock, according to FDIC Chairman L. William Seidman.

"This would bring the volume of publicly owned shares to about 65 million and reduce our current ownership in the company by approximately 30 percent," Mr. Seidman told reporters in a luncheon speech at the National Press Club in Washington, D.C. "We recognize the size of the proposed public offering is relatively modest. But, we are attempting to balance two, possibly competing, goals--a quick privatization of Continental and maximum recovery of deposit insurance fund outlays," he added.

The public offering will amount to about 30 percent of the 32 million shares of Junior Convertible Preference stock owned by the FDIC, each of which will convert to five shares of common stock upon transfer by the FDIC.

The FDIC in 1984 acquired an 80 percent ownership interest in Continental as part of a comprehensive assistance program designed to restore public confidence in the Midwest banking institution. Continental--then the eighth largest banking organization in the country--had been incurring significant losses resulting, in part, from loan participations purchased from the failed Oklahoma-based Penn Square National Bank. Rumors concerning these losses had triggered a run among Continental's uninsured depositors, thus jeopardizing the bank's continued viability.

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To restore confidence in Continental the FDIC established an assistance plan which included an approximately \$4.5 billion investment in the institution. Under this assistance plan the FDIC purchased \$720 million in Junior Convertible Preference shares (convertible into 160 million shares of common stock). The FDIC also acquired \$280 million in adjustable rate preferred stock and agreed to purchase troubled loans for \$3.5 billion.

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