July 26, 1984

Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation
Federal Reserve Board

FOR RELEASE
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PR-87-84

PERMANENT ASSISTANCE PROGRAM FOR CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY CHICAGO, ILLINOIS

SUMMARY STATEMENT

A multi-billion dollar program to rehabilitate the Continental Illinois National Bank and Trust Company and restore it to financial health was announced today by the Federal Deposit Insurance Corporation, the Comptroller of the Currency and the Federal Reserve Board.

Major components of the plan include installation of a proven, internationally recognized management team, the removal from the bank of $4.5 billion in problem loans, the infusion of $1 billion in new capital, and ongoing lines of credit from the Federal Reserve and a group of major U.S. banks. The resulting institution will be smaller, but immeasurably stronger and positioned to profitably serve the full range of banking needs of its customers.

Key management appointments are John E. Swearingen as Chairman of the Board and Chief Executive Officer of Continental Illinois Corporation and William S. Ogden as Chairman of the Board and Chief Executive Officer of Continental Illinois National Bank.

Mr. Swearingen, 65, widely acclaimed throughout international business circles, recently retired as Chief Executive Officer of the Standard Oil Company (Indiana), headquartered in Chicago. In addition to his extensive background in the energy business, where a significant amount of Continental Illinois' loans reside, he is a director of The Chase Manhattan Bank (a position he will resign).

Mr. Ogden, 56, is a highly respected and experienced banker, having spent 31 years at The Chase Manhattan Bank. He retired last year from his position as Vice Chairman of the Board of Directors and Chief Financial Officer and has since been involved in entrepreneurial ventures.

After analyzing alternative solutions to Continental Illinois' problems, the agencies concluded that the best approach is to provide sufficient permanent capital and other direct assistance to enable the bank to restore its position as a viable, self-financing entity. This decision was based on considerations of cost to the FDIC, competitive consequences and the banking needs of the public.

Pending approval by shareholders and consummation of the permanent aid package, the interim $2.0 billion subordinated loan to the bank from the FDIC and a group of banks made on May 17, 1984, remains in place. Also, the assurance given by the FDIC on May 17 that "all depositors and other general creditors of the bank will be fully protected and service to the bank's customers will not be interrupted" remains in full force and effect.

As part of the interim financial aid program, the Federal Reserve stated that it was prepared, in accordance with customary arrangements, to meet any extraordinary liquidity requirements of the bank pending more permanent arrangements. In light of the FDIC's commitment of capital resources to the bank, the Federal Reserve will continue its lending assurance. The $5.5 billion funding facility provided by a group of major U.S. banks will remain in place.

Upon consummation of the permanent aid transaction, the bank will be strongly capitalized and virtually free of nonperforming loans. If, for any reason, the permanent assistance package proves to be insufficient, the FDIC will commit additional capital or other forms of assistance as may be required.

FDIC	OCC	FRB
389-4221	287-4279	452-3204 452-3215