

MAY 17, 1984

The Federal Deposit Insurance Corporation, the Federal Reserve Board and the Office of the Comptroller of the Currency, together with a group of leading banks, have assembled a comprehensive financial assistance program for the Continental Illinois National Bank and Trust Company. The program will provide assurance of the capital resources, the liquidity, and the time needed to resolve in an orderly and permanent way the bank's problems.

Under the program, the FDIC, together with a group of commercial banks, will provide a total of \$2.0 billion in capital to the bank in the form of subordinated notes. This capital will be available for the period necessary to enhance the bank's permanent capital, by merger or otherwise. The subordinated notes bear interest at a rate equal to the one-year Treasury bill rate plus 100 basis points. The FDIC Board of Directors voted to grant assistance pursuant to Section 13(c)(2) of the FDI Act.

In view of all the circumstances surrounding Continental Illinois Bank, the FDIC provides assurance that, in any arrangements that may be necessary to achieve a permanent solution, all depositors and other general creditors of the bank will be fully protected and service to the bank's customers will not be interrupted.

To further augment the financial resources available to Continental Illinois Bank, a group of 24 major U.S. banks has agreed to provide over \$5.3 billion in funding on an unsecured basis throughout the period during which a permanent solution is developed. This agreement was arranged between the Continental Illinois Bank and the group of commercial banks, for which the Morgan Guaranty Trust Company of New York is agent.

The financial assistance program is designed to enable the Continental Illinois Bank to resume normal patterns of funding in the market to meet its liquidity requirements and to operate normally in other respects. As a part of the overall program, and in accordance with customary arrangements, the Federal Reserve is prepared to meet any extraordinary liquidity requirements of the Continental Illinois Bank during this period.

The Office of the Comptroller of the Currency -- the primary supervisor for the Continental Illinois Bank -- has worked closely with the FDIC and the Federal Reserve in connection with the structuring of this program. In the Controller's opinion the bank's difficulties will be resolved in an orderly way with the capital and liquidity support provided in this program.