WILLKIE FARR & GALLAGHER LLP

CLIENT MEMORANDUM

TREASURY ANNOUNCES PUBLIC-PRIVATE INVESTMENT PROGRAM

On March 23, 2009, Treasury Secretary Geithner announced a new Public-Private Investment Program (the "PPIP") through which the U.S. Treasury Department ("Treasury") will, in conjunction with the Federal Deposit Insurance Corporation (the "FDIC") and the Board of Governors of the Federal Reserve (the "Board"), partner with private enterprises to purchase legacy loans and securities that have not found active trading markets under current financial market conditions. The PPIP will consist of two separate programs: a Legacy Loans Program and a Legacy Securities Program, through each of which Treasury will seek to remove troubled assets from the balance sheets of U.S. lending institutions with the goal of creating a market for troubled assets and stimulating lending to U.S. households and businesses.

Legacy Loans Program

Treasury, along with the FDIC, will use its Legacy Loans Program (the "Loans Program") to purchase legacy loans and other assets from FDIC-insured depository institutions through the use of Private-Public Investment Funds ("PPIFs"). Each PPIF will receive up to 50% of its equity funding from Treasury (using funds available under Treasury's Troubled Assets Relief Program (the "TARP")) and the remainder from private investors, which Treasury expects will range from financial institutions to pension funds to individuals. Each PPIF will also be entitled to borrow from the selling institution to finance the purchase and will receive from the FDIC a guarantee on such borrowing of up to six times (as determined by the FDIC) the total amount of the PPIF's equity financing. In exchange for the FDIC guarantee, which will be secured by the assets purchased by the PPIF, the PPIF will pay the FDIC an annual fee (as well as an ongoing administration fee to pay for FDIC oversight services).

Eligible assets will be offered under the Loans Program, and PPIFs formed to purchase them, as follows: A U.S. bank or savings association will first identify pools of eligible assets that it wishes to sell, and that meet the minimum requirements the FDIC and Treasury will establish for eligible assets. The bank will provide the FDIC with information needed to review each asset pool, determine the amount of leverage it is willing to provide in the form of a loan guarantee and market the pool to private investors that may wish to purchase the asset pool jointly with Treasury through a PPIF. The FDIC will determine what terms to offer to private investors (including the amount of the guarantee available), communicate terms to prospective bidders and conduct an auction for the private capital component of the PPIF that will be formed to purchase the pool. The FDIC will review all bids received from private investors and select a winning bid, which the selling bank may elect either to accept or reject. Following a bank's acceptance of a winning bid, the FDIC and the winning private bidder will form a PPIF, on the equity and debt financing terms described above, that will purchase the auctioned asset pool. Following the completion of the sale, the private investor will, subject to FDIC oversight, control and manage the newly formed PPIF until liquidation.

Treasury and the FDIC have indicated that "passive private investors" in either PPIP program will not be subject to executive compensation restrictions. However, it is not yet clear which participants would be considered "passive" investors. It should also be noted that some Members of Congress have criticized Treasury's position regarding the applicability of executive compensation limitations, and it is therefore possible that Congress will in any event seek to extend those limits to participants in the PPIP. Treasury has not yet specified whether participants in either PPIP program will be subject to restrictions recently placed upon recipients of TARP funds that seek to hire holders of H-1B visas, which permit foreign nationals to take temporary employment in specialty occupations. Treasury will be required by the Emergency Economic Stabilization Act of 2008 (the "EESA") to take warrants in the PPIFs. Treasury and the FDIC will seek to launch the Loans Program as quickly as possible after seeking public comment and contacting potential participants. Additional information on the Loans Program, and how to participate, will be made available at http://www.financialstability.gov.

Legacy Securities Program

Through its Legacy Securities Program (the "Securities Program"), Treasury will invite private asset managers to invest jointly with Treasury in commercial and residential mortgage-backed securities through a number of Public-Private Investment Funds (the "Funds"). Treasury will select approximately five asset managers (the "Fund Managers), each of which will raise equity capital from private investors for a private vehicle (the "Private Vehicle") through which it will jointly invest with Treasury in a Fund. Treasury will provide 50% of the equity financing for the Fund, plus (so long as no private investors are afforded voluntary withdrawal rights) debt financing in an amount of up to 50% of the Fund's total equity capital, or 100% of the Fund's total equity capital on a discretionary basis, which debt financing will be nonrecourse and secured by the assets held by the Fund. The Fund may raise additional debt financing from other government sources, such as the Board's Term Asset-Backed Securities Loan Facility, or from private sources. Treasury will be required by the EESA to take warrants in the Funds.

The Fund Managers will manage the Funds, including with respect to the selection, pricing, trading, disposition and liquidation of assets. Assets eligible for purchase initially include commercial and residential mortgage-backed securities issued prior to 2009 that were originally rated AAA or the equivalent by two nationally recognized statistical rating organizations and that are backed by actual mortgage loans, leases or other assets and not by other securities (except certain swaps at Treasury's discretion). The assets must be predominantly situated in the United States and must be purchased from a financial institution to which Treasury is permitted to provide funds under the EESA. Fund Managers may not purchase assets from affiliates or from private investors who have committed at least 10% of the private capital of the Fund. The Fund Manager will draw down Treasury and Private Vehicle equity capital in tranches, in the same proportion and at the same time, and simultaneously with the funding of Treasury's, or any other, debt financing, in anticipation of the purchase of any eligible assets. Treasury may in its sole discretion cease funding its committed but undrawn equity capital and debt financing. In consideration for each Fund Manager's service, Treasury will pay, solely out of distributions on its equity capital, a management fee equal to a fixed percentage of the amount of its capital contributions.

The criteria for selection of a Fund Manager are expected to include a demonstrated capacity to raise at least $500 million of private capital, demonstrated experience investing in eligible securities, a minimum of $10 billion of eligible securities under management and headquarters in the United States. In addition, prospective Fund Managers will be expected to make proposals to Treasury regarding fees to be charged to private investors, suggested structures for a Fund, the term of a Fund and private investors' withdrawal rights, the last of which may be provided for no sooner than the third anniversary of the Fund's first investment.

Asset managers interested in applying to participate in the Securities Program should complete the application provided at http://www.financialstability.gov. Additional general information about the Securities Program will also be made available at this site. An application must be submitted by 5:00 P.M. ET on April 10, 2009; preliminary approval of any Fund Manager will be announced by May 1, 2009.

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This memorandum was prepared by Gregory B. Astrachan, Russell L. Smith and Douglas F. Tedeschi. If you have any questions about this memorandum, please contact any of the members of the Willkie Farr & Gallagher Credit Crisis Task Force attached, or the attorney with whom you regularly work. The Task Force (which includes UK insolvency professionals from our strategic ally, Dickson Minto W.S., and attorneys from our European offices) was formed to respond to client questions and provide targeted advice in connection with the credit crisis.

March 24, 2009

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