Minutes

of

The Meeting of the Board of Directors

of the

Federal Deposit Insurance Corporation

By Conference Call

Closed to Public Observation

November 23, 2008 - 10:04 P.M.

At 10:04 p.m. on Sunday, November 23, 2008, the Chairman called a special meeting of the Board of Directors of the Federal Deposit Insurance Corporation which was held by means of a telephone conference call.

Sheila C. Bair, Chairman of the Board of Directors; Martin J. Gruenberg, Vice Chairman of the Board of Directors; Thomas J. Curry, Director (Appointive); John C. Dugan, Director (Comptroller of the Currency); John M. Reich, Director (Director, Office of Thrift Supervision); John F. Bovenzi, Deputy to the Chairman and Chief Operating Officer; Steven O. App, Deputy to the Chairman and Chief Financial Officer; Jason C. Cave, Acting Deputy to the Chairman; Jesse O. Villarreal, Chief of Staff; Michael H. Krimminger, Special Advisor for Policy, Office of the Chairman; Barbara A. Ryan, Deputy to the Vice Chairman; Lisa K. Roy, Deputy to the Director (Appointive); William A. Rowe, III, Deputy to the Director (Comptroller of the Currency); Claude A. Rollin, Deputy to the Director (Director, Office of Thrift Supervision); John V. Thomas, Acting General Counsel; Sandra L. Thompson, Director, Division of Supervision and Consumer Protection; Arthur J. Murton, Director, Division of Insurance and Research; Mitchell L. Glassman, Director, Division of Resolutions and Receiverships; Eric J. Spitler, Director, Office of Legislative Affairs; Andrew S. Gray, Director, Office of Public Affairs; and Robert E. Feldman, Executive Secretary, participated in the meeting.

Also participating in the meeting were: Christopher J. Spoth, John M. Lane, Serena L. Owens, John H. Corston, Patricia A. Colohan, Pete D. Hirsch, Marc Steckel, and Christine Grum, from the Division of Supervision and Consumer Protection; Richard T. Aboussie, David N. Wall, and Mark G. Flanigan, from the Legal Division; Diane L. Ellis, Miguel D. Browne, Christopher J. Newbury, and Matthew Green, from the Division of Insurance and Research; James R. Wigand and Herbert J. Held, from the Division of Resolutions and Receiverships; Tiffany K. Froman, from the Division of Information Technology; and Alice C. Goodman, from the Office of Legislative Affairs.

Julie L. Williams, First Senior Deputy Comptroller and Chief Counsel; and Douglas W. Roeder, Senior Deputy Comptroller, Large Bank Supervision, Office of the Comptroller of the Currency, also participated in the meeting.

Chairman Bair presided at the meeting; Mr. Feldman acted as Secretary of the meeting.

Chairman Bair called the meeting to order. Vice Chairman Gruenberg then moved that the Board of Directors determine that Corporation business required its consideration of the matters which were to be the subject of the meeting on less than seven days' notice to the public; that no earlier notice of the meeting was practicable; that the public interest did not require consideration of the matters which were to be the subject of the meeting in a meeting open to public observation; and that the matters could be considered in a meeting closed to public observation by authority of subsections (c)(4), (c)(8), (c)(9)(A)(ii), and (c)(9)(B) of the "Government in the Sunshine Act" (5 U.S.C. 552b((c)(4), (c)(8), (9)(A)(ii), and (c)(9)(B)). Chairman Bair seconded the motion and, with Director Reich, Director Curry, and Director Dugan concurring, the motion was carried.

James R. Wigand, Deputy Director, Franchise and Asset Marketing Branch, Division of Resolutions and Receiverships ("DRR"), presented to the Board staff's recommendation that the Board find that the failure of Citigroup Inc. ("Citigroup") and its insured affiliate banks and thrifts would have serious adverse effects on domestic and international economic conditions and financial stability and that Citigroup's failure would seriously and negatively affect already disrupted credit markets, including short-term interbank lending, counterparty relationships in Qualified Financial Contract markets, and bank senior and subordinated debt markets, and would further disrupt the related markets in derivative products and other markets. Therefore, stated Mr. Wigand, staff was further recommending that the Board make a systemic risk determination and authorize staff to take necessary steps to implement the provision of Corporation assistance to Citigroup in the manner he would outline to the Board. Mr. Wigand informed the Board that, based on preliminary information, staff estimates no loss to the Deposit Insurance Fund as a result of the recommended assistance.

Mr. Wigand continued, stating that, in order to prevent the foregoing systemic risks, staff was recommending that the Board authorize the Corporation to enter into a transaction to provide for shared loss coverage on a designated pool of assets approximately $306 billion in size, along with the U.S. Department of the Treasury's ("Treasury") Troubled Asset Relief Program ("TARP"), with the Corporation's potential loss protected by the issuance of preferred stock by Citigroup. He added that the Corporation and the TARP will provide guarantees on certain residential assets for 10 years and certain other assets for a period of 5 years. The Corporation, he said, will be exposed to loss only after Citigroup absorbs the first $37 billion in losses and the TARP absorbs the next $5 billion in losses. Mr. Wigand stated that the Corporation's loss share will be capped at $10 billion and it will receive compensation in the form of $3 billion in preferred stock. In addition, he said, the Board of Governors of the Federal Reserve System ("Federal Reserve") will provide certain financing secured, in part, by assets in a portfolio of consumer and commercial loans designated by the Corporation, Treasury, and the Federal Reserve (collectively, the "Agencies") and Citigroup.

Mr. Wigand next stated that Citigroup and the Agencies will share losses, with Citigroup having a 10 percent loss share on all losses in excess of the $37 billion. He explained that the TARP will take the second loss position up to $5 billion and the Corporation will take the third loss position up to $10 billion, with the loss share of the TARP and the Corporation capped as explained above and the Federal Reserve taking remaining losses. Mr. Wigand then informed the Board that Citigroup will manage the assets, with instructions provided by the Agencies. Among the instructions, he specified, will be those requiring use of loan modification procedures comparable to those introduced by the Corporation on August 20, 2008, at IndyMac Federal Bank, FSB, Pasadena, California, of which the Corporation is conservator, unless otherwise agreed. In addition, Mr. Wigand stated that Citigroup will be subject to specific limitations on executive compensation and dividends during the loss share period.

Mr. Wigand then informed the Board that the Corporation, the Office of the Comptroller of the Currency ("OCC"), and the Office of Thrift Supervision ("OTS") have determined that the insured affiliate banks and thrifts of Citigroup meet the requirements under section 13(c)(8) of the Federal Deposit Insurance Act ("FDI Act") for receiving direct financial assistance before the appointment of a receiver, and that assistance will increase existing capital levels and improve liquidity.

In exchange for the guarantees Mr. Wigand had described, he explained that Citigroup has agreed to (1) seek the prior approval of the Agencies before paying dividends for three years; (2) develop an executive compensation program that rewards long-term performance and profitability to be approved by the Agencies; and (3) implement loan modification procedures conforming with the Corporation's model used at IndyMac Federal Bank, FSB, for mortgages in the asset pool, unless otherwise agreed. Additionally, as Mr. Wigand had previously stated, the Corporation and the TARP will receive preferred stock as reasonable compensation for the guarantees provided.

Mr. Wigand then requested that John H. Corston, Associate Director, Large Institutions and Analysis Branch, Complex Financial Institutions, Division of Supervision and Consumer Protection, provide the supervisory history and condition of Citigroup and its insured bank and thrift affiliates. Mr. Corston explained that Citibank, National Association, Las Vegas, Nevada ("CBNA") is a nationally chartered bank founded in 1812 that is the lead bank within Citigroup, a financial holding company regulated by the Federal Reserve; and that CBNA is the third largest bank in the nation and is the predominant legal entity representing 63 percent of consolidated holding company assets. He then explained that the remaining insured legal entities of Citigroup consist of an additional two national banks, one federal savings bank, and one state non-member bank, respectively, as follows: Citibank (South Dakota), N.A., Sioux Falls, South Dakota; Department Stores National Bank, Sioux Falls, South, Dakota; Citicorp Trust Bank, fsb, Wilmington, Delaware; and Citibank (Banamex USA), Century City, California. He then continued, stating that Citigroup is the largest consumer finance lender in the world, third largest mortgage servicer, and the fourth largest student lender. It is also, he said, the world's largest credit card lender and the third largest in the United States as well as one of the world's largest private banking and private wealth management businesses.

Mr. Corston added that Citigroup has three principal nonbank subsidiaries: Citigroup Global Markets Holdings, Inc., a broker-dealer; Citigroup Funding, Inc., the primary funding vehicle of Citigroup; and Associates First Capital Corporation, the parent company of CitiFinancial, which provides consumer finance. In addition, he said, there is one foreign banking subsidiary—Grupo Financiero de Banamex SA de CV, a Mexican banking organization.

Mr. Corston then stated that CBNA engages in extensive foreign activities and has operations in over 100 countries, operating approximately 1,000 retail branches in 13 states, the District of Columbia, and Guam. He said that CBNA reported foreign assets of $612 billion and foreign deposits of $554 billion held either in direct foreign branches of CBNA or in other foreign entities that are mostly owned by the CBNA's Edge Act investment subsidiary, Citibank Overseas Investment Corp. ("COIC"). COIC, Mr. Corston explained, has over 20 foreign banks that are headquartered and chartered in countries around the world.

He then informed the Board that the risk profile of CBNA is increasing rapidly due to the market's lack of confidence in the company and a substantially weakened liquidity position. In particular, Mr. Corston said that liquidity has reached crisis proportions, such that the CBNA is projected to be unable to meet its obligations. Most recently, he said this was exemplified on Friday, November 21, 2008, when the United Kingdom's Financial Services Agency imposed a $6.4 billion cash lockup requirement to protect the interests of the United Kingdom broker-dealer.

Mr. Corston then reported that, on Friday, November 21, 2008, market acceptance of CBNA's liabilities diminished, as the company's stock plunged to a 16-year low; credit default swap spreads widened by 75 basis points to 512.5 basis points; and counterparties advised that they would require greater collateralization on any transactions with CBNA.

Mr. Corston next informed the Board that, without substantial government intervention that results in a positive market perception on the morning of Monday, November 24, 2008, OCC and Citigroup project that CBNA will be unable to pay obligations or meet expected deposit outflows the following week. Citigroup's contractual cash flow projections, he said, show that a total of 7.2 percent deposit run off will result in no cash surplus.

Mr. Corston continued his presentation, stating that current requests by Citigroup to the Federal Reserve to expand the Commercial Paper Funding Facility ("CPFF") (created by the Federal Reserve on October 7, 2008, to help provide liquidity to term funding markets) and to expand collateral and entities eligible for posting to the Primary Dealer Credit Facility ("PDCF") and the Term Securities Lending Facility ("TSLF") would provide short-term funding relief. However, according to Mr. Corston, the additional funding provided by CPFF, PDCF, and TSLF would not be sufficient to withstand an extensive deposit runoff.

Mr. Corston then turned to the matter of systemic risk, explaining that it appears likely that any transaction implemented by the Corporation under a least-cost framework would have significant adverse effects on economic conditions and the financial markets based on Citigroup's size and the markets in which it operates. Given Citigroup's significant international presence, he said, the effects on money market liquidity could be expected on a global basis. In addition, he stated that term funding markets remain under considerable stress. Mr. Corston said that these pressures have increased over the past week with a loss of investor confidence in financial institutions' performance, as evidenced by a significant drop in bank equity values and another round of increases in banks' credit default swap spreads. Citigroup has been particularly vulnerable, Mr. Corston said, with its exposure to credit and market losses coupled with its dependence on international operations for funding. He observed that the Corporation is prohibited from taking action that could expose the Deposit Insurance Fund in a manner that could benefit debt or equity holders of a company without invocation of the systemic risk exception available under the FDI Act.

Mr. Corston then emphasized that not providing open bank assistance to Citigroup would likely have major systemic effects. He said that both financial stability and overall economic conditions would be adversely affected for the reasons he had already discussed, and that staff believes the consequences could extend to the broader economy. Recent disruptions to global money and credit markets since September and other developments, he said, point to a clear nexus between financial market turmoil and impaired economic performance that could be expected to worsen further if Citigroup and its insured subsidiaries should be allowed to fail. Mr. Corston said that such an event would significantly undermine business and household confidence. In addition, Mr. Corston stated, with the liquidity of banking organizations further reduced and their funding costs increased, banking organizations would become even less willing to lend to businesses and households, thereby contributing to weaker economic performance, further damage to financial markets, and other material negative effects.

In creating the systemic risk exception, Mr. Corston stated that Congress clearly envisioned that circumstances could arise in which the exception should be used. He concluded his presentation by stating that, in view of the current intense financial strains, as well as the likely consequences to the general economy and financial system of a failure to provide open bank assistance to the third-largest commercial bank in the United States, staff believed that circumstances such as Congress envisioned are clearly present and that invocation of the systemic risk exception is justified.

John V. Thomas, Acting General Counsel, then clarified that, despite Mr. Corston's reference to a least-cost framework resolution of Citigroup having significant adverse effects on economic conditions and the financial markets, the actual problem is not that staff's recommendation is a least-cost resolution, inasmuch as the expected cost to the Corporation is zero. Rather, Mr. Thomas said, the problem, i.e., the need for the Board to make a systemic risk determination to implement staff's recommended resolution exists because it amounts to the provision of open bank assistance. Chairman Bair acknowledged Mr. Thomas's point and thanked him for the clarification.

Vice Chairman Gruenberg then stated his support for the case and expressed his view that the finding of systemic risk is clear and justified. He noted the exceptional cooperation that had occurred among the Federal bank regulatory agencies and Treasury to do what is necessary to maintain financial stability in an extraordinary set of market conditions. He added that conditions imposed on Citigroup relating to dividends and executive compensation, as well as the loan modification protocol, are essential components of the case.

Director Curry agreed with Vice Chairman Gruenberg's comments and added that staff has amply made the case that the systemic risk determination standard has been met. He indicated further that he hoped that the open bank assistance contemplated by the recommendation is sufficient and that he was prepared to vote in favor of the recommendation.

Director Dugan stated that he strongly supported the recommendation, agreeing, as Vice Chairman Gruenberg and Director Curry had said, that the facts presented amply justified the recommendation. He added that the proposal was not simply about Citigroup and its insured bank and thrift affiliates but about confidence in other banks he well. As a result, he said, it was absolutely critical that the Board act decisively to take measures to address the circumstances described. Director Dugan, too, hoped that the assistance to be granted was adequate to accomplish the Agencies' goals and said, that with the combination of the Agencies' resources, he thought it would be.

Chairman Bair asked Director Dugan whether OCC had a supervisory strategy for helping to get CBNA and the two other national bank affiliates of Citigroup (collectively, "Citigroup's national banks") under control again. Director Dugan responded that the situation was about confidence as opposed to capital in those institutions or their reserve levels. He indicated that OCC will be closely monitoring the situation and dealing with issues related to supervision, but that the issue at hand was that of a potential world-wide bank run needing to be brought under control. Chairman Bair agreed regarding the need to re-instill confidence about banks, but she added that the Corporation will look forward to working with OCC regarding the appropriate supervisory strategy for Citigroup's national banks. She expressed her understanding that all of the Federal depository institution regulators are committed to making sure that Citigroup pursues selling itself or certain parts of itself, but noted that this is not the first time that Citigroup has become challenged.

Chairman Bair then set out her understanding that Citigroup has a significant off-balance-sheet exposure that could be having to be come on book at the end of 2009, which could further complicate the situation. She noted that the Corporation has already provided $77 billion in guarantees of Citigroup's unsecured senior debt under the debt guarantee program component of the Temporary Liquidity Guarantee Program initiated by the Corporation on October 13, 2008, to mitigate the serious adverse effects on economic conditions or financial stability that would otherwise create systemic risk to the credit markets. Chairman Bair further noted that the Corporation could ultimately wind up guaranteeing even more of

Citigroup's debt unsecured senior debt if Citigroup were to apply for an exception to its debt guarantee limit. She observed how deeply those guarantees place the U.S. government "on the hook." In addition, approving staff's recommendation from the instant proposal, which she said is something the Board's need to do, would involve the Corporation's providing additional reinsurance on the losses of Citigroup's loan portfolio. Chairman Bair cautioned, however, that the Corporation's and the TARP's financial assistance to Citigroup is not sufficient to right Citigroup as it has significant problems requiring a very aggressive supervisory strategy. Without the latter, Chairman Bair stated, the Corporation will find itself needing to infuse additional assistance into Citigroup.

Director Reich then indicated his support for staff's recommendation and recognized that systemic risk was involved. In response to a question from Director Reich on Citigroup's current liquidity situation, Douglas W. Roeder, Senior Deputy Comptroller, Large Bank Supervision, OCC, stated that the liquidity component of CBNA's CAMELS rating was not less than a "3", given the support CBNA was about to receive from the transaction on the table at this meeting. Chairman Bair then asked how the latter could be so when the OCC was on the verge of having to close the Citigroup's national banks because CBNA was not going to be able to meet its liquidity needs the morning of Monday, November 24, 2008. She added that CBNA has $500 billion in foreign deposits that cannot be guaranteed by anyone and repeated that she could not understand how the OCC could rate CBNA's as high as a "3" given the latter circumstances. Director Dugan responded that the "3" rating for liquidity essentially anticipates what the rating will be once the transaction before the Board is approved. Chairman Bair responded, in turn, that the Corporation does not use that just-described approach as a criterion in its liquidity ratings and that it is certainly not the criterion used for the liquidity ratings of other banks. She indicated that it is not a good approach to say that an institution can receive a "3" rating for liquidity if it could only be demonstrated that government assistance would enable adequate liquidity. Then, Director Dugan said that he thought the ability to contemplate government assistance enabling an institution to achieve adequate liquidity had been the standard. He stated that the fact that CBNA has already received a certain amount of government assistance and the fact that the instant proposal would provide more are factors in evaluating its current liquidity rating. Further, he said, OCC will adjust and evaluate

CBNA's liquidity after it examines what happens once the proposal is actually consummated.

Chairman Bair said that the just-completed discussion on CBNA's liquidity rating raises again her question as to what OCC's supervisory strategy is for CBNA. She added that she was of the view that the current proposal would not resolve Citigroup's problems and that, unless OCC found a way to stabilize the situation at CBNA, the Corporation would find itself again being asked to infuse additional assistance. Chairman Bair stated that she wanted the latter statement on the record of the Board's consideration of this matter, and she said that the Corporation desires to work constructively with the OCC about realistically recognizing Citigroup's underlying problems as being deeper than merely being reflective of general market conditions. She emphasized that Citigroup has certain problems very specific to itself and that all of the depository institution regulators need to work together on a means of fixing them.

Director Dugan stated that OCC would continue to work very hard to address Citigroup's problems without committing to a particular strategy at this point. He added that the OCC will be looking at numerous options and will keep the Board informed of those options.

Staff then responded to questions from Director Reich regarding the "ring-fencing"—specific identification of assets in an asset pool—of the previously referenced $306 billion asset pool that was the subject of the loss share coverage and regarding the Corporation's standard loss sharing protocol. Also in response to a question from Director Reich, Mr. Thomas indicated that the dividend restrictions under which Citigroup must seek the Agencies' consent to pay in excess of $.01 per share per quarter for three years are contractual in nature versus the separate supervisory basis the OCC has under which it, too, can restrict the payment of dividends with respect to Citigroup's national banks.

Director Reich then asked if any changes in management are expected or required as the result of the proposal. Chairman Bair, terming that a good question, asked Director Dugan to respond. Director Dugan responded that the agreement requires no changes in management. Chairman Bair then asked whether OCC was evaluating the quality of management as a component of its supervisory strategy. Director Dugan responded that OCC is always evaluating the quality of management, and he added that OCC simply cannot dismiss management unless there are available other people who are willing and capable to take over. Director Reich then stated his sympathy for the situation Director Dugan, as Comptroller of the Currency, is facing, stating that there is no doubt in his mind that this is a systemic risk situation. Director Reich then suggested that, in hindsight, there may have been some systemic situations prior to the current one that were not classified as such as the failure of IndyMac Bank, F.S.B., Pasadena, California, on July 11, 2008, which pointed to the next weakest institution, Washington Mutual Bank, Seattle, Washington, which failed on September 25, 2008, which, in turn, pointed to the insured bank and thrift affiliates of Wachovia Corporation, Charlotte, North Carolina, which generated the Corporation's first systemic risk finding on September 29, 2008, and which finally pointed to the Citigroup situation. Director Reich wondered which notable institution would be next. He expressed his hope that the Federal bank regulators and Treasury would look at future such situations in a balanced manner and avoid "selective creativity" in determining what constitutes systemic risk and what does not and what is possible for the government to do and what is not. He stated that there has been a high degree of pressure exerted in certain situations and not in others, making him concerned about parity.

Vice Chairman Gruenberg then thanked the Corporation's staff, many of whom had been at work the entire weekend in connection with this matter as well as the staff of other agencies for their extraordinary efforts. Chairman Bair concurred with Vice Chairman Gruenberg's statement and noted that many staff still had a long night before them working on executing the necessary agreements and making announcements to the media.

Then, in accordance with the recommendation of staff and on motion of Vice Chairman Gruenberg, seconded by Director Curry, concurred in by Director Dugan, Director Reich, and Chairman Bair, the Board adopted the following resolution:

(1) finding that the instability of the insured bank and thrift affiliates of Citigroup ("Banks") would have serious adverse effects on economic conditions or financial stability and would create systemic risk to the credit markets;

(2) finding that severe financial conditions exist which threaten the stability of a significant number of insured depository institutions or of insured depository institutions possessing significant

financial resources and the Banks are insured depository institutions under such threat of instability and that the Board takes this action in order to mitigate the serious adverse effects, which will lessen the risk to the insurance fund, and systemic risks, posed by the Banks, and that the proposal will be the least costly of all available methods;

(3) finding that the proposal which involves the provision of assistance under section 13(c)(2) of the FDI Act, 12 U.S.C. § 1823(C)(2), in the form of guarantees against loss to, or contributions to, the Banks, will mitigate the serious adverse effects on economic conditions or financial instability that would be caused by the Banks' continued seriously weakened condition;

(4) finding that the conditions for receiving direct financial assistance before the appointment of a receiver under section 13(c)(8)(A)(i) and (ii) of the FDI Act have been satisfied;

(5) authorizing the Chairman of the Board, or her designee, to provide the written recommendation to the Secretary of the Treasury specified under section 13(C)(4)(G)(i) of the FDI Act, 12 U.S.C. § 1823(C)(4)(G)(i); and

(6) authorizing the Director, Division of Resolutions and Receiverships, or his designee, and all other Corporation staff to take all appropriate action to implement the provision of assistance authorized hereunder, including but not limited to: credit support in the form of loan guarantees, and loss sharing, and to take any other action necessary and appropriate in connection with this matter:

WHEREAS, staff has presented information to the Board of Directors ("Board") of the Federal Deposit Insurance Corporation ("FDIC" or "Corporation") indicating that the recent unprecedented disruption in credit markets and the resultant effects on the abilities of banks to fund themselves and to intermediate credit place the United States in danger of suffering adverse economic conditions and financial instability; and

WHEREAS, these conditions threaten the stability of a significant number of insured depository institutions, thereby increasing the potential for losses to the Deposit Insurance Fund in the resolutions of such insured depository institutions; and

WHEREAS, staff has advised the Board of the FDIC that Citibank, National Association, Las Vegas, Nevada, Citibank (South Dakota), N.A., Sioux Falls, South Dakota, Citicorp Trust Bank, fsb, Wilmington, Delaware, Citibank (Banamex USA), Century City, California, Department Stores National Bank, Sioux Falls, South Dakota ("Banks"), and their affiliates are in seriously weakened condition; and

WHEREAS, staff has advised that severe financial conditions exist which threaten the stability of the Banks which are insured depository institutions possessing significant financial resources; and

WHEREAS, a proposal for the stabilization of the Banks and their affiliates without the appointment of the FDIC as receiver has been developed in consultation with the Board of Governors of the Federal Reserve System ("Federal Reserve Board") and the Secretary of the Treasury (collectively the "Agencies"), which involves the Agencies provision of guarantees against loss on certain residential assets for 10 years and certain other assets for a period of 5 years; and

WHEREAS, Citigroup Inc. ("Citigroup") will take a first loss position equal to $37 billion; and

WHEREAS, for losses above $37 billion, there is a loss sharing agreement where losses are shared 10 percent by Citigroup and 90 percent by the Agencies with Treasury taking a second loss position up to $5 billion, the Corporation taking the third loss position up to $10 billion, and the Federal Reserve Board having agreed to take the remaining risk based on nonrecourse lending on the pool of assets ("Proposal"); and

WHEREAS, the Corporation is receiving $3 billion in preferred stock as compensation for its taking the $10 billion third loss position; and

WHEREAS, the Proposal is subject to prudential regulatory oversight and executive compensation restrictions, with the guarantees having a limited duration, and staff believes that the Proposal will avoid or mitigate the serious adverse effects on economic conditions or financial stability in the most cost effective method; and

WHEREAS, the FDIC, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision have determined that the Banks meet the conditions under section 13(c)(8)(A)(i) and (ii) of the Federal Deposit Insurance Act ("FDI Act") for receiving direct financial assistance before the appointment of a receiver; and

WHEREAS, staff has recommended that the FDIC Board make a systemic risk recommendation supporting action by the FDIC; and

WHEREAS, the Corporation has been advised that the Federal Reserve Board is expected to make a similar recommendation and that the Secretary of the Treasury, after consultation with the President, is expected to make the systemic risk determination in this situation.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that the instability of the Banks would have serious adverse effects on economic conditions or financial stability and would create systemic risk to the credit markets.

BE IT FURTHER RESOLVED, that severe financial conditions exist which threaten the stability of a significant number of insured depository institutions or of insured depository institutions possessing significant financial resources and the Banks are insured depository institutions under such threat of instability and that the Board takes this action in order to mitigate the serious adverse effects, which will lessen the risk to the insurance fund, and systemic risks, posed by the Banks, and that the proposal will be the least costly of all available methods.

BE IT FURTHER RESOLVED, that the Board finds that the Proposal which involves the provision of assistance under section 13(c)(2) of the FDI Act, 12 U.S.C. § 1823(C)(2), in the form of guarantees against loss to, or contributions to, the Banks, will mitigate the serious adverse effects on economic conditions or financial instability that would be caused by the Banks' continued seriously weakened condition.

BE IT FURTHER RESOLVED, that the Board finds that the conditions for receiving direct financial assistance before the appointment of a receiver under section 13(c)(8)(A)(i) and (ii) of the FDI Act have been satisfied.

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Chairman of the Board, or her designee, to provide the written recommendation to the Secretary of the Treasury specified under section 13(C)(4)(G)(i) of the FDI Act, 12 U.S.C. § 1823(C)(4)(G)(i).

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Director, Division of Resolutions and Receiverships, or his designee, and all other FDIC staff to take all appropriate action to implement the provision of assistance authorized hereunder, including but not limited to: credit support in the form of loan guarantees, and loss sharing, and to take any other action necessary and appropriate in connection with this matter.

[EXECUTIVE SECRETARY'S NOTE: On Sunday, November 23, 2008, the United States government entered into an agreement with Citigroup Inc., to provide a package of guarantees, liquidity access, and capital, whereby, as part of the agreement, the Department of the Treasury and the Corporation will provide protection against the possibility of unusually large losses on an asset pool of approximately $306 billion of loans and securities backed by residential and commercial real estate and other such assets, which will remain on Citigroup's balance sheet. As a fee for that arrangement, Citigroup will issue preferred shares to the Treasury and the Corporation. In addition, Citigroup will comply with enhanced executive compensation restrictions and implement the Corporation's mortgage modification program.]

Documents and materials relevant to the Board's consideration of the foregoing are marked an exhibit for identification, are filed in the jacket of this meeting, and, by reference, are made a part of these minutes and the permanent files of the Board of Directors.

There being no further business, the meeting was adjourned.

Executive Secretary