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Memorandum

Privileged & Confidential

To: Clients and Friends
From: Theodore L. Eissfeldt
Date: January 12, 2009
Subject: FDIC Temporary Liquidity Guaranty Program; Pooled Offering

Attached please find a term sheet released by FTN Financial relating to its pooled program to allow banks, thrifts and holding companies to issue FDIC-guaranteed senior unsecured debt under the FDIC's Temporary Liquidity Guaranty Program. It may be of interest to those who have registered for the FDIC Temporary Liquidity Guaranty Program (the "Program").

The purpose of the FTN pooled program is to provide banks with an alternative to the use of brokered CD's and to permit holding companies a source of unsecured new financing or to refinance holding company debt at maturity (the FDIC's final rule provides that loan proceeds from the Program cannot be used to prepay outstanding unmatured debt).

The FDIC issued an updated FAQ on December 19, 2008 which indicates that it will rarely approve holding company debt to be issued as part of the Program where the purpose is to use the proceeds to contribute capital to the subsidiary bank. Since small bank holding companies (*i.e.* under \$500 million) have no minimum capital requirements at the holding company level, it had been previously anticipated that small bank holding companies would have found it advantageous to use Program loan proceeds to augment subsidiary bank Tier 1 capital.

If you intend to participate in the program and require legal assistance, please contact me at (309) 672-1483 or tle@h2law.com.

Eissfeldt, Theodore

From: Vaughn, Doug [Doug.Vaughn@ftnfinancial.com]
Sent: Friday, January 09, 2009 1:02 PM
To: Eissfeldt, Theodore
Subject: FTN Financial FDIC pooled debt program

Hello Theodore:

Thanks for taking a moment to discuss our pooled FDIC Guaranteed debt issuance program. We have the advantage of partnering with Bank of America which will use their shelf registration for the securities. This should be quite advantageous from a liquidity perspective. If you like our program please let your other community bank clients know that we have the expertise to get them funded efficiently and quickly. Feel free to call me at 901-435-8147 (or 8670). You may also call David Howard (8217) or Matt Entrekin (8977) for more in depth details.

Thanks Theodore.

dbv

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Standard FTN Financial Disclaimer 1

FTN Financial

FDIC GUARanteed Debt Securities (“GUARDS”) Program

Summary for Potential Issuers

Confidential

January 2009

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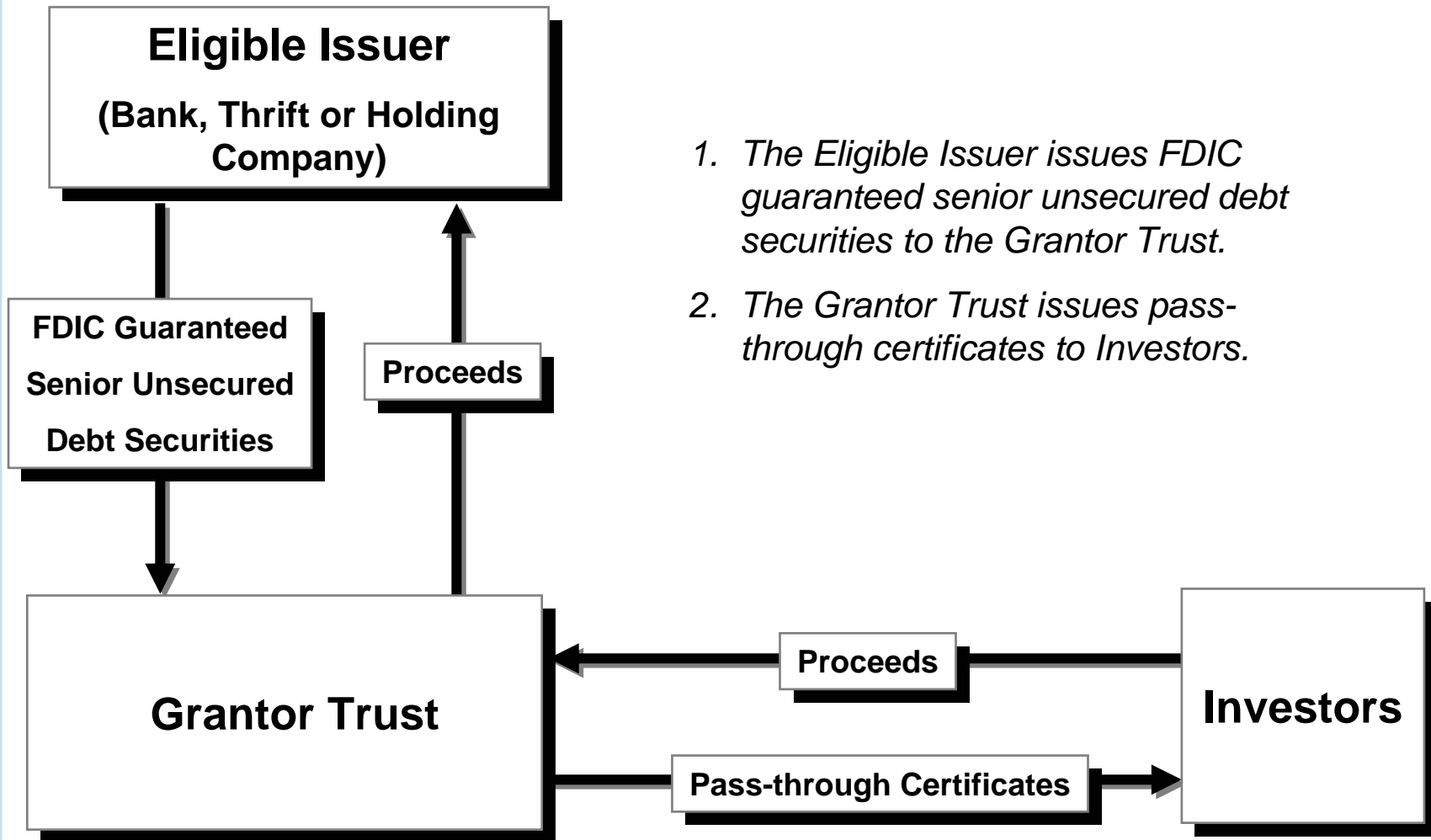
Introduction

FTN Financial has teamed with Bank of America Securities to create a pooled issuance program to allow eligible financial institutions (banks, thrifts and holding companies) to issue FDIC-guaranteed senior unsecured debt under the FDIC’s Debt Guarantee Program.

Transaction Highlights

- Institutions that elected to participate in the FDIC’s Debt Guarantee Program will issue senior unsecured debt securities into a single Trust. The Trust will issue publicly registered pass-through certificates that are backed by the guaranteed debt securities.
- The GUARDS Program was created so that smaller issues of debt could be aggregated into a larger, more liquid structure.
- The issuance of publicly registered securities by the Trust will attract the broadest possible group of investors, lowering interest costs.
- The GUARDS Program will also simplify the issuance process, minimizing time and expense.
- FTN will provide standardized legal documents for each participant.
- Each participant will issue a security with the same terms, payment dates and coupon.

Basic GUARDS Structure



1. *The Eligible Issuer issues FDIC guaranteed senior unsecured debt securities to the Grantor Trust.*
2. *The Grantor Trust issues pass-through certificates to Investors.*

Summary of Terms

- **Security Offered to the Trust:** Fixed-rate Guaranteed Senior Unsecured Notes
- **Securities Offered to Investors:** Publicly registered Pass-through Certificates
- **Minimum Issuance:** \$2MM
- **Maximum Issuance:** Limit Established by FDIC
- **Maturity:** 3-3.5 years
- **Optional Redemption:** None, except to the extent the Trust becomes obligated to pay additional amounts to non-U.S. investors due to U.S. withholding tax requirements.
- **Interest Rate:** 3-year Treasury Rate plus _____ basis points
- **Payments:** Semi-annual on a 30/360 day count
- **Placement Agent Fees:** 50 basis points, which includes placement fee, structuring fee and trustee fee
- **FDIC Guarantee Fee:** 1% annualized fee per year on the principal amount of the issuance payable at the time of issuance (1% x 3 yr maturity x principal amount)
- **Estimated Annualized All-in Cost:** 3.25% - 3.75%

Advantages of Participation

- For banks and thrifts:
 - FDIC-guaranteed debt provides a 3-year, fixed-rate source of funding
 - Debt is unsecured and does not diminish ability to use FHLB funding
 - Provides an alternative to brokered CD’s
 - Pricing is expected to be competitive with brokered CD’s

- For holding companies:
 - Provides a source of senior unsecured financing that is typically unavailable to regional and community holding companies
 - An alternative source of liquidity to refinance maturing holding company debt

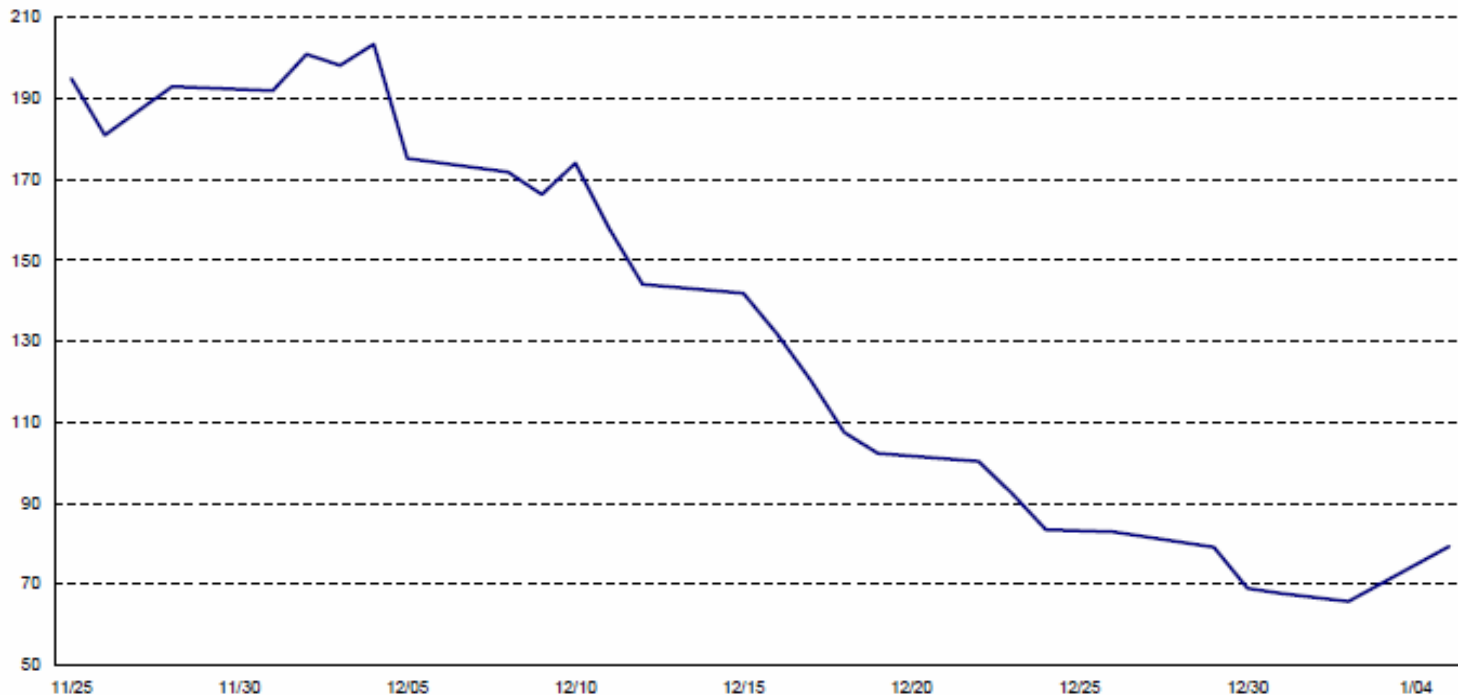
Additional Considerations

- Absolute cost of borrowing is low:
 - Treasury rates reflect a significant “flight to quality”
 - Investors prefer short maturities
 - Spreads on FDIC guaranteed debt have tightened

- Access to wholesale funding may continue to change:
 - FHLB Advances require collateral, have limits and require a viable FHLB system
 - Banks and thrifts must be well capitalized to access the brokered CD market

Spread Tightening Reduces Interest Costs

*3.5-Year TLGs vs Fitted US Treasury
Daily Spread History*



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