$ 300,000,000

FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.

Junior Subordinated Debentures

The debentures will bear interest on their principal amount from and including the date they are issued to but excluding December 15, 2036 (the "scheduled maturity date") at the annual rate of 6.40%, payable semi-annually in arrears on each June 15 and December 15, beginning June 15, 2007. We have the right, on one or more occasions, to defer the payment of interest on the debentures for one or more consecutive interest periods that do not exceed five years without being subject to our obligations under the alternative payment mechanism described in this offering memorandum and for one or more consecutive interest periods that do not exceed a total of 10 years without giving rise to an event of default. In the event of our bankruptcy, holders will have a limited claim for deferred interest.

The principal amount of the debentures will become due on the scheduled maturity date only to the extent that we have received sufficient net proceeds from the sale of certain qualifying capital securities during a 180-day period ending on a notice date not more than 30 or less than five business days prior to such date. We will use our commercially reasonable efforts, subject to certain market disruption events, to sell enough qualifying capital securities to permit repayment of the debentures in full on the scheduled maturity date. If any amount is not paid on the scheduled maturity date, it will remain outstanding and bear interest at a floating rate of one-month LIBOR plus 2.215%, payable monthly in arrears, and we will continue to use our commercially reasonable efforts to sell enough qualifying capital securities to permit repayment of the debentures in full.

The "final repayment date" of the debentures is initially December 15, 2066, and will be automatically extended up to four times in five-year increments to December 15, 2071, 2076, 2081, and 2086, subject to the satisfaction of certain conditions. On the final repayment date, we must pay any remaining principal and interest on the debentures in full, whether or not we have sold qualifying capital securities.

We may redeem the debentures (i) in whole or in part, at any time prior to December 15, 2036 at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the make-whole redemption price as set forth in this offering memorandum, provided that in the case of a redemption in part that the principal amount outstanding after such redemption is at least $50,000,000, or (ii) in whole, but not in part, prior to December 15, 2036, within 90 days after certain events involving taxation or changes in the rating agency equity credit criteria applicable to the debentures at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the make-whole redemption price as set forth in this offering memorandum.

The debentures will (i) be subordinated to all of our existing and future senior, subordinated and junior subordinated debt, except for any future debt that by its terms is not superior in right of payment, (ii) rank pari passu with our trade accounts payable and accrued liabilities arising in the ordinary course of business and (iii) be effectively subordinated to all liabilities of our subsidiaries.

Investing in the debentures involves risk. Risk Factors begin on page 10.

Offering Price: 99.596% of principal plus accrued interest, if any, from November 22, 2006.

The debentures have not been registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. Unless they are registered, the debentures may be offered only in transactions that are exempt from registration under the Securities Act and other applicable securities laws. Accordingly, we are offering the debentures within the United States only to qualified institutional buyers under Rule 144A and to non-United States persons under Regulation S. The debentures are not transferable except in accordance with the restrictions described under "Notice to Investors".

We expect to deliver the debentures to investors through the book-entry facilities of The Depository Trust Company and its direct participants on or about November 22, 2006.

Joint Structuring Coordinators and Book-Running Managers

GOLDMAN, SACHS & CO. LEHMAN BROTHERS

Book-Running Managers

JPMORGAN UBS INVESTMENT BANK WACHOVIA SECURITIES

November 17, 2006

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You should rely only on the information contained in this document or incorporated in this document by reference. We have not, and the initial purchasers have not, authorized any other person to provide you with information that is different from that contained or incorporated by reference in this offering memorandum. Neither we nor the initial purchasers are making or will make an offer to sell the debentures in any jurisdiction where the offer or sale is not permitted. The information contained in this offering memorandum may be accurate only as of the date indicated on the front cover, and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of time of delivery of this offering memorandum or of any sale of the debentures.

NOTICE TO INVESTORS

This offering memorandum is being furnished by us on a confidential basis in connection with an offering that is exempt from registration under, or not subject to, the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws solely to allow a prospective investor to consider purchasing the debentures. Delivery of this offering memorandum to any other person or any reproduction of this offering memorandum, in whole or in part, without our or the initial purchasers' prior consent, is prohibited. The information contained in this offering memorandum has been provided by us and other sources identified in this offering memorandum. No representation or warranty, express or implied, is made by the initial purchasers as to the accuracy or completeness of the information contained in this offering memorandum and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the initial purchasers.

The debentures described in this offering memorandum have not been registered with, recommended by or approved by the Securities and Exchange Commission (the "SEC"), or any other federal or state securities commission or regulatory authority, nor has the SEC or any such state securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

You must comply with all applicable laws and regulations in connection with the distribution of this offering memorandum and the offer or sale of the debentures. See "Transfer Restrictions". You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the debentures. We are not, and the initial purchasers are not, making any representation to you regarding the legality of an investment in the debentures by you under applicable laws.

In making an investment decision regarding the debentures offered by this offering memorandum, you must rely on your own examination of our company and the terms of the offering, including, without limitation, the merits and risks involved. The offering is being made on the basis of this offering memorandum. Any decision to purchase debentures in the offering must be based on the information contained in this offering memorandum.

This offering memorandum is being provided on a confidential basis (1) to "qualified institutional buyers" for informational use solely in connection with their consideration of the purchase of the debentures and (2) in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. Its use for any other purpose is not authorized. This offering memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is being provided.

The information contained in this offering memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the initial purchasers as to the accuracy or completeness of any of the information set forth in this offering memorandum and nothing contained in this offering memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. This offering memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents, as indicated under "Where You Can Find More Information". All summaries are qualified in their entirety by this reference.

The debentures are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. See "Transfer Restrictions". You should be aware that you may be required to bear the financial risks of an investment in the debentures for an indefinite period of time.

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the offering.

No person is authorized in connection with any offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the initial purchasers. The information contained in this offering memorandum is as of the date hereof and subject to change, completion or amendment without notice. Neither the delivery of this offering memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum or in our affairs since the date of this offering memorandum.

We reserve the right to withdraw the offering of the debentures at any time and we and the initial purchasers reserve the right to reject any commitment to subscribe for the debentures, in whole or in part and to allot to you less than the full amount of debentures subscribed for by you. We are making this offering subject to the terms described in this offering memorandum and the indenture relating to the debentures.

The distribution of this offering memorandum and the offer and sale of the debentures may be prohibited by law in certain jurisdictions. Persons into whose possession this offering memorandum or any of the debentures come must inform themselves about, and observe, any such restrictions. See "Plan of Distribution" and "Transfer Restrictions".

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the debentures to any person in any jurisdiction where it is unlawful to make such an offer or solicitation.

The debentures may not be offered or sold in the United Kingdom by means of any document except in circumstances that do not constitute an offer to the public within the meaning of the Public Offers of Securities Regulations 1995. All applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect to anything done in relation to the debentures in, from or otherwise involving the United Kingdom.

The debentures have not been and will not be qualified under the securities laws of any province or territory of Canada. The debentures are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof.

The debentures will be available in book-entry form only. We expect that the debentures sold pursuant to this offering memorandum will be issued in the form of one or more global certificates, which will be deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in its name or in the name of Cede & Co., its nominee. Beneficial interest in the global certificates will be shown on and transfers of the global certificates will be effected only through, records maintained by DTC and its participants. After the initial issuance of the global certificates, debentures in certificated form will be issued in exchange for the global certificates only as set forth in the indenture governing the debentures. See "Description of the Junior Subordinated Debentures—Book-Entry Issuance; Issuance of Certificated Debentures".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXCEPTION OR EXEMPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in, or incorporated by reference in, this offering memorandum with respect to FSA may represent "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should", "intend", "plan", "projects", or "anticipates" or the negative thereof or comparable terminology, or by discussions of strategy. Such statements are subject to certain risks that could cause actual results to differ materially from both historical and presently anticipated earnings. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements.

Certain risks and uncertainties are discussed in this offering memorandum under "Risk Factors". The following are some of the factors that could affect FSA's financial performance or cause actual results to differ materially from estimates contained in or underlying the forward-looking statements:

- changes in capital requirements or other criteria of securities rating agencies applicable to us;
- competitive forces, including the conduct of other financial guaranty insurers in general;
- changes in domestic or foreign laws or regulations applicable to us, our competitors or our clients;
- changes in accounting principles or practices that may result in a decline in securitization transactions or affect our reported financial results;
- an economic downturn or other economic conditions (such as a rising interest rate environment) adversely affecting transactions insured by us or our investment portfolio;
- inadequacy of reserves established by us for losses and loss adjustment expenses;
- disruptions in cash flow on FSA-insured structured transactions attributable to legal challenges to such structures;
- downgrade or default of one or more of our reinsurers;
- market conditions, including the credit quality and market pricing of securities issued;
- capacity limitations that may impair investor appetite for FSA-insured obligations;

- market spreads and pricing on insured credit default swap exposures, which may result in gain or loss due to mark-to-market accounting requirements;

- prepayment speeds on FSA-insured asset-backed securities and other factors that may influence the amount of installment premiums paid to us;

- the risks discussed in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2005; and

- other factors which are beyond our control.

The foregoing list of important factors is not exhaustive. You are cautioned not to place undue reliance on any such forward-looking statements, which reflect our plans and expectations and are based on information currently available to us. In any event, such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise such statements as a result of new information, future events or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and in accordance therewith, file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy these reports and other information at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-888-SEC-0330 for further information on the public reference rooms. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

In this document, we "incorporate by reference" the information we file with the SEC, which means that we can disclose important information to you by referring to that information. The information incorporated by reference is considered to be a part of this offering memorandum, and later information filed with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this offering memorandum and until this offering is completed:

- our Annual Report on Form 10-K for the year ended December 31, 2005;

- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006, and September 30, 2006; and

- our Current Reports on Form 8-K, filed with the SEC on February 17, 2006, May 22, 2006, November 15, 2006 and November 16, 2006.

The information incorporated by reference from a specified report is as of the date of such report, or the date specified in such report, and such information may have changed subsequent to such date. Information in this offering memorandum automatically updates and supersedes information in documents that are incorporated by reference in this offering memorandum. Information in a document incorporated by reference in this offering memorandum automatically updates and supersedes information in earlier documents that are incorporated by reference in this offering memorandum.

We will provide without charge, upon written or oral request, a copy of any or all of the documents which are incorporated by reference in this offering memorandum, other than exhibits which are specifically incorporated by reference into those documents. Requests should be directed to our administrative offices at 31 West 52nd Street, New York, New York 10019, telephone number (212) 826-0100.

In addition, if at any time during the two-year period following the date of original issue of the debentures we are not subject to the information requirements of Section 13 or 15(d) of the Exchange Act, we will furnish upon request, to any holder and any prospective purchaser of the debentures, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with resales of such debentures. Any such request should be directed to our administrative offices.

SUMMARY

This summary highlights information appearing elsewhere in this offering memorandum or incorporated by reference herein, including our Annual Report on Form 10-K for the year ended December 31, 2005. This summary is not complete and does not contain all of the information that you should consider before investing in the debentures. You should read the entire offering memorandum and the incorporated documents carefully, including the "Risk Factors" section beginning on page 10 and our historical financial statements and the notes to those financial statements before making an investment decision. As used in this offering memorandum, unless the context otherwise requires, references to "we", "us", "our", "FSA" and the "Company" refer to Financial Security Assurance Holdings Ltd.

FSA

FSA, through its insurance company subsidiaries, is primarily engaged in the business of providing financial guaranty insurance on municipal and asset-backed obligations in domestic and international markets. The financial strength of FSA's insurance company subsidiaries is rated "Triple-A" by the major securities rating agencies and obligations insured by them are generally awarded "Triple-A" ratings by reason of such insurance. The Company's principal insurance company subsidiary is Financial Security Assurance Inc. ("FSA Inc."), a wholly owned New York insurance company. FSA Inc. was the first insurance company organized to insure asset-backed obligations and has been a major insurer of asset-backed and other non-municipal obligations since its inception in 1985. FSA Inc. expanded the focus of its business in 1990 to include financial guaranty insurance of municipal obligations and has since become a major insurer of municipal obligations. In addition, the Company offers FSA-insured guaranteed investment contracts, and other investment agreements through other consolidated entities (the "GIC Entities").

FSA Inc. indirectly wholly owns Financial Security Assurance (U.K.) Limited ("FSA-UK") and Financial Security Assurance International Ltd. ("FSA International"). FSA-UK is a United Kingdom-domiciled insurance company that primarily provides financial guaranty insurance for transactions in the United Kingdom and other European markets. FSA International is a Bermuda-domiciled insurance company that provides financial guaranty insurance for transactions outside United States and European markets as well as reinsurance to FSA Inc. The Company consolidates the results of certain variable interest entities (the "VIEs").

FSA's financial statements are filed with the SEC and may be reviewed at the EDGAR website maintained by the SEC and at FSA's website, http://www.fsa.com. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by FSA Inc., which are prepared in accordance with statutory accounting standards, which generally differ from generally accepted accounting principles, are available upon request to the State of New York Insurance Department.

FSA is an indirect subsidiary of Dexia S.A., a publicly held Belgian corporation ("Dexia"). Dexia, through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium, Luxembourg and other European countries, as well as in the United States.

Dexia is not a co-obligor or guarantor of the debentures offered by this offering memorandum.

Recent Developments

FSA received a subpoena on November 15, 2006 from the Antitrust Division of the U.S. Department of Justice issued in connection with an ongoing criminal investigation of bid rigging of awards of municipal guaranteed investment contracts ("GICs"). On November 16, 2006, FSA received a subpoena from the SEC related to an ongoing civil investigation of brokers of municipal GICs.

FSA, which issues municipal GICs and other financial products through its Financial Products segment, is not aware of any specific allegations concerning its own practices. FSA is not in the GIC brokerage business. FSA intends to cooperate fully with both investigations.

Risk of Further Regulatory Action

In connection with this matter, FSA may receive subpoenas from other regulatory agencies. FSA understands that the Antitrust Division of the U.S. Department of Justice, the SEC and the Internal Revenue Service have each been conducting investigations of municipal GIC brokerage activities. FSA is unable to predict the effect, if any, this investigation or any related investigations may have on the municipal GIC business in general or FSA, or the duration of these or any related investigations.

Further Information

FSA has filed current reports on Form 8-K, dated November 15, 2006 and November 16, 2006, with the SEC, which contain information about these developments.

The Offering

The following summary information does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information included elsewhere or incorporated by reference in this offering memorandum. Certain terms and conditions described below are subject to important limitations and exceptions. The "Description of the Junior Subordinated Debentures" and "Description of the Replacement Capital Covenant" sections of this offering memorandum contain a more detailed description of the terms and conditions of the debentures and the replacement capital covenant, including the definitions of certain terms used in this summary.

Issuer	Financial Security Assurance Holdings Ltd.
Securities Offered	$300,000,000 aggregate principal amount of our Junior Subordinated Debentures, which we refer to herein as the "debentures".
Repayment of Principal on the Scheduled Maturity Date	We must repay the principal amount of the debentures, together with accrued and unpaid interest, on December 15, 2036 (which we refer to as the "scheduled maturity date"), subject to the following limitations: • We are required to repay the debentures on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of "qualifying capital securities" in accordance with the replacement capital covenant within a 180-day period ending on a notice date not more than 30 and not less than five business days prior to the scheduled maturity date. • We are required to use our "commercially reasonable efforts" to raise such net proceeds, and if we are unable for any reason to raise such net proceeds to permit payment in full of the debentures on the scheduled maturity date, we will use our commercially reasonable efforts to raise sufficient net proceeds to permit repayment on the next monthly interest payment date, and on each monthly interest payment date thereafter until the debentures are paid in full. • We will be excused from our obligation to use our commercially reasonable efforts to sell qualifying capital securities to permit repayment of the debentures if a "company market disruption event" occurs. See "Description of the Junior Subordinated Debentures—Repayment of Principal" and "—Company Market Disruption Event".
Final Repayment Date	Any principal amount of the debentures, together with accrued and unpaid interest, will be due and payable on the "final repayment date". Initially, the "final repayment date" will be December 15, 2066. The final repayment date may be automatically extended up to four times in five-year increments to

	December 15, 2071, 2076, 2081 and 2086 on each of December 15, 2011, 2016, 2021 and 2026, respectively, subject to the satisfaction of certain conditions on such dates. See "Description of the Junior Subordinated Debentures—Repayment of Principal".
Interest and Interest Payment Dates	Interest on the debentures will accrue from and including November 22, 2006 to but excluding December 15, 2036 at the annual rate of 6.40%, and will be payable, subject to our right to defer interest as described below under "Option to Defer Interest Payments", semi-annually in arrears on June 15 and December 15 of each year, beginning June 15, 2007. If any of the debentures remains outstanding after December 15, 2036, then the principal amount of the outstanding debentures will bear interest, payable monthly, subject to our right to defer interest as described below under "Option to Defer Interest Payments", at a floating interest rate equal to "one-month LIBOR" plus 2.215%, until repaid. Accrued interest that is not paid on the applicable interest payment date will bear additional interest, to the extent permitted by law, at the interest rate in effect from time to time, from the relevant interest payment date, compounded on each subsequent interest payment date. See "Description of the Junior Subordinated Debentures—Interest Rate and Interest Payment Dates" and "Repayment of Principal".
Ranking	The debentures will be our unsecured junior subordinated obligations. The payment of principal of, interest (including deferred interest) on and all other amounts owing in respect of the debentures (which amounts will not include certain amounts of interest in certain events of our bankruptcy, insolvency or receivership) will be: • subordinated in right of payment to the prior payment in full in cash of principal of, interest on and all other amounts owing in respect of all of the principal of, and premium and interest, if any, on our debt (excluding trade accounts payable or accrued liabilities arising in the ordinary course of business), unless the instrument creating that debt provides that those obligations are not superior in right of payment to the debentures; and • will rank <u>pari passu</u> with our trade accounts payable and accrued liabilities arising in the ordinary course of business. As of September 30, 2006, the aggregate amount of our consolidated debt for money borrowed was approximately $430 million (excluding debt of the GIC Entities and the VIEs, as described under "Capitalization"), all of which would be senior in right of payment to the debentures.

	Because we are a holding company, we do not generate material income. As a result, distributions and advances from our subsidiaries will be a principal source of funds necessary to meet our debt service obligations. See "Description of the Junior Subordinated Debentures—Ranking".
Option to Defer Interest Payments	We may elect at one or more times to defer payment of interest on the debentures for one or more consecutive interest periods that do not exceed 10 years. We may not defer interest beyond the final repayment date. Deferred interest on the debentures will bear interest at the then applicable interest rate, compounded on each interest payment date, subject to applicable law. Immediately following the first interest payment date during an interest deferral period on which we elect to pay current interest or, if earlier, the fifth anniversary of the beginning of that interest deferral period, we will be required to issue common stock and "qualifying non-cumulative perpetual preferred stock" to pay deferred interest pursuant to the "alternative payment mechanism" described below under "Alternative Payment Mechanism", but only if and to the extent required or permitted by the alternative payment mechanism. We will not pay deferred interest on the debentures prior to the final repayment date from any source other than "eligible proceeds", although we may pay current interest at all times from any available funds, and we are required to pay deferred interest on the debentures (and compounded amounts thereon) from all sources (including eligible proceeds) following an acceleration of the debentures. If we are involved in certain types of business combinations, then the provisions described in the preceding two sentences will not apply to any interest on the debentures that is deferred and unpaid as of the date of consummation of that business combination, but they will apply to any interest on the debentures that is deferred after such date. At the end of a 10-year deferral period, we must pay all deferred interest. If we have paid all deferred interest, then we can again defer interest payments. See "Description of the Junior Subordinated Debentures—Option to Defer Interest Payments".
Alternative Payment Mechanism	If we are required to pay deferred interest pursuant to the "alternative payment mechanism", then we are required to issue common stock and "qualifying non-cumulative perpetual preferred stock" until we have raised an amount of eligible proceeds at least equal to the aggregate amount of accrued and unpaid deferred interest. The amounts of common stock and qualifying non-cumulative perpetual preferred stock that we are required or permitted to issue pursuant to the alternative payment mechanism are subject to the "common stock issuance cap" and the "preferred stock issuance cap", respectively.

	We will be excused from our obligations under the alternative payment mechanism in respect of any interest payment date if a "company market disruption event" occurs and was continuing after the immediately preceding interest payment date. The "common stock issuance cap", "preferred stock issuance cap" and the events constituting a "company market disruption event" significantly limit our obligations under the alternative payment mechanism and are described in greater detail under "Description of the Junior Subordinated Debentures—Alternative Payment Mechanism", and "—Company Market Disruption Events".
Contribution Agreement.....	We will enter into a contribution agreement with Dexia. Pursuant to the contribution agreement, if we elect to defer interest payments, then to the extent we are required to issue common stock and qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism but we are unable to raise sufficient eligible proceeds from the sale of our qualifying non-cumulative perpetual preferred stock, Dexia has agreed: • prior to such time that Dexia obtains the "Dexia stock issuance board approval", to promptly use its commercially reasonable efforts, taking into account its own funding requirements, to subscribe for additional shares of our common stock for an amount equal to the "shortfall amount" with any source of funds then available to Dexia; and • from and after such time that Dexia obtains the Dexia stock issuance board approval, to promptly use its commercially reasonable efforts to raise common equity providing Dexia with net proceeds equal to the shortfall amount. If Dexia is successful in raising any such common equity, then Dexia will promptly subscribe for additional shares of our common stock with the net proceeds of such common equity. Dexia's obligations under the contribution agreement to subscribe for additional shares of our common stock and to raise common equity are subject to a number of exceptions and limitations, including a "maximum contribution amount" of $300,000,000 and the occurrence of a "parent market disruption event". In addition, the contribution agreement may be amended or terminated in certain circumstances. All of these exceptions, limitations and other provisions are described in greater detail under "Description of the Junior Subordinated Debentures—Contribution Agreement". The contribution agreement does not give any person, other than Dexia and us, any legal or equitable right, remedy or claim under or with respect to the contribution agreement or any provision of the contribution agreement. The contribution agreement and all of its provisions and conditions are for the sole and exclusive benefit of Dexia and us and each of Dexia's and our successors and assigns, and holders of the debentures will only have rights

	against us in respect of our obligation to enforce the contribution agreement. The contribution agreement is not, and nothing contained therein shall be deemed to constitute, a guaranty by Dexia or any other party of the payment of any obligation or liability of ours under the debentures. See "Description of the Junior Subordinated Debentures—Contribution Agreement".
Dividend and Other Payment Stoppages	If we have given notice of our election to defer interest payments but the related deferral period has not yet commenced or a deferral period is continuing, then, subject to certain exceptions, we will not, and will not permit any of our subsidiaries to: • declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment regarding, any of our capital stock; • make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our securities that rank pari passu with or junior to the debentures; or • make any guarantee payments regarding any guarantee by us of the subordinated debt securities of any of our subsidiaries if the guarantee ranks pari passu with or junior to the debentures. Except in the event we are involved in certain business combinations, if any interest deferral period lasts longer than one year, the limitation on our ability to repay, redeem or repurchase any of our securities that rank pari passu with or junior to the debentures will continue until the first anniversary of the date on which all deferred interest has been paid. See "Description of the Junior Subordinated Debentures—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances".
Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership	In certain events of our bankruptcy, insolvency or receivership, the holder of debentures will have no claim for, and thus no right to receive, optionally deferred and unpaid interest that has not been settled through the application of the alternative payment mechanism, to the extent the amount of such interest exceeds two years of accumulated and unpaid interest. See "Description of the Junior Subordinated Debentures—Limitation on Claims in Bankruptcy, Insolvency or Receivership".

Redemption	The debentures are redeemable: • in whole or in part, at any time prior to December 15, 2036 at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the applicable "make-whole redemption price" described in this offering memorandum; and • in whole, but not in part, prior to December 15, 2036 within 90 days after a "tax event" or "rating agency event", at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the applicable make-whole redemption price described in this offering memorandum. See "Description of the Junior Subordinated Debentures—Redemption".
Events of Default.....	The following are events of default with respect to the debentures: • default in the payment of interest, including compounded interest, in full on any debenture for a period of 30 days after the conclusion of a 10-year period following the commencement of any deferral period; or • certain events of bankruptcy, insolvency and reorganization involving us. The events of default under the indenture do not include a failure to comply with, or a breach of, any of our other covenants in the indenture, including our obligation to raise capital in certain circumstances to meet interest payment obligations on the debentures. Accordingly, any such failures or breaches will not result in the acceleration of payment of the debentures, and any remedy relating to a specific failure or breach may be limited to direct monetary damages, if any. See "Description of the Junior Subordinated Debentures—Events of Default".
Replacement Capital Covenant	We agree in the replacement capital covenant for the benefit of persons that buy, hold or sell a specified series of our long-term indebtedness ranking senior to the debentures that the debentures will not be repaid, redeemed, repurchased or defeased by us or our subsidiaries on or before the date that is 20 years prior to the final repayment date, unless the principal amount repaid or defeased or the applicable redemption or repurchase price does not exceed a maximum amount determined by reference to the aggregate amount of net cash proceeds we and our subsidiaries have received from the sale of common stock, rights to acquire common stock, securities convertible into common stock, such as "mandatorily convertible preferred stock" and "debt exchangeable into equity", and "qualifying capital securities". See "Description of the Replacement Capital Covenant".

Use of Proceeds.....	We intend to use the net proceeds from the issuance of the debentures to pay a dividend to our shareholders.
Form and Denomination of Debentures.....	The debentures will be offered in book-entry form through the facilities of The Depository Trust Company in minimum denominations of $100,000 and in multiples of $1000 in excess of $100,000.
Transfer Restrictions	The debentures have not been, and will not be, registered under the U.S. federal or state securities laws and are subject to restrictions on transferability and resale. See "Notice to Investors" and "Transfer Restrictions".
Ratings.....	We expect that Standard & Poor's Ratings Services will assign a rating to the debentures of A+ and Moody's Investors Service, Inc. will assign a rating to the debentures of A1. An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. A credit rating of a security is not a recommendation to buy, sell or hold securities. There is no assurance that any rating will apply for any given period of time or that a rating may not be adjusted or withdrawn.
U.S. Federal Income Tax Considerations.....	The debentures are a novel financial instrument, and there is no clear authority addressing their U.S. federal income tax treatment. In the opinion of Cravath, Swaine & Moore LLP, our special tax counsel, although the matter is not free from doubt, the debentures will be respected as indebtedness of FSA for U.S. federal income tax purposes. The opinion of our special tax counsel is not binding on the Internal Revenue Service and no assurance can be given that this treatment would not be successfully challenged by the IRS. By acceptance of a debenture, each holder covenants to treat the debentures as indebtedness for all U.S. tax purposes. Each United States Holder (as defined under "Certain United States Federal Income Tax Consequences") will be required to include in its gross income any interest or original issue discount accrued with respect to its debentures. See "Certain United States Federal Income Tax Consequences—United States Holders—Interest Income and Original Issue Discount". See "Certain United States Federal Income Tax Consequences".
Governing Law.....	The debentures, the replacement capital covenant described under "Description of the Replacement Capital Covenant" and the contribution agreement described under "Description of the Junior Subordinated Debentures—Contribution Agreement" are each governed by New York law.

RISK FACTORS

Your investment in the debentures will involve substantial risks. You should carefully consider the following factors in addition to the other information set forth in this offering memorandum before you decide to purchase the debentures offered hereby. The risks and uncertainties described below are not the only ones relating to FSA and the debentures. Additional risks and uncertainties that we do not presently know about or that we currently believe are immaterial may also adversely impact our business operations. If any of the following risks actually occur, our business financial condition, results of operations and our ability to make payments on the debentures would likely suffer.

For a description of risks relating to our business, please see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005 incorporated by reference into this offering memorandum. You should read these risk factors carefully.

Risks Relating to the Debentures

We may be unable to make payments on the debentures if we default on our senior debt.

Our obligations under the debentures are unsecured and rank junior in right of payment to all of our existing and future senior debt. For purposes of this offering memorandum, senior debt includes all existing and future senior, subordinated and junior subordinated debt of FSA (except for any future debt that by its terms is not superior in right of payment).

This means that we cannot make any payments on the debentures if we are in payment default on our senior debt and we may not be able to make payments on the debentures if we are in default under any other provisions of our senior debt. In the event of our bankruptcy or liquidation, our assets must be used to pay off our senior debt in full before any payments may be made on the debentures.

All of our existing indebtedness is senior debt. The terms of the indenture do not limit our or our subsidiaries' ability to incur additional debt, including secured or unsecured debt. See "Description of the Junior Subordinated Debentures—Ranking".

Our obligation to repay the debentures on the scheduled maturity date is subject to our receipt of sufficient net proceeds from the issuance of qualifying capital securities.

Our obligation to repay the debentures on the scheduled maturity date of December 15, 2036 is limited. We are required to repay the debentures on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities within a 180-day period ending on a notice date not more than 30 or less than five business days prior to such date. If we have not raised sufficient proceeds from the issuance of qualifying capital securities to permit repayment of the debentures on the scheduled maturity date, the unpaid amount may remain outstanding until (i) we have raised sufficient proceeds to permit repayment in full in accordance with this requirement, (ii) we redeem the debentures, (iii) an event of default occurs or (iv) the final repayment date for the debentures on December 15, 2066, or another date which may be as late as December 15, 2086 if the final repayment date is automatically extended upon satisfaction of certain conditions.

Our ability to raise proceeds in connection with this obligation to repay the debentures will depend on, among other things, market conditions at the time the obligation arises, as well as the acceptability to prospective investors of the terms of these securities. Although we have agreed to use our commercially reasonable efforts to raise sufficient net proceeds from the issuance of qualifying capital securities to repay the debentures during the 180-day period referred to above and from month to month thereafter until the debentures are repaid in full, our failure to do so would not be an event of default or give rise to a right of acceleration or similar remedy until December 15, 2066, or another date which may be as late as December 15, 2086 if the final repayment date is automatically extended upon satisfaction of certain conditions, and we will be excused from using our commercially reasonable efforts if certain market disruption events occur. See "Description of Junior Subordinated Debentures—Company Market Disruption Events".

Our ability to repay, repurchase, redeem or defease the debentures may be limited by the replacement capital covenant.

We are entering into a replacement capital covenant for the benefit of holders of a designated series of our indebtedness that ranks senior to the debentures, pursuant to which we will covenant that we will not, and we will cause our subsidiaries not to, repay, redeem, repurchase or defease any debentures on or before December 15, 2046, or another date which may be as late as December 15, 2066 if the final repayment date is automatically extended upon satisfaction of certain conditions, unless the principal amount to be repaid, repurchased, redeemed or defeased does not exceed a maximum amount to be determined by reference to the aggregate amount we or our subsidiaries have received during the applicable measurement period from the sale of qualifying capital securities, securities convertible into common stock, such as mandatorily convertible preferred stock and debt exchangeable into equity, common stock and rights to acquire common stock. We may modify the replacement capital covenant without your consent if the modification does not further restrict our ability to repay the debentures in connection with an issuance of qualifying capital securities.

Our ability to raise proceeds from the sale of securities that qualify under the replacement capital covenant during the applicable measurement period will depend on, among other things, market conditions at such time as well as the acceptability to prospective investors of the terms of those securities. Accordingly, there could be circumstances where we would wish to repay, redeem, repurchase or defease some or all of the debentures, including as a result of a "tax event" or "rating agency event", and sufficient cash is available for that purpose, but we will be restricted from doing so because we have not been able to obtain proceeds from the sale of securities that qualify under the replacement capital covenant. Furthermore, there could be circumstances in which it would be in the interest of both you and us that the debentures be repaid on the scheduled maturity date and sufficient cash is available for that purpose, but we will be restricted from doing so because we did not obtain the cash from the sale of qualifying capital securities.

In addition, we have no obligation to use commercially reasonable efforts to issue any securities that may entitle us under the replacement capital covenant to repay the debentures other than qualifying capital securities, nor do we have any obligation to use the proceeds of the issuance of any other securities to repay the debentures on the scheduled maturity date or at any time thereafter. See "Description of Replacement Capital Covenant".

We may defer interest payments for 10 years without an event of default occurring.

We have the right to defer interest on the debentures for consecutive interest periods totaling 10 years. Although we would be subject to the alternative payment mechanism after we have deferred interest for consecutive interest periods totaling five years, if we are unable to raise sufficient eligible proceeds, we may fail to pay accrued interest on the debentures for a period of up to 10 consecutive years without causing an event of default. If we exercise our rights to defer the interest, holders of debentures will receive no or limited current payments on the debentures and, so long as we are otherwise in compliance with our obligations under the alternative payment mechanism, will have no remedies against us for nonpayment unless we fail to pay all deferred interest (including compounded amounts thereon) at the end of the 10-year deferral period.

Our ability to pay deferred interest pursuant to the alternative payment mechanism depends on a number of factors beyond our control.

If we elect to defer interest payments, we will not be permitted to pay deferred interest on the debentures (and compounded interest thereon) during the deferral period, which may last up to 10 years, from any source other than the issuance of common stock up to, in some circumstances, the common stock issuance cap or qualifying non-cumulative perpetual preferred stock up to the preferred stock issuance cap. Immediately following the first interest payment date during an interest deferral period on which we elect to pay current interest or, if earlier, the fifth anniversary of the beginning of that interest deferral period, we are required, pursuant to the alternative payment mechanism, to use our commercially reasonable efforts to issue common stock and qualifying non-cumulative perpetual preferred stock until we have raised an

amount of eligible proceeds at least equal to the aggregate amount of accrued and unpaid deferred interest. The occurrence of a company market disruption event may prevent or delay a sale of common stock or qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism and, accordingly, the payment of deferred interest on the debentures. Company market disruption events include events and circumstances both within and beyond our control, such as the failure to obtain any consent or approval of our shareholders, a regulatory body or a governmental authority to issue common stock and qualifying non-cumulative perpetual preferred stock notwithstanding our commercially reasonable efforts. Moreover, we may encounter difficulties in successfully marketing our common stock and qualifying non-cumulative perpetual preferred stock, particularly during times we are subject to the restrictions on dividends as a result of the deferral of interest. If we do not sell sufficient common stock or qualifying non-cumulative perpetual preferred stock to fund deferred interest payments in these circumstances, we will not be permitted to pay deferred interest on the debentures, even if we have cash available from other sources, which could have the effect of extending interest deferral periods. See "Description of Debentures—Option to Defer Interest Payments", "—Alternative Payment Mechanism" and "—Company Market Disruption Events".

Our obligation to use our commercially reasonable efforts to issue common stock may require us to request, pursuant to the terms of a contribution agreement that we have entered into with Dexia, that Dexia either (i) promptly use its commercially reasonable efforts to subscribe for shares of our common stock, or (ii) following the approval by Dexia's board of directors of Dexia's obligation to issue common equity in order to satisfy its obligations under the contribution agreement, promptly use its commercially reasonable efforts to raise common equity and use the net proceeds of any such common equity to subscribe for shares of our common stock. Following such board approval, Dexia will not be required to apply any of its other assets to discharge its obligations under the contribution agreement. The occurrence of a "parent market disruption event" may prevent or delay a sale of common equity by Dexia and, accordingly, the payment of deferred interest on the debentures. Moreover, Dexia may encounter difficulties in successfully marketing its common equity. In addition, Dexia's obligation under the contribution agreement is capped at $300,000,000, and under certain circumstances, the contribution agreement may be amended or terminated. See "Description of the Junior Subordinated Debentures—Contribution Agreement".

Your claim for certain deferred interest will be limited in the event of our bankruptcy, insolvency or receivership.

In certain events of our bankruptcy, insolvency or receivership, the holder of debentures will have no claim for, and thus no right to receive, optionally deferred and unpaid interest that has not been settled through the application of the alternative payment mechanism, to the extent the amount of such interest exceeds two years of accumulated and unpaid interest. Since we are permitted to defer interest payments for up to 10 years without an event of default occurring, claims may be extinguished in respect of interest accrued during as many as eight years.

Our right to defer interest payments on the debentures may adversely affect the market price of the debentures and have tax consequences for you.

We currently do not intend to exercise our right to defer payments of interest on the debentures. However, if we exercise that right in the future, the market price of the debentures is likely to be affected and may not fully reflect the value of accrued but unpaid interest relating to the debentures. As a result of the existence of our deferral right, the market price of the debentures may be more volatile than the market prices of other securities that are not subject to optional deferrals.

If we do defer interest on the debentures and you elect to sell debentures during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its debentures until the payment of interest at the end of the deferral period. The occurrence of one or more deferral periods may cause additional declines in the market price of the debentures.

If we do defer interest payments on the debentures, you will be required to accrue income, in the form of original issue discount, for United States federal income tax purposes with respect to the deferred interest on the debentures, even if you normally report income when received and even though you may not

receive the cash attributable to that income during the deferral period. See "Certain United States Federal Income Tax Consequences—United States Holders—Interest Income and Original Issue Discount".

The debentures may be redeemed at any time.

At our election, but subject to our obligations under the replacement capital covenant, we may redeem the debentures (i) in whole or in part, at any time prior to December 15, 2036 at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the make-whole redemption price as set forth in this offering memorandum, provided that in the case of a redemption in part that the principal amount outstanding after such redemption is at least $50,000,000, or (ii) in whole, but not in part, prior to December 15, 2036, within 90 days after certain events involving taxation or changes in the rating agency equity credit criteria applicable to the debentures at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the make-whole redemption price as set forth in this offering memorandum. If the debentures were redeemed, the redemption would be a taxable event to you. In addition, you might not be able to reinvest the money you receive upon redemption of the debentures at the same rate as the rate of return on the debentures. See "Description of Junior Subordinated Debentures—Redemption".

If we breach certain of our obligations under the indenture or the debentures, your right to accelerate payment of the debentures is limited.

The remedies for any breach of our obligations under the alternative payment mechanism, our obligation to raise proceeds from the issuance of qualifying capital securities to permit the repayment of the debentures on or after the scheduled maturity date and certain other covenants are all limited. Our failure to comply with these obligations and covenants would not constitute an event of default or give rise to a right of acceleration or similar remedy under the terms of the indenture and accordingly, your only remedy relating to such a failure may be limited to direct monetary damages, if any. See "Description of Junior Subordinated Debentures—Events of Default".

There may be changes in demand for the debentures.

We cannot assure you as to the market prices for the debentures. Investor demand for securities with the characteristics of the debentures may change as these characteristics are assessed by market participants, regulators and others. Accordingly, the debentures that you may purchase, whether pursuant to the offer made by this offering memorandum or in the secondary market, may trade at a discount to the price that you paid to purchase the debentures if investor demand for securities with characteristics similar to those of the debentures decreases over time.

There are significant restrictions on your ability to transfer or resell your debentures.

The debentures are being offered and sold pursuant to an exemption from registration under United States and applicable state securities laws. Therefore, you may transfer or resell the debentures in the United States only in a transaction registered under or exempt from the registration requirements of the United States and applicable state securities laws. Accordingly, you may be required to bear the risk of your investment for an indefinite period of time.

There is currently no market for the debentures, and an active trading market may not develop for the debentures.

The debentures are a new issue of securities for which there is no established public market. We do not intend to have the debentures listed on a national securities exchange or to arrange for quotation on any automated dealer quotation systems. The initial purchasers have advised us that they intend to make a market in the debentures as permitted by applicable laws and regulations, however, the initial purchasers are not obligated to make a market in the debentures, and they may discontinue their market-making activities at any time without notice.

The liquidity of any market for the debentures will depend on a number of factors, including:

- the number of holders of the debentures;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the debentures; and
- prevailing interest rates.

There is no authority addressing the classification of the debentures for U.S. federal income tax purposes, and recategorization of the debentures could have adverse effects on holders.

The debentures are a novel financial instrument. There is no clear authority addressing their U.S. federal income tax treatment, and we have not sought any rulings concerning their tax treatment. Our tax counsel has given its opinion that the debentures will be treated as debt of FSA for federal income tax purposes. However, that opinion states that the matter is not free from doubt, and the opinion is not binding on the Internal Revenue Service. As a result, no assurance can be given that the Internal Revenue Service will not successfully challenge the treatment of the debentures as debt. If, contrary to the opinion of our special tax counsel, the debentures were recharacterized as equity, payments of interest would be characterized as dividends for tax purposes and would be nondeductible to FSA. As a result, interest paid to non-United States Holders would generally be subject to U.S. withholding tax, and non-United States holders would receive a reduced amount of cash payments. See "Certain United States Federal Income Tax Consequences—Non-United States Holders". In addition, certain events that call into question the treatment of the debentures as debt would constitute a "tax event" that may permit us to redeem the debentures. These events could include changes in tax law or interpretation, a challenge threatened or asserted against us or any of our subsidiaries in connection with a tax audit, or a written challenge against any other taxpayer that has issued securities that are substantially similar to the debentures. For the consequences of a tax event, see "Description of the Junior Subordinated Debentures—Redemption".

USE OF PROCEEDS

We estimate that the net proceeds from the issuance of the debentures offered hereby will be approximately $296 million, after deducting the initial purchasers' discounts and estimated offering expenses of this offering. We intend to use the net proceeds from this offering to pay a dividend to our shareholders.

CAPITALIZATION

The following table sets forth our consolidated capitalization at September 30, 2006, on an actual basis and as adjusted to reflect the issuance of the debentures and the use of the net proceeds from this offering, together with other available cash, to pay a dividend of approximately $300 million to our shareholders. You should read this information in conjunction with our consolidated financial statements and other financial information that are included in or incorporated by reference into this offering memorandum.

	At September 30, 2006	
	Actual	As Adjusted
	(unaudited) (dollars in thousands)	
Long-term debt	$430,000	$730,000
Shareholders' equity:		
Common stock (200,000,000 shares authorized; 33,517,995 issued: par value of $.01 per share)	335	335
Additional paid-in capital—common	905,190	905,190
Accumulated other comprehensive income (net of deferred income taxes of $85,263)	158,447	158,447
Accumulated earnings	1,995,015	1,695,015
Deferred equity compensation	19,225	19,225
Less treasury stock at cost (241,978 shares held)	(19,225)	(19,225)
Total shareholders' equity	$3,058,987	$2,758,987
Total capitalization	$3,488,987	$3,488,987

The above table excludes amounts related to the GIC Entities and the VIEs. The GIC Entities and the VIEs are funding vehicles engaged in the business of issuing FSA-insured investment agreements or other obligations and investing the proceeds in investments qualifying for FSA insurance, generating income from the difference in yield between the funding costs and the investment yields taking into account derivatives employed to hedge interest rate and currency mismatches. At September 30, 2006, liabilities of the GIC Entities and the VIEs aggregated $17.3 billion. Reference is made to the notes to our consolidated financial statements that are incorporated by reference into this offering memorandum for a further discussion and information with respect to the GIC Entities and the VIEs.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated. Earnings represents income before income taxes, fixed charges and amounts allocable to minority interests that have incurred fixed charges and deducting undistributed earnings of less than 50%-owned equity investments. Fixed charges consist of interest, amortization of capitalized expenses relating to indebtedness, the estimated interest component of rental expenses and that portion of preferred dividends representing a required payment. We had no capitalized interest for the periods presented.

	Nine Months Ended September 30, 2006	Years Ended December 31,				
		2005	2004	2003	2002	2001
Ratio of earnings to fixed charges.....	20.7	15.2	17.5	11.9	7.8	14.2

The above table excludes amounts related to the GIC Entities and the VIEs. The GIC Entities and the VIEs are funding vehicles engaged in the business of issuing FSA-insured investment agreements or other obligations and investing the proceeds in investments qualifying for FSA insurance, generating income from the difference in yield between the funding costs and the investment yields taking into account derivatives employed to hedge interest rate and currency mismatches. At September 30, 2006, liabilities of the GIC Entities and the VIEs aggregated $17.3 billion. Reference is made to the notes to our consolidated financial statements that are incorporated by reference into this offering memorandum for a further discussion and information with respect to the GIC Entities and the VIEs.

DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES

The following summary of the material terms and provisions of the junior subordinated debentures (which we refer to as the "debentures") is not complete and is subject to, and qualified in its entirety by, reference to the indenture to be dated as of the date of completion of this offering between us and The Bank of New York, as indenture trustee (which we refer to as the "indenture"), and the debentures issued under the indenture. Copies of the indenture and the debentures are available upon request from the indenture trustee.

General

The debentures will be initially limited to $300,000,000 in aggregate principal amount and will be issued in minimum denominations of $100,000 and in multiples of $1000 in excess of $100,000. We are entitled, without the consent of the holders of the debentures, to issue additional debentures under the indenture on the same terms and conditions as the debentures being offered hereby in unlimited aggregate principal amount (which we refer to as the "additional debentures"). Any additional debentures that we issue in the future will be identical in all respects to the debentures that we are issuing now, except that the additional debentures will have different issuance prices and issuance dates. The debentures and the additional debentures, if any, will be treated as a single series for all purposes of the indenture, including waivers and amendments. Unless the context otherwise requires, for all purposes of the indenture and this "Description of the Junior Subordinated Debentures", references to the debentures include any additional debentures actually issued.

Ranking

The debentures will be our unsecured junior subordinated obligations. The payment of principal of, interest (including deferred interest) on and all other amounts owing in respect of the debentures (which amounts will not include certain amounts of interest in certain events of our bankruptcy, insolvency or receivership) will be subordinated in right of payment to the prior payment in full in cash of principal of, interest on and all other amounts owing in respect of all of our "senior indebtedness" and will rank pari passu with our trade accounts payable and accrued liabilities arising in the ordinary course of business. For purposes of the debentures, senior indebtedness includes (i) the principal of, premium, if any, interest and other payment obligations in respect of our debt for money borrowed and debt evidenced by securities, debentures, bonds, notes or other similar instruments issued by us, (ii) all of our capital lease obligations, (iii) all of our obligations issued or assumed as the deferred purchase price of property, all of our conditional sale obligations, all hedging agreements and agreements of a similar nature and all agreements relating to any such agreements, and all of our obligations under any title retention agreement, and (iv) all of our obligations for reimbursement on any letter of credit, banker's acceptance, security purchase facility or similar credit transaction (but excluding trade accounts payable and accrued liabilities arising in the ordinary course of business), in each case, whether created, assumed or incurred on, prior to or after the date of the indenture, unless the instrument creating that debt provides that those obligations are not superior in right of payment to the debentures. Upon any payment or distribution of our assets of any kind or character, whether in cash, property or securities, to creditors upon any total or partial liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or marshaling of our assets or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to us or our property, whether voluntary or involuntary, all principal of, interest on and all other amounts due or to become due will be paid, first, to all senior indebtedness in full in cash, or such payment duly provided for to the satisfaction of the holders of senior indebtedness, before any payment or distribution of any kind or character is made on account of any principal of, interest on or other amounts owing in respect of the debentures, or for the acquisition of any of the debentures for cash, property or otherwise.

If any default occurs and is continuing in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or regularly accruing fees with respect to, any senior indebtedness, no payment of any kind or character will be made by or on behalf of us with respect to any principal of, interest on or other amounts owing in respect of the debentures or to acquire any of the debentures for cash, property or otherwise.

As of September 30, 2006, the aggregate amount of our consolidated debt for money borrowed was approximately $430 million (excluding debt of the GIC Entities and the VIEs, as described under "Capitalization"), all of which would be senior in right of payment to the subordinated debt securities.

Because we are a holding company, we do not generate material income. We currently conduct our operations through our subsidiaries and these subsidiaries generate substantially all of our operating income and cash flow. As a result, distributions and advances from our subsidiaries will be a principal source of funds necessary to meet our debt service obligations. Contractual provisions or laws, as well as our subsidiaries' financial condition and operating and regulatory requirements, may limit our ability to obtain cash from our subsidiaries that we require to pay our debt service obligations. Holders of the debentures will effectively have a junior position to the claims of creditors of our subsidiaries on their assets and earnings.

Interest Rate and Interest Payment Dates

The debentures will bear interest on their principal amount from and including November 22, 2006 to but excluding December 15, 2036 at the annual rate of 6.40%, payable semi-annually in arrears on June 15 and December 15 of each year, beginning June 15, 2007. We refer to these dates as "interest payment dates" and to the period beginning on and including November 22, 2006 and ending on but excluding the first interest payment date and each successive period beginning on and including an interest payment date and ending on but excluding the next interest payment date as an "interest period". The amount of interest payable for any interest period ending on or prior to December 15, 2036 will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any interest payment date before December 15, 2036 would otherwise fall on a day that is not a business day, the interest payment due on that date will be postponed to the next day that is a business day and no interest will accrue as a result of that postponement.

Accrued interest that is not paid when due will bear additional interest, to the extent permitted by law, at the interest rate in effect from time to time, from the relevant interest payment date, compounded on each subsequent interest payment date. When we use the term "interest", we are referring not only to regularly scheduled interest payments but also to interest on interest payments not paid on the applicable interest payment date.

If any debentures remain outstanding after December 15, 2036, then the principal amount of the outstanding debentures will bear interest, payable monthly, at a floating interest rate equal to "one-month LIBOR" (as defined under "—Repayment of Principal") plus 2.215% until repaid, as described under "—Repayment of Principal".

Interest is payable on each interest payment date to the person in whose name the debenture is registered at the close of business on the business day next preceding the interest payment date. In the event the debentures will not continue to remain in book-entry form or are not in the form of a global certificate, interest will be payable to holders of record on the date that is fifteen days next preceding such interest payment date.

Option to Defer Interest Payments

We may elect at one or more times to defer payment of interest on the debentures for one or more consecutive interest periods that do not exceed 10 years. We may defer payment of interest prior to, on or after the scheduled maturity date of December 15, 2036. We may not defer interest beyond the "final repayment date" (as defined under "—Repayment of Principal") or the earlier repayment or redemption in full of the debentures. Deferred interest on the debentures will bear interest at the then applicable interest rate, compounded on each interest payment date, subject to applicable law.

A "deferral period" refers to the period beginning on an interest payment date with respect to which we elect to defer interest and ending on the earlier of (i) the tenth anniversary of that interest payment date and (ii) the next interest payment date on which we have paid all deferred interest and all other accrued and unpaid interest on the debentures (including compounded amounts thereon).

We have agreed in the indenture that:

- immediately following the first interest payment date during a deferral period on which we elect to pay current interest or, if earlier, the fifth anniversary of the beginning of that deferral period, we will be required to issue common stock and "qualifying non-cumulative perpetual preferred stock" to the extent required by the "alternative payment mechanism", unless we have delivered notice of a "company market disruption event", and to apply the "eligible proceeds" (as these terms are defined under "—Company Market Disruption Event" and "—Alternative Payment Mechanism") to the payment of any deferred interest (and compounded amounts thereon) on the next interest payment date, and this requirement will continue in effect until we have paid all deferred interest (and compounded amounts thereon); and

- we will not pay deferred interest on the debentures (and compounded amounts thereon) prior to the final repayment date from any source other than eligible proceeds, although we may pay current interest at all times from any available funds and we are required to pay deferred interest on the debentures (and compounded amounts thereon) from all sources (including eligible proceeds) following an acceleration of the debentures, as described under "—Events of Default".

Although our failure to comply with the foregoing rules with respect to the alternative payment mechanism and payment of interest during a deferral period will be a breach of the indenture, it will not constitute an event of default under the indenture or give rise to a right of acceleration or similar remedy under the terms thereof. The remedies of holders of the debentures will be limited in such circumstances, as described under "Risk Factors—If we breach certain of our obligations under the indenture or the debentures, your rights to accelerate payment of the debentures is limited".

If we are involved in a business combination where immediately after its consummation more than 50% of the surviving entity's voting securities are owned by the securityholders of the other party to the business combination, then neither (i) the requirement that we issue common stock and qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism (which requirement is described in the first bullet point of the third paragraph of this section entitled "—Option to Defer Interest Payments") nor (ii) the restriction on our ability to pay deferred interest from sources other than eligible proceeds (which restriction is described in the second bullet point of the third paragraph of this section entitled "—Option to Defer Interest Payments") apply to any interest on the debentures that is deferred and unpaid as of the date of consummation of that business combination. These requirements and restrictions will apply, however, to any interest on the debentures that is deferred after such date.

To the extent that we apply eligible proceeds from the sale of common stock and qualifying non-cumulative perpetual preferred stock to pay interest, we will allocate the proceeds first to pay deferred interest (and compounded amounts thereon) in chronological order based on the date each payment was first deferred, subject to the "common stock issuance cap" and the "preferred stock issuance cap", each as defined under "—Alternative Payment Mechanism".

At the end of a 10-year deferral period, we must pay all deferred interest (and compounded amounts thereon) that has not been paid as of the end of such 10-year deferral period. If we have paid all deferred interest (and compounded amounts thereon) on the debentures, then we can again defer interest payments on the debentures as described above.

We will give the indenture trustee written notice of our election to begin or extend a deferral period at least one business day before the record date for the next interest payment date.

Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances

We will agree in the indenture that, so long as any debentures remain outstanding, if we have given notice of our election to defer interest payments but the related deferral period has not yet commenced or a deferral period is continuing, then we will not, and will not permit any of our subsidiaries to:

- declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment regarding, any of our capital stock; provided that we may, at any time:
    - declare or pay dividends or distributions in additional shares of our capital stock;
    - declare or pay a dividend on our capital stock in connection with the implementation of a shareholders' rights plan, or issue our capital stock under such a plan, or redeem or repurchase any rights with respect to our capital stock distributed pursuant to such a plan;
    - purchase shares of our capital stock for issuance pursuant to any employment agreement, benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants;
    - purchase fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; and
    - purchase our securities (other than from Dexia or any of its affiliates) pursuant to contractually binding agreements existing prior to the giving of such notice or the commencement of such deferral period, as applicable, including under a contractually binding stock repurchase plan;
- except as required under "—Repayment of Principal", and except for any payments of deferred interest that may be made as described under "—Alternative Payment Mechanism", make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our securities that rank pari passu with or junior to the debentures; or
- make any guarantee payments with respect to any guarantee by us of the subordinated debt securities of any of our subsidiaries if the guarantee ranks pari passu with or junior to the debentures.

In addition, if any deferral period lasts longer than one year, the limitation on our ability to repay, redeem or repurchase any of our securities that rank pari passu with or junior to the debentures will continue until the first anniversary of the date on which all deferred interest has been paid.

If we are involved in a business combination where immediately after its consummation more than 50% of the surviving entity's voting securities are owned by the securityholders of the other party to the business combination, then the immediately preceding paragraph will not apply to any deferral period that is terminated on the next interest payment date following the date of consummation of the business combination.

Alternative Payment Mechanism

Subject to the occurrence of a company market disruption event (as described below in the ninth paragraph of this section entitled "—Alternate Payment Mechanism"), if we defer interest on the debentures (as described under "—Option to Defer Interest Payments"), then we will be required, commencing on the earlier of (i) the first interest payment date on which we pay current interest or (ii) the fifth anniversary of the commencement of the deferral period, to issue common stock (subject to the "common stock issuance cap" described below) and "qualifying non-cumulative perpetual preferred stock" (subject to the "preferred stock issuance cap" described below) until we have raised an amount of "eligible proceeds" at least equal to the aggregate amount of accrued and unpaid deferred interest (including

compound amounts thereon) on the debentures. We refer to this period as the "APM period" and to this method of funding the payment of accrued and unpaid interest as the "alternative payment mechanism".

As described under "—Option to Defer Interest Payments", we have agreed to apply eligible proceeds raised during any deferral period pursuant to the alternative payment mechanism to pay deferred interest (and compounded amounts thereon) on the debentures.

For each relevant interest payment date, "eligible proceeds" means the net proceeds (after underwriters' or placement agents' fees, commissions or discounts and other expenses relating to the issuance) we have received during the 180-day period prior to that interest payment date from the issuance of common stock or "qualifying non-cumulative perpetual preferred stock" to persons that are not our subsidiaries.

"Qualifying non-cumulative perpetual preferred stock" means our non-cumulative perpetual preferred stock that (i) has no maturity date, (ii) contains no remedies other than "permitted remedies", and (iii) (a) is subject to "intent-based replacement disclosure" and has a "mandatory trigger provision" or (b) is subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures, as such terms are defined under "Description of the Replacement Capital Covenant".

Under the alternative payment mechanism, we are not required or permitted to issue shares of common stock or qualifying non-cumulative perpetual preferred stock under the following circumstances:

- if our common stock has been listed for trading on a national securities exchange or is quoted in the Nasdaq National Market, which we refer to as "publicly traded", then we will not be required to issue shares of common stock to any person with respect to deferred interest attributable to the first five years of any deferral period (including compounded amounts thereon) to the extent the net proceeds of such issuance, together with the net proceeds of any prior issuance of shares of common stock that have been applied to pay deferred interest pursuant to the alternative payment mechanism, would exceed 2% of our "market capitalization" (as defined below) as of the fourth business day preceding the date of such issuance (the "common stock issuance cap"); and

- we will not be permitted to issue qualifying non-cumulative perpetual preferred stock to the extent that the net proceeds of any issuance of qualifying non-cumulative perpetual preferred stock applied to pay interest on the debentures pursuant to the alternative payment mechanism, together with the net proceeds of all prior issuances of qualifying non-cumulative perpetual preferred stock so applied, would exceed 25% of the aggregate principal amount of the debentures initially issued under the indenture (the "preferred stock issuance cap").

For the purposes of calculating the common stock issuance cap, our "market capitalization" means, as of any date, an amount equal to the number of shares of our common stock outstanding on such date multiplied by the current market price of one share of our common stock on such date.

Once we reach the common stock issuance cap, we will not be required to issue more common stock under the alternative payment mechanism prior to the fifth anniversary of any deferral period (including compounded amounts thereon) even if our market capitalization subsequently increases prior to such fifth anniversary. Following the fifth anniversary of the commencement of such deferral period, the common stock issuance cap will cease to apply and, subject to the occurrence of a company market disruption event (as described below in the ninth paragraph of this section entitled "—Alternate Payment Mechanism"), we will be required to issue shares of common stock to any person until we have raised an amount of eligible proceeds at least equal to the aggregate amount of accrued and unpaid deferred interest (including compounded amounts thereon) on the debentures, including interest accrued prior to such fifth anniversary.

Although our failure to comply with our obligations with respect to the alternative payment mechanism will breach the indenture, it will not constitute an event of default thereunder or give rise to a right of acceleration or similar remedy under the terms thereof. The remedies of holders of the debentures will be limited in such circumstances, as described under "Risk Factors—If we breach certain of our obligations under the indenture or the debentures, your rights to accelerate payment of the debentures is limited".

We will be excused from our obligations under the alternative payment mechanism in respect of any interest payment date if we provide written certification to the indenture trustee (which the indenture trustee will promptly forward upon receipt to each holder of record of debentures) no more than 30 and no less than five business days in advance of that interest payment date certifying that:

- a company market disruption event (as defined under "—Company Market Disruption Event") was existing after the immediately preceding interest payment date; and

- either (a) the company market disruption event continued for the entire period from the business day immediately following the preceding interest payment date to the business day immediately preceding the date on which that certification is provided or (b) the company market disruption event continued for only part of this period, but we were unable after using our commercially reasonable efforts to raise sufficient eligible proceeds during the rest of that period to pay all accrued and unpaid interest.

If, due to a company market disruption event or otherwise, we were able to raise some, but not all, eligible proceeds necessary to pay all deferred interest (including compounded amounts thereon) on any interest payment date, then we will apply any available eligible proceeds to pay accrued and unpaid interest on the applicable interest payment date in chronological order, subject to the common stock issuance cap and preferred stock issuance cap. If we have outstanding securities in addition to, and that rank pari passu with, the debentures under which we are obligated to sell common stock or qualifying non-cumulative perpetual preferred stock and apply the net proceeds to the payment of deferred interest or distributions, then on any date and for any period the amount of net proceeds received by us from those sales and available for payment of the deferred interest and distributions shall be applied to the debentures and those other securities on a pro rata basis in proportion to the total amounts that are due on the debentures and such securities.

If at any time (i) we are required to issue shares of our common stock or qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism, (ii) we have attempted to issue shares of our qualifying non-cumulative perpetual preferred stock but we have not raised sufficient eligible proceeds through the sale of our common stock and qualifying non-cumulative perpetual preferred stock to pay all deferred interest (including compounded amounts thereon) and (iii) the contribution agreement (as described under "—Contribution Agreement") is in full force and effect, then we are required to (a) promptly make a request under the contribution agreement to Dexia (or such other person that has assumed Dexia's obligations under the contribution agreement) to use its commercially reasonable efforts to raise common equity to the extent it is required to do so pursuant to the contribution agreement and (b) enforce the contribution agreement after we make such a request if within a reasonable period of time after such request Dexia (or such other person) fails to comply with the contribution agreement.

Company Market Disruption Events

A "company market disruption event" means the occurrence or existence of any of the following events or sets of circumstances:

- trading in securities generally on the New York Stock Exchange or any other national securities exchange or over-the-counter market on which our common stock and/or preferred stock is then listed or traded shall have been suspended or its settlement generally shall have been materially disrupted;

- we would be required to obtain the consent or approval of our shareholders (if our common stock is publicly traded) or a regulatory body (including, without limitation, any securities exchange) or governmental authority to issue common stock or qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism or to issue "qualifying capital securities" pursuant to our repayment obligations described under "—Repayment of Principal" below, and we fail to obtain that consent or approval notwithstanding our commercially reasonable efforts to obtain that consent or approval; or

- an event occurs and is continuing as a result of which the offering document for the offer and sale of common stock or qualifying non-cumulative perpetual preferred stock or qualifying capital securities, as the case may be, would, in our reasonable judgment, contain an untrue statement of a material fact or omit to state a material fact required to be stated in that offering document or necessary to make the statements in that offering document not misleading and either (a) the disclosure of that event, in our reasonable judgment, would have a material adverse effect on our business or (b) the disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which would impede our ability to consummate that transaction; provided that one or more events described under this bullet shall not constitute a company market disruption event with respect to more than one semi-annual interest payment date (or after the scheduled maturity date, six consecutive monthly interest payment dates) in any APM period or, in the case of our obligations in connection with the repayment of principal described under "—Repayment of Principal", more than six monthly interest payment dates (whether or not consecutive).

Repayment of Principal

We must repay the principal amount of the debentures, together with accrued and unpaid interest, on December 15, 2036, or if that date is not a business day, the following business day (which we refer to as the "scheduled maturity date"), subject to the limitations described below.

Our obligation to repay the debentures on the scheduled maturity date is limited. We are required to repay the debentures on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of "qualifying capital securities", as described under "Description of the Replacement Capital Covenant", within a 180-day period ending on a notice date not more than 30 and not less than five business days prior to the scheduled maturity date. If we have not raised sufficient proceeds to permit repayment of all principal and accrued and unpaid interest on the debentures on the scheduled maturity date, the unpaid amount will remain outstanding from month to month until we have raised sufficient proceeds to permit repayment in full in accordance with the replacement capital covenant, we redeem the debentures or an event of default occurs. See "Risk Factors—Our obligation to repay the debentures on the scheduled maturity date is subject to our receipt of sufficient net proceeds from the issuance of qualifying capital securities".

We will be required to use our commercially reasonable efforts to raise sufficient net proceeds from the issuance of qualifying capital securities in a 180-day period ending on a notice date not more than 30 and not less than five business days prior to the scheduled maturity date to permit repayment of the debentures in full on this date in accordance with the replacement capital covenant. We will further agree in the indenture that if we are unable for any reason to raise sufficient proceeds to permit payment in full on the scheduled maturity date, we will use our commercially reasonable efforts to raise sufficient proceeds to permit repayment on the next monthly interest payment date, and on each monthly interest payment date thereafter until the debentures are paid in full. Our obligations described in this paragraph are subject to the exception described below in the fifth paragraph of this section entitled "—Repayment of Principal". Except in the case where that exception applies, our failure to use our commercially reasonable efforts to raise these proceeds would be a breach of covenant under the indenture. However, in no event will such failure be an event of default thereunder. See "Risk Factors—Our obligation to repay the debentures on the scheduled maturity date is subject to our receipt of sufficient net proceeds from the issuance of qualifying capital securities".

"Commercially reasonable efforts" to issue our qualifying capital securities means commercially reasonable efforts to complete the offer and sale of our qualifying capital securities to third parties that are not subsidiaries of ours in public offerings or private placements. We will not be considered to have used our commercially reasonable efforts to effect a sale of qualifying capital securities if we determine to not pursue or complete such sale due to pricing, coupon, dividend rate or dilution considerations.

We will be excused from our obligation under the indenture to use our commercially reasonable efforts to sell qualifying capital securities to permit repayment of the debentures under the terms of the replacement capital covenant if we provide written certification to the indenture trustee (which indenture

trustee will promptly forward such certification upon receipt to each holder of record of debentures) no more than 30 and no less than five business days in advance of the required repayment date certifying that:

- a company market disruption event was existing during the 180-day period preceding the date of the certificate or, in the case of any required repayment date after the scheduled maturity date, the 30-day period preceding the date of the certificate; and

- either (a) the company market disruption event continued for the entire 180-day period or 30-day period, as the case may be, or (b) the company market disruption event continued for only part of the period, but we were unable after commercially reasonable efforts to raise sufficient net proceeds during the rest of that period to permit repayment of the debentures in full.

Although, under the replacement capital covenant, the principal amount of debentures that we may repay at any time may be based on the net cash proceeds from certain issuances during the applicable measurement period of common stock, rights to acquire common stock, securities convertible into common stock, such as debt exchangeable into equity and mandatorily convertible preferred stock, in addition to qualifying capital securities, we have no obligation under the indenture to use our commercially reasonable efforts to issue any securities other than qualifying capital securities or to use the proceeds of the issuance of any other securities to repay the debentures on the scheduled maturity date or at any time thereafter.

Except as otherwise described in this paragraph, we have the right to modify or terminate the replacement capital covenant at any time without the consent of the holders of the debentures. We have the right, at our option, to amend the replacement capital covenant at any time to impose additional restrictions on the type or amount of common stock, rights to acquire common stock or securities convertible into common stock (such as mandatorily convertible preferred stock or debt exchangeable into equity) that we may issue. Any such modification may further restrict our ability to repay, redeem or repurchase the debentures, including, for example, by not permitting us to count the proceeds of issuances of common stock, rights to acquire common stock, debt exchangeable into equity or mandatorily convertible preferred stock in determining the principal amount of the debentures that we may repay pursuant to the replacement capital covenant. We have agreed in the indenture, however, that no such modification of the replacement capital covenant shall further restrict our ability to repay the debentures on or after the scheduled maturity date in connection with the issuance of qualifying capital securities, except with the consent of the holders of a majority by principal amount of the debentures.

Any principal amount of the debentures, together with accrued and unpaid interest, will be due and payable on the "final repayment date" (or if this day is not a business day, the following business day), regardless of the amount of qualifying capital securities we have issued and sold by that time. Initially, the "final repayment date" will be December 15, 2066. The final repayment date will be automatically extended up to four times in five-year increments on each of December 15, 2011, 2016, 2021 and 2026 (each of which we refer to as an "extension date"), and as a result the final repayment date may be extended to December 15, 2071, 2076, 2081 and 2086; provided that:

- on the applicable extension date (i) the debentures are rated at least Baa2 by Moody's Investors Service, Inc. (which we refer to as "Moody's") and BBB by Standard & Poor's Ratings Services (which we refer to as "S&P") and (ii) our outstanding senior debt for money borrowed, if any, is rated at least A2 by Moody's and A by S&P, or, if in the case of clause (i) or (ii), either Moody's or S&P (or their respective successors) are no longer in existence, the equivalent ratings by at least two nationally recognized statistical rating organizations within the meaning of Rule 15c3-1 under the Exchange Act (which we refer to as an "NRSRO");

- as of the applicable extension date, we have never deferred interest on the debentures;

- during the three years prior to the applicable extension date, no event of default has occurred in respect of any of our then outstanding debt for money borrowed;

- on the applicable extension date the contribution agreement is in effect or has been amended or terminated only in accordance with its terms (other than pursuant to the provisions described in the

first and third bullet points under the seventh paragraph of the section entitled "—Contribution Agreement"), and (i) the "maximum contribution amount" (as defined under "—Contribution Agreement"), less (ii) the aggregate purchase price that Dexia has paid to us to acquire shares of our common stock pursuant to the contribution agreement prior to the applicable extension date, equals or exceeds $300,000,000; and

- on the applicable extension date we have delivered a written certification to the indenture trustee dated as of such date stating that on the applicable extension date (i) we believe that the likelihood that we will elect to defer interest on the debentures is remote, (ii) we expect to make all required payments on the debentures in accordance with their terms and (iii) we expect to be able to satisfy our obligations under the replacement capital covenant (which certificate we are required to deliver if we believe that the certifications to be made in such certificate would be true and correct as of the date of such certificate).

If the final repayment date is extended, then we will notify the indenture trustee, who will mail notice of such extension by first class mail, postage prepaid, addressed to the holders of record of the debentures at their respective last addresses appearing on the indenture trustee's books within 30 days of such extension. Such notice will state the applicable extension date and the final repayment date after giving effect to the applicable extension. From and after the applicable extension date the final repayment date will be the final repayment date as so extended.

Any unpaid amounts on the debentures that remain outstanding beyond the scheduled maturity date will bear interest at a floating rate equal to one-month LIBOR plus 2.215%, computed on the basis of a 360-day year and the actual number of days elapsed. We will pay interest on the debentures after the scheduled maturity date monthly in arrears on the fifteenth day of each calendar month (or if this day is not a business day, the following business day) beginning January 15, 2037, subject to our rights and obligations described under "—Option to Defer Interest Payments" and "—Alternative Payment Mechanism". References in this offering memorandum to "interest payment dates" after the scheduled maturity date are to these dates.

For the purposes of calculating interest due on the debentures after the scheduled maturity date:

- "one-month LIBOR" means, with respect to any interest period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a one-month period commencing on the first day of that interest period and ending on the next interest payment date that appears on MoneyLine Telerate Page as of 11:00 a.m. (London time) on the LIBOR determination date for that monthly interest period. If such rate does not appear on MoneyLine Telerate Page, one-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for that monthly period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the calculation agent (after consultation with us), at approximately 11:00 a.m., London time on the LIBOR determination date for that monthly interest period. The calculation agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, one-month LIBOR with respect to that interest period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, one-month LIBOR with respect to that monthly interest period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the calculation agent (after consultation with us), at approximately 11:00 a.m., New York City time, on the first day of that interest period for loans in U.S. dollars to leading European banks for a one-month period commencing on the first day of that monthly interest period and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the calculation agent to provide quotations are quoting as described above, one-month LIBOR for that interest period will be the same as one-month LIBOR as determined for the previous interest period or, in the case of the interest period beginning on the scheduled maturity date, 5.32%. The establishment of one-month LIBOR for each monthly interest period beginning on or after the

scheduled maturity date by the calculation agent shall (in the absence of manifest error) be final and binding.

- "Calculation agent" means the indenture trustee, or any other firm appointed by us, acting as calculation agent.

- "London banking day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

- "LIBOR determination date" means the second London banking day immediately preceding the first day of the relevant monthly interest period.

- "MoneyLine Telerate Page" means the display on Moneyline Telerate, Inc., or any successor service, on Telerate Page 3750.

- "Telerate Page 3750" means the display designated on page 3750 on MoneyLine Telerate Page (or such other page as may replace the 3750 page on such service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. Dollar deposits).

Net proceeds that we are permitted by the replacement capital covenant to apply to repayment of the debentures on and after the scheduled maturity date will be applied, first, to pay deferred interest (and compounded amounts thereon) to the extent of eligible proceeds under the alternative payment mechanism, second, to pay current interest that we are not paying from other sources and, third, to repay the principal of debentures, subject to a minimum principal amount of $5 million (or such lesser amount as may then be outstanding) to be repaid on the scheduled maturity date or any monthly interest payment date; provided that if we are obligated to sell qualifying capital securities and apply the net proceeds to payments of principal of or interest on any outstanding securities in addition to the debentures, then on any date and for any period the amount of net proceeds received by us from those sales and available for such payments shall be applied to the debentures and those other securities having the same scheduled maturity date as the debentures pro rata in accordance with their respective outstanding principal amounts and none of such net proceeds shall be applied to any other securities having a later scheduled maturity date until the principal of and all accrued and unpaid interest on the debentures has been paid in full.

Contribution Agreement

In the event that we elect to defer interest payments on the debentures, as described under "—Option to Defer Interest Payments", immediately following the first interest payment date during a deferral period on which we elect to pay current interest or, if earlier, the fifth anniversary of the beginning of that deferral period, and subject to the limitations described under "—Option to Defer Interest Payments", we will be required to issue common stock and qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism and to apply the eligible proceeds thereof to the payment of any deferred interest (and compounded amounts thereon) on the next interest payment date. To the extent we are unable to raise such eligible proceeds through the sale of our qualifying non-cumulative perpetual preferred stock, Dexia has agreed, pursuant to a contribution agreement between us and Dexia, upon receipt of our request:

- prior to such time that Dexia obtains the "Dexia stock issuance board approval" (as defined below), to promptly use its commercially reasonable efforts, taking into account its own funding requirements, to subscribe for additional shares of our common stock for an amount equal to the "shortfall amount" (as defined below) with any source of funds then available to Dexia, subject to the limitations described in the following paragraph; and

- from and after such time that Dexia obtains the Dexia stock issuance board approval, to promptly use its commercially reasonable efforts, subject to the occurrence of a "parent market disruption event" (as defined below), to raise common equity providing Dexia with net proceeds (after underwriters' or placement agents' fees, commissions, or discounts and other expenses relating to the issuance) equal to the shortfall amount. If Dexia is successful in raising any such common

equity, then Dexia will promptly subscribe for additional shares of our common stock with the net proceeds, subject to the limitations described in the following paragraph. If, subsequent to Dexia obtaining the Dexia stock issuance board approval, Dexia is not successful in raising any such common equity, then Dexia will not be required to subscribe for additional shares of our common stock or otherwise have any obligation to contribute any of its assets to us under the contribution agreement and, specifically, Dexia will not be required to apply any of its other assets to discharge its obligations under the contribution agreement.

Dexia is not required at any time under the contribution agreement to issue common equity or subscribe for shares of our common stock (a) to the extent that the net proceeds of such issuance of common equity, together with the net proceeds of all other common equity which has been previously issued pursuant to a request by us under the contribution agreement, would exceed, in the aggregate, the shortfall amount or (b) at any time after Dexia has acquired shares of our common stock pursuant to the contribution agreement for an aggregate purchase price equal to the "maximum contribution amount" (as defined below).

The "shortfall amount" is defined in the contribution agreement as of any date as (i) the aggregate amount of interest accrued (including compounded amounts thereon and interest accrued after we are required to issue common stock and qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism) on the debentures during the then current deferral period, measured as of the next regularly scheduled interest payment date, minus (ii) the amount of any eligible proceeds that we have raised by issuing common stock and/or qualifying non-cumulative perpetual preferred stock pursuant to the alternative payment mechanism in respect of the then current deferral period. The "Dexia stock issuance board approval" is defined in the contribution agreement as the approval by Dexia's Board of Directors of Dexia's obligation to raise common equity described under the second bullet point of the first paragraph of this section entitled "—Contribution Agreement" for so long as the debentures are outstanding.

A "parent market disruption event" is defined in the contribution agreement as the occurrence or existence of any of the following events or sets of circumstances:

- a material suspension of or limitation on trading or on settlement procedures for transactions in Dexia's common equity and/or preferred securities through the primary stock exchange or exchanges on which such securities are then traded or the principal central securities depositary through which such securities are then cleared;

- a prohibition or material restriction imposed by applicable law (or by order, decree or regulation of any governmental entity, stock exchange or self-regulating body having jurisdiction) on the ability of Dexia to issue or transfer its common equity or preferred securities;

- Dexia would be required to obtain the consent or approval of its shareholders to issue common equity as required by the contribution agreement, and Dexia fails to obtain that consent or approval notwithstanding its commercially reasonable efforts to obtain that consent or approval; or

- Dexia is subject to a "blackout" period which, under applicable securities laws or Dexia policies then in place, would not permit Dexia to issue common equity and/or preferred securities until the release of information which has resulted in the commencement of such blackout period or such blackout period has otherwise terminated.

The "maximum contribution amount" is defined in the contribution agreement as the greater of (i) $300,000,000 and (ii) such amount to which Dexia shall have, in its sole discretion by written notice to us, elected to increase the maximum contribution amount.

The contribution agreement does not give any person, other than Dexia and us, any legal or equitable right, remedy or claim under or with respect to the contribution agreement or any provision of the contribution agreement. The contribution agreement and all of its provisions and conditions are for the sole and exclusive benefit of Dexia and us and each of Dexia's and our successors and assigns, and holders of

the debentures will only have rights against us in respect of our obligation to enforce the contribution agreement, as described under "—Alternative Payment Mechanism". The contribution agreement is not, and nothing contained therein shall be deemed to constitute, a guaranty by Dexia or any other party of the payment of any obligation or liability of ours under the debentures.

The contribution agreement may be terminated by Dexia on 10 business days' prior notice at any time on or after the date on which:

- Dexia has sold or otherwise transferred 50% or more of our outstanding voting securities to another person that has not assumed Dexia's obligations under the contribution agreement; provided that Dexia has used its commercially reasonable efforts to cause such person to agree to assume such obligations;

- Dexia has ceased to beneficially own securities constituting greater than 50% of our outstanding voting securities; provided that as of such date our common stock is publicly traded; or

- we have conveyed, transferred or leased all or substantially all of our properties to another person, and if such person is a subsidiary of another person (the "parent company"), such parent company has not assumed Dexia's obligations under the contribution agreement; provided that Dexia has used its commercially reasonable efforts to cause such parent company to agree to assume such obligations.

In addition, we and Dexia may amend or terminate the contribution agreement at any time that we shall have received an opinion of counsel experienced in such matters to the effect that such amendment or termination would not increase the risk that the debentures will be treated other than as debt for U.S. federal income tax purposes.

If another person assumes Dexia's obligations under the contribution agreement, whether expressly, by operation of law or otherwise, the obligations of Dexia described above will be obligations solely of such other person.

Redemption

The debentures:

- are repayable on the scheduled maturity date of December 15, 2036 or thereafter as described under "—Repayment of the Principal";

- are redeemable in whole or in part, at any time prior to December 15, 2036 at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the applicable "make-whole redemption price", as described below; provided that in the event of a redemption in part that the principal amount outstanding after such redemption is at least $50,000,000 (any such redemption is referred to as an "optional redemption");

- are redeemable in whole, but not in part, prior to December 15, 2036 within 90 days after a "tax event" or "rating agency event", as described below, at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, the applicable "make-whole redemption price", as described below (any such redemption is referred to as a "tax or rating agency redemption"); and

- are not subject to any sinking fund or similar provisions.

Any redemption of debentures will be subject to the restrictions described under "Description of the Replacement Capital Covenant".

The "make-whole redemption price" means the present value of scheduled payments of principal and interest from the redemption date to December 15, 2036 on the debentures being redeemed, discounted to

the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the "treasury rate" plus the "applicable rate".

For purposes of the definition of "make-whole redemption price":

- "applicable rate" means in the case of an optional redemption, 0.25% and in the case of a tax or rating agency redemption, 0.50%;

- "treasury rate" means the semi-annual equivalent yield to maturity of the "treasury security" that corresponds to the "treasury price" (calculated in accordance with standard market practice and computed as of the second trading day preceding the redemption date);

- "treasury security" means the United States Treasury security that the "treasury dealer" determines would be appropriate to use, at the time of determination and in accordance with standard market practice, in pricing the debentures being redeemed in a tender offer based on a spread to United States Treasury yields;

- "treasury price" means the bid-side price for the treasury security as of the third trading day preceding the redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York on that trading day and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities", except that: (i) if that release (or any successor release) is not published or does not contain that price information on that trading day or (ii) if the treasury dealer determines that the price information is not reasonably reflective of the actual bid-side price of the treasury security prevailing at 3:30 p.m., New York City time, on that trading day, then treasury price will instead mean the bid-side price for the treasury security at or around 3:30 p.m., New York City time, on that trading day (expressed on a next trading day settlement basis) as determined by the treasury dealer through such alternative means as the treasury dealer considers to be appropriate under the circumstances; and

- "treasury dealer" means a nationally recognized firm that is a primary U.S. Government securities dealer specified by us.

A "tax event" means that we have requested and received an opinion of counsel experienced in such matters to the effect that, as a result of any:

- amendment to or change in the laws or regulations of the United States or any political subdivision or taxing authority of or in the United States that is enacted or becomes effective after the initial issuance of the debentures;

- proposed change in those laws or regulations that is announced after the initial issuance of the debentures;

- official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of the debentures; or

- threatened challenge asserted in connection with an audit of us or our subsidiaries, or a threatened challenge asserted in writing against any other taxpayer that has raised capital through the issuance of securities that are substantially similar to the debentures, which challenge becomes publicly known after the initial issuance of the debentures,

there is more than an insubstantial risk that interest payable by us on the debentures is not, or will not be, deductible by us, in whole or in part, for United States federal income tax purposes.

A "rating agency event" means a change by any NRSRO that currently publishes a rating for us (a "rating agency") to its equity credit criteria for securities such as the debentures, as such criteria is in effect on the date of the initial issuance of the debentures (the "current criteria"), which change results in a lower

equity credit being given to the debentures as of the date of such change than the equity credit that would have been assigned to the debentures as of the date of such change by such rating agency pursuant to its current criteria. For the avoidance of doubt, a rating agency event will not have occurred if at any date after the date of the initial issuance of the debentures the equity credit given to the debentures is reduced solely due to a failure of the final repayment date to be extended.

We will mail, or cause the trustee to mail, notice of every redemption of debentures by first class mail, postage prepaid, addressed to the holders of record of the debentures to be redeemed at their respective last addresses appearing on the indenture trustee's books. Such mailing will be at least 30 and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing of such notice, to any holder of debentures designated for redemption will not affect the redemption of any debentures. Each notice will state (i) the redemption date; (ii) the redemption price and any accrued interest; (iii) if less than all outstanding debentures are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular debentures to be redeemed; (iv) that on the redemption date the redemption price and any accrued interest will become due and payable upon each debenture to be redeemed together with accrued interest thereon; (v) the place or places where the debentures are to be redeemed; and (vi) the CUSIP number of the debentures being redeemed.

Any debentures to be redeemed pursuant to the aforementioned notice will, on the date fixed for redemption, become due and payable at the redemption price. From and after such date such debentures shall cease to bear interest. Upon surrender of any such debentures for redemption in accordance with said notice, we will pay the redemption price for such debentures, subject to certain conditions. If any debentures called for redemption are not so paid upon surrender thereof for redemption, the redemption price will, until paid, bear interest from the redemption date at the rate prescribed therefor in the debentures. Any debentures redeemed only in part will be surrendered in accordance with the provisions of the indenture. In exchange for the unredeemed portion of such surrendered debentures, new debentures in an aggregate principal amount equal to the unredeemed portion will be issued.

Limitation on Claims in Bankruptcy, Insolvency or Receivership

The indenture provides that a holder of the debentures, by that holder's acceptance of the debentures, agrees that in certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of its debentures the holder of debentures will have no claim for, and thus no right to receive, optionally deferred and unpaid interest (including compounded amounts thereon) that has not been settled through the application of the alternative payment mechanism, to the extent the amount of such interest exceeds two years of accumulated and unpaid interest (including compounded amounts thereon) on such holder's debentures.

Merger, Consolidation or Sale of Assets

We may not consolidate with or merge into any other person or convey, transfer, sell or lease all or substantially all of our properties and assets as an entirety to any other person or permit any person to consolidate with or merge into us unless:

- if we are not the surviving person, the surviving person is organized and existing under the laws of the United States or any State thereof or the District of Columbia and assumes the payment of the principal of, premium, if any, and interest on the debentures and the performance of our other covenants under the indenture;

- immediately after giving effect to the transaction, no event of default, and no event that, after notice or lapse of time or both, would become an event of default, will have occurred and be continuing; and

- we have delivered to the indenture trustee an officer's certificate and an opinion of counsel stating that all conditions precedent to such transaction have been satisfied.

Events of Default

The indenture provides that any one or more of the following events with respect to the debentures that has occurred and is continuing constitutes an "event of default":

- default in the payment of interest (including compounded amounts thereon), in full on any debenture for a period of 30 days after the conclusion of a 10-year period following the commencement of any deferral period; or

- certain events of bankruptcy, insolvency and reorganization involving us.

The events of default under the indenture do not include a failure to comply with, or a breach of, any of our other covenants in the indenture, including our obligation to raise capital in certain circumstances to meet interest payment obligations on the debentures. Accordingly, any such failures or breaches will not result in the acceleration of payment of the debentures, and any remedy relating to a specific failure or breach may be limited to direct monetary damages, if any.

The indenture trustee will, within 90 days after the occurrence of any default (the term "default" to include the events specified above as events of default without grace or notice) actually known to it, give to the holders of the debentures notice of such default; provided that, except in the case of a default in the payment of principal of or interest on any of the debentures, the indenture trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the debenture.

If an event of default, other than an event of default resulting from bankruptcy, insolvency or reorganization, occurs and is continuing, the indenture trustee or the holders of at least 25% in aggregate principal amount of the debentures then outstanding, by notice in writing to us (and to the indenture trustee if given by the holders of the debentures), will be entitled to declare all unpaid principal of and deferred and other accrued interest (including compounded amounts thereon) on the debentures then outstanding to be due and payable immediately.

In the case of an event of default resulting from certain events of bankruptcy, insolvency or reorganization, all unpaid principal of and deferred and other accrued interest (including compounded amounts thereon) on all debentures then outstanding will be due and payable immediately without any declaration or other act on the part of the indenture trustee or the holders of any debentures.

The holders of a majority in principal amount of the debentures may, on behalf of all holders of the debentures, waive any default, except a default in the payment of principal or interest, or a default in the performance of a covenant or provision of the indenture which cannot be modified without the consent of each holder of the debentures.

No holder of the debentures may pursue any remedy under the indenture unless the indenture trustee has failed to act after, among other things, notice of an event of default and request by holders of at least 25% in principal amount of the debentures and the offer to the indenture trustee of indemnity satisfactory to it; provided that such provision does not affect the right to sue for enforcement of any overdue payment on the debentures.

The holders of a majority of the aggregate outstanding principal amount of the debentures have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee with respect to the debentures.

Modification and Waiver

We and the indenture trustee may modify, amend and or supplement the indenture and the debentures with the consent of the holders of not less than a majority in principal amount of the outstanding

debentures; provided that such modification, amendment or supplement may not, without the consent of each holder of the debentures affected thereby:

- change the stated scheduled maturity date or final repayment date of the principal of (or premium, if any) or any installment of interest with respect to the debentures;
- reduce the principal amount of, or the rate of interest on, the debentures;
- change the currency of payment of principal of or interest on the debentures;
- impair the right to institute suit for the enforcement of any payment on or with respect to the debentures;
- reduce the above-stated percentage of holders of the debentures necessary to modify or amend the indenture; or
- modify the foregoing requirements or reduce the percentage of outstanding debentures necessary to waive any covenant or past default.

Holders of not less than a majority in principal amount of the outstanding debentures, voting as a single class, may waive certain past defaults and may waive compliance by us with any provision of the indenture; provided that, without the consent of each holder of the debentures affected thereby, no waiver may be made of a default in the payment of the principal of (or premium, if any) or interest on any debenture or in respect of a covenant or provision of the indenture that expressly states that it cannot be modified or amended without the consent of each holder affected.

We and the indenture trustee may amend or supplement the indenture or waive any provision of the indentures and the debentures without the consent of any holders of the debentures in some circumstances, including:

- to cure any ambiguity, omission, defect or inconsistency;
- to make any modifications or amendments that do not, in our good faith opinion, adversely affect the interests of holders of the debentures in any material respect;
- to provide for the assumption of our obligations under the indenture by a successor upon any merger, consolidation or asset transfer permitted under the indenture;
- to provide any security for or guarantees of the debentures;
- to add events of default with respect to the debentures;
- to add covenants that would benefit the holders of the debentures or to surrender any rights or powers we have under the indenture;
- to make any change necessary to comply with the Trust Indenture Act of 1939, or any amendment thereto, or to comply with any requirement of the United States Securities and Exchange Commission in connection with the qualification of the applicable indenture under the Trust Indenture Act of 1939; provided that such modification or amendment does not, in the good faith opinion of our board of directors, adversely affect the interests of the holders of the debentures in any material respect; or
- to evidence and provide for the acceptance of appointment by a successor indenture trustee with respect to the debentures and to add to or change any of the provisions of the indenture as will be necessary to provide for or facilitate the administration of the trusts under the indenture by more than one indenture trustee, pursuant to the requirements of the indenture.

Payment and Paying Agents

The indenture trustee will act as paying agent and may act as the calculation agent with respect to the debentures. We at any time may designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, except that we will be required to maintain a paying agent at the place of payment.

Any moneys deposited with the indenture trustee or any paying agent, or then held by us in trust, for the payment of the principal of, or interest on, any debentures and remaining unclaimed for two years after such principal or interest has become due and payable will, at the indenture trustee's or our request, be repaid to us, and the holder of such debentures shall thereafter look, as a general unsecured creditor, only to us for payment thereof.

Discharge and Defeasance

We will be discharged from any and all obligations in respect of the debentures and the indenture, except in each case for certain obligations to register the transfer or exchange of debentures, replace stolen, lost or mutilated debentures, maintain paying agencies and hold moneys for payment in trust, if, among other things:

- either all of the debentures previously authenticated and delivered have been delivered to the indenture trustee for cancellation or all of the debentures not theretofore delivered to the trustee for cancellation have become due and payable, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the trustee; and

- we deposit with the indenture trustee, in trust, moneys or U.S. government obligations in an amount sufficient to pay all the principal of, and interest on, the debentures on the dates such payments are due in accordance with the terms of the debentures.

In addition, we may elect either (i) to defease and be discharged from any and all obligations with respect to the debentures (which we refer to as "defeasance") or (2) to be released from our obligations with respect to the debentures under certain covenants in the indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the debentures (which we refer to as "covenant defeasance"):

- by delivering all outstanding debentures to the indenture trustee for cancellation and paying all sums payable by it under the debentures and the indenture; or

- after giving notice to the indenture trustee of our intention to defease all of the debentures, by irrevocably depositing with the indenture trustee or a paying agent:

    - money in U.S. dollars in an amount sufficient, or

    - (i) U.S. government obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide not later than one day before the due date of any interest or principal money in an amount, or (ii) a combination of such money and such U.S. government obligations, in either the case of clause (i) or (ii) sufficient, in the opinion of a nationally recognized independent registered public accounting firm expressed in a written certification thereof delivered to the indenture trustee,

    to pay and discharge the principal of (and premium, if any) and each installment of principal of (and premium, if any) and interest on the debentures on the expected maturity date or final repayment date of such principal or installment of principal or interest, as applicable, or on the applicable date of redemption;

Such a trust may only be established if, among other things:

- the applicable defeasance or covenant defeasance does not result in a breach or violation of, or constitute a default under any material agreement or instrument to which we are a party or by which we are bound;

- no default or event of default with respect to the debentures will have occurred and be continuing on the date of establishment of such a trust after giving effect to such establishment; and

- we have delivered to the indenture trustee an opinion of counsel to the effect that the holders of the debentures will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such opinion of counsel, in the case of defeasance, must refer to and be based upon a letter ruling of the United States Internal Revenue Service received by us, a Revenue Ruling published by the United States Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the indenture.

In the event we effect covenant defeasance with respect to the debentures and the debentures are declared due and payable because of the occurrence of any event of default, other than an event of default with respect to any covenant as to which there has been covenant defeasance, the government obligations on deposit with the indenture trustee will be sufficient to pay amounts due on the debentures at the time of the stated maturity but may not be sufficient to pay amounts due on the debentures at the time of the acceleration resulting from such event of default.

Our ability to effect defeasance or covenant defeasance is subject to the restrictions described under "Description of the Replacement Capital Covenant".

Indenture Trustee

The Bank of New York will be the initial indenture trustee under the indenture.

The indenture contains certain limitations on a right of the indenture trustee, as our creditor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The indenture trustee will be permitted to engage in other transactions; provided that if it acquires any conflicting interest, it must eliminate such conflict or resign.

If an event of default occurs, and is not cured, under the indenture and is actually known to a responsible officer of the indenture trustee, it will exercise such of the rights and powers vested in it by the indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, the indenture trustee will not be under any obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of the debentures unless they will have offered to the indenture trustee security and indemnity satisfactory to it.

Governing Law

The indenture, the debentures and the contribution agreement will be governed by and construed in accordance with the laws of the State of New York.

Book-Entry Issuance; Issuance of Certificated Debentures

The debentures will be registered in minimum denominations of $100,000 and integral multiples of $1,000. The debentures will be issued in the form of one or more permanent global notes in fully registered, book-entry form, which we refer to as "global notes". You may elect to hold interests in the global notes through either DTC (in the United States), or Clearstream Banking, *société anonyme*, or

Euroclear Bank S.A./N.V., as operator of Euroclear System (outside the United States), either directly if you are a participant in or customer of one of those systems, or indirectly through organizations that are participants in those systems.

The deposit of global notes with DTC and their registration in the name of DTC's nominee effect no change in beneficial ownership. Ownership of beneficial interests in a global note will be limited to DTC participants or persons who hold interests through DTC participants. We understand that DTC will have no knowledge of the actual beneficial owners of the debentures; DTC's records reflect only the identity of the direct participants in DTC to whose accounts securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC or its nominee or a common depositary is the registered holder of a global note, DTC or that nominee or common depositary will be considered the sole owner and holder of the global notes, and of the debentures represented thereby, for all purposes under the indenture and the debentures. Except as provided below, owners of beneficial interests in a global note will not be entitled to have debentures represented by a global note registered in their names, will not receive or be entitled to receive physical delivery of debentures in certificated form and will not be considered the registered holders of debentures under the indenture or the debentures. Unless and until it is exchanged in whole or in part for debentures in definitive form, no global note may be transferred except as a whole by DTC to its nominee.

We will make all payments of principal of and interest on the debentures to DTC. We will send all required reports and notices solely to DTC as long as DTC is the registered holder of the global notes. We expect that upon the issuance of a global note DTC or its custodian will credit on its internal system the respective principal amount of the individual beneficial interest represented by such global note to the accounts of its participants. Such accounts initially will be designated by or on behalf of the underwriters. Ownership of beneficial interests in a global note will be shown on, and the transfer of those ownership interests will be effected through, records maintained by DTC or its nominee (with respect to interests of participants) or by any such participant (with respect to interests of persons held by such participants on their behalf).

Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the global notes will be effected only through entries made on the books of participants acting on behalf of beneficial owners. Accordingly, each beneficial owner must rely on the procedures of DTC and, if the person is not a participant in DTC, on the procedures of the participants through which such person owns its interest, to exercise any rights of a holder under the indenture.

We understand that under existing industry practices, in the event that we request any action of holders of debentures or that an owner of a beneficial interest in the debentures desires to give or take any action that a holder is entitled to give or take under the indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take the action, and the participants would authorize beneficial owners owning through participants to give or to take the action or would otherwise act upon the instructions of beneficial owners.

Payments, transfers, exchanges and other matters relating to beneficial interests in a global note may be subject to various policies and procedures adopted by DTC from time to time, and DTC may discontinue its operations entirely at any time. We also expect that payments, conveyance of notices and other communications by DTC to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners, will be governed by standing instructions and customary practices as is the case with securities held for accounts of customers registered in the names of nominees for those customers, subject to any statutory or regulatory requirements as may be in effect from time to time, and will be the responsibility of the participants. Neither we nor any of our respective agents, the indenture trustee or the underwriters will have any responsibility or liability for any aspect of DTC's or any DTC participant's records relating to, or for payments made on account of, beneficial interests in any

global note, or for maintaining, supervising or reviewing any records relating to such beneficial interests, or for the performance by DTC or the participants of their respective obligations under the rules and procedures governing their operations.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for the physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Interests in a global note will be exchanged for debentures in certificated form only if:

- DTC notifies us that it is unwilling, unable or ineligible to continue as a depositary for such global note or it is no longer in good standing under the Exchange Act or other applicable state statute or regulation, and we have not appointed a successor depositary within 90 days;

- an event of default under the indenture with respect to the debentures has occurred and is continuing and we make a request of the indenture trustee; or

- we, in our sole discretion, determine at any time that the debentures will no longer be represented by a global security.

Upon the occurrence of such an event, owners of beneficial interests in such global note will receive physical delivery of debentures in certificated form. All certificated debentures issued in exchange for an interest in a global note or any portion thereof will be registered in such names as DTC directs. Such debentures will be issued in minimum denominations of $100,000 and integral multiples of $1,000 and will be in registered form only, without coupons.

DESCRIPTION OF THE REPLACEMENT CAPITAL COVENANT

The following summary of the material terms and provisions of the replacement capital covenant is not complete and is subject to, and qualified in its entirety by, reference to the replacement capital covenant. A copy of the replacement capital covenant is available upon request from the indenture trustee.

In the replacement capital covenant we agree for the benefit of persons that buy, hold or sell a specified series of our long-term indebtedness ranking senior to the debentures that the debentures will not be repaid, redeemed, repurchased or defeased by us, or any of our subsidiaries, in whole or in part, on or before the date that is 20 years prior to the final repayment date, unless the principal amount repaid or defeased or the applicable redemption or repurchase price does not exceed the sum of:

- the "applicable percentage" (as defined below) of the aggregate amount of net cash proceeds we and our subsidiaries have received since the most recent "measurement date" (as defined below) from the sale of common stock and rights to acquire common stock to persons other than us and our subsidiaries; plus

- 100% of the aggregate amount of net cash proceeds we and our subsidiaries have received since the most recent measurement date from the sale of securities convertible into common stock, such as "mandatorily convertible preferred stock" and "debt exchangeable into equity" to persons other than us and our subsidiaries; plus

- 100% of the aggregate amount of net cash proceeds we and our subsidiaries have received since the most recent measurement date from the sale of "qualifying capital securities" to persons other than us and our subsidiaries.

For purposes of the replacement capital covenant, the following terms have the following meanings:

"Alternative payment mechanism" means, with respect to any securities or combination of securities, either:

(a) the "alternative payment mechanism" as described under "Description of the Junior Subordinated Debentures—Alternative Payment Mechanism", or

(b) provisions in the related transaction documents requiring us to issue (or use our commercially reasonable efforts to issue) one or more types of APM qualifying securities raising eligible proceeds at least equal to the deferred distributions on such securities and apply the proceeds to pay unpaid distributions on such securities, commencing on the earlier of (x) the first distribution date after commencement of a deferral period on which we pay current distributions on such securities and (y) the fifth anniversary of the commencement of such deferral period, and that in the case of this clause (b):

(i) define "eligible proceeds" to mean, for purposes of such alternative payment mechanism, the net proceeds (after underwriters' or placement agents' fees, commissions or discounts and other expenses relating to the issuance or sale of the relevant securities, where applicable, and including the fair market value of property received by us or any of our subsidiaries as consideration for such securities) that we have received during the 180 days prior to the related distribution date from the issuance of APM qualifying securities, up to the preferred cap (as defined in paragraph (iv)(B) of this definition) in the case of APM qualifying securities that are qualifying non-cumulative perpetual preferred stock;

(ii) permit us to pay current distributions on any distribution date out of any source of funds but (x) require us to pay deferred distributions only out of eligible proceeds and (y) prohibit us from paying deferred distributions out of any source of funds other than eligible proceeds;

(iii) if deferral of distributions continues for more than one year, require us not to redeem or repurchase any our securities that on our bankruptcy or liquidation rank pari passu with or junior to such securities until at least one year after all deferred distributions have been paid;

(iv) limit our obligation to issue (or use our commercially reasonable efforts to issue) APM qualifying securities up to:

(A) in the case of APM qualifying securities that are our common stock or rights to purchase our common stock, an amount from the issuance thereof pursuant to the related alternative payment mechanism (including at any point in time from all prior issuances thereof pursuant to such alternative payment mechanism) with respect to deferred distributions attributable to the first five years of any deferral period equal to 2% of the product of the average of the current stock market prices of our common stock on the ten consecutive trading days ending on the fourth trading day immediately preceding the date of issuance multiplied by the total number of issued and outstanding shares of our common stock as of the date of our most recent publicly available consolidated financial statements (the "common cap"), provided that (x) once we reach the common cap, until the common cap ceases to apply, we will not be required to issue more common stock or rights to purchase common stock under the alternative payment mechanism with respect to deferred distributions attributable to the first five years of a deferral period even if the amount referred to in this sub clause (A) subsequently increases because of a subsequent increase in the current market price of our common stock or the number of outstanding shares of our common stock, and (y) the common cap shall cease to apply to such deferral period by a date (as specified in the related transaction documents) which shall be not later than the ninth anniversary of the commencement of such deferral period; and

(B) in the case of APM qualifying securities that are qualifying non-cumulative perpetual preferred stock, an amount from the issuance thereof pursuant to the related alternative payment mechanism (including at any point in time from all prior issuances thereof pursuant to such alternative payment mechanism) equal to 25% of the initial principal or stated amount of the securities that are the subject of the related alternative payment mechanism (the "preferred cap");

(v) provide that in certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of such securities the holder of such securities will have no claim for optionally deferred and unpaid interest that has not been settled through the application of this alternative payment mechanism, to the extent the amount of such interest exceeds (x) if the APM qualifying securities include only common stock or rights to acquire common stock and do not include qualifying non-cumulative perpetual preferred stock, 25% of the principal or stated amount of such securities then outstanding and (y) if the APM qualifying securities include qualifying non-cumulative perpetual preferred stock, two years of accumulated and unpaid interest on such securities; provided, however, that if the APM qualifying securities include qualifying non-cumulative perpetual preferred stock and, accordingly, clause (y) applies, holders of such securities may have an additional preferred equity claim in respect of accumulated and unpaid interest which is in excess of two years of accumulated and unpaid interest on such securities that is senior to our common stock and is or would be pari passu with any qualifying non-cumulative perpetual preferred stock up to the amount equal to their pro rata shares of any unused portion of the preferred cap (as defined above); and

(vi) provide that if at any time (A) we are required to issue shares of our common stock, rights to purchase our common stock or qualifying non-cumulative perpetual preferred stock pursuant to this alternative payment mechanism, (B) we have attempted to issue shares of qualifying non-cumulative perpetual preferred stock but we have not raised sufficient "eligible proceeds" through the sale of our common stock, rights to purchase our common stock and qualifying non-cumulative perpetual preferred stock to pay all deferred interest and (C) we are a party to a contribution agreement substantially similar to the contribution agreement described under "Description of the Junior Subordinated Debentures—Contribution Agreement", which is in full force and effect, then we are required to (1) make a request under such contribution agreement and (2) enforce such contribution agreement after making such a request;

provided that:

(x) we shall not be obligated to issue (or use our commercially reasonable efforts to issue) APM qualifying securities for so long as a company market disruption event has occurred and is continuing;

(y) if, due to a company market disruption event or otherwise, we are able to raise and apply some, but not all, of the eligible proceeds necessary to pay all deferred distributions on any distribution date, we will apply any available eligible proceeds to pay accrued and unpaid distributions on the applicable distribution date in chronological order subject to the common cap and preferred cap, as applicable; and

(z) if we have outstanding more than one class or series of securities under which we are obligated to sell a type of APM qualifying securities and apply some part of the proceeds to the payment of deferred distributions, then on any date and for any period the amount of net proceeds received by us from those sales and available for payment of deferred distributions on such securities shall be applied to such securities on a pro rata basis in proportion to the total amounts that are due on such securities.

"APM qualifying securities" means, with respect to an alternative payment mechanism, one or more of the following (as designated in the transaction documents for the qualifying capital securities that include an alternative payment mechanism or debt exchangeable for equity):

(a) our common stock;

(b) rights to purchase our common stock; or

(c) qualifying non-cumulative perpetual preferred stock;

provided that if the APM qualifying securities for any alternative payment mechanism include both our common stock and rights to purchase our common stock, such alternative payment mechanism may permit, but need not require, us to issue rights to purchase our common stock.

"Applicable percentage" means (i) 133.33% with respect to any repayment, redemption, repurchase or defeasance on or prior to the date that is 50 years prior to the final repayment date, (ii) 200.00% with respect to any repayment, redemption, repurchase or defeasance after the date that is 50 years prior to the final repayment date and on or prior to the date that is 30 years prior to the final repayment date and (iii) 400.00% with respect to any repayment, redemption, repurchase or defeasance after the date that is 30 years prior to the final repayment date and prior to the date that is 20 years prior to the final repayment date.

"Debt exchangeable for equity" means a security or combination of securities that:

(a) gives the holder a beneficial interest in (i) our subordinated debt securities that include a provision requiring us to issue (or use our commercially reasonable efforts to issue) one or more types of APM qualifying securities raising proceeds at least equal to the deferred distributions on such subordinated debt securities commencing not later than two years after initial issuance of such securities and that are our most junior subordinated debt (or rank pari passu with our most junior subordinated debt) and (ii) a fractional interest in a stock purchase contract for a share of qualifying non-cumulative perpetual preferred stock that ranks pari passu with or junior to all of our other preferred stock;

(b) provides that the investors directly or indirectly grant to us a security interest in such subordinated debt securities and their proceeds (including any substitute collateral permitted under the transaction documents) to secure the investors' direct or indirect obligation to purchase our preferred stock pursuant to such stock purchase contracts;

(c) includes a remarketing feature pursuant to which our subordinated debt is remarketed to new investors commencing not later than the first distribution date that is at least five years after the date of issuance of the security or earlier in the event of an early settlement event based on (i) our capital ratios or (ii) our dissolution;

(d) provides for the proceeds raised in the remarketing to be used to purchase our preferred stock pursuant to such stock purchase contracts and, if there has not been a successful remarketing by the first distribution date that is six years after the date of issuance of such securities, provides that the stock purchase contracts will be settled by us foreclosing on our subordinated debt securities or other collateral directly or indirectly pledged by investors in the debt exchangeable for equity;

(e) includes a replacement capital covenant that will apply to such securities and to such preferred stock; and

(f) after the issuance of such preferred stock, provides the holder of the security with a beneficial interest in such preferred stock.

"Intent-based replacement disclosure" means, as to any security or combination of securities, that the issuer thereof has publicly stated its intention, either in the prospectus or other offering document under which such securities were initially offered for sale or in filings with the SEC made by such issuer under the Exchange Act prior to or contemporaneously with the issuance of such securities, that such issuer will repay, redeem or repurchase such securities only with the proceeds of specified replacement capital securities that have terms and provisions at the time of repayment, redemption or repurchase that are as or more equity-like than the securities then being repaid, redeemed or repurchased, raised within 180 days prior to the delivery of notice of such repayment or redemption or the date of such repurchase.

"Mandatorily convertible preferred stock" means cumulative preferred stock with (a) no prepayment obligation on the part of the issuer thereof, whether at the election of the holders or otherwise, and (b) a requirement that such preferred stock converts into such common stock within three years from the date of its issuance at a conversion ratio within a range established at the time of issuance of such preferred stock.

"Mandatory trigger provision" means as to any security or combination of securities, provisions in the terms thereof or of the related transaction agreements that (a) require, or at its option in the case of non-cumulative perpetual preferred stock permit, the issuer of such security or combination of securities to make payment of distributions on such securities only pursuant to the issuance and sale of common stock or rights to purchase common stock or qualifying non-cumulative perpetual preferred stock, within either (i) one year of the failure of the issuer thereof to satisfy one or more financial tests set forth in the terms of such securities or related transaction agreements or (ii) two years of the failure of the issuer thereof to satisfy one or more financial tests set forth in the terms of such securities or related transaction agreements

if the terms thereof or of the related transaction agreements prohibit the issuer of such security or combination of securities from repurchasing any of its common stock prior to the date one year after the issuer applies the net proceeds of the sales of common stock described in this clause (a) to pay such unpaid distributions in full, in the case of clause (i) or (ii) in an amount such that the net proceeds of such sale are at least equal to the amount of unpaid distributions on such securities (including without limitation all deferred and accumulated amounts), and in either case require the application of the net proceeds of such sale to pay such unpaid distributions; provided that (i) the amount of qualifying non-cumulative perpetual preferred stock the net proceeds of which the issuer may apply to pay such distributions pursuant to such provision may not exceed 25% of the liquidation or principal amount of such securities, and (ii) if the mandatory trigger provision requires such issuance and sale within one year of such failure and the securities include an optional deferral provision, such mandatory trigger provision need not limit the issuance of common stock or rights to purchase common stock to a maximum of 2% of the issuer's "market capitalization" (as defined under "Description of the Junior Subordinated Debentures—Alternative Payment Mechanism"), (b) upon any liquidation, dissolution, winding up, reorganization or in connection with any insolvency, receivership or proceeding under any bankruptcy law with respect to the issuer of such security or combination of securities, limit the claim of the holders of such securities (other than non-cumulative perpetual preferred stock) for distributions that accumulate during a period in which the issuer of such security or combination of securities fails to satisfy one or more financial tests set forth in the terms of such securities or related transaction agreements to (x) 25% of the principal amount of such securities then outstanding in the case of securities not permitting the issuance and sale pursuant to the provisions described in clause (a) above of securities other than common stock or rights to acquire common stock or (y) two years of accumulated and unpaid distributions (including compounded amounts thereon) in all other cases. No remedy other than "permitted remedies" will arise by the terms of such securities or related transaction agreements in favor of the holders of such securities as a result of the issuer's failure to pay distributions because of the mandatory trigger provision or as a result of the issuer's exercise of its right under an optional deferral provision until distributions have been deferred for one or more distribution periods that total together at least 10 years, and (c) require that if at any time (i) we are required to issue shares of our common stock, rights to purchase our common stock or qualifying non-cumulative perpetual preferred stock pursuant to the mandatory trigger provision, (ii) we have attempted to issue shares of qualifying non-cumulative perpetual preferred stock but we have not raised sufficient net proceeds through the sale of our common stock, rights to purchase our common stock and qualifying non-cumulative perpetual preferred stock to pay all unpaid distributions and (iii) we are a party to a contribution agreement substantially similar to the contribution agreement described under "Description of the Junior Subordinated Debentures—Contribution Agreement", which is in full force and effect, then we are required to (a) make a request under such contribution agreement and (b) enforce such contribution agreement after making such a request.

"Measurement date" means, with respect to any repayment, redemption, repurchase or defeasance of debentures, the later of (i) the date 180 days prior to delivery of notice of such repayment, redemption or defeasance or the date of such repurchase and (ii) to the extent the debentures remain outstanding after December 15, 2036, the most recent date, if any, on which a notice of repayment, redemption or defeasance was delivered in respect of, or on which we repurchased, any debentures.

"Non-cumulative" means, with respect to any securities, that the issuer thereof may elect not to make any number of periodic distributions without any remedy arising under the terms of the securities or related agreements in favor of the holders, other than one or more "permitted remedies". Securities that include either (i) provisions requiring the issuer to issue "non-cumulative" perpetual preferred stock and common stock or rights to purchase our common stock and apply the proceeds to pay unpaid distributions pursuant to an alternative payment mechanism with respect to the debentures or (ii) a mandatory trigger provision shall also be deemed to be "non-cumulative" for all purposes of the replacement capital covenant other than the definition of qualifying non-cumulative perpetual preferred stock.

"Optional deferral provision" means, as to any securities, a provision in the terms thereof or of the related transaction agreements to the following effect:

- the issuer of such securities may, in its sole discretion, defer in whole or in part payment of distributions on such securities for one or more consecutive distribution periods of up to 5 years or, if an event substantially similar to a company market disruption event as described in this offering memorandum is continuing, 10 years, without any remedy other than permitted remedies and the obligation described below; and

- if the issuer of such securities has exhausted its right to defer distributions and no event substantially similar to a company market disruption event is continuing, the issuer will be obligated to issue common stock or rights to purchase common stock and/or "non-cumulative" perpetual preferred stock in an amount such that the net proceeds of such sale equal or exceed the amount of unpaid distributions on such securities (including without limitation all deferred and accumulated amounts) and to apply the net proceeds of such sale to pay such unpaid distributions in full.

"Permitted remedies" means, with respect to any securities, one or more of the following remedies: (a) rights in favor of the holders of such securities permitting such holders to elect one or more directors of the issuer (including any such rights required by the listing requirements of any stock or securities exchange on which such securities may be listed or traded), and (b) complete or partial prohibitions on the issuer paying distributions on or repurchasing common stock or other securities that rank pari passu with or junior as to distributions to such securities for so long as distributions on such securities, including unpaid distributions, remain unpaid.

"Qualifying capital securities" means securities (other than common stock, rights to acquire common stock and securities convertible into common stock, such as mandatorily convertible preferred stock and debt exchangeable into equity) that, in the determination of our board of directors, reasonably construing the definitions and other terms of the replacement capital covenant, meet one of the following criteria:

- in connection with any repayment, redemption, repurchase or defeasance of debentures on or prior to the date that is 50 years prior to the final repayment date:

  - securities issued by us or our subsidiaries that (a) rank pari passu with or junior to the debentures upon our liquidation, dissolution or winding-up, (b) have terms that are substantially similar to the terms of the debentures and (c) are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures or have a "mandatory trigger provision" and an "optional deferral provision" and are subject to "intent-based replacement disclosure";

  - securities issued by us or our subsidiaries that (a) rank pari passu with or junior to the debentures upon our liquidation, dissolution or winding up, (b) are "non-cumulative", (c) have no maturity or a maturity of at least 60 years and (d) are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures or have a "mandatory trigger provision" and are subject to "intent-based replacement disclosure"; or

  - securities issued by us or our subsidiaries that (a) rank pari passu or junior to other preferred stock of the issuer, (b) have no maturity or a maturity of at least 40 years, (c) are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures and (d) have a "mandatory trigger provision" and an "optional deferral provision"; or

- in connection with any repayment, redemption, repurchase or defeasance of debentures after the date that is 50 years prior to the final repayment date and on or prior to the date that is 30 years prior to the final repayment date:

  - all securities that would be "qualifying capital securities" prior to the date that is 50 years prior to the final repayment date;

  - securities issued by us or our subsidiaries that (a) rank pari passu with or junior to the debentures upon our liquidation, dissolution or winding up, (b) have an "optional deferral provision" or a "ten-year optional deferral provision", (c) have no maturity or a maturity of at least 60 years and (d) are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures;

  - securities issued by us or our subsidiaries that (a) rank pari passu with or junior to the debentures upon our liquidation, dissolution or winding up, (b) are "non-cumulative" and (c) have no maturity or a maturity of at least 60 years and are subject to "intent-based replacement disclosure";

  - securities issued by us or our subsidiaries that (a) rank pari passu with or junior to the debentures upon our liquidation, dissolution or winding up, (b) are "non-cumulative", (c) have no maturity or a maturity of at least 40 years and (d) are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures or have a "mandatory trigger provision" and an "optional deferral provision" and are subject to "intent-based replacement disclosure";

  - securities issued by us or our subsidiaries that (a) would rank junior to all of our senior and subordinated debt other than the debentures, (b) have a "mandatory trigger provision" and an "optional deferral provision" and (c) have no maturity or a maturity of at least 60 years and are subject to "intent-based replacement disclosure";

  - cumulative preferred stock issued by us or our subsidiaries that (a) has no prepayment obligation on the part of the issuer thereof, whether at the election of the holders or otherwise, and (b) (1) has no maturity or a maturity of at least 60 years and (2) is subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures; or

  - other securities issued by us or our subsidiaries that (a) rank upon our liquidation, dissolution or winding-up either (1) pari passu with or junior to the debentures or (2) pari passu with the claims of our trade creditors and junior to all of our long-term indebtedness for money borrowed (other than our long-term indebtedness for money borrowed from time to time outstanding that by its terms ranks pari passu with such securities on our liquidation, dissolution or winding-up); and (b) either (x) have no maturity or a maturity of at least 40 years, are subject to "intent-based replacement disclosure" and have a "mandatory trigger provision" and an "optional deferral provision" or (y) have no maturity or a maturity of at least 25 years and are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures and have a "mandatory trigger provision" and an "optional deferral provision"; or

- in connection with any repayment, redemption, repurchase or defeasance of debentures at any time after the date that is 30 years prior to the final repayment date and prior to the date that is 20 years prior to the final repayment date:

  - all of the types of securities that would be "qualifying capital securities" prior to the date that is 30 years prior to the final repayment date;

- our preferred stock that (a) has no maturity or a maturity of at least 60 years and is subject to "intent-based replacement disclosure" and (b) has an "optional deferral provision" or a "ten-year optional deferral provision";

- securities issued by us or our subsidiaries that (a) rank pari passu with or junior to the debentures upon our liquidation, dissolution or winding up, (b) either (x) have no maturity or a maturity of at least 60 years and are subject to "intent-based replacement disclosure" or (y) have no maturity or a maturity of at least 30 years and are subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures and (c) have an "optional deferral provision" or a "ten-year optional deferral provision";

- securities issued by us or our subsidiaries that (a) would rank junior to all of our senior and subordinated debt other than the debentures, (b) have a "mandatory trigger provision" and an "optional deferral provision" and (c) have no maturity or a maturity of at least 30 years and are subject to "intent-based replacement disclosure"; or

- cumulative preferred stock issued by us or our subsidiaries that either (1) has no maturity or a maturity of at least 60 years and is subject to "intent-based replacement disclosure" or (2) has a maturity of at least 40 years and is subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures.

"Qualifying non-cumulative perpetual preferred stock" means non-cumulative perpetual preferred stock issued by us or our subsidiaries that (i) has no maturity date, (ii) contains no remedies other than "permitted remedies", (iii)(a) is subject to "intent-based replacement disclosure" and has a provision providing for mandatory deferral of interest if there is a breach of financial triggers or (b) is subject to a replacement capital covenant substantially similar to the replacement capital covenant applicable to the debentures, and (iv) ranks pari passu with or junior to the debentures upon our liquidation, dissolution or winding up.

"Ten-year optional deferral provision" means, as to any securities, a provision in the terms thereof or of the related transaction agreements to the effect that the issuer of such securities may, in its sole discretion, defer in whole or in part payment of distributions on such securities for one or more consecutive distribution periods of up to ten years without any remedy other than "permitted remedies".

Our ability to raise proceeds from qualifying capital securities, mandatorily convertible preferred stock, common stock, debt exchangeable into equity and rights to acquire common stock during the applicable measurement period with respect to any repayment, repurchase, redemption or defeasance of debentures will depend on, among other things, market conditions at that time as well as the acceptability to prospective investors of the terms of those securities.

The replacement capital covenant is made for the benefit of persons that buy, hold or sell a specified series of long-term indebtedness. It may not be enforced by the holders of the debentures. Any amendment or termination of our obligations under the replacement capital covenant, other than one the effect of which is solely to impose additional restrictions on our ability to repay, redeem, repurchase or defease debentures in any circumstance or that is not adverse to the holders of the specified series of indebtedness benefiting from the replacement capital covenant, will require the consent of the holders of at least a majority by principal amount of that series of indebtedness.

The initial series of indebtedness benefiting from our replacement capital covenant is our 5.60% Notes due July 15, 2103. The replacement capital covenant includes provisions requiring us to redesignate a new series of indebtedness if the covered series of indebtedness approaches maturity, becomes subject to a redemption notice or is reduced to less than $100,000,000 in outstanding principal amount, subject to additional procedures. We expect that, at all times prior to the date that is 20 years prior to the final repayment date, we will be subject to the replacement capital covenant and, accordingly, restricted in our ability to repay, redeem, repurchase or defease the debentures.

We generally have the right to modify or terminate the replacement capital covenant only with the consent of the holders of a majority in principal amount of the series of indebtedness benefiting from our replacement capital covenant, which is defined in the replacement capital covenant as our "covered debt". We have the right, however, to amend the replacement capital covenant at any time, without the consent of such holders (i) where such amendment is not adverse to such holders and an officer of ours has delivered to the trustee for such series of covered debt a written certification stating that, in his or her determination, such amendment is not adverse to such holders, (ii) to impose additional restrictions on the types of securities qualifying as qualifying capital securities, and an officer of ours has delivered to the trustee for such series of covered debt a written certification to that effect or (iii) to eliminate common stock, mandatorily convertible preferred stock and debt exchangeable for equity (but only to the extent exchangeable for common stock) as securities the proceeds of which may be included for purposes of the replacement capital covenant if, in the case of this clause (iii), to the extent that we are a publicly traded company, we have been advised in writing by a nationally recognized independent accounting firm that there is more than an insubstantial risk that the failure to do so would result in a reduction in our earnings per share as calculated for financial reporting purposes.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

This section describes the material U.S. federal income tax consequences of owning the debentures. It applies to you only if you acquire the debentures upon their original issuance at their original offering price and you hold the debentures as capital assets for U.S. federal income tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- a person that owns debentures that are a hedge or that are hedged against interest rate risks;
- a person that owns the debentures as part of a straddle or conversion transaction for tax purposes; or
- a United States Holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These sources of legal authority are subject to change, possibly on a retroactive basis.

If a partnership holds the debentures, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities and tax treatment of the partnership. A partner in a partnership holding the debentures should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the debentures.

The debentures are a novel financial instrument, and there is no clear authority addressing their U.S. federal income tax treatment. We have not sought any rulings concerning the treatment of the debentures, and the opinion of our special tax counsel is not binding on the Internal Revenue Service (the "IRS"). Investors should consult their tax advisors in determining the specific tax consequences and risks to them of purchasing, holding and disposing of the debentures, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Classification of the Debentures

In connection with the issuance of the debentures, Cravath, Swaine & Moore LLP, our special tax counsel, will render its opinion generally to the effect that, although the matter is not free from doubt, under then current law and assuming full compliance with the terms of the indenture and other relevant documents, and based on the facts and assumptions contained in that opinion, as well as representations made by us, the debentures will be respected as indebtedness of FSA for U.S. federal income tax purposes. The remainder of this discussion assumes that the debentures will not be recharacterized as other than indebtedness of FSA for such purposes.

United States Holders

This subsection describes the tax consequences to a "United States Holder". You are a United States Holder if you are a beneficial owner of a debenture and you are:

- a citizen or resident of the United States;
- a domestic corporation, or an entity treated as a corporation for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a United States court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) such trust has a valid election in effect under applicable United States Treasury regulations to be treated as a U.S. person.

As used in this summary, the term "non-United States Holder" means a beneficial owner that is not a United States Holder. If you are a non-United States Holder, this subsection does not apply to you and you should refer to "Non-United States Holders" below.

Interest Income and Original Issue Discount

Assuming the debentures are not considered to be issued with original issue discount, or "OID", a holder of debentures would include in gross income the interest on the debentures in accordance with the holder's normal method of tax accounting. In general, an issuer's ability to defer interest on a debt instrument will result in the instrument being considered to be issued with OID, with the different tax consequences to holders described below. However, under applicable Treasury regulations, a "remote" contingency that stated interest will not be timely paid is ignored in determining whether a debt instrument is issued with OID. We believe that the likelihood of our exercising our option to defer interest payments is remote within the meaning of the regulations. Based on the foregoing, we believe that the debentures will not be considered to be issued with OID at the time of their original issuance. Accordingly, each holder of debentures should include in gross income interest on the debentures in accordance with that holder's method of tax accounting.

Under the applicable Treasury Regulations, if the likelihood of our exercising our option to defer any payment of interest was determined not to be "remote", or if we exercised that option, the debentures would be treated as issued with OID at the time of issuance or at the time of that exercise, as the case may be, and all stated interest on the debentures would thereafter be treated as OID as long as the debentures remained outstanding. In that event, all of a holder's taxable interest income relating to the debentures would consist of OID that would have to be included in income on an economic accrual basis before the receipt of the cash attributable to the interest, regardless of that United States Holder's method of tax accounting, and actual payments of stated interest would not be reported as taxable income. Consequently, during a deferral period a holder of debentures would be required to include OID in gross income even though we did not make current payments on the debentures.

We believe, and the following discussion assumes, that, if the option to defer any payment of interest was exercised, the likelihood of any deferred interest being ultimately cancelled as a result of our bankruptcy, insolvency or receivership, as described in "Description of the Junior Subordinated Debentures", will be remote within the meaning of the regulations and will therefore not affect the calculation of interest at that time. In the event that deferred interest was ultimately cancelled, a United States Holder would recognize a loss in the amount of the cancelled interest that the United States Holder had previously accrued in income. The character of such loss as ordinary or capital would be unclear. The debentures would then be treated as original issue discount instruments issued on the date such deferred interest was cancelled.

No rulings or other interpretations have been issued by the IRS that have addressed the meaning of the term "remote" as used in the applicable Treasury Regulations. Therefore, it is possible that the IRS could take a position contrary to the interpretation in this offering memorandum.

Because income on the debentures will constitute interest or OID, corporate holders of debentures will not be entitled to a dividends-received deduction relating to any income on the debentures.

Sales of the Debentures

A United States Holder will recognize gain or loss equal to the difference between its adjusted tax basis in the debentures and the amount realized on the sale of those debentures. Assuming that the debentures are not deemed to be issued with OID either initially or at a later date, as discussed above, a United States Holder's adjusted tax basis in a debenture generally will be its initial purchase price. If the debentures are deemed to be issued with OID, a United States Holder's tax basis in a debenture generally will be its initial purchase price, increased by OID previously includible in that United States Holder's gross income to the date of disposition and decreased by payments received on the debenture from and including the date that the debenture was deemed to be issued with OID. That gain or loss generally will be a capital gain or loss, except to the extent of any payment of accrued interest not previously included in income and not treated as OID (which will be ordinary interest income) and generally will be long-term capital gain or loss if the debentures have been held for more than one year.

Should we exercise our option to defer payment of interest on the debentures, the debentures may trade at a price that does not fully reflect the accrued but unpaid interest relating to the debentures. In the event of that deferral, a United States Holder who disposes of its debentures between record dates for payments of interest will be required to include in income as ordinary income accrued but unpaid interest on the debentures to the date of disposition and to add that amount to its adjusted tax basis in its ratable share of the debentures deemed disposed of. To the extent the selling price is less than the holder's adjusted tax basis, that holder will recognize a capital loss. Capital losses generally cannot be applied to offset ordinary income for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

Generally, income on the debentures will be subject to information reporting. In addition, United States Holders may be subject to a backup withholding tax on those payments if they do not provide their taxpayer identification numbers to the trustee in the manner required, fail to certify that they are not subject to backup withholding tax or otherwise fail to comply with applicable backup withholding tax rules. United States Holders may also be subject to information reporting and backup withholding tax with respect to the proceeds from a sale, exchange, retirement or other taxable disposition (collectively, a "disposition") of the debentures. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Non-United States Holders

Assuming that the debentures will be respected as indebtedness of FSA, under current United States federal income tax law, no withholding of U.S. federal income tax will apply to a payment on a debenture to a non-United States Holder under the "Portfolio Interest Exemption", provided that:

- that the non-United States Holder is not a bank receiving such payment "on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business" (within the meaning of Section 881(c)(3)(A) of the Code);

- the non-United States Holder does not actually or constructively own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote;

- the non-United States Holder is not a "controlled foreign corporation" that is related directly or constructively to us through stock ownership; and

- the non-United States Holder satisfies the statement requirement by providing to the withholding agent, in accordance with specified procedures, a statement to the effect that that holder is not a United States person (generally through the provision of a properly executed IRS Form W-8BEN).

If a non-United States Holder cannot satisfy the requirements of the Portfolio Interest Exemption described above, payments on the debentures (including payments in respect of OID, if any, on the debentures) made to a non-United States Holder will be subject to a 30 percent U.S. federal withholding tax, unless that holder provides the withholding agent with a properly executed statement (i) claiming an exemption from or reduction of withholding under an applicable treaty or (ii) stating that the payment on the debentures is not subject to withholding tax because it is effectively connected with that holder's conduct of a trade or business in the United States.

If a non-United States Holder is engaged in a trade or business in the United States (or, if certain treaties apply, if the non-United States Holder maintains a permanent establishment within the United States) and the interest on the debentures is effectively connected with the conduct of that trade or business (or, if certain treaties apply, attributable to that permanent establishment), then such non-United States Holder will be subject to U.S. federal income tax on the interest on a net income basis in the same manner as if that non-United States Holder were a United States Holder. In addition, a non-United States Holder that is a foreign corporation that is engaged in a trade or business in the United States may be subject to a 30 percent (or, if certain tax treaties apply, those lower rates as provided) branch profits tax.

If, contrary to the opinion of our special tax counsel, the debentures were recharacterized as equity of FSA, payments on the debentures would generally be subject to U.S. withholding tax imposed at a rate of 30 percent or such lower rate as might be provided for by an applicable treaty. Consistent with the opinion of special tax counsel, FSA intends to treat the debentures as indebtedness, rather than equity, for U.S. federal income tax purposes unless a "tax event" occurs. Accordingly, in the absence of a tax event, FSA will withhold U.S. tax (other than backup withholding tax, as described below) on payments on the debentures made to non-United States Holders only as described in the three preceding paragraphs.

Any gain realized on the disposition of a debenture generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with the non-United States Holder's conduct of a trade or business in the United States (or, if certain treaties apply, is attributable to a permanent establishment maintained by the non-United States Holder within the United States); or

- the non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

In general, backup withholding and information reporting will not apply to a distribution on a debenture to a non-United States Holder, or to proceeds from the disposition of a debenture by a non-United States Holder, in each case, if (i) the holder certifies under penalties of perjury that it is a non-United States Holder and (ii) neither we nor our paying agent has actual knowledge to the contrary. Any amounts withheld under the backup withholding rules will be allowed as a credit against the non-United States Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. In general, if a debenture is not held through a qualified intermediary, the amount of payments made on that debenture, the name and address of the beneficial owner and the amount, if any, of tax withheld may be reported to the IRS.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE DEBENTURES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

PLAN OF DISTRIBUTION

We have entered into a purchase agreement, dated November 17, 2006, with the initial purchasers named below, pursuant to which, on the terms and subject to the conditions of the purchase agreement, we have agreed to sell to the initial purchasers, and each of the initial purchasers has severally agreed to purchase from us, the respective principal amount of debentures set forth opposite their names below:

Initial Purchaser	Principal Amount of Debentures
Goldman, Sachs & Co.	$105,000,000
Lehman Brothers Inc.	$105,000,000
J.P. Morgan Securities Inc.	$30,000,000
UBS Securities LLC	$30,000,000
Wachovia Capital Markets, LLC	$30,000,000
Total	$300,000,000

The purchase agreement provides that the obligation of the initial purchasers to pay for and accept delivery of the debentures is subject to certain conditions, including delivery of certain legal opinions by their counsel. Subject to the terms and conditions of the purchase agreement, the initial purchasers are committed to take and pay for all of the debentures if any are taken.

The initial purchasers will purchase the debentures at a customary discount from the principal amount of the debentures and propose initially to offer and resell the debentures at the price indicated on the cover page hereof to purchasers as described in this offering memorandum under “Notice to Investors”. After the initial offering of the debentures, the price at which the debentures are being offered may be changed at any time without notice.

The purchase agreement provides that we will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments the initial purchasers may be required to make in respect thereof.

We have been advised by the initial purchasers that the initial purchasers propose to resell the debentures initially at the price set forth on the front cover of this offering memorandum (1) to entities that the initial purchasers reasonably believe are qualified institutional buyers in reliance on Rule 144A under the Securities Act and (2) outside the United States to certain persons in reliance on Regulation S under the Securities Act. See “Notice to Investors” for additional information.

We have agreed in the purchase agreement, subject to certain exceptions, that for a period of 30 days after the date of this offering memorandum, neither we nor any of our subsidiaries will, without the prior written consent of the initial purchasers, offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the debentures.

In connection with sales outside the United States, the initial purchasers have agreed that they will not offer, sell or deliver the debentures to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the debentures were originally issued. The initial purchasers will send to each dealer to whom they sell such debentures during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the debentures within the United States or to, or for the account or benefit of, U.S. persons. As used in this offering memorandum, the terms “United States” and “U.S. person” have the meanings assigned to them in Regulation S under the Securities Act.

In addition, until the expiration of the 40-day restricted period referred to above, an offer or sale of debentures within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

In connection with this offering, the initial purchasers may, subject to applicable law and regulations, engage in certain transactions that stabilize, maintain or otherwise affect the price of the debentures. Specifically, the initial purchasers may bid for and purchase debentures in the open market to stabilize the price of such debentures. The initial purchasers may also overallot this offering, creating a syndicate short position, and may bid for and purchase debentures in market-making transactions and impose penalty bids. These activities may stabilize or maintain the respective market prices of the debentures above market levels that may otherwise prevail. The initial purchasers are not required to engage in these activities and may end these activities at any time. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the security to be higher than it might otherwise be in the absence of such purchases. Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the debentures. In addition, neither we nor the initial purchasers make any representation that anyone will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The debentures have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Notice to Investors" for additional information.

The debentures will constitute a new class of securities with no established trading market. No assurance can be given as to the liquidity of, or the trading market for, the debentures. We do not intend to list the debentures on any national exchange or to seek the admission of the debentures to trading in the Nasdaq Stock Market's National Market System. We have been advised by the initial purchasers that they currently intend to make a market in the debentures. The initial purchasers are not obligated to do so, however, and any market-making activities with respect to the debentures may be discontinued at any time without notice. In addition, any market-making activities will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, no assurance can be given that an active public or other market will develop for the debentures or as to the liquidity of the trading market for the debentures. See "Risk Factors—There is currently no market for the debentures, and an active trading market may not develop for the debentures".

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the debentures being offered hereby to the public in that Relevant Member State prior to the publication of a prospectus in relation to such debentures which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive. However, with effect from and including the Relevant Implementation Date, it may make an offer of the debentures to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

- in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the foregoing provision, the expression an "offer of the debentures to the public" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the debentures to be offered so as to enable an investor to decide to purchase or subscribe for such debentures, as may be varied in that Member State by any measure

implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each initial purchaser has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, or "FSMA") received by it in connection with the issue or sale of any debentures in circumstances in which section 21(1) of the FSMA does not apply to the issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the debentures in, from or otherwise involving the United Kingdom.

The debentures may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the debentures may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to debentures which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) and any rules made thereunder.

The debentures have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each initial purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the debentures may not be circulated or distributed, nor may the debentures be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the debentures are subscribed or purchased under Section 275 by a relevant person which is (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whole sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the debentures under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The initial purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking and financial advisory services for us and our affiliates, for which they have received, or will receive, customary fees and expenses.

TRANSFER RESTRICTIONS

The debentures have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except to (a) qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) persons in offshore transactions in reliance on Regulation S.

Each purchaser of debentures offered otherwise than in reliance on Regulation S (the "restricted debentures") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser (A) (i) is a qualified institutional buyer, (ii) is aware that the sale to it of the debentures is being made in reliance on Rule 144A and (iii) is acquiring such debentures for its own account or for the account of a qualified institutional buyer or (B) is not a U.S. person and is purchasing such debentures in an offshore transaction pursuant to Regulation S.

(2) The purchaser understands that the restricted debentures are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that such debentures have not been and, except as described in this offering memorandum, will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the debentures, such debentures may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available) or (iv) pursuant to an effective registration statement under the Securities Act, in each of cases (i) through (iv) in accordance with any applicable securities laws of any State of the United States, and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the debentures from it of the resale restrictions referred to in (A) above.

(3) The purchaser understands that the restricted debentures will, until the expiration of the applicable holding period with respect to the debentures set forth in Rule 144(k) of the Securities Act, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect (the "restricted debentures legend"):

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE

SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

Each purchaser of debentures offered in reliance on Regulation S will be deemed to have represented and agreed that it is not a U.S. person and is purchasing such debentures in an offshore transaction (as such terms are defined in Regulation S) pursuant to Regulation S and understands that such debentures will, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect (the "Regulation S legend"):

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

Restricted debentures may be exchanged for debentures not bearing the restricted debentures legend but bearing the Regulation S legend upon certification by the transferor in the form set forth in the Indenture that the transfer of any such restricted debentures has been made in accordance with Rule 904 under the Securities Act. We understand that under current market practices settlement of the transfer of any such debentures may be effected through the facilities of DTC, but that prior to the 40th day after the latest of the commencement of this offering and the last original issue date of the Bonds, any such transfer may only occur through the facilities of Euroclear and/or Clearstream, Luxembourg. See "Description of the Junior Subordinated Debentures—Book Entry Issuance; Issuance of Certificated Debentures".

Each purchaser of the debentures will be deemed to have represented and agreed as follows:

(1) Either: (A) the purchaser is not a Plan (which term includes (i) employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or to provisions under applicable Federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Laws") and (iii) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and it is not purchasing the debenture on behalf of, or with the "plan assets" of, any Plan; or (B) the purchaser's purchase, holding and subsequent disposition of the debentures either (i) are not a prohibited transaction under ERISA or the Code and are otherwise permissible under all applicable Similar Laws or (ii) are entitled to exemptive relief from the prohibited transaction provisions of ERISA and the Code in accordance with one or more available statutory, class or individual prohibited transaction exemptions and are otherwise permissible under all applicable Similar Laws; and

(2) The purchaser will not transfer the debentures to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and covenants.

LEGAL MATTERS

Certain legal matters will be passed upon for FSA by Bruce E. Stern, General Counsel of FSA, and for the initial purchasers by Cravath, Swaine & Moore LLP, NewYork, New York. Certain tax and enforceability matters will be passed upon for FSA and the initial purchasers by Cravath, Swaine & Moore LLP, NewYork, New York. Cravath, Swaine & Moore LLP, NewYork, New York, has from time to time represented FSA and its affiliates with respect to a variety of matters.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005, incorporated by reference herein, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing therein.