

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK, HOLDING COMPANY ACQUISITION, AND TRANSFER OF ASSETS

Order No.: 2000-62

Date: July 6, 2000

Deere & Company, Moline, IL; John Deere Credit Company, West Des Moines, IA and Moline, IL; and John Deere Capital Corporation, Reno, NV (collectively, the Applicants), have applied for approval of the Office of Thrift Supervision (the OTS) pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire FPC Financial, F.S.B., Madison, WI (the Savings Bank). In addition, the Savings Bank has applied to the OTS pursuant to 12 C.F.R. § 563.22(c) to acquire certain assets from affiliates in connection with its organization. (Collectively, the foregoing are referred to as the Applications.) Also, the Savings Bank requests that OTS grant an exception from 12 U.S.C. § 1464(q)(1), pursuant to 12 U.S.C. § 1464(q)(6), to permit the Savings Bank to provide reduced or deferred interest charges, or other incentives, on credit in connection with purchases of products manufactured by affiliates of the Savings Bank, as described in the Applications and related submissions. The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1, 563.22(d), and 574.7 and under the Community Reinvestment Act (the CRA), 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered a digest prepared by the OTS Central Regional Office (Regional Office), an analysis by the Office of Examination and Supervision and a legal opinion by the Business Transactions Division (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy all applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Applicants and the Savings Bank must receive all required regulatory and shareholder approvals for the proposed transaction and submit copies of all such approvals to the Regional Director prior to consummation of the proposed transaction;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants and the Savings Bank must certify in writing to the

Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Savings Bank as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Applicants, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;

4. The Applicants and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order;
5. The Savings Bank must operate within the parameters of its business plan. The Applicants and the Savings Bank must submit any proposed major deviations or material changes from the plan (including an expansion of transactional activities on the Savings Bank's web site and including changes resulting from decisions made by the Applicants), for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented with a copy to the FDIC Regional Office;
6. The Savings Bank must submit to the Regional Director quarterly variance reports on compliance with the business plan (including the level of merchant authorized or dealer guaranteed accounts), for the first three years of operation;
7. The Savings Bank must submit annual independent audit reports to the Regional Director for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
9. During the three year horizon of the business plan, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 calendar days prior to execution and must receive his written non-objection prior to implementation;
10. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Applicants or affiliates thereof and have not otherwise been determined by the Regional Director to lack sufficient independence, and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Applicants or any affiliate and who is not an officer or employee of the Savings Bank, and has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of the audit committee established by the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Applicants or any affiliates, and have not otherwise been determined by the Regional Director

to lack sufficient independence. If compliance with this condition involves the selection of additional directors, each director must receive the prior written approval of the Regional Director;

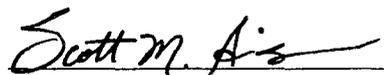
11. Within the first year of its operation, the proposed appointment of any permanent executive officers or directors of the Savings Bank is subject to the prior review and non-objection of the Regional Director;
12. At least 30 calendar days prior to beginning operations, the Savings Bank must submit to the Regional Director a final narrative business plan with supporting financial schedules incorporating all amendments to the plan made through July 6, 2000;
13. The Applicants, its affiliates and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the review and non-objection of the Regional Director prior to the opening of the Savings Bank for business.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

In addition, OTS concludes, based upon the Staff Memoranda, that grounds exist under 12 U.S.C. § 1464(q)(6) to grant an exception from 12 U.S.C. § 1464(q)(1) to permit the Savings Bank to provide reduced or deferred interest charges, or other incentives, on credit in connection with purchases of products manufactured by affiliates of the Savings Bank, as described in the Applications and related submissions. Accordingly, pursuant to 12 U.S.C. § 1464(q)(6), the OTS grants an exception from 12 U.S.C. § 1464(q)(1) to permit the Savings Bank to provide reduced or deferred interest charges, or other incentives, on credit in connection with purchases of products manufactured by affiliates of the Savings Bank, as described in the Applications and related materials.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

July 6, 2000.



Scott M. Albinson
Managing Director
Office of Supervision