

*Rothschild Inc.*

Wilbur L. Ross, Jr.
Senior Managing Director

December 2, 1992

Mr. Andrew C. Hove, Jr.
Federal Deposit Insurance Corporation
550 Seventeenth Street N.W.
Washington, D.C. 20429

Dear Mr. Hove:

Last year our firm acted as financial advisor to the Noteholders of Meritor Savings Bank in connection with the successful exchange of more than 90% of the Notes for a combination of cash and stock. An important reason why our clients accepted stock rather than holding out for more cash was that all of the historic, pro-forma and projected financials presented to the Noteholders included supervisory goodwill in computing capital. To the best of our knowledge, there is no more nor less validity to supervisory goodwill now than there was last year and, therefore, we do not understand why the U.S. Government now appears to be abrogating its earlier contractual arrangements with Meritor.

We understand that some of the original stockholders are considering litigation and a number of our clients have told me that they intended to defend themselves vigorously.

Let's avoid the acrimony of the Glen Fed type controversy. I urge that we quickly organize a meeting among yourselves, Meritor and bondholder representatives to see if we can arrive at a solution that is both equitable and amicable. Please let me know when you would be available for such a meeting.

Very truly yours,

Wilbur L. Ross, Jr.

WLR:cp

cc: Meritor Board of Directors
Noteholder Committee