



Comptroller of the Currency
Administrator of National Banks

50 Fremont Street, Suite 3900
San Francisco, CA 94105
(415) 545-5900, FAX (415) 545-5925

July 22, 1998

Corporate Decision #98-38
August 1998

Paul J. Schroeder, Jr.
Vice President & General Counsel
DILLARD'S, INC.
1600 Cantrell Road
Little Rock, Arkansas 72201

Re: Change in Bank Control Notification by Dillard's, Inc.
MERCANTILE STORES NATIONAL BANK, Baton Rouge, Louisiana
Control Number: 98-WE-11-002

Dear Mr. Schroeder:

The Comptroller of the Currency (OCC) has reviewed and evaluated your Notice of Change in Bank Control involving Mercantile Stores National Bank, Baton Rouge, Louisiana, by Dillard's, Inc.. Based upon a thorough review of all information available, including representations and commitments made in the notice, this letter is issued to convey our intent not to disapprove the proposed change in control. Your proposed acquisition may proceed immediately.

The date of consummation of this change in control must be provided to the Western District Office, Licensing Division, within 10 days after consummation. The transaction must be consummated as proposed in the notice. If any of the terms, conditions, or parties to the transaction described in the notice change, the OCC must be informed in writing prior to consummation to determine if any additional action or reconsideration is required. In such situations, the OCC reserves the right to require submission of an amended or new Notice of Change in Bank Control.

In addition, unless an extension is granted, the transaction must be consummated within six months of the date of this letter. Failure to consummate within six months or an approved extended time period granted by the OCC will cause our decision to lapse and require the filing of a new notice by the acquiring party and the appropriate filing fee if the acquiror wishes to proceed with the change in bank control.

You are reminded that the OCC requires push-down accounting for a change in control of at least 95 percent of the voting stock of a bank. Under push-down accounting, when a bank is acquired,

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yet retains its separate corporate existence, the assets and liabilities of the acquired bank are restated to their fair values as of the acquisition date. Those values, including any goodwill, are reflected in the financial statements of the parent and the acquired bank.

If you have any questions, please contact me or Senior Corporate Analyst Maeve O'Meara at (415) 545-5923.

Very truly yours,

/s/

James A. Bundy
Licensing Manager
Western District