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U.S. Department of the Treasury Intial Section 105(a) Troubled Asset Relief Program Report to Congress (Oct. 6 - Nov. 30, 2008)

United States: Department of the Treasury

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**UNITED STATES DEPARTMENT OF THE TREASURY
INITIAL SECTION 105(a) TROUBLED ASSET RELIEF PROGRAM
REPORT TO CONGRESS
FOR THE PERIOD OF
OCTOBER 6, 2008 TO NOVEMBER 30, 2008**

I. OVERVIEW

The goals of the Troubled Asset Relief Program (TARP) are to restore stability in the U.S. financial system and to facilitate continued access to credit by creditworthy households and businesses. Treasury has taken a number of actions to meet these goals. The Department created and committed TARP funding toward the Capital Purchase Program (CPP) and the program to support Systemically Significant Failing Institutions (SSFI). In addition, Treasury has announced a commitment of TARP funding to two other initiatives, the Term Asset-Backed Securities Loan Facility and a government financial assistance package addressing Citigroup. Taken together, these programs constitute an allocation of \$335 billion of TARP funding and are part of a coordinated effort with the Federal Reserve, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, and other financial regulatory agencies to promote financial stability and unlock frozen credit markets.

The current financial turmoil is unprecedented in its breadth and effect on the performance of global financial markets. In response, governments and central banks in a number of countries have introduced programs to stabilize financial markets. Although the TARP has been underway for only a matter of weeks, this program, along with actions taken to improve liquidity, appear to have helped to restore greater confidence in financial institutions. Prior to the announcement of the CPP and the associated actions by the Federal Reserve and FDIC, financial markets were at a tipping point. Credit markets were largely frozen, and investor confidence was dangerously low. Had these conditions been allowed to persist, the turmoil in financial markets would have intensified with very serious spillovers on economic activity, employment, and incomes.

Treasury's plan to inject \$250 billion of capital into the financial system through the CPP, along with other initiatives, has helped to stabilize conditions. Capital purchases are quite powerful in terms of the impact per dollar of investment. More capital enables institutions to take losses as they write down or sell troubled assets. And stronger capitalization also supports lending, which is essential to economic recovery. This backstop of capital for financial institutions stemmed the tide of falling investor confidence and facilitated credit flows. As metrics of this improvement, interest rate spreads declined significantly from highly elevated levels, and the prices of credit default swaps moved lower. Although financial conditions remain far from normal and many challenges remain, greater confidence in financial markets and financial institutions will contribute importantly to the recovery process.

II. REPORTING REQUIREMENTS

This *Initial Section 105(a) Troubled Asset Relief Program Report to Congress* (Initial TARP Report) is the first report under section 105(a) of the Emergency Economic Stabilization Act of 2008 (EESA). This Initial TARP Report is in satisfaction of the requirement to report to Congress before the expiration of the 60-day period beginning on the date of the first exercise of the authority granted in section 101(a) of the EESA. Secretary Paulson first exercised this authority on October 6, 2008, with the designation of Neel Kashkari as the Interim Assistant Secretary for Financial Stability. For the purposes of this Initial TARP Report, the reporting period ended on November 30, 2008, and covers the period of operation of the Office of Financial Stability and the TARP program since enactment.

The Initial TARP Report addresses the following three areas required by EESA section 105(a):

- An overview of actions taken by the Secretary, including the considerations required by section 103 and the efforts under section 109.
- The actual obligation and expenditure of the funds provided for administrative expenses by section 118.
- A detailed financial statement with respect to the exercise of authority, including
 1. all agreements made or renewed;
 2. all insurance contracts entered into pursuant to section 102;
 3. all transactions occurring during the initial 60-day period, including the types of parties involved;
 4. the nature of the assets purchased;
 5. all projected costs and liabilities;
 6. operating expenses, including compensation for financial agents;
 7. the valuation or pricing method used for each transaction; and
 8. a description of the vehicles established to exercise such authority.

III. INDIVIDUAL PROGRAMS AND INITIATIVES

The Capital Purchase Program

Under the voluntary Capital Purchase Program (CPP), the Treasury is purchasing senior preferred shares from qualified financial institutions. In accordance with the considerations of the EESA, a broad spectrum of institutions is eligible for the program: U.S. controlled banks, savings associations, and certain bank and savings and loan holding companies. To protect the interests of the taxpayer, only viable institutions are accepted into the program. A recommendation on acceptance is received from the institution's primary federal regulator or, in some cases, from a council of representatives from each federal regulator; the Treasury is responsible for final approval.

The minimum subscription amount is one percent of the institution's risk-weighted assets; the maximum subscription amount is 3 percent of risk-weighted assets (up to a maximum of \$25 billion). Standardized terms have been developed for institutions that are organized as publicly traded and privately held institutions; terms applicable to S corporations and mutual organizations are still under consideration. The standardized terms impose restrictions on executive compensation and corporate governance and include provisions (such as the issuance of warrants) that will enable the taxpayer to benefit from the future profitability of the firm.

As of November 30, 2008, Treasury has purchased \$151.5 billion in senior preferred shares from 52 financial institutions.

Complete details about the Capital Purchase Program are available on the Treasury website at: <http://www.treas.gov/initiatives/eesa/>.

Systemically Significant Failing Institutions Program

The Systemically Significant Failing Institution Program (SSFI) is intended to provide stability and prevent disruptions to financial markets from the failure of a systemically significant institution. In an environment of substantially reduced confidence, severe strains, and high volatility in financial markets, the disorderly failure of a systemically significant institution could call into question the financial strength of other similarly situated financial institutions, disrupt financial markets, raise borrowing costs for households and businesses, and reduce household wealth. The resulting financial strains could threaten the viability of otherwise financially sound businesses, institutions, and municipalities, resulting in adverse spillovers on employment, output, and income.

The Treasury will determine the eligibility of participants on a case-by-case basis. In determining whether an institution is systemically significant and at substantial risk of failure, Treasury may consider, among other things:

1. The extent to which the failure of an institution could threaten the viability of its creditors and counterparties because of their direct exposures to the institution;
2. The number and size of financial institutions that are seen by investors or counterparties as similarly situated to the failing institution, or that would otherwise be likely to experience indirect contagion effects from the failure of the institution;
3. Whether the institution is sufficiently important to the nation's financial and economic system that a disorderly failure would, with a high probability, cause major disruptions to credit markets or payments and settlement systems, seriously destabilize key asset prices, significantly increase uncertainty or losses of confidence thereby materially weakening overall economic performance; or
4. The extent and probability of the institution's ability to access alternative sources of capital and liquidity, whether from the private sector or other sources of government funds.

Treasury will determine the form, terms, and conditions of any investment made pursuant to this program on a case-by-case basis. Treasury may invest in any financial instrument, including debt, equity, or warrants, that the Secretary determines to be a troubled asset, after consultation with the Chairman of the Board of Governors of the Federal Reserve System and notice to Congress. Treasury will require any institution participating in this program to provide Treasury with warrants or alternative consideration, as necessary, to minimize the long-term costs and maximize the benefits to the taxpayers in accordance with EESA. A participating institution also must comply with restrictions on executive compensation and corporate governance.

The purchase of \$40 billion of senior preferred stock in the American International Group (AIG) under the terms of the SSFI Program was announced on November 10, 2008 and completed on November 25, 2008. This purchase will allow the Federal Reserve to reduce the total amount available under the credit facility established in September--before TARP resource were available--from \$85 billion to \$60 billion and to restructure the terms and conditions associated with that facility. The Federal Reserve also will establish two additional lending facilities to alleviate capital and liquidity pressures on AIG associated with its portfolio of residential mortgage-backed securities and with multi-sector collateralized debt obligations on which AIG has written credit default swaps. This restructuring will improve the ability of AIG to execute its asset disposition plan in an orderly manner and protect the interests of the U.S. government and taxpayers.

AIG must comply with the executive compensation and corporate governance requirements required under EESA, and Treasury is also requiring golden parachute limitations and a freeze on the size of the annual bonus pool for the top category of company executives (approximately 60 people). Additionally, AIG must continue to maintain and enforce newly adopted restrictions put in place by the new management on corporate expenses and lobbying as well as corporate governance requirements, including formation of a risk management committee under the board of directors.

The complete details of the agreement are available at:
<http://www.treas.gov/press/releases/reports/111008aigtermsheet.pdf>.

Other Initiatives:

Term Asset-Backed Securities Loan Facility

The Treasury will provide \$20 billion from the TARP to fund the Federal Reserve's \$200 billion Term Asset-Backed Securities Loan Facility (TALF). This facility will help market participants meet the credit needs of households and small businesses by supporting the issuance of asset-backed securities (ABS) collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration. The TALF is expected to begin operation early in 2009.

Credit market stresses led to a steep decline in the issuance of ABS for these types of loans in the third quarter of 2008, and the market essentially came to a halt in October. At the same time, higher risk premiums drove interest rate spreads on AAA-rated

tranches of ABS to levels well outside the range of historical experience. The purpose of the TALF is to increase credit availability by stimulating the issuance of consumer and small business ABS at more normal interest rate spreads.

Under the initial terms and conditions announced for the TALF, the Federal Reserve will lend on a non-recourse basis to holders of certain AAA-rated ABS fully secured by newly and recently originated consumer and small business loans. TALF loans will have a one-year term and will be secured by eligible collateral. Haircuts (a percentage reduction used for collateral valuation) will be determined based on the price volatility of the class of eligible collateral and will provide additional protection to the taxpayers by protecting the government from loss. Treasury will purchase up to \$20 billion of subordinated debt backed by the collateral received, which will be priced at the loan value plus accrued interest. The TARP CPP guidelines on executive compensation will be applied to the originators of the credit exposures underlying the ABS.

Citigroup Financial Assistance Package

On November 23, 2008 the Treasury, the Federal Reserve and the FDIC announced an agreement with Citigroup to provide a package of guarantees and access to capital. The Treasury will invest an additional \$20 billion in TARP funds in Citigroup. (Treasury first invested \$25 billion in Citigroup through the CPP on October 28, 2008.) This investment will take the form of purchases of preferred shares, paying an 8 percent cumulative dividend rate. The investment will be priced at par. Citigroup is prohibited from paying common stock dividends in excess of \$0.01 per share for three years without the consent of the Treasury. Citigroup also will comply with enhanced executive compensation restrictions and implement the FDIC's mortgage modification program.

In addition, the Treasury, Federal Reserve, and the FDIC will provide protection against the possibility of large losses on an asset pool of approximately \$306 billion of loans and securities backed by residential and commercial real estate. These assets will remain on Citigroup's balance sheet. The guarantee is in place for 10 years for residential assets and 5 years for non-residential assets. The following loss sharing protocol will apply: Citigroup will absorb the first \$29 billion in losses (the "first loss"); losses over \$29 billion are shared by the U.S. government (90 percent) and Citigroup (10 percent). TARP absorbs the second loss up to \$5 billion, the FDIC absorbs the third loss up to \$10 billion, and the Federal Reserve funds any residual loss through a non-recourse loan.

As a fee for this guarantee, Citigroup will issue \$7 billion of preferred stock with an 8 percent dividend rate; \$4 billion will be issued to TARP and \$3 billion to the FDIC.

IV. TARP ADMINISTRATIVE ACTIONS

At the same time that the TARP policies were being established, Treasury made significant efforts to build the administrative infrastructure to support them. The Office of Financial Stability needed to (1) bring on staff immediately to fill key positions, and

(2) contract with a variety of private-sector companies to supply critical financial, legal, and accounting services.

Recruitment

The Office of Financial Stability moved rapidly to bring on board seasoned, financial veterans from across the government to launch the TARP. The first step was to obtain interim leaders for the TARP team: the Chief Operating Officer, the Chief Investment Officer, the Chief Financial Officer, the Chief Compliance Officer, the Chief Risk Officer, the Chief Counsel, the Chief of Home Ownership Preservation, and the Director of the Capital Purchase Program; they, in turn, have recruited temporary staff from other government agencies. These interim officials are charged with (1) setting up the office; (2) hiring permanent staff; (3) organizing each TARP subprogram; and (4) hiring their permanent successors.

Key staff members from the office of Financial Stability have consulted with the transition team of the incoming administration and will work closely with those officials in the development of the program.

Procurement

In order to protect the taxpayers, the Office of Financial Stability has sought the very best in private sector expertise to assist in the execution of the program. To the extent possible, this competition for TARP contracts and financial agency agreements has been open to small businesses, veteran-owned businesses, and minority- and women-owned businesses. Interim guidelines also have been established to assist in managing and mitigating potential conflicts of interest.

The TARP has established procurement processes to ensure that selections are fair and in the best interest of the taxpayers. In many cases, expert review panels, comprised of Treasury employees, employees of other federal agencies and expert consultants review submissions and make recommendations regarding the quality of the proposals. The review committees make recommendations that lead to a final Treasury decision.

The Treasury has given the General Accountability Office (GAO) full access to TARP procurement records. As stated in the December 2, 2008 report to Congress, the GAO has reviewed the financial agency agreement and the contracts that Treasury awarded between October 3, 2008 and November 25, 2008. GAO also examined Treasury's procurement strategy, solicitations, and other agency documents related to those agreements and contracts.

Compliance Guidelines and Reports

To assist in complying with the requirements of the EESA, interim guidelines on the mitigation of conflicts of interest (COI) were published on Treasury's web site in early October. These interim guidelines rely on the certification by firms soliciting business

from the TARP that they have disclosed all conflicts of interest and have specific plans for mitigating these identified COIs. The extent of these COIs and the effectiveness of firms' mitigation were carefully reviewed by the Treasury before the contracts cited above were signed. Final conflict of interest guidelines will be issued as soon as possible. The TARP Chief Compliance Officer will be responsible for making certain that firms comply with agreed upon mitigation procedures.

The EESA imposes strict rules on executive compensation and corporate governance for an institution that sells troubled assets to the Treasury. Guidance for firms participating in the Capital Purchase Program on complying with these requirements was published in Treasury Notice 2008-TAAP. Additional restrictions on executive compensation and corporate governance were added for institutions covered by the Systemically Significant Failing Institutions Program and were published in Treasury Notice 2008-PSSFI. These notices all are available at:

<http://www.treas.gov/initiatives/eesa/executivecompensation.shtml>.

In compliance with the reporting requirements of the EESA, Treasury has published 4 "transaction" reports and 3 "tranche" reports. Transaction reports provide the key facts of a transaction (the name of institution, the asset purchased, the price paid, and the pricing mechanism) and are issued within 2 business days after the transaction. Tranche reports are published 7 days after the date that cumulative TARP transactions surpass intervals of \$50 billion. As required by EESA, tranche reports discuss the details of transactions by program, offer an assessment of the impact of the programs, and outline the challenges still facing the financial system. All of these reports are available on the Treasury website at: <http://www.treas.gov/initiatives/eesa/>.

V. TARP ADMINISTRATIVE EXPENSES

**United States Department of Treasury
Office of Financial Stability**

Report of Administrative Obligations and Expenditures

| | | | For Period Ending November 30, 2008 | | For Period Ending December 31, 2008 | |
|--------------------------------------|------------------------|---|--|--------------------|--|---------------------------|
| | Budget Object Class | Budget Object Class Title | Obligations | Expenditures | Projected Obligations | Projected Expenditures |
| PERSONNEL SERVICES | 1100 & 1200 | PERSONNEL COMPENSATION & BENEFITS | \$19,747 | \$19,747 | \$170,000 | \$170,000 |
| PERSONNEL SERVICES Total: | | | \$19,747 | \$19,747 | \$170,000 | \$170,000 |
| NON-PERSONNEL SERVICES | 2100 | TRAVEL & TRANSPORTATION OF PERSONS | 6,640 | 4,210 | 9,000 | 9,000 |
| | 2200 | TRANSPORTATION OF THINGS | - | - | - | - |
| | 2300 | RENTS, COMMUNICATIONS, UTILITIES & MISC CHARGES | 84,238 | 84,238 | 160,000 | 160,000 |
| | 2400 | PRINTING & REPRODUCTION | - | - | - | - |
| | 2500 | OTHER SERVICES | 6,386,336 | 1,336,116 | 13,000,000 | 2,000,000 |
| | 2600 | SUPPLIES AND MATERIALS | 2,328 | 2,285 | 132,000 | 132,000 |
| | 3100 | EQUIPMENT | - | - | - | - |
| NON-PERSONNEL SERVICES Total: | | | \$6,479,543 | \$1,426,850 | \$13,301,000 | \$2,301,000 |
| GRAND TOTAL: | | | \$6,499,290 | \$1,446,598 | \$13,471,000 | \$2,471,000 |

VI. DETAILED FINANCIAL STATEMENTS

**U.S. Treasury Department
Office of Financial Stability**

Troubled Asset Relief Program

Agreements Under TARP [Section 105(a)(3)(A)]

For Period Ending November 30, 2008

| Types of Services | Type of Transaction | Type of Agreement | Contractor |
|----------------------------------|----------------------------|--------------------------|-------------------------|
| Investment and Advisory Services | BPA | New | EnnisKnupp |
| Custodian and Cash Mangement | Financial Agent | New | Bank of New York Mellon |
| Internal Control Services | BPA | New | PriceWaterhouse Coopers |
| Accounting Services | BPA | New | Ernst & Young |
| Human Resources Services | Contract | New | Lindholm and Associates |
| Legal Services | BPA | New | Multiple Firms |

**U.S. Treasury Department
Office of Financial Stability**

Troubled Asset Relief Program

Insurance Contracts [Section 105(a)(3)(B)]

For Period Ending November 30, 2008

| Name | Amount |
|-------------|---------------|
| None | |

Treasury interprets this reporting requirement as applicable to cost and liabilities related to insurance contracts entered into under the provisions of Section 102 of EESA. No such contracts have been entered into to date.

U.S. Treasury Department
Office of Financial Stability

Troubled Asset Relief Program

Transactions Report (Section 105 (3) (C, D, G))

For Period Ending November 30, 2008

CAPITAL PURCHASE PROGRAM

| Date | Seller | | | Transaction Type | Description | Price Paid | Pricing Mechanism |
|--------------|---|----------------|-------|------------------|----------------------------|------------------|-------------------|
| | Name of Institution | City | State | | | | |
| 10/28/2008 | Bank of America Corporation | Charlotte | NC | Purchase | Preferred Stock w/Warrants | \$15,000,000,000 | Par |
| 10/28/2008 | Bank of New York Mellon Corporation | New York | NY | Purchase | Preferred Stock w/Warrants | \$3,000,000,000 | Par |
| 10/28/2008 | Citigroup Inc. | New York | NY | Purchase | Preferred Stock w/Warrants | \$25,000,000,000 | Par |
| 10/28/2008 | The Goldman Sachs Group, Inc. | New York | NY | Purchase | Preferred Stock w/Warrants | \$10,000,000,000 | Par |
| 10/28/2008 | JPMorgan Chase & Co. | New York | NY | Purchase | Preferred Stock w/Warrants | \$25,000,000,000 | Par |
| 10/28/2008 | Morgan Stanley | New York | NY | Purchase | Preferred Stock w/Warrants | \$10,000,000,000 | Par |
| 10/28/2008 | State Street Corporation | Boston | MA | Purchase | Preferred Stock w/Warrants | \$2,000,000,000 | Par |
| 10/28/2008 | Wells Fargo & Company | San Francisco | CA | Purchase | Preferred Stock w/Warrants | \$25,000,000,000 | Par |
| 1/10/28/2008 | Merrill Lynch & Co., Inc. | New York | NY | Purchase | Preferred Stock w/Warrants | \$10,000,000,000 | Par |
| 11/14/2008 | Bank of Commerce Holdings | Redding | CA | Purchase | Preferred Stock w/Warrants | \$17,000,000 | Par |
| 11/14/2008 | 1st FS Corporation | Hendersonville | NC | Purchase | Preferred Stock w/Warrants | \$16,369,000 | Par |
| 11/14/2008 | UCBH Holdings, Inc. | San Francisco | CA | Purchase | Preferred Stock w/Warrants | \$298,737,000 | Par |
| 11/14/2008 | Northern Trust Corporation | Chicago | IL | Purchase | Preferred Stock w/Warrants | \$1,576,000,000 | Par |
| 11/14/2008 | SunTrust Banks, Inc. | Atlanta | GA | Purchase | Preferred Stock w/Warrants | \$3,500,000,000 | Par |
| 11/14/2008 | Broadway Financial Corporation | Los Angeles | CA | Purchase | Preferred Stock w/Warrants | \$9,000,000 | Par |
| 11/14/2008 | Washington Federal Inc. | Seattle | WA | Purchase | Preferred Stock w/Warrants | \$200,000,000 | Par |
| 11/14/2008 | BB&T Corp. | Winston-Salem | NC | Purchase | Preferred Stock w/Warrants | \$3,133,640,000 | Par |
| 11/14/2008 | Provident Bancshares Corp. | Baltimore | MD | Purchase | Preferred Stock w/Warrants | \$151,500,000 | Par |
| 11/14/2008 | Umpqua Holdings Corp. | Portland | OR | Purchase | Preferred Stock w/Warrants | \$214,181,000 | Par |
| 11/14/2008 | Comerica Inc. | Dallas | TX | Purchase | Preferred Stock w/Warrants | \$2,250,000,000 | Par |
| 11/14/2008 | Regions Financial Corp. | Birmingham | AL | Purchase | Preferred Stock w/Warrants | \$3,500,000,000 | Par |
| 11/14/2008 | Capital One Financial Corporation | McLean | VA | Purchase | Preferred Stock w/Warrants | \$3,555,199,000 | Par |
| 11/14/2008 | First Horizon National Corporation | Memphis | TN | Purchase | Preferred Stock w/Warrants | \$866,540,000 | Par |
| 11/14/2008 | Huntington Bancshares | Columbus | OH | Purchase | Preferred Stock w/Warrants | \$1,398,071,000 | Par |
| 11/14/2008 | KeyCorp | Cleveland | OH | Purchase | Preferred Stock w/Warrants | \$2,500,000,000 | Par |
| 11/14/2008 | Valley National Bancorp | Wayne | NJ | Purchase | Preferred Stock w/Warrants | \$300,000,000 | Par |
| 11/14/2008 | Zions Bancorporation | Salt Lake City | UT | Purchase | Preferred Stock w/Warrants | \$1,400,000,000 | Par |
| 11/14/2008 | Marshall & Ilsley Corporation | Milwaukee | WI | Purchase | Preferred Stock w/Warrants | \$1,715,000,000 | Par |
| 11/14/2008 | U.S. Bancorp | Minneapolis | MN | Purchase | Preferred Stock w/Warrants | \$6,599,000,000 | Par |
| 11/14/2008 | TCF Financial Corporation | Wayzata | MN | Purchase | Preferred Stock w/Warrants | \$361,172,000 | Par |
| 11/21/2008 | First Niagara Financial Group | Lockport | NY | Purchase | Preferred Stock w/Warrants | \$184,011,000 | Par |
| 11/21/2008 | HF Financial Corp. | Sioux Falls | SD | Purchase | Preferred Stock w/Warrants | \$25,000,000 | Par |
| 11/21/2008 | Centerstate Banks of Florida Inc. | Davenport | FL | Purchase | Preferred Stock w/Warrants | \$27,875,000 | Par |
| 11/21/2008 | City National Corporation | Beverly Hills | CA | Purchase | Preferred Stock w/Warrants | \$400,000,000 | Par |
| 11/21/2008 | First Community Bankshares Inc. | Bluefield | VA | Purchase | Preferred Stock w/Warrants | \$41,500,000 | Par |
| 11/21/2008 | Western Alliance Bancorporation | Las Vegas | NV | Purchase | Preferred Stock w/Warrants | \$140,000,000 | Par |
| 11/21/2008 | Webster Financial Corporation | Waterbury | CT | Purchase | Preferred Stock w/Warrants | \$400,000,000 | Par |
| 11/21/2008 | Pacific Capital Bancorp | Santa Barbara | CA | Purchase | Preferred Stock w/Warrants | \$180,634,000 | Par |
| 11/21/2008 | Heritage Commerce Corp. | San Jose | CA | Purchase | Preferred Stock w/Warrants | \$40,000,000 | Par |
| 11/21/2008 | Ameris Bancorp | Moultrie | GA | Purchase | Preferred Stock w/Warrants | \$52,000,000 | Par |
| 11/21/2008 | Porter Bancorp Inc. | Louisville | KY | Purchase | Preferred Stock w/Warrants | \$35,000,000 | Par |
| 11/21/2008 | Banner Corporation | Walla Walla | WA | Purchase | Preferred Stock w/Warrants | \$124,000,000 | Par |
| 11/21/2008 | Cascade Financial Corporation | Everett | WA | Purchase | Preferred Stock w/Warrants | \$38,970,000 | Par |
| 11/21/2008 | Columbia Banking System, Inc. | Tacoma | WA | Purchase | Preferred Stock w/Warrants | \$76,898,000 | Par |
| 11/21/2008 | Heritage Financial Corporation | Olympia | WA | Purchase | Preferred Stock w/Warrants | \$24,000,000 | Par |
| 11/21/2008 | First PacTrust Bancorp, Inc. | Chula Vista | CA | Purchase | Preferred Stock w/Warrants | \$19,300,000 | Par |
| 11/21/2008 | Severn Bancorp, Inc. | Annapolis | MD | Purchase | Preferred Stock w/Warrants | \$23,393,000 | Par |
| 11/21/2008 | Boston Private Financial Holdings, Inc. | Boston | MA | Purchase | Preferred Stock w/Warrants | \$154,000,000 | Par |
| 11/21/2008 | Associated Banc-Corp | Green Bay | WI | Purchase | Preferred Stock w/Warrants | \$525,000,000 | Par |
| 11/21/2008 | Trustmark Corporation | Jackson | MS | Purchase | Preferred Stock w/Warrants | \$215,000,000 | Par |
| 11/21/2008 | First Community Corporation | Lexington | SC | Purchase | Preferred Stock w/Warrants | \$11,350,000 | Par |
| 11/21/2008 | Taylor Capital Group | Rosemont | IL | Purchase | Preferred Stock w/Warrants | \$104,823,000 | Par |
| 11/21/2008 | Nara Bancorp, Inc. | Los Angeles | CA | Purchase | Preferred Stock w/Warrants | \$67,000,000 | Par |

TOTAL \$161,471,163,000

1/ Settlement deferred pending merger

SYSTEMICALLY SIGNIFICANT FAILING INSTITUTIONS

| Date | Seller | | | Transaction Type | Description | Price Paid | Pricing Mechanism |
|------------|---------------------|----------|-------|------------------|----------------------------|------------------|-------------------|
| | Name of Institution | City | State | | | | |
| 11/25/2008 | AIG | New York | NY | Purchase | Preferred Stock w/Warrants | \$40,000,000,000 | Par |

**U.S. Treasury Department
Office of Financial Stability**

Troubled Asset Relief Program

Projected Costs and Liabilities [Section 105(a)(3)(E)]

For Period Ending November 30, 2008

| <u>Type of Expense/Liability</u> | <u>Amount</u> |
|----------------------------------|---------------|
| None | |

**U.S. Treasury Department
Office of Financial Stability**

Troubled Asset Relief Program

Programmatic Operating Expenses [Section 105(a)(3)(F)]

For Period Ending November 30, 2008

| <u>Type of Expense</u> | <u>Amount</u> |
|--|---------------|
| Compensation for financial agents and legal firms | \$5,348,990 |