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### Letter to Timothy Geithner Regarding the Bear Stearns Bailout

Henry M. Paulson Jr.

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DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

March 17, 2008

Mr. Timothy F. Geithner  
President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY 10045

Dear Mr. Geithner:

Yesterday, I expressed to you and to the public my appreciation for the additional actions taken by the Federal Reserve to enhance the stability, liquidity and orderliness of our credit markets. This letter underscores that public statement of support.

The Federal Reserve Bank of New York ("FRBNY") has arranged a special credit facility with J.P. Morgan Chase Bank ("JPMCB") to assist with the acquisition of The Bear Stearns Companies. On behalf of the Department of the Treasury, I support this action as appropriate and in the government's interest, and acknowledge that if any loss arises out of the special facility extended by the FRBNY to JPMCB, the loss will be treated by the FRBNY as an expense that may reduce the net earnings transferred by the FRBNY to the Treasury general fund.

Sincerely,

Henry M. Paulson, Jr.

cc: Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System