



UNITED STATES DEPARTMENT OF THE TREASURY  
OFFICE OF FINANCIAL STABILITY

# Warrant Disposition Report

Update June 30, 2010



Troubled Asset Relief Program  
Office of Financial Stability



The United States Department of the Treasury (Treasury) is pleased to present this supplement to the *Warrant Disposition Report* dated January 20, 2010 with information about the 6 warrant repurchases and 11 warrant auctions that Treasury's Office of Financial Stability (OFS) conducted under the Troubled Asset Relief Program (TARP) in the six months ending June 30, 2010.<sup>1</sup>

## Executive Summary

The Emergency Economic Stabilization Act of 2008 (EESA) requires that in most circumstances Treasury receive warrants in connection with the purchase of troubled assets. Treasury's warrant sales provide additional returns beyond dividend payments from Treasury's preferred stock investments. Treasury's successful warrant dispositions have significantly benefited taxpayers. During the six months ending June 30, 2010, Treasury received more than \$3 billion in gross proceeds from the disposition of 17 warrant positions in 16 financial institutions.<sup>2</sup>

Major parts of TARP were the Capital Purchase Program (CPP) and the Targeted Investment Program (TIP). Under these programs, Treasury invested \$245 billion in 707 financial institutions.

Since the program's inception, Treasury has received more than \$7.0 billion in gross proceeds from the disposition of warrants associated with 50 CPP investments and 1 TIP investment, consisting of (i) \$2.9 billion from issuer repurchases at agreed upon fair market values and (ii) \$4.1 billion from auctions. For the 50 fully repaid CPP investments representing \$131.8 billion in capital, Treasury has received an absolute return of 4.2% from dividends and an added 4.4% return from the sale of the warrants for a total absolute return of 8.6%.<sup>3</sup> For the \$20 billion TIP investment in Bank of America Corporation, Treasury received an absolute return of 7.2% from dividends and an added 6.3% return from the sale of the warrants for a total absolute return of 13.5%.<sup>3</sup> These returns are not predictive of the eventual returns on the entire CPP and TIP portfolios.

### *Repurchases*

Upon repaying its TARP preferred stock investment, a financial institution may repurchase its warrants at an agreed upon fair market value. In all such cases, Treasury follows a consistent evaluation process to ensure that taxpayers receive fair market values for the warrants. In the six months ending June 30, 2010, Treasury received \$32 million from 6 banks through warrant repurchases at agreed upon fair market values.

### *Auctions*

If an institution decides not to repurchase its warrants, Treasury has determined to dispose of the warrants as soon as practicable. Treasury has been successful in effectively disposing of warrants at fair market values through public auctions. In the 14 warrant auctions held to date, investor demand above Treasury's minimum price has exceeded the supply of warrant shares by an average of 6.5 times with oversubscription rates ranging from 2.7 to 18.3 times. Auctioned warrants are actively traded on national exchanges, providing a liquid secondary market and observable market pricing for long-dated warrants. In the six months ending June 30, 2010, Treasury auctioned 11 warrant positions, generating over \$3 billion in proceeds.

### *Remaining Positions*

As of June 30, 2010, Treasury held warrants to purchase common stock in 15 financial institutions that have fully repaid their CPP investments and in 214 publicly traded companies in which the CPP investment is still

<sup>1</sup> TARP's Warrant Disposition Report is posted on the OFS website at the following link: <http://www.financialstability.gov/latest/reportsanddocs.html>

<sup>2</sup> Treasury held two separate auctions for Bank of America Corporation CPP and TIP warrants. In addition, the repurchases of warrant preferred shares associated primarily with private institutions that Treasury exercised at the time of purchase are excluded from these numbers. In the six months ending June 30, 2010, 5 private banks repurchased their warrant preferred shares. Since the program inception, 11 private banks have repurchased their warrant preferred shares. See table on page 16.

<sup>3</sup> Returns are not annualized.

outstanding.<sup>4</sup> Treasury intends to continue to execute a consistent and transparent disposition process which achieves fair market values and protects taxpayer interests.

The table below sets forth proceeds from the 6 warrant repurchases and 11 warrant auctions completed during the first six months of 2010.<sup>5</sup>

### Summary of Gross Proceeds from Sale of Public Warrants since January 1, 2010

| Institution Name                       | Ticker    | Preferred Redemption Date | Preferred Amount Redeemed (\$thousands) | Warrant Repurchase/Auction Date | Gross Warrant Proceeds (\$thousands) | QEO? (i.e. warrants cut by 50%) |
|--|-----------|---------------------------|---|---------------------------------|--------------------------------------|---------------------------------|
| <b>REPURCHASES</b>                     |           |                           |   |                                 |                                      |                                 |
| City National Corporation              | CYN       | 3/3/2010                  | \$400,000                               | 4/7/2010                        | \$18,500                             | -                               |
| SVB Financial Group                    | SIVB      | 12/23/2009                | 235,000                                 | 6/16/2010                       | 6,820                                | Yes                             |
| Umpqua Holdings Corp.                  | UMPU      | 2/17/2010                 | 214,181                                 | 3/31/2010                       | 4,500                                | Yes                             |
| First Litchfield Financial Corporation | FLFL      | 4/7/2010                  | 10,000                                  | 4/7/2010                        | 1,488                                | -                               |
| OceanFirst Financial Corp              | OCFC      | 12/30/2009                | 38,263                                  | 2/3/2010                        | 431                                  | Yes                             |
| Monarch Financial Holdings             | MNRK      | 12/23/2009                | 14,700                                  | 2/10/2010                       | 260                                  | Yes                             |
| <b>TOTAL</b>                           | <b>6</b>  |                           | <b>\$912,144</b>                        |                                 | <b>\$31,999</b>                      | <b>4</b>                        |
| <b>AUCTIONS</b>                        |           |                           |   |                                 |                                      |                                 |
| Bank of America Corporation (TIP)      | BAC       | 12/9/2009                 | \$20,000,000                            | 3/3/2010                        | \$1,255,639                          | -                               |
| Wells Fargo & Company                  | WFC       | 12/23/2009                | 25,000,000                              | 5/20/2010                       | 849,015                              | -                               |
| PNC Financial Services                 | PNC       | 2/10/2010                 | 7,579,200                               | 4/29/2010                       | 324,196                              | -                               |
| Bank of America Corporation (CPP)      | BAC       | 12/9/2009                 | 25,000,000                              | 3/3/2010                        | 310,572                              | -                               |
| Comerica Incorporated                  | CMA       | 3/17/2010                 | 2,250,000                               | 5/6/2010                        | 183,673                              |                                 |
| Washington Federal, Inc                | WFSL      | 5/27/2009                 | 200,000                                 | 3/9/2010                        | 15,623                               | -                               |
| Signature Bank                         | SBNY      | 3/31/2009                 | 120,000                                 | 3/10/2010                       | 11,321                               | -                               |
| Texas Capital Bancshares, Inc.         | TCBI      | 5/13/2009                 | 75,000                                  | 3/11/2010                       | 6,709                                | -                               |
| Valley National Bancorp                | VLY       | 12/23/2009                | 300,000                                 | 5/18/2010                       | 5,572                                | -                               |
| First Financial Bancorp                | FFBC      | 2/24/2010                 | 80,000                                  | 6/2/2010                        | 3,116                                | Yes                             |
| Sterling Bancshares, Inc.              | SBIB      | 5/5/2009                  | 125,198                                 | 6/9/2010                        | 3,008                                | -                               |
| <b>TOTAL</b>                           | <b>11</b> |                           | <b>\$80,729,398</b>                     |                                 | <b>\$2,968,444</b>                   | <b>1</b>                        |

<sup>4</sup> Treasury also holds warrants for common shares in public companies in connection with other TARP programs. For example, Treasury holds warrants in Citigroup Inc. associated with CPP (210.1 million shares with an exercise price of \$17.85), TIP (188.5 million shares with an exercise price of \$10.61), and AGP (66.5 million shares with an exercise price of \$10.61). In addition, Treasury held exercised warrant preferred shares in 417 CPP institutions as of June 30, 2010.

<sup>5</sup> Treasury held two separate auctions for Bank of America Corporation warrants: one for the 150,375,940 warrant shares with an exercise price of \$13.30 acquired under TIP and one for the 121,792,790 warrant shares with an exercise price of \$30.79 acquired under CPP. In addition, the repurchase of the warrants by First Litchfield Financial Corporation was completed as part of a cash acquisition of the bank by a private institution.

# Background

As required by EESA, Treasury received warrants from TARP banks to provide taxpayers with an additional potential return on the government's investment.<sup>6</sup>

For each CPP and TIP investment in a publicly traded company, Treasury received warrants to purchase, at a fixed exercise price, shares of common stock equal to 15 percent of the aggregate liquidation preference of the senior preferred investment. The per share exercise price was set at the 20-trading day trailing average of the bank's common stock price as of the time it was given preliminary approval for the TARP investment. The warrants may be exercised at any time over a ten year period. These public warrants include certain customary anti-dilution provisions for Treasury's protection.

For CPP investments in a privately-held company, an S-corporation, or certain mutual institutions, Treasury received warrants to purchase, at a nominal cost, additional preferred stock (warrant preferreds) or subordinated debentures (warrant sub debt) equivalent to five percent of the aggregate liquidation preference of the primary CPP investment. These warrant preferreds and warrant sub debt securities pay a higher dividend or interest rate than the primary CPP investment. Treasury exercised these kinds of warrants at the closings of the investments.

Institutions may repay Treasury for its CPP investment under the conditions established in the CPP purchase agreements as amended by the American Recovery and Reinvestment Act of 2009 (ARRA). The repayment price is equal to what Treasury invested, plus any unpaid dividends or interest. Originally, the CPP contracts provided that an institution could not redeem the investment within the first three years except with the proceeds of a "qualified equity offering" (QEO), which is an offering of securities that would qualify as Tier 1 capital. The repayment terms of the contracts were later effectively amended by the ARRA, which provides that an institution can repay from any source of funds and without regard to any waiting period. For TIP investments, an institution was required to first redeem its CPP investment before being able to redeem the TIP preferred stock.<sup>7</sup>

In addition, in order to encourage institutions to seek additional private capital, the CPP contracts provided that participants could halve the number of shares subject to their warrants by completing one or more QEOs before December 31, 2009 with aggregate gross proceeds equivalent to the value of Treasury's CPP investment. Thirty-eight CPP participants completed a QEO in time to reduce their warrants.

The CPP and TIP contracts further provide that once the preferred investment is redeemed or sold by Treasury, the institution has a right to repurchase its warrants at the fair market value. In addition, Treasury has the contractual right to sell the warrants.

The ARRA affected Treasury's authority to dispose of warrants, as it provided that when an institution repaid, "the Secretary shall liquidate warrants [of such institution]... at the current market price." The ARRA was subsequently amended in May 2009 through the Helping Families Save Their Homes Act of 2009 (HFSTHA), which provides that the Secretary "may liquidate the warrants" following repayment.

<sup>6</sup> EESA provides that the Secretary may establish a "de minimus" exception to the requirement to issue warrants in the case of an institution that receives less than \$100 million in TARP funds. Treasury has exercised that authority by not requiring warrants in the case of investments in Community Development Financial Institutions in order to encourage their participation in CPP.

<sup>7</sup> Bank of America redeemed both its CPP and TIP at the same time on December 9, 2010. Citigroup was able to redeem the TIP investment on December 23, 2009 while Treasury still held a CPP investment in the bank because of the agreement reached with Treasury to exchange its CPP preferred stock in Citigroup for common stock and its TIP investment for Trust Preferred Securities.

# Warrant Disposition Process

Upon redemption of the preferred stock issued to Treasury, an institution has a contractual right to repurchase its warrants at the fair market value.<sup>8</sup> The banks have 15 days from repayment of the preferred stock to submit a bid, and Treasury then has 10 days to respond. In June 2009, Treasury announced that, in the event that an issuer does not repurchase its warrants, Treasury would sell the warrants to third parties “as quickly as practicable” and, when possible, by public auction.

## *Issuer Repurchases*

If a company wishes to repurchase its warrants, the issuer and Treasury must agree on the warrants’ fair market value. Accordingly, Treasury has established a methodology for evaluating a bank’s determination of fair market value. As described below, Treasury’s evaluation of an issuer’s bid is based on three categories of input: (i) market quotes, (ii) independent, third party valuations, and (iii) model valuations.

If the issuer and Treasury fail to agree on a price, an appraisal procedure may be invoked by either party within 30 days following Treasury’s response to the issuer’s first bid. In the appraisal process, each party selects an independent appraiser. These independent appraisers conduct their own valuations and attempt to agree upon the fair market value. If they agree on a fair market value, that valuation becomes the basis for repurchase. If these appraisers fail to agree, a third appraiser is hired, and subject to some limitations, a composite valuation of the three appraisals is used to establish the fair market value. To date, no institution has invoked the appraisal procedure.

Even if an agreement is not reached within the specified timeframe, a bank that has repaid its preferred stock may bid to repurchase its warrants at any time, and Treasury will determine whether to accept the bid.

## *Sale to Third Party*

Treasury retains the right to sell the warrants to a third party at a mutually agreed upon price. Following repayment of the preferred stock, if a bank notifies Treasury that it does not intend to repurchase its warrants or cannot agree with Treasury on the fair market value, Treasury intends to dispose of the warrants, when possible, through public auctions.

Treasury held the first warrant auctions in December 2009 and has held 14 auctions to date. These auctions were conducted as public modified “Dutch” auctions which were registered under the Securities Act of 1933. Only one bank’s warrants were sold in each auction. In this format, bidders were able to submit one or more independent bids at different price-quantity combinations and the warrants were sold at a uniform price that cleared the auction.

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<sup>8</sup> Privately-held companies, S-corporations, and certain mutual institutions typically redeem their warrant preferreds or subordinated debentures at par when redeeming the primary CPP investment. (See Appendix I for table of warrant preferred repurchases as of June 30, 2010.)

# Treasury's Evaluation of Issuer's Bid

Treasury adheres to a consistent process for evaluating bids from institutions to repurchase their warrants. Upon receiving a bid for a warrant repurchase, Treasury utilizes (i) market quotes, (ii) independent, third party valuations, and (iii) model valuations to assess the bid.

## *(i) Market Quotes*

There is little comparable market data for long-dated options. In order to perform its valuation analysis, Treasury seeks indications of value from various market participants active in the options markets. The range of estimated valuations is included in Treasury's analysis along with the average of the market indications collected. Treasury also utilizes the market information from the trading of auctioned TARP warrants as another indication how of the market values long-dated warrants.

## *(ii) Third Party Valuations*

Treasury engages outside consultants or external asset managers to provide independent, third party valuations for the warrants. The third party provides Treasury with an estimated valuation along with a range of potential values given a reasonable variance in the assumptions underlying their models.

## *(iii) Model Valuations*

Treasury uses a number of financial models to estimate warrant valuations. Primarily, Treasury uses a binomial option model adjusted for American style options, which is a well-accepted method for valuing options by both academics and market participants. Valuation estimates generated from the binomial model are presented in the Treasury's analysis along with a range of potential values given a reasonable variance in key model inputs, such as assumptions about the expected future volatility and dividend yield of the underlying stock. Treasury's internal valuation modeling was reviewed by Dr. Robert Jarrow, an options expert and professor at Cornell University, who concluded that "the Treasury's modeling methodology for valuing the warrants is consistent with industry best practice and the highest academic standards." More information on Treasury's internal valuation modeling and the report written by Dr. Jarrow can be found at [www.FinancialStability.gov/roadtostability/CapitalPurchaseProgram.html](http://www.FinancialStability.gov/roadtostability/CapitalPurchaseProgram.html).

Treasury and its external asset managers use the 20-trading day trailing average stock price of a company in their valuations to minimize the effects of day-to-day market fluctuations. Market participants who provide Treasury with market indications utilize the stock price at the time that they provide the valuation. If the discussions with an institution continue over an extended period of time, Treasury and its external asset managers will update their estimates as necessary. Treasury may also collect new market quotes or adjust the market quotes based on changes in market conditions from when the quotes were collected. (See Appendix I for information on the timing of issuers' bids.)

## *Determination by Warrant Committee*

Based on the range of estimated warrant values provided by these sources, a committee of Treasury officials within the Office of Financial Stability (OFS), who comprise the OFS Warrant Committee, makes a recommendation to the Assistant Secretary for Financial Stability as to whether to agree with the bank's determination of fair market

value. Each member of the Warrant Committee and the Assistant Secretary weigh the three valuation metrics as they deem appropriate.

Additional factors presented to the Warrant Committee, along with the three valuation metrics discussed above include:

- how quickly Treasury would have to monetize the warrants if the issuer does not repurchase based on legislation in place at the time as discussed in the “Background” section of this report,
- the expertise and experience of the outside consultant providing the third party valuation,
- the quality and number of market indications received,
- any significant movements in the stock price of the issuer since market indications were collected,
- deviations of the current stock price from the 20-trading day trailing average of the company's stock price,
- the size of the warrant position and potential investor interest in the warrants,
- the liquidity of the underlying common stock, and
- fixed transaction costs associated with selling the warrants to a third party.



# Repurchases of Warrants

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Treasury began selling warrants back to banks that had repaid the TARP investment in May 2009. In aggregate, as of June 30, 2010, Treasury has realized \$2.9 billion in gross proceeds from 37 warrant repurchases. This compares favorably to initial bids of \$1.7 billion and estimates of aggregate value of \$2.2 billion based on market indications, \$2.8 billion based on third party estimates, and \$2.6 billion based on Treasury's internal financial model. Warrants repurchased by the issuer have yielded an absolute return of 7.0% on Treasury's investment.

When selling warrants back to the issuer, Treasury has achieved fair market values and protected the taxpayer. Dr. Jarrow noted that "[Treasury's] valuation process results in a warrant valuation that is fair to both the participating banks and the U.S. taxpayers." Further, the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) audit released on May 15, 2010 entitled *Assessing Treasury's Process to Sell Warrants Received from TARP Recipients* concluded that Treasury successfully negotiated prices from institutions that wished to repurchase their warrants that were at or above Treasury's estimated range of fair market value for such warrants.<sup>9</sup> The report also described the valuation methodology to estimate fair market value and offered no suggestions for modifying that methodology.<sup>10</sup>

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<sup>9</sup> SIGTARP report, *Assessing Treasury's Process to Sell Warrants Received from TARP Recipients*, dated May 15, 2010.

<sup>10</sup> SIGTARP offered some suggestions regarding documentation of the negotiation process, and regarding insuring consistency in the information provided to issuers seeking to repurchase their warrants. Treasury reviewed these suggestions carefully and has made appropriate changes to its procedures for recording Warrant Committee meeting minutes and conversations with banks regarding the repurchases of their warrants.

# Auctions of Warrants

Following repayment of its preferred stock, if a bank notifies Treasury that it does not intend to repurchase its warrants or cannot agree with Treasury on the fair market price, Treasury disposes of the warrants, when possible, through public auctions. Since December 2009, Treasury has auctioned 14 warrant positions in 13 financial institutions, generating aggregate proceeds of approximately \$4.1 billion.<sup>11</sup> Demand in the warrant auctions has exceeded the number of warrant shares being auctioned by an average of 6.5 times with an oversubscription range of 2.7 to 18.3 times. Warrants sold through auctions have yielded an absolute return of 3.7% on Treasury's investment.

The auctions have also provided valuable insights into how the market values long-dated warrants, as scores of different bidders have placed hundreds of unique bids in each auction. The auctions have resulted in estimated placements of approximately 48% to fundamental institutional investors, 24% to convertible-focused investors, 19% to derivative-focused investors, and 9% to individual investors. Typically, many of the fundamental institutional investors who buy warrants in an given auction are also holders of the bank's common stock.

Active secondary trading in the warrants has further validated the auction prices and provides ongoing observable market prices for long-dated warrants. Each of the warrants sold through public auction has been listed on the New York Stock Exchange or the NASDAQ. Trading volumes tend to be very high during the first few days following an auction and then to fall into a lower range. Excluding the first five trading days after each auction, the daily trading volume of the warrants has averaged 0.9% of the outstanding securities. This is within the normal range of daily turnover for other equity securities including common stock. Across the 14 TARP warrant positions currently outstanding with public investors, several million warrants change hands on a typical trading day.

In a Treasury report entitled *Treasury Analysis of Warrant Auction Results*, the OFS and the Office of Economic Policy have also examined three CPP warrant auctions and one TIP warrant auction, each of which generated proceeds in excess of \$100 million.<sup>12</sup> This report concluded that no single bidder had a large impact on the final clearing price in these four auctions. Further, the report showed that increasing the amount of smaller bidders participating in the auctions would not have had a material impact on the final clearing price. These two results suggest that the auctions were robust and achieved a fair market price.

Treasury has successfully disposed of warrants through the auction process. Clearing prices have been set through robust competition between a large number of bidders, and fair market value has been achieved for taxpayers. Additionally, an active and liquid secondary market for the warrants has been established, providing greater confidence in the market value of the total Treasury warrant portfolio and thereby supporting future auctions.

<sup>11</sup> Treasury held two separate auctions for different Bank of America Corporation CPP and TIP warrants. See footnote 5.

<sup>12</sup> The report *Treasury Analysis of Warrant Auction Results* can be found on the Treasury website: <http://www.ustreas.gov/offices/economic-policy/reports/Auction-Analysis-3-18-2010.pdf>

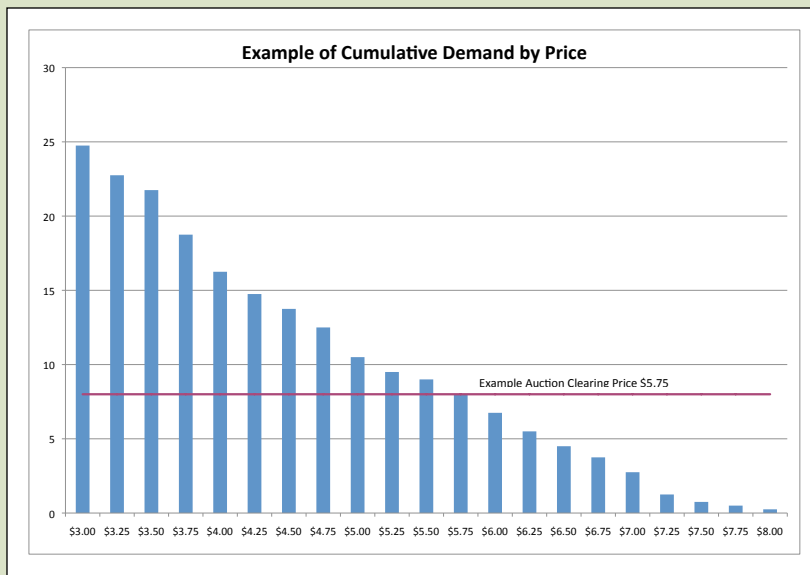
## MODIFIED “DUTCH” AUCTIONS

For the first three warrant auctions, Treasury utilized modified “Dutch” auctions to dispose of the warrants. The public auctions were registered under the Securities Act of 1933. Only one bank’s warrants were sold in each auction. With advice from its external asset managers and the auction agent, Treasury publicly disclosed a minimum bid and privately set a reserve price for each auction. Bidders were able to submit one or more independent bids at different price-quantity combinations at or above the set minimum price. The auction agent did not provide bidders with any information about the bids of other bidders or auction trends, or with advice regarding bidding strategies, in connection with the auction. The issuers of the warrants were able to bid for their warrants in the auctions. Bids were accepted by the auction agent from 8:00 a.m. to 6:30 p.m. on the day of the auction. The warrants were sold to all winning bids at the uniform price that cleared the auction.

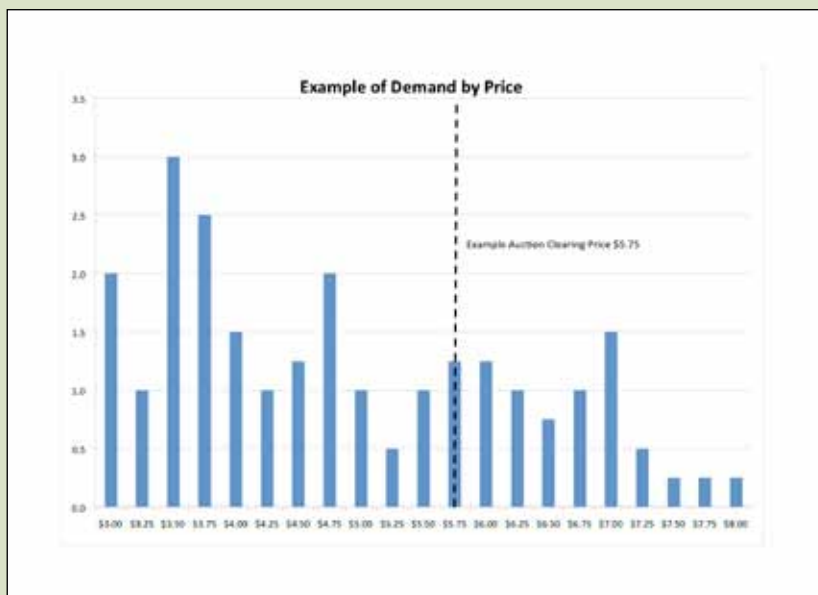
Deutsche Bank Securities Inc. was Treasury’s auction agent for the first three auctions. Deutsche Bank received fees equal to approximately 1.4% of the gross proceeds (\$56.3 million) which is significantly below typical secondary equity offering fees that run around 3.5% to 4.5% depending on the size of the offering.

For illustrative purposes only, Figures 1 and 2 are example charts of the demand in a theoretical auction of an 8 million share position with a minimum price of \$3.00 per share and a clearing price of \$5.75 per share.

**Figure 1: Illustrative Cumulative Auction Demand by Price**



**Figure 2: Illustrative Auction Demand by Price**



## Analysis of TARP Warrant Sales

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One metric Treasury employs to measure the value it receives for warrant dispositions is implied volatility. While implied volatility incorporates several assumptions, generally, the higher the implied volatility of a transaction, the greater the value Treasury receives. To date, Treasury has only conducted warrant auctions in which the value of the warrants has exceeded \$3 million. In the bilateral warrant negotiations in which warrant proceeds exceeded \$3 million, Treasury received an average implied volatility of 35%. In the warrant auctions, in which the market sets the price, Treasury received an average implied volatility of 33%. Comparing implied volatilities suggests that Treasury received slightly better pricing in its negotiated transactions than it received in its warrant auctions.

In addition, the size of the warrant disposition has impacted the implied volatility. Treasury received an average implied volatility of 28% for all warrant dispositions below \$10 million in proceeds. Alternatively, Treasury received an average implied volatility of 34% for all dispositions at or above \$10 million in proceeds. Therefore, the smaller warrant positions received a lower implied volatility. The 6% volatility differential may be from a number of factors, including a larger liquidity discount and relatively higher transaction costs that would be incurred for smaller warrant position auctions.

# Appendix I – Detailed Tables of Warrant Repurchases and Auctions

## Issuer Bids and Warrant Sales Ordered by Sale Date

| Company                          | Ticker    | CPP Preferred (\$thousands) | Redemption Date | Issuer Bids        |         |           |         | Final Price (\$thousands) | Date of Issuer Bids |            |            |            | Warrant Repurchase Date |
|----------------------------------|-----------|-----------------------------|-----------------|--------------------|---------|-----------|---------|---------------------------|---------------------|------------|------------|------------|-------------------------|
|                                  |           |                             |                 | Bid #1             | Bid #2  | Bid #3    | Bid #4  |                           | Bid #1              | Bid #2     | Bid #3     | Bid #4     |                         |
| Old National Bancorp             | ONB       | \$100,000                   | 3/31/2009       | \$559              | \$1,200 |           |         | \$1,200                   | 4/15/2009           | 5/6/2009   |            |            | 5/8/2009                |
| IBERIA BANK Corporation          | IBKC      | 90,000                      | 3/31/2009       | 620                | 1,200   |           |         | 1,200                     | 4/14/2009           | 5/12/2009  |            |            | 5/20/2009               |
| Sun Bancorp                      | SNBC      | 89,310                      | 4/8/2009        | 1,049              | 2,100   |           |         | 2,100                     | 4/21/2009           | 5/19/2009  |            |            | 5/27/2009               |
| FirstMerit Corp                  | FMER      | 125,000                     | 4/22/2009       | 3,186              | 5,025   |           |         | 5,025                     | 5/15/2009           | 5/21/2009  |            |            | 5/27/2009               |
| Independent Bank Corp            | INDB      | 78,158                      | 4/22/2009       | 880                | 2,200   |           |         | 2,200                     | 5/2/2009            | 5/21/2009  |            |            | 5/27/2009               |
| Alliance Financial Corporation   | ALNC      | 26,918                      | 5/13/2009       | 320                | 900     |           |         | 900                       | 5/26/2009           | 6/12/2009  |            |            | 6/17/2009               |
| SCBT Financial Corporation       | SCBT      | 64,779                      | 5/20/2009       | 694                | 1,400   |           |         | 1,400                     | 6/3/2009            | 6/16/2009  |            |            | 6/24/2009               |
| Berkshire Hills Bancorp          | BHLB      | 40,000                      | 5/27/2009       | 875                | 1,040   |           |         | 1,040                     | 6/8/2009            | 6/17/2009  |            |            | 6/24/2009               |
| Somerset Hills Bancorp           | SOMH      | 7,414                       | 5/20/2009       | 193                | 275     |           |         | 275                       | 6/4/2009            | 6/17/2009  |            |            | 6/24/2009               |
| First Niagara Financial Group    | FNFG      | 184,011                     | 5/27/2009       | 1,500              | 2,700   |           |         | 2,700                     | 6/4/2009            | 6/19/2009  |            |            | 6/24/2009               |
| HF Financial Corp.               | HFFC      | 25,000                      | 6/3/2009        | 465                | 600     | 650       |         | 650                       | 6/9/2009            | 6/29/2009  | 6/29/2009  |            | 6/30/2009               |
| State Street Corporation         | STT       | 2,000,000                   | 6/17/2009       | 60,000             |         |           |         | 60,000                    | 6/22/2009           |            |            |            | 7/8/2009                |
| U.S. Bancorp                     | USB       | 6,599,000                   | 6/17/2009       | 115,000            | 131,000 | 139,000   |         | 139,000                   | 6/18/2009           | 7/1/2009   | 7/8/2009   |            | 7/15/2009               |
| BB&T Corporation                 | BBT       | 3,133,640                   | 6/17/2009       | 20,854             | 41,707  | 64,925    | 67,010  | 67,010                    | 6/24/2009           | 7/8/2009   | 7/14/2009  | 7/14/2009  | 7/22/2009               |
| Goldman Sachs Group, Inc.        | GS        | 10,000,000                  | 6/17/2009       | 600,000            | 900,000 | 1,100,000 |         | 1,100,000                 | 6/17/2009           | 7/20/2009  | 7/21/2009  |            | 7/22/2009               |
| American Express Company         | AXP       | 3,388,890                   | 6/17/2009       | 230,000            | 260,000 | 340,000   |         | 340,000                   | 7/1/2009            | 7/20/2009  | 7/27/2009  |            | 7/29/2009               |
| Bank of New York Mellon          | BK        | 3,000,000                   | 6/17/2009       | 79,000             | 118,000 | 130,000   | 136,000 | 136,000                   | 6/30/2009           | 7/29/2009  | 7/30/2009  | 7/31/2009  | 8/5/2009                |
| Morgan Stanley                   | MS        | 10,000,000                  | 6/17/2009       | 500,000            | 800,000 | 900,000   | 950,000 | 950,000                   | 6/30/2009           | 8/3/2009   | 8/4/2009   | 8/5/2009   | 8/12/2009               |
| Northern Trust Corporation       | NTRS      | 1,576,000                   | 6/17/2009       | 37,000             | 75,000  | 87,000    |         | 87,000                    | 6/18/2009           | 8/17/2009  | 8/19/2009  |            | 8/26/2009               |
| Old Line Bancshares              | OLBK      | 7,000                       | 7/15/2009       | 175                | 205     | 225       |         | 225                       | 7/29/2009           | 8/19/2009  | 8/20/2009  |            | 9/2/2009                |
| Bancorp Rhode Island, Inc.       | BARI      | 30,000                      | 8/5/2009        | 857                | 1,125   | 1,400     |         | 1,400                     | 8/19/2009           | 9/16/2009  | 9/21/2009  |            | 9/30/2009               |
| Manhattan Bancorp                | MNHN      | 1,700                       | 9/16/2009       | 63                 |         |           |         | 63                        | 9/29/2009           |            |            |            | 10/14/2009              |
| CenterState Banks, Inc.          | CSFL      | 27,875                      | 9/30/2009       | 168                | 212     |           |         | 212                       | 10/9/2009           | 10/20/2009 |            |            | 10/28/2009              |
| CVB Financial Corp.              | CVBF      | 130,000                     | 9/2/2009        | 1,002              | 1,307   |           |         | 1,307                     | 9/17/2009           | 10/21/2009 |            |            | 10/28/2009              |
| Bank of the Ozarks, Inc.         | OZBK      | 75,000                      | 11/4/2009       | 2,161              | 2,650   |           |         | 2,650                     | 11/5/2009           | 11/18/2009 |            |            | 11/24/2009              |
| Wainwright Bank and Trust        | WAIN      | 22,000                      | 11/24/2009      | 569                |         |           |         | 569                       | 12/9/2009           |            |            |            | 12/16/2009              |
| LSB Corporation                  | LSBX      | 15,000                      | 11/18/2009      | 500                | 560     |           |         | 560                       | 12/4/2009           | 12/8/2009  |            |            | 12/16/2009              |
| Wesbanco, Inc.                   | WSBC      | 75,000                      | 9/2/2009        | 825                | 950     | 950       |         | 950                       | 9/22/2009           | 10/20/2009 | 12/11/2009 |            | 12/23/2009              |
| Union Bankshares Corporation     | UBSH      | 59,000                      | 11/18/2009      | 400                | 450     |           |         | 450                       | 11/24/2009          | 12/16/2009 |            |            | 12/23/2009              |
| Flushing Financial Corporation   | FFIC      | 70,000                      | 10/28/2009      | 597                | 700     | 860       | 900     | 900                       | 11/10/2009          | 12/14/2009 | 12/23/2009 | 12/28/2009 | 12/30/2009              |
| Trustmark Corporation            | TRMK      | 215,000                     | 12/3/2009       | 8,167              | 9,200   | 9,600     | 10,000  | 10,000                    | 12/23/2009          | 12/28/2009 | 12/28/2009 | 12/29/2009 | 12/30/2009              |
| OceanFirst Financial Corp.       | OCFC      | 38,263                      | 12/30/2009      | 431                |         |           |         | 431                       | 1/21/2010           |            |            |            | 2/3/2010                |
| Monarch Financial Holdings, Inc. | MNRK      | 14,700                      | 12/23/2009      | 209                | 250     | 260       |         | 260                       | 1/6/2010            | 1/22/2010  | 2/1/2010   |            | 2/10/2010               |
| Umpqua Holdings Corp.            | UMPO      | 214,181                     | 2/17/2010       | 2,055              | 3,610   | 4,250     | 4,500   | 4,500                     | 3/2/2010            | 3/19/2010  | 3/22/2010  | 3/22/2010  | 3/31/2010               |
| City National Corporation        | CYN       | 400,000                     | 3/3/2010        | 11,900             | 17,500  | 18,500    |         | 18,500                    | 3/17/2010           | 4/5/2010   | 4/6/2010   |            | 4/7/2010                |
| First Litchfield Financial Corp. | FLFL      | 10,000                      | 4/7/2010        | 1,488              |         |           |         | 1,488                     | 4/7/2010            |            |            |            | 4/7/2010                |
| SVB Financial Group              | SIVB      | 235,000                     | 12/23/2009      | 3,800              | 6,200   | 6,820     |         | 6,820                     | 2/18/2010           | 6/4/2010   | 6/8/2010   |            | 6/16/2010               |
| <b>Total</b>                     | <b>37</b> | <b>\$42,167,839</b>         |                 | <b>\$1,687,562</b> |         |           |         | <b>\$2,948,985</b>        |                     |            |            |            |                         |

Note: The first bid date is the date that an issuer submitted its bid. Subsequent bid dates are the dates the Warrant Committee met to consider those bids.

Issuer Bids and Warrant Auctions Ordered by Auction Date

| Company                            | Ticker | CPP/TIP Preferred (\$thousands) | Redemption Date | Issuer Bids |         |         |        | Date of Issuer Bids            |           |           |           |        |              |
|------------------------------------|--------|---------------------------------|-----------------|-------------|---------|---------|--------|--------------------------------|-----------|-----------|-----------|--------|--------------|
|                                    |        |                                 |                 | Bid #1      | Bid #2  | Bid #3  | Bid #4 | Auction Proceeds (\$thousands) | Bid #1    | Bid #2    | Bid #3    | Bid #4 | Auction Date |
| Capital One Financial Corp.        | COF    | \$3,555,199                     | 6/17/2009       | \$46,500    |         |         |        | \$148,731                      | 6/30/2009 |           |           |        | 12/3/2009    |
| JPMorgan Chase & Co.               | JPM    | 25,000,000                      | 6/17/2009       | 825,539     |         |         |        | 950,318                        | 6/17/2009 |           |           |        | 12/10/2009   |
| TCF Financial Corporation          | TCB    | 361,172                         | 4/22/2009       | 3,200       |         |         |        | 9,600                          | 5/5/2009  |           |           |        | 12/15/2009   |
| Bank of America Corporation (CPP)  | BAC    | 25,000,000                      | 12/9/2009       | N/A         |         |         |        | 310,572                        | N/A       |           |           |        | 3/3/2010     |
| Bank of America Corporation (TIP)  | BAC    | 20,000,000                      | 12/9/2009       | N/A         |         |         |        | 1,255,639                      | N/A       |           |           |        | 3/3/2010     |
| Washington Federal, Inc.           | WFSL   | 200,000                         | 5/27/2009       | N/A         |         |         |        | 15,623                         | N/A       |           |           |        | 3/9/2010     |
| Signature Bank                     | SBNY   | 120,000                         | 3/31/2009       | N/A         |         |         |        | 11,321                         | N/A       |           |           |        | 3/10/2010    |
| Texas Capital Bancshares           | TCBI   | 75,000                          | 5/13/2009       | N/A         |         |         |        | 6,709                          | N/A       |           |           |        | 3/11/2010    |
| PNC Financial Services Group, Inc. | PNC    | 7,579,200                       | 2/10/2010       | N/A         |         |         |        | 324,196                        | N/A       |           |           |        | 4/29/2010    |
| Comerica Incorporated              | CMA    | 2,250,000                       | 3/17/2010       | N/A         |         |         |        | 183,673                        | N/A       |           |           |        | 5/6/2010     |
| Valley National Bancorp            | VLY    | 300,000                         | 12/23/2009      | 2,291       |         |         |        | 5,572                          | 1/7/2010  |           |           |        | 5/18/2010    |
| Wells Fargo & Company              | WFC    | 25,000,000                      | 12/23/2009      | 593,600     | 700,000 | 750,000 |        | 849,015                        | 1/7/2010  | 2/12/2010 | 2/22/2010 |        | 5/20/2010    |
| First Financial Bancorp            | FFBC   | 80,000                          | 2/24/2010       | N/A         |         |         |        | 3,116                          | N/A       |           |           |        | 6/2/2010     |
| Sterling Bancshares, Inc.          | SBIB   | 125,198                         | 5/5/2009        | 4,000       |         |         |        | 3,008                          | 6/5/2009  |           |           |        | 6/9/2010     |
| <b>Total</b>                       | 14     | <b>\$109,645,769</b>            |                 | <b>NA</b>   |         |         |        | <b>\$4,077,093</b>             |           |           |           |        |              |

## Warrant Sales Ordered By Amount of Proceeds

| Institution Name                       | Ticker | Decision Date | Payment Date | Expiration Date | Strike Price | QEO? (i.e. warrants cut by 50%) | Final Warrant Shares | Warrant Repurchase Price/Share | Warrant Repurchase Proceeds | Estimated Implied Volatility* | Stock Price | Decision Date          |   |       |
|--|--------|---------------|--------------|-----------------|--------------|---------------------------------|----------------------|--------------------------------|-----------------------------|-------------------------------|-------------|------------------------|---|-------|
|  |        |               |              |                 |              |                                 |                      |                                |                             |                               |             | 20-day Avg Stock Price | Warrant Stock Price / Underlying / Strike |       |
| Goldman Sachs Group, Inc.              | GS     | 7/21/2009     | 7/22/2009    | 10/28/2018      | \$122.90     | -                               | 12,205,045           | \$90.13                        | \$1,100,000,000             | 40.6% - 44.5%                 | \$159.80    | \$148.16               | 0.56                                      | 1.30x |
| Morgan Stanley                         | MS     | 8/5/2009      | 8/12/2009    | 10/28/2018      | 22.99        | -                               | 65,245,759           | 14.56                          | 950,000,000                 | 33.3% - 38.7%                 | 31.05       | 28.16                  | 0.47                                      | 1.35x |
| American Express Company               | AXP    | 7/27/2009     | 7/29/2009    | 1/9/2019        | 20.95        | -                               | 24,264,129           | 14.01                          | 340,000,000                 | 37.6% - 40.7%                 | 28.38       | 25.71                  | 0.49                                      | 1.35x |
| U.S. Bancorp                           | USB    | 7/8/2009      | 7/15/2009    | 11/14/2018      | 30.29        | -                               | 32,679,102           | 4.25                           | 139,000,000                 | 39.3% - 42.6%                 | 16.59       | 17.69                  | 0.26                                      | 0.55x |
| Bank of New York Mellon                | BK     | 7/31/2009     | 8/5/2009     | 10/28/2018      | 31.00        | -                               | 14,516,129           | 9.37                           | 136,000,000                 | 35.7% - 39.6%                 | 27.34       | 27.98                  | 0.34                                      | 0.88x |
| Northern Trust Corporation             | NTRS   | 8/19/2009     | 8/26/2009    | 11/14/2018      | 61.81        | -                               | 3,824,624            | 22.75                          | 87,000,000                  | 31.1% - 35.9%                 | 60.38       | 60.00                  | 0.38                                      | 0.98x |
| BB&T Corporation                       | BBT    | 7/14/2009     | 7/22/2009    | 11/14/2018      | 33.81        | -                               | 13,902,573           | 4.82                           | 67,010,402                  | 32.0% - 35.1%                 | 21.65       | 21.64                  | 0.22                                      | 0.64x |
| State Street Corporation               | STT    | 7/1/2009      | 7/8/2009     | 10/28/2018      | 53.80        | Yes                             | 2,788,104            | 21.52                          | 60,000,000                  | 37.9% - 43.8%                 | 47.35       | 46.98                  | 0.45                                      | 0.88x |
| City National Corporation              | CYN    | 4/6/2010      | 4/7/2010     | 11/21/2018      | 53.16        | -                               | 1,128,668            | 16.39                          | 18,500,000                  | 23.5% - 27.9%                 | 55.70       | 53.90                  | 0.29                                      | 1.05x |
| Trustmark Corporation                  | TRMK   | 12/29/2009    | 12/30/2009   | 11/21/2018      | 19.57        | -                               | 1,647,931            | 6.07                           | 10,000,000                  | 19.0% - 22.9%                 | 22.80       | 20.84                  | 0.27                                      | 1.17x |
| SVB Financial Group                    | SIVB   | 6/8/2010      | 6/16/2010    | 12/12/2018      | 49.78        | Yes                             | 354,058              | 19.26                          | 6,820,000                   | 39.2% - 44.7%                 | 42.24       | 45.32                  | 0.46                                      | 0.85x |
| FirstMerit Corp                        | FMER   | 5/21/2009     | 5/27/2009    | 1/9/2019        | 19.69        | -                               | 952,260              | 5.28                           | 5,025,000                   | 34.9% - 38.3%                 | 17.54       | 19.27                  | 0.30                                      | 0.89x |
| Umpqua Holdings Corp.                  | UMPO   | 3/22/2010     | 3/31/2010    | 11/14/2018      | 14.46        | Yes                             | 1,110,898            | 4.05                           | 4,500,000                   | 25.1% - 29.4%                 | 13.60       | 12.87                  | 0.30                                      | 0.94x |
| First Niagara Financial Group          | FNFG   | 6/19/2009     | 6/24/2009    | 11/21/2018      | 14.48        | Yes                             | 953,096              | 2.83                           | 2,700,000                   | 28.5% - 31.7%                 | 11.93       | 12.05                  | 0.24                                      | 0.82x |
| Bank of the Ozarks, Inc.               | OZRK   | 11/18/2009    | 11/24/2009   | 12/12/2018      | 29.62        | -                               | 379,811              | 6.98                           | 2,650,000                   | 20.9% - 25.1%                 | 27.48       | 24.46                  | 0.25                                      | 0.93x |
| Independent Bank Corp                  | INDB   | 5/21/2009     | 5/27/2009    | 1/9/2019        | 24.34        | -                               | 481,664              | 4.57                           | 2,200,000                   | 28.5% - 31.6%                 | 19.60       | 19.92                  | 0.23                                      | 0.81x |
| Sun Bancorp                            | SNBC   | 5/19/2009     | 5/27/2009    | 1/9/2019        | 8.27         | -                               | 1,620,545            | 1.30                           | 2,100,000                   | 16.0% - 19.9%                 | 6.25        | 6.36                   | 0.21                                      | 0.76x |
| First Litchfield Financial Corporation | FLFL   | 4/7/2010      | 4/7/2010     | 12/12/2018      | 7.53         | -                               | 199,203              | 7.47                           | 1,488,046                   | N/A                           | 14.95       | 14.65                  | 0.50                                      | 1.99x |
| Bancorp Rhode Island, Inc.             | BARI   | 9/21/2009     | 9/30/2009    | 12/19/2018      | 23.32        | -                               | 192,967              | 7.26                           | 1,400,000                   | 21.9% - 26.6%                 | 24.66       | 25.57                  | 0.29                                      | 1.06x |
| SCBT Financial Corporation             | SCBT   | 6/16/2009     | 6/24/2009    | 1/16/2019       | 32.06        | -                               | 303,083              | 4.62                           | 1,400,000                   | 24.1% - 27.4%                 | 23.16       | 23.45                  | 0.20                                      | 0.72x |
| CVB Financial Corp.                    | CVBF   | 10/21/2009    | 10/28/2009   | 12/5/2018       | 11.68        | Yes                             | 834,761              | 1.57                           | 1,307,000                   | 26.4% - 29.2%                 | 8.81        | 7.73                   | 0.18                                      | 0.75x |
| IBERIABANK Corporation                 | IBKC   | 5/12/2009     | 5/20/2009    | 12/5/2018       | 48.74        | Yes                             | 138,490              | 8.66                           | 1,200,000                   | 17.5% - 20.8%                 | 47.22       | 48.23                  | 0.18                                      | 0.97x |
| Old National Bancorp                   | ONB    | 5/6/2009      | 5/8/2009     | 12/12/2018      | 18.45        | -                               | 813,008              | 1.48                           | 1,200,000                   | 20.3% - 23.6%                 | 14.33       | 14.18                  | 0.10                                      | 0.78x |
| Berkshire Hills Bancorp                | BHLB   | 6/17/2009     | 6/24/2009    | 12/19/2018      | 26.51        | -                               | 226,330              | 4.60                           | 1,040,000                   | 24.0% - 28.0%                 | 20.17       | 21.38                  | 0.23                                      | 0.76x |
| Wesbanco, Inc.                         | WSBC   | 12/11/2009    | 12/23/2009   | 12/15/2018      | 25.61        | -                               | 439,282              | 2.16                           | 950,000                     | 38.1% - 40.7%                 | 12.41       | 12.71                  | 0.17                                      | 0.48x |
| Alliance Financial Corporation         | ALNC   | 6/12/2009     | 6/17/2009    | 12/19/2018      | 23.33        | -                               | 173,069              | 5.20                           | 900,000                     | 13.8% - 17.0%                 | 26.61       | 25.50                  | 0.20                                      | 1.14x |
| Flushing Financial Corporation         | FFIC   | 12/28/2009    | 12/30/2009   | 12/19/2018      | 13.97        | Yes                             | 375,806              | 2.39                           | 900,000                     | 22.4% - 25.9%                 | 11.73       | 10.92                  | 0.20                                      | 0.84x |
| HF Financial Corp.                     | HFFC   | 6/29/2009     | 6/30/2009    | 11/21/2018      | 12.40        | -                               | 302,419              | 2.15                           | 650,000                     | 18.3% - 21.5%                 | 11.95       | 12.08                  | 0.18                                      | 0.96x |
| Wainwright Bank and Trust              | WAIN   | 12/11/2009    | 12/16/2009   | 12/19/2018      | 8.46         | -                               | 390,071              | 1.46                           | 568,700                     | 27.8% - 30.7%                 | 7.00        | 6.75                   | 0.21                                      | 0.83x |
| LSB Corporation                        | LSBX   | 12/8/2009     | 12/16/2009   | 12/12/2018      | 10.74        | -                               | 209,497              | 2.67                           | 560,000                     | 22.1% - 25.3%                 | 11.28       | 11.00                  | 0.24                                      | 1.05x |
| Union Bankshares Corporation           | UBSH   | 12/16/2009    | 12/23/2009   | 12/19/2018      | 20.94        | Yes                             | 211,318              | 2.13                           | 450,000                     | 30.3% - 33.0%                 | 11.93       | 11.93                  | 0.18                                      | 0.57x |
| OceanFirst Financial Corp              | OCFC   | 1/28/2010     | 2/3/2010     | 1/16/2019       | 15.07        | Yes                             | 190,427              | 2.26                           | 430,797                     | 31.2% - 34.2%                 | 10.45       | 10.97                  | 0.22                                      | 0.69x |
| Somerset Hills Bancorp                 | SOMH   | 6/17/2009     | 6/24/2009    | 1/16/2019       | 6.82         | -                               | 163,065              | 1.69                           | 275,000                     | 14.8% - 18.4%                 | 7.80        | 7.73                   | 0.22                                      | 1.14x |
| Monarch Financial Holdings             | MNRK   | 2/11/2010     | 2/10/2010    | 12/19/2018      | 8.33         | Yes                             | 132,353              | 1.96                           | 260,000                     | 27.8% - 32.4%                 | 6.40        | 6.48                   | 0.31                                      | 0.77x |
| Old Line Bancshares                    | OLBK   | 8/20/2009     | 9/2/2009     | 12/15/2018      | 7.40         | -                               | 141,892              | 1.59                           | 225,000                     | 26.3% - 30.1%                 | 6.10        | 6.21                   | 0.26                                      | 0.82x |
| CenterState Banks, Inc.                | CSFL   | 10/21/2009    | 10/28/2009   | 11/21/2018      | 16.67        | Yes                             | 125,413              | 1.69                           | 212,000                     | 34.9% - 38.2%                 | 7.47        | 7.64                   | 0.23                                      | 0.45x |
| Manhattan Bancorp                      | MNHN   | 10/9/2009     | 10/14/2009   | 12/15/2018      | 8.65         | -                               | 29,480               | 2.15                           | 63,364                      | 29.7% - 34.8%                 | 6.60        | 6.53                   | 0.33                                      | 0.76x |
| <b>TOTAL</b>                           |        |               |              |                 |              | <b>11</b>                       |                      |                                | <b>\$2,948,985,309</b>      |                               |             |                        |   |       |

\* Volatility implied by the repurchase price using stock price on decision date and UST estimates for dividend yield and borrow cost; reflects discounts to a modeled valuation for illiquidity, risk of cash takeover, etc.

Warrant Auctions Ordered by Amount of Proceeds

| Institution Name                  | Ticker | Announce Date | Auction Date | Expiration Date | Strike Price | QE07 (i.e. curby 50%) warrants | Warrant Shares | Warrant Auction Price Per Share | Warrant Auction Gross Proceeds | Estimated Implied Volatility* | Stock Price | Decision Date          |                            |                     |
|-----------------------------------|--------|---------------|--------------|-----------------|--------------|--------------------------------|----------------|---------------------------------|--------------------------------|-------------------------------|-------------|------------------------|----------------------------|---------------------|
|                                   |        |               |              |                 |              |                                |                |                                 |                                |                               |             | 20-day Avg Stock Price | Warrant Price/ Stock Price | Underlying / Strike |
| Bank of America Corporation (TIP) | BAC    | 3/1/2010      | 3/3/2010     | 1/16/2019       | \$13.30      | -                              | 150,375,940    | \$8.35                          | \$1,255,639,099                | 32.1% - 36.8%                 | \$16.37     | \$15.59                | 0.51                       | 1.23 x              |
| JPMorgan Chase & Co.              | JPM    | 12/8/2009     | 12/10/2009   | 10/28/2018      | 42.42        | -                              | 86,401,687     | 10.75                           | 950,318,243                    | 23.8% - 27.5%                 | 41.27       | 42.24                  | 0.26                       | 0.97 x              |
| Wells Fargo & Company             | WFC    | 5/18/2010     | 5/20/2010    | 10/28/2018      | 34.01        | -                              | 110,261,688    | 7.70                            | 849,014,998                    | 30.6% - 34.0%                 | 28.69       | 32.21                  | 0.27                       | 0.84 x              |
| PNC Financial Services            | PNC    | 4/27/2010     | 4/29/2010    | 12/13/2018      | 67.33        | -                              | 16,885,192     | 19.20                           | 324,195,686                    | 27.6% - 31.3%                 | 66.06       | 64.68                  | 0.29                       | 0.98 x              |
| Bank of America Corporation (GPP) | BAC    | 3/1/2010      | 3/3/2010     | 10/28/2018      | 30.79        | -                              | 121,792,790    | 2.55                            | 310,571,615                    | 30.9% - 33.5%                 | 16.37       | 15.59                  | 0.16                       | 0.53 x              |
| Comerica Inc.                     | CMA    | 5/4/2010      | 5/6/2010     | 11/14/2018      | 29.40        | -                              | 11,479,592     | 16.00                           | 183,673,472                    | 28.6% - 32.3%                 | 41.43       | 42.21                  | 0.39                       | 1.41 x              |
| Capital One Financial Corp.       | COF    | 12/1/2009     | 12/3/2009    | 11/14/2018      | 42.13        | -                              | 12,657,960     | 11.75                           | 148,731,030                    | 34.6% - 38.2%                 | 36.92       | 38.66                  | 0.32                       | 0.88 x              |
| Washington Federal, Inc           | WFSL   | 3/8/2010      | 3/9/2010     | 11/14/2018      | 17.57        | -                              | 1,707,456      | 9.15                            | 15,623,222                     | 48.6% - 53.5%                 | 19.38       | 19.41                  | 0.47                       | 1.10 x              |
| Signature Bank                    | SBNY   | 3/8/2010      | 3/10/2010    | 12/12/2018      | 30.21        | -                              | 595,829        | 19.00                           | 11,320,751                     | 23.1% - 29.0%                 | 38.75       | 36.83                  | 0.49                       | 1.28 x              |
| TCF Financial Corporation         | TCB    | 12/14/2009    | 12/15/2009   | 11/14/2018      | 16.93        | -                              | 3,199,988      | 3.00                            | 9,599,964                      | 28.8% - 32.1%                 | 13.22       | 12.78                  | 0.23                       | 0.78 x              |
| Texas Capital Bancshares, Inc.    | TCBI   | 3/8/2010      | 3/11/2010    | 1/16/2019       | 14.84        | -                              | 758,086        | 8.85                            | 6,709,061                      | 24.4% - 29.9%                 | 18.41       | 17.06                  | 0.48                       | 1.24 x              |
| Valley National Bancorp           | VLY    | 5/17/2010     | 5/18/2010    | 11/14/2018      | 17.77        | -                              | 2,532,542      | 2.20                            | 5,571,592                      | 25.1% - 27.5%                 | 14.80       | 15.49                  | 0.15                       | 0.83 x              |
| First Financial Bancorp           | FFBC   | 6/1/2010      | 6/2/2010     | 12/23/2010      | 12.90        | Yes                            | 465,117        | 6.70                            | 3,116,284                      | 39.9% - 43.8%                 | 15.87       | 16.81                  | 0.42                       | 1.23 x              |
| Sterling Bancshares, Inc.         | SBIB   | 6/7/2010      | 6/9/2010     | 12/12/2018      | 7.18         | -                              | 2,615,557      | 1.15                            | 3,007,891                      | 30.1% - 34.2%                 | 5.00        | 5.41                   | 0.23                       | 0.70 x              |
| <b>TOTAL</b>                      |        |               |              |                 |              | <b>1</b>                       |                |                                 | <b>\$4,077,092,908</b>         |                               |             |                        |                            |                     |

\* Volatility implied by the repurchase price using stock price on auction date and UST estimates for dividend yield and borrow cost; reflects discounts to a modeled valuation for illiquidity, risk of cash takeover, etc.



## Warrant Auction Statistics

| Institution                       | Ticker    | Auction Date | Warrant Shares | Gross Proceeds (\$millions) | Underwriting Fees (\$millions) | Minimum Bid | Clearing Bid | Number of Bids | Number of Bidders | Coverage Ratio <sup>1</sup> | Market Orders Share of Demand <sup>2</sup> | Warrants Repurchased by Bank in Auction | Daily Liquidity Turnover <sup>3</sup> |
|-----------------------------------|-----------|--------------|----------------|-----------------------------|--------------------------------|-------------|--------------|----------------|-------------------|-----------------------------|--|---|---------------------------------------|
| Capital One Financial Corp.       | COF       | 12/3/2009    | 12,657,960     | \$148.7                     | \$2,231                        | \$7.50      | \$11.75      | 604            | 174               | 13.3x                       | 0.2%                                       | -                                       | 0.39%                                 |
| JPMorgan Chase & Co.              | JPM       | 12/10/2009   | 88,401,897     | 950.3                       | 14,255                         | 8.00        | 10.75        | 754            | 381               | 6.5x                        | 0.3%                                       | -                                       | 0.72%                                 |
| TCF Financial Corporation         | TCB       | 12/15/2009   | 3,199,988      | 9.6                         | 0.150                          | 1.50        | 3.00         | 470            | 135               | 18.3x                       | 1.8%                                       | -                                       | 0.91%                                 |
| Bank of America Corporation (TIP) | BAC       | 3/3/2010     | 150,375,940    | 1,255.6                     | 18,835                         | 7.00        | 8.35         | 1,489          | 535               | 4.4x                        | 1.0%                                       | -                                       | 0.97%                                 |
| Bank of America Corporation CPP   | BAC       | 3/3/2010     | 121,792,790    | 310.6                       | 4,659                          | 1.50        | 2.55         | 1,246          | 570               | 10.7x                       | 1.7%                                       | -                                       | 0.81%                                 |
| Washington Federal, Inc           | WFSL      | 3/9/2010     | 1,707,456      | 15.6                        | 0.234                          | 5.00        | 9.15         | 708            | 413               | 14.5x                       | 8.3%                                       | -                                       | 0.71%                                 |
| Signature Bank                    | SBNY      | 3/10/2010    | 595,829        | 11.3                        | 0.170                          | 16.00       | 19.00        | 409            | 68                | 8.2x                        | 0.7%                                       | -                                       | 0.59%                                 |
| Texas Capital Bancshares, Inc.    | TCBI      | 3/11/2010    | 758,086        | 6.7                         | 0.150                          | 6.50        | 8.85         | 326            | 61                | 7.0x                        | 0.9%                                       | -                                       | 0.21%                                 |
| PNC Financial Services            | PNC       | 4/29/2010    | 16,885,192     | 324.2                       | 3,918                          | 15.00       | 19.20        | 1,450          | 181               | 5.5x                        | 2.5%                                       | -                                       | 1.51%                                 |
| Comerica Inc.                     | CMA       | 5/6/2010     | 11,479,592     | 183.7                       | 2,571                          | 15.00       | 16.00        | 518            | 120               | 2.7x                        | 1.9%                                       | -                                       | 0.55%                                 |
| Valley National Bancorp           | VLY       | 5/18/2010    | 2,532,542      | 5.6                         | 0.150                          | 1.70        | 2.20         | 183            | 34                | 6.6x                        | 1.2%                                       | -                                       | 0.69%                                 |
| Wells Fargo & Company             | WFC       | 5/20/2010    | 110,262,688    | 849.0                       | 8,640                          | 6.50        | 7.70         | 859            | 297               | 3.9x                        | 2.3%                                       | 70,165,963                              | 0.94%                                 |
| First Financial Bancorp           | FFBC      | 6/2/2010     | 465,117        | 3.1                         | 0.150                          | 4.00        | 6.70         | 142            | 66                | 10.3x                       | 2.0%                                       | -                                       | 0.53%                                 |
| Sterling Bancshares, Inc.         | SBIB      | 6/9/2010     | 2,615,557      | 3.0                         | 0.150                          | 0.85        | 1.15         | 211            | 67                | 6.9x                        | 3.6%                                       | -                                       | 0.71%                                 |
| <b>Total</b>                      | <b>14</b> |              |                | <b>\$4,077.1</b>            | <b>\$56,262</b>                |             |              | <b>9,369</b>   | <b>222</b>        | <b>6.5x</b>                 | <b>1.4%</b>                                |   | <b>0.86%</b>                          |

1) Coverage Ratio = Gross Demand / Warrant Shares

2) Market Orders Share of Auction = Total Market Orders / Gross Demand

A market order is a bid that specifies the number of warrants the bidder is willing to purchase without specifying the price it is willing to pay and is treated as a bid at the highest price received from any other bidder in the auction.

3) Daily Liquidity Turnover = Average Daily Trading Volume / Warrants Outstanding

The liquidity calculation excludes the first five trading days after the auction which typically have higher than normal volume and uses data through June 30, 2010. The data source is Bloomberg.

Note: Totals for Coverage Ratio, Market Orders and Daily Liquidity are weighted averages. Total for Number of Bidders is a simple average.

## Issuer Repurchases of Warrant Preferreds or Warrant Sub Debt

| Institution Name                    | Repurchase Date | CPP Investment<br>(\$thousands) | Warrant<br>Repurchase | Gross Warrant Proceeds<br>(\$thousands) |
|-------------------------------------|-----------------|---------------------------------|-----------------------|---|
| Centra Financial Holdings, Inc.     | 3/31/2009       | \$15,000                        | 4/15/2009             | \$750                                   |
| First Manitowoc Bancorp, Inc.       | 5/27/2009       | 12,000                          | 5/27/2009             | 600                                     |
| First Southern Bancorp, Inc.        | 6/16/2010       | 10,900                          | 6/16/2010             | 545                                     |
| Midland States Bancorp, Inc.        | 12/23/2009      | 10,189                          | 12/23/2009            | 509                                     |
| 1st United Bancorp, Inc.            | 11/18/2009      | 10,000                          | 11/18/2009            | 500                                     |
| First ULB Corp.                     | 4/22/2009       | 4,900                           | 4/22/2009             | 245                                     |
| Hilltop Community Bancorp, Inc.     | 4/21/2010       | 4,000                           | 4/21/2010             | 200                                     |
| Texas National Bancorporation, Inc. | 5/19/2010       | 3,981                           | 5/19/2010             | 199                                     |
| FPB Financial Corp.                 | 6/16/2010       | 3,240                           | 6/16/2010             | 162                                     |
| The First State Bank of Mobeetie    | 4/14/2010       | 731                             | 4/14/2010             | 37                                      |
| Midwest Regional Bancorp            | 11/10/2009      | 700                             | 11/10/2009            | 35                                      |
| <b>TOTAL</b>                        |                 | <b>\$75,641</b>                 |                       | <b>\$3,782</b>                          |

# Appendix II – Warrant Disposition Details

| Institution                      | Ticker | Decision Date on Issuer's Final Bid |
|----------------------------------|--------|-------------------------------------|
| OceanFirst Financial Corp.       | OCFC   | January 21, 2010                    |
| Monarch Financial Holdings, Inc. | MNRK   | February 1, 2010                    |
| Umpqua Holdings Corp.            | UMPO   | March 22, 2010                      |
| City National Corporation        | CYN    | April 6, 2010                       |
| SVB Financial Group              | SIVB   | June 8, 2010                        |

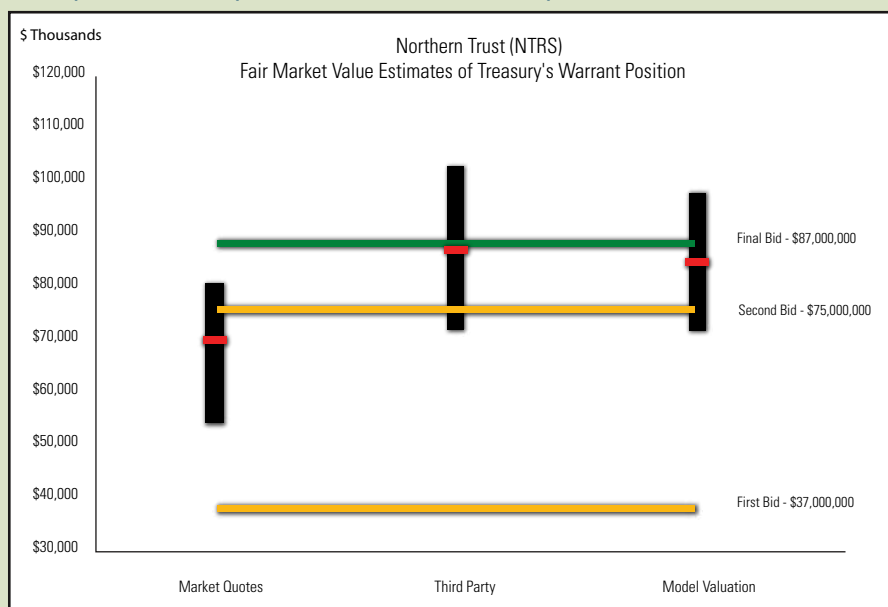
| Institution               | Ticker | Auction Date |
|---------------------------|--------|--------------|
| Valley National Bancorp   | VLY    | May 18, 2010 |
| Wells Fargo & Company     | WFC    | May 20, 2010 |
| Sterling Bancshares, Inc. | SBIB   | June 9, 2010 |

## GRAPHICAL REPRESENTATION OF TREASURY'S WARRANT VALUATION ANALYSIS

The chart below demonstrates the three elements of Treasury's warrant valuation analysis together with an institution's bid for the warrants, using Northern Trust Corporation as an example. The market quotes are presented as a range from the low to the high estimate of value provided by market participants (black bar) as well as the average of all the market indications collected (red point). The third party estimate of value (red point) is presented along with a reasonable range (black bar) that is also prepared by the third party. Treasury's estimate of value (red point) based on its internal model is presented along with a reasonable range (black bar). The ranges of estimates presented below show the final estimates utilized by Treasury officials to analyze the bank's final bid.

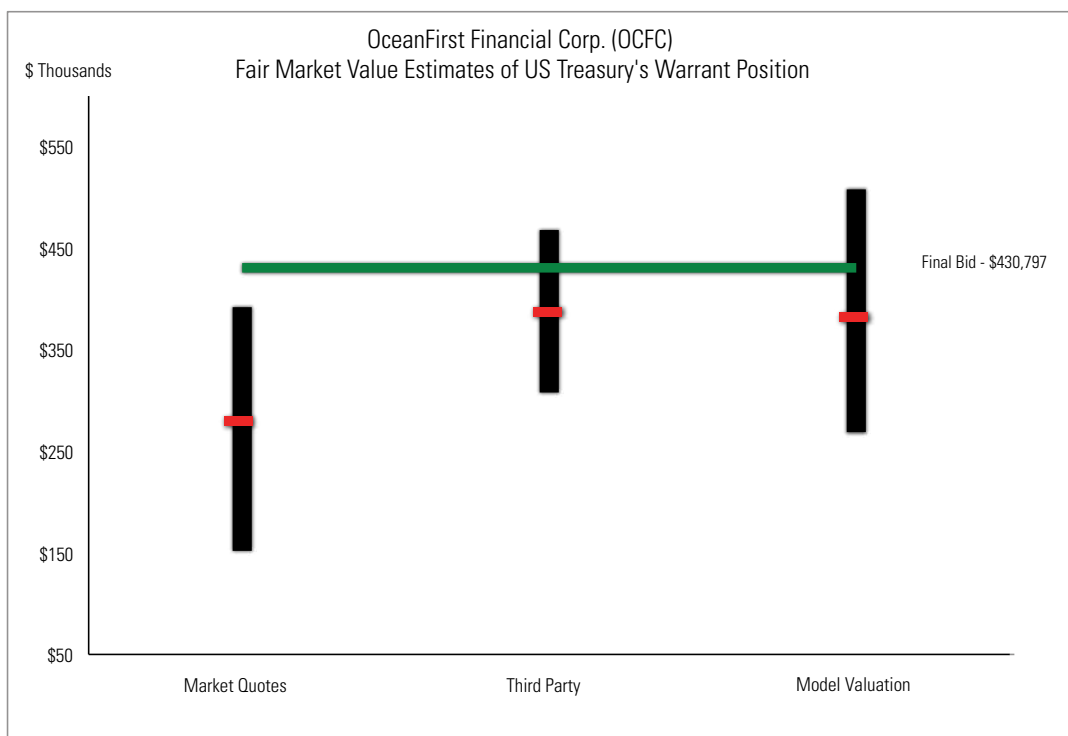
Appendix II presents charts for all of the CPP warrant sales, in which the bank submitted a bid to repurchase its warrants, from January 1, 2010 through June 30, 2010. As with the example below, all of the valuation estimates presented in Appendix II represent the final estimates used by Treasury officials when analyzing a repurchase request. Appendix II also notes additional relevant factors that were presented to the Warrant Committee.

### Example of Treasury's Warrant Valuation Analysis



## OceanFirst Financial Corp. (OCFC) Repurchase of OCFC Warrant

On January 21, 2010, OceanFirst Financial Corp. (OCFC) agreed to pay \$430,797 for the warrant held by Treasury which entitled the holder of the warrant to purchase 190,427 shares of OCFC at an exercise price of \$15.07 per share. The warrant had an expiration date January 16, 2019.



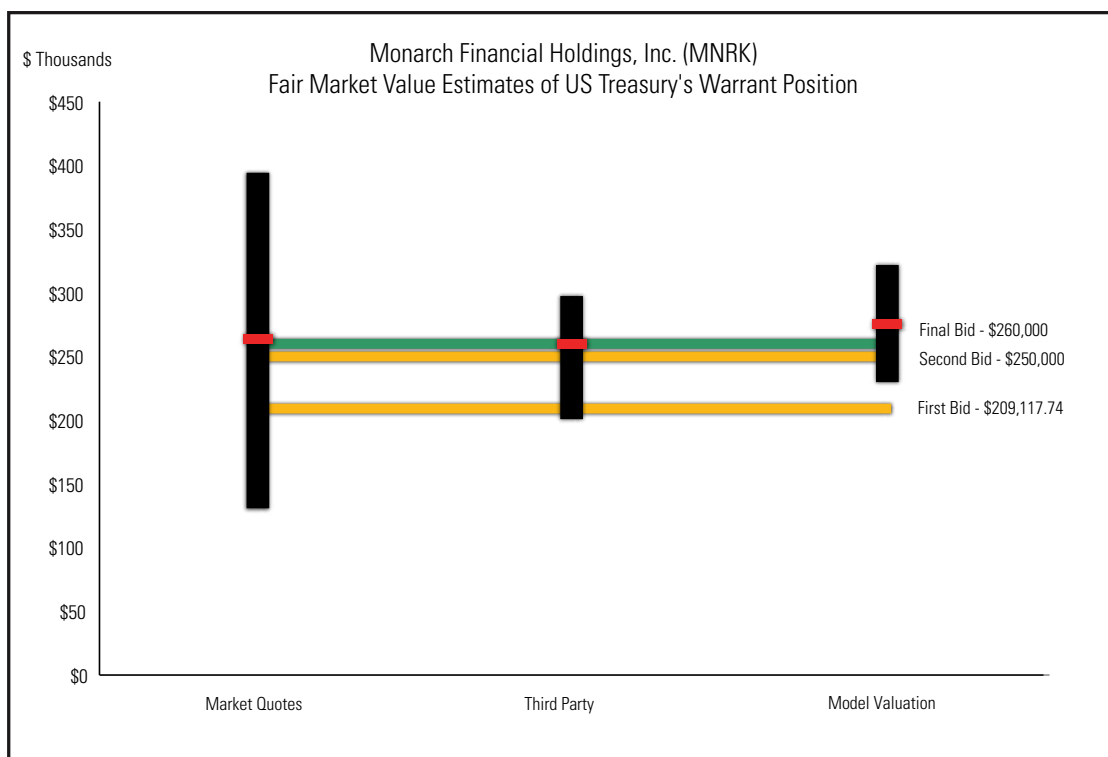
OCFC  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low   | High  | Estimate | Details   |
|-----------------|-------|-------|----------|---|
| Market Quotes   | \$152 | \$392 | \$281    | Three market indications                                  |
| Third Party     | \$308 | \$468 | \$388    | External asset manager's valuation estimates              |
| Model Valuation | \$269 | \$508 | \$381    | Binomial option model adjusted for American style options |

## Monarch Financial Holdings, Inc. (MNRK)

### Repurchase of MNRK Warrant

On February 1, 2010, Monarch Financial Holdings, Inc. (MNRK) agreed to pay \$260,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 132,353 shares of MNRK at an exercise price of \$8.33 per share. The warrant had an expiration date December 19, 2018.

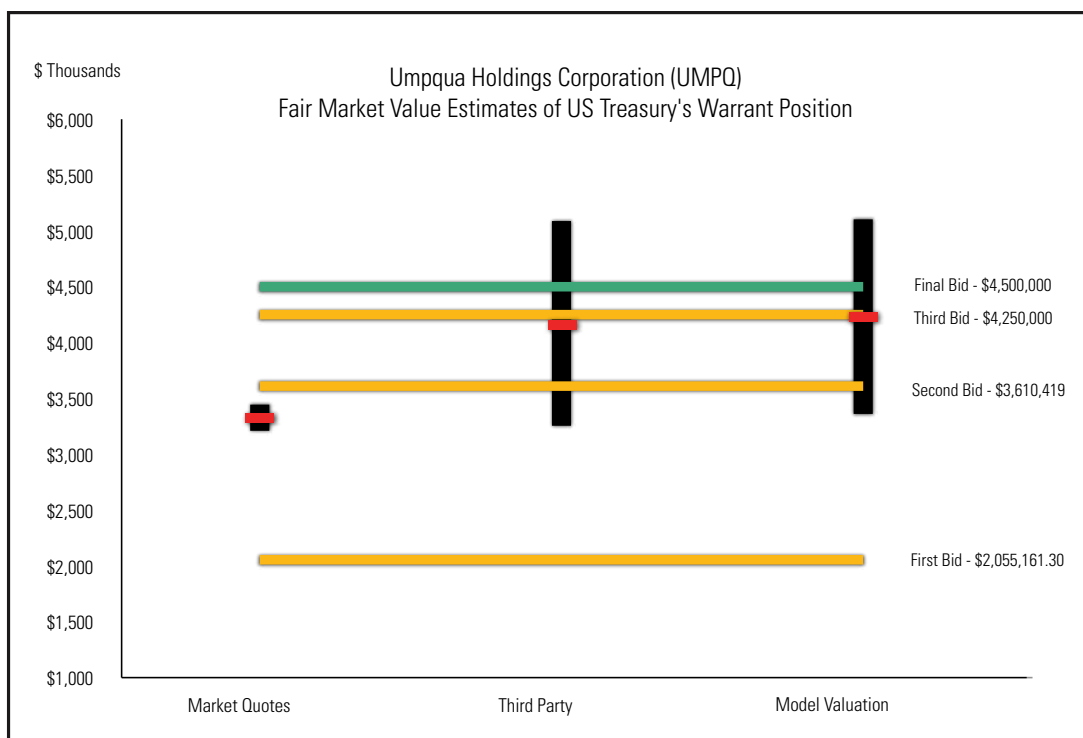


MNRK  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low   | High  | Estimate | Details   |
|-----------------|-------|-------|----------|---|
| Market Quotes   | \$132 | \$394 | \$263    | Two market indications                                    |
| Third Party     | \$201 | \$297 | \$260    | External asset manager's valuation estimates              |
| Model Valuation | \$230 | \$321 | \$275    | Binomial option model adjusted for American style options |

## Umpqua Holdings Corporation (UMPQ) Repurchase of UMPQ Warrant

On March 22, 2010, Umpqua Holdings Corporation (UMPQ) agreed to pay \$4.5 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 1,110,898 shares of UMPQ at an exercise price of \$14.46 per share. The warrant had an expiration date November 14, 2018.

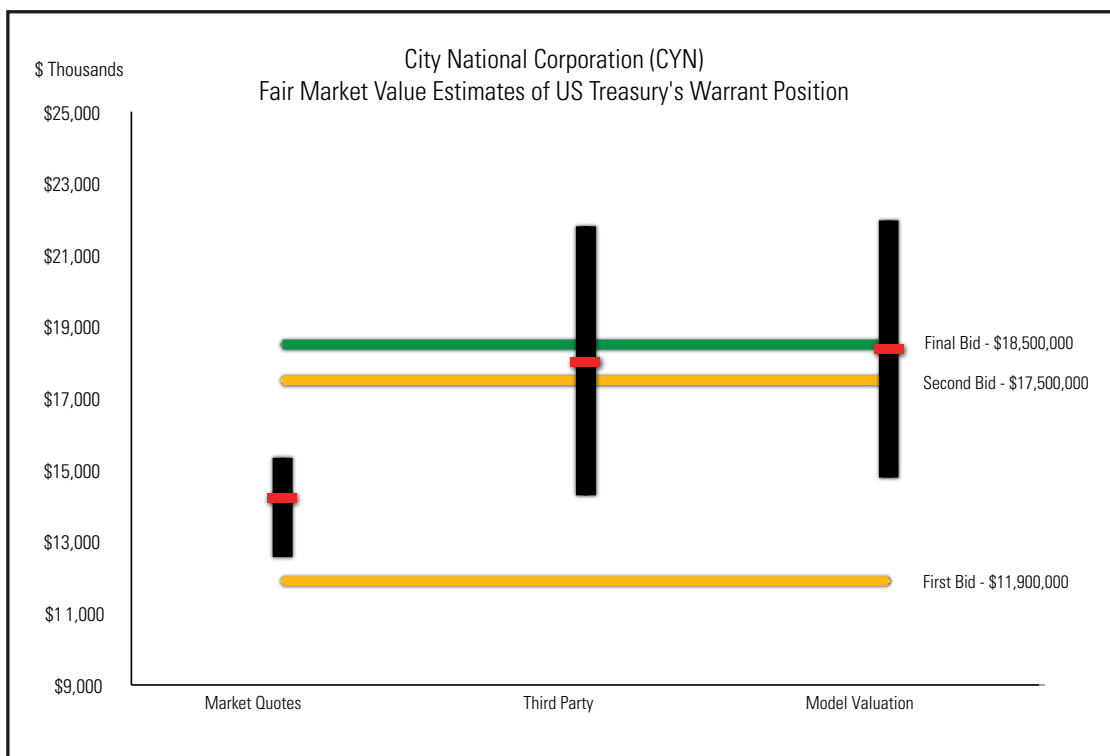


UMPQ  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low     | High    | Estimate | Details   |
|-----------------|---------|---------|----------|---|
| Market Quotes   | \$3,210 | \$3,444 | \$3,327  | Two market indications                                    |
| Third Party     | \$3,255 | \$5,088 | \$4,155  | External asset manager's valuation estimates              |
| Model Valuation | \$3,361 | \$5,103 | \$4,227  | Binomial option model adjusted for American style options |

## City National Corporation (CYN) Repurchase of CYN Warrant

On April 6, 2010, City National Corporation (CYN) agreed to pay \$18.5 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 1,128,668 shares of CYN at an exercise price of \$53.16 per share. The warrant had an expiration date November 21, 2018.

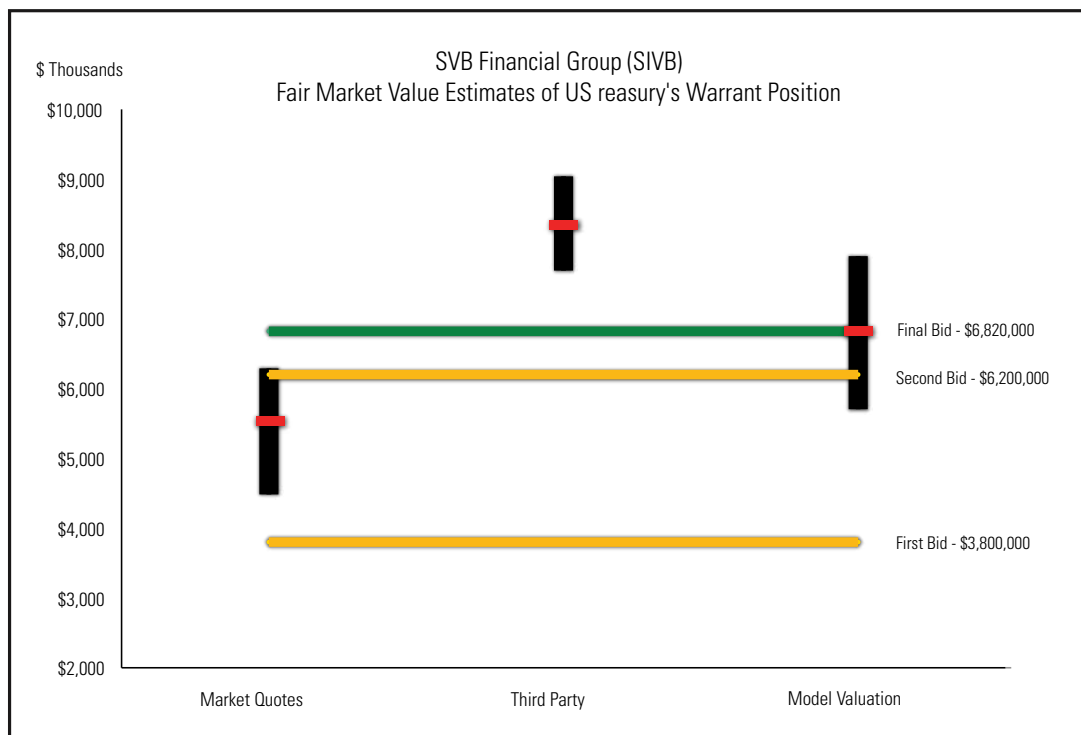


CYN  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low      | High     | Estimate | Details   |
|-----------------|----------|----------|----------|---|
| Market Quotes   | \$12,585 | \$15,338 | \$14,278 | Three market indications                                  |
| Third Party     | \$14,298 | \$21,800 | \$18,016 | External asset manager's valuation estimates              |
| Model Valuation | \$14,816 | \$21,947 | \$18,365 | Binomial option model adjusted for American style options |

## SVB Financial Group (SIVB) Repurchase of SIVB Warrant

On June 8, 2010, SVB Financial Group (SIVB) agreed to pay \$6.8 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 354,058 shares of SIVB at an exercise price of \$49.78 per share. The warrant had an expiration date December 12, 2018.



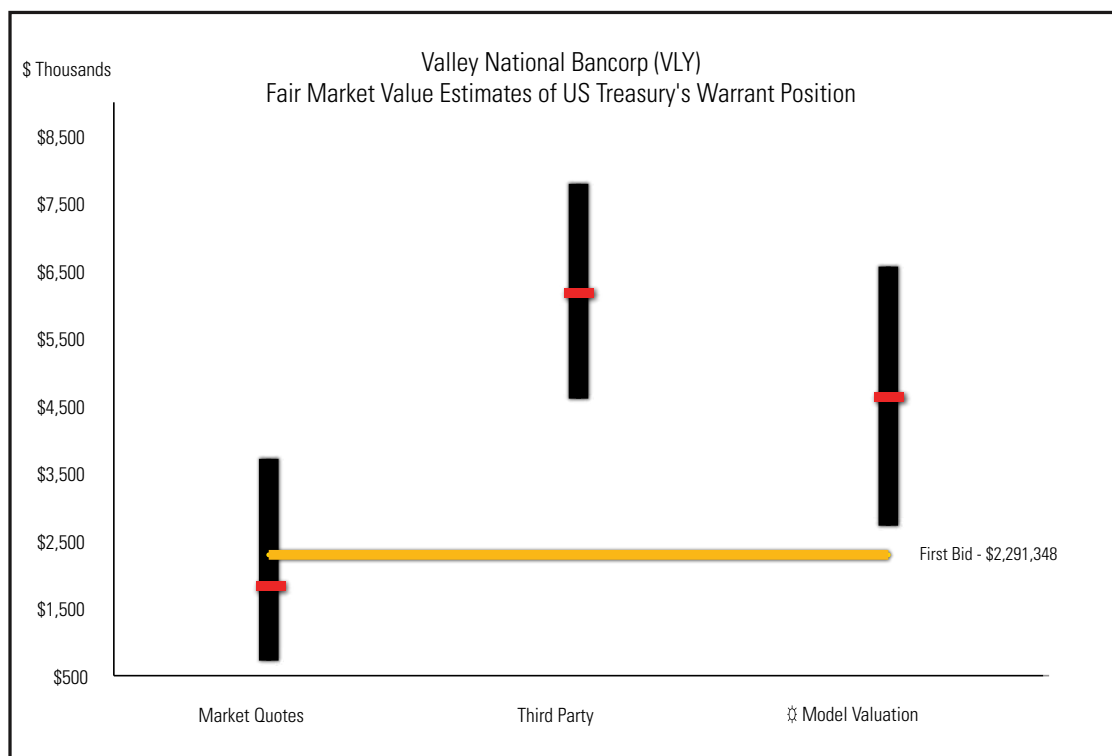
SIVB  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low     | High    | Estimate | Details   |
|-----------------|---------|---------|----------|---|
| Market Quotes   | \$4,483 | \$6,289 | \$5,524  | Three market indications                                  |
| Third Party     | \$7,690 | \$9,040 | \$8,364  | External asset manager's valuation estimates              |
| Model Valuation | \$5,704 | \$7,897 | \$6,782  | Binomial option model adjusted for American style options |



## Valley National Bancorp (VLY) Sale of VLY Warrant

On May 18, 2010, Treasury auctioned the Valley National Bancorp (VLY) warrant for \$5.6 million in gross proceeds. The warrant entitled the holder to purchase 2,532,542 shares of VLY at an exercise price of \$17.77 per share and expired on November 14, 2018.



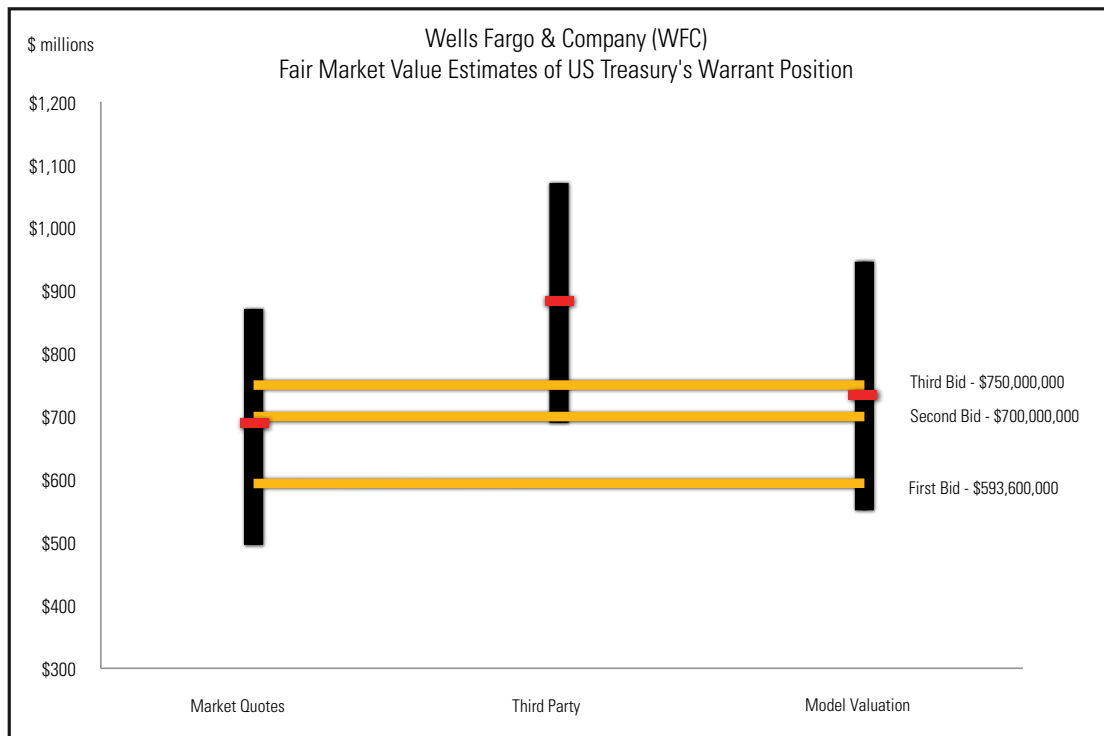
VLY  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low     | High    | Estimate | Details   |
|-----------------|---------|---------|----------|---|
| Market Quotes   | \$723   | \$3,714 | \$1,801  | Three market indications                                  |
| Third Party     | \$4,607 | \$7,791 | \$6,160  | External asset manager's valuation estimates              |
| Model Valuation | \$2,723 | \$6,564 | \$4,616  | Binomial option model adjusted for American style options |

NOTE: The above analysis was done to evaluate VLY's bid on 1/7/10 and is not directly comparable to the auction results on 5/18/10 as market conditions changed over the intervening five months.

Wells Fargo & Company (WFC)  
 Sale of WFC Warrant

On May 20, 2010, Treasury auctioned the Wells Fargo & Company (WFC) warrant for \$849 million in gross proceeds. The warrant entitled the holder to purchase 110,261,688 shares of WFC at an exercise price of \$34.01 per share and expired on October 28, 2018. Wells Fargo repurchased 70,165,963 warrant shares in the auction.



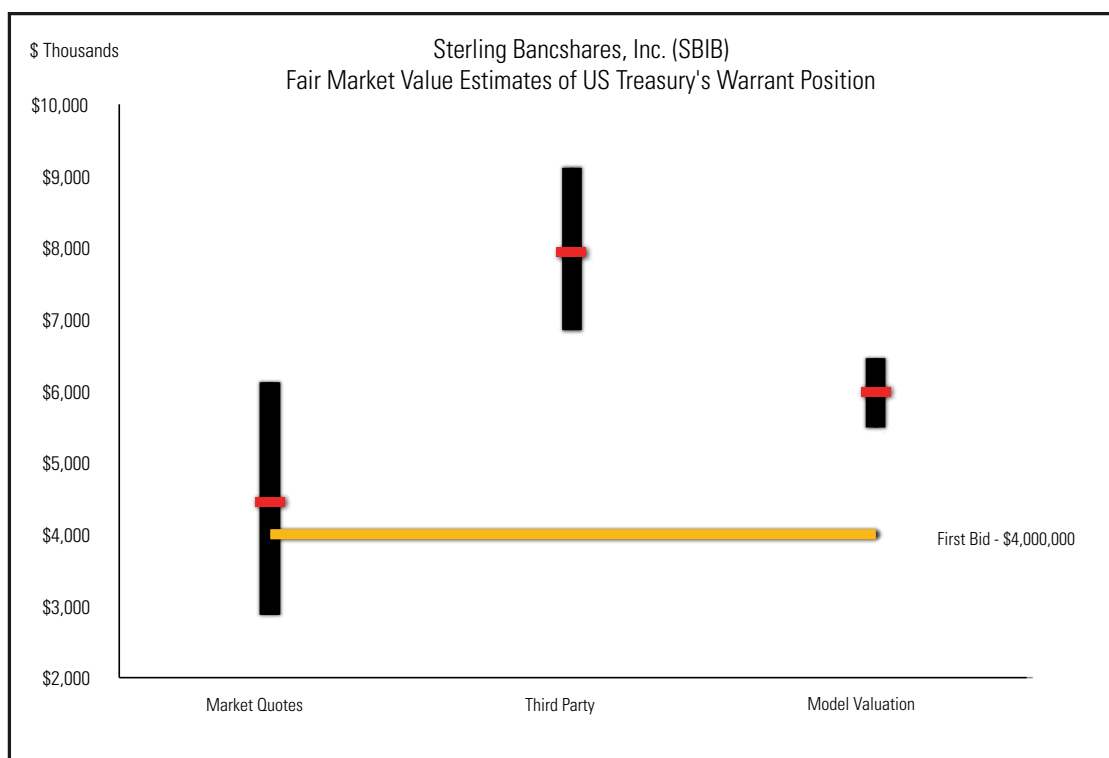
WFC  
 Valuation Estimates for Warrant  
 (\$millions)

|                 | Low   | High    | Estimate | Details   |
|-----------------|-------|---------|----------|---|
| Market Quotes   | \$496 | \$871   | \$686    | Seven market indications                                  |
| Third Party     | \$690 | \$1,071 | \$879    | External asset manager's valuation estimates              |
| Model Valuation | \$551 | \$946   | \$739    | Binomial option model adjusted for American style options |

NOTE: The above analysis was done to evaluate WFC's bid on 2/22/10 and is not directly comparable to the auction results on 5/20/10 as market conditions changed over the intervening three months. When considering Wells Fargo's offer to repurchase its warrant, Treasury concluded the market value realized through an auction would likely be in the high end of the valuation range. The results of past auctions have indicated that warrants associated with large well know companies, such as Wells Fargo, attract high levels of investor interest and competitive bidding.

## Sterling Bancshares, Inc. (SBIB) Sale of SBIB Warrant

On June 9, 2010, Treasury auctioned the Sterling Bancshares, Inc. (SBIB) warrant for \$3 million in gross proceeds. The warrant entitled the holder to purchase 2,615,557 shares of SBIB at an exercise price of \$7.18 per share and expired on December 12, 2018.



SBIB  
Valuation Estimates for Warrant  
(\$thousands)

|                 | Low     | High    | Estimate | Details   |
|-----------------|---------|---------|----------|---|
| Market Quotes   | \$2,877 | \$6,120 | \$4,467  | Five market indications                                   |
| Third Party     | \$6,828 | \$9,092 | \$7,955  | External asset manager's valuation estimates              |
| Model Valuation | \$5,491 | \$6,458 | \$5,988  | Binomial option model adjusted for American style options |

NOTE: The above analysis was done to evaluate SBIB's bid on 6/5/09 and is not directly comparable to the auction results on 6/9/10 as market conditions changed over the intervening twelve months. Specifically, SBIB's stock price declined 28% from \$7.02 on 6/5/09 to \$5.00 on 6/9/10.

# Appendix III – Warrant Portfolio

## Warrants Held in Institutions That Have Fully Redeemed CPP Investment as of June 30, 2010

| Institution Name                         | Ticker    | Preferred Repurchase Date | Preferred Investment (\$thousands) | Warrant Shares | Strike Price | QEO? (i.e. warrants cut by 50%) |
|--|-----------|---------------------------|------------------------------------|----------------|--------------|---------------------------------|
| Hartford Financial Services Group        | HIG       | 3/31/10                   | \$3,400,000                        | 52,093,973     | \$9.79       | -                               |
| Discover Financial Services <sup>1</sup> | DFS       | 4/21/10                   | \$1,224,558                        | 20,500,413     | \$8.96       | -                               |
| Lincoln National Corporation             | LNC       | 6/30/10                   | \$950,000                          | 13,049,451     | \$10.92      | -                               |
| Boston Private Financial Holdings Inc    | BPFH      | 6/16/10                   | \$154,000                          | 2,887,500      | \$8.00       | -                               |
| F.N.B. Corporation                       | FNB       | 9/9/09                    | \$100,000                          | 651,042        | \$11.52      | Yes                             |
| Westamerica Bancorporation               | WABC      | 11/18/09                  | \$83,726                           | 246,640        | \$50.92      | -                               |
| Lakeland Financial Corp                  | LKFN      | 6/9/10                    | \$56,044                           | 198,269        | \$21.20      | Yes                             |
| The Bancorp, Inc.                        | TBBK      | 3/10/10                   | \$45,220                           | 980,202        | \$3.46       | Yes                             |
| First Community Bancshares, Inc.         | FCBC      | 7/8/09                    | \$41,500                           | 88,273         | \$35.26      | Yes                             |
| Bank of Marin Bancorp                    | BMRC      | 3/31/09                   | \$28,000                           | 154,242        | \$27.23      | -                               |
| Shore Bancshares, Inc.                   | SHBI      | 4/15/09                   | \$25,000                           | 172,970        | \$21.68      | -                               |
| Middleburg Financial Corporation         | MBRG      | 12/23/09                  | \$22,000                           | 104,101        | \$15.85      | Yes                             |
| Bar Harbor Bankshares <sup>2</sup>       | BHB       | 2/24/10                   | \$18,751                           | 52,455         | \$26.81      | Yes                             |
| LCNB Corporation                         | LCNB      | 10/21/09                  | \$13,400                           | 217,063        | \$9.26       | -                               |
| Commerce National Bank                   | CNBF      | 10/7/09                   | \$5,000                            | 87,209         | \$8.60       | -                               |
| <b>TOTAL</b>                             | <b>15</b> |                           | <b>\$6,167,199</b>                 |                |              | <b>6</b>                        |

1) Discover Financial Services repurchased its warrant for \$172 million on July 7, 2010.

2) Bar Harbor Bankshares repurchased its warrant for \$250,000 on July 28, 2010.