



UNITED STATES DEPARTMENT OF THE TREASURY
OFFICE OF FINANCIAL STABILITY

Warrant Disposition Report



Troubled Asset Relief Program
Office of Financial Stability

TABLE OF CONTENTS

EXECUTIVE SUMMARY I

BACKGROUND 3

WARRANT DISPOSITION PROCESS 4

TREASURY’S EVALUATION OF ISSUER’S BID 5

REPURCHASES OF WARRANTS 8

AUCTIONS OF WARRANTS 9

WARRANT PORTFOLIO AS OF DECEMBER 31, 2009 II

 APPENDIX I – LEGISLATIVE BACKGROUND. 13

 APPENDIX II – DETAILED TABLES OF WARRANT REPURCHASES AND AUCTIONS 14

 APPENDIX III – WARRANT DISPOSITION DETAILS. 17

 APPENDIX IV – CHANGES IN MARKET CONDITIONS FROM ISSUER BID TO AUCTION 52

 APPENDIX V – QUALIFIED EQUITY OFFERINGS 53

The U.S. Department of the Treasury (Treasury) is pleased to present its TARP Warrant Disposition Report as of December 31, 2009. This report provides an overview of the warrants received by Treasury under the Capital Purchase Program (CPP) of the Troubled Asset Relief Program (TARP) and an explanation of the warrant disposition process and the results achieved on behalf of taxpayers.

EXECUTIVE SUMMARY

The Emergency Economic Stabilization Act of 2008 (EESA) requires that Treasury receive warrants in connection with the purchase of troubled assets.

A major part of the TARP was the CPP. It was created in October 2008 to stabilize the financial system by providing capital to viable banks of all sizes nationwide. Under this program, Treasury invested \$205 billion in 707 banks.

Under the CPP, Treasury purchased shares of senior preferred stock or other securities from qualifying U.S.-controlled banks, savings associations, and other financial institutions. As part of its investment, Treasury also received warrants to purchase shares of common stock or other securities from the banks. The purpose of the warrants was to provide taxpayers with an additional potential return on the government's investment.

To date, the disposition of warrants has succeeded in significantly increasing taxpayer returns on the CPP preferred investments that have been repaid. As of December 31, 2009, Treasury has received \$4 billion in gross proceeds on the disposition of warrants in 34 banks, consisting of (i) \$2.9 billion from repurchases by the issuers at agreed upon fair market values and (ii) \$1.1 billion from auctions.¹ For those 34 institutions, Treasury received an absolute return of 3.1% from dividends and an added 5.7% return from the sale of the warrants for a total absolute return of 8.8%.² These returns are not predictive of the eventual return on the entire CPP portfolio.

When a bank repays the CPP investment, it has the right to repurchase its warrants at an agreed upon fair market value. The warrants do not trade on any market and do not have observable market prices. Accordingly, Treasury has established a methodology for evaluating a company's determination of fair market value. If a bank chooses not to repurchase its warrants, then Treasury intends to sell the warrants to a third party.

The first CPP warrant repurchase was completed in May 2009, and Treasury began the public sale of warrants to third parties in December 2009. Treasury follows a consistent process to dispose of the CPP warrants for all banks, regardless of the size of the institution or the warrant position. This process is designed to ensure that taxpayers receive fair market value for the CPP warrants whether they are repurchased by the issuer or sold to a third party.

At the end of 2009, Treasury held warrants in 18 institutions that have fully redeemed the CPP investment, and Treasury intends to sell those positions in the near future. Treasury also holds warrants in 230 public companies that have not repaid the CPP investments. In addition, Treasury also holds warrants in public companies in connection with other TARP programs, such as the Targeted Investment Program (TIP) and the Asset Guarantee Program (AGP). For example, Treasury holds warrants in Bank of America Corporation associated with both CPP (121,792,790 shares with an exercise price of \$30.79) and TIP (150,375,940 shares with an exercise price of \$13.30). Treasury's disposition process is the same for warrants acquired under all TARP programs.

1 Six private banks have also repurchased the warrant preferred shares that Treasury exercised at the time of purchase. See Footnote 4 and the last table in Appendix II.

2 Returns not annualized.

The table below shows the proceeds from the eight largest warrant repurchases and the three warrant auctions as of December 31, 2009.

FIGURE I : SUMMARY OF GROSS PROCEEDS FROM SALE OF PUBLIC WARRANTS AS OF DECEMBER 31, 2009

Institution Name	Ticker	Preferred Repurchase Date	Preferred Amount (\$millions)	Warrant Repurchase/ Auction Date	Gross Warrant Proceeds (\$millions)
REPURCHASES					
Goldman Sachs Group, Inc.	GS	6/17/09	\$10,000.0	7/22/09	\$1,100.0
Morgan Stanley	MS	6/17/09	\$10,000.0	8/12/09	\$950.0
American Express Company	AXP	6/17/09	\$3,388.9	7/29/09	\$340.0
U.S. Bancorp	USB	6/17/09	\$6,599.0	7/15/09	\$139.0
Bank of New York Mellon	BK	6/17/09	\$3,000.0	8/5/09	\$136.0
Northern Trust Corporation	NTRS	6/17/09	\$1,576.0	8/26/09	\$87.0
BB&T Corporation	BBT	6/17/09	\$3,133.6	7/22/09	\$67.0
State Street Corporation	STT	6/17/09	\$2,000.0	7/8/09	\$60.0
Others			\$1,558.2		\$38.0
Total	31		\$41,255.7		\$2,917.0
AUCTIONS					
JPMorgan Chase & Co.	JPM	6/17/09	\$25,000.0	12/10/09	\$950.3
Capital One Financial Corp.	COF	6/17/09	\$3,555.2	12/3/09	\$148.7
TCF Financial Corporation	TCF	4/22/09	\$361.2	12/15/09	\$9.6
Total	3		\$28,916.4		\$1,108.6

BACKGROUND

As required by EESA, Treasury received warrants from CPP banks to provide taxpayers with an additional potential return on the government's investment.³

For each CPP 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 CPP 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 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.

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 before December 31, 2009 one or more QEOs 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. (See Appendix V for a list of all completed QEOs.)

The CPP contracts further provide that once the preferred investment is redeemed or sold by Treasury, the institution has a right to repurchase the 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. (See Appendix I for excerpts from EESA, AARA, and HFSTHA, which govern the warrant sales.)

³ 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.

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.⁴ The banks have 15 days from repayment of the preferred 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 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 three of such auctions in December 2009. 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.

⁴ Privately-held companies, S-corporations, and certain mutual institutions typically redeem their warrant preferred or subordinated debentures at par when redeeming the primary CPP investment. (See Appendix II for table of warrant preferred repurchases as of December 31, 2009.)

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. In the future, Treasury will utilize the market information from the trading of the recently auctioned CPP warrants as some indication of the market's expectations for long-term volatility, as well as continue to collect valuation estimates from market participants.

(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. The primary model that Treasury uses is 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.

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 II 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:

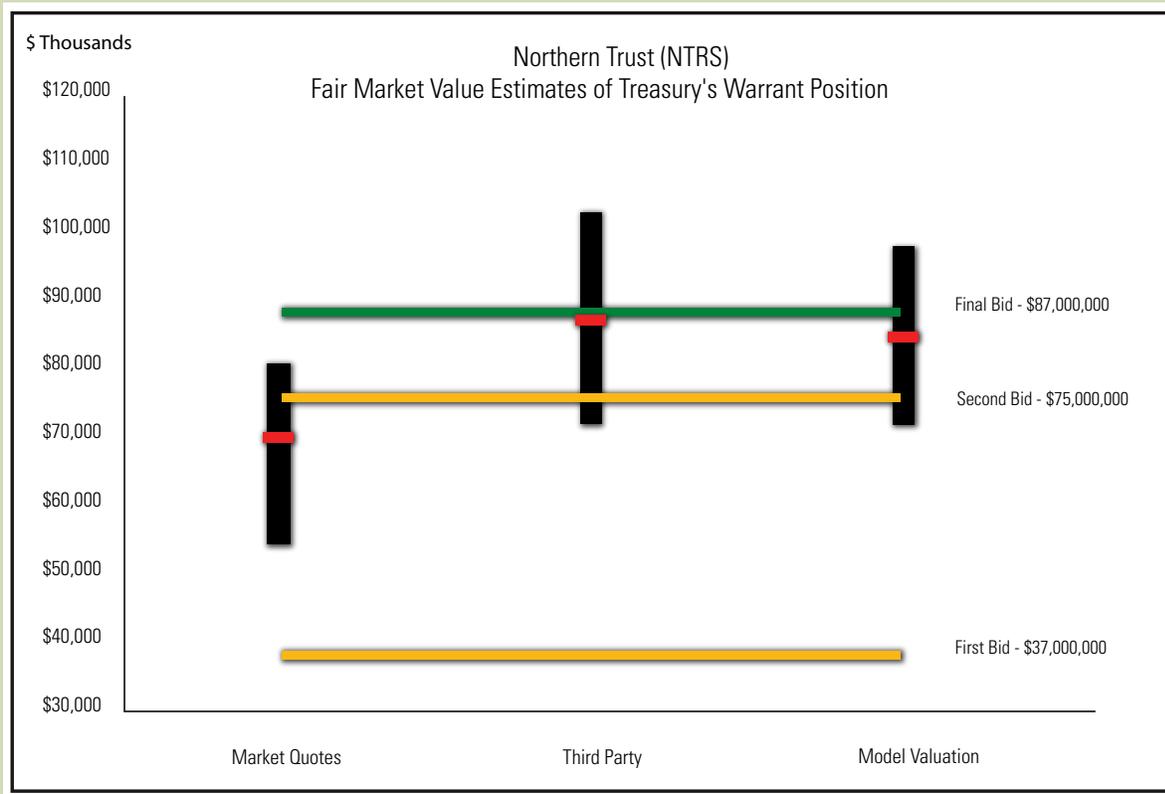
- how quickly Treasury would have to monetize the warrants if the issuer does not repurchase based on legislation in place at the time as discussed in the “Background” section of this report,
- the expertise and experience of the outside consultant providing the third party valuation,
- the quality and 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.

GRAPHICAL REPRESENTATION OF TREASURY'S WARRANT VALUATION ANALYSIS

Figure 2 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 III presents charts for all of the CPP warrant sales conducted as of December 31, 2009. As with the example below, all of the valuation estimates presented in Appendix III represent the final estimates used by Treasury officials when analyzing a repurchase request. Appendix III also notes additional relevant factors that were presented to the Warrant Committee.

FIGURE 2: EXAMPLE OF TREASURY'S WARRANT VALUATION ANALYSIS



REPURCHASES OF WARRANTS

Treasury began the sale of warrants back to banks that had repaid the CPP investment and wanted to repurchase their warrants in May 2009. In aggregate, as of December 31, 2009, Treasury has realized \$2.9 billion in gross proceeds from 31 warrant repurchases, which compares favorably to initial bids of \$1.7 billion and estimates of aggregate value of \$2.2 billion based on market indications, \$2.7 billion based on third party estimates, and \$2.6 billion based on Treasury's internal financial models.

The initial repurchases that took place in May 2009 and their accompanying warrant valuations should be viewed in light of two factors particular to those transactions. First, the expertise and experience of the outside third parties affected the independent valuations provided. Second, at that time, Treasury was required to liquidate the warrants upon an issuer's repayment pursuant to the terms of ARRA. Although it was not clear how quickly liquidation was required, Treasury believed that sales should be made promptly and attempted to complete sales expeditiously. This standard was later modified by HFSTHA to provide that Treasury "may liquidate" the warrants following repayment. (See Appendix I – Legislative Background.)

In all cases, Treasury has agreed to let an issuer repurchase its warrants only when the issuer's bid was within the range of what Treasury determined to be fair market value.

The table below shows all of the warrant the repurchases as of December 31, 2009, arrayed by amount of proceeds.

FIGURE 3: ISSUER REPURCHASES OF PUBLIC WARRANTS AS OF DECEMBER 31, 2009

Institution Name	Ticker	Preferred Redemption Date	Preferred Amount Redeemed (\$thousands)	Warrant Repurchase Date	Gross Warrant Proceeds (\$thousands)	QEO? (i.e. warrants cut by 50%)
Goldman Sachs Group, Inc.	GS	6/17/09	\$10,000,000	7/22/09	\$1,100,000	-
Morgan Stanley	MS	6/17/09	10,000,000	8/12/09	950,000	-
American Express Company	AXP	6/17/09	3,388,890	7/29/09	340,000	-
U.S. Bancorp	USB	6/17/09	6,599,000	7/15/09	139,000	-
Bank of New York Mellon	BK	6/17/09	3,000,000	8/5/09	136,000	-
Northern Trust Corporation	NTRS	6/17/09	1,576,000	8/26/09	87,000	-
BB&T Corporation	BBT	6/17/09	3,133,640	7/22/09	67,010	-
State Street Corporation	STT	6/17/09	2,000,000	7/8/09	60,000	Yes
Trustmark Corporation	TRMK	12/9/09	215,000	12/30/09	10,000	-
FirstMerit Corp	FMER	4/22/09	125,000	5/27/09	5,025	-
First Niagra Financial Group	FNFG	5/27/09	184,011	6/24/09	2,700	Yes
Bank of the Ozarks, Inc.	OZRK	11/4/09	75,000	11/24/09	2,650	-
Independent Bank Corp	INDB	4/22/09	78,158	5/27/09	2,200	-
Sun Bancorp, Inc.	SNBC	4/8/09	89,310	5/27/09	2,100	-
SCBT Financial Corporation	SCBT	5/20/09	64,779	6/24/09	1,400	-
Bancorp Rhode Island, Inc.	BARI	8/5/09	30,000	9/30/09	1,400	-
CVB Financial Corp.	CVBF	9/2/09	130,000	10/28/09	1,307	Yes
Old National Bancorp	ONB	3/31/09	100,000	5/8/09	1,200	-
IBERIABANK Corporation	IBKC	3/31/09	90,000	5/20/09	1,200	Yes
Berkshire Hills Bancorp	BHLB	5/27/09	40,000	6/24/09	1,040	-
Wesbanco, Inc.	WSBC	9/9/09	75,000	12/23/09	950	-
Alliance Financial Corporation	ALNC	5/13/09	26,918	6/17/09	900	-
Flushing Financial Corporation	FFIC	10/28/09	70,000	12/30/09	900	Yes
HF Financial Corp.	FFFC	6/3/09	25,000	6/30/09	650	-
Wainwright Bank and Trust	WAIN	11/24/09	22,000	12/16/09	569	-
LSB Corporation	LSBX	11/18/09	15,000	12/16/09	560	-
Union Bankshares Corporation	UBSH	11/18/09	59,000	12/23/09	450	Yes
Somerset Hills Bancorp	SOMH	5/20/09	7,414	6/24/09	275	-
Old Line Bancshares, Inc.	OLBK	7/15/09	7,000	9/2/09	225	-
CenterState Banks, Inc.	CSFL	9/30/09	27,875	10/28/09	212	Yes
Manhattan Bancorp	MNHN	9/16/09	1,700	10/14/09	63	-
TOTAL	31		\$41,255,695		\$2,916,986	7

AUCTIONS OF WARRANTS

In the event an issuer does not repurchase its warrants, Treasury sells each institution's warrants as quickly as practicable and, when possible, by public auctions. Treasury's public auctions of CPP warrants began in December 2009 with the auctions of its warrants in JPMorgan Chase & Co., Capital One Financial Corp., and TCF Financial Corporation. These auctions generated \$1.109 billion in gross proceeds (\$1.092 billion net of underwriting fees). The net proceeds of the auctions exceeded the issuers' bids by an aggregate amount of \$217 million. (See tables in Appendix II for details on individual bank's bids and the auction proceeds received.)

Market conditions had changed between the time of the banks' bids to repurchase their warrants directly from Treasury and the commencement of the auctions. In the case of JPMorgan and Capital One Financial, their share prices increased from the time of their bids to the auctions; however, this beneficial effect on the value of the warrants held by Treasury was at least partially offset by declines in the expected future volatility of their stocks. For TCF Financial, both its stock price and the expected future volatility of its stock declined, but Treasury still received about three times as much as the issuer's bid for the warrants. (See Appendix IV for charts detailing the change in stock prices and the implied volatilities of the underlying stock for the three auctioned warrants between the date of the issuer's bid to Treasury and the date of the auction.)

These auctions demonstrate Treasury's ability to dispose of the warrants at fair market values if an issuer chooses not to repurchase.

The table below shows the warrants sold to third parties as of December 31, 2009.

FIGURE 4: WARRANT AUCTIONS

Institution Name	Ticker	Preferred Redemption Date	Preferred Amount Redeemed (\$thousands)	Auction Date	Gross Warrant Proceeds (\$thousands)	QEO? (i.e. warrants cut by 50%)
JPMorgan Chase & Co	JPM	6/17/09	\$25,000,000	12/10/09	\$950,318	-
Capital One Financial Corp.	COF	6/17/09	3,555,199	12/3/09	148,731	-
TCF Financial Corporation	TCF	4/22/09	361,172	12/15/09	9,600	-
TOTAL	3		\$28,916,371		\$1,108,649	0

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 1.5% of the gross proceeds (\$16.6 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 5 and 6 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 5: ILLUSTRATIVE CUMULATIVE AUCTION DEMAND BY PRICE

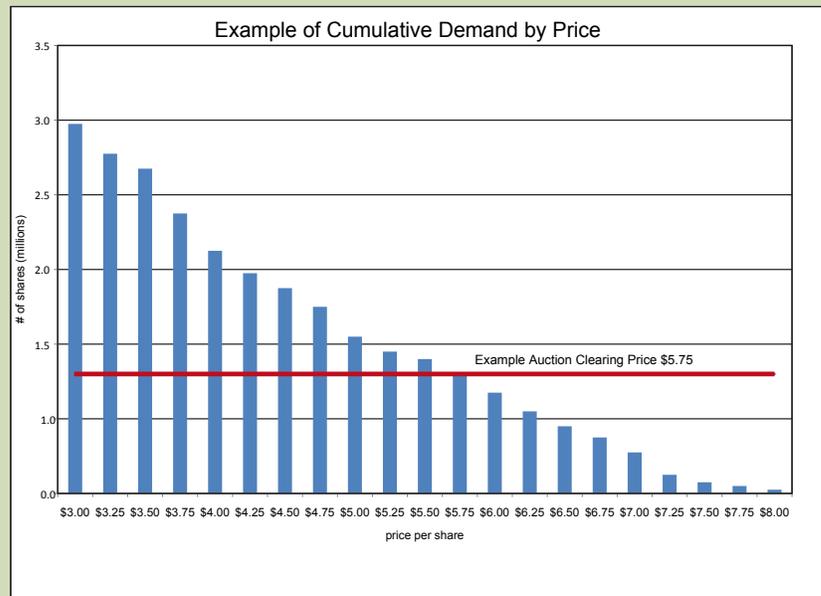
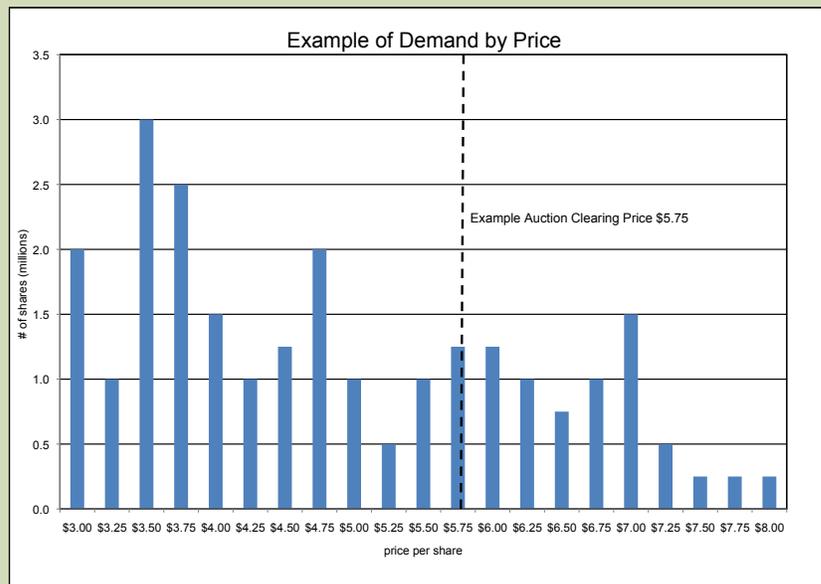


FIGURE 6: ILLUSTRATIVE AUCTION DEMAND BY PRICE



WARRANT PORTFOLIO AS OF DECEMBER 31, 2009

At the end of 2009, Treasury continued to hold warrants in 18 institutions that have fully redeemed the CPP investment as well as warrants in 230 public companies that have not repaid.

The table below shows the warrants still held in institutions that have redeemed their CPP investment.

FIGURE 7: WARRANTS HELD IN INSTITUTIONS THAT HAVE FULLY REDEEMED CPP INVESTMENT AS OF DECEMBER 31, 2009

Institution Name	Ticker	Preferred Repurchase Date	Preferred Investment (\$thousands)	Warrant Shares	Strike Price	QEO? (i.e. warrants cut by 50%)
Bank of America Corporation	BAC	12/9/09	\$25,000,000	121,792,790	\$30.79	-
Wells Fargo & Company	WFC	12/23/09	\$25,000,000	110,261,688	\$34.01	-
Valley National Bancorp	VLV	12/23/09	\$300,000	2,411,945	\$18.66	-
SVB Financial Group	SIVB	12/23/09	\$235,000	354,058	\$49.78	Yes
Washington Federal, Inc.	WFSL	5/27/09	\$200,000	1,707,456	\$17.57	-
Sterling Bancshares, Inc.	SBIB	5/5/09	\$125,198	2,615,557	\$7.18	-
Signature Bank	SBNY	3/31/09	\$120,000	595,829	\$30.21	-
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	-
Texas Capital Bancshares, Inc.	TCBI	5/13/09	\$75,000	758,086	\$14.84	-
First Community Bancshares, Inc.	FCBC	7/8/09	\$41,500	88,273	\$35.26	Yes
OceanFirst Financial Corp.	OCFC	12/30/09	\$38,263	190,427	\$15.07	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
Monarch Financial Holdings, Inc.	MNRK	12/23/09	\$14,700	132,353	\$8.33	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	-
TOTAL	18		\$51,426,787			6

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APPENDIX I – LEGISLATIVE BACKGROUND

EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

OCTOBER 3, 2008

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ343.110.pdf

Section 113 (d)(1). In general.--The Secretary may not purchase, or make any commitment to purchase, any troubled asset under the authority of this Act, unless the Secretary receives from the financial institution from which such assets are to be purchased—

(A) in the case of a financial institution, the securities of which are traded on a national securities exchange, a warrant giving the right to the Secretary to receive nonvoting common stock or preferred stock in such financial institution, or voting stock with respect to which, the Secretary agrees not to exercise voting power, as the Secretary determines appropriate; or

(B) in the case of any financial institution other than one described in subparagraph (A), a warrant for common or preferred stock, or a senior debt instrument from such financial institution, as described in paragraph (2)(C).

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

FEBRUARY 17, 2009

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_public_laws&docid=f:publ005.111.pdf

Section 7001. “(g) NO IMPEDIMENT TO WITHDRAWAL BY TARP RECIPIENTS.— Subject to consultation with the appropriate Federal banking agency (as that term is defined in section 3 of the Federal Deposit Insurance Act), if any, the Secretary shall permit a TARP recipient to repay any assistance previously provided under the TARP to such financial institution, without regard to whether the financial institution has replaced such funds from any other source or to any waiting period, and when such assistance is repaid, the Secretary shall liquidate warrants associated with such assistance at the current market price.”

HELPING FAMILIES SAVE THEIR HOMES ACT OF 2009

MAY 20, 2009

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_public_laws&docid=f:publ022.111.pdf

Section 403. REMOVAL OF REQUIREMENT TO LIQUIDATE WARRANTS UNDER THE TARP. Section 111(g) of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5221(g)) is amended by striking “shall liquidate warrants associated with such assistance at the current market price” and inserting “, at the market price, may liquidate warrants associated with such assistance”.

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 Auction Gross Proceeds	Estimated Implied Volatility*	Stock Price	20-day Avg Stock Price	Decision Date	
													Warrant Price	Underlying / Strike
Goldman Sachs Group, Inc.	GS	7/21/09	7/22/09	10/28/18	\$122.90	-	12,205,045	\$90.13	\$1,100,000,000	40.6% - 44.5%	\$159.80	\$148.16	0.96	1.30 x
Morgan Stanley	MS	8/5/09	8/12/09	10/28/18	22.98	-	66,245,759	14.56	950,000,000	33.3% - 38.7%	31.05	28.16	0.47	1.35 x
American Express Company	AXP	7/27/09	7/29/09	1/9/19	20.95	-	24,264,129	14.01	340,000,000	37.6% - 40.7%	28.38	25.71	0.49	1.35 x
U.S. Bancorp	USB	7/8/09	7/15/09	11/14/18	30.29	-	32,679,102	4.25	139,000,000	39.3% - 42.6%	16.59	17.69	0.26	0.85 x
Bank of New York Mellon	BK	7/31/09	8/5/09	10/28/18	31.00	-	14,516,129	9.37	136,000,000	35.7% - 39.6%	27.34	27.98	0.34	0.88 x
Northern Trust Corporation	NTRS	8/19/09	8/26/09	11/14/18	61.81	-	3,824,624	22.75	87,000,000	31.1% - 35.9%	60.38	60.00	0.38	0.86 x
BB&T Corporation	BBT	7/14/09	7/22/09	11/14/18	33.81	-	13,902,573	4.82	67,010,402	32.0% - 35.1%	21.65	21.64	0.22	0.64 x
State Street Corporation	STT	7/1/09	7/8/09	10/28/18	53.80	Yes	2,788,104	21.52	60,000,000	37.9% - 43.6%	47.35	46.98	0.45	0.88 x
Trustmark Corporation	TRMK	12/29/09	12/30/09	11/21/18	19.57	-	1,647,931	6.07	10,000,000	19.0% - 22.9%	22.80	20.84	0.27	1.17 x
FirstMart Corp.	FMR	5/21/09	5/27/09	1/9/19	19.69	-	952,260	5.28	5,025,000	34.9% - 38.3%	17.54	19.27	0.30	0.82 x
First Niagara Financial Group	FNFG	6/19/09	6/24/09	11/21/18	14.48	Yes	953,066	2.83	2,700,000	28.5% - 31.7%	11.93	12.05	0.24	0.82 x
Bank of the Ozarks, Inc.	OZBK	11/18/09	11/24/09	12/12/18	29.62	-	379,911	6.98	2,850,000	20.9% - 25.1%	27.48	24.46	0.25	0.93 x
Independent Bank Corp.	INDB	5/21/09	5/27/09	1/9/19	24.34	-	481,664	4.57	2,200,000	28.5% - 31.6%	19.60	19.92	0.23	0.81 x
Sun Bancorp, Inc.	SNBC	5/19/09	5/27/09	1/9/19	8.27	-	1,620,545	1.30	2,100,000	16.0% - 19.9%	6.25	6.36	0.21	0.76 x
Bancorp Rhode Island	BARI	9/21/09	9/30/09	12/19/18	23.32	-	192,967	7.26	1,400,000	21.9% - 26.6%	24.66	25.57	0.29	1.06 x
SCBT Financial Corporation	SCBT	6/16/09	6/24/09	1/16/19	32.06	-	303,083	4.82	1,400,000	24.1% - 27.4%	23.16	23.45	0.20	0.72 x
CVB Financial Corp.	CVBF	10/21/09	10/28/09	12/5/18	11.68	Yes	834,761	1.57	1,307,000	26.4% - 29.2%	8.81	7.73	0.18	0.75 x
IBERIABANK Corporation	IBKC	5/12/09	5/20/09	12/5/18	48.74	Yes	138,490	8.66	1,200,000	17.5% - 20.8%	47.22	48.23	0.18	0.97 x
Old National Bancorp	ONB	5/6/09	5/6/09	12/12/18	18.45	-	813,008	1.48	1,200,000	20.3% - 23.6%	14.33	14.18	0.10	0.78 x
Berkshire Hills Bancorp	BHLB	6/17/09	6/24/09	12/19/18	28.51	-	226,330	4.80	1,040,000	24.0% - 28.0%	20.17	21.38	0.23	0.76 x
Westbanco, Inc.	WSBC	12/11/09	12/23/09	12/5/18	25.61	-	433,282	2.16	950,000	38.1% - 40.7%	12.41	12.71	0.17	0.48 x
Alliance Financial Corporation	ALNC	6/12/09	6/17/09	12/19/18	23.33	-	173,069	5.20	900,000	13.8% - 17.0%	26.61	25.50	0.20	1.14 x
Flushing Financial Corporation	FFC	12/28/09	12/30/09	12/19/18	13.97	Yes	375,805	2.39	900,000	22.4% - 25.9%	11.73	10.92	0.20	0.84 x
HF Financial Corp.	HFFC	6/29/09	6/30/09	11/21/18	12.40	-	302,419	2.15	850,000	18.3% - 21.5%	11.95	12.08	0.18	0.96 x
Wainwright Bank and Trust	WAIN	12/11/09	12/16/09	12/19/18	8.46	-	398,071	1.46	588,700	27.8% - 30.7%	7.00	6.75	0.21	0.83 x
LSB Corporation	LSBX	12/8/09	12/16/09	12/12/18	10.74	-	208,497	2.67	560,000	22.1% - 25.3%	11.28	11.00	0.24	1.05 x
Union Bankshares Corporation	UBSH	12/16/09	12/23/09	12/19/18	20.94	Yes	211,318	2.13	450,000	30.3% - 33.0%	11.83	11.93	0.18	0.57 x
Somerset Hills Bancorp	SOMH	6/17/09	6/24/09	1/16/19	6.82	-	163,065	1.89	275,000	14.8% - 18.4%	7.80	7.73	0.22	1.14 x
Old Line Bankshares	OLBK	8/20/09	9/2/09	12/5/18	7.40	-	141,892	1.59	225,000	26.3% - 30.1%	6.10	6.21	0.26	0.82 x
CenterState Banks, Inc.	CSFL	10/21/09	10/28/09	11/21/18	16.67	Yes	125,413	1.69	212,000	34.9% - 38.2%	7.47	7.64	0.23	0.45 x
Manhattan Bancorp	MINN	10/9/09	10/14/09	12/5/18	8.65	-	29,480	2.15	63,364	29.7% - 34.6%	6.60	6.53	0.33	0.76 x
TOTAL	31	-	-	-	-	7	-	-	\$2,916,986,466	-	-	-	-	-

* 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.

Institution Name	Ticker	Announce Date	Auction Date	Expiration Date	Strike Price	QEO? (i.e. warrants cut by 50%)	Warrant Shares	Warrant Price Per Share	Warrant Auction Gross Proceeds	Estimated Implied Volatility*	Stock Price	20-day Avg Stock Price	Decision Date	
													Warrant Price	Underlying / Strike
JPMorgan Chase & Co.	JPM	12/8/09	12/10/09	10/28/18	\$42.42	-	88,401,697	\$10.75	\$950,319,243	23.8% - 27.5%	\$41.27	\$42.24	0.26	0.97 x
Capital One Financial Corp.	COF	12/1/09	12/3/09	11/14/18	42.13	-	12,857,980	11.75	148,731,030	34.6% - 38.2%	36.92	36.66	0.32	0.88 x
TFC Financial Corporation	TFC	12/14/09	12/15/09	11/14/18	16.93	-	3,193,988	3.00	9,593,964	28.8% - 32.1%	13.22	12.78	0.23	0.78 x
TOTAL	3	-	-	-	-	0	-	-	\$1,108,649,237	-	-	-	-	-

* 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.

ISSUER REPURCHASES OF WARRANT PREFERRED OR WARRANT SUB DEBT

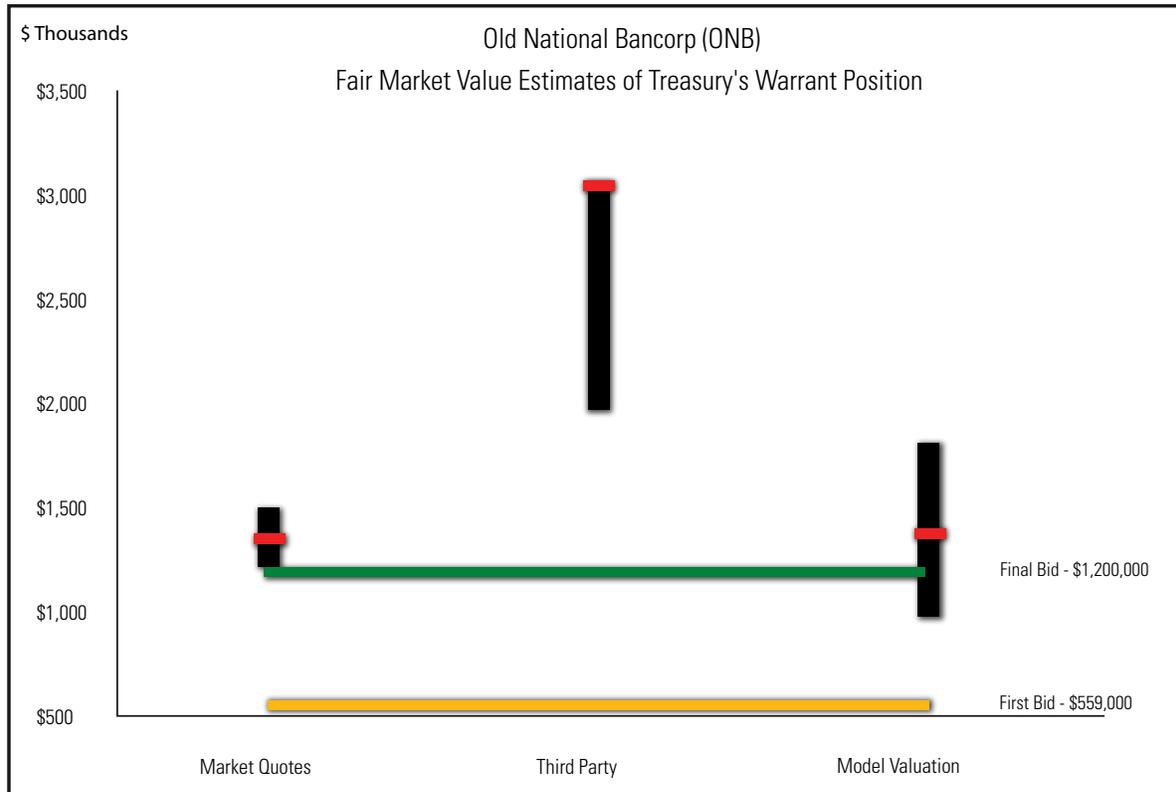
Institution Name	Repurchase Date	CPP Investment (\$thousands)	Warrant Repurchase	Gross Warrant Proceeds (\$thousands)
Centra Financial Holdings, Inc.	3/31/09	\$15,000	4/15/09	\$750
First Manitowoc Bancorp, Inc.	5/27/09	\$12,000	5/27/09	600
Midland States Bancorp, Inc.	12/23/09	\$10,189	12/23/09	509
1st United Bancorp, Inc.	11/18/09	\$10,000	11/18/09	500
First ULB Corp.	4/22/09	\$4,900	4/22/09	245
Midwest Regional Bancorp, Inc.	11/10/09	\$700	11/10/09	35
TOTAL		\$52,789		\$2,639

APPENDIX III – WARRANT DISPOSITION DETAILS

Institution	Ticker	Decision Date on Issuer's Final Bid
Old National Bank	ONB	May 6, 2009
IBERIABANK	IBKC	May 12, 2009
Sun Bancorp	SNBC	May 19, 2009
FirstMerit	FMER	May 21, 2009
Independent Bank	INDB	May 21, 2009
Alliance Financial	ALNC	June 12, 2009
SCBT Financial	SCBT	June 16, 2009
Berkshire Hills	BHLB	June 17, 2009
Somerset Hills	SOMH	June 17, 2009
First Niagra	FNFG	June 19, 2009
HF Financial	HFFC	June 29, 2009
State Street	STT	July 1, 2009
U.S. Bancorp	USB	July 8, 2009
BB&T	BBT	July 14, 2009
Goldman Sachs	GS	July 21, 2009
American Express	AXP	July 27, 2009
Bank of New York Mellon	BK	July 31, 2009
Morgan Stanley	MS	August 5, 2009
Northern Trust	NTRS	August 19, 2009
Old Line Bancshares	OLBK	August 20, 2009
Bancorp Rhode Island	BARI	September 21, 2009
Manhattan Bancorp	MNHN	October 9, 2009
CenterState Banks, Inc.	CSFL	October 20, 2009
CVB Financial	CVBF	October 21, 2009
Bank of the Ozarks	OZRK	November 18, 2009
LSB Corporation	LSBX	December 8, 2009
Wainwright Bank and Trust	WAIN	December 11, 2009
Wesbanco, Inc.	WSBC	December 11, 2009
Union Bankshares Corporation	UBSH	December 16, 2009
Flushing Financial Corporation	FFIC	December 28, 2009
Trustmark Corporation	TRMK	December 29, 2009
Institution	Ticker	Auction Date
Capital One Financial	COF	December 3, 2009
JPMorgan	JPM	December 10, 2009
TCF Financial	TCB	December 15, 2009

OLD NATIONAL BANCORP (ONB) REPURCHASE OF ONB WARRANT

On May 6, 2009, Old National Bancorp (ONB) agreed to pay \$1.2 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 813,008 shares of ONB at a strike price of \$18.45 per share. The warrant had an expiration date of December 12, 2018.



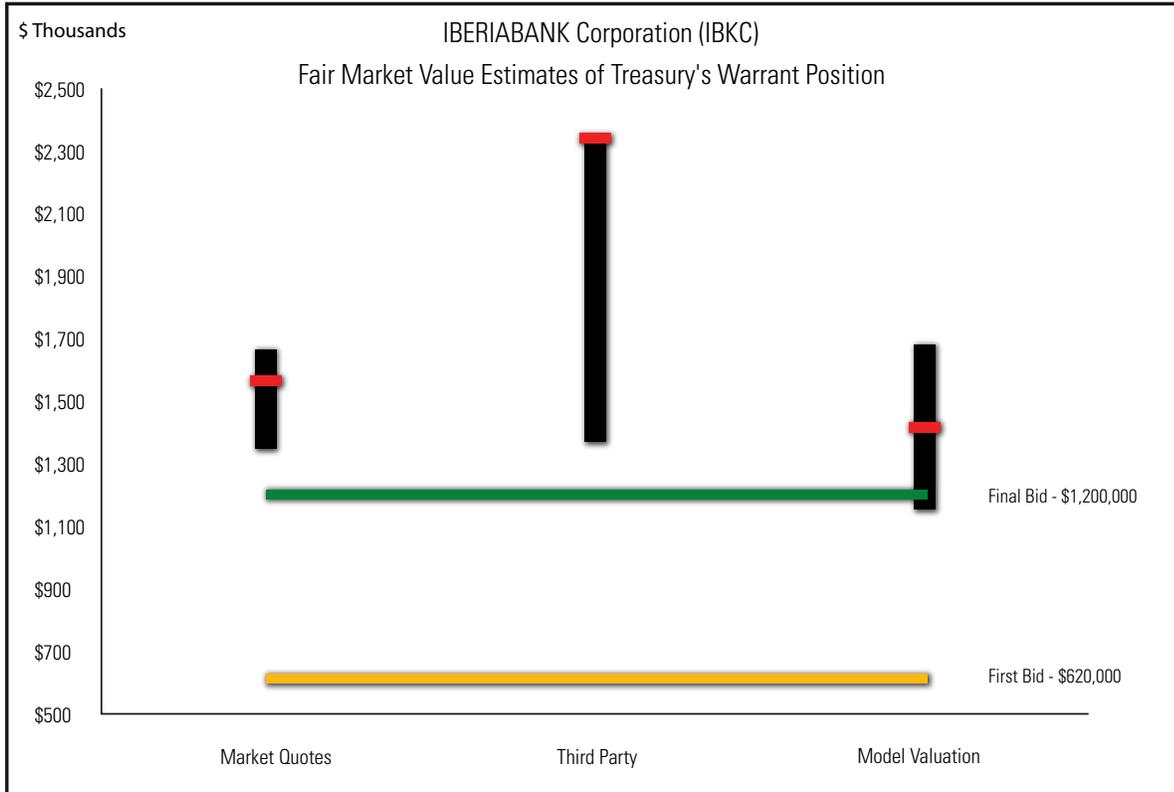
Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$1,220	\$1,490	\$1,353	Three market indications.
Third Party	\$1,969	\$3,054	\$3,054	Binomial option model adjusted for American style options
Model Valuation	\$1,070	\$1,652	\$1,326	Binomial option model adjusted for American style options

NOTE: 1) At the time of the decision, the external asset managers had not been hired. Treasury relied on financial modeling consultants to provide third party input. The modeling consultants may not have had market expertise necessary to make reasonable assumptions for key inputs such as volatility and dividend yield. 2) At that time, legislation may have required that Treasury dispose of the warrants immediately. The fixed cost of disposing of the warrants was taken into consideration when analyzing the company's determination of fair market value.

IBERIABANK CORPORATION (IBKC)
 REPURCHASE OF IBKC WARRANT

On May 12, 2009, IBERIABANK Corporation (IBKC) agreed to pay \$1.2 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 138,490 shares of IBKC at a strike price of \$48.74 per share. The warrant had an expiration date of December 5, 2018.



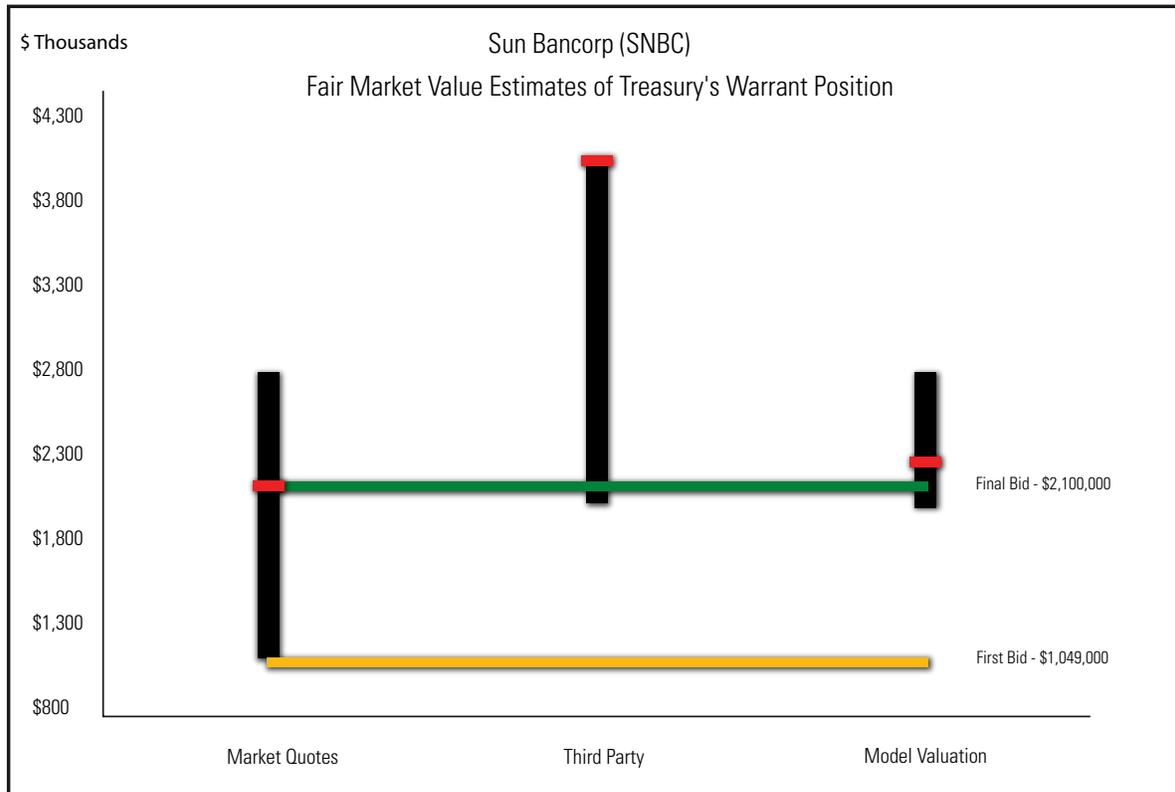
Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$1,350	\$1,662	\$1,566	Four market indications.
Third Party	\$1,370	\$2,334	\$2,334	Binomial option model adjusted for American style options
Model Valuation	\$1,156	\$1,682	\$1,421	Binomial option model adjusted for American style options

NOTE: 1) At the time of the decision, the external asset managers had not been hired. Treasury relied on financial modeling consultants to provide third party input. The modeling consultants may not have had market expertise necessary to make reasonable assumptions for key inputs such as volatility and dividend yield. 2) At that time, legislation may have required that Treasury dispose of the warrants immediately. The fixed cost of disposing of the warrants was taken into consideration when analyzing the company's determination of fair market value.

SUN BANCORP, INC. (SNBC)
 REPURCHASE OF SNBC WARRANT

On May 19, 2009, Sun Bancorp, Inc. (SNBC) agreed to pay \$2.1 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 1,620,545 shares of SNBC at a strike price of \$8.27 per share. The warrant had an expiration date of January 9, 2019.



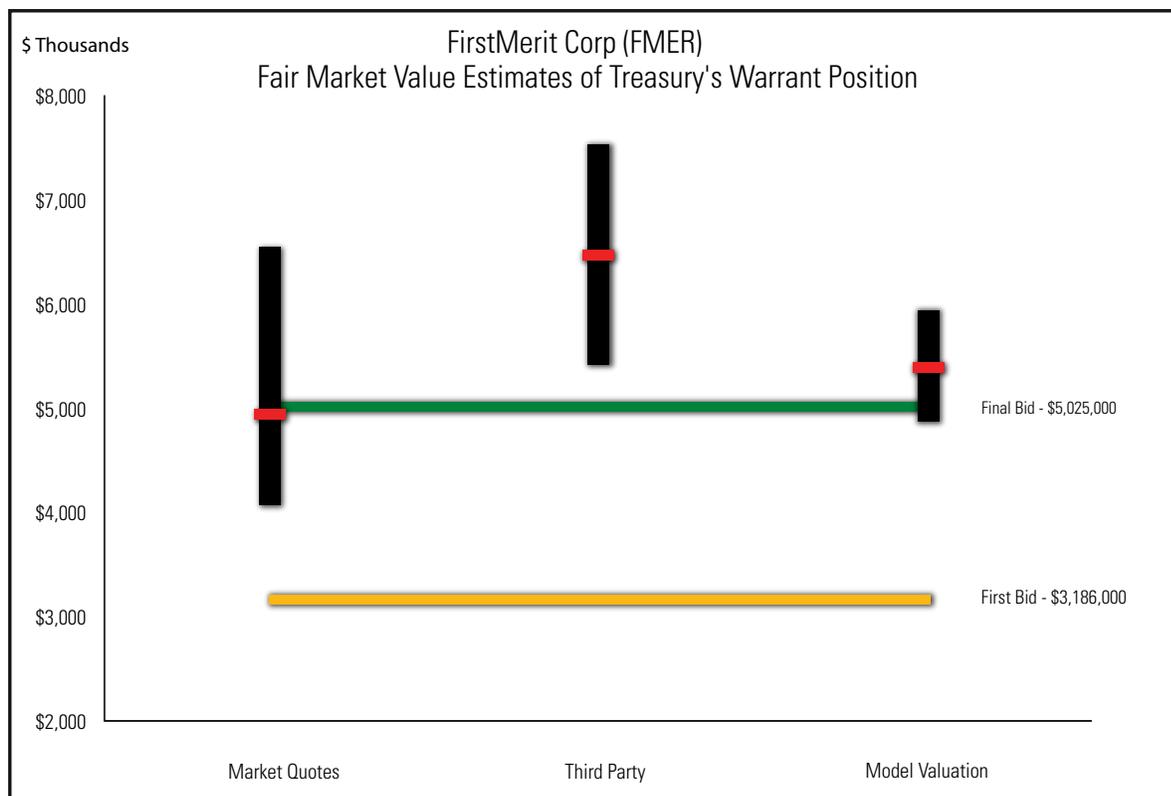
Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$1,080	\$2,778	\$2,096	Three market indications.
Third Party	\$2,000	\$4,028	\$4,028	Binomial option model adjusted for American style options
Model Valuation	\$1,974	\$2,771	\$2,252	Binomial option model adjusted for American style options

NOTE: The third party valuation assumed volatility of over 50% and provided no discount for the illiquidity, take out risk or bankruptcy. Treasury's volatility inputs more closely reflected market assumptions. Treasury also considered the large size of the SNBC warrant position (7% of outstanding shares) and the relative illiquidity of the stock (the position represented 30X the average trading volume of 60,000 shares) in determining a liquidity discount.

FIRSTMERIT CORP (FMER) REPURCHASE OF FMER WARRANT

On May 21, 2009, FirstMerit Corp (FMER) agreed to pay \$5.025 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 952,260 shares of FMER at a strike price of \$19.69 per share. The warrant had an expiration date of January 9, 2019.



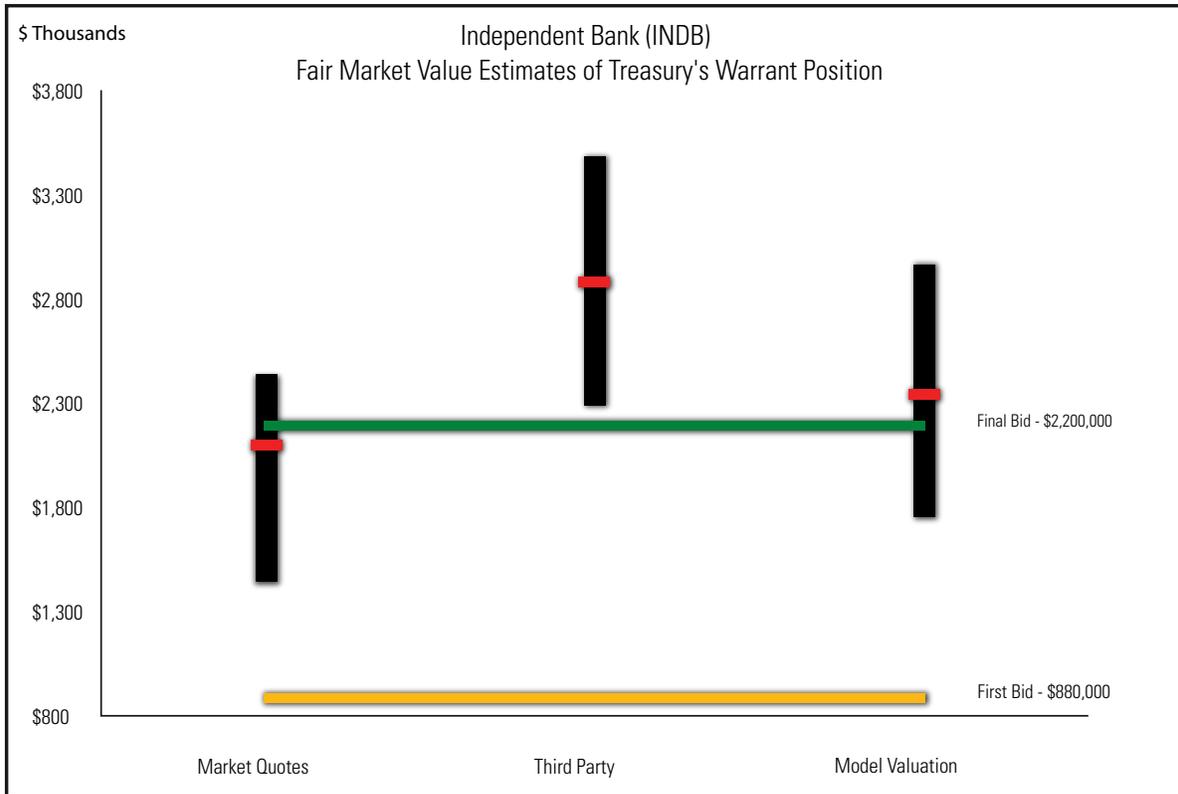
Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$4,082	\$6,543	\$4,918	Four market indications.
Third Party	\$5,428	\$7,532	\$6,485	Binomial option model adjusted for American style options
Model Valuation	\$4,871	\$5,930	\$5,400	Binomial option model adjusted for American style options

NOTE: At the time of the decision, the common share price of FMER was \$17.54 compared to the 20 day average price of \$19.27. This difference was taken under consideration in Treasury's analysis of the company's determination of fair market value.

INDEPENDENT BANK CORP (INDB) REPURCHASE OF INDB WARRANT

On May 21, 2009, Independent Bank Corp (INDB) agreed to pay \$2.2 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 481,664 shares of INDB at a strike price of \$24.34 per share. The warrant had an expiration date of January 9, 2019.

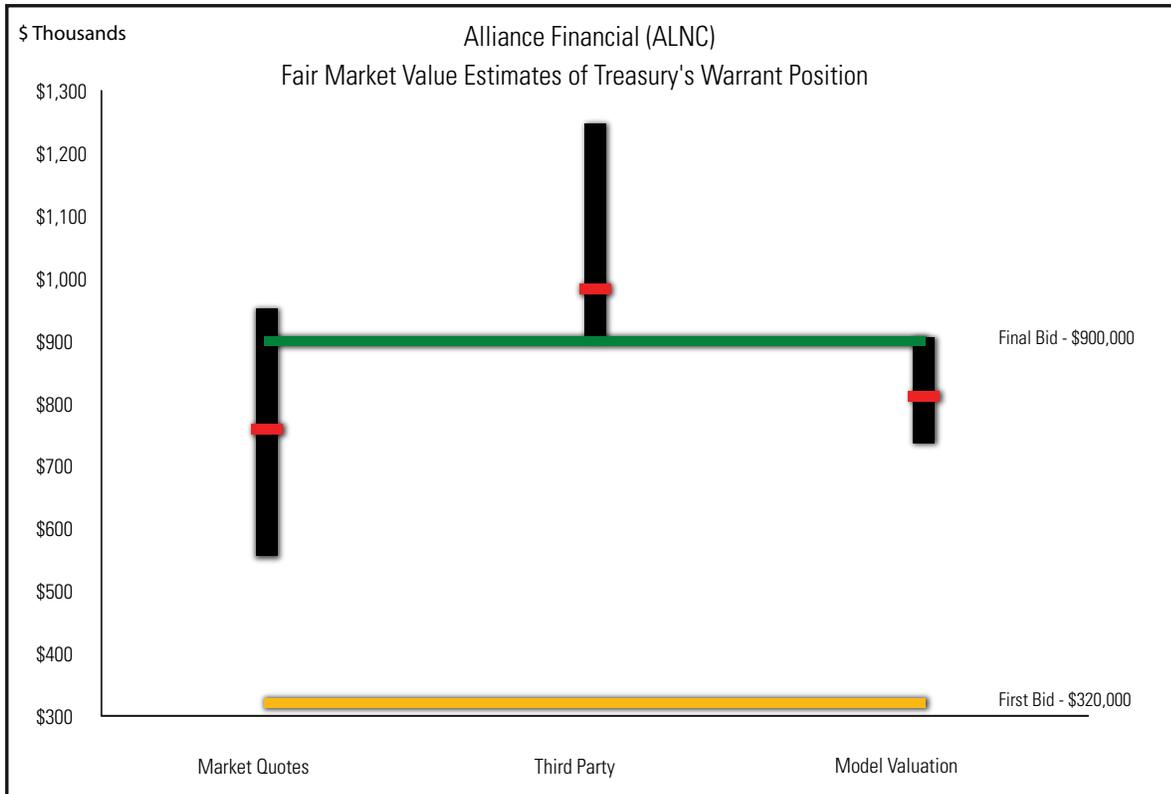


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$1,444	\$2,432	\$2,104	Three market indications.
Third Party	\$2,293	\$3,482	\$2,885	Binomial option model adjusted for American style options
Model Valuation	\$1,754	\$2,965	\$2,345	Binomial option model adjusted for American style options

ALLIANCE FINANCIAL CORPORATION (ALNC) REPURCHASE OF ALNC WARRANT

On June 12, 2009, Alliance Financial Corporation (ALNC) agreed to pay \$900,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 173,069 shares of ALNC at a strike price of \$23.33 per share. The warrant had an expiration day of December 19, 2018.

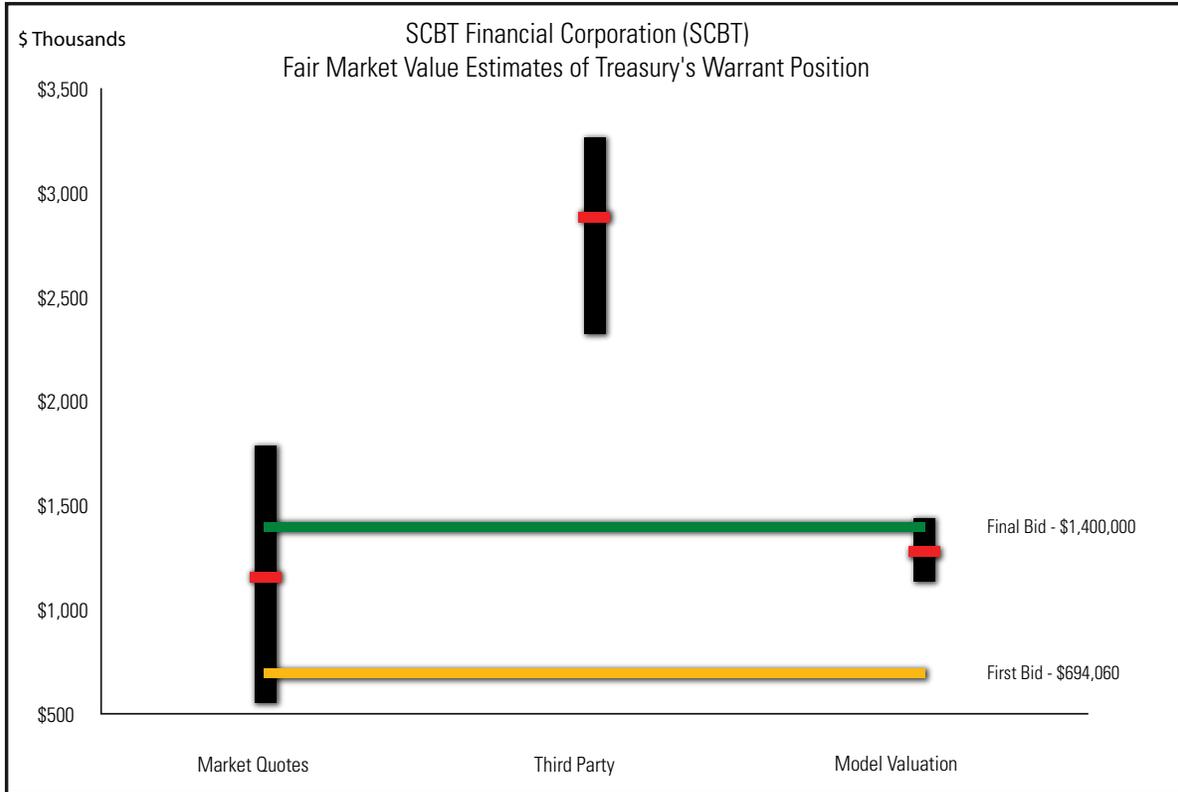


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$554	\$952	\$762	Three market indications.
Third Party	\$899	\$1,244	\$990	Binomial option model adjusted for American style options
Model Valuation	\$741	\$895	\$818	Binomial option model adjusted for American style options

SCBT FINANCIAL CORPORATION (SCBT) REPURCHASE OF SCBT WARRANT

On June 16, 2009, SCBT Financial Corporation (SCBT) agreed to pay \$1.4 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 303,083 shares of SCBT at a strike price of \$32.06 per share. The warrant had an expiration date of January 16, 2019.



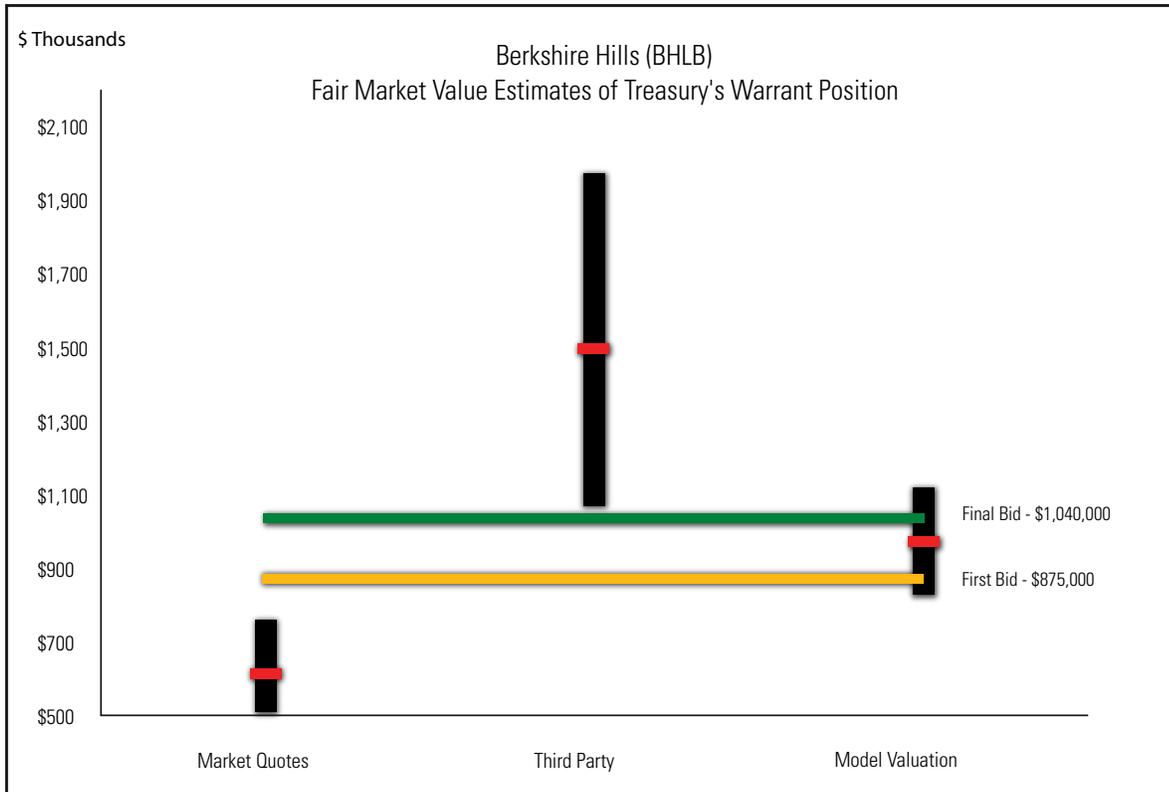
Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$555	\$1,789	\$1,159	Five market indications.
Third Party	\$2,322	\$3,261	\$2,888	Binomial option model adjusted for American style options
Model Valuation	\$1,137	\$1,436	\$1,281	Binomial option model adjusted for American style options

NOTE: The third party modeled valuation assumed volatility of 46%. Treasury's model assumed a significantly lower volatility closer to the historic volatility of the company and observable market prices.

BERKSHIRE HILLS BANCORP (BHLB) REPURCHASE OF BHLB WARRANT

On June 17, 2009, Berkshire Hills Bancorp (BHLB) agreed to pay \$1.04 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 226,330 shares of BHLB at a strike price of \$26.51 per share. The warrant had an expiration date of December 19, 2018.

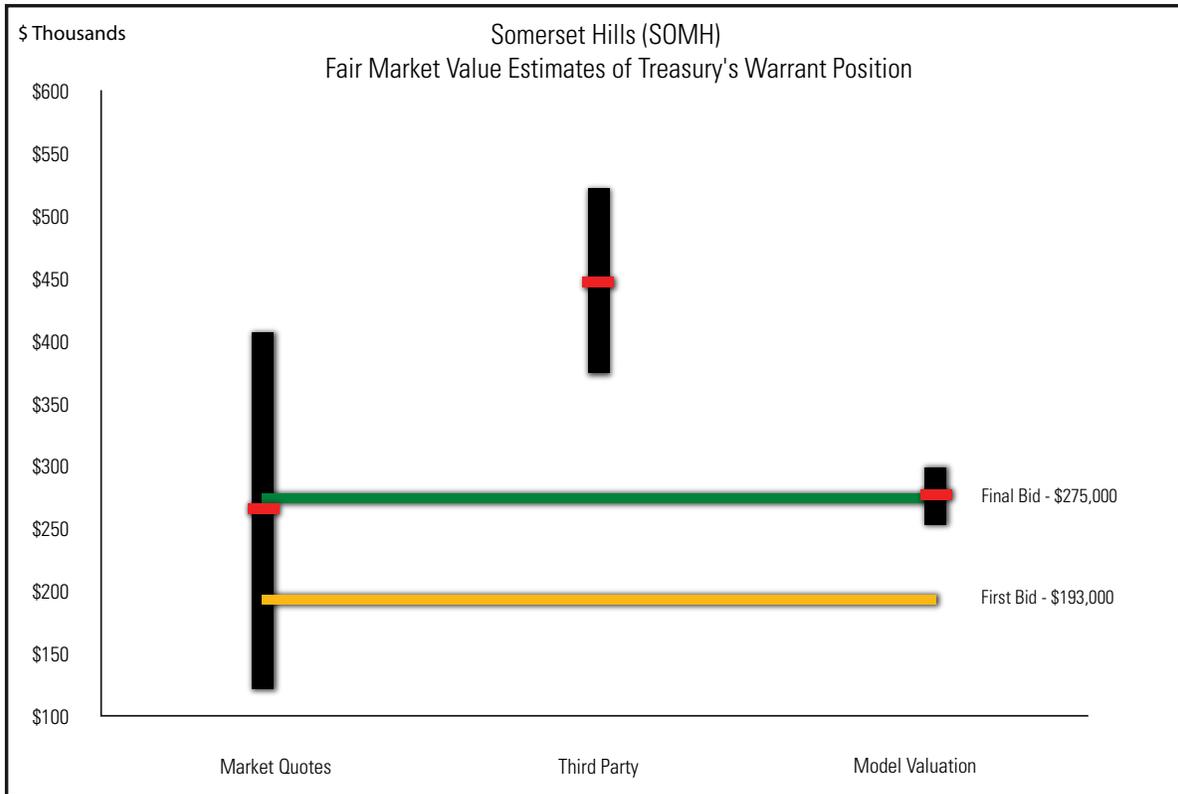


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$509	\$758	\$611	Three market indications.
Third Party	\$1,071	\$1,974	\$1,494	Binomial option model adjusted for American style options
Model Valuation	\$827	\$1,116	\$971	Binomial option model adjusted for American style options

SOMERSET HILLS BANCORP (SOMH)
 REPURCHASE OF SOMH WARRANT

On June 17, 2009, Somerset Hills Bancorp (SOMH) agreed to pay \$275,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 163,065 shares of SOMH at a strike price of \$6.82 per share. The warrant had an expiration date of January 16, 2019.

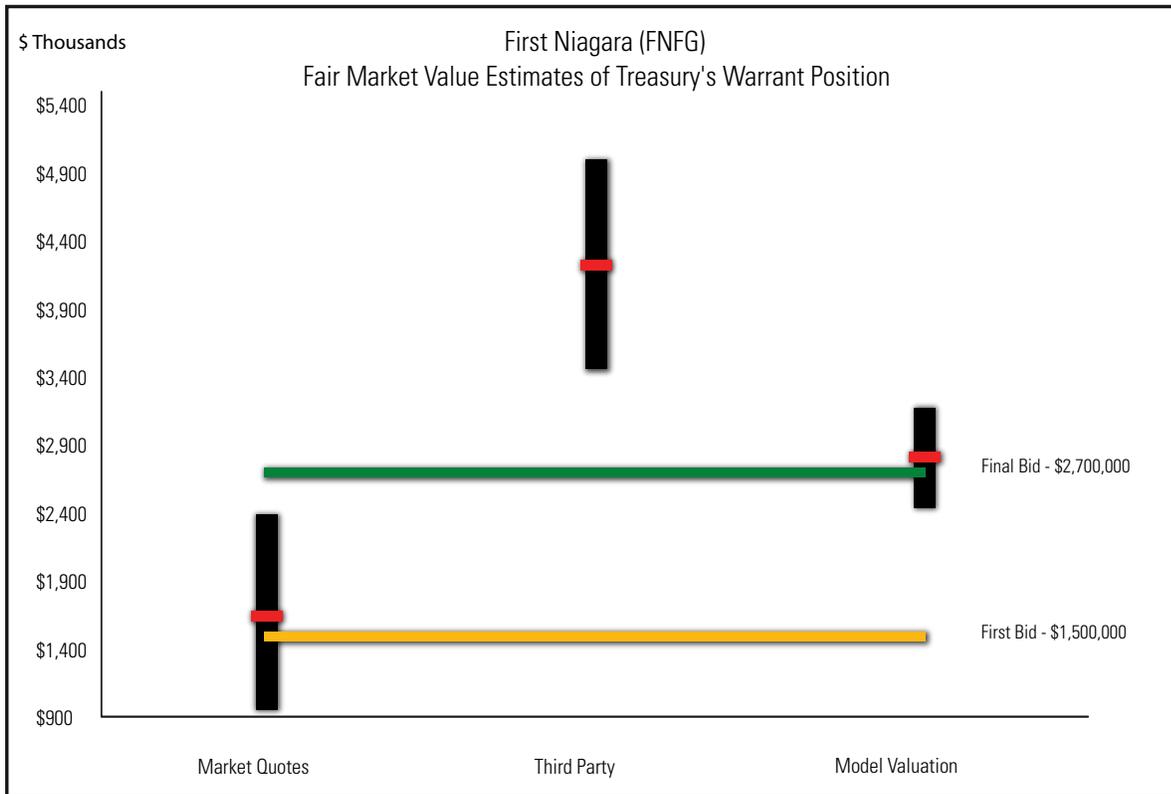


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$122	\$406	\$266	Five market indications.
Third Party	\$374	\$521	\$447	Binomial option model adjusted for American style options
Model Valuation	\$253	\$299	\$276	Binomial option model adjusted for American style options

FIRST NIAGARA FINANCIAL GROUP (FNFG) REPURCHASE OF FNFG WARRANT

On June 19, 2009, First Niagara Financial Group (FNFG) agreed to pay \$2.7 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 953,096 shares of FNFG at a strike price of \$14.48 per share. The warrant had an expiration date of November 21, 2018.

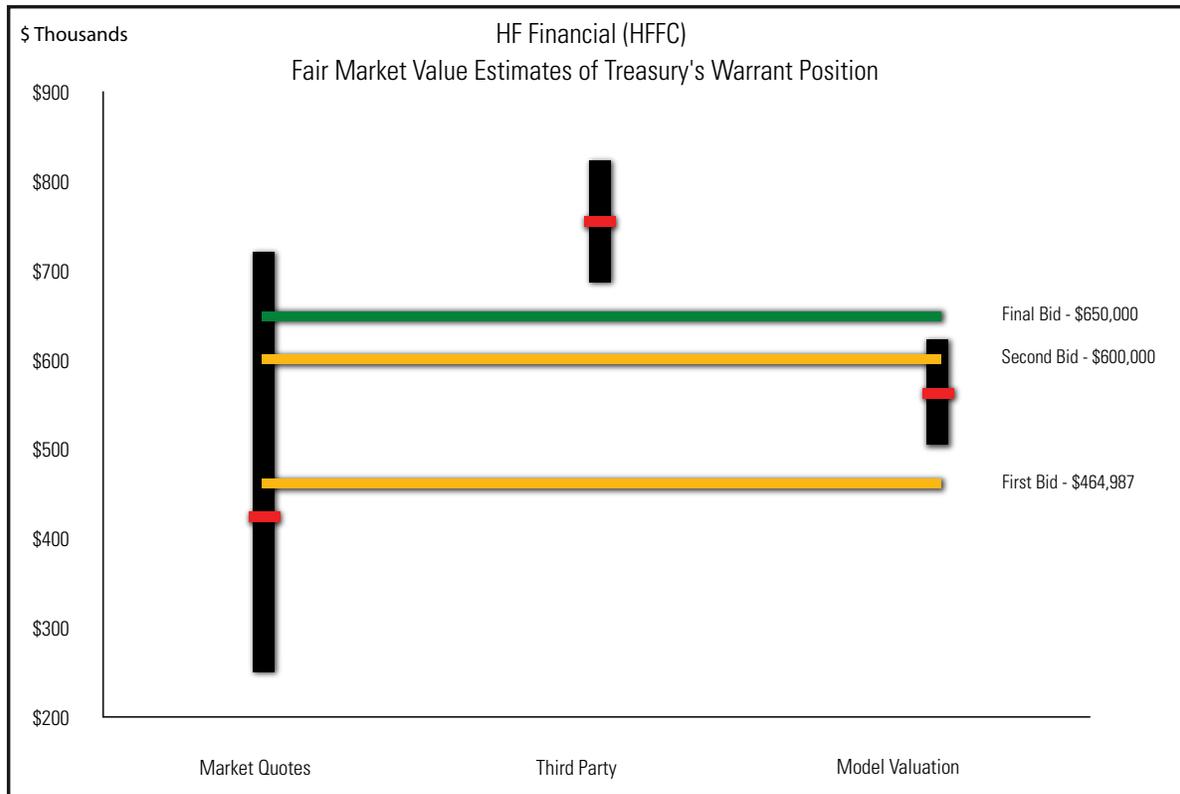


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$953	\$2,383	\$1,646	Five market indications.
Third Party	\$3,455	\$4,995	\$4,221	Binomial option model adjusted for American style options
Model Valuation	\$2,444	\$3,175	\$2,807	Binomial option model adjusted for American style options

HF FINANCIAL CORP (HFFC) REPURCHASE OF HFFC WARRANT

On June 29, 2009, HF Financial Corp (HFFC) agreed to pay \$650,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 302,419 shares of HFFC at a strike price of \$12.40 per share. The warrant had an expiration date of November 21, 2018.



Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$251	\$720	\$424	Three market indications.
Third Party	\$686	\$822	\$753	Binomial option model adjusted for American style options
Model Valuation	\$505	\$622	\$563	Binomial option model adjusted for American style options

STATE STREET CORPORATION (STT) REPURCHASE OF STT WARRANT

On July 1, 2009, State Street Corporation (STT) agreed to pay \$60 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 2,788,104 shares of STT at a strike price of \$53.80 per share. The warrant had an expiration date of October 28, 2018.

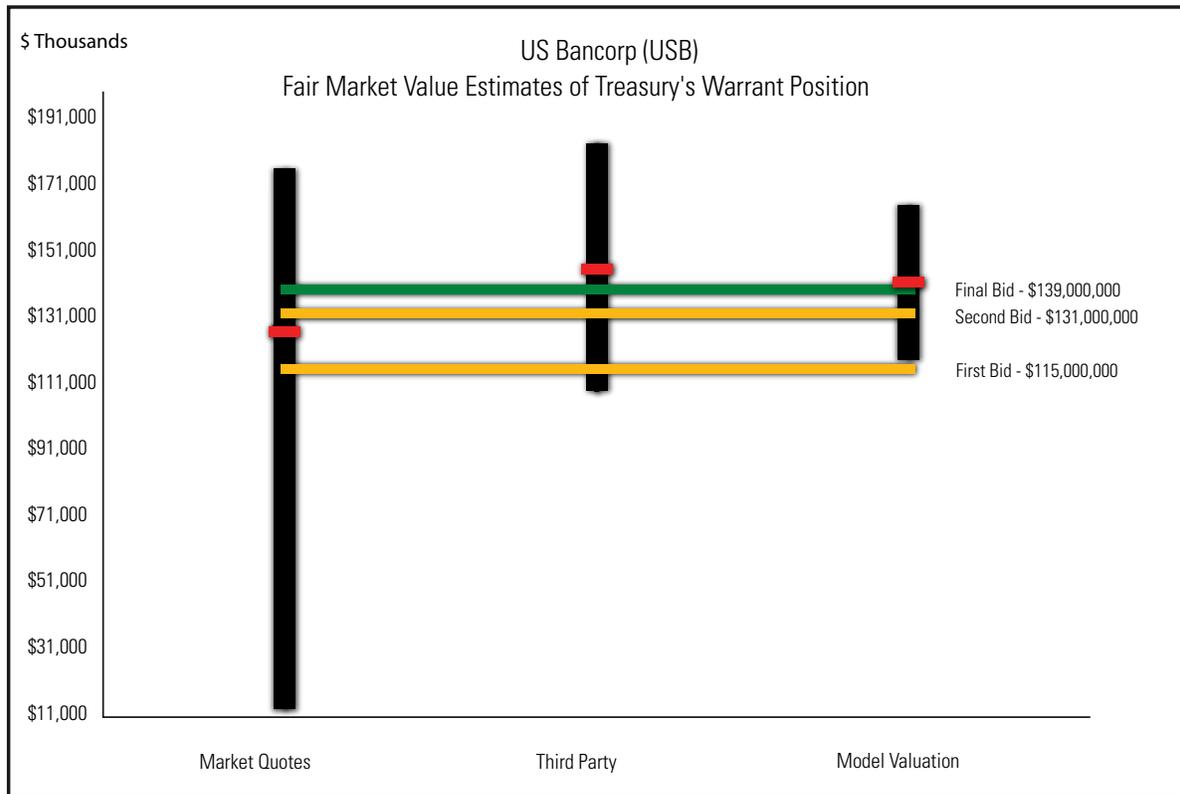


Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$16	\$48	\$33	Seven market indications.
Third Party	\$46	\$65	\$55	Binomial option model adjusted for American style options
Model Valuation	\$52	\$62	\$57	Binomial option model adjusted for American style options

U.S. BANCORP (USB) REPURCHASE OF USB WARRANT

On July 8, 2009, U.S. Bancorp (USB) agreed to pay \$139 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 32,679,102 shares of USB at a strike price of \$30.29 per share. The warrant had an expiration date of November 14, 2018.

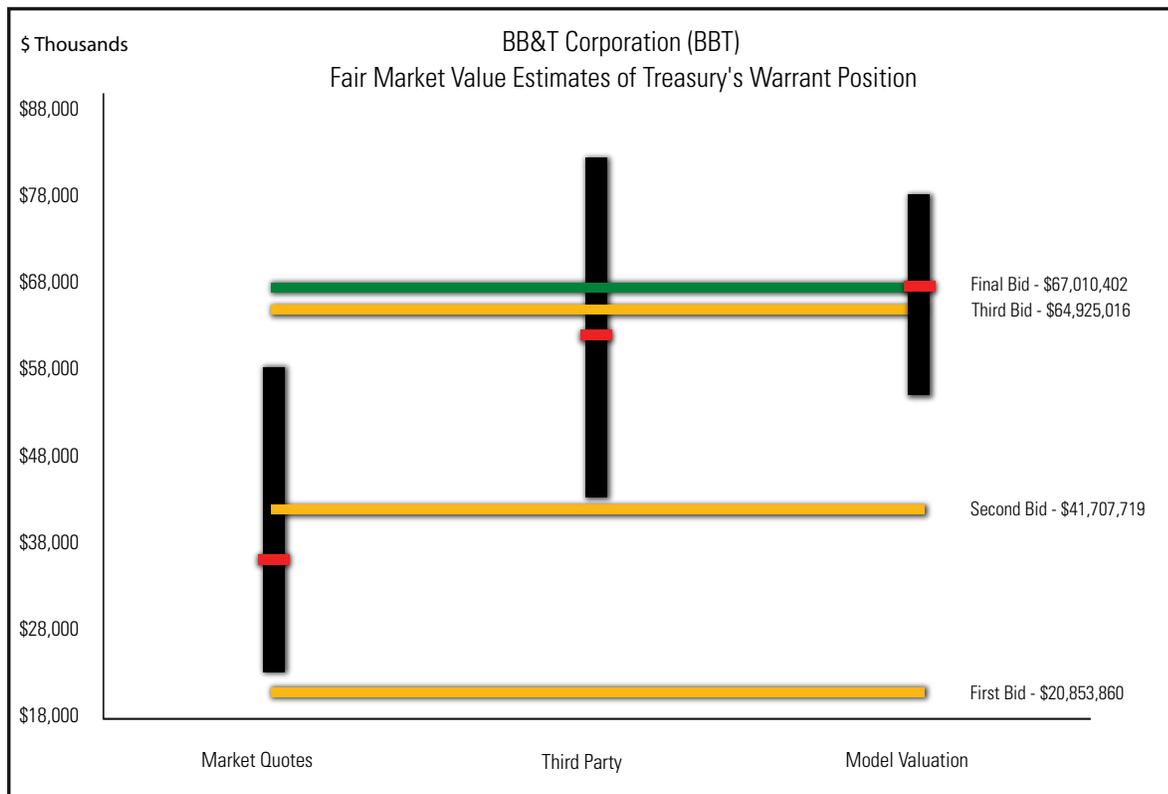


Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$12	\$175	\$127	Six market indications.
Third Party	\$108	\$183	\$144	Binomial option model adjusted for American style options
Model Valuation	\$117	\$164	\$140	Binomial option model adjusted for American style options

BB&T CORPORATION (BBT) REPURCHASE OF BBT WARRANT

On July 14, 2009, BB&T Corporation (BBT) agreed to pay \$67 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 13,902,573 shares of BBT at a strike price of \$33.81 per share. The warrant had an expiration date of November 14, 2018.

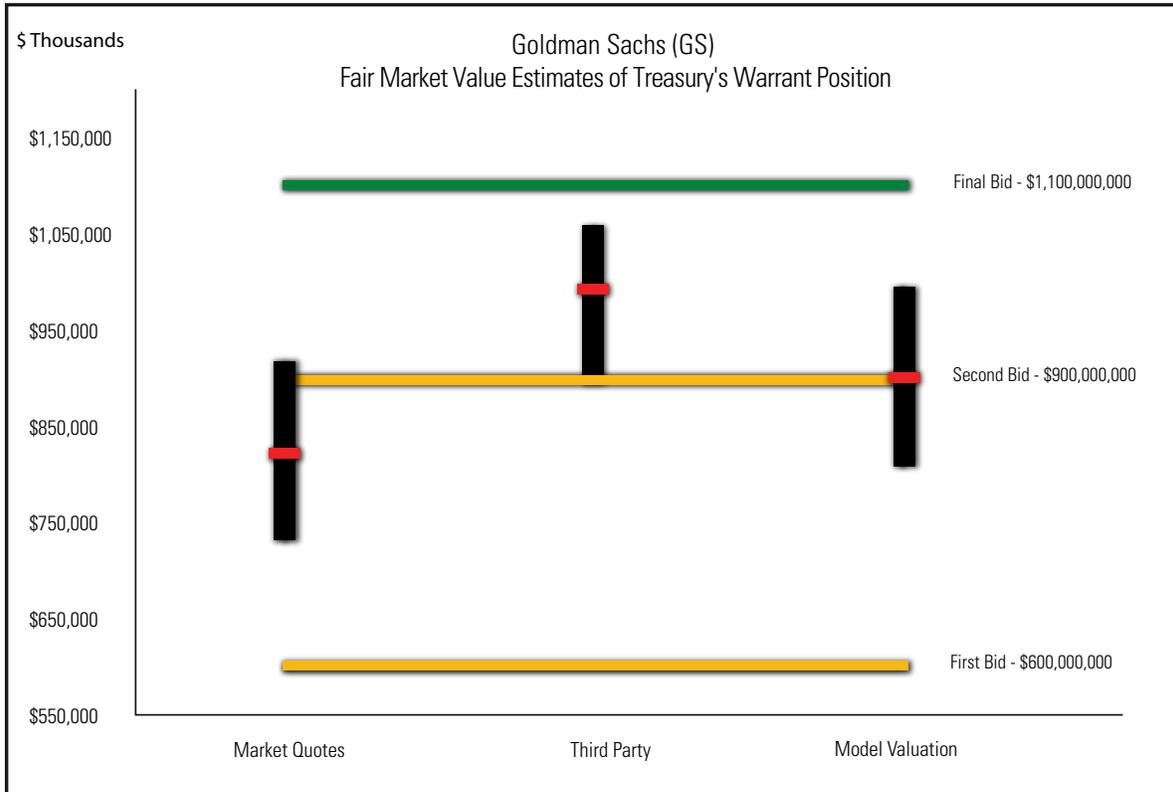


Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$23	\$58	\$36	Five market indications.
Third Party	\$43	\$82	\$62	Binomial option model adjusted for American style options
Model Valuation	\$55	\$78	\$67	Binomial option model adjusted for American style options

GOLDMAN SACHS GROUP, INC. (GS)
 REPURCHASE OF GS WARRANT

On July 21, 2009, Goldman Sachs Group, Inc. (GS) agreed to pay \$1.1 billion for the warrant held by Treasury which entitled the holder of the warrant to purchase 12,205,045 shares of GS at a strike price of \$122.90 per share. The warrant had an expiration date of October 28, 2018.



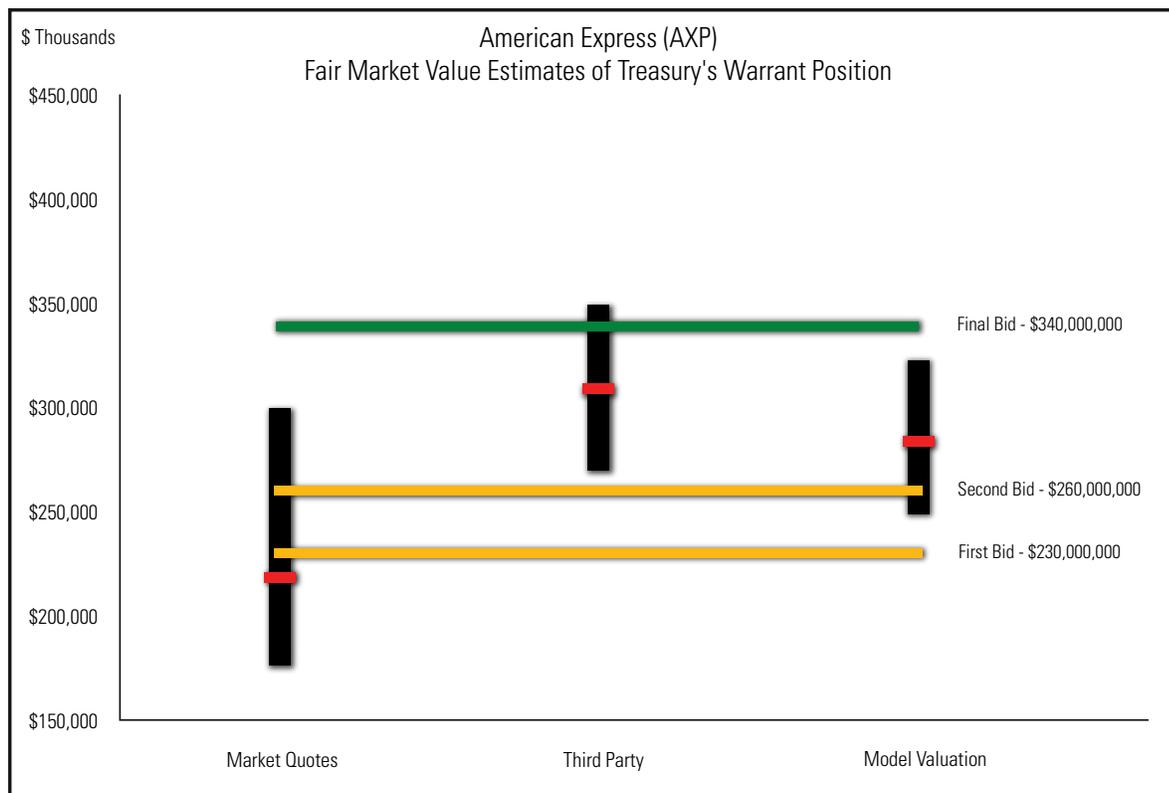
Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$732	\$917	\$826	Seven market indications.
Third Party	\$899	\$1,058	\$993	Binomial option model adjusted for American style options
Model Valuation	\$808	\$995	\$902	Binomial option model adjusted for American style options

NOTE: At the time of the decision, the common share price of GS was \$159.80 compared to the 20-day average price of \$148.16. This difference was taken under consideration in Treasury's analysis of the company's determination of fair market value.

AMERICAN EXPRESS COMPANY (AXP) REPURCHASE OF AXP WARRANT

On July 27, 2009, American Express Company (AXP) agreed to pay \$340 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 24,264,129 shares of AXP at a strike price of \$20.95 per share. The warrant had an expiration date of January 9, 2019.



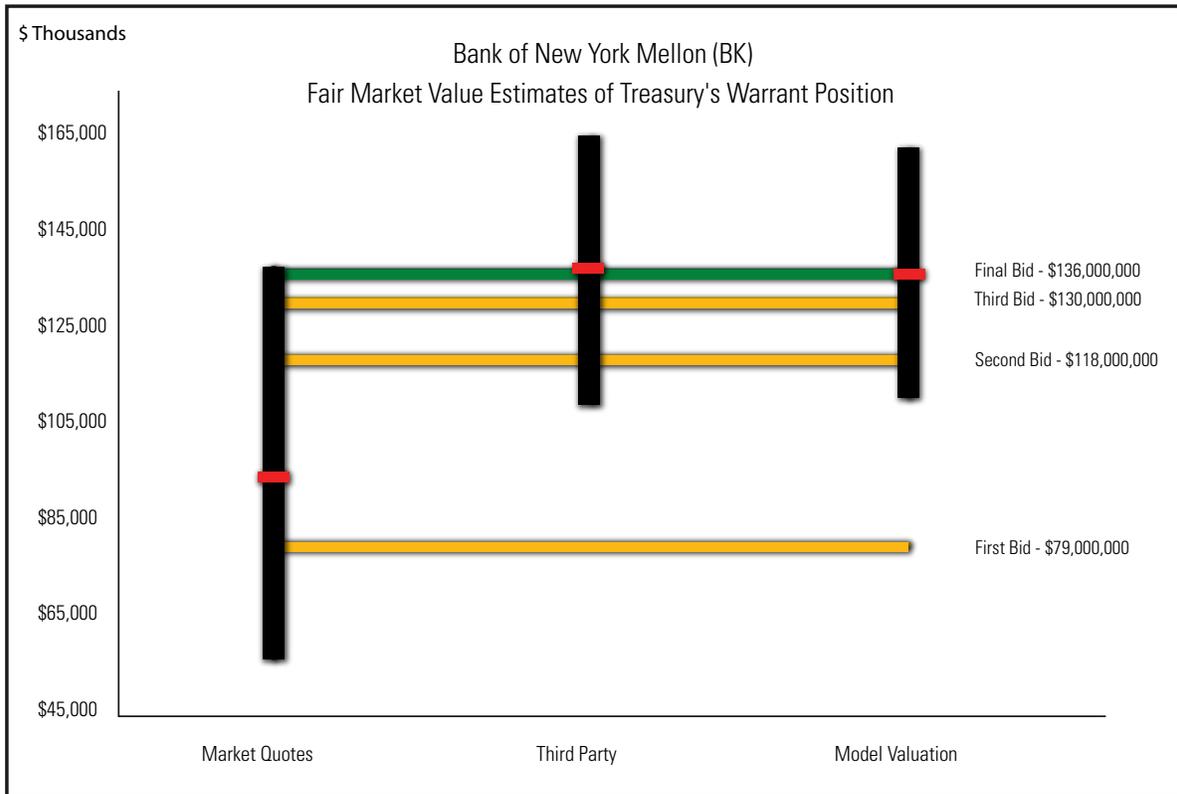
Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$175	\$298	\$219	Six market indications.
Third Party	\$269	\$349	\$309	Binomial option model adjusted for American style options
Model Valuation	\$248	\$322	\$285	Binomial option model adjusted for American style options

NOTE: At the time of the decision, the common share price of AXP was \$28.32 compared to the 20-day average price of \$25.71. This difference was taken under consideration in Treasury's analysis of the company's determination of fair market value.

BANK OF NEW YORK MELLON CORPORATION (BK) REPURCHASE OF BK WARRANT

On July 31, 2009, Bank of New York Mellon Corporation (BK) agreed to pay \$136 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 14,516,129 shares of BK at a strike price of \$31.00 per share. The warrant had an expiration date of October 28, 2018.

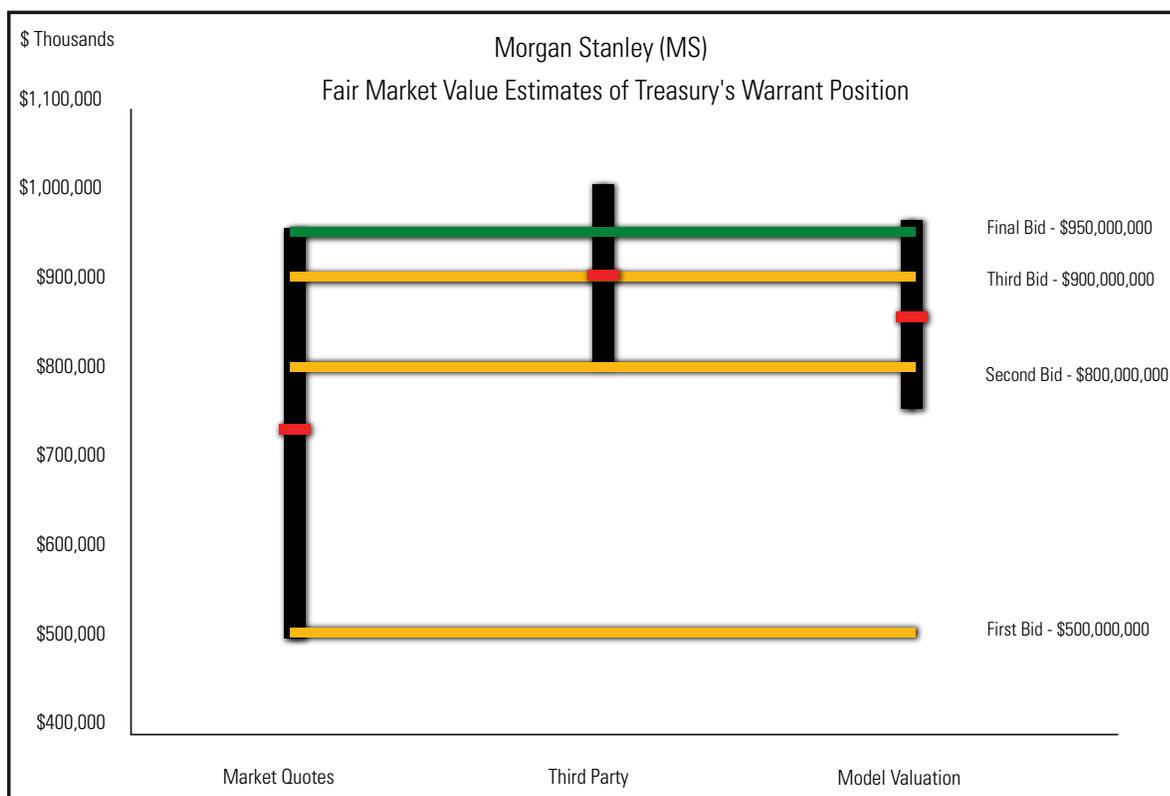


Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$55	\$137	\$94	Seven market indications.
Third Party	\$108	\$164	\$136	Binomial option model adjusted for American style options
Model Valuation	\$110	\$162	\$135	Binomial option model adjusted for American style options

MORGAN STANLEY (MS) REPURCHASE OF MS WARRANT

On August 5, 2009, Morgan Stanley (MS) agreed to pay \$950 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 65,245,759 shares of MS at a strike price of \$22.99 per share. The warrant had an expiration date of October 28, 2018.



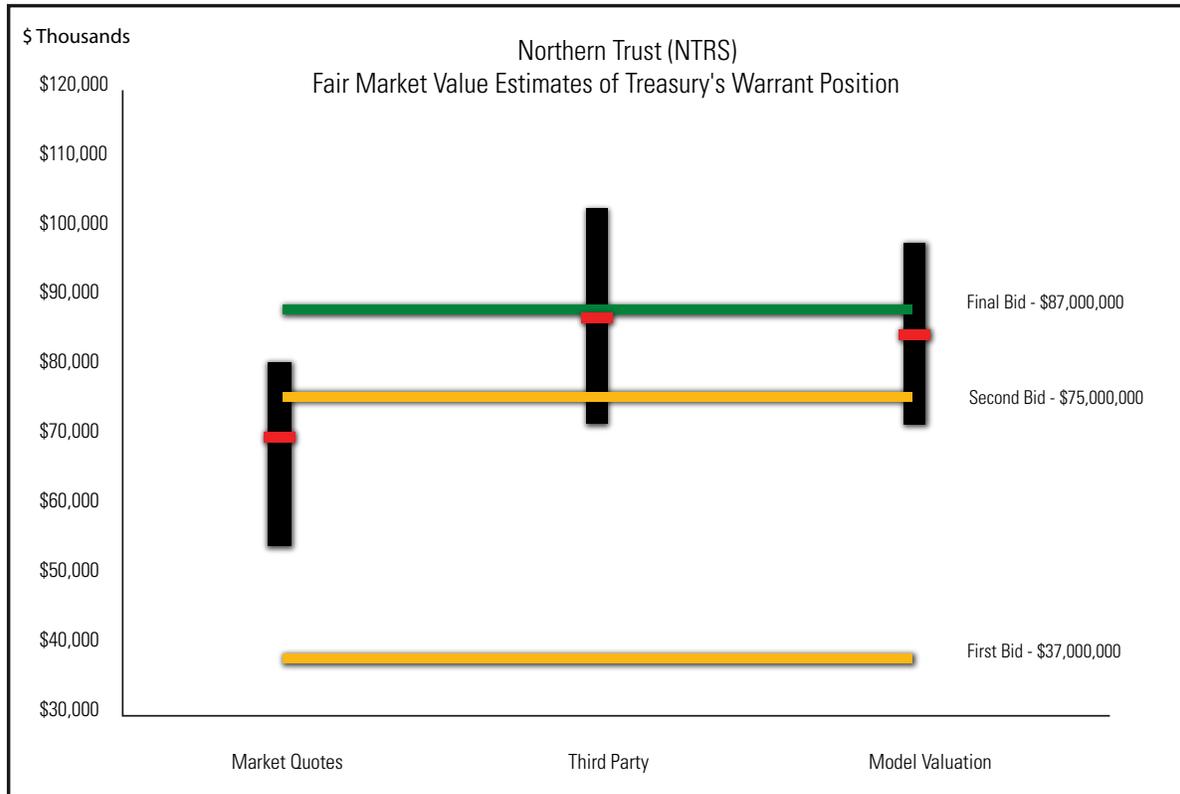
Valuation Estimates for Warrant (\$millions)

Valuation Method	Low	High	Estimate	Details
Market Quotes	\$495	\$944	\$731	Seven market indications.
Third Party	\$806	\$1,002	\$900	Binomial option model adjusted for American style options
Model Valuation	\$750	\$962	\$855	Binomial option model adjusted for American style options

NOTE: At the time of the decision, the common share price of MS was \$31.05 compared to the 20-day average price of \$28.16. This difference was taken under consideration in Treasury's analysis of the company's determination of fair market value.

NORTHERN TRUST CORPORATION (NTRS) REPURCHASE OF NTRS WARRANT

On August 19, 2009, Northern Trust Corporation (NTRS) agreed to pay \$87 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 3,824,624 shares of NTRS at a strike price of \$61.81 per share. The warrant had an expiration date of November 14, 2018.

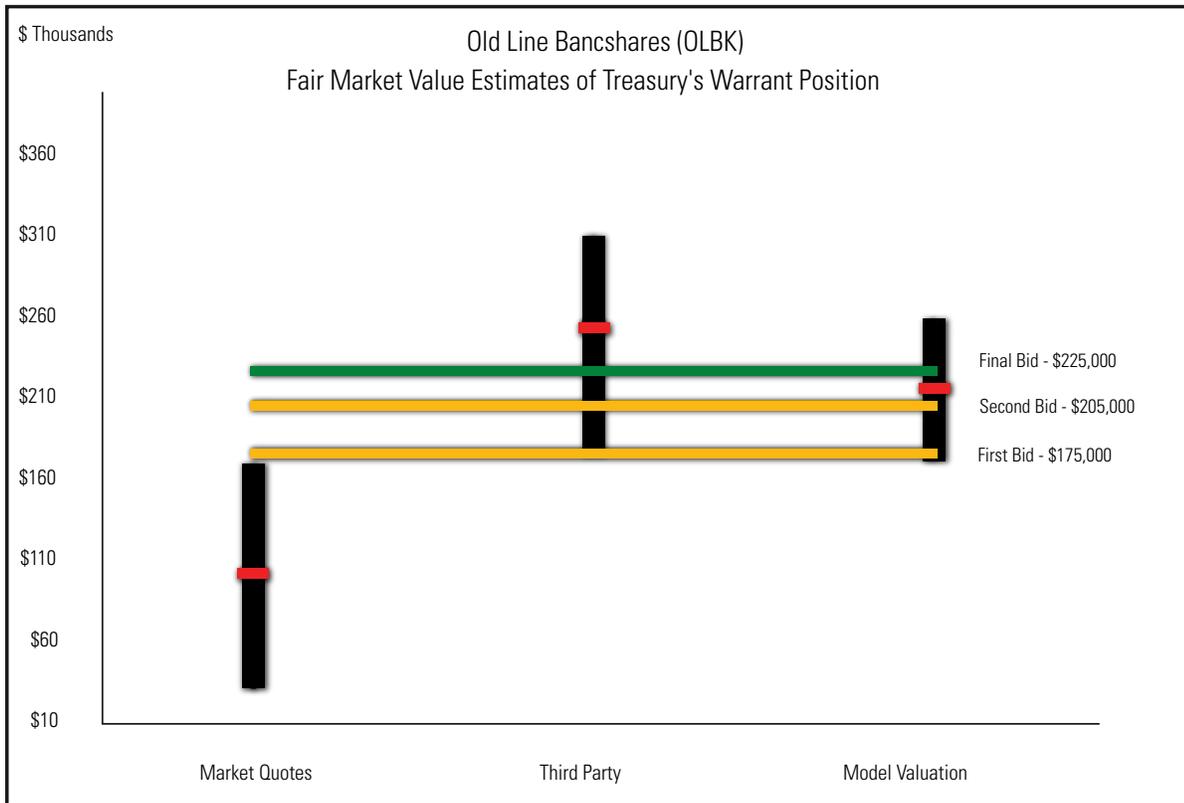


Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$54	\$80	\$69	Six market indications.
Third Party	\$71	\$101	\$86	Binomial option model adjusted for American style options
Model Valuation	\$71	\$97	\$84	Binomial option model adjusted for American style options

OLD LINE BANCSHARES, INC. (OLBK) REPURCHASE OF OLBK WARRANT

On August 20, 2009, Old Line Bancshares, Inc. (OLBK) agreed to pay \$225,000 for the warrants held by Treasury which entitled the holder of the warrant to purchase 141,892 shares of OLBK at a strike price of \$7.40 per share. The warrant had an expiration date of December 5, 2018.

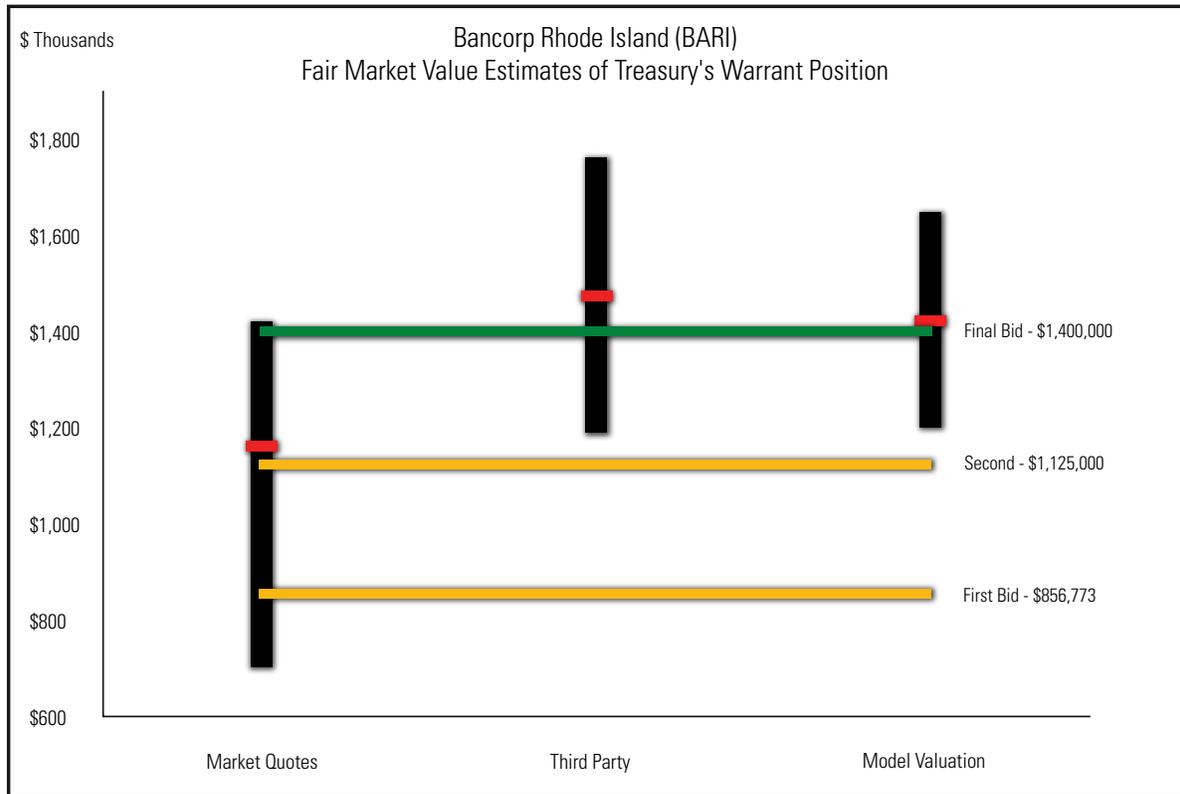


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$28	\$167	\$102	Four market indications.
Third Party	\$201	\$308	\$254	Binomial option model adjusted for American style options
Model Valuation	\$172	\$257	\$214	Binomial option model adjusted for American style options

BANCORP RHODE ISLAND, INC. (BARI)
REPURCHASE OF BARI WARRANT

On September 21, 2009, Bancorp Rhode Island, Inc. (BARI) agreed to pay \$1.4 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 192,967 shares of BARI at a strike price of \$23.32 per share. The warrant had an expiration date of December 19, 2018.

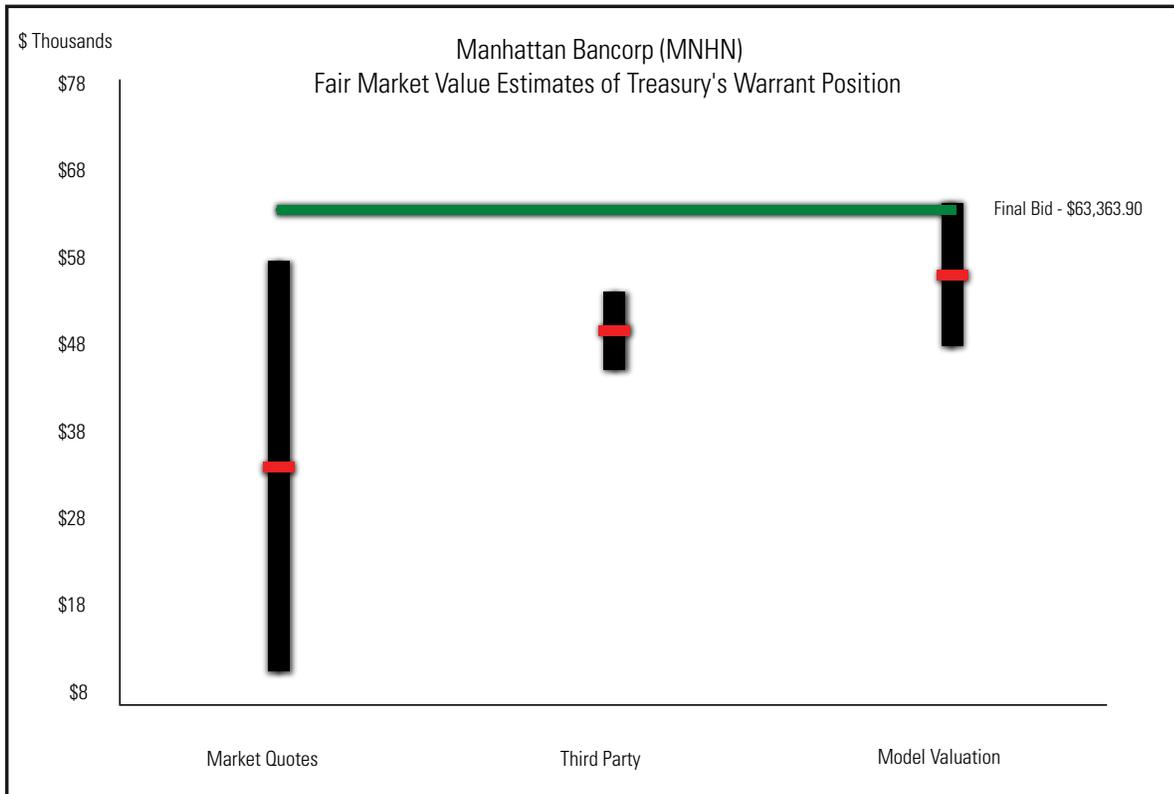


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$703	\$1,427	\$1,166	Three market indications.
Third Party	\$1,196	\$1,760	\$1,476	Binomial option model adjusted for American style options
Model Valuation	\$1,200	\$1,643	\$1,423	Binomial option model adjusted for American style options

MANHATTAN BANCORP (MNHN)
 REPURCHASE OF MNHN WARRANT

On October 9, 2009, Manhattan Bancorp (MNHN) agreed to pay \$63,363.90 for the warrant held by Treasury which entitled the holder of the warrant to purchase 29,480 shares of MNHN at a strike price of \$8.65 per share. The warrant had an expiration date of December 5, 2018.

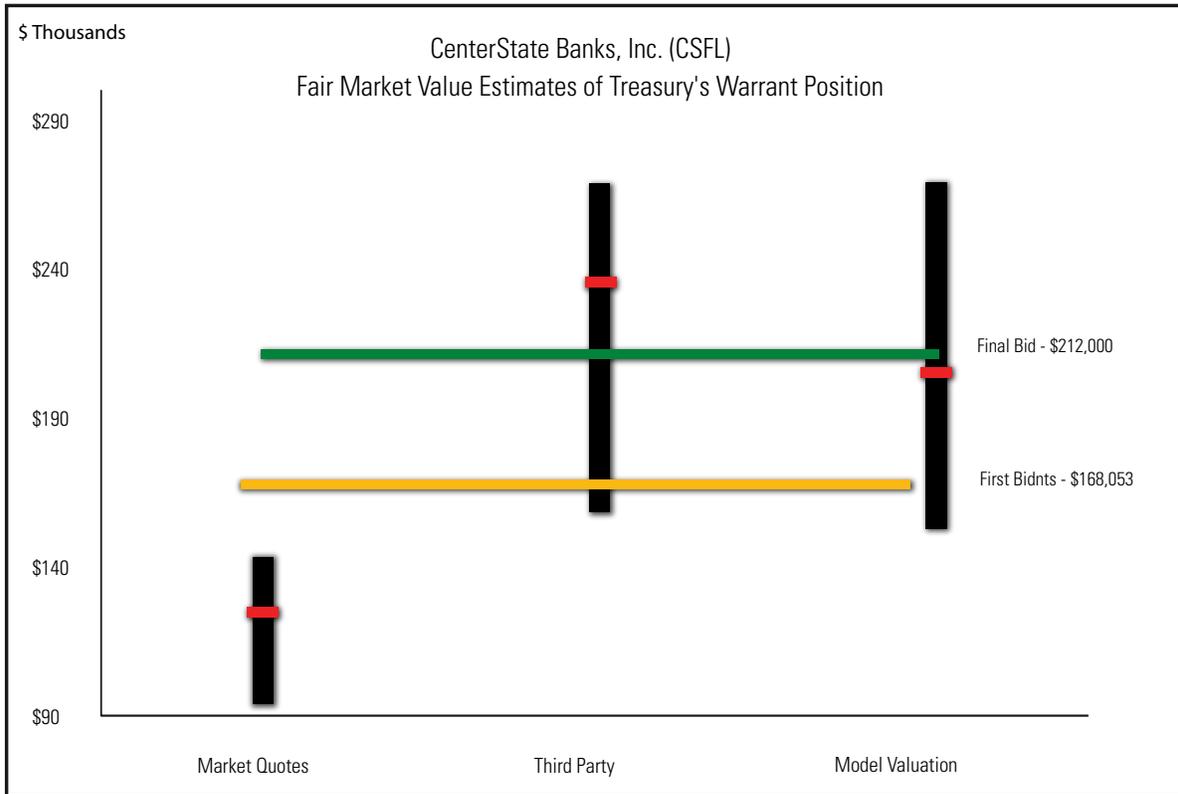


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$10	\$57	\$34	Two market indications.
Third Party	\$45	\$54	\$50	Binomial option model adjusted for American style options
Model Valuation	\$48	\$64	\$56	Binomial option model adjusted for American style options

CENTERSTATE BANKS, INC. (CSFL)
 REPURCHASE OF CSFL WARRANT

On October 20, 2009, CenterState Banks, Inc. (CSFL) agreed to pay \$212,000 for the warrants held by Treasury which entitled the holder of the warrant to purchase 125,413 shares of CSFL at a strike price of \$16.67 per share. The warrant had an expiration date of November 21, 2018.

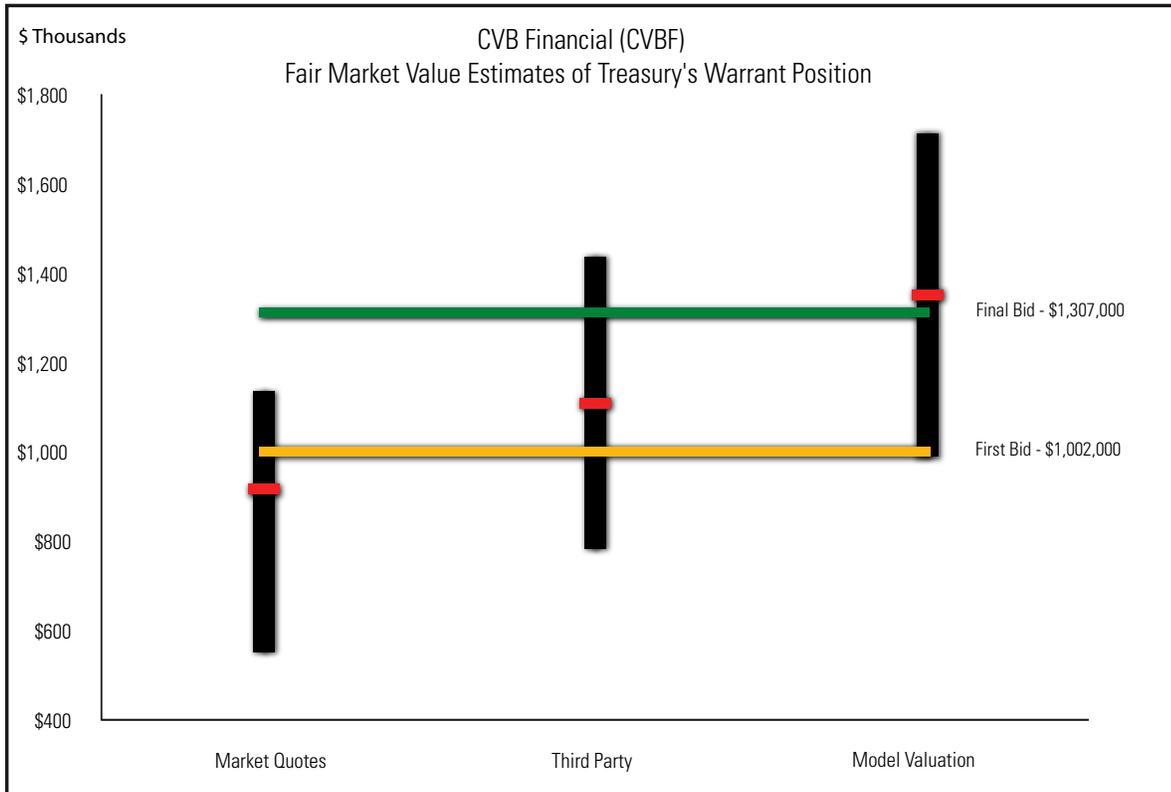


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$94	\$143	\$125	Three market indications.
Third Party	\$159	\$268	\$236	Binomial option model adjusted for American style options
Model Valuation	\$153	\$269	\$206	Binomial option model adjusted for American style options

CVB FINANCIAL CORP. (CVBF) REPURCHASE OF CVBF WARRANT

On October 21, 2009, CVB Financial Corp. (CVBF) agreed to pay \$1.307 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 834,761 shares of CVBF at a strike price of \$11.68 per share. The warrant had an expiration date of December 5, 2018.

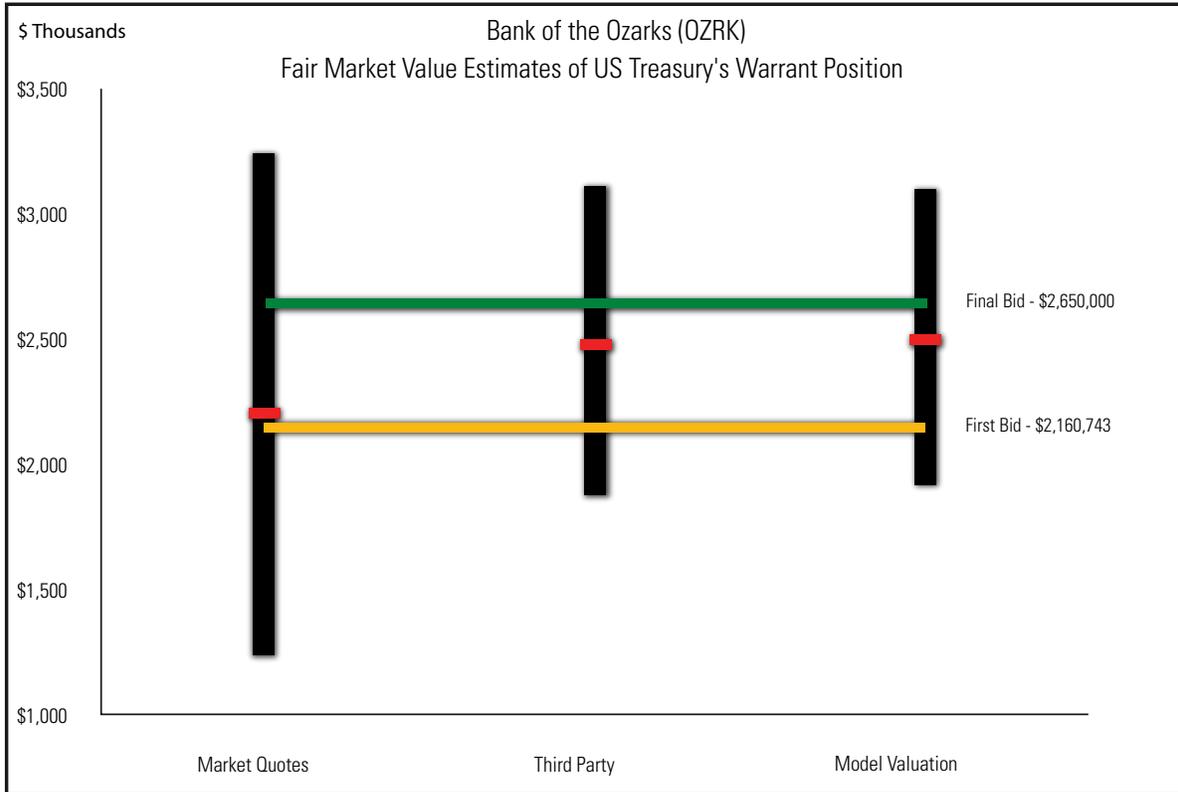


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$551	\$1,135	\$917	Three market indications.
Third Party	\$785	\$1,436	\$1,110	Binomial option model adjusted for American style options
Model Valuation	\$993	\$1,711	\$1,349	Binomial option model adjusted for American style options

BANK OF THE OZARKS, INC. (OZRK)
REPURCHASE OF OZRK WARRANT

On November 18, 2009, Bank of the Ozarks, Inc. (OZRK) agreed to pay \$2.65 million for the warrant held by Treasury which entitled the holder of the warrant to purchase 379,811 shares of OZRK at a strike price of \$29.62 per share. The warrant had an expiration date of December 12, 2018.

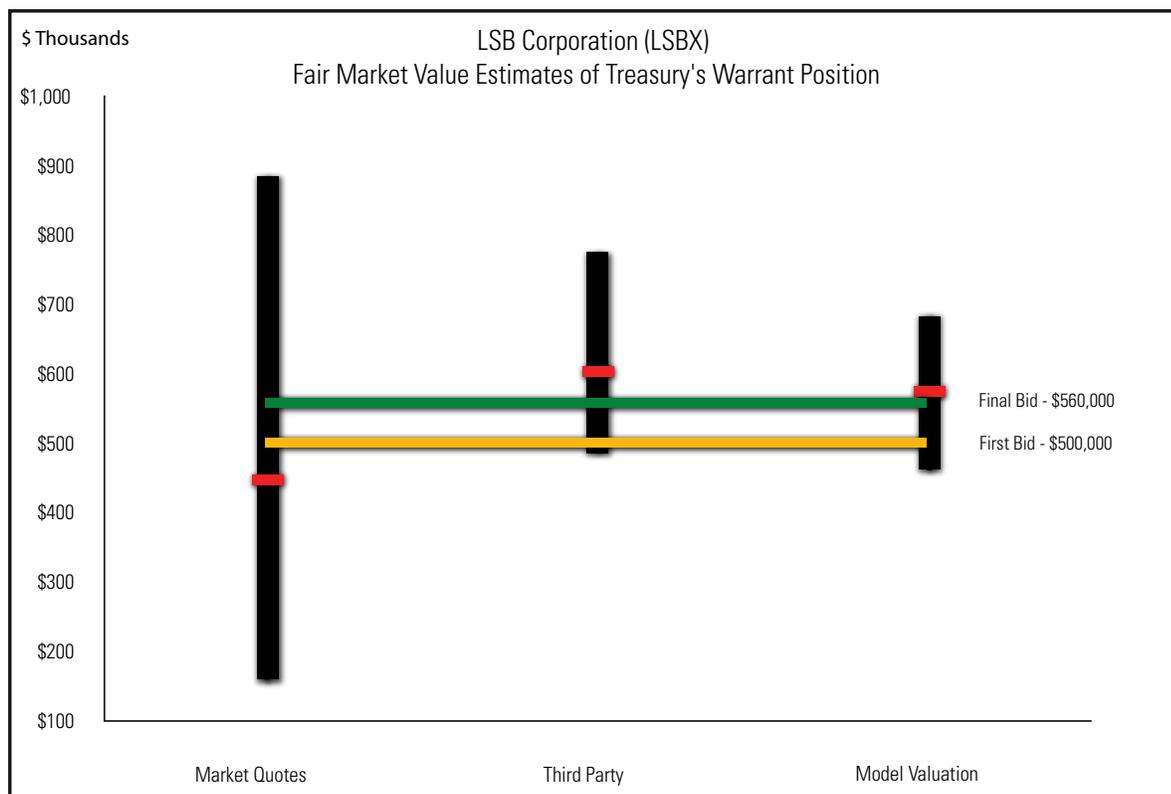


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$1,230	\$3,240	\$2,210	Three market indications.
Third Party	\$1,880	\$3,110	\$2,480	Binomial option model adjusted for American style options
Model Valuation	\$1,917	\$3,095	\$2,509	Binomial option model adjusted for American style options

LSB CORPORATION (LSBX) REPURCHASE OF LSBX WARRANT

On December 8, 2009, LSB Corporation (LSBX) agreed to pay \$560,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 209,497 shares of LSBX at a strike price of \$10.74 per share. The warrant had an expiration date of December 12, 2018.

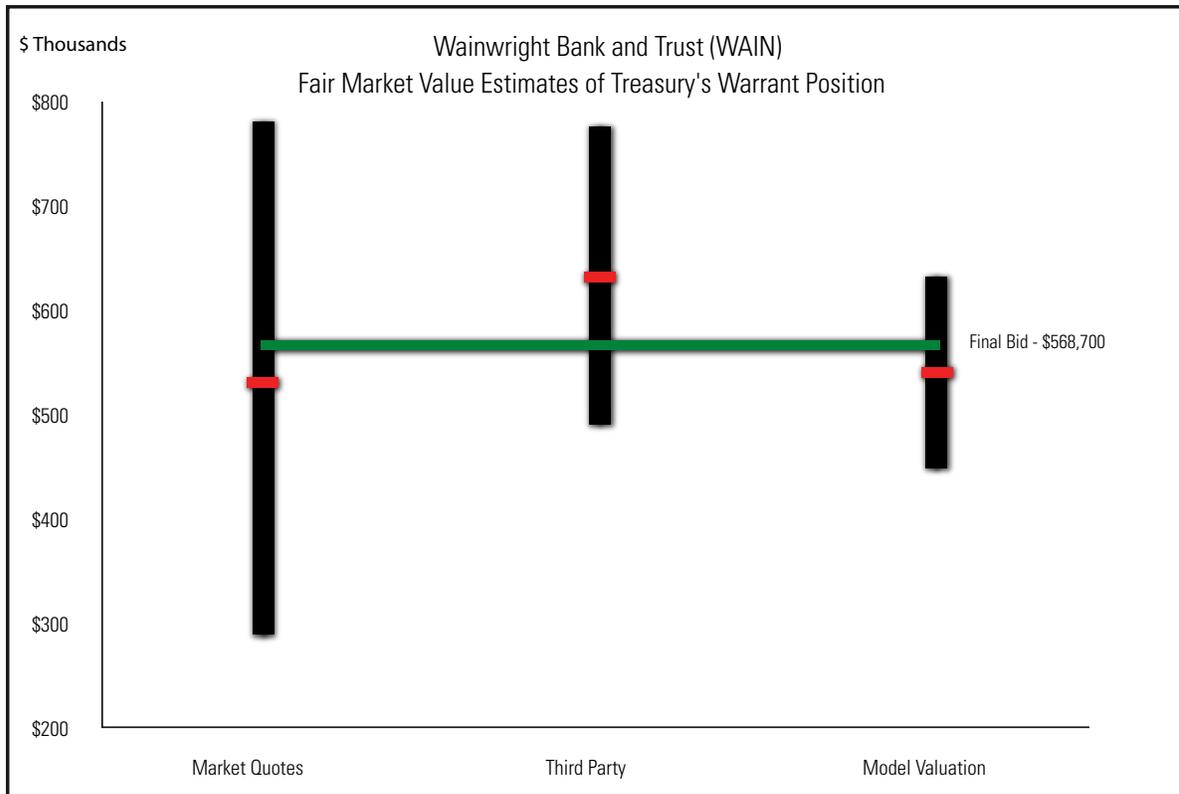


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$157	\$883	\$446	Four market indications.
Third Party	\$486	\$773	\$605	Binomial option model adjusted for American style options
Model Valuation	\$459	\$681	\$569	Binomial option model adjusted for American style options

WAINWRIGHT BANK AND TRUST COMPANY (WAIN) REPURCHASE OF WAIN WARRANT

On December 11, 2009, Wainwright Bank and Trust Company (WAIN) agreed to pay \$568,700 for the warrants held by Treasury, which entitled the holder of the warrant to purchase 390,071 shares of WAIN at a strike price of \$8.46 per share. The warrant had an expiration date of December 19, 2018.

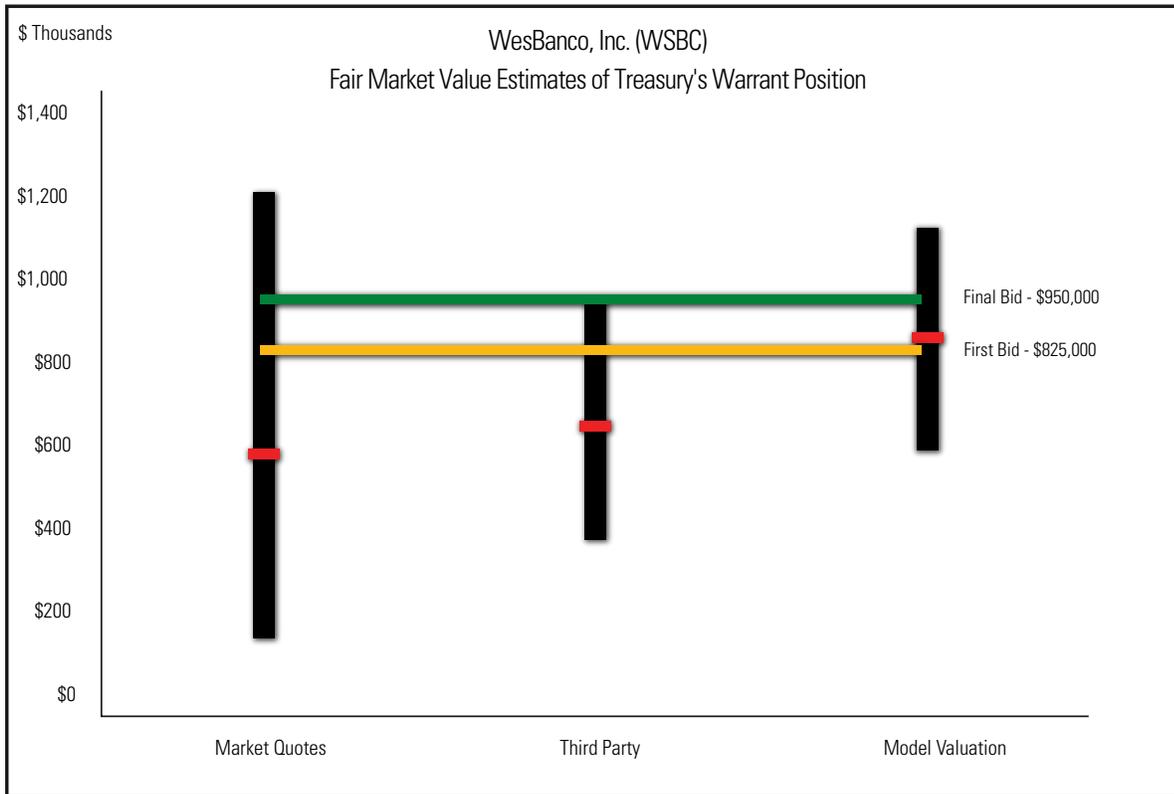


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$289	\$780	\$532	Three market indications.
Third Party	\$491	\$776	\$632	Binomial option model adjusted for American style options
Model Valuation	\$449	\$632	\$541	Binomial option model adjusted for American style options

WESBANCO, INC. (WSBC)
 REPURCHASE OF WSBC WARRANT

On December 11, 2009, WesBanco, Inc. (WSBC) agreed to pay \$950,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 439,282 shares of WSBC at a strike price of \$25.61 per share. The warrant had an expiration date of December 5, 2018.

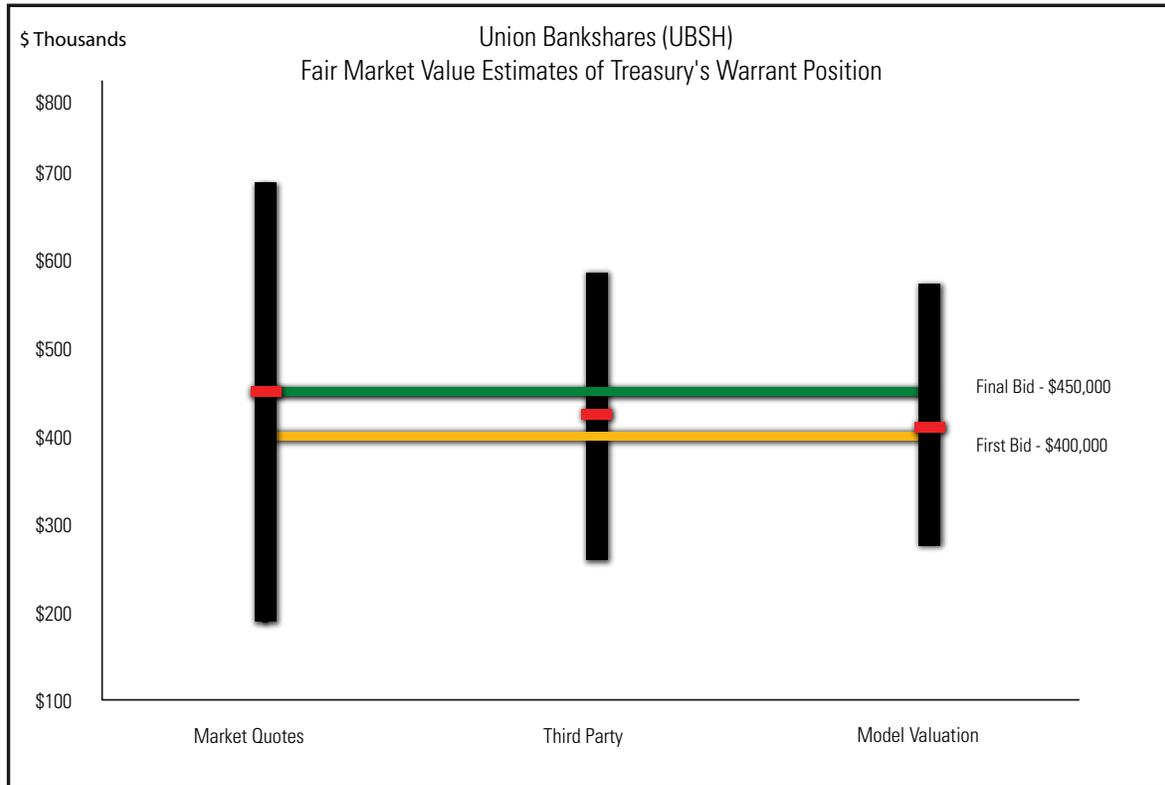


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$132	\$1,204	\$577	Four market indications.
Third Party	\$371	\$955	\$643	Binomial option model adjusted for American style options
Model Valuation	\$585	\$1,119	\$851	Binomial option model adjusted for American style options

UNION BANKSHARES CORPORATION (UBSH) REPURCHASE OF UBSH WARRANT

On December 16, 2009, Union Bankshares Corporation (UBSH) agreed to pay \$450,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 211,318 shares of UBSH at a strike price of \$20.94 per share. The warrant had an expiration date of December 19, 2018.

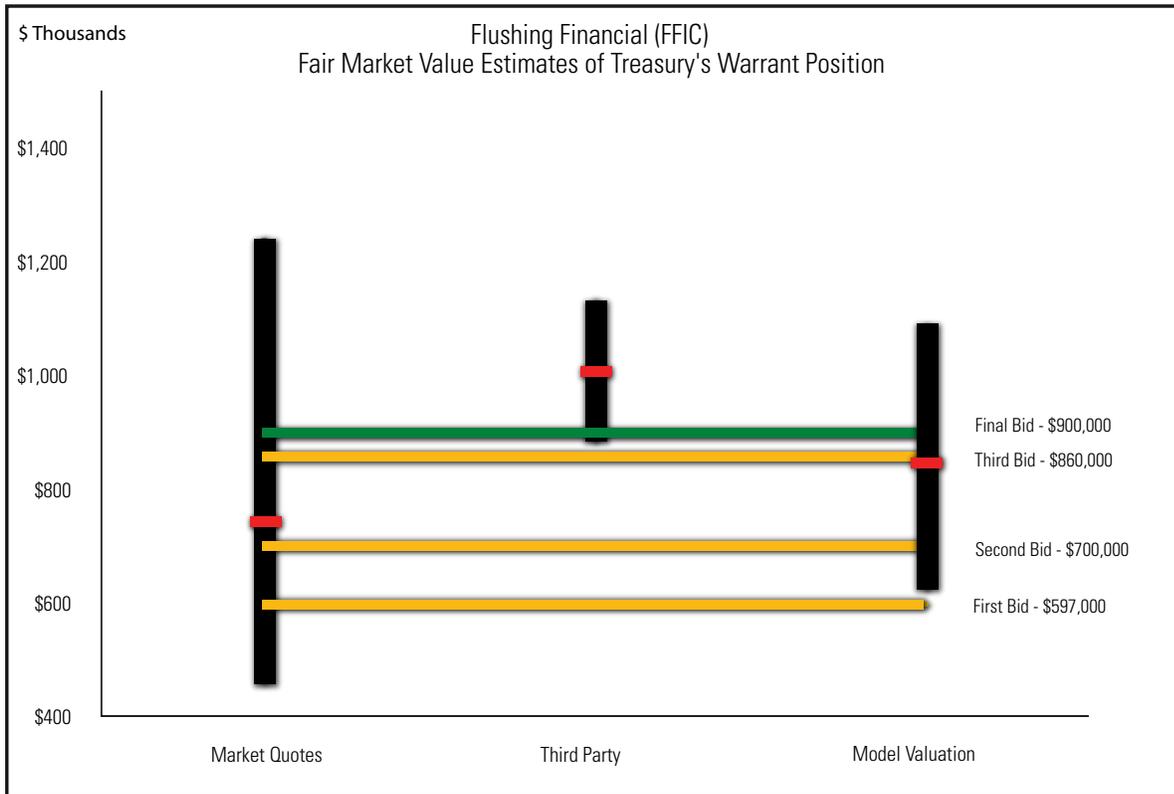


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$188	\$687	\$448	Four market indications.
Third Party	\$267	\$595	\$424	Binomial option model adjusted for American style options
Model Valuation	\$279	\$564	\$410	Binomial option model adjusted for American style options

FLUSHING FINANCIAL CORPORATION (FFIC) REPURCHASE OF FFIC WARRANT

On December 28, 2009, Flushing Financial Corporation (FFIC) agreed to pay \$900,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 375,806 shares of FFIC at a strike price of \$13.97 per share. The warrant had an expiration date of December 19, 2018.

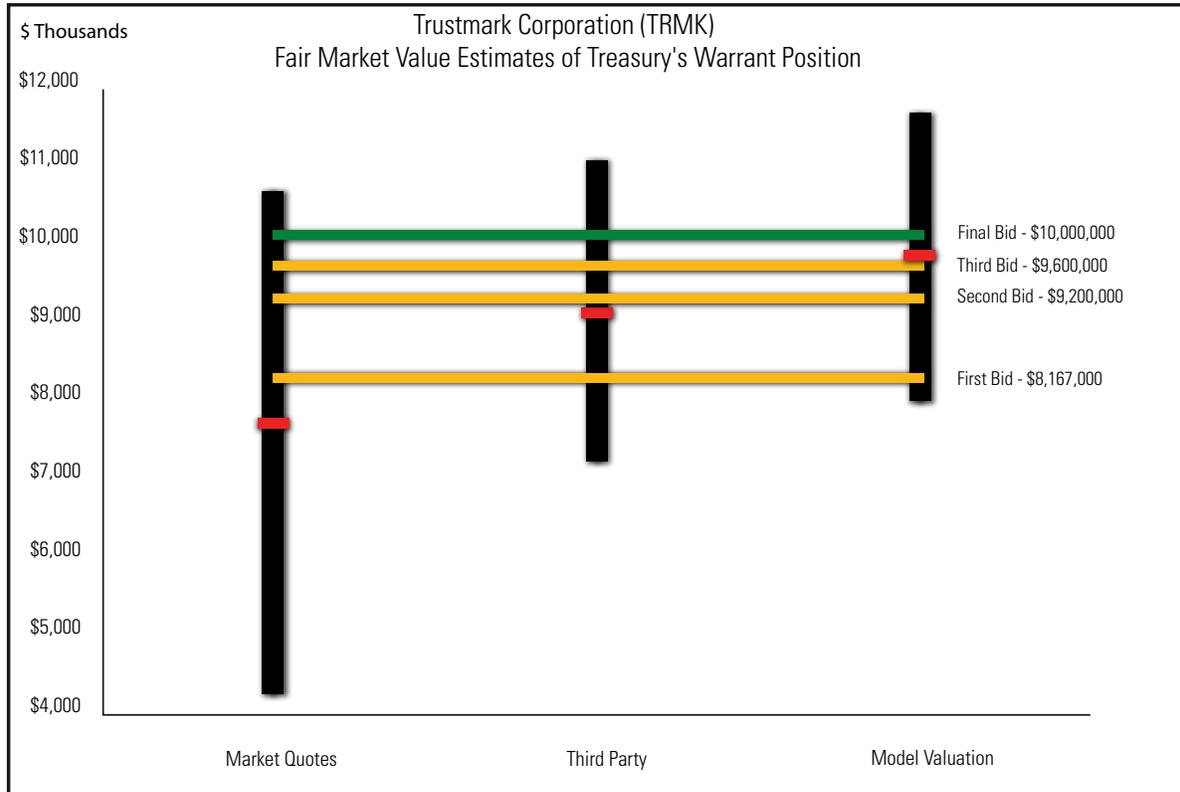


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$459	\$1,240	\$742	Three market indications.
Third Party	\$883	\$1,131	\$1,007	Binomial option model adjusted for American style options
Model Valuation	\$623	\$1,090	\$850	Binomial option model adjusted for American style options

TRUSTMARK CORPORATION (TRMK) REPURCHASE OF TRMK WARRANT

On December 29, 2009, Trustmark Corporation (TRMK) agreed to pay \$10,000,000 for the warrant held by Treasury which entitled the holder of the warrant to purchase 1,647,931 shares of TRMK at a strike price of \$19.57 per share. The warrant had an expiration date of November 21, 2018.

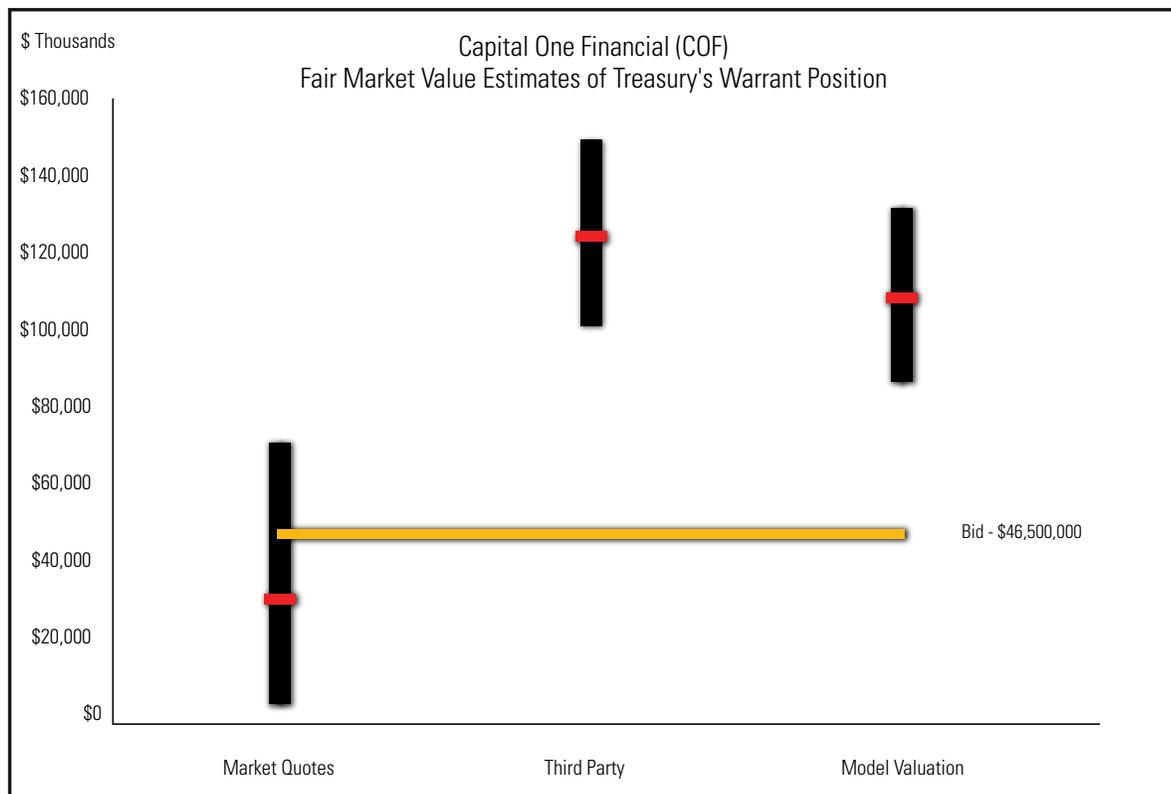


Valuation Estimates for Warrant (\$thousands)

	Low	High	Estimate	Details
Market Quotes	\$4,120	\$10,547	\$7,601	Four market indications.
Third Party	\$7,103	\$10,942	\$9,014	Binomial option model adjusted for American style options
Model Valuation	\$7,876	\$11,551	\$9,704	Binomial option model adjusted for American style options

CAPITAL ONE FINANCIAL CORP. (COF) SALE OF COF WARRANT

On December 3, 2009, Treasury auctioned the Capital One Financial Corp. (COF) warrant for \$149 million in gross proceeds. The warrant entitled the holder to purchase 12,657,960 shares of COF at a strike price of \$42.13 per share and expired on November 14, 2018.



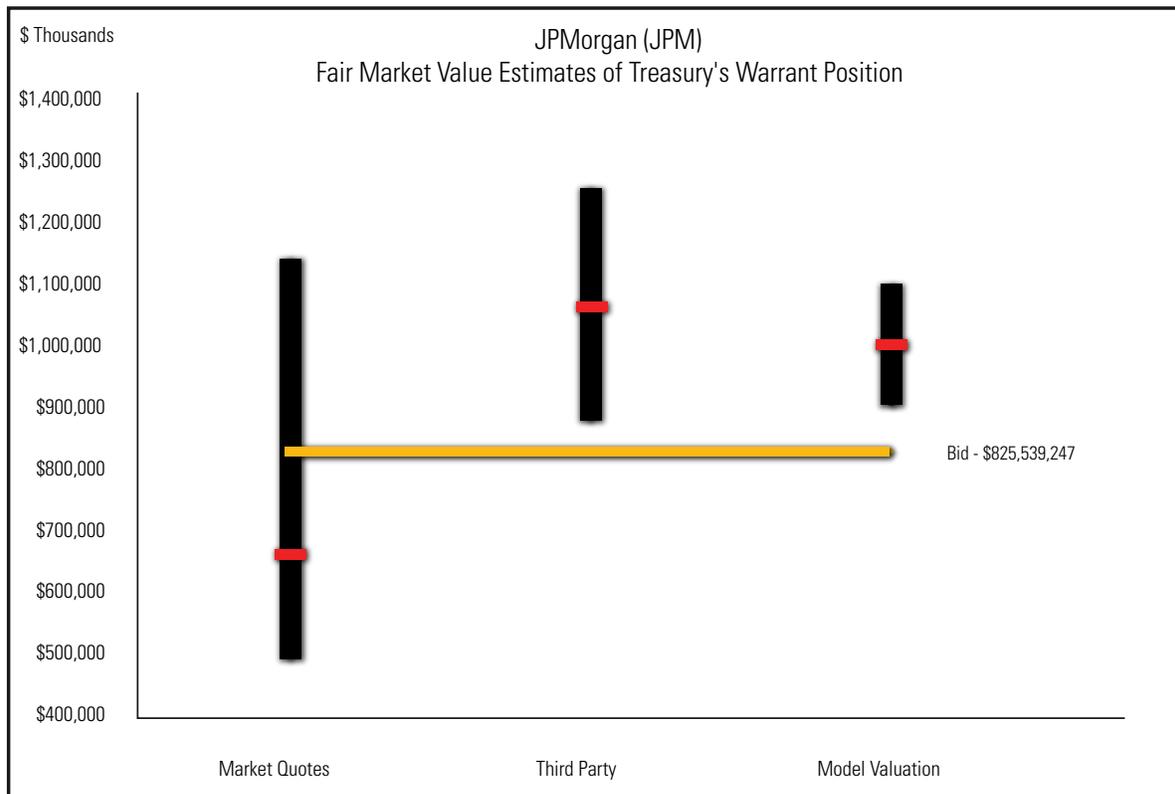
Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$2	\$70	\$30	Seven market indications.
Third Party	\$107	\$148	\$124	Binomial option model adjusted for American style options
Model Valuation	\$86	\$131	\$108	Binomial option model adjusted for American style options

NOTE: Above analysis was done to evaluate COF's bid on 6/30/09 and is not directly comparable to the auction results on 12/3/09 as market conditions changed over the intervening five months. In particular, COF's stock price appreciated 69% while short-term implied volatility in the stock declined slightly. See charts in Appendix IV.

JP MORGAN CHASE & CO. (JPM) SALE OF JPM WARRANT

On December 10, 2009, Treasury auctioned the JPMorgan Chase & Co. (JPM) for \$950 million in gross proceeds. The warrant entitled the holder to purchase 88,401,697 shares of JPM at a strike price of \$42.42 per share and expired on October 28, 2018.



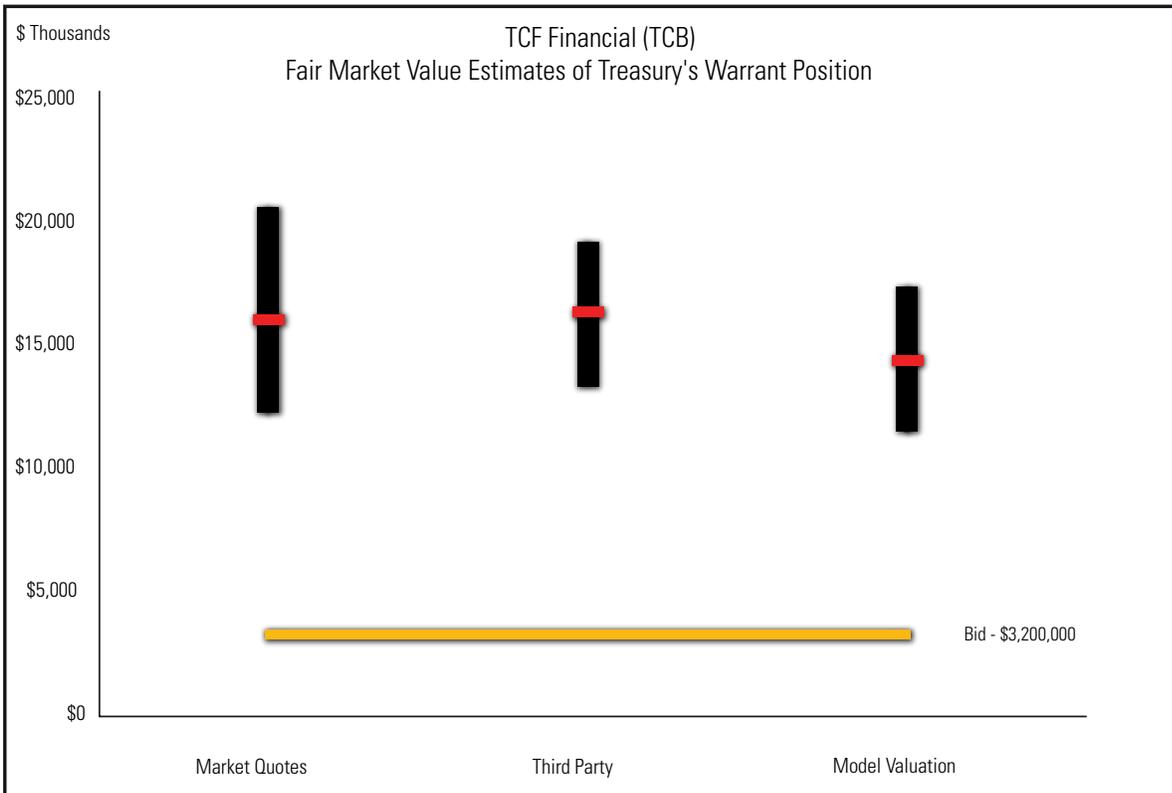
Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$488	\$1,137	\$658	Seven market indications.
Third Party	\$875	\$1,252	\$1,063	Binomial option model adjusted for American style options
Model Valuation	\$900	\$1,097	\$998	Binomial option model adjusted for American style options

NOTE: Above analysis was done to evaluate JPM's bid on 6/17/09 and is not directly comparable to the auction results on 12/10/09 as market conditions changed over the intervening six months. In particular, JPM's stock price appreciated 26% while short-term implied volatility in the stock declined more than 25%. See charts in Appendix IV.

TCF FINANCIAL CORPORATION (TCB)
 SALE OF TCB WARRANT

On December 15, 2009, Treasury auctioned the TCF Financial Corporation (TCB) warrant for \$9.6 million in gross proceeds. The warrant entitled the holder to purchase 3,199,988 shares of TCB at a strike price of \$16.93 per share and expired on November 14, 2018.

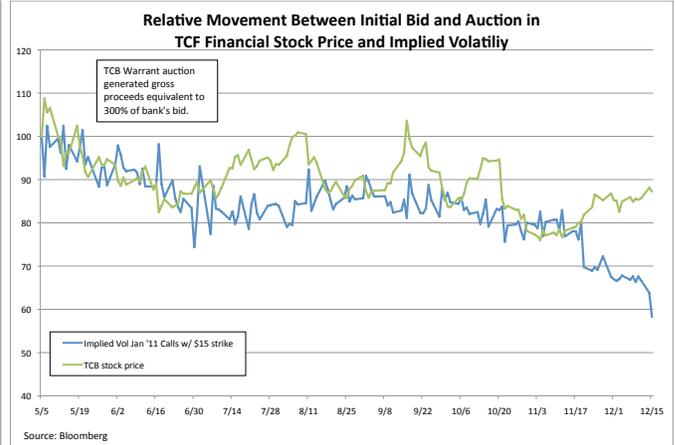
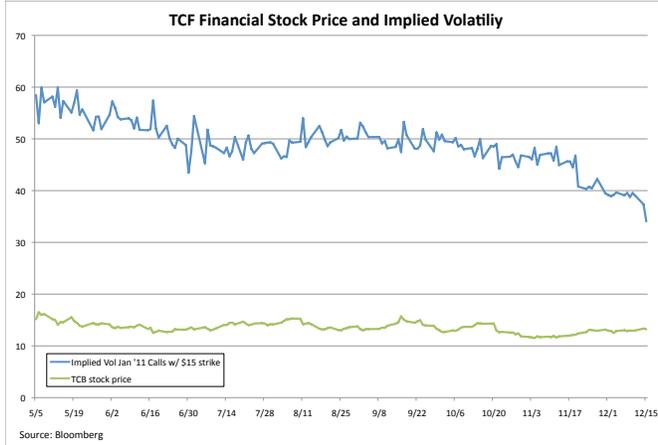
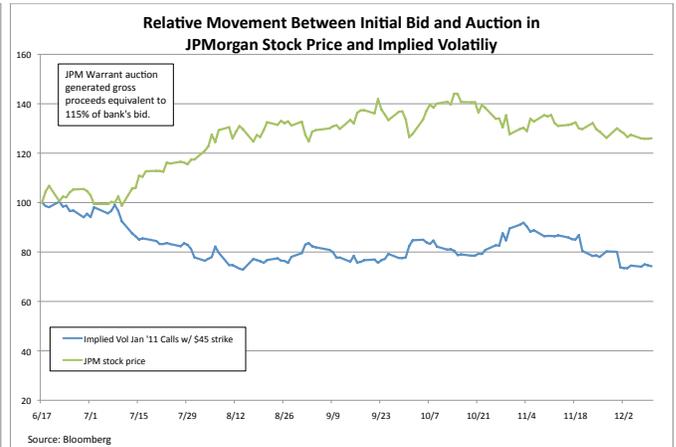
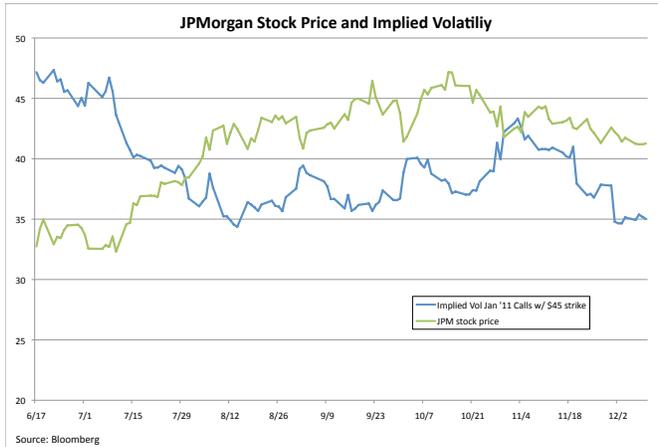
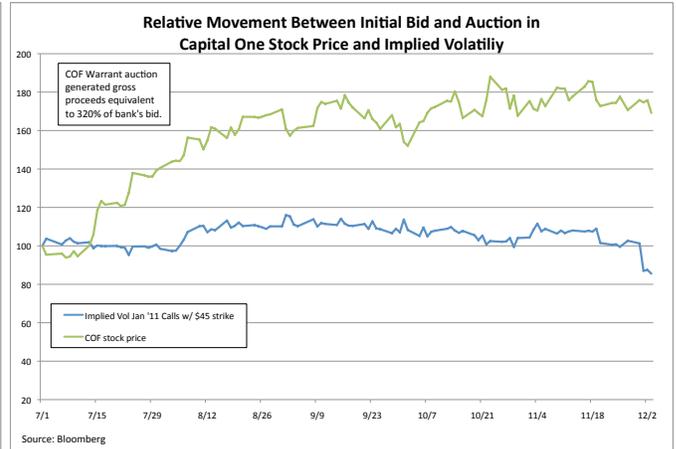
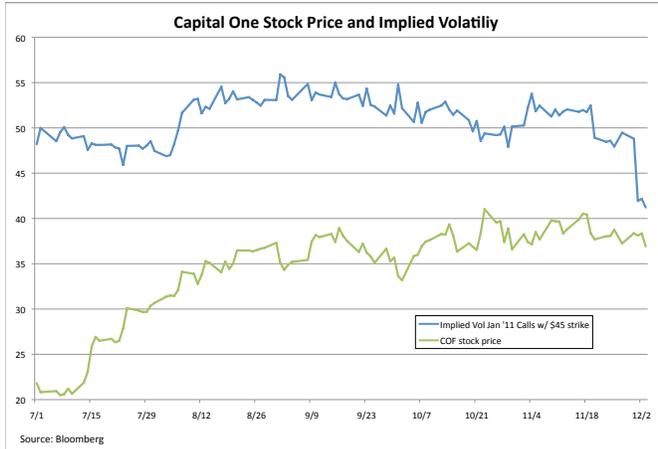


Valuation Estimates for Warrant (\$millions)

	Low	High	Estimate	Details
Market Quotes	\$12.1	\$20.5	\$15.9	Three market indications.
Third Party	\$13.4	\$19.1	\$16.2	Binomial option model adjusted for American style options
Model Valuation	\$11.3	\$17.2	\$14.3	Binomial option model adjusted for American style options

NOTE: Above analysis was done to evaluate TCB's bid on 5/5/09 and is not directly comparable to the auction results on 12/15/09 as market conditions changed over the intervening seven months. In particular, TCB's stock price declined 16% while short-term implied volatility in the stock declined more than 40%. See charts in Appendix IV.

APPENDIX IV – CHANGES IN MARKET CONDITIONS FROM ISSUER BID TO AUCTION



APPENDIX V – QUALIFIED EQUITY OFFERINGS SUFFICIENT TO HALVE WARRANTS

Institution Name	Ticker	CPP Investment Date	CPP Investment Size (\$millions)	Repurchased Date of CPP Investment	CPP Investment Outstanding (\$millions)	Warrant Exercise Price	Adjusted Number of Warrant Shares
State Street	STT	10/28/08	2,000.0	6/17/09	-	WARRANT REPURCHASED	
East West Bancorp	EWBC	12/5/08	306.5	N/A	306.5	15.15	1,517,555
PrivateBancorp, Inc.	PVTB	1/30/09	243.8	N/A	243.8	28.35	645,013
SVB Financial Group	SIVB	12/12/08	235.0	12/23/09	-	49.78	354,058
Umpqua Holdings Corp.	UMPQ	11/14/08	214.2	N/A	214.2	14.46	1,110,898
MB Financial Inc.	MBFI	12/5/08	196.0	N/A	196.0	29.05	506,024
First Niagara Financial Group	FNFG	11/21/08	184.0	5/27/09	-	WARRANT REPURCHASED	
United Community Banks, Inc.	UCBI	12/5/08	180.0	N/A	180.0	12.28	1,099,542
National Penn Bancshares, Inc.	NPBC	12/12/08	150.0	N/A	150.0	15.30	735,294
Western Alliance Bancorporation	WAL	11/21/08	140.0	N/A	140.0	13.34	787,107
CVB Financial Corp	CVBF	12/5/08	130.0	9/2/09	-	WARRANT REPURCHASED	
F.N.B. Corporation	FNB	1/9/09	100.0	9/9/09	-	11.52	651,042
First Busey Corporation	BUSE	3/6/09	100.0	N/A	100.0	13.07	573,833
Pinnacle Financial Partners, Inc.	PNFP	12/12/08	95.0	N/A	95.0	26.64	267,455
Iberiabank Corporation	IBKC	12/5/08	90.0	3/31/09	-	WARRANT REPURCHASED	
First Financial Bancorp	FFBC	12/23/08	80.0	N/A	80.0	12.90	465,117
Columbia Banking System Inc.	COLB	11/21/08	76.9	N/A	76.9	14.49	398,023
Flushing Financial Corporation	FFIC	12/19/08	70.0	10/28/09	-	WARRANT REPURCHASED	
Nara Bancorp, Inc.	NARA	11/21/08	67.0	N/A	67.0	9.64	521,266
First Financial Holdings Inc.	FFCH	12/5/08	65.0	N/A	65.0	20.17	241,696
Union Bankshares Corporation	UBSH	12/19/08	59.0	11/18/09	-	WARRANT REPURCHASED	
Lakeland Financial Corporation	LKFN	2/27/09	56.0	N/A	56.0	21.20	198,269
Center Financial Corporation	CLFC	12/12/08	55.0	N/A	55.0	9.54	432,390
Home Bancshares, Inc.	HOMB	1/16/09	50.0	N/A	50.0	26.03	144,065
Seacoast Banking Corporation of Florida	SBCF	12/19/08	50.0	N/A	50.0	6.36	589,623
The Bancorp, Inc.	TBBK	12/12/08	45.2	N/A	45.2	3.46	980,203
First Community Bancshares Inc.	FCBC	11/21/08	41.5	7/8/09	-	35.26	88,273
OceanFirst Financial Corp.	OCFC	1/16/09	38.3	12/30/09	-	15.07	190,427
Eagle Bancorp, Inc.*	EGBN	12/5/08	38.2	12/23/09	23.2	7.44	385,434
Centerstate Banks of Florida Inc.	CSFL	11/21/08	27.9	9/30/09	-	WARRANT REPURCHASED	
Washington Banking Company	WBCO	1/16/09	26.4	N/A	26.4	8.04	246,082
Heritage Financial Corporation	HFWA	11/21/08	24.0	N/A	24.0	13.04	138,037
Middleburg Financial Corporation	MBRG	1/30/09	22.0	12/23/09	-	15.85	104,101
MidSouth Bancorp, Inc.	MSL	1/9/09	20.0	N/A	-	14.37	104,384
Bar Harbor Bankshares**	BHB	1/16/09	18.8	N/A	18.8	26.81	52,455
Monarch Financial Holdings, Inc.	MNRK	12/19/08	14.7	12/23/09	-	8.33	132,353
Center Bancorp, Inc.	CNBC	1/9/09	10.0	N/A	10.0	8.65	86,705
Central Valley Community Bancorp	CVCY	1/30/09	7.0	N/A	7.0	6.64	79,067
Total	38		5,327.4		2,280.1		

*Eagle Bancorp has partially redeemed the CPP preferred.

** Bar Harbor has not yet provided an official notice of its QEO for Treasury approval.

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