

The Program Formerly Known as TARP: General Information

Sponsor: U.S. Treasury

Key Dates

Established: October 3, 2008

Duration: December 31, 2009
(or Extension Date: October 3, 2010)

Announced Programs:

- Capital Purchase Program (see cheat sheets for public and private programs)
- Asset Guarantee Program
- Targeted Investment Program
- Systemically Significant Failing Institutions Program
- Automotive Industry Financing Program
- Automotive Supplier Support Program
- Consumer Lending Facility (see TALF cheat sheet)
- Programs under Financial Stability Plan (see Financial Stability Plan cheat sheet)

TARP Tracker

Notes

Authorized Amount	\$700.0 billion	
Capital Purchase Program	- \$250.0 billion	• Expenditure under the program expected to be less than \$250 billion
AIG Bailout II	- \$40.0 billion	
TALF	- \$100.0 billion	• Original allocation \$20 billion, raised to \$100 billion under Financial Stability Plan
Automotive Industry Financing Program	- \$81.3 billion	• Includes Automotive Industry Financing Program and Automotive Supplier Support Program (Chrysler, GM and GMAC)
Citigroup	- \$25.0 billion	• Includes \$5 billion under asset guarantee program and \$20 billion under Targeted Investment Program
Bank of America	- \$20.0 billion	• Targeted Investment Program
Foreclosure Program	- \$70.0 billion	• Home Affordable Modification Program under Financial Stability Plan
Capital Assistance Program	?	• Capital Assistance Program is expected to be funded by TARP. Estimated size unknown. CaPP investments can be exchanged into CAP, minimizing the impact.
Public-Private Investment Program	- \$30 billion	• Announced commitment of \$75 - \$100 billion, later announced initial commitment of \$30 bn for legacy securities program
Repurchase Income	+ \$70 billion	• As of July 17, 2009
Dividends and Interest	+ \$6.1 billion	• As of July 17, 2009

Amount Remaining: ~ \$ 159.8 billion

Who Can Participate?

- U.S. institutions subject to U.S. regulation (includes, at least, banks, savings associations, credit unions, security brokers or dealers and insurance companies)
- U.S. branches of foreign financial institutions with significant U.S. operations should qualify
- Institutions owned by foreign governments or central banks excluded with limited exception
- See "Programs" above - definitions are expanding as necessary to include Automotive Industry

What are Troubled Assets?

- Residential or commercial mortgages and any securities, obligations or other instruments based on, or related to, such mortgages
- Originated or issued on or before March 14, 2008 and acquisition promotes financial market stability
- Other financial instruments if, after consultation with Fed, Treasury makes a written determination that the purchase is necessary to promote financial market stability and provides such determination to Congress
- No Congressional approval required

Equity Investments – Key Terms

- Public companies must provide equity securities (warrants for non-voting common or preferred stock or warrants for voting common stock)
- Private companies may provide a warrant for common or preferred stock, or senior debt
- If voting, Treasury will agree not to exercise voting rights, other than class voting rights on matters that could adversely affect the shares
- If Treasury sells warrant, voting rights transfer to purchaser
- Warrants must contain standard anti-dilution provisions
- Warrants must protect Treasury if financial institution no longer public

Treasury Considerations:

- Protecting Americans' retirement savings
- Impact on public instrumentalities (ex: cities, counties)
- Preventing the unjust enrichment of participating financial institutions, including by preventing the sale of a troubled asset at a higher price than the seller paid for it

Executive Compensation Requirements

- Executive Compensation Requirements were retroactively amended by the American Recovery and Reinvestment Act
- Please see our related one-page reference guide on Executive Compensation at <http://www.mofo.com/news/updates/files/14605.html>