ROAD TO STABILITY

Guidelines for Targeted Investment Program

Updated: November 20, 2009

The United States Department of the Treasury will determine eligibility of participants and allocation of resources under the Emergency Economic Stabilization Act (EESA) pursuant to the Targeted Investment Program. Financial Institutions (as defined in EESA) will be considered for participation in the Targeted Investment Program on a case-by-case basis. There is no deadline for participation in this program.

Justification

The objective of this program is to foster financial market stability and thereby to strengthen the economy and protect American jobs, savings, and retirement security. In an environment of high volatility and severe financial market strains, the loss of confidence in a financial institution could result in significant market disruptions that threaten the financial strength of similarly situated financial institutions and thus impair broader financial markets and pose a threat to the overall economy. The resulting financial strains could threaten the viability of otherwise financially sound businesses, institutions, and municipalities, resulting in adverse spillovers on employment, output, and incomes.

Eligibility Considerations

In determining whether an institution is eligible for participation, Treasury may consider, among other things:

1. The extent to which destabilization of the institution could threaten the viability of creditors and counterparties exposed to the institution, whether directly or indirectly;

2. The extent to which an institution is at risk of a loss of confidence and the degree to which that stress is caused by a distressed or illiquid portfolio of assets;

3. The number and size of financial institutions that are similarly situated, or that would be likely to be affected by destabilization of the institution being considered for the program;

4. Whether the institution is sufficiently important to the nation's financial and economic system that a loss of confidence in the firm's financial position could potentially cause major disruptions to credit markets or payments and settlement systems, destabilize asset prices, significantly increase uncertainty, or lead to similar losses of confidence or financial market stability that could materially weaken overall economic performance; and

5. The extent to which the institution has access to alternative sources of capital and liquidity, whether from the private sector or from other sources of government funds.

In making these judgments, Treasury will obtain and consider information from a variety of sources, and will take into account recommendations received from the institution's primary regulator, if applicable, or from other regulatory bodies and private parties that could provide insight into the potential consequences if confidence in a particular institution deteriorated.

Form, Terms, and Conditions of Treasury Investment

Treasury will determine the form, terms, and conditions of any investment made pursuant to this program on a case-by-case basis in accordance with the considerations mandated in EESA. Treasury may invest in any financial instrument, including debt, equity, or warrants, that the Secretary of the Treasury determines to be a troubled asset, after consultation with the Chairman of the Board of Governors of the Federal Reserve System and notice to Congress. Treasury will require any institution participating in this program to provide Treasury with warrants or alternative consideration, as necessary, to minimize the long-term costs and maximize the benefits to the taxpayers in accordance with EESA. Treasury will also require any institution participating in the program to adhere to rigorous executive compensation standards. In addition, Treasury will consider other measures, including limitations on the institution's expenditures, or other corporate governance requirements, to protect the taxpayers' interests.

These program guidelines are being published in accordance with the requirements of Section 101(d) of EESA.