

Stoltzfoos, Jeffrey

From: Monaco, Ralph
Sent: Friday, March 21, 2008 12:17 PM
To: Monaco, Ralph
Subject: Economic Policy Weekly Review and The Week Ahead
Attachments: Weekly Review 2008-03-21.pdf; Week Ahead 2008-03-24.pdf

OVERVIEW

It was a light week for economic data, and news was dominated by early-week developments in credit markets and monetary policy and subsequent market reactions. Activity data continued to indicate the economy is weakening:

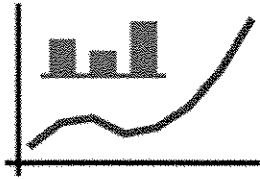
- Single-family housing starts fell 6.7 percent in February to 707,000, the lowest level since early 1991. Single-family permits fell and remained below starts, suggesting more declines to come. The decline in single-family starts shows no sign of slowing; February's decline was larger than the average monthly decline during 2007. Homebuilder confidence remained near record lows in March.
- Industrial production dropped 0.5 percent in February and two key regional Federal Reserve manufacturing indicators pointed to further weakness in the factory sector in March.
- Initial claims for unemployment insurance jumped to 378,000 in mid-March, up from an average of 343,000 during the first two months of 2008. That points to a modest increase in payroll jobs in March at best.

Inflation-related statistics were mixed. Producer prices for February showed a little more inflation than last week's consumer price report. Core producer prices rose 0.5 percent and rising energy prices were offset by declines in food prices, leaving overall producer prices up 0.3 percent for February and 6.4 percent above a year earlier. All March inflation indicators are likely to exceed February's increases. Gasoline prices rose to an all-time nominal high in the latest week, and other consumer energy costs, like those for diesel fuel and home heating oil, continued to rise. These suggest that energy prices will make a substantial contribution to March consumer prices, after holding down headline consumer inflation in February. Still, crude oil prices showed some improvement during this week, falling about \$8 per barrel to \$101.84 on Thursday. Some analysts are suggesting oil prices are coming down because U.S. demand is falling as the economy eases.

Monetary policy took center stage this week, as the Federal Reserve moved to maintain liquidity in credit markets and counter slowing economic activity. On Sunday the Fed opened the discount window for the next six months to major investment banks that are primary dealers of Treasury securities and lowered the discount rate 25 basis points. The Fed also played a role in J.P. Morgan's acquisition of Bear Stearns by providing a \$30 billion loan in exchange for hard-to-value securities from the Bear Stearns portfolio. Later in the week, the Fed cut the federal funds rate target by 75 basis points to 2.25 percent, bringing the total decline in the funds rate since the Fed began easing to 300 basis points. The S&P finished the week up 3.2 percent, but is still down more than 9 percent this year. The consensus outlook for Q1 sees virtually zero GDP growth in the quarter.

Note: All figures in this report except daily financial and commodity price data are seasonally adjusted, unless designated as NSA (not seasonally adjusted).

Treasury users can also find these and other economic indicator updates on the Treasury portal:
<http://portal.do.treas.gov/C15/Market-Economic-Resources/default.aspx>



THE WEEKLY REVIEW OF ECONOMIC DEVELOPMENTS

March 17 - March 21, 2008

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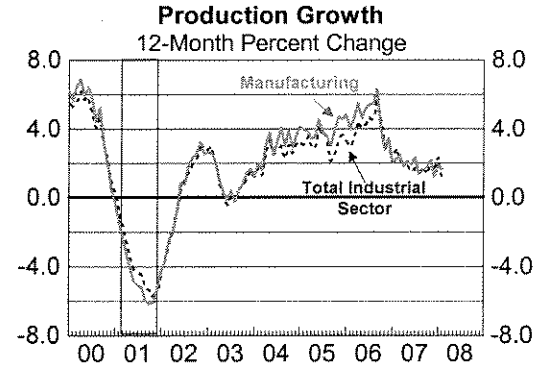
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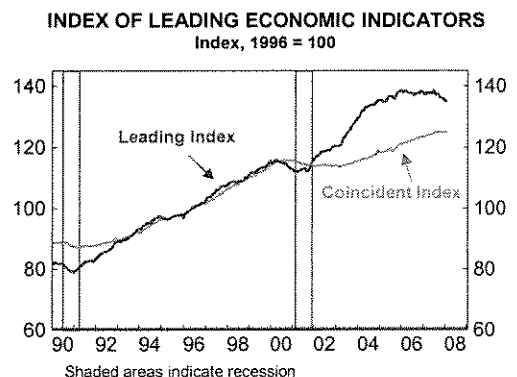
KEY WEEKLY STATISTICS

BUSINESS ACTIVITY

- Industrial production** declined 0.5 percent in February, partly due to a decline in utilities output. Output in **manufacturing** (about 82 percent of the industrial production index) was down 0.2 percent in February after a flat reading in January. Production of motor vehicles and parts fell 1.0 percent following a 1.6 percent decline in January. Manufacturing output excluding autos was down 0.2 percent in February, reflecting declines in a wide variety of sectors (furniture, wood products, printing, primary metals). Over the past year, total industrial production rose by 1.0 percent, well below the 2.9 percent rate for the previous twelve months. Manufacturing production rose 1.7 percent in the year through February, also down from the 2.2 percent rise in the previous twelve months. Total **capacity utilization** declined 0.6 percentage point to 80.9 percent in February, the lowest reading since November 2005. The factory operating rate edged 0.3 percentage point lower to 79.3 percent. Both utilization rates are now below their respective long-term averages.

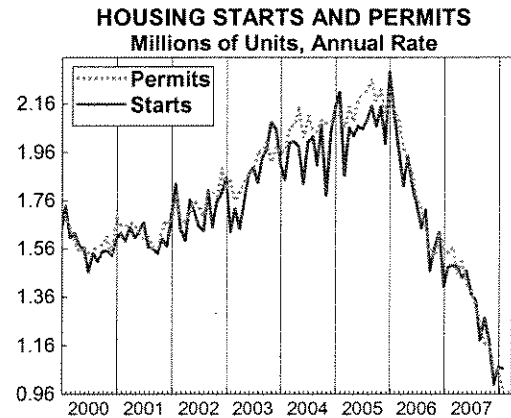


- Two key regional manufacturing activity indexes for March continue to signal contraction in manufacturing activity. The **Empire State index** from the New York Fed declined sharply to -22.2, an all-time record low for this relatively new series. The **Philadelphia Fed index** increased to -17.4, still signaling contraction for the fourth straight month. For both indexes, new orders and shipments also registered contractions.
- The Conference Board's **index of leading economic indicators** decreased for the fifth consecutive month in February, furthering the downtrend that began in mid-2007 and signaling continued weakness in the near term. The leading index fell 0.3 percent in February and is now at the lowest level in nearly three years. Over the last six months, the leading index has fallen 1.5 percent. Six-month growth has been negative since September 2007. The **coincident index** was unchanged in February for the third consecutive month, while the **lagging index** rose 0.2 percent. The coincident/lagging index ratio (which some believe is a leading indicator of business cycle turning points) posted its seventh consecutive decline in February.

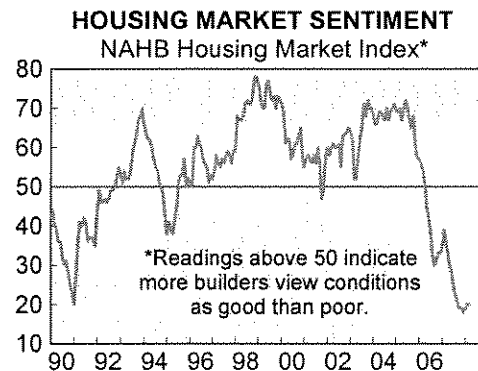


HOUSING MARKETS

- In February, housing starts totaled 1.065 million at an annual rate, slipping 0.6 percent from January and falling about 28 percent below the year-earlier level. Single-family housing starts declined 6.7 percent, and were 62 percent below their peak of 1.837 million in January 2006. Multifamily housing starts, which are more volatile than single-family groundbreakings, rose 14.5 percent and were revised up in January, returning to levels seen in the last quarter of 2007. **Building permits** issued for future residential construction fell 7.8 percent in February to a 978,000 unit annual rate, dropping below the 1 million mark for the first time since November 1991. Over the past year, permits have fallen about 37 percent. Single-family permits decreased 6.2 percent in February to 639,000 at an annual rate.



- **Conventional mortgage rates** rose in February, averaging 5.92 percent according to Federal Reserve data. Rates on conventional mortgages moved higher in early March, but dropped to 5.87 percent in the week ending March 20. The spread between jumbo and conforming loans has remained above 100 basis points so far in March, according to data from the *Wall Street Journal* and Bankrate.com, indicating continued strain in the jumbo mortgage market.
- The National Association of Homebuilders (NAHB) **housing market index (HMI)** for new single-family homes was unchanged in March at 20, indicating that builder confidence remains very low. The index has stayed in the narrow band from 18 to 20 over the last seven months, and the March level is just 2 points above the all-time low of 18 reached in December 2007. The current conditions index (20) and prospective buyer traffic index (19) were unchanged in March, while the six-month expectations index slipped by 1 point to 26. Regionally, the HMI for the Northeast fell to 21, the West declined to 15, the Midwest was unchanged at 16, and the South rose to 26.



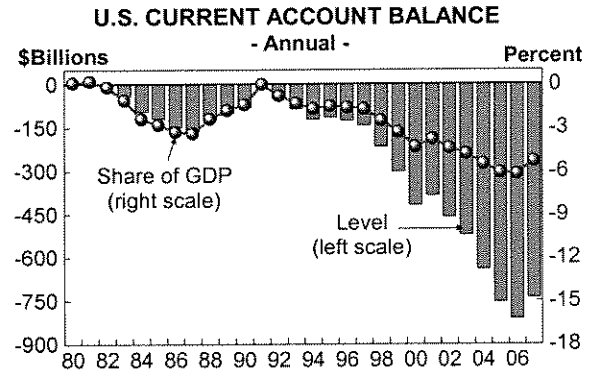
PRICES

- The overall **producer price index (PPI)** for finished goods was up 0.3 percent in February. Compared to a year earlier, the PPI was up 6.4 percent, accelerating sharply from the 2.4 percent advance in the twelve months through February 2007. Finished food prices were down 0.5 percent in February; despite the decline, the PPI for food has risen 6.0 percent during

the past twelve months. The index for finished energy goods rose 0.8 percent in February with gasoline prices up 2.9 percent. The core PPI (finished goods less food and energy) was up 0.5 percent in February and rose 2.4 percent over the last twelve months, faster than the 1.8 percent rise over the twelve months ending in February 2007.

INTERNATIONAL

- The **U.S. current account deficit** continued to narrow in Q4, shrinking by \$18 billion to \$692 billion at an annual rate (-4.9 percent of GDP) from \$710 billion (-5.1 percent of GDP) in Q3. As a share of GDP, the Q4 deficit was the smallest since early 2004. The Q4 improvement was mainly due to a large increase in the surplus on income. Payments to foreigners for income earned on their assets in the United States fell, outweighing a decline in income received by U.S. investors on their holdings overseas. The surplus on trade in services also rose in Q4. Those gains were partly offset by a widening in the merchandise trade deficit that was due entirely to a surge in petroleum imports, and an increase in net unilateral transfers to foreigners. The current account deficit for all of 2007 was \$739 billion (-5.3 percent of GDP). That was down from a record \$812 billion (-6.2 percent of GDP) in 2006 and was the smallest annual deficit since 2004.

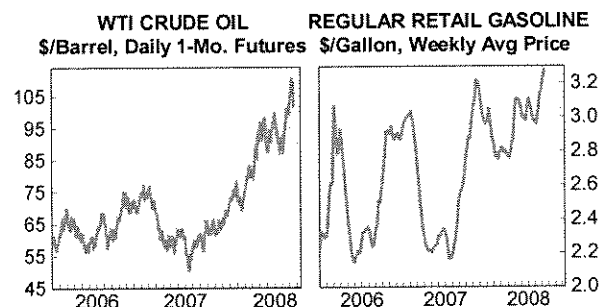


LABOR MARKETS

- In the week ending March 15, **initial claims for unemployment insurance** rose by 22,000 to 378,000, the highest level since late January. The four-week moving average of initial claims increased by 6,000 to 365,000, well above the 322,000 average in 2007. **Continued claims** for unemployment insurance benefits rose by 32,000 to 2.87 million in the week ended March 8, the highest level in 3½ years. The state insured unemployment rate ticked up to 2.2 percent. Some part of the increase in initial claims may be due to the strike of General Motors Corporation's (GM) parts supplier American Axle, which has stopped or slowed production at 27 GM plants across the United States and affected roughly 36,000 GM employees in the United States to date.

ENERGY MARKETS

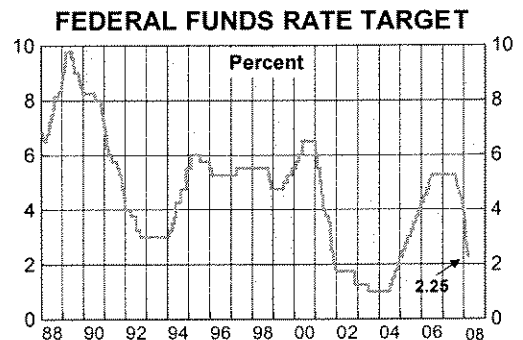
- **West Texas Intermediate (WTI) crude oil futures prices** dropped throughout the week and fell below \$100 per barrel briefly on Thursday. This week's average WTI futures price settled at \$105.36, down \$4.06, or 3.7 percent, from last week's average.



- The Energy Information Administration (EIA) reported Wednesday that **U.S. crude oil inventories** rose 0.2 million barrels to 311.8 million last week, in the middle of the average range for this time of year. Motor gasoline inventories decreased 3.5 million barrels to 232.5 million, but remain above the upper limit of the average range.
- The **U.S. average price for regular retail gasoline** was \$3.28 per gallon in the week ended March 17, up 5.9 cents from the week before and 71 cents above March 2007. Prices rose throughout the country. **U.S. retail diesel fuel** reached an all-time high for the fourth consecutive week at \$3.97 per gallon, up \$1.29 from a year earlier. **Residential heating oil** set a record high for the fifth consecutive week (the final week in the winter heating season) at \$3.85 per gallon.

FINANCIAL MARKETS

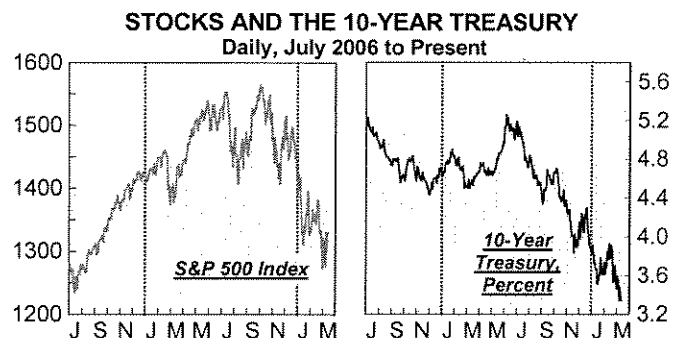
- The Federal Reserve took unusual steps to improve credit market liquidity before markets opened this week. On Sunday, the Federal Reserve opened the discount window to primary dealers for the next six months and lowered the discount rate 25 basis points to 3.25 percent. The Federal Reserve also played a key role in J.P. Morgan's acquisition of Bear Stearns by providing a \$30 billion loan to J.P. Morgan in exchange for hard-to-value securities from the Bear Stearns portfolio.
- On Tuesday, the Federal Open Market Committee (FOMC) cut the **federal funds rate target** by 75 basis points to 2.25 percent. The Federal Reserve also reduced the discount rate by 75 basis points to 2.5 percent, bringing the three-day reduction in the discount rate to 100 basis points. The FOMC statement noted softness in consumer spending and labor markets, and reiterated that "financial markets remain under considerable stress." The FOMC acknowledged that "inflation has been elevated and some indicators of inflation expectations have risen" but also that it "expects inflation to moderate in coming quarters." The Committee noted that the sum of recent actions, including measures to foster market liquidity, should help to promote moderate growth but also noted that "downside risks to growth remain."



Data measures below are on the week as of midday Friday.

- Market participants focused on financial system risks this week. Economic data releases continued to confirm a weakening economy, but when the market closed on Thursday, the **S&P 500 index** was 3.2 percent higher, posting its first weekly gain in the last four. Despite the gain, year-to-date, the index is still down 9.5 percent after rising 3.5 percent in 2007.

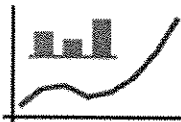
- The ten-year Treasury yield fluctuated markedly during the week, but ended the week 10 basis points lower at about 3.3 percent.
- The Cleveland Fed's calculations of market expectations suggest a high probability of at least a 25 basis point reduction in the **federal funds target rate** at the next FOMC meeting on April 29/30, with a more than 40 percent chance of at least a 50 basis-point cut.



- The dollar appreciated 1.2 percent against the euro, but depreciated 1.4 percent against the yen this week. So far in 2008, the dollar has fallen more than 5 percent against the euro and nearly 12 percent against the yen.

OUTLOOK

- The Treasury real-time statistical forecasting system predicts 1.7 percent real GDP growth in 2008Q1, down slightly from last week's estimate. The real time prediction has fallen 0.5 percentage point from its first look at GDP growth in Q1 made on February 8. The NAHB housing market indicator is predicting 0.8 percent growth and the Philadelphia Fed manufacturing survey indicator is forecasting 0.6 percent growth.
- Private consensus forecasts continue to expect growth in real GDP in 2008Q1 below the Treasury real-time estimate. The prediction from *Macroeconomic Advisers (MA)* weekly forecaster's survey rose this week to 0.1 percent, while *MA* itself kept its expectation of GDP growth at 1.0 percent. The latest *Bloomberg* survey sees 0.1 percent GDP growth in Q1. Economists at *Wachovia* see a 0.3 percent decline in GDP in 2008Q1.



THE WEEK AHEAD

Economic Data to be Released March 24 – March 28, 2008

Date	Statistic	Previous	Consensus Forecast *
Mar 24	Monday		
10:00 a.m.	NAR Existing-Home Sales, February Existing-home sales dropped 0.4% in January, but existing single-family home sales rose 0.5%. The current sales pace implies a 10.3 months' supply of homes available for sale.	4.89 M	4.85 M
Mar 25	Tuesday		
9:00 a.m.	S&P/Case-Shiller Home Prices, January Miami, Phoenix, Las Vegas, and San Diego were down at least 16% during the twelve months ending in December.	Composite 20	
		-9.1% yoy	-10.5% yoy
10:00 a.m.	OFHEO Price Index, January The Pacific region saw the biggest twelve-month decline in the purchase-only index of 5.4%, while the East South Central region saw the largest increase of 2.5%.	Purchase-Only Index	
		-1.0% yoy	
10:00 a.m.	Consumer Confidence, (Conference Board), March In February, the index fell 12 points, and consumer expectations dropped to a 17-year low. The Michigan survey of consumer sentiment was roughly unchanged in March.	75.0	73.5
Mar 26	Wednesday		
8:30 a.m.	Durable Goods Orders, February New orders of core capital goods fell 1.4% in January, after rising 5.2% in December. Shipments of core capital goods were nearly flat in January, edging up 0.1%.	New Orders	
		-5.1%	0.8%
10:00 a.m.	New Home Sales, February New single-family home sales fell 2.8% in January, and have fallen 34% over the past 12 months. The inventory of new homes is now a 9.9 months' supply at the current sales pace, the highest since 1981.	Units	
		0.588 M	0.579 M
Mar 27	Thursday		
8:30 a.m.	GDP 4Q and Corporate Profits, Final Q1 GDP was unchanged, with an upward revision to exports offsetting a downward revision to inventory investment (mainly in motor vehicles).	0.6%	0.6%
8:30 a.m.	Initial Claims, Week Ending March 22 Weekly initial claims rose by 22,000 in the latest week, but some of the rise is likely due to a strike by a parts supplier for General Motors, which has affected 36,000 U.S. workers at GM plants to date.	378,00	370,000
10:00 a.m.	Help-Wanted Index, February The Conference Board measure of newspaper job advertising declined one point in January. Over the last three months, five of the nine regions surveyed saw declines.	21	20
Mar 28	Friday		
8:30 a.m.	Personal Income and Outlays, February Real disposable income rose 0.1% in January and is up 1.2% over the last 12 months, less than half of the gain in the previous year. Real consumer spending was flat for a second month.	Nominal Income	
		0.3%	0.3%
		Nominal Spending	
		0.4%	0.1%
10:00 a.m.	Consumer Sentiment (Mich.), March (Final) Consumer sentiment edged down in early March and is consistent with the levels recorded in the recessions of the mid-1970s, the early 1980s, and the early 1990s.	70.5	70.0

* Median forecast based on Bloomberg compilation as of Friday afternoon, March 21. May change with additional forecast

Foley, Trip

From: Zuccarelli, Jennifer
Sent: Friday, March 21, 2008 3:06 PM
To: _DL_FYI
Subject: DJ- US Tsy's Ryan Says Govt Actions Have Helped Bring Stability

US Tsy's Ryan Says Govt Actions Have Helped Bring Stability

21 March 2008

19:00 GMT

Dow Jones

WASHINGTON (Dow Jones)--A top U.S. Treasury Department official says government steps taken to calm financial markets have brought some stability.

Anthony Ryan, assistant secretary for financial markets, said the government is addressing the credit crunch.

"I think some of the actions have helped facilitate more stability and more orderliness in our capital markets," Ryan said in the transcript of an interview scheduled to air Sunday on the C-Span "Newsmakers" show.

"I think we have to recognize that the current conditions are a function of a series of excesses that have been built up over a number of years," Ryan said. "They have created challenges as some of these changes are occurring, but we're working through that."

The Federal Reserve announced last weekend that securities dealers may borrow from the Fed on much the same terms as banks. It has also agreed to lend \$30 billion to J.P. Morgan Chase & Co. (JPM) to complete an acquisition of Bear Stearns & Co. (BSC).

"I have a great deal of confidence in our capital markets," Ryan said. "We're addressing these challenges and we're addressing them both from a public policy perspective, and certainly some of the actions as recently as this weekend have helped facilitate additional liquidity into our capital markets, which helps those capital markets function more effectively."

-By Jeff Bater, Dow Jones Newswires; 202 862 9249; jeff.bater@dowjones.com

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Scogin, Matthew

From: Appleton, Jesse

Sent: Friday, March 21, 2008 3:11 PM

To: Scogin, Matthew; Abbott, Matthew

Goldman, Lehman Rating Outlook Cut to Negative by S&P (Update3)

By Zhao Yidi

March 21 (Bloomberg) -- Goldman Sachs Group Inc., the biggest U.S. securities firm, and smaller rival Lehman Brothers Holdings Inc. had their credit-rating outlook cut to negative by Standard & Poor's, which said Wall Street banks' profits may fall as much as 30 percent in the coming year.

"Our current expectation is that net revenue could decline" at least 20 percent for independent securities firms, S&P said in a statement today. S&P affirmed its long-term credit rating of AA- for Goldman and A+ for Lehman. Both companies are based in New York.

The Federal Reserve's decision last week to open a lending facility for brokers and provide financial support for JPMorgan Chase & Co.'s emergency takeover of Bear Stearns Cos. "mitigates liquidity concerns," S&P said. "Nonetheless, we see some possibility, were there to be persisting capital markets turmoil and sharply weakening economic conditions, that financial performance could deteriorate significantly."

JPMorgan, the third-largest U.S. bank by assets, agreed March 16 to buy Bear Stearns in an all-stock deal that values the securities firm at \$2.52 a share, or \$366 million, based on yesterday's closing price. The collapse of Bear Stearns ranks along with Drexel Burnham Lambert Inc. as the biggest in Wall Street history.

Bear Stearns stock, which peaked at \$171.51 last year, closed at \$30 two days before the firm was forced to accept JPMorgan's terms or face bankruptcy, after customers and lenders abandoned the broker because of concern about a cash shortage. The Fed agreed to provide as much as \$30 billion to JPMorgan in order to get the deal done.

'Off the Table'

Goldman, Lehman and Morgan Stanley, the No. 2 securities firm, reported first-quarter earnings last week that beat analysts' estimates. Goldman's \$1.51 billion profit was down 53 percent from the same period last year. Lehman's fell 57 percent to \$489 million. Morgan Stanley's earnings declined 42 percent to \$1.55 billion.

Lehman shares plummeted almost 20 percent March 17 on speculation that the firm might face the same crisis of confidence among customers and lenders that felled Bear Stearns. Richard Fuld, Lehman's chief executive officer, said the Fed's decision to allow brokers to borrow from the central bank "takes the liquidity issue off the table," and the company's shares surged 46 percent the next day, when it reported earnings.

'Market Sentiment'

The "near-term earnings prospects remain at least somewhat brighter", S&P said in its statement today. Goldman, Lehman and Morgan Stanley have "benefited from the strength of equities trading activity," while wealth management and asset management businesses have also "remained relatively strong," the ratings company said.

S&P said it still can't "rule out the possibility that market sentiment will turn more severely against some firms, undermining the effectiveness of even the most extensive preparations against liquidity stresses."

Goldman, Lehman and Morgan Stanley said March 19 that they had borrowed from the Fed's new lending program for Wall Street firms. The Primary Dealer Credit Facility, announced by the central bank on March 16, allows the brokers to borrow overnight at a 2.5 percent interest rate, the same charged to commercial banks.

The Fed decided to become the lender of last resort to the 20 primary dealers of government debt two days after providing emergency financing for Bear Stearns.

Moody's Investors Service lowered its outlook on Lehman Brothers to stable from positive on March 17. The company's long-term credit rating was affirmed by Moody's at A1.

Foley, Trip

From: Zuccarelli, Jennifer
Sent: Friday, March 21, 2008 3:24 PM
To: DL_FYI
Subject: Bberg- Treasury's Ryan Says Fed Actions Are 'Facilitating Orderliness'

Treasury's Ryan Says Fed Actions Are 'Facilitating Orderliness' 2008-03-21 15:00 (New York)

By John Brinsley

March 21 (Bloomberg) -- Treasury Assistant Secretary Anthony Ryan comments on the credit crunch, the economy and JPMorgan Chase & Co.'s government-backed purchase of Bear Stearns Cos. The comments came from a transcript of C-Span's "Newsmakers" program airing March 23.

On the rescue of Bear Stearns:

"The key thing to focus on here is certainly with respect to the shareholders of Bear Stearns, they've suffered a significant loss. The actions taken by the Federal Reserve over the weekend -- and there were a series of actions taken -- were all done with the ambition of facilitating orderliness and stability in our capital markets. We remain in close contact with the Federal Reserve.

"I'm not going to speculate what's going to happen with other individual companies or what individual institutions may or may not do."

On the housing industry and the economy:

"With respect to some of the other challenges that individual homeowners have and the challenges give the headwinds to the economy in the housing sector, there are a series of actions that we have supported to help meliorate some of the challenges. This is a very real challenge that the economy is facing. And I have a great deal of confidence in our economy. It's very resilient. It's continued to grow."

On Congressional proposals to address the housing crisis:

"We share the ambition to have the housing marketplace work through. We have put forth a series of initiatives." The Hope Now Alliance, a Treasury-backed group of mortgage lenders spearheading private efforts to modify home loans, "is working well. We're making progress and that's a big part of what needs to be done."
"We would really like to see Congress move forward with FHA modernization. And we want to continue to work and see Congress move forward with comprehensive GSE reform."

--Editor: Carlos Torres

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Valentic, Marsha

From: Valentic, Marsha on behalf of Steel, Robert
Sent: Friday, March 21, 2008 3:37 PM
To: Paulson, Henry M
Subject: Accepted: Conference Call with Tim Geithner

Valentic, Marsha

Subject: Conference Call with Tim Geithner
Location: Secretary's Office

Start: Fri 3/21/2008 4:15 PM
End: Fri 3/21/2008 4:45 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Required Attendees: Via, Stafford; Valdeon, Lindsay; Matera, Cheryl; Taylor, Andrea; Chapman, Stanley; Pau, Jason; Riley, Daniel; Smith, Taiya; Gathers, Shirley; Wilkinson, Jim; Steel, Robert; Valentic, Marsha; Ridgway, Diana; Scogin, Matthew; Foley, Trip; Hoyt, Robert; Wilson, Kim; Shaw, Aloma

Added by CW 3/21/08

Participants:

HMP

Steel

Neel

Hoyt

Foley, Trip

From: Zuccarelli, Jennifer
Sent: Friday, March 21, 2008 5:41 PM
To: _DL_FYI
Subject: Reuters- UPDATE 1-US Treasury: Fed's Bear actions help all investors

UPDATE 1-US Treasury: Fed's Bear actions help all investors

21 March 2008

Reuters News

WASHINGTON, March 21 (Reuters) - The Federal Reserve's actions to lend billions of dollars to prop up and sell off ailing brokerage Bear Stearns will help all Americans by stabilizing capital markets, a senior U.S. Treasury official said.

In a transcript released on Friday of a television interview on C-SPAN to air on Sunday, U.S. Treasury Assistant Secretary for Financial Markets Anthony Ryan said action by the Fed to assume \$30 billion in securities obligation from Bear Stearns was among actions done "to facilitate liquidity and orderliness of the markets."

Under a deal brokered Sunday through the Fed and the Treasury, Bear Stearns agreed to be sold to a much financially stronger J.P. Morgan Chase & Co. for a what many considered to be a bargain price of \$236 million.

"In terms of what the Fed did and what other regulators are doing to help facilitate orderliness in our capital markets, I do think that helps everybody, given their vested interests in ensuring that financial institutions can lend to them and that there's stability in their investments they can make into the capital markets," Ryan said.

In addition to taking on \$30 billion of Bear Stearns' most illiquid mortgage-backed securities, the Fed said on Thursday that it lent about \$12.9 billion to Bear Stearns in the past week through a special credit facility it arranged with J.P. Morgan Chase.

Other Wall Street broker-dealers borrowed nearly \$29 billion from the Fed in the week to Wednesday.

Asked whether the administration sees any merit in negotiating with U.S. Rep. Barney Frank and U.S. Sen. Christopher Dodd over their proposals to provide more federal mortgage guarantees, Ryan said Treasury's key focus remains increasing the mortgage modifications by the private-sector "Hope Now" alliance of lenders, servicers and investors.

"Our focus is really making what we have move forward as effectively as it possibly can," Ryan said. "We feel that is the best thing to be doing. It is working. We don't want to see things that could compromise or undermine that effort."

Frank, the Massachusetts Democrat who chairs the House Financial Services Committee, and Dodd, the Connecticut Democrat who chairs the Senate Banking Committee, have said they plan to renew their efforts to provide more government aid to housing sector. Their proposals involve providing more government guarantees to some \$300 billion in Federal Housing Administration loans to refinancing distressed mortgages and reduce the principal amount.

Ryan said he had a "great deal of confidence" in U.S. capital markets and that both market participants and policy makers were taking actions to help them function more effectively. (Reporting by David Lawder, editing by Richard Chang)

Jennifer Zuccarelli
Director, Office of Public Affairs
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Phone: 202-622-8657
Fax: 202-622-1999

Foley, Trip

From: Zuccarelli, Jennifer
Sent: Saturday, March 22, 2008 7:29 PM
To: _DL_FYI; Jaconi, Kristen
Subject: NYT- In Washington, A Split Over Regulation of Wall Street

----- Original Message -----

From: Jennifer Zuccarelli <jenniferzuccarelli@yahoo.com>
To: Zuccarelli, Jennifer
Sent: Sat Mar 22 19:27:51 2008
Subject: NYT- In Washington, A Split Over Regulation of Wall Street

In Washington, a Split Over Regulation of Wall Street By EDMUND L. ANDREWS
<http://topics.nytimes.com/top/reference/timestopics/people/a/edmund_l_andrews/index.html?inline=nyt-per> and STEPHEN LABATON
<http://topics.nytimes.com/top/reference/timestopics/people/l/stephen_labaton/index.html?inline=nyt-per>

WASHINGTON — As Congress and the Bush administration struggle to contain the housing and credit crises — and prevent more Wall Street firms from collapsing as Bear Stearns
<http://topics.nytimes.com/top/news/business/companies/bear_stearns_companies/index.html?inline=nyt-org> did — a split is forming over how to strengthen oversight of financial institutions after decades of deregulation.

Democratic lawmakers in Congress and the Bush administration agree that the meltdown in credit markets exposed weaknesses in the nation's tangled web of federal and state regulators, which failed to anticipate the effect of so many new players in the industry. In Congress, Democratic lawmakers are drafting bills that would create a powerful new regulator — or simply confer new powers on the Federal Reserve — to oversee practices across the entire array of commercial banks, Wall Street firms, hedge funds and nonbank financial companies.

The Treasury Department is rushing to complete its own blueprint for overhauling what is now an alphabet soup of federal and state regulators that often compete against each other and protect their particular slices of the industry as if they were constituents. But the two sides strongly disagree about whether, after decades of a freewheeling encouragement of exotic new services and new players like hedge funds, the pendulum should swing back to tighter control.

One central battle is likely to be over tightening supervision of the risk-management practices of Wall Street investment banks and perhaps requiring them to keep higher cash reserves as a cushion against unexpected trading losses.

The Democratic proposals would subject Wall Street firms to the kind of strict oversight that banks have had for decades. If firms like Goldman Sachs
<http://topics.nytimes.com/top/news/business/companies/goldman_sachs_group_inc/index.html?inline=nyt-org> and Merrill Lynch
<http://topics.nytimes.com/top/news/business/companies/merrill_lynch_and_company/index.html?inline=nyt-org>

were required to set aside substantially bigger capital reserves, they would have that much less available for lending, trading and underwriting new securities. Wall Street firms played a central role in packaging and financing trillions of dollars in high-risk home mortgages, and the losses tied to those mortgages are at the heart of the deepening crisis in the financial markets that has pushed the economy to the brink of a recession.

"You need regulation that is adequate to the scope of innovation and to the scope of activity," said Representative Barney Frank, the Democrat of Massachusetts who is chairman of the House Financial Services Committee.

Mr. Frank said last week that Congress should consider creating a new regulator — or giving the Federal Reserve greater powers — to oversee all financial markets and intervene when necessary.

Mr. Frank, saying that government had failed to keep up with the explosion of new financial instruments, said regulators needed to re-examine capital reserves, risk-management practices and consumer protection without regard to whether companies were commercial banks, investment banks or nonbank mortgage lenders.

"You do it right, and it's pro-market," Mr. Frank said in an interview. "Right now, we

have an investors' strike going on, and restoring investor confidence is a top priority." But industry groups warn that heavy-handed regulation could dry up investment capital just when the economy needs it most.

"If we don't tread very carefully on restructuring a very complex financial system, we might stifle the necessary animal instincts of a free market," said Mark A. Bloomfield, president of the American Council for Capital Formation, a business advocacy group. "Every day, the cries of populism grow stronger and could trample good economic policy."

Wall Street firms have also been major contributors to both political parties, and they are certain to oppose tough new restrictions. The Treasury Department appears torn. On the one hand, Treasury officials say they are convinced that today's regulatory system is fragmented and out of date. The Treasury secretary, Henry M. Paulson Jr.

http://topics.nytimes.com/top/reference/timestopics/people/p/henry_m_jr_paulson/index.html?inline=nyt-per , has talked about the need to re-examine capital requirements for financial institutions.

But both President Bush and Mr. Paulson, a former chief executive of Goldman Sachs, remain philosophically opposed to restrictions and requirements that might hamper economic activity.

"What we're looking at in our blueprint is how to make our regulatory structure more efficient, less duplicative and more in line with today's capital markets," said David G. Nason, assistant secretary of the Treasury for financial institutions. "We've got five regulatory agencies focused on depository institutions. We're one of the only countries in the world that separates securities from futures, and our regulation of insurance is solely at the state level."

But the entire discussion took a stunning turn last week after the Federal Reserve abruptly stepped in to prevent a systemic collapse on Wall Street.

Invoking its authority as the nation's lender of last resort, the Fed offered a \$30 billion credit line to JPMorgan Chase

http://topics.nytimes.com/top/news/business/companies/morgan_j_p_chase_and_company/index.html?inline=nyt-org to help it take over Bear Stearns, which was about to go bankrupt.

Even more significant, the central bank announced that it would lend hundreds of billions of dollars to big investment banks through its "discount window" — an emergency loan program that had been reserved strictly for commercial banks.

The Fed's involvement highlighted what many experts see as the growing disparity in regulation between Wall Street firms and commercial banks. Commercial banks submit to greater regulation, partly in exchange for the privilege of being able to borrow from the Fed's discount window.

But starting last week, Wall Street firms were getting the same protection without subjecting themselves to additional scrutiny. Some administration officials said they had little choice but to regulate Wall Street firms more closely.

"In the short term, it would make sense to have one umbrella regulatory agency," said Sheila C. Bair, chairwoman of the Federal Deposit Insurance Corporation

http://topics.nytimes.com/top/reference/timestopics/organizations/f/federal_deposit_insurance_corp/index.html?inline=nyt-org , which insures deposits at banks and thrift institutions and is one of several federal bank regulatory agencies. "Capital levels are the most important tool we have at the F.D.I.C., and investment banks have lower capital levels than commercial banks."

Among Democrats and Republicans alike, there is a growing consensus that the existing regulatory structure, involving more than half a dozen federal agencies as well state offices, were not equipped to prevent a host of questionable practices that aggravated the housing and mortgage meltdowns.

The practices included abusive loans by independent mortgage brokers; risky and opaque transactions by financial institutions; credit-rating decisions that turned out to be wildly optimistic; and the underwriting of loans by mortgage brokers that were often based on fraudulent or inaccurate information.

Just as the Sept. 11, 2001, attacks highlighted deep cracks between the nation's intelligence and law enforcement agencies, the credit and housing crises are forcing policy makers to scrutinize cracks between oversight agencies that aggressive mortgage brokers and deal makers were able to exploit.

"To anyone who looks at the regulatory system over the last few months, it is quite clear that the financial world has evolved dramatically and the regulatory system has not caught up," said Senator Charles E. Schumer

http://topics.nytimes.com/top/reference/timestopics/people/s/charles_e_schumer/index.html?inline=nyt-per , the Democrat of New York who is the chairman of the Joint Economic Committee.

Even though Mr. Schumer represents Wall Street's home state and has many financial supporters on Wall Street, he said he was on "the same page" as Mr. Frank and was

preparing his own plan for regulatory overhaul. Senator Christopher J. Dodd http://topics.nytimes.com/top/reference/timestopics/people/d/christopher_j_dodd/index.html?inline=nyt-per , the Democrat of Connecticut who is the chairman of the Senate Banking Committee, is preparing legislation as well.

But Mr. Schumer cautioned that the Bush administration's deregulatory mind-set could make it difficult to do anything this year.

The Treasury Department is hoping to unveil its own blueprint for regulatory overhaul in the next few weeks. Last week, Mr. Paulson acknowledged that the problems exposed by the housing crisis were diffuse and complex and could not be solved with a single action. But he suggested that he did not want to take any drastic regulatory steps while the financial markets remained in turmoil.

"The objective here is to get the balance right," Mr. Paulson said last week. "Regulation needs to catch up with innovation and help restore investor confidence but not go so far as to create new problems, make our markets less efficient or cut off credit to those who need it."

Given the philosophical differences about the value of government regulations, some experts were skeptical that Congress and the Bush administration would agree on more than cosmetic changes.

"There is a political will, but I'm not certain that it can overcome longstanding philosophic objections to dealing with free markets in a crisis environment," said Arthur Levitt Jr.

http://topics.nytimes.com/top/reference/timestopics/people/l/arthur_jr_levitt/index.html?inline=nyt-per , the chairman of the Securities and Exchange Commission under President Bill Clinton

http://topics.nytimes.com/top/reference/timestopics/people/c/bill_clinton/index.html?inline=nyt-per .

The Federal Reserve's recent decisions to lend hundreds of billions of dollars to the nation's biggest investment banks, and to underwrite JPMorgan Chase's takeover of Bear Stearns, may have changed the balance of power.

The Fed reported on Thursday that investment banks had quickly taken advantage of the lending program and had taken out \$28.8 billion in new loans by Wednesday. That did not include any loans that JPMorgan Chase took on through the \$30 billion credit line it received as part of its deal to acquire Bear Stearns.

Goldman Sachs, Lehman Brothers

http://topics.nytimes.com/top/news/business/companies/lehman_brothers_holdings_inc/index.html?inline=nyt-org and Morgan Stanley

http://topics.nytimes.com/top/news/business/companies/morgan_stanley/index.html?inline=nyt-org voluntarily disclosed that they had taken loans under the Fed's new program, in part to reduce any stigma about it. But the volume of borrowing suggests that

many other Wall Street firms took advantage as well.

The new borrowing could strengthen Mr. Frank's hand in calling for tougher regulation, because it immediately raises the question of why investment banks should be allowed to borrow from the Fed without subjecting themselves to the same kind of oversight that commercial banks face.

But the broader issue for both Congress and the Bush administration is that even bank regulators did little to slow the explosive growth of high-risk subprime mortgages, many of which were "liar's loans" that did not require borrowers to verify their incomes.

At least four federal agencies — the Federal Reserve, the F.D.I.C., the Office of the Comptroller of the Currency

http://topics.nytimes.com/top/reference/timestopics/organizations/c/comptroller_of_the_currency/index.html?inline=nyt-org and the Office of Thrift Supervision — have some jurisdiction over mortgage lending. Making matters more difficult, state banking regulators had jurisdiction over the fast-growing array of nonbank mortgage lenders, which accounted for about 40 percent of new subprime loans before that market collapsed last August.

Except for the Federal Reserve, all of the federal bank agencies receive funding from fees paid by member institutions, and some specialists have long argued that the agencies competed with each other to woo institutions with lighter regulation.

"There was no federal coordinated oversight, and as a result there was a competition to reach the bottom, both in federal and state organizations," said Brian C. McCormally, a former enforcement chief at the Office of the Comptroller of the Currency.

Ms. Bair of the F.D.I.C. cautioned that industry and government turf battles would make it difficult to agree on a single regulator, especially a strong one. But she said the need for one was clear.

"We need to go in the direction of more regulatory consolidation," Ms. Bair said. "It would make more sense to have some type of umbrella agency, if for no other reason than

facilitating information."

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*<http://www.yahoo.com/r/hs>>

Foley, Trip

From: Nason, David
Sent: Saturday, March 22, 2008 9:34 PM
To: Foley, Trip
Subject: Re: Bear Merger Agmt Summary

I finally read this. Thx.

David G. Nason
Department of the Treasury
202.622.2610

----- Original Message -----

From: Foley, Trip
To: Steel, Robert; Nason, David; Ryan, Tony; Stoltzfoos, Jeffrey; Appleton, Jesse; Kashkari, Neel; Wilkinson, Jim
Sent: Tue Mar 18 08:26:27 2008
Subject: Bear Merger Agmt Summary

The Merger Agmt is posted to the Bear website (link below). The highlights below aren't meant to cover every nuance or qualification of the agreement, but I thought they might be helpful. This is entirely based on public information available on the BSC website.

- 1) The "Effective Time" of the merger is not specified, nor is a date yet set for shareholder vote. However, the JPM press release expects the merger to close by July 1, 2008.
- 2) Exchange Ratio is fixed at 0.05473 shares of JPM stock for each BSC share
- 3) Stock options, RSUs, etc. at BSC all continue and are converted at the Exchange Ratio
- 4) All directors of BSC must submit their resignations upon the Effective Time of the merger
- 5) Reps and Warranties seem fairly standard (i.e. truthful reporting, financials, organization, charters, licensing, etc.) and are usually accompanied by a MAC qualifier
- 6) The Agmt states that the Board of BSC "has determined that this Agreement is advisable and in the best interest of the Company and its stockholders and has directed that this agreement be submitted to BSC's stockholders...Except for the approval and adoption of this Agreement...no other corporate proceedings on the part of BSC are necessary to approve this Agreement."
- 7) The MAC seems pretty solid and does not have outs for i) changes in global politics or market conditions affecting "other companies in the industries in which such part and its Subsidiaries operate," ii) changes in credit markets or downgrades, iii) failure to meet earnings projections, "including any underlying causes thereof," iv) any outbreak of war or terrorism
- 8) BSC's board approves the transaction and Lazard provides a fairness opinion
- 9) BSC covenants to operate under normal circumstances, to not take any action to adversely affect the deal, and agrees to operate within its risk limits (which can be changed by JPM). BSC also agrees to not hire or fire any employees at the VP level or above
- 10) No date for the shareholder vote is set but the S-4 must be filed "promptly". BSC agrees to submit this agmt to a shareholder vote even if the Board shall withdraw its recommendation. BSC may also not take any action to lead to an Alternate transaction or participate in any alternate transaction unless necessary for the Board's fiduciary duty.

* If BSC prepares to support an Alternate Transaction, they must negotiate in good faith to alter the JPM agmt so it is an equal offer. Any switch to an Alternate Transaction must also take into account the likelihood to receive legal & regulatory approval. If shareholders don't approve the vote, the parties must negotiate in good faith to fix, although it's not necessary to increase the Merger Consideration.

11) There breakup fee is the ability for JPM to purchase BSC's headquarters for \$1.1bn less any outstanding debt (and to require BSC to buyout the other parties of the JV that currently hold the building)

12) The deal may be terminated by mutual consent. Otherwise, by either party A) after the 1yr anniversary, B) if government approvals are not received and there is no appeal available, C) if there is any breach (after a 30-day cure), D) and by JPM if BSC's board goes with an Alternate Transaction.

http://www.bearstearns.com/includes/pdfs/investor_relations/merger.pdf

Trip Foley
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Under Secretary for Domestic Finance

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Washington, DC 20220
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Email: trip.foley@do.treas.gov

Ridgway, Diana

From: Hoyt, Robert
Sent: Saturday, March 22, 2008 9:39 AM
To: Steel, Robert; Kashkari, Neel; Wilkinson, Jim; Davis, Michele; Fromer, Kevin; Albrecht, Stephen

I don't have an update since last night, but if folks want some color on what I heard from Baxter and Cutler, call into the number below at 10:45 and we can talk. Shouldn't take more than 10 mins. If that time isn't convenient, feel free to call me at another time.

Telephone Number: (202) 927-2255
Passcode: (b) (2)

Appleton, Jesse

From: Kashkari, Neel
Sent: Saturday, March 22, 2008 10:16 AM
To: Sobel, Mark; McCormick, David; Lowery, Clay; Ryan, Tony
Cc: Murden, Bill; McLaughlin, Brookly
Subject: Re: Interesting FT Article -- SECOND TIME

Thx

----- Original Message -----

From: Sobel, Mark
To: McCormick, David; Lowery, Clay; Ryan, Tony; Kashkari, Neel
Cc: Murden, Bill; McLaughlin, Brookly
Sent: Sat Mar 22 10:08:42 2008
Subject: Re: Interesting FT Article -- SECOND TIME

Central banks float rescue ideas By Chris Giles and Krishna Guha in London March 21, 2008
11:02:00 PM Central banks on both sides of the Atlantic are actively engaged in discussions about the feasibility of mass purchases of mortgage-backed securities as a possible solution to the credit crisis.

Such a move would involve the use of public funds to shore up the market in a key financial instrument and restore confidence by ending the current vicious circle of forced sales, falling prices and weakening balance sheets.

The conversations, part of a broader exchange as to possible future steps in battling financial turmoil, are at an early stage. However, the fact that such a move is being discussed at all indicates the depth of concern that exists over the health of the banking system.

It shows how far the policy debate has shifted in recent weeks as the crisis has spread to prime mortgage assets in the US and engulfed Bear Stearns, the investment bank.

The Bank of England appears most enthusiastic to explore the idea. The Federal Reserve is open in principle to the possibility that intervention in the MBS market might be justified in certain scenarios, but only as a last resort. The European Central Bank appears least enthusiastic.

Any move to buy mortgage-backed securities would require government involvement because taxpayers would be assuming credit risk. There is no indication as yet that the US administration would favour such moves. In the eurozone it would require agreement from 15 separate governments.

One argument among policymakers and bankers has been that new international rules have exacerbated the credit squeeze by requiring assets to be valued at their current record lows rather than at face value.

But a strongly held view at one European central bank is that it is not "mark-to-market" accounting that is to blame for severe weaknesses in banks' balance sheets but that prices of MBS securities have fallen to levels that imply unrealistically high rates of default.

If public authorities were to buy and hold sufficient mortgage-backed securities - rather than simply lend against them as they have until now - at prices well below face value but above current prices, they would set a floor in the MBS market.

The Fed does not believe that the point has yet been reached when such drastic action is necessary and considers the discussions it has had with its counterparts to represent "blue-sky thinking" rather than the formulation of a definitive policy proposal.

Fed officials are monitoring the impact of the latest barrage of Fed liquidity moves and interest rate cuts. They also believe the US has not exhausted all the options short of wholesale public intervention and further intermediate steps are available to them. These could include still more aggressive use of the Fed's own balance sheet to boost liquidity in the markets.

Analysts say the US government also has plenty of scope to boost support for the markets indirectly through the Federal Housing Administration or Fannie Mae and Freddie Mac.

The UK lacks these institutions, which could be one reason why the Bank of England is keenest to explore outright intervention. The UK government has already become heavily involved in buying mortgages since September with the recent nationalisation of Northern Rock, the mortgage lender.

Michael Coogan, the director-general of the UK's Council of Mortgage Lenders, said this week: "Demand for mortgages remains strong but cannot be fully met from existing funding sources." He predicted higher prices and reduced lending.

It is not just central banks that think the MBS market prices are too low and imply a unrealistic level of mortgage default. Some US states' pension funds are investing small sums in the mortgage market.

Robert Gentzel, a spokesman for the Pennsylvania State Employees' Retirement System, told the AP news agency: "Some of the securities that have dropped in value were really very solid securities."

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

----- Original Message -----

From: Sobel, Mark
To: McCormick, David; Lowery, Clay; Ryan, Tony; Kashkari, Neel
Cc: Murden, Bill; McLaughlin, Brookly
Sent: Sat Mar 22 09:58:46 2008
Subject: Interesting FT Article

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 1:04 PM
To: 'kevin.m.warsh@frb.gov'
Subject: Spoke with TG..

I will shoot Alan any e mail now and say that I will call him post Duke bball win..

Ridgway, Diana

From: Schwartz, Alan (Exchange) [ASCHWARTZ@bear.com]
Sent: Saturday, March 22, 2008 6:46 PM
To: Steel, Robert
Subject: Re: Catching

Tried to call
Sent from my blackberry wireless device

-----Original Message-----

From: Robert.Steel@do.treas.gov <Robert.Steel@do.treas.gov>
To: Schwartz, Alan (Exchange)
Sent: Sat Mar 22 18:35:56 2008
Subject: Re: Catching

Try cell (b) (6)

----- Original Message -----

From: Schwartz, Alan (Exchange) <ASCHWARTZ@bear.com>
To: Steel, Robert
Sent: Sat Mar 22 18:17:25 2008
Subject: Re: Catching

I'll call you in 10. What #?
Sent from my blackberry wireless device

-----Original Message-----

From: Robert.Steel@do.treas.gov <Robert.Steel@do.treas.gov>
To: Schwartz, Alan (Exchange)
Sent: Sat Mar 22 18:13:01 2008
Subject: Re: Catching

Now good for you ?

Whats the best # ?

I am free all evening if this is a bad time.

----- Original Message -----

From: Schwartz, Alan (Exchange) <ASCHWARTZ@bear.com>
To: Steel, Robert
Sent: Sat Mar 22 18:11:03 2008
Subject: Re: Catching

When can we talk?
Sent from my blackberry wireless device

-----Original Message-----

From: Robert.Steel@do.treas.gov <Robert.Steel@do.treas.gov>
To: Schwartz, Alan (Exchange)
Sent: Sat Mar 22 13:25:56 2008
Subject: Catching

Hi Alan..

Spoke with Kevin and suggested we connect. I am on my way to Verizon Center to watch a big Duke win.

Will give you a shout after the game if thats OK ..

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 7:43 PM
To: 'kevin.m.warsh@frb.gov'
Subject: Spoke with AS

Happy to brief you...

Am calling SEC now who wanted to speak.

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 8:28 PM
To: 'Timothy.Geithner@ny.frb.org'
Subject: Fw: Spoke with AS

Hi..

The attached updates you on the conversation i had with AS. I am home all evening (b) (6)

----- Original Message -----

From: Steel, Robert
To: 'kevin.m.warsh@frb.gov' <kevin.m.warsh@frb.gov>
Sent: Sat Mar 22 19:43:28 2008
Subject: Spoke with AS

Happy to brief you...

Am calling SEC now who wanted to speak.

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 9:07 PM
To: 'kevin.m.warsh@frb.gov'
Subject: Congrats

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 9:56 PM
To: Hoyt, Robert
Subject: Re:

Tim said OK...just call and listen...i'll do that in on on bit.

----- Original Message -----
From: Hoyt, Robert
To: Steel, Robert
Sent: Sat Mar 22 21:55:22 2008
Subject: Re:

Up to the Fed as far as I'm concerned.

----- Original Message -----
From: Steel, Robert
To: 'kevin.m.warsh@frb.gov' <kevin.m.warsh@frb.gov>; Hoyt, Robert;
'Timothy.Geithner@ny.frb.org' <Timothy.Geithner@ny.frb.org>
Sent: Sat Mar 22 21:24:09 2008
Subject: Fw:

Should i call rodg back..

----- Original Message -----
From: Cohen, H. Rodgin <Cohenhr@sullcrom.com>
To: Steel, Robert
Sent: Sat Mar 22 21:19:33 2008
Subject:

Just talked to Alan S. Please call me at (b) (6) .

This e-mail is sent by a law firm and contains information that may be privileged and confidential. If you are not the intended recipient, please delete the e-mail and notify us immediately.

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 9:56 PM
To: 'cohenhr@sullcrom.com'
Subject: Re:

Will call shortly..

----- Original Message -----

From: Cohen, H. Rodgin <Cohenhr@sullcrom.com>
To: Steel, Robert
Sent: Sat Mar 22 21:19:33 2008
Subject:

Just talked to Alan S. Please call me at (b) (6)

This e-mail is sent by a law firm and contains information that may be privileged and confidential. If you are not the intended recipient, please delete the e-mail and notify us immediately.

Steel, Robert

From: Steel, Robert
Sent: Saturday, March 22, 2008 10:31 PM
To: 'kevin.m.warsh@frb.gov'; Hoyt, Robert; 'Timothy.Geithner@ny.frb.org'
Subject: Re:

I spoke with rodg... Made the pts tg suggested and we'll move on ..i will give you guys more of any update when we all speak tomorrow.

----- Original Message -----

From: Steel, Robert
To: 'kevin.m.warsh@frb.gov' <kevin.m.warsh@frb.gov>; Hoyt, Robert; 'Timothy.Geithner@ny.frb.org' <Timothy.Geithner@ny.frb.org>
Sent: Sat Mar 22 21:24:09 2008
Subject: Fw:

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----- Original Message -----

From: Cohen, H. Rodgin <Cohenhr@sullcrom.com>
To: Steel, Robert
Sent: Sat Mar 22 21:19:33 2008
Subject:

Just talked to Alan S. Please call me at (b) (6)

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