



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

January 18, 2013

**Re: Capital Purchase Program – Additional Information Regarding Opt-Out Bids**

As you know, the United States Department of the Treasury (Treasury) has been winding down its Capital Purchase Program (CPP) investments, in part through a series of auctions of its investments which began in March 2012 and will continue into next year. In June 2012, we sent a letter to a number of banks informing them that Treasury was considering including its investments in their institutions as part of a series of pooled auctions of CPP investments. At that time, we also stated that an institution would have the opportunity – assuming applicable regulatory approval – to opt-out of the pooled auction if Treasury received a qualifying bid to repurchase all the institution’s remaining outstanding CPP securities. Any such bid would have to be above a minimum price set by Treasury.

Additionally, Treasury informed those banks that the decision to initially remove an investment from a pooled auction does not mean that the institution, or its designated bidder, is entitled to purchase the investment at the submitted bid price and that Treasury would conduct an individual auction or other process to ensure good value for taxpayers. Thus far, Treasury has successfully conducted modified Dutch auctions on those institutions which submitted qualifying bids. Nevertheless, Treasury reserved the right to place an institution back into a pooled auction process if, at the time of any individual auction or other purchase, the final and best submitted bid does not meet Treasury’s minimum.

We also noted as part of that letter that we would provide additional information from time to time regarding the entire sale process.

Over the course of last year, Treasury conducted a series of CPP auctions in over 90 institutions ranging in size and geographic scope. Consistently, these auctions were competitive, robust and met with strong investor demand. In certain cases, the Designated Bidder won all or portions of the investment and, in some cases, other private investors won all or portions of the investments. As outlined in our December press release, Treasury anticipates conducting more auctions over the coming months.

Due to strong market receptivity to these opt-out auctions and feedback from CPP institutions, Treasury has decided to repeat the “opt-out” process we conducted in last year, and therefore we invite your institution to submit opt-out bids through 5pm (EST) April 30, 2013 (approximately 90 days). Similar to 2012, documentation and instructions on bidding can be found on our website<sup>1</sup>.

Treasury retains the right, at all times, to decide whether, when and at what price it will sell the CPP investments. In addition, Treasury reminds potential participants in any sale of CPP

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<sup>1</sup> <http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cap/Pages/documents.aspx>

investments, that the purchasers are responsible for compliance with all applicable laws, including the Bank Holding Company Act of 1956, the Change in Bank Control Act, the Home Owners' Loan Act, and the Investment Company Act of 1940.

As we have noted before, we believe that the procedures we have outlined to wind down the Capital Purchase Program will help support our nation's community banks and protect taxpayer interests. Going forward, we'll continue to communicate with you regularly about the auction process and provide additional information on the procedures moving forward.

If you have any questions, please feel free to contact us at [cpp@treasury.gov](mailto:cpp@treasury.gov)

Best regards,

A handwritten signature in blue ink, appearing to read "M. Harris".

Michael Harris  
Director of the Capital Purchase Program