

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

The Hartford Financial Services Group, Inc.

Person to be contacted regarding this report:	Robert Paiano	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	830	Holding Company Docket Number: (For Thrift Holding Companies)	H-4565
CPP/CDCI Funds Received:	3,400,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	3,400,000,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Jun 23, 2009	City:	Hartford
Date Repaid <sup>1</sup> :	Mar 31, 2010	State:	Connecticut

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The Hartford is a significant provider of credit to consumers, businesses and municipalities through investment in corporate and municipal bonds, mortgage backed and other asset backed securities and commercial real estate lending in various forms.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	During the first quarter of 2010, The Hartford was a net seller of ABS, CMBS and RMBS securities. Sales of these securities were offset by selective purchases of predominantly investment grade corporate securities.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	As March 31, 2010, of the \$3.4 billion received, \$200 million was contributed to The Hartford's acquired bank subsidiary, \$1.7 billion was contributed to the life insurance subsidiaries, and \$500 million was used to purchase a surplus note of a captive subsidiary.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

U.S. Treasury's CPP investment in The Hartford provided confidence to the markets regarding The Hartford's financial stability. As a result, The Hartford was able to continue to conduct its insurance and financial services businesses in accordance with its strategy. In addition, receipt of the CPP funds allowed the company to avoid the potential issuance of securities into dislocated markets at an excessive cost.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Treasury's agreement with The Hartford provides that The Hartford agrees to (1) "...expand the flow of credit to U.S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U.S. economy" and (2) "work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market."

The Hartford's participation in CPP supports the objectives of both the Emergency Economic Stabilization Act and TARP (1) The Hartford is a financially strong institution, (2) serves to strengthen and stabilize the U.S. financial system by increasing the capital base of The Hartford, (3) positions The Hartford to support improvements in lending, flow of funds and availability of credit to U.S. businesses, consumers and municipalities and (4) restores Federal Trust Bank, a troubled financial institution, to well capitalized levels; preventing significant losses to the FDIC.

The Hartford was able to reduce its significant liquidity position and invest those funds in corporate debt securities and other financial intermediation activities.

The Hartford provided \$195 million and \$5 million of CPP funds to Federal Trust Bank in 2009 and 2010, respectively, to support its recapitalization. These capital contributions to Federal Trust Bank are substantially more than the bank would have qualified to receive had it applied for CPP funds on its own.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The Hartford's business model is different from those of traditional commercial banks. As a result its intermediation activities are also