Draft 2008 FCIC Timeline

Date & Time	Fact Text	Linked Issues
Jan-08	CEO Richard Fuld orders executives to cut Lehman's debt, halving the company's holdings in commercial and residential real estate and leveraged loans.	Lehman Brothers
Jan-08	Eric Felder, global co-head of fixed income at Lehman Brothers, makes a presentation to CEO Richard Fuld and the Lehman board warning that the investment bank is vulnerable to a liquidity crunch and damage from the collapsing subprime mortgage market.	Lehman Brothers, Excess Risk and Speculation
1/8/2008	Alan Schwartz becomes the last CEO of Bear Stearns, succeeding Jimmy Cayne, after the company posted its first quarterly loss in 83 years.	Bear Stearns
1/10/2008	OFHEO issues a revised Policy Guidance on the Examination of Mortgage Fraud Programs of Fannie Mae and Freddie Mac, detailing the standards for overseeing and evaluating policies and programs the enterprises have developed to minimize mortgage fraud.	GSEs, Fannie Mae, Freddie Mac, OFHEO, Mortgage Fraud
1/10/2008	AIG Financial Products CEO Joseph Cassano emails Financial Services Division Senior Vice President Bill Dooley and Financial Services Division CFO Elias Habayeb, stating that the estimate of the unrealized loss on the super senior credit default swap ("SSCDS") portfolio at the end of 12/07 ranged from $2.8 billion to $5.8 billion "depending upon the cash vs. synthetic basis percentage charge."	AIG
1/11/2008	Bank of America announces it will acquire Countrywide, the largest U.S. mortgage lender, for $4 billion. Countrywide is on the verge of bankruptcy.	Subprime Lending
1/15/2008	Citigroup announces a fourth-quarter loss, largely due to $18 billion in additional write-downs on mortgage-related investments.	Subprime Lending, Securitization/GSEs, Citigroup
1/16/2008	AIGFP CEO Cassano emails Goldman CFO David Viniar and Michael Sherwood, co-chief executive officer of Goldman Sachs International. Cassano states that Goldman's calculations of the market valuation losses on CDOs on which AIG had written SSCDS were too high, and asked for Goldman to return $1.1 billion of the collateral previously posted by AIG. Cassano enclosed a spreadsheet to his email which contained AIG's valuations, which showed that many of the CDOs were priced at par. Goldman's Andrew Davilman and David Lehman stated that AIG valuing the CDOs at par was a surprise, and they indicated the marks were not credible.	Complex Financial Derivatives, AIG, Goldman Sachs
1/17/2008	Lehman Brothers announces it will cut 1,300 jobs as it scales back mortgage lending.	Lehman Brothers
1/17/2008	Merrill announces a loss of $7.8 billion and write downs of $14.1 billion.	Merrill Lynch
1/18/2008	The Wall Street Journal reports that Fannie Mae will cut its dividend 30 percent and issue $7 billion in non-convertible preferred stock, another sign of trouble at the nation's largest holder of mortgages.	GSEs, Fannie Mae
1/22/2008	The Fed, worried about the slowing economy and the health of lenders, cuts the discount rate and the federal funds rate each by a steep 75 basis points to 4 percent and 3.5 percent, respectively.	Macroeconomic Factors/Policy, Federal Reserve Board
1/24/2008	President Bush and the House of Representatives reach tentative agreement on the tax-cutting Economic Stimulus Package of 2008. It includes a measure to lift the limit for the purchase of mortgages by Fannie Mae and Freddie Mac from $417,000 to as high as $729,750, a move aimed at freeing up the stalled market for so-called jumbo loans.	GSEs, Fannie Mae, Freddie Mac
1/29/2008	Rating agencies threaten to downgrade Ambac Financial and MBIA, two major bond insurers with exposure to mortgage securities.	Credit Rating Agencies

Date & Time	Fact Text	Linked Issues
1/30/2008	The Fed cuts the discount rate and the federal funds rate by an additional 50 basis points to 3.5 percent and 3 percent, respectively.	Macroeconomic Factors/Policy, Federal Reserve Board
1/30/2008	Bear Stearns Treasurer Bob Upton and Controller Jeff Farber notify the SEC that Bear's liquidity has declined markedly to only $8.8 billion on Jan. 28. One of the more significant reasons for the decline in liquidity was increased U.S. and U.K. securities trading that required almost $7.5 billion of cash. Upton says Bear Stearns has taken steps to ensure that trading would not strain the holding company's liquidity. The SEC requires Bear Stearns again to provide daily liquidity information.	Shadow Banking, Bear Stearns, SEC
2/6/2008	The SEC again reviews Bears Stearns' lines of funding secured by repurchase agreements (repos) in detail in response to rumors that the company may have lost some secured funding lines in Europe. In fact, Bear's secured funding lines increased by $10 billion. Inventory had also increased by approximately $20 billion, but that was solely due to increases in window-eligible agency securities, that is, generally mortgage-related assets. Bear Stearns continued to fund $6 billion of these long-term assets with credit lines based on those short-term repo deals.	Shadow Banking, Bear Stearns, SEC
2/6/2008	Tim Ryan and Bob Sullivan, PriceWaterhouseCoopers auditors, meet with AIG Chairman Bob Willumstad to discuss the status of material weaknesses in the SSCDS valuation process and the remediation steps AIG might want to consider. PwC's Ryan and Sullivan tell Willumstad that implementing remediation steps would not be enough to remediate the material weakness that existed as of 12/31/07.	Complex Financial Derivatives, AIG
2/6/2008	AIGFP CEO Cassano writes in an email to Financial Services Division CFO Elias Habayeb that a $442M collateral call AIGFP received from SocGen is close to the $589 million AIGFP estimate arrived at from using AIG's BET model. The amount of Goldman's CDS protection on AIG is now $2.1 billion.	Complex Financial Derivatives, AIG
2/7/2008	AIG's audit committee (Bob Willumstad, Morris Offit, George Myles, Stephen Bollenbach) and other AIG executives meet with PwC representatives Bob Sullivan, B. Moritz and Henry Daubeney to discuss the SSCDS valuation process and oversight. PwC's Sullivan informs the audit committee that the PwC could only "complete [the] audit as long as Mr. Cassano did not interfere in the process," and that "Cassano was a management judgment but the culture needed to change at FP."	Complex Financial Derivatives, AIG
2/7/2008	Fannie Mae files its 2007 Form 10-K with the Securities and Exchange Commission and thereby becomes current with its financial statements after a long period of reviewing and restating results.	GSEs, Fannie Mae
2/7/2008	Fed Chairman Bernanke says he, too, is concerned about monoline bond insurers, and is closely monitoring developments "given the adverse effects that problems of financial guarantors can have on financial markets and the economy."	Macroeconomic Factors/Policy, Federal Reserve Board
2/8/2008	AIG reports a loss for fourth-quarter 2007 of $5.3 billion, down from a $3.4 billion profit a year earlier. The company took a charge of $11.5 billion for the full year on its portfolio of credit default swaps insuring investors in mortgage-backed bonds. AIG also discloses that it has posted $5.3 billion in collateral in case it has to pay out on the insurance. It's the first time the company has disclosed the amount of posted collateral. AIG puts the value of the securities it has insured at $527 billion	AIG
2/8/2008	Auctions of auction-rate securities, reported to be a $330 billion market, begin to fail, causing cash to dry up and borrowing costs to spike for the governments and companies that sell the securities.	Macroeconomic Factors/Policy

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2/11/2008	AIG files a Form 8K, disclosing, among other matters, that PriceWaterhouseCoopers had concluded that as of December 31, 2007, AIG had a material weakness in its internal control environment regarding financial reporting and oversight relating to the fair value valuation of its CDS portfolio.	Complex Financial Derivatives, AIG
2/11/2008	The ratings agency Fitch places AIG on negative credit watch, which means "there is a heightened probability of a rating change," a crucial problem for AIG because a ratings downgrade would raise the company's borrowing costs and trigger collateral calls from credit default swap counterparties.	AIG
2/13/2008	President Bush signs into law Economic Stimulus Act of 2008.	Macroeconomic Factors/Policy
2/16/2008	Lehman Vice President Craig Jones and SVP and Head of Global Cash Management Dan Fleming exchange emails about JPMC's proposal to hold back margin on collateral, to impose the requirement incrementally, and that it will be a problem for Lehman.	Lehman Brothers
2/17/2008	Britain nationalizes Northern Rock, a sign that a weak housing market causing problems for lenders isn't just an American problem.	Macroeconomic Factors/Policy
2/25/2008	Sen. Charles Schumer (D-N.Y.) again urges OFHEO to lift the cap further on how many mortgages Fannie and Freddie can buy in order to boost the ailing housing market.	GSEs, Fannie Mae, Freddie Mac, OFHEO
2/26/2008	OFHEO issues a press release reporting widespread house price declines in the fourth quarter, with the biggest declines occurring in the midwest.	GSEs, Fannie Mae, Freddie Mac, OFHEO
2/27/2008	OFHEO Director Lockhart issues a public statement regarding Fannie Mae and Freddie Mac that "In recognition of the progress being made by both companies, as indicated by the timely release of their 2007 audited financial statements, and consistent with the terms of the relevant agreements, OFHEO will remove the portfolio growth caps for both companies on March 1, 2008."	GSEs, Fannie mae, Freddie Mac, OFHEO
2/28/2008	Treasury Deputy Secretary Robert K. Steel forwards an email to Treasury Deputy Assistant Secretary for Financial Institutions Policy Jeremiah Norton from FRBNY's Alejandro LaTorre, which says that the news of the GSEs reporting larger than expected 4Q07 losses was overshadowed by OFHEO's removal of the growth caps. Steel also writes that sharper declines in housing environment could result in larger losses for GSEs.	GSEs, OFHEO
2/28/2008	AIG reports its fourth quarter and fiscall2007 financial results. The company reports a net loss of $5.29 billion for the quarter, compared with net income of $3.44 billion for the same period of 2006. Th Capital Markets division reports a $10.49 billion operating loss for the quarter, primarily due to **$11.12 billion of unrealized market valuation losses related to AIGFP's super senior credit default swap portfolio**. The fourth quarter results included pretax net realized capital losses of $2.63 billion, primarily from other-than-temporary impairment ("OTTI") charges in AIG's investment portfolio, with an additional $643 million pretax OTTI charge related to AIGFP's available for sale investment securities	AIG, Excess Risk and Speculation, Too Big To Fail
2/28/2008	AIG Financial Products, the AIG subsidiary that runs the company's derivatives business, announces the retirement of long-time AIGFP CEO Joseph Cassano. Cassano enters into a consulting agreement with AIG, worth $1 million a month for his continuing consulting services.	Complex Financial Derivatives, AIG
3/4/2008	The SEC begins an on-site inspection of the liquidity of Bear Stearns' holding company. It does not identify any significant issues.	Shadow Banking, Bear Stearns, SEC

Date & Time	Fact Text	Linked Issues
3/5/2008	The cost of a credit default swap for protection against a Bear Stearns default rises from $50,000 per $10 million to $350,000 as buyers of the insurance grow increasingly worried whether it will cover potential losses.	Macroeconomic Factors/Policy, Complex Financial Derivatives
3/6/2008	Treasury Undersecretary for Domestic Finance Robert K. Steel gets an e-mail from Michael A.J. Farrell, head of a real estate investment trust that manages mortgage assets, suggesting that the GSEs could be "part of the solution … so long as Treasury and OFHEO are comfortable with the prospective change in their risk profile."	GSEs
3/6/2008	Peloton Capital, an asset-backed security fund with significant mortgage-related holdings, fails after defaulting on loans it used to purchase assets. The firm blames the tightening credit squeeze.	Securitization/GSEs
3/6/2008	OFHEO releases the maximum conforming loan limits that will be in effect through year-end as a result of the Economic Stimulus Act of 2008, which permits Fannie Mae and Freddie Mac to raise their conforming loan limits in certain high-cost areas. The new jumbo limits are a function of median home prices as estimated by HUD.	GSEs, Fannie Mae, Freddie Mac, OFHEO
3/7/2008	The Office of Thrift Supervision writes a letter to AIG downgrading its rating to a 3 (out of 5), which means the OTS is concerned about one or more areas, including "capital adequacy, asset quality, management, earnings, liquidity or sensitivity to market risk."	AIG, Office of Thrift Supervision
3/7/2008	The SEC proposes a ban on naked short-selling, or selling a stock in anticipation it will fall without first borrowing it.	Shadow Banking, SEC
3/7/2008	Fannie Mae CEO Dan Mudd writes to Treasury's Robert Steel that OFHEO having "unrestricted capital authority will, as ever, be the sticking point." Mudd writes to Fannie Mae CFO Bob Levin, "it's a time game… whether they need us more, sooner to show admin action, or if we hit the capital wall first. Be cool."	GSEs, Fannie Mae
3/8/2008	OFHEO Director James Lockhart writes in email that Freddie Mac's Board of Directors is opposed to raising equity, but that an equity raise could be possible if timed with some capital relief.	OFHEO, Freddie Mac
3/8/2008	Goldman's collateral demand to AIG increases from $2.5 billion to $4.2 billion. Goldman's CDS protection on AIG remains at $2.1 billion.	AIG
3/8/2008	Bush Administration economist Jason Thomas sends Treasury's Robert Steel an email in which he attaches a report identified as the source for the March 10, 2008 Barron's article accusing Fannie Mae of overstating its financial results through accounting improprieties. The source documents indicates that Fannie Mae may be insolvent.	Fannie Mae
3/10/2008	The authoritative business newspaper Barron's publishes a highly critical article about Fannie Mae, suggesting it is insolvent and predicting the government will bail it out: "Its balance sheet is larded with soft assets and understated liabilities that would leave the company ill-equipped to weather a serious financial crisis. And spiraling mortgage defaults and falling home prices could bring a tsunami of credit losses over the next two years that will severely test Fannie's solvency. Should Fannie or the similarly hobbled Freddie Mac buckle, the government would no doubt bail them out and honor their debt and mortgage guarantee obligations."	GSEs, Fannie Mae, FHFA

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3/10/2008	The financial news service Bloomberg publishes several stories originally headlined "Moody's downgrades Bear Stearns' Alt-A deals." The headline, however, is truncated and appears as "Moody's downgrades Bear Stearns," casting a pall over the entire company at the worst possible time. Rumors that Bear can't hold up its end of trades begin to proliferate among its customers.	Bear Stearns, Moody's
3/10/2008	Approximately $2.5 billion of cash on deposit with Bear (mostly hedge funds) is withdrawn. Liquidity remains at $18.1 billion.	Shadow Banking, Bear Stearns
3/11/2008	The Fed announces new Term Securities Lending Facility (TSLF), under which it will lend up to $200 billion of Treasury securities to primary dealers secured for a term of 28 days by a pledge of other securities.	Federal Reserve Board
3/11/2008	A number of hedge funds seek to reduce their exposure to Bear Stearns by renegotiating their deals as rumors build that Bear's finances are shaky. Additionally, certain secured and unsecured lenders indicate that they may not continue funding the firm. Liquidity falls to $11.5 billion by the end of the day.	Shadow Banking, Bear Stearns
3/11/2008	Facing a flood of requests from their traders to get out of deals with Bear Stearns, Credit Suisse and Goldman Sachs tell its traders to hold requests pending approval by their credit departments. Rather than calming the markets, this feeds more rumors.	Shadow Banking, Bear Stearns
3/11/2008	Bear Stearns CEO Alan Schwartz goes on the cable-TV business news channel CNBC to reassure the markets: "Some people could speculate that Bear might have some problems...since we're a significant player in the mortgage business. None of those speculations are true," he said."Bear Stearns' balance sheet, liquidity, and capital remain strong..."	Shadow Banking, Bear Stearns
3/11/2008	Discussions continue between Goldman Sachs and AIG regarding Goldman's insistence that AIG post more collateral to bolster the credit default swaps it has sold to buyers of mortgage-backed securities, including Goldman. AIG proposes to increase the amount from $2 billion to $3.25 billion.	Complex Financial Derivatives, AIG, Goldman Sachs
3/11/2008	AIG's Board of Directors approves management's proposal to pay out partners' bonuses for the 2006-07 performance period "as if no Financial Products Corp. unrealized market valuation losses had occurred in 2007" because they were concerned that the prospect of reduced earnings might cause executives to become discouraged and leave the firm. The board relied upon executives' representations that AIGFP's SSCDS portfolio would never experience real, economic losses.	AIG
3/12/2008	Bear Stearns executives agree to send worried financial institutions that have loaned it money secured by Bear's assets – a "repurchase agreement," or "repo" for short – the additional $1.5 billion in collateral they are demanding to cover the margin call	Shadow Banking, Bear Stearns
3/14/2008	Moody's and Fitch downgrade Bear Stearns.	Shadow Banking, Bear Stearns, Moody's, Fitch
3/14/2008	Bear Stearns cash on hand dries up as its usual lenders decline to fund the company, and it teeters on the verge of bankruptcy. The firm receives a loan from the Fed through the big money-center bank JP Morgan Chase. However, after the market closes this day, it becomes apparent this loan alone cannot stop Bear Stearns' downward spiral.	Shadow Banking, Bear Stearns

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3/16/2008	The Federal Reserve Bank of New York announces in a press release that it has "been granted the authority to establish a Primary Dealer Credit Facility (PDCF)" that "is intended to improve the ability of primary dealers to provide financing to participants in securitization markets and promote the orderly functioning of financial markets more generally." The PDCF provided "overnight funding to primary dealers in exchange for a specified range of collateral, including all collateral eligible for tri-party repurchase agreements arranged by the Federal Reserve Bank of New York, as well as all investment-grade corporate securities, municipal securities, mortgage-backed securities and asset-backed securities for which a price is available." The FRBNY reported the PDCF would remain in operation for a minimum period of six months and that it might be extended as conditions warrant to foster the functioning of financial markets.	Macroeconomic Factors/Policy, Federal Reserve Board
3/17/2008	Fannie Mae CEO Dan Mudd emails Treasury's Robert Steel a proposal that OFHEO release the capital surplus and consent order in exchange for the GSEs' commitment to invest $300 billion in the market and to raise capital as needed.	GSEs, OFHEO, Fannie Mae
3/17/2008	OFHEO Director James Lockhart sends an email to Fannie Mae CEO Dan Mudd, Freddie Mac CEO Richard Syron, and Deputy Treasury Secretary Robert Steel in which he writes that the proposed deal- to allow the GSEs to invest a significant portion of their capital in mortgages and MBS and that GSEs planned to raise capital as needed- "strikes me as perverse as I assume it would seem perverse to the markets that a regulator would agree to allow a regulate to increase its very high mortgage credit risk leverage…without any new capital."	GSEs, OFHEO, Fannie Mae
3/17/2008	JPMorgan Chase purchases 85-year-old Bear Stearns at $2 a share, the first big investment bank to go under during the crash.	Excess Risk and Speculation, Federal Reserve Board, Bear Stearns
3/17/2008	JPMC takes additional steps to reduce risk after the near-collapse of Bear Stearns. JPMorgan began by increasing the margin it required from Lehman by 20 percent of the haircut that the triparty investors had been requiring, with an expectation that it would ramp up to 100 percent by the end of June" The increased margin was deceased by Lehman officials in a 3/17/08 email: "Chase just notified us that they will begin charging us intra day margin (20% of the 2%)." According to a FRBNY White Paper, the triparty repo market peaked at $2.8 trillion in March 2008.	Bear Stearns, Lehman Brothers
3/17/2008	Saying that market value of the CDS portfolio is plummeting, Goldman Sachs increases its margin calls to AIG Financial Products to $4.8 billion from $4.2 billion. AIG agrees to provide $1 billion more in collateral, bringing its total to $3 billion.	Complex Financial Derivatives, AIG, Goldman Sachs
3/18/2008	The Fed cuts the discount rate and the federal funds rate each by an additional 75 basis points to 2.50% and 2.25%, respectively.	Macroeconomic Factors/Policy
3/18/2008	Lehman reports better than expected 1Q08 results and the firm's stock price increases from $31.75 on 3/17/08 to $46.49 on 3/18/08.	Lehman Brothers

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3/18/2008	Lehman draws $1.6 billion from the PDCF. It is released that Lehman Brothers' ratio of liquidity to repo lines is 107% (at Bear, it was 33%). However, both had repos making up 26% of their assets. Lehman has roughly $170 billion in liquidity (Goldman has about the same), compared with Bear Stearns' $35 billion. There seems to be a lack of confidence about the assets comprising Lehman's liquidity.	Lehman Brothers
3/19/2008	Lehman draws $2.3 billion from the PDCF.	Lehman Brothers
3/19/2008	OFHEO announces an agreement with the GSEs to increase liquidity to the secondary market in addition to the "release of the portfolio caps announced in February." The 30 percent capital surplus requirement was immediately reduced to 20 percent and the GSEs announced they would "begin the process to raise significant capital." The initiative is expected to provide up to $200 billion in immediate liquidity and "allow the GSEs to purchase or guarantee $2 trillion of mortgages this year."	GSEs, Fannie Mae, OFHEO
3/19/2008	Graham Fisher GSE analyst Joshua Rosner states that "any reduction [in capital] is a comment not on the current safety and soundness of the GSEs but on the burgeoning panic in Washington…We believe that OFHEO Director Lockhart took this action only after considerable pressure and likely against his best judgment. If this action results in the destabilizing of the GSEs, OFHEO will go from being the only regulator who had prevented their charges from getting into trouble to a text-book example of why regulators should be shielded from outside political pressure"	GSEs, Fannie Mae, Freddie Mac, OFHEO
3/19/2008	Morgan Stanley reports 1Q08 financial results. The company reports income from continuing operations of $1,551 million, or $1.45 per diluted share, compared with $2,314 million, or $2.17 per diluted share, in the first quarter of 2007. Net revenues were $8.3 billion, 17 percent less than 1Q07. Morgan also announced write-downs of over $2.0 billion ($1.1B LBOs, $0.9B residential mortgage; and est. $0.6 billion in merchant banking and SIVs). The Company also announced that it had taken the step of making its mortgage proprietary trading desk (which took the original subprime bet) a separate entity to reduce overall mortgage exposure. Morgan Stanley sold $8.0 billion of CDS during 1Q08.	Morgan Stanley
3/20/2008	Lehman draws $2.3 billion from the PDCF.	Lehman Brothers
3/24/2008	Lehman draws $2.13 billion from the PDCF.	Lehman Brothers
3/25/2008	Lehman draws $2.13 billion from the PDCF.	Lehman Brothers
3/25/2008	The purchase price of the Bear Stearns acquisition was renegotiated to $10 per share with the Fed's assistance (for approximately $429 billion).	Shadow Banking, Federal Reserve Board
3/26/2008	Lehman draws $2.13 billion from the PDCF.	Lehman Brothers
3/31/2008	Lehman Brothers' balance sheet is reduced by $49.1 billion through Repo 105 transactions, an accounting maneuver that lets the company classify a short-term loan as a sale. The cash is used to pay down debt just before the company has to report quarterly results, sprucing up its balance sheet. This reduced the amount of leverage it reported, but breached internal limits on the amount of Repo 105 activity permitted.	Shadow Banking, Lehman Brothers
4/2/2008	New Century, one of the biggest subprime mortgage-lending companies in the country, files for bankruptcy, following the collapse of other giant mortgage companies such as Countrywide and Ameriquest.	Subprime Lending, Excess Risk and Speculation

Date & Time	Fact Text	Linked Issues
4/8/2008	David Einhorn (president of the hedge fund Greenlight Capital and noted short-seller) gives a presentation at the Grant's Spring Investment Conference criticizing Lehman's disclosure (speculating that Lehman hadn't disclosed all its losses) and noting that mortgage originations and securitizations represented between 30 percent and 50 percent of Lehman's profits for the last few years.	Securitization/GSEs, Lehman Brothers
4/8/2008	The International Monetary Fund warns that potential global losses from the credit crunch could reach $1 trillion and may be even higher. It says the effects are spreading from subprime mortgages to commercial property, consumer credit and company debt	Macroeconomic Factors/Policy
4/8/2008	Goldman Sachs files its 10-Q for 1Q08.	Goldman Sachs
4/12/2008	Lehman Brothers CEO Dick Fuld has dinner with Treasury Secretary Hank Paulson. He claims that the dinner went well, writing in an internal memo, "we have a huge brand with Treasury" and, referring to a stock sale that raised $4 billion two weeks earlier to reassure customers and investors, that Treasury "loved our capital raise." Others accounts of the era have suggested that the meeting did not go well	Lehman Brothers
4/14/2008	TPG, a private equity firm based in Fort Worth, TX, invests $7 billion into Washington Mutual.	Too Big To Fail
4/15/2008	The Federal Reserve Bank of New York issues its Report of Examination on Citigroup for the Year end 2007. The ROE is highly critical assessment of Citigroup's valuation models: "Procedures in assessing the risk of the firm's CDO exposure placed an over-reliance on rating agencies and did not require sufficient scrutiny of the underlying assets." The ROE is also critical of Citigroup's risk management regarding liquidity puts, writing that the Citi Markets & Banking Risk Management Committee "did not properly highlight the funding and liquidity implications of on-boarding assets and, in the case of certain counterparty credit exposures such as liquidity puts that had been written to CDO conduits, under-measured their potential impact." The ROE is also highly critical of the company's over-reliance on credit ratings: "Procedures in assessing the risk of the firm's CDO exposure placed an over-reliance on rating agencies and did not require sufficient scrutiny of the underlying assets."	Complex Financial Derivatives
4/15/2008	OFHEO releases its annual report to Congress, which says Fannie Mae and Freddie Mac have made progress towards fixing problems in their operations, but a "significant supervisory concern" remains because of increased risk in the mortgage and credit markets. Director James B. Lockhart III urges Congress to pass comprehensive GSE reform legislation that would beef up federal oversight.	GSEs, Fannie Mae, Freddie Mac, OFHEO
4/15/2008	Confidence in the UK housing market falls to its lowest point in 30 years in March, according to the Royal Institution of Chartered Surveyors, because of the "unique liquidity blight".	Markets Abroad
4/15/2008	Assistant Secretary for Economic Policy Phillip Swagel writes that Lehman is securitizing loans and keeping them on their books "to game the PDCF – they securitized their illiquid CLO's and got a rating agency to say that some large fraction of it was investment grade. And then poof, they get access to tens of billions of dollars from the Fed's PDCF."	Too Big to Fail, Lehman Brothers
4/16/2008	Treasury Assistant Secretary for Financial Institutions David Nason emails Lehman Chief Legal Officer Tom Russo and writes that "Secretary Paulson has asked me to visit with some of the large investment banking firms to get a sense of the firm's current thinking on the types of regulation and supervision that might result from the Bear situation. As you can expect, there is a lot of interest in this issue now and it is likely that the Congress will focus on this…"	Too Big to Fail, Lehman Brothers

Date & Time	Fact Text	Linked Issues
4/16/2008	Lehman draws $2.0 billion from the PDCF.	Lehman Brothers
4/17/2008	Merrill reports 1Q08 financial results, including a net loss of $1.96 billion. Write-downs related to ABS CDOs and subprime mortgages drove the company's losses. 1Q08 net revenues were $2.9 billion, down 69% from 1Q07. Merrill also reported that its net exposures to U.S. ABS CDOs had increased to $6.7 billion at the end of the first quarter (up from $5.1 billion at the end of the previous quarter), as a reduction of hedges more than offset the $1.5 billion of net write downs. In addition, Merrill indicated that its net exposure to U.S. sub-prime residential mortgages had declined to $1.4 billion (down from $2.7 billion in December 2007). The company explained that the decline in its exposure to U.S. sub-prime mortgages resulted from unrealized losses, sales of whole loans, and increased hedge positions.	Complex Financial Derivatives, Merrill Lynch
4/18/2008	Fannie Mae suffers another blow to its reputation as OFHEO announces it has settled civil enforcement actions against former Fannie Mae Chairman and CEO Franklin Raines, former Vice Chairman and Chief Financial Officer J. Timothy Howard and former Senior Vice President and Controller Leanne Spencer for manipulating the company's earnings to give themselves larger bonuses. The three agree to pay $3 million in fines, a sum The Wall Street Journal called "paltry."	GSEs, Fannie Mae, OFHEO
4/18/2008	Citigroup announces a loss of $5.1 billion and write-downs of $12 billion.	Citigroup
4/21/2008	OFHEO issues examination guidance to its examiners for fair value accounting, where assets are marked to market prices. Director James B. Lockhart III states as part of the announcement that "It is important that Fannie Mae and Freddie Mac apply fair value in a sound and consistent manner."	GSEs, Fannie Mae, Freddie Mac
4/21/2008	The Bank of England announces details of a £50 billion plan to help credit-squeezed banks by allowing them to swap potentially risky mortgage debt for secure government bonds.	Markets Abroad
4/24/2008	AIG and Goldman execute a third Amended Side Letter Agreement (that supplements the 8/10/07 and 11/23/07 side letters) reiterating that the parties' disagreement about the exposure amount. Goldman purchased another $475 million of CDS protection in 4/08 bringing the total amount to $2.85 billion. AIG's total collateral posted to Goldman is now $4.7 billion.	Complex Financial Derivatives, AIG, Goldman Sachs
4/26/2008	Treasury's Director of the Office of Financial Institutions Policy Mario Ugoletti emails Deputy Assistant Secretary for Financial Institutions Policy Jeremiah Norton that he met separately with representatives from Goldman and Lehman's Russo re the Primary Dealer Credit Facility ("PDCF") and Term Securities Lending Facility ("TSLF"). Ugoletti writes that Russo supported "a framework that would provide discount window access to individual institutions and on a market-wide basis" and that it needed to be "implemented in a collaborative manner to avoid the stigma associated with discount window borrowing" including "anonymity and working together to solve problems."	Too Big to Fail

Date & Time	Fact Text	Linked Issues
4/29/2008	Countrywide reported its 1Q08 financial results. The Company reported a net loss of $893 million or ($1.60) per diluted share for the period ending 3/31/08. 1Q08 net income fell by $1.387 billion from 1Q07 net income of $434 million. The 1Q08 net loss was driven by $3 billion in credit-related expenses including increased levels of mortgage delinquencies, defaults and loss severities, and downward revisions in expectations of home prices. The provision for credit losses on Countrywide's residential loan holdings comprised $1.5 billion of the credit-related losses during 1Q08, which was almost ten times greater than 1Q07 expense of $158 million. Charge-offs were $606 million for 1Q08 which was an increase of 114% over 4Q07 expense of $283 million and 15.5 times 1Q07 expense of $39 million.	Subprime Lending
4/30/2008	The Fed cuts the discount rate and the federal funds rate each by an additional 25 basis points to 2.25 percent and 2 percent respectively.	Macroeconomic Factors/Policy, Federal Reserve Board
4/30/2008	British housing prices record their first annual fall in 12 years, according to U.K. lender Nationwide. Prices dropped 1 percent in April from a year earlier after a steep decline in home sales over the previous six months.	Macroeconomic Factors/Policy, Markets Abroad
May-08	Lehman Brothers' Senior Vice President Matthew Lee writes a letter to Lehman management alleging the company improperly moved $50 billion temporarily from its balance sheet through Repo 105 transactions to its reports. Lehman fires the employee of 14 years in June, in what Lehman said was a broader down-sizing of the firm.	Lehman Brothers
5/2/2008	As Wall Street increasingly worries about liquidity and the quality of the mortgages many institutions are holding, the Fed expands the amount of collateral that can be pledged in the Term Securities Lending Facility auctions to include AAA/Aaa-rated asset-backed securities, in addition to already eligible residential- and commercial-mortgage-backed securities and agency collateralized mortgage obligations.	Macroeconomic Factors/Policy, Federal Reserve Board
5/2/2008	Standard & Poor's (S&P) lowered its ratings on Countrywide Financial Corp and Countrywide Home Loans to Inc. from BBB+ to BB+ or from investment grade to non-investment, or junk status. S&P also lowered its rating on Countrywide Bank, FSB from A- to BBB. S&P cut its rating on Countrywide due to statements made by Bank of America in a S-4/A filing with the SEC dated 05/01/08 related to BofA's acquisition of Countrywide. S&P specifically raised concerns about the following statements in the filing: "as part of its integration planning in connection with the merger, Bank of America is currently evaluating alternatives for the disposition of the Countrywide indebtedness, including the possibility of redeeming, assuming, or guaranteeing some or all of this debt, or allowing it to remain outstanding as obligations of Countrywide (and not Bank of America)…there is no assurance that any of such debt would be redeemed, assumed or guaranteed." Countrywide shares fell by more than 10% and its credit default spreads widened on the day that the rating downgrade was announced due to investors fear that Bank of America would walk away from the deal to acquire Countrywide.	Credit Rating Agencies, Subprime Lending
5/2/2008	More than 850 U.K. companies went into administration between January and March, government figures show, a rise of 54% on the previous year. Retail and construction firms are hardest hit.	Macroeconomic Factors/Policy, Markets Abroad

Date & Time	Fact Text	Linked Issues
5/6/2008	Fannie Mae EVP and CFO Steve Swad tells investors on earnings call that "we believe that the positive trend we have seen on the revenue side will continue into Q2. Specifically, if current market conditions continue, we expect our net interest yield to rise further on a normalized basis as lower margin assets continue to roll off and we continue to add higher margin assets to our book. On the guaranty side, we expect to see continued solid growth in our credit book of business and we also expect to see further increases in the average effective G fee as the March pricing takes hold and we implement additional increases in June. On credit, we expect credit losses of between 13 to 17 basis points for the year and we expect 2009 to exceed 2008. We also see reserves increasing for 2008 as default and severity trends worsen from their current levels. And lastly, we continue to trend down toward $2 billion run rate in our G&A expenses." CBO Rob Levin says that "all three of our businesses are operating full bore. We have no capital rationing going on. Each business, the portfolio business, the single family business, and the multi family business, are pursuing attractive business opportunities and with our capital raise, should be able to continue to do so without being short capital."	GSEs, Fannie Mae
5/8/2008	AIG reports dismal first-quarter results, with a $7.8 billion loss. Just as alarming, the company ups its estimate of unrealized credit default swap losses in 2008 to $9.1 billion through the end of March, for a staggering total of $20.6 billion over 2007 and 2008. It also discloses that it has posted $9.7 billion of collateral over the past two years	AIG
5/8/2008	Fitch downgrades AIG's credit rating and S&P places it on credit watch, which usually precedes a downgrade.	AIG
5/9/2008	Moody's places AIG on credit watch.	AIG
5/12/2008	AIG shareholders Eli Broad, Shelby Davis and Bill Miller, who collectively own 100 million shares, send a letter to AIG citing "a staggering breakdown of risk controls" and "an unequivocal loss of investor confidence."	AIG
5/13/2008	The OTS 2007 examination cycle of Countrywide concludes, with a CAMELS ratings of 343432/3, with noteworthy downgrades to capital, asset quality, management, and earnings. In light of the January 2008 announcement that Countrywide would be acquired by Bank of America, OTS supervision effectively wound down and reverted to the OCC.	Subprime Lending
5/13/2008	AIG Financial Services Division CFO Elias Habayeb writes an email to CEO Martin Sullivan, CFO Steve Bensinger, Financial Services SVP Bill Dooley, and others that AIGFP had limited opportunities to hedge the SSCDS portfolio in 2006 because (1) there were a very limited number of potential counterparties – mainly monolines, (2) the monolines would not have provided a meaningful amount of coverage, and (3) the monolines would not have agreed to collateral posting provisions. He also wrote that any hedging would have been deemed uneconomical at the time because AIGFP did not expect that it would need to perform on any of these derivatives. Habayeb noted that hedging opportunities largely disappeared when the market began to decline in 2007	AIG
5/16/2008	A side letter is signed by AIGFP to increase credit support posting to Goldman Sachs to $4.785 billion, but reserving all International rights to dispute such collateral calls. Goldman's CDS protection on AIG is now $3.0 billion.	Complex Financial Derivatives, AIG, Goldman Sachs

Date & Time	Fact Text	Linked Issues
5/19/2008	Federal regulators reduce Fannie Mae's minimum-capital requirement to 15 percent from 20 percent after Fannie successfully raises $7.4 billion in capital, allowing it to buy more mortgages and reducing the amount of its capital cushion.	GSEs, Fannie Mae, OFHEO, FHFA
5/20/2008	In need of cash, AIG raises $20 billion in private capital.	Complex Financial Derivatives, AIG
5/22/2008	Moody's downgrades AIG's credit rating. Now all three major credit-rating agencies have downgraded the giant insurance company, raising its costs to borrow and severely crimping its operations.	AIG
5/22/2008	AIGFP and Goldman Sachs were in discussions regarding the appropriate collateral calculation methodology in respect of the Hout Bay CDS transaction. AIGFP agreed to post an additional $127 million in relation to this transaction as discussions continue. Amount will be transferred once the side letter for this posting is agreed.	Complex Financial Derivatives, AIG, Goldman Sachs
5/28/2008	A side letter is executed by AIGFP to increase credit support posting to Goldman Sachs to $4.912 billion, with the increase of $127 million from the May 16, 2008 posting associated with the Hout Bay CDS transaction. All rights were reserved to dispute the related collateral calls.	Complex Financial Derivatives, AIG, Goldman Sachs
6/2/2008	As part of a series of high-level meetings JPMorgan held with its large broker dealer clients to discuss tri-party repo risks, JPMorgan meets with Lehman to discuss the unique risks JPMorgan faced, including an approximately $6 billion dollar margin shortfall from Lehman. In response, Lehman executives agreed to pledge additional collateral. Meanwhile, JPMorgan agreed at Lehman's request to begin taking only 40 percent of investor margin by the beginning of July, and not to reach 100 percent until mid -August."	Too Big to Fail
6/2/2008	S&P cuts its ratings of Merrill Lynch, Lehman Brothers and Morgan Stanley by one level to A, A, and A+, respectively.	Credit Rating Agencies, Standard & Poor
6/5/2008	The Fed approves Bank of America's purchase of giant mortgage lender Countrywide.	Federal Reserve Board
6/5/2008	New York Attorney General Andrew M. Cuomo announces what he calls a "landmark agreement" with Moody's, S&P and Fitch requiring that investment banks and other packagers of mortgages into securities provide sufficient information for the agencies to accurately rate mortgage-backed securities. In addition, investment banks can no longer shop their securities around for the best rating, withholding payment until a rating agency gives a good rating. Now the banks must pay the agencies for scrutinizing their securities whether they ultimately pick the agency to rate the security or not.	Credit Rating Agencies, Moody's, Fitch, Standard & Poor
6/6/2008	S&P downgrades the two largest monoline bond insurers from AAA to AA.	Credit Rating Agencies, Standard & Poor
6/9/2008	Lehman Brothers announces a reduction of net leverage ratio to 12.1 (the net leverage ratio would have been 13.9 without the use of Repo 105).	Shadow Banking, Lehman Brothers
6/9/2008	Lehman Brothers pre-announces a 2Q08 net loss of $2.8 billion. The loss is the first in Lehman's history, and far higher than analysts had expected. The cost of insuring against a Lehman default on its debts rises. CEO Fuld states on an earnings call with investors that "our capital and liquidity positions have never been stronger." (Fuld later says says he does not recall saying this.)	Lehman Brothers
6/12/2008	Lehman reports changes in senior management: Bart McDade will replace Joseph Gregory as President and COO, and that Ian Lowitt will replace Erin Callan as CFO.	Lehman Brothers
6/12/2008	Lehman SVP Matthew Lee tells Ernst & Young that Lehman used $50 billion of Repo 105 transactions to temporarily move assets off balance sheet at quarter end.	Shadow Banking, Lehman Brothers

Date & Time	Fact Text	Linked Issues
6/15/2008	AIG CEO Martin Sullivan resigns. Sullivan became CEO in March 2005, after working from 2002-2005 as the Company's Vice Chairman and Co-Chief Operating Officer. Robert B. Willumstad replaced Sullivan, becoming the third CEO in five years. Willumstad previously served as Chairman of AIG's Board.	AIG, Complex Financial Derivatives
6/16/2008	FRBNY onsite monitor Kirsten Harlow emails several FRBNY officials and reports that "Lehman's earnings release today was largely in-line with last week's pre-release. No adverse information on liquidity, novations, terminations or ability to fund either secured or unsecured balances has been reported." Harlow also reports that Lehman has taken measures to strengthen liquidity and capital, including increasing liquidity pool from $34 billion to $45 billion, reducing assets, issuing $4 billion of preferred shares and $5.5 billion of long -term debt.	Federal Reserve, Lehman Brothers
6/17/2008	FRBNY Executive Vice President of the Markets group Bill Dudley emails Federal Reserve Chairman Ben Bernanke, FRBNY President & CEO Geithner and others that PDCF and TSLF should be extended to the end of the year. He writes that the "PDCF remains critical to the stability of some of the IBs. Amounts don't matter here, it is the fact that the PDCF underpins the triparty repo system. I think without the PDCF, Lehman might have experienced a full blown liquidity crisis. So this has to be kept as is until 1) the IBs are in better shape in terms of funding/leverage and 2) triparty is strengthened – both are in process."	Federal Reserve
6/18/2008	Morgan Stanley reports 2Q08 financial results. The Company reported income from continuing operations of $1,026 million, or $0.95 per diluted share for the quarter, compared with $2,363 million, or $2.24 per diluted share, in the second quarter of 2007. Net revenues were $6.5 billion, 38 percent below 2Q07. Morgan Stanley also reported $1.4 billion of mark-to-market losses in leveraged finance and mortgage backed securities during 2Q08. Total revenue from institutional securities in 2008 was 42% lower than in 1Q2008.	
6/18/2008	The dispute between AIG and Goldman Sachs continues, and AIG agrees to increase collateral posted to $5.4 billion, with the increase of approximately $516 million associated with five CDS transactions known as ABACUS. All rights were reserved to dispute the related collateral calls.	AIG
6/19/2008	The SEC charges Ralph Cioffi and Matthew Tannin, two Bear Stearns Asset Management portfolio managers, with fraudulently misleading investors about the financial state of the firm's two largest hedge funds, two of the highest-ranking executives rounded up in a Justice Department sweep of 400 people dubbed "Operation Malicious Mortgage."	Shadow Banking, Bear Stearns
6/19/2008	Between 6/19 and 6/20, Kirsten Harlow, the FRBNY on-site monitor at Lehman, reports that with respect to Lehman, there are "trading issues with four financial institutions: Natixis (eliminating all activity with Lehman), Santander, Wespac, and Commonwealth Bank of Australia." Harlow also reports that Citi has "decided to reduce total clearing/settlement lines to Lehman from approximately $20 billion to around $10-12 billion" and that "Lehman has agreed to place $2 billion cash with Citi, not as collateral but in case of difficulties." Also reported that JPMC reported that "some large pension funds and some smaller Asian central banks are specifying (or tightening the standards on) what classes of assets they will accept" and that certain investors are "still refusing to deal with these seemingly weak counterparties" even though JPMC agreed to indemnify them. Fed Senior Advisor in the Division of Banking Supervision and Regulation Tim Clark responds that "this is not sounding good at all."	Federal Reserve, Lehman Brothers

Date & Time	Fact Text	Linked Issues
6/25/2008	Stockholders representing more than 69% of Countrywide's outstanding shares approved the $2.8 billion acquisition by Bank of America. The value of the deal has fallen from about $4 billion since its intial announcement in January 2008, due to a steep decline in the price of BofA stock.	Subprime Lending
6/25/2008	A FRBNY liquidity stress projects $66 billion of outflows and $51 billion of liquidity. It concludes that “(1) Lehman’s weak liquidity position was driven by its relatively large exposure to overnight CP combined with significant overnight secured funding of less liquid assets, (2) one and two notch downgrades would result in significant collateral calls, (3) Lehman recognized its vulnerabilities and was trying to reduce illiquid assets and extend maturities, and (4) Lehman should improve liquidity by $15 billion.”	Too Big to Fail
6/25/2008	The State Attorneys General of Illinois and California filed separate lawsuits against Countrywide for alleged unfair and deceptive lending practices.	Subprime Lendings
6/26/2008	AIG and Goldman Sachs agree to a methodology that considers third-party prices to partially bridge the difference between the parties' calculated exposures. AIG will posts another $484.6 million in collateral, bringing the total to $5.9 billion.	Complex Financial Derivatives, AIG, Goldman Sachs
6/30/2008	Lehman Brothers’ net balance sheet is reduced by $50.38 billion through Repo 105 transactions, thus reducing reported net leverage to 12.1 (without the Repo 105 transactions, this would have been 13.9). This breaches internal limits on the amount of Repo 105 activity.	Shadow Banking, Lehman Brothers
6/30/2008	Countrywide reported 2Q08 earnings, its last quarter of earnings as a standalone entity, including net losses of $2.3 billion compared to $485 million in earnings in 2Q07. Losses were again attributed to “high credit-related charges arising from continuing economic weakness and declining values of real estate securing our mortgage loans. ” Specifically, there was a 683% increase in the provision for credit losses from $297 million in 2Q07 to $ 2.3 billion in 2Q08. Additionally, there was a 461% increase in losses charged to reserves and credit-sensitive and retained interests which were $2.3 billion in 2Q08 with the largest components being net loan charge offs of $900 million and losses absorbed by credit-sensitive retained interests of $1.2 billion. Total non-performing assets increased from $1.8 billion in 2Q07 to $7.1 billion in 2Q08, an increase of 292%, and the carrying value of retained interests fell 81% from $1.5 billion in 2Q07 to $288 million in 2Q08.	Subprime Lending

Date & Time	Fact Text	Linked Issues
7/1/2008	Bank of America's $2.5 billion acquisition of Countrywide closes. As a result of declines in Bank of America's stock price, including a 21 percent decline in the two weeks prior to the merger, the deal decreased in value from the $4 billion originally announced to $2.5 billion, a 37 percent decrease. Bank of America set up Red Oak Merger Corporation to acquire Countrywide, merged Countrywide into the entity, and change the name of Red Oak Merger Corporation to Countrywide Financial Corporation. After the acquisition, Countrywide sold certain assets to Bank of America for approximately $30.7 billion in demand notes and cash that were used to pay Countrywide's unsecured bank lines and bank loans of approximately $11.5 billion and to increase the capital of Countrywide Bank by $5.5 billion. As a result of Countrywide's improved liquidity due to the merger, S&P upgraded its rating of Countrywide Financial from BB+ to AA and Countrywide Bank from BBB to AA+, or from junk to investment grade. Bank of America marked down the carrying value of Countrywide's loan portfolio by approximately $8.1 billion to $86.1 billion from the $94.2 billion that Countrywide reported in the 2Q08 filing.	Subprime Lendings
7/1/2008	Angelo Mozilo retires, effective upon the completion of BofA's acquisition of Countrywide.	Subprime Lending
7/2/2008	Side letter executed by AIGFP to increase credit support posting to Goldman Sachs to $5,912.5 million. All rights were reserved to dispute the related collateral calls. (The document from AIG's law firm adds "with an increase of approximately $484.6 million described above [in June 26 entry].")	Complex Financial Derivatives, AIG, Goldman Sachs
7/3/2008	Goldman Sachs files its 10-Q for 2Q08.	Goldman Sachs
7/7/2008	Freddie Mac and Fannie Mae shares plummet on analyst reports that the government could have to bail them out.	GSEs, Fannie Mae, Freddie Mac, Too Big To Fail
7/8/2008	A gloomy survey of its members prompts the British Chambers of Commerce to suggest the U.K. faces a serious risk of recession within months. Meanwhile, the FTSE 100 stock index briefly falls 20 percent from its recent highs.	Markets Abroad
7/9/2008	Robert K. Steel named President & CEO of Wachovia. Steel had been serving as Under Secretary for Domestic Finance for the U.S. Department of Treasury. He replaced interim CEO Lanty Smith, who will continue to serve as Chairman of Wachovia's Board of Directors.	Too Big to Fail
7/10/2008	Treasury General Counsel Robert Hoyt writes in email to Treasury Assistant General Counsel for Banking and Finance Laurie Schaffer that "the real problem is 70 billion of illiquid bonds, so I assume finding liquidity for them is the key."	
7/10/2008	Federated's Karl Mocharko writes to Lehman and JPMC that "Because JP Chase the triparty clearing bank is unwilling to negotiate in good faith with Federated, we will no longer pursue additional business with Lehman. We will also do as much current REPO as possible with dealers that utilize BONY as their custodian and only back with JP Chase as necessary."	Too Big to Fail

Date & Time	Fact Text	Linked Issues
7/10/2008	OFHEO Director Lockhart, responding to worried investors, issues a statement regarding Fannie Mae and Freddie Mac: "Including the $7.4 billion Fannie Mae raised in May in accordance with our March agreement, the Enterprises have raised over $20 billion in capital. They are using it to continue to grow and to play a critical role in the mortgage markets, which we expect them to continue to do. To support their mission, Freddie Mac is committed to raising an additional $5.5 billion, which they will do given appropriate market conditions. At a very difficult time in the market, the Enterprises have the flexibility and sound operations needed to support their mission."	GSEs, Fannie Mae, Freddie Mac, OFHEO
7/11/2008	In response to reports that Federated and Dreyfus pulled their repo lines from Lehman, Fed Research Director Pat Parkinson writes that "there are other such reports but overall LB's funding seems to have held up thus far. Lots of anxiety nonetheless."	Too Big to Fail
7/11/2008	IndyMac Bank is seized by federal regulators, costing the FDIC almost $9 billion, in the second-largest bank failure in U.S. history and the fifth failure of an FDIC-insured institution this year. The California-based bank was wrecked by making too many bad mortgages.	Too Big To Fail
7/11/2008	Treasury Department General Counsel Robert Hoyt writes that "the Fed has plenty of legal authority to provide liquidity, and if they choose not to, I doubt we would. So the real question may be what authorities can we exercise in a scenario where we want to let the firm fail, but then step in to minimize effects on creditors and the system. Basically a receivership option. Consider this – could we negotiate a pre-packaged bankruptcy where we provide funding, operate the business, and take care of creditors?"	
7/11/2008	Fannie Mae and Freddie Mac's stocks have lost half their value in the week ending July 11.	Subprime Lending, GSEs, Too Big To Fail
7/11/2008	FRBNY staff informs Geithner of plan for Fed to step in to the shoes of clearing bank (JPMC or BoNY) because a clearing bank's unwillingness to provide intra-day funding "could be disastrous for the firm and also cast widespread doubt about the instrument as a nearly risk free, liquid overnight investment."	Too Big to Fail, Lehman Brothers
7/12/2008	Fed officials discuss whether the Fed would provide tri-party repo funding to Lehman without a buyer. FRBNY EVP & Director of Financial Research James McAndrews writes that "the thing we would have to decide is whether the distressed firm was likely to be sold. If we think that the run had progressed too far and that it wouldn't be sold, then any lending we did to it would be a permanent addition to the government's balance sheet – like Northern Rock, again. That is the crucial question at the time a decision must be made. If we think it can be sold, then proceed as in BS. If not, discuss with the Treasury its appetite for a permanent addition to the government's balance sheet by lending to the distressed firm; if there is little appetite for that, then lend to the distressed firm's creditors, and work to contain the spread of the problem with communication policy."	Too Big to Fail, Lehman Brothers
7/13/2008	The Fed authorizes lending to Fannie Mae and Freddie Mac at the primary credit rate, also known as the discount rate or overnight window, generally used by banks taking short-term loans from their regional Federal Reserve Bank.	Subprime Lending, Securitization/GSEs, GSEs, Federal Reserve Board

Date & Time	Fact Text	Linked Issues
7/14/2008	The Fed adopts rules against unfair or deceptive mortgage-lending practices under Home Ownership and Equity Protection Act, or HOEPA, the 1994 law against predatory lending. Consumer advocates and others had been pushing for such rules for years. The Fed decides to enforce four protections for home buyers with high interest-rate mortgages (which tend to be subprime), including: prohibiting a lender from making a loan without regard to the borrower's ability to repay; requiring creditors to verify borrowers' income and assets; banning any prepayment penalty if the interest rate and payment can change in the first four years of the loan; requiring creditors to establish escrow accounts for property taxes and insurance.	Subprime Lending, Federal Reserve Board
7/17/2008	Merrill Lynch reports 2Q08 financial results, including a $4.6 billion net loss. Net revenues for the second quarter were negative $2.1 billion, which was driven by $3.5 billion of write-downs related to U.S. super senior ABS CDOs and by $2.9 billion of credit valuation adjustments ("CVAs") related to hedges with financial guarantors (about half of which were associated with U.S. super senior ABS CDOs). Other significant losses included $1.7 billion in the U.S. Bank Investment portfolio and $1.3 billion in residential mortgages. Most of the write-downs and CVA charges occurred in the Fixed Income, Currency and Commodities ("FICC") division which reported net revenues of negative $8.1 billion. Merrill also reported that it had taken steps after the close of 2Q08 to enhance its capital position, including a sale of its 20% ownership stake in Bloomberg for $4.4 billion and the execution of a letter of intent to sell a controlling interest in Financial Data Services based on an enterprise value in excess of $3.5 billion.	Too Big to Fail
7/18/2008	AIGFP agrees with Goldman as to the exposure associated with three transactions (MKP III; Duke VII; Romulus). This amount reduces the exposure of Goldman Sachs Capital Markets to AIGFP in respect of non-CDS transactions.	Complex Financial Derivatives, AIG, Goldman Sachs
7/18/2008	AIGFP and Goldman execute another side letter to increase credit support posting to Goldman Sachs to $6,207.4 million, with an increase of approximately $294.9 million agreed in respect of the Orkney transaction. All rights were reserved to dispute the related collateral calls.	Complex Financial Derivatives, AIG, Goldman Sachs

Date & Time	Fact Text	Linked Issues
7/20/2008	Fed Governor Pat Parkinson writes that “JPMC, LB’s clearing bank is likely to be the first to realize that the money funds and other investors that provide tri-party financing to LB are pulling back significantly. If some morning it fears that the investors are unlikely to roll their repos, it may threaten not to unwind LB’s previous night repos. If it did that, LB would be done because the tri-party investors would control its securities inventory. The investors presumably would promptly liquidate the $200 billion of collateral and there is a good chance that investors would lose confidence in the tri-party mechanism and pull back from funding other dealers. Fear of those consequences is, of course, why we facilitated Bear’s acquisition by JPMC.” Parkinson continues that the Fed “could try to dissuade JPMC from refusing to unwind by pointing out that if the investors don’t roll the repos LB can borrow from us through the PDCF” but that JPMC “might still balk” because some collateral not eligible for PDCF and because JPMC “would be stuck with $200 billion of secured loans to LB” if Lehman filed bankruptcy intra-day. …. “JPMC and BNYM are sufficiently concerned that they have arranged a meeting Monday afternoon with SIPC.” Parkinson also noted that even if the Fed “extended as much as $200 billion of financing to LB, absent an acquirer our action would not ensure LB’s survival” because the stigma associated with PDCF borrowing could likely result in other liquidity demands that Lehman might not be able to meet.	Too Big to Fail, Lehman Brothers
7/22/2008	Wachovia reports its 2Q08 financial results. The company reported an $8.9 billion loss for the quarter, and reported $400.4 billion of core deposits and $102.9 billion of short term funding sources (commercial paper, fed funds purchased, other short term borrowings and time deposits with maturities of 12 months or less) and $184.4 billion of long term debt. President and CEO Steel said that "In the short term, the entire organization is focused on protecting, preserving and generating capital; reinforcing Wachovia's strong liquidity position; and reducing risk." Wachovia outlined additional initiatives including reducing the dividend, reducing expense growth and capital expenditures, reducing earning assets, repositioning the certificate of deposit book, generating further growth in low-cost core deposits and other deposits, reducing the number of credit-only commercial borrowers and selling selected noncore assets.	Too Big to Fail
7/22/2008	The Federal Reserve downgrades Wachovia to a “3,” and requires the Company to execute a "Memorandum of Understanding Requiring Actions to Strengthen the Company." The Fed reported that Wachovia had suffered large losses due to market disruption write-downs, loan loss provisions and preventable execution errors due, in part, to weaknesses in overall risk management and “top of the house” board and senior management oversight as supervision of certain investments was inadequate or controls were ineffective. The Fed also reported that further deterioration in asset quality would continue to depress earnings and strain capital and liquidity and that due to its weakened condition, Wachovia was less resistant to the effects of the current adverse business environment and required more than normal supervisory attention However, the Fed still found that there was only a “Remote” threat to the Company’s continued viability.	Federal Reserve, Too Big to Fail
7/22/2008	Washington Mutual reports a significant net loss for the second quarter 2008 resulting in earnings per share ("EPS") of ($6.58) versus consensus estimates ($0.88); In response, Moody's lowers its rating to Baa3, or the lowest tier of investment grade.	Too Big to Fail

Date & Time	Fact Text	Linked Issues
7/28/2008	Only eleven days after reporting 2Q08 earnings, Merrill reports that it had agreed to sell $30.6 billion of U.S. super senior ABS CDOs (carrying value of $11.6 billion) to an affiliate of Lone Star Funds for $6.7 billion, that would result in Merrill recording a $4.4 billion pre-tax write-down in 3Q08. It was also reported that the sale would reduce Merrill's aggregate U.S. super senior ABS CDO exposures from $19.9 billion at the end of 2Q08 to $8.8 billion. Merrill also reported in the press release that (1) it had agreed to terminate $1 billion of its CDO-related hedges with XL Capital Assurance for $500 million which would require the firm to record a $500 million loss and (2) it was in the process of negotiating settlements on hedge contracts with MBIA and other lower-rated monolines that would result in a maximum loss of $800 million. The combined $5.7 billion of charges indicated that the ABS CDO write-downs and credit valuation adjustments ("CVAs") reported on 7/17/08 were insufficient. Merrill also reported that it planned to raise $8.5 billion through the issuance of new common shares and exchange all outstanding mandatory convertible preferred securities for common stock or new preferred securities.	Complex Financial Derrivatives
7/30/2008	The president signs the Housing and Economic Recovery Act of 2008, which abolishes OFHEO and assigns regulation of Fannie Mae and Freddie Mac to the new Federal Housing Finance Agency.	GSEs, Fannie Mae, OFHEO, FHFA
7/30/2008	The Fed increases the time to borrow from the Term Auction Facility from 28 to 84 days.	Macroeconomic Factors/Policy, Federal Reserve Board
7/31/2008	U.K. house prices fall 8.1 percent, the biggest annual fall since Nationwide began its housing survey in 1991, another sign the housing and banking malaise is not confined to one side of the Atlantic.	Markets Abroad
Aug-08	By this point, Moody's has downgraded 90 percent of asset-backed collateral debt obligations sold in 2006 and 2007, including 85 percent of the debt rated Aaa, its highest rating. S&P has reduced 84 percent of the CDO tranches it rated, including 76 percent of all AAAs.	Credit Rating Agencies, Moody's, Standard & Poor
8/4/2008	HSBC, the global banking giant based in London and Europe's largest bank, warns that financial markets are in the worst shape "for several decades" after profits for the half drop 28 percent. Of Europe's top banks, HSBC is one of the most heavily exposed to the troubled U.S. housing and credit markets and has already written down $15 billion in U.S. housing investments.	Macroeconomic Factors/Policy, Markets Abroad
8/4/2008	Wachovia's chief regulator, the Office of the Comptroller of the Currency, writes to the Wachovia board outlining what the regulators see as glaring – and growing – deficiencies. By this point, the bank's problems are well-known and starting to frighten even the most optimistic investors: The report says, "While Wachovia's liquidity is presently adequate, the market is focused on the company's condition and potential events, which could trigger a loss of confidence in the bank and further reduce funding opportunities."	Too Big to Fail
8/6/2008	AIG reports a worse-than-expected second-quarter loss of $5.4 billion after a $4.3 billion profit a year earlier. It also discloses it has posted a total of $16.5 billion in collateral, but says it has $112 billion in capital on hand and its position is "sound." Results were announced late in the day; the next day, the stock fell 18 percent, its largest drop to date.	AIG

Date & Time	Fact Text	Linked Issues
8/8/2008	Citigroup, UBS and Merrill Lynch agree to buy back $36 billion of auction-rate securities. New York Attorney General Andrew Cuomo has sued or threatened to sue each of them for allegedly fraudulently promoting these bonds, sold by governments and companies, as safe. The market seized up in February, and thousands of investors have been unable to sell the bonds since. Other firms soon agree to buy back the bonds. "They knew what was happening to the market," Eric Corngold, a deputy attorney general, said of the banks. "Buyers of these securities didn't have a clue."	Securitization/GSEs, Citigroup
8/8/2008	Fed's Parkinson circulates "gameplan" to deal with a potential Lehman failure and includes the following: (1) identify activities whose liquidation under Chapter 11 could have a significant adverse effect on financial markets and the economy; (2) gather additional information about those activities to assess the likelihood of negative effects of liquidation; and (3) where there is serious potential for significant adverse effects, identify actions that the firm, its counterparties or the government could take to mitigate risk. Fed and Treasury identify that the principal investment bank activities that could entail systemic risk are tri-party repo borrowings and OTC derivatives activities, that options to avoid a fire sale of tri-party repo collateral are not very attractive and that the Fed is still in the early stages of assessing the potential systemic risk from close-out of OTC derivatives transactions by an investment bank's counterparties and identifying potential mitigants.	Too Big to Fail
8/9/2008	Paris-based BNP Paribas, one of the world's largest banks, tells investors they will not be able to retrieve their money from two of its funds because it cannot value the assets in them owing to a "complete evaporation of liquidity" in the market, a further sign that the wilting U.S. market for subprime mortgages is hurting foreign investors like BNP, too, and that the liquidity crunch is worsening on both continents. "The complete evaporation of liquidity in certain market segments of the U.S. securitization market has made it impossible to value certain assets fairly regardless of their quality or credit rating," the bank said. The European Central Bank pumps € 95 million into the banking market to try to improve liquidity and adds another €108.7 billion over the next few days.	Markets Abroad
8/14/2008	AIG sells $3.25 billion of 10-year notes at an 8.25-percent interest rate, for a risk spread over rock-solid Treasuries of 4.3 percentage points, a yield more typical of junk bonds.	AIG
8/14/2008	Kevin Coffee, from the FRBNY's Financial Sector Policy and Analysis group, emails FRBNY officials and notes that the OTS was generally comfortable with AIG's liquidity.	AIG, Too Big to Fail
8/14/2008	An FRBNY summary memo states that "AIG is under increasing capital and liquidity pressure," that AIG "appears to need to raise substantial longer term funds to address the impact of deteriorating asset values on its capital and available liquidity as well as to address certain asset/liability funding mismatches." Also notes there may be a ratings downgrade.	AIG, Too Big to Fail
8/15/2008	FRBNY Vice President in the Bank Supervision Group William Brodows reports that FRBNY officials met with Lehman to get derivative-related information and that the meeting "caused a stir in Lehman and we had to assure them that our questions were not institution specific." Parkinson responded on 8/19/08 that he thought it was worth engaging the industry group even though there were risks and that they needed to better understand OTC derivative exposures.	Federal Reserve, Lehman Brothers, Complex Financial Derivatives

Date & Time	Fact Text	Linked Issues
8/15/2008	AIGFP increases credit support posting to Goldman Sachs to approximately $6.447 billion, with an increase of approximately $239.7 million agreed to with respect to five ABACUS transactions. Goldman's CDS protection on AIG is now $3 billion.	Complex Financial Derivatives, AIG, Goldman Sachs
8/18/2008	JPMC presents Lehman with a set of documents that altered the clearance relationship between the parties, including adding Lehman as a guarantor of the obligations of LBI and other Lehman subsidiaries under their 2000 Clearance Agreement. JPMC's Executive Director of Financial Institutions Mark Doctoroff emailed these documents to Lehman's Daniel Fleming to "allow for the lien in all the clearance accounts in Lehman's broker/dealer group." These agreements – the "8/08 Amendment," "8/08 Guaranty," "8/08 Security Agreement" – were executed on 8/26/08.	Lehman Brothers
8/19/2008	Wachovia executed an MOU with the Fed that required Wachovia to submit a liquidity risk/funding plan within 30 days because the Fed concluded that liquidity risk had increased to "considerable" despite the Bank's ability to meet 2008 funding needs, maintain liquid assets above short term funding needs and maintain a stable deposit base.	Too Big To Fail
8/20/2008	Side letter is executed by AIGFP to increase credit support posting to Goldman Sachs to $6,445.0 million, with an increase of approximately $237.6 million (slightly revised from the original agreement).	Complex Financial Derivatives, AIG, Goldman Sachs
8/22/2008	In a quarterly notice, FHFA informs Fannie Mae that it was adequately capitalized as of June 30 but notes that "further deterioration in the housing markets leaves us seriously concerned about the current level of Fannie Mae's capital." Investors continue to worry that the companies are on the brink of collapse or takeover.	GSEs, Fannie Mae, OFHEO, FHFA
8/22/2008	Fitch places AIG on credit watch, which usually precedes a downgrade in a company's credit rating.	AIG
8/26/2008	Lehman and JPMorgan Chase execute agreements altering the clearance relationship between the parties. These agreements – the "8/08 Amendment," "8/08 Guaranty," "8/08 Security Agreement" – were initially presented by JPMC to Lehman on 8/1808.	Lehman Brothers
8/28/2008	Side letter is executed by AIGFP to increase credit support posting to to Goldman Sachs to $6.8 billion, with an increase of approximately $362.1 million.	Complex Financial Derivatives, AIG, Goldman Sachs
8/30/2008	Chancellor Alistair Darling warns that the British economy may be facing its worst crisis in 60 years in an interview with the influential Guardian newspaper, saying this downturn would be more "profound and long-lasting" than people think and annoying fellow Labor Party politicians.	Markets Abroad
9/1/2008	FHFA informs Fannie Mae that it is reviewing the adequacy of the company's reserves.	GSEs, Fannie Mae, FHFA
9/1/2008	The Organization for Economic Cooperation and Development says the U.K. is probably already in recession after growth stopped in the second quarter. Britain, the OECD said, would be the worst performer of the world's wealthiest nations, the gravest pronouncement on the British economy yet. After this and Chancellor Darling's interview, the British pound falls to its lowest level against the euro since the European Union introduced the common currency in 1999.	Markets Abroad

Date & Time	Fact Text	Linked Issues
9/1/2008	Steve Black, co-CEO of JPMC's Investment Banking, forwards an email to CEO Jamie Dimon regarding JPMC's pitch to be a "financial advisor" to Korean Development Bank deal given that "JPM knows Lehman best as the largest liquidity provider and #1 financing bank for Lehman." JPMC also tells KDB that "[Steve Black] and Jamie Dimon know Dick Fuld CEO very well, are also close to Hank Paulson of US Treasury to discuss any potential support to the deal / KDB."	Too Big to Fail, Lehman Brothers
9/2/2008	A FRBNY document titled "AIG Liquidity and Access to the PDCF" states that "AIG's current liquidity position is precarious and asset liability management appears inadequate given firm's substantial off balance sheet liquidity needs" and that borrowing through the PDCF "could potentially allow AIG to unwind its positions in an orderly manner while satisfying its immediate liquidity demands, although it is questionable whether such a facility is necessary for the survival of the firm."	AIG
9/2/2008	An internal Federal Reserve Bank of New York summary of Lehman Brothers's tri-party repos shows that balances ranged from $149 billion to $151 billion, and that $20.4 billion was not Primary Dealer Credit Facility ("PDCF") eligible.	Too Big to Fail, Lehman Brothers
9/4/2008	JPMC Chief Risk Officer and EVP Barry Zubrow and other JPMC senior executives meet with Lehman to discuss Lehman's "upcoming 3Q results" and plans going forward (KDB; sale of investment management division; sale of real estate assets; good bank / bad bank). JPM's briefing memorandum states that "we expect they will have further significant asset write-downs primarily originating from their commercial and residential real estate related assets." At lunch, JPMC asks to preview Lehman's presentation to Fitch. Later that night, Lehman's Treasurer Paolo Tonucci emails the draft presentation to JPM's Mark Doctoroff and Jane Buyers-Russo, asking them to forward to Zubrow. Tonucci's email states, "there is a lot of confidential info so please keep to the minimum people." Lehman CFO Ian Lowitt emails Zubrow the following day stating that "the materials we sent you are obviously very sensitive, and trust they will be kept to the limited group we met with and your rating advisory team."	Too Big to Fail. Lehman Brothers
9/5/2008	Federal Reserve's Pat Parkinson emails FRBNY Senior Vice President Theodore Lubke and writes that (1) the Fed is going to request OTC derivative information from Lehman, (2) Geithner will ask former FRBNY President Gerald Corrigan to accelerate the formation for a private sector default management group and (3) Lubke, Parkinson and Shafran will "create the 'playbook' for an IB failure that the Secretary has been asking for."	Federa.l Reserve, Lehman Brothers
9/5/2008	The U.S. Department of Labor announces that the unemployment rate has risen to 6.1%, a five-year high, after eight consecutive months of job losses. With more people out of work, one in 11 mortgages is delinquent or in foreclosure and credit-card defaults have risen to 5.5 percent of all credit card debt.	Macroeconomic Factors/Policy

Date & Time	Fact Text	Linked Issues
9/6/2008	The Federal Housing Finance Agency establishes conservatorships for Fannie Mae and Freddie Mac, a process akin to bankruptcy protection, saying, "the critical unsafe or unsound practices and conditions that gave rise to [Fannie's] current condition, and the deterioration in overall asset quality and significant impairment in earnings throughout 2008, calls into question [Fannie's] ongoing viability… absent immediate financial assistance." The two companies have lost $15 billion and investors and customers worry they may fold. Together they hold $5 trillion of mortgages and mortgage-backed securities, crucial to the health of the housing market and the economy.	GSEs, Fannie Mae, Freddie Mac, FHFA
9/7/2008	Treasury Secretary Henry Paulson publicly announces that the government has seized Fannie Mae and Freddie Mac. The Treasury commits up to $200 billion to keep the companies afloat. The New York Times calls it "a seismic event in a year of repeated financial crises…The rescue package represents an extraordinary federal intervention in private enterprise. It could become one of the most expensive financial bailouts in American history..."	Subprime Lending, Securitization/GSEs, GSEs, Too Big To Fail, Fannie Mae, Freddie Mac
9/9/2008	FRB and FRBNY officials meet to discuss "near term options for dealing with a failing nonbank."	Too Big to Fail
9/9/2008	JPMC's Dimon, Black and Zubrow meet with Paulson and Bernanke in DC (separately). The Lehman Estate alleges that "On the morning of September 9, 2008, Jamie Dimon and other senior officers of JPMorgan met in Washington D.C., with the Chairman of the Federal Reserve, Ben Bernanke. That same morning Dimon also met with the Secretary of the United States Treasury, Henry Paulson." It was also alleged that "Dimon and the JPMorgan team discussed the financial state and future prospects of Lehman, as well as the United States government's intent not to rescue Lehman should it be forced to file for bankruptcy. From those conversations, the JPMorgan leadership determined that they would accelerate their efforts to secure LBHI collateral and capitalize on a Lehman bankruptcy." In his written response to FCIC questions, Mr. Black states, "I was in Washington DC on 9/9/08 with other JPMC executives, and met with Secretary Paulson and members of his staff. I am not aware of any discussions between JPMC personnel, on the one hand, and Secretary Paulson or any other government officials, on the other hand, regarding Lehman on September 9, 2008."	Too Big to Fail, Lehman Brothers
9/9/2008	JPMC sends team (Braunstein, Hogan, Dellosso, Wilsey, Zajkowki, Zames, Molluso) to meet with Lehman regarding "capital raise options." After the meeting, JPMC's Hogan emails Black that "They [Lehman] sent the Junior Varsity – they have no proposal and are looking to us for ideas/credit to bridge them to the first quarter when they intend to split into good bank /bad bank." Black responds, copying Dimon on the email, that "Let's give them an order for the same drugs they have apparently been taking to think that we would do something like that."	Too Big to Fail, Lehman Brothers

Date & Time	Fact Text	Linked Issues
9/9/2008	Amid mounting market worries about the liquidity of Lehman Brothers, Lehman stock plunges 45 percent on news that a deal with Korea Development Bank fell through. On this same day, Lehman executives calculated that the firm needed at least $3 billion in new capital. Shortly after lunchtime, Steven Black, the co-CEO of J. P. Morgan Chase & Co., demanded $5 billion in additional collateral from Lehman to cover its clients' positions, in addition to $5 billion it demanded several days earlier, which has not been paid. Fuld persuades Black to settle for $3 billion right away. But there is still no sense of crisis at Lehman. This evening, top execs discuss raising between $3 billion and $5 billion to shore up capital by early 2009. But discussions this evening with outside bankers end without any formal plan. JPMC demands that Lehman amend its operative agreements, with the effect that Lehman would guarantee all exposures of all JPMC entities to all Lehman entities ("September Agreements"). JPMC demands that Lehman sign before the 3Q08 earnings call scheduled for 9/10/08 at 7:30 a.m.	Shadow Banking, Lehman Brothers, Too Big To Fail
9/9/2008	Federal Reserve Vice President Margaret McConnell circulates list of Lehman derivative counterparties which show that Lehman had over 1.3 million derivative deals, a tri-party repo book "much larger than Bear's" ($182 billion v. $50-$80 billion), and that the top 10 counterparties provided 80% of the financing.	Too Big to Fail, Lehman Brothers
9/9/2008	Secretary Paulson, Ben Bernanke, Tim Geithner, SEC Chairman Christopher Cox and staff participate in a telephone call at 5:00 pm to discuss potential bankruptcy of Lehman.	Too Big to Fail, Lehman Brothers
9/9/2008	Treasury Chief of Staff Jim Wilkinson writes in a 5:20 pm email that he "can't stomach us bailing out lehman. Will be horrible in the press."	Too Big to Fail, Lehman Brothers
9/9/2008	FRBNY President Geithner calls Fed Chairman Bernanke at 9:00 pm after receiving information showing that Lehman's tri-party repo book was much larger than Bear Stearns ($182 billion versus $50-$80 billion).	Too Big to Fail, Lehman Brothers
9/10/2008	Lehman Brothers convenes a conference call for investors. The firm announced that it expected a third-quarter loss of $3.9 billion, driven largely by declines in real-estate valuations. CEO Fuld said the firm intended to sell a majority stake in its investment-management division and would cut its dividend. Lehman did not say anything about the need to raise capital, even though that has been the focus of private discussions. When an analyst asked whether Lehman would need to raise $4 billion as part of the plan, Lehman's CFO Ian Lowitt replied, "We don't feel we need to raise that extra amount." At another point, Lowitt said, "Our capital position at the moment is strong." Secretary Paulson, FRBNY President Geithner and Fed Chairman Bernanke participate in a conference call shortly after teh Lehman Brothers conference call.	Too Big to Fail, Lehman Brothers, Excess Risk and Speculation
9/10/2008	Treasury Deputy Assistant Secretary for Federal Finance Matthew Rutherford informs Treasury officials that he spoke to several large money funds that were concerned and reassigned their exposure, but no wholesale pull-back of lines. These funds "stressed that they saw negligible risk in maintaining these positions."	Money Market Funds
9/10/2008	Fed Assistant General Counsel Mark VanDerWeide emails FRBNY General Counsel Scott Alvarez that working groups had been directed to flesh out "[1] how a Fed-assisted BofA acquisition transaction might look," "[2] how a private consortium of preferred equity investors transaction might look," and "[3] how a Fed take out of tri-party repo lenders would look." VanDerWeide notes that "Geithner seemed to think that Lehman would survive into the weekend, but may need some PDCF help."	Federal Reserve

Date & Time	Fact Text	Linked Issues
9/11/2008	At 6:55 am, Fed and Treasury staff circulate a "liquidation consortium gameplan" to Fed Vice Chairman Donald Kohn, FRBNY General Counsel Alvarez and Fed Director of the Division of Monetary Affairs Brian Madigan. The gameplan is to convene the CEOs of major counterparties of Lehman (tri-party repo, CDS and other OTC derivatives) who would be most adversely affected by a Lehman insolvency and to provide a forum where these firms could explore possibilities of joint funding mechanisms to avert a Lehman insolvency. The gameplan (1) Notes that Paulson would tell representatives that that they had until the opening of business in Asia to come up with a plan to recapitalize Lehman to enable an orderly wind down and that the government was willing to let Lehman fail, (2) Refers to a "FRBNY financial commitment" and stated that "[w]e should have in mind a maximum number of how much we are willing to finance before the meeting starts, but not divulge our willingness to do so to the consortium… Terms of any liquidity support should be long enough to guard against a fire sale, but on a short enough fuse to encourage buyers of Lehman assets to come forward. Two months to a year in duration?" and (3) Notes that "Lehman is bigger and more global than Bear Stearns."	Too Big to Fail, Lehman Brothers
9/11/2008	At 8:26 am, Susan McCabe emails Bill Dudley and others about negative market reaction to Lehman's 9/10/08 announcement, concerns about AIG and WaMu, and she writes that the situation "is getting pretty scary and ugly again…They have much bigger counterparty risk than Bear did, especially in derivatives market, so the market is getting very spooked, nervous. Also have Aig, Wamu concerns. This is just spinning out of control again. Just fyi, this is shaping up as going to be a rough day."	Too Big to Fail, Lehman Brothers
9/11/2008	FRBNY Vice President Hayley Boesky emails Fed officials at 10:32 that the head of Lehman's FI sales called and stated that (1) counterparty volumes were extremely low, (2) Lehman had received a handful of requests for unwinds but there were no problems in others taking Lehman credit in the broker market, (3) Barclays and Citi had agreed to a handful of requests to intermediate, (4) there had not been any denial of novations, (5) the prime brokerage business was losing balances and (6) the fixed income desk was funded through 9/12/08 but that Lehman employees and clients all understood that it was "close to the end game, but that they [were] not experiencing a full blown run."	Too Big to Fail, Lehman Brothers
9/11/2008	FRBNY Markets Group analyst Jason Miu emails Chairman Bernanke at 10:45 am and states that (1) the markets continued to negatively react to Lehman's 9/10/08 announcement; (2) Moody's disclosed that Lehman's reorganization plan was insufficient to avoid a downgrade; (3) the consequences of a downgrade would be OTC derivative collateral postings of $4.4 billion and possible pull back by funding counterparties; (4) it would be a much more complex proposition to unwind Lehman's positions than Bear Stearns because Lehman had twice as many positions; and (5) a worst case Lehman scenario could push hedge funds toward their NAV triggers.	Too Big to Fail, Lehman Brothers
9/11/2008	Moody's lowers Washington Mutual's senior unsecured debt rating by two notches to a sub-investment grade "Ba2" rating. Moody's cited"WAMU's reduced financial flexibility, deteriorating asset quality, and expected franchise erosion" as contributing factors to the downgrade. WaMu states in response that "we believe that Moody's decision to reduce the ratings of Washington Mutual, Inc. to below investment grade is inconsistent with the company's current financial condition."	Credit Ratings Agencies

Date & Time	Fact Text	Linked Issues
9/11/2008	JPMC demands another $5 billion in cash during call between JPMC's Dimon, Black, and Zubrow and Lehman's Fuld, McDade, Lowitt, and Tonucci in which JPMC threatened not to unwind Lehman's trades. According to Tonucci, when he asked why JPMorgan wanted the collateral, a participant, perhaps Dimon responded "no reason." When Tonucci further asked "What is to keep you from asking for $10 billion tomorrow?", Dimon responded: "nothing" and "maybe we will." Tonucci told FCIC staff that JPMorgan's response was along the line, "that's not your problem. We just want the cash." That evening, JPMC sends written notice to Lehman that it will "decline to extend credit" the following day if it does not receive $5 billion cash before open of business. Contemporaneous documents support their belief.	Too Big to Fail, Lehman Brothers
9/11/2008	Clients are calling and emailing Lehman to get their money out. JPMorgan pushes for the collateral it requested earlier. This collateral call – coupled with the outflow of money from Lehman's hedge-fund clients – sparks a liquidity crisis. Counterparties begin to pull back. The pace of customer withdrawals accelerates to a point where the firm's cash-management system can not handle the surge.	Too Bigto Fail, Lehman Brothers
9/11/2008	Federal Reserve Vice President and Director of Market Analysis Hayley Boesky emails Fed official that "nearly every large HF (Moore, Cap. Tudor, Fortress, etc.) has called to tell me that others are refusing to take LEH's name"	Lehman Brothers, Too Big to Fail
9/11/2008	FRBNY circulates outline to convene a representative group of Lehman counterparties and creditors to make plans in the event of a Lehman bankruptcy filing, including resolution of derivatives, swaps, QFCs, repos, commodities futures and other transactions outside the bankruptcy process. The group would hold off on exercising their contractual rights to close out their trades and instead establish a process to net down all exposures and use a common valuation for marking positions after the bankruptcy filing.	Lehman Brothers, Too Big to Fail
9/11/2008	Special Assistant to the President for Economic Policy Bryan Corbett emails Treasury Assistant Secretary for Financial Institutions David Nason at 1:46 pm and writes "get ready for the Lehman bailout."	Lehman Brothers, Too Big to Fail
9/11/2008	FRBNY circulates a Lehman Counterparty Credit Risk Exposure Summary that includes exposures to Lehman that shows about $3 billion of current exposure and about $11 billion of potential exposure. Document shows that Barclays, Citi, and UBS had increased their exposure to Lehman since 2Q08 and that Credit Suisse, JPMC, BofA and Deutsche had reduced their exposures to Lehman.	Lehman Brothers, Too Big to Fail

Date & Time	Fact Text	Linked Issues
9/11/2008	Hayley Boesky writes that "I have spent the past 3 hours receiving calls from HFs. On a scale of 1 to 10, where 10 is Bear-Stearns-week-panic, I would put sentiment today at 12. People are expecting full blown recession, There is full expectation that Leh goes, wamu and then ML. Worries about GS and reports of losses in their PB business. Apparently GS had a lot of commodity HFs who took big losses. ALL begging, pleading for a large scale solution which spans beyond just LEH..... I felt I needed to relay the message given they all took the time to call and given the panic in their voices."	Lehman Brothers, Too Big to Fail
9/11/2008	Wachovia CEO Steel and other Wachovia executives met with Fed representatives and asked for an exemption from the affiliate rules embodied in Section 23A of the Federal Reserve Act (FRA) and capital relief. This provision is a way to fund illiquid assets of uncertain value, because it is easier to obtain funding in insured institutions than holding companies. Fed staff agreed that liquidity was strong and that 23A relief was a want rather than a need.	Too Big to Fail
9/12/2008	Federal Reserve Senior Vice President Theo Lubke emails "Decision to File Bankruptcy" document which states that Lehman would need to resolve a number of complex issues before electing to file and that there is a great deal of uncertainty about how unregistered Lehman affiliates would be liquidated and how foreign bankruptcy regimes operated.	Lehman Brothers, Too Big to Fail
9/12/2008	Paulson has breakfast with Bernanke and tells him that he "was hopeful but had serious doubts about both Bank of America and Barclays [coming into the weekend]." Bernanke allegedly tells Paulson, "We can only hope that if Lehman goes, the market will have had a lot of time to prepare for it."	Lehman Brothers, Too Big to Fail
9/12/2008	Jim Wilkinson emails Christopher Cox an FT article, "No Fed Bail-Out this Time Around," which reports that (1) Lehman is less involved in CDS and clearing system than Bear, (2) the markets has had 6 months after Bear to prepare for Lehman crisis, and (3) the Fed now has in place an emergency liquidity facility to guard against risk that Lehman could suffer the kind of sudden funding strike in repo market that sank Lehman, quoting a former Fed official that "Now there is an infrastructure to prevent a disorderly liquidation with the Fed willing to lend against good collateral." It also quotes a private equity firm executive that "Lehman may be the poster child for enough is enough."	Lehman Brothers, Too Big to Fail
9/12/2008	Paulson's opening remarks to private consortium include that (1) a "sudden and disorderly unwind [of Lehman] could have broad adverse effects on the capital markets, with significant risk of a precipitous drop in asset prices, the widening of spreads and reduced liquidity," (2) "the financial community needs to come together to fashion an orderly resolution of the current situation," and (3) Paulson could not "[contain] the damage" if the financial community failed to fashion an orderly resolution.	Lehman Brothers, Too Big to Fail
9/12/2008	Paulson, Cox and Geithner meet at the FRBNY building with CEOs from Goldman (Blankfein), Merrill (Thain), Morgan (Mack), JPM (Dimon), Citi (Pandit), CS (Dougan), and BoNY (Kelly), to discuss Lehman. Paulson states, "there will be no bailout for Lehman," and "that there are two potential buyers for Lehman," BofA and Barclays.	Lehman Brothers, Too Big to Fail
9/12/2008	New York Insurance Commissioner Eric Dinallo receives an urgent phone call in which he is told that AIG is about to be downgraded and does not have the liquidity to meet collateral calls. He will have a team assembled to examine AIG's books at noon the following day.	Complex Financial Derivatives, AIG
9/12/2008	S&P places AIG on credit watch.	AIG, Credit Rating Agencies
9/12/2008	Moody's and S&P threaten to downgrade Lehman Brothers.	Lehman Brothers, Credit Rating Agencies, Moody's, Standard & Poor

Date & Time	Fact Text	Linked Issues
9/12/2008	After receiving the $8.6 billion that week, JPMC sweeps the funds out of the Lehman accounts on which JPMC had a lien and into other accounts held by JPMC. JPMC goes radio silent and allegedly refuses to return the $5 billion in cash. The Lehman Estate alleges that "On Friday, September 12, 2008, and throughout the weekend until Monday morning, LBHI repeatedly requested access to this excess collateral for use overnight and over the weekend. However, during this period, JPMorgan locked down and denied LBHI access to its collateral." In his written response to FCIC questions, Steven Black responds that "I do not recall any discussion with Lehman regarding the return of the $5 billion in collateral at the close-of-settlement on 9/12/08." "I do not recall requests from Lehman for return of the $5 billion in cash collateral received on 9/12/08."	Too Big to Fail, Lehman Brothers
9/12/2008	FRBNY and AIG officials meet (time unknown). Notes from the meeting show that (1) AIG is facing serious liquidity issues that threaten its survival viability, (2) potential credit rating agency downgrades would trigger billions of dollars in liquidity needs, (3) market are punishing AIG's stock, (4) some banks already pulling away and turning down AIG in the secured repo market, (5) AIG having problems rolling commercial paper, (6) unwinding in the event of an AIG bankruptcy is likely to be very messy because of $2.7 trillion derivatives book with $1 trillion concentrated in 12 large counterparties.	Federal Reserve, AIG
9/12/2008	At 6:45 pm, FRBNY Senior Vice President Lucinda Brickler sends an email email regarding the possibility of JPMC being unable to unwind Lehman's triparty repos. She states that "I've attempted to capture everyone's positions and concerns, so we're all on the same page as we think about options. I've also attempted to briefly describe a few things we may need to consider in the event that JPMC refuses to unwind Lehman's positions on Monday – assuming they're still in business, but haven't been rescued – and the policy makers believe an intervention is necessary to protect the market from the fallout from a sudden default. As always, your thoughts, questions, etc., are welcome. We obviously have some work to do if we think we want to consider options that go beyond the existing facilities." Pat Parkinson responds to the email, stating that "I'm forced to guess why plans have changed. I assume the fundamental problem is that even after the parent files for bankruptcy, the SEC wants the b/d to live on and does not want us grabbing tri-party collateral and paying off investors? And/or that we don't want to take OMO collateral because we can't rehypothecate and funds rate would go to zero? In any event, this now looks to me like a godawful mess." Brickler replies that "There has also not been much appetite over the past few days for ideas that involve extending public support beyond the existing programs. These issues and speculation about how bankruptcy would likely unfold are the drivers of this thinking. The situation is fluid, however. The notes I have been sending are intended to test ideas and generate dialog."	Too Big to Fail, Lehman Brothers
9/12/2008	In a late-night conversation, BofA CEO Ken Lewis tells Paulson that BofA would only consider buying Lehman if the government would take around $65 billion off Lehman's books. When Paulson said no, Lewis bows out.	Lehman Brothers, Too Big to Fail
9/12/2008	Between 9/12 and 9/14, the Fed and Treasury convene a secret Friday-night meeting of 12 investment bank CEOs, pushing them to come up with a rescue plan for Lehman and telling them the government would not bail out the troubled company. Throughout what became known as the Lehman weekend, bankers and regulators from the U.S. and U.K. negotiated to no avail. Barclays and Bank of America decline to buy Lehman.	Lehman Brothers, Too Big to Fail

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Date & Time	Fact Text	Linked Issues
9/13/2008	Merrill Lynch CEO John Thain Thain contacts BofA CEO Ken Lewis to see if he would be interested in discussing an investment in Merrill. They meet at 2:30 at BofA's New York corporate apartment. Thain told FCIC staff that he called Lewis because (1) Paulson and Geithner said on 9/12/08 and 9/13/08 that the government would not provide assistance to Lehman, (2) Lehman's assets were estimated to be overvalued by $15-$25 billion, (3) Thain did not believe a private rescue package for Lehman was likely, and (4) a Lehman bankruptcy would have catastrophic consequences.	Too Big to Fail
9/13/2008	Bernanke writes that during the 7 p.m. call, they "may want to discuss some broader issues, e.g., should we go to Congress to ask for other authorities."	Lehman Brothers, Too Big to Fail
9/13/2008	The consortium of banks examines Barclays' proposal to acquire all of Lehman except for its real realestate asset book, which has a face value of $40 billion (before write-downs). The consortium realizes that contrary to Lehman's mark-down of the commercial real-estate assets to $33 billion (from $40 billion), the valuation is actually at $25 billion. The consortium would therefore have to provide $1 billion each to finance the $15 billion of real-estate assets left behind by Barclays in what would remain of Lehman.	Lehman Brothers, Too Big to Fail
9/13/2008	Fed General Counsel Scott Alvarez tells Fed Assistant General Counsel Mark VanDerWeide to not disclose tri-party solution structure to JPMC "if it's the only question about how to manage the bankruptcy – don't want to suggest Fed willingness to give JPMC cover to screw L or anyone else."	Federal Reserve, Lehman Brothers, Too Big to Fail
9/13/2008	A memo prepared by Lehman's counsel is circulated to FRBNY officials, in which "internal counsel described as their view on how a default for their B/D units may trigger a cascade of defaults through to the subs which have large OTC deriv books."	Lehman Brothers, Too Big to Fail
9/13/2008	An "AIG systemic risk analysis" is circulated to FRBNY officials. It states that Fed lending to AIG "will further extend the universe of institutions with discount window access, thus changing expectations about future Fed behavior," that "Fed wants to limit the systemic risk externalities, and the potential spillover onto the real economy" and that "estimates of systemic risk losses are potentially large."	AIG, Too Big to Fail, Federal Reserve
9/14/2008	The consortium reassembles at the Fed at 9:00 am and had outlines of a deal around financing. Treasury's Shafran states that "[p]eople were happy with the term sheet, so there was a doable deal on the table."	Lehman Brothers, Too Big to Fail
9/14/2008	Paulson calls Lehman's President McDade and tells him that the "deal's off. The FSA has turned it down." The Financial Services Authority ("FSA") in London, the UK equivalent of the SEC – has rejected Barclays deal.	Lehman Brothers, Too Big to Fail
9/14/2008	BofA CEO Lewis contacts Merrill Lynch CEO John Thain in the afternoon and says that BofA would be willing to acquire Merrill for $29 per share or $50 billion if Thain was willing to recommend the deal to the Merrill board of directors. Thain told Lewis he would and convened a board meeting that evening during which the Merrill board approved the transaction.	Too Big to Fail
9/14/2008	Treasury Chief of Staff Wilkinson emails JPM's Jes Staley that he was meeting with Paulson and Geithner and that it "doesn't seem like it is going to end pretty." Staley responds, "the issue here is can we end it at lehman. What's the solution for Merrill? And who loses on the triparty unwind? And what will you guys do in the end." Wilkinson responds, "No way govt money is coming in… I'm here writing the usg coms plan for orderly unwind … also just did a call with the WH and usg is united behind no money. No way in hell Paulson could blink now… we will know more after this ceo mtg this morning but I think we are headed for winddown unless Barclays deal gets untangled."	Lehman Brothers, Too Big to Fail

Date & Time	Fact Text	Linked Issues
9/14/2008	FRBNY's Ashcraft writes in a 9:31 email that "I think that a case can be made to lend to them given the potential market disruptions of the unwind."	Lehman Brothers, Too Big to Fail
9/14/2008	In response to a journalist's question about whether Paulson's "firm no government money" would rule out some kind of short term bridging support while the acquisition of the problem asset portfolio by the consortium was organized and implemented, Davis writes that "off the record, his view is that the existing tools should be used as needed. Existing tools include the PDCF."	Lehman Brothers, Too Big to Fail
9/14/2008	Paulson and Geithner brief the consortium at 10:00 am that the FSA rejected the Barclay's deal. Among the reasons for FSA's rejection are (1) "the overall size of the potential exposure that Barclays was taking on and whether Barclays was in good enough shape to do it," (2) "FSA was looking for some kind of a cap to avoid U.K. contagion, and the Fed had just said, 'No assistance for Lehman,'" (3) "Barclays wasn't really that serious about getting FSA approval." The FSA then concluded that based on the amount of diligence, the risk profile, and the lack of any assistance from the U.S. that they were not going to let it proceed."	Lehman Brothers, Too Big to Fail
9/14/2008	JPMC's Jes Staley writes "I think market can take the Lehman unwind, but there needs to be a bid for Merrill early in the week. If Merrill goes, the whole 2a7 funding of Wall Street stops and the Fed will have to step in a bigger way. Its getting heated here. And I think people are getting that Paulson wont move." Wilkinson responds that "At the end of the day fed will have to harden support to I banks" and that the "CEOs here are talking abt a private sector liquidity facility."	Lehman Brothers, Too Big to Fail
9/14/2008	McDade calls Fuld to inform him that the Government told Lehman to file for bankruptcy. McDade and his Lehman Team return to Lehman's headquarters. Paulson tells consortium to focus on a solution to stabilize the markets.	Lehman Brothers, Too Big to Fail
9/14/2008	Fed expands PDCF to cover more illiquid assets that broker-dealers could pledge to clearing banks. On hearing about expanded PDCF window, Fuld and other Lehman executives thought that Lehman is saved and could open the following day. McDade, CFO Lowitt, counsel Harvey Miller, and other Lehman executives return to FRBNY to meet with FRBNY's Baxter and staff. Baxter tells them that Lehman cannot access the expanded window and had to file bankruptcy. McDade and Lehman staff present PowerPoint showing catastrophic consequence of Lehman bankruptcy, to no avail.	Lehman Brothers, Too Big to Fail
9/14/2008	Bernanke emails Fed Governor Warsh at 4:16 pm and asks, "In case I am asked: How much capital injection would have been needed to keep LEH alive as a going concern? I gather $12B or so from the private guys together with Fed liquidity support was not enough."	Lehman Brothers, Too Big to Fail
9/14/2008	At 5:53 pm, Robert Hoyt writes to Schafer that he had not heard the Fed would (1) widen collateral acceptable for the PDCF, (2) adjust the schedule related to certain auctions and (3) provide 23(A) relief to the banks but knew they were working on relief in the wake of Lehman talks failing.	Lehman Brothers, Too Big to Fail
9/14/2008	At 6:13 pm, FRBNY Deputy Director of Banking Supervision Deborah Bailey writes in email to Fed officials that "Lots going on ….and little of it good!.... There will be some changes in the PDCF.... I have attached below the final draft notice for the23a exemption … which applies to those institutions which are engaged in triparty repo through JPMC and BNY. It isimportant to note that an institution is eligible unless they are specifically told by the FRB and/or the primarysupervisors that they are not eligible."	Lehman Brothers, Too Big to Fail
9/14/2008	At 7:23 pm, the FRBNY circulates a listing of Lehman triparty repos, which are $94.8 billion.	Lehman Brothers, Too Big to Fail

Date & Time	Fact Text	Linked Issues
9/14/2008	At 8:37 pm, the FRBNY circulates analysis of Lehman's counterparty exposure showing that Lehman had $24.6 billion in current payable exposures to the market including (1) $818 million to $2 billion to large financial institutions ("LFI"), (2) $3 billion to commercial banks that were not large financial institutions, (3) $11 billion to hedge funds and (4) $7.9 billion to "other" institutions. Coryan Stefansson, a Fed Associate Director of Bank Supervision and Regulation, responded, "so for 818 million the tax payer is exposed for up to 90b???"	Lehman Brothers, Too Big to Fail
9/14/2008	Lehman executives Bart McDade and Ian Lowitt, and Lehman's counsel Harvey Miller, and others return to the Lehman building where the Board of Directors were assembled to vote on the bankruptcy filing. Cox and Baxter calls into the Board meeting to direct Lehman to file bankruptcy. Miller's team prepares for a Chapter 11 filing – a reorganization plan, not a liquidation plan – for the Lehman parent company, allowing the operating subsidiaries, such as the broker/dealer and the asset management business, to continue operating outside of bankruptcy.	Lehman Brothers, Too Big to Fail
9/14/2008	Ten banks create $70 billion liquidity fund	Macroeconomic Factors/Policy
9/15/2008	At 1:30 am, Lehman Brothers Holding Inc. files for bankruptcy, listing $639 billion of assets with over 100,000 creditors in the largest bankruptcy in US History. The Fed gives LBI, the broker dealer, access to PDCF, which Lehman uses three more times ($28 billion on 9/15; $19.7 billion on 9/16, and $20.4 billion on 9/17) until Barclays stepped into the shoes of the Fed in providing financing to LBI. That day, the Dow declines 504 points. The New York Times reports, "Though the government took control of the troubled mortgage finance companies Fannie Mae and Freddie Mac only a week ago, investors have become increasingly nervous about whether major financial institutions can recover from their losses... How things play out could affect the broader economy, which has been weakening steadily as the financial crisis has deepened over the last year, with unemployment increasing as the nation's growth rate has slowed."	Lehman Brothers, Too Big to Fail
9/15/2008	Standard & Poor's cuts AIG's credit rating because, the ratings agency says, AIG is having an increasingly harder time raising collateral in light of losses in the mortgage market it has sold insurance against. It is forced to raise another $14.5 billion in collateral due to the downgrade. (Moody's and Fitch also downgrade.) Its stock price drops to $4.76, down from $22.76 a week earlier. The company faces collapse.	Credit Rating Agencies, Moody's, Fitch, Standard & Poor, Complex Financial Derivatives, AIG
9/15/2008	A side letter is executed by AIGFP to increase credit support posting to Goldman Sachs for $7,424.7 million, with an increase of approximately $617.6 million.	Complex Financial Derivatives, AIG, Goldman Sachs
9/15/2008	Bank of America and Merrill Lynch announce that they will merge. Bank of America was to purchase Merrill in an all-stock transaction. The exchange ratio was 0.8595 Bank of America shares for every Merrill Lynch share, resulting in a purchase price of $50 billion based on the September 12 closing prices. This represented a 29% premium over the five-day average Merrill share price (and a 70% premium from the previous Friday's price). The price ultimately declined to approximately $19 billion at closing due to the decline of Bank of America's stock price. leaving only Goldman Sachs and Morgan Stanley – of the five biggest investment banks – independent.The deal, with the Countrywide acquisition earlier this year, makes B of A the nation's biggest brokerage and banker to consumers. "AIG will be the next test," The New York Times says. "Ratings agencies threatened to downgrade AIG's credit rating if it does not raise $40 billion by [tomorrow], a step that would cripple the company."	Too Big To Fail

Date & Time	Fact Text	Linked Issues
9/16/2008	The Federal Reserve Board bails out AIG by pledging $85 billion, saying the danger to the markets is too great if AIG fails and can't make good on the hundreds of billions of dollars of investments it has insured through credit default swaps . As part of the deal, the government gets an 80-percent stake in the nation's largest insurer.	Complex Financial Derivatives, AIG
9/16/2008	The Reserve Primary Fund, the oldest money market fund, "breaks the buck" when its shares fall to 97 cents after investors worry it may have to write off more debt it bought from Lehman Brothers. It is only the second time in the 37-year history of these funds that one has broken the buck, or seen its net asset value decline below $1 a share. Panicked investors threaten a run on these funds as they withdraw billions of dollars.	Money Market Funds
9/16/2008	Financial and market regulators scramble to prevent problems from worsening. New York Governor David Patterson announces he will relax insurance regulations to allow AIG to borrow up to $20 billion from its subsidiaries.	Complex Financial Derivatives, AIG
9/17/2008	As panic spreads around the world, the Dow Jones Industrial Average drops 449 points, or 4 percent. The SEC announces a temporary ban on short-selling the stocks of financial companies. Russia suspends stock trading after the market falls to its lowest point since the 1998 financial crash as Russian banks face a "crisis of confidence," in the words of a stock analyst. The London Inter-Bank Offering Rate, or LIBOR, hits a seven-year high, a sign that international banks fear the liquidity crisis will only worsen.	Macroeconomic Factors/Policy, Markets Abroad
9/18/2008	AIGFP agrees to an increase in the amount posted to Goldman by approximately $1.205 billion. The total collateral posted is now approximately $8.8 billion. The parties execute another side letter.	AIG
9/19/2008	Treasury Secretary Paulson officially unveils the Troubled Asset Relief Program, TARP, for short, which pledges up to $700 billion plan for the government to buy "toxic" assets off the banks' books, freeing them to lend more and ameliorating the credit crunch. The program requires approval from Congress, whose members are reluctant to be seen bailing out the banks.	Macroeconomic Factors/Policy
9/19/2008	The Treasury announces a temporary guarantee program to support money-market funds by insuring the holdings of funds in danger of "breaking the buck" in return for a fee.	Macroeconomic Factors/Policy
9/19/2008	Securities and Exchange Commission bans short selling on 799 financial stocks	SEC
9/20/2008	Wachovia CEO Steel contacted by Federal Reserve governor Warsh who suggested Steel talk to Goldman Sachs about the possibility of Goldman and Wachovia combining. Wells Fargo ChairmanRichard M. Kovacevich tells Steel that Wells might be interested in acquiring Wachovia, and the two agreed to speak later in the week.	Too Big to Fail
9/21/2008	Goldman Sachs and Morgan Stanley, the last two big investment banks standing, signal the end of an era as they convert to bank holding companies, acknowledging the investment-banking business model is broken. Conversion lets them take deposits like banks, insuring them of a stable source of funding rather than the traditional investment-banking model of rolling over borrowings daily. With the change, though, comes ostensibily tighter scrutiny from banking regulators rather than the two firms' previous regulator, the SEC.	Too Big To Fail, Federal Reserve Board

Date & Time	Fact Text	Linked Issues
9/22/2008	The New York State Insurance Department issues Circular Letter No. 19, which announced that NYSID had determined that covered CDS were subject to regulation under New York insurance law and NYSID would begin to regulate them on January 1, 2009.	Complex Financial Derivatives
9/22/2008	Morgan Stanley announces that has entered into a letter of intent with Mitsubishi UFJ Financial Group, Inc. ("MUFG"), Japan's largest banking group and the world's second largest bank holding company. The letter of intent relates to an investment by MUFG in Morgan Stanley that would eventually reach 20 percent of Morgan's equity on a fully diluted basis. Press reports state that MUFG would pay approximately $9 billion for its 20% stake in the company.	
9/24/2008	Legendary investor Warren Buffet, in an invaluable sign of support for investment banking, invests $5 billion in Goldman Sachs and warns Congress that failure to pass a $700-billion bailout could cause an "economic Pearl Harbor."	Macroeconomic Factors/Policy
9/25/2008	Washington Mutual, the nation's largest thrift, is seized by the Federal Deposit Insurance Corp., too battered by fleeing customers and depositors to even make it to the customary weekend takeover by the FDIC. The government declines to bail it out after WaMu wrangled with bank regulators for years over allegations of fraud and reckless lending. The collapse has much the same effect on the banking industry, investors and customers as the collapse of Lehman Brothers caused to investment banks – panic. The FDIC subsequently sells the bank's assets to JPMorgan Chase.	Shadow Banking, Excess Risk and Speculation, Too Big To Fail
9/25/2008	It is announced that Ireland has slipped into a recession - the first country in the Euro-zone to do so.	Macroeconomic Factors/Policy, Markets Abroad
9/26/2008	Washington Mutual files a voluntary petition for protection fro creditors under Chapter 11 of the U.S. bankruptcy code.	Shadow Banking, Excess Risk and Speculation, Too Big To Fail
9/26/2008	Wachovia hit by a run by customers and depositors, and it becomes clear the bank will either need a government rescue, a merger or file for bankruptcy. Wachovia was unable to roll $1.1 billion of asset backed commercial paper on September 26, 2008. The price of the Wachovia bond plummeted to 29, reflecting a yield of 39.56% and a spread of 3,650 basis points (36.50%) over the benchmark treasury curve. CDS prices increased to nearly 1400 for Wachovia. Wachovia enters into confidentiality agreements with Wells and Citi.	Citigroup, Too Big To Fail
9/27/2008	Wells Fargo and Citi each begin conducting due diligence on Wachovia. Wells Fargo Chairman Kovacevich indicates to Wachovia CEO Steel that Wells is interested in purchasing all of Wachovia in a stock-for-stock purchase that would not require support from the FDIC, and that a merger agreement could be executed before the market opened on Monday, 9/29/2008. Later on 9/27/2008, Wachovia's counsel prepared and transmitted an "Agreement and Plan of Merger" to Wells' counsel and Kovacevich again indicated to Steel that Wells was interested in purchasing Wachovia without government assistance.	Too Big to Fail, Citi
9/27/2008	A Federal Reserve Bank of Richmond memo includes a breakdown of Wachovia's liability structure and shows that as of August 31, 2008 there was $439 billion of deposits (including $26.8 billion of brokered deposits), $140 billion of short term debt and $183.7 billion of long term debt	Too Big to Fail

Date & Time	Fact Text	Linked Issues
9/28/2008	A Federal Reserve staff memo to the Board of Governors concludes that the failure of Washington Mutual and uncertainty about the passage of Treasury's Troubled Asset Relief Program ("TARP") had caused Wachovia's stock price to tumble, CDS spreads on five-year Wachovia debt to increase by more than 1500 basis points and a reduction in liquidity that made it likely the Bank would not be able to fund its operations the next day. The memo states that, "Investors have become increasingly concerned about Wachovia's prospects in recent months as the outlook for home prices and mortgage credit quality has deteriorated. These concerns were reportedly reinforced last week by the FDIC's resolution of Washington Mutual, under which senior and subordinated debt holders at both the holding company and the insured depositories were not supported and face large losses... Wachovia reported that it was finding it difficult to obtain financing and was running down its liquidity reserves. It seems likely that very soon, possibly tomorrow, the firm will not be able to fund its operations. The staff recommends invocation of the systemic risk exception in FDICIA because of the belief that the failure of Wachovia would "almost surely have major systemic effects." The staff of the Federal Reserve Board noted that the FDIC could likely resolve Wachovia through a least-cost solution at zero cost to the deposit insurance fund because there were sufficient ($183 billion) uninsured deposits. However, staff also noted that any assisted transaction effected by the FDIC under a least-cost framework would require the FDIC to impose significant haircuts on subordinated debt holders of the bank and possibly senior note holders as well. The staff believed that a Wachovia failure would have "significant adverse effects on financial markets."	Too Big to Fail
9/28/2008	FDIC staff begin discussions with Citi and Wells regarding possible acquisitions of Wachovia. Citi and Wells both submit bids to the FDIC which seek FDIC assistance. The Wells bid required the FDIC to cover potential losses in a $127.3 billion pool of assets with Wells assuming the first $2 billion of losses and the FDIC covering 80% of all subsequent losses but with a cap of $20 billion. FDIC staff estimate the Wells proposal would cost the FDIC between $5.6 billion and $7.2 billion. FDIC staff estimated the Citi proposal could result in aggregate losses of approximately $35 billion to $52 billion but that all of these estimated losses would be absorbed by Citi and result in no loss to the Deposit Insurance Fund. Wachovia also submitted a proposal that required the FDIC to share losses on approximately $200 billion of the Bank's loans with the Bank covering the first $25 billion. The FDIC would receive $10 billion of preferred stock and warrants on common shares. Steel said that FDIC Chairman Bair told him that the Citi deal was the best deal but did not explain why.	Too Big to Fail
9/29/2008	In a 228-205 vote, Congress rejects the $700 billion TARP bailout package, sending the stock market into turmoil. The Dow fell a record 777.68 points, or 7 percent.	Macroeconomic Factors/Policy
9/29/2008	At 6:00 pm, Wells Chairman Kovacevich tells Wachovia CEO Steel that Wells is not prepared to take on such a compressed timetable to acquire Wachovia without substantial government assistance. Shortly after talking to Kovacevich, FDIC Chairman Bair calls Steel and advises him that the FDIC believed that no transactions with Citi or Wells could be effected without substantial government assistance, that the situation posed a systemic risk to the banking system, and that the FDIC was prepared to exercise its powers under section 13 of the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") to effect an open bank assisted transaction. Chairman Bair subsequently directed Wachovia to commence negotiations with Citi.	Too Big to Fail

Date & Time	Fact Text	Linked Issues
9/29/2008	The FDIC Board of Directors passed a resolution to provide a written recommendation to the Secretary of the Treasury (under section 13(c)(4)(G)(i) of FDICIA, 12 U.S.C. § 1823(c)(4)(G)(i)) to accept the bid from Citigroup that required government assistance (permissible under section 13(c)(2) of FDICIA, 12 U.S.C. § 1823(c)(2)), because the assistance would "mitigate the serious adverse effect on economic conditions or financial stability that would be caused by [Wachovia's] failure." The Resolution also stated, in part that "The liquidation of the Banks, as well as the likely consequent failure of Wachovia Corporation, would have serious adverse effects on economic conditions or financial stability and would create systemic risk to the credit markets…."	Too Big to Fail
9/29/2008	CEO Steel and Wachovia's advisors inform the Wachovia Board that the Company had two options: (1) place Wachovia into bankruptcy and its banking subsidiaries into receivership or (2) negotiate a transaction with the FDIC and Citigroup. The Board voted in favor of proceeding with the transaction with the FDIC and Citi and on the same day an "Agreement-in-Principle" was executed by Citi, Wachovia and the FDIC setting forth the basic terms of the transaction and provided that there was no binding agreement between the parties unless and until the parties entered into definitive agreements that included all necessary terms and conditions of a transaction that were satisfactory to each party. Under the terms of the Agreement, the FDIC committed to limit Citi's losses on a $312 billion portfolio to $42 billion. Also on 9/29/08, Wachovia and Citi also executed an "Exclusivity Agreement" which prohibited Wachovia from, among other things, negotiating with other potential acquirers.	Too Big to Fail
9/29/2008	Citigroup, after a sleepless weekend of negotiations, announces it will acquire the banking unit of Wachovia for $2 billion with government guarantees to cover some of Wachovia's losses. Citigroup will absorb up to the first $42 billion of losses on a $312 billion pool of loans. The FDIC and Treasury will cover any losses beyond that. Citigroup will give the FDIC $12 billion in preferred stock and warrants to compensate the agency for bearing this risk. The sale, according to The Wall Street Journal, was "one of the most stunning downfalls in modern U.S. banking history." The market starts to look warily at other weak banks, including Citigroup.	Too Big to Fail
9/30/2008	The Treasury Department releases IRS Notice 2008-83, which provides substantial tax benefits related to Wells acquisition of Wachovia. IRS Notice 2008-83 states, "any deduction properly allowed after an ownership change (as defined in section 382(g)) to a bank with respect to losses on loans or bad debts (including any deduction for a reasonable addition to a reserve for bad debts) shall not be treated as a built-in loss or a deduction that is attributable to periods before the change date. According to a Crowell & Moring client alert (the "CM Alert") IRS Notice 2008-83 had the effect of "easing restrictions on losses that can be written off after a bank's change in management." That easing of restrictions therefore "provides significant relief from the impact of corporate federal income tax rules that arise in a change in ownership of a bank." Regarding the specific impact the Notice had on the Wells acquisition, the CM Alert stated "Wells Fargo may be able to use the losses from loans and other bad debts that they acquire to offset their current and future taxable income."	Too Big to Fail
9/30/2008	Ireland guarantees the deposits of the 6 largest Irish Banks	Markets Abroad

Date & Time	Fact Text	Linked Issues
10/2/2008	FDIC Chairman Bair calls Steel and advises him that she understood Kovacevich would be calling to propose an unassisted transaction that would result in Wachovia shareholders receiving $7 per share. Later the same day, Steel speaks to Kovacevich who says that he would be sending an executed "Agreement and Plan of Merger" between Wachovia and Wells. During a Board meeting that evening, the Wachovia Board was advised that the Wells proposal was fair from a financial point of view and they believed that unless a definitive merger agreement was signed with either Wells or Citi by the end of October 3, 2008 that the FDIC was prepared to place Wachovia's banking subsidiaries into receivership. Steel, however, told FCIC staff that he did not recall the FDIC telling him that it would place Wachovia in receivership if a definitive agreement was not signed. Chairman Bair also told FCIC staff that she did not recall whether the FDIC was prepared to place Wachovia's banking subsidiaries into receivership and doubted that was true because the FDIC and other government agencies had already voted to invoke the systemic risk exception of FDICIA. The Board approved the Wells transaction, Steel executed the "Agreement and Plan of Merger" and then notified Kovacevich.	Too Big to Fail
10/2/2008	As the commercial paper market freezes, General Electric, which gets half its revenue from its GE Capital finance unit, announces a plan to raise $15 billion in capital by selling stock. GE stock has fallen by about a third this year, mostly over worries about GE Capital.	Macroeconomic Factors/Policy
10/3/2008	The Emergency Stabilization Act is finally passed by Congress, providing $700 billion to the Treasury to purchase troubled assets from eligible financial institutions under the Troubled Asset Relief Program, or TARP.	Macroeconomic Factors/Policy, Financial Legislation
10/3/2008	Wells Fargo announces it is buying all of Wachovia for $7 a share without federal assistance after Congress makes a change in the tax laws earlier in the week that makes the purchase advantageous. Citigroup, outraged, soon sues. The Wall Street Journal says the deal "represents an aggressive new shift in strategy for a bank that has long been content with playing it safe."	
10/6/2008	The Fed makes an additional $900 billion of short-term lending available to cash-squeezed banks.	Federal Reserve Board
10/6/2008	Stocks tumble around the world. London's FTSE stock exchange sees its largest one-day fall (7.85 percent) since "Black Monday" in 1987. In the U.S., the Dow falls below 10,000 for the first time in four years.	Macroeconomic Factors/Policy, Markets Abroad
10/6/2008	Citi sues Wells and Wachovia in New York state court. Citi alleges that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells, and that Wells (and individual defendants) had tortiously interfered with the same contract. On the same day, Wells and Wachovia filed complaints in federal court (the U.S. District Court for the Southern District of New York) seeking declaratory and injunctive relief, stating that the Wells merger agreement was valid, proper, and not prohibited by the exclusivity agreement.	Too Big to Fail
10/7/2008	The Fed announces its plan to lend approximately $1.3 trillion to companies outside the financial sector to counteract the lack of bank lending.	Federal Reserve Board
10/7/2008	The Fed announces a temporary Commercial Paper Funding Facility to unfreeze the commercial-paper market.	Macroeconomic Factors/Policy, Federal Reserve Board

Date & Time	Fact Text	Linked Issues
10/8/2008	The Fed and the European Central Bank announce a coordinated interest-rate cut. The Fed cuts the discount rate and the federal funds rate each by an additional 50 basis points to 1.75 percent and 1.5 percent respectively.	Macroeconomic Factors/Policy, Federal Reserve Board
10/8/2008	The Fed pledges another $37.8 billion loan to AIG as the insurer struggles to stay afloat.	Complex Financial Derivatives, AIG
10/8/2008	Goldman Sachs files its 10-Q for 3Q08.	Goldman Sachs
10/9/2008	The International Monetary Fund announces emergency plans to bail out governments crippled by the financial crisis, after warning that no country would be immune from the ripple effects of the credit crunch.	Macroeconomic Factors/Policy, Markets Abroad
10/9/2008	FHFA announces suspension of capital classifications during conservatorship and discloses minimum and risk-based capital classifications as undercapitalized for the second quarter of 2008 for Fannie Mae and Freddie Mac.	GSEs, Fannie Mae, Freddie Mac, FHFA
10/10/2008	The Dow Jones Industrial Average drops 22 percent, the worst week in its history, as investors fret that consumers and companies can't get loans in the frozen credit market.	Macroeconomic Factors/Policy
10/10/2008	The Washington Post reports that Joseph Cassano, who ran AIG Financial Products, is receiving $1 million a month in consulting fees even after being fired; former AIG CEO Martin Sullivan, one of the most influential British businessmen in America before forced to quit in June, is receiving a $5 million performance bonus; and about 70 of the company's top performers were rewarded with a week-long stay at the luxury St. Regis Resort in Monarch Beach, Calif., where they ran up a tab of $440,000. Outrage ensues, making "bank bailouts" an even more toxic political football.	AIG
10/11/2008	Finance ministers from the Group of 7 industrialized countries meet in Washington to address the crisis, but do not agree on a plan.	Macroeconomic Factors/Policy
10/12/2008	Wells Fargo's purchase of Wachovia is approved.	Too Big To Fail
10/13/2008	Morgan Stanley and Mitsubishi UFJ Financial Group, Inc. ("MUFG") announce that the companies have closed on a $9 billion equity investment in Morgan Stanley, giving MUFG a 21 percent ownership interest on a fully diluted basis. Under the revised terms of the transaction, MUFG acquired $7.8 billion of perpetual, non-cumulative convertible preferred stock with a 10 percent dividend and a conversion price of $25.25 per share, and $1.2 billion of perpetual non-cumulative non-convertible preferred stock with a 10 percent dividend. Morgan Stanley shares nearly doubled after the deal closed, gaining $8.42, to close at $18.10.	Morgan Stanley
10/14/2008	The FDIC announces the Temporary Liquidity Guarantee Program to guarantee new bank debt for three years in return for a fee, making it easier and cheaper for banks to borrow in hopes this will help loosen up credit markets.	Macroeconomic Factors/Policy
10/14/2008	Nine banks receive $125 billion from the Treasury's TARP Capital Purchase Program, a plan to directly inject capital into eligible financial institutions, which Treasury thinks will be more effective than the original plan to buy bad assets from banks	Macroeconomic Factors/Policy

Date & Time	Fact Text	Linked Issues
10/16/2008	Merrill Lynch announces its 3Q08 financial results. The Company reports a net loss from continuing operations of $5.1 billion. Merrill's 3Q08 net loss was $5.2 billion. 3Q08 net revenues were just $16 million, and driven by a number of significant items, including "[n]et write-downs of $5.7 billion resulting from the previously announced sale of U.S. super senior ABS CDOs and the termination and potential settlement of related hedges with monoline guarantor counterparties." Merrill also reported exposures to ABS CDOs had been substantially reduced due to sales, losses and settlements/terminations of hedges.	Too Big to Fail
10/16/2008	Tier 1 capital definition changes to include stock purchased by Treasury.	Macroeconomic Factors/Policy
10/21/2008	Republican leaders in the House of Representatives, traditionally hostile to Fannie Mae and Freddie Mac, call for a special counsel to investigate alleged fraud and mismanagement at the two companies.	GSEs, Fannie Mae
10/21/2008	The Fed announces the creation of the Money Market Investor Funding Facility to provide additional liquidity to money-market investors.	Macroeconomic Factors/Policy, Federal Reserve Board
10/21/2008	Mervyn King, governor of the Bank of England, says in a speech to business leaders that "it now seems likely that the U.S. economy is entering a recession."	Markets Abroad
10/22/2008	Wachovia reports a $24 billion loss for the third quarter, the biggest for any bank since the onset of the credit crunch.	Too Big to Fail
10/23/2008	Former Federal Reserve Chairman Alan Greenspan, grilled by members of the House Committee on Oversight and Government Reform, concedes the crisis shows his faith in markets has a "flaw." "I was shocked because I'd been going for 40 years or more with very considerable evidence that it was working exceptionally well.'' Committee Chairman Henry Waxman, a California Democrat, says Greenspan had "the authority to prevent irresponsible lending practices that led to the subprime mortgage crisis. You were advised to do so by many others. And now our whole economy is paying the price.''	Macroeconomic Factors/Policy, Federal Reserve Board
10/28/2008	The Conference Board's gauge of U.S. consumer confidence falls to 28, its lowest point on record.	Macroeconomic Factors/Policy
10/29/2008	The Fed cuts the discount rate and the federal funds rate each by an additional 50 basis points to 1.25 percent and 1 percent respectively.	Macroeconomic Factors/Policy, Federal Reserve Board
10/30/2008	The Commerce Department says the economy shrank at an annualized rate of 0.3% for the third quarter ending in September	Macroeconomic Factors/Policy
11/4/2008	After a campaign season increasingly dominated by worries about the financial crisis and economic turmoil, Democrat Sen. Barack Obama is elected President of the United States, defeating Republican Sen. John McCain.	Macroeconomic Factors/Policy
11/6/2008	The amount of collateral AIG has posted to Goldman increases to $10.7 billion. Goldman demands $1.8 billion in addition to the $10.7 billion of collateral already posted. Goldman's total CDS protection on AIG is now $2.3 billion.	AIG

Date & Time	Fact Text	Linked Issues
11/7/2008	The U.S. announces 240,000 job losses for month of October, and unemployment hits 6.5 percent, the highest since 1994	Macroeconomic Factors/Policy
11/10/2008	The terms of the AIG bailout are revised, as the U.S. government announces it provide an aggregate of $150 billion to AIG. AIG also reports a loss of $24.5 billion for the third quarter, much from its credit-default-swap portfolio.	AIG, Excess Risk and Speculation, Too Big To Fail
11/10/2008	The Chinese government announces a $586 billion fiscal-stimulus package.	Macroeconomic Factors/Policy
11/11/2008	The New York State Insurance Department issues a News Release stating: “In light of progress being made to create central counterparties for credit default swaps with federal oversight, New York will delay for now its plan to regulate some swaps.” That same day, NYSID Superintendent Eric Dinallo testified in front of the House Agriculture Committee and “called on the federal government to develop a comprehensive solution for regulating the entire market for credit default swaps.”	Complex Financial Derivatives
11/12/2008	U.S. Treasury Secretary Henry Paulson, acknowledging criticism of “bank bailouts,” revises the original TARP to focus on consumer lending. The remaining budget will be used to stimulate consumer credit such as car loans, student loans and credit cards instead of what Paulson calls “illiquid mortgage-related assets.”	Macroeconomic Factors/Policy
11/14/2008	Leaders from the Group of 20 industrialized nations gather in Washington for a summit and release a communiqué outlining plans for more meetings and ambitious reforms to the global financial system.	Macroeconomic Factors/Policy
11/19/2008	The Dow Jones Industrial Average falls below 8,000 for the first time since March 2003 after the Fed releases a report forecasting the recession will last until mid-2009 or later.	Macroeconomic Factors/Policy
11/21/2008	Goldman Sachs and Citigroup announce they will sell debt under the FDIC’s temporary guarantee liquidity program. Other big banks, including JPMorgan Chase and Bank of America, will soon join them.	Citigroup
11/23/2008	The U.S. government agrees to guarantee against default $301 billion of Citigroup's risky assets and provide another $20 billion of new capital.	Securitization/GSEs, Citigroup
11/24/2008	The U.S. bails out Citigroup by providing an additional $20 billion in capital and a $306 billion guarantee on its risky assets.	Citigroup, Too Big To Fail
11/24/2008	The amount of collateral AIG has posted to Goldman reaches $11.9 billion.	AIG
11/24/2008	Maiden Lane III is created by the Federal Reserve Bank of New York. Maiden Lane III pays Goldman $5.6 billion to terminate most of the SSCDS contracts between AIGFP and Goldman.	AIG
11/25/2008	In moves that aim to thaw the credit markets, Treasury announces that it will pump up to $800 billion into several programs aimed at reviving markets for mortgages and other consumer credit.	Macroeconomic Factors/Policy, Federal Reserve Board
11/25/2008	With the help of a $24.3 billion loan from the New York Fed, Maiden Lane III LLC, a government vehicle that’s part of the AIG bailout, completes the first of two stages in its purchase from AIG counterparties of CDOs with an estimated fair value of $29.6 billion as of October 31.	Complex Financial Derivatives, AIG
11/28/2008	Fannie Mae Appoints David M. Johnson as CFO.	GSEs, Fannie Mae

Date & Time	Fact Text	Linked Issues
12/5/2008	Shareholders of both Bank of America and Merrill Lynch approve the acquisition of Merrill by BofA.	Too Big to Fail
12/12/2008	With the help of a $19.5 billion loan from the NY Fed, Maiden Lane II LLC buys RMBS with an estimated fair value of approximately $20.8 billion as of October 31.	Complex Financial Derivatives, AIG
12/16/2008	The Fed cuts the discount rate by 75 basis points to 0.5 percent, down from 4.75 percent at the beginning of the year, and establishes a target range for the federal funds rate of 0 percent to 0.25 percent.	Macroeconomic Factors/Policy, Federal Reserve Board
12/17/2008	BofA CEO Lewis informs the Federal Reserve that he is considering backing out of the Merrill acquisition. Government officials eventually agree to provide assistance in the form of an additional $20 billion equity investment from the Troubled Asset Relief Program and a ring-fence guarantee of $118 billion in assets. This was in addition to the $15 billion and $10 billion in TARP preferred stock that had been granted in October to Bank of America and Merrill Lynch, respectively.	Too Big to Fail
12/17/2008	Government reports that U.S. consumer prices declined 1.7 percent in November, a sign of weakening economy.	Macroeconomic Factors/Policy
12/18/2008	Maiden Lane III LLC completes the first of two stages of its purchase of CDOs from AIG counterparties. The CDOs had an estimated fair value of $29.6 billion as of October 31.	Complex Financial Derivatives, AIG
12/19/2008	U.S. pledges $17.4 billion in loans to bail out General Motors and Chrysler.	Macroeconomic Factors/Policy
12/20/2008	S&P downgrades 11 of the world's largest banks.	Macroeconomic Factors/Policy, Standard & Poor
12/29/2008	The Treasury injects $5 billion from the financial bailout fund into GMAC, a crucial provider of automobile financing that is on the verge of collapse, plus another $1 billion parent General Motors will invest into GMAC. As part of the deal, GMAC becomes a bank-holding company, lowering its borrowing costs.	Macroeconomic Factors/Policy, Subprime Lending, Securitization/GSEs
12/31/2008	Stock markets around the world give one indicator of the year’s financial carnage—the Dow dropped almost 34 percent, the British FTSE 100 closed down 31 percent, the DAX in Frankfurt lost 40 percent and the Cac 40 in Paris dropped 43 percent.	Macroeconomic Factors/Policy, Markets Abroad
03/07/08 - 03/16/08	The Fed announces an increase of $40 billion in Term Auction Facility funds, a way for banks to borrow from the Fed without the embarrassment of going to the discount window, and expands its securities-lending activities through a $200 billion Term Securities Lending Facility that lets banks swap mortgage-backed securities for safer Treasuries.	Too Big To Fail, Federal Reserve Board