

LEGACY SECURITIES PUBLIC-PRIVATE INVESTMENT PROGRAM

Program Update – Quarter Ended March 31, 2011 April 21, 2011

OVERVIEW

Introduction

This is the sixth quarterly report on the Legacy Securities Public-Private Investment Program ("PPIP"). This report includes a summary of PPIP capital activity, portfolio holdings and current pricing, and program and fund performance. Treasury expects to provide additional information as the program continues to mature in subsequent quarterly reports.

PPIP Overview

PPIP is designed to support market functioning and facilitate price discovery in the mortgage-backed securities markets, allowing banks and other financial institutions to re-deploy capital and extend new credit to households and businesses. The investment objective of PPIP is to generate attractive returns for taxpayers and private investors through long-term opportunistic investments in Eligible Assets (as defined below) by following predominantly a buy and hold strategy. Under the program, Treasury has committed \$22.1 billion of equity and debt in public-private investment funds ("PPIFs") established by private sector fund managers for the purpose of purchasing Eligible Assets. The fund managers and private investors have also committed capital to the funds. PPIFs have eight-year terms which may be extended for consecutive periods of up to one-year each, up to a maximum of two years. To qualify for purchase by a PPIF, the securities must have been issued prior to 2009 and have originally been rated AAA – or an equivalent rating by two or more nationally recognized statistical rating organizations – without ratings enhancement and must be secured directly by the actual mortgage loans, leases, or other assets ("Eligible Assets").

Please see page 9 of this program update for a glossary of terms used throughout this document. Additional information on PPIP can also be found at www.financialstability.gov.

Neither this report nor the information contained herein constitutes an offer to sell or the solicitation of an offer to buy any securities. Any such offer or solicitation with respect to any PPIF may only be made by the applicable fund manager. This presentation has not been reviewed by any of the fund managers.

CAPITAL ACTIVITY

Set forth below is a summary of equity and debt capital commitments by PPIF. The PPIFs have completed their fundraising and have closed on approximately \$7.4 billion of private sector equity capital commitments, which has been matched 100 percent by Treasury, representing \$14.7 billion of total equity capital commitments. Treasury has also provided \$14.7 billion of debt capital commitments, representing \$29.4 billion of total purchasing power.

Summary of Capital Commitments by PPIF (\$ in Millions)

		Closed Equity and Debt Capital Commitments (1)							
	Closing		Private	Treasury	Treasury	Purchasing			
Fund	Date		Equity	Equity	Debt	Power			
AG GECC PPIF Master Fund, L.P.	10/30/09	\$	1,243 \$	1,243 \$	2,487 \$	4,973			
AllianceBernstein Legacy Securities Master Fund, L.P.	10/02/09		1,150	1,150	2,301	4,602			
Blackrock PPIF, L.P.	10/02/09		695	695	1,390	2,780			
Invesco Legacy Securities Master Fund, L.P.	09/30/09		856	856	1,712	3,424			
Marathon Legacy Securities Public-Private Investment Partnership, L.P.	11/25/09		475	475	949	1,898			
Oaktree PPIP Fund, L.P.	12/18/09		1,161	1,161	2,322	4,643			
RLJ Western Asset Public/Private Master Fund, L.P.	11/05/09		621	621	1,241	2,482			
Wellington Management Legacy Securities PPIF Master Fund, LP	10/01/09		1,149	1,149	2,299	4,598			
Total Program Closed Commitments		\$	7,350 \$	7,350 \$	14,700 \$	29,400			

⁽¹⁾ Excludes \$4.1 billion in total purchasing power within UST/TCW Senior Mortgage Securities Fund, L.P., which was wound-up and liquidated during 1Q 2010. Treasury realized a profit of \$20.1 million on its \$156.3 million equity investment in UST/TCW Senior Mortgage Securities Fund, L.P., equal to a 1.13x multiple of paid in capital on Treasury's equity.



CAPITAL ACTIVITY

Set forth below is a summary of equity and debt paid in capital⁽¹⁾ by PPIF. As of March 31, 2011, the PPIFs have drawn-down approximately \$20.9 billion of the total capital committed (71.2% of total purchasing power), which has been invested in Eligible Assets and cash equivalents pending investment. In addition, Treasury has received approximately \$523 million in net cumulative equity distributions, approximately \$116 million in cumulative interest payments and approximately \$484 million in cumulative debt principal payments from the PPIFs as of March 31, 2011.

Summary of Paid in Capital by PPIF (\$ in Millions)

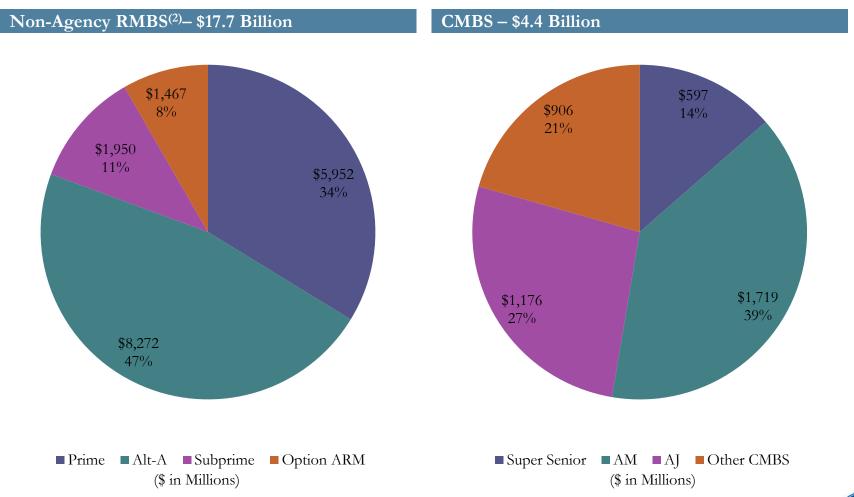
				Paid in Capital ⁽¹⁾				0/0
	Inception	Pu	rchasing	Private	Treasury	Treasury		Purchasing
Fund	Date		Power	Equity	Equity	Debt	Total	Power
AG GECC PPIF Master Fund, L.P.	11/12/09	\$	4,973	\$ 1,086	\$ 1,086	\$ 2,173	\$ 4,345	87.4%
AllianceBernstein Legacy Securities Master Fund, L.P.	10/23/09		4,602	978	978	1,955	3,911	85.0%
Blackrock PPIF, L.P.	10/16/09		2,780	528	528	1,053	2,109	75.9%
Invesco Legacy Securities Master Fund, L.P.	10/13/09		3,424	581	581	1,162	2,324	67.9%
Marathon Legacy Securities Public-Private Investment Partnership, L.P.	12/15/09		1,898	427	427	854	1,708	90.0%
Oaktree PPIP Fund, L.P.	02/19/10		4,643	117	117	141	375	8.1%
RLJ Western Asset Public/Private Master Fund, L.P.	11/23/09		2,482	621	621	1,241	2,482	100.0%
Wellington Management Legacy Securities PPIF Master Fund, LP	10/19/09		4,598	921	921	1,841	3,683	80.1%
Total Paid in Capital (1)		\$	29,400	\$ 5,259	\$ 5,259	\$ 10,420	\$ 20,937	71.2%

⁽¹⁾ Excludes net cumulative equity distributions and cumulative debt principal payments.



PORTFOLIO HOLDINGS – SUMMARY BY SECTOR

The total market value of Non-Agency RMBS and CMBS held by all PPIFs was approximately \$22.1 billion as of March 31, 2011. Approximately 80% of the portfolio holdings are Non-Agency RMBS and 20% are CMBS. The charts below show composition of Eligible Assets by sector⁽¹⁾.

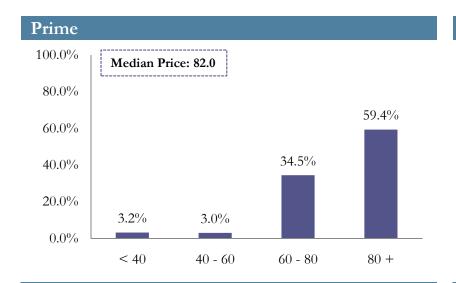


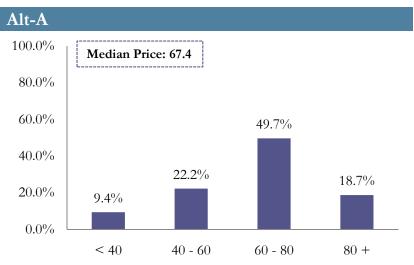
- (1) Please see page 9 for a glossary of Non-agency RMBS and CMBS sector definitions.
- (2) Non-agency RMBS chart excludes \$43 million of Other RMBS.

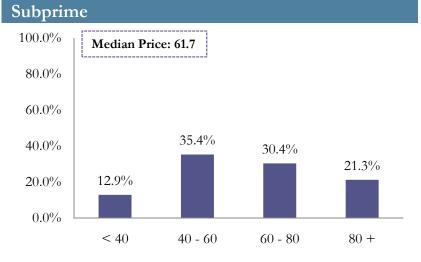


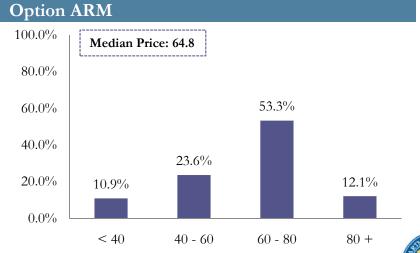
PORTFOLIO HOLDINGS - NON-AGENCY RMBS

The charts below illustrate the range of market prices of Non-Agency RMBS held by all PPIFs as of March 31, 2011. Prices are expressed as a percent of par value.





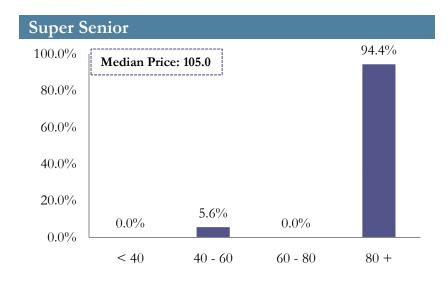


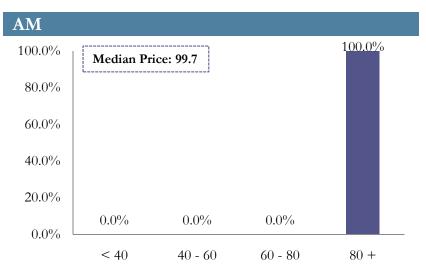


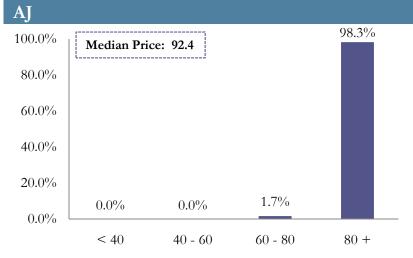
Note: Pricing is based on UST valuation process on a consistent basis across all PPIFs. Excludes Other RMBS.

PORTFOLIO HOLDINGS - CMBS

The charts below illustrate the range of market prices of CMBS held by all PPIFs as of March 31, 2011. Prices are expressed as a percent of par value.









PERFORMANCE

Set forth below is a summary of performance of Treasury's equity since inception for the program and by fund manager. Note performance will vary among PPIFs due to different risk/return objectives, leverage ratios, and sector allocations among other reasons. The influence of these factors as well as others on performance may evolve over time based on market conditions. PPIFs still remain in the early stages of their three-year investment periods and early performance may be disproportionately impacted by structuring and transaction costs and the pace of capital deployment by each PPIF. Because of this, industry practice counsels that, at this stage, any performance analysis done on these funds would not generate meaningful results and it would be premature to draw any long-term conclusions about the performance of individual PPIFs or PPIP in general from the data reported to date. For example, if the market value of the PPIFs were to remain at current levels going forward, then the net rates of return on Treasury's equity investment would decrease simply due to the passage of time. It should be noted that the current and past performance of a PPIF is not indicative of its future performance.

Performance Since Inception as of March 31, 2011 (\$ in Millions)

	Capital		Paid in	Net Cumulative		1	Net Ending	Net Multiple of	
Program - Cumulative Performance	Commitment		Capital	Distributions (1)			Capital (1)	Paid in Capital (1)(2)	
Treasury Equity	\$	7,350	\$	5,259	\$	523	\$	6,461	1.33x

⁽¹⁾ Net of management fees and expenses attributable to Treasury's equity.

⁽²⁾ Calculated as the sum of Net Cumulative Distributions received and Ending Capital balance of Treasury's equity position as a multiple of Paid in Capital.

		Net Time Weighted	Net Internal	
		Cumulative Return	Rate of Return	Net Multiple of
Fund	Inception Date	Since Inception (1)(2)	Since Inception (1)(3)	Paid in Capital (1)(4)
AG GECC PPIF Master Fund, L.P.	11/12/09	74.5%	51.1%	1.44x
AllianceBernstein Legacy Securities Master Fund, L.P.	10/23/09	40.2%	32.5%	1.34x
Blackrock PPIF, L.P.	10/16/09	49.2%	32.9%	1.37x
Invesco Legacy Securities Master Fund, L.P.	10/13/09	41.9%	30.0%	1.27x
Marathon Legacy Securities Public-Private Investment Partnership, L.P.	12/15/09	44.1%	36.5%	1.30x
Oaktree PPIP Fund, L.P.	02/19/10	27.3%	27.7%	1.24x
RLJ Western Asset Public/Private Master Fund, L.P.	11/23/09	45.1%	33.6%	1.36x
Wellington Management Legacy Securities PPIF Master Fund, LP	10/19/09	29.7%	22.4%	1.20x

⁽¹⁾ Net of management fees and expenses attributable to Treasury's equity.

⁽²⁾ Time-weighted geometrically linked return calculated on a consistent basis across all PPIFs.

⁽³⁾ Dollar-weighted rate of return calculated on a consistent basis across all PPIFs.

⁽⁴⁾ Calculated as the sum of Net Cumulative Distributions received and Ending Capital balance of Treasury's equity position as a multiple of Paid in Capital.

GLOSSARY OF TERMS

Non-Agency Residential Mortgage-Backed Securities (RMBS)

Non-Agency Residential Mortgage Backed Securities (RMBS): Type of mortgage-backed security that is secured by loans on residential properties that are not issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae, or any other United States federal government-sponsored enterprise (GSE) or a United States federal government agency. Non-Agency RMBS are typically classified by underlying collateral / type of mortgage (i.e. Prime, Alt-A, Subprime, Option ARM).

Prime: Mortgage loan made to a borrower with good credit that generally meets the lender's strictest underwriting criteria. Non-Agency Prime loans generally are loans that exceed the dollar amount eligible for purchase by the GSEs (jumbo loans), but may include lower balance loans as well.

Alt-A: Mortgage loan made to a borrower with good credit but with limited documentation, or other characteristics that do not meet the standards for Prime loans. An Alt-A loan may have a borrower with a lower FICO score, a higher loan-to-value ratio, or limited or no documentation compared to a Prime loan.

Subprime: Mortgage loan made to a borrower with poor credit, typically having a FICO score of 620 or less.

Option ARM: Mortgage loan that gives the borrower a set of choices of how much interest and principal to pay each month. This may result in negative amortization (i.e. an increasing loan principal balance over time).

Commercial Mortgage-Backed Securities (CMBS)

Commercial Mortgage Backed Securities (CMBS): Type of mortgage-backed security that is secured by loans on commercial properties such as office buildings, retail buildings, apartment buildings, hotels, etc. CMBS are typically classified by position in the capital structure (i.e. Super Senior, AM, AJ).

Super Senior: Most senior originally rated AAA bonds in a CMBS securitization with the highest level of credit enhancement. Credit enhancement refers to the percentage of the underlying mortgage pool by balance that must be written down before the bond experiences any losses. Super Senior bonds often comprised 70% of a securitization and therefore had 30% credit enhancement at issuance.

AM: Mezzanine-level originally rated AAA bond. AM bonds often comprised 10% of a CMBS securitization and therefore had 20% credit enhancement at issuance, versus 30% for Super Senior bonds.

AJ: The most junior bond in a CMBS securitization that attained a AAA rating at issuance.

