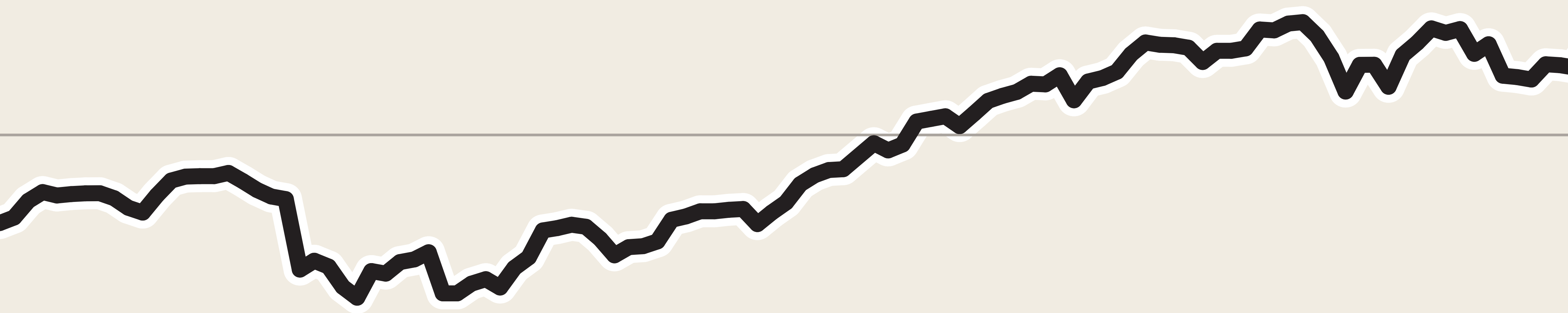
FEBRUARY 2007	MARCH 2007	APRIL 2007	MAY 2007	JUNE 2007
FEB 5 Mortgage Lenders Network USA, the 15th largest subprime lender in the US, files for bankruptcy. **FEB 13** ResMae Mortgage Corporation files for bankruptcy.	**MAR 20** People's Choice Home Loan files for bankruptcy.	**APR 3** New Century Financial, the largest subprime lender in the US, files for bankruptcy and defaults on $8.4 billion in loan repayments. **APR 4** CNN Money reveals that subprime loans have five times the delinquency rate of prime loans. A total of approximately $1.3 trillion has been loaned to subprime borrowers, in a $6 trillion housing market.		



TRACKING THE CREDIT CRISIS

We are now well into what may be the most challenging man-made calamity in modern experience: a global financial crisis of unprecedented size, speed, interconnectedness and complexity. Given the indications of economic contraction, shrinking consumer demand, major bank insolvencies, falling housing and stock market prices, and a possible deficit of $2 trillion in 2009, we are increasingly entering uncharted territory.

The economy will recover once the credit crisis is dealt with and enough lending occurs for sustainable growth. In the meantime, however, since 2007 the world has lost, on paper, approximately two-thirds of its wealth, or about $40 trillion out of an estimated $55–60 trillion.

What caused this crisis? Put simply, it was a chain reaction that began with banks and mortgage companies making housing loans to homeowners who could not afford them, and who defaulted when the housing market began to contract. The crisis then spread through the banking system and internationally through the securitization and export of toxic subprime mortgage-backed instruments. This triggered collapses in credit markets, asset prices and eventually in global economic activity.

This timeline traces the development of the crisis from the bursting of the housing bubble in late 2006 through the unprecedented trillions of dollars being guaranteed and injected into the private sector in 2008 and 2009 by the US government. Its purpose is to shed light on the complexity and enormity of this important moment in financial history as it continues to unfold.

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JULY 2007

JUL 6 In a surprise move, Peter Wuffli, the CEO of Swiss bank UBS, resigns over declining profits due to the bank's activity in the US subprime market.

JUL 17 Two Bear Stearns hedge funds specializing in subprime debt disclose to investors that each fund has lost at least 90% of its value. The funds only invested in securities that rating agencies graded as triple-A, high-quality investments.

JUL 19 The DJIA closes above 14,000 for the first time in its history.

JUL 31 The two troubled Bear Stearns hedge funds file for bankruptcy. Shortly thereafter, the SEC launches an investigation into Bear Stearn's risk management process.

AUGUST 2007

AUG 7 American Home Mortgage, one of the largest retail mortgage lenders, files for bankruptcy.

AUG 9 BNP Paribas SA, France's biggest bank, freezes assets on three investment funds that had capital of €1.6 billion. The funds had declined almost 20% in two weeks, and the bank froze withdrawals because they could not fairly value their assets due to the growing turmoil in the subprime market.

AUG 9 The European Central Bank injects €95 billion into the Eurozone banking system to maintain liquidity, the largest such intervention since September 11, 2001.

AUG 10 Central banks around the world including the Federal Reserve, the European Central Bank, the Bank of Japan, the Swiss Central Bank and the Bank of Australia inject $300 billion to prevent a liquidity crisis from freezing up the credit markets.

AUG 16 Countrywide Bank borrows $11.5 billion from other banks to stave off bankruptcy. Later they would be sued for predatory lending practices and for giving out loans without appropriate risk analysis.

AUG 24 Bank of America buys $2 billion in preferred shares of Countrywide Bank in an attempt to restore investor confidence following concerns over Countrywide's possible bankruptcy.

AUG 28 The National Association of Realtors reports that the number of unsold homes in the US reached a 16-year high in July.

SEPTEMBER 2007

SEP 14 One of England's largest retail mortgage lenders, Northern Rock, seeks emergency liquidity from the Bank of England. This is the first major incident of the financial crisis in the UK.

SEP 21 Bear Stearns announces a 61% drop in earnings from the same quarter in 2006. Goldman Sachs reports a 79% rise in third quarter profits, beating analyst expectations.

14,000

OCTOBER 2007

OCT 1 Swiss Bank UBS announces a $3.7 billion writedown followed by the resignation of the head of its investment banking division. UBS was heavily involved with collateralized debt obligations (CDOs) and credit default swaps, derivative products that lost value when the subprime crisis hit.

OCT 9 The DJIA closes at its highest-ever level, ending the day at 14,164 points.

OCT 11 RealtyTrac, which tracks foreclosures in the housing market, reports that foreclosures have doubled compared to the same time last year.

OCT 16 Because of subprime writedowns totaling over $3 billion, Citigroup's profits drop 57% compared to the same quarter the prior year.

OCT 25 Merrill Lynch announces a $2.24 billion loss in the third quarter, largely due to subprime mortgage-related losses.

OCT 26 Countrywide Bank reports its first quarterly loss in 25 years of $1.2 billion on about $1 billion in writedowns.

OCT 31 Merrill Lynch CEO Stan O'Neal resigns after an announcement that the company would write down around $7.9 billion in subprime debt — the largest writedown in the credit crisis so far. O'Neal gets a $160 million payout upon leaving.

NOVEMBER 2007

NOV 5 Citigroup CEO Chuck Prince resigns after an announcement that Citigroup may have to write down up to $11 billion in bad debt primarily from subprime losses.

NOV 13 Bank of America says it will have to write off $3 billion of subprime debt.

NOV 15 Barclays Bank in the UK confirms a $1.6 billion writedown due to subprime losses.

NOV 16 The US House of Representatives passes a predatory lending bill imposing liability on companies that securitize mortgages.

NOV 21 Freddie Mac announces a $2 billion loss due to mortgage defaults and credit losses. Shares in Freddie Mac drop 29% and Fannie Mae shares drop 25% immediately following the announcement.

NOV 27 Freddie Mac announces a $6 billion share issue to cover more losses from mortgages. In addition, Freddie Mac says it will cut its dividend by 50% in the fourth quarter in an attempt to shore up its capital.

NOV 27 Citigroup raises $7.5 billion from the government of Abu Dhabi.

KEY TO COLORS

- Investment companies, rating agencies and banks
- International developments
- Real estate market
- Government actions and statements
- DJIA and economic indicators

IMPORTANT TERMS

SUBPRIME LOANS — refers in the timeline to home mortgage loans to borrowers whose ability to repay the loans was questionable, since they had inappropriately low credit scores. Defaults on these loans were a major factor in triggering the current financial crisis.

SECURITY — refers to a financial instrument that indicates ownership of equity or shares in a company (a stock) or debt (a bond); also refers to assets that can be pledged as collateral in obtaining a bank loan.

SECURITIZATION — refers to the conversion of bank loans (for example, mortgages) into tradable securities, such as bonds, for sale to investors. In the context of the timeline, mortgages were securitized by being pooled together and packaged as bonds whose interest was paid to investors by the homeowners as they made their mortgage payments. Hundreds of billions of dollars of these bonds were exported all over the world, which created enormous problems when a great many of the bonds lost their value as a result of the subprime crisis.

HEDGE FUND — refers to an unregulated investment fund for sophisticated or wealthier investors that are willing to accept a large degree of risk. These funds seek higher returns using riskier strategies than regulated funds.

CREDIT RATINGS — refers to the quality assessments that rating agencies made of mortgage-related bonds based on the likelihood of their being repaid in full. The corporations whose debt instruments they were rating paid the agencies. A triple-A rating is the highest investment-grade rating. Bonds with ratings of triple-B or lower often promise a higher yield but are considered speculative, with a greater likelihood of default.

LIQUIDITY — refers to the ability of a company to easily convert assets like stocks, bonds or commodities into cash (or the equivalent of cash) with a minimal loss of value. Corporations constantly need liquidity or the ability to create liquidity to meet their current financial obligations. Banks need liquidity to meet depositor withdrawal demands or requests for loans from borrowers. A lack of liquidity is one of the problems banks have been facing over the last year.

CREDIT CRUNCH — refers to a severe reduction in the availability of credit, from corporate lines of credit to bank loans. Readily-available credit is the lifeline of commerce and without it the flow of business slows dramatically. The credit crunch also means that it is more difficult for consumers to obtain financing.

SYSTEMIC RISK — refers to risk due to the interconnectedness of banking, investment and insurance institutions, which could bankrupt or seriously undermine an entire market or financial system if a major player fails or a cluster of failures occurs together.

CREDIT DEFAULT SWAP — a contract that a lender makes with an outside party who agrees to repay the value of a fixed-interest instrument (such as a mortgage bond) in the event that the instrument loses its value, in return for periodic payments. It is a form of insurance, and many issuing entities were grossly overexposed, such as AIG which had over $450 billion in credit default swaps on its books. The entire unregulated global credit default swap market exceeds $62 trillion.

DERIVATIVE — a financial contract whose value is based on the value of another security, such as a bond or a market index. Examples include futures, forwards, swaps and options. In effect a derivative contract is speculation on the future price of an asset, the idea being to reduce the uncertainty by creating a contract for buying or selling in the future at a specified price.

DECEMBER 2007

DEC 3 Moody's announces it will lower its triple-A ratings on mortgage-related securities. These high ratings allowed for successful securitization of pools of lower-quality bonds that were packaged and exported all over the world. Because of the high ratings, hundreds of billions of dollars in bonds were not subject to due diligence by the buyers.

DEC 6 President George W. Bush announces a plan, which is never implemented, to help troubled homeowners facing foreclosure and freeze subprime interest rate loans for five years.

DEC 14 The CEO of Northern Rock resigns amid talks about nationalizing the troubled UK bank.

DEC 20 Bear Stearns reports the first quarterly loss in its 84-year history: $854 million.

JANUARY 2008

JAN 8 Jimmy Cayne, the CEO of Bear Stearns, resigns. Cayne has personally lost over $900 million, since he was heavily invested in Bear Stearns stock.

JAN 17 Lehman Brothers announces plans to eliminate 1300 jobs in its domestic mortgage division, on top of 2500 that have already been cut in the wake of the subprime crisis.

JAN 22 The Federal Reserve cuts the discount interest rate by 0.75% — the largest cut in two decades.

JAN 26 Bank of America and Countrywide are in merger talks, which would create the largest mortgage lending group in the US.

FEBRUARY 2008

FEB 8 Deutsche Bank reports profits of $9.4 billion for 2007 and seems to have dodged the worst of the subprime crisis.

FEB 13 Data from the Financial Services Agency, the Japanese financial watchdog, shows that losses from the Japanese exposure to the subprime crisis reached $5.6 billion in 2007.

FEB 17 Britain announces the nationalization of Northern Rock, which owed the Bank of England £25 billion for loans given after a run on the bank in September 2007.

FEB 28 Federal Reserve Chairman Ben Bernanke warns of increasing bank failures in a speech to the Senate Banking Committee.

FEB 29 President Bush attacks a Democrat-sponsored housing bill to ease the credit crunch and threatens to veto the bill in its current form.

MARCH 2008

MAR 10 Rumors spread on Wall Street that Bear Stearns is experiencing severe liquidity problems. Investor anxieties become a self-fulfilling prophecy as Bear's stock price plunges over the next few days.

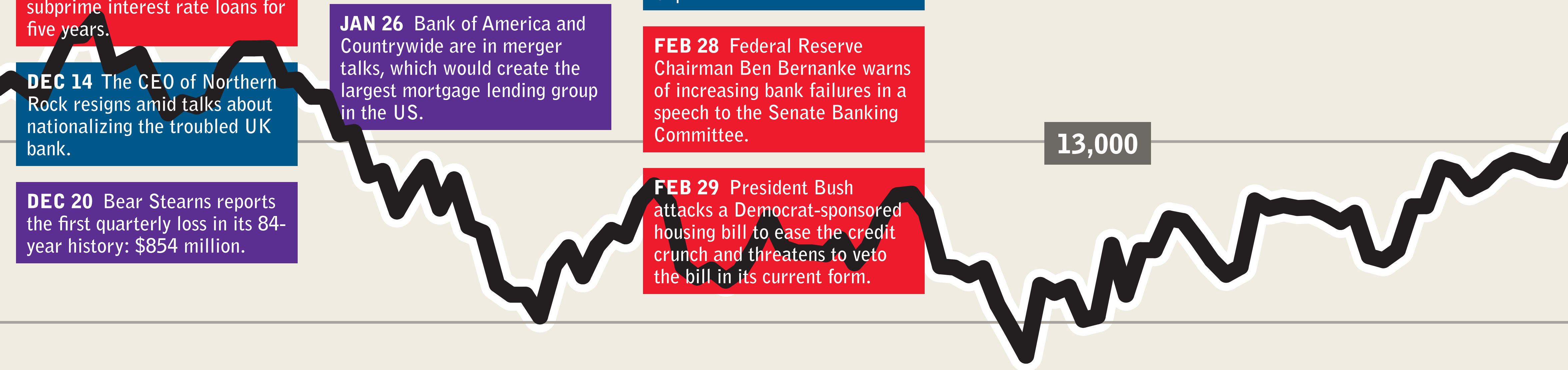
MAR 16 JP Morgan Chase announces that it will acquire Bear Stearns at $2 a share in an arrangement brokered by the Federal Reserve. The Fed finances the transaction and guarantees Bear's outstanding obligations up to $30 billion.

APRIL 2008

APR 1 Deutsche Bank reveals that it will write down $3.9 billion in the first quarter.

APR 7 *The Concise Oxford English Dictionary* announces it will include "subprime" and "credit crunch" in its next edition.

APR 17 Merrill Lynch reveals first-quarter losses of $1.96 billion largely due to subprime lending, compared to a profit of $2.1 billion the year before.



THE BUBBLE BURSTS: The Origins of the Credit Crisis

Between 2003 and 2007, $7 trillion worth of home mortgages were sold in the US — or more than the worth of the entire US Treasury bond market. Home prices increased to record levels by an average 124% from 1997 to 2006, and the housing market became a veritable casino that operated on the assumption that prices would appreciate indefinitely. When the bubble finally burst and demand for the overpriced homes finally began declining, the approximately $1.3 trillion in inappropriately-issued subprime loans triggered a rash of foreclosures — making subprime mortgage loans the match that lit the financial crisis fuse.

Many subprime borrowers, who often had no income, assets or jobs (but could pay high upfront fees that increased bonuses), were unable to service or refinance their mortgages when the bubble burst. Huge portfolios of defaulted mortgages lost 50–80% of their value, leading to catastrophic losses at financial institutions. This led to a credit crisis, as banks initially stopped lending because of insufficient capital availability due to housing loan/bond losses, which in turn led to a crisis in the stock market when worried investors liquidated their equity portfolios.

Consumers also experienced considerable losses. Many watched their 401k plans and other stock holdings drop to unimaginable levels, and this helped create a consumption crisis as consumer purchases fell off dramatically. Serious unemployment became a function of this negative cycle. Stimulus spending by the government is seeking to correct what could otherwise become a systemic collapse.

MAY 2008

MAY 13 The *Financial Times* releases a write downs table showing worldwide bank write-offs totaling almost $450 billion since January 2007.

MAY 21 It becomes clear that Moody's triple-A ratings, which played a critical role in the export of hundreds of billions of dollars of toxic US subprime mortgage securities, were inappropriately conferred.

JUNE 2008

JUN 2 Wachiovia's CEO Kennedy Thompson resigns in the wake of $708 million in subprime losses.

JUN 16 Lehman Brothers reports a $2.8 billion second-quarter loss, the first loss in the company's 14-year history under public ownership.

JUN 16 The SEC announces plans to overhaul credit rating agency regulation to increase competition and address the conflicts of interest between the agencies and bond issuers by banning agencies from rating securities that they were paid to assess.

JUN 25 Bank of America takes over Countrywide Bank.

JUN 26 The SEC announces that it will revise its rules to reduce its reliance on credit rating agencies. Existing rules implicitly assume that highly-rated securities are liquid and have lower price volatility, an assumption that has been proven wrong by the credit crisis.

JUN 25 Illinois Attorney General files suit against Countrywide Financial for unethical business practices which included "deceptive conduct," "misleading marketing," "hidden fees and risky terms" as well as "egregiously unfair and deceptive lending to steer borrowers to loans that were destined to fail." The CEO of Countrywide, Angelo Mazilo, had been paid $132 million in 2007.

JULY 2008

JUL 8 The SEC says that credit rating agencies failed to manage conflicts of interest in assigning ratings to complex instruments backed by subprime mortgages. Issuers paid the agencies to rate these instruments, and it was alleged that assessments were influenced to be more optimistic than the risks would warrant.

JUL 17 Merrill Lynch announces writedowns of $9.4 billion primarily on its mortgage-related assets and its hedges with troubled bond issuers, for a total of $19 billion in the last four quarters. By late summer, writedowns neared $40 billion.

JUL 20 Merrill Lynch sells $31 billion worth of mortgage-backed securities for $7 billion, at around 22¢ on the dollar, stunning Wall Street.

JUL 22 IndyMac Bank closes down due to large mortgage-related losses. With $32 billion in assets, this is the second-largest bank failure in US history. The FDIC, which insures deposits in member banks, estimates that the takeover could approximate $8 billion.

JUL 22 Wachovia posts a $9 billion loss in the second quarter, due largely to subprime loans.

JUL 23 President Bush signs into law a housing bill which contains a rescue plan for Freddie Mac and Fannie Mae and gives the government the power to guarantee up to $300 billion in mortgages refinanced through the Federal Housing Administration.

JUL 31 Deutsche Bank reveals more writedowns bringing the total to $7.8 billion for the year.

AUGUST 2008

AUG 7–9 Citigroup pays a $100 million fine and UBS pays a $150 million fine to settle allegations that they engaged in deceptive sales practices and misrepresented auction-rate securities that they sold to customers as liquid and similar to cash. Citigroup reimburses $7 billion to investors and UBS $19 billion after reaching an agreement with regulators.

AUG 13 Britain reveals a negative real interest rate after the Bank of England has been lowering rates in response to the credit crisis. The crisis in the UK is considered more severe than in the US.

AUG 20 Lehman Brothers holds secret talks to sell up to 50% of its shares to South Korean or Chinese investors. Talks reportedly break down because Lehman is asking too high a price for its shares.

SEPTEMBER 2008

SEP 7 The US government effectively takes control of Fannie Mae and Freddie Mac, placing the companies under the conservatorship of the Federal Housing Finance Agency.

SEP 11 Lehman Brothers announces plans to downsize its operations in view of investor concerns about the firm's viability.

SEP 13 Major banks meet to devise a plan to buy Lehman Brothers. Bank of America is the leading contender for the takeover.

SEP 13 The Federal Reserve and US Treasury refuse to rescue Lehman Brothers, citing a lack of "political will" for a bailout and the "moral hazard" of protecting failing companies from the consequences of their actions. As a result of this decision, the markets go into a tailspin.

SEP 14 Bank of America drops out of the bidding for Lehman because of the goverment's lack of support and enters into discussions to buy Merrill Lynch instead.

SEP 15 Lehman Brothers announces that it will file for bankruptcy — the largest in American history.

SEP 15 The DJIA responds with a 504-point drop.

SEP 16 The US Federal Reserve announces it will lend insurer AIG $85 billion in emergency funds. The government will take an 80% stake in the company's preferred stock, which will pay a 10% interest rate. In effect this is a collateralized loan, a demand not made of the banks receiving government assistance. An AIG collapse would be catastrophic because its extensive derivative obligations, including credit default swaps, would have caused a global market collapse.

SEP 22 Goldman Sachs and Morgan Stanley request to become bank holding companies which will allow them to take deposits, but also require them to be more closely regulated. Following the disappearance of Merrill Lynch, Bear Stearns and Lehman Brothers, none of the large Wall Street investment houses are left.

SEP 24 Amid the worsening crisis, Presidential candidate John McCain announces he will suspend campaigning to return to Washington to focus on the financial crisis.

SEP 24 Goldman Sachs receives a $5 billion capital infusion from Warren Buffett's company, Berkshire Hathaway, in a show of confidence.

SEP 26 US regulators seize the assets of Washington Mutual, the sixth largest US bank. Washington Mutual had $310 billion in assets, making this the largest bank failure in US history.

12,000

11,000

SEPTEMBER 2008

SEP 29 The US government votes against the $700 billion emergency bailout bill proposed by the Treasury, created based on their concern over an impending collapse of the financial system. The plan is criticized for being short on details and for giving Treasury Secretary Henry Paulson too much control over massive amounts of taxpayer money.

SEP 29 In response, the DJIA falls 778 points — its worse point decline ever.

SEP 29 The government of Iceland takes control of Glitnir, the country's third largest bank.

SEP 30 Ireland guarantees deposits of six of the largest Irish banks.

SEP 26 JP Morgan acquires WaMu's bank deposits, assets, and the troubled mortgage portfolio from the federal government, making it the largest depository institution in the US.

TOXIC ASSETS: Pooling and Exporting Subprime Debt

Financial institutions securitized many of their subprime mortgages, selling the loans for a fee while moving the mortgages off their books, thereby reducing their risk exposure and increasing their lending capability. Individual mortgages were packaged together into pools called "mortgage-backed securities" in a variety of ways, and then these new securities were exported all over the world.

Aside from lax regulatory oversight, the problem was exacerbated when investors relied solely on ratings from big American rating agencies rather than undertaking their own (often costly) due diligence. For several years, these subprime mortgage bonds were given the highest rating: triple-A. But in the summer of 2007, the agencies astonished the world when they abruptly began to downgrade bonds they had previously blessed, as the inevitable defaults occurred on subprime loans. It was in this way that American institutions exported toxic assets (subprime-backed bonds) globally, which affected investors at all levels, from pension funds and local governments to international banks and corporations. Defaulting mortgages created losses and widespread economic slowdowns, which then deepened and spread to most major debt categories like falling dominoes.

The most fundamental need in 2009 is to restore the banking system to health by recapitalizing the banks while removing hundreds of billions of dollars of failed bonds from their balance sheets. The difficulty is that these bonds are so nontransparent — very complex and intertwined — that it is extremely difficult to determine what they are worth. Until these toxic assets can be properly priced, few investors will be willing to buy them, which is why banks have not been extending credit, as would be needed for economic recovery. Too much uncertainty has enshrouded both the value of these assets and the potential future losses associated with them, causing banks to hold tight to their money and depriving the economy of required credit. However, various government programs are being proposed to deal with the basic valuation problem.

OCTOBER 2008

OCT 3 A revised bailout plan is signed into law as the Emergency Economic Stabilization Act by President Bush, establishing the Troubled Asset Relief Program (TARP). The bill gives the Treasury $700 billion to purchase subprime loans from banks to improve their capital-to-debt ratios. The aim is to recapitalize the banks so that they are able to make loans again.

OCT 4 Wells Fargo outbids Citigroup when it announces it will pay $15 billion to purchase Wachovia.

OCT 5 Germany announces it will guarantee all privately-held German bank accounts, worth €568 billion ($731 billion).

OCT 6 French President Nicolas Sarkozy hosts an emergency summit on the global financial crisis in Paris. Leaders of France, Germany, the UK and Italy meet and agree that Europe will not allow any bank to fail.

OCT 7 The DJIA falls below 10,000 for the first time since 2004.

OCT 10 The DJIA caps its worst week ever with the highest one-day volatility on record in its 112-year history. Over the previous eight trading days, the DJIA has dropped 22%, or 2400 points, amid worries of a worsening credit crisis and global recession.

OCT 11 The G7, a group of central bankers and finance ministers from the Group of Seven leading economies, meet in Washington and agree to urgent and exceptional coordinated action to prevent the credit crisis from throwing the world into depression.

OCT 14 United Arab Emirates' Ministry of Finance injects $19 billion to domestic banks to facilitate capital adequacy to promote lending. The total amount injected is now $32.7 billion.

OCT 14 The US announces it will tap into the first $250 billion of TARP funds made available from the Emergency Economic Stabilization Act.

OCT 16 Citigroup announces a third quarter loss of $2.8 billion after receiving a $25 billion capital injection from the US government.

OCT 17 The European Union's 27 leaders sign off on a joint $2.7 trillion bank bailout plan after a two-day summit in Brussels.

OCT 22 Wachovia announces 3rd quarter losses of $23.9 billion.

OCT 23 Alan Greenspan tells the House Committee on Oversight and Reform that he is "shocked" at the breakdown in the credit markets. Even though he had concerns in 2005 that risks were being understated, he says that he is "in a state of shock and disbelief" over the failures of lending institutions to practice basic risk management.

NOVEMBER 2008

NOV 4 Barack Obama is elected 44th President of the United States. In his victory speech, he states that "if the financial crisis taught us anything it is that we cannot have a thriving Wall Street while Main Street suffers."

NOV 14 Freddie Mac asks the US government for access to a $13.8 billion lifeline after reporting a quarterly loss of $25.3 billion.

NOV 17 The US Treasury gives out $33.6 billion to 21 banks in the second round of disbursements from the $700 billion bailout fund, bringing the total to $158.56 billion.

NOV 20 Prince Alwaleed bin Talal of Saudi Arabia, Citigroup's biggest individual shareholder, increases his stake in the embattled financial giant. Stock prices plummet in spite of the capital injection, and despite the $25 billion in TARP funds Citi had received in October.

NOV 24 The US government agrees to support Citigroup after short-selling causes the stock price to plummet 60% in one week. The government pledges another $20 billion and also agrees to shoulder 90% of the losses from Citi's toxic mortgages and related securities.

NOV 25 The Federal Reserve pledges $800 billion more to help revive the US financial system.

DECEMBER 2008

DEC 10 Bernard Madoff, former chairman of the NASDAQ stock exchange, is arrested and faces lifelong imprisonment for operating what may be the largest fraud in Wall Street's history, reportedly losing up to $65 billion in a giant Ponzi scheme.

DEC 19 President Bush supports a plan to lend General Motors and Chrysler $17.4 billion to prevent their collapse, subject to the Obama administration's approval of their plans for the bailout money.

DEC 19 The Bank of Japan cuts its interest rate to 0.1%. GNP and critical exports have fallen off sharply.

LATE DEC Despite a $27 billion loss in 2008, Merrill Lynch rushes through payment of $3.7 billion in employee bonuses just before the Bank of America takeover, and despite benefitting from taxpayer TARP money.

4thQ 2008 The US economy has contracted at the fastest pace in a quarter century, at an annualized rate of 6.2%.

10,000

JANUARY 2009

JAN 8 The Bank of England cuts its interest rate to 1.5% — the lowest rate in 315 years.

JAN 10 Unemployment in the United States jumps to 7.2%, the highest in 16 years.

JAN 20 Barack Obama is sworn in as the 44th President of the United States. In his speech he states that "Our economy is badly weakened, a consequence of greed and irresponsibility on the part of some, but also our collective failure to make hard choices."

JAN 22 Merrill Lynch CEO John Thain resigns, having earlier arranged for Merrill to be bought by Bank of America.

JAN 24 Citigroup sells $12 billion of government-guaranteed bonds in an attempt to strengthen its capital.

JAN 24 President Obama states that "if nothing is done, the unemployment rate could reach double digits" and that "if we do not act swiftly and boldly, a bad situation could become dramatically worse."

JAN 25 The International Monetary Fund announces it will significantly adjust its forecasts for global economic growth downward. Shortly afterward, the IMF forecasts a $1 trillion loss of growth due to the financial crisis.

JAN 26 Freddie Mac and Fannie Mae report that they will need up to $51 billion in government funds to continue operations. Losses are blamed on continuing mortgage delinquencies and falling securities values.

JAN 26 Companies in the United States and Europe announce 76,000 job cuts, resulting in one of the worst days on record for workers.

JAN 26 Geir Haarde, the prime minister of Iceland, resigns amidst the turmoil created in his country by the global financial crisis.

JAN 27 Japan announces a $16.7 billion stimulus package to help businesses that have been decimated by the global financial crisis. Part of the plan includes buying corporate debt, which will help businesses raise money.

FEBRUARY 2009

FEB 6 US unemployment figures reach 7.6%.

FEB 10 Secretary of the Treasury Timothy Geithner speaks about the new administration's plans to address the crisis in broad terms.

FEB 10 The DJIA falls 382 points in response.

FEB 13 Australia's parliament passes a $27.4 billion stimulus bill in the hopes of heading off a recession in that country.

FEB 17 After weeks of debate in the House and Senate, a $787 billion stimulus package is approved and signed into law, as the American Recovery and Reinvestment Act of 2009.

FEB 23 The president of the World Bank forecasts that because of the global credit crisis, 50 million more people will join the ranks of those earning less than $2 per day in 2009.

FEB 27 Citigroup announces that the US government will take a 36% equity stake in the ailing bank, in exchange for $25 billion in TARP bailout money.

MARCH 2009

MAR 2 AIG declares a 4th quarter loss of $60 billion — the largest quarterly loss in US history. Total support to date from the US government is $130 billion.

7,000

LEHMAN: A Turning Point in the Markets and in Investor and Consumer Confidence

Although Lehman was about to fail in September 2008 essentially as a function of huge losses related to enormous bets on subprime mortgage backed securities, no financial institution anywhere could be induced to take over the 150-year old, 26,000-employee investment bank. The Bush administration nevertheless refused to offer the same financial guarantees that helped save Bear Stearns, Fannie Mae and Freddie Mac. The Treasury felt it important to uphold a free market belief that the freedom to fail was an important ingredient for a healthy capitalist system, and that a moral hazard risk would exist if companies were inclined to believe government intervention would save them if they made serious and even reckless mistakes.

The reaction to Lehman's bankruptcy, the biggest in US history, led the credit markets to collapse as the stock market plunged, with the DJIA dropping 508 points. AIG began rescue talks with the Fed and Merrill agreed to be bought by Bank of America. Goldman Sachs and Morgan Stanley came under attack as rumors circulated that they were having liquidity problems, being unable to borrow under normal bank lines, while fearful hedge funds withdrew huge deposits.

By the first week in October, Wall Street had suffered its worst week in 100 years with the DOW falling 18%, and the short selling spread to overseas markets. The French finance minister called the Treasury's unwillingness to support Lehman "a horrendous error," a feeling widely shared in the US markets.

MARCH 2009

MAR 2 AIG declares a fourth quarter loss of $60 billion — the largest quarterly loss in US history. Total support to date from the US government is $130 billion.

MAR 6 The FDIC closes the Freedom Bank of Georgia, making it the 17th US bank to fail in 2009. The cost to the FDIC is $36.2 million.

MAR 9 The Icelandic Financial Supervisory Authority nationalizes the last major Icelandic bank, investment bank Staumur Burdaras.

MAR 10 Citigroup CEO Vikram Pandit tells employees that Citi has generated $19 billion in revenue from January to February 2009.

MAR 11 UBS revises its fourth-quarter losses from $17 billion to $18.06 billion, largely due to additional write downs.

MAR 12 Bank of America CEO Kenneth Lewis reports that the bank was profitable in January and February of 2009.

MAR 16 President Obama reacts strongly to the news that AIG plans to pay out $165 million in executive bonuses, stating that the corporation is in "distress due to recklessness and financial greed." He further states that he has instructed Treasury Secretary Geithner to "pursue every legal avenue to block these bonuses and make the American taxpayers whole."

MAR 17 A report is released showing credit card defaults in February rose to the highest level in 20 years. Citigroup and American Express report default rates of approximately 9%.

MAR 20 The FDIC revises fourth-quarter 2008 losses by the US banking industry to $32.1 billion.

MAR 23 The US Treasury announces details of the Public-Private Investment Program. The program includes using $75-$100 billion of TARP funds combined with private capital to generate $500 billion to buy toxic assets from troubled banks. This amount can be expanded to $1 trillion if necessary.

MAR 26 Updated commerce department data shows that the US economy contracted at its fastest rate since 1982 in the fourth quarter. GDP shrank by 6.3%, slightly less than the 6.6% projected.

MAR 30 The Bank of Spain rescues Caja Castilla La Mancha, the first Spanish financial institution to be bailed out since the crisis began. The rescue includes $11.9 billion in liquidity, as well as the stipulation that the bank's directors be replaced with central bank nominees.

APRIL 2009

APR 2 G20 leaders meet in London to discuss the crisis. They pledge $1.1 trillion to fight the crisis, with an additional $750 billion for the International Monetary Fund, $250 billion for world trade financing, and $100 billion for multilateral development banks. They also make plans to crack down on tax havens, regulate hedge funds, toughen pay rules for financial institutions and regulate credit rating agencies.

APR 2 The Financial Accounting Standards Board (FASB) announces a relaxation in mark-to-market accounting rules.

APR 6 The Congressional Budget Office raises the projected taxpayer costs of the US government's financial rescue program from its original projection of $189 billion to $356 billion.

APR 8 The SEC creates five new proposals directed at curbing short selling, which has been blamed for exacerbating the crisis, including bringing back the uptick rule.

APR 8 The US Treasury announces that life insurers which qualify as bank holding companies can receive capital injections from TARP funds.

APR 13 Goldman Sachs reports first quarter 2009 earnings of $1.81 billion, beating analyst expectations.

APR 13 SEC Chairman Mary Schapiro meets with credit ratings agencies, investors and academics about reforming the rating industry. Issues discussed include investor reliance on credit ratings, how to increase competition, and possible new business models.

APR 17 Citigroup reports better-than-expected profits of $1.6 billion in the first quarter of 2009 — the bank's first profit in six quarters.

APR 17 President Obama appoints Herbert Allison to oversee the government's financial stability plan. Allison previously served as the President and CEO of Fannie Mae after the government takeover in September 2008.

APR 21 The IMF releases the Global Financial Stability Report, which increases its estimates of write downs from US-originated assets to $2.7 trillion. Projections show that write downs may total $4 trillion, with two-thirds coming from the banking industry.

APR 23 Morgan Stanley releases first-quarter loss figures of $578 million.

APR 24 G7 finance ministers meet in Washington, DC and comment that the world's economy is starting to show signs of stabilization, but reiterate the need to maintain stimulus efforts.

APR 30 US automaker Chrysler Group LLC files for Chapter 11 bankruptcy protection.

MAY 2009

MAY 4 A US Federal Reserve survey reports that mortgage demand rose in the first quarter for the first time since early 2007, despite tightened standards for home loans by banks.

MAY 7 Stress test results for the 19 largest banks are released. The results are better than expected. Nine of the banks tested, including JP Morgan Chase, Goldman Sachs and Capital One, are found to be adequately capitalized. The most troubled institutions include GMAC, Wells Fargo, Bank of America and Citigroup, who lack the capital to withstand worst-case-scenario simulations. These banks must prepare capital-raising plans by June 8, to be implemented by November 9. Some analysts remain wary.

MAY 9 Global stocks and crude oil prices rise in response to optimistic stress test results.

MAY 20 Bank of America takes a step towards meeting its capital requirements, reporting that $13.47 billion was raised through a sale of shares.

JUNE 2009

JUN 1 General Motors becomes the largest manufacturing company in US history to file for Chapter 11 bankruptcy protection.

JUN 3 Eurozone GDP experiences a 2.5% decline overall, partly due to a 4% contraction in the German economy. The downturn is part of the worst recession in continental Europe since World War II. However, the news is part of a set of mixed data which indicate the global economic slowdown may be coming to an end.

JUN 9 Ten of the nation's biggest financial companies get a green light to return $68 billion in federal bailout money — freeing the banks from constraints on executive pay and leaving the government with a small gain on the rescue cash. These banks include American Express, Morgan Stanley, JP Morgan Chase and Goldman Sachs.

JUN 10 Following its Chapter 11 bankruptcy reorganization, a majority of General Motors' shares are now owned by the US Treasury. No GM shares are available to the public, but an IPO is planned for 2010.

JUN 29 Bernie Madoff is indicted and sentenced to 150 years in prison.

JULY 2009

JUL 1 To date, AIG has received nearly $175 billion in aid from the federal government, which now has an 80% stake in the company.

JUL 2 June unemployment is released at 9.5%, considerably higher than the 8% peak the administration had hoped for when it created the recovery plan in January. The rate of job losses has slowed however, a possible early indicator of recovery.

JUL 3 Credit rating agency Moody's fires the head of its structured finance unit after finding that employees violated internal rules when assigning ratings to some securities. Critics comment that the move is a bid to shift blame from the company to a group of employees.

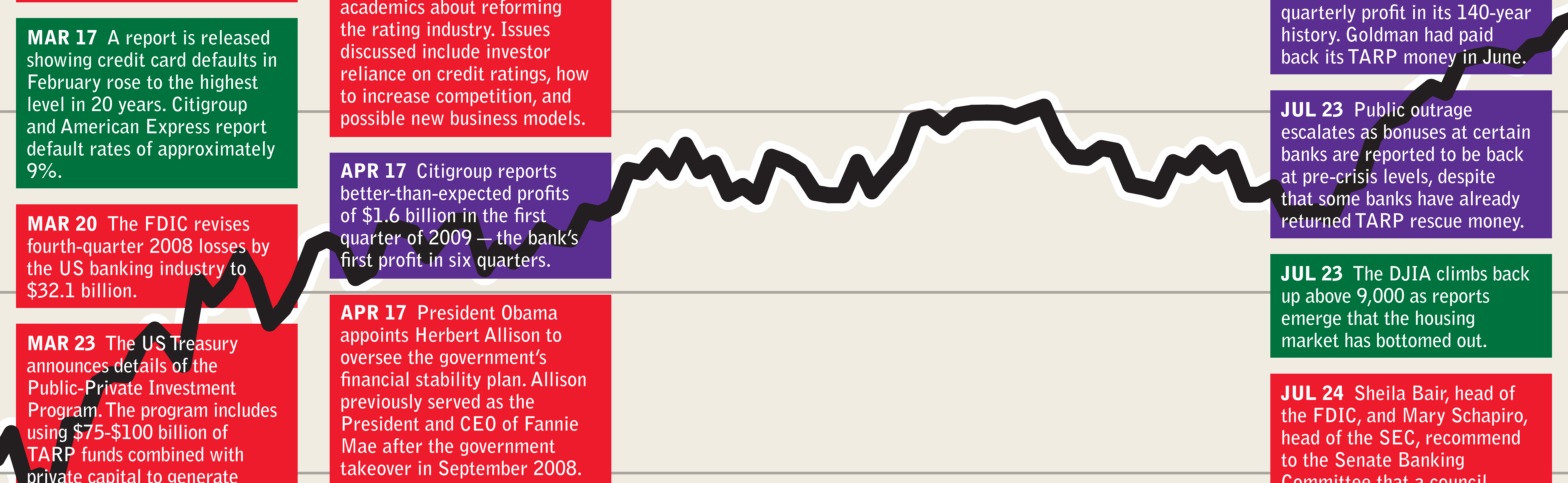
JUL 8 The SEC criticizes ratings agencies for not properly managing conflicts of interest when assigning ratings to products such as mortgage-backed securities, citing instances where senior analytical managers participated in fee discussions with the issuers of securities. In addition to making proposals to reduce conflicts of interest, the SEC also proposes other rules to reduce Wall Street's reliance on credit ratings. Critics point out that the SEC did not address the payment model, where issuers of securities pay for assignment of the ratings.

JUL 15 Goldman Sachs announces profits of $3.44 billion in the second quarter of 2009 — the highest quarterly profit in its 140-year history. Goldman had paid back its TARP money in June.

JUL 23 Public outrage escalates as bonuses at certain banks are reported to be back at pre-crisis levels, despite that some banks have already returned TARP rescue money.

JUL 23 The DJIA climbs back up above 9,000 as reports emerge that the housing market has bottomed out.

JUL 24 Sheila Bair, head of the FDIC, and Mary Schapiro, head of the SEC, recommend to the Senate Banking Committee that a council made up of the Treasury Department, the Federal Reserve, the SEC and the FDIC should provide oversight of the financial markets.



AUGUST 2009

AUG 4 Reports emerge that the Goldman Sachs CEO reportedly told employees not to make high-profile purchases until the backlash against high Wall Street bonuses dies down.

AUG 6 President Obama states that the worst of the economic crisis might be over, following a report that the unemployment rate in the US fell for the first time in 15 months in July.

AUG 6 European Central Bank keeps interest rates unchanged at 1%, stating that although the contraction was slowing down, economic activity would remain weak for the remainder of the year.

AUG 6 Fannie Mae requests an additional $10.7 billion in government aid after posting a $15 billion loss.

AUG 7 AIG posts its first quarterly profit since 2007. Shares jump by 20%.

AUG 7 Freddie Mac reports its first quarterly profit in two years, netting $768 million in the second quarter. The gain followed a first quarter loss of $9.9 billion.

AUG 11 Japan's central bank keeps its rates at 0.1% and underlines its cautious outlook for the economy.

AUG 12 The Federal Reserve holds interest rates at 0.25%, stating that although the worst of the crisis seems to have passed, "economic activity is likely to remain weak for some time."

AUG 19 In a blow to Swiss banking secrecy, UBS strikes a deal with the IRS and agrees to turn over information on 4,450 American clients who are suspected of using Swiss accounts to evade taxes.

AUG 20 At the G20 meeting in Pittsburgh, world leaders declare "it worked," referring to the coordinated global response to the financial crisis.

AUG 24 The "Cash for Clunkers" stimulus ends, resulting in over 690,000 cars being traded in for more fuel-efficient models. The program, known as Car Allowance Rebate System, provided $2.877 billion in rebates.

SEPTEMBER 2009

SEP 1 Euro zone unemployment is reported at 9.5%, the highest level in 10 years. The figure is later revised to 9.8%.

SEP 5 Fannie Mae and Freddie Mac narrowly avoid being delisted by the New York Stock Exchange as their share prices triple, putting them above the $1 per share minimum required.

SEP 21 The Government Accountability Office releases a report stating that AIG has finally stabilized, following a $182 billion bailout package.

SEP 23 The IRS extends an amnesty program for people using offshore accounts to evade taxes to October 15. A number of Americans have disclosed hidden assets in a voluntary disclosure program. Taxpayers that continue to hide assets in offshore accounts will face harsher penalties and possible criminal prosecution.

OCTOBER 2009

OCT 6 The Reserve Bank of Australia raises the main interest rate by 25 basis points to 3.25%, becoming the first major economy to raise rates in the wake of the crisis—a move that came earlier than most analysts expected.

OCT 14 Buoyed by improved earnings reports, the DJIA closes above 10,000 for the first time in a year, capping a seven-month surge in stock prices.

OCT 14 *The New York Times* reports that 7,500 Americans have voluntarily disclosed secret offshore accounts to the IRS. The amnesty deadline will end on October 15.

OCT 15 Goldman Sachs posts a third quarter profit of over $3 billion. The gains are attributed largely to the company's trading activities in the fixed income, currency and commodities markets.

OCT 16 Billionaire Raj Rajaratnam, a partner in the Galleon Group hedge fund, is one of six people arrested in an FBI crackdown on insider trading. This marks the first time court-authorized wiretaps are used to target inside traders on Wall Street.

OCT 21 The SEC proposes changes for "dark pools," unregulated trading systems that don't publicly provide quotes and that compete with major exchanges.

OCT 22 Morgan Stanley posts a third quarter profit of $757 million, putting the firm back in the black after three consecutive quarters of losses.

OCT 29 US GDP shows reported expansion of 3.5% in the third quarter, evidence that the stimulus money is having an effect. The figure is later revised down to 2.8%, but still shows the first signs of expansion in the economy after four straight quarters of contraction.

NOVEMBER 2009

NOV 4 The US Senate unanimously votes to extend unemployment payments for the 1.3 million unemployed Americans who would otherwise lose their benefits by the end of the year. The Senate also includes tax credits for homebuyers in the bill.

NOV 7 AIG posts its second consecutive quarterly profit as operations continue to stabilize following the government bailout.

NOV 13 Euro zone GDP shows a 0.4% expansion in the third quarter, following a 0.2% contraction in the second quarter, signaling the beginning of a possible recovery.

NOV 20 Treasury Secretary Timothy Geithner faces criticism from two Republican members of the House for his role in the costly AIG bailout and his handling of the credit crisis, since unemployment has continued to rise despite the interventions.

NOV 25 Government-owned conglomerate Dubai World requests a moratorium on its bond repayments. World stocks slump on fears of a default on $4.1 billion worth of debt held by investors around the globe.

DECEMBER 2009

DEC 1 The unemployment rate in Europe is at 9.8% in October, a figure that is later revised to 9.9%. Analysts expect this rate to peak at 11% before turning around.

DEC 9 Bank of America announces that it has fully repaid the $45 billion in TARP aid that it took at the height of the financial crisis.

DEC 10 The Bank of England leaves its interest rates unchanged at 1%, stating that "any policy tightening looks a long way off" and that it expects recovery to be "slow and protracted," signaling that interest rates will remain low for some time.

DEC 14 Dubai World receives an injection of $10 billion from Abu Dhabi and avoids defaulting on a large debt repayment.

DEC 18 The FDIC closes seven banks, bringing the total number of bank failures in 2009 to 140.

DEC 24 The US Treasury pledges to provide unlimited financial support to Fannie Mae and Freddie Mac, removing caps on the amount of assistance the firms can receive from the government.

Dow Jones Industrial Average

JANUARY 2010

JAN 4 Dubai names its tallest building Burj Kalifa, in a nod to the leader of neighboring Abu Dhabi who oversaw the bailout in late 2009.

JAN 6 Following a downgrading of its credit rating by S&P, Moody's and Fitch in December, Greece denies that it will need a bailout to tackle its looming budget crisis and announces a series of measures aimed at cutting its budget deficit.

JAN 6 Goldman Sachs CEO Lloyd Blankfein receives a $9 million bonus in stocks for 2009, far less than the record set in 2007 with $69.7 million.

JAN 13 Bank of America is sued by the SEC for its failure to disclose millions in losses at Merrill Lynch prior to a shareholder vote to take over the firm in 2008.

JAN 21 Goldman Sachs trims its bonus pool to $16.2 billion in a move to improve its image with the public.

JAN 30 4th quarter GDP shows a 5.7% growth pace, led by brisk business spending that offset sluggish consumer spending.

FEBRUARY 2010

FEB 8 The DJIA closes below 10,000 amid growing fears about the European debt crisis.

FEB 12 4th quarter Euro zone GDP comes in at a disappointing 0.1%.

FEB 17 The Fed reports that US industrial output rose for a seventh straight month and home construction hit a six-month peak in January 2010.

FEB 24 Tensions rise as Germany, which has been working to consolidate its public finances, announces that it has no concrete plans to come to Greece's aid as part of a broader EU effort to help Greece service its debt and stabilize its finances.

FEB 26 Citing objections over high government spending, Senator Jim Bunning of Kentucky blocks the extension of several programs including job benefits, which are scheduled to expire in early March. The $10 billion bill also includes highway funding and loans for small businesses.

MARCH 2010

MAR 2 AIG agrees to sell its Asian life insurance business to British insurer Prudential for $35.5 billion to repay its bailout debt. The deal hits a regulatory roadblock and is delayed, and eventually falls through.

MAR 2 Senator Jim Bunning bows to pressure and stops blocking the stopgap measure, and the bill to extend jobless benefits and other programs for one month is passed.

MAR 8 AIG sells its American Life Insurance Co. division to MetLife for $15.5 billion, moving the company closer to repaying the $130 billion that it owes to taxpayers.

MAR 17 A bankruptcy examiner's report determines that the SEC did not act in June 2008 after determining that Lehman Brothers exaggerated the liquidity on its books.

MAR 19 The FDIC shuts down seven banks, bringing the total number of banks shut down in 2010 to 37.

MAR 23 Germany agrees to assist with a bailout of Greece, subject to certain conditions including that the IMF make a "substantial contribution" to any rescue attempt.

MAR 26 Senator Tom Coburn of Oklahoma blocks a $9 billion measure blocking an additional month of aid to extend jobless benefits and other programs.

APRIL 2010

APR 5 Jobless benefits temporarily expire for approximately 200,000 Americans.

APR 10 Former Lehman CEO Dick Fuld, and other former executives are sued over their use of "Repo 105" transactions, where repurchase agreements were misclassified as sales to reduce leverage on its balance sheet each quarter.

APR 7 The SEC proposes new rules under which credit rating agencies would lose their formal role in evaluating certain bonds backed by consumer loans, including home mortgages. Issuers would be required to keep a part of the securities in their own portfolios so that they retain some of the risk under the proposed plan.

APR 12 The DJIA opens above 11,000 for the first time since September 2008.

APR 16 President Obama vows to veto any financial regulatory reform bill that doesn't "bring the derivatives market under control" at the start of a meeting with his Economic Recovery Team, adding that Americans should not have to step in and pay the price for the irresponsibility of speculators on Wall Street.

APR 16 Amid controversy over its acquisition of Merrill Lynch, Bank of America reports a 3rd quarter profit of $3.2 billion.

APR 16 The SEC charges Goldman, Sachs & Co. with fraud, accusing the company of misstating facts and omitting information about a financial product tied to subprime mortgages as the housing market was beginning to falter.

APR 20 Lehman's bankruptcy examiner says that Lehman violated its own risk-management rules with the knowledge of the SEC. SEC head Mary Schapiro states that "It is not clear that anything the SEC could have done would have prevented Lehman's bankruptcy," but says that "It is also clear that the SEC did not do enough as consolidated supervisor to identify certain risks and require additional capital and liquidity."

APR 21 While being questioned by the US Congress, Dick Fuld admits to "bad judgments" in Lehman's property investments and a lack of economic foresight and understanding of the contagious nature of global finance.

APR 22 President Obama urges Wall Street to support financial reform at a speech at Cooper Union in New York City.

APRIL 2010

APR 27 Standard & Poor's downgrades the rating on Greece's debt to BB+, or junk status, amid fears of a default on loans by the Greek government.

APR 30 US 1st quarter GDP is reported at 2.7%, marking three consecutive quarters of growth and indicating a resurgence of consumer spending.

MAY 2010

MAY 1 A series of austerity measures is proposed in Greece, which persuades Germany to sign on to a $110 billion bailout package. The measures cause a backlash in Greece, resulting in several days of rioting.

MAY 6 An unexplained 1,000-point drop in the DJIA causes chaos in the markets, leading analysts to point to Greece's debt crisis as a possible explanation. The "2010 Flash Crash" was the biggest intra-day fall ever at 9.2%, and was likely due to a technical error.

MAY 7 The FDIC closes more banks, bringing the total number of bank closures in 2010 to 68.

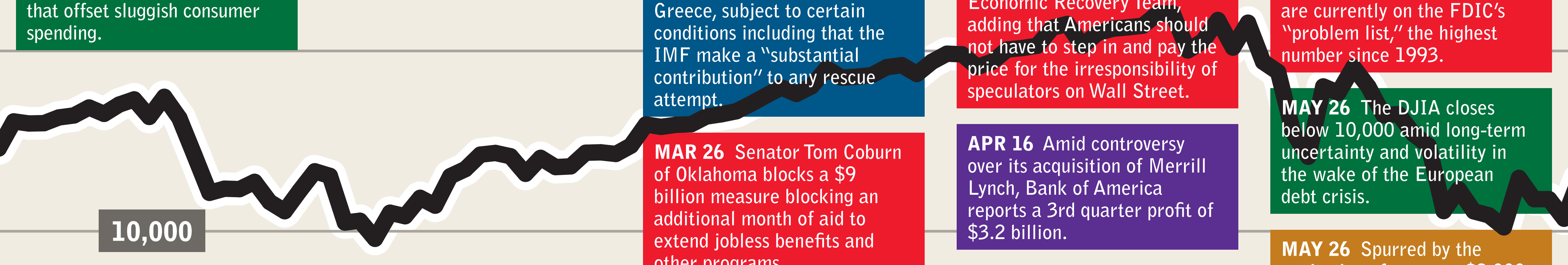
MAY 12 Euro zone GDP in the first quarter is up by 0.2%, another quarter of sluggish growth.

MAY 20 The US Senate passes a sweeping financial reform bill, following months of debate over the biggest overhaul of financial regulation since the 1930s.

MAY 20 A total of 775 banks are currently on the FDIC's "problem list," the highest number since 1993.

MAY 26 The DJIA closes below 10,000 amid long-term uncertainty and volatility in the wake of the European debt crisis.

MAY 26 Spurred by the expiration of an up-to-$8,000 tax credit, for new home buyers, purchases of new homes in the US jumped to the highest level in two years in April as buyers rushed to qualify for the tax credit.



Dow Jones Industrial Average

JUNE 2010

JUN 1 US national debt tops $13 trillion for the first time in the nation's history. When compared against the GDP, the debt amounts to about 89.4% of the total US economy.

JUN 1 AIG scuttles a deal to sell an Asian life insurance company for $35 billion, one of many subsidiaries it plans to sell to raise money to repay its 2008 bailout loan.

JUN 4 The DJIA dips below 10,000 due to renewed concerns about Europe's shaky economy and the US job market.

JUN 24 Fannie Mae creates a plan to penalize home mortgage borrowers who can afford their monthly payments but instead choose to "strategically default" by locking them out from new loans for seven years.

JULY 2010

JUL 8 Fannie Mae and Freddie Mac are delisted from NYSE Euronext.

JUL 22 President Obama signs a bill to extend unemployment benefits again.

JUL 23 President Obama signs the Wall Street Regulation Bill, which is intended to make sweeping regulatory changes to the financial industry including the creation of the Consumer Financial Protection Bureau.

JUL 29 The Federal Reserve Bank of New York announces that toxic assets purchased to save AIG and Bear Stearns are finally gaining value.

AUGUST 2010

AUG 17 President Obama hosts a conference to discuss strategy to overhaul Fannie Mae and Freddie Mac by creating a comprehensive reform proposal that protects taxpayers, instituting tough oversight, restoring the long-term health of the housing market and strengthening the nation's economic recovery.

AUG 24 Using money it received from the sale of debt, AIG pays back the government $4 billion from its bailout loan. AIG must repay over $90 billion to the Fed and Treasury before it can regain full independence.

AUG 24 Standard & Poor's downgrades Ireland's long-term sovereign credit rating to AA, further exacerbating the Eurozone debt crisis.

SEPTEMBER 2010

SEP 2 The European Union Central Bank announces that economic growth in the Eurozone reached 1% in the second quarter alone. This is the fastest rate in four years and increased the annual GDP to 1.9%, higher than the US or Japan's Q2 reports.

SEP 15 Michael Barr, Treasury Assistant Secretary for Financial Institutions, promises a drastic overhaul for Freddie Mac and Fannie Mae. Congress debates the restructuring of the two companies so that private gains cannot be subsidized by public losses, consumer protection is strengthened, capital and underwriting standards will be appropriate, and excessive risk-taking will be restrained.

SEP 16 Taxpayer losses from government seizure of Fannie Mae and Freddie Mac are estimated at $400 billion, causing the Federal Housing Finance Agency to seek billions in repayment from the banks that sold bad loans to the mortgage giants.

SEP 29 More than half of Spain's workforce goes on strike to protest the government's austerity measures, as do workers in a number of Eurozone countries experiencing similar spending cuts and tax hikes.

SEP 30 Following Fitch and Standard & Poor's, Moody's downgrades Spain's ratings from AAA to Aa1. Spain is Eurozone's fourth largest economy.

SEP 30 Standard & Poor's discovers a "system error" that led to the faulty assessment of bonds created through 50 securitizations that bundled residential mortgages between 1994 and 2007.

OCTOBER 2010

OCT 1 The Irish government announces it will inject an additional $16 billion into its faltering banking system.

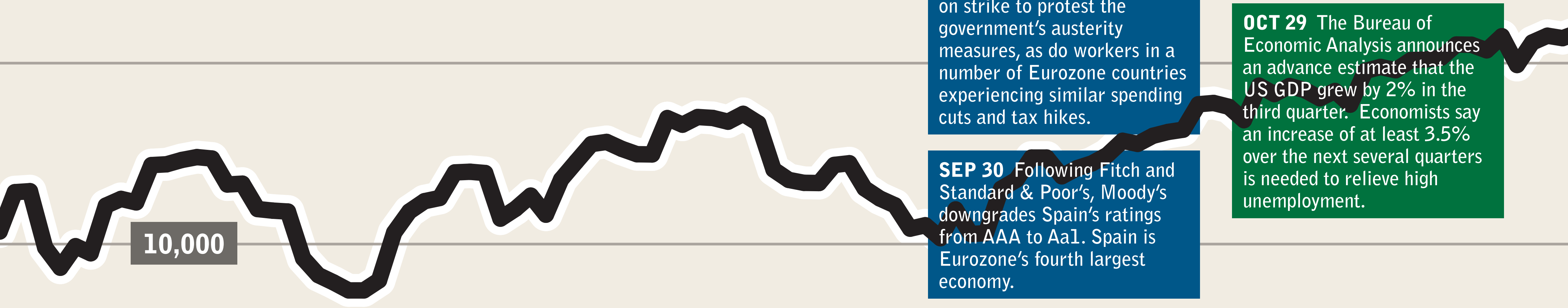
OCT 20 *The Wall Street Journal* reports that Goldman Sachs is looking to buy back a $5 billion investment from Warren Buffett's Berkshire Hathaway Inc. that bolstered the company during the worst of the financial crisis.

OCT 26 Standard & Poor's puts mortgage banks Wells Fargo Home Mortgage, CitiMortgage Inc. and PNC Bank NA on CreditWatch negative pending a review of the lenders' foreclosure processes by the Office of the Comptroller of the Currency.

OCT 26 Freddie Mac anounces its share of late-paying mortgages fell in September for a fourth straight month, suggesting some stabilization in the US housing market.

OCT 29 *The New York Times* reports that the DJIA finished its best October in four years despite midterm election uncertainty.

OCT 29 The Bureau of Economic Analysis announces an advance estimate that the US GDP grew by 2% in the third quarter. Economists say an increase of at least 3.5% over the next several quarters is needed to relieve high unemployment.



Dow Jones Industrial Average