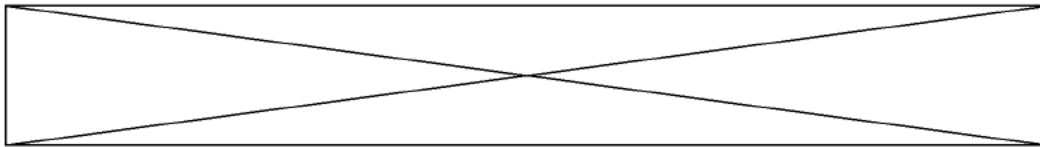

From: Parrott, Jim <James_M_Parrott@who.eop.gov>
Sent: Saturday, August 18, 2012 10:37 AM
To: Bowler, Timothy
Subject: Re: PSPAs

K- thx.

----- Original Message -----

From: Timothy.Bowler@treasury.gov [<mailto:Timothy.Bowler@treasury.gov>]
Sent: Saturday, August 18, 2012 10:24 AM
To: Parrott, Jim
Subject: RE: PSPAs



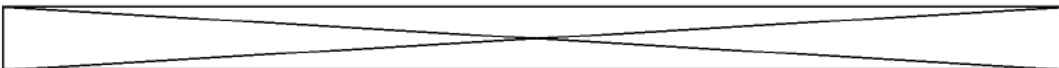
-----Original Message-----

From: Parrott, Jim [mailto:James_M_Parrott@who.eop.gov]
Sent: Saturday, August 18, 2012 10:23 AM
To: Bowler, Timothy
Subject: Re: PSPAs



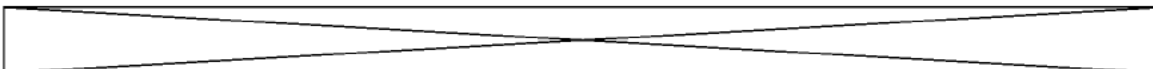
----- Original Message -----

From: Timothy.Bowler@treasury.gov [<mailto:Timothy.Bowler@treasury.gov>]
Sent: Saturday, August 18, 2012 10:09 AM
To: Parrott, Jim
Subject: RE: PSPAs



-----Original Message-----

From: Parrott, Jim [mailto:James_M_Parrott@who.eop.gov]
Sent: Friday, August 17, 2012 11:07 PM
To: Bowler, Timothy
Subject: Fw: PSPAs



----- Original Message -----

From: Peter J. Wallison [<mailto:PWallison@AEI.org>]
Sent: Friday, August 17, 2012 10:59 PM
To: Parrott, Jim
Subject: RE: PSPAs

That could be a problem. From the perspective of the budget, if Congress were to eliminate them it would be eliminating a revenue source. If principal were amortized that problem would eventually go away.

Peter J. Wallison
Arthur F. Burns Fellow in Financial Policy Studies American Enterprise Institute
(o) 202-862-5864
(f) 202-862-4875

-----Original Message-----

From: Parrott, Jim [mailto:James_M_Parrott@who.eop.gov]
Sent: Friday, August 17, 2012 10:53 PM
To: Peter J. Wallison; 'Timothy.Bowler@treasury.gov'
Subject: Re: PSPAs

No principal is written down no matter what the quarterly payment is. Dividend is variable, set at whatever profit for quarter is, eliminating ability to pay down principal (so they can't repay their debt and escape as it were).

----- Original Message -----

From: Peter J. Wallison [<mailto:PWallison@AEI.org>]
Sent: Friday, August 17, 2012 09:36 PM
To: Parrott, Jim; 'Timothy.Bowler@treasury.gov' <Timothy.Bowler@treasury.gov>
Subject: RE: PSPAs

One question: Do the dividend payments amortize principal, and if so how? For example, if the 10% dividend rate were in effect, a payment of more than 10% would amortize principal, but from the press release it sounds as though the profits that are swept into Treasury are replacing the 10% dividend.

Peter

Peter J. Wallison
Arthur F. Burns Fellow in Financial Policy Studies American Enterprise Institute
(o) 202-862-5864
(f) 202-862-4875

-----Original Message-----

From: Parrott, Jim [mailto:James_M_Parrott@who.eop.gov]
Sent: Friday, August 17, 2012 8:30 AM
To: Alex J. Pollock; Peter J. Wallison; Edward Pinto
Cc: 'Timothy.Bowler@treasury.gov'
Subject: PSPAs

Hey guys. If you're interested, be glad to talk you through the changes we're announcing on pspas today.

Feel like fellow travelers at this point so I owe it to you.

Just let me know, and suggest a few times. I'm also looping Tim, who runs the capital markets show over at Tsy and is more adept at the mechanics should we want to go there.