



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

The Hartford Financial Services Group, Inc.

Person to be contacted regarding this report:	James M. Yanosy
CPP Funds Received:	\$3,400,000,000
CPP Funds Repaid to Date:	\$3,400,000,000
Date Funded (first funding):	6/26/2009
Date Repaid <sup>1</sup> :	3/31/2010

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	H-4565
FDIC Certificate Number: (For Depository Institutions)	
City:	Hartford
State:	Connecticut

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

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

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

<input type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
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<input checked="" type="checkbox"/> To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	<p>The Hartford is a significant provider of credit to consumers, businesses and municipalities through investment in corporate and municipal bonds, mortgage backed and other asset backed securities and commercial real estate lending in various forms.</p>
<input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	<p>During 2009, The Hartford was a net seller of ABS, CMBS and RMBS securities. Sales in the fourth quarter of lower rated and selective ABS and CMBS securities were offset by selective purchases of predominantly investment grade corporates, ABS, CMBS and RMBS securities during 2009.</p>
<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Of the \$3.4 billion received, \$200 million was contributed to The Hartford's acquired bank subsidiary, \$1.7 billion was contributed to the life insurance subsidiaries, \$500 million was used to purchase a surplus note of a captive subsidiary and the remaining \$1 billion was held at the Holding Company.

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

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

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

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

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

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

The Hartford provided \$185 million, \$10 million and \$5 million of CPP funds to Federal Trust Bank in June 2009, September 2009, and March 2010, respectively, to support its recapitalization. These capital contributions to Federal Trust Bank are substantially more than the bank would have qualified to receive had it applied for CPP funds on its own.

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

The Hartford's business model is different from those of traditional commercial banks. As a result its intermediation activities are also different. In general, The Hartford provides capital to other financial institutions, corporations, municipalities and governments and government agencies by investing in their debt securities. Indirectly, The Hartford supports consumer lending through its investments in residential mortgage-backed securities and securitized consumer asset-backed securities. The Hartford also supports commercial lending through its investments in commercial mortgage loans on real estate and commercial mortgage-backed securities. In addition, The Hartford invests in limited partnerships and equity of publicly traded entities.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.