



608 S. Main Street
P.O. Box 1988
Stillwater, Oklahoma 74076
405.742.1800

Rick Green
President
& Chief Executive Officer

March 6, 2009

Via email to SIGTARP.response@do.treas.gov
and U.S. Mail

Special Inspector General –TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, DC 20220.

Dear Mr. Barofsky:

This is provided in response to your request for certain information dated February 6, 2009. For convenience, the text of your requests is shown below in italics, followed by the response of Southwest Bancorp, Inc.

- (1) A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that you have taken that you would not have been able to take absent the infusion of TARP funds.*

We intend to use funds that we received through the sale of securities in the Treasury Capital Purchase Program (“CPP”), along with other funds that we raised from non-governmental sources during 2008 and retained earnings, to support prudent loan growth, to help maintain appropriate capital levels in these times of economic uncertainty, to serve as source of strength to our subsidiary banks, (b) (4)

(b) (4)

Background.

We decided to raise capital in early 2008 to support our strategic goals. The new capital that we raised is at work supporting new loans and increasing the strength of Southwest and our subsidiary banks.

We achieved our capital raising goals through two initiatives:

- The \$34.5 million sale of our trust preferred securities in a firm commitment public offering underwritten by Stifel, Nicolaus & Company, Incorporated, Howe Barnes Hoefler & Arnett, Inc., Sterne, Agee & Leach, Inc. and Morgan Keegan and Company, Inc. ; and
- The \$70.0 million sale of our preferred securities and warrants in a private placement under the Capital Purchase Program established by the United States Department of the Treasury.

The public offering was completed in early July 2008. Shortly after that date, the public market for most new banking securities collapsed as the economy deteriorated. The Treasury Department responded by developing the voluntary Capital Purchase Program in the fall of 2008. The stated goal of this voluntary program was to buy nonvoting investment securities from qualified, healthy banks in order to encourage a return to more normal liquidity and help stabilize the financial markets.

We applied for approval to participate in the Capital Purchase Program after determining that its terms were likely to be more favorable than any market alternative. We completed the sale of preferred securities and warrants to the Treasury in December 2008. We registered those securities on a shelf registration statement in January 2009.

In addition to our capital securities offerings, the holding company borrowed \$15 million from an unaffiliated commercial bank and injected proceeds from that borrowing into our primary financial institution subsidiary, Stillwater National Bank and Trust Company (“SNB”), in the form of perpetual debt qualifying as capital. (b) (8)

These transactions yielded a total of approximately \$118 million, \$70 million of which was acquired through the CPP.

The CPP funds are not segregated or earmarked for particular purposes. The cash received from their sale was fungible with other cash and cash equivalents.

Use of CPP Funds.

Southwest has injected \$57 million in the form of common equity and \$15 million in the form of perpetual debt into SNB. SNB has used the capital to support loan growth and regulatory capital ratios. At December 31, 2008, SNB exceeded the “well capitalized” criteria for all capital ratios.

The CPP transaction was closed on December 5, 2008. We have analyzed consolidated loan growth since November 30, 2008, the last month-end prior to the CPP closing. The analysis shows that Southwest has advanced new loans of approximately \$81 million from November 30, 2008 through February 28, 2009. This figure excludes advances under lines of credit and commitments made before December 1, 2008. The new loans were in all major categories including commercial and residential real estate, commercial, guaranteed student loans, and other consumer loans. (b) (4)

We plan to continue to use CPP funds, and our other capital funds, to support growth and capital ratios. We also plan to serve as a “source of strength” to our subsidiary banks by using funds at the holding company to acquire problem or potential problem assets from SNB and other bank subsidiaries, subject to receipt of approval for this and related activities from the Federal Reserve.

We currently intend to redeem the CPP preferred and, if possible, outstanding warrants, when market conditions improve sufficiently for us to sell capital securities to the public on reasonable terms.

Additional Information:

Additional information on our capital issuances, regulatory capital levels, and related matters are included in our Annual Report on Form 10-K for the year ended December 31, 2008, a copy of which is included as Exhibit A. Please especially note:

- The “Overview” in Management’s Discussion and Analysis of Financial Condition and Operations on page 5;
- The Consolidated Statements of Shareholders’ Equity on page 34;
- The Consolidated Statements of Cash Flows on page 35;
- Note 11. Subordinated Debentures on page 51;
- Note 13. Shareholders’ Equity on page 55;
- Note 14. Capital Requirements on page 56;
- The Parent Company Only Statement of Cash Flows in Note 25 at page 60.

Please also see:

- Exhibit B, the press release of November 20, 2008, announcing preliminary approval under CPP;
- Exhibit C, the text of the Form 8-K reporting issuance of the CPP securities on December 5, 2008; and
- Exhibit D, the Earnings Release dated January 21, 2009, including information regarding plans for capital use on page 2.

(2) Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.

CPP and EESA

In connection with the CPP offering, Southwest, by resolution and agreement, stated that, to the extent required for participation in the CPP, Southwest will not claim a deduction for federal income tax purposes for remuneration that would not be deductible if 26 USC §162(m)(5) were to apply to it, and entered into Omnibus Compensation Compliance Agreements and Waivers (“Omnibus Agreements”) with its senior executive officers to ensure compliance with the EESA rules and terms of the CPP operative documents. A copy of the form of the Omnibus Agreements is included as Exhibit 10.19 to our Annual Report on Form 10-K which is enclosed as Exhibit A. The senior executive officers also executed the standard waivers of claims (Annex B to the Securities Purchase Agreement) required in connection with CPP participation.

Recovery Act

Southwest will revise plans and/or policies to comply with the compensation related requirements of the American Recovery and Reinvest Act (“The Recovery Act”) once Treasury issues enabling regulations. In the mean time, Southwest will comply with the Recovery Act’s compensation related prohibitions. For additional information, please see the sections titled “Compensation Discussion and Analysis” and “Executive Compensation” included in our Preliminary Proxy Statement which is enclosed as Exhibit E.

As noted in the referenced draft preliminary proxy statement, we have suspended our short-term (cash-based) and long-term (stock-based) incentive compensation plans. Nevertheless, our independent Compensation Committee has reviewed the suspended incentive compensation plans with Southwest’s senior risk officers and has made reasonable efforts to ensure that those plans, had they been in effect, would not encourage the those officers to take unnecessary and excessive risks that threaten the value of the company. The review included consideration of incentives based upon loan quality and loan growth, among other factors. No incentive compensation targets based on loan risk or quality were established, since the incentive compensation plans have been suspended.

We plan to conduct a study during 2009 of alternative compensation arrangements. The goal of the study is to develop, if possible, compensation arrangements that will attract, motivate, and retain executive talent while achieving our financial goals and complying with the Recovery Act. The study will be conducted with advice from our independent compensation consultant and legal counsel. We do not know whether the results of that study will lead us to changes in other, longer-term or deferred forms of executive compensation.

Please note that we also currently intend to proceed with a “say on pay” vote in this year’s proxy materials.

Special Inspector General – TARP

March 6, 2009

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As President and Chief Executive Officer of Southwest Bancorp, Inc., I certify that the above is true and correct to the best of my knowledge and belief, recognizing that statements or representations included in this letter and the attachments hereto are subject to the requirements and penalties set forth in 16 U.S.C. §1001.

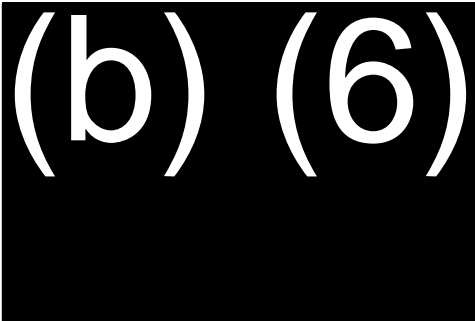
Please contact our special legal counsel, (b) (6) at the address below, if you require additional information.

Sincerely,



Exhibits

Cc:





SOUTHWEST BANCORP, INC.

**2008 ANNUAL REPORT
ON FORM 10-K**

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Year Ended December 31, 2008

Commission File Number 0-23064

SOUTHWEST BANCORP, INC.
(Exact name of registrant as specified in its charter)

Oklahoma

(State or other jurisdiction of
incorporation or organization)

73-1136584

(I.R.S. Employer Identification No.)

608 South Main Street, Stillwater, Oklahoma
(Address of principal executive office)

74074
(Zip Code)

Registrant's telephone number, including area code: **(405) 742-1800**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
<u>Common Stock, par value \$1.00 per share</u>	<u>The NASDAQ Stock Market</u>

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [] YES [X] NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [] YES [X] NO*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] YES [] NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by a check mark if the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated filer [] Accelerated filer [X] Non-accelerated filer [] Smaller reporting company []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [] YES [X] NO

The registrant's Common Stock is traded on the NASDAQ Global Select Market under the symbol OKSB. The aggregate market value of approximately 13,495,160 shares of Common Stock of the registrant issued and outstanding held by nonaffiliates on June 30, 2008, the last day of the registrant's most recently completed second fiscal quarter, was approximately \$155.2 million based on the closing sales price of \$11.50 per share of the registrant's Common Stock on that date. Solely for purposes of this calculation, it is assumed that directors, officers, and 5% stockholders of the registrant (other than institutional investors) are affiliates.

As of the close of business on March 2, 2009, 14,608,112 shares of the registrant's Common Stock were outstanding.

Documents Incorporated by Reference

Part III: Portions of the definitive proxy statement for the Annual Meeting of Shareholders to be held on April 23, 2009 (the "Proxy Statement").

*The registrant is required to file reports pursuant to Section 13 of the Act.

For additional information:

For Immediate Release

**Rick Green
President & CEO
Kerby E. Crowell
EVP & CFO
(405) 372-2230**

Southwest Bancorp Gets Preliminary Approval under U.S. Treasury Capital Purchase Program

November 20, 2008, Stillwater, Oklahoma . . . Southwest Bancorp, Inc. (NASDAQ Global Select Market OKSB), (Southwest), today reported preliminary government approval of its application for the sale of up to \$70.0 million in preferred shares and related warrants for the purchase of \$10.5 million of its common stock under the U.S. Treasury's Capital Purchase Program.

The Treasury's Capital Purchase Program is a voluntary program designed to help healthy institutions build capital to support the U.S. economy by increasing the flow of financing to creditworthy U.S. businesses and consumers.

We believe that participation in the Capital Purchase Program will help us achieve our strategic goal of building long-term shareholder value during these uncertain times, stated Rick Green, President and Chief Executive Officer.

We expect that the additional long-term capital funds now available through the Capital Purchase Program, along with the funds we received from our \$34.5 million sale of trust preferred securities in July, will help us take better advantage of opportunities for prudent loan growth while continuing to maintain appropriate capitalization.

Southwest currently exceeds all applicable regulatory capital requirements and each of its banking subsidiaries meets the criteria for regulatory classification as well-capitalized.

Completion of the issuance of preferred shares and warrants under the Capital Purchase Program is subject to certain standard conditions and is expected to occur before year end. Although Southwest intends to participate in the program, it will continue to monitor and evaluate any additional governmental requirements that may diminish the value of our participation in the program.

Southwest Bancorp and Subsidiaries

Southwest Bancorp, with total assets at September 30, 2008 of \$2.8 billion, is the financial holding company for Stillwater National Bank and Trust Company, Bank of Kansas, SNB Bank of Wichita, Healthcare Strategic Support, Inc., and Business Consulting Group, Inc. Through its subsidiaries, Southwest offers commercial and consumer lending, deposit, and investment services, and specialized cash management, consulting, and other financial services from offices in Chickasha, Edmond, Oklahoma City, Stillwater, and Tulsa, Oklahoma; Austin, Dallas, Houston and San Antonio, Texas; and Hutchinson, Kansas City, and Wichita, Kansas, and on the Internet, through *SNB DirectBanker*®.

Southwest's common stock is traded on the NASDAQ Global Select Market under the symbol OKSB. Southwest's trust preferred securities are traded on the NASDAQ Global Select Market under the symbol OKSBP.

Forward-Looking Statements

This Press Release includes forward-looking statements, such as: statements of Southwest's goals, intentions, and expectations; estimates of risks and of future costs and benefits; assessments of the amount and timing of loan growth; and statements of Southwest's ability to achieve financial and other goals. These forward-looking statements are subject to significant uncertainties because they are based upon: future interest rates, market behavior, the effects on general economic conditions in our markets of recent market instability, and other economic conditions; future laws and regulations; levels of performing and problem loan payoffs and loan losses; off-balance sheet risk and market risk; and a variety of other matters. Because of these uncertainties, the actual future results may be materially different from the results indicated by these forward-looking statements. In addition, Southwest's past growth and performance do not necessarily indicate its future results.

Designation as a well-capitalized institution under regulations does not constitute a recommendation or endorsement by Federal bank or thrift regulators.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 2, 2008

SOUTHWEST BANCORP, INC.

(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction
of incorporation)

000-23064
(Commission file
number)

73-1136584
(IRS Employer
Identification No)

608 South Main Street, Stillwater, Oklahoma 74074
(Address of Principal Executive Offices) (Zip Code)

Registrants telephone number, including area code: (405) 372-2230

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

(SOUTHWEST
BANCORP, INC. LOGO)

For additional information:

Rick Green
President & CEO
Kerby E. Crowell
EVP & CFO
(405) 372-2230

For Immediate Release**Southwest Bancorp Reports 2008 Earnings, Increased Capital**

January 21, 2009, Stillwater, Oklahoma . . . Southwest Bancorp, Inc. (NASDAQ Global Select MarketOKSB), (Southwest), today reported net income available to common shareholders of \$3.0 million, or \$0.20 per diluted share for the fourth quarter 2008, compared to \$4.5 million, or \$0.31 per diluted share for the fourth quarter of 2007. Net income available to common shareholders for the year ended December 31, 2008 was \$14.7 million, or \$1.00 per diluted share, compared to \$21.4 million, or \$1.46 per diluted share, for the prior year. At December 31, 2008, total assets were \$2.9 billion compared to \$2.6 billion at December 31, 2007, and shareholders equity was \$302.2 million compared to \$217.6 million at year-end 2007.

We continue to focus on our strategic goal of building long-term shareholder value during these uncertain times, stated Rick Green, President and Chief Executive Officer.

Southwest continues to generate earnings and dividends for our shareholders, but our 2008 performance was disappointing. As explained further below, the main causes are linked to current economic conditions the competitive pressures that have caused reductions in rates on deposits and other funding sources to decrease less than the drop in rates on earning assets and the market conditions that have required increases in our allowance for loan losses. (For additional information, please see page 2 for an analysis of the effects that changes in rates had on our net interest income and a discussion of the increase in the allowance.)

Our strategic vision includes continued emphasis on prudent lending in carefully selected markets in Texas, Oklahoma, and Kansas; careful expansion of our community banking operations; and increases in stable funding sources at reasonable cost. In 2008, we took important steps that we believe will make Southwest better positioned both now and when the economy improves. These include raising over \$100 million in new capital from our July public offering and the December issuance of securities to the U.S. Treasury. We believe the new capital will help us take better advantage of opportunities for prudent loan growth while continuing to maintain appropriate capitalization. We have a clear focus on intelligent expense control. We are evaluating additional consumer banking branches in our existing and nearby markets.

At year end, our portfolio loans were \$2.5 billion. Approximately \$1.3 billion, or 50%, of our total portfolio loans at December 31, 2008, were in our Texas and Kansas segments:

Oklahoma portfolio loans were \$966.2 million or 39%,

Texas portfolio loans were \$947.6 million, or 38%,

Kansas portfolio loans were \$304.9 million, or 12%, and

Other States portfolio loans were \$275.8 million, or 11%

The validity of our strategic decision not to rely on any significant amounts of residential mortgages and not to make subprime loans was reinforced by recent market events. Subprime lending has never been a part of our strategy, one to four family mortgages are less than 5% of our portfolio, and one to four family residential construction loans are less than 4% of our portfolio.

Preliminary



March __, 2009

Dear Fellow Shareholder:

We invite you to attend our 2009 Annual Meeting of Shareholders to be held in the Auditorium, Room 215, of the Stillwater Public Library, 1107 South Duck Street, Stillwater, Oklahoma on Thursday, April 23, 2009 at 11:00 a.m., Central Time.

The 2008 results are presented in detail in the enclosed Annual Report.

The Annual Meeting has been called to elect directors; to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for the year 2009; to approve a proposal regarding our executive compensation decisions; and to consider any other matters that properly come before the Annual Meeting or any adjournments. Directors and officers of Southwest, as well as representatives of Ernst & Young LLP, will be present to respond to any questions the shareholders may have.

Your vote is important to Southwest. Please complete the proxy card and return it in the enclosed, postage-paid envelope or vote your shares by telephone or on the Internet as described in the Proxy Statement.

Thank you for investing in Southwest.

Sincerely,

A handwritten signature in black ink that reads 'Rick Green'.