WESTERN ALLIANCE
BANCORPORATION™

March 6, 2009

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

Re: Western Alliance Bancorporation

Dear Mr. Barofsky:

Pursuant to your request dated February 6, 2009, below please find information regarding the use of Troubled Asset Relief Program ("TARP") funds received by Western Alliance Bancorporation ("WAL").

**Use of TARP Funds.**

On November 21, 2008, WAL received $140 million in proceeds from the sale of $140 million of preferred stock and warrants on 1,574,213 shares of WAL common stock, in accordance with the terms of the TARP Capital Purchase Program ("CPP").

While not segregated from other liquidity at WAL, since receipt of TARP capital, $95 million has been infused as common equity into WAL's bank subsidiaries as follows: $50 million into Bank of Nevada, $20 million into First Independent Bank of Nevada, $15 million into Alliance Bank of Arizona, and $10 million into Torrey Pines Bank. Funds that have not been infused provide liquidity to Bank of Nevada as liquid assets of the parent are kept as a liability of the bank.

These infusions have facilitated loan growth in WAL's markets by providing capital and liquidity to new loans. As you know, each dollar of new capital provides the banks with the capacity to support up to eight dollars in new loans, and this is reflected in our balance sheet. For the fourth quarter 2008, new loan commitments totaled $390 million, while the net increase in loans outstanding during period was $149 million. This growth exceeds total TARP proceeds by $9 million. We are continuing to seek out lending opportunities in all of our markets, consistent with sound credit underwriting standards.

These infusions of TARP funds also have provided our subsidiary banks with a capital cushion that allows them the flexibility to work with borrowers strained by current economic conditions, such as granting extensions, deferments and debt forgiveness.

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There are no specific plans for the remaining $45 million in TARP funds that have not been infused into our bank subsidiaries. [redacted]

**Compensation Requirements.**

At the time it received the TARP funds, WAL committed to take any action necessary to ensure compliance with all existing and future executive compensation requirements associated with the TARP funding, including those contained in the Emergency Economic Stabilization Act of 2008 ("EESA"). In that regard, each of the company's senior executive officers have executed waivers voluntarily waiving any claim against the Treasury or WAL for any changes to their compensation or benefits that are required to comply with the regulations issued by the Treasury under the CPP and acknowledging that the regulations may require modification of the compensation, bonus, incentive and other benefit plans, arrangements and policies and agreements as they relate to the period the Treasury holds any equity or debt securities of WAL acquired through the CPP. These executives also contractually agreed to the so-called "clawback provisions" in EESA, which require the recapture of any bonus, retention award or incentive compensation paid based on statements of earnings, revenues, gains or other criteria which are later found to be materially inaccurate.

Prior to accepting TARP funding, WAL reviewed its compensation programs for compliance with the existing requirements at that time under EESA, and determined that no changes were necessary. For example, WAL has never had "golden parachute" agreements with its executives. WAL does not intend to deduct annual compensation of greater than $500,000 for any of its senior executive officers for income tax purposes for so long as the Treasury holds any equity or debt securities of WAL acquired through the CPP.

WAL is evaluating more recently adopted requirements, including the new Treasury guidelines issued on February 4, and certain provisions of the American Recovery and Reinvestment Act of 2009 signed on February 17, 2009 ("ARRA"), and is awaiting further guidance from the Treasury relating to these requirements. The company will take whatever actions and make whatever changes to its compensation programs and practices that it determines are necessary to comply with the new requirements for so long as the Treasury holds any equity or debt securities of WAL acquired through the CPP. Further, WAL plans to include in the proxy statement for its 2009 annual shareholders meeting a non-binding advisory vote on executive compensation, as required by ARRA.

**Risk Assessment.**

As a publicly held company, WAL has an established a Compensation Committee comprised entirely of directors meeting the SEC's independence requirements. As required by EESA, on January 20, 2009, the Compensation Committee met with the

Company's Director of Risk Management, CFO and Corporate Counsel to discuss the company's incentive compensation arrangements for its senior executive officers to determine whether such arrangements encourage the senior executive officers to take unnecessary and excessive risks that threaten the value of WAL. The Director of Risk Management provided the Compensation Committee an overview of the credit, market, liquidity, operational, legal and reputational risks currently facing WAL; and presented the Compensation Committee with a risk level assessment for each of WAL's core business and resource management processes. The CFO provided his view of the long-term and short-term risks facing WAL, including loan risks. The Committee determined that the company's compensation programs, as currently implemented, do not encourage unnecessary or excessive risk with the potential to threaten the value of the Company.

The Compensation Committee determined that the long-term equity incentive component of compensation does not encourage unnecessary or excessive risk with the potential to threaten the value of the Company because stock options are priced pursuant to the fair market value on the date of the award, and vest over a period of four years. Therefore, the price per share of WAL stock must increase over a full four year period in order for a senior executive officer to realize the full benefit of a stock option award. Such long term equity rewards encourage senior executive officers to ensure WAL's sustainable growth and profitability, and do not reward unnecessary and excessive risk-taking.

If you have any questions regarding this response or other issues regarding our receipt of TARP capital, please call me at [redacted] (b) (6)

Very truly yours,

Dale Gibbons
Chief Financial Officer