

REDEMPTION REFUNDS

The overwhelming majority of redemption proceeds are allocated by DTC to Participants on payable date. In the event that DTC does not pay Participants' redemption proceeds on redemption date, Participants may be entitled to a refund.

A redemption refund is caused by two types of events, both of which involve late allocations of redemption proceeds by DTC to Participants:

- receipt of funds by DTC on payable date, followed by allocation of funds by DTC to Participants after payable date,

OR

- receipt of funds by DTC and allocation of funds by DTC to Participants after payable date.

The first type of event results in a refund to Participants of their pro-rata share of DTC's investment earnings. The second type of event does not generate a refund of investment earnings; rather, it results in DTC submitting compensation claims to redemption agents. Participants receive their pro-rata share of the total amount received on DTC's claim.

Redemption refunds are paid to Participants monthly via credits to their monthly DTC bill.

Supporting schedules listing details of items included in each refund are attached to Participants' monthly bill.

Charge-Backs and Adjustments

Overview

Charge-backs and Adjustments are an important part of redemption allocations. It is necessary for you to understand how DTC processes charge-backs and adjustments to your DTC account (s).

About Charge-Backs and Adjustments

DTC does not credit you redemption proceeds until it is funded by the issuer/agent. Occasionally, it is determined that the proceeds credited were incorrect. In this event, DTC may, in accordance with established procedures, charge your account for the amount of the improper credit and adjust your position accordingly.

Also, from time to time DTC may determine that a payment received by you or your customer directly from the paying agent was rightfully due to DTC. In this event, DTC may, in accordance with established procedures, charge your account for the amount of the improper payment and adjust your position accordingly.

Redemption Refunds: Charge-Backs and Adjustments

In addition, from time to time DTC may determine that you have received insufficient payment. In this event, DTC may, in accordance with established procedures, credit your account.

These adjustments will appear on CA Web, PTS/PBS (ADJI), CCF file transmissions, ISO 20022 messaging and SMART/Search.

Return of Funds to Paying Agents Due to Default or Bankruptcy of the Issuer

If DTC has received the funding from an issuer's agent and has allocated the payment to you, and the agent, within one business day of the funding, requests a return of funds, due to default or bankruptcy of the issuer, your account will be charged back and collected funds will be returned to the paying agent no later than one business day following the request.

- You will receive one day advance notification before the adjustment is processed to your account.
- If such a request is received more than one business day after the funding date, DTC will cooperate with both the payor and you to resolve the matter by contacting the affected parties to ascertain your willingness to accept a charge for funds that may have been distributed to your customers. Funds collected from you will be promptly remitted to the paying agent. In cases where you are unwilling or unable to immediately comply with the request, DTC will provide the agent with participant names and contacts to assist in the collection process.

MATURITY PRESENTMENTS FOR MMI ISSUES

A “Maturity Presentment” is a Delivery Versus Payment (as defined in Rule 1) of matured money market instruments (MMI Securities) from the account of a presenting Participant to a designated paying agent account for that issue and is subject to, and is processed in accordance with, Rule 9(A), Rule 9(B), Rule 9(C) of DTC and the Procedures set forth in the DTC Settlement Service Guide. Maturity Presentments are not attempted for processing until the issuer’s issuing and paying agent (IPA) makes a funding decision in the form of an “MMI Funding Acknowledgment.” Once a funding decision is made items will be processed subject to risk controls and the sufficient inventory of the relevant Participants. IPAs and other Participants may submit input and inquiries relating to MMI Securities processing through the Settlement User Interface. See the DTC Settlement Service Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.pdf>, for the DTC Procedures relating to the processing of transactions in MMI Securities.

ACTIVITY VERIFICATION

Activity involving called positions is recorded on the Participant Daily Activity Statement.

Check your statement to be sure your transactions were properly processed and recorded.

Any discrepancy with DTC's Daily Activity Participant Statement must be reported to DTC's Customer Help Center at 888 382 2721 as soon as possible after the statement is received.

Warning: It is the Participant's responsibility under DTC's Rules and Procedures to verify the accuracy of the Daily Activity Participant Statement.

APPENDIX A: ILLUSTRATIONS

IMPARTIAL LOTTERY METHOD FOR ALLOCATING CALLED SECURITIES

When securities are called, DTC will conduct an impartial lottery using an incremental random number technique.

- First, a "called increment" is calculated by dividing (a) the number of securities called from DTC by the Trustee or Transfer Agent, into (b) the total securities deposited with DTC. In the illustration, the call increment equals 23.72; in other words, almost every 24th security in DTC is called.
- Then each of the securities held by DTC is assigned a consecutive security number starting with one. For this purpose, each share of preferred stock is treated as one security, or, if bonds are being called, each \$1,000 bond is treated as one security. When number assignments are completed, each security held by each DTC Participant is identified by an arbitrary unique number for purposes of the lottery. In the illustration, 100 securities held in DTC by Participant "C" for example, are assigned security numbers 0052 through: 0151. Security numbers 1238 through 1337 are also assigned to the same securities from a second range of numbers as explained in the last paragraph of step #4(*).
- Next, a random number is found within the first range of numbers just assigned to the securities held by DTC. This random number is the starting place for allocating the called securities among DTC Participants. The random number will be generated by taking the square root of the lottery date times the lottery day and truncating the decimal portion of the answer until it is within the first range of assigned security numbers. In the illustration, random number 0396 is found within the first range of numbers which extends from 001 to 1186.
- Finally, allocation of the called securities is made. The call increment is added to the starting random number. The answer is the number of the first security called. In the illustration, 23.72 is added to 0396 and the answer (0419.72) rounded off (0420) is the number of the first security called. Then, the call increment is added to the first answer to find the number of the second security called (041.72 + 23.72 = 0443.44, or security number 0443). The process is continued until the called portion (50) of the securities deposited with DTC (1,186) is fully allocated among DTC Participants. In the illustration, of the 100 securities held in DTC by Participant "C", for example, 4 securities are called.

* Because the starting random number is selected within the first range of assigned security numbers, the incremental process usually produces answers that go beyond the last number in the first range. Therefore, a second range of numbers is provided as noted earlier. In the illustration, 17 of the 50 securities called were allocated in the second range of assigned security numbers which extends from 1187 to 2372.

ILLUSTRATION

Assume that there are 1,186 securities XYZ held in DTC by 10 members, that 50 securities are called from DTC by the Trustee or Transfer Agent, and that DTC's lottery is run on May 30, 1973.

- CALL INCREMENT = $\frac{\text{TOTAL SECURITIES}}{\text{SECURITIES CALLED}}$
 $= \frac{1186}{50} = 23.72$ (CARRIED TO TWO DECIMAL PLACES, NO ROUNDING).
- ASSIGN SECURITY NUMBERS TO EACH SECURITY:

DTC PARTICIPANT	NO. OF SECURITIES HELD IN DTC	ASSIGNED SECURITY NUMBERS	
		1st RANGE	2nd RANGE
A	1	001	1187
B	50	0002-0051	1188-1237
C	100	0052-0151	1238-1337
D	2	0152-0153	1338-1339
E	1	0154	1340
F	1	0155	1341
G	1,000	0156-1186	1342-2341
H	1	1187	2342
I	10	1187-1186	2343-2352
J	20	1167-1186	2353-2372
TOTAL IN DTC 1,186			

- FIND A STARTING RANDOM NUMBER BETWEEN 001 AND 1186. LOTTERY DATE IS MAY 30, 1973 (05/30/73).
 RANDOM NUMBER = $\frac{\text{LOTTERY DATE} \times \text{LOTTERY DAY}}{\text{TOTAL SECURITIES}}$
 $= \frac{053073 \times 30}{1261.82011396}$ (CARRIED TO EIGHT DECIMAL PLACES, NO ROUNDING.)
 $= 82011396$ (DECIMAL PORTION)
 $= 396$ (DECIMAL PORTION TRUNCATED FROM LEFT TO RIGHT UNTIL WITHIN THE FIRST RANGE OF ASSIGNED SECURITY NUMBERS 0001 TO 1186)
- ALLOCATE THE 50 SECURITIES CALLED (SEE ALLOCATION TABLE ON NEXT PAGE). START THE ALLOCATION PROCESS AT ASSIGNED SECURITY NUMBER 0396.

SUMMARY OF ALLOCATION:

DTC PARTICIPANT	NO. OF SECURITIES HELD IN DTC	ALLOCATION OF SECURITIES CALLED
A	1	0
B	50	2
C	100	4
D	2	0
E	1	0
F	1	0
G	1,000	43
H	1	0
I	10	0
J	20	1
TOTAL IN DTC 1,186		TOTAL CALLED 50

Figure 1: Lottery Methodology for a Partial Call

ALLOCATION TABLE							
<u>RANDOM NUMBER</u>	<u>ROUNDED RANDOM NUMBER*</u>	<u>DTC PARTICIPANT</u>	<u>NO. OF SECURITIES ALLOCATED</u>	<u>RANDOM NUMBER</u>	<u>ROUNDED RANDOM NUMBER*</u>	<u>DTC PARTICIPANT</u>	<u>NO. OF SECURITIES ALLOCATED</u>
0396.00	Start			1012.72			
+ 23.72	Increment			+ 23.72			
0419.72	0420	G	1	1036.44	1036	G	1
+ 23.72				+ 23.72			
0443.44	0443	G	1	1060.16	1060	G	1
+ 23.72				+ 23.72			
0467.16	0467	G	1	1083.88	1084	G	1
+ 23.72				+ 23.72			
0490.88	0491	G	1	1107.60	1108	G	1
+ 23.72				+ 23.72			
0514.60	0515	G	1	1131.32	1131	G	1
+ 23.72				+ 23.72			
0538.32	0538	G	1	1155.04	1155	G	1 32
+ 23.72				+ 23.72			
0562.04	0562	G	1	1178.76	1179	J	1 1
+ 23.72				+ 23.72			
0585.76	0586	G	1	1202.48	1202	B	1
+ 23.72				+ 23.72			
0609.48	0609	G	1	1226.20	1226	B	1 2
+ 23.72				+ 23.72			
0633.20	0633	G	1	1249.92	1250	C	1
+ 23.72				+ 23.72			
0656.92	0657	G	1	1273.64	1274	C	1
+ 23.72				+ 23.72			
0680.64	0681	G	1	1297.36	1297	C	1
+ 23.72				+ 23.72			
0704.36	0704	G	1	1321.08	1321	C	1 4
+ 23.72				+ 23.72			
0728.08	0728	G	1	1344.80	1345	G	1
+ 23.72				+ 23.72			
0751.80	0752	G	1	1368.52	1369	G	1
+ 23.72				+ 23.72			
0775.52	0776	G	1	1392.24	1394	G	1
+ 23.72				+ 23.72			
0799.24	0799	G	1	1415.96	1416	G	1
+ 23.72				+ 23.72			
0822.96	0823	G	1	1439.69	1440	G	1
+ 23.72				+ 23.72			
0846.68	0847	G	1	1463.40	1463	G	1
+ 23.72				+ 23.72			
0870.40	0870	G	1	1487.12	1487	G	1
+ 23.72				+ 23.72			
0894.12	0894	G	1	1510.84	1511	G	1
+ 23.72				+ 23.72			
0917.84	0918	G	1	1534.56	1535	G	1
+ 23.72				+ 23.72			
0941.56	0942	G	1	1558.28	1558	G	1
+ 23.72				+ 23.72			
0965.28	0965	G	1	1582.00	1582	G	1 11
+ 23.72							
0989.00	0989	G	1				
+ 23.72							
1012.72	1013	G	1				

* Rounded to nearer integer.

Figure 2: Allocation Table for a Partial Call

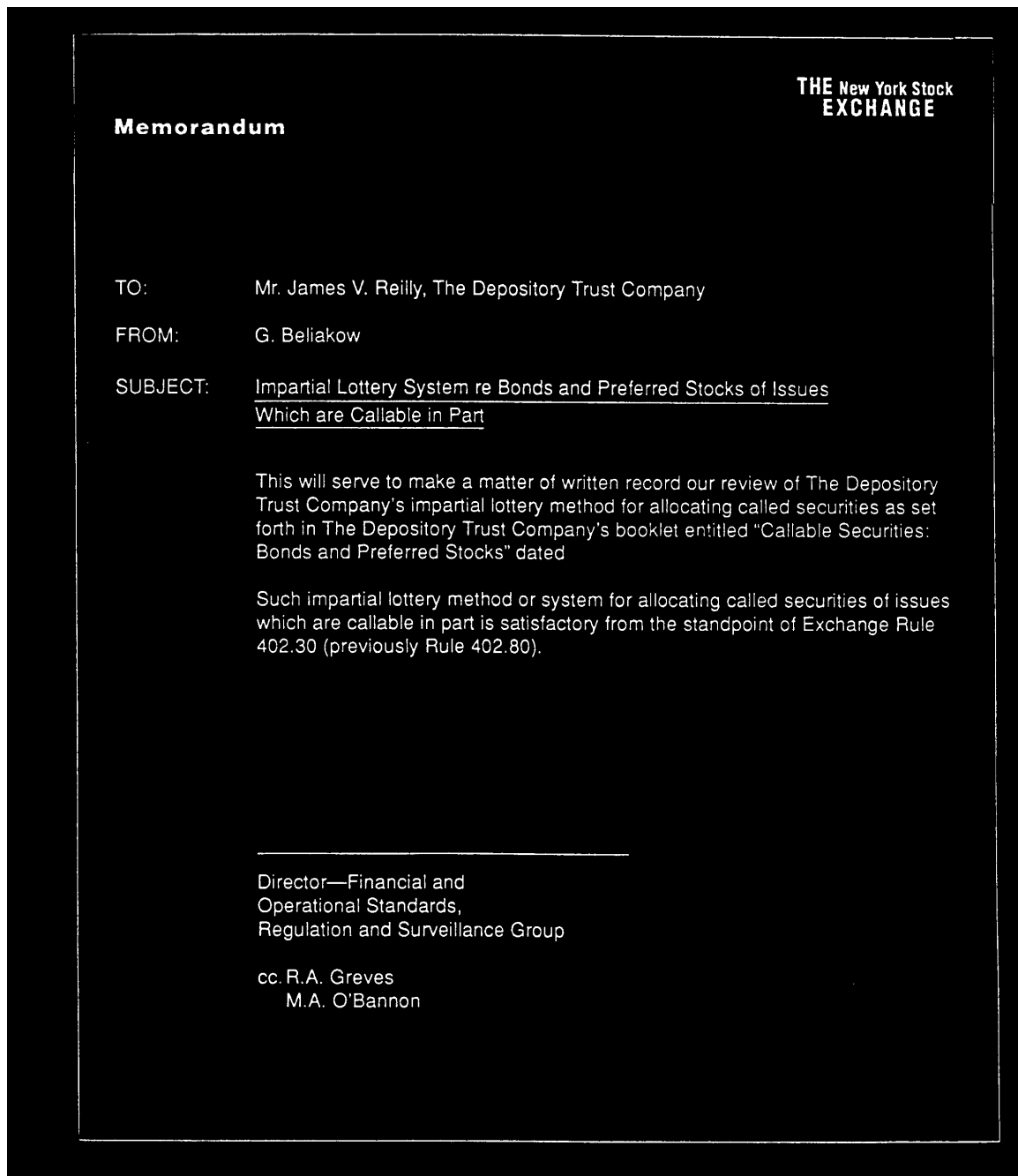


Figure 3: Opinion - Partial Call Lottery Method, part 1

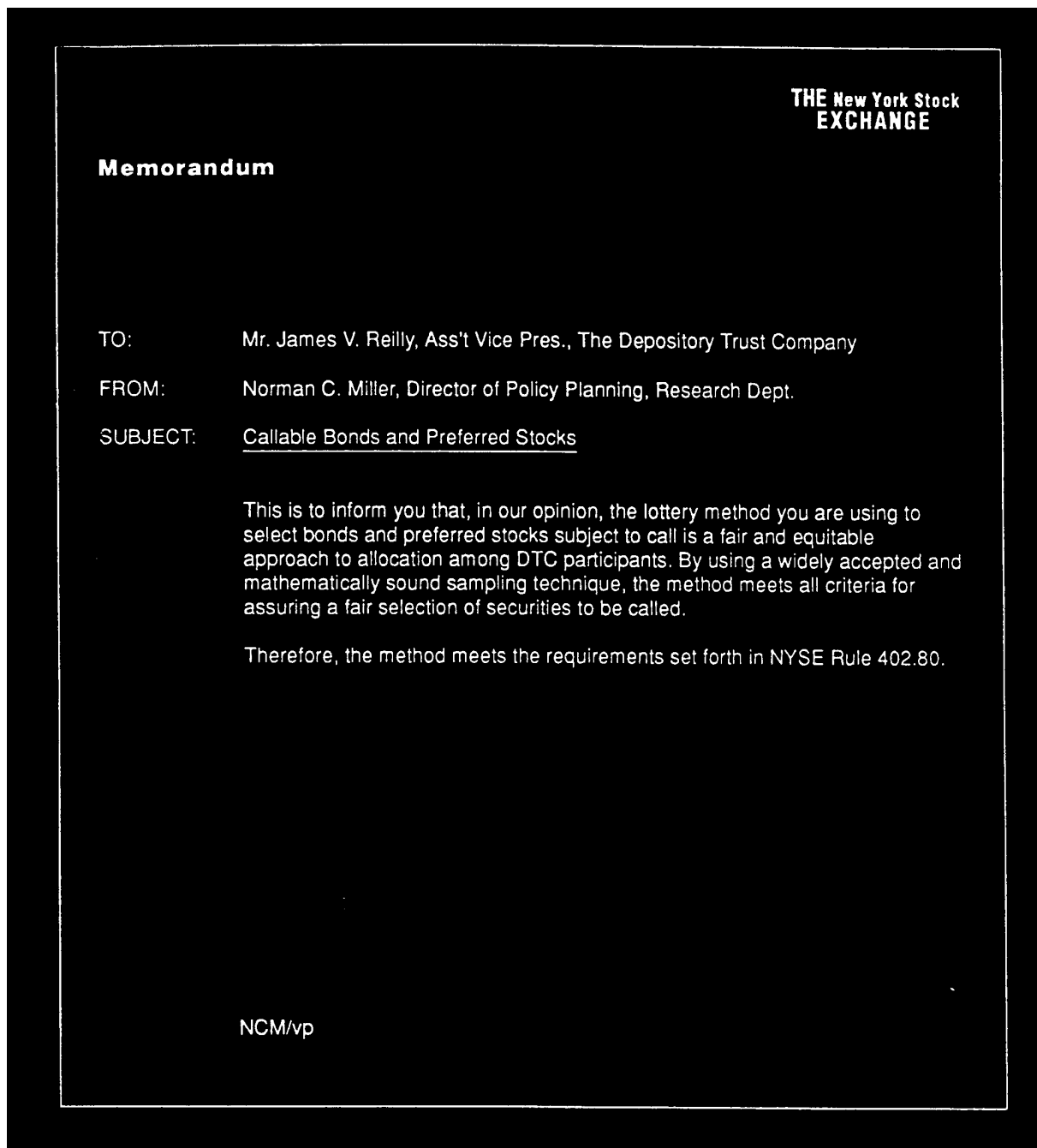


Figure 4: Opinion - Partial Call Lottery Method, part 2