

Notice to Interested Persons

On June 22, 2005, Credit Suisse First Boston (USA), Inc. (the "Applicant") filed a submission for final authorization (the "Submission") under Prohibited Transaction Class Exemption ("PTCE") 96-62 with the United States Department of Labor (the "Department") to allow the purchase, sale or holding by employee benefit plans or plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, and/or Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (collectively, "Plans"), other than Plans sponsored and maintained by the Applicant, of certain fixed rate and certain variable rate publicly traded debt securities issued by the Applicant and the extension of credit by the Plan to the Applicant in connection with the holding of such debt securities.

The Submission, which described the publicly traded debt securities that will be subject to the exemption, has met the requirements for tentative authorization under PTCE 96-62 (as published in 61 Fed. Reg. 39988 (July 31, 1996), as amended by 67 Fed. Reg. 44622 (July 3, 2002)). Interested persons are hereby notified that the Department is considering providing final authorization for the above-described securities transactions pursuant to PTCE 96-62. If this final authorization is granted, the securities transactions will be exempt from the prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974, as amended, the Internal Revenue Code of 1986, as amended, and/or the Federal Employees' Retirement System Act of 1986. The Submission under consideration is explained in the enclosed document entitled "Submission for Final Authorization."

Any such purchase, sale or holding of such publicly traded debt securities or extension of credit by the Plans in connection with the holding of such publicly traded debt securities will only take place following final authorization of the application by the Department.

Interested persons may submit comments to the Department from October 3, 2005 to October 28, 2005.

All written comments by interested persons can be made to:

U.S. Department of Labor
Employee Benefits Security Administration
Office of Exemption Determinations
Division of Individual Exemptions
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Attention: Arjumand Ansari, Room N-5649
Application Number: E-00458

Alternatively, interested persons may furnish their comments to the Department either via facsimile to (202) 219-0204 or via e-mail to ansari.arjumand@dol.gov, in each case to the attention of Arjumand Ansari.

The citations for substantially similar exemptions upon which the Submission is based are as follows:

PTE 2001-30: J. P. Morgan Chase & Co.

Final Exemption: 66 Fed. Reg. 45342 (August 28, 2001)

Proposed Exemption: 66 Fed. Reg. 36010 (July 10, 2001)

PTE 2001-11: Salomon Smith Barney Inc. and Citigroup Inc.

Final Exemption: 66 Fed. Reg. 17738 (April 3, 2001)

Proposed Exemption: 66 Fed. Reg. 10521 (February 15, 2001)

PTE 2000-63: Merrill Lynch & Co., Inc.

Final Exemption: 65 Fed. Reg. 76306 (December 6, 2000)

Proposed Exemption: 65 Fed. Reg. 62756 (October 19, 2000)

For the convenience of interested persons, an appendix setting forth the conditions applicable to the Submission and describing the facts and representations related thereto is attached to this Notice. CSFB, USA strongly urges interested persons to read the attached Submission for Final Authorization.

Submission for Final Authorization

Based on the facts and representations set forth in the submission, the Department of Labor (the Department) is considering providing final authorization pursuant to Prohibited Transaction Class Exemption 96-62.¹

Section I. Covered Transactions

If the Department's authorization is granted, the restrictions of section 406(a)(1)(A) through (D) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (D) of the Code, shall not apply to: (1) the purchase, sale or holding by employee benefit plans (the Plans), other than Plans sponsored and maintained by the Applicant, of certain fixed rate and certain variable rate publicly traded debt securities (the Debt Securities) issued by the Applicant and (2) the extension of credit by the Plans to the Applicant in connection with the holding of the Debt Securities.

The Department's authorization is subject to the general conditions that are set forth below in Section II.

Section II. General Conditions

(a) The Debt Securities are made available by the Applicant in the ordinary course of business to Plans as well as to customers that are not Plans.

(b) The decision to invest in the Debt Securities is made by a Plan fiduciary (the Independent Plan Fiduciary) or a participant in a Plan that provides for participant-directed investments (the Plan Participant), which is independent of the Applicant.

(c) The Applicant does not have any discretionary authority or control or provide any investment advice, within the meaning of 29 CFR 2510.3-21(c), with respect to the Plan assets involved in the transactions.

(d) The Plans pay no fees or commissions to the Applicant in connection with the transactions covered by the Department's authorization, other than the mark-up for a principal transaction permissible under Part II of Prohibited Transaction Class Exemption (PTCE) 75-1 (40 FR 50845, October 31, 1975).²

(e) The Applicant agrees to notify Plan investors in the prospectus or prospectus supplement (the Prospectus) for the Debt Securities that, at the time of acquisition, no more than 15 percent of a Plan's assets should be invested in any of the Debt Securities.

¹ For purposes of the Department's authorization, references to provisions of Title I of the Act, unless otherwise noted herein, refer also to corresponding provisions of the Code

² The Applicant notes that the Department is providing no opinion herein as to whether any principal transactions involving debt securities would be covered by PTCE 75-1, or whether any particular mark-up by a broker-dealer for such transaction would be permissible under Part II of PTCE 75-1.

(f) The Debt Securities do not have a duration that exceed 9 years from the date of issuance.

(g) Prior to a Plan's acquisition of any of the Debt Securities, the Applicant fully discloses, in the Prospectus, to the Independent Plan Fiduciary or Plan Participant, all of the terms and conditions of such Debt Securities, including, but not limited to, the following:

(1) A statement to the effect that the return calculated for the Debt Securities will be denominated in U.S. dollars;

(2) The fixed rate of return or the specified index (the Index) or Indexes on which the rate of return on the Debt Securities is based;

(3) A numerical example, designed to be understood by the average investor, which explains the calculation of the return on the Debt Securities at maturity and reflects, among other things, (i) a hypothetical initial value and closing value of the applicable Index, and (ii) the effect of any adjustment factor on the percentage change in the applicable Index;

(4) The date on which the Debt Securities are issued;

(5) The date on which the Debt Securities will mature and the conditions of such maturity;

(6) The initial date on which the value of the Index is calculated;

(7) Any adjustment factor or other numerical methodology that would affect the rate of return, if applicable;

(8) The ending date on which interest is determined, calculated and paid;

(9) Information relating to the calculation of payments of principal and interest, including a representation to the effect that, at maturity, the beneficial owner of the Debt Securities is entitled to receive the entire principal amount, plus, as applicable, an amount based on a fixed rate of return or a variable rate of return derived directly from the growth in the Index (but in no event less than zero);

(10) All details regarding the methodology for measuring performance;

(11) The terms under which the Debt Securities may be redeemed;

(12) The exchange or market where the Debt Securities are traded or maintained; and

(13) Copies of the notice to interested persons relating to the Department's authorization provided herein, upon request.

(h) The terms of a Plan's investment in the Debt Securities are at least as favorable to the Plan as those available to an unrelated non-Plan investor in a comparable arm's length transaction at the time of such acquisition.

(i) In the event the Debt Securities are delisted from any nationally recognized securities exchange, the Applicant will apply to list the Debt Securities on another nationally recognized exchange or apply for trading through the National Association of Securities Dealers Automated Quotations System (NASDAQ), which requires that there be independent market-makers establishing a market for such securities in addition to the Applicant. If there are no independent market-makers, the Department's authorization will no longer be considered effective.

(j) The Debt Securities are of a class rated in one of the three highest generic rating categories by at least one nationally-recognized statistical rating service at the time of their acquisition.

(k) The rate of return for the Debt Securities is fixed or objectively determined and, following issuance, the Applicant retains no authority to affect the determination of the return for such security, other than in connection with a "market disruption event" (the Market Disruption Event) that is described in the Prospectus for the Debt Securities.

(l) The interest payable on the Debt Securities is based on a fixed rate of return, or based on an Index that is:

(1) Created and maintained³ by an entity that is unrelated to the Applicant and is a standardized and generally-accepted Index of securities, commodities, hedge funds or inter-bank loan rates; or

(2) Created by the Applicant, but maintained by an entity that is unrelated to the Applicant, and

(i) Consists either of standardized and generally-accepted Indexes or an Index comprised of publicly-traded securities that are not issued by the Applicant, is designated in advance and listed in the Prospectus for the Debt Securities (under either circumstance, the Applicant may not unilaterally modify the composition of the Index, including the methodology comprising the rate of return),

(ii) Meets the requirements for an Index in Rule 19b-4 under the Securities Exchange Act of 1934 (the "Exchange Act"), and

(iii) The index value (the Index Value) for the Index is publicly disseminated through an independent pricing service, such as Reuters Group, PLC (Reuters), Bloomberg L.P. (Bloomberg) or Hedge Fund Research, Inc. (HFRI), or through a national securities exchange, such as the American Stock Exchange (AMEX).

³ For purposes of the Department's authorization, the term "maintain" means that all calculations relating to the securities, commodities, hedge funds or inter-bank loan rates in the Index, as well as the rate of return of the Index, are made by an entity that is unrelated to the Applicant.

(m) The Applicant does not trade in any way intended to affect the value of the Debt Securities through holding or trading in the securities that comprise an Index.

(n) The Applicant maintains, or causes to maintain, for a period of six years from the date of the covered transaction, such records as are necessary to enable the persons described in paragraph (o) below to determine whether the conditions of the Department's authorization have been met, except that—

(1) If the records necessary to enable the persons described in paragraph (o) to determine whether the conditions of the Department's authorization have been met are lost or destroyed, due to circumstances beyond the control of the Applicant, then no prohibited transaction will be considered to have occurred solely on the basis of the unavailability of those records; and

(2) No party in interest, other than the Applicant responsible for recordkeeping, shall be subject to the civil penalty that may be assessed under section 502(i) of the Act, or to the taxes imposed by section 4975(a) and (b) of the Code, if the records are not maintained, or are not available for examination as required by paragraph (o) below.

(o)(1) Except as provided in section (o)(2) of this paragraph and notwithstanding any provisions of subsections (a)(2) and (b) of section 504 of the Act, the records referred to in paragraph (n) are unconditionally available at their customary location during normal business hours by:

(A) Any duly authorized employee or representative of the Department, the Internal Revenue Service or the Securities and Exchange Commission (the SEC);

(B) Any fiduciary of a participating Plan or any duly authorized representative of such fiduciary;

(C) Any contributing employer to any participating Plan or any duly authorized employee representative of such employer; and

(D) Any Plan Participant or beneficiary of any participating Plan, or any duly authorized representative of such Plan Participant or beneficiary.

(o)(2) None of the persons described above in subparagraphs (B)-(D) of paragraph (o)(1) are authorized to examine the trade secrets of the Applicant or commercial or financial information that is privileged or confidential.

Summary of Facts and Representations

1. The Applicant. Credit Suisse First Boston (USA), Inc. (“CSFB, USA”), a Delaware corporation, is a wholly owned subsidiary of Credit Suisse First Boston, Inc. (“CSFB, Inc.”), a Delaware corporation. CSFB, USA and CSFB, Inc. are the U.S. holding company subsidiaries of Credit Suisse, a Swiss Bank, which is itself a subsidiary of Credit Suisse Group, a Swiss corporation. CSFB, USA and its subsidiaries as defined in rule 12b-2 under the Securities Exchange Act of 1934 (the “Exchange Act”) (“Subsidiaries”) (including Credit Suisse First Boston LLC (“CSFB LLC”), a broker-dealer registered under the Exchange Act) provide a range of financial, advisory, brokerage and investment services to individuals, corporations, governments and other clients. CSFB, USA and its Subsidiaries had approximately \$276 billion in assets and \$11 billion in shareholders’ equity as of December 31, 2004.

For purposes of this application, CSFB, USA is hereinafter referred to as the “Applicant.”

2. The Plans. The Plans will consist of employee benefit plans subject to Title I of the Act or plans within the meaning of Section 4975(e)(1) of the Code (the Plans). For purposes of this request for the Department’s final authorization, the Plans will not consist of plans that are sponsored and maintained by the Applicant for its own employees. In the case of the Applicant’s in-house plans, the Applicant represents that the acquisition and holding of the Debt Securities by such plans would be covered under the statutory exemption that is provided under section 408(e) of the Act.⁴

3. The Applicant represents that broker-dealers routinely need additional capital in order to maintain inventories of securities for their market-making and other business activities. As a result, the Applicant states that it has a continuous need to borrow funds from various institutional and individual investors for use in their business operations. In response to this need, the Applicant intends from time to time to issue various high-quality, publicly-offered debt securities rated in one of the three highest generic rating categories by nationally-recognized rating firms, offering varying levels of risk and potential return. Among the debt securities to be offered by the Applicant are the Debt Securities, which are publicly-offered, unsecured, SEC-registered debt securities, with terms that are no longer in duration than nine (9) years. The Debt Securities will be U.S. dollar-denominated so that no foreign currency conversions will be required in the calculation of the rate of return. Further, the Debt Securities will offer varying levels of risk and rates of return. The Debt Securities will be listed on at least one major securities exchange. The minimum investment in the Debt Securities will be \$10,000 or less.

The Debt Securities may be offered on a variety of terms and formulas under a fixed rate of return or a variable rate in accordance with certain Indexes objectively determined by the calculation agent. A bank or registered broker-dealer subsidiary of the Applicant would act as the calculation agent. The Applicant represents that since small Plans will likely invest in the

⁴ The Applicant notes that the Department expresses no opinion herein on whether the acquisition and holding of the Debt Securities by the Applicant’s in-house plans are covered under the provisions of section 408(e) of the Act. In this regard, interested persons should refer to the conditions contained in section 408(e), as well as the definitions of the terms “qualifying employer security” (see Section 407(d)(5) of the Act) and “marketable obligations” (see section 407(e) of the Act).

Debt Securities, the formulas used to calculate the rates of return will be designed to be understood by the average investor and clearly described in the Prospectus.

4. The Applicant represents that the activities of it and its subsidiaries are subject to various levels of oversight and regulation by the SEC, the Commodities Futures Trading Commission and other federal and state regulatory agencies. The Applicant represents that the activities of non-U.S. registered broker dealer affiliated entities are subject to other applicable regulations and oversight as prescribed by the appropriate local jurisdiction. The Applicant also represents that its activities are subject to the oversight of self-regulatory organizations such as the New York Stock Exchange (NYSE) and the AMEX. The Applicant further represents that CSFB LLC, as a registered broker-dealer and member of the NYSE, is subject to the Net Capital Rule 15c3-1 of the Exchange Act, which specifies the minimum net capital requirement of a broker-dealer.

5. The Applicant, as issuer of the Debt Securities, may be a party in interest or disqualified person with respect to many Plans because of providing services to such plans, for example, custodial, investment management, trustee or other services, or by reason of a relationship to such a service provider. As such, the acquisition and holding of the securities by such Plans may be prohibited by Section 406(a) of the Act and Section 4975(c)(1)(A) through (D) of the Code.

The Applicant is requesting the Department's authorization to enable Plans to invest in the Debt Securities under the terms and conditions described herein and to avoid liability for prohibited transactions resulting from such investments.

6. The Applicant believes that while Part II of PTCE 75-1 provides relief for principal transactions between a broker-dealer and a Plan, and would cover a purchase of the broker-dealer affiliates' debt securities by such Plans (if the conditions required therein were met), it is questionable whether that class exemption would cover the continuing extension of credit related to the holding of any debt securities by a Plan, including the Debt Securities.⁵

The Applicant notes that some independent Plan fiduciaries have expressed concern regarding the application of PTCE 75-1 to broker-dealer sales of broker-affiliated debt to Plans either as part of an original issue of the securities or in the secondary market. Moreover, the Applicant notes that PTCE 96-23 (61 FR 15975, April 10, 1996)⁶ is unavailable to participant-directed, defined contribution Plans and other small Plans because these Plans, due to their size, are unlikely to have INHAMs responsible for making investment decisions relating to the acquisition, holding and disposition of securities in which the Plans invest.

⁵ The Applicant notes that the Department is providing no opinion herein as to whether any principal transaction involving Debt Securities would be covered by PTCE 75-1, or whether any particular mark-up by a broker-dealer for such transaction would be permissible under Part II of PTCE 75-1.

⁶ PTCE 96-23 permits various transactions involving employee benefit plans whose assets are managed by an in-house asset manager (the INHAM). An INHAM is an entity which is generally a subsidiary of the employer sponsoring the plan. The INHAM is also a registered investment adviser with management and control of total assets attributable to plans maintained by the employer and its affiliates which are in excess of \$50 million.

Similarly, the Applicant notes that while PTCE 84-14⁷ minimizes the risk of inadvertent prohibited transactions for Plans whose assets are managed by a QPAM, it believes it is unlikely that participant-directed, defined contribution Plans or small Plans would incur the expense of a QPAM for the purchase and continued holding of the Debt Securities. The Applicant also believes that the additional cost of a QPAM for a small Plan with a small investment would not be cost-effective. The Applicant further explains that this cost would be uneconomical here because the QPAM would be required to continue its services for the entire period during which the Debt Securities are held by the Plan since the potential prohibited transaction is not just a sale or exchange, under section 406(a)(1)(A) of the Act, but is also an extension of credit, under section 406(a)(1)(B) of the Act. Accordingly, the Applicant states that the cost of a QPAM would preclude small Plans from being able to purchase the Debt Securities without creating the risk of a prohibited transaction.

7. The Applicant proposes to continue offering the Debt Securities to non-Plan investors and maintains that these investors will continue to constitute a substantial market for the Debt Securities. However, for each Plan investor, the Applicant represents that the terms of the Plan's investment in the Debt Securities will be at least as favorable to the Plan as those available to an unrelated non-Plan investor in a comparable arm's length transaction at the time the Debt Securities are acquired by the Plan. Additionally, the Applicant represents that no Plan will pay the Applicant any fees or commissions in connection with transactions involving the Debt Securities, except for the mark-up for a principal transaction permitted under PTCE 75-1.

In addition to the aforementioned requirements, the Applicant represents that a Plan's investment in the Debt Securities will be restricted to those Plans for which the Applicant has no discretionary authority and does not provide investment advice with respect to the investment in the Debt Securities. In this regard, the decision to invest in the Debt Securities will be made by an Independent Plan Fiduciary or a Plan Participant, which is independent of the Applicant. Moreover, the Applicant represents that the Prospectus for each of the Debt Securities that are offered to the Plans will contain a recommendation that no more than 15 percent of a Plan's assets should be invested in the Debt Securities at the time such security is acquired by a Plan.⁸

8. The Debt Securities will be rated in one of the three highest generic rating categories by a nationally-recognized rating firm at the time of acquisition by a Plan. There will

⁷ PTCE 84-14 provides a class exemption for transactions between a party in interest with respect to an employee benefit plan and an investment fund (including either a single customer or pooled separate account) in which the plan has an interest, and which is managed by a qualified professional asset manager (the QPAM), provided certain conditions are met. QPAMs (e.g., banks, insurance companies, registered investment advisers with total client assets under management in excess of \$50 million) are considered to be experienced investment managers for plan investors that are aware of their fiduciary duties under the Act.

⁸ In this regard, the Applicant proposes to include substantially the following statement in the Prospectus for each of the Debt Securities, under a heading entitled "Plan Considerations":

These Debt Securities are being sold to Plans pursuant to a final authorization issued by the Department. In accordance with the terms of that final authorization, the Issuer is required to inform such Plans that no more than 15 percent of Plan (or individual participant) assets, at the time of acquisition, should be invested in the Debt Securities. Please note, however, that it is the responsibility of the person making the investment decision to determine whether the purchase is a prudent investment for the Plan (or participant-directed account).

be no triggering events or early amortization events if the Applicant's credit rating drops below a certain level established by a rating agency. Throughout the term of any of the Debt Securities, the Plans will be able to access the latest bid and asked price quotations for all of the Applicant's Debt Securities by calling a broker or any electronic service with a recognized price quotation delivery system. If a Plan wishes to terminate any Debt Securities investment prior to maturity, such investor may do so by selling the Security on the open market at the prevailing market price. However, the Issuer may not unilaterally terminate the Debt Securities prior to maturity unless the Debt Securities are callable at a specific price that will be disclosed in the Prospectus. Assuming the Debt Securities are callable, the Applicant represents that there will be no loss of principal.

9. The rate of return for the Debt Securities may be fixed or variable. The Prospectus covering the Debt Securities would set forth the annual interest rate for fixed rate securities, and, for variable rate securities, the formula to be applied to determine the interest payable at maturity. The formula will include identification of the specified Index for the Debt Securities. Such Index may be either (a) created and maintained by an entity that is unrelated to the Applicant or (b) created by the Applicant, but maintained by an unrelated entity.

(a) Index Created and Maintained by an Entity Unrelated to the Applicant. This Index, which will be created by an entity that is unrelated to the Applicant, will consist of a standardized and generally-accepted index of securities, commodities, hedge funds or inter-bank loan rates, such as the Nikkei 225 Index, the Standard & Poor's 500 Index, the Goldman Sachs Commodity Index, the HFRX Global Hedge Fund Index or LIBOR. In addition, this Index will be maintained by such unrelated entity. In other words, all calculations relating to the securities, commodities, hedge funds or inter-bank loan rates in the Index, as well as the rate of return of the Index, will be made by an entity other than the Applicant.

(b) Index Created by the Applicant, but Maintained by an Unrelated Entity. This Index will be created by the Applicant. However, it must be maintained by an entity that is unrelated to the Applicant, such as the stock exchange on which the Debt Security is listed. In addition, the Index will consist either of standardized and generally-accepted Indexes or it will be an Index comprised of publicly-traded securities that are not issued by the Applicant, is designated in advance and listed in the Prospectus for the Debt Securities. Under either circumstance, the Applicant will not be permitted to make any modifications to the composition of the Index, including the methodology comprising the rate of return, unilaterally.

Further, the Index will meet the requirements for an Index in accordance with Rule 19b-4 of the Exchange Act, which imposes regulatory standards on the entity maintaining the Index. Under Rule 19b-4, a self-regulatory organization, such as a securities exchange, is required to adopt trading rules, procedures and listing standards for the product classes relating to any security that the exchange proposes to list. In addition, the self-regulatory organization must maintain a surveillance program for a class of securities. If the SEC has not approved the self-regulatory organization's rules, procedures and standards, the self-regulatory organization must make a filing with the SEC prior to listing the security. According to the Applicant, this procedure provides adequate safeguards so that any Debt Securities that are created by the Applicant will meet the listing and trading standards approved by the self-regulatory organization.

Finally, the Index Value of the Index will be publicly-disseminated through an independent pricing service, such as Reuters, Bloomberg or HFRI, or through a national securities exchange, such as the AMEX.

10. Price quotations with respect to the Debt Securities will be available on a daily basis from market reporting services, such as Bloomberg or Reuters, and the daily financial press, such as The Wall Street Journal. In the event the Debt Securities are delisted, the Applicant will apply to list the Debt Securities on another nationally recognized exchange or apply for trading through the NASDAQ, which requires that there be independent market-makers establishing a market for the Debt Securities in addition to Applicant's broker/dealer subsidiary. In the event there are no independent market-makers, the Applicant represents that the Department's final authorization will no longer be considered effective.

11. The terms of each of the Debt Securities will be set forth with specificity. Therefore, in addition to the description of the formula for computing the rate of return, the Prospectus will include, but will not be limited to, the following information:

- A statement to the effect that the return calculated for the Debt Securities will be denominated in U.S. dollars;
- The fixed rate of return or the specified Index or Indexes on which the rate of return on the Debt Securities is based;
- A numerical example, designed to be understood by the average investor, which explains the calculation of the return on the Debt Securities at maturity and reflects, among other things, (i) a hypothetical initial value and closing value of the applicable Index, and (ii) the effect of any adjustment factor on the percentage change in the applicable Index;
- The date on which the Debt Securities will be issued;
- The date on which the Debt Securities will mature and the conditions of such maturity;
- The initial date on which the value of the Index is calculated;
- Any adjustment factor or other numerical methodology that would affect the rate of return, if applicable;
- The ending date on which interest will be determined, calculated and paid;
- Information relating to the calculation of payments of principal and interest, including a representation to the effect that, at maturity, the beneficial owner of the Debt Securities will be entitled to receive the entire principal amount, plus an amount derived directly from the growth in the Index (but in no event less than zero);
- All details regarding the methodology for measuring performance;
- The terms under which the Debt Securities may be redeemed;

- The exchange or market where the Debt Securities are traded or maintained; and
- Copies of the notice to interested persons relating to the Department's authorization provided herein, upon request.

Aside from the Prospectus, the Applicant does not contemplate making any ongoing communications to the investors in the Debt Securities except to the extent required under applicable securities laws.

12. With respect to variable rate Debt Securities, the Applicant represents that the interest rate will be objectively determined. Where the Applicant acts as "Calculation Agent" for determining applicable rates of return, such calculation will be made using a formula fully disclosed in the Prospectus relating to the Debt Security. Following the issuance of such Debt Security, the Applicant will retain no authority to affect the determination of such interest rate absent a Market Disruption Event. The determination that a Market Disruption Event may have occurred can have the effect of eliminating the affected trading day from calculation of the value of the underlying Index. The Calculation Agent is responsible for determining whether such Event has, in fact, occurred. Where the variable rate of a Debt Security is tied to a basket of equity securities, for example, a "Market Disruption Event" is typically defined as any of the following events, with certain exceptions:⁹

(a) the suspension or material limitation of trading in 20% or more of the underlying stocks which then comprise the Index, in each case, for more than two hours of trading or during the one-half hour period preceding the close of trading on the NYSE or any other applicable organized U.S. exchange. For purposes of this definition, limitations on trading during significant market fluctuations imposed pursuant to NYSE Rule 80B (or any applicable successor or similar rule or regulation promulgated by any self-regulatory organization or the SEC) shall be considered "material."

(b) the suspension or material limitation, in each case, for more than two hours of trading or during the one-half hour period preceding the close of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the Index which are traded on the Chicago Mercantile Exchange or any other major U.S. exchange, or (B) options contracts related to the Index which are traded on any major U.S. exchange.

(c) the unavailability, through a recognized system of public dissemination of transaction information, for more than two hours of trading or during the one-half hour period preceding the close of trading, of accurate price, volume or related information in respect of 20% or more of the underlying stocks which then comprise the Index or in respect of futures contracts related to the Index, options on such futures contracts or options contracts related to the Index, in each case traded on any major U.S. exchange.

⁹ For purposes of determining whether a Market Disruption Event has occurred, a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange.

13. The Applicant represents that the principal amount of the Debt Securities that are the subject of this request for the Department's final authorization, if granted, will be protected regardless of the performance of the applicable Index. Although the return on a Debt Security may go up or down in the same direction as the performance of the applicable Index, the interest rate floor is set at zero. Thus, even where the value of the applicable Index decreases, there will be no invasion of principal if the Debt Securities are held until maturity.¹⁰ However, if a Plan must sell the Debt Securities on the open market prior to their maturity, the market price will reflect the market's perception of the potential yield on such securities based on the current yield and interest rates for other debt securities of the same duration. This market price may result in a loss of principal value of the investment in the Debt Securities in the same fashion as would occur for other debt securities.

14. The Applicant represents that it will exercise no discretion with respect to the Indexes. Further, the Applicant represents that it will not trade in any way intended to affect the value of the Debt Securities through holding or trading in the securities, commodities, hedge funds or inter-bank loan rates that comprise these Indexes. The securities of the Applicant may comprise part of an Index. In addition, the Applicant may reserve the right to purchase or sell positions in the Index, or in all or certain of the assets by reference to which the Index is calculated (Underlying Assets), or derivatives relating to the Index. The Applicant does not believe, however, that its hedging activity will have a material impact on the value of the Index, the Underlying Assets, or any derivative or synthetic instrument relating to the Index. The Applicant will maintain written records of all of the Debt Securities transactions for a period of six years.

15. The Applicant represents that the Debt Securities may be included among assets acquired by a Plan to comprise the underlying portfolio of a "synthetic" guaranteed investment contract (Synthetic GIC), whereby the Plan's beneficial interest in one or more debt instruments is combined with a guarantee of future value. In this regard, the Applicant represents that it will

¹⁰ The Applicant has provided the following example to illustrate this principle by describing the return at maturity on each \$10 principal investment in the Debt Securities that are the subject of this request for the Department's final authorization:

- Where the value of the applicable Index increases by 50 percent, the Plan is entitled to receive \$15 at maturity (\$10 principal plus \$5 interest) because the rate of return moves in the same direction as the growth in the applicable Index;
- Where the value of the applicable Index remains unchanged during the applicable period, the Plan is entitled to receive \$10 at maturity (\$10 principal plus \$0 interest) because the rate of return moves in the same direction as the growth in the applicable Index; and
- Where the value of the applicable Index decreases by 50 percent, the Plan is entitled to receive \$10 at maturity (\$10 principal and \$0 interest) because the rate of return moves in the same direction as the growth in the applicable Index but in no event drops below zero.

While the foregoing examples are simplistic, it should be noted that for some of the Debt Securities, such as those tied to the Standard & Poor's 500 Index, the interest payments shown above may be reduced on a daily basis by an adjustment factor (the Adjustment Factor), equal to a stated percent per year. On the maturity date of the Debt Securities, the annual application of the Adjustment Factor will reduce the Plan investor's overall interest payments. This information will be disclosed prominently in the Prospectus.

not be the issuer, guarantor or “wrapper” provider in connection with a Synthetic GIC. The Applicant represents that it is not requesting any relief for extensions of credit to such Plans and the Plan Participants, other than extensions of credit resulting from such Plan’s holding of the Debt Securities. Accordingly, the Applicant is not requesting specific authorization with respect to any additional prohibited transactions that may relate to any Synthetic GICs.

16. In summary, the Applicant represents that the proposed transactions will satisfy the statutory criteria for a final authorization under section 408(a) of the Act for the following reasons:

(a) The Debt Securities will be made available by the Applicant in the ordinary course of its business to customers that are not Plans.

(b) The Applicant will not have any discretionary authority or control, or provide any “investment advice,” within the meaning of 29 CFR 2510.3-21(c), with respect to the assets of Plans which are invested in the Debt Securities.

(c) The Plans will pay no fees or commissions to the Applicant in connection with the transactions covered by the request for the Department’s final authorization, other than the mark-up for a principal transaction permissible under PTCE 75-1.

(d) The decision to invest in the Debt Securities will be made by an Independent Plan Fiduciary or a Plan Participant, which is independent of the Applicant.

(e) In connection with a Plan’s acquisition of any of the Debt Securities, the Applicant will disclose to the Independent Plan Fiduciary, or, if applicable, the Plan Participant, in the Prospectus, all of the material terms and conditions concerning the Debt Securities.

(f) A Plan will acquire the Debt Securities on terms that are at least as favorable to the Plan as those available to an unrelated non-Plan investor in a comparable arm’s length transaction.

(g) The Debt Securities will be rated in one of the three highest generic rating categories by at least one nationally-recognized statistical rating service at the time of such security’s acquisition by the Plan.

(h) The rate of return for the Debt Securities will be objectively determined and the Applicant will retain no authority to affect the determination of such return, other than in connection with a Market Disruption Event that is described in the Prospectus for the Debt Securities.

(i) The rate of return for the Debt Securities will be offered on a variety of terms and formulas under a fixed rate of return or an objectively determined variable rate based on an Index or Indexes determined by the calculation agent, and the Applicant will retain no authority to affect the determination of such return, other than in connection with a Market Disruption Event that is described in the Prospectus for the Debt Securities. If the rate is determined by reference to an Index, the Index will be: (1) created and maintained by an entity that is unrelated to the Applicant and consist of a standardized and generally-accepted Index; or (2) created by the

Applicant, but maintained by an entity that is unrelated to the Applicant, and (i) will consist either of standardized and generally-accepted Indexes or will be an Index comprised of publicly-traded securities that are not issued by the Applicant, designated in advance and listed in the Prospectus for the Debt Securities, (ii) will meet the requirements for an Index as set forth in SEC Rule 19b-4 and (iii) the Index Value for such Index will be publicly-disseminated through an independent pricing service or a national securities exchange.