

INVESTMENT GUIDELINES SCHEDULE

CONTRACT NUMBER [TBD]  
(THE "CONTRACT")

SECTION 1. DEFINITIONS

1.01 "Constant Duration Guidelines" means that subset of the Investment Guidelines which is set forth in Subsections 2.01 through 2.08, collectively, of this Investment Guidelines Schedule.

1.02 "Immunization Guidelines," means that subset of the Investment Guidelines which is set forth in Section 4 of this Investment Guidelines Schedule.

1.03 "Investment Guidelines," as used herein, means Sections 1 through 5, collectively.

SECTION 2. INVESTMENT GUIDELINES

The Account shall be invested in compliance with the limitations set forth in the Constant Duration Guidelines until the Conversion Date. At all times on and after the earlier Conversion Date, the Securities shall be invested in accordance with the limitations set forth in the Immunization Guidelines.

The Manager shall manage investments and risks associated with investments in the Account in a prudent and conservative manner, including, as one of the primary investment objectives, the preservation of the capital of the Account.

CONSTANT DURATION GUIDELINES

Prior to the Conversion Date, the Account shall be invested in compliance with the Constant Duration Guidelines.

2.01 Permitted Investments and Weightings Guidelines

a. The Account shall be invested only in (i) the categories and sub-categories of investments set forth in the table below and (ii) collective investment funds in accordance with Subsection 2.01(d) of these Investment Guidelines. The assets of the Account may also be used to engage in derivative transactions in accordance with Subsection 2.06 of these Investment Guidelines. For the avoidance of doubt, the Account shall not (A) be invested in any categories or sub-categories of investments other than those listed in the table below, (B) be invested in any collective investment funds that fail to satisfy the requirements of Subsection 2.01(d) of these Investment Guidelines, and (C) engage in any derivative transactions other than those that satisfy the requirements of Subsection 2.06 of these Investment Guidelines. Investments shall be made in accordance with the allocation limitations and minimum credit quality limitations of such categories and sub-categories as are set forth in the table below and with such other limitations and requirements for investments as are set forth in these Constant Duration Guidelines. With the exception of derivative transactions, the allocation weightings for each category and sub-category are on a market value basis and are expressed as a percentage of the Covered Market Value. The allocation weightings for duration/yield curve-related derivative transactions are based on their contribution to duration; for other derivatives, the allocation weightings are based on the gross notional amount of such derivative transactions and are expressed as a percentage of the Covered Market Value.

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Category	Maximum Category Allocation	Minimum Credit Quality at time of Purchase	Sub-Category	Maximum Sub-Category Allocation
Cash	100%	N/A	Cash	100%
		A-1	Cash Equivalents	100%
Commercial Paper	25% <sup>a</sup>	A-1	Asset-Backed CP (including single-seller and multi-seller)	10%
			Corporate CP	25%
Government Debt Obligations	100%	AAA <sup>b</sup>	U.S. Treasuries	100%
			TIPS	20%
			U.S. Agency Debentures – Issued by FNMA	5%
			U.S. Agency Debentures – Issued by FHLMC	5%
			U.S. Agency Debentures – Issued by agencies other than FNMA or FHLMC	5%
			Government Guaranteed Bank Debt	20%
			Foreign Government Debt Obligations	10%
			Municipal Bonds	15%
			GNMA	25%
			FNMA	25%
Agency RMBS <sup>c</sup>	50%	AAA	FHLMC	25%
			Optlon ARM	0%
Non-Agency RMBS <sup>d</sup>	5%	AAA	Sub-Prime	0%
			Alt-A Fixed	0%
			Prime Non-Agency	5%
			Super-Dupers CMBS	20%
CMBS	20%	AAA	Industrials	30%
Corporate Debt <sup>e,6</sup>	50%	BBB-	Utilities	20%
			Financials	20%
			Credit Cards	10%
ABS	30%	AAA	Student Loans	10%
			Utility Rate Reduction Bonds	5%
			Auto Loans	5%
			Aircraft	5%
			Treasury Futures	N/A
Duration/Yield Curve-Related Derivatives	±20% <sup>1</sup>	See Subsection 2.06(f) below	Eurodollar Futures	N/A
			Interest Rate Swaps	N/A
Other Derivatives	45% <sup>9</sup>	See Subsection 2.06(f) below	Currency Forward Contracts	10% <sup>9</sup>
			Credit Default Swaps and CDX (including both Hedging Transactions and Replication Transactions)	10% <sup>9</sup>
			Inverse Floaters/IOs/POs	0% <sup>9</sup>
			TBAs (including both Hedging Transactions and Replication Transactions)	25% <sup>9</sup>

a Investment in Corporate CP and Corporate Debt issued by corporations incorporated in permitted countries other than the United States may together constitute no more than 10% of the Covered Market Value.

b See also Subsection 2.02(f) of these Investment Guidelines.

c The Sub-Categories of Agency RMBS identify the particular agency that issued or guaranteed the related Agency Residential Mortgage-Backed Security (including, for the avoidance of doubt, the Agency CMO).

d Investments in Non-Agency CMOs shall be treated as investments in the Prime Non-Agency or the Alt-A Fixed backing such Non-Agency CMOs for purposes of calculating the Maximum Sub-Category Allocation of such Sub-Categories.

e Investments in Corporate Debt sold pursuant to Rule 144A with registration rights may constitute no more than 20% of the Covered Market Value.

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- f. The Maximum Category Allocation for duration/yield curve-related derivatives is expressed in terms of a range of percentages of the Account Duration attributable to such derivatives. For this purpose, contribution to duration means the difference between the Account Duration disregarding the duration/yield curve-related derivatives and the Account Duration including the duration/yield curve-related derivatives. Such difference shall not fall outside the range of percentages of the Account Duration specified in the table above.
- g. The Maximum Category Allocation and Maximum Sub-Category Allocation for derivatives other than duration/yield curve-related derivatives shall be calculated using the gross notional amount of each derivative transaction.
- b. Notwithstanding the tables set forth in Subsections 2.01(a) above and 4.02(a) below, from January 1, 2010 to and including December 31, 2011, the Account may continue to be invested in the Securities set forth in Exhibit 3 to these Investment Guidelines (the "Exhibit 3 Securities"). Such Exhibit 3 Securities shall not be considered in non-compliance with these Investment Guidelines for being a non permitted investment pursuant to Subsection 2.01(f) or for failure to comply with the rating requirements in the tables set forth in Subsections 2.01(a) above and 4.02(a) below. Provided that (i) any such non-compliance must be fully cured as of December 31, 2011, (ii) any allocation to the Exhibit 3 Securities shall be treated as investments in the respective categories and sub-categories set forth in Exhibit 3 for purposes of calculating the Maximum Category Allocation and Maximum Sub-Category Allocation of such Securities, (iii) any investments recorded to the Account from and after the Effective Date shall comply with these Investment Guidelines and (iv) except as set forth in Subsection 3.01 of these Investment Guidelines, Exhibit 3 Securities shall be subject to all the terms of these Investment Guidelines.
- c. The maximum permissible allocation to any combination of Non-Agency RMBS, Corporate Debt, CMBS, and ABS is 60% of the Covered Market Value.

At least 25% of the aggregate Covered Market Value shall be invested in any combination of Cash, Commercial Paper and Government Debt Obligations at all times.

- d. Investments may be made in collective investment funds. Investments in collective investment funds will be analyzed on a look-through basis, and all assets of such collective investment funds are subject to all requirements and limitations set forth in these Investment Guidelines, including, but not limited to, all maximum and minimum category allocations, maximum and minimum sub-category allocations, credit quality limitations, issuer and issue diversification limits and duration limits, as if held directly in the Account.
- e. Corporate Debt may be purchased in a transaction exempt from registration under the Securities Act of 1933 (the "Securities Act") pursuant to Rule 144A promulgated under the Securities Act, so long as such Corporate Debt is sold with registration rights and constitutes no more than 20% of the Covered Market Value. Except as provided in the foregoing, no securities held in the Account may be issued in private placements pursuant to Section 4(2) of the Securities Act and/or the rule promulgated thereunder.

f. For the avoidance of doubt, investments and investment practices and strategies not expressly permitted in Section 2 of these Investment Guidelines shall not be permitted. The following is a non-exclusive list of types of securities, investments, assets and investment practices which the Account is not permitted to invest in, engage in or replicate through entry into a Replication Transaction:

- Equity investments (including common and preferred stock, and equity ownership interests in limited liability companies, partnerships and joint ventures) other than interests in collective investment funds permitted under Subsection 2.01(d) of these Investment Guidelines
- Securities and derivative instruments convertible to equity securities
- Common stock that can be tendered or exchanged for debt instruments or for non-convertible preferred stock
- Real property

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Residential and commercial whole loans or other loans secured by real property unless such loans are among the assets backing an Asset-Backed Security otherwise permitted under these Investment Guidelines

Collateralized mortgage obligations consisting in whole or in part of Option ARM, Alt-A Fixed and/or Sub-Prime

Bank loans not guaranteed by the U.S. federal government

Private placements pursuant to Section 4(2) of the Securities Act and/or the rule promulgated thereunder (other than (i) Corporate Debt purchased pursuant to Rule 144A and that has registration rights, (ii) CMBS purchased pursuant to Rule 144A, (iii) ABS purchased pursuant to Rule 144A, (iv) permitted STIFs and (v) collective investment funds permitted under Subsection 2.01(d) of these Investment Guidelines)

Obligations of U.S. government agencies that are subordinated debt obligations

Securities issued, assumed or guaranteed by governments of, or obligors domiciled in, or whose primary place of business is located in, countries other than the following: the United States, the United Kingdom, France, Spain, Germany, Japan, Canada, Belgium, the Netherlands, Italy, the Republic of Ireland, Switzerland, Denmark, Norway, Sweden, Austria, Finland, Australia, New Zealand, Luxembourg, and Portugal

Non-U.S. dollar denominated securities (unless hedged to the U.S. dollar in accordance with Subsections 2.05 and 2.06(b) of these Investment Guidelines)

CDX (credit default swap index) transactions, other than CDX Untranchured Transactions permitted under Subsection 2.06 of these Investment Guidelines

Collateralized debt obligations (or "CDOs") (except to the extent expressly permitted in Subsection 2.01(a), e.g., ABS)

Collateralized loan obligations (or "CLOs") (except to the extent expressly permitted in Subsection 2.01(a), e.g., ABS)

Collateralized bond obligations (or "CBOs") (except to the extent expressly permitted in Subsection 2.01(a), e.g., ABS)

High-yield instruments (instruments not satisfying the credit quality requirements set forth in these Investment Guidelines)

Non-Agency RMBS, the pooled assets supporting which consist in part or in whole of pay-option adjustable rate Residential Mortgage Loans and Sub-prime Mortgage Loans

MBS derivatives (including but not limited to IOs, POs, inverse IOs, inverse POs, inverse floaters, super floaters, Z-tranches (also known as accrual bonds or accretion bonds), companion tranches (also known as support bonds), residual tranches and interests in real estate mortgage investments conduits (or "REMICs") whose assets are comprised of tranches in other REMICs))

ABS, the pooled assets supporting which consist in part or in whole of home equity loans Instruments, including commercial paper, issued by structured investment vehicles (excluding conduit structures)

Auction rate securities

Naked options (i.e., uncovered calls and uncovered puts)

Short sales

Securities issued by the Manager or an affiliate of the Manager

Structured notes (including, but not limited to, credit-linked notes)

Securities that permit under their terms the issuer of the security to skip or defer a scheduled payment, including, but not limited to, capital securities, capital notes, surplus notes and similar instruments

Repurchase Agreements (whereby the Account lends cash) and reverse repurchase agreements (whereby the Account borrows cash)

Securities lending

Total return swaps

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g. Certain terms used in these Investment Guidelines are defined below:

"ABS" means Asset-Backed Securities where the security is backed by cash flows from (1) credit card receivables, (2) student loans guaranteed by a U.S. federal government agency or government-sponsored enterprise, (3) approved fees charged to utility customers to recover costs associated with the deregulation of the utility (commonly referred to as "utility rate reduction bonds"), (4) automobile loans or (5) loans secured by aircraft.

"Agency CMO" means an Agency Residential-Mortgage-Backed Security identified in the market as a collateralized mortgage obligation or CMO.

"Agency Residential Mortgage-Backed Security" means an Asset-Backed Security where the security is (i) backed by cash flows from Residential Mortgage Loans that are not pay-option adjustable rate Residential Mortgage Loans or Non-Prime Mortgage Loans and (ii) issued or guaranteed by one of the following: the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC").

"Agency RMBS" means Agency Residential Mortgage-Backed Securities and Agency CMO.

"Alt-A Fixed" means a Non-Agency Residential Mortgage-Backed Security where the security is backed by cash flows from a pool consisting in whole or in part of fixed-rate Alt-A Mortgages.

"Alt-A Mortgage" means a Residential Mortgage Loan that is considered an "alt-A" Residential Mortgage Loan due to the credit score of the borrower, a higher than standard loan-to-value or the use of a limited or alternative documentation program during the underwriting process.

"Asset-Backed CP" means a senior secured debt obligation of a special purpose vehicle (other than a structured investment vehicle), which obligation has an original maturity of 270 days or less from its date of issuance. For the avoidance of doubt, the term "structured investment vehicle" shall not include conduit structures.

"Asset-Backed Security" means a security or other instrument (excluding interests in mutual funds and actively-managed private investment funds) evidencing an interest in, or the right to receive payments from, or payable from distributions on, an asset, a pool of assets or specifically divisible cash flows which are legally transferred to a trust or another special purpose bankruptcy-remote business entity, on the following conditions:

(1) The trust or other business entity is established solely for the purpose of acquiring specific types of assets or rights to cash flows, issuing securities and other instruments representing an interest in or right to receive cash flows from those assets or rights, and engaging in activities required to service the assets or rights and any credit enhancement or support features held by the trust or other business entity; and

(2) The assets of the trust or other business entity consist solely of interest bearing obligations or other contractual obligations representing the right to receive payment from the cash flows from the assets or rights. However, the existence of credit enhancements, such as letters of credit or guarantees, or support features such as swap agreements, shall not cause a security or other instrument to be ineligible as an asset-backed security.

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"Cash" means currency and Cash Equivalents denominated in U.S. dollars.

"Cash Equivalents" means highly liquid investments with a remaining final maturity of one hundred eighty days or less. Cash Equivalents are investments that (i) are not subject to extension risk and (ii) have credit quality of A1/P1 or better. Eligible investments for this term include: Commercial Paper, Government Debt Obligations, Government Guaranteed Bank Debt, U.S. Agency Debentures and are subject to constraints noted above. Cash Equivalents excludes any holding classified as ABS, CMBS, Agency RMBS or Non-Agency RMBS.

"CMBS" means Super-Dupers CMBS.

"Commercial Mortgage-Backed Security" means an Asset-Backed Security where the security is backed by cash flows from mortgage loans (or participation interests therein) secured by first liens on mixed-use, commercial or multifamily properties.

"Commercial Paper" means Asset-Backed CP and Corporate CP; provided, that no investment shall be made in any Commercial Paper issued by a structured investment vehicle. For the avoidance of doubt, the term "structured investment vehicle" shall not include conduit structures.

"Corporate CP" means an unsecured debt obligation of a corporation incorporated under the laws of the United States, the United Kingdom, France, Spain, Germany, Japan, Canada, Belgium, the Netherlands, Italy, the Republic of Ireland, Switzerland, Denmark, Norway, Sweden, Austria, Finland, Australia, New Zealand, Luxembourg or Portugal, which obligation has an original maturity of 270 days or less from its date of issuance.

"Corporate Debt" means bonds or other evidences of indebtedness (i) issued, assumed or guaranteed by a corporation incorporated under the laws of the United States, the United Kingdom, France, Spain, Germany, Japan, Canada, Belgium, the Netherlands, Italy, the Republic of Ireland, Switzerland, Denmark, Norway, Sweden, Austria, Finland, Australia, New Zealand, Luxembourg or Portugal, (ii) the issuer of which is classified, pursuant to the Lehman Brothers/Barclays U.S. Corporate Index, as an industrial, utility or financial company and (iii) which have a final maturity date that is (A) no later than 12 years from the date such bonds or other evidences of indebtedness are recorded to the Account and (B) not subject to extension. For the avoidance of doubt, "Corporate Debt" shall not include Commercial Paper, Agency RMBS, Non-Agency RMBS, CMBS, ABS or derivative instruments.

"Foreign Government Debt Obligations" means bonds or other evidences of indebtedness issued, assumed or guaranteed by any of the following foreign national governments: the United Kingdom, France, Spain, Germany, Japan, Canada, Belgium, the Netherlands, Italy, the Republic of Ireland, Switzerland, Denmark, Norway, Sweden, Austria, Finland, Australia, New Zealand, Luxembourg or Portugal.

"Government Debt Obligations" means U.S. Treasuries, TIPS, U.S. Agency Debentures, Foreign Debt Obligations and Municipal Bonds.

"Government Guaranteed Bank Debt" means bonds or other evidences of indebtedness issued by a bank, which debt is fully guaranteed to its maturity date as to the principal and interest payments thereunder by the Federal Deposit Insurance Corporation.

"Municipal Bonds" means bonds or other evidences of indebtedness issued, assumed or guaranteed by any state, insular or territorial possession of the United States, or by any county, city, town, school, road, drainage, or other district located within any state, or insular or territorial possession of the United States, or by any civil subdivision or

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governmental authority of any such state, or insular or territorial possession, or by any instrumentality of any such state, or insular or territorial possession, civil subdivision, or governmental authority.

"Non-Agency CMO" means (i) a Non-Agency Residential-Mortgage-Backed Security identified in the market as a collateralized mortgage obligation or CMO and (ii) where the security is backed by cash flows from Residential Mortgage Loans consisting in whole or in part of Prime Non-Agency Mortgages.

"Non-Agency Residential Mortgage-Backed Security" means an Asset-Backed Security where the security is (i) backed by cash flows from Residential Mortgage Loans that are not pay-option adjustable rate Residential Mortgage Loans or Sub-Prime Mortgage Loans and (ii) neither issued nor guaranteed by GNMA, FNMA or FHLMC.

"Non-Agency RMBS" means Non-Agency CMO, Alt-A Fixed and Prime Non-Agency.

"Non-Prime Mortgage Loan" means a Residential Mortgage Loan that is not considered a "prime" Residential Mortgage Loan, such as an Alt-A Mortgage Loan, an "alt-B" mortgage loan or a Sub-Prime Mortgage Loan.

"Option ARM" means a Non-Agency Residential Mortgage-Backed Security where the security is backed by cash flows from a pool consisting in whole or in part of pay-option adjustable rate Residential Mortgage Loans.

"Prime Non-Agency" means a Non-Agency Residential Mortgage-Backed Security where the security is backed by cash flows from Prime Non-Agency Mortgages.

"Prime Non-Agency Mortgage" means a Residential Mortgage Loan that is eligible for purchase by FNMA or FHLMC pursuant to their respective charters but has not been purchased by FNMA or FHLMC. The original principal amount of such a loan may exceed the maximum principal amount eligible for purchase by FNMA or FHLMC so long as it is otherwise conforming.

"Residential Mortgage Loan" means a mortgage loan (not including a reverse mortgage loan) secured by a first lien on a one- to four-family residential property located in the United States or one of its territories.

"Sub-Prime" means a Non-Agency Residential Mortgage-Backed Security where the security is backed by cash flows from a pool consisting in whole or in part of Sub-Prime Mortgage Loans.

"Sub-Prime Mortgage Loan" means a Residential Mortgage Loan with respect to which the borrower had a credit score of 660 or lower at the time of the origination or would otherwise qualify as being a "subprime" residential mortgage loan.

"Super-Dupers CMBS" means a Commercial Mortgage-Backed Security where the security is senior to subordinated interests generally constituting at least 30% of the participating interests in the pool supporting such Commercial Mortgage-Backed Security.

"TBA" means a contract for the purchase or sale of Agency RMBS to be delivered at a future agreed-upon date and that meets the requirements set forth in Subsection 2.06 of these Investment Guidelines.

"TIPS" means U.S. Treasuries issued in the form of Treasury Inflation-Protected Securities.

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"U.S. Agency Debentures" means debt issued for financing purposes by any of the following U.S. federal agencies or government-sponsored enterprises: FHLMC; FNMA; the Veterans Administration ("VA"); the Federal Housing Administration ("FHA"); the Export-Import Bank ("Exim Bank"); the Overseas Private Investment Corporation ("OPIC"); the Commodity Credit Corporation ("CCC"); the Small Business Administration ("SBA"); the Foreign Credit Insurance Association; the Guaranteed Student Loan Program; the Farmers Home Administration; the Farm Credit System; the Federal Home Loan Bank System; the Federal Agricultural Mortgage Corporation; the Postal Service; the Financial Assistance Corporation ("FAC"); the Financing Corporation ("FICO"); the College Construction Loan Insurance Association; the Tennessee Valley Authority ("TVA"); and the Resolution Funding Corporation ("REFCORP").

"U.S. Treasuries" means bonds or other evidences of indebtedness issued by the U.S. Department of the Treasury.

### 2.02 Credit Quality

- a. No investment or investment practice may be recorded to the Account unless at such time the investment (or counterparty of a derivative transaction) is rated by at least two of the following Rating Agencies: Standard & Poor's Ratings Services ("S&P"), Fitch Ratings ("Fitch") and Moody's Investors Service, Inc. ("Moody's") unless otherwise agreed to in writing by the Company and the Manager. Each of S&P, Fitch and Moody's is referred to herein as a "Rating Agency" and, collectively, as "Rating Agencies." All ratings set forth in the Investment Guidelines are S&P ratings, but should also be read to refer to the equivalent rating from another Rating Agency.
- b. No investment or investment practice may be recorded to the Account unless at such time its rating satisfies (i) the "Minimum Credit Quality at time of Purchase" requirement set forth in the table in Subsection 2.01 of these Investment Guidelines and (ii) with respect to counterparties to derivative transactions, the counterparty credit rating set forth in Subsection 2.06(f) of these Investment Guidelines.
- c. The average aggregate credit quality of Securities in the Account shall at all times be at least AA calculated using the par value of the Securities, except in the case of a Replication Transaction, in which case the notional value of the position is to be used. For purposes of this calculation, any security held in the Account which is the reference obligation of one or more Hedging Transactions in which credit protection is purchased on such security shall be deemed to have the rating equal to the higher rating of (i) the rating of the reference obligation and (ii) the rating of the applicable counterparty, and each Replication Transaction shall be deemed to have the rating equal to the rating of the reference obligation.
- d. At no time shall the aggregate par value of Securities rated between BBB- and BBB+, inclusive, exceed 25% of the Covered Market Value.
- e. In the event of split ratings, the following shall apply: (a) Where only two Rating Agencies rate the investment, the lower of the two ratings shall apply and (b) where three Rating Agencies rate the investment, the middle rating shall apply after discarding the highest and lowest ratings, unless the investment is rated below B- by one of the Rating Agencies, in which case the lowest of the three ratings shall apply.
- f. The rating with respect to any issue of U.S. Treasuries, TIPS, U.S. Agency Debentures and Foreign Government Debt Obligations shall be the rating of the applicable issuer of such issue, unless any issue of U.S. Treasuries, TIPS, U.S. Agency Debentures and Foreign Government Debt Obligations has received its own rating, in which case such rating shall be the rating applicable to such issue.

**2.03 Issue and Issuer Diversification Limits**

- a. The maximum allocation to securities of any single issuer shall be 3% of the Covered Market Value. With respect to any Hedging Transaction, the per-issuer limitation shall apply to the counterparty of such Hedging Transaction, with a value equal to the notional amount of such Hedging Transaction. With respect to any Replication Transaction, the per-issuer limitation shall apply to each of the counterparty and the reference entity of such Replication Transaction, with a value equal to the notional amount of such Replication Transaction.
- b. The maximum allocation to any single issue (securities with the same CUSIP or CIN) shall be 2% of the Covered Market Value. With respect to any Replication Transaction, the per-issue limitation shall apply to the replicated security being replicated.
- c. Investments in U.S. Treasuries and U.S. Agency Debentures are not subject to the preceding per-issuer and per-issue limitations. Notwithstanding the foregoing, investments in Government Guaranteed Bank Debt are subject to the preceding per-issuer and per-issue limitations.
- d. The issuer of any Agency RMBS, Non-Agency RMBS or Asset-Backed Security shall be considered to be the trust that holds the associated collateral and the per-issuer limit shall apply to securities representing claims against any one such trust.

**2.04 Duration**

- a. The maximum Account Duration shall be 4 years.
- b. The maximum spread duration of the Account, determined in accordance with standard industry practice, shall be 4 years.
- c. No investment may be recorded to the Account unless such investment has a final maturity date that is (A) no later than 30.5 years or, in the case of Corporate Debt, no later than 12 years from the date such investment is recorded to the Account and (B) not subject to extension.

**2.05 Currency**

- a. Except as provided in Subsection 2.05(b) of these Investment Guidelines, each investment must be in all respects denominated in U.S. dollars.
- b. Up to 10% of the Covered aggregate Fair Market Value of Securities may be invested in Foreign Government Debt Obligations denominated in currencies other than the U.S. dollar (the "Non-Dollar Denominated Securities"), provided the following conditions are satisfied at all times:
  - (i) The Non-Dollar Denominated Securities are denominated in the official currency of any of the following countries: the United Kingdom, France, Spain, Germany, Japan, Canada, Belgium, the Netherlands, Italy, the Republic of Ireland, Switzerland, Denmark, Norway, Sweden, Austria, Finland, Australia, New Zealand, Luxembourg, and Portugal, Hong Kong, Singapore, South Korea and Israel.
  - (ii) The Fair Market Value of the Non-Dollar Denominated Securities is hedged through the use of permitted currency forward contracts (as set forth in Subsection 2.06(b)(iii) below) such that:

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(A) With respect to each foreign currency held in the Account through Non-Dollar Denominated Securities, the "Hedging Mismatch" is defined as a fraction, the numerator of which is the absolute value of the sum (as measured in U.S. dollars) of the Fair Market Value of the Non-Dollar Denominated Securities in that currency and the Fair Market Value of the foreign currency leg of each currency forward contract (where pay legs are negative) for that currency, and the denominator is the aggregate Fair Market Value of the Non-Dollar Denominated Securities in that currency. The Hedging Mismatch must be less than 0.5% of the Fair Market Value of Non-Dollar Denominated Securities in the relevant currency, 2%, as represented in the following mathematical equation:

$$0.5\% > \frac{|\sum_{i \in \{Securities\ in\ FOREIGN}} MV_i^{USD} + \sum_{j \in \{FX\ Forwards\ in\ FOREIGN}} FX\ Leg_j^{USD}|}{\sum_{i \in \{Securities\ in\ FOREIGN}} MV_i^{USD}}$$

$$0.2\% > \frac{|\sum_{i \in \{Securities\ in\ FOREIGN}} MV_i^{USD} + \sum_{j \in \{FX\ Forwards\ in\ FOREIGN}} FX\ Leg_j^{USD}|}{\text{aggregate Fair Market Value of Securities}}$$

(B) With respect to all foreign currencies held in the Account through Non-Dollar Denominated Securities, the sum of the Hedging Mismatch for each such currency must be less than 1.5% of all the Fair Market Value of Non-Dollar Denominated Securities, 0.2%, as represented in the following mathematical equation:

$$1.5\% > \sum_{x \in \{Currencies\}} \left[ \frac{|\sum_{i \in \{Securities\ in\ x}} MV_i^{USD} + \sum_{j \in \{FX\ Forwards\ in\ x}} FX\ Leg_j^{USD}|}{\sum_{i \in \{Securities\ in\ x}} MV_i^{USD}} \right]$$

$$0.2\% > \sum_{x \in \{Currencies\}} \left[ \frac{|\sum_{i \in \{Securities\ in\ x}} MV_i^{USD} + \sum_{j \in \{FX\ Forwards\ in\ x}} FX\ Leg_j^{USD}|}{\text{aggregate Fair Market Value of Securities}} \right]$$

2.06 Derivative Transactions

a. The Account may enter into derivative transactions, provided that such derivative transactions are either Hedging Transactions or Replication Transactions.

For purposes of these Investment Guidelines:

(i) a Hedging Transaction is a derivative transaction entered into by the Account with respect to Securities held in or credited to the Account in order to manage interest rate risk, duration and yield curve exposure, reduce credit risk or reduce currency exchange rate risk with respect to such Securities (it is being understood that any CDX Untranching Transaction (as defined below) undertaken in accordance with the terms of Subsection 2.06(b) constitutes a Hedging Transaction without regard to whether the Account in fact holds Securities issued by any of the relevant reference entities); and

(ii) a Replication Transaction is a derivative transaction entered into by the Account in order to replicate the investment characteristics of an investment otherwise permitted by these Investment Guidelines and/or operate as a substitute for cash market transactions in such permitted investments.

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The use of derivative transactions for non-replicative speculative purposes (i.e., any use other than a Hedging Transaction or a Replication Transaction) or that results in a leveraged position is prohibited.

b. Hedging Transactions

Derivative instruments that may be used in Hedging Transactions are limited to the following: Treasury futures, Eurodollar futures, TBAs, currency forward contracts, interest rate swaps, credit default swaps where the reference entity is a single entity, and credit default swaps that are CDX untranching transactions (each a "CDX Untranching Transaction"), and, in each case, may be used only in the manner further specified in clauses (i) through (vii) below.

(i) Treasury futures and Eurodollar futures may be used only to manage duration and yield curve exposure.

(ii) TBAs may be used only to reduce the Account's exposure to Agency RMBS. The Account may include short TBA positions in a Hedging Transaction only if the Account is long all of the Agency RMBS deliverable into the short TBA position.

(iii) Currency forward contracts may be used only in accordance with Subsection 2.05(b) of these Investment Guidelines, so long as:

(A) the Account is (I) selling foreign currency and purchasing U.S. dollars, or (II) purchasing foreign currency and selling U.S. dollars, but only to the extent that as of purchase settlement date, the amount of foreign currency being sold is greater than the amount being purchased, so that the Account is always a net seller of the foreign currency,

(B) each currency forward contract has an original maturity date no longer than 90 days, and

(C) within seven (7) days after the date on which any Non-Dollar Denominated Security is liquidated, the related currency forward contracts are also unwound or otherwise terminated.

(iv) Interest rate swaps must be U.S. dollar-denominated interest rate swaps and may be used only to manage interest rate risk, duration and yield curve exposure.

(v) Credit default swaps (including CDX Untranching Transactions) may be used only to reduce credit risk.

(vi) With respect to each credit default swap (other than a CDX Untranching Transaction), (A) the reference entity of a credit default swap shall be an issuer of one or more securities (the "Underlying Securities") some of which are held in or credited to the Account and the Account is purchasing credit protection with respect to such reference entity, (B) the Underlying Securities relating to such credit default swap shall be a deliverable obligation with respect to such credit default swap, (C) at the time of entry into the credit default swap, the aggregate notional amount of all credit default swaps referencing a particular reference entity shall not exceed the aggregate par value of the Underlying Securities issued by that reference entity and held in or credited to the Account and (D) in the event that the Account's exposure to the Underlying Securities of a reference

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entity is reduced after entry into the credit default swap, the Owner shall have seven days to bring the exposure in line with the requirements of Subsection 2.06(b)(vi)(C).

(vii) With respect to each CDX Untranching Transaction, (A) the only permissible CDX indices shall be the CDX North American Investment Grade Index (CDX.NA.IG) and the CDX North American Investment Grade High Volatility Index (CDX.NA.IG.HVOL); (B) the Account shall only purchase credit protection and (C) the aggregate notional amount of all CDX Untranching Transactions that are Hedging Transactions shall not at any time exceed the aggregate fair market value of Securities held in or credited to the Account which constitute Corporate Debt. Notwithstanding anything to the contrary in these Investment Guidelines, the Account shall have no obligation to hold Securities issued by any of the reference entities in the applicable CDX Untranching Transaction.

c. Replication Transactions

(i) A Replication Transaction shall be structured so that the potential exposure with respect to a Replication Transaction is substantially similar to the risks associated with the Security or Securities being replicated.

(ii) Derivative instruments that may be used in Replication Transactions are limited to the following: (A) TBAs pursuant to which the Account will purchase Agency RMBS and (B) credit default swaps where the reference entity is a single entity or CDX Untranching Transactions, in each case, where the Account is selling credit protection with respect to the Security or Securities being replicated.

(iii) A Replication Transaction shall only replicate a Security or Securities in which the Account is permitted to invest without causing a failure to comply with any provision of these Investment Guidelines.

(iv) Each Replication Transaction effected by means of a credit default swap (including a CDX Untranching Transaction) shall be fully supported by Cash and/or U.S. Treasuries in an amount equal to the notional amount of such Replication Transaction, and each Replication Transaction effected by means of a TBA shall be fully supported only by Cash in an amount equal to the notional amount of such Replication Transaction. Cash and U.S. Treasuries required to be posted as collateral with respect to any Replication Transaction shall be included in the amount of Cash and U.S. Treasuries supporting such Replication Transaction. Neither the Cash nor the U.S. Treasuries supporting a Replication Transaction shall be invested, used as collateral for another derivative transaction or otherwise support any other investment or investment practice until such time as such Replication Transaction is terminated.

(v) Cash and U.S. Treasuries supporting Replication Transactions shall not count toward the Account's allocation to Cash or U.S. Treasuries in determining the Account's compliance with the applicable minimum allocation to Cash, Commercial Paper and Government Debt Obligations set forth in Section 2 or 4, as applicable, of these Investment Guidelines

(vi) All replicated investment positions shall be evaluated and, as appropriate, aggregated with other Securities as if the Account had invested in the replicated security directly with the Account's investments in determining its compliance with applicable limitations on investments set forth in Section 2 or 4, as applicable, of these Investment Guidelines

(vii) With respect to each Replication Transaction that takes the form of a CDX Untranching Transaction, the only permissible CDX index shall be the CDX North

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American Investment Grade Index (CDX.NA.IG). A Replication Transaction that takes the form of a CDX Untranching Transaction will replicate a separate investment position in each reference obligation (and related reference entity) applicable to such CDX Untranching Transaction. For purposes of determining compliance with applicable limitations on investments set forth in these Investment Guidelines, each such replicated security shall constitute Corporate Debt, the related reference entity shall be classified, pursuant to the Barclays Intermediate Corporate Index, as an industrial, utility or financial company, and the size of the replicated position shall equal the Floating Rate Payer Calculation Amount with respect to the related reference obligation and reference entity.

d. Derivative transactions may be either exchange-traded transactions or over-the-counter transactions ("OTC"). TBAs shall be executed using an industry-standard Master Securities Forward Transaction Agreement. Prior to the execution of any other kind of OTC derivative transaction, an appropriate form of ISDA Master Agreement ("Master Agreement") between the Manager on behalf of the Account and the applicable counterparty must be in place, including negotiated schedules. Where collateral in the form of cash or securities is to be required, the Manager will execute on behalf of the Account an ISDA Credit Support Annex ("CSA"), as supplemented or amended. Each such OTC transaction shall be a transaction under the Master Agreement and documented on an ISDA form of confirmation which references the Master Agreement between the Account and the counterparty.

e. After the execution of a derivative transaction, the Manager will be responsible for monitoring such transaction to ensure that such transaction, in conjunction with the entire investment strategy with respect to the Account, remains in compliance with the provisions of these Investment Guidelines, the Contract and applicable law. In addition, after the execution of the derivative transaction, the Manager will be responsible for monitoring outstanding counterparty exposure as well as collateral levels.

f. Counterparties to OTC derivatives shall have at the time of entry into the applicable derivative transaction a long-term senior unsecured debt rating of at least A or the equivalent from at least two of the Rating Agencies.

g. Whether used in a Hedging Transaction or a Replication Transaction, TBAs may have a maximum forward purchase of 90 days.

**2.07 Leverage.** The Account shall not be permitted to borrow money or to create leverage or leveraged positions.

**2.08 Transaction Requirements.** ~~All investment transactions of the Account~~ The Manager shall ~~be in compliance with all applicable federal and state securities laws of the United States.~~ All applicable ~~master~~ documentation with respect to derivative transactions shall be reviewed by a licensed attorney engaged by the Manager with relevant securities, derivatives experience to ensure such documents are in compliance with law and enforceable.

### SECTION 3. ADJUSTMENT TO COVERED BOOK VALUE FOR IMPAIRED SECURITIES

#### 3.01 Post-Acquisition Downgrades and Ratings Withdrawals.

A Security shall be considered an Impaired Security after the expiration of the relevant grace period set forth in the table below if (i) after any of its ratings are withdrawn, it is no longer rated by at least two Rating Agencies, (ii) at least one Rating Agency withdraws its rating due to a deterioration in the credit quality of such Security or its issuer or guarantor or (iii) it is downgraded below the relevant impairment ratings threshold set forth in the table below. For the avoidance of doubt, the provision regarding split ratings set forth in Subsection 2.02(e) of these Investment Guidelines is applicable to the determination of whether a Security has been downgraded below

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the relevant impairment ratings threshold. Notwithstanding the foregoing, this Subsection 3.01 shall not apply to any Exhibit 3 Securities (as defined in Subsection 2.01(b) of these Investment Guidelines).

Category	Impairment Ratings Threshold	Grace Period	
		While the Constant Duration Guidelines Are in Effect	While the Immunization Guidelines Are in Effect
Corporate Debt	BBB-	0 Business Days	10 Business Days
Other non-CP investments	AA	0 Business Days	10 Business Days
Commercial Paper and Cash Equivalents	A-1	0 Business Days	10 Business Days

**3.02 Covered Impaired Securities**

a. Notwithstanding Subsection 3.01 of these Investment Guidelines, prior to the Conversion Date, a Security that would be considered an Impaired Security pursuant to Subsection 3.01 of these Investment Guidelines (a "Rating-Impaired Security") shall not be considered to be an Impaired Security so long as the aggregate Carrying Value of all Rating-Impaired Securities then held in or credited to the Account does not exceed the "Downgrade Bucket Percentage" as defined below. In the event that the aggregate Carrying Value of all such Rating-Impaired Securities then held in or credited to the Account exceeds Downgrade Bucket Percentage for ten (10) consecutive Business Days, then (A) the Covered Book Value shall be reduced by an amount equal to the excess of (x) the aggregate Carrying Value of the Rating-Impaired Securities then held in or credited to the Account over (y) an amount equal to Downgrade Bucket Percentage and (B) until such time as the aggregate Carrying Value of the Rating-Impaired Securities then held in or credited to the Account is less than the Downgrade Bucket Percentage, each Security that subsequently becomes a Rating-Impaired Security shall be considered to be an Impaired Security. As used herein, the term Downgrade Bucket Percentage shall mean 10% of the Covered Book Value from January 1, 2010 to and including December 31, 2010 and 5% of the Covered Book Value from and after January 1, 2011.

b. Following the Conversion Date, Subsection 3.02(a) of these Investment Guidelines shall not be in effect. Within ninety (90) days after the Conversion Date, all Rating-Impaired Securities that would have been considered to be an Impaired Security but for Subsection 3.02(a) of these Investment Guidelines shall be sold or disposed of.

**3.03 Impairment of Derivatives.** In addition to the events set forth in the definition of "Impaired Security" set forth in Subsection 1.17 of the Contract, the following shall also constitute events that give rise to an Impaired Security:

- a. With respect to any Hedging Transaction or Replication Transaction,
- (i) there has occurred, with respect to such derivative transactions, an "Event of Default" or a "Termination Event" (as such terms are defined in the applicable transaction documentation) or other similar events (including, but not limited to events giving rise to optional termination rights) which allow for an early termination or acceleration of such derivative transaction; or
  - (ii) if (A) the counterparty of such derivative transaction is no longer rated by at least two Rating Agencies, (B) at least one Rating Agency withdraws any of its ratings on the counterparty due to a deterioration in the credit quality of such counterparty or (C) the long-term unsecured debt rating of such counterparty is lowered below BBB- or the

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equivalent by at least one Rating Agency, and such derivative transaction is not replaced or terminated within 10 Business Days following such withdrawal or downgrade.

b. With respect to any Replication Transaction that takes the form of a credit default swap (including a CDX Untranching Transaction),

(i) there has occurred a "Credit Event" (as such term is defined in the applicable transaction documentation) with respect to any reference obligation or reference entity for such Replication Transaction; or

(ii) any security being replicated would have been an Impaired Security if such security had been held in or credited to the Account.

For the avoidance of doubt, with respect to any Replication Transaction that takes the form of a CDX Untranching Transaction, the occurrence of an event described in clause (i) or (ii) above with respect to any reference obligation or reference entity of such CDX Untranching Transaction shall constitute events that give rise to an Impaired Security pursuant to this Subsection 3.03(b) with respect to the portion of such Replication Transaction represented by such reference obligations or reference entities.

**3.04 Adjustments to Covered Book Value.**

a. In the case of any Impaired Security other than an Impaired Security arising out of a derivative transaction pursuant to Subsection 3.03(a) or 3.03 (b) of these Investment Guidelines, the Covered Book Value shall be reduced by an amount equal to the result of: (A) the Carrying Value of such Impaired Security immediately prior to its becoming impaired, minus (B) the proceeds credited to the Account following the liquidation of such Impaired Security, plus (C) any settlement amounts paid to any counterparty of any Hedging Transaction with respect to such Impaired Security, minus (D) any settlement amounts received from any counterparty of any Hedging Transaction with respect to such Impaired Security.

b. In the case of any Hedging Transaction or Replication Transaction that is deemed to be an Impaired Security pursuant to Subsection 3.03 (a) of these Investment Guidelines, the Covered Book Value shall be reduced by an amount equal to the greater of (i) the fair market value of such Hedging Transaction or Replication Transaction as of the last day of the month immediately prior to the month in which it became impaired (which, for the avoidance of doubt, shall be expressed as a negative number if an amount would be payable by the Account, and as a positive number if an amount would be payable to the Account, if such Hedging Transaction or Replication Transaction had terminated on such last day of the month immediately prior to the month in which it became impaired) and (ii) zero (0) (such amount, the "Impairment Value"). Following the termination of such Hedging Transaction or Replication Transaction and the satisfaction in full by each party thereto of its respective payment obligations thereunder, in the event the amount actually paid or received by the Account in connection with such termination differs from the Impairment Value, then the Covered Book Value shall be adjusted accordingly to reflect the favorable/unfavorable variance between the Impairment Value and the amount actually paid or received by the Account in connection with such termination. Notwithstanding the foregoing, in the event any Hedging Transaction or Replication Transaction that becomes an Impaired Security pursuant to Subsection 3.03 (a) of these Investment Guidelines is transferred, assigned or novated to a third party prior to the termination of such derivative transaction, then for purposes of determining the foregoing adjustments, if any, the amount actually paid or received by the Account in connection with such transfer, assignment or novation shall be used instead of the amount actually paid or received in connection with the termination of such derivative transaction.

c. In the case of any Replication Transaction that is deemed to be an Impaired Security pursuant to Subsection 3.03 (b) of these Investment Guidelines, the Covered Book Value shall be

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reduced by an amount equal to (i) with respect to a credit default swap (other than a CDX Untranching Transaction), the notional amount of such Replication Transaction and (ii) with respect to a CDX Untranching Transaction, the Floating Rate Payer Calculation Amount (which is an amount equal to the Reference Entity Weighting multiplied by the Original Notional Amount) (as each such term is defined in the applicable transaction documentation) with respect to each reference obligation or reference entity that gives rise to impairment. Following the settlement of such Replication Transaction and the satisfaction in full by each party thereto of its respective payment obligations under such Replication Transaction, the Covered Book Value shall be increased by an amount equal to (i) in the event that such Replication Transaction is settled on a cash settlement basis, (A) the notional amount or the relevant Floating Rate Payer Calculation Amount, as applicable, minus (B) the portion of the Cash Settlement Amount (as such term is defined in the applicable transaction documentation) paid by the Account to the counterparty in connection with the cash settlement of such Replication Transaction that relates to each reference obligation or reference entity that gave rise to the impairment or (ii) in the event that such Replication Transaction is settled on a physical settlement basis, the "actual liquidation value" of the deliverable obligation that gave rise to the impairment and was delivered to the Account by the counterparty in connection with the physical settlement of such Replication Transaction. Upon receipt of any such deliverable obligation in connection with the physical settlement of such Replication Transaction, such deliverable obligation shall immediately, to the extent feasible, be sold to a third party and the proceeds, if any, actually received from such sale shall be deemed to be the "actual liquidation value" of the deliverable obligation. In the event such deliverable obligation cannot be sold, then its "actual liquidation value" shall be deemed to be zero (0), and the addition of such asset into the Account shall have no effect on the Covered Book Value. Notwithstanding the foregoing, in the event any Replication Transaction that takes the form of a credit default swap other than a CDX Untranching Transaction and becomes an Impaired Security pursuant to Subsection 3.03(b) of these Investment Guidelines is transferred, assigned or novated to a third party prior to the settlement of such Replication Transaction, then for purposes of determining the foregoing adjustments, if any, a cash settlement shall be deemed to have occurred and the "Cash Settlement Amount" for purposes of Subsection 3.04(c)(i)(B) shall be deemed to be the amount actually paid by the Account in connection with such transfer, assignment or novation. In the event any Replication Transaction that takes the form of a CDX Untranching Transaction and becomes an Impaired Security pursuant to Subsection 3.03(b) of these Investment Guidelines is transferred, assigned or novated to a third party prior to the settlement of such Replication Transaction, then there shall be no increase to the Covered Book Value as a result of such transfer, assignment or novation. If any term used in this Subsection is defined by reference to the applicable transaction documentation, and such transaction documentation does not in fact use such term, then such term shall be replaced for purposes of these Investment Guidelines with the equivalent term used in the applicable transaction documentation.

**3.04 Collateral Posted Under Derivative Instruments.** Notwithstanding anything to the contrary in Subsection 1.17(h) of the Contract, to the extent that the Account posts Securities as collateral for the benefit of the counterparty under a CSA with respect to any derivative transaction that is permissible hereunder, such Securities shall not be deemed to be Impaired Securities solely because such posting may be deemed to be an encumbrance on such Securities.

#### SECTION 4. IMMUNIZATION GUIDELINES

At all times on and after the Conversion Date, the Account shall continue to be managed in accordance with the Constant Duration Guidelines, except as otherwise set forth in the Immunization Guidelines set forth in this Section 4.

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4.01 Duration

- a. The Account Duration shall be equal to the then current number of years (and fractional portions thereof) remaining to the Maturity Date, plus or minus 10%.
- b. The spread duration of the Account, determined in accordance with standard industry practice, shall be equal to the then current number of years (and fractional portions thereof) remaining to the Maturity Date, plus or minus 10%.
- c. No Security shall be purchased that has a final maturity date falling after the Maturity Date.
- d. During the last 12 months prior to the Maturity Date, no Security shall have a final maturity date falling after the Maturity Date.

4.02 Permitted Investments and Weightings Guidelines

a. Commencing twelve months after the Conversion Date, the table set forth above in Subsection 2.01(a) of these Investment Guidelines shall cease to apply and from such time the table set forth immediately below shall apply. With the exception of derivative transactions, the allocation weightings for each category and sub-category are on a market value basis and are expressed as a percentage of the Covered Market Value. The allocation weightings for duration/yield curve-related derivative transactions are based on their contribution to duration; for other derivatives, the allocation weightings are based on the gross notional amount of such derivative transactions and are expressed as a percentage of the Covered Market Value.

Category	Maximum Category Allocation	Minimum Credit Quality at time of Purchase	Sub-Category	Maximum Sub-Category Allocation
Cash	100%	N/A	Cash	100%
		A-1	Cash Equivalents	100%
Commercial Paper	25% <sup>a</sup>	A-1	Asset-Backed CP (Including single-seller and multi-seller)	10%
			Corporate CP	25%
Government Debt Obligations	100%	AAA <sup>b</sup>	U.S. Treasuries	100%
			TIPS	10%
			U.S. Agency Debentures - issued by FNMA	5%
			U.S. Agency Debentures - issued by FHLMC	5%
			U.S. Agency - issued by agencies other than FNMA or FHLMC	5%
			Government Guaranteed Bank Debt	10%
			Foreign Government Debt Obligations	10%
			Municipal Bonds	0%
Agency RMBS <sup>c</sup>	15%	AAA	GNMA	15%
			FNMA	15%
			FHLMC	15%
Non-Agency RMBS <sup>d</sup>	0%	N/A	Option ARM	0%
			Sub-Prime	0%
			Alt-A Fixed	0%
			Prime Non-Agency	0%
CMBS	10%	N/A	Super-Dupers CMBS	10%
Corporate Debt <sup>a,e</sup>	10%	N/A	Industrials	10%
			Utilities	10%
			Financials	10%
ABS	10%	N/A	Credit Cards	5%

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			Student Loans	5%
			Utility Rate Reduction Bonds	5%
			Auto Loans	2%
			Aircraft	2%
Duration/Yield Curve-Related Derivatives	± 20% <sup>f</sup>	See Subsection 2.06(f) above	Treasury Futures	N/A
			Eurodollar Futures	N/A
			Interest Rate Swaps	N/A
Other Derivatives	20% <sup>g</sup>	See Subsection 2.06(f) above	Currency Forward Contracts	5% <sup>g</sup>
			Credit Default Swaps and CDX (for purposes of Hedging Transactions only)	5% <sup>g</sup>
			Inverse Floaters/POs/IOs	0% <sup>g</sup>
			TBAs (for purposes of Hedging Transactions only)	10% <sup>g</sup>

- a Investments in Corporate CP and Corporate Debt Issued by corporations incorporated in permitted countries other than the United States may together constitute no more than 2% of the Covered Market Value.
- b See also Subsection 2.02(f) of these Investment Guidelines.
- c The Sub-Categories of Agency RMBS Identify the particular agency that issued or guaranteed the related Agency Residential Mortgage-Backed Security (including, for the avoidance of doubt, the Agency CMO).
- d Investments in Non-Agency CMOs shall be treated as investments in the Prime Non-Agency or the Alt-A Fixed backing such Non-Agency CMOs for purposes of calculating the Maximum Sub-Category Allocation of such Sub-Categories.
- e Investments in Corporate Debt sold pursuant to Rule 144A with registration rights may constitute no more than 5% of the Covered Market Value.
- f The Maximum Category Allocation for duration/yield curve-related derivatives is expressed in terms of a range of percentages of the Account Duration attributable to such derivatives. For this purpose, contribution to duration means the difference between the Account Duration disregarding the duration/yield curve-related derivatives and the Account Duration including the duration/yield curve-related derivatives. Such difference shall not fall outside the range of percentages of the Account Duration specified in the table above.
- g The Maximum Category Allocation and Maximum Sub-Category Allocation for derivatives other than duration/yield curve-related derivatives shall be calculated using the gross notional amount of each derivative transaction.

b. Upon the Conversion Date, there shall be no new (i) investments (whether in the form of cash positions or Replication Transactions) in Non-Agency RMBS, Corporate Debt, CMBS, and ABS or (ii) derivative transaction that take the form of credit default swaps (including CDX Untranching Transactions). Commencing twelve months prior to the Maturity Date, the maximum permissible allocation to any combination of Non-Agency RMBS, Corporate Debt, CMBS, and ABS shall be 20% of the Covered Market Value.

c. Commencing twelve months after the Conversion Date, there shall be no new investment or investment practice recorded to the Account unless at such time its rating satisfies the "Minimum Credit Quality at time of Purchase" requirement set forth in the table in Subsection 4.02(a) of these Investment Guidelines.

**SECTION 5. MODIFICATION OF INVESTMENT GUIDELINES**

The Investment Guidelines may be modified by means of a prior written agreement executed by the Owner and the Company.