

**THE FEDERAL RESERVE BOARD ESTABLISHES THE MONEY MARKET
INVESTOR FUNDING FACILITY**

On October 21, 2008, the Federal Reserve Board (the “Fed”) announced the creation of the Money Market Investor Funding Facility (the “MMIFF”) to provide liquidity to U.S. money market funds. The MMIFF will be a credit facility to a series of newly-formed private special purpose vehicles (“PSPVs”) to be managed by JPMorgan Chase & Co. The PSPVs will purchase, at amortized cost, certain eligible assets, including U.S. dollar-denominated certificates of deposit, bank notes and commercial paper with a remaining maturity of 90 days or less, from money market funds.

The PSPVs may only purchase debt instruments meeting certain rating criteria issued by ten financial institutions, as designated in the PSPV’s operational documents. Those issuers must have a short-term debt rating of at least A-1/P-1/F1 from two or more nationally recognized statistical rating organizations. In addition, an individual financial institution’s debt instruments cannot exceed fifteen percent of the assets of the PSPV at the time of purchase by the PSPV.

To finance its purchase of eligible assets, a PSPV will issue and sell asset-backed commercial paper equal to ten percent of the eligible asset’s purchase price to the fund that is selling the eligible asset to the PSPV. A PSPV will borrow the remainder, up to \$540 million, from the Federal Reserve Bank of New York at the primary credit rate and on an overnight basis. The loans from the Federal Reserve Bank of New York will be secured by the assets of the PSPV and will be senior to the PSPV’s asset-backed commercial paper.

The MMIFF is designed to protect the Fed if an issuer of debt instruments defaults. If a debt instrument held by a PSPV is downgraded so that it is no longer an eligible asset, the PSPV may not make any asset purchases until all of the PSPV’s debt instruments issued by the downgraded financial institution have matured. Upon default of any debt instrument, a PSPV must cease making any asset purchases and repayments on the PSPV’s outstanding asset-backed commercial paper. As the PSPV’s assets mature, those proceeds will be used to pay first the Federal Reserve Bank of New York, and then the principal and interest on the PSPV’s outstanding asset-backed commercial paper.

Currently, the MMIFF is only available to U.S. money market mutual funds; however, the MMIFF may become available to other money market investors over time. It is expected that the Fed will announce the start date of the MMIFF this week. The MMIFF will terminate on April 30, 2009, unless extended by the Fed.

Additional details, including more information as to the terms and conditions of the MMIFF, are available at: <http://www.federalreserve.gov/newsevents/press/monetary/20081021a.htm>.

The MMIFF is the latest offering in a series of programs to improve liquidity in short-term debt markets and increase the availability of credit. Earlier this month, the Fed created the Commercial Paper Funding Facility, which will begin funding purchases of highly rated three-month unsecured and asset-backed commercial paper directly from eligible issuers on October 27, 2008. On September 19, 2008, the Fed announced the creation of the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility to extend loans to banking organizations for them to purchase asset-backed commercial paper from money market funds.

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If you have any questions concerning the foregoing or would like additional information, please contact Benjamin J. Haskin (202-303-1124, bhaskin@willkie.com), Y. Rachel Kuo (202-303-1288, rkuo@willkie.com), or the attorney with whom you regularly work.

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