



MEMO

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From: Jonathan D. Weir, JD*
To: WFR Clients and Friends
Subject: Temporary Guarantee Program for Money Market Funds

United States Department of the Treasury
Temporary Guarantee Program for Money Market Funds
Updated December 3, 2008

What is the Temporary Guarantee Program for Money Market Funds?

The United States Department of the Treasury (the "Treasury") has established this program to guarantee the share price of participating money market funds, providing coverage to shareholders for amounts held in participating money market funds as of the close of business on September 19, 2008. The guarantee will be triggered when a participating money market fund's net asset value ("NAV") drops below \$0.995, commonly referred to as "breaking the buck" during the guarantee period. Should the guarantee be triggered, this program will provide capital to the money market fund to ensure that investors receive a liquidating payment from their fund reflecting a stable NAV with respect to share balances held as of the close of business on September 19, 2008.

Why did the Treasury establish this program?

The program is intended to address temporary disruptions in the credit markets.

How long does this guarantee program last?

The initial term of the program was through the close of business on December 18, 2008. The Treasury has extended the term of the program through April 30, 2009. The Secretary of the Treasury may further extend this program up to September 18, 2009.

Can I sign up to participate in the Treasury's Temporary Guarantee Program for Money Market Funds?

No. Election to participate in this program is made by each money market fund on behalf of its shareholders. Investors cannot sign up for the program individually. Only money market funds that participated in the initial period of this program (expiring December 18, 2008) are eligible to participate in the extension of the program through April 30, 2009.

Is my money market fund participating in the program?

The primary money market fund sponsors used as cash sweep funds in the brokerage accounts we offer have enrolled their money market funds in this program. If you are holding money market funds directly with a mutual fund company, you can verify participation by calling the company directly or visiting their website.

How much of my money market fund balance is covered by this guarantee? What happens if the number of shares held in my account increases above the level at the close of business on September 19, 2008? What happens if the number of shares held in my account decreases below the level at the close of business on September 19, 2008?

The program provides a guarantee based on the number of shares held at the close of business on September 19, 2008, regardless of the amount of shares held at that point in time. Any increase in the number of shares held in an account after the close of business on September 19, 2008 will not be guaranteed. If the number of shares held in an account fluctuates over the period, investors will be covered for either the number of shares held as of the close of business on September 19, 2008 or the current amount, whichever is less.

The following examples illustrate how the guarantee works:

1. If an investor owned 100 shares in a money market fund as of close of business September 19, 2008, but owns 50 shares on the day the guarantee payment is made, after the fund breaks the buck, then that investor will be guaranteed for 50 shares.
2. If an investor owned 100 shares in a money market fund as of close of business September 19, 2008, but owns 150 shares on the day the guarantee payment is made, after the fund breaks the buck, then that investor will be guaranteed for 100 shares. The fund, upon liquidation, will distribute proceeds to the shareholder for the additional 50 shares, at net asset value.
3. If an investor owned 100 shares in a fund as of close of business September 19, 2008, subsequently sold 50 shares and later bought 25 shares, the investor owns 75 shares on the day the guarantee payment is made and will be guaranteed for 75 shares.
4. If an investor owned no shares in a fund as of close of business September 19, 2008, but owns 100 shares on the day the guarantee payment is made, none of the investor's shares are guaranteed by the program and the investor will receive the net asset value directly from the fund.

What happens if the guarantee is triggered?

If the guarantee is triggered, this program will provide capital to the money market fund to ensure that investors receive a liquidating payment from their fund reflecting a stable NAV with respect to share balances held as of the close of business on September 19, 2008. Generally, a fund that triggers the guarantee will be liquidated within a prescribed period of time, and investors will receive their guarantee payment from the fund company within 30 days, subject to possible extension by the Treasury. No action is required by the investor to receive the liquidating payment.

Does the guarantee apply to my voluntary liquidation of money market fund shares or withdrawal from my account?

No, the guarantee will only apply in the event that the NAV of a participating money market fund falls below \$0.995 per share and is not promptly cured. In that event, the fund will be required to liquidate within a prescribed timeframe, and the guarantee payment will be included in the liquidating distribution from the fund.

What happens if I close my account with the money market fund? What happens if I have a brokerage account and close my account with the broker/dealer or move my account to another broker/dealer?

If you have an account held directly with a money market fund sponsor and you close your account, your future investment in that money market fund will not be covered by the guarantee. Similarly, if you have a money market fund held within a brokerage account with a broker/dealer, and you close your account with that broker/dealer, your future investment in a money market fund through that broker/dealer will not be covered by the guarantee. If you transfer your brokerage account to another broker/dealer without liquidating your investment in the money market fund, you could potentially lose the guarantee, as the new broker/dealer may not be able to identify transferring shares that were owned as of the close of business on September 19, 2008.

Who provides this guarantee? What does it cost?

The U.S. Treasury Department, through the Exchange Stabilization Fund, is providing this guarantee. Participating money market funds paid a fee of 0.01% - 0.015% to the Treasury to participate in the initial three-month program through December 18, 2008. Participation in the extension of the program through April 30, 2009 required an additional fee of 0.015% - 0.022%. Additional fees will be required for continued participation if the Secretary of the Treasury extends the program beyond April 30, 2009.

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