

## SECURITIES LENDING AGREEMENT AND GUARANTY

AGREEMENT, dated as of NOVEMBER 27, 1996, between The State Treasurer of the State of South Carolina ("Lender"), and The Bank of New York ("Bank").

### ARTICLE I DEFINITIONS

Whenever used in this Agreement, unless the context otherwise requires, the following words shall have the meanings set forth below:

1. "Act of Insolvency" shall mean, (i) the filing by a Borrower of a petition in bankruptcy or a petition seeking reorganization, liquidation or similar relief, or the filing of any such petition against a Borrower which is not dismissed or stayed within 60 calendar days, (ii) the adjudication of a Borrower as bankrupt or insolvent, (iii) the seeking or consenting to the appointment of a trustee, receiver or liquidator by a Borrower, or (iv) the making of a general assignment for the benefit of creditors by a Borrower or a Borrower's admission in writing of its inability to pay its debts as they become due.
2. "Account" shall mean the custodial account established and maintained by Bank on behalf of Lender for the safekeeping of Securities and monies received by Bank from time to time.
3. "Approved Investment" shall mean any type of security, instrument, participation or interest in property in which Cash Collateral may be invested or reinvested, as set forth on Schedule I attached hereto (which may be amended from time to time by execution of a revised Schedule I).
4. "Authorized Person" shall mean any officer of Lender and any other person, whether or not any such person is an officer or employee of Lender, duly authorized by Lender to give Oral and/or Written Instructions on behalf of Lender, such persons to be designated in a Certificate which contains a specimen signature of such person.
5. "Book-Entry System" shall mean the Federal Reserve/Treasury book-entry system for receiving and delivering Government Securities (as defined herein), its successors and nominees.
6. "Borrower" shall mean any entity named on a list supplied to Lender by Bank (as such list may be amended from time to time), other than any entity deleted from such list pursuant to a Certificate.
7. "Business Day" shall mean any day on which Bank is open for business and on which the Book-Entry System and/or the applicable Depositories are open for business.
8. "Cash Collateral" shall mean either fed funds or New York Clearing House funds, as applicable for a particular Loan.
9. "Certificate" shall mean any notice, instruction, schedule or other instrument in writing, authorized or required by this Agreement to be given to Bank, which is actually received by Bank and signed on behalf of Lender by an Authorized Person or a person reasonably believed by Bank to be an Authorized Person.
10. "Collateral" shall mean Government Securities and/or Cash Collateral.
11. "Collateral Account" shall mean an account established and maintained by Bank for the purpose of holding Collateral, Approved Investments, Proceeds and any Securities Loan Fee paid by Borrowers in connection with Loans hereunder.
12. "Collateral Requirement" shall mean with respect to Loans an amount equal to 102% of the then current Market Value of Loaned Securities which are the subject of Loans as of the close of trading on the preceding Business Day.
13. "Depository" shall mean the Depository Trust Company, Participants Trust Company and any other securities depository or clearing agency (and their respective successors and nominees) registered with the Securities and Exchange Commission or otherwise authorized to act as a securities depository or clearing agency.

14. "Distributions" shall mean interest, dividends and other payments and distributions payable by Borrowers in respect of Loaned Securities.
15. "Government Security" shall mean book-entry Treasury securities (as defined in Subpart O of Treasury Department Circular No. 300, 31 C.F.R. 306) and any other securities issued or fully guaranteed by the United States government or any agency, instrumentality or establishment of the United States government.
16. "Loan" shall mean a loan of Securities hereunder.
17. "Loaned Security" shall mean any Security which is subject to a Loan.
18. "Market Value" shall mean (a) with respect to Government Securities, the price of such Securities as quoted by a generally recognized pricing information service at the time the determination of Market Value is made, plus accrued but unpaid interest, if any, on the particular Security, (b) with respect to other Securities, the price of such Securities as quoted by a generally recognized pricing information service at the time such determination is made, plus accrued but unpaid interest, if any, to the extent not included in the price as quoted, and (c) with respect to Cash Collateral, its amount.
20. "Oral Instructions" shall mean verbal instructions actually received by Bank from an Authorized Person or from a person reasonably believed by Bank to be an Authorized Person.
21. "Proceeds" shall mean any interest, dividends and other payments and distributions received by Bank in respect of Collateral and Approved Investments.
22. "Rebate" shall mean the amount payable by Lender to a Borrower in connection with Loans at any time collateralized by Cash Collateral.
23. "Receipt" shall mean an advice or confirmation setting forth the terms of a particular Loan.
24. "Securities Borrowing Agreement" shall mean the agreement pursuant to which Bank lends securities to a Borrower on behalf of its customers (including Lender) from time to time.
25. "Securities Loan Fee" shall mean the amount payable by a Borrower to Bank pursuant to the Securities Borrowing Agreement in connection with Loans collateralized by Collateral other than Cash Collateral.
26. "Security" shall include Government Securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, mortgages or other obligations, and any certificates, warrants or other instruments representing rights to receive, purchase, or subscribe for the same, or evidencing or representing any other rights or interests therein.
27. "Written Instructions" shall mean written communications actually received by Bank from an Authorized Person or from a person reasonably believed by Bank to be an Authorized Person by letter, memorandum, telegram, cable, telex, telecopy facsimile, computer, video (CRT) terminal or other on-line system, or any other method whereby Bank is able to verify with a reasonable degree of certainty the identity of the sender of such communications or the sender is required to provide a password or other identification code.

## ARTICLE II

### APPOINTMENT OF BANK; SCOPE OF AGENCY AUTHORITY

1. Appointment. Lender hereby appoints Bank as its agent to lend Securities in the Account to Borrowers from time to time (except Securities which Lender has advised Bank in a Certificate are no longer subject to the representations set forth in Article III, sub-paragraph (e) hereof), and Bank hereby accepts appointment as such agent and agrees to so act.
2. Securities Borrowing Agreement. Lender hereby acknowledges receipt of Bank's standard form(s) of Securities Borrowing Agreement and authorizes Bank to lend Securities in the Account to Borrowers pursuant to agreements substantially in the form thereof. Bank is hereby authorized to negotiate with each Borrower the amount of Rebates payable in connection with particular Loans. Bank shall deliver to Lender a Receipt relating to each Loan.
3. Loan Opportunities. Bank shall treat Lender equitably with other lenders of like circumstances in making lending opportunities available to it hereunder, taking into account the demand for specific securities, availability of securities, types of

collateral, eligibility of borrowers, limitations on investments of cash collateral and such other factors as Bank deems appropriate. Bank shall nevertheless have the right to decline to make any Loans pursuant to any Securities Borrowing Agreement and to discontinue lending under any Securities Borrowing Agreement in its sole discretion and without notice to Lender.

4. Use of Book-Entry System and Depositories. Lender hereby authorizes Bank on a continuous and on-going basis, to deposit in the Book-Entry System and the applicable Depositories all Securities eligible for deposit therein and to utilize the Book-Entry System and Depositories to the extent possible in connection with its receipt and delivery of Securities, Collateral, Approved Investments and monies under this Agreement. Where Securities, Collateral and Approved Investments eligible for deposit in the Book-Entry System or a Depository are transferred to Lender hereunder, Bank shall identify as belonging to Lender a quantity of securities in a fungible bulk of securities shown on Bank's account on the books of the Book-Entry System or the applicable Depository. Securities, Collateral and Approved Investments deposited in the Book-Entry System or a Depository will be represented in accounts which include only assets held by Bank for customers, including but not limited to accounts in which Bank acts in a fiduciary or agency capacity.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

Lender hereby represents and warrants to Bank, which representations and warranties shall be deemed to be continuing and to be reaffirmed on any day that a Loan is outstanding, that:

(a) This Agreement is, and each Loan will be, legally and validly entered into, does not, and will not, violate any statute, regulation, rule, order or judgment binding on Lender, or any provision of Lender's charter or by-laws, or any agreement binding on Lender or affecting its property, and is enforceable against Lender in accordance with its terms, except as may be limited by bankruptcy, insolvency or similar laws, or by equitable principles relating to or limiting creditors' rights generally;

(b) The person executing this Agreement and all Authorized Persons acting on behalf of Lender has and have been duly and properly authorized to do so;

(c) Lender is lending Securities as principal for its own account and it will not transfer, assign or encumber its interest in, or rights with respect to, any Loans; and

(d) All Securities in the Account are free and clear of all liens, claims, security interests and encumbrances and no such Security has been sold. Lender shall promptly deliver to Bank a Certificate identifying any and all Securities which are no longer subject to the representations contained in this sub-paragraph (d).

### ARTICLE IV SECURITIES LENDING TRANSACTIONS

1. General Bank Responsibilities. Bank shall enter Loans pursuant to the Securities Borrowing Agreement and take all actions deemed necessary or appropriate in order to perform on Lender's behalf thereunder, including receiving Collateral having a Market Value of not less than the Collateral Requirement, collecting Distributions and applicable Securities Loan Fees, and demanding additional Collateral from the appropriate Borrowers when the Market Value of Collateral received by Bank from such Borrowers is less than the then current Market Value of all of the Loaned Securities. Whenever Bank demands additional Collateral pursuant to the foregoing, such additional Collateral together with the Collateral then held by Bank in connection with Loans shall have a Market Value of not less than the Collateral Requirement.

2. Approved Investments. (a) Bank is hereby authorized and directed, without obtaining any further approval from Lender, to invest and reinvest all or substantially all of the Cash Collateral received in any Approved Investment. Bank shall credit all Collateral, Approved Investments and Proceeds received with respect to Collateral and Approved Investments to the Collateral Account and mark its books and records to identify Lender's interest therein as appropriate, it being understood that all monies credited to the Collateral Account may for purposes of investment be commingled with cash collateral held for other lenders of securities for whom Bank acts as their respective agent. Bank reserves the right, in its sole discretion, to liquidate any Approved Investment and credit the net proceeds to the Collateral Account.

(b) Lender may deliver to Bank a Certificate from time to time instructing Bank not to make Approved Investments with particular financial institutions or issuers.

(c) All Approved Investments shall be for the account and risk of Lender. To the extent any loss (whether due to the issuer's or obligor's default in the payment of any Proceeds, or Bank's disposition of such Approved Investment for any reason) arising out of Approved Investments results in a deficiency in the amount of Collateral available for return to a Borrower, Lender agrees to pay Bank on demand cash in an amount equal to such deficiency.

(d) Except as otherwise provided herein, all Collateral, Approved Investments and Proceeds credited to the Collateral Account shall be controlled by, and subject only to the instructions of, Bank, and Bank shall not be required to comply with any instructions of Lender with respect to the same.

3. Termination of Loans. (a) Bank shall terminate any Loan as soon as practicable after:

(i) receipt by Bank of a notice of termination from a Borrower;

(ii) receipt by Bank of Written Instructions to do so;

(iii) receipt by Bank of a Certificate instructing it to delete the Borrower to whom such Loan was made from the list referred to in Article I, paragraph 6 hereof;

(iv) receipt by Bank of a Certificate advising that the Loaned Security is no longer subject to the representations contained in Article III, sub-paragraph (d) hereof;

(v) receipt by Bank of notice or a Certificate advising that an Event of Default (as defined in the Securities Borrowing Agreement) has occurred and is continuing beyond any applicable grace period;

(vi) whenever Bank, in its sole discretion, elects to terminate such Loan; or

(vii) termination of this Agreement.

(b) Upon termination of any Loan (which shall be effected according to the standard settlement time for trades in the particular Loaned Security) and receipt from the Borrower of the Loaned Securities and any Distributions then due, Bank shall return to the Borrower such amount of Collateral as is required by the Securities Borrowing Agreement and pay the Borrower any Rebates then payable.

(c) In order for Bank to timely settle the sale of Loaned Securities, it shall be Lender's responsibility to ensure prompt notification to Bank regarding any such sale.

4. Securities Loan Fee. Bank shall receive any applicable Securities Loan Fee paid by Borrowers and credit all such amounts received to the Collateral Account.

5. Guarantee and Subrogation. (a) If as a result of an Act of Insolvency a Borrower fails to return any Loaned Securities, Bank shall take all actions which it deems necessary or appropriate to liquidate Approved Investments and Collateral in connection with Loans to such Borrower and, unless advised by Lender to the contrary, shall make a reasonable effort for two Business Days (the "Replacement Period") to apply the proceeds thereof to the purchase of Securities identical to the Loaned Securities (or the equivalent thereof in the event of a reorganization or recapitalization of the issuer) not returned. If during the Replacement Period the Collateral liquidation proceeds are insufficient to replace any of the Loaned Securities not returned, Bank shall, subject to satisfaction of Lender's obligations under Paragraph 2(c) of this Article, pay such additional amounts as are necessary to make such replacement. Purchases of replacement Securities shall be made only in such markets, in such manner and upon such terms as Bank shall consider appropriate in its sole discretion. Replacement Securities shall be credited to the Account upon receipt by Bank. If Bank is unsuccessful in purchasing any replacement Securities during the Replacement Period, the proceeds of the liquidation of Approved Investments and Collateral pursuant hereto shall be credited to the Account, and Bank shall, subject to satisfaction of Lender's obligations under Paragraph 2(c) of this Article, credit to the Account cash in an amount (if any) equal to (X) the Market Value of the Loaned Securities not returned, minus (Y) the Collateral liquidation proceeds, such calculation to be made on the date of such credit.

(b) Lender agrees, without the execution of any documents or the giving of any notice, that Bank is and will remain subrogated to all of Lender's rights under the Securities Borrowing Agreement or otherwise (to the extent of any credit pursuant to Paragraph 5(a) above), including but not limited to, Lender's rights with respect to Loaned Securities and Distributions, and

Collateral, Approved Investments and Proceeds. Lender agrees to execute and deliver to Bank such documents as Bank may require and to otherwise fully cooperate with Bank to give effect to its rights of subrogation hereunder.

(c) Bank shall have no obligation to take any actions pursuant to Paragraph 5(a) above if it reasonably believes that such action will violate any applicable statute, regulation, rule, order or judgment. Furthermore, except as provided in Paragraph 5(a), Bank shall have no other liability to Lender relating to any Borrower's failure to return Loaned Securities and no duty or obligation to take action to effect payment by a Borrower of any amounts owed by such Borrower pursuant to the Securities Borrowing Agreement.

(d) Either party may terminate the provisions of Paragraph 5(a) above with respect to any Borrower at any time by delivery of a notice to the other party specifying a termination date not earlier than the date of receipt of such notice by the other party. No such termination shall be effective with respect to then existing rights of either party under this Paragraph 5 or outstanding Securities Loans hereunder.

(e) Bank may offset any amounts payable by Lender under this Agreement against amounts payable by Bank under Paragraph 5(a) of this Article.

6. Borrower Default. Lender understands and agrees that if a Borrower fails to return Loaned Securities for reasons other than an Act of Insolvency, Bank may, in its reasonable discretion, elect not to liquidate Approved Investments and such Approved Investments shall continue to be subject to Article IV, Paragraph 2(c). Bank shall be responsible to Lender for the Market Value of the Loaned Securities as of the date such Loaned Securities are credited to the Account.

#### ARTICLE V CONCERNING BANK

1. Standard of Care. Bank shall exercise reasonable care in the performance of its duties hereunder consistent with that exercised by banks generally in the performance of similar duties. Bank shall not be liable for any costs, expenses, damages, liabilities or claims including attorneys' and accountants' fees (collectively, "Losses") incurred by Lender, except those Losses arising out of the negligence, bad faith or wilful misconduct of Bank. Bank shall have no obligation hereunder for Losses, which are sustained or incurred by reason of any action or inaction by the Book-Entry System or any Depository or their respective successors or nominees. In no event shall Bank be liable for special, indirect or consequential damages, or lost profits or loss of business, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages and regardless of the form of action.

2. No Obligation to Inquire. Without limiting the generality of the foregoing, Bank shall be under no obligation to inquire into, and shall not be liable for, the validity of the issue of any Securities, Collateral or Approved Investments held in the Account or Collateral Account, or the legality or propriety of any Loans hereunder.

3. Reliance on Borrowers' Statements, Representations and Warranties. Provided that it acts with reasonable care, Bank shall be entitled to rely upon the most recently available audited and unaudited statements of financial condition and representations and warranties made by Borrowers, and Bank shall not be liable for any loss or damage suffered as a result of any such reliance.

4. Advances, Overdrafts and Indebtedness. (a) Bank may, in its sole discretion, advance funds to Lender in order to pay to Borrowers any Rebates or to return to Borrowers Cash Collateral to which they are entitled. Bank may also credit the Account or Collateral Account with Securities Loan Fees payable by Borrowers prior to its receipt thereof. Any such credit shall be conditional upon receipt by Bank of final payment and may be reversed to the extent final payment is not received.

(b) Lender agrees to repay Bank on demand the amount of any advance or any other amount owed by Lender hereunder plus accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) not to exceed the fed funds rate as publicly announced to be in effect from time to time, such rate to be adjusted on the effective date of any change in such fed funds rate plus 50 basis points.

5. Advice of Counsel. Bank may, with respect to questions of law regarding an Event of Default by Borrower, apply for and obtain the advice and opinion of counsel and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion, provided that Bank implements such advice without negligence.

6. No Collection Obligations. Bank shall be under no obligation or duty to take action to effect collection of, or be liable for, any amounts payable in respect of Securities or Approved Investments if such Securities or Approved Investments are in default, or if payment is refused after due demand and presentation.

7. Pricing Services. Bank is authorized to utilize any generally recognized pricing information service in order to perform its valuation responsibilities with respect to Loaned Securities, Collateral and Approved Investments, and Bank shall not be liable for any loss or damage suffered or incurred by Lender as a result of errors or omissions of any such pricing information service.

8. Agent's Fee. (a) For its performance as Lender's agent in making and administering Loans, Lender shall pay to Bank a fee, accrued daily, equal to 40% of the sum of Proceeds and Securities Loan Fees (collectively, "Earnings") paid or payable by the relevant Borrowers, net of Rebates paid by Bank to relevant Borrowers and brokerage fees incurred in making Approved Investments ("Net Earnings"). Subject to Paragraph 8(b) below, Bank is authorized, on a monthly basis, to charge its fees and any other amounts owed by Lender hereunder against the Account and/or Collateral Account.

(b) If the Rebates and brokerage fees paid by Bank in any month exceed the sum of all Earnings ("Shortfall"), the Bank will be responsible for 40% of the Shortfall. Bank will deduct Lender's 60% share of the Shortfall from Lender's future Net Earnings. Notwithstanding the foregoing, all Approved Investments shall be for the account and risk of Lender in accordance with Article IV, Paragraph 2(c).

9. Reliance On Certificates and Instructions. Bank shall be entitled to rely upon any Certificate, Written or Oral Instruction actually received by Bank and reasonably believed by Bank to be duly authorized and delivered. Lender agrees to forward to Bank Written Instructions confirming Oral Instructions in such manner so that such Written Instructions are received by Bank by the close of business of the same day that such Oral Instructions are given to Bank. Lender agrees that the fact that such confirming Written Instructions are not received or that contrary instructions are received by Bank shall in no way affect the validity or enforceability of the transactions authorized by Lender. In this regard, the records of Bank shall be presumed to reflect accurately any Oral Instructions given by an Authorized Person or a person believed by Bank to be an Authorized Person.

10. Disclosure of Account Information. It is understood and agreed that Bank is authorized to supply any information regarding the Account or Collateral Account which is required by any statute, regulation, rule or order now or hereafter in effect.

11. Statements. Bank will at least monthly furnish Lender with statements relating to Loans hereunder.

12. Force Majeure. Bank shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, transportation, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority; governmental actions; or inability to obtain labor, material, equipment or transportation; it being understood that Bank shall maintain a disaster recovery plan.

13. Insurance. To the extent that Lender incurs a loss that may be covered by Bank's insurance, Bank will file a claim on behalf of Lender.

14. No Implied Duties. Bank shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied against Bank in connection with this Agreement.

#### ARTICLE VI TERMINATION

This Agreement may be terminated at any time by either party upon delivery to the other party of a written notice specifying the date of such termination, which shall be not less than 30 days after the date of receipt of such notice. Notwithstanding any such notice, this Agreement shall continue in full force and effect with respect to all Loans outstanding on the date of termination.

ARTICLE VII  
MISCELLANEOUS

1. Certificates. Lender agrees to furnish to Bank a new Certificate in the event that any present Authorized Person ceases to be an Authorized Person or in the event that any other Authorized Persons are appointed and authorized. Until such new Certificate is received, Bank shall be fully protected in acting upon Oral Instructions or signatures of the present Authorized Persons.

2. Notices. (a) Any notice or other instrument in writing, authorized or required by this Agreement to be given to Bank, shall be sufficiently given if addressed to Bank and received by it at its offices at 101 Barclay Street, New York, New York 10286, Attention: Securities Lending Division, or at such other place as Bank may from time to time designate in writing.

(b) Any notice or other instrument in writing, authorized or required by this Agreement to be given to Lender shall be sufficiently given if addressed to Lender and received by it at its office at P.O. Box 11778, Columbia, South Carolina 29211, or at such other place as Lender may from time to time designate in writing.

3. Cumulative Rights and No Waiver. Each and every right granted to Bank or Lender hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of Bank or Lender to exercise, and no delay in exercising, any right will operate as a waiver thereof, nor will any single or partial exercise by Bank or Lender of any right preclude any other or future exercise thereof or the exercise of any other right.

4. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

5. Entire Agreement; Amendments. This Agreement represents the entire understanding of the parties hereto with regard to the subject matter contained herein and may not be amended or modified in any manner except by a written agreement executed by both parties.

6. Successors and Assigns. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by either party without the written consent of the other.

7. Governing Law; Consent to Jurisdiction; Waiver of Immunity. This Agreement shall be construed in accordance with the laws of the State of South Carolina. Lender and Bank hereby consent to the jurisdiction of a state or federal court situated in South Carolina in connection with any dispute arising hereunder.

8. No Third Party Beneficiaries. In performing hereunder, Bank is acting solely on behalf of Lender and no contractual or service relationship shall be deemed to be established hereby between Bank and any other person.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

10. SIPA NOTICE. THE PROVISIONS OF THE SECURITIES INVESTOR PROTECTION ACT OF 1970 MAY NOT PROTECT LENDER WITH RESPECT TO LOANS HEREUNDER AND, THEREFORE, THE COLLATERAL DELIVERED TO BANK AS AGENT FOR LENDER MAY CONSTITUTE THE ONLY SOURCE OF SATISFACTION OF A BORROWER'S OBLIGATION IN THE EVENT SUCH BORROWER FAILS TO RETURN THE LOANED SECURITIES.

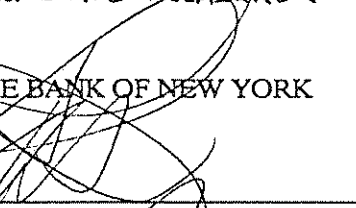
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective corporate officers, thereunto duly authorized, as of the day and year first above written.

THE STATE TREASURER  
OF THE STATE OF SOUTH CAROLINA

By: 

Title: STATE TREASURER

THE BANK OF NEW YORK

By: 

Title: 



## Schedule I

The State Treasurer of the State of South Carolina authorizes Bank to purchase investments that meet the requirements set forth hereinafter.

### I. Currency of Investments

Bank is authorized to invest in instruments which are denominated in the same currency as the cash collateral provided on a loan of securities.

### II. Approved Instruments

Bank is authorized to invest in any of the instruments below, subject to the limitations contained in this schedule:

xx Direct Government Obligations  
xx US

xx Obligations of a Government Agency/Instrumentality  
xx US

xx Obligations of US Corporations

xx Asset-backed Securities

xx Repurchase Agreements collateralized by:  
US Government Obligations  
US Government Agency/Instrumentality Obligations  
Mortgage-backed Securities issued by US Government  
Agency/Instrumentality

### III. Credit Quality Limitations

Bank will limit its investments to those which at the time of purchase are rated not lower than the ratings set forth below by any of the listed rating agencies. These credit criteria shall not apply to counterparties on repurchase agreements but shall

apply to the instruments collateralizing such repurchase agreements. Bank will only accept repurchase agreement collateral of the types authorized above.

	<u>Ratings</u>	
	<u>Short Term *</u>	<u>Long Term **</u>
Moody's Investors Service, Inc.	P-1	A3
Standard & Poor's Ratings Group	A-1	A-

\* Maturity of less than 13 months.

\*\* Maturity of 13 months or more.

#### IV. Interest Rate Risk/Investment and Loan Maximum Maturity Limitations

	<u>Max. Final</u>	<u>Max. Reset</u>	<u>Max. Weight</u>
	<u>Maturity</u>	<u>Period</u>	<u>Avg. Life</u>
Fixed Rate Assets	90 days	n/a	n/a
Floating Rate Assets	3 years	3 months	n/a
Asset-backed Securities	3 years	3 months	1.5 years

Maximum Net Weighted Average Days to Reprice/Maturity of the portfolio will not exceed 30 days.

#### V. Description of Instruments

The information set forth below is intended to describe the types of investments and transactions that the State Treasurer of the State of South Carolina may authorize Bank to make or enter into on his behalf. Depending on the actual elections made by the State Treasurer of the State of South Carolina, not all of the following information may be relevant to the services provided him by Bank.

US General Obligations. Means securities issued or guaranteed by the US Government and backed by the full faith and credit of the US Government. These securities include, among others, all Treasury securities as well as obligations of the Government National Mortgage Association.

Obligations of a US Government Agency or Instrumentality. Means obligations issued or guaranteed by US Government agencies or instrumentalities where the investor must look to the issuing or guaranteeing agency for ultimate repayment; some examples of agencies or instrumentalities issuing these obligations are the

Federal Farm Credit System, the Farmers Home Administration, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association.

Repurchase Agreements. Means repurchase agreements with brokers, dealers, banks, or other counterparties. In a repurchase agreement, Bank buys a security on behalf of the State Treasurer of the State of South Carolina from a seller that has agreed to repurchase it at a mutually agreed date and price. For certain purposes, a repurchase agreement may also be viewed as a fully collateralized loan of money to the seller of the security, and for this reason, repurchase agreements are generally used by Bank as alternatives to short-term bank deposits. When entering into a repurchase agreement, Bank will obtain securities with a market value at least equal to the purchase price plus accrued interest, and this value will be maintained throughout the term of the repurchase agreement. Repurchase Agreements may be in the form of collateral held by a third party agent, provided there is a tri-party custody agreement signed by Bank, as agent. The State Treasurer of the State of South Carolina authorizes Bank to enter into repurchase agreements which are collateralized by the types of collateral authorized hereinabove. Any such collateral must satisfy the credit criteria set forth herein.

Corporate Debt Obligations. Means commercial paper, variable rate master demand notes and other short-term debt obligations issued by US corporations, including financing and bank holding companies. Variable rate master demand notes are demand obligations that permit Bank to invest fluctuating amounts at floating interest rates, adjusted periodically, pursuant to arrangements between the issuer and Bank. Corporate debt obligations also includes notes, bonds and debentures issued by US corporations.

Asset-Backed Securities. Means securities which directly or indirectly represent a participation in, or are secured by and payable from, a stream of payments generated by particular assets such as motor vehicle or credit card receivables. Asset-backed securities provide periodic payments that generally consist of both interest and principal payments. Consequently, the life of an asset-backed security varies with the prepayment experience of the underlying debt instruments. Asset-backed securities typically take the form of a beneficial interest in a special-purpose trust, a limited partnership interest of commercial paper or other debt securities issued by a special-purpose corporation.

## VI. Definition of Maturity Limitations

Bank will take interest rate risk on behalf of the State Treasurer of the State of South Carolina to the extent that Bank buys investments with maturities that differ from the maturities of the loans funding such investments as well as to the extent that securities or term loans are liquidated prior to their final maturity. To manage interest rate risk, Bank will ensure that the difference between the average weighted days to maturity of investments and the average weighted days to maturity of the loans funding such investments (i.e. the net weighted average days to maturity) does not exceed the limits specified hereinabove. The number of days to maturity for each investment will be based on the reprice date for floating rate assets and final maturity date for fixed rate assets. In addition, Bank will limit final maturity of floating rate assets to the limitations specified hereinabove.

Bank will not purchase (i) any floating rate obligation (defined to be a security whose coupon rate resets at least every six months) having a final maturity greater than the limit specified hereinabove, (ii) any fixed rate obligation having a final maturity greater than the limit specified hereinabove, provided that Bank may purchase a fixed rate obligation having a maturity up to the limit specified hereinabove if hedged into a floating rate obligation (whose coupon resets at least every six months) having a maturity not greater than the limit specified hereinabove, and (iii) any asset-backed securities having a weighted average expected life or a final maturity greater than the limit specified hereinabove. There are no restrictions on the maturity of obligations collateralizing repurchase agreements.

## VII. Governing Law

Notwithstanding the foregoing, all investments made by the Bank on behalf of the State Treasurer of the State of South Carolina shall comply with Section 11-9-660 of the Code of Laws, 1976, as amended, and any successor provisions thereto. In the event of any conflict between the provisions of this Schedule or the Securities Lending Agreement and Guaranty to which it is attached and the aforesaid the statute, the statute shall control. The State Treasurer shall notify the Bank of amendments to Section 11-9-660.