

1. READILY CONVERTIBLE TO A KNOWN AMOUNT OF CASH WITHOUT PENALTY;

2. SO NEAR MATURITY THAT IT PRESENTS AN INSIGNIFICANT RISK OF CHANGE IN VALUE; AND

3. RATED:

A. "P-1" BY MOODY'S INVESTORS SERVICES, INC.;

B. "A-1" BY STANDARD AND POOR'S DIVISION OF THE MCGRAW HILL COMPANIES, INC.; OR

C. EQUIVALENTLY BY A NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION RECOGNIZED BY THE SECURITIES VALUATION OFFICE OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

(II) "CASH EQUIVALENT" INCLUDES A GOVERNMENT MONEY MARKET MUTUAL FUND AND A CLASS ONE MONEY MARKET MUTUAL FUND.

(4) (6) (I) "COUNTERPARTY EXPOSURE AMOUNT" MEANS:

1. FOR AN OVER-THE-COUNTER DERIVATIVE INSTRUMENT NOT ENTERED INTO PURSUANT TO A WRITTEN MASTER AGREEMENT THAT PROVIDES FOR NETTING OF PAYMENTS OWED BY THE RESPECTIVE PARTIES:

A. THE MARKET VALUE OF THE OVER-THE-COUNTER DERIVATIVE INSTRUMENT IF THE LIQUIDATION OF THE DERIVATIVE INSTRUMENT WOULD RESULT IN A FINAL CASH PAYMENT TO THE INSURER; OR

B. ZERO IF THE LIQUIDATION OF THE DERIVATIVE INSTRUMENT WOULD NOT RESULT IN A FINAL CASH PAYMENT TO THE INSURER;

2. FOR OVER-THE-COUNTER DERIVATIVE INSTRUMENTS ENTERED INTO PURSUANT TO A WRITTEN MASTER AGREEMENT THAT PROVIDES FOR NETTING OF PAYMENTS OWED BY THE RESPECTIVE PARTIES, AND THE DOMICILIARY JURISDICTION OF THE COUNTERPARTY IS EITHER WITHIN THE UNITED STATES OR, IF NOT WITHIN THE UNITED STATES, IS WITHIN A FOREIGN (NOT UNITED STATES) JURISDICTION LISTED IN THE PURPOSES AND PROCEDURES MANUAL OF THE SECURITIES VALUATION OFFICE AS ELIGIBLE FOR NETTING, THE GREATER OF ZERO OR THE NET SUM PAYABLE TO THE INSURER IN CONNECTION WITH ALL DERIVATIVE INSTRUMENTS SUBJECT TO THE WRITTEN MASTER AGREEMENT UPON THEIR LIQUIDATION IN THE EVENT OF DEFAULT BY THE COUNTERPARTY PURSUANT TO THE MASTER AGREEMENT (ASSUMING NO CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE COUNTERPARTY TO MAKE SUCH A PAYMENT AND ASSUMING NO SETOFF OF AMOUNTS PAYABLE PURSUANT TO ANY OTHER INSTRUMENT OR AGREEMENT).

(II) FOR PURPOSES OF THIS PARAGRAPH, MARKET VALUE OR THE NET SUM PAYABLE, AS THE CASE MAY BE, SHALL BE DETERMINED AT THE END OF THE MOST RECENT QUARTER OF THE INSURER'S FISCAL YEAR AND SHALL BE