

Audit Committee

9/10/08

- ① Minutes approved
- ② KPMG Presentation - seen
 - Auditors Communication - p. 4
 - reasonable not absolute assurance
 - unqualified opinion on FS
 - no changes in policies
 - FAS 57 - next yr.
 - fair value - ok

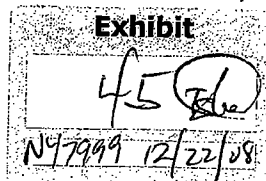
Audit Adjustments / Mgmt letter
(Delrow)

No disagreements w/ Mgmt, full support

Confirmation of independence

Mgmt letter -

gross reconciliations sometimes performed
on a net basis.



No effect on assets; SSB more rectified
issue. Ref about 4-5 days for you.
Classification of interest income as expense
was

② E & Y (Goldman)

full year audit for FY ended 11/30/08
found procedures cited

p. 10 - Service team

p. 13 - Continuous Communication

Fees

Engagement letter - to be signed
by Management

SSB conversion

?
International accounting principles conversion -
Discussion; fees

Impact on mutual funds will be significantly less than on equities.

Time frame for implementation is pretty far out there.

Executive session

Board Meeting

E: Laiford presentation

slow econ.

inflation fears drop

No major changes to P

① extend WAM about 2 months ago

Fed - probably won't raise

② elevated real premium - add more product like BK fr notes - Credit spread products.

Q re LIBOR adjustment

FM/FM rescue; Q re impact

(K)

of Lehman. PL - we have some
Lehman CP that rolls off
in 5-6 wks

Distinguish L from Bear - not
a liquidity problem. We're comfortable

(A) Minutes -
Approved

(B) Carried

(C) Approved

(D) Total Assets - Fund & Class

BB - institutions doing more due
diligence on us.

(F) No comments from Bd

(G)

(H) Global Credits - M&T Bank
(Mark in red in hard copy)

Approved

J. Approved

⑤ Approved

⑥
⑦

⑧ Presidents Report

• Ts want to see from sales

Q Approved

⑨ w/r/t 2a-7

T Approved

Primary II - Congress is not aware. Footnote - compare to Black Rock;

#1

Arthur	9/15/08	8AM	8AM
B2			
BB going	Vikland		
Murphy	Artinian		CMC
McKee	Salzer		Ledford
R Stuart	RFD		Santa A.

McKee - Change from amortized cost F.

FV accounting of CP. If this were to go to zero

~~Aug. mo~~

CP - late October \$200

MTN - \$200

price of securities

RFD - Board determines based on advice to from adviser.

One half or 1 percent = requires ~~advice to~~ notice to SEC. What action ~~is~~ 1.18. Advise SEC of what action we expect to take.

Lekman - secured debt outstanding
ST \$660 M; 42 B



Petition indicates

Total debts 613 B

Total assets 630 B

Must

To go from amortized cost to FV
RMCI comes back w/ info to Bond
based on what's going on in market.

No payments other than in ordinary
course - employees, etc. Usually
will not allow CP to be paid.

Redemptions queued up at \$5.2 B

w/hold payment up to 7 days
but not

Redemptions in kind - permitted.

Transfer to off shore fund - only if
there is a readily available market
price. Fiduciary issues.

Since pricing is done every day, we need to go back to Board to tell them what pricing is.

SEC will compare our pricing to others.

Buy out Lehman paper - ?

9:30 call

Viklund ✓	Sean McK ✓
Mont. ✓	ledford ✓
Santa ✓	BB ✓
RON ✓	B2 ✓
KATE ✓	
Christina ✓	
Frank Stalzw ✓	
Stuart S. ✓	
Joel & Rose ✓	

Bids 45-80 at this point. No trades being done now. Recommendation is to value all at par (CP and MTNs). What will we feel

866 -
527 -
5844
PW
5232979

The SEC?

Questions from Montgomerie re that (par value).

Atwood - cannot disregard market activity; Altman - who makes the decision? Discussion of fair valuation.

Montgomerie -

80 is the # we'll recommend. NAV stuck at 10 AM.

Motion

Board has to conclude that that securities not be liquidated.

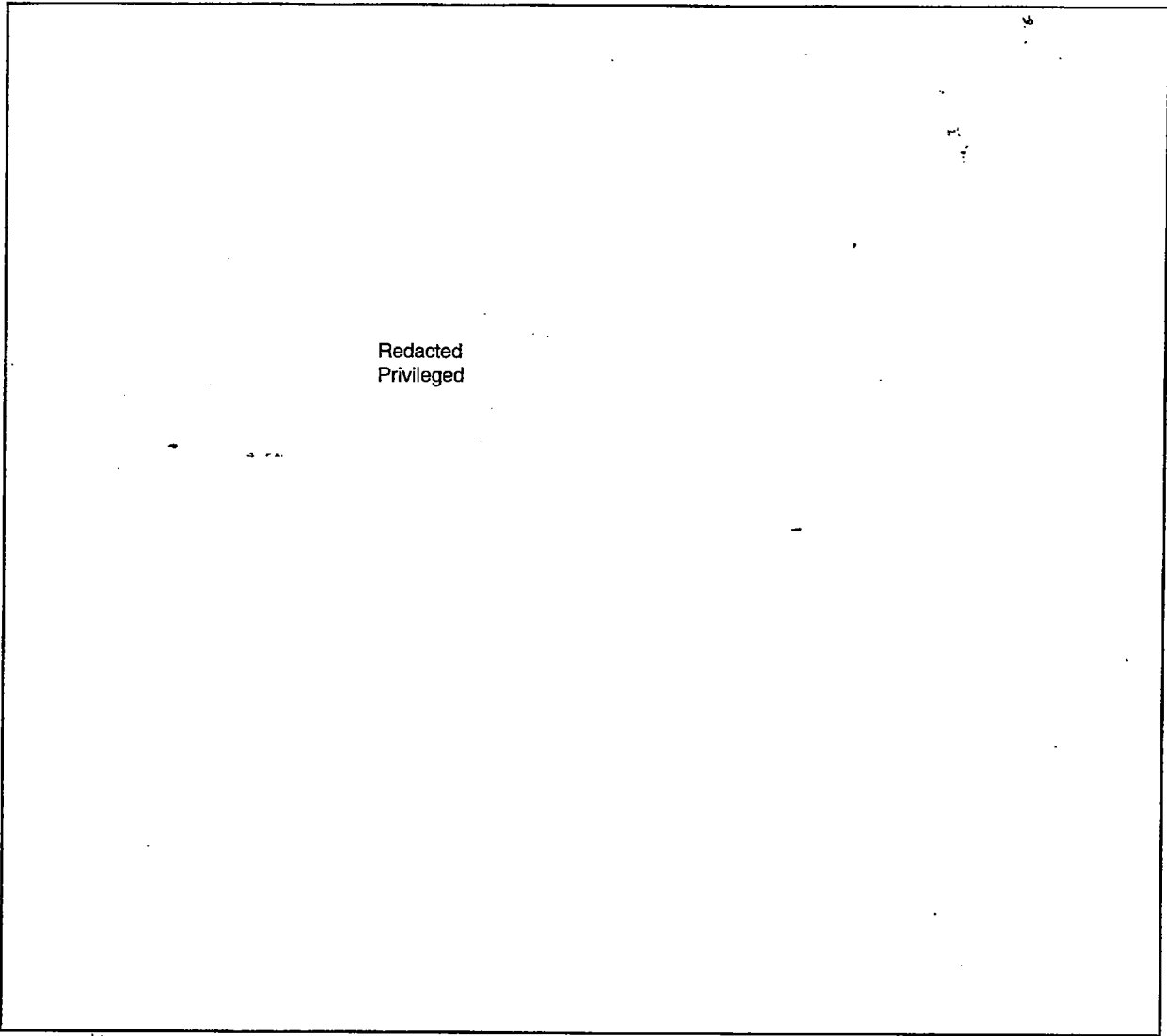
Motion made & seconded.

Meeting Adjourned 10:15

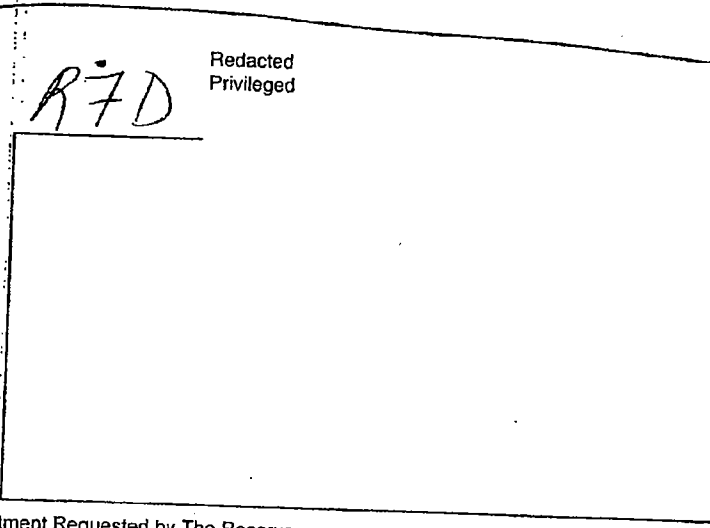
Next Meeting
10 AM
Tues.

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Privileged

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Privileged



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Privileged



Redacted
Privileged

1 PM Call
Rose
Crowley
Massaro
Goldberg
Stuart
McKee

Santa ✓
Viklund ✓
Bruce
Ed Ellett ✓
Montgoris ✓

No
Artinian

(B2)

R will ~~enter into~~ enter into
credit support agreement with
Primary & Yield Plus.

✓ Capital large enough to fund
credit support? Stuart Strauss?
Notes made & Montgoris seconded (Santa)

Geitner



Fed wire reopens
9-6:30; 9:00 PM

Fed wire ~~opens~~ operates out of NYC.
(202)-778-1614

Pat / Sean McKee - call re
interest:

SEC call 9/16

{ Buddy Donahue
Boo Plante
Joel Goldberg
RDF
Kate

May
Lisa Alberti

Stanley Wong
Connell Day
426-3330

NAV - Compute;

State Street

Repos for govt

Call 9:46 9/16

7 day rule - distinguish sweeps from institutional investors;

Email to Director:

Suspend redemptions & new money coming in;

RMC working capital is all in Primary Fund - can't get it out.

10 AM 9/16/

866
527-
5844
PW
523297

Bentz (3)
Crowley
Massaro
Joel
Stewart
Du
Sean McKee

Santa
Ron
Elliott
Mont
Salzer
Viklund

B2

talk w/ SEC

redemptions will be paid in 7 days
will not protect NAV
seeking a partner to acquire us
(working w/ IB)

will break the buck today
marking down the paper to 50¢

Primary: \$20 B yesterday

Lehman now = 20% of portfolio

Pricing is required if redemptions
are allowed to continue.

Antonin -

what changed about Lehman Bros?
since 9/15 AM meeting

liquidity was clogged

\$11 billion left unfunded
last evening

Bl:

must approve new price for LB
why 50 vs. 80?

more prudent
run on the fund
prices 40-80 9/15
40-60 9/16

NAV w/ new LB value -

SEC knows we are going to
break the buck.

Antonin - discussion how
did we get from par to 80 to 50.

BJ
Suspension of sales

Moved &
seconded

Delay in sending ~~to~~ proceeds to
for 7 days for all funds but
Pursuing only today



One Trustee authorized to suggest sales on other funds

Bd:

We need approval to stop accepting purchases

Redemptions in kind - establish some consistency in threshold amount; payment in kind if we don't have the cash

monet & secured

\$100 million

ATMs

Redemptions w/ checks & credit cards up to \$10,000 will be paid

Stick the prospectuses

Montgours - how can we justify 50%

ICI call: Carrie McMullan
General

Nov. 4-7th
Sustainability
Conference

Nom Bd call: 9/16/08

Rose
Joel
Artinian
Santa
Montgours
Viklund

Farrell

Call w/ ICI - trying
to put together a Consortium
to buy us out.

Montgours - primary
issue. Trustees want to
direct mgmt to ~~sell~~ sell
as much of the LB
to market as possible.
Write the rest down to
zero. Orderly liquidation
of rest of portfolio; ~~and~~

incremental ~~to~~ amount that we gain
would be added back to NAV.

RFD:

Valuation is not necessarily a
certain price; SEC is looking for
Board to undergo a process

Leaford:

WS ^{indications} ~~evaluations~~ of ultimate value
of CP is 40-60¢ on the dollar

Monty:

Credit market concerns in general;
no bid market

JG -

Also cannot value the paper too
low & screw the redeeming investors

McKee

As liquidation value requires considera-
tion of all facts & circumstances

Stuart :

JG : good faith standard

Bd : { write LB paper down to zero }

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Privileged

1:45 PM Board call

Bents

KC

CM

P7

Stuart

Goldberg

Rose

Monty

Antonias



(?)

Board approval of one strike price per day for Primary at 5PM.

'212) 720-1936

Stephen Friedman
Peter Dwyer

Fed joined the call.

Conversation re whether Fed may provide some liquidity.

Fed says fact finding; will pass it up the chain; not really exhaustive. Exhausted all resources.

2 PM - NAV was \$1 based on LB priced at \$0. Board considered that Fed intervention allows Board to conclude that value of LB paper need not be zero.

Caution us not to be expected.

Possibility of

4:45 next meeting -

Board will evaluate appropriate price at 4:45 Bd. Meeting.

Once a redemption order is received. Can they w/draw? Not if they

already got a price. Done via redemption and re-purchase.

Moved & secreted

~~George Staker~~

Price a day price tomorrow or Friday

110

Rose:

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Privileged

3:45 PM Trustee Meetings

✓ {	Ehlert	Viklund
	Albo	Staker
	Montgoris	
	Artini	
	Bruce	

JG - SEC let word slip to IC1
~~at~~ that we broke the bid at 2PM.
Need to address

Moved &
recorded

.LH = 0 for 4:00 strike price

4:15 meeting

{ review of press release
Discussed of AIG: Consideration
of pricing; pricing services
provided pricing of AIG at par.

YPlus fund: separate press
release

5 PM - Directors Mtg.

~~9/15/08~~ 9/16/08

{ International Equity
Yield Plus - end of
day



P7 to provide
NAV's for
these two
funds

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Privileged