

INVESTOR Q&A ON MONEY MARKET FUNDS

1. What is a money market fund?

A mutual fund that invests in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper.

2. What is a money market fund's primary goal?

- Preservation of principal, accompanied by modest dividends
- The fund is designed to maintain a Net Asset Value (NAV) of \$1 per share
- Maintain liquidity to give clients access to their money

3. What steps are normally taken to safeguard assets held in money market funds?

- Money markets are managed specifically for safety and liquidity thus they only invest in conservative short-term investments
- The SEC restricts purchases by money market funds to government securities or those rated in one of the top two ratings categories or to securities that, if rated, would fall into one of these categories (based on short term ratings)
- Money market funds invest directly in high quality instruments including Treasury bills, certificates of deposit and other short-term debt, though some funds, such as Treasury money market funds, own only a subset of these asset classes
- Many firms who manage money market funds have taken steps to back-up losses using their own financial resources

THE US TREASURY GUARANTEE PROGRAM FOR MONEY MARKET FUNDS

1. What is Janney's position on the outlook for money markets now and for the future?

The fundamentals and credit quality of the money markets overall looks strong. Money markets investing in tax-exempt securities in particular experienced a sharp uptick in yield in mid-October, but that increase has largely been reversed in more recent weeks, as short term markets have moved back towards more normal, though still stressed, levels.

In late September into mid-October, we witnessed watching yields increase in both taxable corporate and tax-exempt money market funds. Typically, higher yields would be a result of an increase in the perceived risk in the underlying securities that make up money market funds. In this case, outflows from the entire money market sector into Treasuries, Treasury funds, and FDIC-insured deposits resulted in considerably lower demand, which in turn drove yields higher. The result of imbalance in Money Market Funds and not credit quality reductions was causing rates to rise, though in late October, these trends of rising Money Market Fund rates have largely reversed themselves following aggressive Treasury Department and Federal Reserve liquidity injections.

There are always market risks associated with Money Market Fund investments. Under the US Treasury Guarantee Program now in place, if a fund in the program falls below \$1 Net Asset Value (NAV), the Treasury program guarantees paying the difference in the \$1 NAV and that paid to shareholders from the fund for all investments in the fund as of September 19.

2. Can you explain the US Treasury Guarantee Program?

The U.S. Treasury Department announced a \$50 billion program to insure the holdings of any money market mutual fund, retail or institutional, that pays a fee to join the new program. For those participating institutions, any client investments in money market funds as of September 19th are insured by the Treasury Department against declines in NAV below \$1. This action further increases the normally high level of safety and security of money market funds and it has acted to calm money market investors. The US Treasury program is temporary and will expire on April 30, 2009 without further legislative action.

3. Are money markets offered by Janney Montgomery Scott LLC participating in the US Treasury Guarantee Program?

Janney's primary money market sweep provider, the Dreyfus Corporation, will include all of its taxable and tax free sweep funds in the proposed U.S. Treasury Money Market Guarantee Program.

- Dreyfus' money market experts continue to employ a strong credit and risk review process and investment management philosophy for investing in high quality credit to maintain liquidity for its shareholders, including Janney clients.
- Dreyfus manages daily assets in excess of \$285B in money market funds
- Dreyfus is part of the Bank of New York Mellon Corporation, which has \$23 Trillion in assets under custody and administration.
- On September 29, 2008, the U.S. Treasury announced the final details of the special temporary guarantee program for U.S.

registered money market funds. Dreyfus has fulfilled its requirements prescribed under the Treasury Guarantee Program's guidelines for its 40 money market funds. As of October 28, 2008, Dreyfus continues to await completion of the administrative processing of all of the Fund's Guarantee Agreements with Treasury that will confirm each Fund's insurance coverage under the program.

See *Link to Dreyfus' website highlighting the included funds.* <https://www.dreyfus.com/attachments/pdf/articles/ret-fundlist-102808.pdf>

4. What Dreyfus Sweep Money Market Funds are participating in the U.S. Treasury Guarantee Program?

The following Dreyfus Funds are participating and are available through Janney:

- Dreyfus Connecticut Municipal
- Dreyfus Massachusetts Municipal
- Dreyfus Municipal Money Market
- Dreyfus New Jersey Municipal
- Dreyfus Pennsylvania Municipal
- General California Municipal
- General Government Securities
- General Money Market Fund
- General Municipal
- General New York Municipal
- General Treasury Prime
- JP Morgan Michigan Municipal
- JP Morgan Ohio Municipal

5. What about Money Markets Funds not listed in question #4? Are they participating in the U.S Treasury Guarantee Program?

Only the Money Market Funds listed in question #4 are a part of Janney's sweep program. To find out if other Money Market Funds you hold are participating in the U.S. Treasury Guarantee Program, please contact your Janney Financial Consultant.

6. Are all investors in Dreyfus Money Market Funds covered by the U.S. Treasury Guarantee Program?

- Dreyfus shareholders of record on September 19, 2008 are automatically included in the guarantee program.
- Any increase to the number of shares subsequent to September 19th will not be guaranteed
- If shares fluctuate 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.
- Guarantee Payments are the difference of the payout from a qualifying fund that falls below the NAV of \$1.00.
- Janney is closely monitoring the Dreyfus Money Market Funds offered in our sweep program daily.

7. Will I lose my coverage if I close or transfer an account?

If you held shares on September 19, 2008, in a participating money market mutual fund(s) under the U.S. Treasury Guarantee Program and you intend to close your account or transfer your account, either to or from another firm, you could lose your guarantee.

The Treasury Guarantee Program is in effect from September 19, 2008 through December 18, 2008 unless extended by the Treasury. Under current guidelines, if you transfer or close your account while the program is in effect your assets will not be covered, regardless of if the new money market is a program participant.

8. Can you provide some more examples of how the U.S. Treasury Guarantee Program is applied to specific transactions?

- 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 loses its \$1.00 NAV, then that investor will be guaranteed for 50 shares.
- 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 loses its \$1.00 NAV, 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.
- 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.
- 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.

9. Why are some money market funds having difficulties?

A small number of money market funds—most notably the Reserve Primary Fund—had exposure to debt instruments that lost significant value due to the current financial crisis. The Reserve Primary Funds money-management firm did not have the financial resources to back up losses in the fund and they were forced to lower the funds Net Asset Value below a dollar. Janney Montgomery Scott LLC had no client exposure to the Reserve Primary Fund.

Additional Information:

- To view the Treasury's full program release, visit <http://www.treas.gov/press/releases/hp1161.htm>
- To view the frequently asked questions provided by the Treasury please visit <http://www.treas.gov/press/releases/hp1163.htm>
- To view an update as of December 2, 2008 on Dreyfus Money Market Funds visit <http://www.dreyfus.com/attachments/pdf/articles/ist-fundlist-120208.pdf>
- Please contact your Janney Financial Consultant for more information