

Memorandum to Our Investment Management Clients and Friends

U.S. SECURITIES AND EXCHANGE COMMISSION EXTENDS EMERGENCY ORDERS.

On October 1, 2008, the Securities and Exchange Commission (the “SEC”) issued a statement announcing that it will extend the recent emergency orders issued on September 17 and September 18, 2008 prohibiting short sales of financial companies’ securities described on lists published by any national securities exchange and requiring that institutional investment managers report certain information about short sales of publicly-traded securities. The SEC also issued an order (SEC Release No. 58711) extending the duration of the emergency order dated September 17, 2008 related to the enhancement of investor protections against naked short selling.

Temporary Prohibition of Short Selling in Financial Companies

The SEC announced that it will extend its emergency order relating to the temporary prohibition on short selling in financial companies until the earlier of 11:59 p.m. Eastern Time on October 17, 2008 and the third business day after the enactment of the financial industry related legislation now before Congress.

Temporary Requirement that Institutional Investment Managers Report to the SEC their New Short Sales of Certain Publicly Traded Securities

The SEC announced that it will extend its emergency order requiring institutional investment managers to report their short sales of certain publicly-traded securities until 11:59 p.m. Eastern Time on October 17, 2008. The SEC also noted that it intends these reporting requirements to continue in effect beyond that date without interruption in the form of an interim final rule. The SEC stated that it will solicit comments on all aspects of the anticipated rulemaking. In addition, the SEC has stated that disclosures made under the emergency order will be made only to the SEC.

Investor Protections Against Naked Short Selling

The SEC extended until 11:59 p.m. Eastern Time on October 17, 2008 its emergency order relating to the enhancement of investor protections against naked short selling. By that order the SEC, among other actions, implemented a new Temporary Rule 204T of Regulation SHO that requires short sellers and their broker-dealers to deliver securities by the settlement date (three days after the sale transaction date or T+3) and imposes penalties for failure to do so. The SEC

also incorporated and adopted its guidance on the order that we described in our Memorandum to Clients dated September 26, 2008.

The SEC noted in its statements that it intends that the order will continue in effect beyond its new expiration date without interruption in the form of an interim final rule, and that it will solicit comments on all aspects of the anticipated rulemaking.

The SEC's press release which summarizes its emergency orders and other actions can be reviewed on its website at <http://www.sec.gov/news/press/2008/2008-235.htm>.

General

We expect the SEC to release additional orders formally extending the emergency orders prohibiting short sales of financial companies' securities and requiring that institutional investment managers report certain information about short sales of publicly-traded securities in the near future. The actual text of these additional orders, when available, may differ from the descriptions of them contained in the SEC statements.

If you have any questions concerning the SEC's emergency orders discussed above, or if you need assistance with your Form SH filings, please contact an attorney in the investment management or capital markets groups at Seward & Kissel.

Seward & Kissel LLP