The Market Timing/Excessive Trading Policy Administrative Guidelines

BACKGROUND

Market timing/excessive trading is the frequent trading of shares in an investment option, typically in response to short-term fluctuations in the market. Market timing/excessive trading in large amounts can result in temporary financial advantages to the market timer/excessive trader, however, it can also have a disruptive effect on the portfolio management of the investment option, resulting in increased costs and reduced returns to a plan as well as the participants invested in that investment option.

Prudential Retirement (PR), in its capacity as a record-keeper, will assist the plan in protecting other plan participants from the potential economic harm that may arise from market-timing/excessive trading. The plan has adopted this policy, as it may be amended from time to time, to grant PR, as a record-keeper, the authority to take the actions set forth in the policy.

As described in investment transfer confirmations and mutual fund prospectuses, mutual fund managers reserve the right to refuse purchase orders and transfers into their funds by any person, group or commonly controlled account if the managers believe the trading would have a disruptive effect on portfolio management.

POLICY

Definition of Market Timing/Excessive Trading

Market Timing/Excessive Trading is defined as:

(1) One or more participant-directed trades into AND out of (or out of AND into) the same investment option;
(2) Within a rolling 30-day period; and
(3) Each trade is greater than $25,000

Automatic or system-driven transactions such as contributions or loan repayments by payroll deduction, re-mapping transactions, hardship withdrawals, regularly scheduled or periodic distributions, or periodic rebalancing through a systematic rebalancing program that is not initiated by the Plan do not constitute excessive trading and will not be subject to this criteria.

This definition will not apply to the following: 1) Self-directed brokerage and non-qualified retail accounts; and 2) company stock (share-basis), fund-of-funds, stable value funds, money market funds, funds with fixed unit values, and outside Guaranteed Income Contracts. However, the insurance company separate account options used by these accounts or funds will be subject to the rules governing those separate accounts. Similarly, the outside mutual funds used by these accounts or funds will be subject to the market timing policy of each mutual fund. PR will take action, as directed by the insurance company or by the mutual fund to enforce its rule or policy.

WARNING PROCESS

The first instance of marketing timing/excessive trading will result in a Warning letter to the participant. A copy of the Warning letter and/or a Trading activity report will be sent to the plan sponsor. There will be no penalties or trade restrictions imposed on the participant or the plan at this time. If the market
Timing/excessive trading activity continues, the second instance of marketing timing/excessive trading will result in trade restrictions being imposed.

TRADE RESTRICTION PROCESS

Upon the second instance of market timing/excessive trading within a 6-month period, the participant will be placed on restriction for a 3-month period (“Restriction Period”). Trade restrictions may be extended incrementally (3 months) if the behavior recurs during the 6-month period immediately following the initial restriction.

During the Restriction Period, participants are restricted from making investment-related transactions (for example, transferring existing balances) on-line via the internet, via the Voice Response System (VRS) or via fax. All investment-related transactions must be in writing, with an original signature, delivered by the US Post Office (no overnight mail) to: Prudential Retirement, 30 Scranton Office Park, Scranton, PA 18507-1789. These paper transaction requests will be reviewed as soon as practicable, to ensure they are in good order, and will be subject to approval by PR, as the plan’s delegate, before they are processed. If an investment-related transaction is received via fax or overnight mail, it will not be honored and PR will notify the participant.

During the Restriction Period participants will be able to process non-investment related transactions (for example, loans, distributions, or, if applicable, changing allocations of future contributions or contribution rates to the program), if permitted by plan rules and the plan sponsor’s Personal Securities Trading Policy.

NOTIFICATION PROCESS

PR will send warning letters to each participant’s home address as it appears on the record-keeping system. Restriction notices will be sent via certified mail to the participant’s home address, as soon as administratively practicable. Reports of Market Timing Trading activity will be sent to the person the plan has designated receive this type of communication.