

APPENDIX A

Summary of Current Interpretation of the Application of FIN 46R to Derivatives

Examples	Significant Variable Interest under View A	Significant Variable Interest under View B	Significant Variable Interest ¹ under View C	Significant Variable Interest ¹ under View D
<p><i>Example 1</i></p> <ul style="list-style-type: none"> ▪ VIE holds a \$100 bond with a fixed 5% coupon ▪ VIE issues \$100 of debt that pays a LIBOR based coupon <p><i>Derivative analyzed by swap counterparty</i></p> <ul style="list-style-type: none"> ▪ VIE enters into an interest rate swap- swap counterparty receives 5% fixed/pays LIBOR. <p><i>Primary Beneficiary</i></p>	<p style="text-align: center;"><u>Conclusion</u> Yes</p> <p style="text-align: center;"><u>Rationale</u> Absorbs fair value variability²</p> <p style="text-align: center;"><i>Swap counterparty or Investor, depending on credit quality of VIE assets</i></p>	<p style="text-align: center;"><u>Conclusion</u> No</p> <p style="text-align: center;"><u>Rationale</u> Creates cash flow variability²</p> <p style="text-align: center;"><i>Investor</i></p>	<p style="text-align: center;"><u>Conclusion</u> No</p> <p style="text-align: center;"><u>Rationale</u> Allocates variability (i.e., absorbs fair value risk and creates cash flow risk)²</p> <p style="text-align: center;"><i>Investor</i></p>	<p style="text-align: center;"><u>Conclusion</u> No</p> <p style="text-align: center;"><u>Rationale</u> Allocates variability (i.e., absorbs fair value risk and creates cash flow risk)</p> <p style="text-align: center;"><i>Investor</i></p>
<p><i>Example 2</i></p> <ul style="list-style-type: none"> ▪ VIE holds a fixed rate JGB bond ▪ VIE issues \$100 of fixed rate USD debt <p><i>Derivative analyzed by swap counterparty</i></p> <ul style="list-style-type: none"> ▪ VIE enters into a foreign currency swap- swap counterparty receives fixed Yen/pays fixed USD <p><i>Primary Beneficiary</i></p>	<p style="text-align: center;"><u>Conclusion</u> Yes</p> <p style="text-align: center;"><u>Rationale</u> Changes in fair value measured relative to VIE's funding currency</p> <p style="text-align: center;"><i>Swap counterparty (dealer) or Investor depending on fx and credit volatility</i></p>	<p style="text-align: center;"><u>Conclusion</u> Yes</p> <p style="text-align: center;"><u>Rationale</u> Design of entity is to provide USD returns</p> <p style="text-align: center;"><i>Swap counterparty (dealer) or Investor depending on fx and credit volatility</i></p>	<p style="text-align: center;"><u>Conclusion</u> No</p> <p style="text-align: center;"><u>Rationale</u> Allocates variability (i.e., absorbs Yen risk and creates USD risk)</p> <p style="text-align: center;"><i>Investor</i></p>	<p style="text-align: center;"><u>Conclusion</u> No</p> <p style="text-align: center;"><u>Rationale</u> Allocates variability (i.e., absorbs Yen risk and creates USD risk)</p> <p style="text-align: center;"><i>Investor</i></p>

¹ View C and View D supporters acknowledge that the swap counterparty may be contingently exposed to the credit risk of the assets held by the VIE. This contingent risk, for the most part, should be considered insignificant; however, that conclusion will depend on the specific facts and circumstances.

² The View A and View B would also reach conflicting conclusions for Example 1 if the assets were floating, the debt fixed, and the VIE entered into a pay floating, receive fixed swap.

Examples	Significant Variable Interest under View A	Significant Variable Interest under View B	Significant Variable Interest under View C	Significant Variable Interest under View D
<p><i>Example 3</i></p> <ul style="list-style-type: none"> ▪ VIE holds one bushel of wheat. ▪ VIE funds the acquisition of bushel of wheat by issuing debt <p>Forward contract analyzed by the buyer</p> <ul style="list-style-type: none"> ▪ VIE enters into a fixed price forward contract to sell the bushel of wheat to an unrelated party in 90 days <p>Primary Beneficiary</p>	<p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs fair value variability</p> <p><i>Forward counterparty (dealer)</i></p>	<p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs cash flow variability</p> <p><i>Forward counterparty (dealer)</i></p>	<p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs variability</p> <p><i>Forward counterparty (dealer)</i></p>	<p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs variability</p> <p><i>Forward counterparty (dealer)</i></p>
<p><i>Example 4</i></p> <ul style="list-style-type: none"> ▪ VIE purchases an existing forward contract worth \$100 from a producer who agreed to sell commodity X to end user at a fixed price. ▪ VIE issues \$100 of debt to fund acquisition of forward contract <p>Forward contract analyzed by the seller</p> <ul style="list-style-type: none"> ▪ VIE enters into a fixed price forward contract to purchase commodity X from the dealer <p>Forward Contract with End User</p> <p><i>(continue on next page)</i></p>	<p><u>Conclusion</u> No</p> <p><u>Rationale</u> Creates fair value variability</p> <p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs fair value variability</p>	<p><u>Conclusion</u> No</p> <p><u>Rationale</u> Creates cash flow variability</p> <p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs cash flow variability</p>	<p><u>Conclusion</u> No</p> <p><u>Rationale</u> Creates entity's variability in commodity X</p> <p><u>Conclusion</u> Yes</p> <p><u>Rationale</u> Absorbs variability in commodity X</p>	<p><u>Conclusion</u> No</p> <p><u>Rationale</u> Creates offsetting changes</p> <p><u>Conclusion</u> No</p> <p><u>Rationale</u> Creates offsetting changes</p>

Examples	Significant Variable Interest under View A	Significant Variable Interest under View B	Significant Variable Interest under View C	Significant Variable Interest under View D
<i>Primary Beneficiary</i>	<i>End User (counterparty to forward contract transferred to the VIE by the producer)</i>	<i>End User (counterparty to forward contract transferred to the VIE by the producer)</i>	<i>End User (counterparty to forward contract transferred to the VIE by the producer)</i>	<i>Investor</i>