



OPPENHEIMER & CO. INC.
PROCEDURES FOR PARTIAL REDEMPTION OF
AUCTION RATE SECURITIES

Oppenheimer & Co. Inc. ("Oppenheimer") holds Auction Rate Securities ("ARS") for its clients on a "bulk" basis at Depository Trust Company ("DTC"). These securities have been subject to "partial" calls by the issuer. In order to promptly allocate such partial calls subject to the next paragraph, Oppenheimer has adopted an algorithm that randomly chooses those holders that will receive a portion of the partial call, to allocate partial calls. Oppenheimer may or may not receive allocations of redemptions from DTC. However, in those situations where Oppenheimer receives an allocation of partial redemptions, Oppenheimer will sub-allocate to its clients as follows:

Oppenheimer will allocate one (1) \$25,000 ARS, to the extent available, to each client account holding a position in that partially redeemed ARS. Thereafter, for unallocated amounts in that remaining partial redemption, Oppenheimer will employ the algorithm discussed above to allocate amounts randomly among those clients still holding any of the partially redeemed ARS.

Any Oppenheimer proprietary account holding ARS, any affiliate of Oppenheimer holding ARS in a proprietary account, and accounts of employees will not receive any allocation of partial redemption of a partially called ARS until all clients holding those ARS have redeemed, and/or liquidated their ARS holding in that CUSIP. This method of allocation is contingent upon the amount of allocation Oppenheimer receives from DTC, if at all, in the event of a partial redemption of an ARS.

If the partial call of an ARS that is allocated to Oppenheimer by DTC, in total, is less than the amount required to allocate one (1) share to each client holding the partially called ARS, Oppenheimer shall utilize the algorithm method to allocate shares and some of its clients will not receive an allocation.

Oppenheimer anticipates that there will be continued redemptions by issuers of ARS. If a redemption or call is made on unfavorable terms (less than 100% of issued price), Oppenheimer will not exclude its positions from the pool of those that may be called or put itself "last in line".