

SMBC CAPITAL MARKETS, INC. SWAPS COUNTERPARTY DISCLOSURE

The following disclosure is provided to you as a swap counterparty of SMBC Capital Markets, Inc. (“SMBC-CM”), a swap dealer registered with the United States Commodity Futures Trading Commission (“CFTC”).

Material Incentives and Material Conflicts of Interest Disclosure

The purpose of this disclosure is to provide you with information about the material conflicts of interest that may arise between you and SMBC-CM in connection with SMBC-CM acting as counterparty with respect to swaps regulated by the CFTC and forwards or other derivatives (“Contracts”). Conflicts of interests can arise in particular when SMBC-CM has an economic or other incentive to act, or persuade you to act, in a way that favors SMBC-CM or its affiliates, including Sumitomo Mitsui Banking Corporation, the parent of SMBC-CM.

Execution on a Trading facility

Certain swaps may be made available for trading on an exchange, board of trade or swap execution facility regulated by the CFTC (each, a “Trading Facility”). In certain cases, execution of a swap pursuant to the rules of a Trading Facility may be required under applicable U.S. law and CFTC regulations. In other cases (including as a result of the commercial end-user exemption described below) such execution may be voluntary but not required. In such circumstances, it may be financially advantageous for SMBC-CM to execute a swap with you bilaterally in an individually negotiated transaction, rather than on a Trading Facility, and SMBC-CM may have an incentive to persuade you to do so, even if this is less financially advantageous for you.

Use of a Clearing House

In addition, under applicable law and CFTC regulations, certain swaps may become subject to mandatory central counterparty clearing. This means that, unless an exemption is available, counterparties will be required to submit such swaps to a CFTC-registered derivatives clearing organization (“Clearing House”), typically through a member of the Clearing House that is a futures commission merchant registered with the CFTC. Once a swap that is subject to mandatory central clearing is made available for trading on any Trading Facility, it must be executed on a Trading Facility. One significant exemption from mandatory clearing and execution (the “end-user exemption”) permits certain end-users of Contracts that are not financial entities to elect not to submit their swaps for central clearing or execution on a Trading Facility. In the event that SMBC-CM is not registered as a futures commission merchant or is otherwise not authorized to clear Contracts on your behalf through a Clearing House,

SMBC-CM may have an incentive to persuade you to elect an exemption, even if this is less financially advantageous for you.

Election of Clearing House

Applicable law may permit you to choose the Clearing House to which you submit a swap for clearing. You should be aware that SMBC-CM may not be a member of, or may not otherwise be able to submit your swap to, the Clearing House of your choice. SMBC-CM consequently has an incentive to persuade you to use a Clearing House of which SMBC-CM is a member or for which SMBC-CM has arranged for clearing services. As between those two Clearing Houses, SMBC-CM would have an incentive to prefer the Clearing House for which it is a member.

Ownership in Trading Facilities or Clearing Houses

You also should be aware that SMBC-CM or an affiliate may own stock in, or have some other form of ownership interest in, one or more U.S. or foreign Trading Facilities or US or foreign Clearing Houses where your transactions in Contracts may be executed and/or cleared. As a result, SMBC-CM or an affiliate may receive financial or other benefits related to its ownership interest when Contracts are executed on a given Trading Facility or cleared through a given Clearing House, and SMBC-CM would, in such circumstances, have an incentive to cause Contracts to be executed on that Trading Facility or cleared by that Clearing House. In addition, directors, officers and employees of SMBC-CM or an affiliate may also serve on the board of directors or on one or more committees of a Trading Facility or Clearing House.

Volume Discounts

Trading Facilities and Clearing Houses may from time to time have arrangements that provide their members or participants with volume, market-making or other discounts or credits, may call for members or participants to pre-pay fees based on volume thresholds, or may provide other incentives or arrangements that are intended to encourage market participants to trade on or direct trades to that Trading Facility or Clearing House. SMBC-CM or an affiliate may participate in and obtain financial benefits from such incentive programs.

Directed Agency Execution, Contraparty Arrangements and Intermediations

If SMBC-CM provides execution services to you on an agency basis (either in conjunction with clearing services or in an execution-only capacity), we may direct orders to affiliated or unaffiliated market-makers, other executing firms, individual brokers or brokerage groups for execution. When such affiliated or unaffiliated parties are used, they may, where permitted, agree to price concessions, volume discounts or refunds, rebates or similar payments in return for receiving such business. Likewise we may solicit a counterparty to trade opposite your order

or enter into transactions for its own account or the account of other counterparties that may, at times, be adverse to your interests in a Contract. In such circumstances, that counterparty may make payments and/or pay a commission to SMBC-CM in connection with that transaction. The results of your transactions may differ significantly from the results achieved by us for our own account, our affiliates, or for other customers.

Taking the Other Side

SMBC-CM, its directors, officers, employees and affiliates may act on the other side of your order or transaction by the purchase or sale for an account, or the execution of a transaction with a counterparty, in which SMBC-CM or a person affiliated with SMBC-CM has a direct or indirect interest, or may effect any such order with a counterparty that provides SMBC-CM or its affiliates with discounts related to fees for Contracts or other products. If SMBC-CM were to provide you with a discounted commission or clearing fee for Contracts executed through SMBC-CM as agent or with SMBC-CM or its affiliate acting as counterparty, SMBC-CM or its affiliate may be doing so because of the enhanced profit potential resulting from acting as executing broker or counterparty.

Inconsistent, Untimely or Stale Advice or Recommendations

SMBC-CM or its affiliate may act as, among other things, an investor, research provider, placement agent, underwriter, distributor, remarketing agent, structurer, securitizer, lender, investment manager, investment adviser, commodity trading advisor, municipal advisor, market maker, trader, prime broker or clearing broker. In those and other capacities, SMBC-CM, its directors, officers, employees and affiliates may take or hold positions in, or advise other customers and counterparties concerning, or publish research or express a view with respect to, a Contract or a related financial instrument that may be the subject of advice from SMBC-CM to you. Any such positions and other advice may not be consistent with, or may be contrary to, your interests or to positions which are the subject of advice previously provided by SMBC-CM or its affiliate to you, and unless otherwise disclosed in writing, we are not necessarily acting in your best interest. SMBC-CM or its affiliates may also facilitate the activities of other counterparties, or hedge transactions it has entered into with other counterparties, which transactions may have adverse effects on the value of the assets underlying any swap entered into between you and SMBC-CM. Acting in one or more of the capacities noted above may give SMBC-CM or its affiliate access to information relating to markets, investments and products. As a result, SMBC-CM or any of its affiliate may be in possession of information which, if known to you, might cause you to seek to dispose of, retain or increase your position in one or more Contracts or other financial instruments. SMBC-CM and its affiliates will be under no duty to make any such information available to you, except to the extent we have agreed in writing or as may be required under applicable law.