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SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. Cardinal and the Acquired Funds are registered under the Act as open-end management investment companies. Cardinal currently offer two series. In connection with the reorganization described below, Cardinal has created and plans to offer shares of four additional series, the Cardinal Fund ("New-CFI"), Cardinal Government Obligations Fund, ("New-CGOF"), Cardinal Government Securities Trust, and Cardinal Tax Exempt Money Market Fund (collectively, the "Acquiring Series"). TOC and its affiliates beneficially own, as of November 30, 1995, 6% of the outstanding common shares of Old-CFI, 9.1% of the outstanding shares of Old-CGST, and 7.5% of the outstanding shares of Old-CTEMT.

2. TOC serves as investment adviser for Old-CFI and as principal underwriter for Cardinal and the Acquired Funds. CMC serves as investment adviser for Cardinal, including each Acquiring Series, Old-CGOF, Old-CGST, and Old-CTEMT. CMC is a wholly-owned subsidiary of TOC.

3. Cardinal has adopted a distribution and shareholder service plan pursuant to rule 12b-1 under the Act. New-CFI and New-CGOF have elected to be covered by the distribution and shareholder service plan. Old-CFI and Old-CGOF have not adopted a distribution plan pursuant to rule 12b-1. Old-CFI and Old-CGOF also charge a contingent deferred sales load as will New-CFI and New-CGOF.

4. The board of trustees or directors of Cardinal and the Acquired Funds (the "Boards") have approved agreements and plans of reorganization and liquidation providing for the transfer of all of the assets of each of the Acquired Funds to the Acquiring Series in exchange for Acquiring Series shares. The reorganization is subject to the assumption by the Acquiring Series of all of the liabilities of each of the Acquired Funds.

5. As a result of the reorganization, shareholders of each Acquired Fund will receive, in exchange for his or her shares of an Acquired Fund, shares of

the corresponding Acquiring Series with an aggregate value equal to the value of such shareholder's shares of the Acquired Fund, calculated as of the close of business on the business day immediately prior to the closing for each fund. Each Acquired Fund will liquidate and distribute shares of the Acquiring Series to their respective shareholders after the relevant closing.

6. The Boards, including the members who are not "interested persons" as such term is defined by the Act, have concluded that the reorganizations would be in the best interest of the Acquired Funds and Cardinal and of the shareholders, respectively, of the Acquiring Series and the Acquired Funds, and that the interests of the existing shareholders of the respective funds will not be diluted as a consequence thereof. In making this determination, the Boards considered a number of factors, including the business objectives and purposes of the reorganization; compatibility of the investment objectives, policies, and restrictions of the respective Acquiring Series and Acquired Fund; the expense ratios of the Acquiring Series and the Acquired Funds; and the anticipated benefits to shareholders of the Acquiring Series and to the Acquiring Series' service providers.

7. Each Acquired Fund's participation in the proposed reorganization is subject to approval by the holders of the outstanding shares of that Acquired Fund. Approval will be solicited pursuant to a prospectus/proxy statement, which will be mailed to shareholders of the Acquired Funds. None of the agreements conditions the completion of the reorganization on the favorable vote of the shareholders of the other Acquired Funds.

8. The expenses of each reorganization are to be paid by TOC, except that each of the Acquiring Series will be responsible for its own organization costs and each Acquired Fund will be responsible for the portion of the proxy solicitation and other costs associated with its annual or special meeting of shareholders.

9. The consummation of each reorganization is subject to certain conditions, including that the parties shall have received from the SEC the order requested herein, and the receipt of an opinion of tax counsel to the effect that upon consummation of each reorganization and the transfer of substantially all the assets of each Acquired Fund, no gain or loss will be recognized by the Acquired or Acquiring Series or their shareholders as a result of the reorganization. Applicants will not make any material

changes adversely affecting the rights of shareholders that affect the application without the prior approval of the SEC staff.

Applicants' Legal Analysis

1. Section 17(a) of the Act provides, in pertinent part, that it is unlawful for any affiliated person of a registered investment company, or any affiliated person of such an affiliated person, acting as principal, knowingly to sell or purchase securities to or from such registered company.

2. Section 2(a)(3) of the Act defines the term "affiliated person" of another person to include, in pertinent part, (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of such other person, (b) any person 5% or more of the outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person, (c) any person directly or indirectly controlling, controlled by, or under common control with such other person, and (d) if such other person is an investment company, any investment adviser thereof.

3. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied. TOC and its affiliates own more than 5% of the outstanding shares of each of Old-CFI, Old-CGST, and Old-CTEMT. Accordingly, these funds and Cardinal may be affiliated persons for reasons in addition to having common directors and officers and a common and/or affiliated investment adviser.

4. Section 17(b) of the Act provides that the SEC may exempt a transaction from the prohibitions of section 17(a) if evidence establishes that the terms of the proposed transactions, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

5. Applicants believe that the reorganizations are consistent with the policies and purposes of the Act. In addition, applicants state that the exchange of assets will be based on each fund's relative net asset values and that no sales charge or contingent deferred